

Contribution to New Consumer Agenda Consultation

6 October 2020

- Brands place consumers at the heart of everything we do, innovating, creating and investing across Europe to provide safe and diverse products to our 500 million consumers.
- Consumer trust is thus fundamental to brands, and we believe should be the cornerstone of a New Consumer Agenda which is aligned with a Green and Digital EU.
- The foundation of that trust is built on consumers accessing safe and effective products, supplied through safe and responsible channels, online or offline, with accurate, transparent, accountable and responsible information.
- A holistic and coherent strategy to ensuring trust in products, channels and information is critical for a New Consumer Agenda.
- A coherent and harmonised consumer law at EU level is vital and the EU should ensure likewise that transposition and implementation of EU legislation at Member State level is coherent to avoid fragmentation of the EU Single Market.

Introduction

1. AIM, the European Brands Association, represents over 2,500 consumer goods manufacturers who serve consumers through innovation, creativity and investment in local, regional, national and global brands¹.
2. Our products are present in every household in Europe through the consumption of one or more of our brands – whether in personal care, cosmetics, perfumes, detergents & household cleaning products, food, pet food, beverages, toys, footwear or apparel.
3. As such, consumers – and their trust in our brands – are at the heart of everything we do, to provide safe, innovative and diverse products to Europe’s 500 million consumers on a daily basis.
4. This trust forms the basis of respect for our consumers, recognising the importance of local, regional or national cultures, customs, tastes, preferences and values, as we strive to meet and exceed their expectations and desires across the Single Market. This inspires our creativity and innovation to deliver sustainable choices for consumers today.
5. We believe consumer trust should be at the centre of a New Consumer Agenda, building on the strong pillars of the EU’s consumer protection framework, serving both consumers and businesses alike. The COVID-19 crisis has accentuated this, given the impact not just on people’s health and wellbeing, but also the abrupt changes in a short timeframe to how consumers access products, channels and information,

¹ For a detailed overview of the AIM National Associations and Corporate Members please visit the AIM website here: www.aim.be/members

as well as how we, the branded goods manufacturers, could adapt with agility and flexibility to ensure the supply chain kept moving and delivering for consumers across Europe. It is critical that the New Consumer Agenda reflects the purchasing behaviours of today, with an accelerated growth of online purchases, as well as research and tools used that influences purchasing decisions.

6. Key learnings from COVID-19 should be embraced to develop a New Consumer Agenda, which supports a coherent approach across legislative initiatives and frameworks – a Green and Digital Consumer Agenda reflecting consumer values and expectations now, that is consumer-centric, future-oriented, and will be an enabler for a resilient recovery in this ‘new normal’.

Trust in products

7. The EU’s legislative framework provides for a world-class, high-standard approach in ensuring products on the EU market are safe, effective and efficient for European consumers. This framework is a cornerstone that guarantees trust for consumers, with the knowledge that products on the European market are compliant and they are not being misled.
8. This, however, is undermined by the availability of products that do not comply with EU legislation. The EUIPO’s latest figures show that counterfeit and pirated goods account for up to 6.8% of all imports by value to the EU². The volume of illegal goods reaching consumers is increasing, with consumers being misled into buying dangerous and fake goods, often left cheated. The 2016 Global Consumer Shopping Habits survey revealed that almost one quarter of consumers have bought a product that turned out to be counterfeit, including in fashion, footwear or electronics³. According to 94% of millennials (85% of those who are 35+), trust plays a role in making big purchases⁴. Of those consumers who were misled into buying illegal goods, 12% said they would not buy from that ‘brand’ again, and over half expressed doubts.
9. Consumer trust is eroded because of the availability of illegal goods on the European market. This has a direct negative impact not just on consumers, but also on the economy, particularly in this critical time of recovery, as producers across Europe of genuine, legal goods lose out to illegitimate businesses.
10. Ensuring adequate resources and focus on the enforcement of the EU consumer protection framework is crucial to address this growing problem, in connection with a set of coherent legal obligations on all players, reflecting their respective role in the chain should be considered in the New Consumer Agenda.
11. Overall, we call on the Commission to engage with stakeholders like AIM in a more structured dialogue, possibly by forming or updating some of the current expert groups so that these issues are fed into the policy making process in a timely way and addressed via the most effective tools. The AIM members, both companies and national associations, have excellent oversight on their respective markets and recent developments demonstrate the need for a more direct and timely reaction.

² OECD EUIPO Report 2019: <https://euipo.europa.eu/ohimportal/en/web/observatory/trends-in-trade-in-counterfeit-and-pirated-goods>

³ The 2016 Global Consumer Shopping Habits Survey: https://info.markmonitor.com/ccc_barometer

⁴ SurveyMonkey poll on brand trust in UK millennials, October 2018: <https://drive.google.com/file/d/1VikRY5I-YhmT5ZYputHJWfya7jk22ynt/view>

Trust in channels

12. As brands who serve consumers successfully across multiple channels, both offline and online, whether through corner stores or the largest platforms, consumer engagement today is a vastly different purchasing experience compared to what was available even 5 years ago.
13. As the Commission's study on Consumer Purchasing behaviour⁵ shows, they are increasingly buying goods via online stores and platforms.
14. However, as illustrated again by the COVID-19 crisis, consumers are exposed to a high number of fraudulent activities through the increasingly important online channel, as criminals exploit consumers' increasing need to purchase more of their products online. As producers of legitimate goods trying to tackle the situation where our products are sold alongside illegitimate goods, which do not adhere to the EU legislative framework, we believe the time has come for all players to take responsibility to ensure illegal goods are not available to consumers in Europe.
15. Whether on physical shelves or digital shelves, our expectation is the operating environment should be fair, clean and safe for all, both consumers and businesses alike. What is illegal offline should be illegal online.
16. The New Consumer Agenda should synchronize and align with the forthcoming Digital Services Act, which offers the opportunity to address exactly these issues through 6 steps:
 - I. Introduce clear legal obligations for platforms to do more to prevent the distribution of illegal goods, especially by addressing known fraudulent activities. The current voluntary/self-assessment mechanisms (also known as the "Good Samaritan" principle) are not adequate to address the increasing volume of illegal goods on platforms.
 - II. Mandate verification of the identity of sellers. This can be achieved by using already existing databases and anti-fraud tools. This is a key element that would discourage fraudulent sellers from accessing the platforms and help attribute liability in case of issues.
 - III. Introduce transparency and data sharing obligations. Platforms should share data about infringers with authorities. Platforms should report periodically on the volume of illegal goods detected, as well as pertinent actions they have taken.
 - IV. Introduce a minimum set of best practices to reduce the burden for those notifying illegal goods. Companies of all sizes, including SMEs, are currently investing significant resources into monitoring and notifying platforms of illegal goods.
 - V. Stop repeat infringers - once a good is identified as illegal, it should not be possible to re-list it, and platforms should use tools to enforce their removal. Current practices mean that illegal goods are not effectively removed, but rather bounce on and off platforms.
 - VI. Inform consumers if they have purchased products that have since then been delisted due to being illegal. This would allow consumers to avoid any further harm and seek redress.

⁵ Study on consumer purchasing behaviour in Europe: <https://ec.europa.eu/competition/publications/reports/kd0420219enn.pdf>

Trust in information

17. Consumers are actively looking for more information about the ingredients used in products, where they are sourced from and how ethical/sustainable the product is. At the same time, there is increasingly less space to communicate this information on-pack as we are seeking to balance the need for more information with the need to reduce our packaging footprint.
18. The entire value chain of the consumer goods industry is undergoing a digital transformation, and this will continue, from sourcing, through production, to the consumer experience. It is vital we ensure the right approach for consumers.
19. This digital transformation has brought extensive opportunities for consumers to access relevant product information with a swipe of their fingertips, especially when label space is limited or even absent.
20. For consumers to make informed decisions on their purchases, it is critical that the information they access is from a trusted source, it is accurate, consistent and based on clear principles. AIM, in collaboration with BEUC, the European Consumers Organisation, developed a framework of such [consumer information principles](#) in 2015, which are based on reliability, usefulness, accessibility and proportionality.
21. This is as relevant in the online world as it is in the offline world, and more urgent to address given the growth in digital information online, as well as the growth in product rating apps by third-party providers. Consumers increasingly use mobile digital applications to get easy and fast information on products whilst shopping, through scanning the product in-store. Such mobile applications can be provided by the industry or by third parties. These apps may scan, annotate and rank products, sometimes even presenting what the app developers perceive as “better” alternatives to the scanned products. It is therefore key to ensure that consumer information delivered through digital services, including digital applications, abide by harmonised principles such as accuracy, transparency, reliability and fairness, to better empower and build trust among consumers and businesses. Digital services providers operating apps for the sole purpose of informing consumers should be subject to the obligation of substantiating their claims, as are manufacturers and distributors.
22. AIM therefore calls on implementing globally harmonised data and data validation standards in Europe to ensure data quality (accuracy) and to provide a trusted transparent source for consumer information, while at the same time protecting data owners from unnecessary efforts and costs.
23. AIM calls for a New Consumer Agenda looking into the development of digital as an alternative or a supplement to physical product information for consumers, and adopt a coordinated approach to allow for digital means to provide product information in EU legislation. This could be done by establishing a dedicated [European Forum for Digital Consumer Information](#) that will provide a stakeholders’ platform to facilitate fact-finding and the regular exchange of views and best practices in order to define guiding principles for the benefit of consumers and industry in this prominently digital age.