

**Interim
Strategic Plan**
2022-23

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Consumers in Scotland

We are all consumers, and consumer welfare is vital to Scotland's collective wellbeing. Consumer spending is critical to the Scottish economy. Though Scottish consumers are diverse, our initial analysis indicates commonalities in what is important. We have broken these down into five themes – cost, quality, access, trust and values – described in more detail on pages 15 – 23 of this plan.

The overall **cost** of goods or services is arguably foremost in the mind of consumers at present. Inflation is high and income is not keeping pace. It is unsurprising that measures of consumer confidence show they are pessimistic about their financial future.¹

The **quality** of goods and services should be what consumers expect it to be. Unfortunately, consumers commonly experience problems with goods or services and almost 75% have experienced this in the last year.² This can lead to detriments such as stress, financial loss and wasted time.

Consumers need to be able to **access** goods and services. Those in vulnerable circumstances may encounter particular difficulties. Rural and urban communities can both experience difficulties in accessing cost-effective services. The internet has brought greater choice to consumers, but only for those with the required skills and technology. Digital exclusion can be a significant barrier preventing access to what consumers need.

Consumers should be able to **trust** that they will be treated fairly – that goods and services fulfil the terms on which they were sold, that problems will be resolved and that they will not be scammed. Research has found consumer trust varies by sector, with key areas such as gas, electricity and insurance attracting low levels of trust.³ Scams can target important

areas such as finance and energy as well as high-value items such as holidays, heightening the risk to consumers.

Evidence shows consumer **values** are an important part of their decision-making and so it is important information about products and services is available and honest. A global survey in 2021 found that over three quarters of people are willing to pay more for sustainable products, and are more likely to buy from an environmentally friendly or socially conscious company.⁴ Transparency around products and services will ensure the values they embody more closely match those of wider society.

Both the priority placed on a particular theme by consumers as well as their experiences within it vary. These are particularly impacted by inequalities which result in disproportionately increased costs and reduced choices, often creating a vicious circle. The themes are also affected by changing contextual trends, for example, the cost of living crisis, climate change and the transition to Net Zero and digitalisation. Consumer Scotland will consider all these aspects in our work.

Chair's Foreword

This is Consumer Scotland's Interim Strategic Plan. It is consultative, as we would welcome feedback on this document before finalising our strategy later in the year.

We are a new organisation. The Board of Consumer Scotland took on its responsibilities on 1st April 2022. The Board are delighted to be given the responsibility of leading the set-up and implementation of the new body, and aim to fulfil the vision and expectations set by the Scottish Government and Scottish Parliament.

The current economic context has reinforced the importance of the experience of consumers in Scotland. The time is therefore right for Scotland to have a statutory organisation with the interests of consumers at its heart.

Our remit is set by the new consumer legislation passed unanimously in the Scottish Parliament in 2020, and we will be accountable to the Parliament on how we perform against this remit. We will have core funding from the Scottish Government, and from consumers, via existing levy arrangements for electricity, gas, post and water customers.

We will be evidence-led in how we use our new powers. We will be independent from government, asking searching questions about the experience of consumers, access to goods and services, and whether people get what they pay for. And in doing so, we will bring expertise and an authoritative voice to the policy debate in Scotland.

I particularly thank the many people who have played a role in conceiving, commenting on and creating the organisation, including officials in the Scottish Government who have assisted Consumer Scotland to get off the ground. And I am grateful to colleagues at Citizens Advice Scotland, who have worked with us in partnership in recent months to ensure a transfer of responsibilities on levy-funded consumer advocacy activities.

David Wilson
Chair

1. Our Role

“All of us are consumers. All of us deserve the right to be protected against fraudulent or misleading advertisements and labels, the right to be protected against unsafe or worthless ... products, the right to choose from a variety of products at competitive prices.”

President John F. Kennedy’s Special Message to Congress on protecting consumer interests, 15th March 1962.⁵

Thinking about the role of consumers has consistently evolved since John F. Kennedy broke new ground by setting out four consumer rights 60 years ago.

Scotland now has a statutory body to champion the interests of consumers. The [Scotland Act \(2016\)](#) transferred new consumer and competition powers to the Scottish Parliament. The Scottish Parliament passed our founding legislation, the [Consumer Scotland Act](#), in 2020. On the 1st April 2022 Consumer Scotland formally came into existence as the statutory body working for consumers, accountable to the Scottish Parliament.

Our legal functions have been set to enable us to address a range of issues that matter to consumers. Clearly, the consumer rights of individuals are protected by many organisations across the UK – we intend to work alongside the existing landscape, respecting the contribution made by others. For our part, we will:

- Analyse and assess the interests of consumers and the views of consumers
- Represent consumers to government and policy makers, and make policy proposals to ensure consumers get a better deal
- Aim to enable everyone to have access to unbiased, fair sources of information, including about how to complain and gain redress when they have been let down

Our focus is to identify the key issues affecting consumers in Scotland and to work with the private and public sectors so they are addressed. We need to act for consumers with consideration for those that need more help (consumers in vulnerable circumstances) and for the consumers of the future.

Consumer spending accounts for over two thirds of the Scottish economy⁶, and can be a force for economic transformation. The role of consumers is pivotal to growth, and success as a healthy market requires consumer demand, the availability of suitable goods or services, and consumer trust. Consumer Scotland can help deliver an economy that delivers value for everyone and facilitates the achievement of a just transition to Net Zero.

The combination of the UK’s departure from the European Union, the economic consequences of the Covid pandemic, and the current geopolitical uncertainty has led to significant challenges for consumers in Scotland – not least in falling living standards resulting from the sharp divergence between prices and incomes. These come on top of the urgent requirement to reduce carbon emissions and adapt our lives to the reality of climate change.

These complex challenges affect consumers in complex ways. Consumer Scotland will champion the interests of consumers across all sectors. With reach across the private and public sectors we will be able to take a holistic view of consumer experience. This will enable us to identify how the impact of one sector affects consumers’ participation in others.

Our purpose is to add value, rather than duplicate the work done by existing advice, regulatory and enforcement bodies. We will work collaboratively with a wide range of partners to fulfil our functions and to achieve our objectives, building and drawing on the important work they do.

Our Functions

General

- providing **advocacy** so consumer matters are taken into account across the public and private sectors

Representative

- providing advice and **making proposals** on consumer matters to Scottish Ministers and public organisations in Scotland, and to other organisations where needed

Research and Investigation

- providing **analysis** on consumer matters and on the views of consumers, and of **undertaking investigations** on particular issues, business practices and sectors

Information

- working in collaboration with other organisations to ensure consumers have the **information** they need, and can gain redress where appropriate

Recall of Goods

- providing for the establishment and operation of a **publicly available database** of major recalls of goods in Scotland

2. Our Strategy and Collaborative Approach

Our vision

A fair and sustainable Scottish economy in which every consumer participates to their benefit, confident that their needs and aspirations will be fulfilled.

Our mission

As the statutory, independent voice of the consumer, Consumer Scotland will work with business, the public sector and consumer champions to put consumer rights and interests at the heart of markets, services and policy.

Our values

- We are fair and transparent
- We are independent and collaborative
- We are evidence-driven

Our focus

- We will promote the interests of current and future consumers, supporting them in using their voice to bring about change
- We will identify and understand consumer vulnerabilities, using that insight to drive positive outcomes
- We will put consumers at the heart of a Just Transition to Net Zero, enabling them to participate
- We will help celebrate and promote good business practice, to build trust between business and consumers
- We will challenge business practice that could lead to consumer detriment, focusing on areas where we can have the biggest impact for consumers and business in Scotland
- We will help ensure the Consumer Duty is observed in the public sector in Scotland

- We will promote dialogue and collaboration with other UK and international consumer organisations both public and private

Consumer protection and consumer choice are widely recognised as essential pillars of a healthy economy. We see potential to drive a further evolution from consumers being recipients of markets and services, to becoming shapers of them.

Our initial analysis suggests consumers' values are an increasingly important part of their decision-making. That suggests organisations will increasingly need to do more than simply offer choice, instead asking consumers: "what do you want?" and "how do you want us to provide it?"

The potential for consumers to shape markets and services also exists in the way they access and engage with them. It is easy for consumers to be the after-thought in the design of services and products. But building them around the way consumers are likely to behave will enhance consumers' interaction with markets and the take-up of services.

Taking that approach at scale – designing services and markets from a consumer perspective – will improve the quality of consumers' experiences and the prospects of success in tackling the twin crises of our time, the cost of living and climate change.

Our holistic perspective, looking across the private and public sectors, means that we can understand the experience of consumers in the round. The insight we gain from partnership with other consumer organisations, charities, regulators, ombudsmen, and the data they are able to provide, will inform our analysis and advocacy. We believe that collaboration is key to maximise the impact of advocacy for consumers in Scotland.

3.

Our First Year Priorities

The establishment of Consumer Scotland comes as a time consumers are facing significant financial pressures. These, together with the urgency of society's transition to Net Zero, is changing the way consumers access, purchase and consume products and services. This change brings major challenges and opportunities to improve outcomes for all consumers.

Our initial priorities

This plan serves two functions. It is our work plan for the coming year. It also is our first outline of a Strategic Plan which sets out our overall strategy over a longer time period. We will publish our final Strategic Plan next Spring.

Our work programme will develop over several years, but in our first year we will begin work on:

- Articulating the impact on consumers of the cost of living crisis, using our analysis to inform our advocacy
- Understanding the needs and aspirations of consumers in vulnerable circumstances
- Improving the experience of consumers in the energy, post and water sectors

During our first year we will also begin developing our approach to:

- A consumer-oriented Net Zero transition
- Establishing a robust investigation function
- The Consumer Network for Scotland
- The implementation of the Consumer Duty

Our work during the coming year will provide the foundations for future years as we develop our capacity and core understanding of consumer issues. We will work closely with stakeholders to ensure our resources are focused where they can achieve the greatest impact. In future years, as we move to a full

complement of staff and resources, we will develop our activities and areas of focus.

The cost of living

Wages are failing to keep pace with the rising cost of living. At the time of writing in May 2022 inflation is already at 9%⁷ and the most recent wage increase was estimated at 4%.⁸

These trends impact people's quality of life and decrease households' financial resilience. As they spend a greater share of their income on essential needs and services, low income households are disproportionately affected.

We will work to better understand the real impact of price increases on households, ensuring that specific characteristics of consumers in Scotland, such as increased rurality, are captured in this work. This analysis will be used to inform advocacy with government, public and private sector bodies.

Understanding the needs and aspirations of consumers in vulnerable circumstances

The Financial Conduct Authority has estimated that 50% of the UK adult population have characteristics that potentially indicate vulnerability.⁹ In well-functioning markets, consumers in vulnerable circumstances must be able to confidently engage and see their needs and aspirations met.

As we transition to Net Zero the way in which services are delivered will need to be redesigned. This presents an opportunity and an imperative to place consumers in vulnerable circumstances at the heart of service design.

We will build an understanding of the experience, needs and priorities of consumers in vulnerable circumstances, ensuring our advocacy is grounded in listening to, valuing and respecting lived experience. This will inform our understanding of the factors that

lead to some consumers being in vulnerable circumstances.

Drawing upon existing evidence and commissioning research where necessary, we will identify the key strategic issues facing consumers in vulnerable circumstances.

Consumer Scotland has established a short-life working group to help steer this work. The insight we develop in our first year will underpin our commitment to this work and how we embed it in our organisation, ensuring the impact on individual consumers in vulnerable circumstances informs our advocacy.

It will drive our ambition for and focus on positive outcomes for consumers in vulnerable circumstances, working across the private and public sectors to ensure their needs are an integral part of the design of services.

Improving the experience of consumers in the energy, post and water sectors

Consumer Scotland has a specific role to represent the interests of consumers in the energy, post and water sectors.

We have set out how we intend to do this during 2022-23 in our Workplan for Energy, Post and Water, published alongside this Interim Strategic Plan, which contains 23 projects and workstreams, including fairness in the energy market, enabling consumers to choose in the parcels market, and adapting to cope with the increased incidence of flooding.

Consumer Scotland's broad remit, looking across the economy as well as at the specific levy-funded sectors, will help ensure we are able to build a holistic understanding of consumers' experience, needs and aspirations.

4.

Our Medium Term Priorities

We are a new organisation, and this is an Interim Strategic Plan setting out action for our first year of operation. However we are identifying and will develop areas of work that will form part of the Strategic Plan we will publish next Spring. These areas of work will become an integral part of what we do on an ongoing basis.

As we develop these areas of work we will engage closely with other relevant organisations, particularly through the Consumer Network for Scotland, and with relevant public bodies, and with business.

A consumer-oriented Net Zero transition

Scotland has a more ambitious Net Zero target than the rest of the UK and consumers' choices will be key to achieving it. By 2030 the Scottish Government aims for one million homes to have decarbonised their heating systems, and by 2032 the sale of new petrol and diesel cars and vans will be phased out. Consumer demand could also drive the adoption of sustainable practices across the economy.

Our intention is to understand and track consumers' priorities for, and experience of, the transition to Net Zero. Of particular importance will be understand how the transition can be made easier for consumers to undertake.

These insights will help inform the design of policy and practice across the public and private sectors towards the goal of a successful and just transition to Net Zero.

Developing our investigations function

Consumer Scotland has a statutory remit to undertake investigations into sectors or practices it considers cause, or may cause, harm to consumers, or in relation to our role of providing consumer advocacy and advice.

During our first year we will begin to develop robust processes for identifying areas for investigations and conducting them. In doing so we will work closely with regulators such as the Competition and Markets Authority (CMA), learning from their experience and ensuring that appropriate arrangements are in place to avoid duplication and facilitate the referral of recommendations.

The Consumer Network for Scotland

The Consumer Network for Scotland brings together key partners in the Scottish consumer landscape. Consumer Scotland will take over the chairing of the network and we will engage with its members to consider how it can be most effective in helping achieve positive outcomes for consumers.

The Public Sector Duty

The [Consumer Scotland Act 2020](#) (the Act) included a duty on relevant public bodies, when making strategic decisions, to have regard to their impact on, and the desirability of reducing harm to, consumers in Scotland.

The Scottish Government has subsequently consulted on the Public Sector Duty (the duty) and is considering the responses. Consumer Scotland stands ready to work with the Scottish Government and relevant public bodies on the implementation of the duty.

Consumer signposting and referral

There is a broad range of organisations offering consumers in Scotland advice and support. We will work with them to promote their services, and identify any gaps in advice provision.

We will build our website to include signposting for consumers to relevant organisations and investigate the potential for an active referral tool. As part of our work into improving support for consumers in vulnerable circumstances we will consider appropriate signposting and referral mechanisms.

The Recall of Goods function

The Act placed a duty on Consumer Scotland to operate, or secure the operation of, a publicly available database of recalls of goods in Scotland.

We will engage with stakeholders to understand the current availability of information relating to recalled goods, any gaps in that information and the potential to enhance its breadth, quality or accessibility. We will then proceed to ensure a database is publicly available, and its existence promoted to consumers.

Consumer Performance Report

Every three years Consumer Scotland is required to lay before the Scottish Parliament a report on how well the interests of consumers are being served in Scotland, and where harm is being caused to the interests of consumers.

Working closely with stakeholders, we will commence preparatory work to develop a baseline and framework for reporting, potentially building on the approach taken in Scotland's National Performance Framework.

Consumer Scotland's performance measures

As a public body Consumer Scotland must achieve the expectations set out for it in the Act, and do so while conducting itself in accordance with the highest standards of public sector governance and financial management.

Working with our Audit and Risk Committee, we will develop a full set of performance measures for Consumer Scotland.

5. Our Organisation

Who we are

As the statutory, independent, evidence-led voice of the consumer, Consumer Scotland will work with business, the public sector and consumer champions in our role to put consumer rights and interests at the heart of markets, services and policy.

How we have built the organisation so far

Since members were appointed to the Board-designate of Consumer Scotland in the Summer of 2021 we have been following a detailed programme to establish Consumer Scotland.

Over the winter months we developed our Workplan for Energy, Post and Water. We are grateful to the Energy Consumers Commission (ECC) for their support in this. The ECC has become the Energy Consumers Committee of Consumer Scotland and will continue to play a key role in our work.

We have followed a phased Implementation Plan to achieve initial operational status. On 1st April Consumer Scotland legally came into existence, with the Board taking on its powers and responsibilities. On 1st May levy-funded staff transferred from Citizens Advice Scotland (CAS) following a TUPE process. We appreciate CAS's supportive and constructive approach throughout and have built firm foundations for our future relationship. The publication of this Interim Strategic Plan marks the conclusion of our phased Implementation Plan.

For the rest of our first year we will continue to develop our organisation.

Throughout the last few months we have received crucial support and encouragement from the Scottish Government and other consumer organisations. We are grateful for this and look forward to drawing on their insights as we continue our development.

Accountability and funding

As a Non-Ministerial Organisation, Consumer Scotland is independent of government and is a public body accountable to the Scottish Parliament.

Our funding comes from two sources. One is the Scottish Government's annual budget, which is approved by the Scottish Parliament. We also receive levy-funding for specific advocacy activity in the electricity, gas, post and water sectors. Ultimately this is derived from consumers' bills. We will diligently follow the best practice set out in the Scottish Public Finance Manual to ensure consumers get value for their money.

Board

Consumer Scotland currently has four Board members. A fifth member will be recruited in the coming months.

David Wilson (Chair)

Nick Martin (Chair of the Audit and Risk Committee)

Angela Morgan

James Walker

Chief Executive

Sam Ghibaldan

Publication Scheme

Consumer Scotland will be an open and transparent organisation. Our publication scheme will include:

- A Forward Work Programme each year, to be laid before Parliament
- An Annual Report each year, to be laid before Parliament
- A Levy Workplan each year
- A Consumer Performance Report every three years
- An independent review of Consumer Scotland's performance after three years, and then after each subsequent five-year period
- Regular insight reports covering consumer analysis, research and recommendations
- Board minutes and other relevant papers

All documents will be published on our website:

<https://consumer.scot>

6. Consumers in Scotland: an Analysis

Everyone in Scotland is a consumer and so consumer welfare is vital to Scotland's collective wellbeing. Our definition of consumer is a person or a small business that buys, uses, or is given goods or services.¹⁰ This includes small businesses and charities, which are vital to the Scottish economy.

Access to goods and services at a fair cost, with confidence that these items will benefit the consumer, is at the heart of a successful economy and society. Likewise, consumer spending is vital to our economy – the most recent estimates provide that it accounted for 63% of GDP.¹¹

Consumer Scotland will seek to address obstacles facing consumers (so called deficits) and build on existing strengths (so called assets). This means taking an approach to:

- **Minimise consumer harm** (a negative impact on any or all of mental health, physical health, time and finances)
- **Foster opportunities to improve the welfare of consumers**, and to shape outcomes around consumers' aspirations

The following section, based on our interpretation of other organisations' information, provides a snapshot of five over-arching themes we believe matter to consumers.

- Cost
- Quality
- Access
- Trust
- Values

We also acknowledge that consumers are affected by wider contextual trends, and identify three:

- The cost of living crisis
- Climate change and the transition to Net Zero
- Digitalisation

Both the themes and trends are described in more detail in the following pages. We do not aim to provide a comprehensive study of consumer issues within these themes, but rather give illustrative examples of the types of issues that will inform our work.

We also recognise consumers are as diverse as society as a whole and have different experiences. Consumer Scotland will work for all consumers, but has a statutory duty to have regard to the interests of consumers in vulnerable circumstances. Understanding vulnerability in the consumer context will be an important piece of our work and we begin to consider here how inequality can affect the consumer experience.

Finally, the themes and the wider trends described are an initial assessment, without our own data to analyse, or the benefit of time to consult or research in depth. As such we welcome feedback as we seek to build up our own evidence base to inform what matters to consumers over the first year of Consumer Scotland.

Cost

Prices are currently increasing across most components of household expenditure, with wages failing to keep pace.

The price of goods and services is one of the most important considerations for consumers,¹² more so because the overall cost of obtaining goods or services can include more than the price – for example, delivery charges, petrol or parking charges, or amounts associated with buying goods from overseas.

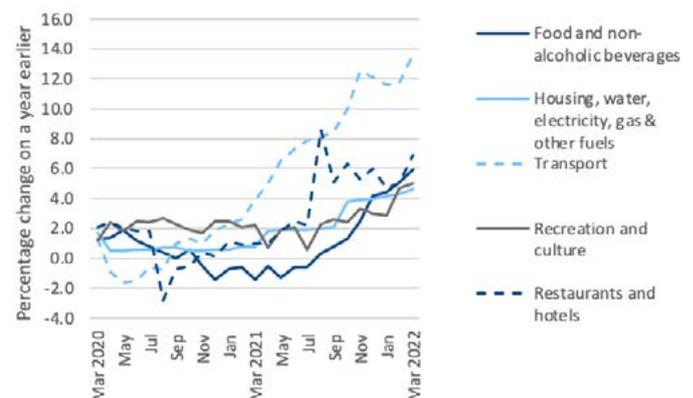
Inflation hit 9% in April 2022 – a 40-year high and more than four times the Bank of England’s target.¹³ Current short-term forecasts are for inflation to rise, reaching 10% by Autumn 2022.¹⁴ And the increasing cost of living looks set to be an issue for at least another two years.¹⁵

Wage growth is not keeping up with inflation, most recently estimated as 4% for regular pay (excluding bonuses),¹⁶ meaning that wages are decreasing in real terms as the increases in the cost of goods and services are not matched by increases in wages. Measures of consumer confidence indicate that consumers became more pessimistic about their financial future during the second half of 2021,¹⁷ and we expect this to continue as household budgets are squeezed.

Households are currently facing higher costs across a number of different bills. There has been a 54% increase in the energy price cap,¹⁸ two thirds of people surveyed by Which? had noticed increases in food prices,¹⁹ and petrol prices were recently found to have increased by 52% and diesel prices by 58% in less than two years.²⁰ Over the last two years the Consumer Prices Index including Owner Occupiers’ Housing Costs (CPIH) inflation rate shows increasing prices across **all** item categories with the chart below showing the five largest components of household expenditure.²¹

Not all households will experience these changes the same way. Lower income households spend proportionately more on housing, fuel and power, and also on food and non-alcoholic drinks, while better-off households spend proportionately more on transport and other expenditure items.²²

Figure 1 - Annual change by item category for the five largest components of household expenditure²³



Quality

72% of the Scottish population reported experiencing a consumer issue that caused them stress, cost them money or took up their time between April 2020 and April 2021.

Interlinking with cost is whether a product or service is fit for purpose. A recent UK Government survey found 72% of Scottish respondents had experienced a problem with a product or service over the previous 12 months.²⁴ Poor quality or a product or service not being usable were the most commonly experienced problems.

Figure 2 - Nature of problems experienced by Scottish consumers between April 2020 and 2021 (up to three incidents per consumer)²⁵



A product or service being fit for purpose is important because when this is not the case it can cause stress, cost money or take up time. Scottish respondents to the same survey reported all of these negative outcomes – over a quarter of people that suffered detriment over the previous 12 months reported losing more than £500 from incidents, over a quarter reported spending at least 12 hours trying to resolve incidents, and over a quarter reported feeling anxiety as a result.²⁶ It should be noted that the study covered the period of significant disruption caused by the Covid

pandemic, including to consumers, which may have resulted in higher percentages reporting significant financial detriment than would be typical in other times. This does not, however, detract from the negative effects created by a product or service being unfit for purpose, illustrated well by this example of a consumer who called Advice Direct Scotland for support:

“Mr Brown paid £1,745 in advance for the supply and fit of a bathroom, followed by another £1,000 to the fitter directly. The company didn’t show, and after many voicemail / email / Facebook messages, someone got in contact to apologise, and re-book. The implementation of lockdown restrictions meant that the work was postponed again but Mr Brown received no contact from the trader to advise him of this. All communication has been from the customer’s end, with the only monitored contact taking place on Facebook chat. Mr Brown has stated that the stress is affecting his mental health and he feels like there’s nobody he can turn to for the situation to be rectified.”²⁷

Access

Issues created by geography are just one access issue, albeit important for Scotland. 17% of the Scottish population live in rural areas while some urban areas also experience geographic access challenges.

Ideally, every consumer would have the same opportunity to access products and services. But barriers to access can be permanent or transient and take numerous forms - lack of availability or choice, lack of awareness of availability, high secondary costs (e.g. delivery charges) or prerequisites to access, such as a credit history score.

Certain consumers may experience difficulties accessing products and services because of personal characteristics such as disability, mental health or age. These issues could include access in buildings, issues related to sensory disability, difficulty using the internet, the impact of mental health issues, or language barriers. The most recent population estimates suggest 19% of Scotland's population is 65 or over;²⁸ census data from 2011 provides that 20% are living with a long-term health issue or disability that limits day-to-day activities, 6% are in bad or very bad health, and 1% experience language barriers.²⁹

Geographic access is another issue. One person in six in Scotland live in remote rural or accessible rural areas,³⁰ so access problems resulting from rurality remain a key concern. Online shopping has brought more choice to rural consumers, but barriers still exist – for example, limited availability of high-quality broadband or mobile phone connections, poor public transport options, and substantial drive times to shopping centres.

While geographic access issues are more obvious for rural consumers, they also occur in areas that are classed as urban.³¹ Research has indicated that people without a car or with mobility issues can struggle to access healthy and affordable food, in some areas of the country termed “food deserts”.³² Moreover, being reliant on local convenience stores can mean shopping for essentials costs more than it would at a supermarket.³³ People are not all the same, whether by nature or by choice, and so the way we experience markets will vary.

Figure 3 - Urban areas with geographic access issues³⁴



Trust

Only the Water and Food & Groceries sectors in Scotland have net trust of at least 50% indicating that high numbers of people do not trust other sectors.

All consumers should have confidence and trust that the goods and services they buy fulfil the terms on which they were sold. Scotland exhibits similar trust levels to Northern Ireland and Wales, and higher than England. Sector by sector, however, there are only two sectors where net trust is at more than 50%: water, and food and groceries.³⁵

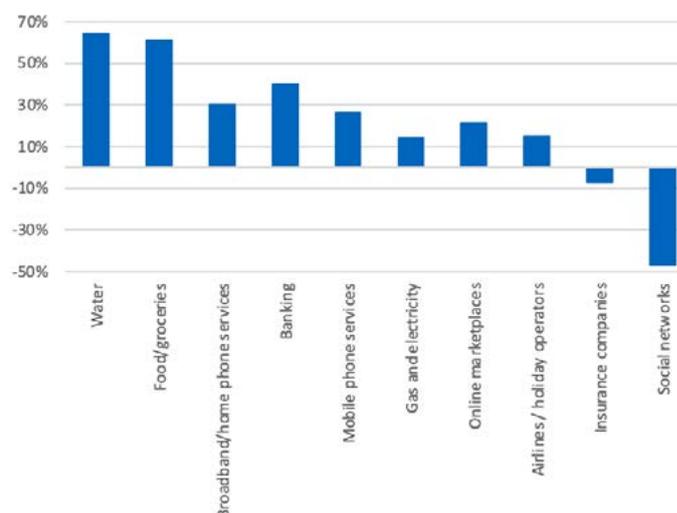
Trust covers many different aspects, but they all revolve around a consumer being able to trust that they will be treated fairly and not be disadvantaged. This includes both trusting that problems will be resolved and trusting that a business is genuine and not trying to scam or commit fraud.

That Scottish consumers are often unable to trust that an issue will be resolved appropriately was highlighted by a recent UK Government survey which found that 24% of people across Scotland were somewhat dissatisfied and 12% completely dissatisfied with the outcome of at least one incident experienced in the previous 12 months.³⁶

A second aspect of trust is that a business is genuine and not trying to defraud or scam the consumer. It is not currently possible to provide an overall figure for the number of scams or frauds reported in Scotland as the data is held in different places. However one thing we know is that scams are wide-ranging. Previous analysis by Trading Standards Scotland has identified the top scams during 2020 as including bank scams, HMRC scams, phishing, scam websites, business scams, doorstep scams, counterfeit goods, energy scams, and the illegal puppy trade.³⁷ The scam picture is

constantly changing, as highlighted in Trading Standards Scotland's monthly Scam Share bulletin which covers both newly identified and longer-standing scams.³⁸

Figure 4 - Net consumer trust in Scotland 2021³⁹



Values

Across eight categories of consumer spending, an average of 41% reported being influenced by sustainability when making a purchase, and a further 28% considered it.

There is strong evidence that consumers increasingly consider their values when making purchasing decisions. This increases the importance of ensuring that the terms on which products are sold are transparent and matches the reality.

The 2022 Which? Consumer Insights Survey for Scotland found that 82% were either “very” or “somewhat” concerned about climate change, and 84% felt they had at least some personal responsibility to reduce their carbon footprint. The same survey provides evidence that these concerns are impacting behaviour as the proportion of people advising that they had been influenced by sustainability concerns when making a purchase increased across every product or service type between 2020 and 2021. The proportion reporting having made or considered making a sustainable choice when purchasing now ranges from 58% to 77% depending on sector.⁴⁰

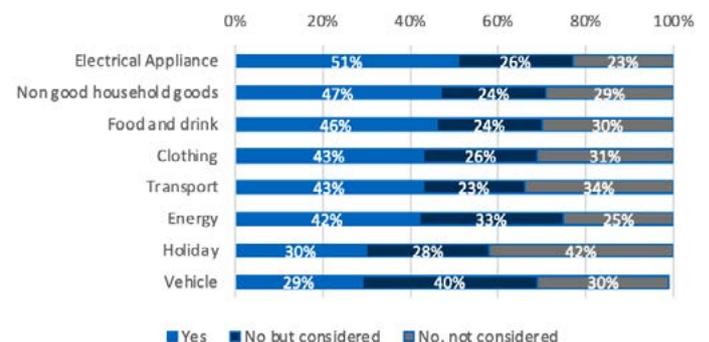
Many consumers are so invested in sustainability that they are even willing to pay extra for this, as shown in a separate survey of UK consumers which found that 57% were willing to pay more for groceries that are good for the environment.⁴¹

Sustainability is, however, only one value that consumers may wish to act on. A global survey conducted in 2021 found that the Covid-19 pandemic had changed consumer behaviour with more people now willing to pay more in return for healthier, safer, more environmentally friendly and socially conscious products and brands: 80% reported being more likely to buy from a company with a good record on

the environment, 76% from a company with a good record on social issues, and 80% from a company with a good social record on governance.⁴²

The overall transition to a Net Zero economy can only be achieved with positive consumer action, building on the increasing awareness and commitment to sustainability.

Figure 5 – Percentage of Scottish consumers that reported making sustainable choices when purchasing⁴³



Inequality and Consumers

Scotland's 2011 census found that 17% of Scotland's population was over 65; 19% had a limiting long-term health problem; 27% had no qualifications; and 1.4% could not speak English well. These and other characteristics intersect to create increased consumer inequality.

Though we think that the five themes of Cost, Quality, Access, Trust and Values cover broadly what matters to consumers, consumer experience of them varies. Consumer experience is particularly impacted by inequality and this is reflected in the statutory requirement for Consumer Scotland to have particular consideration for consumers in vulnerable circumstances.

Inequality affects every theme identified so far, resulting in higher costs, lower quality, less access, less fairness and less opportunity to act on values (largely due to this coming at a cost) than other consumers.

Measures of inflation track price changes across a basket of goods designed to represent overall UK household expenditure, but the poorest households may have very different expenditure patterns. Some have argued that inflation indices can hide the impact of price rises on the poorest, as they are not focused on the cheapest product ranges. Experimental analysis by the ONS has indicated that while the price varies between individual products, the overall rate of inflation for the cheapest products is similar to that calculated by CPI.⁴⁴ Nonetheless, some households don't have access to the cheapest prices, having to rely on pricier convenience stores. Having less money to begin with can also result in paying higher overall prices. A person who cannot bulk buy may pay more per kilo than someone who can. For example, one supermarket is currently selling a 3kg bag of pasta at £1.20 per kg (£3.60

per bag), however, the price per kilo increases to £1.39 for a 1kg bag (£1.39 per bag) and £1.50 for a 500g bag (75p per bag).⁴⁵ This creates a vicious circle where poverty leads to increased costs, which in turn increases poverty.

Digital exclusion is most commonly linked to age; however, other factors such as poverty, disability and language also feature. While internet access is available in 96% of UK households,⁴⁶ this means that 4% have no access. Those with internet access may not have the skills to use it – in 2021 19% of Scotland's population lacked the foundational digital skills required to get online, less than in 2019.⁴⁷ Digitally excluded people face issues not only with access, but also fairness, for example, where customer service to resolve problems is more easily available online. This is increasingly the case with banks and building societies, where Scotland has seen over half of bank branches close since 2015.⁴⁸

Inequality is created by a range of characteristics which combine to exacerbate and reinforce consumer inequality just as they do with poverty, as identified in work completed by Fair by Design⁴⁹ and the Poverty and Inequality Commission.⁵⁰ As examples of how prevalent certain characteristics are Scotland: in 2011, 17% of the population was aged 65 or over, 19% reported a long-term health problem or disability that limited day to day activity, 27% had no qualifications, and 1.4% were unable to speak English well.⁵¹

Changing Context – Issues and Opportunities

Across all themes, the political, economic, social, technological, environmental, legal and organisational context creates issues and opportunities. We have identified three key contextual trends that consumers are currently experiencing;

- The cost of living crisis
- Climate change and the transition to Net Zero
- Digitalisation

We know, for example, that we are currently experiencing a cost of living crisis created from a surge in demand for products and services after lockdown, supply chain disruptions, the war in Ukraine, cold weather, reduced energy production, council tax rises and other factors.⁵²

Changing contexts create opportunities as well as challenges. Scotland has a legislative commitment to reach Net Zero by 2045. This cannot be done without consumers playing a part. We already know consumers want to behave sustainably, but sometimes struggle to do so. The legislative commitment provides an opportunity to create changes that will ensure consumers can play their role in a just transition to Net Zero.⁵³ As an example of the scale of change required, the Climate Change Plan Monitoring Report provides that as of 2019, 312,000 domestic properties used low or zero greenhouse gas emissions heating systems⁵⁴ against an estimate of 2.5 million domestic properties in Scotland.⁵⁵

A third context change currently impacting consumers is digitalisation – the use of digital technologies to change business models and processes. Partly as a result of the Covid pandemic, the pace of change towards digital has quickened, bringing significant benefits and challenges – the volume of online sales has increased exponentially with the total figure for 2021 (£129m) being 14 times the figure for 2007 (£9m).⁵⁶

Innovations that change the way consumers, industries or businesses operate have the potential to provide significant benefits to consumers and to the economy overall. Yet, new forms of provision of services have also raised major concerns about the impact on consumers who are not digitally aware or connected. In some cases, new technologies have provided new opportunities for scammers and poor business practice to cause real and significant harm to some consumers. And the size and market strength of some digital platforms have led to a reassessment of the methods for ensuring competition in the digital age.⁵⁷

Conclusion

In seeking to understand what matters to consumers in Scotland our initial research has identified five cross-cutting themes of Cost, Quality, Access, Trust and Values that we think cover consumers' main areas of interest. We acknowledge that consumers' experiences within these themes will vary and highlight the particular consumer issues created by inequality. We also acknowledge that consumers are affected by broader contexts that bring both opportunities and challenges and have identified three that are currently proving significant – the cost of living crisis, climate change and digitalisation.

Over our first year, Consumer Scotland will seek to build a deeper understanding of the themes that are important to consumers, how they are affected by the current context, and what the future challenges and opportunities are likely to be.

7. Feedback

What are we seeking views on

In line with our values of collaboration and transparency, we are seeking views and comments on Consumer Scotland's Interim Strategic Plan. Comments are invited from anybody with an interest and will help to shape and inform the drafting of our final Strategic Plan.

Providing responses

We are taking feedback until 2nd September 2022 and you are invited to share your views with us using our online survey: [Interim Strategic Plan - Feedback](#)

Alternatively, you can send feedback by email to corporateservices@consumer.scot or by post to the address overleaf.

8. Find out more

To find out more about Consumer Scotland please visit <https://consumer.scot>

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