

Review of impact on business of the Consumer Codes Approval Scheme

October 2006

A report for the Office of Fair Trading by the centre for economics and business research ltd (cebr) with Opinion Research Business

OFT870

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1 EXECUTIVE SUMMARY

- 1.1 This is a review of the impact on business of the Office of Fair Trading's Consumer Codes Approval Scheme. It has been conducted by the independent economics research consultancy centre for economics and business research ltd (cebr) with support from market research agency, Opinion Research Business (ORB).¹
- 1.2 The aim of the OFT's Consumer Codes Approval Scheme (CCAS) is to safeguard consumers' interests through the identification and promotion of robust self-regulatory business-to-consumer codes of practice.
- 1.3 The objective of this report is to review the impact so far of the scheme on businesses, in particular to:
- discover the level of awareness of the scheme among businesses
 - identify any benefits of the scheme to consumers, member businesses and code sponsors, and
 - assess the costs to member businesses and code sponsors.
- 1.4 In addition, we have attempted to identify any issues pertinent to the future development of the scheme.

¹ The report's authors are Thushani Gajasinghe, Mark Pragnell and Jaspreet Sehmi from centre for economics and business research ltd (cebr). In addition, the research has been conducted by Laura Phaff of cebr and Hannah Levitas and Emma White of Opinion Research Business (ORB). **Disclaimer:** Whilst every effort has been made to ensure the accuracy of the material in this report, the authors, cebr and ORB will not be liable for any loss or damages incurred through the use of this report.

Key Findings

- 1.5 The scheme is still in its infancy and it is not yet possible to draw conclusions about its impact on consumers. Nevertheless, there are several positive messages to take from our research about the 'ABCs' of the approval scheme for businesses.

A - Awareness of the scheme among businesses

- 1.6 There is **substantial, although not universal, awareness** of the approval scheme among the businesses who are members of an OFT approved code.² There is some – albeit patchy – awareness of the scheme more generally among the wider business community.

B - Benefits to consumers, businesses and code sponsors

- 1.7 In general, consumers can expect a **more structured and developed approach to customer service and satisfaction** from businesses that are members of an OFT approved code than from those outside of the scheme.
- 1.8 Almost all members (97 per cent) of an OFT approved consumer code report having a 'complaints handling procedure for customers' compared

² Herein we report the results of our survey regardless of whether the findings are themselves significant statistically at any specific level of confidence. Indeed, many differences that are reported will not be significant at, say, the 95 per cent confidence level. Nevertheless, we believe it is sensible to report these results, and allow the reader the opportunity to assess for themselves. Our conclusions and recommendations have been formulated taking account of the margins of error in the survey, and in combination with evidence from other streams of research. For reference, across the whole sample of 1,397 businesses, the maximum margin of error at the 95 per cent confidence level on a percentage response is ± 2.63 percentage points.

to 80 per cent of businesses in the same industries but outside the approved code and only 60 per cent in the two benchmark sectors³. Likewise, members of an OFT approved code are more likely to have 'an independent redress scheme', 'a standard method of providing clear pre-sale information to customers' and 'a system to monitor the nature of customer complaints received'. When considering how businesses inform their customers of their complaints procedures, members of an OFT approved code are more likely to provide notification through their contract or purchase documentation, clear point of purchase displays or their website. As such, consumers may be more aware of the complaints procedures of an OFT approved code member, and better placed to make use of them.

- 1.9 It is too early to detect or prove any causality; we cannot conclude that the code approval scheme has itself created this better performance – although a number of code sponsors have indicated to us that they have had in some way to make their codes tougher to achieve OFT approval. But better performance is associated with membership of an OFT approved code. We suspect that this largely reflects 'self-selection' – with good schemes, and good businesses, opting in to OFT approval. But it does show that OFT approval can provide a valuable signal to consumers looking for assurance.
- 1.10 Views on the scale and nature of the **benefits to businesses** so far of OFT code approval are mixed – although many of those we have spoken to are positive about its likely future impact. Over half of current members of an OFT approved code report that the benefits outweigh the costs; only three per cent say the burden is greater than the value.
- 1.11 On average, members of an OFT approved code report an additional 1.2 percentage point fall over the last twelve months in the number of

³ The benchmark sectors are the computer repair and retail and domestic appliance repair sectors – which currently have no OFT approved consumer codes but have similar characteristics to the three sectors investigated in this study

complaints compared to non members. We estimate that if this additional 1.2 percentage point fall of members versus non-members could be reflected across the three industries, it would equate to an additional £4 million of goods and services purchased by satisfied customers.

- 1.12 Do businesses in the OFT approved industry codes generally perform better (in areas that go beyond customer service), than other businesses in the same industry that have not signed up to the code? If that were the case, and those businesses had gone through the approval process in order to provide a signal of their quality to consumers, this would help reduce the existing asymmetry of information between those businesses and consumers. Over time, this signal could drive up standards, and thus increase customer confidence, across those industries. This would mean that the benefits of CCAS could be much larger than those we have been able to identify. It is too soon, however, to attempt to estimate this effect.
- 1.13 Data from Consumer Direct suggest that the consumer helpline receives disproportionately fewer complaints about members of OFT approved codes than non-members. This does not mean that OFT approved members necessarily have fewer complaints, partly because there are other avenues of complaint — but it does suggest they handle them more effectively without third party intervention.
- 1.14 Code sponsors are also positive that the code is having the desired wider effects — both in improving customer service and enhancing operating conditions for businesses. Sponsors expect, for example, that members of the approved code will see an improvement in their level of business as the scheme becomes more widespread — and these benefits will result from improvements in customer confidence.

1.15 The approval scheme has also **benefited code sponsors**⁴ directly: enhancing their reputation and increasing demand for membership. A number of code sponsors reported that the OFT scheme had made it easier for them as trade associations to convince their members to improve their codes.

C — Costs to businesses and code sponsors

1.16 The **costs to the member businesses of implementing and maintaining an OFT approved code do not appear to be substantial**. These are little more than the costs to the business of adhering to pre-existing codes; on average, members report that on-going costs of compliance with their codes have risen by only 1.5 per cent since obtaining OFT approval — which we estimate is between £142 and £252 per business per annum. This equates to £838,700 in total for the three member sectors per annum. Meanwhile, 95 per cent of businesses signed up to an OFT approved code reported 'no negative effects experienced'.

1.17 There are, though, concerns that the scheme's requirement of protecting consumers' pre-payments/deposits may be too costly for those sectors where such payments are routinely taken, for example the travel industry — and, therefore, may limit the potential for the scheme's coverage to expand into new sectors⁵.

1.18 The **costs to code sponsors of OFT approval vary**. For some sponsors, the requirements for comprehensive monitoring of their members' compliance have led to both significant set up and on-going costs; for

⁴ 'Code sponsors' are the industry organisations that operate and manage consumer codes — such as OEA, ABTA and VBRA.

⁵ The OFT states that, so far, in practice most code sponsors have found a viable way of achieving the protection. However it has considered the concerns raised on the issue of prepayments by code sponsors and others as part of its recent consultation exercise on an update of the core criteria. Revised guidance on how code sponsors can meet this criterion based on a risk based approach is being issued by OFT.

others the costs have been minimal. The costs of monitoring appear to have been a factor in determining the uptake of the scheme, with **some code sponsors saying they have been deterred from applying** for approval because of them.

D – Development of the scheme

- 1.19 There are also some lessons to be learned from the development of the scheme so far, and matters to address in considering its future. There have been **teething problems**, but these problems are rectifiable – indeed, our interviews suggest that **good progress has been made already**.
- 1.20 There are also tougher issues to decide on the longer-term strategy for the scheme.
- 1.21 First, there is concern among stakeholders that **focus on meeting the criteria may miss issues where there is greater potential for consumer detriment**. Indeed, there are indications that some code sponsors and other stakeholders would like the approval scheme to go further and for the criteria to cover underlying issues of customer service, such as technical quality, relevant to each sector.
- 1.22 Second, many argue that some of the criteria – such as the requirements for independent redress, protection of pre-payments, and monitoring – are too prescriptive and are discouraging applications from sponsors of otherwise sound codes. There is a **difficult balance to be struck between ensuring the approval scheme is robust, consistent and fair, whilst retaining flexibility to attract and enlist good codes**.
- 1.23 Third, consideration may need to be given to **which sectors should be prioritised** or targeted for inclusion in the approval scheme.

Recommendations

- 1.24 There is support for the OFT approval scheme from across its key stakeholders, and it is clear that **the initiative should be promoted actively – though it is important that the benefits from further development are assessed with reference to the cost of increased investment.**
- 1.25 Although it is not yet possible to prove clearly a positive impact on consumers from the scheme, we believe that over time such an impact will be demonstrable – and **it is important that the impact monitoring and assessment that we have started here continues at regular intervals.** Moreover, further research into the perceptions of the scheme by consumers would be valuable in the near future.
- 1.26 We believe that, in order to succeed in gaining long term reputation benefits, there is **an imperative that the scheme now expands** to cover a wider range of sectors and that there is **continued publicity to promote awareness of the scheme among consumers.**
- 1.27 However, our research has highlighted some issues with and perceptions of the scheme which, if not addressed, may inhibit its future expansion.
- 1.28 As such, we would encourage the OFT to consider:
- **increasing the speed of the approvals process**, and setting from the outset a **clear timetable** for interaction between the OFT and code sponsors which is adhered to by **all parties**
 - developing a programme of **greater engagement with potential new code sponsors** and, in particular, **involving current code sponsors** in promoting and explaining the process to them
 - **establishing additional OFT internal resource** (subject to an assessment of its costs against its benefits) to facilitate dialogue with the industry

and ensure specific key issues of potential consumer detriment are identified and addressed

- ensuring that the approval process: (i) continues to allow **appropriate flexibility** in the interpretation of the criteria so that sound codes can be approved⁶; and (ii) is **formal, open and transparent** so that such **flexibility can be clearly communicated**
- **keeping the level of monitoring by sponsors required for code approval under constant review, to ensure that monitoring is proportionate and does not place unnecessary burden to business.** Could the **OFT provide financial support** to code sponsors that would otherwise be unable to meet the required standards? The reasons for the monitoring requirements by code sponsors should be communicated clearly and transparently to current and potential future sponsors of approved codes, and other stakeholders, and
- in the longer term **expanding the aim and coverage of the scheme** (after appropriate assessment of the costs and benefits of doing so) by including criteria based on technical competence and other areas of potential consumer detriment as appropriate to each sector.

centre for economics and business research ltd
London, September 2006

⁶ Of course, we recognise that flexibility needs to be balanced by the need to maintain a level playing field to ensure fairness of process and not to mislead applicants of what is necessary to demonstrate to obtain approval.

2 INTRODUCTION

2.1 This is a review of the impact on business of the Office of Fair Trading's Consumer Codes Approval Scheme. It has been conducted by the independent economics research consultancy centre for economics and business research ltd (cebr) with support from market research agency, Opinion Research Business (ORB).

Background and objectives

2.2 The aim of the OFT's Consumer Codes Approval Scheme (CCAS) is to safeguard consumers' interests through the identification and promotion of robust self-regulatory business-to-consumer codes of practice that meet the Office of Fair Trading's core criteria. These criteria, first published in July 2001, cover the organisation of the code sponsor, the preparation and content of the code, complaints handling, monitoring, compliance and publicity.

2.3 Five codes were approved at the time the survey was undertaken (April 2006); they were:

- Society of Motor Manufacturers and Traders' New Car Code of Practice
- Vehicle Builders and Repairers Association Limited's consumer code of practice
- Direct Selling Association's consumer code of practice
- Ombudsman for Estate Agents Company Limited code of practice
- Association of British Travel Agents code of practice⁷

⁷ ABTA withdrew its code from the CCAS on 1 September 2006.

- 2.4 A consumer code of practice can be defined as a set of rules that a group of businesses agrees to follow in order to set higher standards of customer service. The aim of the CCAS is to deliver a higher level of consumer protection than the basics set down by law, enable businesses to react quickly to changes in market practices and deliver commercial benefits to businesses.
- 2.5 The process of the OFT approving a consumer code has two co-dependent stages. Code sponsors complete Stage One by making a promise that their code meets the core criteria in principle. They can then move on to Stage Two where they have to demonstrate with evidence that their codes are working in practice. Sponsors of an approved code can be any body that can influence and raise standards within its sector.
- 2.6 The objective of this report is to review the impact so far of the scheme on businesses, in particular to:
- discover the level of awareness of the scheme among businesses
 - identify any benefits of the scheme to consumers, member businesses and code sponsors, and
 - assess the costs to member businesses and code sponsors.
- 2.7 In addition, we have attempted to identify any issues pertinent to the future development of the scheme.

Approach

- 2.8 The basis of this review has been four parallel streams of research.
- We conducted 12 depth interviews with senior decision makers in key stakeholder groups of the Office of Fair Trading consumer codes schemes. These include consumer advisory bodies and code sponsors of consumer codes.

- Between 21 March and 14 April 2006, we conducted telephone surveys of⁸:
 - 151 members of the Ombudsman for Estate Agents Company Limited (OEA), and a further 162 estate agents that are not members of OEA
 - 238 members of the Association of British Travel Agents (ABTA), and a further 108 travel agents and tour operators that are not members of ABTA
 - 152 members of the Vehicle Builders and Repairers Association Limited (VBRA), and a further 137 vehicle repair businesses that are not members of VBRA, and
 - 200 businesses in the computer repair and retail sector, and 219 businesses in the domestic appliance repair sector. These 'benchmark industries' currently have no OFT approved consumer codes but have relevant characteristics – for example, widely distributed local market presence; infrequent purchases by consumers; limited customer technical knowledge – which are similar to the other three sectors in the study.

We have developed and tested these surveys so that they can be used by the OFT as a template for future on-going monitoring and benchmarking of the impact of the codes approval scheme.

- We compared our survey results with those of a similar poll commissioned by OFT and conducted by NOP in 2004.

⁸ The number of refusals (that is, those respondents that refused to be questioned for the study) for each category of trader were as follows:

Domestic Appliance – 239; Computer repairs – 295; Car body work repair member – 71; Car body work non member – 144; Estate agent members – 60; Estate agent non members – 141; Travel agent members – 140; Travel agents non members – 339

- We analysed data on the number and nature of complaints logged by local authority trading standards officers and Consumer Direct.

2.9 Our approach has been to combine as many different streams of research to develop as rich a source of insight as possible. However, it must be appreciated that the OFT approval scheme is in its infancy and, from the outset of this research, there was no expectation that the study could achieve a clear and unambiguous quantification of impact.

2.10 We report the results of our survey regardless of whether the findings are themselves significant statistically at any specific level of confidence. Indeed, many differences that are reported will not be significant at, say, the 95 per cent confidence level. Nevertheless, we believe it is sensible to report these results, and allow the reader the opportunity to assess for themselves. Our conclusions and recommendations have been formulated taking account of the margins of error in the survey, and in combination with evidence from other streams of research. For reference, across the whole sample of 1,397 businesses, the margin of error at the 95 per cent confidence level on a percentage response is ± 2.63 percentage points.

3 CROSS-SECTOR COMPARISON

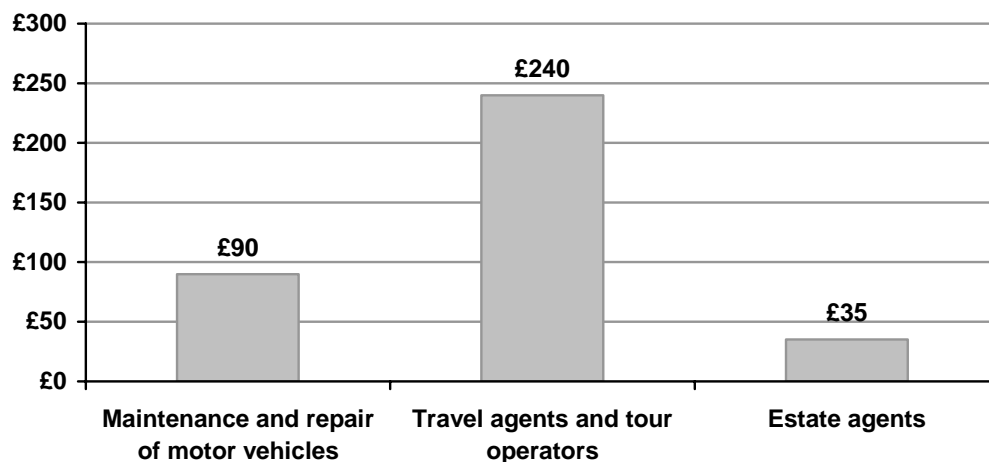
- 3.1 In this section, we compare the performance of three sectors with OFT approved codes: vehicle bodywork repair businesses; estate agents; and travel agents and tour operators. We compare between members and non-members within these sectors, and between these sectors and two other markets – computer retail and repair, and domestic appliance repair— which do not yet have OFT approved consumer codes.
- 3.2 The Vehicle Builders and Repairers Association Ltd (VBRA) has secured approval for its consumer code of practice under the OFT's Consumer Codes Approval Scheme (CCAS). The VBRA was the second industry body to receive OFT approval for its code of practice on 13 October 2004. We estimate conservatively that in the past year consumers have made complaints relating to £89 million⁹ of services from motor vehicle repairers, although we are unable to assess the vehicle bodywork repairers' share of this total¹⁰.
- 3.3 The Ombudsman for Estate Agents Company Limited (OEA) members represents around 60 per cent of estate agency offices in the United

⁹ The values of goods and services subject to complaint were calculated by taking the product of the average value of a good or service complained about (from *Consumer Direct* data provided by OFT) and the average number of complaints in the last year for each site/office within the sector (from our survey). This figure was then multiplied by the total number of sites/offices in each sector that are members of the relevant trade association – which itself was calculated by taking the estimated share of trade association members within the total number of sites/offices in each sector from the Office for National Statistics *Annual Business Inquiry*.

¹⁰ Please note that the Office for National Statistics produce data on the size of the 'Maintenance and repair of motor vehicles' sector, but there is no further detail the size of the vehicle bodywork repairers' sub-sector. Likewise, *Consumer Direct* data on the average value of product/service complained about relates to 'car repairs and servicing' generally and not 'vehicle bodywork repairs' specifically.

Kingdom. Prior to submitting its code for OFT approval OEA's consumer code of conduct had been running for over ten years. The OEA completed stage one on 28 October 2002 and achieved OFT approval on 8 September 2005. Based on the results of our survey combined with data on the size of the industry from the Office for National Statistics, we estimate conservatively that in the past year consumers have made complaints relating to £35 million of services from estate agents.

Exhibit 3.1: Estimate of the value of goods or services subject to a complaint by consumers by sector, £ millions



Source: cebr analysis of ORB survey (April 2006), *Consumer Direct* data supplied by OFT and ONS *Annual Business Inquiry* (2004)

3.4 The Association of British Travel Agents' (ABTA) code has been in operation for over 30 years. ABTA's membership comprises approximately 1,722 individual member companies. ABTA represents the majority of United Kingdom travel agents and tour operators, its members accounting for around 90 per cent of package holidays sold. ABTA achieved OFT approval for its code on 29 September 2005. We estimate conservatively that in the past year consumers have made complaints relating to £240 million of services from travel agents and tour operators.

- 3.5 We compared these sectors with two benchmark industries: computer retailers and repairers and domestic appliance repairers. These 'benchmark industries' currently have no OFT approved consumer codes but have relevant characteristics — for example, widely distributed local market presence; infrequent purchases by consumers; limited customer technical knowledge — which are similar to the other three sectors in the study.
- 3.6 In this chapter, we first consider businesses' awareness of the approval scheme. Second, we assess the benefits of the scheme to consumers, member businesses and the code sponsors. Third, we consider the costs of the scheme to members and code sponsors. Fourth, we consider issues for future development of the scheme.

Awareness of the scheme

'Our members are aware of the OFT scheme; their customers aren't'¹¹

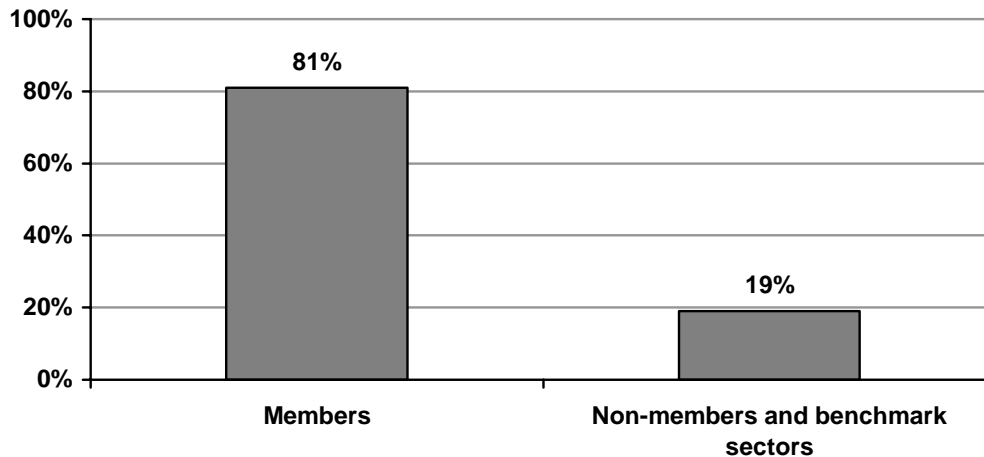
Code sponsor considering approval

- 3.7 There is significant awareness of the approval scheme among the businesses involved.
- 3.8 More than four-fifths of respondents of members of bodies with OFT approved consumer codes were aware of the approval scheme.
- 3.9 Less than one-in-five of the respondents in businesses outside of the scheme were aware of the Consumer Codes Approval Scheme. Similarly, our interviews with senior representatives of trade bodies without

¹¹ This comment is supported by the results of a consumer survey recently commissioned by OFT, conducted by Synovate and reported in May 2006. They found that: 'Overall, less than 1 in 10 (8 per cent) claimed to have heard of the Consumer Code approval scheme (similar to the 9 per cent level recorded in 2005)'.

approved codes painted a patchy picture of awareness of CCAS among businesses. Some interviewees reported that they had had interest from their members in gaining approval for their code; others said that their members appeared unaware of the OFT initiative.

Exhibit 3.2: Awareness of OFT Consumer Code Approval Scheme



Source: cebr analysis of ORB survey (April 2006)

- 3.10 Comparison of the results of our recent survey with those of one conducted by NOP in January/February 2004 shows that awareness of the OFT scheme is already almost as widespread as awareness of the original codes of practice themselves.
- 3.11 In the January/February 2004 survey, 92 per cent of VBRA members were aware of the code of practice; in our April 2006 survey, 89 per cent of VBRA members said that they knew the code of practice was 'approved by the OFT as part of the Consumer Codes Approval Scheme'. Similarly, 85 per cent of OEA members reported awareness of

the Office of Fair Trading scheme in the latest survey — compared to 89 per cent that were aware of the code of practice itself in 2004.¹²

- 3.12 Only among travel agents and tour operators is awareness of the Consumer Codes Approval Scheme substantively below awareness of the original code of practice. In 2004, 94 per cent of ABTA members were aware of the code of practice; in 2006, only 72 per cent are aware of the approval scheme.¹³ This is unsurprising as ABTA is the most recent of the three code sponsors to gain approval.

Benefits of the scheme

- 3.13 Our research allows us to consider, at least partially, the benefits of the approval scheme on consumers, businesses and the code sponsors. We consider each in turn.

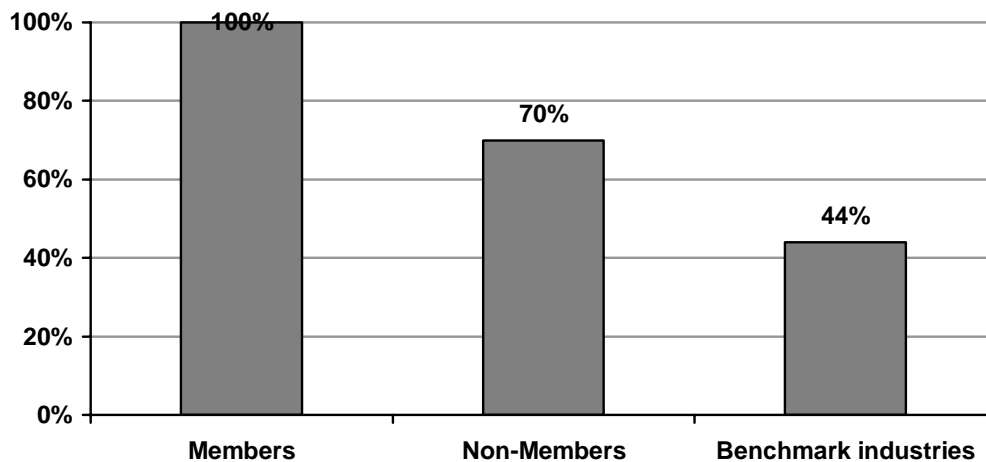
Benefits to consumers

- 3.14 In general, businesses that are members of an OFT approved code have a more structured and developed approach to customer service and satisfaction than those outside of the scheme.
- 3.15 All respondents from companies that are members of bodies with OFT approved consumer codes report that they 'adhere to a formal code of practice that covers standards of service and responsibility towards customers'. This compares to only 70 per cent in those businesses that are in industries with OFT approved codes but are themselves not members of it; and only 44 per cent in our benchmark industries of computer retailers and repairers, and domestic appliance repairers.

¹² Alan Bredee, *Consumer Codes Approval Scheme Report 450298* (NOP Consumer, London), March 2004. p20

¹³ *ibid*

Exhibit 3.3: Company adheres to a formal code of practice that covers standards of service and responsibility towards customers



Source: cebr analysis of ORB survey (April 2006)

'Too soon to say if customer satisfaction has increased since the code was approved. But there has been increased awareness by consumers — web requests have gone from 88 in January 2005 to 2,007 in March 2006'

Sponsor of an approved code

- 3.16 The telephone surveys gained more detailed data on the different systems and procedures in place, such as whether the business had 'a standard method of providing clear pre-sale information to customers' or 'an independent redress scheme'.
- 3.17 In all cases, the proportion of members of an OFT approved code that had a specific customer service procedure in place was greater than the equivalent proportion of non-members or businesses from the benchmark industries.

Exhibit 3.4: What procedures does your company have in place?

	Members	Non-members	Benchmark industries	Are members best? †
A complaints handling procedure for customers	97%	80%	60%	✓✓
A specific person or team for handling customer complaints	82%	81%	59%	✓
An independent redress scheme	92%	82%	68%	✓✓
A standard method of providing clear pre-sale information to customers	92%	76%	41%	✓✓
Staff training to make them aware of legal responsibilities in relation to your customers	41%	39%	34%	✓
A system to monitor the nature of customer complaints received	64%	30%	10%	✓✓

No. of observations = 541 (members), 407 (Non-members), 419 (Benchmark industries)

Source: cebr analysis of ORB survey (April 2006)

† Two ticks mean that members of an OFT approved consumer code out-perform both non-members and benchmark industries by at least three percentage points. One tick means that members out-perform one of either the non-members or the benchmark industries by at least three percentage points.

Exhibit 3.5: How does your organisation inform customers of your complaints procedure?

	Members	Non-members	Benchmark industries	Are members best? †
It is communicated to customers verbally	52%	55%	61%	✓
It is in the contract/ documentation	49%	35%	29%	✓✓
It is clearly displayed at the point of purchase	22%	10%	11%	✓✓
Information is on our website	13%	7%	8%	✓✓
In our customer service 'charter' or other document	11%	7%	5%	✓
We do not inform them	7%	13%	17%	✓✓

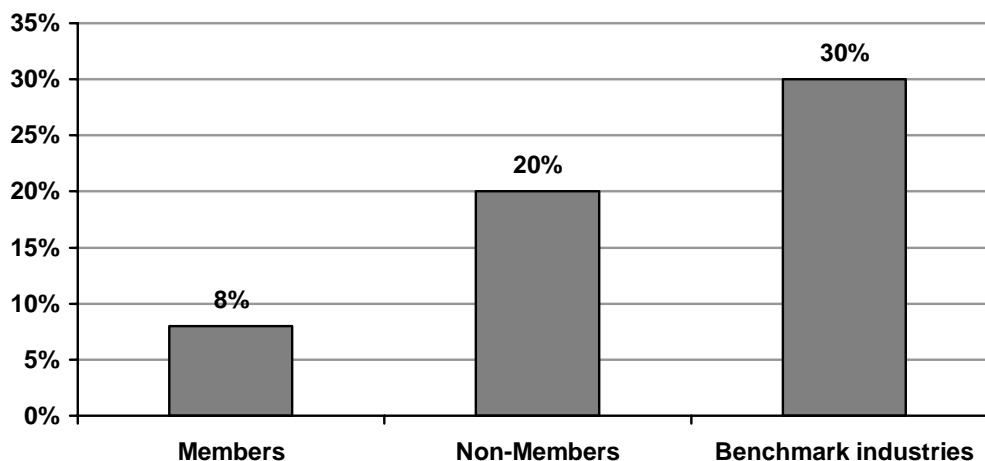
No. of observations = 541 (members), 407 (Non-members), 419 (Benchmark industries)

Source: cebr analysis of ORB survey (April 2006)

† Two ticks mean that members of an OFT approved consumer code out-perform both non-members and benchmark industries by at least five percentage points. One tick means that members out-perform one of either the non-members or the benchmark industries by at least five percentage points. We take 'It is communicated to customers verbally' as a negative response — as it was typically the default response for businesses without a formal process.

3.18 When considering how businesses inform their customers of their complaints procedures, a greater proportion of members provide notification through their contract or purchase documentation, clear point of purchase displays or their website. More non-members and businesses in the benchmark industries report that they 'do not inform' their customers of their complaints procedure. This suggests that consumers may be more aware of the complaints procedures of an OFT approved code member, and better placed to make use of them.

Exhibit 3.6: Do not regularly measure customer service



Source: cebr analysis of ORB survey (April 2006)

- 3.19 In general then, consumers can expect a more structured and developed approach to customer service and satisfaction from businesses that are members of an OFT approved code than from those outside of the scheme.
- 3.20 It is too early to detect or prove any causality; we cannot conclude that the code approval scheme has itself created this better performance — although a number of code sponsors have indicated to us that they have had in some way to make their codes tougher to achieve OFT approval. But better performance is associated with membership of an OFT approved code. We suspect that this largely reflects 'self-selection' — with good schemes, and good businesses, opting in to OFT approval. Nevertheless it does show that OFT approval can provide a valuable signal to consumers looking for assurance.

Benefits to businesses

'Once approval is granted, we expect the benefits to rollercoaster'

Code sponsor considering approval

3.21 The evidence is mixed on the scale and nature of the benefits to businesses of OFT code approval – although many of those we have spoken to are positive about its potential future impact. This lack of clarity is not surprising given that the scheme is still young.

'Undoubtedly the scheme has been a good thing for the industry and a good proportion of our members see it as a good scheme'

Sponsor of an approved code

3.22 Although the differences are not great, businesses which are signed up to codes that are not OFT approved are more positive about the impact of their codes than those who are members of an OFT approved code. For example, the results of our telephone survey suggest that non-members are slightly more likely to believe that their code 'has helped increase sales' than members of an OFT approved code.

'A couple of members have already reported that OFT approval has helped them retain work'

Sponsor of an approved code

3.23 This differential is probably best explained by how long the different codes of practice have been in existence. The codes that have gained OFT approval are relatively well established and the incremental effect of the code's approval is probably not foremost in people's minds. In contrast, many of the unapproved ones are relatively new. The difference in enthusiasm between members and non-members is unlikely to be because of features of the codes themselves.

3.24 We have also examined differences between members and non-members in the number of complaints received by them from consumers – as reported to us in our survey.

Exhibit 3.7: Customer complaints received

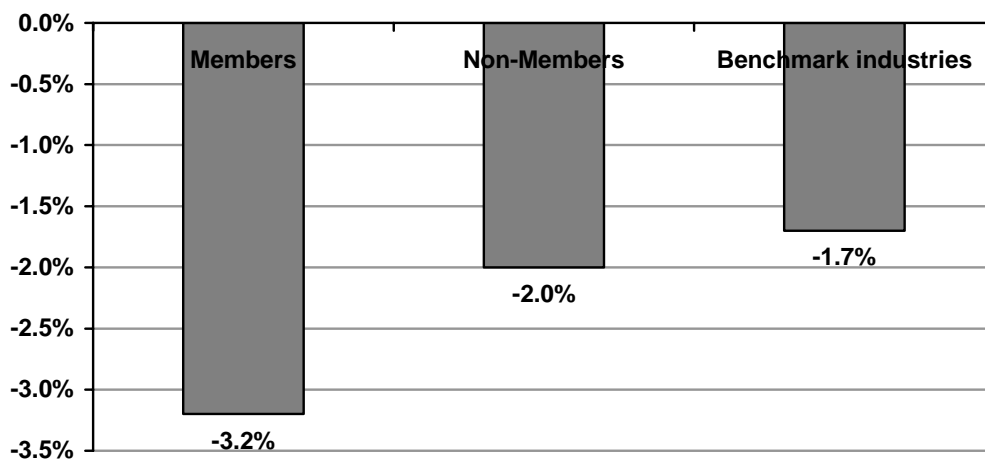
Estate agents		Travel agents		Vehicle repairs		Benchmarks	
OEA	Not OEA	ABTA	Not ABTA	VBRA	Not VBRA	Computers	Domestic appliances
Average number received in past 12 months							
2.8	3.3	36.1	9.7	7.9	6.9	30.1	7.3
Proportion not receiving any complaints in past 12 months							
48%	49%	21%	44%	25%	61%	45%	59%
Average value of the good or service about which the complaint is received*							
£620		£720		£350			

No. of observations = 151 (OEA members), 162 (Not OEA members), 238 (ABTA members), 108 (not ABTA members), 152 (VBRA members), 137 (Not VBRA members), 200 (Computers), 219 (Domestic appliances)

Source: cebr analysis of ORB survey (April 2006) and * cebr calculations using OFT / Consumer Direct data

- 3.25 For travel companies and vehicle bodywork repairers, members of an OFT approved code report receiving more complaints than their counterparts outside of the approved code, and this difference is not explained fully by variation in the average size of business. We suspect, however, that members have better systems to capture, quantify and deal with customer dissatisfaction, as well as providing consumers with better information on how to complain – so the apparent poor performance is unlikely to reflect any underlying disparity in customer satisfaction performance.

Exhibit 3.8: Average change in the number of complaints received, last twelve months compared to previous twelve months



Source: cebr analysis of ORB survey (April 2006)

3.26 Indeed, the members perform better when considering how well the organisations are improving. On average, members of an OFT approved code report that the number of complaints has fallen by 3.2 per cent over the last year; this compares to smaller falls of 2.0 per cent for non-members and 1.7 per cent in the benchmark industries.¹⁴

3.27 To give some sense of magnitude, we estimate that the value of goods and services about which consumers complained last year across the three sectors – travel agents and tour operators; estate agents; and maintenance and repair of motor vehicles – was £367 million¹⁵. So, if

¹⁴ The confidence intervals for these reductions in complaints are (-3.9%, -2.5%) for code members, (-2.4%, -1.3%) for non-members and (-2.7%, -0.7%) for the benchmark industries (at the 95 per cent confidence level).

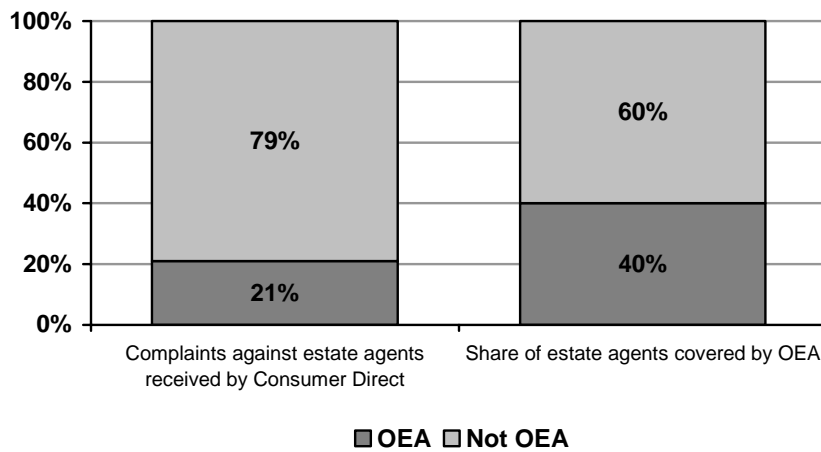
¹⁵ Value of goods and services subject to complaint is estimated using data on the average value from *Consumer Direct*, data from our telephone survey on the average number of complaints per business and data from the ONS's *Annual Business Inquiry* on the number of businesses per sector.

our figures are accurate, and the additional 1.2 percentage point fall of members versus non-members could be reflected across the three industries, it would equate to an additional £4 million of goods and services purchased by satisfied customers.

- 3.28 Do businesses in the OFT approved industry codes generally perform better (in areas that go beyond customer service), than other businesses in the same industry that have not signed up to the code? If that were the case, and those businesses had gone through the approval process in order to provide a signal of their quality to consumers, this would help reduce the existing asymmetry of information between those businesses and consumers. Over time, this signal could drive up standards, and thus increase customer confidence, across those industries. This would mean that the benefits of CCAS could be much larger than those we have been able to identify. It is too soon, however, to attempt to estimate this effect.
- 3.29 We have also reviewed data, provided to us by the OFT, on the number of complaints received by local authority trading standards offices.¹⁶ These data allow us to track the performance of different sectors over time. However, the method of data capture has not allowed us to distinguish between members of an approved code and non-members within a sector and, because these data are volatile, it is difficult to draw robust conclusions from their analysis.
- 3.30 We have, though, identified interesting patterns in these data. In addition to an underlying rising trend in complaints about estate agents, and a gently rising trend in complaints about vehicle bodywork repairers, the number of complaints about both sectors jumped around the times of stage one completion and OFT approval for the OEA code – suggesting that publicity around the approval scheme has made consumers more aware of their rights.

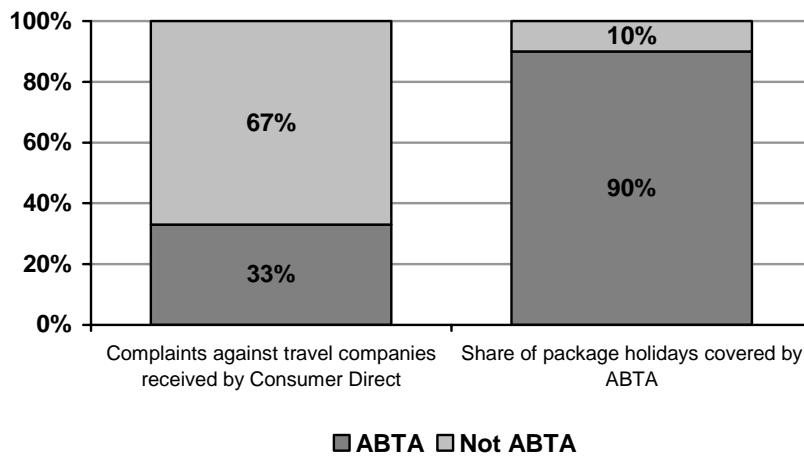
¹⁶ Office of Fair Trading

Exhibit 3.9: Complaints received by Consumer Direct against estate agents



Source: cebr analysis of OFT Consumer Direct data and industry sources. NOTE: There is no data for VBRA because the Consumer Direct data does not classify complaints with adequate detail to identify only vehicle body repair.

Exhibit 3.10: Complaints received by Consumer Direct against travel agents



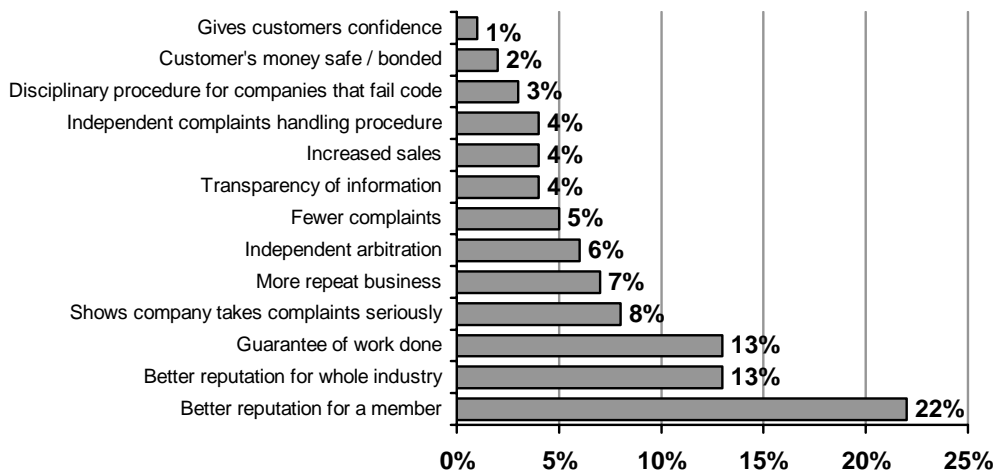
Source: cebr analysis of OFT Consumer Direct data and industry sources. NOTE: There is no data for VBRA because the Consumer Direct data does not classify complaints with adequate detail to identify only vehicle body repair.

- 3.31 The OFT have also provided us with data from Consumer Direct. These show the number of complaints received by the helpline divided by those that relate to members of an OFT approved code and those that relate to businesses that are not members.
- 3.32 These data show that only 21 per cent of complaints about estate agents received by Consumer Direct relate to members of the OEA, whereas the OEA estimate their members account for 60 per cent of the market. Similarly, only a third of complaints about travel agents received by the helpline relate to ABTA members – whereas ABTA believe their members cover 90 per cent of package holidays sold in the United Kingdom. This does not mean that OFT approved code members necessarily have fewer complaints, partly because there are other avenues of complaint – but it does suggest they handle them more effectively without third party intervention.
- 3.33 Overall, our analysis has failed to find any strong or robust relationships between OFT approval of a code and benefit to businesses. There is a

larger fall (from a higher base) in complaints for members, but there is nothing to demonstrate any benefits to turnover, profit or costs. However, we suspect these will develop with time. Many of the anticipated benefits for businesses of OFT code approval are ones that take time to develop — and relate to improvements to reputation and credibility that will have only longer term impacts on more quantifiable and financial business objectives.

3.34 The NOP survey of 2004 highlights 'reputation' — both of the business and of the industry — as the main benefit that businesses expect from a code of practice. This was reinforced by our interviewees from trade associations and consumer watchdogs.

Exhibit 3.11: 'Most important benefit of belonging to a code of practice'



Source: Alan Bredee, *Consumer Codes Approval Scheme Report 450298* (NOP Consumer, London), March 2004. p21

Benefits to the code sponsor

3.35 The approval scheme has also had benefits for the code sponsors.

'For us, approval was not about reducing complaints, but about giving us a degree of credibility'

Sponsor of an approved code

3.36 'Reputation and accreditation' are, for many code sponsors, the primary reason for attaining OFT approval — especially among the smaller or less well-established trade associations. Although it is still too early to be categorical, most of the code sponsors we interviewed said they believed they had benefited in this way. However, the larger and better established code sponsors perceived less value.

'Benefit of joining will be accreditation'

Code sponsor considering approval

'High visibility was one of the main reasons for getting involved'

Sponsor of an approved code

3.37 Across the board, there was acknowledgment that the full longer-term reputation benefits would only come if the scheme expands into many more sectors than currently covered and if the scheme is properly promoted to consumers.

'The scheme is only going to work if it expands'

Sponsor of an approved code

'Need to get more members signed up so it gets more recognition'

Consumers' watchdog

3.38 In the opinions of some of our interviewees, the OFT scheme had increased demand for membership of trade associations with approved codes – although we are unable to quantify this impact.

'Far too early to tell if there has been a positive impact on members of OFT approval. However, it has increased our membership – last month we received 170 applications, which is four-or-five time more than usual.'

Sponsor of an approved code

3.39 There is little evidence yet that the approval scheme has had an impact on the number of complaints referred to code sponsors – although this would not be expected at such an early stage.

'We still receive the same number of complaints now as before the code gained OFT approval'

Sponsor of an approved code

3.40 A number of interviewees reported that the OFT scheme had made it easier for them as trade associations to convince their members to change their codes. In some cases, the requirements for OFT approval were standards already being promoted by the code sponsors but without adequate support from their members.

'We would have had to change our code anyway, but this has now happened more quickly and rigorously'

Code sponsor considering approval

'The OFT scheme has made it easier to push the monitoring process through'

Sponsor of an approved code

Costs related to the scheme

- 3.41 In our research, we have examined both the one-off initial costs of code approval and the on-going running costs of an OFT approved code. We consider first the costs of the scheme to the businesses that are members of an approved code; we then turn to the costs borne by the code sponsor.

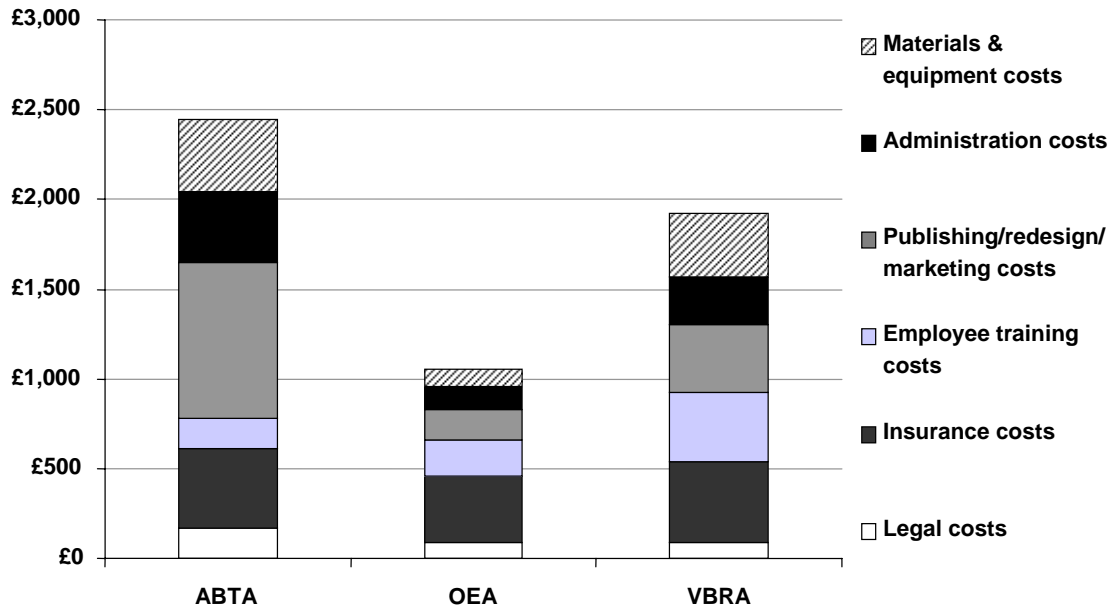
Costs to businesses: one-off costs

- 3.42 The initial costs to the member businesses of implementing an approved code do not appear to be significant.

'Members have taken on board changes, but in reality it is relatively easy for them'

Code sponsor considering approval

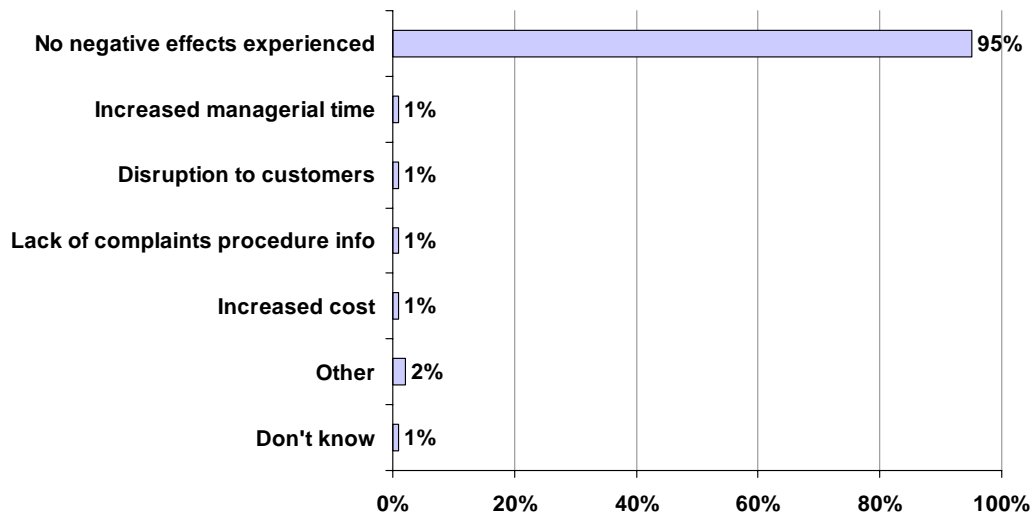
Exhibit 3.12: Average one off cost per firm of implementing OFT code approval requirements



Source: cebr analysis of ORB survey (April 2006)

3.43 The time taken by the members to implement the requirements of the OFT approved code is also reported to be quite limited – between one and two months, while 95 per cent of respondents from businesses signed up to an OFT approved code reported 'no negative effects experienced'.

Exhibit 3.13: Proportion of approved code members reporting negative effects of implementing OFT approved code



Source: cebr analysis of ORB survey (April 2006)

Costs to businesses: on-going costs

- 3.44 The costs to the member businesses of maintaining an approved code do not appear to be significant – and are little more than the costs of pre-existing codes. Businesses outside of an approved code do, however, spend even less on implementation of and compliance with their relevant codes.
- 3.45 The on-going costs of compliance with an OFT approved code are greater than those of compliance with non-OFT approved codes. For example, members of the OEA report an average annual cost of compliance (excluding staff time) of £8,400 – which compares to £5,300 for estate agents not participating in the OEA code, and between £2,400 and £3,000 for businesses in the benchmark computer and domestic appliance sectors. Similarly, the managerial and employee time required to ensure compliance is typically greater for members of an OFT approved code.

Exhibit 3.14 Annual costs of compliance with the consumer code excluding staff time[†] (£ per business)

	Estate agents		Travel agents		Vehicle repairs		Benchmarks	
	OEA	Not OEA	ABTA	Not ABTA	VBRA	Not VBRA	Computers	Domestic appliances
Legal								
	627	314	1,145	414	492	185	154	236
Insurance								
	2,465	1,069	1,868	823	1,126	1,381	486	397
Employee training								
	1,224	697	700	207	2,461	386	425	540
Publishing / re-design / marketing								
	1,696	1,143	5,472	1029	1,030	524	375	773
Administration costs								
	1,692	942	2,668	919	2,073	853	302	409
Materials / equipment								
	725	1,122	2,460	692	3,943	1,426	647	651
Total								
	8,429	5,287	14,313	4,084	11,125	4,755	2,389	3,006

No. of observations = 151 (OEA members), 162 (Not OEA members), 238 (ABTA members), 108 (not ABTA members), 152 (VBRA members), 137 (Not VBRA members), 200 (Computers), 219 (Domestic appliances)

Source: cebr analysis of ORB survey (April 2006)

Note: † This is the total cost of compliance to each code; it is not the cost of 'OFT code approval'.

Exhibit 3.15: Time required each month to ensure compliance with the consumer code[†] (hours)

	Estate agents		Travel agents		Vehicle repairs		Benchmarks	
	OEA	Not OEA	ABTA	Not ABTA	VBRA	Not VBRA	Computers	Domestic appliances
Managerial								
	17.2	14.4	15.6	10.3	10.3	11.7	9.5	4.5
Employee								
	12.9	11.9	15.1	11.0	7.6	7.4	6.4	5.2

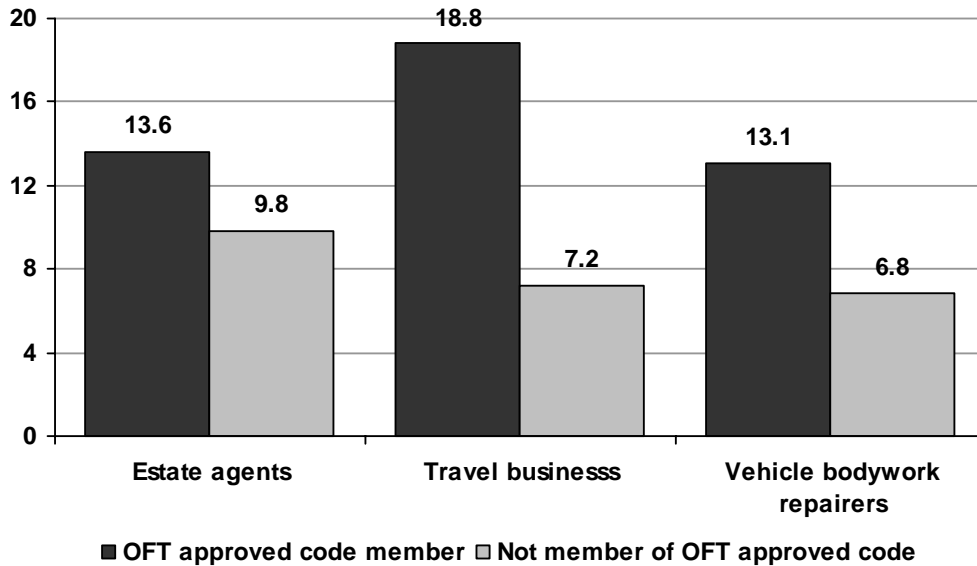
No. of observations = 151 (OEA members), 162 (Not OEA members), 238 (ABTA members), 108 (not ABTA members), 152 (VBRA members), 137 (Not VBRA members), 200 (Computers), 219 (Domestic appliances)

Source: cebr analysis of ORB survey (April 2006)

Note: † This is the total time cost of compliance to each code; it is not the cost of 'OFT code approval'.

3.46 The graph below provides our estimates of the total annual on-going costs per business of compliance with their respective consumer codes. This total combines both the financial costs and our estimates of the value of staff time deployed.

Exhibit 3.16: Total annual running cost to businesses (including allowance for the cost of time) required to ensure compliance to the business's consumer code (£ thousands per business)¹⁷



Source: cebr analysis of ORB survey (April 2006)

3.47 However, the higher costs borne by approved code members are not wholly the result of the approval of their codes by the OFT – but reflect the requirements of the pre-existing codes. On average, members report that on-going costs of compliance with their codes (excluding staff costs) have risen by only 1.5 per cent since obtaining OFT approval.

¹⁷Value of time has been calculated using the average time, both managerial and employee, required to ensure compliance with the Office of Fair Trading consumer code and the average wage of employees in the relevant sector from the ONS's *Annual Business Inquiry*.

Exhibit 3.17: How much have costs changed since implementing the OFT approved code? (%)

	OEA members	ABTA members	VBRA members
Legal	+ 1.0%	+ 1.5%	+ 1.1%
Insurance	+ 1.6%	+ 2.0%	+ 1.3%
Employee training	+ 1.9%	+ 1.7%	+ 1.4%
Publishing / re-design / marketing	+ 2.0%	+ 1.8%	+ 1.7%
Administration costs	+ 1.3%	+ 1.5%	+ 1.5%
Materials / equipment	+ 1.3%	+ 1.1%	+ 1.3%
Total	+ 1.6%	+ 1.6%	+ 1.4%

No. of observations = 151 (OEA members), 238 (ABTA members), 152 (VBRA members)

Source: cebr analysis of ORB survey (April 2006)

3.48 We estimate that the on-going costs of code compliance (excluding staff time) have risen by £142 per annum for OEA members, £184 for VBRA members and £252 for ABTA members since the OFT approval of their codes. In total, this equates to some £285,100 per annum for OEA, £119,600 for VBRA and £434,000 for ABTA.

Exhibit 3.18: Estimate of the change in annual running costs since implementing the OFT approved code (£ per business)

	OEA members	ABTA members	VBRA members
Legal	7	18	6
Insurance	42	44	16
Employee training	24	13	41
Publishing / re-design / marketing	36	94	21
Administration costs	23	50	37
Materials / equipment	10	33	62
Total	142	252	184

No. of observations = 151 (OEA members), 238 (ABTA members), 152 (VBRA members)
 Source: cebr analysis of ORB survey (April 2006). Note: totals do not add up due to rounding.

3.49 Typically, businesses do not believe that their codes have 'involved too much paperwork' or 'increased their running costs'. Whereas in the NOP 2004 survey, 62 per cent of all approved code members said 'more paperwork' was a negative effect of their code of practice, and 53 per cent said 'higher running costs' – suggesting that businesses perceptions of the costs of approved codes have improved.

3.50 Although the telephone surveys suggest the costs of membership of an OFT approved code are not significant, some of our interviewees highlighted cost issues that may be inhibiting the scheme's expansion.

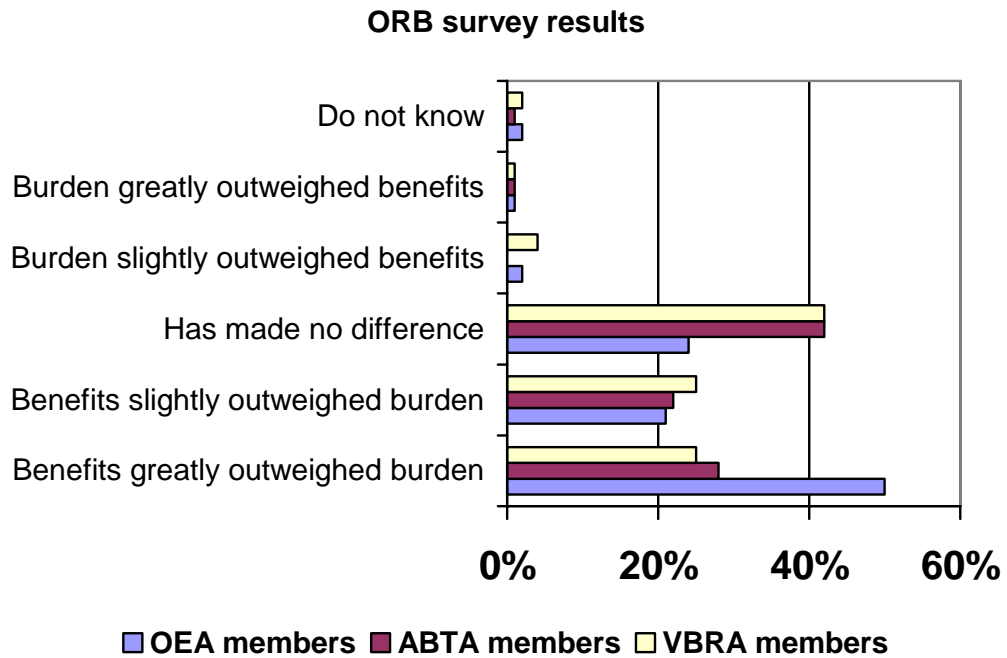
'We started down the road to approval a year-or-so ago, but the cost was too high for our members – especially the pre-payment cover requirement'

Code sponsor considering approval

- 3.51 The scheme's requirement for protection of any pre-payments or deposits made by consumers has been cited by several interviewees — both from code sponsors and consumer watchdogs — as costly to business. It is believed that this requirement is too onerous for sectors with relatively small businesses.
- 3.52 Even in the travel sector — where bonding has been established for decades, the requirement for businesses to protect pre-payments/deposits in the event of the failure of the travel agent/tour operators was viewed as an additional cost burden. There is heightened anxiety over this given the significant competition 'traditional' travel agents and tour operators face from direct sales by airlines, and from online brokers — many of whom are not bonded¹⁸.

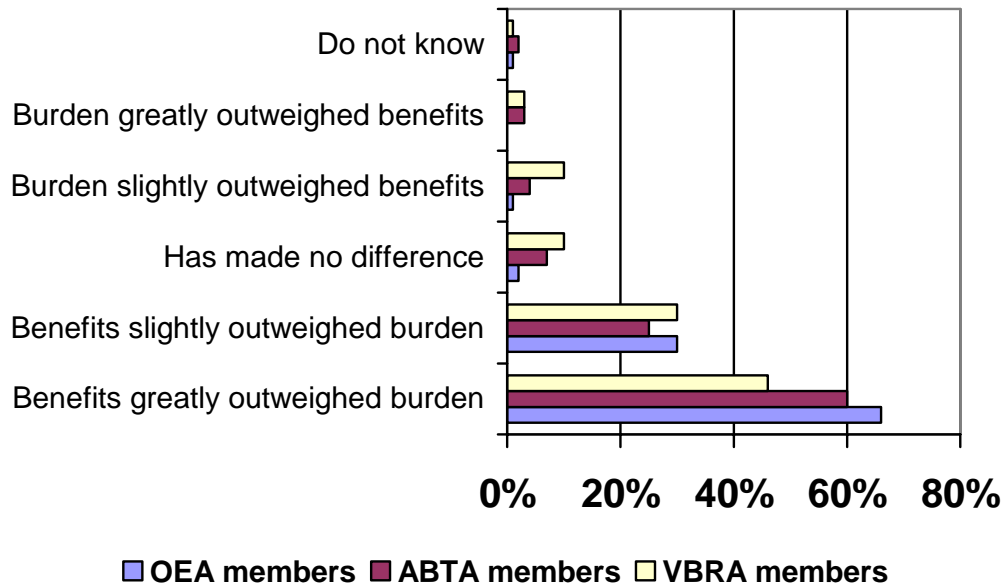
¹⁸ ABTA announced its withdrawal from the CCAS on 1 September 2006 following its decision to change its financial protection arrangements. OFT's press release of 31 August 2006 states that 'The new arrangements will not protect consumers' deposits and prepayments to the same extent as the existing OFT approved ABTA code.

Exhibit 3.19: Have the benefits of your company belonging to an OFT approved code of practice generally outweighed any additional burden involved? Or have the burdens outweighed the benefits?



Source: cebr analysis of ORB survey (April 2006)

NOP survey results



Source: cebr analysis of NOP survey (January-February 2004)

3.53 As part of the telephone survey of businesses, we asked members of an OFT approved code whether they believed the benefits outweighed the burden. Only three per cent of members feel that the burden of gaining OFT approval outweighed the benefits. Over half of members agree that the benefits outweigh the burden (net benefit 52 per cent); whilst 37 per cent believe it has made no difference. Members of the OEA feel that the code has been most advantageous (71 per cent reporting a net benefit).

Exhibit 3.19: Share of code of practice members saying that the benefits outweigh the burden, January/February 2004 compared to cebr/ORB 2006 survey

	OEA members	ABTA members	VBRA members
Stage two CCAS member, 2004	96%	87%	77%
Non-stage two CCAS member, 2004	80%	74%	73%
2006 survey results	71%	50%	50%

No. of observations = 151 (OEA members), 238 (ABTA members), 152 (VBRA members)

Source: Alan Bredee, *Consumer Codes Approval Scheme Report 450298* (NOP Consumer, London), March 2004. p24 and cebr analysis of ORB survey (April 2006)

3.54 A similar question¹⁹ was asked by NOP in their 2004 survey. The proportion of members reporting that the benefits outweighed the costs of their code of practice prior to approval was higher across all three sectors in 2004 than in 2006. In the 2004 survey, however, seven per cent of members reported that the burden of gaining OFT approval outweighed the benefits – compared to only three per cent in the 2006 survey.

Costs to code sponsors

3.55 The costs of approval to code sponsors vary; they have been significant for some but minimal for others. The costs do, though, appear to have been a factor in determining the uptake of the scheme.

3.56 Our interviewees report that the process of approval has taken more time and resource than anticipated – although all have been able to do this largely within their existing staffing and with limited additional out-

¹⁹ Question 7 of the 'Business Awareness of Codes of Practice' survey

sourced cost. However, some smaller code sponsors do appear to have been discouraged by, at least, their perceptions of the costs and effort involved in the approval process.

'Decided not to go ahead due to the time and resource required'

Code sponsor considering approval

- 3.57 There are often on-going costs to the code sponsor.
- 3.58 OEA are spending in excess of £50,000 per annum to implement its approved code. Monitoring is the main expense: £20-30,000 on two external agencies plus around £25,000 on an extra in-house employee. In addition, OEA are spending an annual £7,000 on public relations – and there are as yet un-quantified resource implications of capturing and analysing the 10,000 responses (comprising half million pages) to their customer satisfaction survey.
- 3.59 ABTA has also had to take on staff – at an annual cost of around £25,000 – to cover the monitoring requirement of the scheme. In addition, there may be costs involved in the management of the independent redress scheme.
- 3.60 On the other hand, VBRA, one of the first to gain OFT approval, report 'minimal' costs. They have been able to incorporate their monitoring checks into a pre-existing programme of technical assessments. Although there have been some initial teething problems with this, the on-going cost implications will be small.

Development of the scheme

- 3.61 Our research – especially the interviews with stakeholders – has flagged a number of issues for the OFT in terms of the development so far of the approval scheme, and how it might develop in future. Our interviews with code sponsors, would-be code sponsors and other stakeholders provided rich insight. There was praise for the OFT scheme through constructive dialogue and suggestions for improvement.

Process duration and management

- 3.62 There have been teething problems with the approval scheme which has meant that some of the expectations of code sponsors and other stakeholders have not been met.

'If the process doesn't speed up, it will get overtaken by other schemes'

Consumers' watchdog

'Need a more organised timeline of what will actually happen as trade associations go through the process'

Consumers' watchdog

- 3.63 Almost every interviewee has commented on the time that the approval process takes, and some potential applicant code sponsors have been deterred by this. There has also been widespread concern over the time it takes the OFT to respond to requests — particularly when approved sponsors wish to revise their codes.
- 3.64 It does appear, however, that these perceived problems are being resolved. Many interviewees have suggested that their recent dealings with the OFT have been more timely and focussed than earlier contacts. Moreover, many of these problems may be avoided by the OFT setting out clearly a timetable for interaction with code sponsors at the beginning of the process.

Communication

- 3.65 The interviews provided generally positive feedback on OFT's communication with stakeholders.
- 3.66 There was little criticism from code sponsors of the OFT's communication with them. However, there was a view that there could be greater engagement with applicant code sponsors — especially to

help them better understand the approval process and set realistic expectations.

'Need to make the whole process more transparent — trade associations [considering applying] are nervous about being refused approval'

Consumers' watchdog

- 3.67 Meanwhile, the consumers' representative organisations all commented with satisfaction on the quarterly liaison meetings.

OFT knowledge of markets

- 3.68 Some interviewees also expressed concern that the approval scheme was stretching the internal expertise and experience of the OFT.

- 3.69 From the code sponsors, there was a sense that the OFT could not empathise with the business realities of their members — who are often time-pressured small enterprises.

'OFT [need to] get more involved in finding out about specific markets'

Consumers' watchdog

- 3.70 Meanwhile, the consumers' representatives suggested that the OFT lacked adequate knowledge of the specific sectors — raising doubts about the ability of the OFT to accurately assess codes in sectors which are more complicated.

Licence agreement

- 3.71 One specific issue cited by a number of code sponsors has been the length and complexity of the approved code logo licence agreement, which many believe is impractical.²⁰

Will the criteria alone deliver?

- 3.72 In addition to the understandable and easily-resolvable teething problems, our interviewees have also identified more structural issues with the scheme that may need resolving.
- 3.73 The first is whether the approval scheme is best structured to deliver improvements in customer service. There are not too many complaints about the criteria required for code approval — but does a code that meets these requirements ensure the customer gets good service? Not necessarily — especially if the consumer code does not cover issues of technical quality where there are known to be repeated and substantial examples of consumer detriment.

'Fundamental problem is that the scheme only polices code approval and use of the logo, but not the underlying issues of customer service'

Sponsor of an approved code

'Yes, the approved code has a redress scheme but that only cover compliance with the code; the code itself doesn't go far enough in terms of the performance and ethics of individual members'

Business membership organisation associated with a sponsor of an approved code

²⁰ OFT is currently revising its requirements under the licensing system which will simplify the process for code sponsors and member businesses.

'Criteria sometimes do not cover key issues and don't offer the same customer service to everyone'²¹

Consumers' watchdog

- 3.74 Many interviewees — not just consumers' representatives but also code sponsors — were concerned that the focus on meeting the criteria may miss issues where there is greater potential for consumer detriment. Some suggested that the process of approval had become so focused on criteria that it was purely 'box-ticking'.
- 3.75 Indeed, there are indications that code sponsors and other stakeholders would like the approval scheme to go further and for the criteria to cover underlying issues of customer service, such as technical quality, relevant to each sector.
- 3.76 Similarly, there is concern as to whether the public at large understand the limits of the scheme.

Consistency, robustness and flexibility

'It is a good thing that code approval is quite difficult to get as it makes sure the code becomes a mark of confidence'

Consumers' watchdog

- 3.77 A second but related issue is finding the appropriate balance between the consistency and robustness of the scheme, and the flexibility it needs to attract new participants.

²¹ OFT states that the scheme's aim is to address issues of customer service and consumer detriment as identified from the consultation process with consumer bodies and others. The scheme's criteria specifically address this. Redress mechanisms are not only related to breaches of the code, but cover all consumer complaints.

3.78 Interviewees have suggested that some criteria can be overly prescriptive and demanding, and are difficult to meet. Specific criteria that have been mentioned include:

- **Independent redress.** Are independent adjudicators best placed to judge on technical issues where industry knowledge and expertise is relevant? Meanwhile, finding adequate numbers of 'independents' is difficult and may be costly.
- **Protection of pre-payments.** For some sectors, the cost of protecting pre-payments will be high — but does the potential consumer detriment warrant it?

'We don't need to monitor so many — we don't learn anything new'

Sponsor of an approved code

- **Monitoring.** The requirements for comprehensive monitoring can be costly for code sponsors — many question whether the thoroughness adds any value; a random sampling may yield most of the benefits at a fraction of the cost.

'The barriers to entry, other than the perceived costs, are the very high standards and expectations of OFT. By guaranteeing to be 100 per cent perfect, they are excluding many code sponsors'

Consumers' watchdog

3.79 The challenge is to have a scheme which is robust and credible, yet doesn't discourage sponsors of sound codes from applying.

3.80 An alternative is to relax the criteria formally — for example, by agreeing that a certain proportion of criteria need to be met, or by permitting non-compliance if it can be demonstrated that the outcome of the alternative would be as good as meeting the criteria. This, of course, has its pitfalls too — with the potential for inconsistency and accusations of unfairness, and the potential need for a larger and more costly approvals process infrastructure at the OFT.

'Scheme needs to offer the same level of credibility and quality, but offer more flexibility about how this standard is met. May need to think of another mechanism alongside the criteria'

Consumers' watchdog

- 3.81 Others have been more radical — and suggest that criteria can only be part of the solution. One idea is that the OFT should take on more of a 'watchdog role'; this might suggest that the OFT monitors sponsors, and even members, and enforces the code proactively. There is, of course, a fine balance to be struck between this and the scheme's ethos of promoting self-regulation — but the two are not wholly incompatible.

Nature of sponsors to target

- 3.82 Third, consideration may need to be given to which sectors should be prioritised or targeted for inclusion in the approval scheme.
- 3.83 There is a suggestion that the OFT has been keen to find early 'big wins' — and have placed much effort in approving the codes of well-known and large sponsors such as OEA. The high profile of the initial code sponsors does promote greater awareness of the scheme at an early stage, which, it may be perceived, is beneficial to all involved in the scheme both now and in the future. However, if this is the case, is this where the greatest benefit to consumers can be achieved? Would the approval scheme have greater impact on consumer welfare by helping to promote good codes operated by less well-known or smaller organisations?
- 3.84 Meanwhile there is a view that the approval scheme has, so far, enrolled codes in industries with reputations for customer service difficulties, that is, sectors where greater benefit to consumers could be achieved. This may be sensible in terms of focussing the OFT's efforts in areas where they can maximise impact, but it does make more difficult the task of attracting other sectors — which may not wish to be tarred with the same brush — into the scheme. It is however, encouraging that sectors where there are identified consumer issues are showing themselves

prepared to address and take steps to identify and eradicate any consumer detriment, rather than ignoring it.

- 3.85 Importantly, though, the OFT approval scheme is now open to twenty sectors and OFT is keen to expand the scheme to others. Many of these sectors are 'less well-established', such as renewable energy, will-writing and internet shopping. The first approvals, which have been the subject of this study, were from the established code sponsors because they were the first to come forward, but the less well known sectors are coming through the process now.

4 MOTOR VEHICLE BODYWORK REPAIRERS

- 4.1 In this section, we review the results for motor vehicle bodywork repairers.
- 4.2 The Vehicle Builders and Repairers Association Ltd (VBRA) has secured approval for its consumer code of practice under the OFT's Consumer Codes Approval Scheme (CCAS). The VBRA was the second industry body to receive OFT approval for its code of practice on 13 October 2004. Prior to submitting it for OFT approval, its code had been running for 16 years. The VBRA membership comprises of 650 member companies.
- 4.3 We begin by considering motor vehicle bodywork repairers' awareness of the approval scheme. We then assess the benefits of the scheme to consumers, member businesses and the code sponsors. Third, we consider the costs of the scheme to members and code sponsors. Fourth, we consider issues for future development of the scheme.

Awareness

- 4.4 The majority of VBRA members are aware of the OFT Consumer Codes Approval Scheme. In our April survey, 89 per cent of VBRA members reported that they were aware of the scheme. However, just 11 per cent of VBRA non-members reported that they knew of the OFT approval scheme.

Benefits of the scheme

- 4.5 Our research allows us to assess the benefits of the approval scheme in this sector on consumers, vehicle bodywork repairers and the code sponsors. We consider each in turn.

Benefits to consumers

- 4.6 All motor vehicle bodywork repairers that are members of VBRA report that they 'adhere to a formal code of practice that covers standards of

service and responsibility towards customers'. This compares to less than half (49 per cent) of motor vehicle bodywork repairers that are non-members of VBRA.

- 4.7 The share of VBRA members that have a specific customer service procedure in place is greater for all cases than the proportion of vehicle body repairers who do not belong to VBRA. Almost all VBRA members have a complaints handling procedure for customers (97 per cent) and provision of consumer guarantees and warranties (97 per cent). Just over three-fifths (61 per cent) of members have a system to monitor the nature of customer complaints received and this compared to just 22 per cent of non-members.
- 4.8 A higher proportion of VBRA members provide notification to customers of their complaints procedures through their contract or purchase documentation and a clear point of purchase display. Over half of motor vehicle bodywork repairers (both VBRA members and non-members) report that they communicate this to customers verbally. A fifth of motor vehicle bodywork repairers who are VBRA non-members report that they 'do not inform' their customers of their complaints procedure, compared to eight per cent of VBRA businesses.
- 4.9 Almost four-fifths (79 per cent) of VBRA members use logos displayed on premises to inform customers and potential customers of the OFT approved code. A small share (six per cent) of VBRA members use the media to inform customers of the code but its use increases with the size of the company.
- 4.10 Just 13 per cent of VBRA members report that they do not regularly measure customer service. This compared to 35 per cent of vehicle motor bodywork repairers who do not belong to VBRA.
- 4.11 Our results show that, on average, members do not feel that being signed up to the approved code has, as yet, improved the quality of service/technical standards. The results of the 2004 NOP survey, however, highlight that 90 per cent of VBRA members believe that

membership of the approved code will lead to benefits in the quality of service provided.

Benefits to businesses

'Some members have already reported that OFT approval has helped them to retain work that would otherwise have shipped off to garages'

Sponsor of an approved code

- 4.12 Motor vehicle bodywork repairers who belong to VBRA are not yet as confident that their consumer code of conduct has improved their organisation in terms of sales, fewer complaints, reputation and an effective system. However, VBRA members disagree more strongly than non-members that their code of practice has resulted in increased running costs.
- 4.13 Members of VBRA receive more complaints than motor vehicle bodywork repairers who do not have an approved code. However, the number of complaints received has declined by 3.8 per cent across member organisations in the past 12 months. This compares to a 0.8 per cent decline in the number of complaints received across other non-members and a 1.7 per cent decline across the benchmark industries.²² The finding is in line with the results of the 2004 NOP study which found that 67 per cent of VBRA members had received or expected to receive fewer customer complaints as a result of OFT approval, with an even higher proportion — 94 per cent — believing that membership of the OFT approved code would demonstrate that their company takes customer complaints seriously.

²² The confidence intervals for these reductions in complaints are (-2.2%, -5.0%) for VBRA members, (-0.1%, -1.6%) for non-members and (-2.7%, -0.7%) for the benchmark industries (at the 95 per cent confidence level).

- 4.14 Although our study has found that, on average, VBRA members do not feel that membership of their organisation's code of practice has, as yet, helped to increase sales, the 2004 NOP study found that half of VBRA members felt that belonging to the OFT approved code would lead to an increase in sales.
- 4.15 We estimate that, in the last year, the value of goods and services complained about in this sector amounts to £89 million. This is based on data from the Annual Business Inquiry, data from Consumer Direct and cebr analysis of the ORB survey of businesses. So, if the additional 3.0 percentage point fall of members versus non-members could be reflected across the industry, it would equate to an additional £3 million of goods and services purchased by satisfied customers.
- 4.16 VBRA members have already recognised the gains of the OFT approval scheme. Half said that the benefits of the scheme have outweighed the burden and only five per cent of members reported that the burdens of the code approval outweighed the benefits.

Benefits to the code sponsor

- 4.17 The approval scheme has also had benefits for the code sponsors.

'Getting approval was more about giving a degree of credibility'

Sponsor of an approved code

Costs related to the scheme

- 4.18 We have examined both the one-off initial costs of code approval and the on-going running costs of an approved code. We consider first the costs of the scheme to the businesses that are members of an approved code; we then turn to the costs borne by the code sponsor.

Costs to businesses

- 4.19 The one-off initial costs of implementation were, on average, £1,924 for the typical VBRA member. This compares to £1,055 for the typical OEA member. Insurance fees (£449) are the largest component of the one-off costs of implementing the OFT approved code. The other significant one-off costs for VBRA members include employee training expenses (£385), publishing/re-design/marketing (£381) and materials and equipment (£354).
- 4.20 The implementation process had more negative effects on VBRA member organisations than OEA or ABTA members. However, on average, only one per cent reported negative effects such as increased managerial time spent on complaint resolution, disruption to service to customers and confusion amongst employees regarding processes. Just two per cent said there was a lack of available complaints procedure information during the transition to the OFT approved code, and that they experienced other negative effects.
- 4.21 Materials and equipment costs make up the largest on-going cost of implementing the consumer code of practice from motor vehicle bodywork repairers who, on average, pay £3,943 per annum. This compares to £1,426 that non-members pay for the material and equipment costs of implementing their customer code. Employee training expenses are much higher for VBRA members but this should decline with time. Although insurance costs are high at £1,126 per annum for VBRA members, this is lower than the equivalent for non-members who pay £1,381 for insurance.
- 4.22 Even though 62 per cent of VBRA members surveyed as part of the NOP study felt that signing up to a code of practice would lead to an increase in running costs, costs to businesses have only increased slightly since the implementation of the code – by 1.4 per cent in total. We estimate that the additional cost due to the OFT approval of the code is only £184 per business per annum. In total, this equates to £119,600 per annum (excluding staff time).

- 4.23 Employee time required each month to ensure compliance with the consumer code of practice is higher for non-members compared to those who belong to VBRA whilst the time required each month from managers to ensure compliance with the consumer code of practice is only just higher for VBRA members compared to those who do not belong to VBRA. For firms with more than 50 employees the managerial and employee time required is greater for non-members.

Costs to code sponsor

- 4.24 VBRA report 'minimal' on-going costs. They have been able to incorporate their monitoring checks into a pre-existing programme of technical assessments. Although there have been some initial teething problems which resulted in visiting a third of members twice, the on-going cost implications will be small. Cost to members is around £170 a time for purchasing a sign from VBRA plus time spent sorting out customer satisfaction surveys.

Development of the scheme

- 4.25 Our research has highlighted a number of issues for the OFT in terms of the development so far of the approval scheme, and how it might develop in the future. Motor vehicle bodywork repairers involved in the scheme reported that there needed to be a greater understanding about the scheme in terms of the processes involved. They felt that with the focus on 'criteria' the scheme risks becoming a process of 'box-ticking'. This is possibly more of an issue for this sector, with detailed technical and quality assurance checks being more important. Even so, some non-members see that the scheme is a learning process which still needs to develop. This may have been a factor that has prevented other non-members from joining.
- 4.26 Our interviewees thought that the development of the scheme will progress with time, better communication between the OFT and code sponsors.

4.27 There remains much scope for the development of the scheme by promoting awareness to non-members. Currently, the formal codes of practice of among over two-thirds (67 per cent) of non-member firms are not approved by another industry body. Over four-fifths (82 per cent) report that their formal code of practice is not approved by another external body whilst almost three-quarters (73 per cent) say it is specific to their company.

Appendix – data tables

Exhibit 4.1: What procedures does your company have in place?

	VBRA members			Not VBRA members				
	All	Number of employees		All	Number of employees			
		1-4	5-9	10+		1-4	5-9	10+
A complaints handling procedure for customers	97%	92%	98%	98%	66%	55%	85%	95%
Provision of consumer guarantees and warranties	97%	96%	100%	96%	72%	67%	65%	95%
A specific person or team for handling customer complaints	86%	83%	93%	83%	85%	84%	80%	90%
An independent redress scheme	83%	79%	88%	81%	71%	69%	75%	71%
A standard method of providing clear pre-sale information to customers	86%	83%	79%	90%	59%	47%	85%	86%
Staff training to make them aware of legal responsibilities in relation to your customers	47%	29%	53%	49%	41%	38%	45%	48%
A system to monitor the nature of customer complaints received	61%	46%	63%	63%	22%	17%	30%	33%

No. of observations = 152 (VBRA members), 137 (Not VBRA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.2: How does your organisation inform customers of your complaints procedure?

	VBRA members				Not VBRA members			
	All	Number of employees			All	Number of employees		
		1-4	5-9	10+		1-4	5-9	10+
It is communicated to customers verbally	55%	41%	60%	56%	64%	73%	53%	50%
It is in the contract/ documentation	36%	27%	29%	41%	16%	8%	35%	20%
It is clearly displayed at the point of purchase	31%	36%	40%	26%	8%	2%	12%	15%
Information is on our website	5%	5%	0%	9%	6%	0%	0%	20%
In our customer service 'charter' or other document	11%	9%	5%	15%	8%	0%	12%	20%
In writing/ email	0%	0%	0%	0%	0%	0%	0%	0%
Leaflets/brochures are available	1%	5%	2%	0%	0%	0%	0%	0%
Booking forms	0%	0%	0%	0%	0%	0%	0%	0%
We tell them if they ask	0%	0%	0%	0%	0%	0%	0%	0%
We do not inform them	8%	18%	5%	7%	20%	21%	18%	20%

No. of observations = 152 (VBRA members), 137 (Not VBRA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.3: How does your organisation inform customers and potential customers about your membership of the OFT approved code?

	VBRA members			
	All	Number of employees		
		1-4	5-9	10+
Logo displayed on premises	79%	74%	85%	77%
Logo features on customer information (leaflets, receipts, contracts etc)	56%	53%	68%	48%
Logo features on advertising and marketing material	32%	37%	40%	26%
Verbally	21%	21%	20%	21%
Do not actively inform them	10%	21%	10%	8%
Company website	10%	5%	13%	9%
Media coverage	6%	0%	5%	8%
Other	5%	16%	3%	3%

No. of observations = 152

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.4: Do not regularly measure customer services

	VBRA members				Not VBRA members			
	All	Number of employees			All	Number of employees		
		1-4	5-9	10+		1-4	5-9	10+
	13%	38%	9%	7%	35%	44%	10%	19%

No. of observations = 152 (VBRA members), 137 (Not VBRA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.5: How strongly do you agree or disagree with the following statements regarding your organisation's customer code of conduct? (On a scale of one to ten where one indicates they strongly disagree)

	VBRA members				Not VBRA members			
	All	Number of employees			All	Number of employees		
		1-4	5-9	10+		1-4	5-9	10+
Has helped increase sales for your organisation	4	4	4	4	6	6	6	7
Has resulted in fewer customer complaints	4	3	3	4	6	6	5	7
Has improved the reputation of your organisation	5	6	5	5	7	7	6	7
Has introduced a more effective system for dealing with customer complaints	5	5	5	5	6	6	5	7
Has introduced a cheaper system for dealing with customer complaints	4	3	4	4	4	5	4	4
Has introduced effective disciplinary procedures for companies that fail to meet the code's standards	5	5	5	5	5	5	5	7
Has involved too much paperwork	4	4	4	4	4	4	5	5
Has improved quality of service/technical standards	5	5	4	5	6	6	6	8
Has increased your running costs	4	4	4	4	5	4	5	6

No. of observations = 152 (VBRA members), 137 (Not VBRA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.6: Customer complaints received

	VBRA members				Not VBRA members			
	All	Number of employees			All	Number of employees		
		1-4	5-9	10+		1-4	5-9	10+
Number of complaints received in past 12 months	7.91	3.00	3.89	9.92	6.91	4.44	3.50	12.60
Change on previous 12 months	-3.8%	-1.6%	-5.7%	-3.2%	-0.8%	-0.1%	-2.6%	-2.2%

No. of observations = 152 (VBRA members), 137 (Not VBRA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.7: Have the benefits of your company belonging to an OFT approved code of practice generally outweighed any additional burden involved? Or have the burdens outweighed the benefits?

	VBRA members			
	All	Number of employees		
		1-4	5-9	10+
Benefits greatly outweighed burden	25%	21%	20%	29%
Benefits slightly outweighed burden	25%	11%	30%	27%
Has made no difference	42%	63%	43%	36%
Burden slightly outweighed benefits	4%	0%	5%	5%
Burden greatly outweighed benefits	1%	0%	3%	0%
Do not know	2%	5%	0%	3%

No. of observations = 152

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.8: One-off costs of implementing the OFT approved code (£)

VBRA members				
	All	Number of employees		
		1-4	5-9	10+
Legal	90	8	89	119
Insurance	449	33	527	518
Employee training	385	25	235	609
Publishing / re-design / marketing	381	441	146	576
Administration costs	265	59	151	433
Materials / equipment	354	595	78	522
Total	1924	1161	1226	2776

No. of observations = 152

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.9: How long did it take you to implement the requirements of the OFT approved code? (months)

VBRA members				
	All	Number of employees		
		1-4	5-9	10+
Average	1.8	1.4	1.7	2.0

No. of observations = 152

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.10: During the process of implementing the OFT approved code what negative effects has your organisation experienced?

	VBRA members			
	All	Number of employees		
		1-4	5-9	10 +
Increased managerial time spent on complaint resolution etc	1%	0%	0%	2%
Disruption to service to customers	1%	0%	0%	2%
Increased cost	0%	0%	0%	0%
Lack of available complaints procedure information during handover between policies	2%	5%	0%	2%
Employee confusion regarding official processes	1%	0%	0%	2%
Other	2%	0%	5%	2%

No. of observations = 152

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.11: How much have annual running costs changed since implementing the OFT approved code (%)

	VBRA members			
	All	Number of employees		
		1-4	5-9	10+
Legal	+ 1.1	+ 0.9	+ 1.3	+ 1.1
Insurance	+ 1.3	+ 1.0	+ 1.7	+ 1.0
Employee training	+ 1.4	+ 1.0	+ 2.0	+ 1.2
Publishing / re-design / marketing	+ 1.7	+ 3.3	+ 1.7	+ 1.1
Administration costs	+ 1.5	+ 1.7	+ 2.3	+ 0.7
Materials / equipment	+ 1.3	+ 2.5	+ 1.5	+ 0.8

No. of observations = 152

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.12: Annual running costs of compliance (excluding staff costs) to implement the customer code of conduct† (£ per business)

	VBRA members				Not VBRA members			
	All	Number of employees			All	Number of employees		
		1-4	5-9	10+		1-4	5-9	10+
Legal	492	119	750	367	185	13	39	1625
Insurance	1,126	1,261	563	1,665	1,381	806	2,563	2,250
Employee training	2,461	108	431	5,056	386	43	740	1,610
Publishing / re-design / marketing	1,030	2,345	454	1,165	524	462	696	560
Administration costs	2,073	436	653	3,926	853	163	2,011	2,267
Materials / equipment	3,943	4,650	2,291	5,381	1,426	810	2,361	3,375
Total	11,125	8,919	5,141	17,559	4,755	2,297	8,410	11,687

No. of observations = 152 (VBRA members), 137 (Not VBRA members)

Source: cebr analysis of ORB survey (April 2006)

Note: † This is the total cost of compliance to each code; it is not the cost of 'OFT code approval'.

Exhibit 4.13: Time required each month to ensure compliance with the company consumer code (hours)²³

VBRA members				
	All	Number of employees		
		1-4	5-9	10+
Managerial	10.3	2.1	11.0	14.8
Employee	7.6	2.7	5.8	9.4

No. of observations = 152

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.14: Time required each month to ensure compliance with the company customer code of practice (hours)

Not VBRA members				
	All	Number of employees		
		1-4	5-9	10+
Managerial	11.7	8.2	12.8	24.3
Employee	7.4	2.4	8.6	25.1

No. of observations = 137

Source: cebr analysis of ORB survey (April 2006)

²³ This is not the additional time to comply with the Office of Fair Trading consumer code.

Exhibit 4.15: Estimate of the change in annual running costs since implementing the OFT approved code (£ per business)

VBRA members	
Legal	6
Insurance	16
Employee training	41
Publishing / re-design / marketing	21
Administration costs	37
Materials / equipment	62
Total	184

No. of observations = 152

Source: cebr analysis of ORB survey (April 2006)

Note: total does not add up due to rounding

Exhibit 4.16: Is your formal code of practice that covers standards of service and responsibilities towards customers approved by another industry body?

	Not VBRA members			
	All	Number of employees		
		1-4	5-9	10+
Yes	24%	17%	31%	42%
No	67%	76%	54%	58%
Do not know	9%	7%	15%	0%

No. of observations = 137

Source: cebr analysis of ORB survey (April 2006)

Exhibit 4.17: Is your formal code of practice that covers standards of service and responsibilities towards customers approved by another external body?

	Not VBRA members			
	All	Number of employees		
		1-4	5-9	10+
Yes	73%	80%	69%	58%
No	27%	20%	31%	42%

No. of observations = 137

Source: cebr analysis of ORB survey (April 2006)

5 ESTATE AGENTS

- 5.1 In this section, we review the results for estate agents.
- 5.2 There are 2008 member companies of the Ombudsman for Estate Agents Company Limited (OEA) – representing around 60 per cent of estate agency offices in the United Kingdom. Prior to submitting its code for OFT approval OEA's consumer code of conduct had been running for over 10 years. The OEA completed stage one on 28 October 2002 and achieved OFT approval on 8 September 2005²⁴.
- 5.3 We begin by considering businesses' awareness of the approval scheme. We then assess the benefits of the scheme to consumers, member businesses and the code sponsors. Third, we consider the costs of the scheme to members and code sponsors. Fourth, we consider issues for future development of the scheme.

Awareness

- 5.4 The majority of estate agents that are OEA members are aware of the OFT Consumer Codes Approval Scheme. In our April survey, 85 per cent of OEA members reported that they were aware of the scheme – compared to an average of 81 per cent for members of all three codes.
- 5.5 Our interview with one of the senior representatives of OEA revealed that the scheme has already achieved greater awareness with around two or three trade press references a month. Although they intend to monitor progress, it is too early to tell if there has been a positive impact on members of the OFT approval scheme.

²⁴ It is worth noting that all members of the National Association Estate Agents, which, together with the OEA, is the other big player in this sector, joined the OEA at the same time as the ORB survey was conducted (April 2006). Of the NAEA businesses interviewed by ORB, only those that said they also belonged to the OEA were included in the OEA members group.

- 5.6 There has been an increase in awareness from consumers which has been helped by recent publicity. Interest in the Consumer Codes Approval Scheme spiked after media reports of code approval, but has since fallen back so it is important that there is continued publicity to promote awareness.

Benefits of the scheme

Benefits to consumers

- 5.7 Our research allows us to assess the benefits of the approval scheme in this sector on consumers, estate agents and the code sponsors. We consider each in turn.
- 5.8 All respondents from estate agents that are members of OEA report that they 'adhere to a formal code of practice that covers standards of service and responsibility towards customers'. This compares to almost a fifth less (81 per cent) of estate agents that are non-members of OEA and 70 per cent, on average, of businesses in our benchmark industries.
- 5.9 In all but one case, the share of OEA members that had a specific customer service procedure in place is greater than the proportion of estate agents who do not belong to OEA. Almost all OEA members have a complaints handling procedure for customers (98 per cent), an independent redress scheme (94 per cent) and a standard method of providing clear pre-sale information to customers (99 per cent). This compares to 87 per cent, 85 per cent and 88 per cent, respectively for estate agents who do not belong to OEA. The most significant difference between members and non-members was in the share of estate agents that had a system to monitor the nature of customer complaints received (83 per cent of OEA members compared to just 28 per cent of non-members).
- 5.10 To inform customers of their complaints procedures, a higher share of members provide notification through their contract or purchase documentation, a clear point of purchase display or documents such as a

customer service 'charter'. Of OEA members, 13 per cent inform customers of their complaints procedures through their website whereas no estate agents who are non-members do this.

- 5.11 A very small share (three per cent) of OEA members do not inform their customers of their complaints procedures but this compares to more than a tenth of non-members (11 per cent).
- 5.12 OEA members use a variety of ways to inform customers and potential customers about their membership of the OFT approved code. The most common method is through a display of the logo whether it is on the premises itself (85 per cent) or on customer information packs such as leaflets, receipts or contracts (76 per cent). Some communicate this verbally (18 per cent), through their website (11 per cent) or other media coverage (12 per cent).
- 5.13 Nearly all (99 per cent) members of OEA regularly measure customer service whilst 12 per cent of estates agents who do not belong to OEA say that they do not do this. However, many believe that it is still too soon to fully evaluate if customer satisfaction has increased since the code was approved. The results of the 2004 NOP study revealed that members were generally very positive about the impact of code membership on the quality of output they provide – the survey showed that 87 per cent of OEA members expected that code membership would help to guarantee the quality of work/service supplied by their company.

Benefits to businesses

'Undoubtedly the scheme has been a good thing for the industry... and the scheme has achieved good awareness'

Sponsor of an approved code

'Benefit [of approval] is the Office of Fair Trading name – in terms of boosting the credibility of members'

Code sponsor of an unapproved code

- 5.14 The results of our business survey showed that the recognition of the benefits of an OFT approved code varies between members of the OEA and non-members. However, this may be more of a reflection of differences in appraising a new scheme versus something that existed for over 10 years before the code was submitted for OFT approval.
- 5.15 Currently a greater share of OEA members believe that their code of practice has resulted in more complaints compared to estate agents who are not members of OEA. However, amongst estate agents, members of OEA receive fewer complaints than estate agents who do not sign up to an OFT approved code. Further to this, in the past 12 months, the number of complaints received has declined more for OEA members than non-members (2.8 per cent fall versus 2.3 per cent²⁵). The 2004 NOP study found that 70 per cent of OEA members had experienced or were expecting to experience a reduction in customer complaints as a result of signing up to the OFT approved code. An even greater proportion – 98 per cent of OEA members – felt that membership of the code would help to illustrate that their company takes customer complaints seriously. Fewer OEA members report that their code of practice has resulted in too much paperwork or increased their running costs – indeed, the 2004 NOP study found that while 56 per cent of members expected increased paperwork to be a negative consequence of approved code membership, the proportion of non-OEA members expecting the same 'disbenefit' stood higher, at 59 per cent.
- 5.16 Although OEA members on average do not believe that membership of their organisation's code of practice has, as yet, helped to increase sales, the 2004 NOP study found that 56 per cent of members felt that increased sales would be a potential benefit of belonging to the approved code. In terms of reputation, our investigation found that on average OEA members felt that membership of their organisation's code of

²⁵ The confidence intervals for these reductions in complaints are (-1.6%, -4.5%) for OEA members and (-0.9%, -3.8%) for non-members.

conduct had led to an improvement in their reputation — supporting the result of the 2004 NOP study which found that 96 per cent of OEA members believed that belonging to the OFT approved code would help to improve the reputation of their organisation.

- 5.17 We estimate that, in the last year, the value of services for which complaints were made in this sector amounts to £35 million. This is based on data from the Annual Business Inquiry, data from Consumer Direct and cebr analysis of the ORB survey of businesses. So, if the additional 0.5 percentage point fall of members versus non-members could be reflected across the whole industry, it would equate to an additional £0.2 million of services purchased by satisfied customers.
- 5.18 The benefits for companies of belonging to an OFT approved code, on average, outweigh the burdens. Only three per cent OEA members reported that the burdens of the company belonging to the approval scheme outweighed the benefits. Just over 70 per cent said that the benefits outweighed the burden. Offices with a smaller number of employees (less than 10 employees) report more benefits than larger offices (those with more than 10 employees).

Benefits to the code sponsor

- 5.19 The approval scheme also has benefits for the code sponsors:

'Undoubtedly the scheme has been a good thing for the industry and a good proportion of members see it as a good scheme'

Sponsor of an approved code

'It would be logical to go through the Office of Fair Trading approval process again for letting agents – so that there is a common standard'

Sponsor of an approved code

'Overall the code covers all issues that are problem areas for the industry.'

Sponsor of an approved code

Costs related to the scheme

5.20 We have examined both the one-off initial costs of code approval and the on-going running costs of an OFT approved code. We consider first the costs of the scheme to the businesses that are members of an OFT approved code; we then turn to the costs carried by the code sponsor.

Costs to businesses

- 5.21 The one-off initial costs of implementation were lowest for members of OEA with an average of £1,055 reported. This compares to £1,924 for the typical VBRA member and £2,442 for the typical ABTA member. Over a third (36 per cent) of the one-off initial costs comes from one-off insurance fees. Other large one-off costs include employee training (£199), publishing / re-design / marketing (£169) and administration costs (£133).
- 5.22 The time it took to implement the requirements of the OFT approved code was longer for larger firms – taking almost two months more than the smallest firms. On average the implementation took just over a month (1.4 months).
- 5.23 The implementation process had very few negative effects on OEA member organisations. On average, only one per cent reported disruption to service to customers whilst just two per cent said they suffered an increase in costs. The 2004 NOP study found that 14 per cent of OEA members expected that membership of a code of practice would result in more time allocated to dealing with complaints (or that this had been their experience) – only two per cent of those sampled in our survey said that increased managerial time had been spent on complaint resolution during the process of implementing the OFT approved code.

Any impact on costs were small – and even in the area where costs rose the most (in publishing, redesign and marketing) the increase in costs was just two per cent.

- 5.24 The annual cost of implementing the consumer code of practice is higher across most areas for OEA members. However, only 50 per cent members surveyed as part of the 2004 NOP study felt that higher running costs would result from signing up to a code of practice and we estimate that the additional cost due to the OFT approval of the code is only £142 per business per annum. This equates to some £285,100 in total.
- 5.25 The time required each month to ensure compliance with the code is slightly higher for OEA members compared to estate agents who are not members of OEA. On average, employees of OEA members spend an extra hour on compliance whilst managers of estate agents that belong to OEA spend just under three additional hours compared to those who are non-members.

Costs to code sponsors

- 5.26 Currently, OEA are spending more than £50,000 per annum to implement the approved code. Monitoring is the main expense with around £20-30,000 spent on two external agencies plus around £25,000 spent on an extra in-house employee. In addition, OEA are spending an annual £7,000 on public relations – and there are unquantified resource implications of capturing and analysing the 10,000 responses (comprising half million pages) to their customer satisfaction survey. However, the costs they impose on members are reasonably low – reprinting costs in the future and time taken to send in customer satisfaction forms.

Development of the scheme

- 5.27 OEA understand that the scheme is still developing. They have highlighted a few of the initial problems with the approval scheme but

also recognised the value of the scheme for the industry. The main issues relate to:

- the length of time that the approval process takes
- teething problems with the approval scheme, such as the management of the processes
- the length and complexity of the licence agreement.

5.28 Our interviews revealed that a large proportion of members see it as a good scheme. There is, however, further scope for development of the scheme by promoting awareness to non-members. Currently, the formal codes of practice of among over half (53 per cent) of non-member firms are not approved by another industry body. Over four-fifths (82 per cent) report that their formal code of practice is not approved by another external body whilst 61 per cent say it is specific to their company.

Appendix – data tables

Exhibit 5.1: What procedures does your company have in place?

	OEA members					Not OEA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
A complaints handling procedure for customers	98%	89%	97%	100%	100%	87%	80%	82%	94%	100%
A specific person or team for handling customer complaints	89%	84%	86%	89%	95%	79%	73%	84%	75%	82%
An independent redress scheme	94%	84%	100%	94%	92%	85%	78%	92%	86%	77%
A standard method of providing clear pre-sale information to customers	99%	95%	100%	100%	97%	88%	73%	92%	94%	100%
Staff training to make them aware of legal responsibilities in relation to your customers	33%	16%	49%	30%	35%	41%	43%	37%	47%	32%
A system to monitor the nature of customer complaints received	83%	74%	92%	85%	78%	28%	20%	27%	31%	41%

No. of observations = 151(OEA members), 162 (Not OEA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.2: How does your organisation inform customers of your complaints procedure?

	OEA members					Not OEA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
It is communicated to customers verbally	50%	47%	58%	42%	59%	54%	56%	60%	53%	41%
It is in the contract/ documentation	51%	35%	56%	49%	51%	39%	38%	45%	21%	59%
It is clearly displayed at the point of purchase	25%	29%	22%	26%	27%	7%	8%	3%	9%	9%
Information is on our website	13%	12%	14%	13%	11%	2%	0%	3%	3%	5%
In our customer service 'charter' or other document	15%	24%	3%	19%	19%	10%	8%	3%	12%	14%
In writing/ email	4%	6%	0%	4%	5%	1%	0%	0%	3%	0%
Leaflets/brochures are available	2%	0%	0%	2%	5%	0%	0%	0%	0%	0%
Booking forms	1%	0%	0%	2%	0%	0%	0%	0%	0%	0%
We tell them if they ask	1%	0%	0%	2%	0%	1%	0%	3%	0%	0%
We do not inform them	3%	0%	3%	6%	3%	11%	10%	15%	15%	0%

No. of observations = 151 (OEA members), 162 (Not OEA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.3: How does your organisation inform customers and potential customers about your membership of the OFT approved code?

	OEA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Logo displayed on premises	85%	100%	85%	83%	75%
Logo features on customer information (leaflets, receipts, contracts etc)	76%	75%	79%	77%	71%
Logo features on advertising and marketing material	36%	31%	35%	43%	33%
Verbally	18%	19%	15%	17%	25%
Do not actively inform them	5%	0%	3%	7%	8%
Company website	11%	6%	9%	13%	17%
Media coverage	12%	25%	15%	10%	4%
Other	1%	0%	0%	0%	4%

No. of observations = 151

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.4: Do not regularly measure customer services

	OEA members					Not OEA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
	1%	5%	0%	2%	0%	12%	22%	10%	6%	5%

No. of observations = 151(OEA members), 162 (Not OEA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.5: How strongly do you agree or disagree with the following statements regarding your organisation's code of practice? (On a scale of one to ten where one indicates they strongly disagree)

	OEA members					Not OEA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
Has helped increase sales for your organisation	5	5	5	5	6	6	6	6	7	7
Has resulted in fewer customer complaints	4	4	4	4	6	7	6	6	7	8
Has improved the reputation of your organisation	6	7	6	6	6	7	7	7	7	8
Has introduced a more effective system for dealing with customer complaints	6	5	6	6	6	7	6	6	7	8
Has introduced a cheaper system for dealing with customer complaints	4	3	4	4	4	4	4	4	5	4
Has introduced effective disciplinary procedures for companies that fail to meet the code's standards	6	7	6	7	6	6	4	6	6	7
Has involved too much paperwork	3	2	4	3	5	4	4	5	4	4
Has improved quality of service/technical standards	6	5	5	6	6	7	6	7	7	7
Has increased your running costs	3	3	4	3	4	4	4	5	4	5

No. of observations = 151(OEA members), 162 (Not OEA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.6: Customer complaints received

	OEA members					Not OEA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
Number of complaints received in past 12 months	2.83	1.4	1.92	3.21	2.74	3.29	2.11	2.67	3.43	5.57
Change on previous 12 months	-	-	-	-	-	-	-	-	-	-
	2.8%	0.6%	2.9%	4.2%	2.1%	2.3%	1.7%	2.2%	2.4%	3.8%

No. of observations = 151(OEA members), 162 (Not OEA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.7: Have the benefits of your company belonging to an OFT approved code of practice generally outweighed any additional burden involved? Or have the burdens outweighed the benefits?

	OEA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Benefits greatly outweighed burden	50%	50%	56%	53%	42%
Benefits slightly outweighed burden	21%	25%	15%	23%	21%
Has made no difference	24%	25%	24%	20%	29%
Burden slightly outweighed benefits	2%	0%	0%	3%	4%
Burden greatly outweighed benefits	1%	0%	3%	0%	0%
Do not know	2%	0%	3%	0%	4%

No. of observations = 151

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.8: One-off costs of implementing the OFT approved code (£)

	OEA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Legal	85	7	95	87	150
Insurance	375	270	337	616	0
Employee training	199	250	95	247	400
Publishing / re-design / marketing	169	25	61	294	350
Administration costs	133	128	47	231	150
Materials / equipment	94	21	66	109	250
Total	1,055	702	700	1,584	1,301

No. of observations = 151

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.9: How long did it take you to implement the requirements of the OFT approved code? (months)

	OEA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Average	1.4	0.7	1.3	1.3	2.6

No. of observations = 151

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.10: During the process of implementing the OFT approved code what negative effects has your organisation experienced?

	OEA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Increased managerial time spent on complaint resolution etc	0%	0%	0%	0%	0%
Disruption to service to customers	1%	0%	3%	0%	0%
Increased cost	2%	6%	3%	0%	0%
Lack of available complaints procedure information during handover between policies	0%	0%	0%	0%	0%
Employee confusion regarding official processes	0%	0%	0%	0%	0%
Other	2%	0%	3%	3%	0%

No. of observations = 151

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.11: How much have annual running costs changed since implementing the OFT approved code (%)

	OEA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Legal	+ 1.0	0.0%	+0.7%	+ 1.5%	+ 1.7%
Insurance	+ 1.6	+3.8%	+0.7%	+ 2.4%	0.0%
Employee training	+ 1.9	+0.3%	+ 1.7%	+ 2.5%	+ 3.3%
Publishing / re-design / marketing	+ 2.0	+ 2.8%	+ 1.8%	+ 2.0%	+ 1.7%
Administration costs	+ 1.3	+ 2.5%	+ 0.5%	+ 1.4%	+ 2.1%
Materials / equipment	+ 1.3	+ 1.7%	+ 0.4%	+ 1.9%	+ 2.1%

No. of observations = 151

Source: cebr analysis of ORB survey (April 2006)

* Respondents said that they did not know

Exhibit 5.12: Annual running costs (excluding staff costs) to implement the consumer code of practice[†] (£ per business)

	OEA members					Not OEA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
Legal	627	85	1115	328	99	314	242	295	92	1360
Insurance	2465	1200	2945	3656	0	1069	415	822	2100	3563
Employee training	1224	339	1305	1413	1501	697	148	649	922	1715
Publishing / re-design / marketing	1696	674	730	1600	7000	1143	1529	764	739	2850
Administration costs	1692	770	428	3824	1501	942	873	930	386	2550
Materials / equipment	725	198	257	880	2501	1122	1398	936	543	2660
Total	8,429	3,266	6,780	11,701	12,602	5,287	4,604	4,395	4,781	14,698

No. of observations = 151(OEA members), 162 (Not OEA members)

Source: cebr analysis of ORB survey (April 2006)

Note: † This is the total cost of compliance to each code; it is not the cost of 'OFT code approval'. It does not include the time-incurred costs.

Exhibit 5.13: Time required each month to ensure compliance with the consumer code (hours)²⁶

OEA members					
	All	Number of employees			
		1-4	5-9	10-49	50+
Managerial					
	17.2	1.3	8.1	33.7	14.8
Employee					
	12.9	1.2	6.8	21.7	11.5

No. of observations = 151

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.14: Time required each month to ensure compliance with the company customer code of practice (hours)

Not OEA members					
	All	Number of employees			
		1-4	5-9	10-49	50+
Managerial					
	14.4	8.9	13.4	29.8	8.4
Employee					
	11.9	6.0	13.7	18.5	13.6

No. of observations = 162

Source: cebr analysis of ORB survey (April 2006)

²⁶ This is the time taken to comply with the code and is not the additional cost of the OFT approved code.

Exhibit 5.15: Estimate of the change in annual running costs since implementing the OFT approved code (£ per business)

OEA members	
Legal	7
Insurance	42
Employee training	24
Publishing / re-design / marketing	36
Administration costs	23
Materials / equipment	10
Total	142

No. of observations = 151

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.16: Is your formal code of practice that covers standards of service and responsibilities towards customers approved by another industry body?

	Not OEA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Yes	41%	24%	38%	59%	58%
No	53%	73%	55%	41%	26%
Do not know	6%	3%	7%	0%	16%

No. of observations = 162

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.17: Is your formal code of practice that covers standards of service and responsibilities towards customers approved by another external body?

	Not OEA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Yes	8%	5%	10%	17%	0%
No	82%	86%	83%	76%	84%
Do not know	10%	8%	7%	7%	16%

No. of observations = 162

Source: cebr analysis of ORB survey (April 2006)

Exhibit 5.18: Is your formal code of practice that covers standards of service and responsibilities towards customers specific to your company?

	Not OEA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Yes	61%	78%	69%	45%	42%
No	39%	22%	31%	55%	58%

No. of observations = 162

Source: cebr analysis of ORB survey (April 2006)

6 TRAVEL AGENTS AND TOUR OPERATORS

- 6.1 In this section, we review the results for travel agents and tour operators.
- 6.2 The Association of British Travel Agents' (ABTA) code has been in operation for over 30 years. ABTA's membership comprises approximately 1,722 individual member companies (travel agent members and tour operator members). ABTA represents the majority of United Kingdom travel agents and tour operators, its members accounting for around 90 per cent of package holidays sold.
- 6.3 ABTA achieved OFT approval for its code on 29 September 2005; the last of our three case study approved codes. As such, the extent to which the approval scheme has impacted on behaviour and performance in the travel industry is likely to be less than in estate agency and vehicle body repair, where businesses have had more time to implement changes²⁷.
- 6.4 We begin by considering businesses' awareness of the approval scheme. We then assess the benefits of the scheme to consumers, member businesses and the code sponsors. Third, we consider the costs of the scheme to members and code sponsors. Fourth, we consider issues for future development of the scheme.

Awareness

- 6.5 A high share of travel agents and tour operators belonging to ABTA is currently aware of the OFT Consumer Codes Approval Scheme. In our April survey, 72 per cent of ABTA members reported that they were

²⁷ At the time of printing, ABTA had announced its withdrawal from the scheme. The data we gained through face to face and phone interviews with ABTA and its members is, however, still relevant to this report as it provides useful information on the evaluation of CCAS.

aware of the scheme. Over four-fifths of ABTA non-members reported that were unaware of the OFT Consumer Codes Approval Scheme.

Benefits of the scheme

6.6 Our research allows us to consider the benefits of the approval scheme in this sector on consumers, travel agents, tour operators and the code sponsors. We consider each in turn.

Benefits to consumers

6.7 All travel sector respondents that are members of ABTA report that they 'adhere to a formal code of practice that covers standards of service and responsibility towards customers'. In contrast, 78 per cent of travel companies that are not members of ABTA report this.

6.8 In many cases the share of ABTA members that have a specific customer service procedure in place is greater than the proportion of travel companies who do not belong to ABTA. Almost all ABTA members have a complaints handling procedure for customers (97 per cent) and an independent redress scheme (96 per cent). Over nine-tenths (92 per cent) of ABTA members have a standard method of providing clear pre-sale information to customers. This compares to less than four-fifths (79 per cent) of the travel sector who are not members of ABTA. More ABTA members have a system to monitor the nature of customer complaints received compared to non-ABTA members (54 per cent compared to 42 per cent).

6.9 To inform customers of their complaints procedures, a greater proportion of ABTA members use verbal communication, their contract or purchase documentation or documents such as a customer service 'charter'.

6.10 Almost a tenth (nine per cent) of ABTA members do not inform their customers of their complaints procedures, equal to the nine per cent of non-members.

- 6.11 ABTA members use a variety of ways to inform customers and potential customers about their membership of the OFT approved code. Over half of ABTA members use a display of the logo on the premises itself (54 per cent) or on customer information packs such as leaflets, receipts or contracts (55 per cent). A smaller share communicate this verbally (11 per cent), through their website (12 per cent) or other media coverage (four per cent).
- 6.12 Nine-tenths (90 per cent) of ABTA members regularly measure customer services whilst slightly fewer travel companies who do not belong to ABTA say that they do this.
- 6.13 On average, ABTA members do not feel that membership of the approved code has yet improved the quality of service that their company provides – though the NOP study conducted in 2004 showed that 86 per cent of members believe that one of the benefits of membership will indeed be in being able to guarantee the quality of work/service supplied.

Benefits to businesses

'Credible back-up from the Office of Fair Trading is valuable'

Sponsor of an approved code

'As code becomes more widespread we expect the benefits to become more visible'

Sponsor of an approved code

- 6.14 Recognition of the benefits of an OFT approved code varies between members of the ABTA and non-members – non-members are generally more positive about the extent of benefits gained from their code of practice. However, this may reflect differences in appraising a new scheme versus something that was running for over 30 years before the code was submitted for OFT approval.

- 6.15 Travel companies that are members of ABTA do not receive fewer complaints than those who do not sign up to an OFT approved code. However, improvements are already visible with the number of complaints received having declined by 3.0 per cent across member organisations in the past twelve months; although a slightly greater fall of 3.1 per cent was reported by travel companies that were not members of ABTA.²⁸ In the 2004 study conducted by NOP however, 67 per cent of ABTA members believed that being a member of the OFT approved code had resulted in or would eventually lead to a reduction in the number of complaints received. Furthermore, 94 per cent of ABTA members agreed that a further benefit of membership would be the demonstration that the company takes customer complaints seriously.
- 6.16 We estimate that, in the last year, the value of goods and services complained about in this sector amounts to £240 million. This is based on data from the Annual Business Inquiry, data from Consumer Direct and cebr analysis of the ORB survey of businesses.
- 6.17 While on average ABTA members do not feel that membership of their organisation's code of practice has, as yet, helped to increase sales, the 2004 NOP study found that 61 per cent of members felt that increased sales would be a potential benefit of belonging to the approved code.
- 6.18 As with OEA members, ABTA members do believe that membership of their code of practice has helped to improve their organisation's reputation — in line with the finding of the earlier NOP research which discovered that 92 per cent of members expected that membership of the OFT approved code would lead to an improvement in their company's reputation.

²⁸ The confidence intervals for these reductions in complaints are [-1.9%, -4.1%] for ABTA members and [-1.5%, -4.9%] for non-members.

- 6.19 Many ABTA members recognise the benefits of the OFT approved code. Half said that the benefits of the scheme have outweighed the burden whilst just one per cent of members reported that the burdens outweighed the benefits.

Benefits to the code sponsor

- 6.20 The approval scheme has also had benefits for the code sponsors:

'The quality and service protection advertised through the OFT brand is likely to become more important'

Sponsor of an approved code

'It is hard to tell whether firms have gained extra custom from being Office of Fair Trading approved so far – but as code becomes more widespread [we] would expect this to change'

Sponsor of an approved code

Costs related to the scheme

- 6.21 We have examined both the one-off initial costs of code approval and the on-going running costs of an approved code. We consider first the costs of the scheme to the businesses that are members of an approved code; we then turn to the costs borne by the code sponsor.

Costs to businesses

- 6.22 The one-off initial costs of implementation were greatest for members of ABTA with an average of £2,441 reported. This compares to £1,924 for the typical VBRA member and £1,055 for the typical OEA member. More than a third (36 per cent) of the one-off initial costs came from one-off publishing, redesign and marketing expenses. Insurance fees were the second largest one-off cost at £439, followed by costs of materials and equipment (£397) and administration fees (£396).

- 6.23 The process of implementing the OFT approved code had very few adverse effects on ABTA member organisations. On average, only two per cent reported issues such as increased managerial time spent on complaint resolution (despite the fact that 14 per cent of those surveyed as part of the NOP study expected that signing up to a code of practice had resulted, or would lead to, more time being allocated to dealing with complaints) and two per cent reported other negative effects.
- 6.24 The largest on-going cost of implementing the consumer code of practice is from publishing, re-design and marketing with travel agents and tour operators, on average, paying £5,472 per annum. Employee training is the lowest on-going cost for ABTA members at £700 per annum but this is still higher than the equivalent for travel agents and tour operators who do not belong to ABTA. In total, ABTA members feel that costs have risen by 1.6 per cent since implementing the OFT approved code – but only 43 per cent of ABTA members surveyed as part of the 2004 NOP study felt that higher running costs would be a 'negative benefit' of signing up to a code of practice.
- 6.25 However, costs across all areas for businesses belonging to ABTA have increased marginally since implementing the OFT approved code. Even in the area where costs have risen the most – insurance – they grew by just 2.0 per cent. On average, materials and equipment costs increased by 1.1 per cent and this cost was higher the larger the firm. We estimate that the total additional cost due to the OFT approval of the code is only £252 per business per annum. With 1,722 member companies, the total additional cost to members of the OFT approval scheme (excluding staff time) is therefore some £434,000 per year.
- 6.26 The time required each month from managers and employees to ensure compliance with the customer code of practice is higher for ABTA members compared to travel agents and tour operators who do not belong to ABTA. However, for firms with more than 50 employees the managerial and employee time required is greater for non-members.

Costs to code sponsors

- 6.27 In the implementation of the scheme, ABTA has had to take on more staff – at an annual cost of around £25,000. In addition, there may be costs involved in the management of the independent redress scheme. However, additional cost to members has been trivial.

Development of the scheme

- 6.28 Our research has highlighted a number of issues for the OFT in terms of the development so far of the approval scheme, and how it might develop in the future. The in-depth interviews raised issues of consistency, robustness and flexibility – drawing particular attention to the need for a robust but credible scheme.
- 6.29 The scheme can be developed by promoting awareness to non-member travel companies and ensuring credibility is maintained to make membership more attractive. Currently, the formal codes of practice of among over half (55 per cent) of non-member firms are not approved by another industry body. Over four-fifths (81 per cent) report that their formal code of practice is not approved by another external body whilst almost two thirds say it is specific to their company.

Appendix – data tables

Exhibit 6.1: What procedures does your company have in place?

	ABTA members					Not ABTA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
A complaints handling procedure for customers	97%	93%	97%	97%	100%	86%	81%	92%	100%	100%
A cooling-off period that is longer than that required by law	32%	28%	35%	32%	31%	32%	39%	17%	17%	20%
Provision of consumer guarantees and warranties	56%	60%	60%	46%	62%	65%	68%	75%	58%	20%
A specific person or team for handling customer complaints	75%	67%	73%	73%	88%	80%	74%	100%	83%	100%
An independent redress scheme	96%	95%	95%	94%	100%	93%	93%	92%	92%	100%
A standard method of providing clear pre-sale information to customers	92%	88%	95%	90%	100%	79%	77%	83%	75%	80%
Staff training to make them aware of legal responsibilities in relation to your customers	41%	42%	48%	33%	36%	34%	31%	42%	33%	60%
A system to monitor the nature of customer complaints received	54%	51%	58%	54%	57%	42%	38%	58%	50%	60%

No. of observations = 238 (ABTA members), 108 (Not ABTA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.2: How does your organisation inform customers of your complaints procedure?

	ABTA members					Not ABTA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
It is communicated to customers verbally	52%	58%	59%	41%	50%	47%	52%	45%	33%	40%
It is in the contract/ documentation	56%	45%	52%	59%	69%	47%	48%	36%	75%	20%
It is clearly displayed at the point of purchase	14%	13%	16%	11%	14%	17%	15%	18%	25%	20%
Information is on our website	17%	23%	17%	18%	12%	17%	18%	9%	17%	40%
In our customer service 'charter' or other document	8%	8%	12%	5%	5%	2%	0%	0%	8%	20%
In writing/ email	*%	0%	0%	0%	2%	1%	2%	0%	0%	0%
Leaflets/brochures are available	*%	0%	2%	0%	0%	0%	0%	0%	0%	0%
Booking forms	1%	2%	0%	3%	0%	1%	2%	0%	0%	0%
We tell them if they ask	*%	2%	0%	0%	0%	0%	0%	0%	0%	0%
We do not inform them	9%	11%	10%	8%	7%	9%	7%	9%	8%	0%

No. of observations = 238 (ABTA members), 108 (Not ABTA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.3: How does your organisation inform customers and potential customers about your membership of the OFT approved code?

	ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Logo displayed on premises	54%	50%	65%	52%	46%
Logo features on customer information (leaflets, receipts, contracts etc)	55%	42%	48%	55%	63%
Logo features on advertising and marketing material	14%	12%	18%	7%	21%
Verbally	11%	15%	15%	0%	17%
Do not actively inform them	22%	27%	28%	28%	8%
Company website	12%	12%	13%	14%	17%
Media coverage	4%	4%	3%	7%	4%
Other	3%	0%	3%	7%	4%

No. of observations = 238

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.4: Do not regularly measure customer service

ABTA members					Not ABTA members				
All	Number of employees				All	Number of employees			
	1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
10%	14%	12%	11%	2%	11%	9%	25%	0%	0%

No. of observations = 238 (ABTA members), 108 (Not ABTA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.5: How strongly do you agree or disagree with the following statements regarding your organisation's consumer code of practice? (On a scale of one to ten where one indicates they strongly disagree)

	ABTA members					Not ABTA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
Has helped increase sales for your organisation	5	5	5	5	6	6	6	6	7	8
Has resulted in fewer customer complaints	4	4	5	4	6	6	6	5	7	7
Has improved the reputation of your organisation	6	5	6	5	7	7	7	7	8	8
Has introduced a more effective system for dealing with customer complaints	5	4	5	5	7	7	7	8	8	8
Has introduced a cheaper system for dealing with customer complaints	4	4	4	4	5	5	5	6	5	5
Has introduced effective disciplinary procedures for companies that fail to meet the code's standards	6	5	6	5	6	7	6	6	7	7
Has involved too much paperwork	4	4	4	4	4	4	4	3	5	6
Has improved quality of service/technical standards	5	5	5	5	6	6	6	6	6	7
Has increased your running costs	3	3	3	4	4	4	4	2	4	4

No. of observations = 238 (ABTA members), 108 (Not ABTA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.6: Customer complaints received

	ABTA members					Not ABTA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
Number of complaints received in past 12 months	36.12	3.92	6.96	25.43	154	9.66	6.31	5.5	26.56	11.3
Change on previous 12 months	-	-	-	-	-	-	-	-	-	-
	3.0%	3.3%	1.9%	4.1%	2.8%	3.1%	2.4%	2.9%	-5.1%	10.5%

No. of observations = 238 (ABTA members), 108 (Not ABTA members)

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.7: Have the benefits of your company belonging to an OFT approved code of practice generally outweighed any additional burden involved? Or have the burdens outweighed the benefits?

	ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Benefits greatly outweighed burden	28%	35%	28%	28%	25%
Benefits slightly outweighed burden	22%	19%	18%	24%	25%
Has made no difference	42%	35%	50%	41%	33%
Burden slightly outweighed benefits	0%	0%	0%	0%	0%
Burden greatly outweighed benefits	1%	0%	0%	3%	0%
Do not know	1%	0%	0%	3%	0%

No. of observations = 238

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.8: One-off costs of implementing the OFT approved code (£)

	ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Legal	171	119	11	200	793
Insurance	439	160	190	500	1925
Employee training	170	147	111	135	550
Publishing / re-design / marketing	869	963	791	205	2700
Administration costs	396	512	93	654	910
Materials / equipment	397	500	171	608	710
Total	2,441	2,400	1,368	2,303	7,589

No. of observations = 238

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.9: How long did it take you to implement the requirements of the OFT approved code? (months)

	ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Average	1.8	1.6	1.5	1.5	3.5

No. of observations = 238

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.10: During the process of implementing the OFT approved code what negative effects has your organisation experienced?

	ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Increased managerial time spent on complaint resolution etc	2%	4%	0%	3%	0%
Disruption to service to customers	0%	0%	0%	0%	0%
Increased cost	0%	0%	0%	0%	0%
Lack of available complaints procedure information during handover between policies	0%	0%	0%	0%	0%
Employee confusion regarding official processes	0%	0%	0%	0%	0%
Other	2%	0%	3%	0%	8%

No. of observations = 238

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.21: How much have annual running costs changed since implementing the OFT approved code (%)

	ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Legal	+ 1.5	0.0%	+ 1.1%	+ 3.1%	+ 2.5%
Insurance	+ 2.0	+0.8%	+ 1.8%	+ 4.4%	+ 1.9%
Employee training	+ 1.7	+ 1.3%	+ 1.5%	+ 2.1%	+ 2.9%
Publishing / re-design / marketing	+ 1.8	+ 1.7%	+ 1.1%	+ 2.5%	+ 4.1%
Administration costs	+ 1.5	+0.7%	+ 1.1%	+ 2.7%	+ 2.8%
Materials / equipment	+ 1.1	+0.5%	+ 1.0%	+ 1.5%	+ 2.8%

No. of observations = 238

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.13: Annual running costs (excluding staff costs) to implement the consumer code of practice[†] (£ per business)

	ABTA members					Not ABTA members				
	All	Number of employees				All	Number of employees			
		1-4	5-9	10-49	50+		1-4	5-9	10-49	50+
Legal	1145	771	245	3110	2102	414	489	0	329	*
Insurance	1868	1071	2029	1528	4922	823	716	1250	334	*
Employee training	700	427	544	1474	721	207	191	10	459	*
Publishing / re-design / marketing	5472	5599	1091	7747	17658	1029	1059	710	1292	0
Administration costs	2668	260	599	1201	17743	919	1009	250	1217	0
Materials / equipment	2460	277	436	601	17658	692	699	1300	310	0
Total	14,313	8,404	4,943	15,661	60,804	4,084	4,164	3,520	3,940	0

No. of observations = 238 (ABTA members), 108 (Not ABTA members)

Source: cebr analysis of ORB survey (April 2006)

Note: † This is the total cost of compliance to each code; it is not the cost of 'OFT code approval'.

* Respondents said that they did not know

Exhibit 6.13: Time required each month to ensure compliance with the company consumer code (hours)²⁹

	ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Managerial	15.6	26.3	13.3	7.6	23.5
Employee	15.1	14.9	16.7	9.3	19.4

No. of observations = 238

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.14: Time required each month to ensure compliance with the company customer code of practice (hours)

	Not ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Managerial	10.3	8.3	17.0	3.3	26.8
Employee	11.0	11.7	3.4	1.7	21.8

No. of observations = 108

Source: cebr analysis of ORB survey

²⁹ This is not the additional time to comply with the OFT approval code.

Exhibit 6.15: Estimate of the change in annual running costs since implementing the OFT approved code (£ per business)

ABTA members	
Legal	18
Insurance	44
Employee training	13
Publishing / re-design / marketing	94
Administration costs	50
Materials / equipment	33
Total	252

No. of observations = 238

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.16: Is your formal code of practice that covers standards of service and responsibilities towards customers approved by another industry body?

	Not ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Yes	44%	39%	43%	33%	80%
No	55%	59%	57%	67%	20%
Do not know	1%	2%	0%	0%	0%

No. of observations = 108

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.17: Is your formal code of practice that covers standards of service and responsibilities towards customers approved by another external body?

	Not ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Yes	14%	10%	43%	0%	40%
No	81%	85%	57%	100%	40%
Do not know	5%	5%	0%	0%	20%

No. of observations = 108

Source: cebr analysis of ORB survey (April 2006)

Exhibit 6.18: Is your formal code of practice that covers standards of service and responsibilities towards customers specific to your company?

	Not ABTA members				
	All	Number of employees			
		1-4	5-9	10-49	50+
Yes	68%	66%	71%	100%	40%
No	32%	34%	29%	0%	60%

No. of observations = 108

Source: cebr analysis of ORB survey (April 2006)

7 RECOMMENDATIONS

- 7.1 There is support for the OFT approval scheme from across its key stakeholders, and it is clear that **the initiative should be promoted actively** – though it is important that the benefits from further development are assessed with reference to the cost of increased investment.
- 7.2 Although it is not yet possible to prove clearly a positive impact on consumers from the scheme, we believe that over time such an impact will be demonstrable – and **it is important that the impact monitoring and assessment that we have started here continues at regular intervals**. Moreover, further research into the perceptions of the scheme by consumers would be valuable in the near future.
- 7.3 We believe that, in order to succeed in gaining long term reputation benefits, there is **an imperative that the scheme now expands** to cover a wider range of sectors and that there is **continued publicity to promote awareness of the scheme among consumers**.
- 7.4 However, our research has highlighted some issues with and perceptions of the scheme which, if not addressed, may inhibit its future expansion.
- 7.5 As such, we would encourage the OFT to consider:
- **increasing the speed of the approvals process**, and setting from the outset a **clear timetable** for interaction between the OFT and code sponsors which is adhered to by **all parties**
 - developing a programme of **greater engagement with potential new code sponsors** and, in particular, **involving current code sponsors** in promoting and explaining the process to them
 - **establishing additional OFT internal resource** (subject to an assessment of its costs against its benefits) to facilitate dialogue with the industry and ensure specific key issues of potential consumer detriment are identified and addressed

- ensuring that the approval process: (i) continues to allow **appropriate flexibility** in the interpretation of the criteria so that sound codes can be approved³⁰; and (ii) is **formal, open and transparent** so that such **flexibility can be clearly communicated**
- keeping the level of monitoring by sponsors required for code approval under constant review, to ensure that monitoring is proportionate and does not place unnecessary burden to business. Could the OFT provide financial support to code sponsors that would otherwise be unable to meet the required standards? The reasons for the monitoring requirements by code sponsors should be communicated clearly and transparently to current and potential future sponsors of approved codes, and other stakeholders, and
- in the longer term **expanding the aim and coverage of the scheme** (after appropriate assessment of the costs and benefits of doing so) by including criteria based on technical competence and other areas of potential consumer detriment as appropriate to each sector.

³⁰ Of course, we recognise that flexibility needs to be balanced by the need to maintain a level playing field to ensure fairness of process and not to mislead applicants of what it is necessary to demonstrate to obtain approval.

ANNEXE

RESEARCH NOTES

Depth interview discussion guide

Consumer Codes Approval Scheme (CCAS) depth interviews

This document acts as a discussion guide – it is unlikely that we will ask all questions at all interviews. The exact content of each interview will be depend on interviewees experience and expertise.

Questions to code sponsors

Awareness

Do you believe your members are fully aware of the CCAS and what is required?

Do you believe non member companies from your sector are aware of your OFT Approved code?

What were your objectives in deciding to apply for OFT approval for your code?

Do you feel that gaining OFT approval has met those objectives?

How does your OFT Approved code compare/differ with codes you have previously operated?

What do you believe are the broad benefits to consumers of the CCAS?

Do you believe that consumers are fully aware of the benefits?

Do you directly inform customers about your OFT Approved code or do you provide support to your members to inform customers?

Implementation

What do you think motivates businesses to join your association and sign up to the code?

How do you think the introduction of the code has affected smaller companies?

What factors do you believe are important in ensuring your members correctly and fully adopt the code?

For example, clear documentation of the code's objectives and its requirements, employee training, official audits of company performance etc

What factors do you believe may impede the correct and full adoption of the code by your members?

For example, managerial apathy, fears of damage to competitive advantage, fear of bad reputation if fail etc

Are there any aspects of the code that members find more difficult/easy to comply with?

Do you believe that the code encourages companies to improve their levels of customer service to gain trade association membership? Or simply attracts companies who already adopt good customer service policies?

Benefits to code sponsor

Has the membership of your organisation increased since the code was approved?

Do you think this is related to the existence of the code, or are there other factors?

Has awareness of the other services offered by your association increased following OFT approval of your code?

Benefits to sector/individual members

General questions

Other performance indicators

Is there any evidence to suggest that code approval has helped firms attract and retain customers?

Is it possible to say whether code member companies have experienced higher turnover or profit growth than their non-member competitors? If so, do you think that this can be reasonably attributed to the changes required to obtain code approval?

Has there been an improvement in the self-regulation of businesses?

for example, are they monitoring themselves more effectively

Have there been any direct/indirect improvements in quality of service/technical standards amongst code member companies compared to their non-member competitors as a result of improved monitoring systems and the other changes required by the code?

Are businesses now doing anything else differently, as a result of OFT approval, which is likely to lead to raised customer service standards?

Are there any other perceived and materialised benefits of joining the OFT Approved code?

Comparison questions

Do you believe that any of these benefits are over and above those attributable to a trade association backed – but not OFT Approved – code?

Do you believe that any of these benefits are over and above those attributable to a standard company code of practice?

Do you (TA) consider yourself a 'regulator'?

Do you think compliance levels would be any different if the changes required to gain code approval had been required by legislation?

Costs to code sponsor

Have there been any negative effects of gaining approval?

For example, more complaints, more paperwork, etc

What were the one-off implementation costs of obtaining code approval for you in terms of:

1. establishing systems
2. informing members
3. legal/insurance costs
4. administrative costs
5. other

What are the ongoing costs of compliance to the code for you in terms of:

1. monitoring activities
2. enforcement activities
3. running new systems
4. advertising to non-members
5. advertising to public
6. other

What have been the costs of establishing (or upgrading) a redress mechanism?

Costs to sector/individual members

Are you aware whether there have been any negative effects for your members in gaining approval?

For example, decreased sales, more complaints, more paperwork, etc

What do you think the one-off implementation costs were for members to your approved code's requirements in terms of:

1. establishing systems
2. redesign/publishing costs
3. legal/insurance costs
4. administrative costs
5. other

What do you think will be the costs per member per year in ensuring the code's requirements are met?

How do you think costs have varied across different sized firms?

Are there any other factors which have impacted on costs?

What changes would you like to see made to the CCAS criteria in order to reduce the cost of implementation?

Do you believe that the costs of code implementation and on-going monitoring etc are above those relating to a trade association backed – but not OFT Approved – code?

Do you believe that the costs of code implementation and on-going monitoring etc are above those relating to a standard company code of practice?

Have you done anything to help reduce costs for your members?

Are you aware of any barriers to the adoption of the code? for example, are smaller companies deterred from joining the trade association because of the potential cost of implementing the code?

So far, do the benefits of gaining OFT approval for your code outweigh the burdens involved?

Questions to independent industry experts on the impact of the CCAS

Awareness

Are you aware that the consumer code of the [insert code sponsor name] is approved by the OFT?

What do you think have been the broad benefits to consumers of the CCAS?

Do you believe businesses in this sector are aware of the OFT Approved code and what it means for customer service?

Do you believe consumers are aware of the OFT Approved code and what it means for customer service?

Are you aware of any barriers to the adoption of the code? for example, are smaller companies deterred from joining the trade association because of the potential cost of implementing the code?

Do you believe that the code encourages companies to improve levels of customer service to gain trade association membership or simply attracts companies who already adopt good customer service policies?

Do you feel that managerial apathy, fear of bad reputation if fail to meet all criteria etc have affected membership levels of the trade association with an approved code or deterred businesses from joining?

Are there any aspects of the code that members find more difficult/easy to comply with?

Do you believe that the code encourages companies to improve their levels of customer service to gain trade association membership? Or simply attracts companies who already adopt good customer service policies?

Benefits to sector/individual members

General questions

What are the main benefits achieved from having an OFT Approved code so far?

Have there been any discernable improvements in your sector's reputation regarding customer service?

Is there any evidence to suggest that code member companies are better than their non-member competitors at providing pre-sales information to potential customers?

What are your perceptions on the complaints handling system because of the OFT approved code in the sector? Is this visible and easily accessible? Is complaint resolution quicker than before?

Other performance indicators

Is there any evidence to suggest that code approval has helped firms attract and retain customers?

Is it possible to say whether code member companies have experienced higher turnover or profit growth than their non-member competitors? If so, do you think that this can be reasonably attributed to the changes required to obtain code approval?

Has there been an improvement in the self-regulation of businesses?

For example, are they monitoring themselves more effectively

Have there been any direct/indirect improvements in quality of service/technical standards amongst code member companies compared to their non-member competitors as a result of improved monitoring systems and the other changes required by the code?

Are businesses now doing anything else differently, as a result of OFT approval, which is likely to lead to raised customer service standards?

Are there any other perceived and materialized benefits of joining the OFT Approved code?

Comparison questions

Do you believe that any of these benefits are over and above those attributable to a trade association backed – but not OFT Approved – code?

Do you believe that any of these benefits are over and above those attributable to a standard company code of practice?

Do you think compliance levels would be any different if the changes required to gain code approval had been required by legislation?

Costs to sector/individual members

Do you have a sense of whether there will be additional on-going costs to members to ensure they comply with the code?

For example, insurance, costs, legal costs, time spent handling complaints etc

How do you think costs have varied across different sized firms?

What changes do you think could be made to the CCAS criteria to reduce the cost of implementation for individual members?

Do you believe that the costs of code implementation and on-going monitoring etc are above those relating to a trade association backed – but not OFT Approved – code?

Do you believe that the costs of code implementation and on-going monitoring etc are above those relating to a standard company code of practice?

Questions to trade associations and independent industry experts in benchmark sectors on the potential impacts of the CCAS and their role in implementation

Existing customer services procedures

Does the sector already have in place its own formal codes of practice?

How does [insert sector] handle customer complaints?

Is there a procedure in place that stipulates the speed of complaint resolution?

How are consumers advised about complaints procedures?

What type of customer complaints do you believe are more prevalent in your sector?

Is it customary for firms to provide pre sale information on, for example, warranties, cancellation rights, guarantees, after sale service etc?

Do you believe that these existing codes of practice are sufficient to raise levels of customer service above the requirements set down by law?

For Trade Associations - Do you operate an independent redress scheme under your code? (if so, may ask detailed questions on this – see previous sections)

Awareness

Are you aware of the OFT Consumer Codes Approval Scheme?

Are you aware that [insert sector] is on the OFT list of sectors from which code sponsors may apply for approval of their consumer code?

What do you consider to be the broad benefits to consumers of the CCAS?

Do you believe businesses in this sector are aware of the CCAS/OFT Approved codes scheme and what it might mean for customer service?

Do you believe consumers are aware of the CCAS/OFT Approved codes scheme and what it might mean for customer service?

Benefits to sector/individual members

Do you believe that the CCAS encourages companies to improve levels of customer service to gain trade association membership or simply attracts companies who already adopt good customer service policies?

Which of the following, if any, do you think would be the main benefits of an OFT Approved code:

1. improved reputation of the sector
2. attracting/retaining customers
3. improved pre-sales information compared to non-member competitors
4. improved contracts compared to non-member competitors
5. improved complaints procedure (cost and efficiency) compared to non-member competitors
6. fewer complaints
7. improved technical standards
8. other

Do you believe that any of these benefits would be over and above those attributable to a trade association backed – but not OFT Approved – code?

Do you believe that any of these benefits would be over and above those attributable to a standard company code of practice?

Costs to sector/individual members

Which of the following, if any, do you believe would be the main disadvantages to the industry if a trade association gained OFT approval for its consumer code?:

1. higher running costs
2. more paperwork
3. damaged reputation for businesses if they fail to meet all criteria
4. discourage smaller companies to join trade association due to costs of implementing code
5. other
6. none

Do you believe that the costs of implementing an OFT Approved code and on-going monitoring etc would be above those relating to a trade association backed – but not OFT Approved – code?

Do you believe that the costs of code implementation and on-going monitoring etc would be above those relating to a standard company code of practice?

STAKEHOLDERS INTERVIEWED

Simon Bunce, Head of Legal Services (ABTA)

Bill McClintock, Chairman (OEA)

Malcolm Tagg, Director General (VBRA)

Malcolm Bassett, Principal Policy Researcher (Consumers Association)

Margaret Humphreys, LACORS (Trading Standards)

Robert Peckham, Executive Director (UK Mac-Dealer Association)

Adrian Bond, Managing Director (MVRA Ltd)

David Oliver, Compliance Officer (NAEA)

Ralph Halford (DASA)

Keith Warburton, Executive Director (PC Association)

Susan Marks, (Citizens advice bureau)

TELEPHONE SURVEY QUESTIONNAIRE

INTRODUCTION TO RESPONDENT

Hello my name is, I'm calling from Opinion Research Business about a study we are conducting on behalf of the Office of Fair Trading. May I speak to..... **(NAMED RESPONDENT)** about a study we are conducting a study among managers, owners and senior decision makers of businesses throughout the UK. The study looks at attitudes towards consumer codes of practice and their potential impact on business performance. The interview will take approximately 15 minutes to complete.

(IF NEEDED: This is a research study and not an attempt to sell you anything.

This survey is confidential and your responses will not be identified in individual form. We operate according to the Code of Conduct of the Market Research Society and the provisions of the Data Protection Act.)

Interviewer note: If requested we can fax respondents from ABTA, OEA and VBRA a letter from the OFT explaining the research.

1. NOW IS A GOOD TIME **(CONTINUE)**
2. SCHEDULE AN APPOINTMENT **[RECORD DATE/TIME]**
3. REFUSAL **[ASK: WHAT IS THE MAIN REASON FOR NOT PARTICIPATING IN THIS STUDY?]**

Firstly, can I just check your job title. Are you the owner, Managing Director/CEO, Finance Director, branch manager or other senior decision maker?

1. Owner
2. Managing Director
3. CEO

4. Finance Director/ CFO
5. Branch manager
6. Other senior decision maker (specify)

No - ASK TO SPEAK WITH ANOTHER PERSON

Can I confirm you are the best person to speak to regarding customer services?
(If necessary: By customer services I mean standards of service and responsibilities towards your customers.)

1. Yes
2. No - ASK TO SPEAK WITH ANOTHER PERSON
3. Can I check that the main activity of your business is...?
4. A travel agent or tour operator
5. An estate agent selling residential property
6. Involved in repairs of car bodywork
7. Involved in selling and repairing computers
8. Involved in domestic appliance repair
9. Other – **TERMINATE**

Is your business a head office, branch, franchise or are you a single site organisation?

1. Head office
2. Branch
3. Single site organisation
4. Franchise

If branch of an organisation: please answer all these questions in relation to the branch in which you spend the majority of your working time:

SECTION A – FILTERING QUESTIONS ASK ALL

Q1. Is your company a member of a trade association, professional body or other body representing your industry's members?

Yes CONTINUE AT Q2

No GO TO Q3

Q2. Which of the following trade association/s does your company belong to?

Travel and tour operators

1. Association of British Travel Agents (ABTA)
2. Bonded Coach Holidays
3. Timeshare Council
4. Trust Timeshare UK Ltd
5. Association of Independent Tour Operators
6. Other (please specify)

Estate agents

7. OEA – Ombudsman for Estate Agents (OEA)
8. RICS – Royal Institute of Chartered Surveyors
9. NAEA - National Association of Estate Agents
10. National Approved Letting Scheme

11. Association of Residential Letting Agents

12. Other (please specify)

Vehicle bodywork repairers

13. VBRA - Vehicle Builders and Repairers Association Ltd

14. MVRA Ltd

15. Robert Bosch Ltd

16. BSI Automotive Service Code

17. Retail Motor Industry Federation (RMIF)

18. Other (please specify)

Computers

19. UK Mac – Dealer Association

20. NASC - National Association of Specialist Computer Retailers

21. PCA - Personal Computer Association

22. Other (please specify)

Domestic appliance repairers

23. DASA/NOA – Domestic Appliance Service Association

24. Other (Please specify)

SECTION B – CUSTOMER

Q3. Does your company adhere to a formal code of practice that covers standards of services and responsibilities towards customers?

1. Yes

2. No

Q4 I'm now going to read out a list of customer service procedures that your organisation may or may not have in place. Please tell me which of the following your organisation has in place?

	Yes	No	DK
a) A complaints handling procedure for customers	1	2	3
b) A cooling-off period that is longer than that required by law	1	2	3
c) Provision of consumer guarantees and warranties	1	2	3
d) A specific person or team for handling customer complaints	1	2	3
e) A system to monitor the nature of customer complaints received	1	2	3
f) An independent redress scheme	1	2	3

- | | | | | |
|----|---|---|---|---|
| g) | A standard method of providing clear pre-sale information to customers | 1 | 2 | 3 |
| h) | Staff training to make them aware of legal responsibilities in relation to your customers | 1 | 2 | 3 |

IF CODE 1 (YES) AT Q4A ASK Q5A

Q5a. How does your organisation inform customers of your complaints procedure?

(Read out/Code all mentions)

1. It is communicated to customers verbally
2. It is in the contract/documentation
3. It is clearly displayed at the point of purchase
4. In our customer service 'charter' or other document
5. Information is on our website
6. Other (Please specify)
7. We do not inform them
8. Don't know (Do not read out)

Q5b. How does your organisation inform customers of your cooling off period?

(Read out / Code all mentions)

1. It is communicated to customers verbally
2. It is in the small print of the contract/ documentation

3. It is clearly displayed at the point of purchase
4. In our customer service 'charter' or other document
5. Information on our website
6. Other (Please specify)
7. We do not inform them
6. Don't know (Do not read out)

IF CODE 1 (YES) AT Q4C ASK Q5C

Q5c. How does your organisation inform customers of the guarantees and/or warranties offered?

(Read out/Code all mentions)

1. It is communicated to customers verbally
2. It is in the contract/documentation
3. It is clearly displayed at the point of purchase
4. In our customer service 'charter' or other document
5. Information is on our website
6. Other (Please specify)
7. We do not inform them
8. Don't know (Do not read out)

Q6a. How, if at all, did the number of customer complaints received by your organisation/branch change in the last 12 months, compared to the previous 12 months? Did they....?

(Read Out / Rotate)

1. Increase GO TO Q6b
2. Decrease GO TO Q6b
3. Stayed the same GO TO Q7

Q6b. By what percentage was that? **READ OUT**

1. Less than 5 per cent
2. 5 to 10 per cent
3. Over 10 to 20 per cent
4. Over 20 per cent
5. Don't Know (Do not read out)

Q7. Approximately how many customer complaints has your organisation/branch received in the last 12 months?

Write in

Q8. How regularly, if at all, does your company review its standards of customer service? (Do not read out)

1. It's ongoing
2. Daily

3. Weekly
4. Monthly
5. Quarterly
6. Annually
7. We do not regularly measure customer services
8. Other (specify)
9. Don't know

IF REVIEW STANDARDS (CODES 1-6 AT Q8) ASK Q9

Q9. If, when reviewing standards of customer service, it is felt that they have slipped, what does your organisation do? And what else? DO NOT PROMPT

1. Nothing – generally do not follow up/ take any action
2. Have never found/thought that standards have slipped
3. Don't know
4. No answer

IF CODE 1, 7 OR 13 AT Q2 ASK SECTION C. OTHERS SKIP TO SECTION D

SECTION C – OFT CODE MEMBERS ONLY

Q10. How long has your organisation been a member of (insert trade association)?

1. Less than 6 months
2. 6 to 12 months
3. Over 1 year -2 years
4. Over 2 -5 years
5. Over 5- 10 years
6. Over 10 -15 years
7. Over 15 -20 years
8. Over 20 years
9. Don't Know

Awareness

Q11. Do you know that there is a code of practice approved by the Office of Fair Trading as part of the Consumer Codes Approval Scheme?

- | | | |
|---|-----|------------------------|
| 1 | Yes | GO TO QUESTION 12 |
| 2 | No | CONTINUE AT 'READ OUT' |

Read out: **The Consumer Codes Approval Scheme is a new initiative from the Office of Fair Trading (OFT). The trade body works with the OFT to devise a code of practice that commits businesses to offering a higher level of customer service than is required by law. Businesses signed up to an OFT Approved code are able to display the OFT Approved code logo.**

Q12. Are you aware that [insert Trade association] has its consumer code approved under this scheme?

- 1 Yes CONTINUE AT Q13
- 2 No GO TO SECTION E

Implementation stage -working towards approval

Q13. Did you have a customer services code of practice before adopting the OFT approved code?

- 1. Yes
- 2. No
- 3. DK

Q14. As a member of (trade association) you will have worked toward the OFT approved code. How long did it take you to implement the requirements of the OFT approved code?

1. Less than one month
2. One to 3 months
3. Over 3 to 6 months
4. Over 6 months
5. Don't know – but has been implemented

Q15. Please give an estimate of the one-off costs for implementing the OFT approved code in the following areas...? **(Rotate, probe to precodes)**

a. Legal costs

1. £0
2. £1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000
7. Over £2,000 to £5,000

8. Over £5,000
9. Costs are covered by trade association
10. DK
11. NA

b. Insurance Costs

1. £0
2. 1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000
7. Over £2,000 to £5,000
8. Over £5,000
9. Costs are covered by trade association
10. DK
11. NA

c. Employee training costs

1. £0
2. 1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000
7. Over £2000 to £5,000
8. Over £5,000
9. Costs are covered by trade association
10. DK
11. NA

d. Publishing/redesign/marketing

1. £0
2. 1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000

7. Over £2000 to £5,000
8. Over £5,000
9. Costs are covered by trade association
10. DK
11. NA

e. Administration costs

1. £0
2. 1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000
7. Over £2000 to £5,000
8. Over £5,000
9. Costs are covered by trade association
10. DK
11. NA

- f. Materials/ equipment costs
1. £0
 2. 1-100
 3. £101-500
 4. £501-1000
 5. £1001-1500
 6. £1501-£2000
 7. Over £2000 to £5,000
 8. Over £5,000
 9. Costs are covered by trade association
 10. DK
 11. NA

Q16. Now please give an estimate of the monthly cost for ensuring compliance to the OFT code in the following areas...? **(Rotate, probe to precodes)**

a. Legal costs

1. £0
2. £1-100
3. £101-500
4. £501-1000
5. £1001-1500

6. £1501-£2000
7. Over £2,000 to £5,000
8. Over £5,000
9. DK
10. NA

b. Insurance Costs

1. £0
2. 1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000
7. Over £2,000 to £5,000
8. Over £5,000
9. DK
10. NA

c. Employee training costs

1. £0
2. 1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000
7. Over £2000 to £5,000
8. Over £5,000

9. DK

10. NA

d. Publishing/redesign/marketing

1. £0

2. 1-100

3. £101-500

4. £501-1000

5. £1001-1500

6. £1501-£2000

7. Over £2000 to £5,000

8. Over £5,000

9. DK

10. NA

e. Administration costs

1. £0

2. 1-100

3. £101-500

4. £501-1000

5. £1001-1500

6. £1501-£2000

7. Over £2000 to £5,000

8. Over £5,000

9. DK

10. NA

- f. Materials/ equipment costs
 1. £0
 2. 1-100
 3. £101-500
 4. £501-1000
 5. £1001-1500
 6. £1501-£2000
 7. Over £2000 to £5,000
 8. Over £5,000
 9. DK
 10. NA

Q17. Please can you give an estimate of how much these costs have changed (jn percentage terms) since implementing the OFT code?

	Increased by 5% or more	Increased less than 5%	Stayed same	Decreased less than 5%	Decreased by 5% or more
1. Legal costs	1	2	3	4	5
2. Insurance costs	1	2	3	4	5
3. Employee training costs	1	2	3	4	5
4. Publishing/redesign/ marketing	1	2	3	4	5
5. Administration costs	1	2	3	4	5
6. Materials/equipment costs	1	2	3	4	5

ASK ALL

Q18. What is your estimate of the total managerial time required each month to ensure compliance with the OFT approved code? **(Do not read out Probe to precode)**

1. None/ no managerial time required
2. Up to 2 hours
3. Over 2 hours but under half a day
4. Half a day to 1 day
5. Over 1 to 3 days
6. Over 3-5 days
7. Over 5-10 days
8. Over 10 days
9. Other: please specify
10. Don't Know (Do not read out)

Q19. What is your estimate of the total employee time required each month to ensure compliance with the OFT approved code? **(Do not read out Probe to precode)**

1. None/ no employee time required
2. Up to 2 hours
3. Over 2 hours but under half a day

4. Half a day to 1 day
5. Over 1 to 3 days
6. Over 3 -5 days
7. Over 5-10 days
8. Over 10 days
9. Other: please specify
10. Don't Know (Do not read out)
11. Not applicable (sole trader)

Q20. How, if at all, does your organisation inform customers and potential customers about your membership of the OFT approved code? **(Read out/ Code all mentions)**

1. Do not actively inform them
2. Logo displayed on premises
3. Logo features on customer information (leaflets, receipts, contracts etc)
4. Logo features on advertising and marketing material
5. Media coverage
6. Verbally
7. Company website
8. Other (please specify)

Q21. During the process of implementing the OFT approved code what negative effects, if any, has your organisation experienced? **(Do not read out / prompt if necessary)**

1. Disruption to service to customers
2. Increased cost
3. Increased managerial time spent on complaint resolution etc
4. Lack of available complaints procedure information during handover between policies
5. Employee confusion regarding official processes
6. Other please specify)
7. None
8. DK

Q22. Please tell me how strongly you agree or disagree with the following statements regarding your organisation's membership of an OFT approved code. Please use a scale of 1-10 where 1 is strongly disagree and 10 is strongly agree.

Being a member of an OFT Approved code **(Read Out. Rotate.)**

- | | | | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|----|----|
| a) Has helped increase sales for your organisation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | DK |
| b) Has resulted in fewer customer complaints | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | DK |
| c) Has improved the reputation of your organisation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | DK |
| d) Has introduced a more effective system for dealing with customer complaints | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | DK |

- e) Has introduced a cheaper system for dealing with customer complaints
1 2 3 4 5 6 7 8 9 10 DK
- f) Has introduced effective disciplinary procedures for companies that fail to meet the code's standards
1 2 3 4 5 6 7 8 9 10 DK
- g) Has involved too much paperwork
1 2 3 4 5 6 7 8 9 10 DK
- h) Has improved quality of service/technical standards
1 2 3 4 5 6 7 8 9 10 DK
- i) Has increased your running costs
1 2 3 4 5 6 7 8 9 10 DK

Q23. Would you say that the benefits of your company belonging to an OFT approved code of practice have generally outweighed any additional burden involved? Or have the burdens outweighed the benefits?

1. Benefits greatly outweighed burden
2. Benefits slightly outweighed burden
3. Has made no difference
4. Burden slightly outweighed benefits
5. Burden greatly outweighed benefits
6. Don't know (Do not read out)

NOW GO TO SECTION E

SECTION D ALL NON OFT CODE MEMBERS

IF (NOT CODES 1 OR 7 OR 13 AT Q2) AND (CODE 1 AT Q3) ASK Q24
OTHERS GO TO Q30

Q24. Thinking of your formal code of practice that covers standards of service and responsibilities towards customers. Is this...? **(Read out)**

	Yes	No
Approved by another industry body (please specify body)	1	2
Approved by another external body (please specify body)	1	2
Specific to your own company	1	2

Q25. How long has your organisation had this code of practice?

1. Less than a year
2. 1 -2 years
3. Over 2 -3 years
4. Over 3-4 years
5. Over 4 – 5 years
6. Over 5- 10 years

7. Over 10 -15 years
8. Over 15 -20 years
9. Over 20 years ago
10. Don't Know

Q26. Please give an estimate of the annual cost of ensuring compliance to your customer code of practice in the following areas...? **(Rotate, probe to precodes)**

a. Legal costs

1. £0
2. 1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000
7. Over £2000 to £5000
8. Over £5000
9. DK
10. NA

b. Insurance Costs

1. £0
2. 1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000
7. Over £2000 to £5000
8. Over £5000
9. DK
10. NA

c. Employee training costs

1. £0
2. 1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000
7. Over £2000 to £5000
8. Over £5000

9. DK

10. NA

d. Publishing/redesign/marketing

1. £0

2. 1-100

3. £101-500

4. £501-1000

5. £1001-1500

6. £1501-£2000

7. Over £2000 to £5000

8. Over £5000

9. DK

10. NA

e. Administration costs

1. £0

2. 1-100

3. £101-500

4. £501-1000

5. £1001-1500

6. £1501-£2000
7. Over £2000 to £5000
8. Over £5000
9. DK
10. NA

f. Materials/ equipment costs

1. £0
2. 1-100
3. £101-500
4. £501-1000
5. £1001-1500
6. £1501-£2000
7. Over £2000 to £5000
8. Over £5000
9. DK
10. NA

Q27. What is your estimate of the total managerial time required each month to ensure compliance with your customer code of practice? **(Do not read out Probe to precode)**

1. None/ no managerial time required
2. Up to 2 hours
3. Over 2 hours but under half a day
4. Half a day to 1 day
5. Over 1 to 3 days
6. Over 3-5 days
7. Over 5-10 days
8. Over 10 days
9. Other: please specify
10. Don't Know (Do not read out)

Q28. What is your estimate of the total employee time required each month to ensure compliance with your customer code of practice? **(Do not read out Probe to precode)**

1. None/ no employee time required
2. Up to 2 hours
3. Over 2 hours but under half a day

4. Half a day to 1 day
5. Over 1 to 3 days
6. Over 3 -5 days
7. Over 5-10 days
8. Over 10 days
9. Other: please specify
10. Don't Know (Do not read out)
11. Not applicable (sole trader)

Q29. Please tell me how strongly you agree or disagree with the following statements regarding the impact on your organisation of adhering to a code of practice. Please use a scale of 1-10 where 1 is strongly disagree and 10 is strongly agree? Adhering to a code of practice..? (ROTATE).

- | | |
|--|-------------------------|
| a) Has helped increase sales for your organisation | 1 2 3 4 5 6 7 8 9 10 DK |
| b) Has resulted in fewer customer complaints | 1 2 3 4 5 6 7 8 9 10 DK |
| c) Has improved the reputation of your organisation | 1 2 3 4 5 6 7 8 9 10 DK |
| d) Has introduced a more effective system for dealing with customer complaints | 1 2 3 4 5 6 7 8 9 10 DK |
| e) Has introduced a cheaper system for dealing with customer complaints | 1 2 3 4 5 6 7 8 9 10 DK |
| f) Has introduced effective disciplinary procedures for companies that fail to meet the code's standards | 1 2 3 4 5 6 7 8 9 10 DK |
| g) Has involved too much paperwork | 1 2 3 4 5 6 7 8 9 10 DK |

h) Has improved quality of service/technical standards

1 2 3 4 5 6 7 8 9 10 DK

i) Has increased your running costs

1 2 3 4 5 6 7 8 9 10 DK

READ OUT:

The Consumer Codes Approval Scheme is a new initiative from the Office of Fair Trading (OFT). Trade bodies work with the OFT to devise a code of practice that commits businesses to offering a higher level of customer service than is required by law. Businesses signed up to an OFT Approved code are able to display the OFT Approved code logo.

Q30. Before today were you aware of the OFT Consumer Codes Approval Scheme?

1 Yes

2 No

3 DK

Q31a. What do you think would be the main benefits of signing up to an OFT approved Code?

(Do not read out / Code all mentions)

1. Increased sales

2. Fewer customer complaints

3. More repeat business
4. Better reputation for a member company
5. Better reputation of industry as a whole
6. Shows that the company takes customer complaints seriously
7. Availability of independent complaints handling procedure for customers
8. Transparency of information to customers
9. Disciplinary procedures for companies that fail to meet the Codes' standards
10. Independent arbitration between the company and customers who complain
11. Guarantee of the quality of work / service supplied
12. Other (specify)
13. It would not change our current customer services provision
14. None
15. Don't know

Q31b. What do you think could be the potential disadvantages or drawbacks of signing up to an OFT Approved Code?

(Do not read out / Code all mentions)

- 1) Cost involved
- 2) More bureaucracy/ paperwork

- 3) Would take up/ divert too much staff time
- 4) Would make no difference to customers/ customers don't care
- 5) Other (specify)
- 6) None
- 7) Don't know

SECTION E — DEMOGRAPHICS (ASK ALL)

Now just a few questions to ensure that we have a representative sample and to help us analyse the findings by different types of business.

D1. What was your organisation's turnover in 2005?

1. Under £50,000
- 2 £50,000 to £100,000
- 3 Over £100,000 to £500,000
- 4 Over £500,000 to £1 million
- 5 Over £1 million to £10 million
- 6 Over £10 million to £20 million
- 7 Over £20 million
- 8 Don't know (Do not read out)
- 9 Refused (Do not read out)

D2. How, if at all, did your organisation's turnover change in 2005 compared to 2004? Did it....*

1. Increase GO TO Q33b
2. Decrease GO TO Q33b
3. Stay the same GO TO Q34

D3. By how much did it (increase/ decrease) in percentage terms?

1. Less than 5 per cent
2. Between 5 per cent and 10 per cent
3. Over 10 - 20 per cent
4. Over 20 per cent
5. Don't Know (Do not read out)

D4. What was your organisation's profit in 2005?

1. Made a loss / no profit
2. Under £10,000
3. £10,000 to £20,000
4. Over £20,000 to £50,000
5. Over £50,000 to £100,000
6. Over £100,000 to £250,000
7. Over £250,000 to £500,000
8. Over £500,000 to £1 million
9. Over £1 million
10. Don't know (Do not read out)

D5. How, if at all, did your organisation's profit change in 2005 compared to 2004? Did it....

1. Increase GO TO D6
2. Decrease GO TO D6
3. Stay the same GO TO D7

D6. By how much did profits (increase/ decrease) in percentage terms?

- 1 Less than 5 per cent
- 2 Between 5 per cent and 10 per cent
- 3 Over 10 - 20 per cent
- 4 Over 20 per cent
- 5 Don't Know (Do not read out

D7 In which of the area of the UK are you based? (Probe to correct precode)

1. North East
2. North West
3. Yorkshire and the Humber

4. East Midlands
5. West Midlands
6. Eastern
7. London
8. South East
9. South West
10. Wales
11. Scotland
12. Northern Ireland
13. Nationwide (Do not read out)

ASK TO BRANCHES ONLY (CODE 2 AT SCREENER D)

D8. Including yourself how many people (full-time equivalent) are employed in your branch?

- | | |
|---|-------|
| 1 | 1 |
| 2 | 2-4 |
| 3 | 5-9 |
| 4 | 10-24 |
| 5 | 25-49 |

- 6 50-99
- 7 100-249
- 8 250+
- 9 Don't know
- 10 Refused

ASK ALL

D9. How many employees are there in your organisation as a whole, including head office and all branches?

- 1 1
- 2 2-4
- 3 5-9
- 4 10-24
- 5 25-49
- 6 50-99
- 7 100-249
- 8 250+
- 9 Don't know

10 Refused

D10. How long ago, approximately, was your business set up/established?

(probe to correct precode)

1 In our first year

2 1-2 years

3 Over 2-5 years

4 Over 5-10 years

5 Over 10-15 years

6 Over 15-20 years

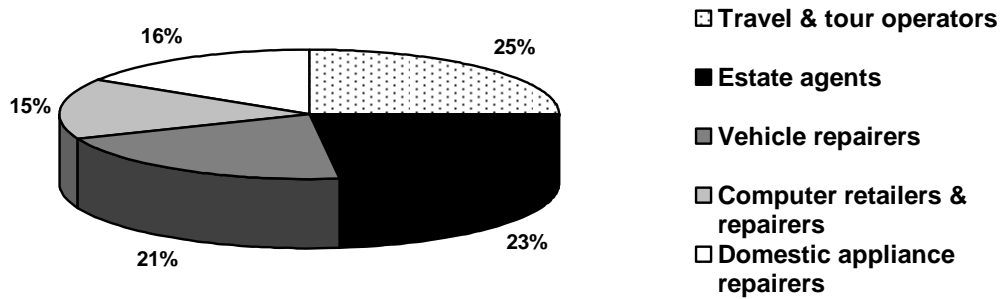
7 Over 20 years ago

8 Don't Know

THANK AND CLOSE

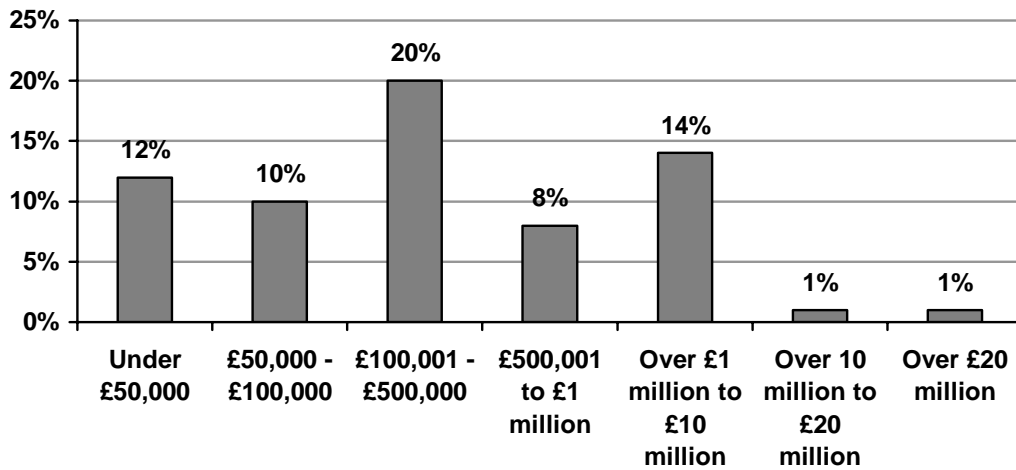
TELEPHONE SURVEY SAMPLE

Exhibit 6.1: Proportion of respondents from each sector, %



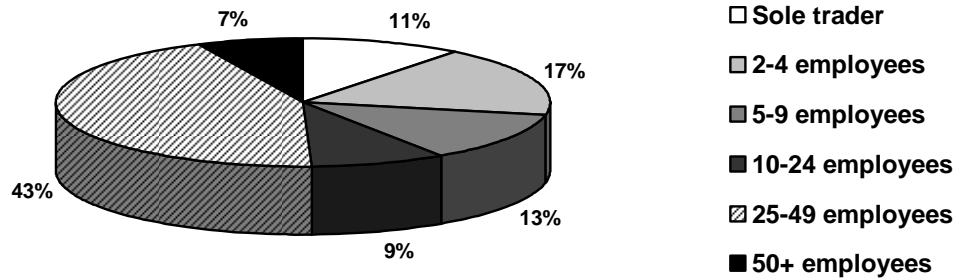
Source: ORB

Exhibit 6.2: Proportion of respondents from specified turnover bands, %



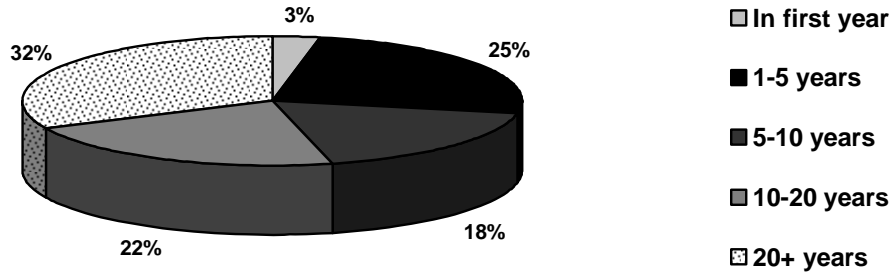
Source: ORB

Exhibit 6.3: Proportion of respondents from specified company size bands, %



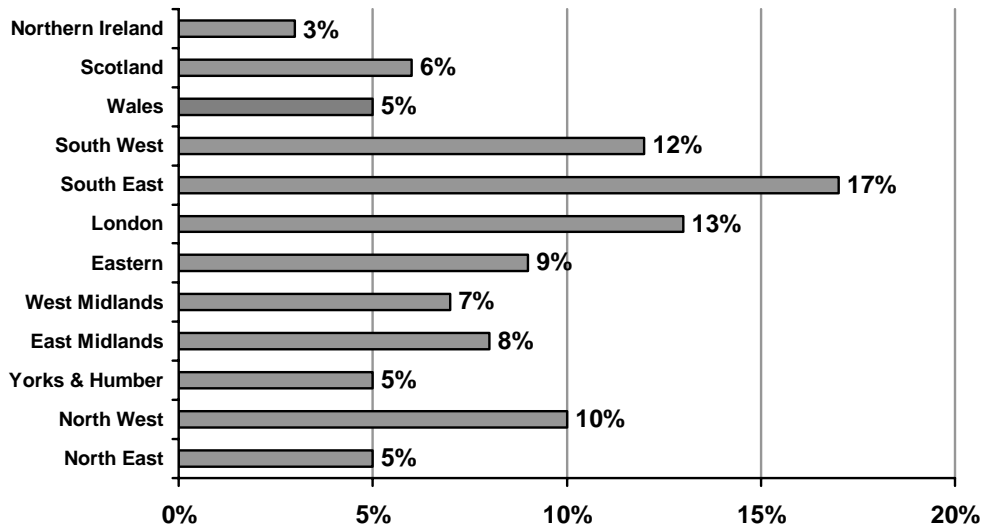
Source: ORB

Exhibit 6.4: Proportion of respondents from specified age of business bands, %



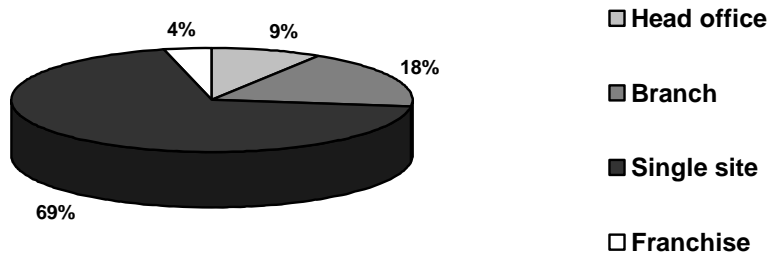
Source: ORB

Exhibit 6.5: Proportion of respondents from each region, %



Source: ORB

Exhibit 6.6: Proportion of respondents split by type of office, %



Source: ORB