

**SUSTAINABLE CONSUMPTION OF GOODS — PROMOTING THE
RIGHT TO REPAIR AND REUSE
- COMMENTS OF INDEPENDENT RETAIL EUROPE -**

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EXECUTIVE SUMMARY

Independent Retail Europe stresses that a justified and reasonable division of the repair costs is key. Retailers are not responsible for defects and should not bear the cost of repair. There is need for an adequate compensation mechanism between producers and retailers. The consumer should bear the repair costs outside the legal guarantee period only. Manufacturers should be obliged to indicate the lifespan of their products and of spare parts.

COMMENTS OF INDEPENDENT RETAIL EUROPE ON PROMOTING THE RIGHT TO REPAIR AND REUSE

Comments on longer legal guarantee periods

Extending legal guarantee periods will most likely lead to consumers handling products with less due care since they can expect a new replacement in any case. The longer the product is in use, the greater the chance a defect is caused by the consumer since consumers tend to take less care with products that are no longer new. Moreover, manufacturers will increase prices to include the entrepreneurial risk of bearing the costs of the repair.

Restarting the guarantee after the repair is equal to an infinite guarantee and makes it difficult for manufacturers to calculate the entrepreneurial risk, namely the possible costs for repairs that may occur during the ten infinite period of legal guarantee.

If there is a longer legal warranty period there should not be a right to full replacement, as customers will opt for the replacement instead of the repair. This will counteract the objective of a more sustainable use of products and will also be a significant economic burden for retailers and manufacturers.

An extended guarantee should be linked to periodic inspections of the product. If a consumer does not accept the regular inspection of high-end products he should lose the right of replacement during the legal guarantee. This practice is already common in the automotive sector where cars have to undergo regular inspections and repairs to remain fit for use. Consequently, products will be handled with due care and defects will be recognized at an early stage and immediately repaired.

Factors that influence a retailers decision whether to repair or replace goods

The characteristics of products are an important factor when deciding on whether to replace or repair a product. The retailer is inclined to repair high-end products with long life cycle, whereas repair costs may easily exceed the purchasing price for products of lower quality.

When considering the repair of the product, retailers also consider all the costs concerned with the repair such as the time spent on the repair, the costs of warehouse capacity for the storage of spare parts, or the shipping costs to the appointed repair service or the manufacturer..

Furthermore, retailers are concerned about their customers satisfaction in a highly competitive market. Customers that pay the (higher) price for a brand new product rightfully expect a new replacement in case the product breaks down within the legal guarantee. The retailer even faces the risk of a legal dispute with the consumer if the product is repaired instead of replaced.

For some products, the costs of assessing the economic viability of a repair may even exceed the actual costs of the repair. The cost assessment can be time consuming and expensive. Consumers, however, expect a quick solution. Moreover, a retailer may not be able to assess if a repair is economically more viable than a replacement, he needs to consult with the manufacturer who knows the product best. This process should be as unbureaucratic as possible to avoid unnecessary costs for all parties concerned.

Further suggestions about how to influence the current relationship between consumers and businesses with the aim of extending the useful life of goods

Independent Retail Europe stresses that a justified and reasonable division of the repair costs is key. Retailers are not responsible for defects and should not bear the cost of repair. The consumer should bear the repair costs outside the legal guarantee period. There is need for an adequate compensation mechanism between producers and retailers.

A possible alternative solution to a right of repair or replacement outside the legal guarantee period, in case of a defect caused by the consumer or by normal wear and tear, would be a right of information on possible repair solutions. The manufacturer would then need to communicate a list of recognized/appointed repair shops.

Very importantly, manufacturers should be obliged to communicate the expected life span of their products. This would make the purchasing decision more transparent for the consumer and would provide retailers with the necessary legal certainty regarding several national transpositions of Directive (EU)2019/771. The obligation to communicate the expected life span should also apply for spare parts.

Established in 1963, **Independent Retail Europe** (formerly UGAL – the Union of groups of independent retailers of Europe) is the European association that acts as an umbrella organisation for groups of independent retailers in the food and non-food sectors.

Independent Retail Europe represents retail groups characterised by the provision of a support network to independent SME retail entrepreneurs; joint purchasing of goods and services to attain efficiencies and economies of scale, as well as respect for the independent character of the individual retailer. Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers.

Independent Retail Europe represents 23 groups and their over 403.900 independent retailers, who manage more than 759.000 sales outlets, with a combined retail turnover of more than 1,314 billion euros and generating a combined wholesale turnover of 484 billion euros. This represents a total employment of more than 6.620.000 persons.

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