

**Consumer  
Protection**

**RESEARCH  
& EVALUATION**

# National Consumer Survey 2016

**Summary Findings**



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI

New Zealand Government

978-1-98-851757-5  
April 2017

**©Crown Copyright 2017**

The material contained in this report is subject to Crown copyright protection unless otherwise indicated. The Crown copyright protected material may be reproduced free of charge in any format or media without requiring specific permission. This is subject to the material being reproduced accurately and not being used in a derogatory manner or in a misleading context. Where the material is being published or issued to others, the source and copyright status should be acknowledged. The permission to reproduce Crown copyright protected material does not extend to any material in this report that is identified as being the copyright of a third party. Authorisation to reproduce such material should be obtained from the copyright holders.

## Summary of key findings

The Consumer Protection team (Consumer Protection), part of the Ministry of Business, Innovation and Employment (MBIE), provides information and education to New Zealanders about their consumer rights, how to make smart purchasing decisions, and how to confidently deal with problems if they arise. Late in 2016 Consumer Protection commissioned a national survey of consumers to find out what New Zealanders know about their rights and their experiences of dealing with problems. The survey findings establish a baseline of consumer knowledge and experiences when purchasing, and will contribute to ongoing assessment of the consumer regulatory system.

In total 1,246 consumers aged 18 years or over completed the survey – a response rate of 23 per cent – with the majority completing a paper questionnaire. Responses have been weighted to ensure the sample is representative of the New Zealand population.

### **Consumers are aware that laws exist to protect their rights but have mixed understanding of specific consumer laws**

Nearly all consumers are aware that laws exist in New Zealand to protect basic consumer rights when purchasing products and services. However, only a small percentage of consumers indicate they know ‘a lot’ about their rights. Awareness and knowledge of consumer laws are lower amongst Pacific and younger consumers (those between the ages of 18 and 26).

Self-reported awareness and understanding of the Consumer Guarantees Act (CGA) and the Fair Trading Act (FTA) are higher than the Credit Contracts and Consumer Finance Act (CCCFA). Consumers demonstrate higher levels of knowledge about the CGA and FTA compared with the CCCFA when tested on the application of these laws.

### **Most consumers are aware of agencies that provide information on consumer rights but few have used these services in the past two years**

There is high awareness of organisations that provide advice on consumer rights and problems. The Citizens Advice Bureau has the highest reported use of services in the past two years while nearly a quarter of consumers report they are not aware of Consumer Protection.

Most consumers are aware of at least one of eight given dispute resolution services in New Zealand. However, just under half of all consumers agree that there is adequate access to services that help to resolve disputes between consumers and businesses. Younger consumers are less likely to be aware of consumer agencies or dispute resolution services.

### **Just over half of consumers are confident they have enough information about their rights when purchasing**

In general, consumers are confident that businesses will not try to mislead or cheat them. Consumers show a high level of trust that they will not be treated unfairly or misled by businesses across most product and service categories, but more than half do not trust private sellers of motor vehicles.

The majority of consumers trust the information given to them by salespeople at least ‘most of the time’. Over half of all consumers report they are likely to seek out additional information, such as product labels or online reviews, to check the validity of product claims and be assured a product meets certain quality standards. Fewer younger consumers agree that they have enough information about their rights when purchasing when compared with their older counterparts.

Half of all consumers have entered into a sales agreement or credit contract, such as buying an extended warranty or taking out a personal loan, in the past two years. Most consumers entering into these types of agreements are confident they are being given full and clear information and understand it well enough to enter the agreement.

## **Just over half of all consumers experience a problem with a product or service within two years of purchasing**

When asked about products and services they have purchased in the past two years, consumers report the highest number of problems with fixed-line telecommunications services, building repairs or renovations, mobile telecommunications services, and motor vehicle purchases through both private and dealer sales.

Slightly more women than men report experiencing consumer problems. Problems with building repairs and maintenance are much more frequent in Canterbury compared with other regions in New Zealand. Issues with motor vehicle purchases are more likely to affect younger consumers. Lower income earners report more problems with credit contracts or other financial products.

When describing the reasons behind their most recent problem, consumers are more likely to report issues with the quality of the product or service. Nearly a quarter of consumers report being provided with insufficient or misleading information about the product or service.

## **Half of all problems are resolved, but not all consumers take action**

Around two-thirds of consumers take steps to resolve their problems with nearly all of those consumers contacting the business directly. Only a third of these consumers are able to resolve their problem the first time they contact the business, with these problems usually involving clothing or other personal products. Just one in six consumers look for information on consumer rights at any point during the resolution process.

Of the third of consumers who do not take action to resolve their problem, the most common reasons for not doing so are that they are unsure what action to take and/or do not feel confident that doing anything would resolve the issue. Younger consumers are less likely to take action to resolve their problem, as are those with problems related to motor vehicle repairs.

Most consumers who take action are able to resolve their problem and the majority of these people are satisfied with the resolution. However, when considering all consumers who report problems, this represents only half of all problems being resolved.

## **Higher confidence may be related to higher knowledge of consumer rights**

Consumers with higher knowledge of relevant legislation report higher confidence that New Zealand has adequate laws to protect consumers and higher confidence when making purchases. These consumers are also more likely to seek out information before making purchases and more likely to feel confident that they have enough information about their rights.

In addition, high knowledge of consumer legislation also plays a role in identifying problems, with these consumers reporting more problems in the past two years than those with lower knowledge of consumer laws. High knowledge consumers are also more likely to take action to address their problems and more likely to reach a resolution.

# Contents

<b>National Consumer Survey 2016 .....</b>	<b>7</b>
A nationally representative survey of New Zealand consumers was conducted in late 2016.....	7
Limitations include small sample sizes and reliance on self-reported behaviour.....	7
<b>1. Consumers are aware that laws exist to protect their consumer rights but have mixed understanding of the specific laws .....</b>	<b>8</b>
Nearly all consumers are aware that laws exist to protect their rights when purchasing.....	9
Consumers report a higher level of awareness of the CGA and the FTA .....	10
Consumers applied their understanding of consumer legislation to given situations.....	11
Consumers demonstrate a higher level of knowledge about the CGA and FTA .....	15
Consumers agree that New Zealand has adequate laws to protect consumers.....	16
<b>2. Most consumers are aware of agencies that provide information on consumer rights but few have used these services in the past two years.....</b>	<b>17</b>
Consumers are more frequent users of the Citizens Advice Bureau’s services .....	18
Less than half of consumers agree that consumer legislation is adequately enforced .....	19
Half of all consumers agree there is adequate access to dispute resolution services .....	20
<b>3. Consumers are generally trusting and confident when purchasing .....</b>	<b>22</b>
Three-quarters of consumers are confident that they can buy products or services and not be misled .....	23
Consumers show a high level of trust that they will not be treated unfairly or misled by businesses.....	24
Half of consumers trust the information given by salespeople .....	25
Consumers seek out extra information when purchasing .....	25
Half of consumers are confident that they have enough information about their rights when purchasing .....	26
Consumers feel informed and confident when signing agreements .....	27
<b>4. Half of consumers experience a problem with a product or service within two years of purchasing .....</b>	<b>29</b>
More women than men experience consumer problems.....	31
Telecommunications services have the highest number of problems.....	33
Reports of home repair or maintenance problems are extremely high in Canterbury .....	33
Young consumers have more problems with motor vehicle purchases .....	33
Those with low household income have more problems with credit contracts.....	33
The least trusted product and service categories are also those with the most problems.....	34
A quarter of consumers say their most recent issue involves fixed-line telecommunications services .....	35
The majority of the problem purchases are made through direct sales – either in person or by calling the business directly.....	36
Complaints are most likely to be related to faulty or poor quality products or services.....	36

Many consumers are being provided with misleading information or unclear terms and conditions .....	37
Complaints differ by demographics .....	37
<b>5. Half of all problems are resolved, but not all consumers take action .....</b>	<b>38</b>
Half of consumers with a problem say their problem is resolved.....	39
Issues regarding faulty products or services are more likely to be resolved .....	39
Resolution rates vary by method of purchase .....	40
Most consumers take action to resolve their problems .....	41
Nearly all consumers who take action contact the business directly .....	42
One in three consumers who take action are able to resolve their problem on the first try .....	42
Very few consumers take their complaint to a dispute resolution service.....	43
Only one in five consumers say it is 'very easy' to resolve their problems.....	43
Almost a third of consumers do not take action to resolve their problems .....	44

## List of tables and figures

Figure 1: Knowledge of consumer rights by gender.....	9
Figure 2: Self-rated awareness and understanding of consumer laws .....	10
Figure 3: Responses to scenario regarding faulty items at discounted prices (CGA).....	11
Figure 4: Responses to scenario about the retailer’s responsibilities (CGA) .....	11
Figure 5: Responses to scenario about purchasing from private individuals (CGA and FTA) .....	12
Figure 6: Responses to scenario about warranty periods (CGA).....	12
Figure 7: Responses to scenario about cooling off periods (FTA) .....	12
Figure 8: Responses to scenario about agreements for services (FTA).....	13
Figure 9: Responses to scenario about lay-by sales (FTA).....	13
Figure 10: Responses to scenario about hardship applications (CCCFA) .....	13
Figure 11: Responses to scenario about interest regulations (CCCFA) .....	14
Figure 12: Responses to scenario about contract disclosure (CCCFA) .....	14
Figure 13: Distribution of scores out of ten, and assigned knowledge categories .....	15
Figure 14: Agreement with the statement ‘New Zealand has adequate laws to protect consumers from being misled or cheated by businesses’ .....	16
Figure 15: Usage and awareness of consumer services .....	18
Figure 16: Agreement that laws that prohibit businesses from misleading consumers and anti-competitive behaviour are adequately enforced.....	19
Figure 17: Awareness of dispute resolution services .....	20
Figure 18: Agreement with the statement ‘there is adequate access to services that help to resolve disputes between consumers and businesses’ by gender .....	21
Figure 19: Agreement with the statement ‘in New Zealand you can generally buy products and services and feel confident that businesses will do the right thing and not try to mislead or cheat you’ .....	23
Figure 20: Consumer trust in businesses, by product or service categories.....	24
Figure 21: Agreement with the statement ‘I trust the information given to me by salespeople is fair and accurate’ .....	25
Figure 22: Information seeking behaviour when purchasing a product or service.....	25
Figure 23: Agreement with the statement ‘I am confident that I have enough information about my rights as a consumer when purchasing products or services’ by age .....	26
Figure 24: Sales agreement or credit contract consumer has entered into most recently .....	27
Figure 25: Agreement with the statement ‘the business offering the agreement gave me clear and full information about the features, terms and conditions of the agreement’ by type of purchase .....	27
Figure 26: Agreement with the statement ‘I am confident I understood the agreement well enough to make an informed decision to enter it’ by type of purchase .....	28
Figure 27: Purchasing experiences of all consumers in the past two years, by product or service category .....	30
Figure 28: Frequency of problems reported by consumers who had purchased in each product or service category.....	32

Figure 29: Relationship between trust and problems of consumers who had purchased in each product or service category.....	34
Figure 30: Most recent problem reported, by product or service category .....	35
Figure 31: Reasons given for most recent consumer problem .....	36
Figure 32: Product or service categories with the highest complaints of being provided with misleading information, unclear terms or hidden fees.....	37
Figure 33: Percentage of all problems resolved, by product or service category.....	39
Figure 34: Percentage of all problems resolved, by issue with the product or service .....	40
Figure 35: Percentage of all problems resolved, by how the product or service was purchased .....	40
Figure 36: Percentage of consumers who took action to resolve problem, by product or service category.....	41
Figure 37: Actions taken by consumers to resolve their most recent problem .....	42
Figure 38: Ease of resolving problem .....	43
Figure 39: Reasons given for not taking action to resolve most recent problem .....	44



# National Consumer Survey 2016

The Consumer Protection team (Consumer Protection), within the Ministry of Business, Innovation and Employment (MBIE), is responsible for informing and educating New Zealanders about their consumer rights, how to make smart purchasing decisions, and how to deal with any problems that may arise. Their goal is to develop and target consumer education to ensure that consumers have the awareness and understanding of key legislation to transact with confidence.

In 2016, Consumer Protection commissioned a nationally representative survey of New Zealanders to find out what they know about their rights when purchasing products or services and what they do when they have a problem. The survey findings establish a baseline of consumer knowledge and experiences when purchasing, and will contribute to ongoing assessment of the wider consumer regulatory system.<sup>1</sup>

## **A nationally representative survey of New Zealand consumers was conducted in late 2016**

The Research and Evaluation team, also within MBIE, led the design of the National Consumer Survey and completed the analysis and reporting. Colmar Brunton was commissioned to conduct the survey and employed a primarily postal method. The Electoral Roll was used to identify a nationally representative sample of consumers 18 years and over. Respondents had the option of completing an online or paper questionnaire. See Appendix A for the survey questionnaire, and Appendix B for more detail on the survey method, including sample design, questionnaire design and data analysis.<sup>2</sup>

A total of 1,246 consumers responded to the survey and the overall response rate was 23 per cent. The response rate for the survey is relatively low but approximately what would be expected of a survey of this size and method. Responses have been weighted to ensure the sample is representative of the New Zealand population.<sup>3</sup> All reported demographic differences are significant at the 95% confidence interval. See Appendix C for demographic information about the respondents.

This report presents the findings from the 2016 National Consumer Survey. Findings are presented in five sections and discuss experiences of consumers<sup>4</sup> before, during and after a purchase.

## **Limitations include small sample sizes and reliance on self-reported behaviour**

The survey investigates broad awareness of consumer rights under relevant legislation and relies on both self-reported and assessed levels of understanding. When investigating consumer problems, respondents are asked to recall events and actions from the past two years in order to assess the frequency of problems and their resolution. Furthermore, there is no way to be certain whether a reported problem is actually a problem as defined under consumer legislation. Missing data has been excluded from all analysis, a further limitation of the postal survey method which relies on self-completion.

Every effort has been made to ensure that analysis has been conducted using sufficient base sizes but there are instances when the data becomes too small and should be treated as indicative only. These have been identified in the text and graphs.

---

<sup>1</sup> The consumer regulatory system is comprised of the range of legislation (such as the Consumer Guarantees Act 1993) and the organisations (such as the Commerce Commission) that play key roles in six areas: system strategy and policy; operational policy and standard setting; service delivery, including advice, education and information; dispute resolution; compliance and enforcement; and monitoring and evaluation.

<sup>2</sup> To note when reading the report: percentages may not always add to 100% due to rounding; this has implications for when categories are combined, for example 'agree' and 'strongly agree'.

<sup>3</sup> Weighting was applied to ensure representativeness of the New Zealand population according to age, gender and ethnicity. See Appendix B for more information.

<sup>4</sup> "Consumers" has been used in this report to refer to survey respondents.

Consumers are aware that laws exist to protect their consumer rights but have mixed understanding of the specific laws

# 1. Consumers are aware that laws exist to protect their consumer rights but have mixed understanding of the specific laws

The National Consumer Survey investigates awareness and understanding of the following laws that protect consumers when purchasing products and services in New Zealand:

- the Fair Trading Act 1986 (FTA) sets rules for the conduct of businesses and provision of accurate information about products and services, and protects consumers from unsafe products
- the Consumer Guarantees Act 1993 (CGA) sets minimum standards for goods and services, and provides remedies for consumers – such as repairs, replacements or refunds – when these standards are not met
- the Credit Contracts and Consumer Finance Act 2003 (CCCFA) sets out the responsibilities of lenders in order to protect consumers when they borrow money or enter into a credit agreement.

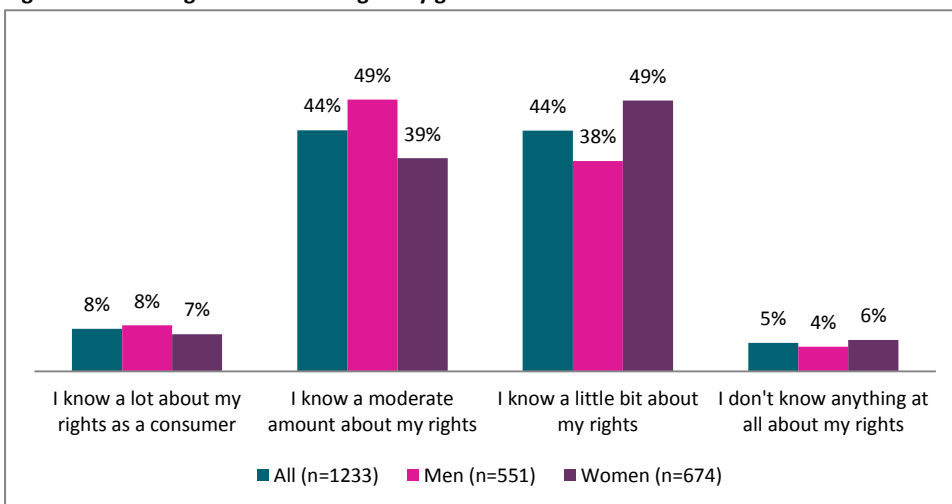
## Nearly all consumers are aware that laws exist to protect their rights when purchasing

The vast majority of consumers (96%) are aware that New Zealand laws exist to protect basic consumer rights when purchasing products and services. Awareness is lower among the following consumers (compared with 4% of all consumers):

- Pacific consumers (23% are not aware laws exist, n=36)
- consumers currently studying (19% are not aware, n=81)
- single parents (19% are not aware, n=46)
- younger consumers (12% of respondents between the ages of 18 and 26 are not aware, n=182).

While there is strong awareness of consumer laws, only a small percentage of consumers (8%) report they know ‘a lot’ about their rights as a consumer (see Figure 1). Most report they know ‘a moderate amount’ (44%) or ‘a little bit’ about their rights (44%). More men report they know ‘a lot’ or ‘a moderate amount’ about their rights compared with women (57% versus 45%).

Figure 1: Knowledge of consumer rights by gender



Base: Total respondents, as above.

The following consumers report significantly higher levels of knowledge compared with all consumers (51%):

- 62% of consumers with a tertiary degree or higher know ‘a lot’ or ‘a moderate amount’ about their rights (n=390)
- 59% of retirees know ‘a lot’ or ‘a moderate amount’ about their rights (n=243).

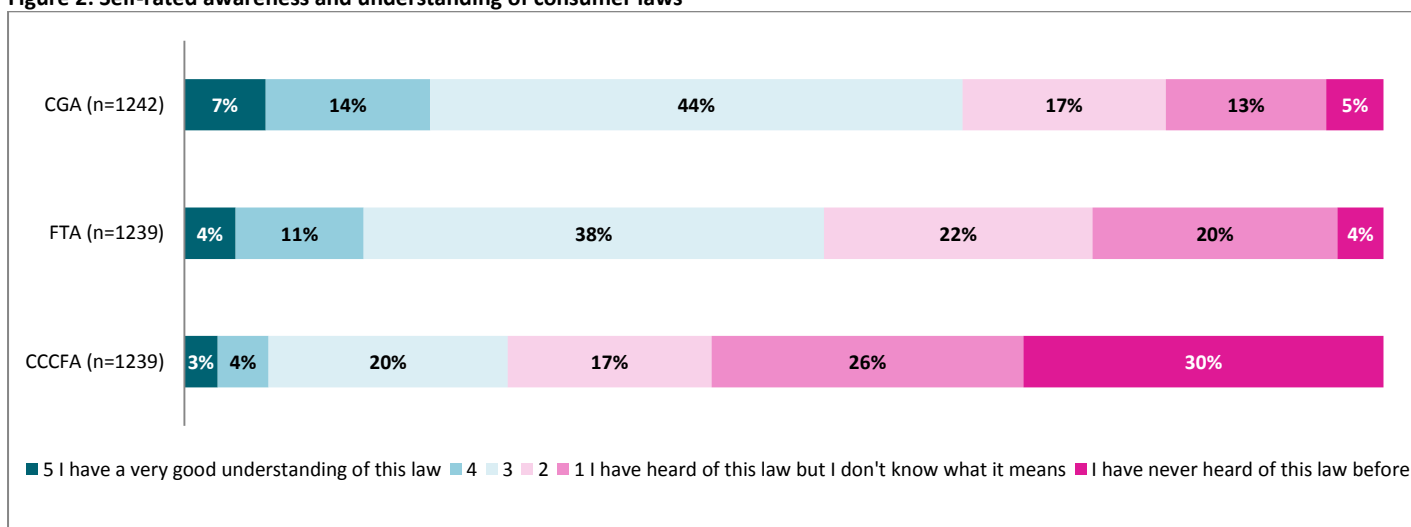
The following groups of consumers are more likely to report they do not know ‘anything at all’ about their consumer rights (compared with 5% of all consumers):

- 18% of Pacific consumers (n=36)
- 17% of single parents (n=47)
- 16% of consumers currently studying (n=82)
- 13% of younger consumers (18 to 26 years old, n=184).

### Consumers report a higher level of awareness of the CGA and the FTA

When rating their understanding of specific consumer laws (using a rating scale of between 1 and 5, where 5 is ‘very good understanding of the law’), consumers report the highest understanding about the CGA (21% provide ratings of 4 and 5) and the FTA (15%) – see Figure 2. In comparison, only 7% of consumers report high understanding (ratings of 4 and 5) of the CCCFA, which also has the lowest awareness (30% have never heard of the law).

Figure 2: Self-rated awareness and understanding of consumer laws



Base: Total respondents, as above.

Awareness and understanding of consumer laws differs across the following consumer groups:

- 34% of Pacific consumers (n=36) have heard of the CGA but do not know what it means compared with 22% of Māori (n=139) and 11% of New Zealand European consumers (n=955).
- 43% of younger consumers (18 to 26 years old, n=184) have never heard of the CCCFA compared with 30% of all consumers.
- More women have not heard of the CCCFA compared with men (33% (n=674) versus 27% (n=556)).

### Consumers applied their understanding of consumer legislation to given situations

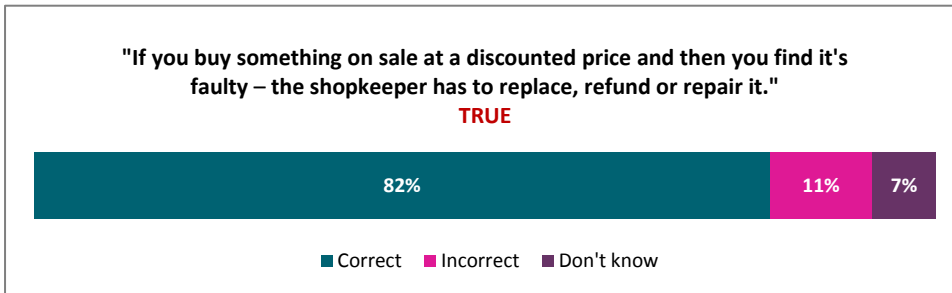
Consumers were presented with ten scenarios they might face when purchasing products or services and asked to identify whether the scenario was true or false, according to their consumer rights. These questions were designed to assess practical knowledge, in contrast to the questions asking about perceived understanding, of the rights set out by consumer legislation.

This measurement of knowledge will be valuable in setting benchmarks and assessing the success of information campaigns.

#### Consumer Guarantees Act

In the questions relating to the CGA, the majority of respondents (82%) correctly identify that a shopkeeper has an obligation to replace, refund or repair a faulty item, regardless of whether the product was sold at a discounted rate.

Figure 3: Responses to scenario regarding faulty items at discounted prices (CGA)



Base: Total respondents (n=1220).

Around half of consumers (58%) correctly respond that a retailer cannot tell you to deal directly with a manufacturer to resolve a problem with a faulty product. The consumer may decide of their own accord to go directly to the manufacturer but a retailer may not opt out of its responsibilities under the CGA.

Figure 4: Responses to scenario about the retailer's responsibilities (CGA)



Base: Total respondents (n=1227).

Around half of consumers (48%) correctly identify that they do not have the same rights and legal protections when purchasing from a private individual through methods such as Trade Me as they do when purchasing from a physical retail location. This question applies to both the CGA and FTA, which do not cover private individuals who resell products originally purchased for personal use.

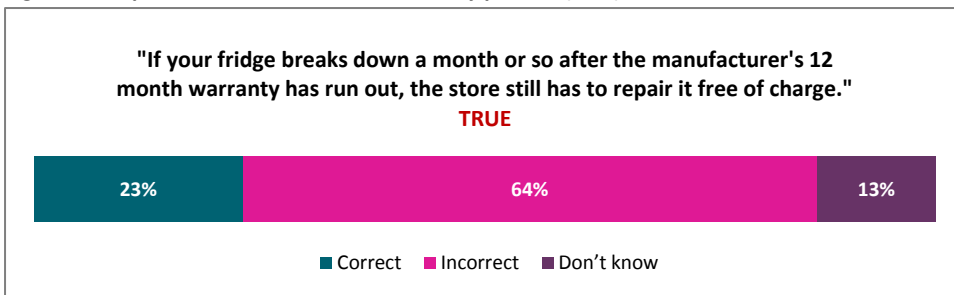
**Figure 5: Responses to scenario about purchasing from private individuals (CGA and FTA)**



Base: Total respondents (n=1224).

Three quarters of consumers (77%) cannot correctly identify or do not know whether a store must repair a broken refrigerator outside of the manufacturer's 12 month warranty period, as long as it is still within a reasonable lifespan for that product. The CGA includes the rights for consumers to expect that their purchase will last for a reasonable amount of time (with normal usage). A manufacturer's warranty may set out additional rights for replacement or repair but the CGA will apply regardless of whether the product is outside the warranty period.

**Figure 6: Responses to scenario about warranty periods (CGA)**

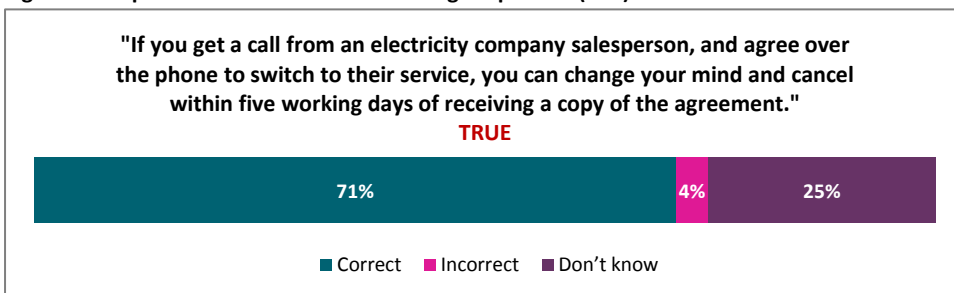


Base: Total respondents (n=1224).

*Fair Trading Act*

Consumers fare slightly better in their knowledge of the FTA, with 71% correctly identifying that there is a cooling off period allowed with agreements made through uninvited direct sales (such as telemarketing sales and door-to-door sales).

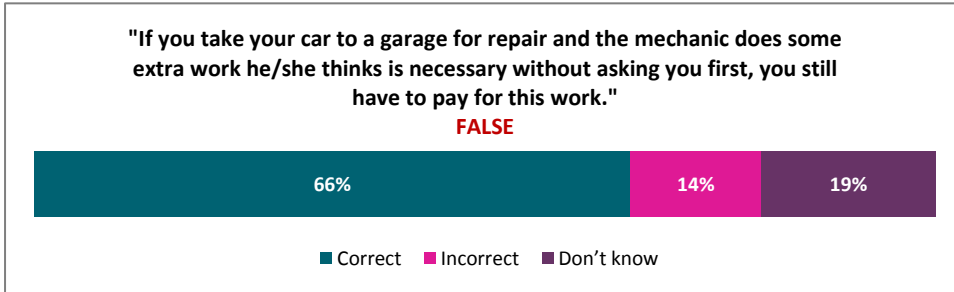
**Figure 7: Responses to scenario about cooling off periods (FTA)**



Base: Total respondents (n=1225).

Approximately two thirds of consumers (66%) are correct in responding that a service provider cannot require payment for work that was not agreed by the purchaser in advance. If a quoted cost has been agreed by the two parties, the work must be done for that price unless both parties agree to change, even if the supplier has provided additional work above what was set out in the agreement.

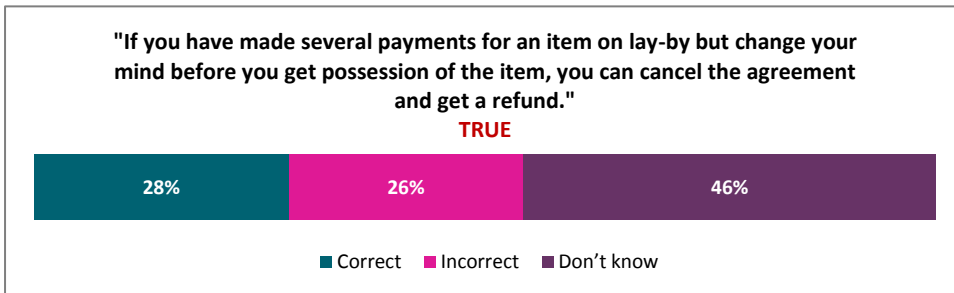
**Figure 8: Responses to scenario about agreements for services (FTA)**



Base: Total respondents (n=1221).

Consumers are less certain of the rules around lay-by sales, with nearly half (46%) unsure of whether refunds would be given for cancellations. Under the FTA, lay-by sales may be cancelled at any time before taking possession of the item and a reason is not required. The seller may charge a cancellation fee but this will be set out in advance in the sales agreement.

**Figure 9: Responses to scenario about lay-by sales (FTA)**

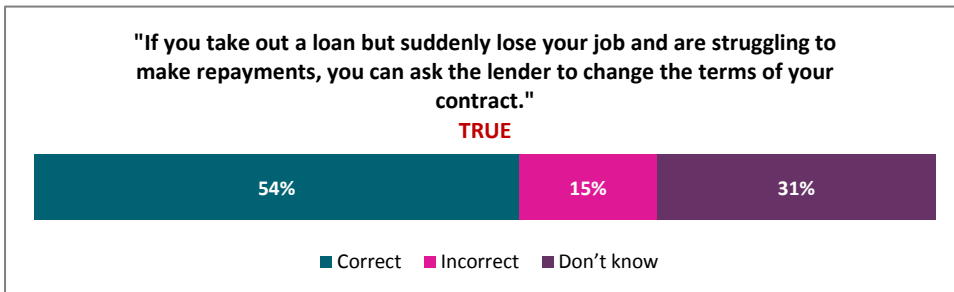


Base: Total respondents (n=1224).

*Credit Contracts and Consumer Finance Act*

Around half of consumers (54%) correctly identify that under the CCCFA, a borrower has the right to ask their lender for a change to their loan if they find themselves facing a hardship. These changes could include extending the term of the loan or postponing repayments but the borrower must still meet all their obligations under the loan agreement.

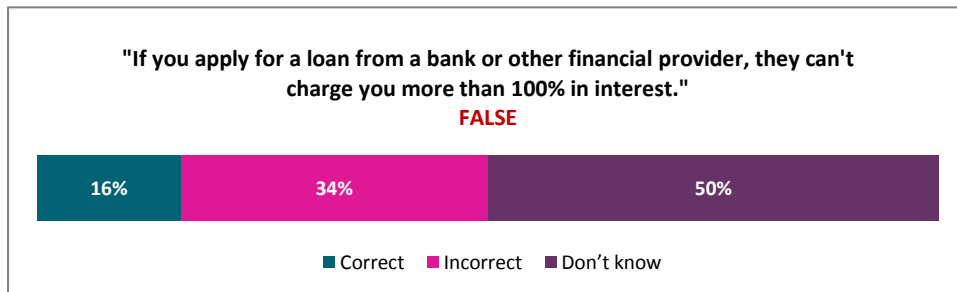
**Figure 10: Responses to scenario about hardship applications (CCCFA)**



Base: Total respondents (n=1226).

Consumers appear to be far less aware of rules around interest rates, with only 16% correctly responding that a lender may charge more than 100% in interest on a loan. In New Zealand there is no interest cap, therefore a lender may charge more than 100% interest on a consumer credit contract. Half of consumers say that they do not know the response and 34% are incorrect.

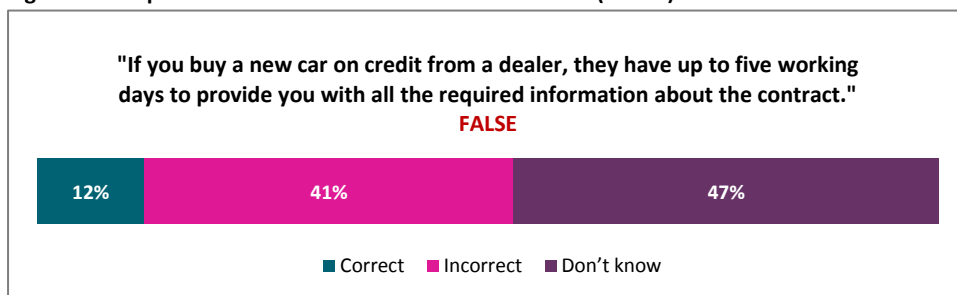
**Figure 11: Responses to scenario about interest regulations (CCCFA)**



Base: Total respondents (n=1223).

Only 12% of consumers respond correctly that under the CCCFA, all contract terms must be presented at the time of the agreement, not after the contract has been signed. Almost half (47%) of consumers do not know the response to this question and 41% are incorrect.

**Figure 12: Responses to scenario about contract disclosure (CCCFA)**



Base: Total respondents (n=1222).

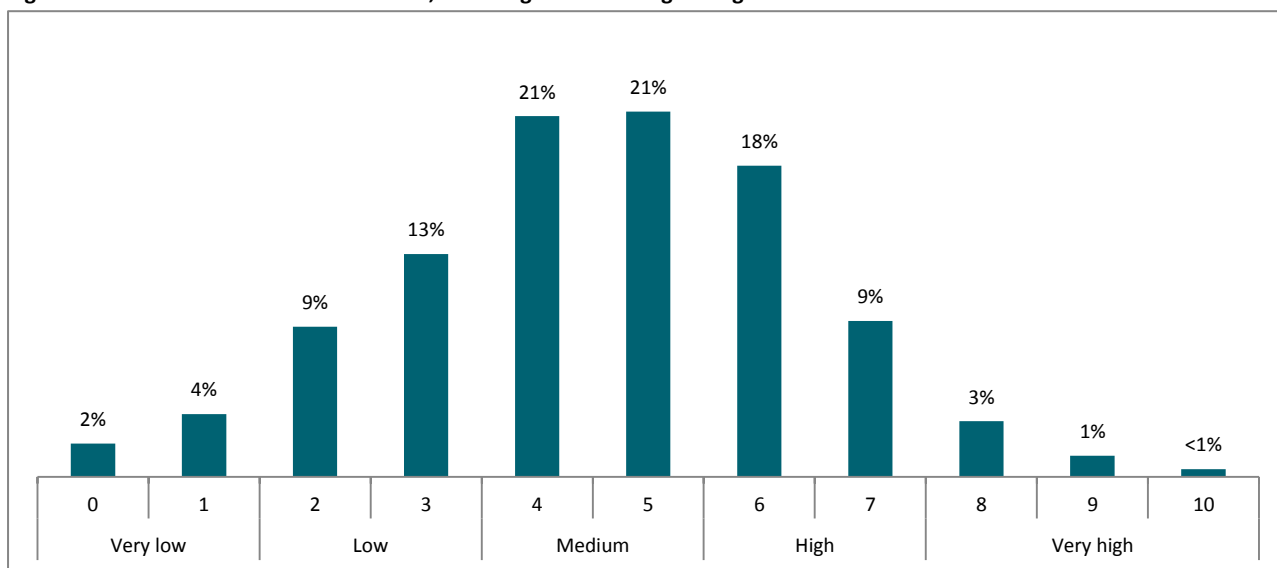


## Consumers demonstrate a higher level of knowledge about the CGA and FTA

Consumers perform fairly well on questions regarding the CGA and FTA; however when it comes to questions related to the CCCFA, 46% of consumers can only answer one question correctly and 38% cannot correctly answer any of the scenarios.

The majority of consumers (59%) are able to correctly answer between four and six of the ten scenarios, with very few scoring at the extreme ends of the scale (see Figure 13). Only five per cent of respondents score at least eight out of ten, and less than one per cent are able to respond to all questions correctly. Six per cent score in the 'very low' knowledge category, scoring zero or one out of ten. However, most of these respondents simply mark 'don't know' for most questions rather than providing incorrect responses.

**Figure 13: Distribution of scores out of ten, and assigned knowledge categories**



Base: Total respondents (n=1228).

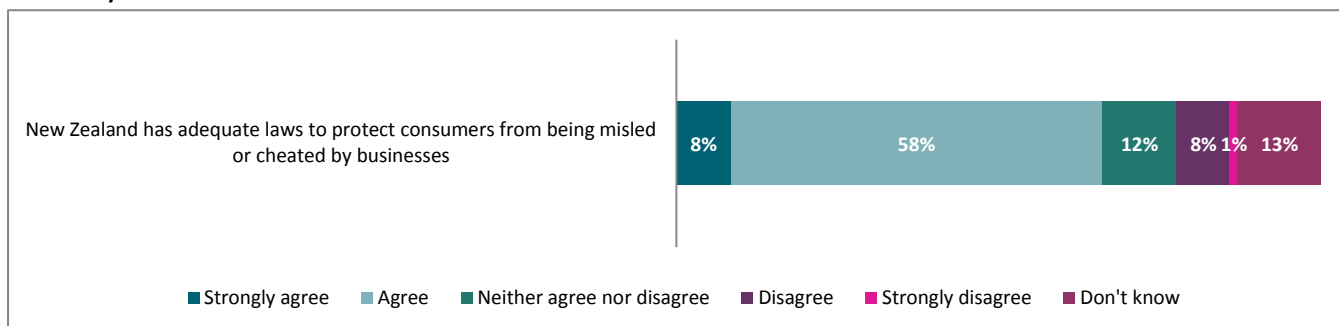
Consumers between the ages of 18 and 26 have the lowest results of all age groups, with 35% having 'low' or 'very low' scores and only 24% with 'high' or 'very high' scores. Both men and women in this age group achieve similar results. This is consistent with their level of self-rated knowledge, where those between 18 and 26 have the lowest rated awareness and understanding of consumer legislation (see Figure 2). In comparison, only 20% of consumers between the ages of 57 and 66 have 'low' or 'very low' scores and 41% 'high' or 'very high'.

Overall, men fare better than women, with 37% of men rating a 'high' or 'very high' score compared with 26% of women. Men between the ages of 57 and 66 have the best results, with 49% in the 'high' or 'very high' knowledge categories.

## Consumers agree that New Zealand has adequate laws to protect consumers

Consumers were asked to rate the extent they agree with several statements about how consumer laws protect them in New Zealand. Two thirds of consumers (66%) agree<sup>5</sup> that New Zealand has adequate laws to protect consumers from being misled or cheated by businesses (see Figure 14).

**Figure 14: Agreement with the statement ‘New Zealand has adequate laws to protect consumers from being misled or cheated by businesses’**



Base: Total respondents (n=1232).

Fewer Māori consumers (n=138) agree that New Zealand has adequate laws to protect consumers (46% agreement compared with 66% for all consumers).

When comparing consumers’ agreement with their knowledge of laws (see Figure 13), agreement increases with level of knowledge. Three-quarters (76%) of those who demonstrate a ‘very high’ knowledge of consumer laws agree that New Zealand has adequate laws to protect consumers, compared with a quarter (24%) of those with ‘very low’ knowledge.

<sup>5</sup> ‘Strongly agree’ and ‘agree’ categories have been combined when reporting on agreement. Disagreement is calculated in the same way.

Most consumers are aware of agencies that provide information on consumer rights but few have used these services in the past two years

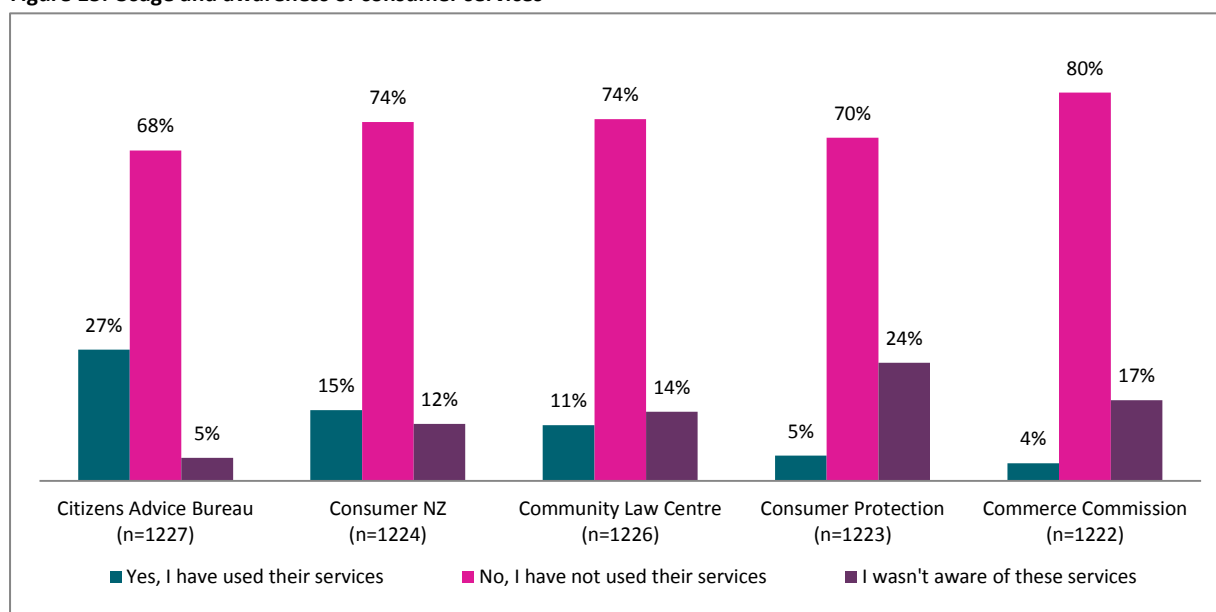
## 2. Most consumers are aware of agencies that provide information on consumer rights but few have used these services in the past two years

Consumers were asked if they had used the services of five organisations that provide information on consumer rights and laws in the past two years. Consumers may have sought information in person, through the website or over the phone.

### Consumers are more frequent users of the Citizens Advice Bureau's services

Consumers have the highest awareness and use of services from the Citizens Advice Bureau (27% had used their services; only 5% are not aware of their services – Figure 15). Consumers have the lowest awareness of Consumer Protection (5% had used their services; 24% are not aware).

Figure 15: Usage and awareness of consumer services



Base: Total respondents, as above.

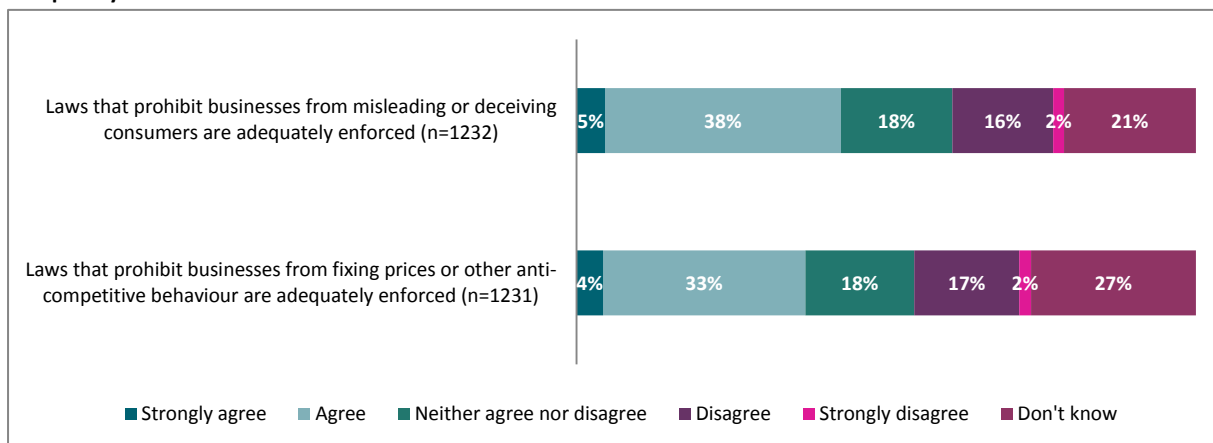
Differences in consumer awareness and usage of services include the following:

- Consumers from Auckland (36%, n=352) as well as Māori and Pacific consumers (40% (n=137) and 44% (n=37) respectively) have higher reported usage of Citizens Advice Bureau.
- 40% of younger consumers (18 to 26 years, n=183) are not aware of Consumer Protection in comparison with 14% who are not aware of Citizens Advice Bureau (n=183).
- 28% of Asian consumers (n=88) are not aware of the Commerce Commission compared with 14% of New Zealand European (n=937) and 15% of Māori consumers (n=136).
- Wellington consumers (n=140) and those reporting an income of more than \$125,000 (n=160) are higher users of Consumer NZ (24% and 22% respectively).

## Less than half of consumers agree that consumer legislation is adequately enforced

Forty three per cent of consumers agree that laws that prohibit businesses from misleading or deceiving consumers are adequately enforced (see Figure 16); a similar proportion (39%) disagree or do not know. In comparison, fewer consumers agree that laws that prohibit businesses from fixing prices or other anti-competitive behaviour<sup>6</sup> are adequately enforced (37%). Almost half (45%) disagree or do not know if these anti-competitive behaviours are adequately enforced.

**Figure 16: Agreement that laws that prohibit businesses from misleading consumers and anti-competitive behaviour are adequately enforced**



Base: Total respondents, as above.

For the statement ‘laws that prohibit businesses from misleading or deceiving consumers are adequately enforced’:

- Asian consumers are more likely to agree (58% agreed, n=89) compared with 32% of Māori (n=138) and 41% of New Zealand European consumers (n=946).
- Older consumers are more likely to disagree (26% disagreed, n=289) compared with 18% of all consumers.
- Women are more likely to select ‘don’t know’ (25% did not know, n=672) compared with 18% of men (n=552).

For the statement ‘laws that prohibit businesses from fixing prices or other anti-competitive behaviour are adequately enforced’:

- Asian consumers are more likely to agree (52% agreed, n=89) compared with 26% of Māori (n=137) and 35% of New Zealand European consumers (n=945).
- Older consumers are more likely to disagree (25% of consumers aged 67 years or older disagreed, n=288) compared with 19% of all consumers.
- Women are more likely to select ‘don’t know’ (31% did not know, n=671) compared with 22% of men (n=552).

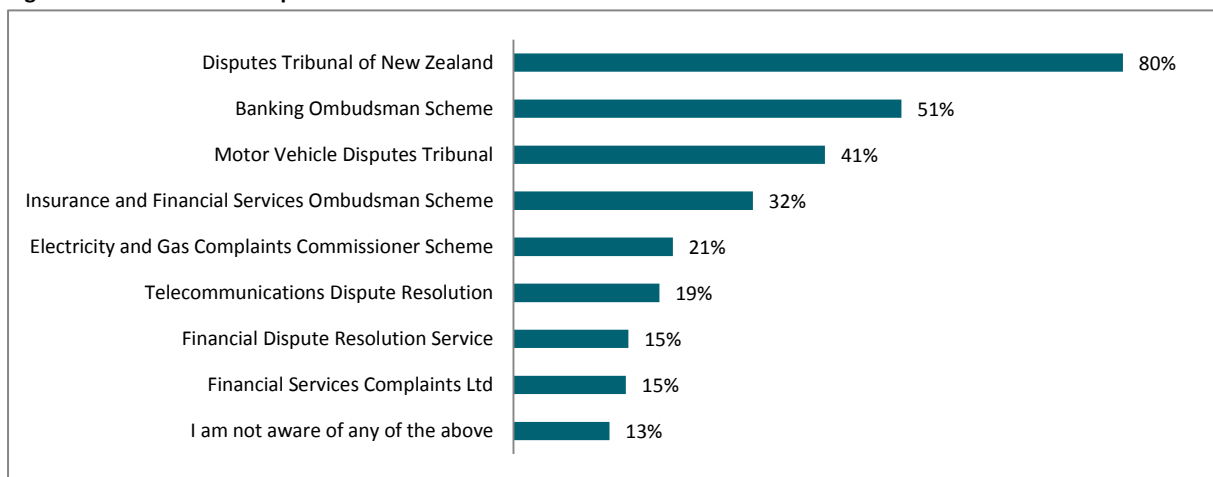
<sup>6</sup> Anti-competitive behaviour includes price fixing or using market power to exclude competitors from a market. The Commerce Commission is responsible for enforcing this legislation. For more information see: <http://www.comcom.govt.nz/business-competition/anti-competitive-practices/>.

## Half of all consumers agree there is adequate access to dispute resolution services

Consumers have access to over 50 dispute resolution services<sup>7</sup> in New Zealand. Consumers were asked about their awareness of eight particular organisations that can help them to resolve disputes with businesses.<sup>8</sup> In total, 87% of consumers have heard of at least one of the listed dispute resolution services.

As shown in Figure 17, the majority of consumers (80%) are aware of the Disputes Tribunal of New Zealand while just over half of consumers (51%) are aware of the Banking Ombudsman Scheme. There is lower awareness of all other listed dispute resolution services and 13% of all consumers are not aware of any of these particular services.

Figure 17: Awareness of dispute resolution services



Base: Total respondents (n=1233).

The following consumers have lower awareness of dispute resolution services:

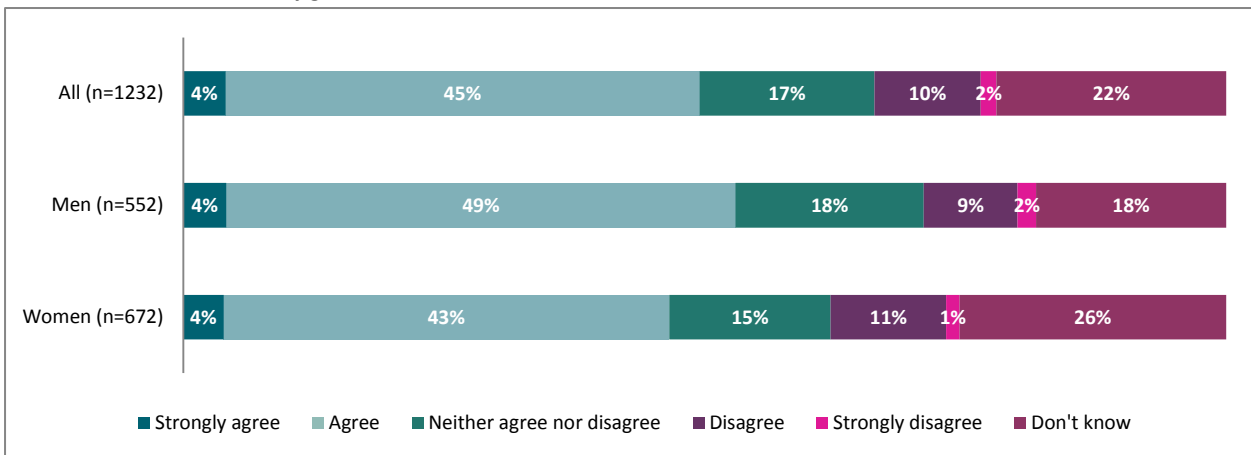
- Younger consumers (30% of 18 to 26 year olds, n=184) are not aware of any dispute resolution services compared with 9% of consumers 67 years or older (n=289).
- Pacific and Asian consumers (31% of Pacific consumers (n=35) and 23% of Asian consumers (n=91)) are not aware of any dispute resolution services compared with 8% of New Zealand European consumers (n=949).
- Consumers currently studying (33% of those studying, n=82) are not aware of any dispute resolution services compared with 9% of consumers employed full time (n=441).

When asked to rate their level of agreement with the following statement 'there is adequate access to services that help to resolve disputes between consumers and businesses', half of all consumers agree with this statement (50% - see Figure 18). Slightly more men agree with this statement (53% versus 47%) while more women report that they do not know if there is adequate access to services to help resolve disputes (26% compared with 18% of men).

<sup>7</sup> See Consumer Protection website for more information on resolving problems - <https://www.consumerprotection.govt.nz/report-or-resolve-a-problem/general-problems/>.

<sup>8</sup> The eight dispute resolution services were selected as they were some of the more well-known services and focus on common consumer complaints.

**Figure 18: Agreement with the statement ‘there is adequate access to services that help to resolve disputes between consumers and businesses’ by gender**



Base: Total respondents, as above.

Consumers are generally trusting and confident when purchasing



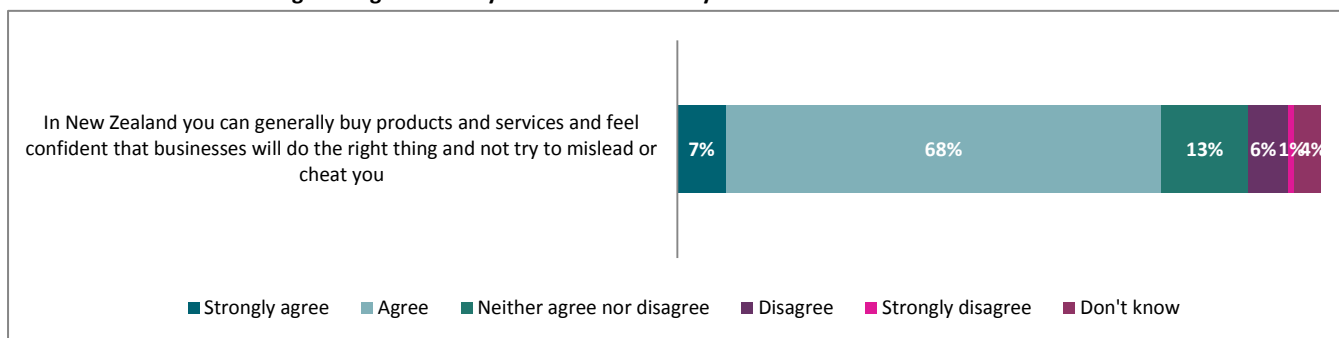
### 3. Consumers are generally trusting and confident when purchasing

Consumers were asked whether they generally trust that they will not be misled or treated unfairly when dealing with salespeople, tradespeople or businesses across various sectors. This information will be used to identify areas where consumers may require help to feel more confident when interacting with businesses, or to recognise areas where trustworthiness might be an issue.

#### Three-quarters of consumers are confident that they can buy products or services and not be misled

There is a high level of agreement that consumers are able to feel confident in their ability to purchase products and services in New Zealand and that businesses will not try to mislead them (75% agreed – see Figure 19).

**Figure 19: Agreement with the statement ‘in New Zealand you can generally buy products and services and feel confident that businesses will do the right thing and not try to mislead or cheat you’**



Base: Total respondents (n=1230).

Retirees are more likely to agree that businesses will not mislead or cheat consumers (82% agree (n=243) compared with 75% for all consumers). Māori consumers are less likely to agree with this statement (62% agree (n=137) compared with 77% of New Zealand European consumers (n=946)).

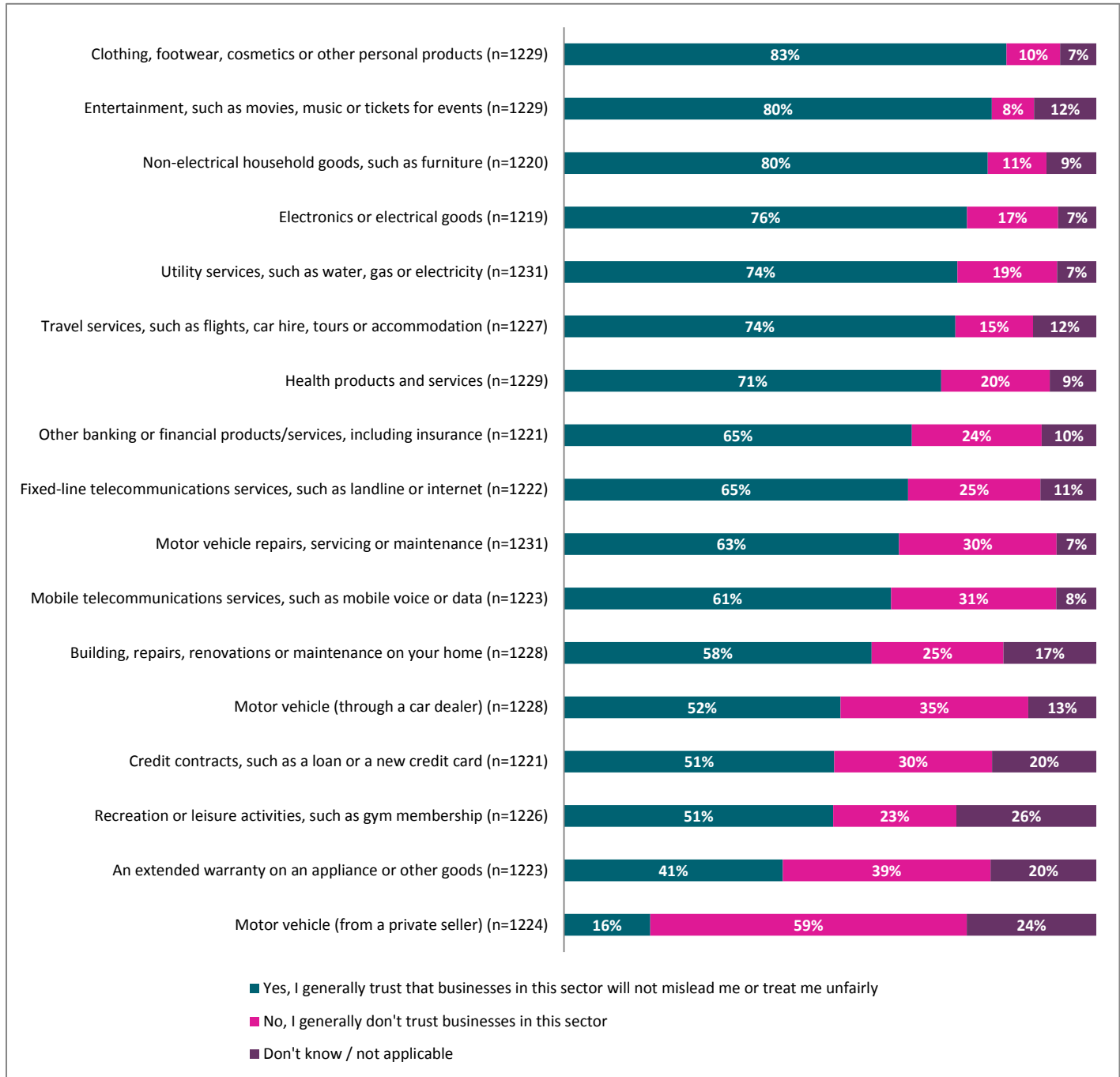
Consumers with ‘high’ or ‘very high’ knowledge of consumer legislation (see Figure 13) are more likely to feel confident that businesses will do the right thing and not try to mislead them when purchasing. Eighty per cent agree with this statement and only six per cent disagree. At the other end of the scale, only 65% of those with ‘low’ or ‘very low’ knowledge agree with the statement and 10% disagree – another 11% said they ‘don’t know’.

## Consumers show a high level of trust that they will not be treated unfairly or misled by businesses

The majority of consumers trust businesses, particularly in categories such as clothing or personal products (83% generally trust they will not be misled or treated unfairly - Figure 20), entertainment (80%) and non-electrical household goods (80%).

The least trusted products are extended warranties, where 39% of consumers generally do not trust that they will not be misled or treated unfairly, and private motor vehicle sales, where well over half of all consumers (59%) report a lack of trust.

Figure 20: Consumer trust in businesses, by product or service categories

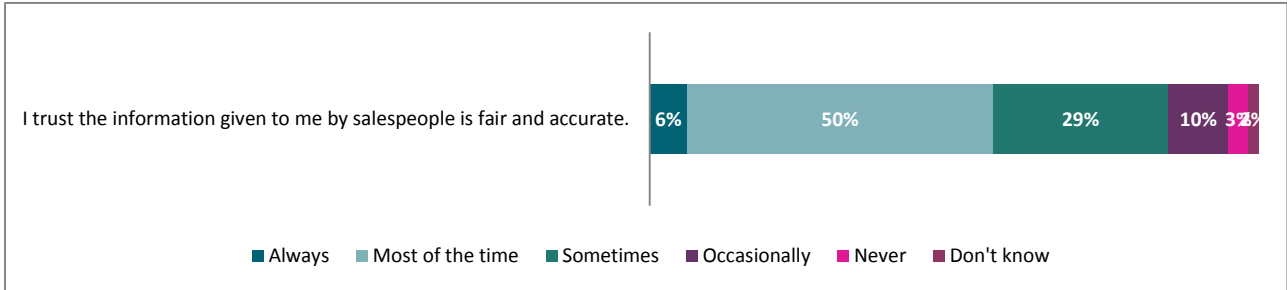


Base: Variable - total respondents by category.

## Half of consumers trust the information given by salespeople

Just over half of consumers (56%) ‘always’ or ‘most of the time’ trust the information given to them by salespeople is fair and accurate (see Figure 21). Only 3% of consumers ‘never’ trust the information given to them by salespeople.

**Figure 21: Agreement with the statement ‘I trust the information given to me by salespeople is fair and accurate’**



Base: Total respondents (n=1232).

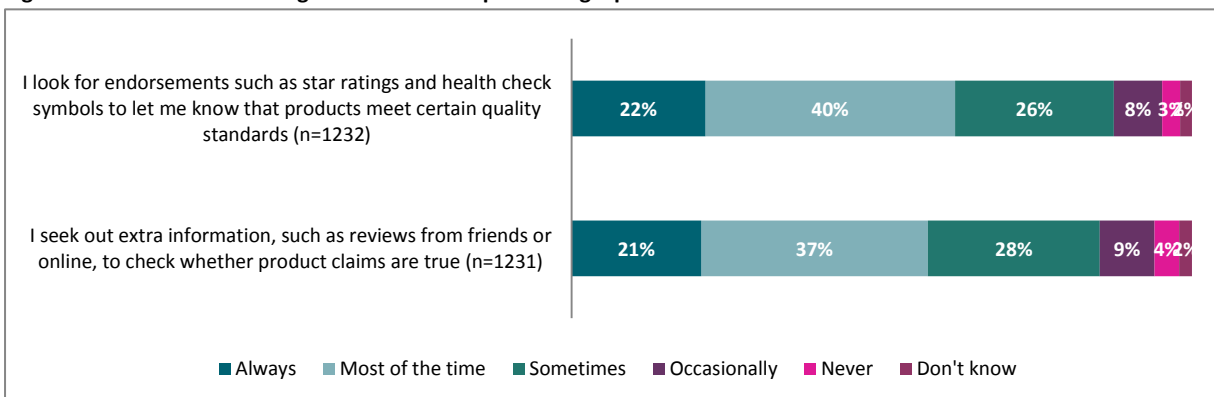
There are differences among the following consumer groups:

- Consumers over 67 years of age are more trusting of salespeople (70% ‘always’ or ‘most of the time’ trust the information, n=289) compared with 44% of consumers between 18 and 26 years old (n=183).
- Women are more trusting of salespeople than men (62% ‘always’ or ‘most of the time’ trust the information is fair and accurate, n=672) compared with 51% of men (n=552).
- New Zealand European consumers are more trusting of salespeople compared with Māori and Pacific consumers (62% of New Zealand European consumers trust the information from salespeople ‘always’ or ‘most of the time’, n=946) compared with 45% of Māori (n=138) and 34% of Pacific consumers (n=37).

## Consumers seek out extra information when purchasing

Most consumers (62%) ‘always’ or ‘most of the time’ look for labels or endorsements such as star ratings when purchasing products (Figure 22). Over half (57%) of consumers seek out extra information to check the accuracy of product claims at least ‘most of the time’.

**Figure 22: Information seeking behaviour when purchasing a product or service**



Base: Total respondents, as above.

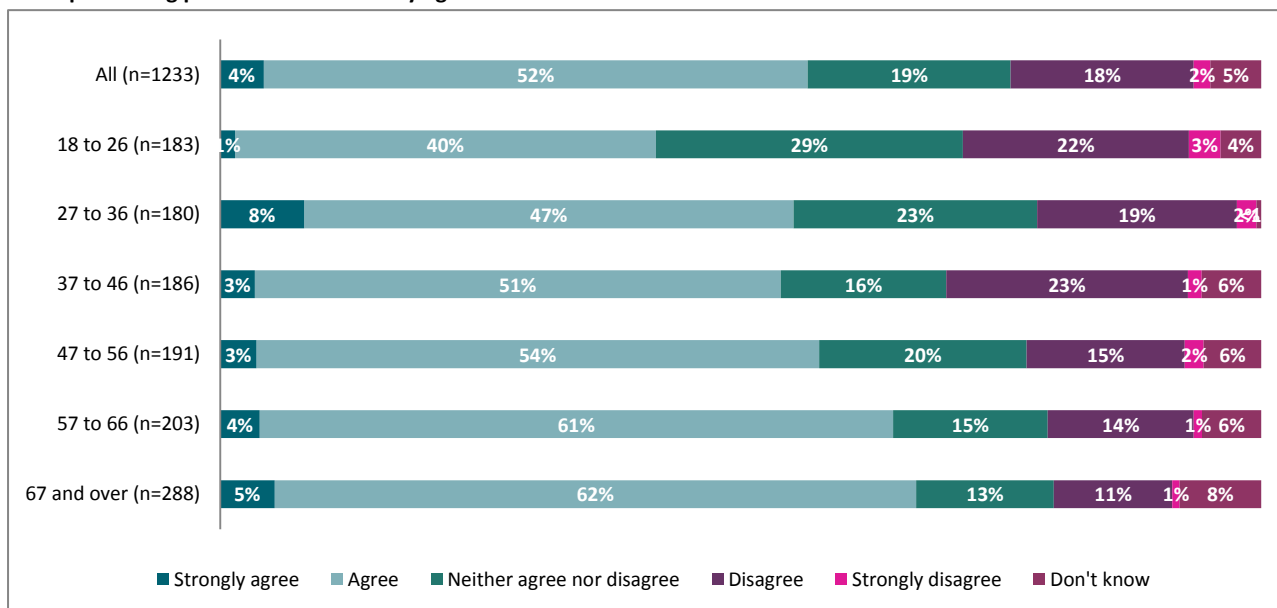
Younger consumers are less likely to look for product labels (51% of 18 to 26 year olds look for endorsements at least ‘most of the time’ (n=183) compared with 64% of 57 to 66 year olds (n=197) and 72% of those 67 or over (n=289)).

## Half of consumers are confident that they have enough information about their rights when purchasing

Just over half of all consumers (56%) agree with the statement ‘I am confident that I have enough information about my rights as a consumer when purchasing products or services’. A quarter of consumers (25%) disagree or do not know if they have enough information.

Figure 23 compares agreement across age groups and shows lower levels of agreement from younger consumers: 42% of 18 to 26 year olds agree that they have enough information about their rights compared with 67% of consumers 67 years or older.

**Figure 23: Agreement with the statement ‘I am confident that I have enough information about my rights as a consumer when purchasing products or services’ by age**



Base: Total respondents, as above.

A smaller percentage of Māori consumers agree that they have enough information about their rights when purchasing products and services (43% agree (n=138) compared with 58% of New Zealand European consumers (n=945)).

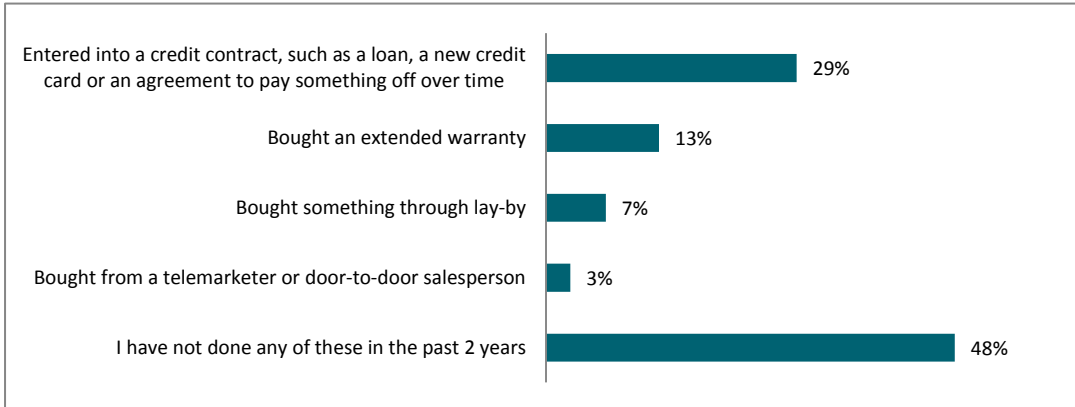
Consumers who have a higher awareness and understanding of their rights under consumer legislation are much more confident when making purchases. Of those who report that they know ‘a lot’ about their rights, 84% agree that they had enough information about their rights as a consumer when purchasing products or services and only 6% disagree. In comparison, of those who report they know ‘a little bit’ or ‘nothing at all’ about their rights, only 37% agree and 30% disagree.

## Consumers feel informed and confident when signing agreements

Consumers were asked about their trust in the information provided to them when they are required to sign an agreement, such as buying an extended warranty, buying something through lay-by, or entering into a credit contract (such as a personal loan). The CCCFA requires disclosure of information by lenders to be clear and concise and not mislead the borrower.<sup>9</sup>

Half of consumers (52%) have entered into a sales agreement or credit contract in the past two years. The type of agreement most frequently entered into is a credit contract, with over a quarter of consumers (29% - see Figure 24) having done this most recently.

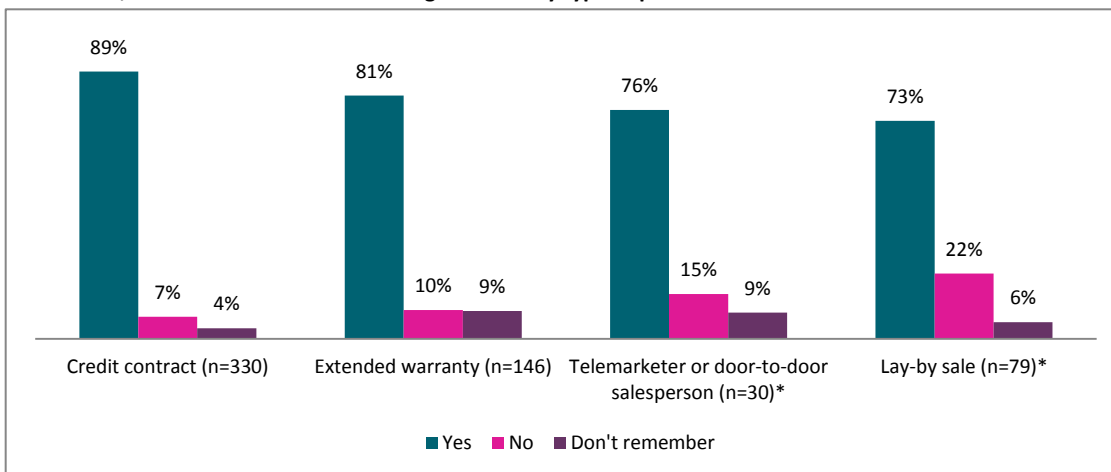
**Figure 24: Sales agreement or credit contract consumer has entered into most recently**



Base: Total respondents (n=1221).

The majority of consumers (82%) agree that the business gave clear and full information about the features, terms and conditions of the agreement. Figure 25 breaks down responses to this question by type of sales agreement or credit contract. For all types of contracts most consumers report that the business gave clear and full information (between 73% and 89%). Twenty two per cent of consumers who have bought something through lay-by disagree with this statement.

**Figure 25: Agreement with the statement 'the business offering the agreement gave me clear and full information about the features, terms and conditions of the agreement' by type of purchase**



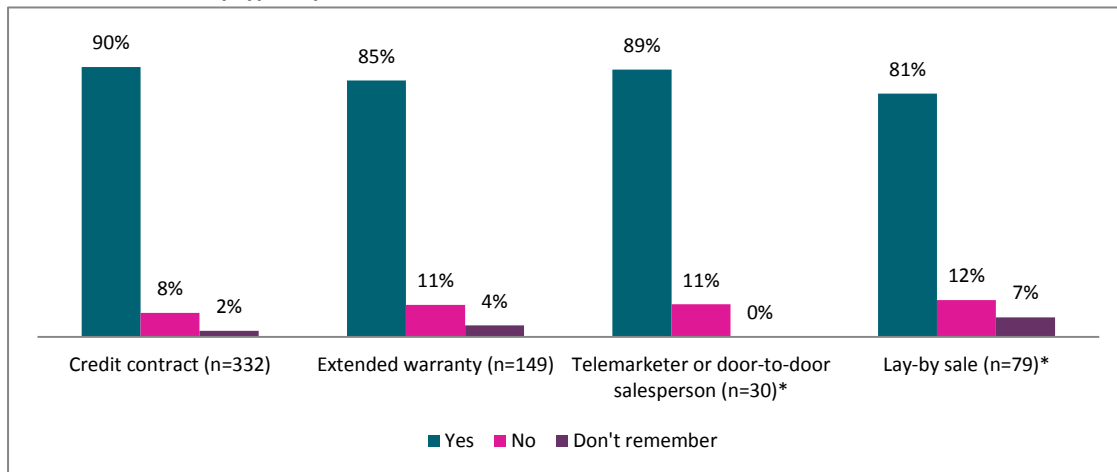
Base: As above.

\*Caution – low sample size.

<sup>9</sup> See Consumer Protection website for more information: <https://www.consumerprotection.govt.nz/consumer-law-and-your-rights/credit-and-finance/credit-contracts-and-consumer-finance-act/>.

Most consumers (86%), across all purchase types, are confident that they understand the agreement well enough to make an informed decision to enter into it. Figure 26 shows agreement with the statement by type of sales agreement or credit contract. Only a small percentage of consumers (between 8% and 12%) state they do not understand the agreement well enough when entering into it.

**Figure 26: Agreement with the statement ‘I am confident I understood the agreement well enough to make an informed decision to enter it’ by type of purchase**



Base: As above.

\*Caution – low sample size.

Half of consumers  
experience a problem  
with a product or service  
within two years of  
purchasing

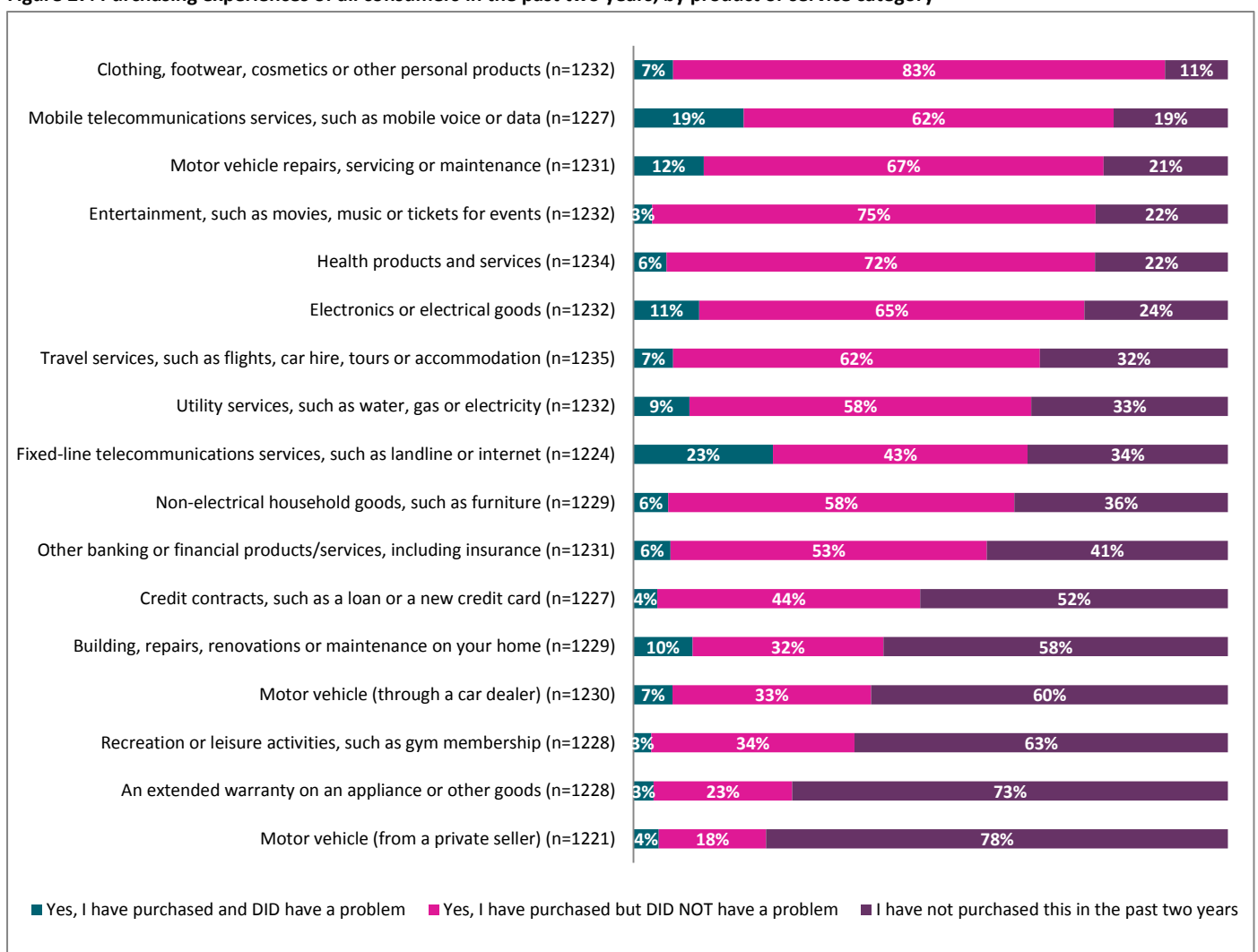
## 4. Half of consumers experience a problem with a product or service within two years of purchasing

Consumers were asked to identify product or service categories in which they had made purchases in the past two years and indicate if they had experienced a problem in that sector. Specifically, they were asked to think about times when:

- the information they were given about the product or service was misleading, or not true
- they purchased a product or service that was faulty or did not deliver what was expected
- their legal rights as a consumer were not met
- they felt deceived, pressured or unfairly treated.

Just over half (55%) of all consumers reported having a problem in at least one product or service category in the past two years.

**Figure 27: Purchasing experiences of all consumers in the past two years, by product or service category**



Base: Variable - total respondents for each product or service category.



Ninety per cent of all consumers had purchased a personal product, such as clothing or footwear, in the past two years but only seven per cent had experienced a problem in this category (see Figure 27). Categories such as health products and entertainment were similarly high in total purchases and low in problems identified (with six per cent and three per cent of consumers reporting problems, respectively).

Younger consumers had significantly higher rates of problems with personal products, such as clothing and footwear (11% of those between 18 and 26 who had purchased in this category had problems compared with 7% overall), and private motor vehicle purchases (22% compared with 18%). Conversely, consumers over the age of 67 had significantly lower rates of problems than all other age groups with purchases involving electronics (8% compared with 16%) and personal products (3% compared with 7%).

Consumers with higher awareness and understanding of their rights may be better at spotting problems when they arise. Those who rated themselves as knowing 'a lot' about their rights were more likely to report having a consumer problem (62%) than those who said they know 'nothing at all' about their rights (48%).

### **More women than men experience consumer problems**

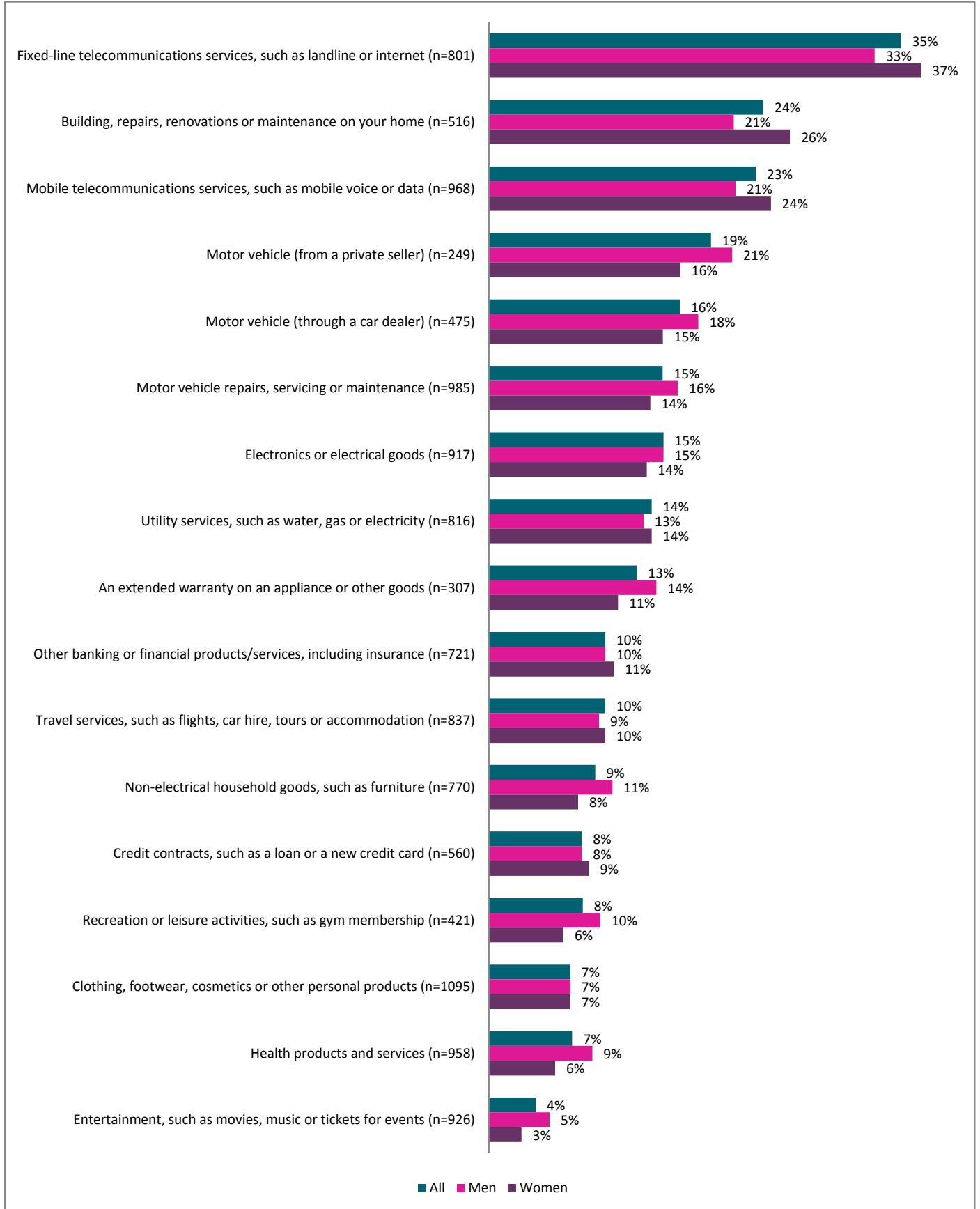
More women than men reported experiencing a consumer problem in the past two years, with 52% experiencing at least one problem compared with 47% of men.

Women were more likely to report problems with fixed-line telecommunications (37% of the women who purchased reported having a problem), building repairs and maintenance (26%) and mobile telecommunications (24%). Men, on the other hand, reported more problems per purchase of motor vehicles from private sellers (21% of purchases), car dealers (18%) and repairs (16%).

More women than men purchased personal products, such as clothing and footwear, in the past two years (92% compared with 86%); however, when comparing only those who purchased, women and men reported problems with personal products at the same rate (7% of purchases).

See Figure 28 for a complete breakdown of problems experienced by men and women who had purchased in each product or service category.

**Figure 28: Frequency of problems reported by consumers who had purchased in each product or service category**



Base: Variable - total respondents who had purchased in each product or service category in the past two years.

### **Telecommunications services have the highest number of problems**

Almost nine out of ten consumers (87%) had purchased some kind of telecommunications service in the past two years. This includes fixed-line services, such as a landline phone or wired internet, and mobile services, such as mobile voice, text or data. Nearly a third (31%) of all consumers reported having a problem with at least one of these services and 11% had problems with both.

Of those who had purchased fixed-line telecommunications services, 35% reported having a consumer problem; making it the most problematic of all sectors (see Figure 28).

Consumers between the ages of 18 and 26 were more likely than older age groups (47 or above) to have purchased a mobile service of any kind (86% had purchased versus 74% of older groups); however, younger consumers also reported the fewest problems in this category (only 17% of purchasers reported problems compared with 24% of those 47 or older).

### **Reports of home repair or maintenance problems are extremely high in Canterbury**

Forty per cent of consumers from Canterbury who had arranged for work to be done on their home said that they had experienced a problem with those services. Aucklanders who had purchased these services, on the other hand, only identified problems 28% of the time. However, consumers in Auckland reported purchasing building services at a slightly higher rate (46% of Aucklanders had purchased in this category compared with 41% of Cantabrians).

Overall, a quarter of consumers (24%) who purchased home building or repair services had reported having a problem, making it the second highest area of concern.

### **Young consumers have more problems with motor vehicle purchases**

Motor vehicle purchases, through both private and professional sellers, were the fourth and fifth highest areas with problems across all product or service categories. Nineteen per cent of all vehicle purchasers through private sellers reported having problems while sixteen per cent of purchasers through dealers said they had a problem.

Consumers with children were the highest purchasers of motor vehicles – 48% had purchased from a professional dealer in the past two years (compared with 40% of all consumers) and 26% had purchased from a private seller (compared with 22%). Those with children were also more likely to have problems with purchases from dealers, where 20% of purchasers said they had problems compared with 13% of those who said they have no children at home.

Consumers between the ages of 18 and 36 were much higher purchasers of motor vehicles through private sellers, with 34% having purchased in this category compared with 17% of those over 37. They also had more problems, with 25% of 18 to 36 year olds reporting problems compared with 14% of all older purchasers.

### **Those with low household income have more problems with credit contracts**

Consumers at the highest end of the income scale (with households earning more than \$125,000 per year) reported more frequent purchases involving credit contracts and other banking or financial services than those at the lowest end of the scale (less than \$25,000 per year), with 56% and 33% (respectively) having purchased in these categories.

However, 19% of the lowest income earners who made purchases involving credit contracts reported having problems, compared with 9% of the highest income earners. Problems with other banking and financial services were also slightly increased among low income earners, with 13% of purchasers reporting problems compared with 10% of the highest income earners.

## The least trusted product and service categories are also those with the most problems

The product and service categories in which consumers had made purchases were compared to the trust (or lack thereof) that they had reported earlier in the survey (see Figure 20). It appears their recent experiences may have influenced their level of trust, as many of those who had problems reported a lack of trust in those products or services, while those with no problems were more trusting. Seventeen per cent of those who purchased fixed-line telecommunications services had a problem and also said they did not trust sellers of those services, with a similar percentage (16%) for private sellers of motor vehicles (see Figure 29).

However, there were notable misalignments with both of these particular categories – 18% of purchasers of fixed-line telecommunications services had a problem but said they trusted these businesses, and 49% of purchasers of motor vehicles from private sellers, who said they do not trust these sellers despite not having a problem.

**Figure 29: Relationship between trust and problems of consumers who had purchased in each product or service category**



Base: Variable - total respondents who had purchased in each product or service category in the past two years.

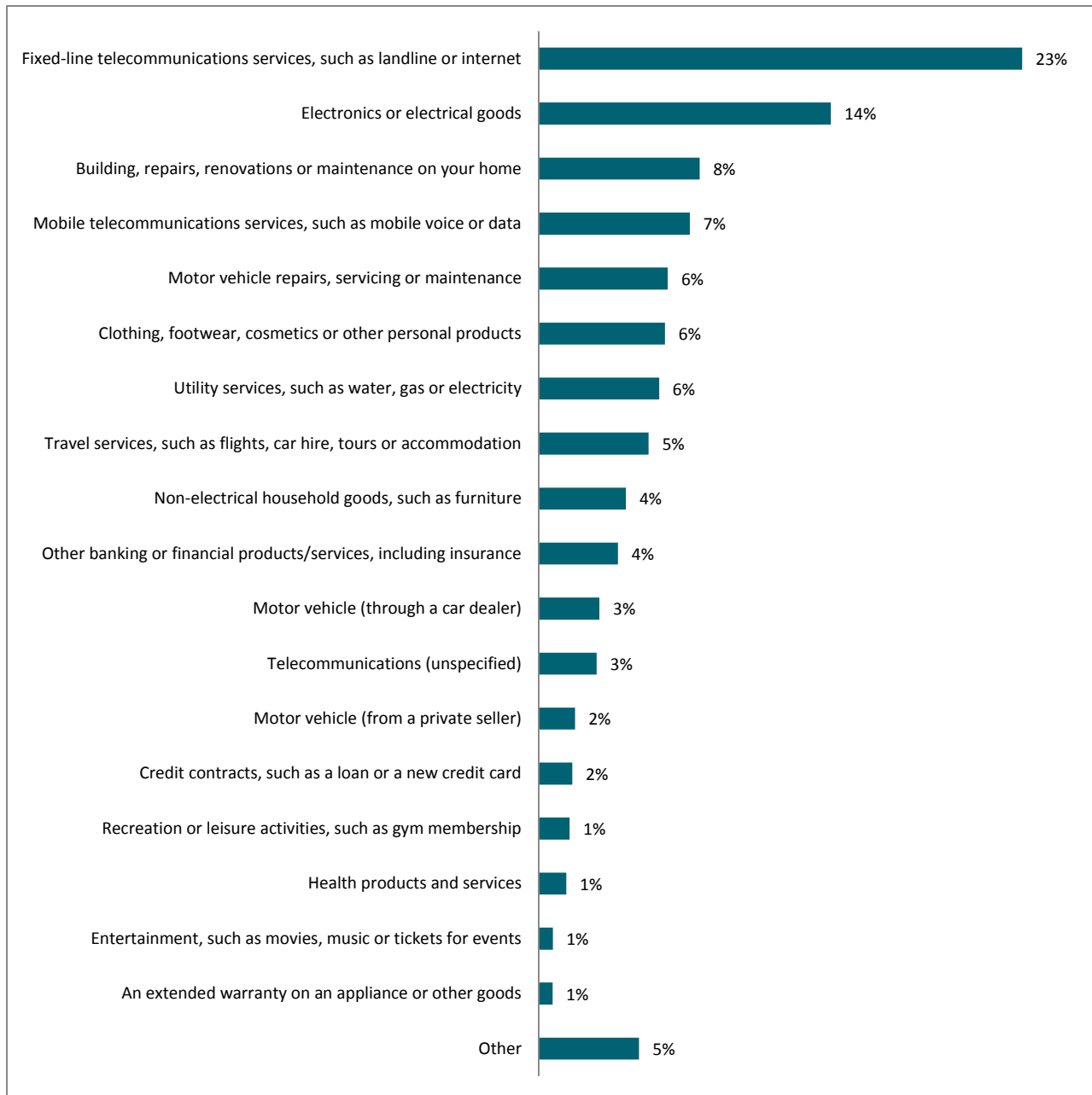
The majority of those who purchased personal products or entertainment products did not have problems and, not surprisingly, reported that they trust businesses in these categories (85% and 90%, respectively).

## A quarter of consumers say their most recent issue involves fixed-line telecommunications services

Consumers who reported having at least one problem in the past two years were then asked to describe their most recent problem in further detail, including where the product or service was purchased, and the nature of the issue they experienced.

Of the consumers who had identified having a problem, 23% said their most recent problem related to fixed-line telecommunications services and 14% involved electronics.

**Figure 30: Most recent problem reported, by product or service category**



Base: Total respondents reporting a problem in the past two years (n=671).

Note: "Other" includes food products, legal services and general complaints about businesses without including a specific product or service type.

### The majority of the problem purchases are made through direct sales – either in person or by calling the business directly

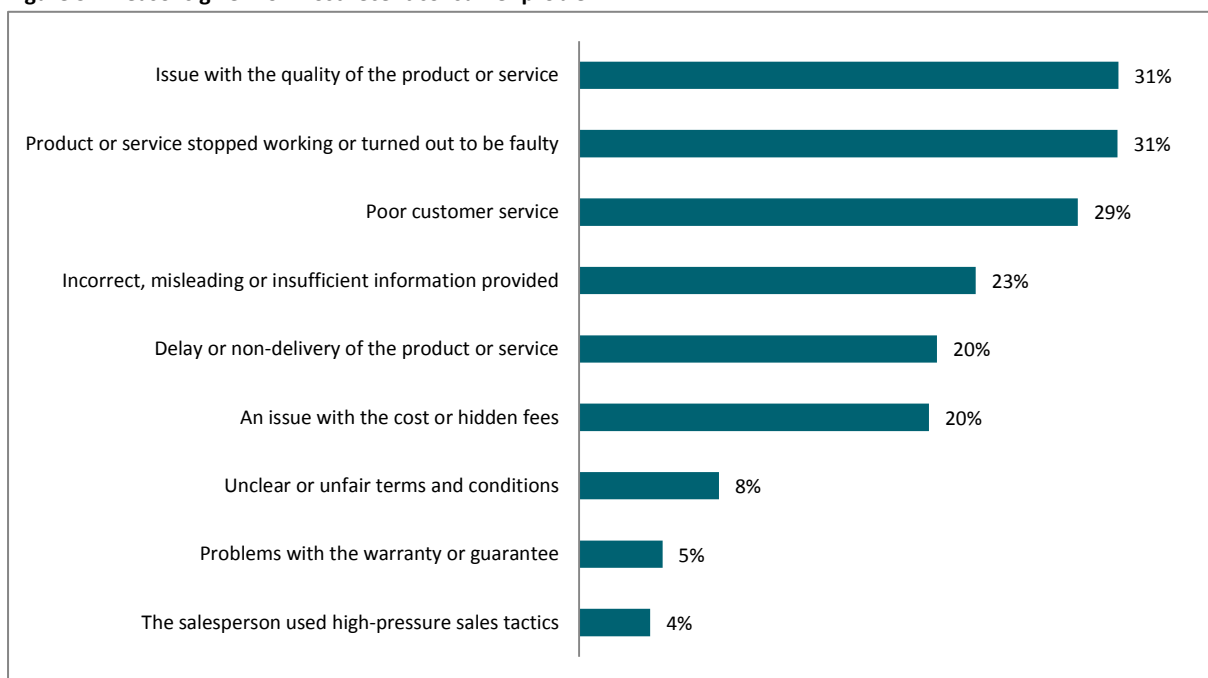
Thirty-seven per cent of the problem purchases were made at a physical retail location while twenty-seven per cent were arranged over the phone by calling the business. Another 20% were purchased online: this includes 13% through New Zealand-based web stores – not including online marketplaces such as Trade Me, which comprised 4% of problem sales – and 3% from overseas-based businesses. Eight per cent of purchases were uninvited direct sales, meaning they were from telemarketers or door-to-door salespeople.

### Complaints are most likely to be related to faulty or poor quality products or services

Nearly a third (31%) of all consumers with problems said their issue involved a product or service that stopped working as it should and another 31% had a problem with the product or service being of poor quality (see Figure 31). Seven per cent of people reported both of these issues, as respondents were able to indicate multiple reasons for their problem. Complaints of faulty products were more likely to involve electronics (67% of electronics problems were listed as faulty), while complaints of quality were more likely to involve home repairs or maintenance (64% of building services).

Nearly 30% of all problems involved issues of poor customer service. However, only 3% of consumers with problems listed it as the sole reason for their problem suggesting that poor customer service, though not a consumer issue by legal definition, may play a significant role in the overall experience when coupled with other issues.

Figure 31: Reasons given for most recent consumer problem

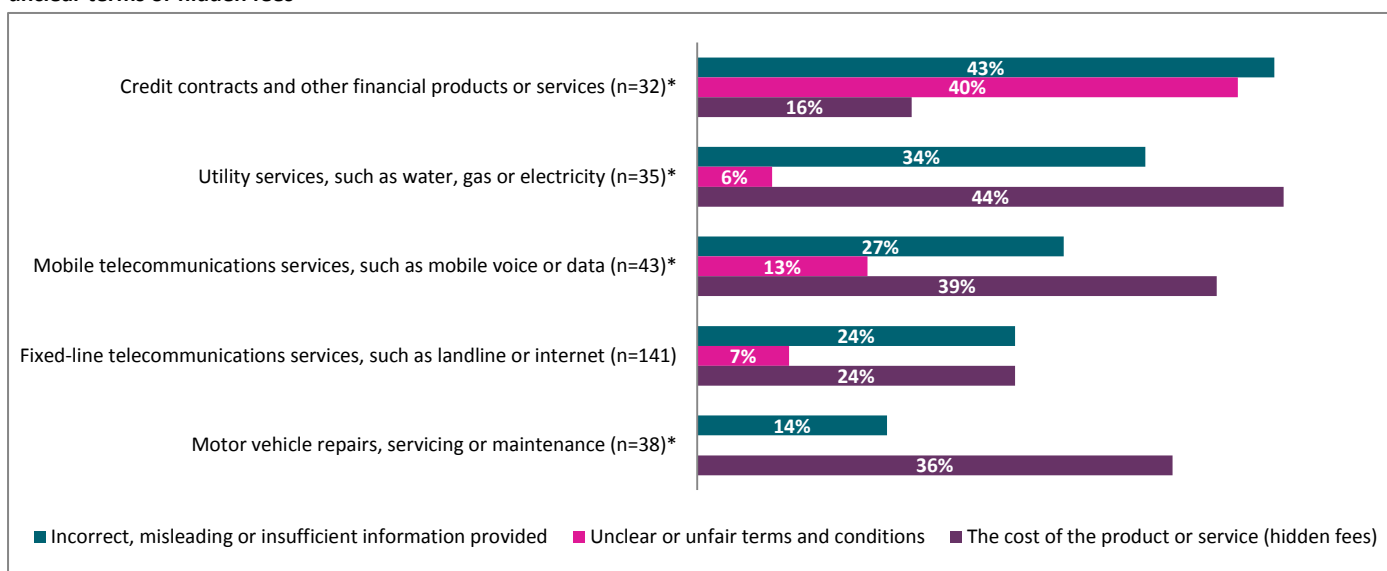


Base: Total respondents reporting problems in the past two years (n=671) (Multiple responses allowed).

## Many consumers are being provided with misleading information or unclear terms and conditions

When describing their most recent problem, 23% of consumers said that they had been provided with insufficient or misleading information. These types of complaints were most commonly related to credit contracts or other financial services (43% of consumers with problems in these combined categories complained of insufficient or misleading information), utility services (34%), mobile telecommunications (27%) and fixed-line telecommunications (24%) (see Figure 32).

**Figure 32: Product or service categories with the highest complaints of being provided with misleading information, unclear terms or hidden fees**



Base: Variable - total respondents with recent problems in each category.

Note: Multiple responses allowed. Other responses may have been given but are not included here.

\*Caution – small sample size.

Forty per cent of consumers with problems involving credit contracts or financial services also reported their problem had to do with unclear or unfair terms and conditions attached to the purchase.

The most common complaint of those with problems related to utility services had to do with issues with the cost of the service, with 44% complaining of hidden fees or unexpected charges. These cost issues were also frequently cited by consumers who had problems with mobile telecommunications or motor vehicle repairs, with 39% and 36% of people with problems in these categories (respectively) listing this reason.

### Complaints differ by demographics

Younger consumers (between 18 and 36) were more likely to complain about faulty products (34% listed this as the reason for their problem) compared with older consumers (those over the age of 57) where 29% gave this reason for their most recent problem. Similarly, younger consumers claimed to have more issues with the quality of the product or services (35%) compared with older consumers (25%).

Older consumers, however, more frequently complained about poor customer service (34% of their problems) than their younger counterparts (23%), and unclear or unfair terms and conditions (26% of problems faced by older consumers versus 19% of younger consumers).

Māori consumers were more likely to complain of salespeople having used high-pressure sales tactics on them than those of any other ethnicity (10% of their problems compared with the average of 4%).

Half of all problems are resolved, but not all consumers take action



## 5. Half of all problems are resolved, but not all consumers take action

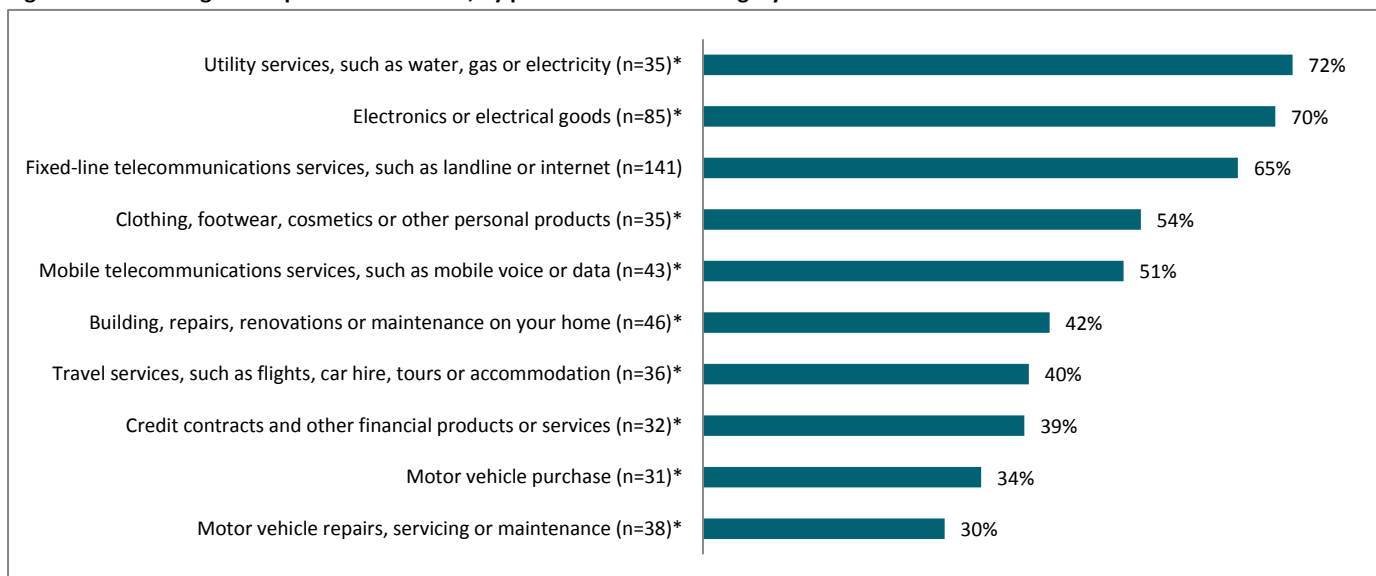
Consumers were asked, with reference to their most recent problem, whether they sought to resolve their problem and to identify what steps they took. This is to assess whether consumers understand what actions to take when seeking redress and find out how many are able to reach a satisfactory resolution. This information will provide benchmarks for future monitoring and will help to identify areas where consumers may be facing obstacles to reaching a successful outcome.

### Half of consumers with a problem say their problem is resolved

Fifty-one per cent of consumers were able to reach a resolution for their problem but not all were satisfied with the outcome. Only 37% of consumers reported that their problem was resolved to their satisfaction while 14% said their problem was resolved, but not to their satisfaction.

Consumers who reported problems with utility services were more likely to resolve their problems (72% resolved), as were those with problems related to electronics (70%) and fixed-line telecommunications services (65% - see Figure 33). Consumers had little success with vehicle purchases from either dealers or private sellers (only 34% resolved) and vehicle repairs (30%).

**Figure 33: Percentage of all problems resolved, by product or service category**



Base: Variable - total respondents with recent problems in each category.

Note: Categories with a sample size less than 30 have been omitted.

\*Caution – small sample size.

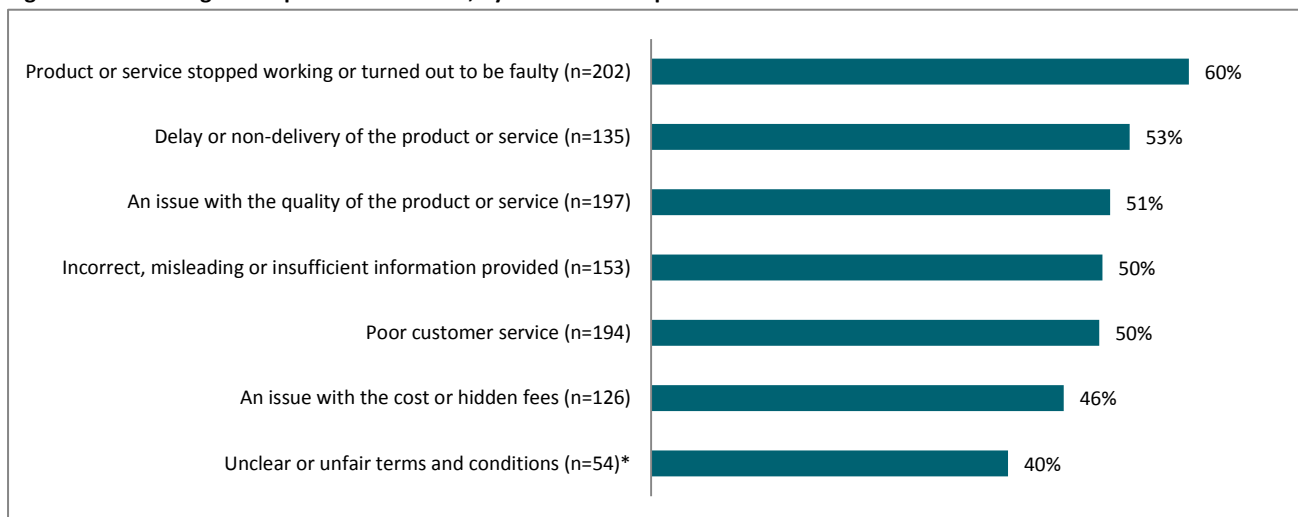
### Issues regarding faulty products or services are more likely to be resolved

Of those consumers who reported that their most recent problem had to do with a faulty product or service, 60% reported that the problem was resolved (see Figure 34). The types of problems least likely to be resolved were issues with cost or hidden fees (46% resolved), and unclear or unfair terms and conditions (only 40% resolved).

These resolution rates may be linked to the product or service type, as electronics were more likely to be faulty and therefore resolved, while motor vehicle repairs saw more complaints about hidden fees and were also less likely to be resolved.

See Figure 31 for details on complaints and Figure 33 for resolution by product or service category.

**Figure 34: Percentage of all problems resolved, by issue with the product or service**



Base: Variable - total respondents reporting particular reason for their recent problem.

Note: Multiple responses allowed. Categories with a sample size less than 30 have been omitted.

\*Caution – small sample size.

### Resolution rates vary by method of purchase

Of the consumers who said their most recent problem product or service was purchased through an uninvited direct sale such as a telemarketer or door-to-door salesperson, 63% resolved their problem (see Figure 35). This was higher than those who had purchased in person, from a shop, where only 52% said their problem was resolved.

**Figure 35: Percentage of all problems resolved, by how the product or service was purchased**



Base: Variable - total respondents reporting how their recent problem product or service was purchased.

Note: Categories with a sample size less than 30 have been omitted.

\*Caution – small sample size.

Only 46% of consumers who purchased through an online booking site, deal site or overseas-based store (such as Expedia, GrabOne or Book Depository) reported that their problem was resolved.

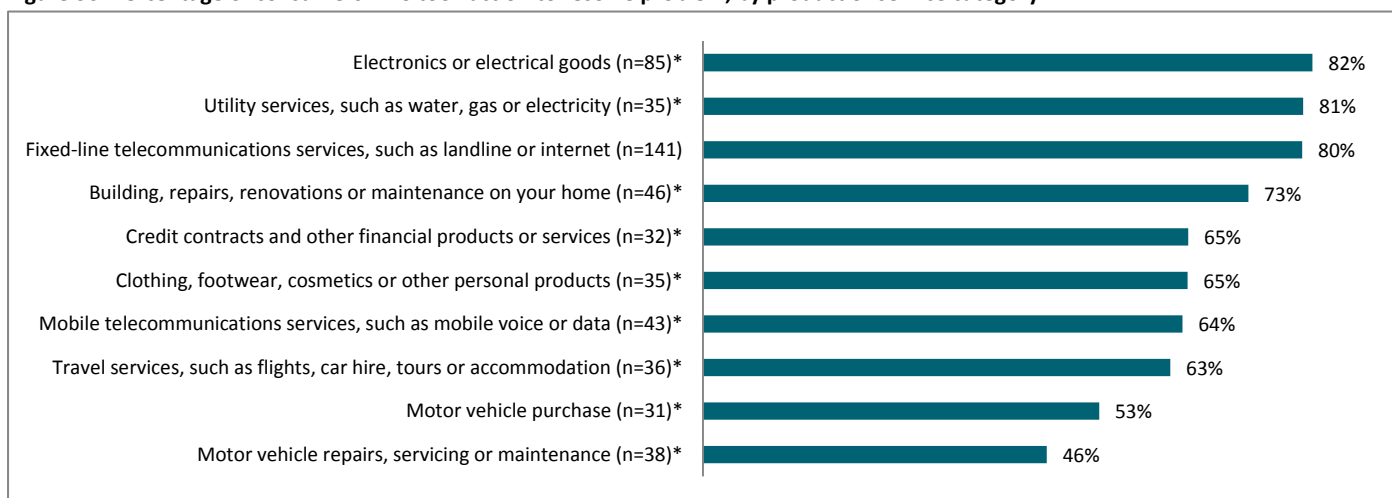
## Most consumers take action to resolve their problems

Two thirds of consumers who had problems (68%) said they took steps to reach a resolution in relation to their most recent problem.

Those between the ages of 18 and 26 were less likely to take action (just over half, at 57%) while those between 47 and 56 were the most likely of all age groups (77%). Men and women were equally likely to take action (both 68%), as were English speakers and those for whom English was their second language (both 68%).

Consumers reporting issues with electronics were the most likely to take action to resolve their problem at 82%, followed closely by the 81% of consumers whose problems involved utility services and 80% of consumers with fixed-line telecommunications problems (see Figure 36).

**Figure 36: Percentage of consumers who took action to resolve problem, by product or service category**



Base: Variable - total respondents with recent problems in each category.

Note: Categories with a sample size less than 30 have been omitted.

\*Caution – small sample size.

Consumers who had problems with motor vehicles were some of the least likely to take action regarding their problem, with only 46% of consumers acting on issues with motor vehicle repairs and 53% on issues of vehicle purchases through both dealers and private sellers.

The rates of taking action would have a significant impact on the resolution rate by product or service category (see Figure 33), as those categories where fewer consumers took action would obviously see lower resolution rates.

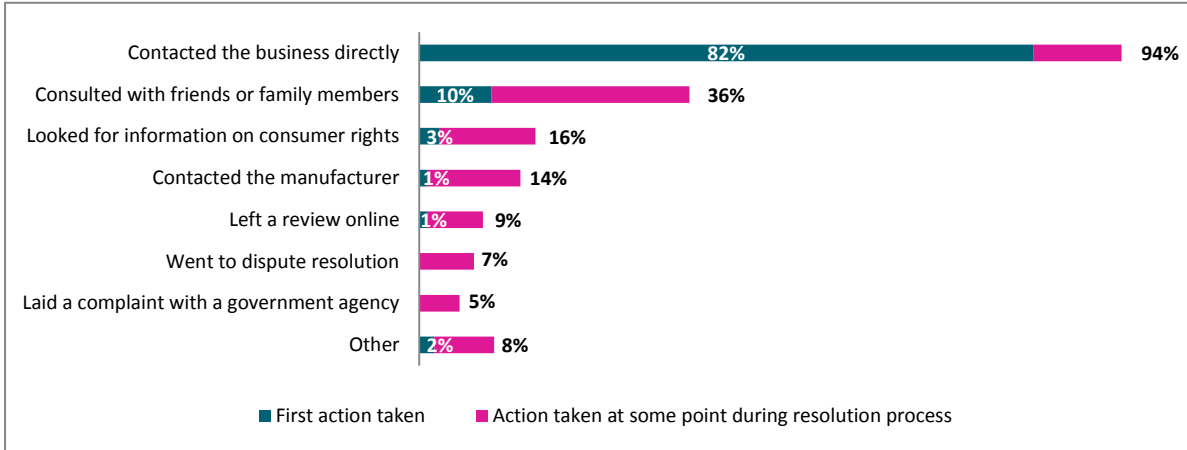
The likelihood of taking action to resolve the problem showed a notable increase with level of awareness of consumer rights. Of those who rated themselves as knowing ‘a lot’ about their consumer rights, 78% decided to take action to resolve their problem compared with only 56% of those who knew ‘nothing at all’.

Of those who took action, 76% were able to resolve their problem. This figure includes 55% who reported that the problem was resolved to their satisfaction and 21% who were dissatisfied with the resolution. Thirteen per cent reported that their problem was still in the process of being resolved and only ten per cent said their problem was unlikely to be resolved.

### Nearly all consumers who take action contact the business directly

After identifying that they had a problem, 82% of the consumers who took action said that contacting the business directly was the first step they took (see Figure 37). Almost all (94%) of consumers who took action said that they did this at some point during the resolution process. This was consistent for all problems, regardless of product or service type.

**Figure 37: Actions taken by consumers to resolve their most recent problem**



Base: Total respondents taking action to resolve their most recent problem (n=460).

Only 16% of those who took action looked for information about their consumer rights with more people (36%) choosing to consult with friends or family members.

There were no significant differences in information-seeking behaviour between those who rated themselves as knowing ‘a lot’ about their rights or those who knew ‘nothing at all’ about their rights. However, those with higher knowledge of consumer legislation were much more likely to seek out additional information about a product or service *before* making a purchase (see Figure 22) – 71% of the ‘very high’ knowledge group said they looked for extra information ‘always’ or ‘most of the time’ compared with only 44% of the ‘very low’ knowledge group.

### One in three consumers who take action are able to resolve their problem on the first try

Of all consumers who took action to resolve their most recent problem, 35% were able to resolve the problem the first time they approached the business responsible.

Whether consumers were able to resolve their problem the first time they contacted the business differed by product or service category. The most successful category was electronics, where 43% of consumers who took action were able to resolve their problem on the first attempt. Only 12% of problems with fixed-line telecommunications services were resolved the first time the consumer contacted the business directly.

Only 14% of those able to resolve their problem on the first try said that they looked for information about their consumer rights, which was similar to the 15% of consumers who resolved their problem after multiple attempts. Furthermore, these people did not look for additional product information in advance of making their purchase in significantly greater numbers – 64% of first-time successful consumers reported that they sought extra information before making purchases at least ‘most of the time’ (see Figure 22) compared with the 60% of all consumers reporting problems. This suggests that whether a consumer is able to resolve their problem the first time they contact the business may have little to do with how well informed the consumer is about the product or their rights and more to do with the product or service itself.

Of those who were not able to resolve their problem on the first try, 39% turned to friends or family for advice, 13% contacted the manufacturer and 11% left a bad review or complaint online. Only 5% said they laid a formal complaint with an enforcement agency or government organisation such as MBIE or the Commerce Commission.

Most consumers were eventually able to resolve their problem (69%) but only 42% were satisfied with the resolution while 26% were dissatisfied. Most of these consumers resolved their problem with the business (85%) while others went through the manufacturer or got someone else to resolve the problem for them (10%).

Sixteen per cent reported that they were still working towards a resolution while fourteen per cent said their problem was unlikely to be resolved.

### **Very few consumers take their complaint to a dispute resolution service**

Of the respondents who took action to resolve their problem, only 7% said they went to a dispute resolution service at any point during the process and only 3% said their problem was resolved through a dispute resolution service. This is in spite of the fact that 36% of consumers who took action were not able to resolve their problem directly with the business.

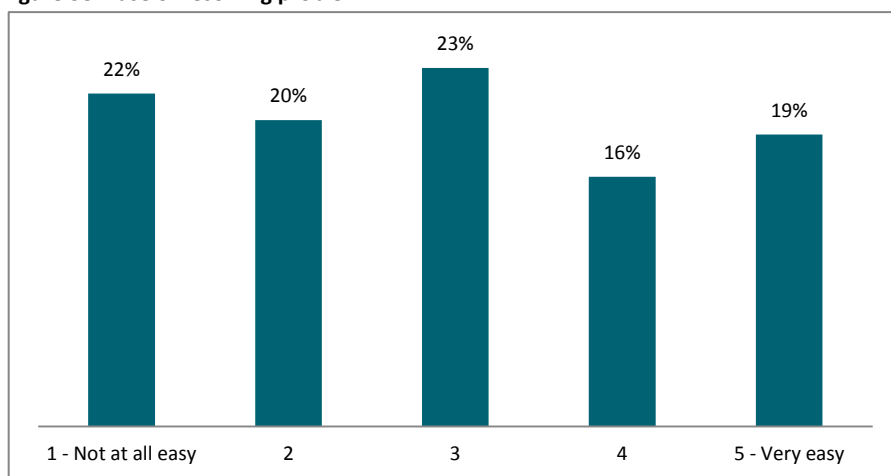
Although the majority of consumers say they are aware of dispute resolution services (see Figure 17), most of those with problems reported that a lack of knowledge about the process prevented them from using these services. Just over half (54%) of consumers who were not able resolve their problem directly with the business reported that they were not aware of a dispute resolution service that would handle their problem. Seventeen per cent wanted to go to dispute resolution but did not have the time to do so.

### **Only one in five consumers say it is 'very easy' to resolve their problems**

Consumers who were able to resolve their problem were asked to rate the ease on a scale from one to five, where one was 'not at all easy' and five was 'very easy'. The results were mixed, with only 19% reporting that it was 'very easy' to resolve their problem and 22% reporting that it was 'not at all easy' (see Figure 38).

Of those who said their resolution was easier (four or five on the scale), the problems were more likely to involve electronics products (22%). Of those at the other end of the scale (rating of one or two), these problems were more likely to be related to fixed-line telecommunications (35%).

**Figure 38: Ease of resolving problem**



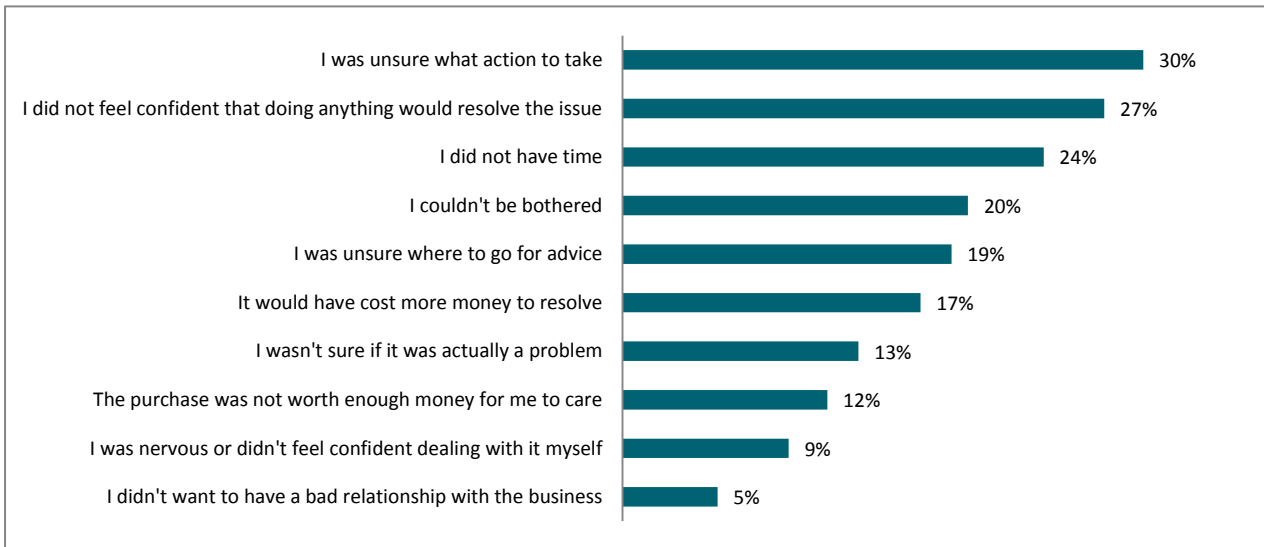
Base: Total respondents able to resolve their most recent problem (n=376).

### Almost a third of consumers do not take action to resolve their problems

When asked why they did not take action (with multiple reasons allowed), 30% said they did not know what action to take and 27% said that they did not feel confident that doing anything would resolve the problem (see Figure 39). Thirteen per cent said that they were not sure if their issue was actually a problem.

More than a third of respondents who did not take action (36%) said that they either did not have time or could not be bothered to take action while 8% listed both reasons. The consumers citing these reasons were more likely to have problems related to personal items such as clothing, shoes or cosmetics.

**Figure 39: Reasons given for not taking action to resolve most recent problem**



Base: Total respondents not taking action to resolve their most recent problem (n=211) (Multiple responses allowed).

Half of consumers (54%) who reported problems with motor vehicle repairs chose not to take action to resolve their problem. The most frequently cited reasons by these consumers were that they did not feel confident that taking action would resolve the issue (45%) or they were unsure what action to take (41%). This lack of confidence could be related to the lack of trust in these types of sellers, as seen in Figure 20.

Consumers choosing not to take action were likely to have problems related to hidden costs or unexpected fees (37% of consumers with this problem did not take action), or problems with the product warranty or guarantee (37%).

