

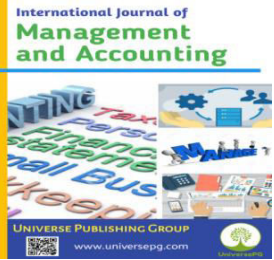


Publisher homepage: [www.universepg.com](http://www.universepg.com), ISSN: 2707-4641 (Online) & 2707-4633 (Print)

<https://doi.org/10.34104/ijma.024.071084>

**International Journal of Management and Accounting**

Journal homepage: [www.universepg.com/journal/ijma](http://www.universepg.com/journal/ijma)



## Review on the Implementation of the Consumer Act of the Philippines: Insights to Its Plausible Future

Merian Arellano-Asas<sup>1,2,\*</sup>

<sup>1</sup>Capiz State University, Main Campus, Roxas City, Capiz, Philippines; and <sup>2</sup>Department of Trade and Industry, Roxas City, Capiz, Philippines.

\*Correspondence: [MerianAsas@dti.gov.ph](mailto:MerianAsas@dti.gov.ph) (Merian Arellano-Asas, Senior Trade and Industry Development Specialist, OIC, Division Chief, Department of Trade and Industry, Roxas City, Capiz, Philippines).

### ABSTRACT

As a developing Southeast Asian nation, the Philippines have experienced economic growth, leading to challenges in ensuring consumer protection. This study reviewed the level of implementation of Consumer Act of the Philippines (Act) and explored insights to its plausible future. This used both quantitative and qualitative components. This was conducted in Capiz. For the survey, respondents comprised of consumers buying in Roxas City supermarkets and grocery stores selling basic commodities. For Focus Group Discussion (FGD), business owner representative, Department of Trade and Industry implementers, and consumer organization members participated. For the challenges encountered in Act's implementation, respondents believed that the law protects their rights, but they lacked awareness of how to enforce it with perceived weaknesses on Act's effectiveness in enforcing penalties. For the level of implementation, respondents believed that the Act effectively ensured the quality and safety of consumer products in the market, reduced deceptive, unfair, and conscionable sales acts or practices, provided efficient resolution for valid warranty claims, protected against misleading or deceptive packaging techniques, holds businesses accountable for product and service imperfection, prevents misleading advertisements and fraudulent sales promotion practices, regulates service and repair enterprises, and ensures effective consumer complaints handling. Consumers perceived that Act's provision on penalties was inadequate, ineffective in addressing broader issues, inadequately implements provision on warranties, labeling, and fair packaging, no provision on claims for damages, with gaps in addressing issues on sales promotion, service, and consumer complaints handling. Participants highlighted the need to promote consumer education, clearer guidelines on acceptable sales practices, and areas for improvement in online marketplaces, consumer awareness, and enhanced enforcement capabilities. Overall, strengthened consumer advocacy, enforcement training, and education, provision of harsher penalties, collaboration with other stakeholders, enhanced screening measures on online shopping platforms, and streamlined online dispute resolutions.

**Keywords:** Consumer act, Insights, Plausible future, Focus Group Discussion (FGD), and Philippines.

### INTRODUCTION:

As a developing Southeast Asian nation, the Philippines have experienced economic growth, leading to a

significant increase in consumer spending and a more diverse marketplace. This leads to challenges in

ensuring consumer protection. Concerns regarding product quality and safety, deceptive, unfair, and unconscionable sales acts or practices, product and service warranties, labeling and fair packaging, liability for products and services, advertising and sales promotion, and regulation of service and repair enterprises have become increasingly prevalent. In response to these concerns, lawmakers passed the Republic Act No. 7394, also known as the Consumer Act of the Philippines in 1992. This landmark legislation aimed to strengthen consumer rights and establish a legal framework for consumer protection and fair business practices.

Despite its objectives, the effectiveness of the Consumer Act of the Philippines implementation has been subject to public scrutiny. Consumers in the Philippines continue to face several challenges related to safety and quality product and misleading, biased, and unacceptable sales acts or practices among others. This raises questions about the effectiveness of the law in providing adequate protection to consumers and promoting fair business practices. The Consumer Act of the Philippines is a crucial piece of legislation that aims to promote consumer protection and welfare in the country. The Act has undergone several reviews and is supported by Department Administrative Orders and Department Orders since its enactment in 1992 to keep up with the changing consumer landscape in the Philippines, particularly in the digital age. Despite these reforms, however, various challenges remained in the realm of consumer protection, such as safety and quality product, misleading, biased, and unacceptable sales and practices.

Primarily, in the aforementioned key areas, there are concerns regarding monitoring and enforcement, consumer awareness regarding consumer rights and responsibilities, and the redress mechanisms provided under the law. As such, this research aimed to fully delve into the Philippines Consumer Act implementation, present the current status of its implementation in key areas, and gather insights that would help future policy directions which ultimately contribute to a more robust and effective structure for protection of the consumer and eventually lead to a fairer and safer marketplace for all stakeholders.

## **METHODOLOGY:**

This research employed an exploratory sequential approach and a mixed-methods review comprised of quantitative and qualitative components since it aimed to determine the challenges encountered in the Act implementation, the level of implementation of the said law, and what specific insights for its plausible future. Creswell and Creswell, (2020) presented the guidelines for an exploratory sequential approach to conducting research. This involves an interchangeable mix of two phases: a qualitative interview for exploratory purposes; and a quantitative method that will test the theory and concepts gathered in the first phase or vice versa. A qualitative research approach based on Focus Group Discussion (FGD) was also employed. This, along with the discussions following the presented challenges using the Futures Triangle Theory by Sohail Inayatullah, (2023) were the bases for the questions for the survey, and the subject of the items to be deliberated during the Focus Group Discussion. For the survey, questions centered on the challenges encountered in Consumer Act implementation and its respective levels of implementation were utilized. For the FGD, several stakeholders such as Department of Trade and Industry implementers, business sectors representative, and members of consumer organizations were invited to discuss the sentiments and future insights, revolving around the aforementioned law. Additionally, the results were synthesized using thematic analysis. Following the standards of Clarke and Braun, (2017) thematic analysis was used to identify, analyze, and interpret patterns and themes within the qualitative data, the discussions during the FGD, and create a systematic list of codes and themes to underline the concept and create a framework for analyzing the observations for the insights required in this study. After the conclusion of the quantitative and qualitative part, the result of the survey, and the transcribed themes of the FGD, data triangulation was used to answer the objectives outlined. The research was conducted in the province of Capiz. For the survey part, the respondents were comprised of consumers, who were buying in Roxas City super-markets and grocery stores, selling basic commodities. For the participants in the FGD, the business owner representative, Department of Trade

and Industry (DTI) implementers, and consumer organization members participated.

The research used non-probability quota sampling and purposive sampling techniques in selecting the respondents for the survey and participants for the FGD, respectively. For the survey, quota sampling was used to select the respondents. The controlled quota was the consumers in groceries and supermarkets, who were of buying age (18 years old and above). For the FGD, purposive sampling was used. This research utilized two researcher-made instruments. The survey questionnaire containing 50 questions was created following the objectives of the research. The researcher utilized an interview guide containing probing and open-ended questions to ask the participants. Construct and criterion-related validity measures were used. The survey and FGD questionnaires were validated by the members of the advisory committee, various stakeholders and a licensed psychometrician. The recommendations and suggestions were used to further improve the instruments, checklists, and summary, and were integrated into the research fully. In assessing the instrument's reliability, several methods were used: inter-rater and intra-rater reliability testing; pilot testing; and consensus meetings among the advisory committee and licensed psychometrician. In measuring this, Cronbach's alpha was used. In testing the actual reliability of the questionnaire, it was subjected to random testing among 30 respondents, following the criteria. Then, the results were collected and tested, showing a reliability coefficient of 0.930, indicating that the questionnaire was reliable in measuring the research objectives.

The variables that appeared in the study were a combination of categorical and numeric variables in a Likert scale form for the survey. Additionally, relevant data during the Focus Group Discussion were extracted and analyzed using thematic analysis techniques. The researcher secured the necessary permits and letters of communication before the conduct of the survey to the establishments and the respondents. The data gathering procedure was conducted physically through the schedule in various establishments aforementioned. The researcher, along with assistant and enumerators, handed out survey

forms for a week from 3:00-6:00 PM at seven different establishments with a total of 105 respondents. After the survey was conducted, it was thoroughly reviewed before encoding into a spreadsheet for statistical analysis. Letters of communication were also forwarded to the participants of the Focus Group Discussion a week before the online discussion. After the conclusion of the study, the video and audio recording of the study was transcribed and reflected in codes and themes, following the procedure for thematic analysis. For the qualitative part, the survey results were analyzed using linear regression analysis with the challenges encountered in the Consumer Act implementation as the predictors and the level of implementation as the dependent variable. The researcher focused on identifying themes, patterns, and trends that emerge from the data related to the research questions. For the quantitative part, the researcher-moderator extracted and transcribed the key insights and recommendations of the participants.

The researcher observed strict adherence to policies regarding plagiarism, and adherence to the Data Privacy Act in processing the relevant information in the gathered survey results. Before conducting the survey, the respondents were informed about the purpose and objectives of the research. A consent form was given to them, informing the extent of the research, their voluntary participation, the benefits in the participation, assurance of confidentiality the security of the gathered data, their consent in picture and video capture, the extent of the sharing of the results, and the right to refuse or withdraw. After data gathering, the interview forms were processed. For the Focus Group Discussion (FGD), a letter of invitation was given to the target participants, as well as a consent form. Both a video and audio recording were taken with the attendees' consent during the FGD. These recordings were only used for educational purposes and were submitted to the College of Management after the conclusion of the study.

## **RESULTS AND DISCUSSION:**

### **Challenges Encountered in Implementing the Consumer Act of the Philippines in terms of Consumer Awareness, Redress Mechanisms, and Rules and Regulations**

**Table 1** shows the challenges encountered in imple-

menting the Philippine Consumer Act in terms of consumer awareness, redress mechanisms, and rules and regulations. The result revealed a grand mean score of 4.19, verbally interpreted as “implemented”. The data set for the five (5) statements showed the respondent responses with means ranging from 3.87 to 4.56. The result infers that the respondents believe that the Philippine Consumer Act offers sufficient legal protection for their rights, suggesting some level of understanding of the provisions of the law. This means that consumers have a working knowledge of their rights and are aware that they have recourse for redress under the Consumer Act.

Furthermore, this implication reflects that despite this awareness of these rights, there is a gap in the knowledge on enforcing these rights, particularly regarding awareness and accessing the redress mechanisms. This also means that disparity in the mean scores highlights the need for increased public education campaigns to bridge the gap between legal protections and practical consumer knowledge. In terms of consumer awareness, the gap between the highest and overall mean scores suggests a disconnect. The respondents may know their rights on paper but lack awareness of how to enforce them. This could be due to limited public education campaigns or difficulty

accessing information about the Act. In terms of redress mechanisms, the statement about filing complaints having a lower score indicates perceived difficulties in the process. There might be complex procedures, a lack of accessible channels for filing complaints, or respondents might be unaware of available mechanisms. The result conformed to the recommendation of King *et al.* (2019) that retailers need to improve their complaint management systems, which trickles down to creating alternatives to remedy a consumer complaint. In terms of enforcement of penalties, the lowest score of 3.87 for the statement about penalties being a deterrent suggests that the respondents might perceive weak enforcement.

This could be due to a belief that penalties are too low, or that violations are rarely penalized, leading to a sense of impunity for businesses. This was consistent with the law itself, the Consumer Act of the Philippines, in which the penalties may only range from PhP500 up to PhP300,000 (Consumer Act of the Philippines, 1992). Additionally, following the recommendation of the Association of Southeast Asian Nations, (2014) consumer agencies must create institutional frame-works that would ensure penalizations and increase punitive penalties for erring businesses.

**Table 1:** Challenges Encountered in Implementing the Consumer Act of the Philippines.

Statements	Mean	Verbal Interpretation
The Consumer Act of the Philippines adequately protects my rights as a consumer.	4.56	Highly Implemented
The government effectively enforces that provisions of the Consumer Act to protect consumers.	4.31	Highly Implemented
The process of filing complaints under the Consumer Act is straightforward and accessible.	4.10	Implemented
The Consumer Act provisions promote fair competition among business.	4.16	Implemented
There is public awareness about the provisions and benefits of the Consumer Act for them to make an informed purchasing decision.	4.15	Implemented
The Consumer Act needs to be updated to address emerging consumer protection issues such as online shopping and e-commerce.	4.29	Highly Implemented
The Consumer Act adequately protects vulnerable consumers such as the elderly and low-income individuals.	4.27	Highly Implemented
The penalties for businesses that violate the Consumer Act are sufficiently deterrent.	3.87	Implemented
Businesses are transparent about their products and services as mandated by the Consumer Act.	4.10	Implemented
Businesses actively engage in initiatives to promote consumer welfare beyond legal requirements.	4.11	Implemented

Grand Mean	4.19	Implemented
------------	------	-------------

Legend: 4.21-5.00 = Highly Implemented; 3.41 – 4.20 = Implemented; 2.61 – 3.40 = Moderately Implemented; 1.81 – 2.60 = Less Implemented; 1.00 – 1.80 = Least Implemented. Source: Data from the researcher

### Level of Implementation of the Consumer

#### Act of the Philippines

In terms of consumer product quality and safety, a grand mean score of 4.39 was obtained with an interpretation of “highly implemented”. Further, the mean score of the respondents ranged from 4.22 to 4.64. The result indicates that the respondents perceive that the Philippines Consumer Act is effective in ensuring the products’ safety and quality. This means that consumers believe that the products that they are buying conform to the safety and quality standards as expected under the law. However, the result also indicates that penalties are inadequate for those who violate the Act considering that under the law, the penalties range from PhP500.00 to PhP300,000.00 only. This means that the consumers perceive that erring businesses do not receive proportional penalties for the acts committed.

The result conformed to that of Galasintu and Loveera’s, (2021) that consumer safety is generally recognized and minimum requirements for product safety are progressively established. Moreover, in the same literature, consumer product safety standards are established by the European Union and the Association of Southeast Asian Nations, and there are stringent rules on the implementation of consumer products and safety standards. However, while the respondents may feel product safety is being addressed, they might not believe the penalties are strong enough to truly deter violations. This creates a potential gap - good progress on product safety, but a need to strengthen deterrents to further discourage businesses from selling unsafe products. This was also consistent with the study of Lefevre and Chapman, (2017) that there must be a regulatory reform that will be implemented in a more holistic approach that would involve harsher penalties. As such, there must be further advocacy for a more holistic approach to enforcement, including potentially stronger penalties. In terms of deceptive, unfair, and unconscionable sales Acts or practices, a grand mean score of 4.30 was obtained with an interpretation of “highly implement-

ted”. Further, the mean score of the respondents ranged from 4.16 to 4.30. The result implies that respondents generally believe that businesses are providing truthful information about their products. This means that consumers trust businesses with the information they provide when buying the products. However, the result also indicates that the respondents believe that the Consumer Act of the Philippines is not effective in addressing broader issues involving sales acts and practices. This means that the consumers perceive the Act as inadequate to tackle issues on broader deceptive, unfair, and unconscionable sales acts or practices such as concealment of material information, false representation or fraudulent manipulation of consumer products or services. While there are already guidelines in place, consumers perceive the Consumer Act of the Philippines as less effective in tackling broader issues like misleading advertising, unfair contracts, or exploitative sales tactics. Dar, (2022) highlighted that broader deceptive sales practices exist, which require specific and specialized guidelines to address. As such, this gap between information disclosure and broader deceptive practices suggests the Consumer Act needs strengthening in areas beyond just truthful labeling.

In terms of consumer product and service warranties, a grand mean score of 4.26 was obtained with an interpretation of “highly implemented”. Further, the mean score of the respondents ranged from 4.08 to 4.41. The result entails that respondents believe that businesses are fulfilling their obligations under the Consumer Act of the Philippines. This means that consumers trust businesses to honor warranties and resolve warranties. However, the result also infers that the respondents perceive that they are not adequately informed about the terms and circumstances of warranties as guaranteed under the Act to minimize their losses or avoid the process of claiming warranties altogether. This means that consumers would also trust businesses even if they are inadequately informed

about the guarantees and warranties of the products that they are buying or the businesses may not honor the warranty duly provided under the law. The result agreed with the Implementing Rules and Regulations of the Consumer Act of the Philippines, (1992) since it outlines the establishment of explicit expectations for warranty fulfillment. Consumers feel companies are honoring warranties, but they might not fully understand the terms of those warranties prior the purchase. This lack of awareness is particularly true as per the studies of (Sartor, 2020; Hassandoust and Techatassanasoontorn, 2020) that one of the significant determinants of consumer behavior are consumer awareness and educational attainment. This can be inferred that the majority of the consumers are unaware of the terms and conditions because they are not well-versed with the language of the law or would have an inherent trust in the retailer due to their perception of value for money.

In terms of labelling and fair packaging, a grand mean score of 4.28 was obtained with an interpretation of “highly implemented” Further, the mean score of the respondents ranged from 4.19 to 4.44. The result implies that the respondents believe that there is an implementation of the Consumer Act of the Philippines in terms of labeling and fair packaging. This means that consumers are protected, especially in the area of insurance of relevant and accurate labels, clear, and easily comprehensible information, effective monitoring of labeling and packaging standards, price tag requirements, and against misleading or deceptive packaging techniques. However, the result also suggests that the respondents believe that some businesses do not comply with the implementation of labeling and fair packaging since their products may not contain product labels or the price is not properly shown. This means that some businesses sparingly comply with the minimum requirements set forth by the law. Overall, the respondents feel confident that the Act safeguards them from deceptive packaging tactics. This is a positive sign, indicating some success in preventing misleading or confusing packaging designs. The result was consistent with the implementation of the Department of Trade and Industry, which the Bureau of Product Standards (BPS) implements and enforces the issuances of PS

and ICC marks on imported and domestic products, respectively. Further, consumers might have perceived a gap between the Philippine Consumer Act goals and its enforcement regarding proper price tags. This indicates issues like unclear pricing information, hidden fees, or misleading price displays. This was also notable as mentioned in the study of Peng *et al.* (2016) that in online purchases, the prices are not readily transparent thus, consumers are more susceptible to fraudulent business practices.

Moreover, in the Act, while there may be a provision on price tag requirements for products sold physically, the law is still silent on the requirement for transparent prices in online shopping platforms. Also, following the recommendations of Leninkumar, (2017) to enforce the product labeling provisions is needed to protect consumers, as well as to increase consumer trust, intention, and satisfaction. It should also be noted that while product labeling, in general, is strictly enforced, the provision of proper price tags under the Act’s mandate is not prevalent on online e-commerce platforms. Overall, the result suggests that the Act might be effective in tackling broader deceptive packaging practices but needs improvement in ensuring accurate and transparent price information displayed on products. By addressing price tag discrepancies, the Act can be even more effective in empowering respondent consumers to make informed purchasing decisions.

In terms of liability for product and services, a grand mean score of 4.28 was obtained with an interpretation of “highly implemented”. Further, the mean score of the respondents ranged from 4.04 to 4.26. The result implies that the respondents believe that the Act is highly implemented in terms of liability for products and services, especially in holding businesses accountable for imperfections, compensation and redress mechanisms, ensuring product recalls on products with imperfections, enforcement of liability provisions, and increasing consumer trust by holding accountability to erring business owners. Overall, the result suggests that the Act might be working well in establishing a framework for holding businesses liable, however to address the challenges the respondents face in actually claiming compensation for defective products or services is needed. By simplifying redress

mechanisms and increasing public awareness, the Act can be more effective in empowering them to enforce their rights and hold businesses accountable when they cause harm.

The result agreed with the current implementation of the Department of Trade and Industry, (2023) since the agency is already implementing mechanisms to ensure redress mechanisms against product and service imperfections. However, this is also true that the consumers might perceive difficulty in obtaining compensation or redress despite the Act holding businesses accountable. This could be due to complex procedures, lack of awareness about available channels for complaint, or limited legal aid for consumers. Specifically, while there are avenues for redress, as mentioned, the Consumer Act of the Philippines, (1992) does not prescribe monetary damages but only issues fines ranging from PhP500.00 to PhP300,000.00. Additionally, the current redress mechanisms are limited.

In terms of Advertising and Sales Promotion, a grand mean score of 4.33 was obtained with an interpretation of “highly implemented”. Further, the mean score of the respondents ranged from 4.23 to 4.43. The result implies that the respondents believe that there is proper implementation of the Consumer Act of the Philippines in terms of effectively preventing misleading advertisements and fraudulent sales promotion practices. This means that the consumers believe that the Act addresses issues about the conduct of sales promotion, addressing and resolving complaints regarding misleading advertisements and fraudulent sales promotion practices, imposition of penalties, and consumer awareness through advocacies on ethical advertising. However, the result also infers that the respondents believe that there are gaps in addressing the issues concerning sales promotion. The result indicates some success in promoting truthful marketing practices. Overall, the result implies that the Act might be working well in preventing misleading advertising but could benefit from providing more specific regulations or guidelines for sales promotions. By offering clearer definitions and expectations, the Act can be even more effective in protecting consumers from unfair or deceptive sales tactics. Following the study of Bastani *et al.* (2019), there was UniversePG | [www.universepg.com](http://www.universepg.com)

already an existing framework for addressing complaints against misleading advertisements and the implementation of the Department of Trade and Industry, (2014) in ensuring the policies for sales promotions. However, consumers perceive a gap in the Act's effectiveness regarding specific sales promotion practices. This could be due to a lack of clear guidelines on acceptable promotional tactics, leading to confusion on what constitutes a fair sale or potential loopholes businesses might exploit. They proposed an expansion of these frameworks and established a consumer complaint center for specific fraudulent sales promotion practices.

In terms of regulation of repair and service firms, a grand mean score of 4.27 was obtained with an interpretation of “highly implemented”. Further, the mean score of the respondents ranged from 4.17 to 4.48. The result implies that the respondents believe that the Consumer Act of the Philippines is properly implemented to regulate repairs and service firms. This means that consumers can be assured that the Act has mechanisms in place to assure that service and repair shops are accredited. However, the result also infers that the respondents are unaware of the regulations, particularly the requirements of a legitimate repair and service firm before seeking their services. Further, it can be inferred that the respondents believe that the government lacks the monitoring and enforcement of these repair and service firms since as of 2023, only 43 service and repair firms in Capiz are accredited. This means, that while there are already guidelines to ensure the proper implementation of the Act in terms of regulation of service and repair firms, there are some firms that do not conform to the standards required by law due to a lack of monitoring and enforcement. Overall, the result suggests that the Act might have effective regulations in place, but there's a need to strengthen enforcement efforts and public education. By actively monitoring compliance and educating consumers about their rights, the Act can be more successful in protecting the respondents from unfair practices within the repair and service industry.

The result was particularly evident in implementing the Presidential Degree 1572 as amended by the Consumer Act of the Philippines, wherein specific

safeguards are in place to ensure the delivery of quality services (Consumer Act of the Philippines, 1992). Specifically, service and repair enterprises require accreditations from the Department of Trade and Industry to ensure the quality of services they provide. However, the consumers might perceive a lack of active enforcement by the government to ensure service firms comply with regulations. Additionally, they might not feel fully informed about their rights when it comes to repair and service providers. This is particularly true with this specific provision due to the specialized and technical nature of these service and repair firms. This lack of awareness could leave them vulnerable to unfair practices.

In terms of consumer complaints, a grand mean score of 4.34 was obtained with an interpretation of “highly implemented”. Further, the mean score of the respondents ranged from 4.23 to 4.47. The result implies that the respondents believe that the Consumer Act of the Philippines is properly implemented in terms of ensuring effective consumer complaint-handling mechanisms. This means that consumers can easily access redress mechanisms for consumer complaints since they can easily approach the provincial office of the Department of Trade and Industry (DTI) to file a complaint. However, the results show that respondents believe that during these consumer complaints handling, there may be biases and unfairness in the resolution of these complaints. This may be due to unfavorable resolution during the mediation process or due to contributory negligence on the part of the consumers making the complaint. This means that despite the presence of these redress mechanisms, consumers may feel that the system is unjust and may result in unfavorable decisions in their complaints. Specifically, the result infers that consumers believe there is a system in place for them to voice their concerns. This was especially true in the implementations and mechanisms in place by the DTI. Consumers can easily access their complaints by visiting their nearest provincial office and personally filing a complaint. This indicates some progress in establishing accessible channels for complaint filing. However, despite these mechanisms, consumers perceive a lack of impartiality when it comes to resolving complaints. This could be due to concerns

about biases, lengthy or complex resolution procedures, or a lack of transparency in the process. Overall, the result suggests that the Act might need to establish a complaint mechanism, but there is a need to address concerns about the fairness of the resolution process. By ensuring impartial reviews, streamlining procedures, and increasing transparency, the Act can be more effective in giving Filipinos confidence that their complaints will be addressed justly.

This was particularly true, as noted by the Department of Trade and Industry, (2023) considering that the process is not part of every governmental transaction and thus may affect the knowledge and awareness of consumers in accessing these redress mechanisms. Moreover, there is a lack of platforms for online filing of consumer complaints which can also affect their perception of impartiality.

#### **Challenges Encountered Influenced / Act as the Significant Predictors of the Level of Implementation of the Consumer Act of the Philippines**

In this study, a predictive relationship between the challenges encountered in the Consumer Act of the Philippines (Act) implementation and the level of implementation was examined using a linear regression model. In **Table 2**, the predictors show the relationship between the level of implementation of the Act. First, the primary predictor “The Consumer Act of the Philippines adequately protects my rights as a consumer” had a significant difference with the level of implementation of the Act since the p-value was 0.036, which was lower than the 0.05 level of significance. In other words, people who believe that the Act protects them well tend to experience a higher level of enforcement. This indicates that the Act itself is effective, or that awareness of the Act plays a role in its successful implementation, thus, it predicts the level of implementation of the Act. Second, the predictor, “The government effectively enforces the provisions of the Consumer Act of the Philippines to protect consumers” had no significant difference with the level of implementation of the Act since the p-value was .691, which was higher than the 0.05 level of significance. In other words, people's perception of enforcement does not necessarily correspond with how well it is being carried out. This suggests that people's awareness of enforcement efforts may be limited.



Third, the predictor, “The process of filing complaints under the Consumer Act of the Philippines is straightforward and accessible” had no significant difference with the level of implementation of the Consumer Act of the Philippines since the p-value was .187, which was higher than the 0.05 level of significance. In other words, people's belief in how easy it is to file complaints does not necessarily correspond with the actual ease of the process. This means that regardless of how well the Act is enforced, the complaint filing process itself might have its complexities.

Fourth, the predictor, “The Consumer Act of the Philippines’ provisions promote fair competition among business” had no significant difference with the level of implementation of the Act since the p-value was .767, which was higher than the 0.05 level of significance. Simply put, people's belief in whether the Act fosters competition does not necessarily correspond with the actual level of competition in the market. This indicates that factors beyond the Act's implementation, such as the number of businesses in a particular industry, also play a role in competition. Fifth, the predictor, “There is public awareness about the provisions and benefits of the Consumer Act of the Philippines for them to make an informed purchasing decision” had a significant difference with the level of implementation of the Act since the p-value was .038, which was less than the 0.05 level of significance. This means that consumers' knowledge about the Act's provisions and benefits is linked to how well the Act is enforced. For instance, if the Act is well-implemented and consumers are aware of their rights under the Act, they are more likely to be able to make informed purchasing decisions. This highlights the importance of public education campaigns to increase awareness on the Act and its benefits for consumers. Sixth, the predictor, “The Consumer Act of the Philippines needs to be updated to address emerging consumer protection issues such as online shopping and e-commerce” had no significant difference with the level of implementation of the Act since the p-value was .205, which was greater than the 0.05 level of significance. This means that whether people believe the Act needs an update for online shopping does not necessarily relate to how well the Act is enforced

overall. The need for revisions might be a separate issue from the current implementation efforts.

Seventh, the predictor, “The Consumer Act of the Philippines adequately protects vulnerable consumers such as the elderly and low-income individuals” had no significant difference with the level of implementation of the Act since the p-value was .474, which was higher than the 0.05 level of significance. In other words, consumers' views on whether the Act needs an update for online shopping do not necessarily relate to how well the Act is enforced overall. This suggests that the need for revisions might be a separate issue from the current implementation efforts. Eighth, the predictor, “The penalties for businesses that violate the Consumer Act of the Philippines are sufficiently deterrent” had no significant difference with the level of implementation of the Act since the p-value was .238, which was higher than the 0.05 level of significance. Simply put, even if people believe the penalties are weak, it does not necessarily reflect how well the Act is being enforced. There could be other factors influencing enforcement, like resource limitations or bureaucratic hurdles. Ninth, the predictor, “Businesses are transparent about their products and services as mandated by the Consumer Act of the Philippines” had no significant difference with the level of implementation of the Act since the p-value was .595, which was higher than the 0.05 level of significance. Whether the business is transparent or not, does not necessarily reflect how well the Act is enforced due to various factors such as the protection of trade secrets or already strict standards with other government agencies dealing with products and services. Lastly, the predictor, “Businesses actively engage in initiatives to promote consumer welfare beyond legal requirements” had no significant difference with the level of implementation of the Act since the p-value was .309, which was higher than the 0.05 level of significance. In other words, even if the Act is well-enforced, it might not necessarily lead to businesses going above and beyond legal requirements to benefit consumers because of numerous factors, such as businesses prioritizing profit margins or a lack of awareness about how to promote consumer welfare beyond legal compliance.

**Table 2:** Linear Regression Analysis.

Predictors (Challenges Encountered in the Implementation of the Consumer Act of the Philippines)	Standardized Coefficients Beta	t-value	p-value	Remarks
The Consumer Act of the Philippines adequately protects my rights as a consumer.	0.207	2.122	0.036	s
The government effectively enforces the provisions of the Consumer Act in protecting consumers.	0.045	0.39	0.691	ns
The process of filing complaints under the Consumer Act is straightforward and accessible.	0.129	1.329	0.187	ns
The Consumer Act provisions promote fair competition among businesses.	-0.029	-0.297	0.767	ns
There is public awareness about the provisions and benefits of the Consumer Act for them to make an informed purchasing decision	0.223	2.100	0.03	s
The Consumer Act needs to be updated to address emerging consumer protection issues such as online shopping and e-commerce.	0.122	-1.276	0.20	ns
The Consumer Act adequately protects vulnerable consumers such as the elderly and low-income individuals	0.077	0.719	0.4744	ns
The penalties for businesses that violate the Consumer Act are sufficiently deterrent.	0.130	1.188	0.238	ns
Businesses are transparent about their products and services as mandated by the Consumer Act	0.052	0.533	0.595	ns
Businesses actively engage in initiatives to promote consumer welfare beyond legal requirements	0.115	1.053	0.309	ns

Legend: p-value > 0.05 = not significant; p-value <0.05 = significant. Source: Data from the researcher

**Analysis of the Focused Group Discussion**

The analysis explored the key themes, emerging from and level of implementation of Consumer Act of the Philippines. As such, the discussion centered on various aspects of the Act with participants offering insights on areas needing improvement. Three themes consistently emerged: varied implementation across consumer protection areas; information asymmetry, consumer vulnerability, and challenges of online consumer protection; and highlighting the importance of advocacy and accessibility.

The discussion revealed in the first theme that there was a disparity in the perceived effectiveness of different consumer protection concerns. Participants generally felt satisfied with the implementation of product warranties and service repairs. Conversely, concerns were raised regarding deceptive sales practices, online product quality control, and revised labeling for expired or fake products. This is particularly true in the study of the Bureau of Trade Regulation and Consumer Protection (2017), where only 28% have marginal knowledge about their rights

the Focus Group Discussion on the current as a consumer and this lack of knowledge generally translates to varied implementation of consumer initiatives. As such, these inconsistencies highlight the need for targeted interventions to strengthen areas with weaker enforcement. In the second theme of the discussion, the recurring subject of lack of consumer awareness, particularly regarding product safety and proper labeling was revealed. Participants pointed out limited knowledge about identifying safe products, especially in far-flung barangays. Further, concerns were raised about misleading product descriptions and the prevalence of repackaged or expired products.

This is corroborated by the study of Chinomona and Sandada (2013), wherein there is a correlation between consumer trust and satisfaction and consumer protection. Furthermore Leninkumar, (2017) emphasized that product labeling provisions of consumer laws are among the crucial aspects of consumer protection in ensuring the products’ safety and quality. This means that this information asymmetry leaves

consumers vulnerable to exploitation, emphasizing the need for increased consumer education and stricter regulations for online platforms.

Another key discussion in the third theme was the e-commerce platforms upsurge that present unique challenges for consumer protection. Participants highlighted difficulties with seller accountability on platforms like Shopee and Lazada. Issues like product discrepancies, fake goods, and delayed refunds necessitate stricter screening processes and regulations for online sellers. The result was echoed by the study of Ameen *et al.* (2020) that there should be a secure engagement with online sellers through thorough screening measures in the online marketplace. Further, this creates a sense of accountability by the sellers, increasing consumer protection. As such, there is an acknowledgment of the outdated nature of the Act, suggesting the need for digitalization and revisions to

address consumer protection concerns. Lastly, the discussion highlighted the importance of advocacy and accessibility, which participants called for increased outreach in geographically isolated areas. Wahad *et al.* (2012) surmised that online platforms, like Online Dispute Resolution platforms provide a less expensive alternative to traditional processes and promote a more collaborative and friendly conflict settlement procedure through assisted discussions and mediation services (Kingsley AK., 2022).

Kim and Kim, (2021) recognized the power of social media to ensure consumer protection by allowing firms to engage in real time with customers, get feedback, and strengthen their connections with target market. Streamlining complaint processes through online filing systems and digitalization of consumer protection measures can improve accessibility and efficiency in addressing consumer complaints.

**Table 3:** Themes of the FGD.

Major Themes	Emerging Themes
Consumer Product Quality and Safety	<p>Not enough Information, Education, and Communication materials</p> <p>More exposure to mass media like radio or television to have a wide reach, especially in far-flung areas.</p> <p>Certain level of hesitation on the side of the enforcement level/regulation due to the lack of expertise on the part of the monitors/enforcers to check the technical aspect of the products under mandatory certification.</p> <p>Disparity in perceived effectiveness between process users and consumer representatives</p> <p>Lack of proper knowledge and understanding on the part of the consumers when buying products.</p>
Deceptive, Unfair, and Unconscionable Sales Acts or Practices	<p>The scheme used to be in the guise of promotion but in fact a scam.</p> <p>Disparity in perceived effectiveness between process users and consumer representatives.</p>
Product and Service Warranties	<p>Consumers and businesses are oriented on product and service warranties.</p> <p>Not clear on the coverage of product and service warranties.</p> <p>Online platforms honor warranties but there are additional requirements like videos while opening the parcel.</p>
Labelling and Fair Packaging	<p>Negosyo centers and business counselors conduct orientation on product development for proper labeling and packaging but the scope is limited only to assisted MSMEs.</p> <p>In online platforms, the items displayed/advertised do not match the actual product received</p> <p>Consumers may not be aware of the authenticity of the products they are buying.</p> <p>There are instances of swapping labels on expired products</p>
Liability for Products and Services	<p>No award of damages for claims on liabilities for products and services since there is no provision on the award of damages under the Consumer Act</p>
Advertising and Sales Promotion	<p>Actual products do not match those listed online</p> <p>Deceptive advertising schemes</p>

	Emerging scams and fake sales promotion
Regulation of Repair and Service Firms	There is an increased number of accredited service and repair shops. Newly opened repair shops are willing to comply with the requirements for accreditation but find it hard to secure National Competency due to limited assessment centers
Consumer Complaints Handling	Complaints are immediately acted upon Difficulty in contacting respondents from online platforms
Insights to Plausible Futures	Handling of online platforms/establishment of a screening process for sellers in online platforms or with accreditation by the DTI and business owners Increased advocacy to far-flung areas and dissemination of advocacy materials in local dialect Establishment of an online system or adoption of digitalized processes to fit the needs of the consumer in these technology-centric times Digital filing of complaint/Online application systems Regionalization and increasing of jurisdictional power of the adjudication officer Increasing the penalties and awarding of damages to consumer complaints.

Source: Data from the researcher

**Insights to Plausible Future of the Consumer Act of the Philippines**

One key finding is the gap between perceived effectiveness and the need for stronger penalties. While the survey suggests a general belief in the Act’s ability to safeguard consumer rights, there are concerns about inadequate penalties for product safety violations that emerged in the Focus Group Discussion (FGD). Under the Act, penalties may only range from Php500.00 to Php300,000.00, which echoes the disproportionality of the penalties and the offense committed. Promoting consumer education is needed, particularly on product safety technical training for enforcers and process users, and a robust enforcement system with harsher penalties for violations.

Deceptive sales practices pose another challenge, which the survey shows mixed perceptions from the respondents, some of them reported low complaint rates yet highlighted misleading advertising. As such, to address this, the revisions to the Consumer Act of the Philippines must have clearer guidelines on acceptable sales practices by collaboration with consumer advocacy groups, bureaus, and other technical enforcement groups to strengthen enforcement activities by identifying and tackling evolving deceptive tactics. While both the survey and the FGD indicated that consumers have a good understanding of warranty rights and obligations among consumers and businesses, there is still a knowledge gap between terms and technical letters of the law. As such, in revising the Act, incorporating consumer education

UniversePG | [www.universepg.com](http://www.universepg.com)

initiatives can empower individuals to understand warranties and confidently enforce their rights. Further, this can be improved by simplifying the terms and conditions before a product is purchased. The upsurge of e-commerce presents both opportunities and challenges. As such, in revising the Act, stricter regulations governing online sellers, including screening processes and clearer guidelines for product descriptions and returns are crucial, as well as capacitating the agency in enforcing online platforms.

There is already consumer awareness and enforcement of accredited repair and service shops due to government initiatives. As such, in revising the Act, there should be a prioritization on stronger enforcement and develop targeted education campaigns in ensuring that service providers are held accountable. While there is an existing system of consumer complaints, both the Focus Group Discussion (FGD) and survey highlighted the perceptions of respondents on fairness and the amount of penalties meted out on violators. As such, in revising the Act, there should be an effective response system from businesses and streamlining consumer complaints through online dispute resolutions.

**CONCLUSION:**

A two-pronged approach to product safety is needed. While the survey suggests a general belief in the Consumers Act of the Philippines' ability to protect

consumers, concerns emerged about the inadequacy of penalties for selling unsafe products. Public education campaigns promoting product safety awareness and conducting technical training for enforcers are essential paired with a more robust enforcement system that deters violations through stronger penalties. Deceptive sales practices pose another challenge. The results show mixed perceptions, with some reporting low complaint rates and others highlighting misleading advertising. The Act may deter blatant deception, but subtler tactics might go unchecked. Revisions to the Act with clearer guidelines on acceptable sales practices are necessary. Collaboration with consumer advocacy groups can strengthen enforcement by identifying and tackling evolving deceptive tactics. The positive impact of the Act is evident in the area of product warranties. However, a knowledge gap exists regarding warranty terms, leaving consumers vulnerable. Consumer education initiatives that demystify warranty terms and conditions can empower individuals to make informed choices and confidently enforce their rights. The rise of e-commerce presents both opportunities and challenges. Stricter regulations governing online sellers, including screening processes and clearer guidelines for product descriptions and returns, are crucial. The Act's role in regulating repair and service providers appears promising. The result highlighted an increase in accredited repair shops due to government initiatives. However, concerns remain regarding enforcement and consumer awareness. The Department of Trade and Industry (DTI) may prioritize stronger enforcement and develop targeted education campaigns to empower consumers and ensure service providers are held accountable. Anxieties about fairness and complex procedures were also revealed. The DTI may focus on streamlining procedures, enhancing transparency, and addressing any potential biases within the system. Encouraging prompt and effective responses from businesses to consumer complaints would bolster confidence in the system.

#### **ACKNOWLEDGMENTS:**

The researcher expresses gratitude to the informants/participants, the College of Management of Capiz State University-Main Campus, Roxas City, Capiz, and the Department of Trade and Industry, for

the guidance, support, inspiration, shared valuable insights, and help to make this research possible.

#### **CONFLICTS OF INTEREST:**

The author affirms no conflict of interest.

#### **REFERENCES:**

- 1) Ameen, N., Hosany, S., & Tarhini, A. (2021). Consumer interaction with cutting-edge technologies: Implications for future research. *Computers in Human Behavior*, **120**, 106761. <https://doi.org/10.1016/j.chb.2021.106761>
- 2) ASEAN. (2014). *Consumer Protection Digests and Case Studies: A Policy Guide*, **1**(1), [Web PDF]. <https://asean.org/wp-content/uploads/2021/01/Consumer-Protection-Digests-and-Case-Studies-A-Policy-Guide-Volume-1.pdf>
- 3) Bastani, K., Namavari, H., & Shaffer, J. (2019). Latent Dirichlet allocation (LDA) for topic modeling of the CFPB consumer complaints. *Expert Systems with Applications*, **127**, 256-271. <https://doi.org/10.1016/j.eswa.2019.03.001>
- 4) Chinomona, R., & Sandada, M. (2013). Customer Satisfaction, Trust and Loyalty as Predictors of Customer Intention to Re-purchase South African Retailing Industry. *Mediterranean J. of Social Sciences*. <https://doi.org/10.5901/mjss.2013.v4n14p437>
- 5) Creswell, J. W., & Creswell, J. D. (2020). *Research Design* (6th ed.). *SAGE Publications Inc.* <https://us.sagepub.com/en-us/nam/research-design/book270550>
- 6) Dar, C. (2022). Responsible consumers vital in this digital age. PIA. <https://pia.gov.ph/news/2022/10/20/responsible-consumers-vital-in-this-digital-age>
- 7) Department of Trade and Industry. (2023). *Consumer Rights 101: Know and Exercise Your Rights as a Consumer*. <https://www.dti.gov.ph/archives/news-archives/consumer-rights-101-know-and-exercise-your-rights-as-a-consumer/>
- 8) Department of Trade and Industry. (2023). Department of Trade and Industry | About. from <https://www.dti.gov.ph/about/>

- 9) Department of Trade and Industry. (2023). Department of Trade and Industry | Consumer Protection Group. <https://www.dti.gov.ph/about/the/organization/consumer-protection/>
- 10) Galasintu, S., & Loveera, C. (2021). The Comparative Study on Consumer Protection Laws in ASEAN. *Kasetsart J. of Social Sciences*, 42(4). <https://doi.org/10.34044/j.kjss.2021.42.4.13>
- 11) Hassandoust, F., & Techatassanasoontorn, A. A. (2020). Understanding users' information security awareness and intentions. *Cyber Influence and Cognitive Threats*, 129-143. <https://doi.org/10.1016/b978-0-12-81904-7.00007-5>
- 12) Inayatullah, S. (2004). The Causal Layered Analysis (CLA) Reader. [http://books.google.ie/books?id=WEqXAAAACA\\_AJ&dq=957-907885&hl=&cd=1&source=gbs\\_api](http://books.google.ie/books?id=WEqXAAAACA_AJ&dq=957-907885&hl=&cd=1&source=gbs_api)
- 13) Inayatullah, S. (2023). The Futures Triangle: Origins and Iterations. *World Futures Review*, 15(2-4), 112–121. <https://doi.org/10.1177/19467567231203162>
- 14) Kim, D. Y., & Kim, H. Y. (2021). Influencer advertising on social media: The multiple inference model on influencer-product congruence and sponsorship disclosure. *J. of Business Research*, 130, 405-415. <https://doi.org/10.1016/j.jbusres.2020.02.020>
- 15) King, D. L., Delfabbro, P. H., & Billieux, J. (2019). Unfair play? Video games as exploitative monetized services: An examination of game patents from a consumer protection perspective. *Computers in Human Behavior*, 101, 131-143. <https://doi.org/10.1016/j.chb.2019.07.017>
- 16) Kingsley AK. (2022). Ranking of factors enhancing consumer purchase decision of pocket-friendly sized beverages packaging: an AHP approach, *Int. J. Manag. Account.* 4(2), 33-48. <https://doi.org/10.34104/ijma.022.00330048>
- 17) Lefevre, A. F., & Chapman, M. (2017). Behavioural economics and financial consumer protection. OECD Working Papers on Finance, Insurance and Private Pensions, 42. <https://doi.org/10.1787/0c8685b2-en>
- 18) Leninkumar, V. (2017). The Relationship between Customer Satisfaction and Customer Trust on Customer Loyalty. *Inter J. of Academic Research in Business and Social Sciences*, 7(4). <https://doi.org/10.6007/ijarbss/v7-i4/2821>
- 19) Peng, L., Cui, G., & Li, C. (2016). Consumer perceptions of online review deceptions: an empirical study in China. *J. of Consumer Marketing*, 33(4), 269-280. <https://doi.org/10.1108/jcm-01-2015-1281>
- 20) Sartor, G. (2020). New aspects and challenges in consumer protection. Policy Department for Economic, Scientific and Quality of Life Policies.
- 21) Wahab, M. S. A., Katsh, M. E., & Rainey, D. (2012). Online Dispute Resolution. *Eleven International Publishing*.

**Citation:** Asas MA. (2024). Review on the implementation of the consumer act of the Philippines: insights to Its plausible future, *Int. J. Manag. Account.* 6(4), 71-84. <https://doi.org/10.34104/ijma.024.071084>

