

Technology and Product Recalls

ICPHSO Symposium

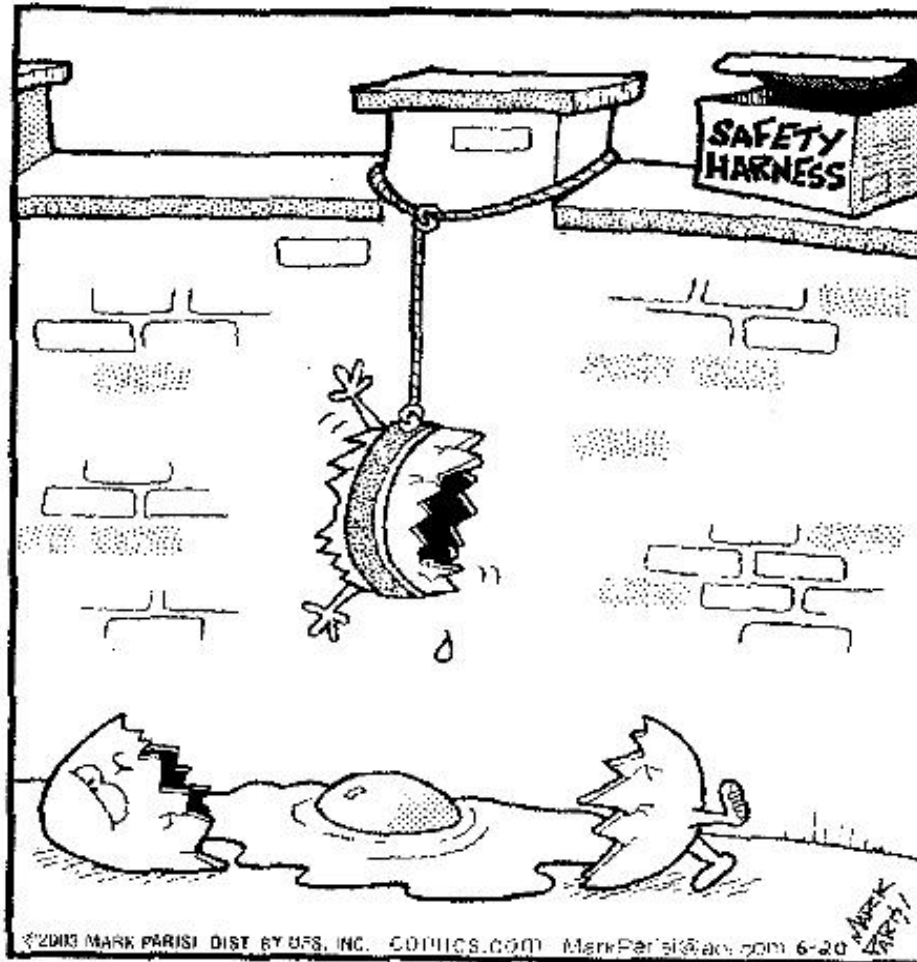
February 24, 2005

Rachel Weintraub,

Assistant General Counsel

Consumer Federation of America

I. Introduction



Introduction

- Current problems with recall effectiveness- consumers don't find out about recalls.
- Technology should be used to better inform consumers who need to know about the recall.
- Technology should protect consumers' privacy at all times.

II. The Consumer Perspective

- a. Consumers and Technology
- b. Consumers and Product Recalls
- c. Consumers and Privacy

a. Consumers and Technology

- Digital Divide- is shrinking:
 - On a typical day at the end of 2004, 70 million American adults used the Internet. This is a 37% increase from 2000. 19 million have researched a product, 4 million bought a product.
 - 63% of adults in the US have gone online.
 - 83 million Americans have bought products online.
 - Those who don't go online are becoming a minority.
 - Now women are reaching parity with men, more minorities have access, and more people with modest income levels use the Internet. *

**From Pew Internet Project's "Trends 2005: A decade of adoption- How the Internet has woven itself into American life," January 25, 2005. www.pewinternet.org*

a. Consumers and Technology

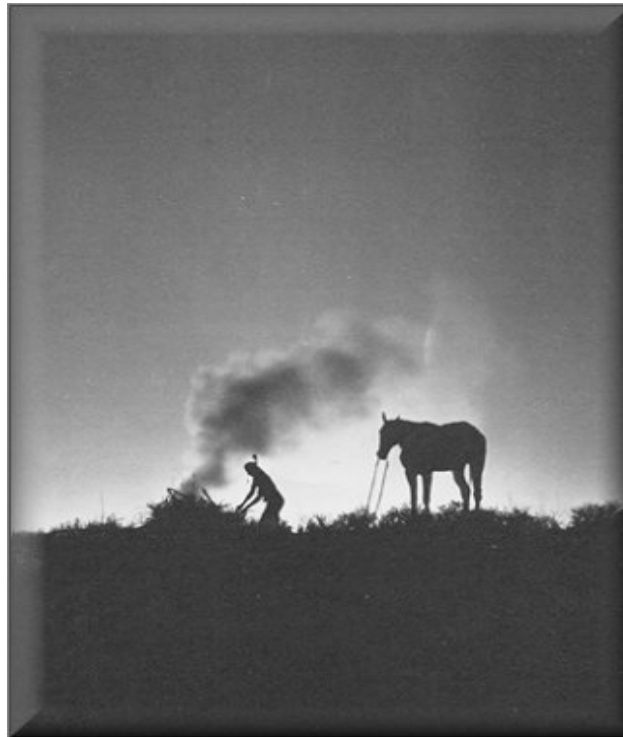
- Technology is more than the Internet . . .
- Should be used for good not for evil.
 - No "mission creeping"-- the technology should be used only for that one specific purpose. Concern is that once product is installed-impermissible purposes seem appealing, i.e. to spread its costs and increase its benefits.
 - Technology should have low transaction costs for consumers- the easier it is to use or access at a low price the more likely it is that consumers will use it.

b. Consumers and Product Recalls

- Problem- most consumers never hear about a recall- people get injured or killed . . .
- According to CPSC, recall compliance rates are at about 20% to 30%.

b. Consumers and Product Recalls

- Now, CPSC uses a . . .



Elsa Spear Byron Collection

<http://cvc.sheridan.edu/Communication.html>

b. Consumers and Product Recalls

- Most effective method- directly notify consumers who actually brought the product- technology can facilitate this.
 - Use data bases to obtain information to contact relevant consumers.
 - Products could alert consumers to a problem . . . But . . . Beware of mission creeping.

c. Consumers and Privacy

- Opt-In- the principle that a company should obtain an individual's affirmative consent before collecting or sharing data.

c. Consumers and Privacy

- Public opinion polls consistently find that American's want their privacy rights protected:
 - The public considers opt-in to be the most important privacy right. A March 2000 Business Week/ Harris Poll shows that 86% of users want a web site to obtain opt-in consent before even collecting users' names, address, phone number or financial information.
 - The same poll shows that 88% of users support opt-in as the standard before a web site shares personal information with others.*

*EPIC Public Opinion and Privacy Page: www.epic.org/privacy/survey/default.html

c. Consumers and Privacy

- An April 2001 study conducted by the American Society of Newspaper Editors found that 51% of respondents were “very concerned” and 30% were “somewhat concerned” that a company might violate their personal privacy.*
- The same study showed that 52% of respondents reported that they had “very little” or “no confidence at all” that private companies use personal information exactly the way they say they would.*

*EPIC Public Opinion and Privacy Page: www.epic.org/privacy/survey/default.html

c. Consumers and Privacy

- A February 2002 Harris Poll found that a majority of consumers do not trust business to handle their personal information properly.*
- Privacy Self Defense:
 - Since people realize that their privacy is not being protected, they often engage in “privacy self defense:” withholding information, giving false information, or ask to be removed from marketing lists.*

*EPIC Public Opinion and Privacy Page: www.epic.org/privacy/survey/default.html

c. Consumers and Privacy

- Currently, there are disincentives on “warranty cards” which ask for personal information- need a different model.
- Full Knowledge
- Clear Disclosure

III. Role of Retailers, Manufacturers, etc.

- Use technology to better inform consumers- i.e.-post recalls prominently on web sites, use data bases of consumers to alert consumers about recalls, leverage data to communicate with consumers.
- Make use of information clear-tell consumers why the information is being collected.
- Protect the information
- Use information solely for safety-separate out market uses, etc.

IV. Role of Consumer Product Safety Commission

- Has responsibility to improve recall effectiveness.
- Should improve upon smoke signal method.
- Recalls.gov is a good start but not close to a solution. Requires consumers to take a proactive step. Needs to directly notify consumers who bought product.

V. Strategies to Implement to Improve Recall Effectiveness

- Product Registration Card
Legislation- a law to require direct notification to consumers about the recalls of certain products.
- Continued collaboration among all interested parties.

VI. Conclusion

- We have a lot of work to do.
- This is an important start but we need commitments to using technology, which protects personal privacy, to better inform consumers about product recalls.