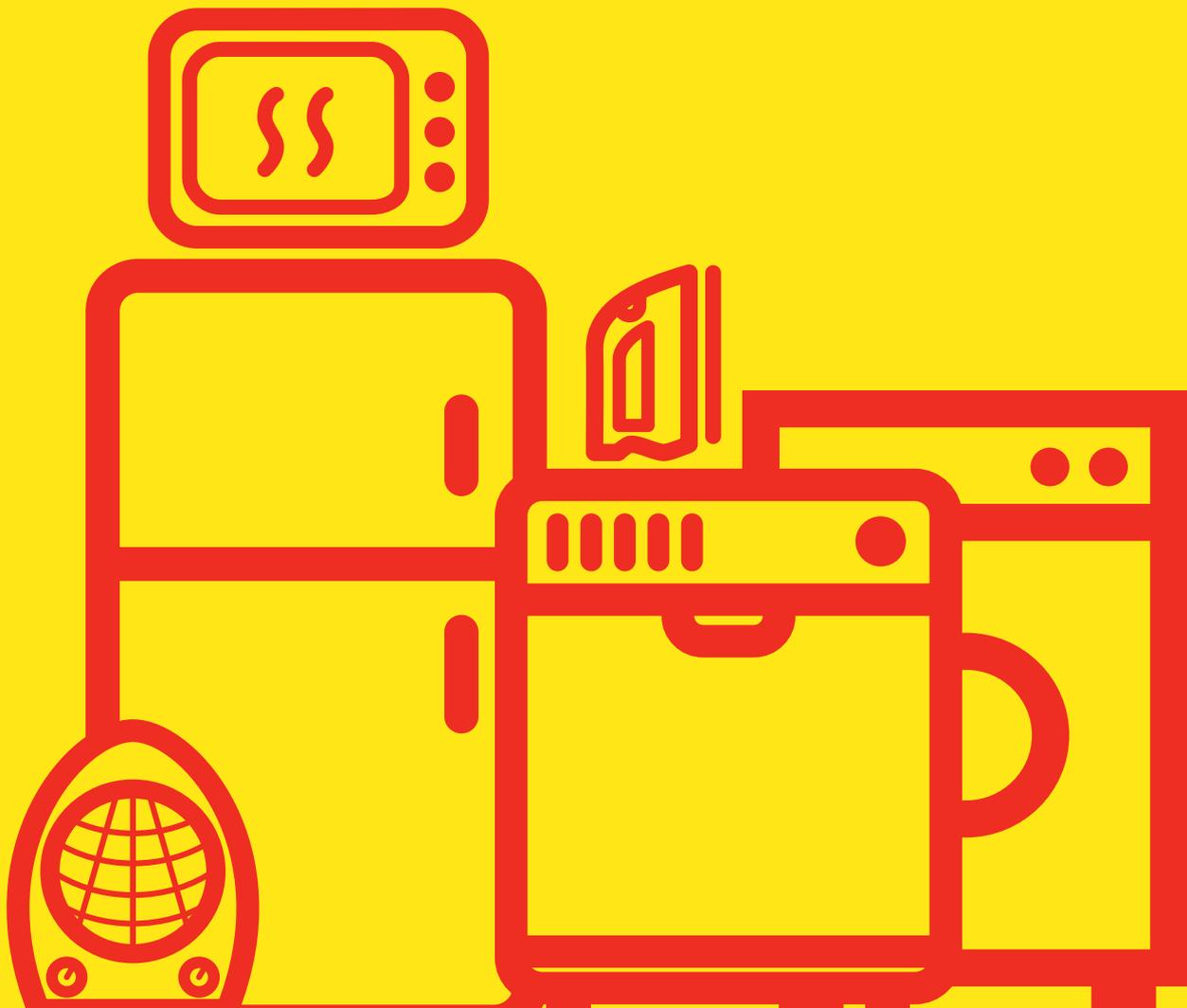


HOT BARGAINS, KILLER DEALS – THE PROBLEMS WITH SECOND HAND ELECTRICAL GOODS

SUMMARY REPORT





EXECUTIVE SUMMARY

The market for second-hand bargains is booming, fuelled by austerity, environmental concerns and the ease of online purchase. As a result, second-hand electrical goods, particularly small household appliances, have become the second most popular items being sold online¹.

However, many buying and selling these products may be doing more than making a little money or grabbing a bargain. From old products with worn-out components and lacking essential modern safety features to unsafe recalled white goods, when buying and selling it can be all too easy to forget about safety, and people may unwittingly be placing themselves and others at serious risk of electric shock and fire.

Electricity causes more than 20,000 house fires a year, with over half of fires in UK homes caused by electricity each year.

THE RISE OF INTERNET SALES

The internet has completely transformed the ease of access and availability of consumer goods. Sellers are no longer required to have physical premises from which to sell goods, or use time and energy loading

1. WRAP Study into consumer second-hand shopping (2013). www.wrap.org.uk/sustainable-electronics

the car and heading to a boot sale. Today, they have a range of online channels to sell from. As well as popular 'auction' platforms, a range of second-hand seller sites and apps have created a situation where goods can be advertised and sold without either the buyer or seller leaving their home. The rapid growth of social media has further created new means of selling and buying goods – Facebook alone has hundreds of local 'buying and selling' style groups, in addition to 'Facebook Marketplace'.

ENFORCEMENT

The online second-hand market creates new challenges for consumer protection and consumer education. Trading Standards, employed by local councils, has responsibility for regulating sales of second-hand electrical items, but with sales now increasingly taking place online, especially through social media, **there is a lack of effective safety enforcement – with vintage, unsafe or recalled products openly being sold.**

There are two pieces of legislation responsible for governing the sales of second-hand goods – the Electrical Equipment (Safety) Regulations 1994 (now superseded by the 2016 regulations) and the General Product Safety Regulations 2005, which implements the EU's General Product Safety Directive. Both items of legislation require that any electrical equipment sold is safe to use but the regulations fail to fully cover sales of second-hand electricals. And the latest Consumer Rights Act (2015) provides less protection for private buyers – who make up the vast majority of those trading on social media platforms. One might also argue that the protection that is provided via legislation is also limited by its retrospective nature (rather than preventative action).

MOTIVATIONS

While cost is always an important factor during periods of economic austerity, it is not the only reason people buy second-hand. To determine what motivates individuals to buy pre-used electrical goods – and to establish how best to communicate the risks involved – Electrical Safety First commissioned in-depth research to investigate these issues. The research, which included online surveys, focus

groups and individual interviews, also examined the perceived responsibilities of sellers and clarified what protection is really offered to buyers.

It's not surprising, given the dominance of social media in everyday life, that this was the most popular place for people to sell second-hand electrical goods (selected by 65% of respondents to the sellers' survey). Consumer advice sources such as MoneySavingExpert.com highlight the power of selling goods through Facebook, yet recognise that specialist items are better sold through eBay or other sites with a broader audience².

RESEARCH OUTCOMES

This research discovered that most pre-owned electrical items for sale tend to have been manufactured after 1990, meaning that many goods offered for sale could be almost 30 years old. Furthermore, there are a significant number of elderly electrical items for sale pre-1970s, including electrical heating equipment dating back to the 1940s.

There is a market for retro or vintage electrical items (although some sales are for display rather than for use), with many being sold as 'safe to use' or 'in good working order'. It was also found that there exists a lack of understanding of the potential risks associated with second-hand electrical goods, amongst both buyers and sellers. More worryingly, despite their legal obligations, sellers primarily expect the buyer to be responsible for checking that any goods they buy are safe and there is a lack of advice provided by online platforms on the legal and safety issues.

It is likely that the continued growth in informal selling opportunities will further blur the boundaries between such responsibilities. These issues are potentially putting consumers at risk of accidents, fires or electric shock from untested elderly products.

A co-ordinated response is needed to raise awareness of the risks involved in buying electrical goods second-hand, to ensure sellers understand their obligations and buyers are protected. This is particularly important given that at present there is little incentive for consumers to dispose of or safely recycle their old electrical products.

2. <http://www.moneysavingexpert.com/family/facebook-selling>



RECOMMENDATIONS

For Government

- **The Office for Product Safety and Standards must look closely at the range of second-hand electrical goods being sold online privately**, in particular those that may have been recalled, are vintage or do not meet the essential modern safety requirements of the Electrical Equipment (Safety) Regulations. The extent of this trade should be monitored and assessed, especially with regard to vulnerable or socially deprived groups.
- **The private sale of unsafe elderly vintage electrical products both in person and online should be banned***. There is insufficient consumer protection for this type of sale, and this loophole places consumers at serious risk.
- Given the rapid growth of online sales of second-hand electrical products, **current legislation and regulation should be reviewed to ensure fitness for purpose³**.
- **A Government-backed awareness-raising campaign** should be run to help consumers understand the risks of buying second-hand and older electrical equipment **and to incentivise consumers to recycle unwanted electrical goods**.
- Laws surrounding recalled electrical items – and their sale as second-hand goods – **must be properly enforced**.
- The Government must make clear that it is prepared to **act in the public interest if retailers and online marketplaces fail to protect their customers from unsafe second-hand goods**.

3. (Note: while this regulation was updated in 2016, it only covers goods manufactured and sold after 2016. Consequently, the earlier regulation covers the post-1990 goods investigated in our research).



For Local Authorities (LAs)

- Clear and consistent information on the responsibilities of Trading Standards – and the law in relation to second-hand products – should be developed and made easily accessible, and examples of good practice should be identified and shared. The Local Government Association should help to implement this.
- The monitoring of sales of second-hand products in LAs should be improved. This should be a key priority enforcement area.
- LAs should investigate incentivising consumers to recycle older electrical items, through county / borough led recycling schemes.

For Manufacturers and Retailers

- Manufacturers need to address the reputational issues arising from their older or recalled electrical goods being sold on.
- Manufacturers should consider developing ‘buy back’ schemes, or discounts on new products to help remove older electrical goods from circulation.
- Companies that deliver electrical goods should reduce the charges for the disposal of electrical items that are being replaced.

For Online Marketplaces

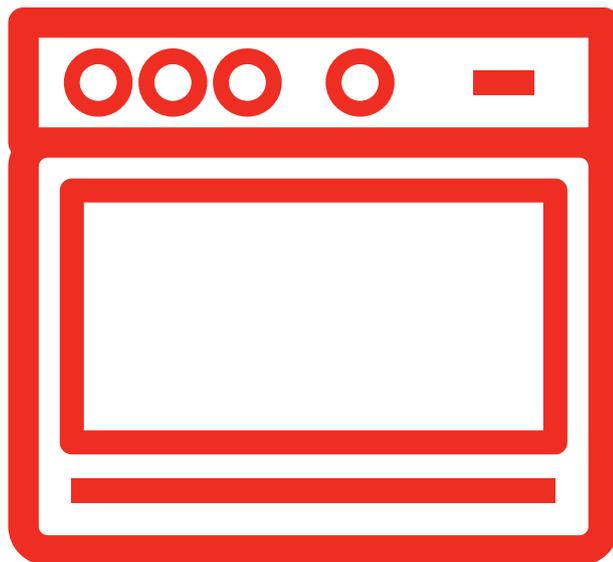
- Online marketplaces must make sure that unsafe second-hand electrical goods cannot be sold – warnings and restrictions similar to those **already in place** for counterfeits and weaponry (such as knives) should be implemented.
- Online marketplaces must also inform their users of the dangers of second-hand products, and help them identify when a product should be avoided.
- Greater co-operation with enforcement bodies and local authorities should be encouraged – companies must be proactive in ensuring their customers are protected.

For Industry Stakeholders

- A stakeholder-led advertising campaign should be run to help raise awareness of the problems posed by second-hand electrical goods.
- Stakeholders should work with organisations supporting vulnerable groups, to provide safety advice on second-hand electrical goods.
- Stakeholders should review their messaging to buyers of second-hand electricals regarding the problems linked to buying from informal internet sources.

For Buyers and Sellers

- Before buying a second-hand electrical item consumers and sellers must check if it has been recalled, particularly white goods.
- Consumers should only purchase second-hand goods from sellers who can show that the products are safe to use.
- Sellers must make themselves aware of the regulations for reselling goods and check Trading Standards advice.





KEY FINDINGS

<p>01</p> <p>Most pre-owned electrical items for sale online were made after 1990 – making some items almost 30 years old.</p>	<p>02</p> <p>There is a large resale market for white goods especially. We found the most common types of goods sold were household goods (23%), white goods (23%) and small kitchen appliances (19%).⁴</p>	<p>03</p> <p>There is no commitment from the UK Government to tackle the sale of second-hand electrical goods.</p>
<p>04</p> <p>20% of buyers had experienced problems with second-hand electrical goods.</p>	<p>05</p> <p>73% of buyers described cost as their primary reason for buying second-hand.</p>	<p>06</p> <p>64% of buyers agreed, or strongly agreed, that they would consider using a recycling scheme to return old products, if they got money off new items.</p>
<p>07</p> <p>For 15% of buyers, style preference was their key motivation for buying second-hand. And the idea that older goods are of better quality was persistent.</p>	<p>08</p> <p>Despite legal requirements, sellers often expected the buyer to check the product's safety. 65% thought buyers were responsible for ensuring product safety.</p>	<p>09</p> <p>Only 25% of sellers in our survey always carried out a Portable Appliance Test (PAT) on goods sold.</p>
<p>10</p> <p>Over half the sellers (54%), rarely or never check to see if an item has been previously recalled before selling.</p>	<p>11</p> <p>The rapid growth and evolving nature of online selling, including the use of apps and informal market places managed by volunteer administrators, will increase the difficulty in raising awareness of seller obligations and consumer safety.</p>	<p>12</p> <p>While cost is clearly a dominant factor, it seems unlikely that purchasers of second-hand electrical goods can be identified by demographic characteristics such as age, gender, or employment status.</p>

⁴ Household items (e.g. lamps, fans, vacuum cleaners, valet cleaners); White goods (e.g. fridge-freezers, washing machines, tumble dryers); Small Kitchen Appliances (e.g. iron, kettle).



LEGISLATIVE CONTEXT

Sellers' Responsibilities

The key pieces of legislation for the safety of second-hand electrical products are the Electrical Equipment (Safety) Regulations 1994 and the General Product Safety Regulations 2005. (The Electrical Equipment (Safety) Regulation was updated in 2016 but the revised legislation only applies to goods sold after 2016).

Sellers of second-hand electrical goods must ensure items meet legal safety requirements and may be liable to pay compensation if they sell unsafe goods which cause injury or damage. Distributors and retailers, including second-hand dealers and auctions, must only sell appliances that are correctly fitted with an approved plug, with sleeved live pins and the correct fuse.

Selling second-hand electrical goods that are unsafe or incorrectly labelled, without having taken reasonable precautions to avoid this, can result in prosecution and/or civil litigation (the maximum penalty on conviction is a fine and six months' imprisonment). Taking reasonable precautions involves positive steps to ensure compliance with the law. In most cases this will mean having the goods checked by a qualified electrically skilled person.

When buying goods, a legally binding contract between purchaser and seller is established, governed by the Consumer Rights Act 2015. The Act defines the consumer's rights if a product bought from a store (including those online) is not: 'fit for purpose', becomes faulty, is not 'as described' by the vendor, or is not of 'satisfactory quality'.

When buying from an auction or private individual – on well-known online auction sites for example – rather than a business, consumers have less rights and less protection. The rules regarding goods being of 'satisfactory quality' and 'fit for purpose' no longer apply. Instead, there is greater reliance on the clause regarding them being 'as described'. There's no obligation on the seller to disclose any faults, but misrepresenting goods isn't allowed.

METHODOLOGY

A variety of qualitative and quantitative research techniques were used in this study, including desk research, online surveys, face-to-face interviews and an online behavioural experiment exploring willingness to purchase.

The aim was to help determine where – and what type of – goods were being sold. Relevant literature on consumer behaviour and motivations and, more specifically, research on second-hand goods were also reviewed.

Existing research demonstrates that an increased knowledge of risk does not always change consumer behaviour⁵. While cost is often a key consideration in buying second-hand, we needed to understand what else motivates people to buy second-hand electrical goods and what messages we need to send them to raise awareness of the risks such goods pose.

To address these questions, an online behavioural experiment exploring willingness to purchase (WTP) was conducted using product purchasing scenarios.



5. Kim and Byramjee 2014

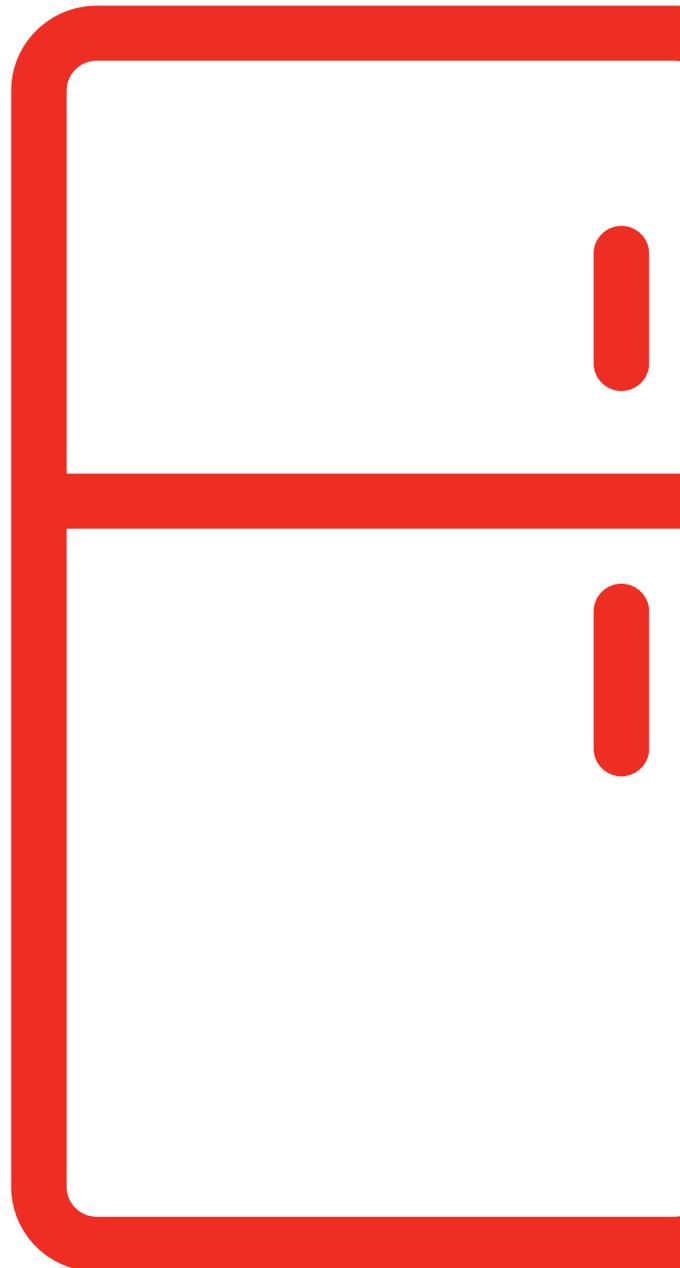


SELLERS' SURVEY RESEARCH OUTCOMES

- Over half (**54%**) of the respondents rarely or never check to see if an item had been previously recalled before selling.
- Very few sellers ensured items they sold were safe to use or complied with regulations. At most, they would check the item was working but the majority (**66%**) rarely or never conduct PAT testing. Additionally, most would not offer a guarantee with goods or any refund opportunity.
- Different types of second-hand goods are often sold in different places: retro/vintage tend to be sold on popular online platforms or specialist sites, rather than social media or free ads.
- There are different types of sellers: those who buy, repair and sell as a hobby, those trading as small businesses and those who sell as a 'clear out' or because they need the money. There is also an overlap between sellers and buyers – especially for retro/vintage products which are bought to be repaired and resold.
- Sellers (**65%**) expect buyers to take responsibility for ensuring items are safe to use, with some even taking additional steps to ensure the onus of responsibility is with the buyer – e.g. by selling without plugs, or using a disclaimer.
- Concern for product safety appeared considerably reduced by sellers at markets.

IMPLICATIONS OF SELLERS' RESEARCH

- Buyers should be strongly advised to check if a product has been recalled before purchasing.
- A social media advertising campaign highlighting the need for checks on second-hand electrical goods should be established to raise awareness.
- Local authorities and organisations supporting vulnerable groups should liaise to provide safety advice around buying second-hand electrical goods.





The Government must make clear that it is prepared to **act in the public interest if retailers and online marketplaces fail to protect their customers from unsafe second-hand goods.**





SUMMARY OF BUYERS' SURVEY

- There is no obvious demographic of who buys second-hand electrical goods – there are different groups of consumers based on their purchasing motivations. However, cost is very important (for **73%** of respondents) but it is not the only reason for purchasing and doesn't always explain motivation (**15%** considered 'style' of primary importance).
- Most second-hand electrical goods purchased are made after 1990.
- **20%** of buyers had experienced problems with second-hand electrical goods.
- Household goods, white goods and small kitchen appliances were the most common types of goods bought. However there were also strong markets for retro gaming products.
- The idea that older goods are of better quality was persistent.
- Most people who buy retro goods do so to use them, as opposed to decorative reasons only, and people would generally prefer to have actual retro goods rather than retro-style goods.
- The prevalence of swapping and exchanging goods, or passing on between friends and family as well as "freecycling", has the potential to change understandings about risk. People may well be more trusting regarding an item's safety if it comes from a close contact.
- Just under half of buyers (**46%**), were concerned about the safety risks of buying second-hand electrical goods.
- Buyers see sellers as responsible for ensuring goods sold are safe – this is the opposite from the views of sellers.
- The potential for recycling or trade-in schemes might work for some buyers but not for all, given the complex motivations for buying goods, and some consumers might be put off recycling goods safely as it may appear easier and/or more profitable to sell or pass the good on.

IMPLICATIONS OF BUYERS' RESEARCH

- Awareness raising messages and distribution channels should be tailored to target different types of consumer.
- There is a need to understand more about cultural and social aspects of buying second-hand goods, especially with some vulnerable groups who are likely to be under-represented in most survey-based research.
- The miscommunication of responsibility between sellers and buyers is serious, and must be addressed.



ONLINE WILLINGNESS TO PURCHASE (WTP) EXPERIMENT

Participants who took part in this experiment described themselves as buyers of second-hand electrical goods and were also likely to make such purchases in the near future. Respondents were presented with several purchasing scenarios involving second-hand electrical goods and asked to rate how likely it was that they would buy an item.

Two different messaging formats were used, cost and risk based:

- Cost-based messaging informed respondents that money could be saved with newer, more energy efficient, second-hand electrical products.
- Risk-based messaging explained the potential risks of purchasing second-hand electrical products, based on the number of fires caused each year in the UK.

For this experiment the product age was presented as either pre-1990 or post-1990 and the goods presented were described in one of two styles, retro or standard, in order to determine how age, retro or standard, in order to determine how age and the appeal of age affected purchasing decisions.



WTP RESEARCH FINDINGS

<p>01</p> <p>Consumers are more likely to purchase post-1990 goods over pre-1990 second-hand goods and second-hand kitchen appliances than heater products.</p>	<p>02</p> <p>Product style (retro versus conventional) influences likelihood of purchase more for post-1990 products.</p>	<p>03</p> <p>The age of the product impacted on safety concerns – consumer concern increased for pre-1990 products and heater products.</p>
<p>04</p> <p>Style/fashion considerations were more important in buying post-1990 goods and for kitchen appliances.</p>	<p>05</p> <p>Consideration of product running costs did not differ between product types.</p>	<p>06</p> <p>Informing participants about the risks of second-hand electricals influences their decision-making process but not their likelihood of purchase.</p>
<p>07</p> <p>Messaging about risk increases concerns of safety, particularly for pre-1990 products. But it reduces consideration of running costs.</p>	<p>08</p> <p>Messaging about cost increases consideration of both running costs and safety, relative to control groups.</p>	<p>09</p> <p>Messaging about risk reduces the consideration of style/fashion with heater products but not with kitchen appliances.</p>



IMPLICATIONS OF WTP RESEARCH

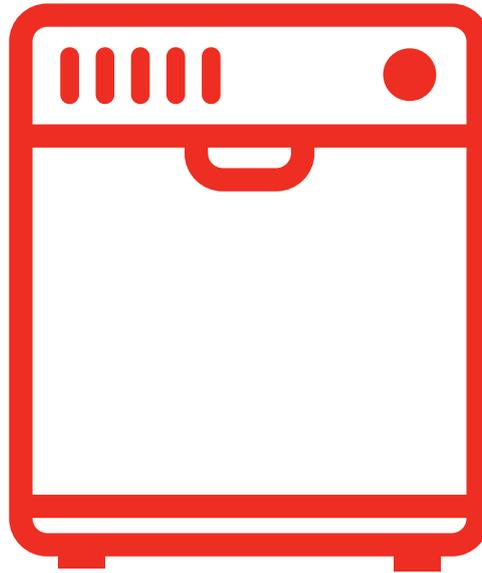
This research shows that not all second-hand electrical products are reviewed in the same way by consumers. Factors other than cost influence the motivation for a purchase, and once the product price is removed from consideration there are different responses to product age, category and style. Even in the second-hand market, buyers prefer to purchase newer goods over older goods.

Additionally, when dealing with retro goods style/fashion issues are higher, but only after product age and category have been considered. This indicates that consumers place functional considerations ahead of style in their purchasing decisions.

The research indicates that consumers interpret risk subjectively, and safety information can prompt buyers to consider the potential risk of second-hand electricals, while reducing the influence of other factors such as cost in the decision-making process. Risk-based messaging increased consideration of the product risk, whilst reducing the consideration of the product's style/fashion and running costs.

When cost-based messaging was used to encourage people to consider the running costs and the long-term expense of an initially cheaper product, it was found to be as effective as risk-based messaging at increasing safety considerations for the potential purchaser. Cost-based messaging produced a broader focus on various product attributes – safety, running costs, style and fashion.

However, while messaging influenced various considerations during the decision-making process, **it did not influence how likely someone was to purchase goods or not.**



It is possible that – in order to change consumer behaviour – information on the potentially negative consequences of purchasing second-hand electricals might need to be paired with a viable alternative to buying these goods, as awareness raising messages on their own appear to be taken on board by consumers yet may not necessarily change their decision to purchase the product.

There is potential here for further research, and this should consider whether a combination of awareness messaging with details of an alternative product or course of action may be a more effective route to changing consumer purchasing behaviour, and helping them make the safest choice.

This report shows that despite many recent and welcome improvements to the consumer landscape, the sale of second-hand electrical goods is an issue which remains mostly unaddressed. Without sufficient action from all parties involved, but in particular Government and online marketplaces, the public will remain unprotected and unaware of the dangers second hand electrical goods present, placing not only themselves but their friends, family and property at risk. More research needs to be done to fully understand the full extent of the market for these products and the unique risks they present, but action can – and should – be taken now.



The private sale of unsafe elderly vintage electrical products both in person and online should be banned.



*Vintage electrical products are of a particular safety concern, being both long lasting and functional even when dangerously faulty, and widely available. Whilst all elderly electrical appliances should be treated with caution as a matter of course, a number of categories present additional or heightened risk to users and those around them. These include:

- Any space heating appliance
- Any appliance with an original braided cable instead of a new PVC cable
- Electric blankets
- Cooking appliances

Lacking key modern safety features, prone to failure and suffering age-related degradation even if stored in ideal, dry conditions, the potential to cause fire and electric shock of these products is significant.



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