

## Considering the consumer interest

### The consumer principles

A straightforward way for regulators to think about the consumer interest in a structured manner is to use the consumer principles. The principles were first set out by President Kennedy in a speech to the US Congress in 1962 and later expanded on by the international consumer movement. A similar list, expressed as rights rather than principles, form part of the United Nations Guidelines for Consumer Protection.<sup>1</sup> The principles are well-established and are still commonly used by consumer organisations<sup>2</sup> to work out how particular issues or policies are likely to affect consumers. They can help to identify key subjects and questions that need to be looked into further, and provide a consistent framework for approaching issues.

The consumer principles are: access, choice, information, education, safety and quality, protection of economic interests, fairness and equity, redress, sustainability, privacy and representation.

### Using the consumer principles in the context of aviation

One of the CAA's purposes is to support consumers in relation to **choice, value and fair treatment**. The consumer principles can help provide a framework to enable this.

#### Access

Consumers should be able to access services at a price and quality that suits their needs. Barriers to access should be identified and addressed. Barriers could include price or difficulty finding relevant information for example.

#### Choice

Where consumers have choice, they should be able to affect the way goods and services are provided through the choices they make in the marketplace. In order to exercise choice consumers, need to be able to find meaningful information, at the right time, and in a format that makes it easy to compare. To be able to exercise choice confidently consumers also need a strong regulatory framework to protect them if things go wrong.

#### Information

Consumers need clear, comparable, and timely information to be able to make decisions. Conversely, having too much information, or information that is too complex or difficult to compare, can impede decision making and lead to poor consumer choices. More information

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<sup>1</sup> [https://unctad.org/system/files/official-document/ditccplpmisc2016d1\\_en.pdf](https://unctad.org/system/files/official-document/ditccplpmisc2016d1_en.pdf). See also Consumers International, the Consumer Principles: <https://www.consumersinternational.org/media/2049/un-consumer-protection-guidelines-english.pdf>.

<sup>2</sup> This paper is based on a paper published by the Legal Services Consumer Panel: Legal Services Consumer Panel, *The Consumer Interest*, January 2014.

is not always the best policy response, and regulators should test information remedies to assess whether or not they work effectively in the consumer interest. Information in itself can also be used by regulators and third parties to drive up standards.

#### Safety and quality

Consumers should have access to safe and high-quality services that meet acceptable standards. Where a business is regulated it is important that consumers have confidence in safety, that quality is effectively monitored and there are mechanisms in place to address poor performance.

#### Protection of economic interests

Consumers should be able to access clear information when purchasing goods and services so that they can be protected from risk and make effective decisions which enable them to obtain value for money.

#### Fairness and Equity

Whilst the principle of access is covered above, there is a further expectation that consumers will be treated fairly and equitably by providers. Many sector regulators have explicit requirements (for example through licensing regimes) that consumers should be treated fairly, and in most sectors alternative dispute resolution will also take into consideration what is fair and reasonable in all the circumstances. With regard to equity, regulators should ask themselves whether some, or all, consumers are unfairly discriminated against.

#### Redress

Without redress consumers cannot enforce their rights and there is less incentive for businesses to follow the rules. This can lead to undesirable outcomes including weakened competition, unscrupulous businesses gaining an unfair advantage, and loss of consumer trust in a market. To help overcome this it is important that consumers have access to a simple, cheap, quick and fair system for dealing with complaints and disputes if things go wrong.

#### Sustainability

The promotion of sustainable consumption patterns to protect the environment and meet wider sustainable development goals. Consumers need to be provided with reliable and trustworthy information and education about services to enable them to make effective choices.

#### Privacy

The protection of consumer privacy should be considered when developing services. Consumers need to be able to trust organisations to respect the privacy of data provided when purchasing goods and services.

### Representation

The views, experiences and expectations of consumers should be taken into account in service design and provision, and the process of decision-making should be transparent. Businesses need to understand this to provide effective services, while regulators need to understand it to design effective protections. Consumers are not one homogenous group and work should be undertaken to segment consumer groups and reach a rounded understanding of consumer needs and preferences. It is also important to consult specialist representative bodies.

### Education

Consumers today operate in increasingly complex markets, with ever greater amounts of information and choice of products and services. Consumer education is critical in this regard. It can be defined as a process of developing and enhancing skills and knowledge to make informed and well-reasoned choices that take societal values and objectives into account.<sup>3</sup> It can also help build the confidence consumers need to operate in complex markets.

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<sup>3</sup> See for example <https://www.oecd.org/sti/consumer/44110333.pdf>.