



For the First Time in Israel: The Israel Consumer Council Publishes the Fairness Index

The Israel Consumer Council has launched the fairness index in the world of commerce. Fairness is the honest and transparent conduct of a business toward a consumer without trying to mislead or exploit the consumer's weakness or distress.

The goals of the fairness index: develop a model for measuring fairness; create an index for measuring fairness in businesses; evaluate and reflect the current situation of fairness in selected industries; and providing consumers with an assessment tool.

The fairness index will support the process of establishing fairness by creating for each chain store a fairness profile and where it needs to improve; outlining for consumers the components of fairness, ranking businesses by way of a fairness test, and following how businesses improve their fair trade practices over time, both in relation to their individual improvement and their position in the business rankings.

The index was initiated by Ehud Peleg, CEO of the Israel Consumer Council and was developed by a professional team which, besides the CEO of the Council, included Benny Pepperman, Head of the Department for Research and Economy at the Ministry of Industry, Trade and Labor; Daniel Levy, Professor of Economics at Bar Ilan University; Tzvika Weshler, VP of the Israel Consumer Council; Shlomi Dagan, Chief Economist of the Israel Consumer Council; Roni Bar-Zuri, senior consumerism researcher and expert in the Department of Research at the Ministry of Finance. The data analysis

was conducted by the Administration for Research and Economy at the Ministry of Industry, Trade and Labor.

The Fairness Index was developed in a process of research that included development, analysis and setting parameters of unfairness of the food chains and stores, examining parameters using qualitative research (focus groups), validation of parameters by way of a telephone survey among a representative sample of 200 respondents, conducting a comprehensive survey that included 1,240 telephone interviews among a representative sample of the adult population (18+) in Israel and the collection and preparation of the findings.

The index was first applied to the **food stores industry** in Israel.

In this area, the team set 14 incidents/scenarios which reflect the extent of lack of fairness of the food chains and stores, including a discount sign for a product, but the fact that the discount is only valid for those who fulfill a particular condition did not appear in the sign, or appeared in very small print; the ingredients on a food product label are different to the actual ingredients in the product; the absence of regulated products (such as bread, eggs) and in their place the identical products that are unregulated and more expensive; not specified price per unit of measure (e.g. per 100 grams) for comparison, prices ending in 99 agorot and so forth.

Israel Consumer Council CEO, Mr. **Ehud Peleg** points out the unfairness has literally become a sub-culture in Israel's trade life, and that the way to fight this phenomenon is by consumer activity/activism that will condemn and punish unfair dealings.

Peleg added that the fairness index developed by the Consumer Council and the Administration for Research and Economy will give consumers in Israel the tool that will reflect for them the situation of fairness in businesses, allowing them to vote with their feet and their wallets depending on the degree of fairness of the business according to the findings.

The findings of the study

The study indicates that about **9 out of 10** people (86% of the public) perceive these events as 'unfair'. Fairness is a universal concept – the attitude to fairness and unfairness is generally not affected by characteristics of populations (e.g. gender, income and nationality) and by the exposure of unfair incidence.

Lack of fairness in food stores is a widespread phenomenon that demands attention: **1 out of 2** people (54% of the public) have been exposed to unfair trade practices in the food chain where the consumer does most of his shopping.

The trade practices of grocery stores and mini-markets are fairer than those of the food chains: A comparison between the chains and the stores such as grocery stores and mini-markets indicates that the rate of exposure to unfair trade practices in the grocery stores and mini-markets is lower in relation to the rate of exposure to the same unfair trade practices in the food chains.

Among the five major food chains, it was found that Hetzi Hinam and Shufersal and relatively were relatively less exposed to unfair trade practices compared to other chains, while shoppers in Yenot Bitan were the most exposed to unfair trade.

The survey also examined the responses of consumers who experienced unfair trade practices in food stores. Most consumers (62%) are not indifferent to unfair trade: half (51%) complain to the store chain; 46% take immediate action, i.e. they do not purchase the product , they leave the store or they decide not to return to that store; 39% share their dishonest purchasing experience with other consumers; and 16% complain to one of the consumer organizations.

Link to the Consumer Council Original Announcement:

<http://www.consumers.org.il/?catid=%7B36654ED8-AA18-4882-A471-BCB94C7F103B%7D>