

Consumer Protection in Digital Age

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Abstract

Internet users and online trading has flourished in the past few years. Particularly in Oman the penetration of internet is around 71% as compared to the world population being 40%. The digital economy has abundant to offer to the consumers. Digitization has provided easy access, large variety to choose, convenient payment, improved services and shopping at your convenience any time, due to the rapid growth in internet, smart phone and other technologies but along the growth path it also brings in challenges related to consumer protection. In Oman there exists a strong Consumer Protection Act. With all this, still the challenge today is to build a digital world consumers can trust. The consumers internationally have some basic rights but the question is whether they are aware about it? An aware consumer is better protected. The companies who work for consumer awareness not only build trust of the consumers but also develop a strong brand equity leading to increased business.

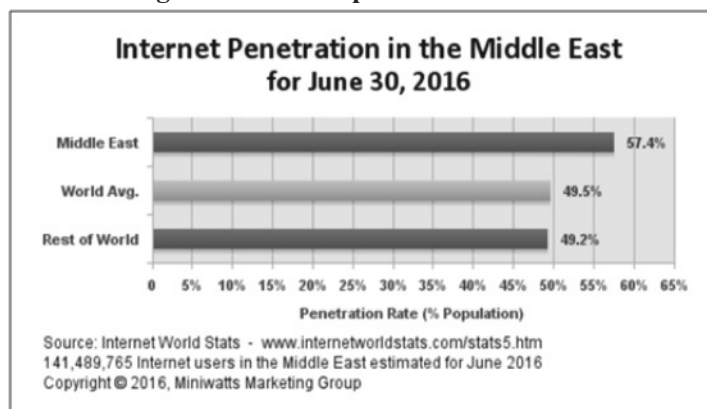
This paper will investigate the awareness among the consumers regarding their rights and duties and suggest strategies for creating awareness. This paper will be useful not only for the consumers at large but for the policy makers, new entrants in trading business, advertisers, existing business and government.

Keywords: Consumer Protection, Digital Age, Awareness.

Introduction

Consumers are the heart of any business. Oman is among the pioneers to adopt internet and today 71% of its population uses internet in one or the other ways as compared to the world average penetration of 40-42%. Omani consumers are increasingly buying and selling products and services including 'digital contents' through online and mobile platforms.

Figure 1: Internet penetration in Oman



As this becomes a more common form of consumer product, are Oman's consumer protections laws appropriate for addressing digital content that is faulty? 'Digital content' (data produced and supplied in digital form) includes: cloud computing (email, social media, online file storage), mobile phone apps and paid music, video, and electronic games downloading or streaming. The constant and rapidly

evolving nature of digital content has the potential to disrupt traditional concepts of goods and services under consumer law. Thus, this is the right time to think about how the law can ensure that consumers have adequate protections where digital content is not of "acceptable quality". In other words, what rights and remedies should consumers have when digital content is faulty?

Table 1: Internet penetration in Middle East

| Middle East Internet Users, Population and Facebook Statistics 2016 | | | | | | |
|---|------------------------|--------------------|----------------------------|----------------------------|------------------|----------------------|
| MIDDLE EAST | Population (2016 Est.) | Users, in Dec/2000 | Internet Usage 30-Jun-2016 | % Population (Penetration) | Internet % users | Facebook 30-Jun-2016 |
| Bahrain | 1,378,904 | 40,000 | 1,278,752 | 92.7 % | 0.9 % | 800,000 |
| Jordan | 7,747,800 | 127,300 | 5,700,000 | 73.6 % | 4.0 % | 4,800,000 |
| Kuwait | 4,007,145 | 150,000 | 3,202,110 | 79.9 % | 2.3 % | 2,300,000 |
| Lebanon | 5,988,153 | 300,000 | 4,545,007 | 75.9 % | 3.2 % | 3,100,000 |
| Oman | 4,654,471 | 90,000 | 3,310,260 | 71.1 % | 2.3 % | 1,500,000 |
| Palestine (West.Bk.) | 2,839,777 | 35,000 | 3,007,869 | 63.2 % | 2.1 % | 1,700,000 |
| Qatar | 2,258,283 | 30,000 | 2,200,000 | 97.4 % | 1.6 % | 2,200,000 |
| Saudi Arabia | 32,157,974 | 200,000 | 20,813,695 | 64.7 % | 14.7 % | 14,000,000 |
| Syria | 18,563,595 | 30,000 | 5,502,250 | 29.6 % | 3.9 % | n/a |
| United Arab Emirates | 9,266,971 | 735,000 | 8,515,420 | 91.9 % | 6.0 % | 7,700,000 |
| Yemen | 27,392,779 | 15,000 | 6,773,228 | 24.7 % | 4.8 % | 1,800,000 |
| Gaza Strip | 1,921,202 | see Palestina | see Palestina | n/a | n/a | see Palestina |
| TOTAL Middle East | 246,700,900 | 3,284,800 | 141,489,765 | 57.4 % | 100.0 % | 76,000,000 |

Consumer Protection

Consumer Protection Law is a state or federal law designed to protect consumers against improperly described, damaged, faulty, and dangerous goods and services as well as from unfair trade and credit practices (Webster's New World Law Dictionary, 2010). Government protection is absolutely necessary and consumer protection is one of them. An ordinary consumer has the right to a sense of security about the products and services purchased in the marketplace. Oman has a very strong consumer protection

law, but with the introduction of digital age, we need to revisit and ensure that even the digital products have been properly covered. The law gives the consumers rights for the following:

- To be safeguarded against inferior quality -** Companies usually do not produce inferior goods on purpose. However, manufacturers may be tempted to use low-quality material in making certain appliances, causing them to be defective. This type of production can only be prevented if a consumer protection

complaint is filed. Awareness here lies on the part of consumers to understand what constitutes a legitimate complaint, and how to file a case. A successful complaint can cause a manufacturer to stop production.

2. **To be protected against unethical practices-** There is fierce competition and unethical business owners are prone to malpractices and adulteration without regard to the health or safety of the consumers. Unethical practices also produce incredibly bad service and no consumer should have to deal with it. We need to educate consumers about fraud, or what constitutes a defective product and what rights they have.
3. **To see that justice towards consumers is done-** If laws are made but nobody cares to see if they are followed properly or not, defies the true sense of building them. Thus, the guilty must be caught and punished. The Oman consumer protection team does a remarkable job in this direction, which is commendable. Every day we hear about catching stale food or products with expiry dates. Such crimes must be caught and punished (Feltoon, 2015).

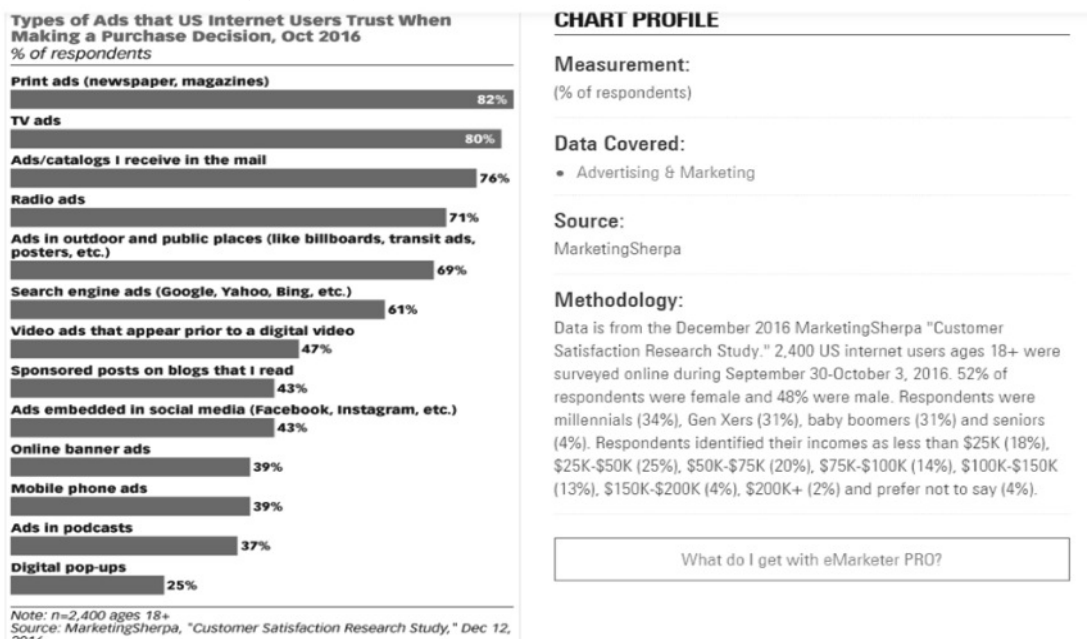
The major aim of the Consumer Protection Law is that it wants to keep consumers safe. The Consumer Protection act is thus designed to protect consumers and give them rights when buying goods and services. Manufacturers are legally obliged to put certain information on products, such as health and safety messages or how to use a product (“Describe the Legislation that Applies to the IT Profession,” n.d.).

Consumer Trust

Trust basically means 'firm belief in the reliability, truth, ability, or strength of someone or something'. Trust is a critical strategic asset. It takes ages for a brand to build value and may be lost in friction of a minute. The marketers today must understand how to build trust in a decentralized media environment in which consumer choice is almost unlimited. This digital era, where privacy issues are likely to affect the consumer's trust, companies must first understand what are the consumer's wants and needs regarding privacy and what steps must be taken to maintain trust. 'Strategies towards building the consumer trust' must aim to raise awareness of issues surrounding trust in products and services, establish 'industry best practices' and provide practical tools across the value chain. Research (Tuteja et.al., 2016) indicates that there are various antecedents like brand orientation, website design, prior online purchase experience, quality orientation, perceived risk, perceived security control, perceived privacy control, perceived integrity, perceived competence, third-party integration and legal framework which affects consumer trust in Internet shopping which is positively associated with an intention to buy.

“Consumer Trust” (n.d.), has given some strategies to build Consumer Trust. According to them 'Education' helps in building consumer trust by creating awareness about the privacy and security threats, and what are the solutions to them. Another important aspect is 'Regulation' which helps in making the consumers aware that there is a consumer protection law in every country and particularly in Oman, it is fully empowered and its details are available online also. Figure 2, clearly shows the types of advertisements that the US internet users trust when making a purchase decision.

Figure 2: Types of advertisements US internet users trust



Benefits of digitization to consumers

Digital age is here and it is here to stay. Digitization has spoiled the consumers. Everything is available on touch of a button. The ease and speed of things has tremendously increased. Social media has penetrated in the lives of people such that they wake up, sleep, talk, walk, study, each and also play only with their devices. Thanks to companies such as Amazon, e-bay, Alibaba and Apple, they now expect every organization to deliver products and services swiftly, with a seam-less user experience. Intuitive interfaces, around-the-clock availability, real-time fulfillment, personalized treatment, global consistency, and zero errors—this is the world to which customers have become increasingly accustomed (ShaharMarkovitch and Paul Willmott, 2014).

Digitization provides customers with instant gratification. Everything is a single click away. The longer processes and tiresome delays have been eliminated with the help of digital processes and customers can now avail higher degree of customization and have access to wide varieties and easy comparison. Digitization has not only saved customers' precious time but also saved a lot of cost. Customers now are not required to go out of their houses for simple tasks like grocery shopping or buying clothes or electronics. Processes have become simpler, all you need to do is pay online or on delivery and the products are delivered on your doorstep. Digitization has made reduced travel costs and other related costs, cheaper production possible by the company hence reduced prices (up to 90% reduction in the production cost with the help of digitization), elimination of mental and physical stress, access to more variety and large number of dealers, easy comparison is possible, 24*7 availability, simplified processes and high degree of personalization is possible.

International rights of consumers

Many countries have consumer protection acts for customers buying from brick and mortar stores or buying from online stores. Nevertheless, difficulties arise when customers are buying from international sites. The country is not able to enforce the same protection laws on the

customer's behalf. For example, the warranty for photographic equipment distributor Maxwell states it "does NOT provide guarantees or rights to consumers who have bought goods from online vendors based overseas"(Jodi Bird, 2014).

Federal trade commission of USA has international consumer protection policies. The FTA also collaborates with over a hundred consumer protection authorities around the world. In the area of consumer protection enforcement, the FTC relies on 4 key tools: (1) information sharing; (2) investigative assistance; (3) cross-border jurisdictional authority; and (4) enforcement relationships. (International Consumer Protection, n.d.).

The customers have the right to know the address, phone and fax number of the online trader. The trader must also provide clear policies of trade and transaction for the customer to read and understand. Customer privacy must be maintained at all times. Consumers can also file complaints with 'econsumer.gov', which is a global site that allows customer to file cross border complaints. It helps the customers resolve complaints without formal legal action.

Research Methodology

For better understanding the awareness among the consumers in Oman, the researchers adopted 'focus group' survey by structured questionnaire and in-depth interview. Two questionnaires were made. First to understand the use of internet and penetration of social media and the second one to understand the level of awareness among the consumers regarding their protection and trust on companies, products and services. Figure 4.1 is the screenshot of Questionnaire 1, figure 4.2 is the screenshot of the responses received and Figure 5 is the screenshot of the second questionnaire regarding the consumer awareness against consumer protection. Questionnaire one included 45 variable related to demography, use of social media and impact on learning. Selective data and its analysis has been used for this paper. The questionnaire was circulated to 115 respondents but 54 responses were received and all were found suitable to be included in the study.

Figure 4.1: Screenshot of Questionnaire

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Do you have a smart phone

Yes

No

Do you have internet facility on your smart phone *

Yes

No

Do you use social media *

Yes

No

If yes, how often *

Figure 4.2: Screen shot of responses to questionnaire

Figure 5: Screen shot of Questionnaire regarding consumer awareness against consumer protection

| | | Strongly agree | Slightly agree | Don't know | Slightly disagree | Strongly disagree |
|----|---|----------------|----------------|------------|-------------------|-------------------|
| 1 | There is a consumer protection law in Oman | | | | | |
| 2 | a consumer should have the opportunity to select the goods or services that he or she wants to purchase. | | | | | |
| 3 | Consumers have protection from the sale and distribution of dangerous goods and services. | | | | | |
| 4 | Consumers have the right to receive adequate information about products on which to base buying decisions. | | | | | |
| 5 | consumers have a right to complain when there are problems or concerns. | | | | | |
| 6 | They have the right to speak up, to be heard, and to expect positive results | | | | | |
| 7 | both business and government are expected to respond to consumers. | | | | | |
| 8 | The right to redress or remedy. Consumers are afforded an opportunity to have a hearing to voice dissatisfaction such that a resolution is reached and the complaint is settled satisfactorily. | | | | | |
| 9 | Consumers should be protected from the devastating effects of air, earth, and water pollution that may result from the performance of daily marketplace operations. | | | | | |
| 10 | Consumers have the right to live and work in an environment that | | | | | |

Findings

- 100% of the respondents had smart phone and had access to internet and were using digital media.
- 98.1% had internet on their phone and access to internet was available 24 hours a day.
- 83.7% used internet every day, 10.2% used more than three days a week and 6.1% used a few times in a month
- the intensity of use ranged from 30 minutes to more than 4 hours per day
- 96.2 use Whatsapp , 58% use Facebook, 54.8% use Twitter, 80.8% use Instagram
- Other social media used were BBM, pint rest, bautiquaat
- 83% used social media for chatting (leisure)
- 83.6% Surfing (time pass), 69% for downloading music/videos for entertainment purposes, 64% for educational purposes
- 77% used it for sharing images and information to family and friends 45.5% used social media to buy goods and 25% used it for selling goods
- 36% were least bothered about security and 22% were assured about full security
- 20% accepted it would not be difficult to quit social media

The focus group interview results are as follows-

- 50% were unsure that there exists a Consumer Protection Law in Oman.
- Majority(80%)were unsure that they have the right to satisfaction of basic needs, essential goods and services, adequate food, clothing, shelter, health care, education, public utilities, water and sanitation.
- They accepted (100%) they have the right to safety, to be protected against products, production processes and services that are hazardous to health or life and also they were aware that they can complain if anything goes wrong. But were not sure about where to complain and how to complain.
- Regarding the right to be informed, to be given the facts needed to make an informed choice, and to be protected against dishonest or misleading advertising and labelling, 90% had the opinion that it was the job of government to regulate and control and they did not have any right.
- For the right to choose, that is, to be able to select from a range of products and services, offered at competitive prices with an assurance of satisfactory quality, they (100%) opined that they have full rights. Maximum

(90%)opined they do not have any right in formulating and implementation of government policies, and in the development of products and services. On further question on right to bargain, 85% said, they do not bargain and purchase the goods on the same price as quoted.

- 100% agreed that they have the right to receive compensation, if the goods or services are not according to their demand or need. If something was promised by the supplier and they do not deliver, they consider it as a serious offence and against the Islamic ethics. On question to receive a fair settlement of just claims, including compensation for misrepresentation, inferior goods or unsatisfactory services, 90% of the respondents opined they will not return back to the same supplier or trader and complain to the ministry. They were unsure about what to do next if their voice is not heard by the ministry. They had no idea where and how to lodge case against the trader.
- They were unsure about their right to consumer education, to acquire knowledge and skills needed to make informed, confident choices about goods and services, while being aware of basic consumer rights and responsibilities and how to act on them.
- They were fully aware about the right to a healthy environment, to live and work in an environment that is non-threatening to the well-being of present and future generations.

Conclusion & Suggestions for consumers/policy makers

On the basis of the information gathered and research findings there is a dire need to educate the consumers and create awareness among them regarding their rights and duties related to products and services. Many the times their complains go unheard as they themselves are not sure what to do and where to go. Not only regarding the physical products and services, as the world is moving towards rapid digitization, the consumers need to be more thoroughly protected from online scammers and frauds. International bodies must be established for global trade and consumer protection. All the companies must be required to get licensed from such authorities for better control over the trade activities and protection of customers. Companies must be limited to the use or access to private information of the customers. Companies must state their terms and conditions clearly. Better establishment of international consumer protection agencies will help consumers gain more interest in international trade through digital channel. The risks of online presence and trade activities should be taught in schools and colleges. The companies themselves as a mandatory action should communicate the consumer, their rights as customers.

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