

ALTERNATIVE DISPUTE RESOLUTION FOR BUSINESS TO CONSUMER E-COMMERCE

Off-line to On-line Experiences with ADR, Business Codes of Conduct and Self-regulation

Friday, June 1, 2001 -- US Embassy, Paris
Monday, June 4, 2001 -- US Embassy, Rome

Including Paris and Rome Agenda, Remarks and PowerPoint



Presentation Of:
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Dispute Resolution Division
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**ALTERNATIVE DISPUTE RESOLUTION
FOR BUSINESS TO CONSUMER E-COMMERCE**

The experience in the United States, France and the EU

Friday, June 1 (8:30 – 13:15)

US Embassy Paris, Talleyrand Building (2, rue Saint-Florentin)

Co-sponsored by Yahoo France and Vivendi Universal Net



This half-day workshop sought to demonstrate to e-commerce vendors and policymakers how Alternative Dispute Resolution (ADR) works in the United States and elsewhere. It attempted to address the issues that will allow on-line ADR to expand and become more effective, so that business to consumer e-commerce can flourish.

Program

- 8:30 Welcoming remarks: "Why ADR? – The stakes for industry, consumers and governments"
-- Oliver Griffith, *Deputy Economic Counselor, US Embassy*
- 8:40 The U.S. government and regulatory point of view
-- Pablo Zylberglait, *Attorney, Planning and Information, U.S. Federal Trade Commission*
- 9:10 Off-line to on-line experiences with ADR; business codes of conduct and self-regulation
-- Charles Underhill, *Senior Vice President, Dispute Resolution Division Council of Better Business Bureaus*
- 9:40 On-line ADR in practice - presentation by an on-line ADR provider
-- Colin Rule, *President Online Resolution*
- 10:40 Progress and plans for on-line ADR in the European Union
-- Timothy Fenoulhet, *Policy Planning Unit, Directorate General for the Information Society, European Union*
- 11:10 American Bar Association Task Force on E-commerce and ADR: Initial findings and preliminary concept paper
-- Karol Denniston, *Vice-Chair American Bar Association Task Force on E-commerce and ADR*
- 11:30 Experiences in France and Europe – off- and on-line ADR
-- Francis Frizon, *Mediateur, Fédération Française des Sociétés d'Assurances (FFSA)*
-- Remi Tournade, *Responsable du Secrétariat Général, Centre de Médiation et Arbitrage, Chambre de Commerce de Paris*
-- Bernard Siouffi, *Délégué Général, Fédération des Entreprises de Vente à Distance*
-- Meryem Marzouki, *President IRIS (Imaginons un réseau Internet solidaire)*
- 13:00 Summary of the days proceedings
-- Isabelle de Lamberterie, *Directeur de Recherche Centre d'Etude sur la Coopération Juridique Internationale*

ALTERNATIVE DISPUTE RESOLUTION FOR BUSINESS TO CONSUMER E-COMMERCE

The experience in the United States, Italy

Organized by the Industry Ministry and the US Embassy in Rome
with the participation of Clubventuno

Monday, June 4 (9:15 – 13:30)

CNEL - Via D. Lubin, 1 - Sala Biblioteca



This half-day workshop sought to demonstrate to e-commerce vendors and policymakers how Alternative Dispute Resolution (ADR) on-line works in the United States and elsewhere. It attempted to address the issues that will make ADR more effective and allow e-commerce to flourish.

Program

- 9:15 Welcoming Remarks: Pietro Larizza (President of CNEL) - Margaret Dean (Deputy Chief of Mission (USA))
- 9:30 Introduction: Antonello Busetto (Industry Ministry),
- 9:45 ADR: Italian experience: Antonio A. Martino (University of Pisa- FTI)
- 10:15 ADR - The point of view of the US government: Pablo Zylbergait (Federal Trade Commission)
- 10:45 Role of the Chamber of Commerce and the experience in Milan: Stefano Azzali (Milan Chamber)
- 11:30 From Offline to on-line:
Experience of ADR; code of conduct and self-regulation:
Charles Underhill, Senior Vice President, Dispute Resolution Division
Council of Better Business Bureaus
- 12:00 The project: OnlineConfidence: David Mitzman (Infocamere)
- 12:30 Presentation: ADR on-line: Colin Rule, Online Resolution
- 13:00 Debate

SLIDE 1:

I'd like to thank the conference organizers for their invitation to make a presentation here today and let you know that I'm honored to be representing the Council of Better Business Bureaus¹, BBBOnline² and the network of more than 150 local BBB offices serving every major market in the United States and Canada.

SLIDE 2:

First, some background.

The Council of Better Business Bureaus is the umbrella organization for our 90-year-old system of 129 local BBB offices around the United States (plus an additional 15+ branch offices). Our sister organization, the Canadian Council of Better Business Bureaus, operates an additional 14 offices in that country. BBBOnline, a subsidiary of the Council of BBBs, provides a single online marketing/support resource center for all offices in both countries.

SLIDE 3:

Nearly 300 major national and multinational corporations support the Council of Better Business Bureaus; these include more than 80 of the top 100 leading advertisers in North America. The local BBB system infrastructure in the US and Canada is supported by more than 300,000 largely small- and medium-sized enterprises.

SLIDE 4:

The BBB system derives its support from membership dues and program fees. Local BBBs may also receive some limited government funds for some specialized programs, but this is not the norm.

The Council of Better Business Bureaus operates on annual revenues of \$18 Million dollars (US); system revenues at local Bureaus is in excess of \$80 million, giving the BBB system combined revenues of nearly \$100 million dollars (US).

SLIDE 5:

Better Business Bureaus provide a number of common services. These include:

- Complaint handling
- Mediation and arbitration
- Advertising review and self-regulation,
- Charity accountability evaluation
- Reports on company/charity performance--"reliability reports"
- Consumer and business education

These are all incorporated into our:

- Internet trust and confidence programs

We know a great deal about consumer complaints. When North Americans have complaints and are looking for third-party assistance to help get those problems resolved, we're the organization we most frequently turn to for help.

SLIDE 6:

To give you some idea of the numbers involved in the BBB's current consumer complaint handling activity:

During 1999, the BBB system handled slightly in excess of 3 million requests for complaint assistance, representing a 10% increase over 1998. These complaint contacts resulted in over 420,000 formal complaint cases handled by local BBBs (also

¹ See: <http://www.bbb.org> or <http://www.adr.bbb.org>

² See: <http://www.bbbonline.org>

a 10% increase over 1998). A complete summary of the 420,000 complaints received during 1999 -- sorted by category of business -- is available online.³

SLIDE 7:

BBB AUTO LINE⁴ is a specialized dispute resolution mechanism operating under US Federal warranty legislation, Federal Trade Commission rules, state "lemon laws" and manufacturer guidelines. During 1999, BBB AUTO LINE handled nearly 33,000 cases; of those initial consumer contacts, 11,400 (34%) did not pursue their cases. There are several reasons for this--in some cases, the consumer was ineligible for the program. In a significant number of these cases, however, surveys reflected that consumers had received some offer of settlement from a manufacturer that they accepted prior to filing a formal case. Of the remaining 21,600 cases, over 5,700 (26%) were resolved through an arbitrator's formal, written decision. Approximately 15,900 of the cases (74%) were settled through a process of mediation. Over the life of the program (from 1982 through 1999), BBB AUTO LINE has handled an astonishing 1,633,900 individual consumer warranty disputes. As I just indicated, the majority of these cases were resolved to customers' satisfaction through a process of mediation; however, over 233,600 were resolved through formal hearings before BBB-trained volunteer arbitrators serving in local communities throughout the United States.

SLIDE 8:

I mentioned that roughly 50% of our case filings are now online. Here's a screen shot of our complaint screen.

But while our focus here is a discussion of ADR in the online environment, I think it is critically important to mention that the best "alternative dispute resolution" for all parties is no alternative dispute resolution at all. If companies treat consumers well, consumers have few complaints -- and if those that arise are quickly and effectively resolved at their source directly by merchants -- there will significantly less need to worry about costlier third-party mechanisms, and the public interest will be better served.

Online merchants should have powerful incentives both for providing excellent customer service and in effectively handling complaints. Here are some general observations about consumer complaints in the offline environment, resulting from studies by an organization known as TARP, an acronym for "Technical Assistance Research Program". TARP -- now known as E-Satisfy -- conducted a seminal study completed in 1979 for the United States Office of Consumer Affairs and entitled "Consumer Complaint Handling in America". The was updated in 1986.⁵

Here are some of the key conclusions drawn from an article by TARP President John Goodman, published in *Competitive Advantage* in June 1999⁶:

³ See: <http://www.dr.bbb.org/news/comp-1999.cfm>

⁴ See: <http://www.bbb.org/complaints/BBBautoLine.asp>

⁵ TARP recently merged with an Internet-related consulting organization, Customer Insites, to form a new organization: e-Satisfy (<http://www.esatisfy.com>)

⁶ See: <http://www.e-satisfy.com/pdf/basicfacts.pdf>

SLIDE 9:

- On average, 50% of consumers will complain about a problem to a "front line person".
- But only 1 - 5% of consumers will escalate a complaint to a local manager or corporate office, although for higher ticket items, the percentage of complainants is greater.
- On average, twice as many people are told about a bad experience than they are about a good experience.
- It is five times as expensive to win a new customer as to keep a current customer.
- Finally -- and perhaps surprisingly -- TARP found that customers who complain and are subsequently satisfied are up to 8% more loyal than if they had never had a problem at all.

But will these survey results, reflecting consumer attitudes and perceptions in 1979 and 1986, still have validity in this new, online marketplace?

SLIDE 10:

Recognizing that the online marketplace has created a quite different medium, the folks at eSatisfy teamed with the International Customer Service Association (ICSA) to conduct a benchmarking study of electronic customer service⁷. Some of the results:

- Online customers have higher expectations than "offline" customers for the time it takes for companies to respond to -- and resolve -- their concerns;
- Companies are not currently meeting online customer expectations;
- Only 36% of online customers are completely satisfied with the electronic contacting experience;
- Only 40% of online contacts are resolved with one online contact and almost half require a telephone call from the customer to resolve the problem;
- Poor handling of online contacts creates at least 30% lower customer loyalty among the two-thirds of online contacts who are not satisfied;
- Poor handling of online contacts results in a high level of negative word-of-mouth.

We believe one of the BBBs major obligations to make the obvious clear to merchants -- it is in their best interests to perform at high levels, to capture those consumer complaints that do arise at the very earliest stages and to settle them quickly and professionally.

SLIDE 11:

Recognizing this responsibility, BBBOnline embarked on a major project to develop and implement a Code of Online Business Practices. The first draft of the BBB Code was released in November 1999 and placed online for comment. More than 1,000 comments were received from government, business and consumer organizations and individuals. A second draft was released in early 2000. The final version of the Code was approved by the BBB and BBBOnline boards in May of 2000 and the local offices of the BBB system overwhelmingly approved the code in July and August. The Code will be applicable to the more-than 9500 web sites that carry the BBBOnline Reliability seal by the end of 2001. You can find a copy of the Code, in English, French, Spanish and German, at the BBBOnline website⁸.

⁷ For additional information, see: <http://www.e-Satisfy.com/pdf/icsa.pdf>

⁸ See: <http://www.bbbonline.org/intl/code.asp>

SLIDE 12:

While the Code covers a number of critically important areas such as truthful and accurate communications, consumer disclosures, information practices, security and special practices for children, the one I'm going to touch on here involves the broad area of customer satisfaction.

SLIDE 13:

In this regard, the Code states that ". . . online merchants should seek to ensure their customers are satisfied by honoring their representations, answering questions, and resolving customer complaints and disputes in a timely and responsive manner."⁹

If you want to engage in a very-often-futile exercise, look at most web sites and try to find a place where you can actually file a complaint against the company. I have done so and I can assure you, no one in the marketing department at any of the US-based companies I looked at would have admitted that there even is such a word as "complaint" or "problem" in the English language. So it is very difficult for them to steer you to a place where you could formally express your dissatisfaction with the company's products or services.

That's why the BBB Code requires that "online merchants provide an easy-to-find and understandable notice of how a customer can successfully and meaningfully contact the business to expeditiously resolve complaints and disputes related to a transaction." Further, the code requires merchants to ". . . have an effective and easy to use internal mechanism for addressing complaints and correcting errors."

Finally, directly to the subject of this meeting, the BBB Code states that ". . . in the event the customer's complaint cannot be resolved, online merchants shall also offer a fair method for resolving differences with regard to a transaction by offering either an unconditional money-back guarantee or third-party dispute resolution." The Code goes on to state that if an online merchant offers third party dispute resolution, it should use a trusted third party that offers impartial, accessible, and timely resolution that is free to consumers or at a charge to consumers that is not disproportionate to the value of goods or services involved in the dispute. Further, the Code states that merchants should provide customers with easy-to-find and understandable contact information for such third parties, including a link (or similar technology) to any third party sites used for such means.

Internal company complaint handling is critically important, and the BBB Code -- coupled with other similar Code efforts -- will certainly help businesses and consumers better understand their rights and responsibilities in this new world of e-commerce.

SLIDE 14:

Our BBBOnLine self-regulatory strategy requires three inter-related elements for success.

Two of those we've already discussed. They are:

- Good high standards of business practice (as exemplified in the BBB Code).
- Effective dispute resolution procedures
- The third is a "trustmark" -- a highly recognized brand that serves two critical functions:

⁹ See: <http://www.bbbonline.org/code/principle4.asp>

- It helps consumers identify companies that have made a commitment to high standards of business practice and effective dispute resolution; and,
- It serves as a power incentive for a business to keep the promises it makes, since public removal of the highly visible "trustmark" for cause can be extremely damaging to a business.
- All of those elements are present in the BBBOnline Reliability Seal program.

SLIDE 15:

Nearly 10,000 sites display the BBBOnline seal, making it the largest such "trustmark" program in North America. We use technology to regularly "sweep" the Internet looking for companies that are improperly using our seal, and we include a "click to check" verification process to help assure consumers that the sites displaying the seal are genuine participants.

SLIDE 16:

But we all know that the Internet is global. Everyone wants the benefits the cross-border e-commerce can bring -- more choices for consumers, expanded markets for businesses, greater opportunities for small companies and third-world countries. But if consumers do not have trust and confidence in their online transactions, e-commerce will fail to realize its potential. Governments are recognizing that it is extremely difficult to regulate cross-border e-commerce. We believe it is essential to minimize conflicting requirements and minimize an explosion of trustmarks that would be very confusing to consumers. At the same time, we believe it is essential to ensure that the enforcement of high business standards and ADR settlements is truly effective.

SLIDE 17:

We believe that this can be accomplished through a program that creates a common or harmonized Code of Conduct, compatible dispute resolution processes and an international trustmark that consumers will recognize regardless of their country of origin -- a mark equally recognized by consumers in the Americas, Europe, Africa and the Pacific Rim.

SLIDE 18:

Recognizing this need, we have joined together with Eurochambreas and FEDMA to advance this concept.

SLIDE 19:

The BBB brings to the alliance a network of 144 local BBB offices, nearly 300,000 members and nearly 10,000 seal holders, all committed to a Code, dispute resolution procedures and a trustmark.

SLIDE 20:

FEDMA brings an organization that spans 16 European nations, with 10,000 members. FEDMA had recently developed its own Code of conduct.

SLIDE 21:

Add to that the significant reach of Eurochambres, with membership from 35 national chambers of commerce, that in turn are supported by roughly 1,300 local chamber offices with a combined membership of nearly 14 million mostly small and medium sized enterprises -- and you have a very strong basis for the type of International self-regulatory program I've described. Eurochambres national members have or are developing Codes of Conduct and are working to develop online ADR processes.

SLIDE 22:

To make this alliance work, we'll need to succeed at several separate issues:

- We need to agree on a common set of standards -- a single "high level" Code that all businesses -- regardless of country of origin -- will follow.
- We need to agree on a common seal (details of which remain to be negotiated) that either incorporates or is used in conjunction with the local seal. That seal needs to be commonly owned by all the partners in the alliance.
- We need to arrive at a common (or compatible) infrastructure for handling cross-border consumer disputes.
- Finally, we need to seek out and bring to the table partners in other parts of the world that can effectively work in this collaborative environment.

SLIDE 23:

Merchants coming into this program will have to:

- Agree to adhere to the standards
- Agree to the dispute resolution process and to abide by its outcome
- Display the common (harmonized) seal
- Pay whatever fee (if any) is charged by the local seal issuer.
- What they will get is brand recognition outside their local market -- recognition that will build consumer trust and confidence.

SLIDE 24:

This seal alliance will:

- Be administered locally, with participation and dispute resolution decisions made locally
- Be funded locally under funding schemes that are devised locally
- Honor compliance and participation decisions made locally
- Cooperate in trademark enforcement
- Local government participation is not a requirement, but is clearly a local option.

SLIDE 25:

In bringing this alliance into its infancy, BBBOnline, Eurochambres and FEDMA have all received support and guidance from a number of industry leaders, including Hewlett-Packard, Proctor and Gamble, Visa and Intel, to name but a few. In the US, our joint efforts at developing this alliance have been encouraged by both the Federal Trade Commission and the Department of Commerce. The EU and EC have been equally supportive and are helping to fund the European efforts to build an online ADR infrastructure.

SLIDE 26:

After many conferences in Europe and the US, we are only incrementally closer to an operating, cross-border, internet-based consumer/business ADR system. What will that look like, how might it work, what special needs must be addressed, what special concerns need attention in the consumer/business dispute context? I'm confident, given this roomful of experts, that we'll have some intriguing answers before we break for lunch.



The Better Business Bureau

BBBOnLine



Alternative Dispute Resolution for Business-to-Business E-Commerce Off-line to On-line Experiences with ADR, Business Codes of Conduct and Self-regulation

Charles I. Underhill
Senior Vice President, Dispute Resolution
and
Chief Operating Officer
BBBOnLine, Inc.

www.bbb.org | www.bbbonline.org



The Better Business Bureau

BBBOnLine



Structure

- **Council of Better Business Bureaus**
 - » 129 local US BBBs + Branch Offices
- **Canadian Council of BBBs**
 - » 15 local Canadian BBBs + Branch Offices
- **BBBOnLine**
 - » One Marketing/Support Center for all 144 North American Bureaus

www.bbb.org | www.bbbonline.org



Size

- **Members-- 300 national and international corporate members**
- **More than 80% of the 100 leading advertisers in North America**
- **More than 300,000 small, medium and large businesses as local BBB members**



Budget

- **From membership dues and program fees**
- **Limited government funding at some local offices**
- **CBBB -- \$18+ million US (20.9 Million Euro)**
- **BBBs -- \$80+ million US (93.2 Million Euro)**
- **TOTAL -- Nearly 100 Million (116.6 Million Euro)**



Major Activities

- Complaint handling
- Mediation and arbitration
- Advertising review and self-regulation
- Charity accountability evaluation
- Reports on company performance--"reliability reports"
- Consumer and business education
- Internet trust and confidence programs

www.bbb.org | www.bbbonline.org



Basic Complaint Handling

- 3 million requests for complaint assistance a year for information, referral, and resolution
- Over 420,000 a year sent to business for written response
- Half of all complaints are now filed online, and the number is growing!
- Handled through informal conciliation, face-face mediation, and in-person arbitration
- 3,000-4,000 trained volunteer arbitrators

www.bbb.org | www.bbbonline.org



BBB AUTO LINE

- 33,000 auto warranty disputes filed
 - » 11,000 cases not pursued (ineligible, but most were offers of settlement accepted after case filing but before paperwork was returned to BBB)
 - » Over 15,000 settled through formal mediation
 - » 5,700 cases settled through formal arbitration
- Since 1982, 1,633,900 cases handled and 233,600 formal arbitrations held

www.bbb.org | www.bbbonline.org

Internet Explorer Address http://www.bbb.org/bbbcomplaintsex/ConsumerForm.asp?...

*Company/Organization Name: _____

*Address (line 1) _____

Address (line 2) _____

*City _____

*State/Province _____

*U.S. or Canadian ZIP 22101 _____

*Country United States

Phone () - - x _____

WWW http:// _____

Who you contacted regarding your complaint:

Title _____

First Name _____

Middle Name _____

Last Name _____

Suffix _____

Enter information regarding your complaint. In this section, not all fields may apply to your complaint. Please fill in only the appropriate fields.

Product or Service Purchased _____

Model Number _____

Contract, Account, or Policy # _____

Order # _____

Purchase Date [] [] [] [] [] []

Date Problem First Occurred [] [] [] [] [] []



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Consumer Complaint Data

- **50% of consumers** will complain to a "front line" person at a company
- **Only 1% - 5%** will escalate that complaint
- **Twice as many people** are told about bad experiences than about good ones
- It is **5 times more expensive** to get a new customer than to keep a current one
- A customer with a settled complaint is **8% more loyal** than one who never had a complaint.

From "Consumer Complaint Handling in America", Conducted by TARP/e-Satisfy for the White House Office of Consumer Affairs, 1979 and 1985.

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Online Complaint Data

- Online customers have higher expectations
- Online companies not meeting those expectations
- Only 36% are completely satisfied
- Only 40% of problems resolved with one contact and more than 50% require a telephone call
- Poor handling creates 30% lower loyalty among the 2/3 who are not satisfied.
- Poor handling = high negative "word of mouth"

From International Customer Service Association (ICSA) benchmarking study of electronic customer service, conducted by e-Satisfy, March 2000

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Consumer Information

- FAQs
- File a Complaint
- Consumer Benefits
- Other Resources
- Reliability Program
- About Reliability Program
- Apply for Reliability Seal
- Participant Benefits
- Program Requirements
- Privacy Program
- About Privacy Program
- Kid's Privacy Seal
- Apply for Privacy Seal
- Participant Benefits
- Program Requirements
- Code of Online Business Practices
- About the Code
- The Code
- International Initiatives
- Privacy Seal Program
- Code of Business Practices
- BBB.org Information
- About Us
- Company Contact
- Privacy Policy
- Application Confidentiality
- News & Press Releases
- Site Map
- Home

Code of Business Practices

The Code of Business Practices is the newest self-regulation tool developed by the Better Business Bureau system to provide Internet businesses with a well-respected means to foster consumer trust and confidence on the Web. It provides online businesses around the world with guidelines to help address important consumer protection issues raised by e-commerce. The Code is available in English, Spanish, French and German with additional translations coming soon.

Download the Code

- In English [MS Word 97 Format ] [PDF Format 
- In Spanish [MS Word 97 Format ] [PDF Format 
- In French [MS Word 97 Format ] [PDF Format 
- In German [MS Word 97 Format ] [PDF Format 

For more information about the Code link here.

Feedback@bbb-bbb.org

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Consumer Information

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Better Business Bureau/BBBOnline Code of Online Business Practices Final Version

Principles for Ethical Business to Customer Conduct

The following statements represent the five principles upon which this Code is based. These principles should be read in conjunction with the supporting details that are available through the adjacent hyperlinks.

Principle I: Truthful and Accurate Communications.

Online advertisers should not engage in deceptive or misleading practices with regard to any aspect of electronic commerce, including advertising, marketing, or in their use of technology. [\(Click here for details\)](#)

Principle II: Disclosure.

Online merchants should disclose to their customers and prospective customers information about the business, the goods or services available for purchase online, and the transaction itself. [\(Click here for details\)](#)

Principle III: Information Practices and Security.

Online advertisers should adopt information practices that treat customers' personal information with care. They should post and adhere to a privacy policy based on fair information principles, take appropriate measures to provide adequate security, and respect customers' preferences regarding unsolicited email. [\(Click here for details\)](#)



Principle IV: Customer Satisfaction.

Online merchants should seek to ensure their customers are satisfied by honoring their representations, answering questions, and resolving customer complaints and disputes in a timely and responsive manner. [\(Click here for details\)](#)

Principle V: Protecting Children.

If online advertisers target children under the age of 13, they should take special care to protect them by recognizing children's developing cognitive abilities. [\(Click here for details\)](#)

- Principles: Summary List of Principles.
- Principle I: Truthful and Accurate Communications.
- Principle II: Disclosure.
- Principle III: Information Practices and Security.
- Principle IV: Customer Satisfaction.
- Principle V: Protecting Children.

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BBB ONLINE
PROMOTING TRUST AND CONFIDENCE ON THE INTERNET

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Principle IV: Customer Satisfaction

Online merchants should seek to ensure their customers are satisfied by honoring their representations, answering questions, and resolving customer complaints and disputes in a timely and responsive manner.

A. Honor Representations: Online merchants should comply with all commitments, representations, and other promises made to a customer.



B. Answer Questions: Online merchants should provide an easy-to-find and understand notice of how customers can successfully and meaningfully contact the business to get answers to their questions. Online merchants should promptly and substantively respond to the customer's commercially reasonable questions. [\(Click here for explanation\)](#)

C. Resolve Customer Complaints and Disputes: Online merchants should seek to resolve customer complaints and disputes in a fair, timely, and effective manner.

- Online merchants should provide an easy-to-find and understandable notice of how a customer can successfully and meaningfully contact the business to expeditiously resolve complaints and disputes related to a transaction.
- Online merchants shall have an effective and easy to use internal mechanism for addressing complaints and correcting errors. Examples include fair exchange policies, return policies, etc.
- In the event the customer's complaint cannot be resolved, online merchants shall also offer a fair method for resolving differences with regard to a transaction by offering either an unconditional money-back guarantee or third-party dispute resolution.
 - If an online merchant offers third party dispute resolution, it should use a trusted third party that offers impartial, accessible, and timely arbitration that is free to consumers or at a charge to consumers that is not disproportionate to the value of goods or services involved in the dispute.
 - Online merchants should provide customers with easy-to-find and understandable contact information for such third parties, including a link (or similar technology) to any third party sites used for such means.

[\(Click here for explanation\)](#)

- Principles: Summary List of Principles.
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- Principle III: Information Practices and Security.
- Principle IV: Customer Satisfaction.
- Principle V: Protecting Children.

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The Better Business Bureau **BBB** **BBB Online**


BBB **RELIABILITY PROGRAM** **BBB ONLINE**

BBBOnline Components

- High standards of business practice (The Code)
- Effective dispute resolution processes

and:

- A "trustmark" to:
 - Identify companies pledged to codes and DR; and,
 - Provide an incentive to keep those pledges.



www.bbb.org | www.bbbonline.org



The Better Business Bureau

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BBBOnLine Reliability Program

- Nearly 10,000 web sites show trustmark
- Largest trustmark program in North America
- High level of security
 - » automated logo searches
 - » "click to check" confirmation feature

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The Better Business Bureau

BBBOnLine



International Cooperation

- Internet is global--requires global solutions
- Encourage cross border commerce
- Difficult to regulate cross border commerce
- Minimize conflicting requirements
- Minimize proliferation of trustmarks
- Minimize consumer confusion
- Enforcement outside consumer's country difficult

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The Better Business Bureau

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International Cooperation

- Common or "harmonized" standards
- Compatible dispute resolution
- Common trustmark or "brand"
- Attractive in Asia, Europe and the Americas

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The Better Business Bureau

BBBOnLine



International Cooperation

- Memorandum of Understanding in Europe
 - » Broader consumer protection and complaint resolution program
 - » Eurochambres, FEDMA and BBBOnLine
 - » Invitation to others to join



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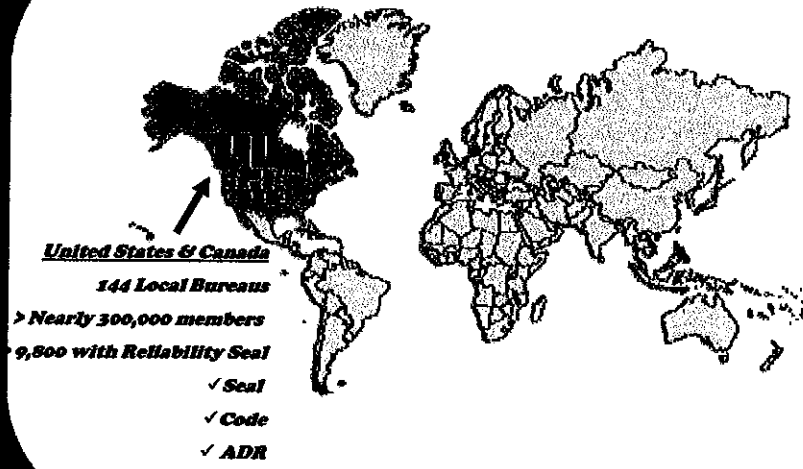


The Better Business Bureau

BBBOnLine



Footprint -- BBBOnLine in North America



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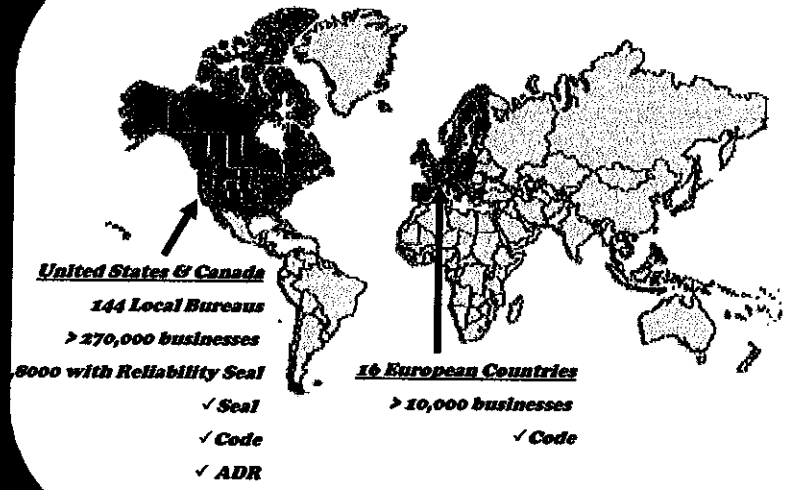


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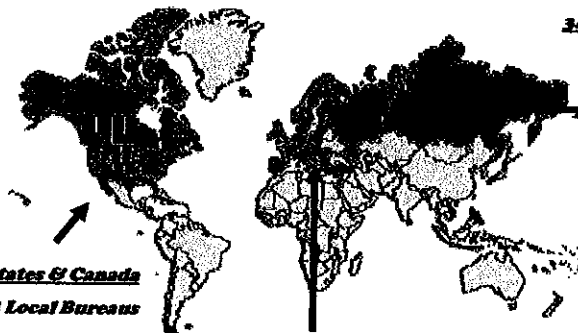
Footprint -- BBBOnLine and FEDMA



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Footprint -- BBBOnLine, FEDMA and Eurochambres



United States & Canada
 144 Local Bureaus
 > 270,000 businesses
 9,900 with Reliability Seal
 ✓ Seal
 ✓ Code
 ✓ ADR

16 European Countries
 350 national DMAs
 > 10,000 businesses
 ✓ Code

34 European Countries
 13,000 Chambers of Commerce
 10 million enterprises
 ✓ Codes
 ✓ ADR



Criteria for Partnership

- Agree to minimum online code of conduct that business will follow
- Use common seal (specific model not yet decided) that incorporates local seal
- Common seal owned by partnership
- Cooperate with partners in cross border dispute resolution
- Agreement by other partners



Participating Merchants

- Agree to follow code, plus additional local requirements
- Agree to participate in dispute resolution
- Display common seal
- Pay fees *if* charged by local organization
- Obtain brand recognition outside local geographic area--builds consumer trust

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Program Administration

- Administered locally; participation and dispute decisions made locally
- Funded locally--fees *may* be charged
- Honor compliance decisions made by partners
- Cooperate in trademark enforcement
- Government participation not required, but it is a local option

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Industry and Government Support

- BBBOnLine and European partners receive support and guidance for international partnerships from industry leaders
 - » (e.g., Hewlett Packard, Proctor and Gamble, Visa, Intel, among many others)
- In US, FTC and Commerce Dep't. encourage effort
- In Europe, similar encouragement and financial support for DR development



What does an Online Dispute Resolution (ODR) look like?

What special needs must be addressed in consumer/business transactions?

How will this all work?