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Consumer Behaviour and Attitudes by Purchasing of Selected Food Products [1]

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Abstract

V In this report we are aimed at problems of consumers` behaviour and at factors that have an influence on it. We are focused on behaviour during purchase and consumption of bio products that belong to the actual trends. We explain understanding of healthy lifestyle and we also present abstract of its classifications. The report includes results of a research the goal of which was to find out preferences of consumers while making decisions when buying healthy food (farm and bio food). In conclusion we propose recommendations on possible ways of education and information of consumers on food and on support to consume products beneficial to our health.

Key words

Consumer behaviour, healthy lifestyle, health prevention, food

JEL Classification: P46, Q18

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Introduction

The goal of the report is to point out which facts and factors have an influence on consumers` behaviour when choosing healthy food and we aimed at farm and bio food. We made a survey on consumers` attitude to food and their opinion on bio food in the context of healthy lifestyle.

Consumers and their consumer behaviour are variable in permanent process of changes. It is changing under the influence of many factors that change attitudes, values, opinions or preferences of people. In present time we can include among them especially new ways of communication, increasing use of information technologies in all sectors of life, change of lifestyle and lack of leisure time, increasing interest on health protection and environmental protection.

Healthy lifestyle is currently more and more widespread and popular. Interested in it are not only young people but also the older ones that had until now other habits and they try to learn this lifestyle and thanks to it become healthy and vigorous. State as well as merchants, have accept requirements of citizens into account and to adapt their offer and give them sufficient possibilities to live healthy lifestyle. There exist several

[1] VEGA 1/0339/18 Health conscious consumer behaviour: determinants, perspectives and intervention possibilities.

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factors that - to some extent - have an influence on health of population. Health quality is directly influenced by the quality of health care in respective country, though, only by 10 % to 15 %, genetics influences health quality by the same percentage and more important impact has an environment where we live (20 % to 25 %). Our behaviour, habits, interests, opinions and complete way how we live is an important factor that has an impact on our health and health condition (Celedova L., Cevela R. 2010).

Currently it is often a topic of discussion when products are marked by the BIO symbol. Consumers often have a negative attitude towards such label. It could be a consequence of various rumours, scandals and unconfirmed information.

1 Methodology

After specifying topic of the report, we made plan according to which act when working out the report. The first step was to specify the goal and then partial goals; through fulfilment of these we came to the final version of our report. We have analyzed the problems through theoretical specification and subsequently through realization of a quantitative survey which was a practical form. The main goal of the quantitative survey was to find out attitude of customers to healthy food. Quantitative survey was made at the Economic university in 2020 (Jasanová, Korčoková 2020) in a form of a questionnaire. In a survey it took part 115 respondents. We survey behaviour of customers through the questionnaire in a following way:

Addressing of respondents with a request to fill in a questionnaire
Acquisition of necessary information from respondents
Processing of acquired information
Evaluation of questionnaires
Representation of results and their interpretation in a form of charts with their description.

We select from the abovementioned questionnaire only a part of questions and responds that are directly related with the problems of the report. According to the presented sample the results of the survey are only rough. We compared results of the survey with two other surveys that also examined problems of bio products consumption. We draw information from domestic as well as from foreign literature, electronic sources accessible on internet and we also used articles presented in journals and expert reports in anthologies. When working out the investigated problems we have used wide spectrum of classical methods of scientific heuristics – analysis, synthesis, concretization, generalization and comparison, induction and deduction.

2 Results and discussion

2.1 Customers Behaviour and Factors that have an Influence on it

We understand under the name customers behaviour an act that could be observed, i.e. purchase and consumption. These processes occur even before the purchase (realize the need, information retrieval, assessment of accessible alternatives …) during buying and after purchase (assessment of products and services after purchase, consumption). These processes are influenced by many various factors that we call cultural, social, personal and psychological factors.

According to TNS Worldpanel company we could classify new and current generation of customers as 5E that are (Korčoková, M., 2016):

Egoistic – customers for whom it is important authenticity, tradition and local origin of products.
Ecological – customers that are interested in environment that search ecological products that do not load environment.
E-consumers (online consumers) – customers who have orientation on internet and use information technologies to search, compare prices and to buy products on internet.
Ethnic – consumers that search things that are exotic and different from their culture
Ethic – consumers that think about consequences of their consumption on environment and on animals who search products that are made Fair trade – their producers guarantee respective earnings to producers and growers from development countries.

Customers have currently a possibility to choose from large variety of products - the ones that fulfil technical, economical but also environmental requirements. That is why an attitude towards environment in also one of the important factors that has an influence on a purchase.

At present the preference of healthy lifestyle in one of the important and visible trends. It could be seen in an increase of customers` interest in their health condition and an effort to improve it through sport activities and better feeding.

Feeding represents an important part of a healthy lifestyle. Change towards consumption of products labelled as bio, and/or towards products bought directly from their producers, farm products.

In the field of feeding it could be seen increasing trend to promote veganism and vegetarianism. Vegetarians are people who do not consume meat and meat products while vegans do not consume besides meat also any animal products such as eggs, milk, honey etc. Reasons for this way of lifestyle are religion, ethical and environmental motives but also health grounds. The World Health Organization states that such rationally planned way of feeding is healthy, nutritionally balanced and it provides many health advantages regardless of age of consumers (aktuality.sk). And although in the world still exist many consumers of meat and milk products, numbers of vegetarians and vegans has been permanently increasing (Leach T., 2016).

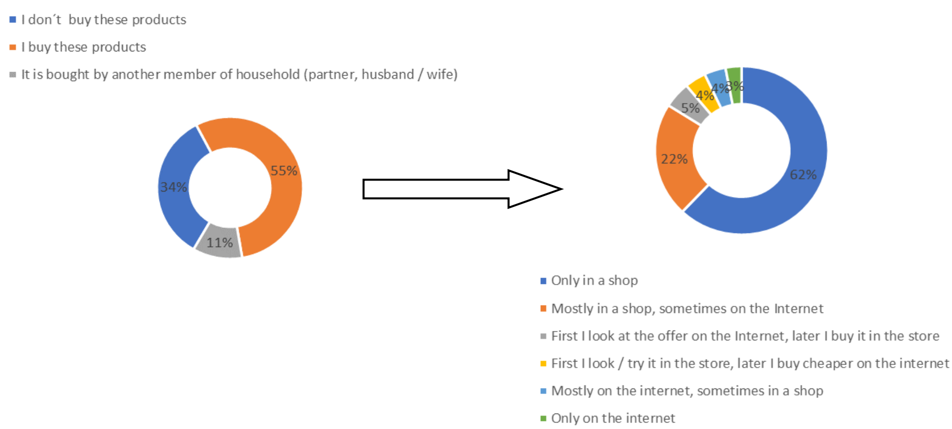
2.2 Bio products

On a food market currently exists fierce competition and production of food that is beneficial to health becomes necessary requirement to break through on domestic and on foreign markets. We could state that bio food winning through on a market became faster and it is a little bit ahead of conventional food.

The study „How we buy" of MB Brand Management company presented very interesting results and we selected some conclusions. Survey study that has been made on a sample of 1,460 respondents that were representative from the point of age, sex, region, size of settlement and education in the age between 18 and 69 years through internet questioning, supplemented by personal talks with people that were accessible on internet only with difficulties, evaluated the following findings (https://www.mbbm.sk/tlacove-spravy/bio-potraviny-na-slovensku-kamenny-obchod-alebo-internet/):

Bio products are purchased by 55 %, 11 % stated that they are bought by their partner and one third did not buy any bio food.
People that buy bio food at least occasionally said that they buy them especially in shops, bio products are bought almost equally by men (48 %) and women (52 %); while women use to look at offer on internet and then buy it in a shop, men prefer to look at offer in a shop and then buy it cheaper on internet.
Most important customers in shops are people from 35 to 44 years old and people older than 55 years.
Purchase on internet prefer people that are younger than 34 years but also people from 45 to 55 years old; among young people most of the customers are households with no children, people oriented on labels that want to be trendy and in; among the middle aged most of the customers are people that have an above-average income and simultaneously they want the highest possible quality.

Fig. 1 Purchase of bio food



Source: FMCG&RETAIL, 2018

BIO label is currently often in discussion and media pay attention to this topic. Customers have often inconsistent, sometimes also negative feelings on BIO label that result from various unverified reports, food scandals and unconfirmed information.

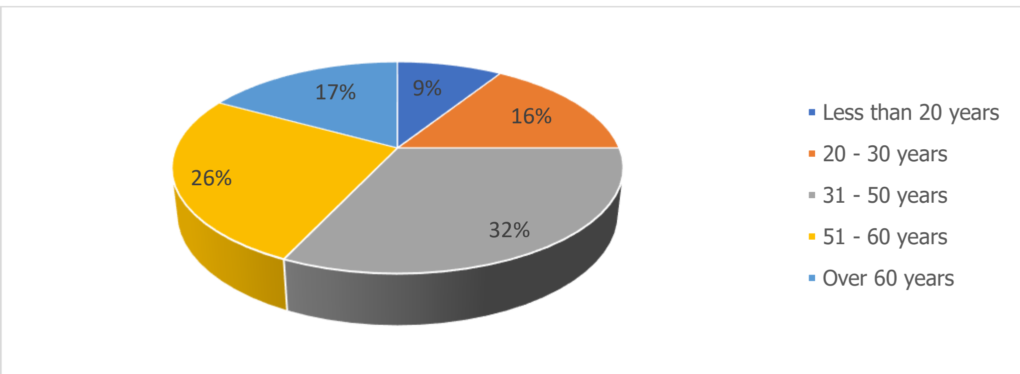
Association of ecological agriculture in Slovakia defines concept bio products as "plant and animal products made in a system of ecological agricultural production. Bio product is e.g. grown cereals, vegetables, additive food, feed, bred animals such as chicken, sheep etc., but also eggs of ecological hen." (https://www.ecotrend.sk/bi-oprodukty/co-su-bioprodukty/). These products meet all the regulations of the Law on ecological agriculture and are regularly inspected on every level. Bio food is made only of bio products while there are used only components, additives and materials permitted by a law. They, though, contain at least 95 percent of food components made of bi-oproducts with certificate on ecological origin.

Currently a threat that represent food to customers, i.e. damage of their health through ingestion of inconvenient and/or harmful food is a serious problem. There is a situation on our market when unwholesome food was sold. Despite strict legislation and measurements realized by respective authorities´ violation of legislative regulations still exists. That is why it is necessary to do radical steps and put into effect measurements that will prevent to product and sell dangerous and harmful foodstuffs. Customer is, though, in this field often uninformed and uneducated. That is why it is necessary to inform customer permanently in a way that he/she could avoid possible pitfalls and consequences because of dangerous food purchase because a customer that is educated in some field could make rational decisions and to choose the right products from the whole assortment of offered products.

2.3 Results of Survey on Customer´s Behaviour when Buying Healthy Food

The goal for the survey was to find out preferences of customers when making decision on purchase of healthy food (farm food and bio food). Total 115 respondents took part in a survey, 72 of them were women and 46 men. Most of respondents were from the category 31 to 50 years old and least of them from the category younger than 20 years (Figure 2).

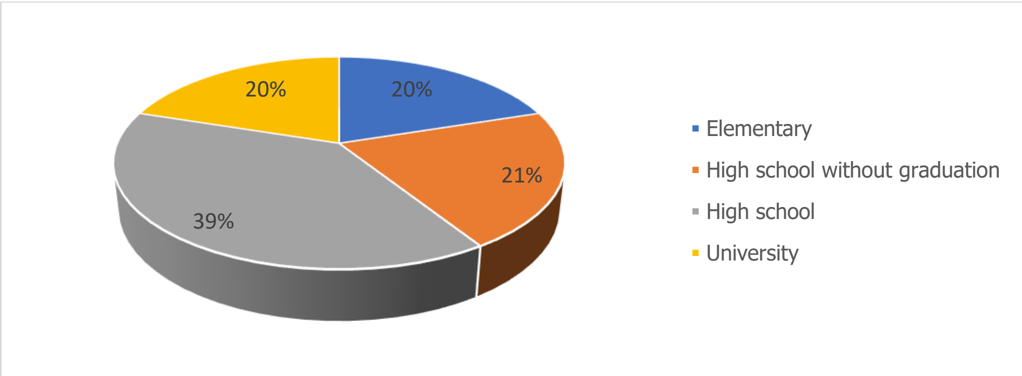
Fig. 2 Age of respondents



Source: Own research

The most numerous segment according to education were people with high school education – school leaving examination (A level) (39%), percentage of other categories was similar (Figure 3).

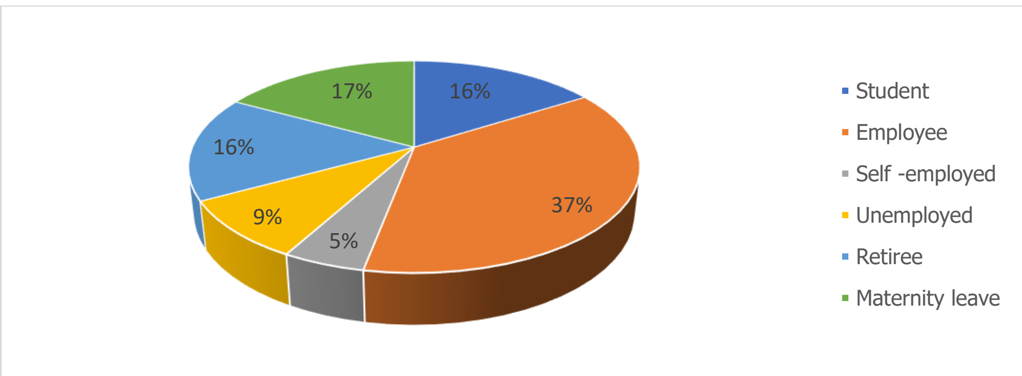
Fig. 3 Figure Education of respondents



Source: Own research

When speaking about employment of customers that were asked in a survey the most numerous segment were employees and smallest group were self employed persons (see Figure 4).

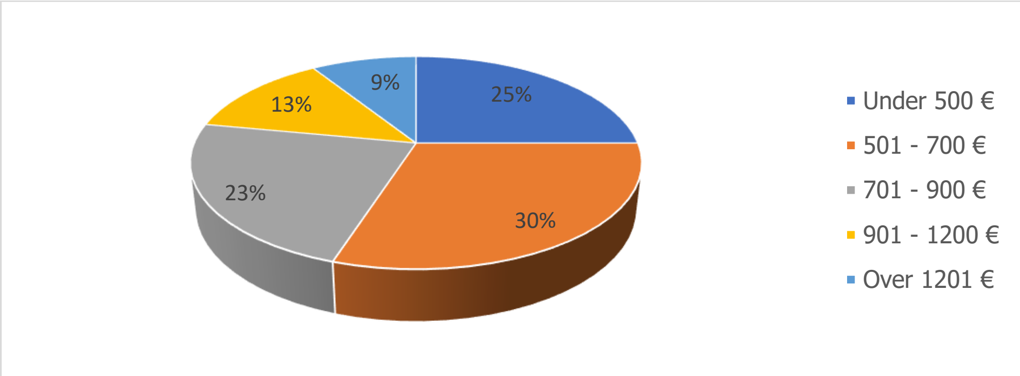
Fig. 4 Occupation of respondents



Source: Own research

In the category in relation to financial incomes, the biggest group was in the interval 501-700 € (30 % of respondents). The smallest group were people with income more than 1201 € (9 % of respondents).

Fig. 5 Net monthly income of respondents

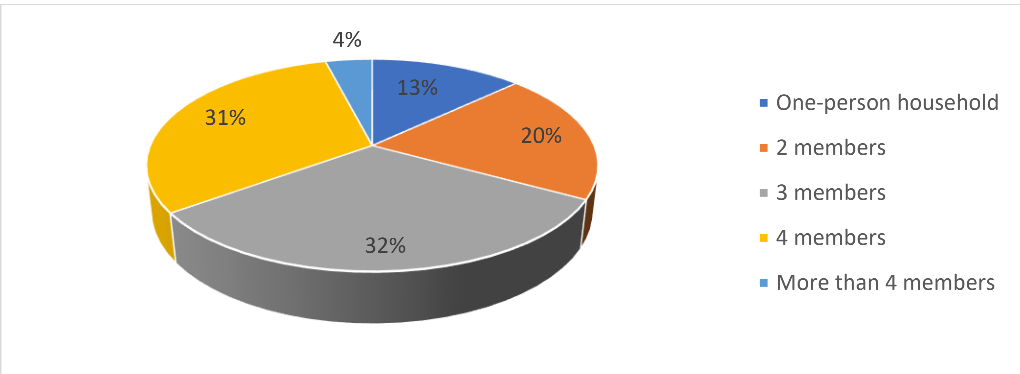


Source: Own research

Most of respondents (77 %) live in a town, while only 23 % of respondents live in a country.

We also examined number of members in households. Most respondents live in a household with 3 members (32 %) and with 4 members (31 %).

Fig. 6 Number of household members



Source: Own research

The following part of the questionnaire was aimed at finding consumers` attitude to healthy food. We surveyed behaviour of consumers on a healthy food market, their preferences and factors that have an influence of consumers` behaviour on bio food market and on a market with farm products.

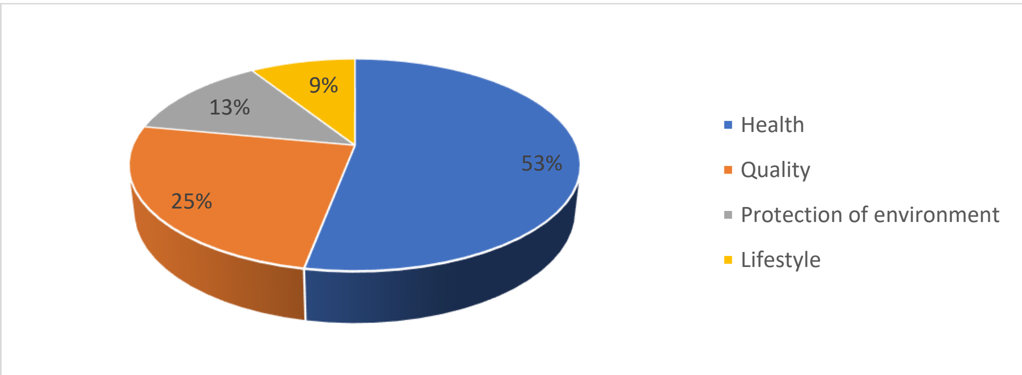
Goal of the question "Have you ever saw bio food and farm products?" was to find out if respondents are familiar with and if they saw bio food on a Slovak market.

Among 102 asked 89 % saw bio food on a Slovak market but 11 % of respondents (13) never saw bio food.

Goal of the question "Do you buy bio food and farm products?" we tried to find out how many respondents really buy respective food. According to the survey 49 respondents (48%) buy bio food while 53 respondents (52%) do not buy it. Among respondents that buy bio food there were 35 women and 14 men. Bio food is mostly bought by women under 45 years old with university degree with income between 501 and 700 Euro per month and women that live in a town. Among men bio food is mostly bought by men in the age category 26 to 45 years with A levels that have monthly income between 701 and 900 Euro, that live in a town.

In a question "What are the reasons why do you buy bio food and farm products?" respondents could choose more responds. As we can see on a Figure 7, 28 of respondents (53%) presented the reason for purchase their health, 13 respondents (25%) have chosen quality, 7 respondents (13%) protection of environment and 5 (9%) life style.

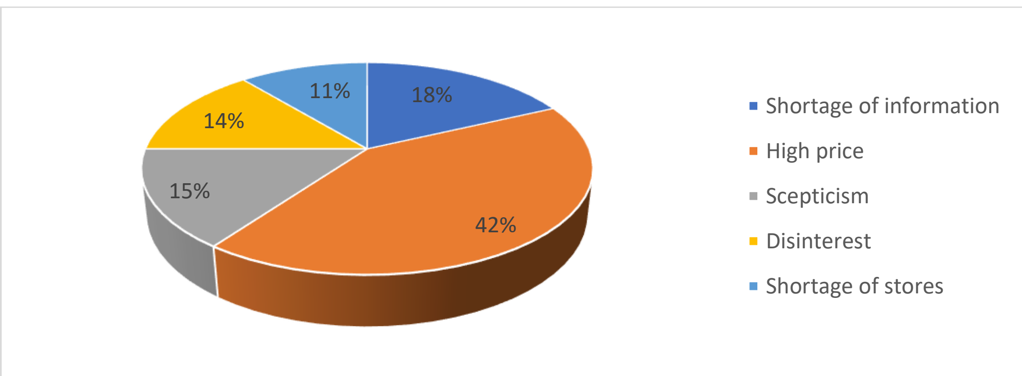
Fig. 7 Reasons why respondents buy bio food and farm products



Source: Own research

The question was: "Which are the reasons why you do not buy bio food and farmer products?" respondents could choose more responds. As we can see on a Figure 8, 28 of respondents (42%) do not buy bio food because of its price.

Fig. 8 Reasons why not to buy bio and farmer products

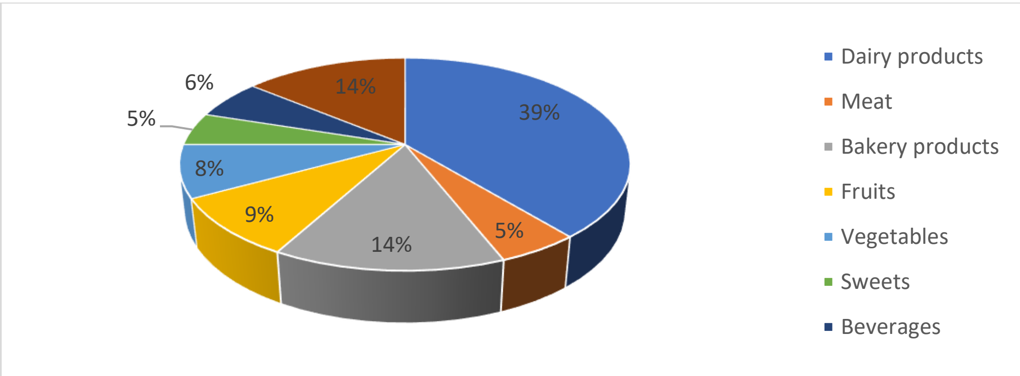


Source: Own research

As other reasons 9 respondents mentioned that they are not interested in bio food, 7 of them because of bio shops lack, 10 respondents have no confidence and 12 respondents have no enough information about bio food.

The other question "What bio food and farmer products do you buy most frequently? In this case respondents could choose more responds. Among respondents 33 of them mentioned that they buy most often milk products, 7 of them said they buy fruit and 7 of them vegetables, 12 respondents presented they buy most bread and bakery products, 5 respondents mentioned beverages and 4 meat products and sweet. In an option to *other* respondents presented they buy pasta, sugar, tea and soya products.

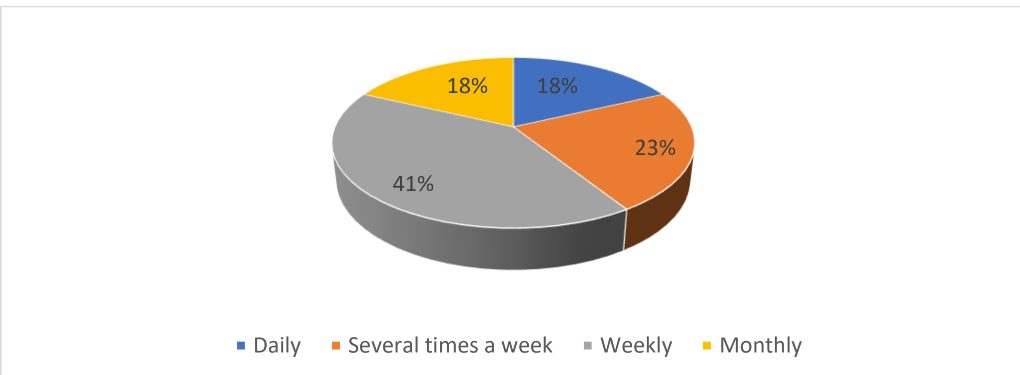
Fig. 9 Most frequently purchased bio and farmer food



Source: Own research

Through the question "How often do you buy bio food and farmer products?" we wanted to find out intensity of bio food purchase. As we can see on Figure 10 most respondents buy bio food weekly (20), several times a week (11) and monthly and daily 9 respondents respectively.

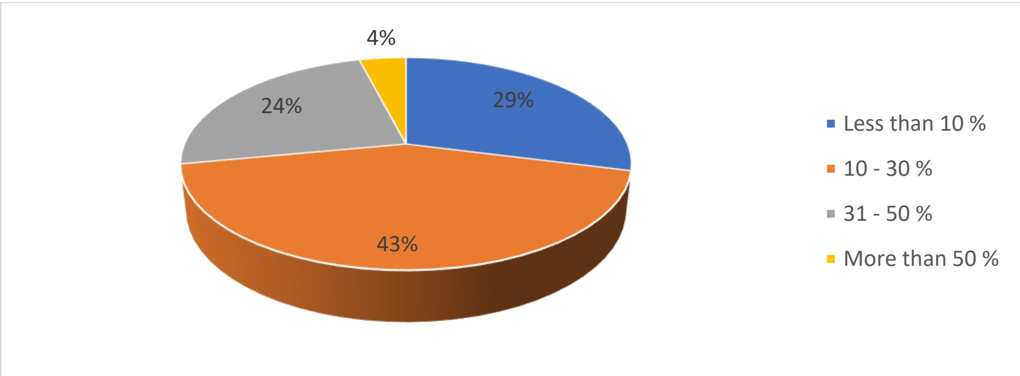
Fig. 10 Frequency of bio and farmer products purchase



Source: Own research

Another question was: "How many percent of your monthly income do you spend on bio food?" On Figure 11 we can see that most respondents spend on food 10 to 30 % of their income, i.e. 43 % of all asked people. From among asked 14 respondents (29%) spend on food less than 10 % of their income while 12 respondents (24%) spend on food 31 to 50% and 2 respondents (4%) 50 % and more of their income.

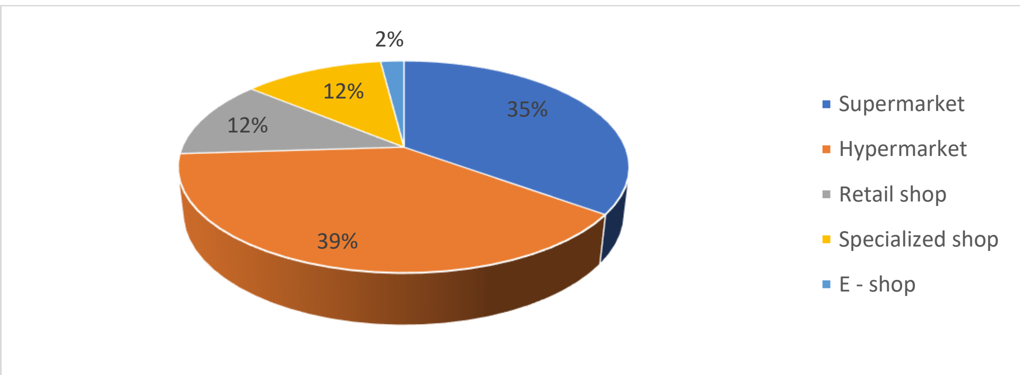
Fig. 11 Monthly costs of organic food as a percentage of income



Source: Own research

Thanks to the question "Where do you most often buy bio food and farm products?" we found out that most respondents 19 (39%) bought most often in hypermarkets and 17 respondents (35%) in supermarkets. Both in specialized and small shops purchase 6 (12%) respondents. Internet shop is used by one respondent.

Fig. 12 Place of purchase

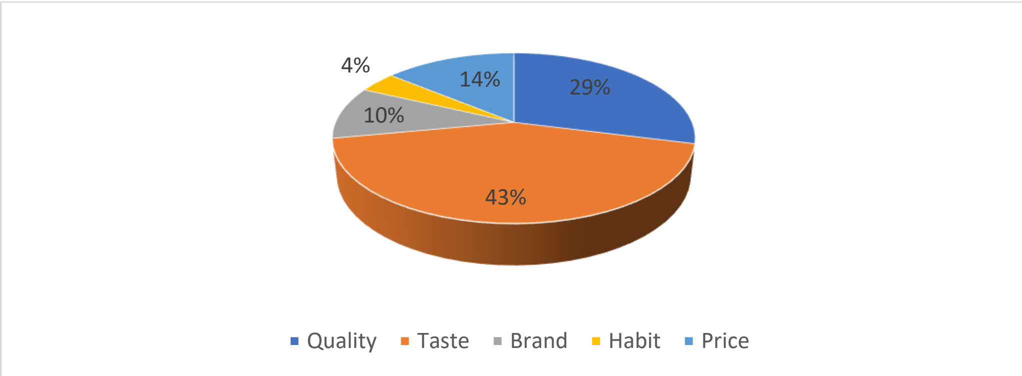


Source: Own research

In a question: "What is the biggest influence when you buy bio food and farm products?" we try to find out what is the most important according to respondents when doing shopping of bio products. Taste has the biggest influence on respondents, it stated

21 (43%) of them. Price has an influence on 7 (14%) of respondents, 2 (4%) of respondents are influenced by habit and tradition, 5 (10%) of respondents are influenced by label and 14 respondents (29 %) by quality.

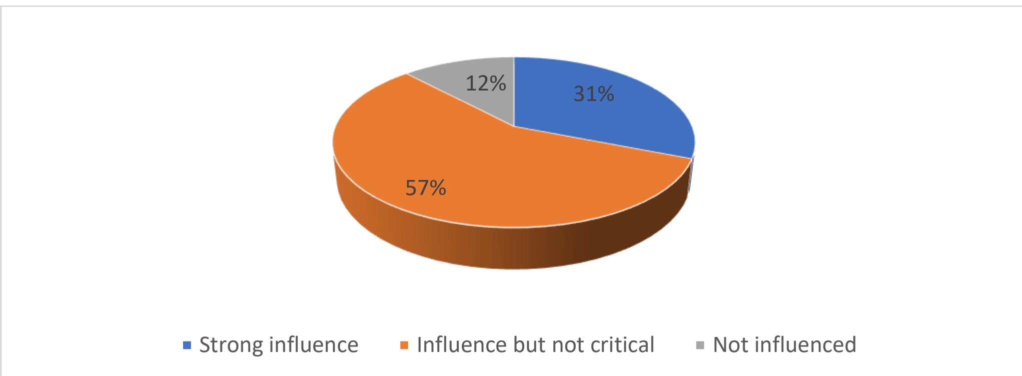
Fig. 13 Factors, that influence the purchase of bioproduct and farmer foods



Source: Own research

We asked respondents how much price influences their decision when buying bio and farmer food. When buying bio food price has an influence on 43 percent of respondents, while 15 percent are strongly influenced and on 28 percent it has an influence, but it is not critical. Only 6 respondents are not influenced by a price.

Fig. 14 Price influence when buying bio products and farmer food



Source: Own research

Results of a survey proved that 89 % of respondents have some knowledge about bio food and almost half of respondents (48%) also buy them. Most interested in bio food were respondents of both genders in the category from 31 to 50 years, so it could be made a conclusion that bio food attracted more young and middle-aged people. Women are more interested in the respective segment of food (67%).

Bio food and farmer products are bought mostly by customers with university degree (59%), 20 percent by customers with high school (A level) degree and 20 percent by customers with secondary education without A level degree. Bio food and farmer products are bought mostly by employees (67%), women on maternity leave (20%) and students (12%).

People have bought bio food because of health (53%) and quality (25%) of bio food. 42 % of respondents told us that they do not buy bio food because of its high price. Respondents bought especially assortment of milk, milk products (39 %), bread and bakery products (14%). Respondents bought most often in hypermarkets (39%) and in in supermarkets (35%). Abovementioned result is surprising as we presupposed that bio food and farmer products would be bought by respondents especially in specialized or small shops. It is a consequence of the fact that there exist smaller number of specialized shops and prices are higher in them.

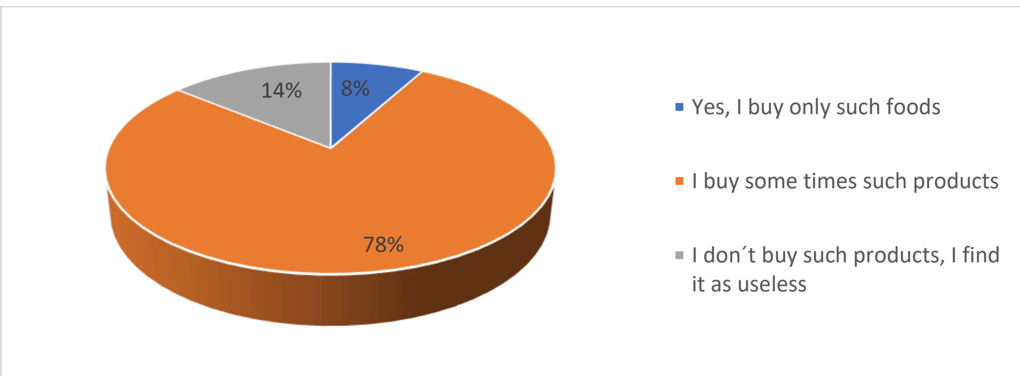
When speaking about frequency, respondents prefer to buy once a week (41%), while both daily and monthly make purchase 18 % of them.

One question was aimed at the share of money from the net monthly income invested into bio food. We have found out that up to 43 % of respondents spend on bio food 10 to 30 % of their net income while 29 % of respondents spend less than 10 % of their net income and 24 % spend on food 31 to 50 % of their monthly income. Price of bio food had an impact on 57 % of respondents but it is not critical for them. This result is very important, as it is related to the fact that respondents are interested in healthy food despite high price and they care about healthy lifestyle.

Similar survey was done also in 2015 as a part of a degree work (Bugyiová, D., Korčoková, M., 2015). The main goal of the survey was to find out an attitude of consumers to the food, their safety and to bio food. For comparison we choose some of findings that are connected to the problems of respondents` attitude to bio food.

This survey had interesting results, e.g. under opinion of majority of respondents (69%) bio food is healthier than food that is commonly accessible. Another interesting finding was a fact that 76 % inquired sometimes bought quality products from domestic farmers. Solely such products are bought by only 8 % of consumers (Figure 15).

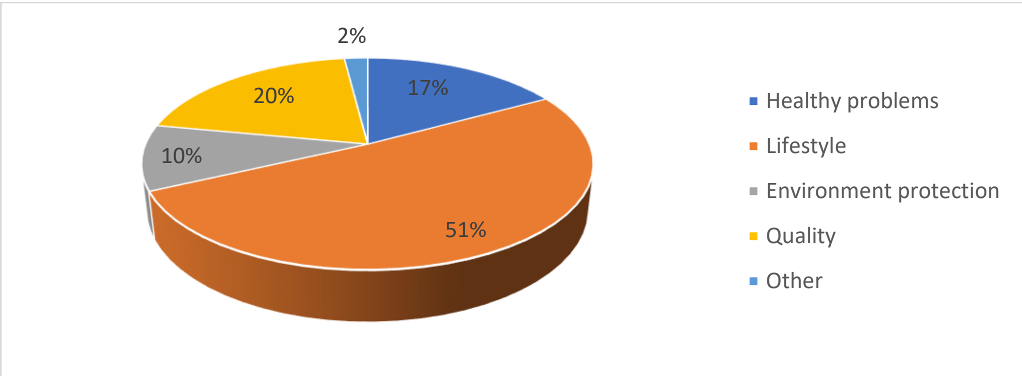
Fig. 15 Willingness of consumers to pay extra for quality food



Source: Bugyiová, Korčoková, 2015

In the survey we have also investigated questions why respondents chose just bio food. There were presented several possibilities. 17% of respondents stated that they prefer such food because of health problems. 51 % buy it because they like healthy lifestyle, for 10 % see it as a part of environmental protection, 20 % of customers buy it because of their quality and 2% said they buy it for another reasons (Figure 16).

Fig. 16 Reasons to buy bio product



Source: Bugyiová, Korčoková, 2015

Conclusion

According to the results of abovementioned surveys we can state that consumers are currently intensively interested in products, especially food that is considered healthy (bio food and farm products). In the forefront it is especially bio food that have been still discussed and its consumption has been increasing with increasing trend of healthy lifestyle of consumers. Survey that we have done in Economic university in the period February-March 2020 (Jasanová, Korčoková, M., 2020) has many same conclusions as the survey study *How we buy* that was presented by MB Brand Management company in April 2016 and also with survey from 2015 (Bugyiová, D., Korčoková M., 2015). All the sources present the fact that interest in bio food purchase is high. Also in the question, why respondents prefer bio food most of them said that especially because of healthy lifestyle.

Surveys from 2020 and 2016 state that respondents prefer shops to internet purchase when buying bio food. Most if bio food were milk products.

According to the retail audit of Nielsen company, sales in segment of bio food in Slovakia from May 2017 to April 2018 reached 25 million 265 thousand Euro what represents increase by almost 8% compared to the period May 2016 to April 2017, when sales in segment of bio food reached 23 million 745 thousand Euro. (http://www.nielsen.com/sk/sk/insights/article/2018/bio-food-segment.)

According to the results of individual surveys we came to several important conclusions. Number of people who are interested in healthy lifestyle and who take care about food selection regularly increases. Respondents are interested in their health and problems of healthy food and bio food are very close to them. We can compare that high percentage of respondents are interested in a healthy lifestyle and problems of healthy food and this trend has been gradually increasing. The goal of this report was to point out that respondents are interested in the respective topic and this area should be supported and people should be permanently educated in this area. We would like to propose several recommendations to improve current situation:

Bigger support and promotion of domestic food, domestic breeders and producers as well as bio farms by the state and EU, help for spot /direct sale of domestic producers and breeders.

Increase of subsidies aimed at support of ecological agriculture – especially bio food production.

Improve awareness of customers on quality of domestic agricultural products. Customers are more aimed at country of food origin but many still prefer more price aspects without regard of a place from which selected food originates. That is also related to awareness of customers on food labelling and accentuation of important information on packaging such as expiry date/best before date, date of minimal durability, food composition, allergens etc.

To improve awareness and education of customers on food and healthy lifestyle.

Customer that is sufficiently informed and educated is able through his/her rational thinking responsibly select food for the needs of his/her family that are benefit and do not jeopardize health and safety.

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Sustainable fashion as a part of the circular economy concept[1]

Monika Matušovičová[2]

Abstract

It has been shown that the textile and clothing industry have a negative impact on both the environmental and socio-economic field. The current trend in fashion, called sustainable fashion, is part of a new concept of circular economy, in which textiles and clothing are kept in the highest quality throughout their life cycle and then put back into circulation. The aim of the paper is to focus and evaluate the current knowledge base in the field of sustainable fashion and to clarify the basic approaches and strategies of circular fashion. The article uses mainly the description and comparison of theoretical knowledge and synthesis of analytical data from consulting companies and research agencies.

Key words

Sustainable fashion, slow fashion, circular fashion, second hand

JEL Classification: M31, Q56

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Introduction

Nowadays, people and companies have begun to fight against the rapid consumerist lifestyle by slowing down. Whereas conventional retail chains undertake their first activities towards sustainable production, there are movements and types of businesses in which a conscious approach is directly in ideological base. They are often called by the adjective slow, which in this sense does not mean doing things slowly, but doing them at an adequate pace.

The term SLOW is used as an acronym for: S - Sustainable; L - Local; O - Organic; W - Whole.

The first pioneer of a lifestyle that prefers a slower approach to various aspects of life was the Italian gastronome and journalist Carlo Petrini, who founded the Slow Food movement in 1986. It was a response to the spreading globalization of food, increasing fast food operations and the gradual disappearance of local culinary traditions. The idea of "slowness" gradually spread to other areas of life. Slow Traveling, Slow Cities, Slow Money and Slow Fashion were created.

Slow fashion, as one of the categories of sustainable fashion, points to the slow process of production, purchase, wearing and subsequent disposal. Its goal is to increase the lifespan of clothes with an emphasis on quality and longevity, not on quantity and

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rapid trends. Slow fashion is becoming an important part of the new concept of circular economy, where the product and material are part of the cycle for as long as possible, thus reducing the amount of waste generated. In addition, it minimizes the negative environmental impacts of production and makes the industry more sustainable.

1 Methodology

The current trend in fashion, called sustainable fashion, is a part of the philosophy of sustainable design, where the product is designed and manufactured with the environment and social responsibility in mind.

In this context, the paper aims to evaluate and concentrate on the current knowledge base in the field of sustainable fashion and to clarify the basic approaches and strategies of circular fashion. At the same time, we intent to draw attention to the negative effects of the fashion industry on the environmental and socio-economic area.

The article mainly uses the description and comparison of theoretical knowledge dealing with the subject matter and analysis of the issue of sustainable fashion using data from studies of international consulting companies and research agencies. We also synthesized selected partial results of the primary survey on sustainable purchasing. The method of deduction was used to logically justify the conclusions from the generally valid pragmatic experience abroad.

2 Results and Discussion

2.1 Categories of sustainable fashion

By completing the process of individualization and democratization of fashion the so-called fast fashion is created, which is characterized not only by the speed of production, but also the speed of consumption. The result is a culture of disposable clothing that consumers buy at regular intervals and get rid of after several uses (Muthu, 2016).

The fashion industry is a gigantic industry with two to three trillion dollars a year. It is estimated that $ 500 billion will be used in the global economy to buy unnecessary clothing that the consumer will barely wear. The life cycle of clothing is dramatically shortened: the average number of wears is 36 percent lower than 15 years ago (Tvardzík, 2018).

The philosophy of the so-called slow fashion talks about fashion that can afford to ignore trends. It is an initiative that prioritizes quality over quantity (Ležovičová, 2019). It includes, on the one hand, slow production but also conscious consumption.

Slow fashion versus fast fashion recognizes a different concept of clothing production and use. Slow fashion is characterized by words such as awareness, diversity and balance. Slow fashion production does not abuse human labour or nature, products have a longer lifespan and are used for a longer time period compared to fast fashion clothing

(Fletcher, 2007). According to Clark (2008), the movement does not aim to slow down fashion production, but rather to incorporate a holistic view of the issue. The emphasis is mainly on the use of local materials, transparent production and quality products used for a longer time period.

The authors Jung and Jin (2014) defined five dimensions of slow fashion. The first dimension is equality and justice, especially in the area of fair remuneration of workers and the overall improvement of working conditions. Another dimension is authenticity, which recognizes the quality, traditional techniques and crafts that make the product unique. Functionality as the third dimension focuses on the maximum use, usefulness and versatility of the purchased product. Another dimension is the emphasis on locality in the form of support for local producers using local raw materials in the production. The last dimension is exclusivity, which aims at unique pieces of clothing with which consumers express their personality. By exclusivity, we can also understand the joy and pleasure of fashion, which are associated with responsibility and awareness. An important aspect of slow fashion is the connection between producer and consumer. Not only can the consumer support a particular manufacturer, but he can also be a co-creator of his clothing (Cataldi, 2010).

In the process of slow fashion, the main subjects are consumers, who should lean towards quality instead of quantity and not be subject to fashion trends when choosing clothes, but to create their own style. Fashion designers also play an important role, according to Johansson (2010) to design clothes that arouse emotions in people. At the same time, it is important to be aware of the environmental and social consequences of production. Produce locally, thus preserving local traditions, practices and materials. Produce in small quantities and thus preserve diversity in fashion. Use less stressful materials and those that do not require washing at high temperatures (Ježková, 2016).

More environmental and socially friendly, so-called sustainable fashion is currently referred in various terms: eco-fashion, ethical fashion, or slow fashion (Figure 1). We use ecofashion in professional terminology, where it emphasizes the quality of materials. These should be produced with minimal impact on the environment. These are mainly natural materials from organic production. Ethical fashion involves the same strategy as eco-fashion, but at the same time integrates social issues into its approach. This concerns not only the working conditions of employees working in all parts of the production chain, but also the health of consumers. None of these categories, unlike slow fashion, deals with the role of the consumer in the fashion system. Slow fashion coordinates all components, from fashion designers, through material suppliers, producers, distributors, to end customers.

Fig. 1 Categories of sustainable fashion

Source: Modified by Salcedo, E. 2014, pp. 32

2.2 Environmental and socio-economic impacts of the fashion industry

The fashion industry contains a wide range of processes from obtaining the primary raw material to the final product. It is currently one of the most polluting industries in the world, as it covers the production of materials, their dyeing, sewing, the effects of wearing clothes, and the problems associated with disposing of them.

According to the French Ministry of the Environment, the textile industry is responsible for six percent of greenhouse gases, 10 to 20 percent of pesticides consumed and one fifth of water polluted during any industrial production (Radačičová, 2020). The clothing releases half a million tonnes of microfibers a year into the seas and oceans, equivalent to more than 50 million plastic bottles. The fashion industry produces more carbon dioxide emissions than international flights and shipping together. Unless developments change, emissions from this sector are projected to increase by up to 60% by 2030. Ultimately, this will also affect the climate change and global warming (McFall-Johnsen, 2019).

From an ecological point of view, the growing amount of textile waste is also a huge problem. It is more advantageous for consumers to buy a new piece of clothing than to repair a damaged one. Frequent changes in fashion trends are also one of the reasons for fast removal of clothing.

Garment production is one of the most complex industries in terms of number of inputs and production steps. For example, making one pair of jeans requires hundreds of gallons of water, pesticides, cleaners, and thousands of miles of travel before the clothes get into the store. Cotton is usually produced in India; fibre spinning takes place in China. Jeans can be sewn and washed in Guatemala according to Italian design. The zipper can come from Germany, the buttons from Great Britain and labels from the USA. Thus, one pair of jeans can "travel" up to 65,000 kilometres until it reaches Europe. And all this without taking in mind the production of chemicals used for cleaning, bleaching and dyeing.

The fashion industry thus not only has environmental impacts, but also f social and economic impacts. Most clothing is produced in countries with the cheapest labour and low or no standards in terms of working conditions, safety and environmental standards. As the use of protective clothing is not common in third countries, health problems are often associated with the performance of work. And not only by manual work but also by breathing in fumes. In addition, work in these countries is underestimated and employees often have to wait several months for pay, forcing them to stay in the factory longer even in inhumane conditions and continuous working. Following the collapse of the Rana Plaza textile factory building in Dhaka, Bangladesh, in 2013, where more than 1,100 employees lost their lives, consumers became more interested in where their clothes were made (Westervelt, 2015). This tragedy has highlighted the indecent conditions of people working on the orders of large textile companies. The event revealed the state of the fashion industry and why it needs change.

More than 98% of people working in the fashion industry do not earn a living wage (Thomas, 2019). Over the last few years, the clothing industry has begun to gradually move from China to other, cheaper countries. Today, China pays workers more, factories provide better working conditions. A large percentage of them already comply with laws and standards. Production is therefore moved to Bangladesh, Cambodia or Africa to maintain high profits (Ľuptáková – Maleš – Csefalvayová, 2020).

2.3 Circular fashion

All the above facts about the negative environmental impact of the textile and clothing industry are the reasons for accelerated systemic change. If a functioning circular system could be created in this area, it would bring new economic opportunities.

The linear direction in the consumer clothing chain progresses from the primary non-recycled raw materials from which clothing is made, through its use to the end in a landfill or incinerator. By incorporating some green strategies, we can begin to consider the so-called circular fashion. The essence of the circular fashion lies in the creation of products adapted for re-use, reparations, transformation to recycling or complete biodegradation. Circular Fashion Agency (2016) defines 15 basic principles of circular fashion: 1) to design clothing so that it is not only the object of momentary use and subsequent disposal, 2) resistance of clothing, 3) biodegradability, 4) recyclability, 5) use of local materials and local producers, 6) without toxic substances, 7) energy efficiency in production, 8) renewable resources, 9) production ethics, 10) customer service, 11) re-use, recycling and composting, 12) cooperation, 13) pay attention to the appropriate way of washing and maintenance, 14) sharing, 15) preference for quality over quantity.

The main goal of circular fashion is to extend the lifespan of clothing and materials. The basic strategies of circular fashion currently include (Ľuptáková - Maleš - Csefalvayová):

changes in design and materials,
improvement of consumers' purchasing decisions,
extension of the product usage
efficient collection for reuse, repair and upcycling,
improvement in sorting and recycling.

1) Change of design

According to the principles of circular design, products should be durable, timeless, allowing consumers the opportunity to repair, quilting and reshaping. The most important principle of circular design is good recyclability of the product.

Recycling is technological processing into the form of fibres of lower quality than the original textile before processing. A prerequisite for efficient textile recycling is the production of products from single-species materials. Mixed materials are still problematic for efficient recycling.

2) Improvement of consumers' purchasing decisions

Consumers decide what they buy, what impact it will have on the environment and the climate. It is therefore important to raise their awareness and offer them clear information and tools to guide them to make responsible purchasing decisions.

Consumer awareness is especially increased by education, the content of which is the issue of fashion industry, in the form of online campaigns, lectures and public discussions.

3) Extension of the product usage

Longer lifespan of textiles and clothing in circulation is key in the context of systemic change. It would significantly increase resource efficiency (Ellen MacArthur Foundation, 2017).

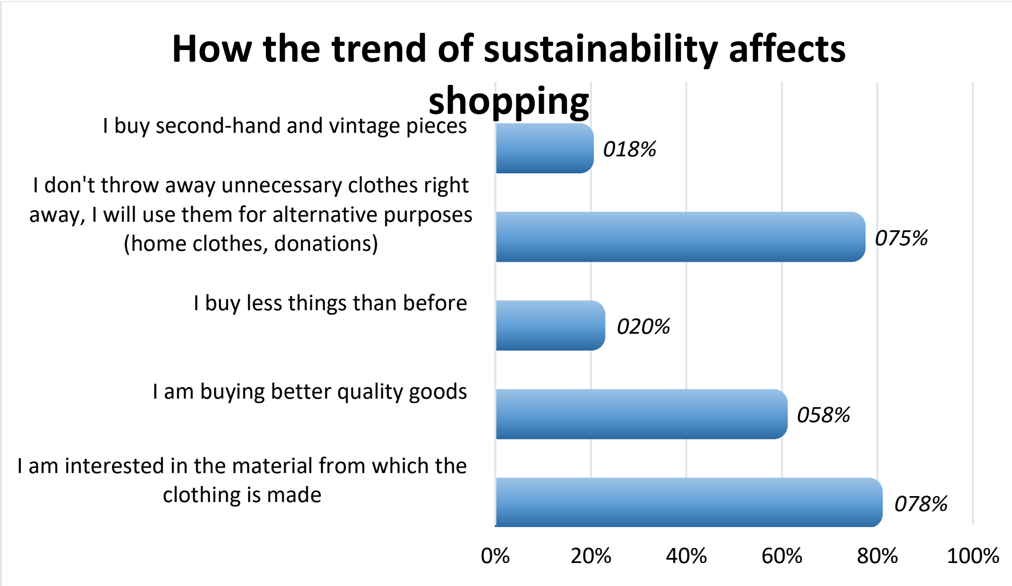
One way to prolong the usage of things is to use the capsule wardrobe philosophy and slow fashion. Creating a capsule wardrobe is an effective way to wear clothes. Its principle speaks of a limited number of pieces of clothing (around 20 - 40), which are easily combined with each other due to their timelessness, cut or colour. It is also recommended to prioritize quality products that last a long time.

Slow fashion is about voluntary modesty, about rejecting everything unnecessary and about realizing meaningful values. Despite the higher prices for individual pieces, the consumer can save money, time and the environment with this approach.

In Slovakia, too, consumers are already beginning to follow the principles of sustainable fashion and declare that their shopping behaviour is influenced by a sustainable approach to nature. This is also confirmed by the results of a marketing survey focused on the issue of slow fashion and sustainable shopping (Graph 1). We carried out the primary survey in question using the standardized survey method in April and May of

2020. We carried out the survey using a questionnaire, which we distributed electronically. Overall, 214 respondents took part in the survey, of which 149 were women (69,6%) and 65 men (30,4%).

Graph 1 How the trend of sustainability affects shopping



Source: own processing based on the results of primary survey

The results of the survey also showed that there is a growing interest in purchasing sustainable fashion in Slovakia, but there is a lack of basic understanding of the concept of sustainable fashion, as well as which fashion brands are sustainable. For example, more than half of respondents (50.2%) do not know the concept of slow fashion and only 13.4% of respondents know which stores offer products from sustainable brands. There is also a growing interest in buying Slovak local fashion, but the barrier is the fact that people do not know where to buy this kind of fashion.

4) Efficient collection for reuse, repair and upcycling

Ensuring collection points for unwanted clothing is an important step in prolonging the use of clothing and textiles. Some companies have started collecting used clothing of various brands in their stores, from where it goes, for example, for recycling purposes or to charitable second-hand for sale.

Second-hands are sought by consumers who want to save money or are looking for something else that is not normally offered in clothing stores. Customers who want to reduce the impact of their consumption on the environment also find an opportunity here. In addition to the traditional ones, luxury, children's and internet second-hand are also sought after today.

Company GlobalData found that in 2018, 56 million women worldwide bought second-hand products, an increase of 12 million new customers over the previous year.

Interest in second-hand shopping is also growing in Slovakia; the largest companies include four companies: Textile House, Humana, Kilovka and Genesis (Ryník, 2019).

Another suitable choice for increasing material efficiency is upcycling, i.e. the conversion of waste into new products with higher value and quality, as well as the repair of damaged items. Several brands come up with the concept of upcycling in fashion, i.e. with the transformation of unnecessary or old clothes, which they transform into modern, re-wearable pieces.

5) Improvement in sorting and recycling

Even if all the above approaches are applied in the field of circular fashion, there will always be a share of waste that will need to be recycled. Current materials and product design methods do not comply with the principles of simple and efficient material recycling. According to the "Pulse of the Fashion Industry Report 2017" study (The Global Fashion Agenda & Boston Consulting Group, 2017) only 10 percent of clothing worldwide is recycled.

At present, almost all input material in the recycling process loses the quality of textile fibres, and therefore it is no longer possible to produce new textiles from it (downcycling). However, processors who can recycle fibres more efficiently are also starting to appear on the market. Recycling textile waste into new fibres without loss of quality is essential for creation of a closed cycle.

Conclusion

The current fashion paradigm is to see fashion as cheaply produced items available to a wide range of consumers. Such cheap clothing brings the exploitation of workers and poor working conditions, the suffering of large numbers of animals, the accumulation of waste in landfills and in the wild, the release of pollutants into the environment, or the production of greenhouse gases associated with climate change.

The opposite of cheap, fast fashion is slow or sustainable fashion. The characteristic features of slow fashion include timelessness, long use of clothing, as well as "rescue" of old clothing in the form of upcycling. The purpose of the slow fashion is to minimize the generation of textile waste and reduce the demands on production resources. In recent years, many fashion brands have been introducing products from sustainable sources as part of their marketing.

All the negative environmental and social impacts of the fashion industry are a serious reason for accelerated systemic change. The radical change is the transition to a circular economy, a system in which textiles and clothing are kept in the highest quality throughout their life cycle and then put back into circulation.

Many studies, analyses and practical examples already show how to create a functional circular system. Specific approaches and proposals mainly concern product design changes, improvements in the processing and production phase, improved consumer purchasing decisions, extended product use, efficient collection for reuse and repair of clothing, as well as improvement in textile sorting and recycling.

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Research of product design consumer perception [1]

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Abstract

Professionals perceive product design as an essential factor in product competitiveness, especially in international markets. To achieve that, customers and buyers must accept the quality of the offered product design. Especially by mass-produced products are producers facing a lot of customers with limited knowledge about design requirements. Appropriate communication is necessary to persuade potential customers about design quality characteristics. Paper utilizes previously formed customer classification based on quality perception. It discusses the possibility of applying such classification for product design perception too. Different methods and tools to prove the relevance of the presented model are analyzed to form an optimal model for future research. The result of such research would be the optimization of the use of product design in communication strategy.

Key words

Product design, consumer perception, market research, market survey.

JEL Classification: M31, M39, L15, D11

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Introduction

Very soon, economic theory after a period of labor theory and expectation of perfect competition adapted the real condition of the imperfect market and tried to develop a concept that allows simulating real decisions made by market operations (Strhan, 2018). As Bergh at al. state in their contribution information asymmetry, a condition wherein one party in a relationship has more or better information than another, is a cornerstone of management research (Bergh et al., 2019, p.123). Their analyses of leading management journals show the increasing importance of research based on information asymmetry. They found two articles dealing with information asymmetry during the 1980s. The number progressed rapidly to 40 during the 1990s and again to 96 during the 2000s. In the non-finished last decade, they found 85 already published contributions (Bergh et al., 2019, p. 124).

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Reason of such interest is that marketing relationships between buyers and sellers often are characterized by information asymmetry, in the sense that the supplier possesses more information about the object of an exchange (e.g., a product or service) than the buyer (Mishra, Heide, Cort, 1998, p. 277).

Suppliers can opportunistically exploit customers' inability to assess quality accurately. Suppliers without the skills required to provide certain quality levels might misrepresent themselves by making false quality claims (Eisenhardt, 1989). Besides that, in some markets, a moral hazard problem might exist. Suppliers can easily influence the level of quality provided by each transaction (Rao et al., 1997). Adverse selection and moral hazard problems concern both customers who cannot easily evaluate the object of exchange and those suppliers whose strategies base on quality but whose offers are indistinguishable from lower-quality ones (Mishra, Heide, Cort, 1998, p. 277).

Of course, the situation of information asymmetry is well known. The consumer decision process is complex, and several factors forcing consumers to buy the chosen product describe it (Zecca, Rastorgueva, 2016, p.19). In table 1, we can see factors, which influence consumer decisions in the food domain. Almost by all factors, we can identify the risk of information asymmetry. Sensory factors by packaged goods are base on existing experience. Psychological factors very often hide intentions and actions.

Tab. 1 The main factors affecting consumer behavior in a food domain

Psychological Factors	**Sensory Factors**	**Marketing Factors**
Attitude	Visual Appearance	Price
Risk	In-Mouth Texture	Label
Expectations	Flavour	Brand
Socio-Cultural Effect	Odour	Availability
Lifestyle and Values		

Source: F. Zecca, N. Rastorgueva 2016, p. 21

The theory describes the way how to diminish the risks and negative impact of information asymmetry. Signaling theory, as support by information asymmetry, focuses primarily on the deliberate communication of positive information to convey positive organizational attributes (Connolly et al. 2011, p.53).

The impact of different signals can differ. The receiver can detect some signals of quality detect readily than other signals. That is why management scholars sometimes suggest that signals may be "strong" or "weak" (Connolly et al. 2011, p.53). As we can find several forms of signaling and different factor where signaling would be important, it is a natural task for producers to find methods for identification of appropriate forms of signaling.

1 Methodology

1.1 Consumer classification based on product attributes perception

In previous work, we discussed the possibility of classifying customers according to the perception of quality signals using a matrix system (Strhan, 2019). We created to axes, to different four basic types of customers. ***One ax*** is built on the base of what types of attributes are for customers more critical. The first row represents customers who prefer **objective attributes**, comparison of products, and evaluation ability. The second row includes customers who tend to evaluate **products subjectively**, emotionally, and on the base of senses.

The second ax is representing the extrinsic and intrinsic approach of the customer. **Intrinsic perception of quality** is based on an individual view, where the subject decides without having in mind other products or conditions of the market. Decisions are made on dual base "accept – not accept." By **extrinsic approach**, customers compare conditions of a product purchase, i.e., competitive products, available substitutes, and place where products are purchased. Quality perception is then partly influenced by factors, where the producer has limited control.

Using two axes we created four basic types of customers according to the perception of quality. Short characteristics of every type you can find in table 2. Although we made some first prove of this classification (Strhan, 2019) we still consider it as a theory in the verification phase.

As we are working on scientific research concentrated on product design, we applied this classification on product design perception. There are some similarities between these two systems although there are differences as well.

Tab. 2 Consumer quality perception matrix

Evaluator	Contestant
• Rationally and critical customer • Looks at product features and other attributes • Believes himself to be able to evaluate products and parameters • Has not trust in marketing and commercial activities	• Rationally oriented customer • Does not believe in own ability to evaluate products • Trusts in inspection, market surveillance and self-regulation of the market • Searches for labels, certificates, references
Hedonist	**Fashionist**
• Looks at its/her own pleasure	• Looking at products available on the market

• Sensory attributes are more important that objective parameters • Prefers products he/she has experience with • Oral recommendations are more trustworthy than marketing tools	• Popularity considers as best prove of quality • Believes into limits of marketing manipulation • Positively reacts by must-have products

Source: Own results

As mentioned above, the range of signaling forms by information asymmetry, limits company possibility to use them all. Although design perception is subjective, most customers do not believe in their ability to evaluate a design. Design is very often declared as a distinctive attribute of the product and presented as a competitive advantage. The consumer will accept it only by such communication, which is following their perception of signals.

We decided to use the analogy method, which is a success story for a cognitive science success story. The collaboration of data and psychological work with significant influences from philosophy, linguistics, and history of science, has led to a substantial degree of theoretical and empirical convergence among researchers in the field (Forbus et al. 1998, p.231) Analogy takes advantage of similarities between (the base) and a new domain (the target), using the relational commonalities as a basis for generating inferences that enhance comprehension of the new product's benefits. The literature defines two types of analogy: between-domain analogies and within-domain analogies. First refers to the transfer of knowledge between two systems or concepts which remote conceptual domains, but which share a similar explanatory structure. The within-domain analogy pertains to the knowledge transfer of common surface attributes between concepts within highly similar domains (Ait El Houssi, 2004, p.18).

We used the customer's classification of quality signals as the base. We expect to use the same classification for perception (the target). The perception of both quality and design is very individual. Different forms and content of a communication influence perception of both quality and design. This similarity allows us to make such expectations. Of course, by design, the display of different forms of perception will be different. According that we could characterize four groups of consumer perception of product design:

'Evaluator' considers design as a value attribute. He is searching for confirmation of the effort to make the design as a distinctive attribute. As by quality perception, 'Evaluator' is the person looking for measurable attributes. By design perception, he/she is looking for a clear declaration of design elements.

'Contestant' accepts evaluated and awarded design as better than other available products. We can expect, he/she will perceive as better designs which were winning or successful at design competition, they were presented on an exhibition or have achieved other forms of reward.

'Hedonist' is a person who evaluates design by their senses. He positively accepts information describing sensitive attributes and association with senses. For him/her, signals should mediate the hidden part of sensitive characteristics.

'Fashionist' is consumer following in perception of design the principal trends. He/she is interested in design, which is accepted and recommended by celebrities. Get an award for good design is not necessary. It is sufficient that a famous designer or famous brand is creating it.

1.2 Research methods for classification prove

The main goal of contribution is to set appropriate methods for theory adjustment. Of course, plenty of instruments exists, but in our situation, we must look at financial and personal capacities that are available. Besides that, we must take into consideration the sensitivity of the topics. The task of quality, design, and marketing is relatively often discussed in media with a significantly simplified explanation. People have often accepted such an approach without using it in their real decision.

As by market research, we can divide the existing methods of proving into two categories, qualitative and quantitative methods.

Qualitative tools attempt to understand the underlying reasons and motivations for actions and establish how people interpret their experiences and the world around them. They concern with the quality of information and attempt to understand the underlying reasons and motivations for actions and establish how people interpret their experiences. Qualitative methods provide insights into the setting of a problem, generating ideas and/or hypotheses (MacDonald, Headham,2008, p. 9).

Qualitative research allows us to go better behind real consumer behavior. That makes is it more critical for the future (Žák, 2015, p. 149). On the other hand, it requires very often special knowledge about psychology and sociology to react during the research. Social surveys and questionnaires, interviews, discussion groups, workshops, observation, and visual techniques are the most used methods of qualitative research (MacDOnald, Headham,2008).

By design, we are very often facing the unconscious by decisions made by customers. Personal declaration of behavior, attitudes, and values is the base for the explanation of own behavior. Unconsciousness can by there overlapped by rationality and moral principles. As appropriate methods for our goals, we can regard the observation method where researchers follow real behavior in a focus group. As the design is tightly associated with the formal appearance, we assume the use of visual techniques is proper.

Quantitative research is concerned with trying to quantify things; it asks questions such as 'how long,' 'how many' or 'the degree to which.' Quantitative methods look to quantify data and generalize results from a sample of the population of interest. They may look to measure the incidence of various views and opinions in a chosen sample or aggregate results (MacDonald, Headham,2008, p. 9).

Quantitative research creates data through a quantitative survey or finds answers on scientific questions by analysis of secondary data. As we develop a new Methodology, we can expect a lack of secondary information in that field. We must create our primary data through a developed survey. Although a quantitative survey expects a lot of cases representing the population of interest, firms confirm, we can work with smaller sample group trying to discover elements of an accident by results.

2 Results and Discussion

According to the marketing literature, the design belongs to the actual level of product. Is shows how the core customer benefit is manifested or made available for consumption (Schmidt, 2010). This level of a product is for consumer decisions even more critical than core products. On the other hand, research of design impact on the decision process is relatively hard. Although we mentioned product as an essential factor of competitiveness, the number of researches made in that field does not support that statement. We assume the problem is the identification of such design impact without dependence on product category and time.

We used an analogy with another system, where the perception of the product is limited. E-business is changing the structure of commerce. One of the main barriers for e-commerce is the fact that consumer perceptions are generally multimodal, where each sense provides optimal information in specific categories (McCabe, Nowlis, 2003, p. 431). In the case of an E-shop, perception is restricted only at vision in the moment mainly on a two-dimensional view). Purchase through e-shop eliminates other senses. By existing experience gathered through other senses by previous purchase, a customer can replace the actual perception. Without experience, visual perception and rational evaluation of information will remain the crucial aspect of the decision.

Limited transfer of information transferred toward the customer by E-shop sale is similar by process of design perception. Through experience with previous consumption, we can subconsciously evaluate if sounds, smells, or haptic information we have got are following created expectations. If milk smells like bread, a consumer will reject it not because of its bad smell, but because the smell is not appropriate. By design items, we are mainly speaking about a new product and its differentiation from existing market products. Although senses give us information, a customer (non-expert) lacks experience with the criteria of good design.

2.1 Verification of classification through quantitative method

The main form of market research recently is quantitative research. As we mentioned in the Methodology, we cannot use secondary data as they are missing. Risk by design perception survey is the use of loaded or leading questions, which hint the respondent on the expected answer. As we can use a word and visual presentation of product design only and categories are relatively close together, the risk of such fault is relatively high. It rises especially by the survey in the international environment using the English language.

One form of a quantitative survey could use a Methodology comparable with the comparison of product perception by E-shop sold products. In their study, McCabe and Nowlis selected two products called material product (bath towels and carpeting) and two geometric (videotapes and film rolls). Such use should reflect the importance of sensual perception by different categories of products. Respondents had available three forms of product presentation – actual physical product, picture of a product, and a written description of a product (McCabe, Nowlis, 2003, p. 431).

Results showed that the ability to make choices (choose or reject the product) by material products was much more significant by actual product (95%,9) than by picture (86,2%) or product description (84,9%). The results were opposite to geometric products, and the actual product allowed the customer to decide in fewer cases (93,1%) than for example product description (94,5%) (McCabe, Nowlis, 2003, p. 431).

Looking at the developed classification, we can assume that especially the category of Hedonist will require actual product and ability to check the product by own senses. By quantitive research, presentation of the actual product is limited possibilities on visual presentation only. On the other hand, the proposed classification allows us to use different forms of the product description.

In that way, we will prepare four different forms of product presentations that suit the requirements of different customer categories.

Hedonists should prefer visual dominated presentations where pictures dominate the message.

Evaluator should consider as appropriate the combination of visual and informative description with clear visual presentation and formal description of the product.

Contestant will accept informative presentation with achievements of the product, including design awards, presentation of designer name, information about quality prove.

Marketing oriented description of products will use celebrity recommendation and brand ambassador statements, maybe in advertising form. Such a form of description should be attractive for customers who belong to the category of **Fashionist**.

As the first step, we will select different categories of products to avoid the different perceptions of design by think and feel products, or as mentioned above, geometric and material products. The second step would be the select product items for description. To create all forms of description, we should select products which have achieved response in several aspects. Products must have an exciting and awarded design, must be supported by advertising, and, at best, should be promoted by a celebrity. After that, we can create a questionnaire. We assume the electronic distribution of questionnaires, as we have only limited sources available and problems to achieve customers in different countries. For distribution, we will use the electronic form and social networks (Facebook, LinkedIn).

The survey should present in random order described products. Respondents should evaluate how they accept the presented product or eventually, how attracted they are by the product. Different product categories should avoid impact of product categories on respondent decision.

Our central hypothesis is that respondents will unconsciously prefer such a description, which is more suitable for their consumer category. The evaluation of the product does not play a role in that case. Significant is the difference between various forms of presentation. We can expect that people who belong to the Hedonist category will give higher values to visual presentation, disregarding the product category. We assume that belonging to the customer category will lead to a preference for some form of presentation.

Another form of research use would be the use of forms used, for example, by the research of consumer perceived value by Amini, Falk, and Schmitt (2014, p. 392). Respondents will get a different expression connected with the type of customer group. They will answer how vital are such expressions by their design perception. At the base of respondents' answers, we can for every respondent create a radar chart. A comparison of the area created inside the radar chart by points related to the customer category should show the preferred respondent type.

Differences among the area by the respondent show differences in the importance of diverse design aspects. Variations among respondents could support the idea of the existence of different consumer classes.

By such a form of quantitative research, we face several problems. The first is the construction of expression, which will represent every category of assumed classification. Such expression must be understandable and related to the expected form of behavior. It should reflect the same period of the decision process and must avoid the imagination of the exact product type. Like the first proposal, we selected the following expressions:

Contestant evaluation of design

I consider design award as a good recommendation
I respect the expert review of product design
Good design product will award different certificates, formal rewards, and recognition

Evaluator perception of design

I need product-related information to evaluate product design
I like to know the designer declaration of design strategy
By every category of a product exist criteria for good design

Hedonist evaluation of design:

When considering a design, I do not look at the opinion of the surroundings
No information is required to assess good design
Good design is something I will like

Fashionist evaluation of design

Companies mainly advertise products with good design
Celebrities like to associate with products that have an exceptional design
Successful are mainly products with good design

That list of statements if opened for discussion and adaptation. After review, we plan to use it in the first research. The results of the first survey will be analyzed and checked. If the result confirms our expectation, we will try to realize the survey in more extensive international environments and get more relevant customer behavior results.

The next problem will be how, through the questionnaire, avoid leading through the statements. One possibility is electronically randomizing statements, which will respondent answer; another alternative is to give expression representing different categories into one question. The best alternative, which combines both methods, would probably have software complications by processing. It would require a questionnaire as a program itself. Such an alternative could be possible in further stages of research.

Another problem which can be technically solved would an area calculation. The question is if the area should be calculated as area of two triangles or as the area of quadrilateral. For the first comparison we can use simplified method of average values to identify differences among respondents.

2.2 Qualitative verification of classification

As we mentioned above, there are several negatives and risks of quantitative research. It requires big samples to get representative results. Even by significant samples, language or cultural environment can have an impact on the representativeness of results. By limited financial funds efficiency of such a survey can be very low.

On the other hand, qualitative methods require a lower mass of people working to achieve reliable results. We are, in a recent moment of research, missing personal sources to use qualitative verification. Qualitative methods require mainly professional knowledge in the field of sociology and psychology, which we are missing recently. Therefore, we expect to use such methods, especially in the second stage of classification approval.

As appropriate, we consider mainly the observation method. Comparing with other qualitative methods, it can follow the real behavior. If we face the quality, environment, or design questions, the respondent can easily anticipate the expected answers, which can have negative impacts on results. Observation is recommended as an appropriate method in case we are looking for observable or hidden details or need to identify group dynamics (MacDonald, Headham,2008, p. 50). Observation as a method can consist of a mix of techniques, i.e., informal interviews, direct observation, participation in the group's life, collective discussions, analyses of personal documents produced within the group, self-analysis, and life-histories, notes, diaries, or transcripts. The investigator's task is to synthesize all such information (MacDOnald, Headham,2008, p. 50).

Boote and Mathews expect that observation is an appropriate Methodology when at least one of the following four criteria is met (Boote, Mathews, 1999, p.17):

1. the phenomenon under investigation is easily observable

the phenomenon under investigation is a social process or a mass activity

the phenomenon under investigation occurs at a subconscious level

the consumers under investigation are either unable or unwilling to communicate directly with the researcher.

Our situation fulfills all most criteria we mentioned. A reference for some design will be observed through the time spend by the presented product. Using the eyes-tracking method, we can get even more accurate information about different available products. Almost all consumers must make a purchase decision on the base of design perception. The preference for some design and some form of design presentation is subconscious, and consumers very often reject to declare their real opinion about design as they hesitate to be considered as not cultural.

Concerning costs and time sources, we can expect to make such a survey as an experiment only. The following steps could prepare such an experiment.

The choice of appropriate product categories, which will represent different categories of consumer products.

The Selection of appropriate description representing different forms of design perception. Product characteristics will represent the Evaluator category, Awards and achievement will represent contestant, and Product advertisement will represent the Fashionist category of customers.

Every participant in the experiment will evaluate the product after getting complex information. Besides that, the person will be observed by the camera.

Behavior of customers will be analyzed by time spent analyzing the different types of presented information.

We assume the tested person will take more precise information to agree with his/her type of design perception. If participants show significant differences between different types of obtained information, it can support our presumption of different customer categories.

In the moment, such a form of survey is outside our capacities. However, for the future, it can be the right way of classification approval. Additional financial sources and technical capacity will be necessary to realize such a survey.

Conclusion

In our contribution, we developed an alternative approach concerning perception design. Design is considered a subjective product value in marketing literature. A company declares its design attributes without knowing if customers will accept their design. We adapted previously developed customer classification of quality perception on the design perception to get an overview of factor which influence customer perception of quality. Such knowledge should help the company make its marketing communication more efficient. An analysis of existing customers allows a company to win an overview of the focus of loyal customers and sources of competitive advantage. The selection of appropriate marketing communication can decrease the cost of communication and achieve the required segment.

In our work, we are in the first phase of work. The next step would be to confirm the assumption we made by a higher group of respondents representing different social, cultural, and national segments.

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Alternative dispute resolution (ADR) for consumer disputes in the Slovak republic

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Abstract

This paper aims to analyse alternative dispute resolution (ADR) for consumer disputes in the Slovak Republic according to Act No. 391/2015 Coll. on consumer alternative dispute resolution as amended. Through this act Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Directive on consumer ADR) has been transposed into Slovak law. Author of the paper used scientific methods of analysis, comparison, deduction, induction and synthesis. She tried to evaluate the application of consumer ADR by Slovak ADR entities, development of ADR between 2016 and 2019, current situation, and to provide conclusions and suggest changes for future.

Key words

ADR procedure, ADR entity (national identity), ADR authority, authorized legal persons, domestic disputes, consumer, trader

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Introduction

Act No. 391/2015 Coll. on consumer alternative dispute resolution (Act on consumer ADR) has been adopted at the end of 2015. This act transposed into Slovak law two EU legislative acts: Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Directive on consumer ADR) and Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on consumer ODR). (Hučková, 2016, p. 52)

Both the Directive on consumer ADR as well as the Act on consumer ADR have the same purpose: *Through the achievement of a high level of consumer protection, to contribute to the proper functioning of the internal market by ensuring that consumers can, on a voluntary basis, submit complaints against traders to entities offering independent, impartial, transparent, effective, fast and fair alternative dispute resolution procedures.* (Article 1 of the Directive on consumer ADR, Explanatory memorandum to the Act on consumer ADR)

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This Directive shall apply to procedures for the out-of-court resolution of domestic and cross-border disputes concerning contractual obligations stemming from sales contracts or service contracts between a trader established in the Union and a consumer resident in the Union through the intervention of an ADR entity. (Article 2 (1) of Directive on ADR disputes)

This paper focuses on alternative dispute resolution for consumers in the Slovak Republic according to Act on consumer ADR, its application by consumers and ADR entities on the results of proceedings of ADR on consumer disputes.

1 Literature review

The main sources of this paper are Explanatory memorandum to the Act on consumer ADR and the Directive on consumer ADR. The web site of the Ministry of Economy of the Slovak Republic and annual activity reports of ADR entities from the years 2016 – 2019 published on their websites were significant sources of applied research. Other major sources include Basics of Law in Tourism for Economists by Magurová et al. with important comparative information concerning consumer arbitration and alternative dispute resolution and paper New Mechanism of Consumer Rights Enforcement by Hučková who is an excellent author focusing on out-of-court dispute resolution.

2 Methodology

The objective of this paper is not only to describe the ADR procedure in the Slovak Republic but also to provide an overview of the application of the Act on consumer ADR by ADR entities, ADR development and use, its advantages and also potential deficiencies.

The main subjects of the research are ADR entities performing their activities in the Slovak Republic and their procedures for dispute settlement. ADR entities are not only state authorities, but also authorized legal persons such as consumer associations or associations of legal persons included in the list of ADR entities.

The main methods used in this paper include analysis, comparative method, synthesis, deduction and induction. Firstly, we tried to analyse not only the Act on consumer ADR together with the Directive on consumer ADR but in particular, information obtained from annual activity reports of ADR entities solving domestic disputes. After analysis of annual activity reports, we tried to compare various types of information to find similarities, but also differences, generalizations and conclusions in consumer alternative dispute resolution by using the methods of deduction, induction and synthesis.

3 Results and discussion

3.1 ADR proceedings

According to Section 2 (3) of the Act on consumer ADR, parties to the dispute are a consumer who submit an application and a trader against whom the application (complaint) is directed. Consumer means any natural person who acts for purposes which are outside his trade, business, craft or profession. Trader means any person (natural or legal) irrespective of whether privately or publicly owned, who acts, including through any person acting in his name or on his behalf, for purposes relating to his trade, business, craft or profession. (Article 4 (1) of the Directive on consumer ADR).

According to Section 1 (4) of the Act on consumer ADR, it shall not apply to:

- disputes initiated by a trader against a consumer,
- communication between consumer and trader for purpose of exercising rights of a consumer and resolving consumer dispute before the consumer's request to remedy is filled,
- disputes resolved by trader or third person, who is with the trader in an employment relationship or equal legal relationship,
- disputes related to services of general interest carried out free of charge,
- disputes concerning health-care and health-care related services,
- disputes covering further education or university education provided by public or state providers.

ADR entity is defined as ADR authority listed directly in the Act on consumer ADR and the authorized legal persons included in the list of ADR entities kept by the Ministry of Economy of the Slovak Republic. According to Section 3 (2) of the Act on consumer ADR, ADR authorities are the following institutions: Regulatory Office for Network Industries (Úrad pre reguláciu sieťových odvetví, URSO), Regulatory Authority for Electronic Communications and Postal Services (Úrad pre reguláciu elektronických komunikácií a poštových služieb, UREKPS) and Slovak Trade Inspection (Slovenská obchodná inšpekcia, SOI). Slovak Trade Inspection plays also the role of the residual ADR entity, which reflects the requirement for the member states to provide for the creation of a residual ADR entity that deals with disputes for the resolution of which no specific ADR entity is competent. Exceptions from the competency of the Slovak Trade Inspection are disputes arising from the provision of financial services because the authority for consumer protection in the financial market is the Ministry of Finance of the Slovak Republic. (Explanatory memorandum, Article 24 of the Directive on consumer ADR)

Authorized legal persons are included in the list of ADR entities published by the Ministry of Economy of the Slovak Republic. As at the date of this paper the list includes the following entities: Consumer Protection Society (S.O.S.) Poprad (Spoločnosť ochrany spotrebiteľov (S.O.S.) Poprad); OMBUDSPOT, Association for Protection of Consumers' Rights (OMBUDSPOT, združenie na ochranu práv spotrebiteľov, ZNOPS); Slovak Insurance Association (Slovenská asociácia poisťovní, SLASPO); Social and Legal Advisory Services Association for All (Združenie sociálno-právne poradenstvo pre každého) and Slovak Banking Association (Slovenská banková asociácia, SBA). (MH SR.sk, 2018)

The only ADR entity included in the list published by the Ministry of Economy of SR but not in the list of ADR entity drawn up by the European Commission is OMBUDSPOT, ZNOPS.

ADR entities must ensure that natural persons in charge of ADR processes fulfil the requirements specified in Article 6 (1) of the Directive on consumer ADR, mainly the **expertise, impartiality and independence**. Pursuant to Section 8 (2) and (3) of Act on consumer ADR natural person in charge of ADR must have full legal capacity and integrity, be credible, have a Master degree in law and at least one year of professional experience in resolving disputes or Master degree and at least three years of professional experience in resolving disputes. These persons have to be in an employment relationship or in a civil-servant relationship to the ADR entity or be a member of the ADR entity, a statutory body or a member of the statutory body of the ADR entity.

According to Section 2 (2) of the Act on consumer ADR, alternative dispute resolution is a procedure of ADR entity according to this act, the objective of which is an amicable settlement of a dispute between the parties to the dispute. A consumer who is not satisfied with the method of handling the complaint determined by the trader or who has reasonable grounds to believe that his rights have been breached has the right to **request a remedy**. The consumer is entitled to initiate the ADR proceedings if the trader does not accept his request for remedy or if the trader stays passive and did not answer in 30 days from the date of posting the request for remedy. (Section 11 of the Act on consumer ADR)

The ADR proceedings start from the date of receipt of a complete application by the ADR entity. (Section 14 (1) of the Act on consumer ADR) Principles of ADR proceeding include not only dispositive principle, impartiality, independence and expertise of the natural person in charge of ADR entity, but also the obligation of professional secrecy, the principle of independent evaluation of evidence, the principle of efficiency and speed of the procedure and adversarial (contradictory) procedure. The **principle of speed and efficiency of the procedure** is connected with 90 days' period given for ADR proceedings, which may be in particularly complex cases extended by 30 days, even repeatedly. This objective should be achieved mainly by telephone contact and electronic means of communication (Section 16 of the Act on consumer ADR). The Act, as well as Directive on ADR on consumer disputes, put emphasis on electronic means of communication such as e-mail, which has to be demonstrably used by the party to the dispute what is secured by receipt confirmation. The speed and efficiency of proceedings are to be achieved by the fiction of delivery (in online and offline contact) which means that a document is deemed to have been delivered within 3 days from its sending. (Magurová, 2016, p. 169, Explanatory memorandum) Effectiveness of the ADR procedure also means that parties to the dispute are not obliged to retain a lawyer or a legal advisor and the ADR procedure is free of charge or available at a nominal fee for consumers (Article 8 of the Directive on consumer ADR). From ADR entities included in the list maintained by the Slovak Ministry of Economy only one of them, OMBUDSPOT, ZNOPS, charges the maximum fee of 5 euro.

The alternative dispute resolution proceeding can be concluded in various ways. An ADR entity can suggest a proposal of agreement between parties to the dispute, issue a non-binding reasoned opinion or set aside the proposal. The ADR procedure may also be terminated by one of the other reasons listed in the Act on consumer ADR, such as death or declaration of the death of the party which is a natural person or dissolution of a party which is a legal entity without the legal successor (objective legal facts) or by removing the authorized legal entity from the register (Section 20 (1) of the Act on consumer ADR). The expiration of 90 days' period (or additional period) is also a ground for terminating ADR proceedings to avoid undue delay. (Explanatory memorandum)

Draft agreement on a resolution of the dispute must contain according to the Section 17 (2) of the Act on consumer ADR following detailed information: names of ADR entity and natural person in charge of ADR and names of the parties to the dispute, subject matter of the dispute, description of the facts and procedure of ADR entity, legal provisions applied by the ADR entity, proposal for modification of rights and duties of the parties, information about binding legal force of the consent of the parties with the draft agreement and date of preparation of the draft agreement. Agreement on a resolution of the dispute should be concluded personally or consent of the parties should be sent in written form by post or electronically under the principle of speed and efficiency of the procedure. (Explanatory memorandum)

A reasoned opinion is issued when the agreement on the resolution of the rights has not been reached and the authorized natural person in charge of ADR reasonably concludes that the rights of the consumer were breached or violated by the trader. The reasoned opinion includes also conclusion with a specification of provisions of the Act on consumer ADR or other specified act and justification of the decision, which includes a description of circumstances, evidence offered to issue the opinion and procedure of assessment of evidence by ADR entity. The reasoned opinion is not legally binding and has just an informal character. However, it may be significant support for consumers who intend to claim their rights before courts. The purpose of this legal provision is to strengthen the enforcement of consumer's rights. (Explanatory memorandum; Magurová, et al. 2016, p. 170)

There are many reasons for **setting aside the proposal** (postponing) set out in Section 19 (1) of the Act on consumer ADR. These procedural situations occur after the opening of the ADR proceeding. It is, for instance, the principle of competency of other ADR entity, which initiated the proceedings first or situations when the proceedings before the court, arbitration body or ADR entity have been already terminated (res iudicata). The proposal is set aside also for reasons attributable to the consumer such as not assisting the ADR entity in solving disputes or decisions of consumers to terminate the participation in alternative dispute resolution proceedings. (Explanatory memorandum)

3.2 Transparency

Transparency of ADR procedure means that ADR entities are obliged to make publicly available on their websites clear and easily understandable information on:

their contact details including postal and e-mail address,
the fact that ADR entity is listed by the Ministry of Economy of SR and also by the European Commission and the date of the entry in the list,

the natural persons in charge of ADR (name, surname, academic title including the length of their mandate),
their membership in networks of ADR entities facilitating cross-border dispute resolution, if applicable,
the types of disputes they are competent to deal with,
the legal provisions and the procedural rules governing the resolution of a dispute,
the payment-free resolution of a dispute or the costs to be borne by the parties,
the language in which application can be submitted and the ADR procedure is conducted,
the fact that consumer can withdraw from the procedure at any stage of the proceedings,
the average length of the ADR procedure (if ADR entity is entered in the list at least one year),
the binding force and the legal effect of the outcome of the ADR procedure.

(Section 10 (1) of the Act on consumer ADR, Article 7 (1) of the Directive on consumer ADR)

ADR entities are obliged to publish on their websites annual activity reports which have to include the following information:
the number of disputes solved and the types of complaints to which they related;
the most frequent problems that lead to disputes between consumers and traders;
the rate of disputes the ADR entity has refused to deal with and the percentage share of the types of grounds for such refusal;
the percentage share (rate) of ADR procedures which were discontinued and the reasons for their discontinuation;
the average time taken to resolve disputes;
the rate of compliance, if known, with the outcomes of the ADR procedures;
cooperation of ADR entities within networks of ADR entities which facilitate the resolution of cross-border disputes, if applicable;
measures to ensure advanced training of natural persons in charge of ADR;
the effectiveness and proposals for improvement of ADR.

(Section 10 (3) of the Act on consumer ADR, Article 7 (2) of the Directive on consumer ADR)

Based on this kind of information publicly available on websites of ADR entities, we were able to make conclusions regarding the development of ADR procedures in the Slovak Republic. We focused on all ADR entities operating in this area during the years 2016 -2019.

Social and Legal Advisory Services Association for All has been included in the list of ADR entities since May 7th, 2018. This is maybe one of the reasons why it received and solved in that year only one dispute terminated in 12 hours. In the annual activity report chairwoman Hofmannová stressed the importance of cooperation of consumers, their promptness in responding to the request of ADR entities to submit necessary information or documents to avoid undue delay in proceedings. She noted there are no administrative penalties imposed on the consumer. In 2019, this civil association did not receive any application for ADR proceedings. (mediacnecentrummagnolia.sk, 2020)

Another ADR entity included in the list from 1st January 2017 is the Association for Protection of Consumers' Rights **- OMBUDSPOT** that received only two applications in 2017. The first consumer dispute was dismissed because of an incomplete application (not amending the application by the consumer). The second one was terminated by the agreement on the resolution of the dispute. The length of the ADR procedure was 8 hours, its effectiveness 50%. In 2018, OMBUDSPOT, ZNOPS solved two disputes. Both applications were dismissed, so the effectiveness of the ADR procedure was 0%, the length of the ADR procedure was 5 hours. The chairwoman Mezenská emphasized the obligation of a consumer to submit all necessary facts and documents in time and the question of financing ADR proceedings by entities which are not supported from the State budget. (Ombudspot.sk, 2020)

In 2019, this consumer association received three applications but none of these applications was terminated in that year. One agreement on consumer dispute was concluded in 2020, another ADR procedure was leading to the conclusion of the agreement and in one dispute the complaint was lodged to the Slovak Trade Inspection (because of failure to provide cooperation by the trader). The average length of the ADR dispute was 10 hours. (Ombudspot.sk, 2020)

Tab. 1 Number of received applications

ADR entity	2016	2017	2018	2019
URSO	24	22	9	18
UREKPS	18	18	7	8
S.O.S. Poprad	27	28	11	14

Source: Data summarised based on annual activity reports of URSO, UREKPS, S.O.S. Poprad from period of 2016 – 2019

Other three compared ADR entities include two state authorities, **Regulatory Office for Network Industries (URSO)** and **Regulatory Authority for Electronic Communications and Postal Services (UREKPS)** and one private association, **Consumer Protection Society (S.O.S.) Poprad.** We chose them together because of the similarities in the number of cases resolved and some other similar features. As we can see in Table 1, selected ADR entities resolved a comparable amount of cases in the years 2016 – 2018. The number of disputes resolved by each ADR entity in the period between 2016 and 2017 is very similar; however in 2018 the number of cases reduced radically (less than a half). Only the annual activity report of S.O.S. Poprad noted this fact and set itself the task of finding the reason for the occurred situation. In 2019, the number of cases dealt with by UREKPS and S.O.S. Poprad slightly increased and doubled only in the proceedings of resolving the disputes by URSO.

Tab. 2 Number of dismissed applications, postponed applications (including voluntary acceptance by trader), agreements and reasoned opinions

ADR entity	2016	2017	2018	2019
UREKPS	8 / 8 / 1 / -	15 / 3 / 1 / -	1 / 6 / - / -	- / 9 / - / -
S.O.S. Poprad	- / ? / 4 /?	- / 9+? / 4 /?	- / 4 / 1 / 6	1 / 1 / 1 / 9

Source: Data summarised based on annual activity reports of UREKPS and S.O.S. Poprad from period of 2016 - 2019

S.O.S. Poprad is also the only subject from the three compared entities which in the period between 2016 and 2018 did not dismiss any application (see Table 2). It terminated the ADR procedure by the most agreements on the resolution of the dispute (overall 8 in the period between 2016 and 2017). In 2017, this consumer association prematurely ended nine ADR proceedings when the trader voluntarily accepted consumer's requirements, and almost 47% of the disputes solved in favour of the consumer (in the next year it decreased to 27%). They proposed the amendment to the legislation on ADR procedure by another way of terminating disputes (Section 20 of the Act on ADR procedure) and that is terminating by the voluntary acceptance of the trader (now it is included in the reasons for postponing ADR disputes in Section 19 (1) of the Act on consumer ADR). This consumer association issued several reasoned opinions, too. In the years 2018 and 2019 reasoned opinions represented more than 50% of cases resolved by S.O.S. Poprad. They proposed the reasoned opinion with the legal force of the arbitration award. (Sosspotrebitelov.sk, 2020)

Tab. 3 Average length of the procedure

ADR entity	2016	2017	2018	2019
URSO	102 days	110 days	110 days	60 days
UREKPS	76 days	75 days	86 days	80 days
S.O.S. Poprad	3 months	3 months	3 months	3 months
SBA	46 days	43 days	34 days	32 days
SLASPO	-	70 days	84 days	51 days
SOI	2 months	2 months	2 months	2 months

Source: Data summarised based on annual activity reports of URSO, UREKPS, S.O.S. Poprad, SBA, SLASPO, SOI from period of 2016 – 2019

According to Table 3, the average length of the ADR procedure of the first three subjects in the period between 2016 and 2018 is around three months (75 days – 3 months). As we can see from Table 1 and Table 3 the length of the procedure does not depend on the number of cases dealt with by the ADR entity. Only the average length of the ADR procedure of URSO was longer, around three and half months (from 102 – 110 days), but in 2019 it was reduced by almost half (60 days) by S.O.S. Poprad. They proposed a legislative change so that the reasoned opinion would have the legal force of the arbitration award. (Sosspotrebitelov.sk, 2020)

Tab. 4 Number of received applications for ADR

ADR entity	2016	2017	2018	2019
SBA	68	176	128	56
SLASPO	-	75	133	128
SOI	265	256	279	282
SOI by electronic means	145	126	148	168

Source: Data summarised based on annual activity reports of SBA, SLASPO and SOI from period of 2016 – 2019

ADR Institute of the SBA included in the list of ADR entities in April 2016 received 68 applications for ADR procedure during the first year (from all 333 applications). Since July 2016, it has become a member of an international network of entities resolving disputes alternatively in financial services FIN – NET. In 2017, it received altogether 303 applications, 176 of them as the ADR entity, and the rest, 127 applications derived from the breach of Code of Conduct on consumer protection. In the next year, the ADR Institute of the SBA solved entirely 156 disputes, 128 of them as the ADR entity, and only 28 according to the Code of Conduct on consumer protection. It is interesting to note that the proportion of application for ADR disputes is increasing in comparison with the applications for breach of the Code of Conduct on consumer protection. What we should appreciate are short periods for solving ADR disputes (see Table 3) (Institutars.sk, 2020).

Slovak Insurance Association (SLASPO) has been included in the list of ADR entities since 4th April 2017 and the Insurance Ombudsman office has been established. According to Table 3, the average length of ADR procedure in the period between 2017 and 2018 was from 70 to 84 days what was still within 90 days stated in the Act on consumer ADR. In 2019, the average length of the ADR procedure was considerably shortened to 51 days. As we can see in Table 4, in the first year, the Insurance Ombudsman received 75 applications for ADR. In 2018, there was an increase of 62% in received applications as compared to the previous year. Next year it received a very similar number of applications.

Tab. 5 Number of terminated ADR disputes by dismissing applications, postponing applications and concluding on agreements by SLASPO

SLASPO	dismissed applications (facultative and obligatory)	postponed applications (consumer rights have not been breached)	postponed applications (voluntary fulfilment of the trader)	agreements
2017	42%	27%	14%	10%
2018	54%	20%	13%	2%
2019	57%	25%	11%	4%

Source: Data summarised based on annual activity reports of SLASPO from period of 2017 – 2019

According to Table 5, we can also note that in the period between 2017 and 2019 from 11% to 14% of terminated disputes represent the voluntary fulfilment of a trader in favour of a consumer. These cases were formally included in the postponed applications (Section 19 (1) of the Act on consumer ADR). For that reason, the Insurance Ombudsman, similarly to the consumer association S.O.S. Poprad, proposed the possibility of terminating the ADR procedure by voluntary fulfillment after initiating of the proceedings under Section 20 of the Act on consumer ADR. In general, from 17% to 24% of the disputes were resolved in favour of the consumer. On the other hand, in 20% to 27% of the cases, the insurance company did not breach the rights of the consumer. The rest of the ADR resolution, from 42% to 57%, represent dismissed applications. (Poistovaciombudsman.sk, 2020)

Tab. 6 Number of dismissed applications, postponed applications, agreements and reasoned opinions issued by SOI

SOI	dismissed applications	postponed applications	agreements	reasoned opinions
2016	43	68	47	22
2017	36	96	42	18
2018	41	106	42	16
2019	59	116	28	13

Source: Data summarised based on annual activity reports of SOI from period of 2016 – 2019

Slovak Trade Inspection (SOI) is a residual entity of ADR disputes. It received the most applications on ADR disputes, around 50 % of them electronically (see Table 4). In Table 6, we can see that alternative dispute resolution in the period of 2016 – 2019 had many similarities. A slight increase occurred in the number of terminated disputes and the number of postponed applications and a slight decrease in the number of reasoned opinions. Also, the number of concluded agreements between a trader and a consumer decreased. The main reasons for dismissing applications included lack of competence of ADR entity, unfounded application (when trader accepted consumer request in its entirety), incomplete application by consumer, and value of the dispute less than 20 euros. SOI postponed applications for two reasons - consumer terminated the participation (for instance because of repayment of purchase price) and because the consumer rights were not breached by a trader.

Conclusion

This paper aimed to analyse the application of the Act on consumer ADR and the Directive on Consumer ADR by ADR entities in domestic disputes and its development in the years 2016 - 2019. Based on the obligation of ADR entities to publish annual reports of ADR procedures with the mandatory information, we were able to research ADR procedures in the territory of Slovakia.

As we predicted, the most applications were received and solved by the residual ADR entity, Slovak Trade Inspection, which in 2016 decided 46% of terminated disputes in favour of a consumer, in 2017 it was around 45% and in 2018 around 47% of all resolved disputes. In 2019, the number of disputes resolved in favour of consumers decreased by almost 38% (SOI.sk, 2020). Disputes resolved for the benefit of the consumer, include not only agreements concluded between parties to the dispute, but also postponed proceedings due to withdrawal by the consumer and cases when for example, ADR entity issued a non-binding reasoned opinion and consequently, a trader repaid a purchase price to the consumer.

With respect to the proposal of S.O.S. Poprad to change the legal force of reasoned opinion to a binding act, we think it should stay non-binding. The issuance of reasoned opinion should be a sufficient reason for traders to meet consumers' requests.

The decision making of S.O.S Poprad is for the benefit of consumers, they did not dismiss many applications but they concluded quite a lot of agreements and issued several reasoned opinions. We consider their ADR resolution to have a positive impact on consumer protection.

S.O.S. Poprad and other ADR entities had application problems when after the start of the ADR procedure a trader accepted the consumers' requests. These cases were formally classified as postponing of the application mainly due to the following reasons: it was not apparent whether the rights of consumer were breached by the trader (SLASPO), the consumer voluntarily terminated ADR procedure (SOI) or it was a separate reason for terminating ADR proceedings not listed in the legislation (S.O.S. Poprad). In our opinion, the Ministry of Economy of SR should provide guidance for this situation by the amendment of the Act on consumer ADR or by issuing a measure/methodical act providing clear solution for this type of situations.

We also suggest unifying the list of ADR entities maintained by the European Commission with the list of ADR entities drawn up by the Ministry of Economy of the Slovak republic as the consumer association OMBUDSPOT, ZOPS is not included in the list of ADR entities of the EU.

The alternative dispute resolution under the Act on ADR has many advantages in comparison with judicial proceedings. It is simpler (the application is submitted in a simpler form and is available on the websites of ADR authorities), less expensive (from 0 to 5 euro), more flexible (without the physical presence of the parties), and quicker (the time of the procedure is limited to 90 days; it should be prolonged in 30 days). (Institutars.sk, 2020)

Generally, we can say that alternative dispute resolution under the Act on consumer ADR is developing favourable for consumers in Slovakia. We can see from the annual reports of ADR entities that authorized natural persons in charge of ADR are participating in many training courses, lectures, workshops, and communication with the Ministry of Economy of the SR to improve their expertise and professional experiences in solving ADR disputes. The annual reports on ADR disputes are from year to year better drafted and concern significant information on ADR procedure in the Slovak Republic.

We are prepared to monitor alternative disputes resolution of consumer disputes in the next years as well through the annual reports to supplement the research of ADR in the Slovak Republic.

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