



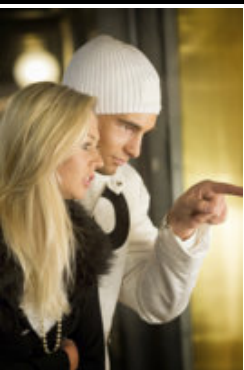
MINISTRY OF CONSUMER AFFAIRS
MANATŪ KAIHOKOHOKO

Colmar Brunton
insight + inspiration

National Consumer Survey 2009

Ministry of Consumer Affairs

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National Consumer Survey 2009

The Ministry of Consumer Affairs (the Ministry) aims to create an environment that promotes good and accurate information flows between suppliers and consumers so that consumers can transact with confidence. Gaining information and understanding of people's perceptions, experience and awareness of consumer matters and legislation is an important aspect of creating this environment. As such, the Ministry commissioned Colmar Brunton to carry out research on New Zealand consumer awareness, experience and perceptions through a national face-to-face survey.

One thousand face-to-face interviews with New Zealanders aged 18 years or over were carried out between 13 June and 16 August 2009. A final response rate of 70% was achieved.

A similar survey to this was carried out in 2005, however the questionnaire was revised this year to collect more definitive information about New Zealanders' transaction experiences and to explore some additional areas of interest. New questions were included around the use and usefulness of financial advice, awareness of and confidence in New Zealand's consumer rights legislation, experiences with financial scams, and some specific transaction and product experiences. Furthermore, additional sub-analyses were carried out this year to improve our understanding of different types of New Zealand consumers.

New Zealanders' understanding of their rights

Consumer rights

In order to gauge New Zealanders' understanding of their rights as consumers, five scenarios were read out and respondents were asked to state whether or not each scenario was true or false. The following shows the scenarios asked, the correct answer, and the percentage of New Zealanders who were able to answer correctly:

1. If you buy something that's on sale and at a sale price and then you find it is faulty – the shopkeeper has to replace, refund or repair it (true). 84% of New Zealanders answered this correctly. This is relatively similar to the 2005 results where 83% answered this statement correctly.
2. If you take your car to a garage for repair and the mechanic does some extra work he thinks is necessary, without asking you first, you have to pay for that work (false). 77% of New Zealanders answered this correctly. This is relatively similar to the 2005 results where 80% answered this statement correctly.
3. If you buy new clothes and change your mind and return them within seven days of purchase, the shop must refund you (false). 45% of New Zealanders answered this correctly. This has increased significantly since 2005 when only 40% were able to answer this statement correctly.

4. When you buy an extended warranty with your new television, you'll have more protection than provided by the law (false). 34% of New Zealanders answered this correctly. This has increased significantly since 2005 (at the 90% confidence level) when only 30% were able to answer this statement correctly.
5. If your fridge breaks down a month or so after the manufacturer's 12 month warranty has run out, the store still has to repair it free of charge (true). 22% answered this correctly. This has increased significantly since 2005 when only 18% were able to answer this statement correctly.

Knowledge groups

New Zealanders can be divided into three knowledge groups. The majority of New Zealanders (70%) fall into the medium knowledge group where two or three out of the five true and false statements were answered correctly.



Who knows their consumer rights?

In total, 18% of New Zealanders were able to answer four or five out of these five statements correctly. This group has been identified as the high knowledge group. Those who fall into this group are more likely to earn over \$60,000 per year (26%, compared to 17% who earn less), have completed education beyond secondary school (21%, compared to 15% who have not completed formal education beyond secondary school), and be male (20%, compared to 16% of women).



Who is less aware of their consumer rights

12% of New Zealanders answered one or none correctly and have been identified as the low knowledge group. Those who fall into this group are more likely to be female (15%, compared to 9% of men), be under 30 years of age (15%) or over 65 years of age (17%), be employed in a labouring role (19%), and identify with an ethnic group other than New Zealand European (15%, compared to 10% of New Zealand Europeans).

New Zealand laws and legislation

Four out of five (79%) New Zealanders are aware that there are laws in New Zealand that say what the rights of consumers are. 8% are unaware that there are laws, while a further 14% don't know. This is somewhat similar to results from 2005 where 79% of New Zealanders said there definitely were (66%) or they thought there were (13%) laws in New Zealand regarding rights of consumers.

Of those who are aware of these laws, 67% were able to name at least one piece of legislation. The most common legislation mentioned is the Consumer Guarantees Act (61%) followed by the Fair Trading Act (25%). A further 11% said miscellaneous names and 31% could not name any legislation.

Those who are in the high knowledge group are more likely than others to name at least one legislation (65%, compared to 51% in the medium knowledge group and 43% in the low knowledge group).

Confidence in New Zealand law

New Zealanders were asked how confident they are that the law in New Zealand will protect them if they have a problem during a transaction. Just over half (52%) said they are 'confident', while 32% said they are 'somewhat/a little confident', and a further 16% said they are 'not confident'. Results by knowledge group reveal that those in the high knowledge group are more likely to be confident (64%, compared to 53% in the low knowledge group (significant at the 90% confidence level) and to 49% in the medium knowledge group).

New Zealanders' awareness and use of information sources when in a dispute

Awareness of sources of information and advice

New Zealanders were asked to name an organisation or service that they could approach to get information and advice from in the event of a dispute between themselves and a supplier. Citizens Advice Bureau was the most common source mentioned (41%), followed by lawyers (31%), Consumer NZ (24%), television programmes (14%), family or friends (9%), another organisation or service (9%), and the internet/google (8%), among others.

Awareness of the Citizens Advice Bureau and television programmes as a source of information has significantly increased since 2005 (from 33% in 2005 to 41% this year and from 6% in 2005 to 14% this year, respectively).

Use of sources of information and advice

Of those who have had a problem with a product or service over the last 2 years, 13% have gone on to a third party for help, advice or information. The organisations or professionals most commonly approached for help or advice are family or friends (16%), lawyers (15%), an association (15%), and another business/person of some trade/profession (14%). Those with little or no knowledge of their consumer rights are less likely to go to a third party for help, advice or information (just 3% of those in the low knowledge group).

New Zealanders' awareness and use of avenues for seeking redress

Awareness of avenues for seeking redress

New Zealanders were asked to name the legal service that would hear or rule on a dispute should one arise. The Disputes Tribunal is the most commonly named (53%) legal service for hearing and ruling on disputes, followed by the courts (non-specific, 11%). Nearly a third of New Zealanders (31%) cannot name a legal service that would hear or rule on a dispute.

Reasons for seeking redress

Very few (2%) of respondents (or 16 people) have taken a matter to a formal complaints scheme or hearing of any kind in the last two years. Of those who went to a formal complaints scheme or hearing, the most common cause is because they experienced a problem when they received a quote or an estimate prior to having work done by a tradesperson (n=7), they had work done by a tradesperson on their home or car (n=5), or they purchased a brand new product which broke or failed soon after (n=3)¹.

Use of avenues for seeking redress

Among the 2% of respondents who have taken a matter to a formal complaints scheme or hearing, eight people had problems that were taken to the Disputes Tribunal, two people had problems that were taken to the Motor Vehicle Disputes Tribunal, two were taken to a Banking/Insurance and Savings Ombudsman, two to an arbitrator, and a further ten people sought redress through some other process².

Outcome as a result of seeking redress

While most people who have problems that they have taken to a formal complaints scheme or hearing are still a case in progress (n=10), six people have had outcomes that were found in their favour, three people had outcomes where a compromise was made, two had outcomes that were not resolved, and three people had other outcomes³. None of the respondents said that they had outcomes where a decision was made in favour of the seller.

Satisfaction with and confidence in the resolution process

Among the 2% of New Zealanders who have taken a matter to a formal complaints scheme or hearing, four people were satisfied (either 'very satisfied' or 'quite satisfied'), three people were neither satisfied nor dissatisfied, and four people were dissatisfied (either 'quite dissatisfied' or 'very dissatisfied'). A further five people said this question was not applicable. Those who said 'not applicable' still have a case in progress or indicated an 'other outcome' when asked about the resolution of their case.

Of the same 16 people who took a matter to a formal complaints scheme or hearing, four people said they were confident about getting a fair deal in future situations, while seven people were only somewhat confident, and a further four people were not confident. One person said this question was not applicable.

¹Note that unweighted numbers are provided rather than percentages, as the number of people who made a formal complaint is small (n=16).

^{2,3}Note that there is overlap between some situations/transactions, and respondents may have taken more than one problem to a complaints scheme or hearing.

New Zealanders' experience with products and services

Expectations of experiencing a problem

New Zealanders were given a list of things that should not happen to them during a transaction. This list included the following potential problems: what they claim is misleading or not true, things don't work the way they should, your legal rights are not met, and you feel deceived, pressured or unfairly treated. Respondents were then asked, over a typical year, about how often do they think an experience like any one of the above would happen to them. Expectations have remained relatively stable since 2005, with 31% saying they never expect to have a problem with a product or service, and 31% saying they expect to have a problem once a year.

Actual experience of a problem

Using the same list of problems that should not happen during a transaction, New Zealanders were then asked if they have actually experienced any one of the problems listed within the last two years. 63% of New Zealanders perceive to have experienced a problem with a transaction, while 37% say they have not experienced a problem over this time.

The problems most frequently encountered by New Zealand consumers are purchasing a new product or service which broke or failed soon after (31% of New Zealanders), dealing with a power, gas, water, or phone company (17%), and having work done by a tradesperson (16%), among others.

The transactions and situations with the highest proportion of problem experiences are brand new products breaking (32%), products purchased from infomercials (22%), work done by trades people (21%), and with dealings with utility companies (21%).

Taking action to resolve problems, issues and disputes

Types of action taken

Of the 63% who have perceived a problem with a transaction over the past 2 years, 79% have contacted a seller to attempt to resolve an issue. New Zealanders were more likely to contact a seller when claiming on a guarantee or warranty, when they have a problem with a lay-by, a vehicle purchase, a finance company, or a utility company.

Of the New Zealanders who perceived a problem with a transaction, 41% 'just put up with it'. By and large, New Zealanders tend to put up with problems they see as minor or inconsequential. The most common reasons for putting up with a problem were 'couldn't be bothered' (37%), that it only involved a small amount/cheap item (14%), and that it was not a large enough issue (14%). Other common reasons for putting up with a problem include the perception that 'there was no other option' (11%), and time pressures (10%).

Of the 63% who perceive to have experienced a problem with a transaction, 13% went to a third party for help, information or advice. New Zealanders were most likely to contact a third party in situations that involved finance companies and trades people. (Further results on those who went to a third party can be found in the section called 'New Zealanders' awareness and use of information sources when in a dispute'.)

Financial scams

Frequency and size of scam

New Zealanders were asked whether or not they believe they have been scammed or tricked out of money. 15% of all New Zealanders said they have been scammed, while 85% of people say that they haven't. The following is breakdown of the amount they believe they have been scammed by:

- Less than \$1,000 – 60%
- \$1,000-\$4,999 – 19%
- \$5,000-\$9,999 – 6%
- \$10,000-\$19,000 – 2%
- \$20,000 or more – 13%
- Refuse to answer – 1%.

The likelihood of losing larger sums increases with age.

Financial advice

Sources of financial advice and helpfulness of advice

Just over half (54%) of New Zealanders have received financial advice in the last 12 months while 46% have not. Of those who have received advice, the most common sources of advice is bank employees (19%), friends or family members (17%), financial/investment advisors (7%), and accountants (6%).

Almost everyone (94%) who received financial advice said the information was either 'very helpful' (49%) or 'quite helpful' (45%).

Information on fees and on conflicts of interest

Around four in ten (39%) of those who have received financial advice were given information about the fees they would be charged for the advice, while 18% received information on any potential conflicts of interest.

In general, information on fees and conflicts of interest is easy to understand, short and concise, and useful. A breakdown of these results are listed below:

- Easy to understand (fees: 92% agree, conflicts of interest: 93% agree)
- Short and concise (fees: 83% agree, conflicts of interest: 87% agree)
- Useful for helping you decide whether or not to use the advisor (fees: 83% agree, conflicts of interest: 92% agree)
- Useful for helping you decide whether to follow the advisor's advice (fees: 83% agree, conflicts of interest: 85% agree).

General conclusions

The 2009 National Consumer Survey reiterates the 2005 finding that the majority of New Zealanders are aware of our consumer protection laws. The survey also illustrates that New Zealanders are confident the law will protect them when they have a problem.

Since the 2005 survey there have been small but statistically significant positive shifts in consumer knowledge, particularly around the use and application of product warranties and the repair of faulty goods. These shifts coincide with an increased awareness of information and consumer advice provided through television programmes, and may partly be a result of consumer awareness and conversation generated through these sources (for example, through consumer rights segments on TVNZ's Breakfast and Close Up, through TV3's Campbell Live, and through watch-dog programmes such as Target and Fair Go).

Having said this, there are still large portions of the population who do not know that goods purchased from a trader must last for a reasonable amount of time, and that stores are obliged to repair faulty goods free of charge. This study has identified particular subgroups who are less equipped to assert their consumer rights. These include:

- New Zealand's younger and older population groups
- those in lower socio-economic groups (defined by education, occupation, or income)
- those who identify with ethnicities other than New Zealand European.

As in 2005, New Zealanders are generally aware of services and organisations where they can get consumer advice, particularly the Citizens Advice Bureau, Lawyers, and Consumer NZ. It is interesting then, that the main source of advice after a problem occurs is family and friends. This finding emphasises the potential value of accurate publicity aimed at increasing consumer knowledge through consumer advocacy and via word-of-mouth. Increasing consumer knowledge in this way may be of particular benefit to the less equipped groups identified above. Friends and family are an accessible, trusted and inexpensive source of advice and information.

This year's survey also reiterates 2005 findings that the main barriers to seeking redress are perceptions that problems are minor or inconsequential, and feelings of there being no other option (this is particularly the case for problems relating to trades people and utility companies).

Although a significant proportion of New Zealanders will approach a seller if they have a problem with a product or a service (and more often than not sellers will cooperate), some situations may be particularly challenging for consumers to address, such as those relating to work done by trades people, or for problems involving banks, financial institutions, and motor vehicle dealers. Further research could attempt to gain a more in-depth understanding of the barriers for consumers in situations that are particularly complex and difficult for consumers to address.

Caveats and limitations of this research

All survey research must strike a careful balance between survey duration and the requirement for detailed and insightful information. To ensure that quality data were collected (ie, to avoid respondent fatigue and to help reduce non-response) the designers aimed for an average interview duration not exceeding 30 minutes.

During the design phase of this research emphasis was placed on measuring perceptions and awareness of consumer matters and legislation, as well as a very wide range of consumer transaction experiences. The survey also incorporated questions relating to financial advice and financial scams. Given the goals of this survey and the emphasis placed on the collection of quality data, there are some areas where the findings provide just the broad brush strokes of consumer experience.

When interpreting the results it is important to bear in mind that this research set out to determine how New Zealand consumers respond to *perceived* problems with products, services or transactions. Attempts were not made to find out whether these perceptions were reasonable for each specific product or transaction. In addition, this study presents only the *consumer's* perspective: the views and perspectives of the seller are not illustrated. This is a potential avenue for complementary research.

Other suggested avenues for research

This research points to some interesting avenues for further research to obtain a detailed and diagnostic understanding of the New Zealand consumer. Some of these are outlined briefly below.

- **The specific problems New Zealanders experience with products and services.** Although this research took a detailed 'snap-shot' of the different circumstances under which New Zealanders can experience problems as consumers, it did not attempt to gather detailed information about the specific problems that were experienced within each transaction type, or for each product or service. The problems experienced with banks and finance companies would be very different to those experienced with trades people, utility companies, or consumer goods. Further quantitative or qualitative research could explore some of these situations in more depth to understand the specific challenges faced by consumers and traders. Such research could provide support for industry-specific 'best practice' recommendations.
- **Financial literacy and financial advice.** Good financial decisions by young adults have a profound impact on financial security in later life. Although this research suggests that information on fees and conflicts of interest are viewed as useful by the consumers of financial advice, further research may be needed to ensure such information is useful and accessible for those with lower financial literacy, particularly young New Zealanders and those in lower socio-economic groups.
- **The circumstances under which New Zealanders have been scammed or tricked out of money.** Overall, 15% of New Zealanders say they have been scammed or tricked out of money at some point. Further research could explore the situations and circumstances surrounding these scams, as well as how New Zealanders define 'being scammed'. Research could also identify factors that make people more or less susceptible to financial scams, providing useful information for future communications material. Given the sensitive nature of this topic, in-depth qualitative research (ie, one-on-one interviews) would be ideal.



Introduction and methodology



The Ministry of Consumer Affairs (the Ministry) aims to create an environment that promotes good and accurate information flows between suppliers and consumers so that consumers can transact with confidence. It does this through the provision of policy advice, monitoring the effectiveness of the rules and institutions that govern the interaction of consumers and businesses, undertaking compliance and enforcement activities and through the provision of information to consumers and business. Informed, confident and demanding consumers play an important role in a thriving, innovative economy.

However, gaining information and understanding of people's perceptions, experience and awareness of consumer matters and legislation is also an important aspect of creating this environment. As such, the Ministry commissioned Colmar Brunton to carry out research on New Zealand consumer awareness, experience and perceptions through a national face-to-face survey.

This survey builds upon and is comparable to a similar survey carried out in 2005.

The main objectives of this research are:

- to gauge consumer knowledge and confidence in the current market while identifying areas that will require the Ministry's attention
- to provide a benchmark for measuring the effectiveness of any initiatives to improve consumer awareness and decision-making behaviour
- to provide relevant information to the Ministry's current review of all consumer legislation.

How the research was carried out (continued)

3. randomly selected a start point (dwelling) within each meshblock for a controlled interviewer walk where every nth dwelling was approached (every house in rural areas and every third house in urban areas)
4. randomly selected one permanent resident aged 18 years or over within each dwelling.

Weighting

A sampling scheme which selects only one person per household is subject to a household size bias – where people from large families have a different chance of being included than people from small families. To correct for this bias a two-stage weighting process was applied. The first stage was a pre-weight to account for probability of selection. The second stage aligned sample data with Census data on age and gender variables.

It should be noted that unweighted bases are presented at the bottom of each slide – this gives an indication of the number of respondents who were asked each question. All percentages are weighted.

Margin of error and statistical significance

The maximum margin of error on a total sample size of $n=1000$ is $\pm 3.1\%$ (at the 95% confidence level).

All subgroup analyses in this report are statistically significant at the 95% confidence level (unless otherwise stated).





New Zealanders'
understanding of their rights

In New Zealand, there are laws to protect consumers against things like faulty goods, unfair trading, and misleading information. Legislation such as the Consumer Guarantees Act sets out particular guarantees that goods and services must meet when sold by someone in a trade (it excludes goods or services bought at auction or by competitive tender) and provides remedies if a guarantee is not met. For example, a good purchased under this Act is covered by six guarantees which are:

- Acceptable quality – goods bought must be undamaged, safe, and last for a reasonable time.
- Fit for their particular purpose
- Match the description
- Match the demonstration model
- Right to sell – the retailer must have the right to sell the good
- Reasonable price.

This Act and others similar to it, should help to create an environment where consumers can trade in confidence.

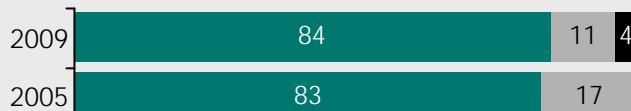


Since 2005, there have been some increases in consumer awareness.

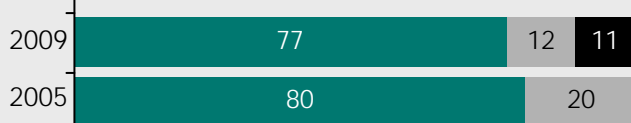


Please tell me whether you think each of these is true or false.

If you buy something that's on sale and at sale price and then you find it is faulty - the shopkeeper has to replace, refund or repair it (true).



If you take your car to a garage for repair and the mechanic does some extra work he thinks is necessary, without asking you first, you have to pay for that work (false).



If you buy new clothes and change your mind and return them within seven days of purchase, the shop must refund you (false).



When you buy an extended warranty with your new television, you'll have more protection than provided by the law (false).



If your fridge breaks down a month or so after the manufacturer's 12 month warranty has run out, the store still has to repair it free of charge (true).



0% 20% 40% 60% 80% 100%

Correct Incorrect Unsure

Men are more likely than women to answer these correctly. 90% of men and 79% of women know that a shopkeeper has to replace, refund or repair a faulty item. 80% of men and 74% of women know they don't have to pay for work they have not asked for.

Fewer than half know a shop does not have to refund you if you change your mind.

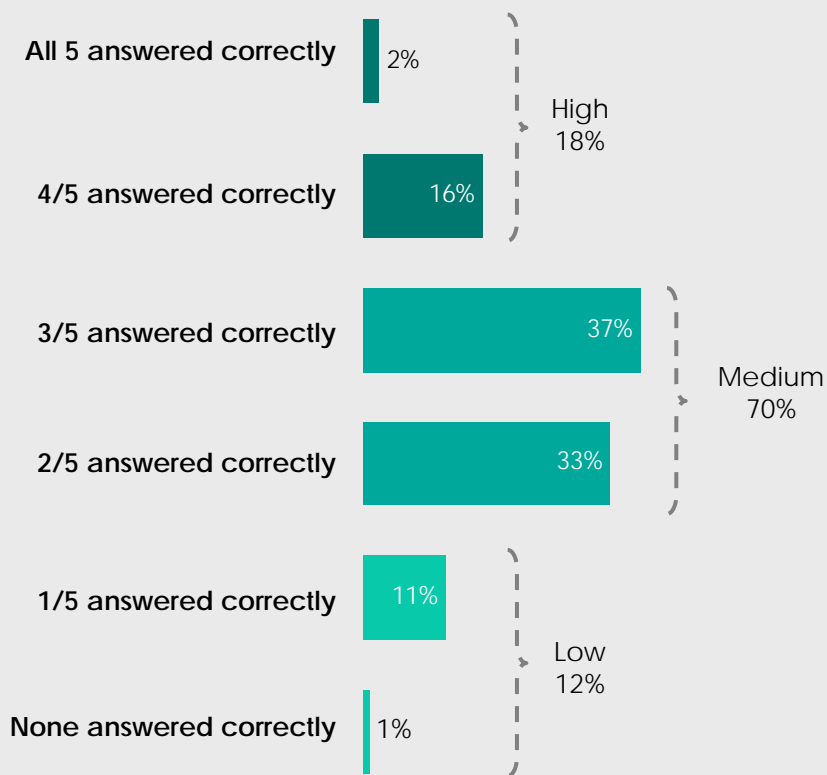
One third know that extended warranties do not provide more protection than provided by the law.

Just over one fifth know that if their fridge breaks down soon after the 12 month warranty period the store still has to repair it.

↑ Increase since 2005

Who are more or less aware of their rights as consumers?

Knowledge groups



Those in the high knowledge group are more likely to:

- Earn more than \$60,000 per year (26%, compared to 17% who earn less).
- Have completed education beyond secondary school (21%, compared to 15% who have not completed formal education beyond secondary school).
- Be male (20%, compared to 16% of women).



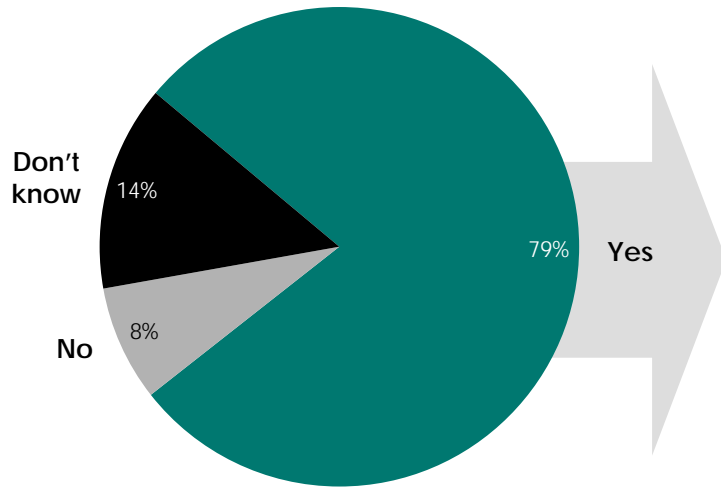
Those in the low knowledge group are more likely to:

- Be female (15%, compared to 9% of men).
- Be under 30 years of age (15%) or over 65 years of age (17%) – just 10% of those between 30 and 64 answered 0 or 1 correctly.
- Be employed in a labouring role (19%).
- Identify with an ethnic group other than New Zealand European (15%, compared to 10% of New Zealand Europeans).

Four out of five New Zealanders (79%) are aware there are laws that say what the rights of consumer are. Just over half (53%) are able to name at least one legislation.

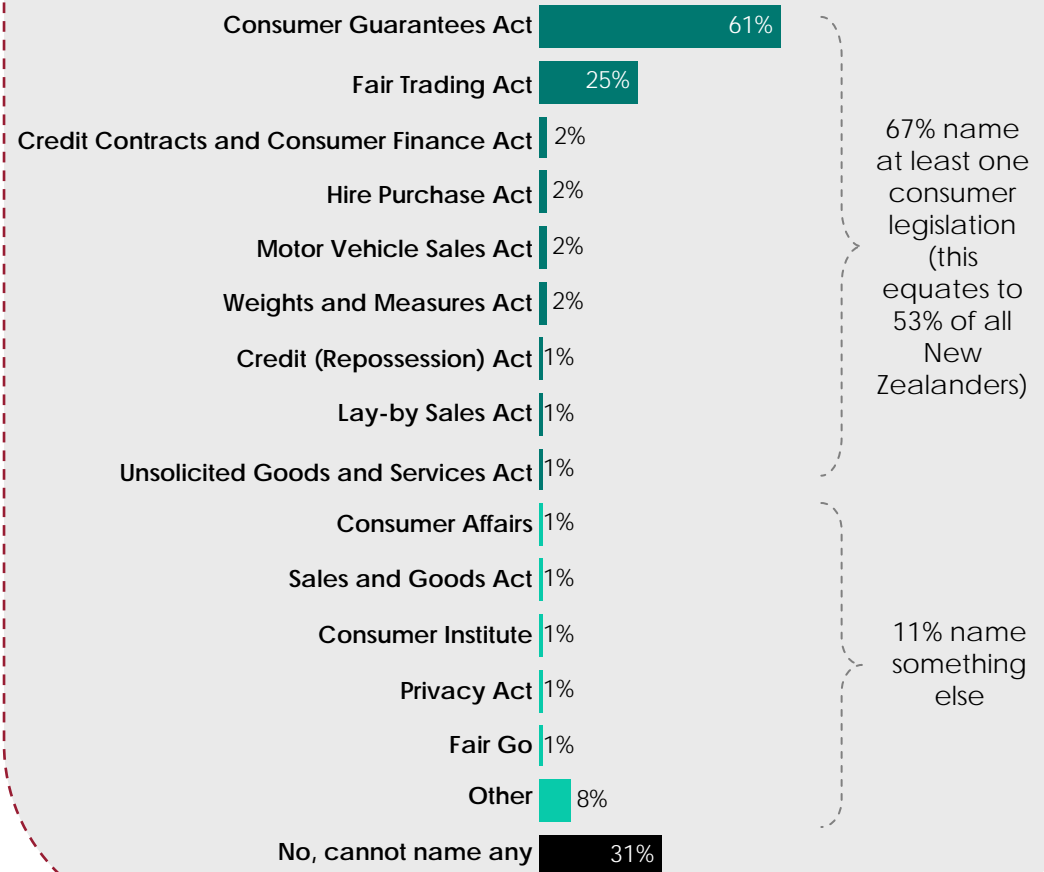


As far as you are aware, are there any laws in New Zealand that say what the rights of consumers are?



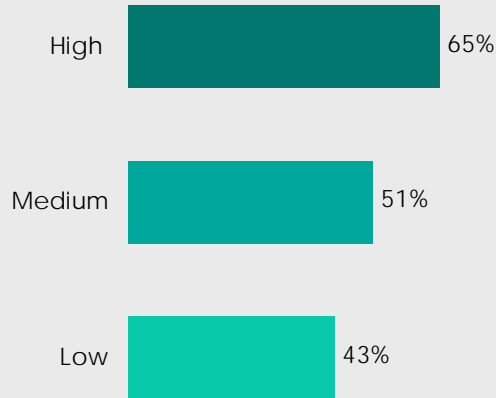
In 2005 79% of New Zealanders said there definitely were (66%), or they thought there were (13%), laws in New Zealand that say what the rights of consumers are.

Can you tell me the name of any legislation that sets out the rights of consumers?



Those in the high knowledge group are more likely than others to name at least one legislation.

% in each knowledge group who can name legislation



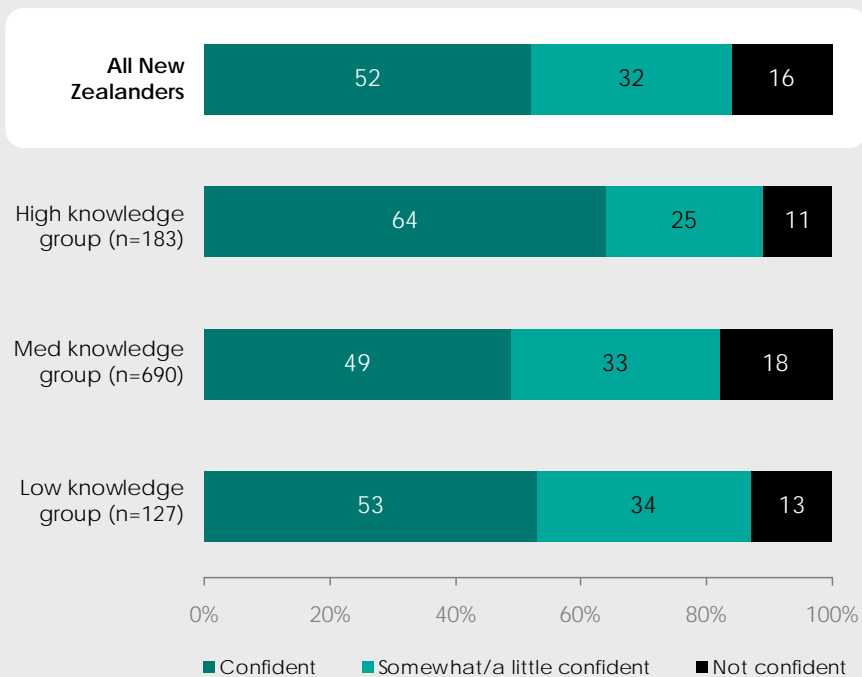
Those who name at least one legislation are also more likely to:

- Be sales workers (63%) or be employed in professional roles (68%).
- Be aged between 30 and 65 (57%, cf. 43% under 30 and 46% age 65+).
- Be NZ European (60%, cf. 35% of others).
- Have completed a higher level of formal education (76% of those who have completed post graduate, cf. 56% who have complete post-school education and 44% who have completed no formal education beyond secondary school).
- Earn more than 60k per year (66%, cf. 51% of those earning under 60k).

More than three out of four New Zealanders (84%) are at least somewhat confident that NZ law will protect them if they experience a problem. Those in the high knowledge group are particularly likely to be confident.



Do you feel confident or not confident that the law in New Zealand will protect you if you have a problem?



The following groups are more likely to say they are **confident** the law will protect them:

- Those employed in professional roles (57% are confident) and sales workers (65% are confident).
- Those who can name at least one piece of consumer legislation (58% are confident).

The following groups are more likely to say they are **not confident** the law will protect them:

- Those who identify with an ethnic group other than New Zealand European (22% are not confident).
- Those who work in a labouring role (24% are not confident).
- Those not aware of any legislation that says what the rights of consumers are (25% are not confident).

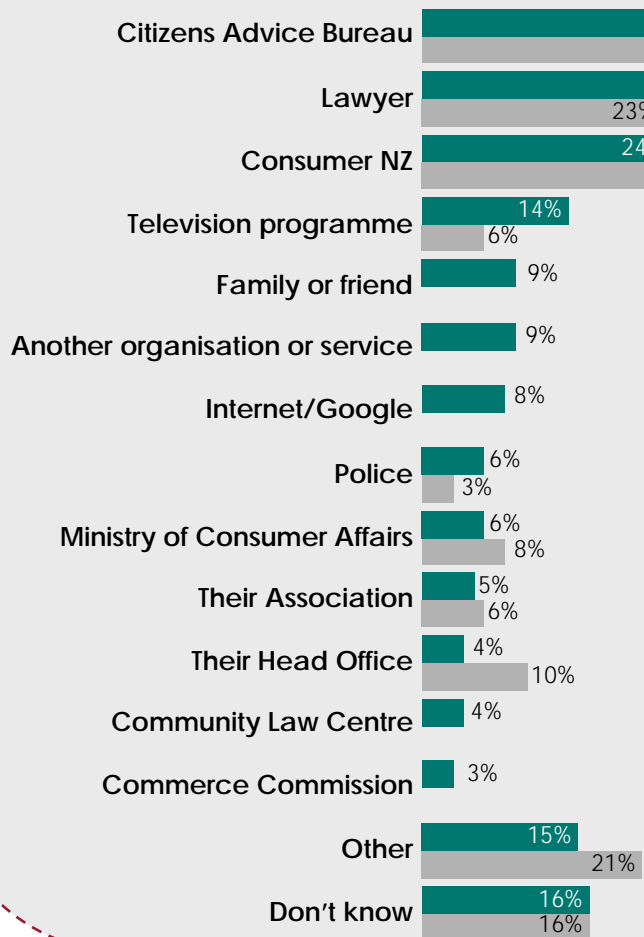


New Zealanders' awareness and use of information sources when in a dispute

Citizens Advice Bureau (41%), Lawyers (31%), and Consumer NZ (24%) are the most common organisations/services mentioned as a source of information or advice.



Can you think of any organisations or services that you could approach to get some information or advice from?



More likely to be aged 30+ (45%, cf. 25% aged 18 to 29)

More likely to be aged 30+ (29%, cf. 8% aged 18 to 29), NZ European (29%, cf. 13% non NZ Euro), completed education beyond school (29%, cf. 19% of others), professionals (39%), and earning \$60k+ per year (37%)

Awareness of the Citizens Advice Bureau and television programmes as a source of information has increased since 2005.



Note: 2009 results for 'Other' include Ombudsman, Disputes Tribunal, Courts/Small Claims Court, MP/local MP, Consumer Affairs, Justice of the Peace (JP), Master Builder's Federation, Tenancy Tribunal, City Council, Banking ombudsman, Consumer Rights, Consumer magazine, Government Department (unspecified), Business/retailer, Age Concern/Grey Power, and Budgeting Services.

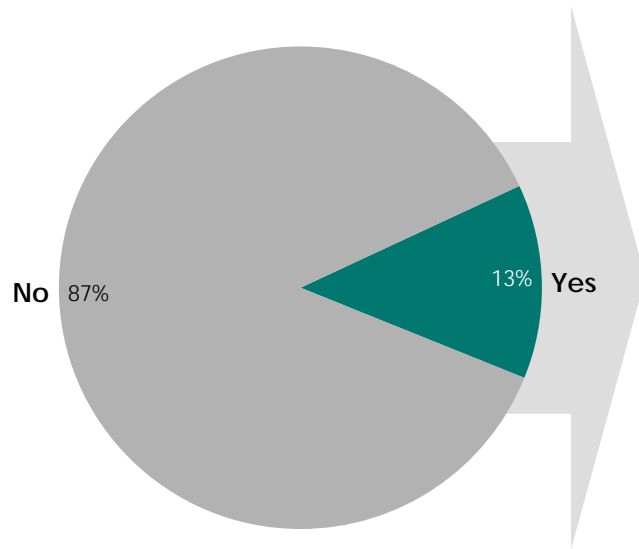
Who is less likely to know which organisations or services provided information or advice about their rights?

16% of New Zealanders cannot name an organisation or service they could approach for advice. They are more likely than others to be:

- Non New Zealand European (25% say don't know), particularly New Zealand's Asian population (36% say don't know).
- In the low knowledge group (26% say don't know).
- Not confident their consumer rights are protected by NZ law (25% say don't know).
- Under 30 years of age (25% say don't know). Younger people were also identified as having less awareness in the 2005 survey (36% aged under 25 said 'don't know' in 2005).
- Earning less than \$60k per year (18% say don't know)
- Those who have not completed formal education beyond secondary school (20% say don't know)
- Those employed in a labouring role (22% say don't know) and students (29% say don't know)

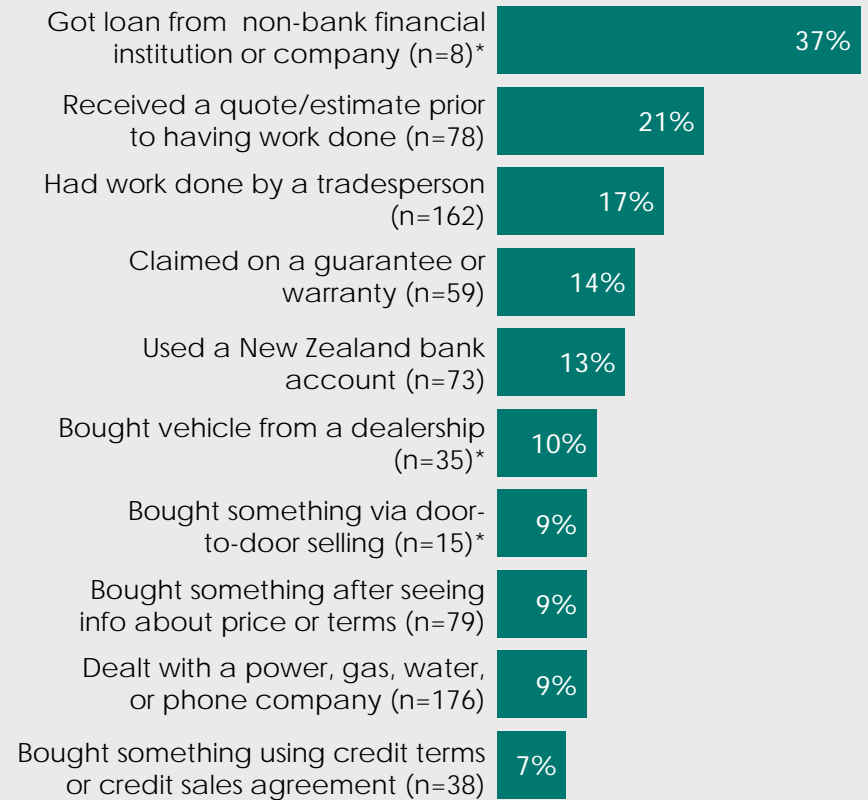
13% of those who have experienced a problem have gone to a third party for help or advice or information.

Did you go to any third party for help or advice or information?



Those with little or no knowledge of their consumer rights are less likely to go to a third party for help or advice or information (just 3% who answered one or no knowledge questions correctly did so).

Situations where New Zealanders are most likely to go to a third party (if they encounter a problem)

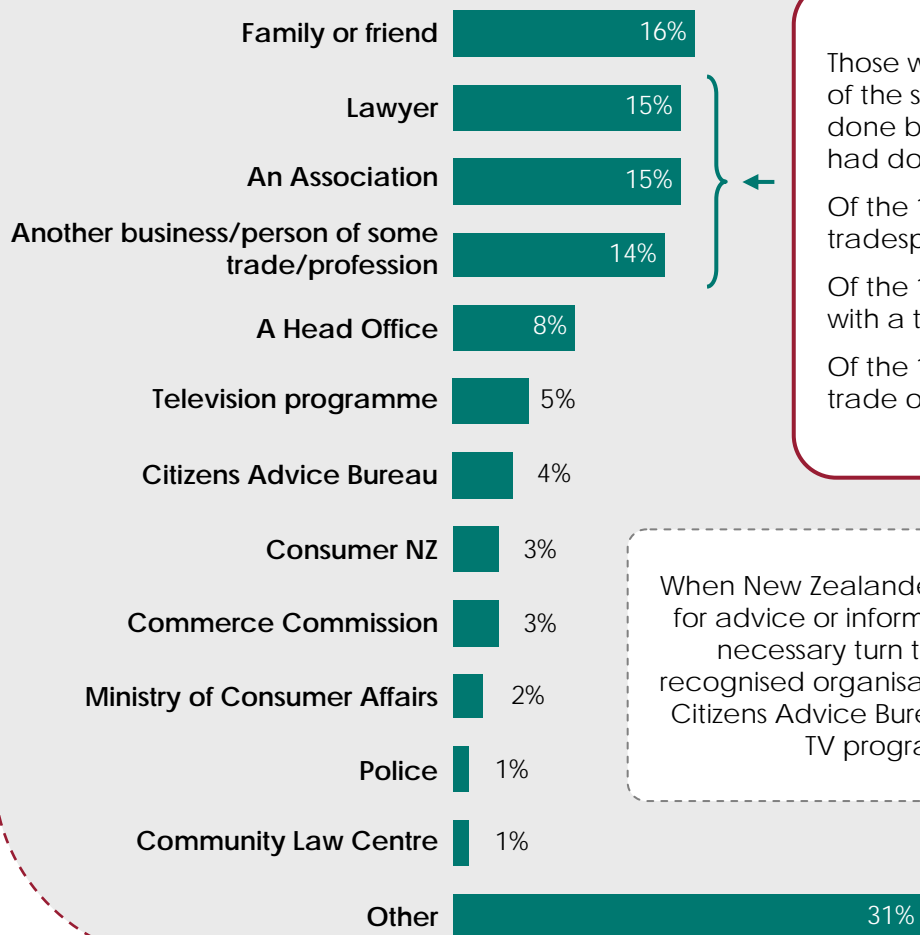


Note: *Bases for some transaction types are small. Results for these transactions are indicative only.

The most common sources of help or advice or information in a dispute are family or friends (16%), lawyers (15%), an association (15%), followed by another business (14%).



Thinking about the situations where you went to another organisation or professional, which organisations or professionals did you approach?



Those who contacted a lawyer, an association, or another business or person of the same trade/profession tended to report they had a problem with work done by a tradesperson, or a problem with a quote or estimate for work they had done by a tradesperson.

Of the 11 respondents who contacted a lawyer, 9 reported a problem with a tradesperson.

Of the 13 respondents who contacted an association, 9 reported a problem with a tradesperson.

Of the 10 respondents who contacted another business or person of the same trade or profession, 6 reported a problem with a tradesperson.

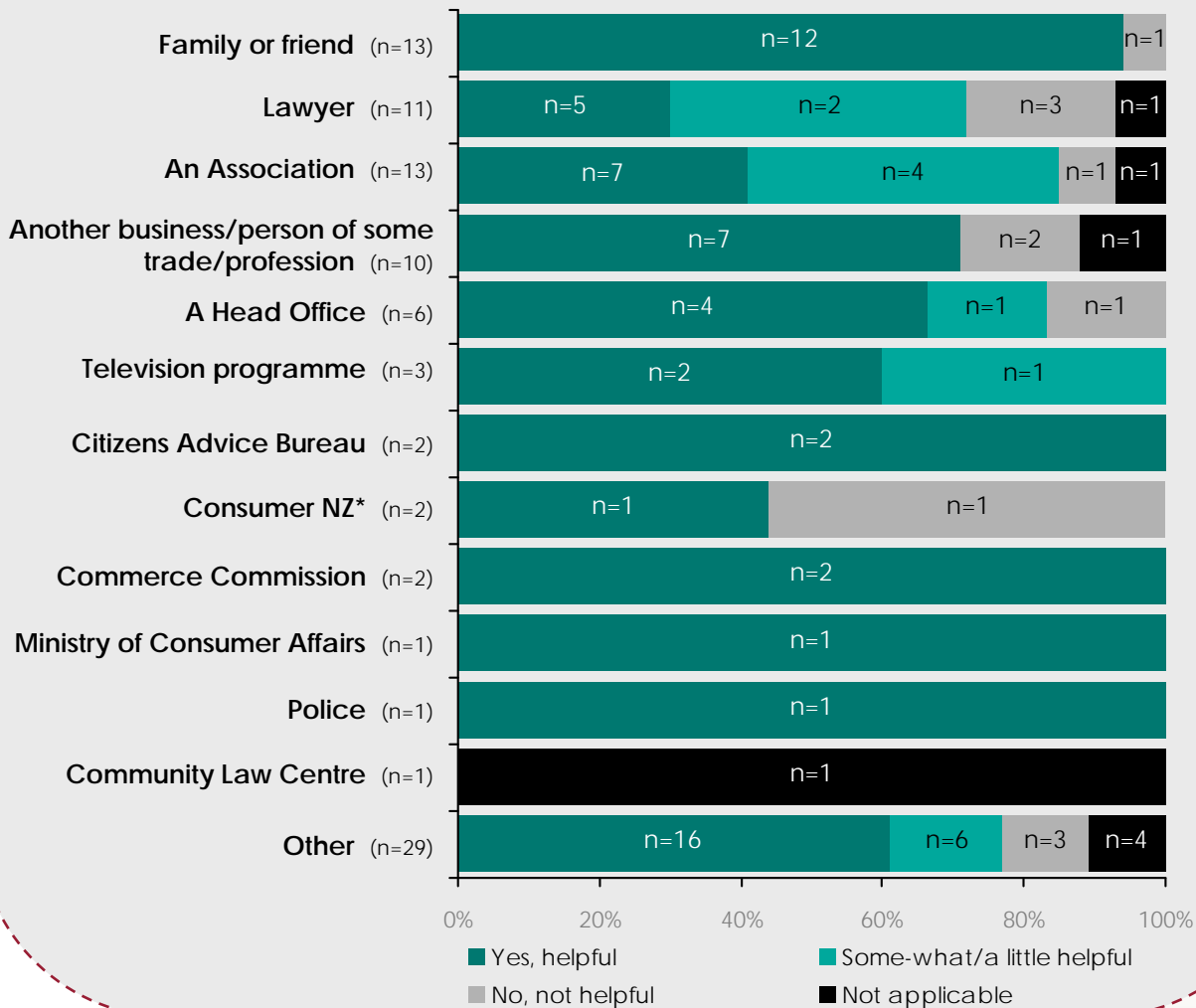
Note: These are unweighted numbers

When New Zealanders turn to someone for advice or information, they do not necessarily turn to the most well recognised organisations or services (ie, Citizens Advice Bureau, Consumer NZ, TV programmes).

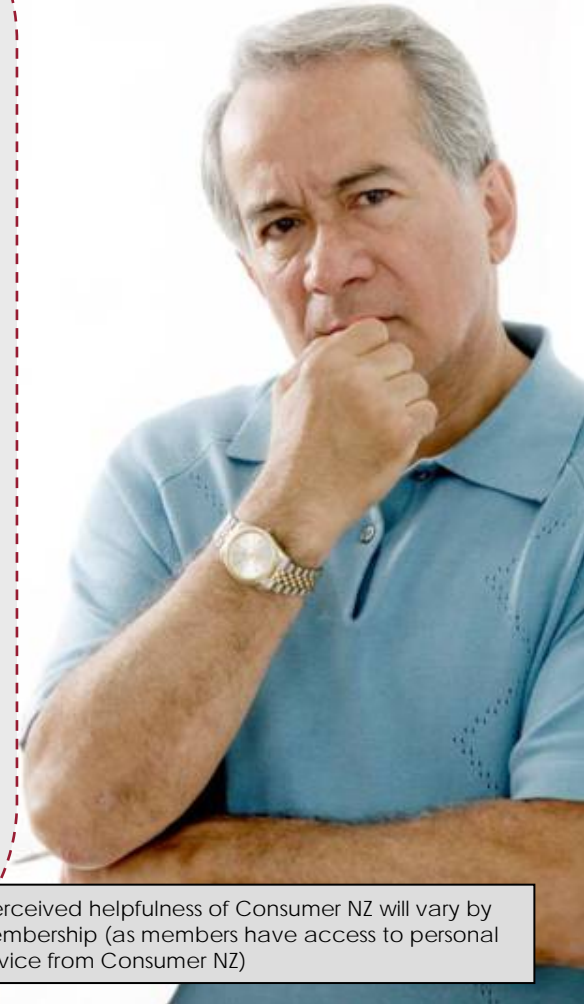
Note: 'Other' includes various sources such as the Disputes Tribunal, banks, the company's management, and the importer (among others).

All sources of advice tend to be viewed as helpful (please note these results are indicative only).

Was the information you were given helpful for resolving the issue?



*Perceived helpfulness of Consumer NZ will vary by membership (as members have access to personal advice from Consumer NZ)

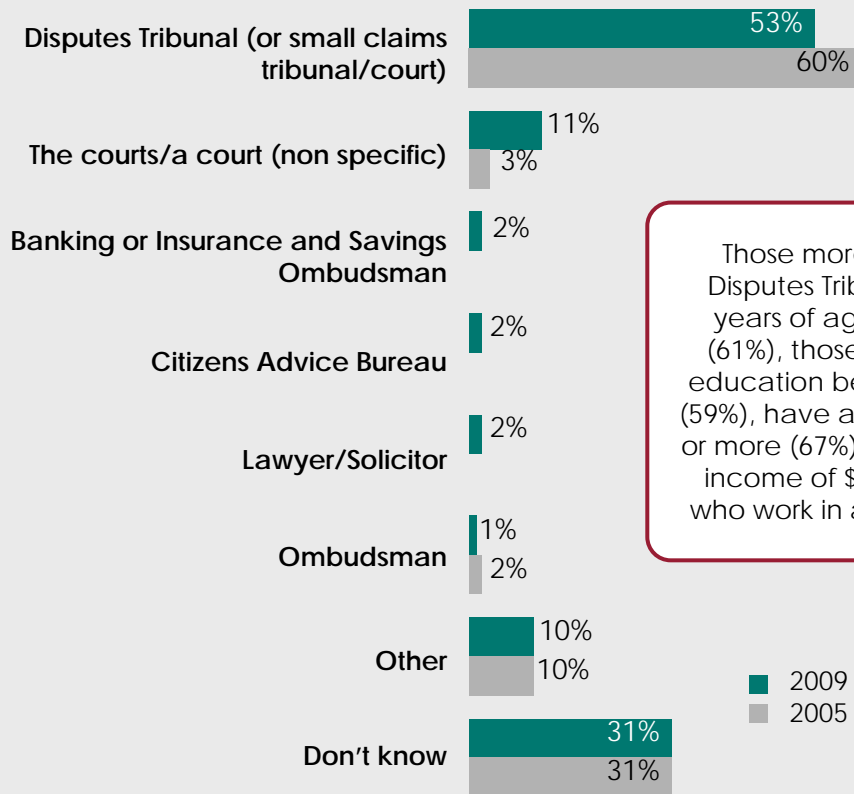




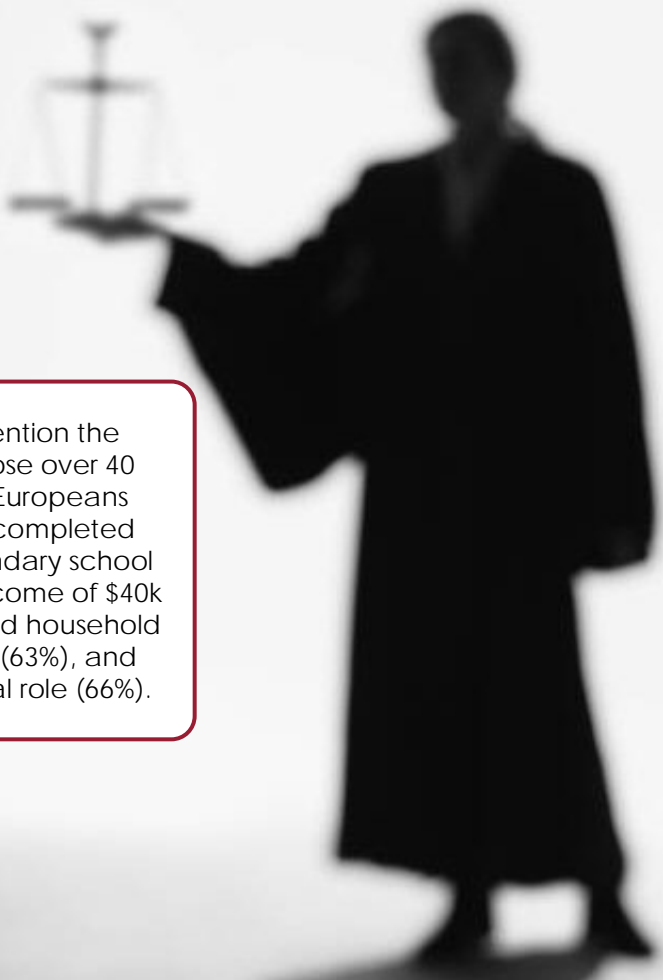
New Zealanders' awareness
and use of avenues for
seeking redress

The Disputes Tribunal is the most commonly named (53%) legal service for hearing and ruling on disputes.

Suppose you were in a dispute with a supplier and neither of you were willing to back down. Can you name the legal service that would hear the dispute and rule on it?



Those more likely to mention the Disputes Tribunal are those over 40 years of age (62%), NZ Europeans (61%), those who have completed education beyond secondary school (59%), have a personal income of \$40k or more (67%), a combined household income of \$50k or more (63%), and who work in a professional role (66%).



Note: 2005 results for Disputes Tribunal are a combination of 'Small Claims Court' (34%) and 'Disputes Tribunal' (26%). This calculation assumes that respondents did not name both 'Small Claims Court' and 'Disputes Tribunal'.

Who is less likely to name a legal service that would hear the dispute and rule on it?

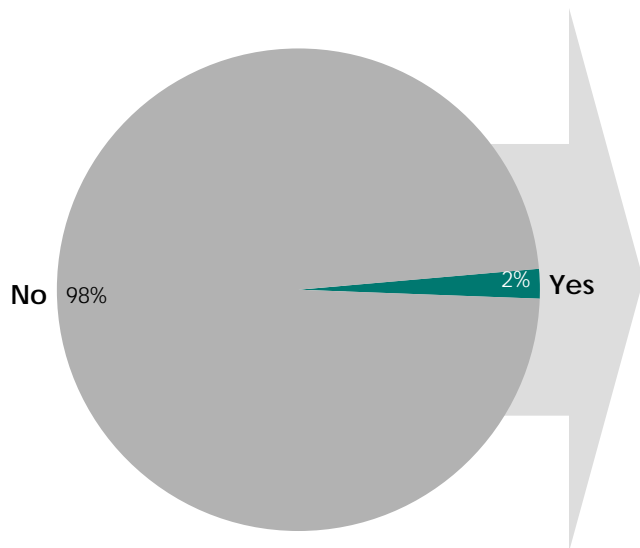


Around one third of New Zealanders (31%) cannot name any legal service that would hear a dispute and rule on it (ie, they say 'don't know'). They tend to:

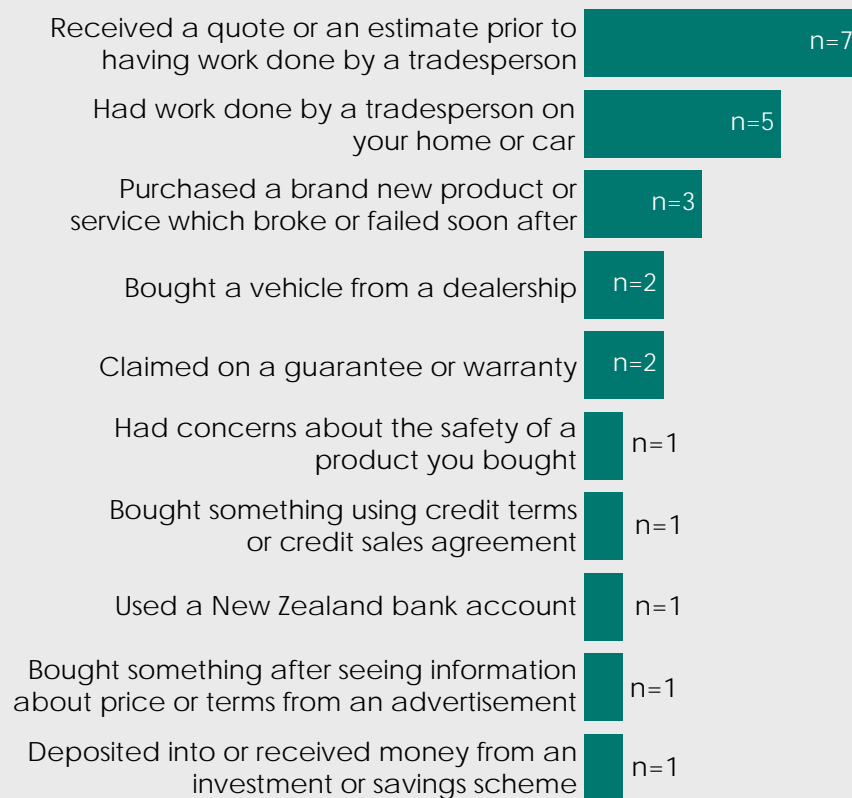
- Be women (34% said don't know, cf. 28% of men).
- Be under 30 years of age (49% said don't know, cf. 27% age 30 to 64 and 24% aged 65+).
- Identify as Maori, Pacific or Asian (42%, 47%, and 61% said don't know, respectively).
- Have not completed formal education beyond secondary school (37%, cf. 26% who have completed post-school education).
- Have a personal income under \$40k per year (38% said don't know, cf. 18% who earn \$40k or more) or a combined household income under 50k (36% said 'don't know', cf. 24% who earn more).
- Work as a labourer, be a homemaker, or be a student (40%, 42%, and 61% said don't know respectively).

2% of those who have experienced a problem have made a formal complaint.

Thinking about all the situations we have discussed so far, in the last 2 years, have you taken any of these matters to a formal complaints scheme or hearing of any kind?



Of the matters we have discussed, which have been to a formal complaints scheme or hearing in the last two years?



Note: Sample size for this question is small. These numbers are unweighted.

Name of complaints scheme or hearing

What was the formal complaints scheme or hearing called?

	Disputes Tribunal n=	Motor Vehicle Disputes Tribunal n=	Banking/Insurance/ Savings Ombudsman n=	An Arbitrator n=	Some other process n=
Total	8	2	2	2	10
Received a quote or estimate prior to having work done by a tradesperson	3			1	3
Had work done by a trades person	2			1	2
Purchased a brand new product/service which broke or failed soon after	1				2
Bought a vehicle from a dealership		2			
Claimed on a guarantee or warranty	1				1
Bought something using credit terms or credit sales agreement	1				
Bought something after seeing info about price or terms					1
Used a New Zealand bank account			1		
Deposited into/received from investment/savings scheme			1		
Had concerns about safety of a product you bought					1

Note: There is overlap between some situations/transactions, and a respondent may have taken more than one problem to a complaints scheme or hearing.

Outcome of complaints scheme or hearing



Which of the following best describes the outcome?

Nobody we spoke with said a decision was made in favour of the seller.

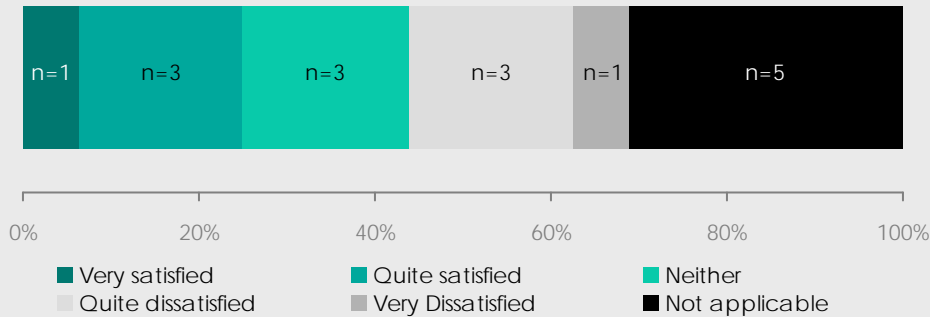
	Found in your favour	They found a compromise	Outcome was not resolved	Case is in progress	Other outcome
	n=	n=	n=	n=	n=
Total	6	3	2	10	3
Received a quote or estimate prior to having work done by a tradesperson	1			4	2
Had work done by a trades person		2	1	2	
Purchased a brand new product/service which broke or failed soon after	1	1		1	
Bought a vehicle from a dealership	1				1
Claimed on a guarantee or warranty	1		1		
Bought something using credit terms or credit sales agreement	1				
Bought something after seeing info about price or terms				1	
Used a New Zealand bank account	1				
Deposited into/received from investment/savings scheme				1	
Had concerns about safety of a product you bought				1	

Note: There is overlap between some situations/transactions, and a respondent may have taken more than one problem to a complaints scheme or hearing.

Satisfaction with resolution process and confidence in getting a fair deal in future



Overall to what extent are you satisfied or dissatisfied with the resolution process?

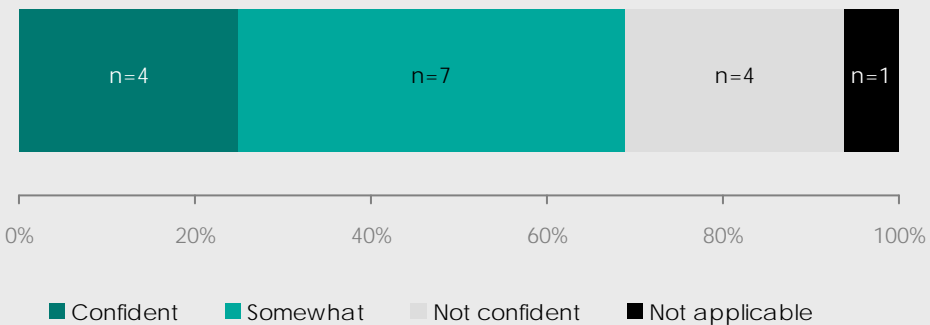


These numbers are unweighted.

Four of the 16 respondents who have taken a problem to a hearing or scheme are satisfied with the outcome. Four are dissatisfied.

Nearly all those who say 'not applicable' have a case in progress. One respondent indicated 'other outcome' when asked about the resolution of their case.

As a result of your experiences do you feel confident or not confident about getting a fair deal in future situations?



These numbers are unweighted.

Four of the sixteen respondents who have taken a problem to a hearing or scheme are confident in getting a fair deal in future, while 7 are somewhat confident and 4 are not confident.



New Zealanders' experience
with products and services

Expectations have remained relatively stable since 2005, with 31% saying they never expect to have a problem with a product or service, and 31% saying they expect to have a problem once a year.



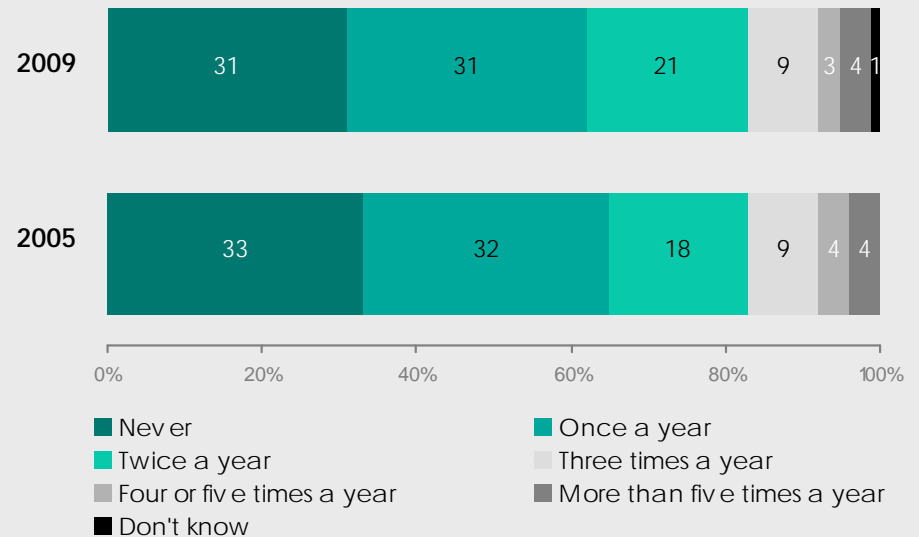
Things that should not happen...

- What they claim is misleading, or not true.
- Things don't work the way they should.
- Your legal rights are not met.
- You feel deceived, pressured or unfairly treated.

38% say an experience like this would happen more than once a year. They tend to:

- Be aged 30 to 49 (47%, cf. 37% of those aged under 30 and 29% of those aged 50+)
- Have a household income over \$50k per year (46%, cf. 29% who earn less than 50k).
- Have perceived a problem with a product or service over the last 2 years (46%, cf. 23% who have not perceived a problem).
- Be in the high knowledge group (44%, cf. 37% in the medium group and 29% in the low group).

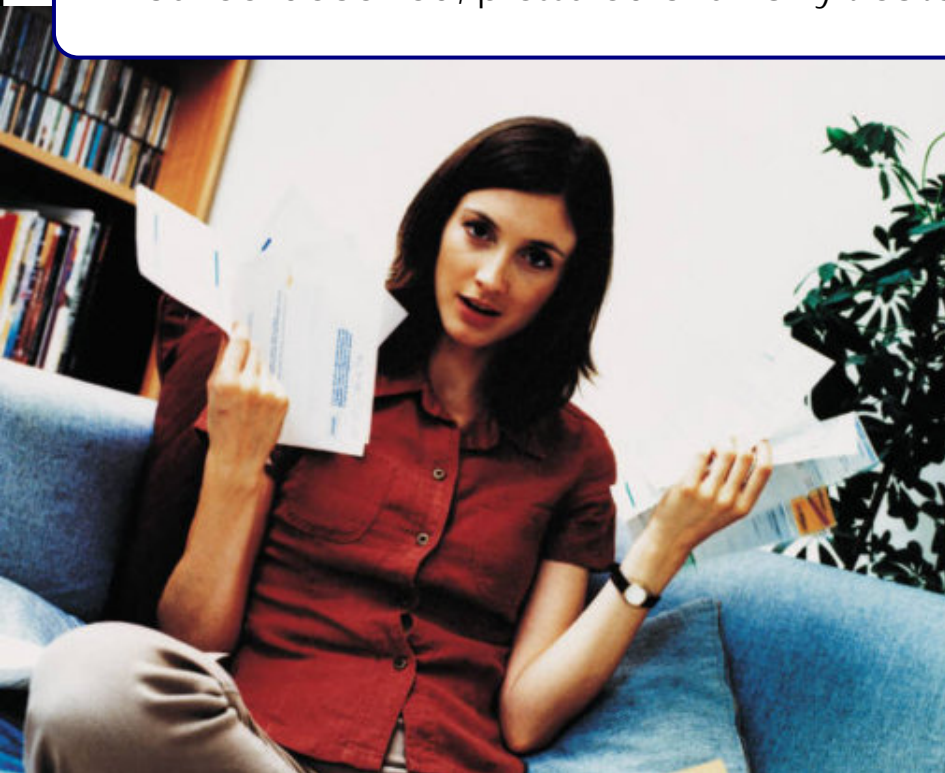
Over a typical year, about how often do you think an experience like this would happen to you?



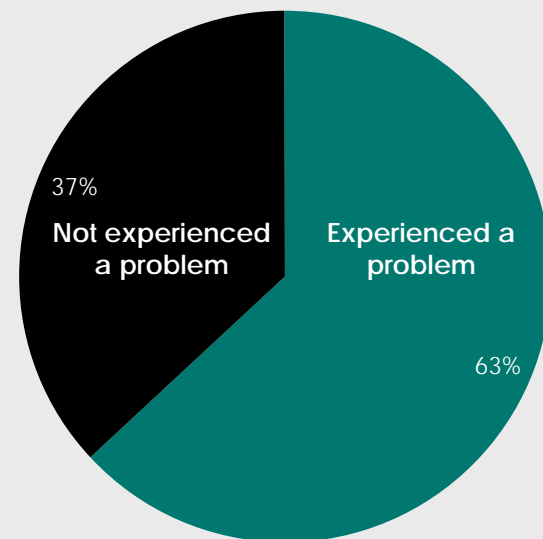
63% of New Zealanders have perceived at least one problem with a transaction, product or service in the last 2 years.

Things that should not happen...

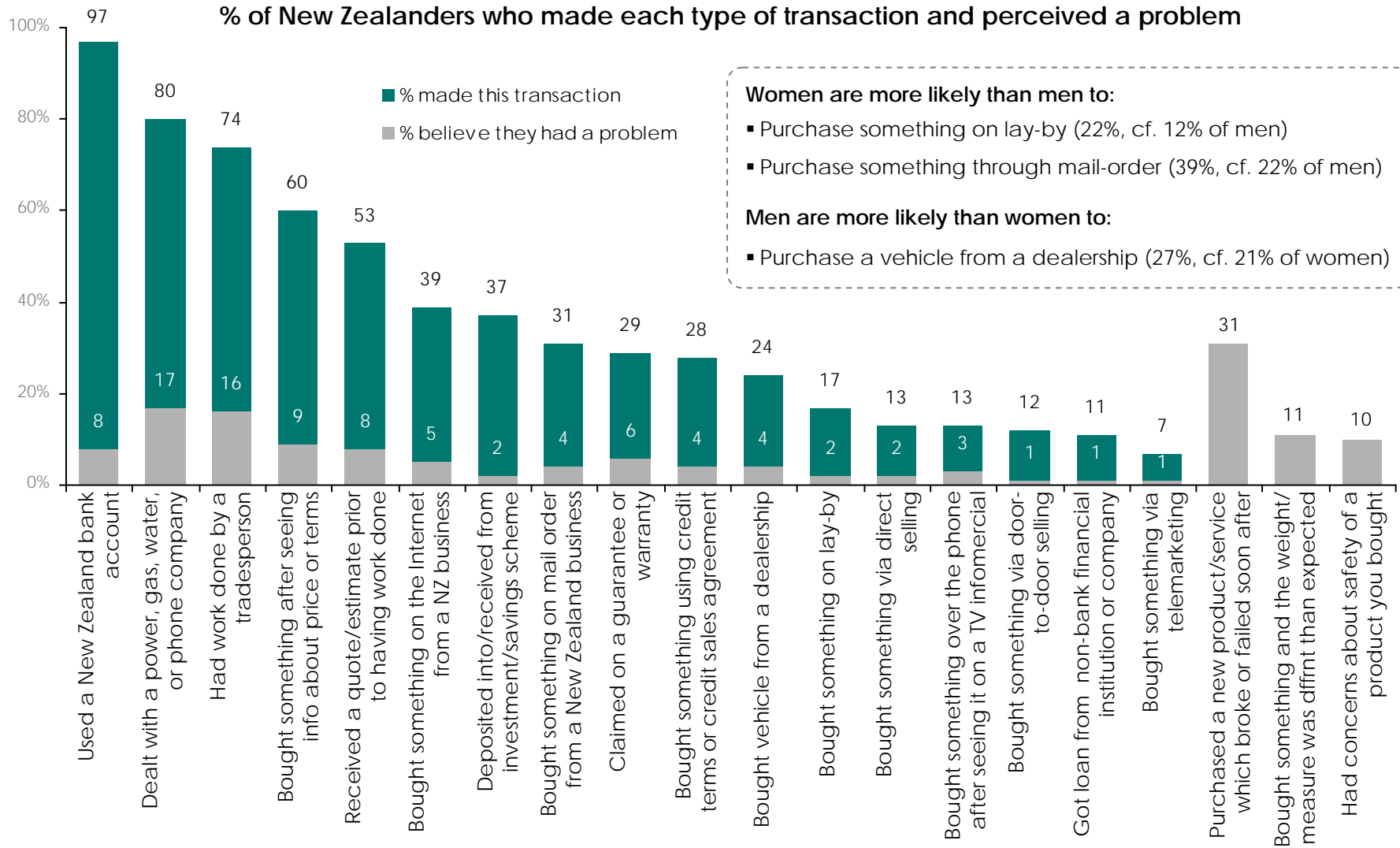
- What they claim is misleading, or not true.
- Things don't work the way they should.
- Your legal rights are not met.
- You feel deceived, pressured or unfairly treated.



I'm going to read out each of the different situations where you've dealt with salespeople, trade people or companies in the last 2 years.

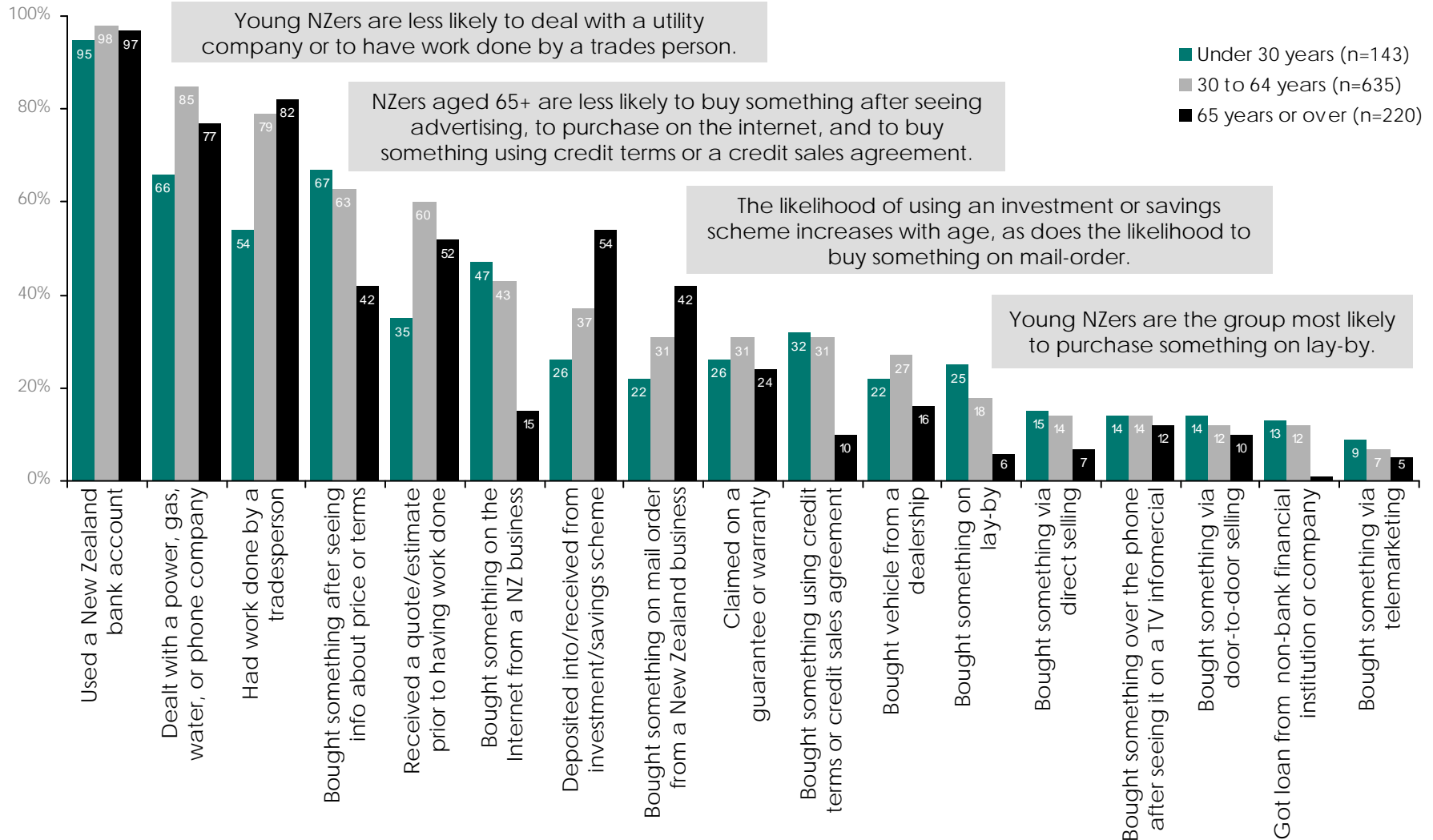


The problems most frequently encountered are purchasing a new product or service which broke or failed soon after (31%) and dealing with a power, gas, water, or phone company (17%).

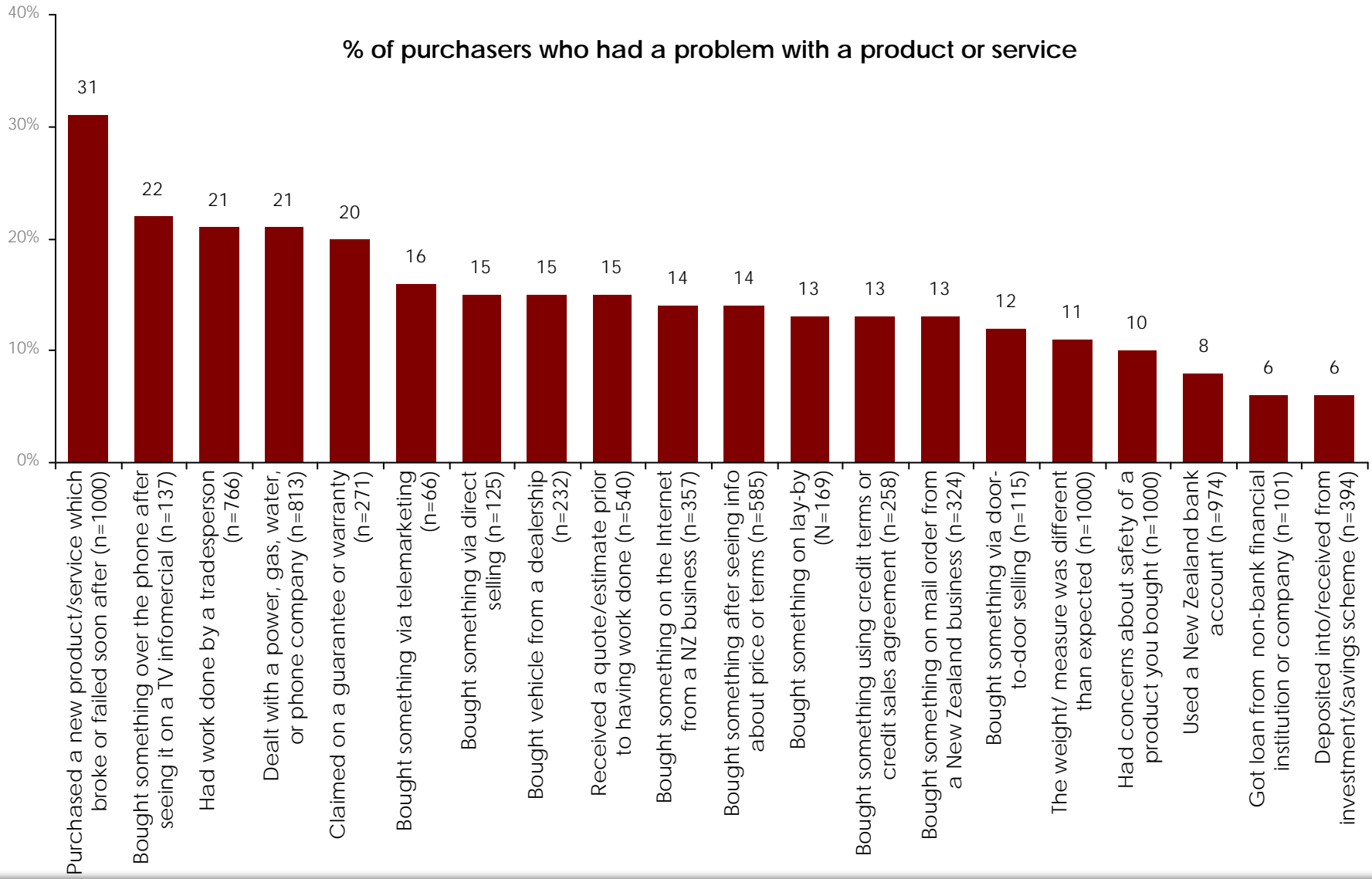


The likelihood of making certain types of transactions can differ considerably by age.

% of New Zealanders who made each type of transaction by age group



The transactions and situations with the highest proportion of problem experiences are brand new products breaking, products purchased from infomercials, work done by trades people, and with dealings with utility companies.



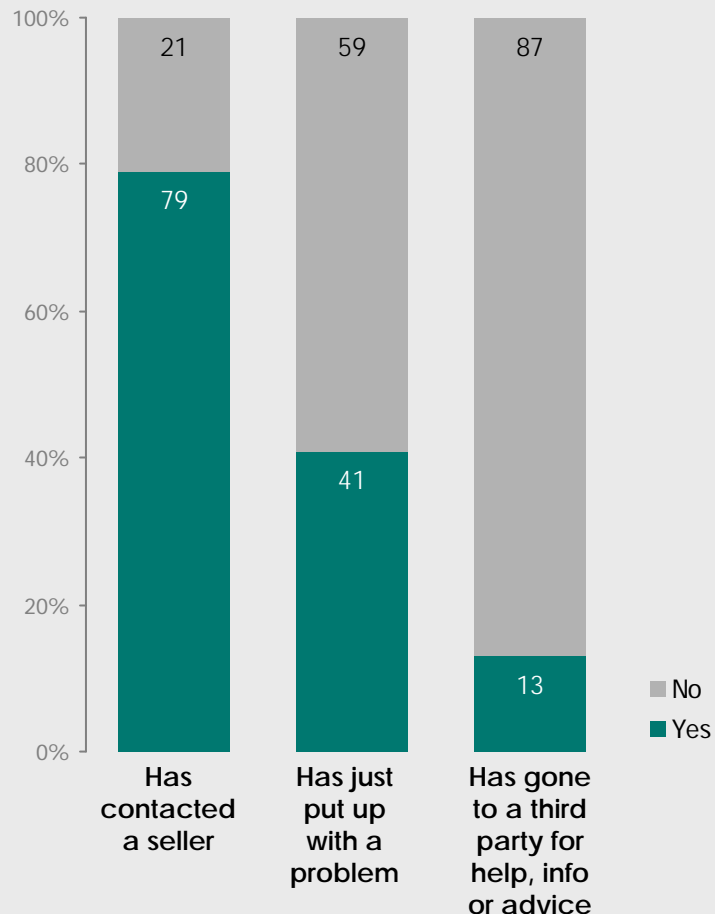
Source: Q2b and Q2c
Base: Those who made each type of purchase or transaction



Taking action to resolve
problems, issues and disputes

79% of those who have perceived a problem in the last 2 years have contacted a seller at least once.

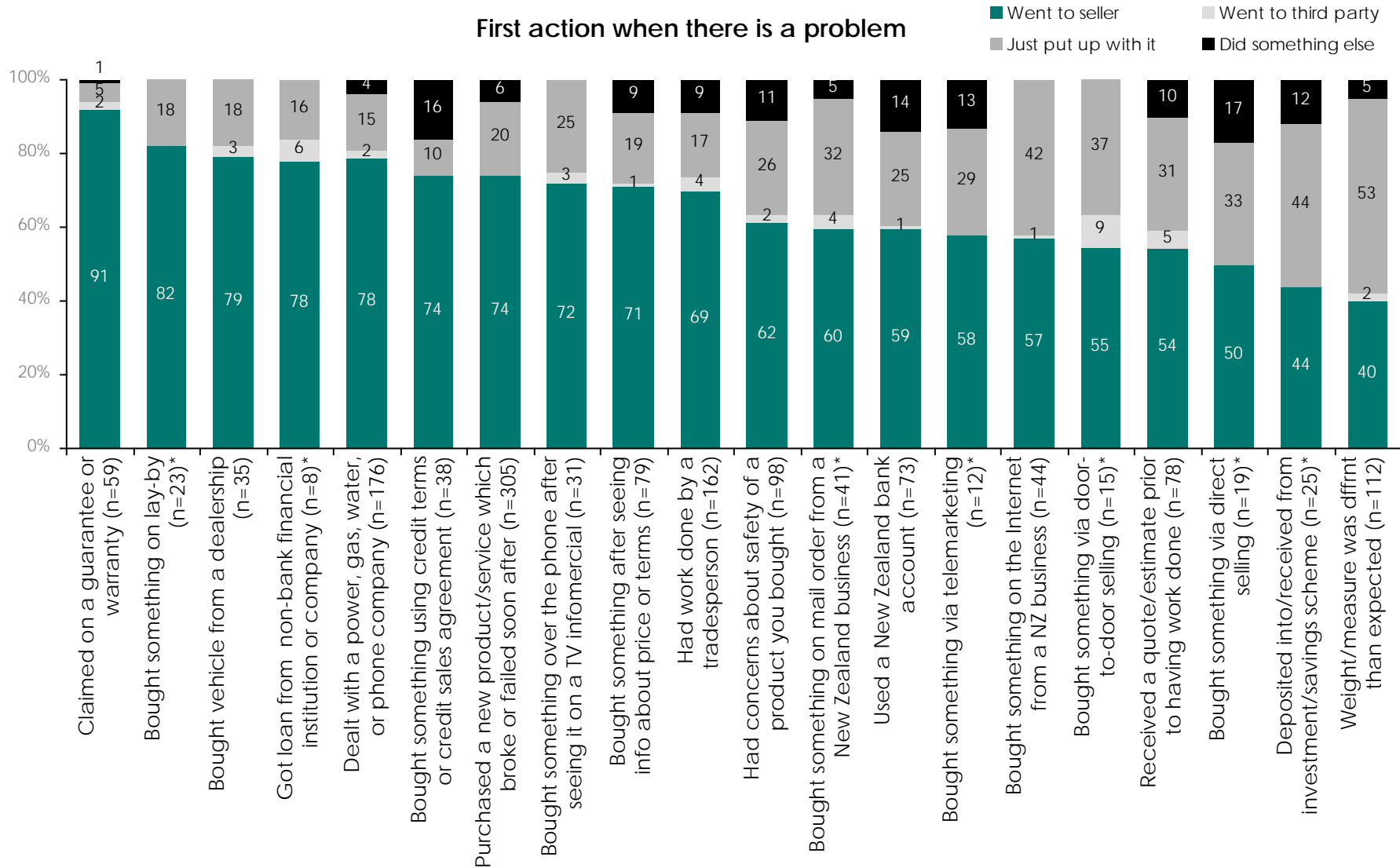
Which of these did you do?



At an overall level, likelihood to contact the seller does not differ by demographic group. Whether or not someone contacts the seller is more dependent on the problem or situation at hand.



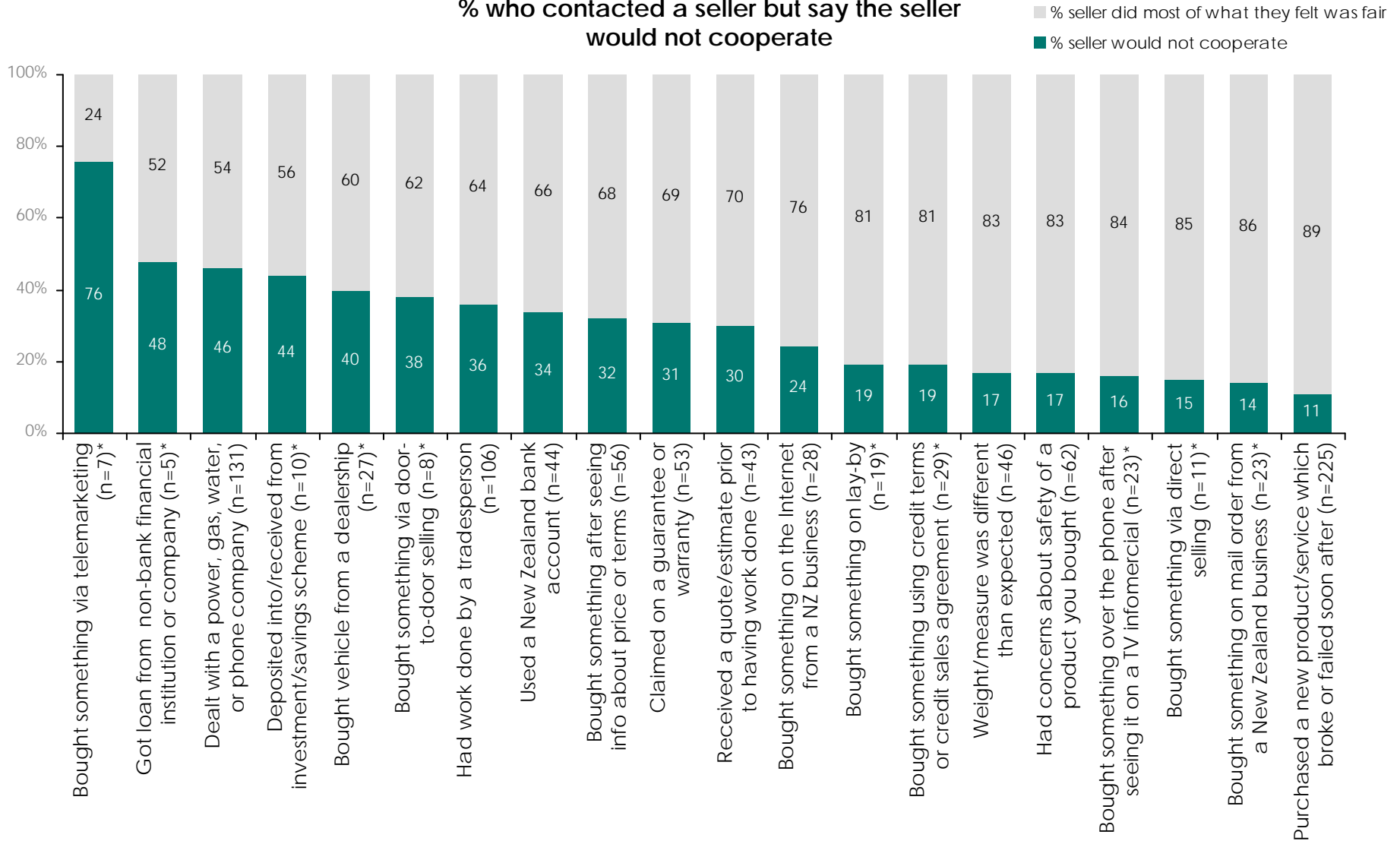
New Zealanders are most likely to contact a seller when claiming on a guarantee, or when they have a problem with a lay-by, a vehicle purchase, a finance company, or a utility company.



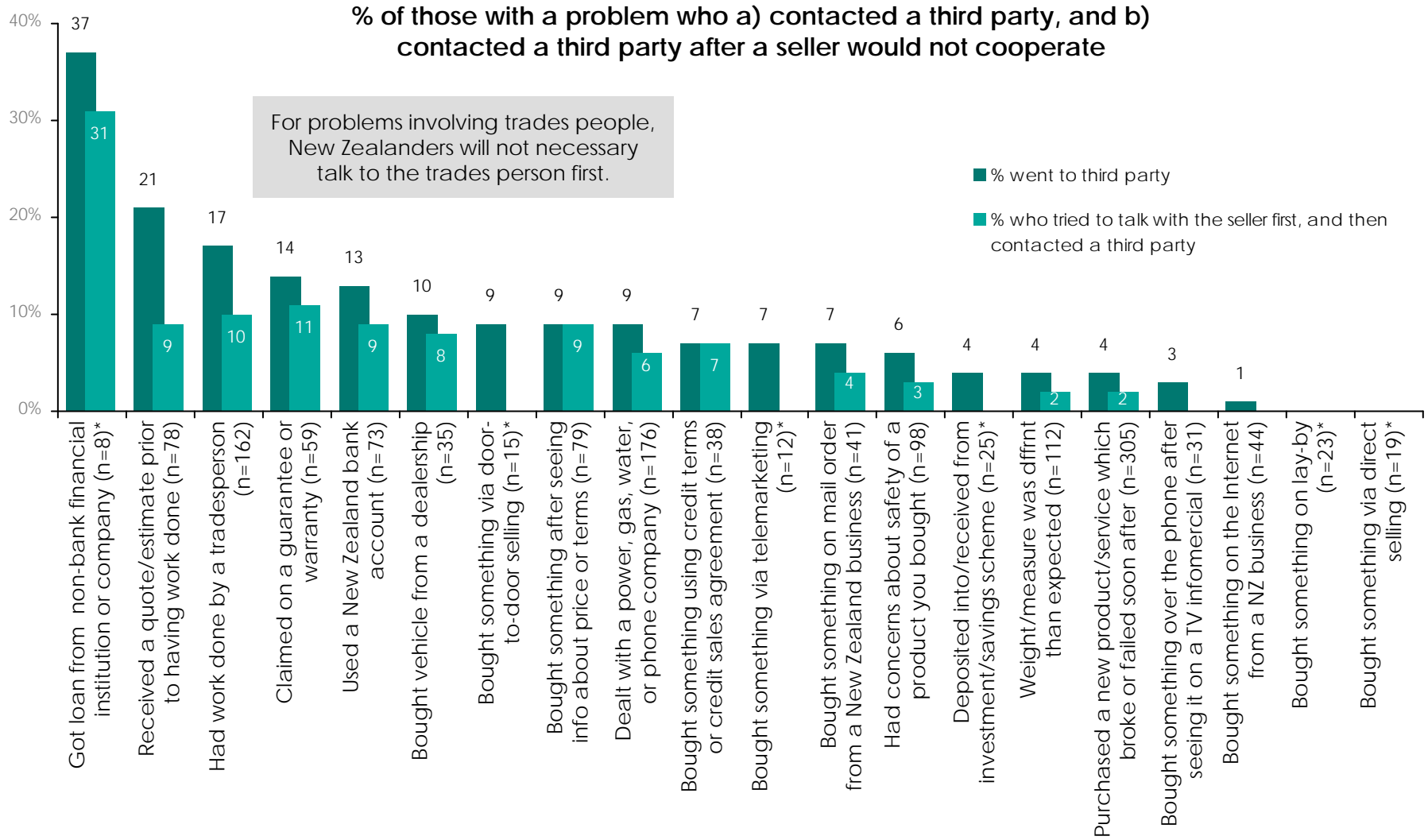
Most of the time, sellers will do what the customer thinks is fair.



% who contacted a seller but say the seller would not cooperate

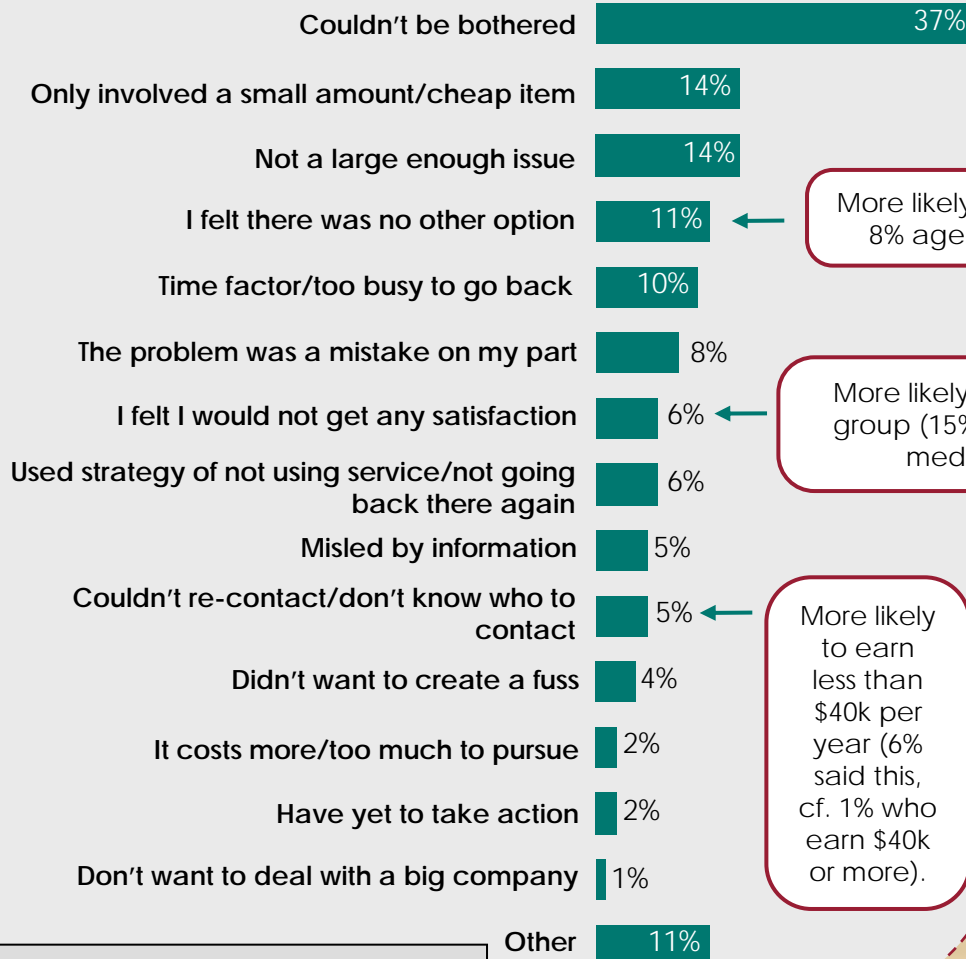


New Zealanders are most likely to contact a third party for help, advice or information in situations that involve finance companies and trades people.



Of the 41% who 'just put up' with the problem, 37% said this was because they couldn't be bothered.

Why was it that you just put up with it?



More likely be under 30 years of age (56% said this, cf. 35% aged 30 to 64 and 13% aged 65+) and identify as Maori (55% said this, cf. 33% of others). Much *less likely* to identify as Asian (6% said this, cf. 39% of others).

More likely be aged 65+ (29% said this, cf. 8% aged 30 to 64 and 9% under 30)

More likely to be in the high knowledge group (15% said this, cf. 4% in the low or medium knowledge group).

More likely to earn less than \$40k per year (6% said this, cf. 1% who earn \$40k or more).



Note: Responses are combined to provide an overall indication of why people 'just put up with it'.

Reasons for 'putting up with it' by problem/transaction type

Significant differences from average (at the 95% confidence level) have been colour coded.

Green = significantly higher than average

Red = significantly lower than average

		Brand new product or service which broke or failed soon after (n=63)	Weight or measure was different than what you expected (n=58)	Work done by a tradesperson on your home or car (n=34)	Dealt with a power, gas, water or phone company (n=30)	Concerns about the safety of a product you had bought (n=24)	Received a quote or estimate prior to having work done by a tradesperson (n=23)
Couldn't be bothered	37%	34%	32%	24%	22%	32%	48%
Only involved a small amount /cheap item	14%	22%	16%	6%	3%	11%	-
Not a large enough issue	14%	13%	24%	8%	8%	-	-
I felt there was no other option	11%	1%	1%	14%	11%	3%	13%
Time factor/too busy to go back	10%	18%	6%	8%	14%	10%	-
The problem was a mistake on my part	8%	1%	8%	4%	-	13%	-
I felt I would not get any satisfaction	6%	7%	-	3%	18%	4%	-
Used strategy of not using service/not going back there again	6%	5%	6%	8%	4%	-	6%
Misled by information	5%	-	2%	4%	4%	4%	4%
Couldn't re-contact/don't know who to contact	5%	4%	-	6%	3%	5%	-
Didn't want to create a fuss	4%	3%	2%	6%	5%	-	13%
It costs more/too much to pursue	2%	1%	2%	2%	4%	-	-
Have yet to take action	2%	3%	-	2%	-	9%	-
Don't want to deal with a big company	1%	-	1%	-	7%	-	-
Other	11%	12%	9%	8%	9%	13%	17%

Reasons for 'putting up with it' by problem/transaction type

(continued)



	Used a New Zealand bank account (n=17)	Bought something on the Internet from a New Zealand business (n=15)	Bought something on the Internet from a New Zealand business (n=15)	Bought something after seeing information about price or terms from an advertisement, in-store sign or promotion (n=14)	Deposited into or received money from an investment or savings scheme (n=11)	Bought something over the phone after seeing it advertised on a TV infomercial (n=7)	Bought something using credit terms or a credit sales agreement (n=6)
Couldn't be bothered	46%	34%	24%	59%	34%	21%	-
Only involved a small amount /cheap item	-	9%	32%	-	-	13%	-
Not a large enough issue	-	32%	27%	-	-	11%	-
I felt there was no other option	24%	3%	-	15%	66%	-	22%
Time factor/too busy to go back	5%	-	3%	15%	-	5%	28%
The problem was a mistake on my part	-	20%	-	6%	-	36%	37%
I felt I would not get any satisfaction	11%	3%	-	5%	-	-	-
Used strategy of not using service/not going back there again	7%	-	12%	6%	5%	-	-
Misled by information	-	8%	14%	16%	11%	21%	-
Couldn't re-contact/don't know who to contact	14%	2%	-	-	-	36%	-
Didn't want to create a fuss	-	-	-	-	-	-	-
It costs more/too much to pursue	7%	-	-	-	-	14%	-
Have yet to take action	-	-	-	-	-	-	-
Don't want to deal with a big company	-	-	-	-	-	-	-
Other	-	3%	-	5%	-	-	42%

Reasons for 'putting up with it' by problem/transaction type

(continued)



	Bought something after attending a seminar, a trade show or from a truck that came to your neighbourhood. (n=6)	Bought a vehicle from a dealership (n=6)	Bought something from a salesperson coming to your house selling goods or services(n=5)	Bought something on lay-by (n=4)	Claimed on a guarantee or warranty (n=4)	Bought something from a sales person who telephoned your home (n=3)	Used a non-bank financial institution, or finance company, to get a private loan (n=2)
Couldn't be bothered	17%	46%	20%	100%	35%	16%	-
Only involved a small amount /cheap item	-	-	16%	-	-	32%	-
Not a large enough issue	8%	-	-	-	-	-	-
I felt there was no other option	-	6%	-	-	30%	53%	-
Time factor/too busy to go back	13%	-	-	-	-	-	-
The problem was a mistake on my part	17%	-	16%	-	-	-	-
I felt I would not get any satisfaction	35%	-	-	-	12%	-	-
Used strategy of not using service/not going back there again	-	-	-	-	-	-	-
Misled by information	11%	-	-	-	-	53%	-
Couldn't re-contact/don't know who to contact	-	8%	30%	-	-	-	-
Didn't want to create a fuss	17%	-	20%	-	-	-	-
It costs more/too much to pursue	-	7%	-	-	-	-	49%
Have yet to take action	-	-	-	-	24%	-	-
Don't want to deal with a big company	-	-	-	-	-	-	-
Other	-	34%	19%	-	-	-	51%

Some comments from respondents



"This has been going on for so long. I would be wasting my time complaining."

(New Zealand European female, aged 65 and over, experienced a problem with a utility supplier.)

"I live in a small town. I knew the work would be okay. Just that the quote was misleading."

New Zealand European female, aged between 50-54, experienced a problem with a quote or estimate from a tradesperson.)

"Couldn't do any more about it. Distance was a factor."

(Chinese female, aged between 45-49, experienced a problem with something bought over the internet.)

The main barriers to taking action are apathy, and the perception that problems are small or minor.

"It was supposed to have 100 marbles but it only had 80 marbles. Bought product at \$2 shop so did not take the matter any further. It was really cheap."

(New Zealand European female, aged between 50-54, bought something and the weights or measure was different than expected.)

"I have small kids and live out of town. It's too much of a hassle. It's only a small item and not worth it."

(New Zealand European female, aged between 25-29, purchased a new product which broke soon after.)

"Wasn't worth worrying about. It only cost \$3."

(New Zealand European male, aged between 60-64, experienced a problem with the weights and measurements of a product.)

"I just gave up and kept the crappy phone."

(New Zealand European female, aged between 50-54, bought something after seeing it on a TV infomercial.)

"I had no transport or phone and it was too much of a hassle for me."

(Maori male, aged between 50-54, experienced a problem with a utility supplier.)

Some comments from respondents

"It was just a toy and was fairly cheap.
It was not worth the petrol."
(Tongan male, aged between 35-59, purchased a new product which broke soon after.)

"It was goods that came from a distance and
it wasn't worth the cost to rectify it."
(New Zealand European male, aged between 60-64, bought something and the weights or measure was different than expected.)

"Because we agreed it was
worth the increase in price."
(Australian female, aged between 45-49,
received a quote or estimate prior to
having work done by a tradesperson.)

The main barriers
to taking action
are apathy, and
the perception
that problems are
small or minor.

"I just put up with it. Not worth the
trouble and then bought a new
one."
(New Zealand European female, aged between 35-
39, purchased a new product or service which broke
or failed soon after.)

"Not worth fighting for
something not win-able.
The company has a
monopoly."
(Maori/New Zealand European male,
aged between 40-44, experienced a
problem with a utility supplier.)

"Not enough money to warrant
complaining about."
(New Zealand European female, aged between
30-34, bought something and the weights or
measure was different than expected.)

"It wasn't worth the time and
aggravation. I wont buy from
them again."
(New Zealand European male, aged between 35-
39, purchased a new product or service which
broke or failed soon after.)

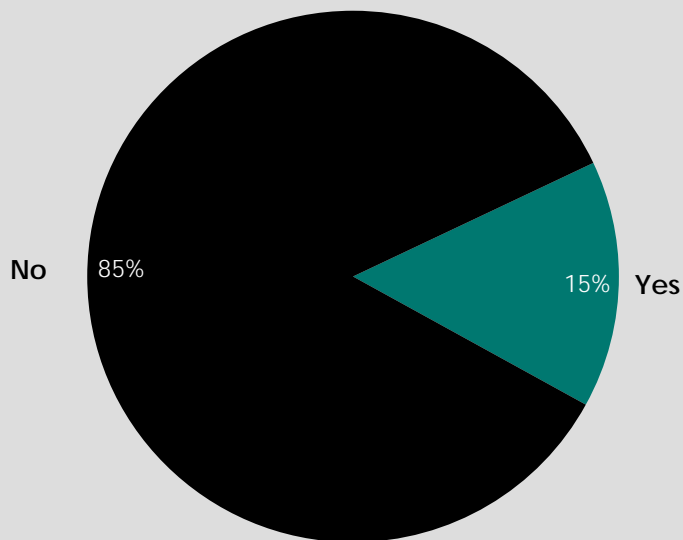
"Never did anything about it
because I just expected it to be
right."
(New Zealand European male, aged between 35-
39, had concerns about the safety of a product.)



Financial scams

15% of New Zealanders have been scammed or tricked out of money.

Do you believe that you have been scammed or tricked out of money? This could be when someone tricks you into giving them money for something that does not exist, or when you give them money for something that does not happen.



Those more likely than average to say they have been scammed or tricked out of money are:

- Pacific Island New Zealanders (26%).
- Those not confident that the New Zealand law will protect them if they have a problem with a product or service (21%).
- Those who expect to have a problem with a product or service twice a year or more (18%).
- Those who have bought something over the phone after seeing it on a TV infomercial in the last 2 years (21%).
- Those who have deposited into or received money from an investment or savings scheme in the last 2 years (18%).

The likelihood of being scammed or tricked out of money does not differ substantially by education, income or age.



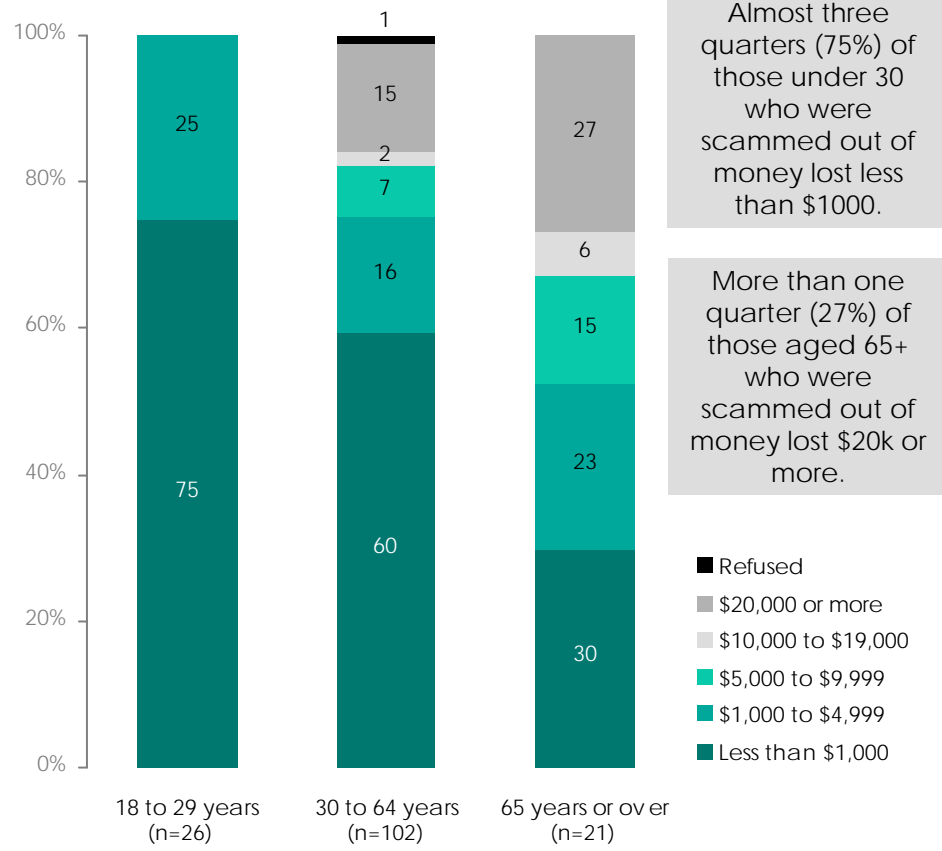
Most scams (60%) involved sums less than \$1000, and 79% involved sum less than \$5000.



Amount lost to a scam or trick



Amount lost by age



Almost three quarters (75%) of those under 30 who were scammed out of money lost less than \$1000.

More than one quarter (27%) of those aged 65+ who were scammed out of money lost \$20k or more.

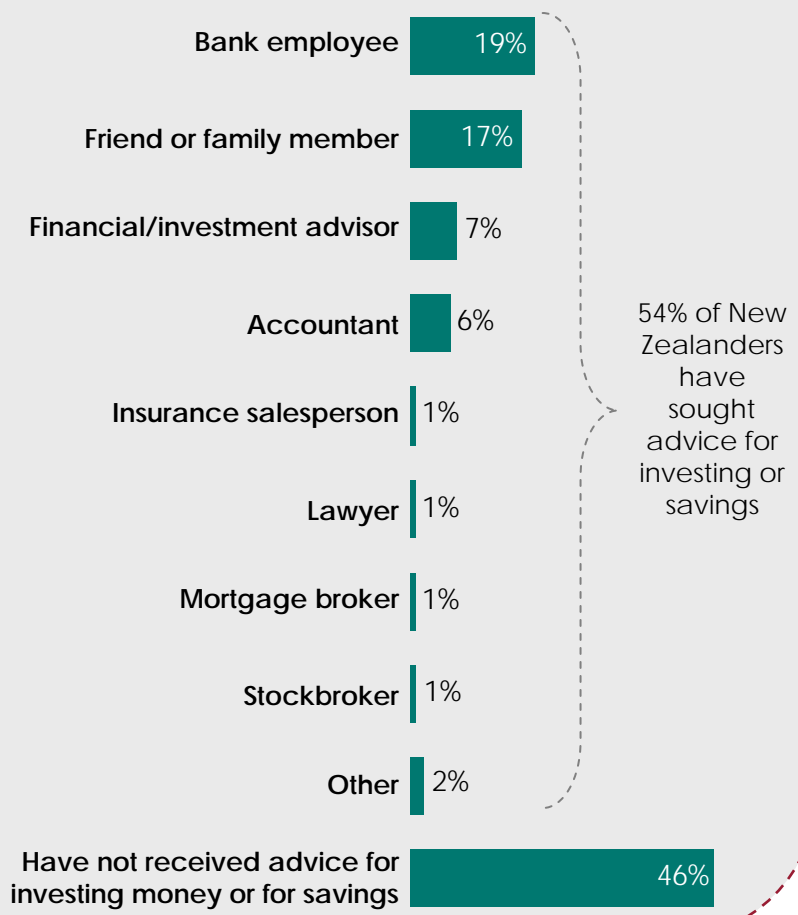
- Refused
- \$20,000 or more
- \$10,000 to \$19,999
- \$5,000 to \$9,999
- \$1,000 to \$4,999
- Less than \$1,000



Financial advice

Just over half (54%) of New Zealanders have received financial advice in the last 12 months, 19% through bank employees and 17% through friends or family.

Who has been your main source of advice for investing money or for savings over the last 12 months?



Young New Zealanders (under 30) are particularly likely to receive financial advice from friends and family (32%, cf. 14% aged 30+). They are less likely to receive advice from a bank employee (13%, cf. 20% aged 30+) or a financial/investment advisor (2%, cf. 8% aged 30+).

New Zealanders aged 65+ are particularly likely to turn to a financial/investment advisor (12%, cf. 6% ages under 65%).

New Zealanders who have **completed post-graduate education** are particularly likely to turn to an accountant for advice (12%, cf. 4% who have completed education below post-graduate level).

Those with a combined household **income over \$120k** per year are much more likely to have received advice from an accountant (12%, cf. 4% whose household income is less than \$120k).

Those who say they have been **scammed or tricked** out of money at some point are more likely than others to have received advice from a financial/investment advisor (11%, cf. 6% of others) or stockbroker (3%, cf. 1% of others).

Those more likely than others to receive financial advice are:

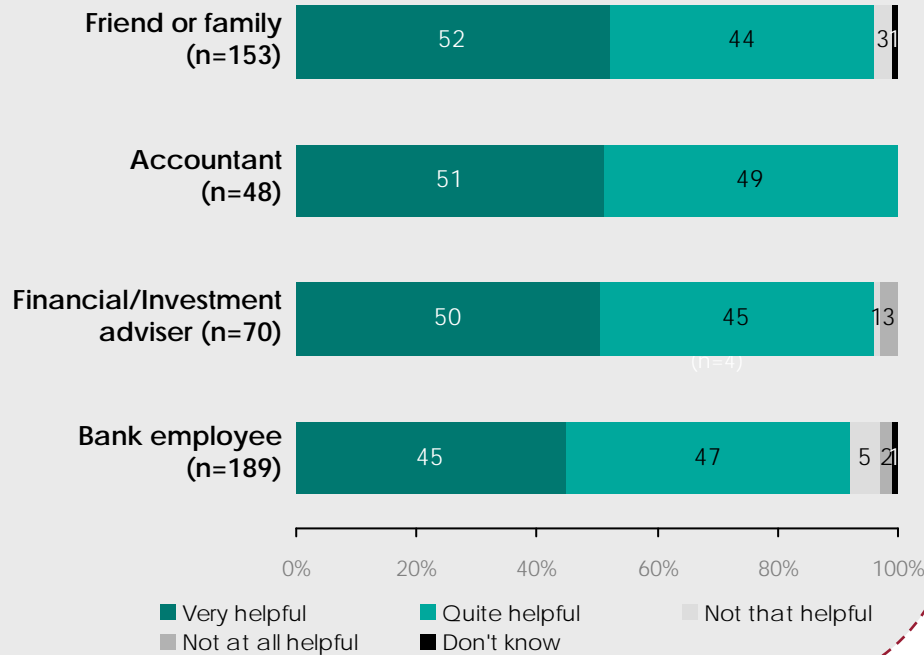
- Women (59% have received advice, compared to 49% of men), particularly from bank employees (21%, cf. 16% of men) and friends or family members (20%, cf. 15%).
- Those on a higher combined household income (65% of those earning \$120k+ have received financial advice, compared to 57% earning \$50k to \$119k, and 46% earning less than \$50k).

Almost everyone (94%) who received financial advice said the information was either 'very helpful' (49%) or 'quite helpful' (45%).

Overall, how helpful was their advice?



Helpfulness by source of advice



Overall, advice from friends and family, accountants, and financial/investment advisors tends to be considered more helpful than advice from bank employees (statistically however, the helpfulness of all sources are similar).



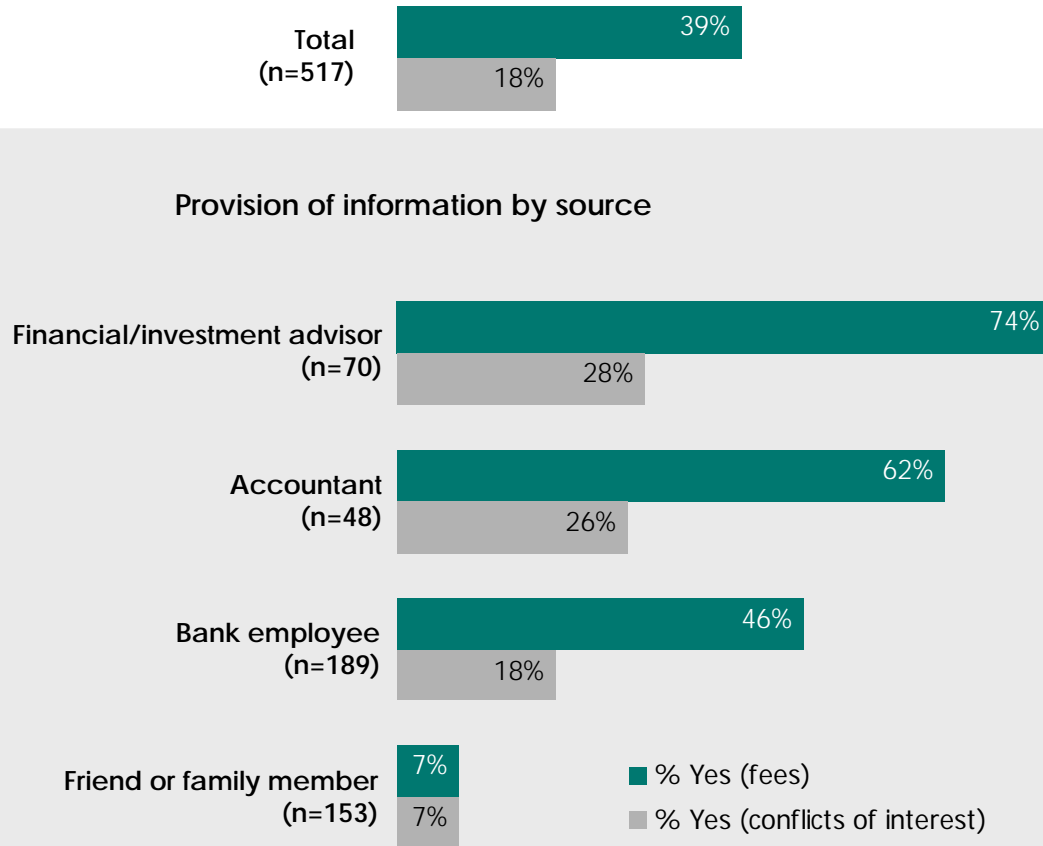
Women (62%, cf. 37% of men) and those aged 65+ (81%, cf. 47% who are younger) are more likely to find advice from friends and family very helpful.

Those aged 65+ (62%, cf. 42% who are younger) and those with a household income under \$50k per year (60%, cf. 41% earning \$50k+) are more likely to find advice from bank employees very helpful.

New Zealanders are less likely to be provided with information on conflicts of interests than fees.



Did that person provide you with information on the fees you would be charged for the advice / information about any potential conflicts of interest they had?



As may be expected, friends and family members are much less likely to provide this information.

On the whole, information on fees and conflicts of interest are easy to understand, short and concise, and useful.

Was the information on fees/conflicts of interest...

Easy to understand



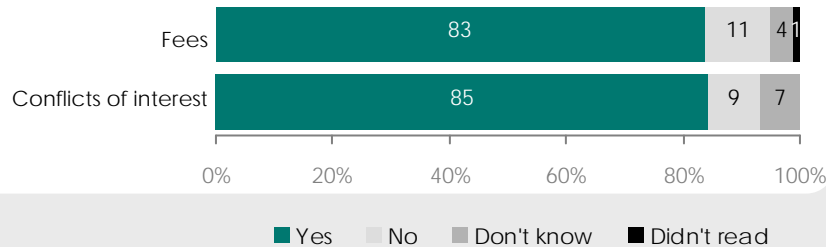
Short and concise



Useful for helping you decide whether or not to use the advisor



Useful for helping you decide whether to follow the advisor's advice



Those over 65 years of age are more likely to say that information on fees helped them decide whether or not to use the advisor (95%, cf. 81% under 65 years of age) and whether to follow the persons advice (98%, cf. 80% under 65 years of age).

Easy to understand

Short and concise



Appendix
Demographic profiles

Demographics: Age, gender, ethnicity, and number of people in household 18 years and over

	Weighted	Unweighted
Gender		
Male	48%	41%
Female	52%	59%
Age		
18 to 29	21%	14%
30 to 39	19%	16%
40 to 49	20%	23%
50 to 64	22%	25%
65 years or over	17%	22%
Ethnicity		
New Zealand European or Pakeha	73%	77%
Maori	12%	11%
Pacific Island	5%	4%
Asian	6%	5%
Other	4%	3%
New Zealander	2%	2%
European	4%	4%
People in household 18 years and over		
1 person	13%	27%
2 people	53%	54%
3 people	18%	12%
4 people	10%	5%
5 people	3%	1%
6 people	2%	1%



Demographics: Urban type and region



	Weighted	Unweighted
Urban type		
Main Urban	62%	61%
Secondary urban	21%	21%
Rural	17%	18%
Region		
Northland Region	3%	3%
Auckland Region	28%	25%
Waikato Region	15%	15%
Bay of Plenty Region	8%	8%
Gisborne Region	1%	1%
Hawkes Bay Region	3%	3%
Taranaki Region	3%	3%
Manawatu-Wanganui Region	6%	6%
Wellington Region	11%	11%
Canterbury Region	11%	12%
Otago Region	4%	5%
Southland Region	2%	3%
Tasman Region	1%	1%
Nelson Region	4%	4%



Demographics: occupation, education, and household income

	Weighted	Unweighted
Occupation of main income earner		
Professionals	26%	26%
Managers	17%	16%
Technicians and Trades Workers	14%	14%
Labourers	9%	9%
Machinery Operators and Driver	8%	7%
Community and Personal Service	8%	8%
Clerical and Administrative Work	8%	8%
Sales Workers	7%	7%
Residual Categories	3%	4%
Highest level of formal education		
School	48%	50%
Post school (up to bachelors)	31%	29%
Post graduate	10%	10%
Other tertiary	10%	11%
Combined household income		
Under \$10,000	1%	1%
\$10,000 - \$19,999	6%	9%
\$20,000 - \$29,999	8%	10%
\$30,000 - \$39,999	8%	9%
\$40,000 - \$49,999	7%	7%
\$50,000 - \$59,999	6%	6%
\$60,000 - \$79,999	9%	8%
\$80,000 - \$99,999	11%	9%
\$100,000 - \$119,999	6%	6%
\$120,000 - \$139,999	5%	5%
\$140,000 or more	9%	8%
Refused	6%	7%
Don't know	18%	14%

