UNITED STATES

CONSUMER PRODUCT SAFETY COMMISSION

RECALL EFFECTIVENESS WORKSHOP

(EARLY SESSION)

Hearing Room 420

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Bethesda, Maryland  20814

Tuesday, July 25, 2017

9:15 a.m.
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OPENING REMARKS

MS. CAVE:  Good morning, everyone, and thank you for attending the Recall Effectiveness workshop here today at the Consumer Product Safety Commission. We're going to start off this morning, I wanted to introduce our newly nominated, as of I believe this morning, chairman of the Consumer Product Safety Commission, Ann Marie Buerkle.

(Applause)

ACTING CHAIRMAN BUERKLE:  Thank you very much, Carol. Good morning to all of you and welcome to Consumer Product Safety Commission, our workshop on Recall Effectiveness. And Carol mentioned newly nominated and I just want to express my humility, along with my honor, of being nominated last evening by the president to be the chairman of the Consumer Product Safety Commission.

I've been here since 2013 and know very well of the dedication and the hard work of this agency and all of its stakeholders. So I look forward to the confirmation process and really am honored to be --
have been nominated.

Let me just say a few comments about recall effectiveness and all that went into today, because it really has been significant. The response to this workshop was really overwhelming and it quickly filled up to capacity actually. And to me, the level of response that we got from all of the stakeholders, I think, reflects a very keen interest on the part of the stakeholders to be engaged with this agency, and I think it's a warning -- I shouldn't say warning; that sounds negative -- but a flag for us that we need to be more accessible to all of our stakeholders.

Let me begin by thanking all of our staff who put in an incredibly amount of hard work into today's event. And as I say your name, if you could stand up if you're in the room, because some folks may have talked to you on the phone but never have seen you in person. So let me begin by thanking Joe Williams, Valery Ceasar; Blake Rose; Patty Davis; Carol Cave; Tanya Topka; Celestine Kish; Shelby Mathis; Christopher Nguyen; Pamela Chisholm; Mary Toro; Rob Kaye, our relatively new director of compliance; and all of the
folks who work behind the scenes to make today happen. I also want to thank Douglas Brown, who is the director of facilities, as well as Iris Parks and Dina Demas. It took an incredible amount of work to get the room together and then prepared also for the breakout sessions, and so they did a wonderful job in preparing the venue for today and I want to thank them as well.

This workshop on recall effectiveness is really not the first time CPSC has engaged with the stakeholders on the topic. There have been previous workshops, studies, research and participations in conferences on this very issue. From the inception of the agency, conducting product recalls has been really a critical role of what we do here at the Consumer Product Safety Commission. This forum today is an opportunity for our staff and me to listen to your concerns, your ideas, your problems and your solutions.

What is an effective recall? Why is it effective? How is effectiveness best measured? We know that many consumers do not bother to take advantage of the free remedy, particularly if it's an inexpensive product, and they may perhaps throw the
product away. Is that good enough? Isn't the post-recall data and injury trend more important than the consumer responding rate? We know that notice is critically important. How can we make sure more consumers hear about our recalls?

I truly hope that you'll be an active participant in today's workshop sharing your thoughts on those questions and more. Whatever your interested -- excuse me. Whatever your interest is or your position, we are glad you're here and we look forward to hearing your point of view about how we can improve recall effectiveness.

Recall effectiveness to me may be more of an art than a science because each set of recalls really presents a unique set of circumstances. Each one poses its own circumstances and its own opportunities. We inhabit an evolving global marketplace with a wide range of product categories, manufacturers and sellers. While there may be common elements in nearly every recall, the number of variables means that we can't accept a one-size fits all. We need to be creative and we need to prioritize.
Given that all recalls are not created equal, wouldn't it make sense to let the degree of risk be a key factor in tailoring the requirements for a recall. Nearly all of our recalls are voluntary and we shouldn't expect companies to bankrupt themselves voluntarily. We should look for ways to make the recall more proportional to the risk. This applies to notice requirements as well. If consumers are bombarded with a constant stream of recall notices, they may tune out and miss hearing about products that pose greater risks.

Motivating the consumer -- and we'll talk about this this afternoon -- to take advantage of a remedy is also a challenge. Consumer response rates depend on many factors, such as the value of the product being recalled and how long it's been in the consumer's hands, the reason for the recall, the risk of harm, and the nature of the remedy.

Another challenge we all face is the 24-hour news cycle, finding creative ways to get the consumer's attention amidst the constant stream of information that inundates them every day. The safety recall
combats and competes with phone calls, e-mails, social media, mass media, and other bombardments of the informational age, and it's difficult to win the attention of the average American.

I will say this, that really the most effective way to present -- to prevent consumers from being injured is to stop unsafe products from entering the stream of commerce at all, and there's where, I think, we can really pay attention to safe design and stopping violative products as they come into this country. And I think we shouldn't lose sight of that point, that while we're all talking about recall effectiveness, it's far better to prevent that product from ever entering our stream of commerce rather than trying to get it out once it's in.

I want to just close today by reflecting on your presence here. Throughout my tenure here at CPSC, and it was just four years this past July, the topic of recall effectiveness has been a recurring theme. It's been prominent, it's been challenging, and regardless of who I'm engaged with, whether it's consumer groups, businesses, the regulated community, staff, the issue
continues to go on. How can we make recalls more effective?

I believe everyone here today wants safe products. We all understand how important and effective a well-planned recall is to the health, safety and welfare of the consumer. And successful businesses understand that a poorly executed recall can compromise brand integrity, reduce consumer confidence, waste revenue, and create additional legal liabilities. We all come from various places with various interests, but I believe that we all share a common goal, and that is to keep the consumer safe. I think today's workshop is a good first step towards that end.

One last thing I want to say to all of you is you are experts in your fields. You know your field intensely well. And so CPSC, by tapping into your knowledge and your insights and your expertise, can enhance our ability to keep the consumer safe. If we are an agency that stakeholders can engage with, we will be able to remove dangerous products from the stream of commerce much quicker, and that ultimately benefits the consumer.
The work we do at CPSC is so very important, as you all well know, and we are a far better agency when we collaborate and we recognize the contributions of everyone who wants to help us advance our mission of safety. I hope that today's workshop is just the beginning of a discussion about recall effectiveness, but other topics as well, and that we will be able to pinpoint areas of common ground, identify matters that need further discussion and discover a collaborative path forward, all to the consumer's benefit.

Thank you again for coming to our workshop today. I look forward to a day of informational sharing, new -- new ideas, strategies and best practices that will enhance recall effectiveness. Thank you for your commitment to Consumer Product Safety. And I will say to all of you that our mission of safety is greatly enhanced by having you here and by having you participate. So thank you all very much.

(Applause)

MR. KAYE: Good morning, everyone. I want to echo Chairman Buerkle's welcome to all of you. We are very excited to have you all here today, and very much
looking forward to -- I should probably identify myself. I am Rob Kaye, the compliance director, the new compliance director. My -- my four-month anniversary here at the agency is tomorrow, so I am -- I am quickly acclimating thanks to the great work of the compliance staff and everyone else here at the Commission.

As I said, we're very much looking forward to working with you today to explore your ideas and help us better understand how we can work together to achieve greater recall effectiveness. We are really looking forward to hearing from you, and the program today has been set up in such a way to facilitate, hopefully bring out your experiences, your ideas and some -- hopefully some great new ideas as to how we can move forward in this area.

We already have participation, which is excellent, about folks' expectations for today, and I think they fall into some categories that will benefit us and you all if we can -- if we can move forward to addressing them and expanding our knowledge and expanding how we can use the many new technological
avenues that are available potentially to help us enhance recall effectiveness, how we can work together to provide consistent results while at the same time I think addressing the chairman's points about trying to make sure we have heightened attention to the greatest risk. And I think it's fair to say that we very much hope to have some further action and follow-up on many of the ideas that -- that we hear about today.

We'll start the program this morning laying the foundation for our discussions later with some overviews from our staff, but as I said, we really are here today to hear from you and so to make sure that we're on track and we maximize that time. They're not going to take questions after their presentations. You are, of course, welcome to submit any questions as follow-up after the workshop or to e-mail them directly, but we want to make sure we stay on schedule and maximize our time to hear -- to hear from you.

There will be facilitators in the open discussions. They are there to help prompt discussion about recall effectiveness. They're also there to make sure we stay on track. There are so many topics that
-- that relate to the recall process, but we really
want to try and hone in deeply on recall effectiveness
today and that will be part of their job as we go
through the day.

   Just a couple of quick housekeeping matters for
those of you that aren't familiar with our building.
The restrooms are in the hallway right across from the
guard's desk where you came in, and in the unlikely
event it's necessary, there are fire exits on either
side of that hallway, and the -- obviously, this is the
main exit here. There's also another exit to the rear
of the room in the unlikely event that becomes
necessary.

   I've already had a chance to meet some of you
this morning and as the new person here, I really --
please don't hesitate to come up and introduce
yourself. This is a great opportunity for me to meet
so many folks that I know care deeply about our mission
and as the chairman said, about promoting safe products
in the marketplace, and I really do look forward to
working with -- with all of you.

   And so with that, we will get started, and I
will turn it over to Blake Rose, who's going to talk a little bit about the recall process. Thank you.

(Applause)

PRESENTATION: REVIEW OF RECALL PROCESS AND STANDARD NOTIFICATIONS

MR. ROSE: Thank you, Rob. Good morning. Great to see you all, and I appreciate you coming to participate in the workshop today. My name is Blake Rose. I'm the division director of the Defects Investigation Division within the Office of Compliance and Field Operations.

Since we'll be talking about today -- excuse me -- about recall effectiveness, we thought it might be helpful to start with a short overview of the recall process and our standard notifications. We're not going to spend much time on this, probably even less than what was allocated to me, since many of you are familiar with this topic. But hopefully it will serve as a refresher and foundation for our discussions later on about recall effectiveness.

So let's talk a little bit about voluntary recall requirements. With very few exceptions, our recalls
are voluntary, that is, a negotiation between CPSC staff and the recalling firm. So what are the -- the basic requirements for a voluntary recall and as spelled out in the C.F.R.? The corrective action plans, or CAPs, as we call them, should include a statement of the nature of the hazard; statement of the means to be employed to notify the public; a description of the product; product use instructions pending correction and explanation of the cause of the hazard; a statement of corrective action to be taken to eliminate the hazard; statement of steps to be taken to prevent reoccurrence of the hazard; statement of actions to be undertaken to correct products in the distribution chain; a signature of a firm representative; the firm's acknowledgment that the Commission may monitor the corrective action and the firm will provide necessary information, including customer lists; and an agreement that the Commission may publicize the terms of the plan to the extent necessary to inform the public of the nature and extent of hazard and the actions being undertaken. So those are just the basic tenets of a voluntary recall.
There is another type of recall, a mandatory recall. These are extremely rare. It's been many years since this mandatory recall has taken place, but just thought we'd mention it in passing. It's different than a voluntary recall negotiated with the staff. It is an order from the Commission under certain circumstances, and those circumstances usually surround a determination by the Commission itself after the opportunity of having a hearing that a product presents a substantial product hazard and that the public should be notified to -- of that particular hazard. Or the other instance that happens is if the Commission determines that there is an eminently hazardous product that needs to be recalled. So again, these are extremely rare, so I'm not going to go into the specifics of the requirements of that, but we'll just say that much more detail -- it's much more detailed in terms of the required public notifications and remedies.

So how does the recall process work? It begins with a submission of a corrective action plan, one we call a CAP, which is a detailed written proposal that
spells out the steps the recalling firm will take to notify the public of the problem and hazard and how the defective products will be captured and corrected.

So what are the typical elements we ask for in a CAP? And this applies to whether your recall is a fast track recall that you've asked for in coming to us or it was something that the staff investigates, determines that there is a defect and a substantial product hazard and asks for a recall.

So the type of things we're going to typically ask for in our corrective action plans are a stop sale, direct notice to distributors and retailers and known consumers, and of course, there should be a remedy. And the statute provides for three different options, either a refund, replacement or repair -- and I'll talk a little bit more about those in more detail in a few minutes -- and requires a public notice, either a press release or recall alert, some information on the recalling firm's website, and the use of social media.

In terms of future production of those defective products, we're going to ask that those products either be modified or discontinued. And finally, for any
recalled products that are either repaired or replaced, those recall products should be destroyed so they don't
get out into hands of consumers any further.

We talk about coordination with retailers on recall. Just a couple of points that I wanted to bring up. We want to make sure that there's early
notification to those retailers so the process can start immediately. We'll ask that the retailers lock out the sales at the register and online so those items cannot be purchased by consumers. We will ask that the inventory of those particular recalled products are isolated so they will not be sold as well. And we would ask the retailers to post notices on their website of a recall, and in certain instances, we'll ask for a display of recall posters within the stores or other in-store notifications. And we would ask the assistance of the retailers in identifying consumer purchases through any in-house credit card sales, extended warranty sales and the like.

So the refund, that is the fastest and easiest for consumers in general. It should be full -- the full purchase price of the product. One of the things
we want to do is to encourage consumers to participate in the recall and the best way to do that when it comes to a refund is offer them the full purchase price. And that recall product needs to be returned to the retailer or shipped back to the recalling firm at no cost to consumers. We want to avoid any cost to consumers, because that's also a disincentive to participating. So when that product needs to be returned, we ask that it be done at no cost to consumers.

Another remedy option is replacement. And this replacement should be of a comparable product. We want something that is -- has the equivalent features of the product. We don't want something out there that is going to cause the consumer not to want to take that replacement because it's not comparable to what they originally had. With any replacement, the staff will need to assess the sample and review any test reports on the product and check for any instance involving that replacement product, because really, the last thing we want not to happen is make sure that doesn't happen, is that the replacement product gets out there
and there's similar products with that or other safety concerns with that, so we want to make sure that that doesn't happen.

And as with the refund, the recall product needs to be returned to the retailer or shipped back to the recalling firm at no cost to the consumer. The final option would be the repair option as far as the remedy, and those repair programs always need staff review. The repair can be done by consumers, a technician at home, or a local service facility, or by prepaid returned to the recalling firm, again, something done at no cost to the consumer. If it's done by the consumer, it must be easy with clear instructions. We're going to have our staff review that to make sure that it is something that the average consumer can do, and if special tools are required, the recalling firm should supply those as part of the recall.

Talk a little bit about the notices, standard notices that we like to see in recalls. These notices are reviewed and approved by the staff. The most effective is the direct notice. This is where you're going to send an e-mail, letter or reach out by phone
directly to known purchasers of the recalled product. So how do you find out those consumers that you can reach directly? Well, some of the ways would be online or phone purchases of the product, product warranty registration, replacement part accessory purchases by consumers, service request for that recalled product by consumers, extended warranty customers and loyalty programs, but we -- we have found time and time again that that direct notice is the most effective in getting their products back.

A recalling firm should have notice of the recall on its website, and that should be clear and concise information that's easily located on the home page or a link from the home page. We don't want the consumer to have to go searching down the bottom of a page. We're looking for the recall notice. They should be able to go to your site and find that easily.

Online registration for the recall is a benefit that can be had on the website rather than having a lot of customer services reps on the phone all the time to try to help the consumers by allowing them to register on your website, then consumers can do that pretty much
any time they're available and don't have to worry
about backups in phone cues and that sort of thing.

And on the website, we want to make sure that
there is sufficient bandwidth to have -- handle the
traffic of a recall. When a recall is first announced,
especially a large one, there's going to be a lot of
traffic on that website, and we don't want the website
to crash, obviously, or be so slow that the consumers
don't participate in the recall because of that
particular problem.

In certain instances, retail posters can be
beneficial. There is discussions in some corners about
the effectiveness of some of those, but I find that
under certain circumstances and certain instances, they
can be beneficial, but I think the topic of retail
posters might be something worth discussing in our
sessions today.

Some other forms of notice that can be
beneficial are paid advertisements. If your product is
kind of a specialty product that has a niche market
where consumers that particularly purchased that
product subscribe to certain publications, then
advertising in those publications is a great way to reach out to them. Also, national publications is another way to reach out to consumers on a very broad basis, and we have seen that in certain circumstances that warrant that kind of exposure.

So let's talk briefly about joint public notices, which are notices involving our Office of Communications. Patty Davis will be up here shortly to discuss in more detail of that, so I'm not going to steal too much of her thunder. But I'll just mention in terms of a corrective action plan that those joint public notices either consist of a press release or a recall alert, the press release being a joint notice with wide distribution in a standard format, and the recall alert, which is similar in writing to a press release but with limited distribution, and to qualify for that, the firm must be able to identify all the purchasers and must submit a list of those purchasers to us.

Social media, something we're finding increasingly is an effective way to get to consumers. Some examples of social media that firms might consider
using are Facebook, Twitter, YouTube, Instagram, Snapchat, Pinterest and blogs. Firms -- we expect the firms to announce the recalls on social media platforms that they use. Our Office of Communications may use Twitter, Facebook and blogs in conjunction with a press release announcement.

Now, some other optional actions that may increase participation in terms of incentives to consumers. This is something beyond the regular remedy of repair, replace or refund, and we found these to be something that increased participation in recalls, such things as gift cards, store credit, or free or reduced price accessories. I think this is another area of discussion that might be beneficial in your meetings this afternoon and this morning about how these type of incentives, if you engage with them, have worked for you.

So that is basically a quick overview of the recall process in standard notifications. So now I'm going to turn the podium over to Patty Davis, who is the acting director of our office communications. Thank you.
PRESENTATION: INTRO TO OCM AND GOALS

FOR CPSC PRESS RELEASES

MS. DAVIS: Good morning. I am Patty Davis, the acting director of CPSC's Office of Communications. Let's talk about the goals for CPSC's recall press releases. What helps a recall to be more effective? Our audience is consumers and also journalists who are reaching out to consumers. Our goal here is simple and easy-to-understand communications. In recall press releases, that is a best practice, and that's what I want you take away from what I am saying today, is simple communications are the best practice in terms of getting consumers to act.

Now, what also helps, direct contact by the firm with the purchaser, a phone, an e-mail, a letter from the firm to the consumer. As you know from being consumers, if you get a direct contact by a firm, that often spurs your own actions, so you can imagine that's also helping other consumers as well.

Now, in addition, my job is to get media stories. Social media mentions, those also help spur
action about a recall. A story about a recalled product on NBC's "Today Show," for instance, has generated overwhelming consumer response to the firm's recall hotline and to CPSC. This is what we want to happen. We want consumers to act, to call, to take an action. Our goal is to get this recall communication out to consumers on multiple communication channels multiple times so that consumers can hear about it and they can do something about it.

Now, we work with companies to write, post and distribute more than 300 recall press releases each and every year, and there are two types, as Blake was saying, two types of press releases in terms of -- from a communications perspective. A recall press release, the firm does not have contact for most of these purchasers so they do a recall press release. Now, media assistance at this point is very important, because we need the media's help in reaching out to those consumers who are not going to be directly contacted by the company because the company does not know how to reach them. They've paid cash, some other method that the company doesn't have direct contact.
In terms of recall alerts, companies do those if a firm can contact all purchasers, and with direct notification, media assistance is not as important. There may be two types of recall press releases, but we all have one goal, and that is to communicate in a way that spurs consumer action.

But how do we do that? Office of Communication guidelines are plain language in recall press releases. Be clear with consumers so consumers can get what -- what it is that you're trying to say. Avoid legal language or jargon. Put the hazard in terms that the average person can understand, and use short and concise sentences.

This is typical journalist practice, and we apply that to your press releases here when we are working to communicate with journalists and also with consumers.

And here is my own bottom line being a former journalist, is if I don't understand it, a consumer and the media will not understand it. So when I'm putting a recall press release together with a company, that is my goal. I need to understand what it is. So
oftentimes companies will hear back from us, well, we don't really understand what that means. And that's really why we're asking that question, so that we can put it in real people's terms.

Now, here is an example of a headline that is too long, too wordy. It has way too much information. This is a recall press release that I made up.
"Johnson Company, Incorporated recalls R364415 and L441622 model, red/green and blue/orange beaded children's bracelets due to potential for the risk of choking."

Consumers and the media will see this headline and simply stop reading. Simplifying this is best practice. This is our goal with each and every press release. Now, here is an example of how -- I've simplified this headline. "Johnson Company recalls children's bracelets due to choking hazard." Consumers can -- can get that right off the bat. And this type of headline is easy to understand. It's straight and to the point. The details then can be found later on in the press release. This headline will encourage somebody to continue reading what a company is trying
to communicate.

Now, continue on a theme of simplicity as the best way to reach consumers. A recall of a component part is not best practice for communicating with consumers. An example of this is recalling a widget, for instance, inside a furnace. Stand for a minute in the shoes of a consumer who has no idea if he or she has that widget inside their furnace. What they do know, however, is that they have a certain name brand and model of furnace. So when we work with companies on recall press releases, this is often an issue. The Office of Communication advocates recalling the furnace and then telling consumers in the recall communication that the hazard involves the widget and the widget will be replaced or repaired. This is similar to the FDA, for instance, recalling an entire loaf of bread not just the flour, which may actually be the problem.

Now, for our recall press releases, the Office of Communication uses AP, or Associated Press, style. This is used in newsrooms across the country, and the purpose is to perform uniformity for ease of reading and a common understanding. We also use the inverted
pyramid style, so that is where you start broad at the
top. It's simple. This is come -- writing also common
in newsrooms across the country. Start broad and
simple at the top to grab the reader with your simple
headline, then get more detailed as you go down towards
the bottom. You literally have seconds to hook a
reader and to grab their attention, and if you don't
communicate simply at the top, you lose them. They
will not pay attention.

Now, here's what recall releases should answer,
and these are the basic questions. Who is the
recalling company? What's the product? What is the
hazard? What is the remedy for consumers? And who
should consumers contact? Make it easy for them. When
it comes to the remedy, the recall release spells out
whether consumers get a refund, repair or replacement.
So we advocate giving consumers an easy way just to
reach that firm, an easy way to get their remedy.

Now, as Blake mentioned, CPSC in recent years
has gotten into social media. Most recall releases are
posted by CPSC on our own social media sites. For
recalls, this includes Facebook, Instagram and Twitter,
along with a link to the recall release -- that's a Bit.ly link -- and photos of the product. Social media allows consumers to engage directly with the recall information to click on the link to find out more.

Now, we have more than 38,000 Twitter followers on our Twitter account and we recently launched on Facebook and Instagram and are in the process of building our followers and our audience there, so we would encourage you to follow us on our social media channels.

CPSC uses social media to communicate product recalls, as I have explained. We also use it to share safety messaging and to answer consumer questions.

Now, here's what's on our social media communication that we put out about a recall. Each and every one of them have hashtag recall, then the company is tagged with their Twitter or Facebook account if they have one.

We always put the name of the product, the hazard, the remedy, the company contact information on Facebook and Instagram. That's not possible on Twitter because we're only dealing with 142 characters, but we
have more space on Facebook and Instagram, and then we
include a link to the recall page at CPSC.gov.

Let me show you some examples of recent recall
posts on CPSC's Twitter. And our Twitter handle is
@USCPSC#recall@kickerlandteapots with bamboo stands.
Votive stand can catch fire. Get your refund. And
then there's a Bit.ly link with a link directly to the
recall on our website and a photo. Very easy to access
by consumers. The other one, #recalldefectiveWiring in
Cabela's food dehydrators compose a fire hazard. Get
your refund or free replacement, another Bit.ly link
and another photo.

And I also want to share with you some recall
communications from companies. Here's some examples of
various companies posting on their Facebook pages about
recalls involving their products. You see an IKEA and
a Cabela as well. CPSC encourages companies to use all
means of communication possible to contact consumers
about a recalled product, and social media is no
exception.

Many companies have several different Facebook
or Twitter accounts, different social media accounts,
and we urge companies to use their most popular accounts because those are the ones that can reach the most consumers. In addition, CPSC uses these tools to amplify our recall messages. We send recall releases to CPSC's recall list serves that have thousands of consumers, media and -- and others. The Office of Communication actively pitches larger or more prominent recalls to media. We'll do interviews. We can provide opportunities for the media to shoot the recall product, all in an effort to get them to do the story to help amplify that message. And as I've already addressed, we use social media to amplify our recalls, so we also have a YouTube channel that we can utilize for messaging.

Thank you for your attention. We will now take a 15-minute break, so if you could please be back at 9 -- or I'm sorry, at 10:10 here in -- in the hearing room. Thank you.

(Applause)

(A brief recess was taken.)
PRESENTATION: RECALL DATA

MS. CAVE: Okay. Good morning, everyone. My name is Carol Cave. I'm the deputy director in the Office of Compliance and Field Operations. Welcome back. I am here to present to you today on some actual CPSC defect recall data and hopefully provide some informative information to you that may or may not have ever been presented that I recall. I've been at the Commission a long time and I thought you would find it a little bit helpful before we dive into the rest of the session.

This afternoon, we're going to have a lot of interactive sessions, but after my presentation, we're actually going to roll directly into an interactive session as well. So you will not be sitting in your seats very long, but we hope that this kind of atmosphere and environment will induce, you know, communication and conversation about ways to do things better.

So to prepare for this event, the CPSC staff in the Office of Compliance, mainly we have three data analysts -- Brandi, Nina and Lili, who are actually
hiding in the corner over there, did some -- conducted some analyses on closed cases with a corrective action plan between fiscal year 2013 and fiscal year 2016. The -- and I say closed cases. It represented a number of about 865 total cases that were actually analyzed.

This data set, as I said, does not include the regulatory recalls. It is strictly on the defect side of the house. The analysts compared the number of reported corrections made to the number of products distributed at the manufacturer, distributor, retailer and consumer levels. So there have been, over the past several years, many changes at the agency with respect to recalled data collection. One is on the defect side of the house. There has actually been automation of case files. So data has been actually a little bit more accessible to staff to be able to perform this kind of analysis.

In addition to that, we have been collecting information from monthly progress reports, which is -- a monthly progress report is what a firm fills out after a recall is done to report to the Commission as part of their CAP what the effectiveness rates are.
And when I say automation, the Commission recently asked for the staff to automate this process and soon, fiscal year -- next fiscal year, we will actually be having the opportunity for firms to be able to file their monthly progress reports in an electronic environment, which really helps improve the data quality of the information coming in. It doesn't get translated in an incorrect format and it allows the firm to really take ownership of what they report to the Commission.

The overall correction rate -- and we've been asked this many, many times and staff have said, you know, well what is the overall correction rate? And so the CPSC staff are concerned about the entire distribution, so the number of products with the manufacturer, the number of products with the retailer, and then also the number of products with the consumer. And so we looked at the overall correction rate at the levels of all levels in the distribution channel for these four years and it came to a rate of about 65 percent. It is important to note, and I want to just highlight this, and we've said this many times, but
that on average, only 40 per 6 -- 46 percent of the cases that are reported to the CPSC actually lead to a recall or a recall alert, and that's specifically from this data set.

Many cases are reported to the Commission that might not be within CPSC's jurisdiction or there's no hazard or the hazard -- for example, we had a report that talked about exposure to antiseptic, or there's actually a defect that exists. The risk of injury actually does not rise to a level of a substantial product hazard and the company's agreed to take some form of a corrective action so it doesn't necessarily involve a public notice.

So as I was saying, the analysts actually looked at the correct -- correction rates at all the levels, and this is because -- we looked at closed cases mainly because cases in monitoring status, the data actually changes. So as firms actually report to the Commission on the status of their recall, the data fluctuates, and so we wouldn't have a solid base, which is why we actually looked at closed cases.

The analysts performed the correction rates at
all these levels. Distribution, they looked at price, they looked at product category, and they looked at correction type as well as recall type. So recall type meaning a press release or a recall alert, or in terms of correction type, whether it was a refund, a repair or a replacement of a product.

So this slide shows actually why we are all here today. Correction rate is defined by the total number of products manufactured and the amount of product returned or corrected at each level of the distribution chain. You can see that on average the manufacturer, distributor and retailers will have much higher rates, although they're not at 100 percent. And you might find that this is odd. This is really due in part to firms maybe not updating their original notification of inventory when they reported it, and it may not accurately reflect corrections that -- there might actually be extenuating circumstances for, unfortunately, things, goods get stolen. That has happened many times, or goods are just unaccounted for, perhaps at the retailer level.

As you can also see from this slide, the average
correction rates at the consumer level for all product
types is around 6 percent. This number only reflects
the consumers that we know took part in a corrective
action, but in cases where the recall was to repair, we
know how many consumers requested the repair, but we
don't actually know how many of them installed the
repair kit. We also don't know how many consumers
heard the message about the risk and accepted the risk
but did not act on the recall to eliminate the hazard.
So the consumer actually modified their behavior and
was willing to accept the product risk at hand.

You'll also note from this slide that the
consumer rate was slightly increasing from 2015 to
2016. We're not sure if this is because of social
media issues, as Blake and Patty talked about, or if
this is because companies are actually offering
multiple remedies, so the remedy to do a refund or a
repair and giving a consumer the option.

So this slide specifically talks about the
consumer correction rates by retail price for consumer
and nonconsumer, and the reason we wanted to -- we --
nonconsumer actually represents manufacturer,
distributor, retailer all in one level. So if a recall had a price range that was listed, the analysts actually used the highest price calculation for this analysis. The consumer correction rates increased steadily as the product retail price increased. You can see from 4 percent for products with a retail price between zero and $19 to about 32 percent for products with a retail price of $10,000 or more.

Exceptions to this trend, you'll see is there a retail price between 1,000 and 4,999 dollars. And cases in this category have a consumer correction rate of 15 percent. The reason for this is in FY '13, a recall in this category had a large number of products recalled. It was about 1.6 million products at the consumer level. And the correction rate was low. If you remove this case from this analysis without the consumer correction rate, this category would actually go up to about 33 percent.

Staff admits that it is extremely difficult to determine the correction if the consumer just disposes of a product, and therefore, removes the risks. And so how do they adapt their behavior and are they really
willing to deal with that? So capturing that
information is incredibly hard.

This slide represents the corrective rates for
product category for consumer, again, and nonconsumer
categories. The interest here was to examine whether
messaging to consumers in a particular category would
be more beneficial than another. You'll notice the --
under the personal care section, which is, I believe,
the fourth one down, has the greatest consumer
correction rate for all product categories at about 30
percent. This category includes such items as hair
dryers, curling irons, air misters, personal fans, and
panic devices.

There are two cases in this category during this
data analysis, both personal and -- they're personal
emergency reporting transmitters, which have really,
really high correction rates. Each case had roughly
200,000 products at the consumer level and no products
at the nonconsumer level. Because the firms had direct
contact information for the consumer and because the
seriousness of the risks that the product would not
work -- it's meant to alert when you're in distress --
consumers actually acted in this particular recall.

So this slide looks at the type of correction offered to consumers. 98 percent of the cases used a corrective action of a refund repair or replace individually or in a combination of. I find this slide incredibly interesting in that it appears the consumers respond to choice, meaning that when multiple solutions are offered by a firm, consumers choose. I also find repair interesting, which could indicate the consumers actually want to keep the product that they originally purchased. Again, this would not reflect that the consumer actually carried out the repair. Further analysis will need to be conducted on this data to see if we have any additional outliers, but I find it incredibly interesting.

This slide represents, as Blake and Patty both emphasized this morning, and should be no surprise, recall type is very, very effective. In 2002 -- many of you in this room remember this -- CPSC had awarded a contract for a literature review and summary on consumer motivation and behavior. The review determined that the success of a recall is dependent on the number
of factors, but the consumer's action is incredibly critical to the success.

The Commission at the same time also invited 18 experts in the field of social marketing and public relations to come prepared to discuss several questions, including, how can we motivate consumers to act, which ideas from these programs could increase consumers' response to product safety recalls. This meeting actually confirmed much of what was learned in the literature research, and the general consensus was that the CPSC should consider targeting recall messages to specific audiences, i.e. consumers, because mass media alerts are less effective than targeted messages.

Based on the data that was analyzed, this has led to be true, as recall alerts are directly targeted to consumers who own the product and can take action. So again, I just emphasize, as more and more companies are automating and becoming more capable of reaching out to consumers, either because they have online sales, loyalty programs, things of that nature, companies should be able to reach their customers directly and alert them to a recall.
A recall alert, the way the staff reviews a recall alert, it requires the recalling company to demonstrate that they're able to contact all or virtually all of the consumers through a direct notification. That direct notification can be e-mail, it can be mail, it can be telephone. We actually don't break it down or specify, but it can be any of the following. Recall alerts have a greater consumer correction rate at about 50 percent and way better than press releases that have a consumer correction rate of 6 percent.

So what are some additional findings that we have found based on this data analysis? In fiscal year 2016, we achieved high correction rates for all distribution levels except at the manufacturing level. However, manufacturing rates are still really around 90 percent for fiscal year '16. We also notice that correction rates for products designated with the higher risk, where staff made a preliminary determination finding, have lower correction rates at all levels with those -- compared to those with low or no hazard, meaning a fast track case.
As many know, CPSC compliance officers evaluate recalls based on many factors, specifically incident rates, and unfortunately, in three of the cases in this data set, we had deaths that actually occurred after the announcement of the recall. That is exactly what we are trying to avoid. Staff considered rates of return through the supply chain. They consider the useful life of the product and population at risk. Sometimes injury and death data may not be known to the company, unfortunately, until after the announcement of the recall, even though the death occurred prior to the recall.

Another area that we looked at is that price points appear to be a driver in motivating the consumer. As noted on one of the previous slides, perhaps what also makes -- motivates consumers is the frequency of use, but we actually haven't been able to conduct an analysis on that, so products more in use, like personal care products, things of that nature, may be a reason for why there's a greater return rate.

In many cases, 199 cases, staff, as you heard, have been working the social media issue, and further
analysis will be conducted on the social media that led to an increase in consumer response. We currently don't actually break down the type of social media that was used in specific cases, so that analysis is yet to be perfected. And unless, unfortunately, we are able to interview the consumer, we might not ever be able to define this information. As CPSC becomes more and more automated as well with our own internal systems, we believe that it will be much easier to evaluate patterns and trends across all the supply chain.

So lastly, I want to conclude with, you know, CPSC recognizes the challenges associated with consumer correction rates. We get it. We are hyper focused on it and we want you folks to be hyper focused on it. CPSC does want to collaborate with all the stakeholders to find ways to provide direct notification to consumers in any way that we can, and we are looking forward to doing that with you.

So here's the interactive part. We are going to break you into groups, not right now, so sit tight. Please look at your badge that you have been issued. If you have a red dot on your -- the front of your
badge, you will be going into the back corner with
Shelby Mathis, our small business ombudsman. If you
have a blue dot, you will be meeting in the back right
corner with Blake Rose, and if you have a green dot,
you will be meeting in the right front corner with
Tanya Topka, the director of our Fast Track recall
program.

(Session continued under separate cover.)

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UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION

RECALL EFFECTIVENESS WORKSHOP:
OPEN DISCUSSION: WHAT IS AN EFFECTIVE RECALL?

Hearing Room 420
4330 East West Highway
Bethesda, Maryland  20814

Tuesday, July 25, 2017
10:50 a.m.
APPEARANCES:

ANN MARIE BUERKLE, Acting Chairman
CAROL CAVE, Deputy Director, Office of
    Compliance and Field Operations
PATTY DAVIS, Acting Director, Office of
    Communications
ROB KAYE, Director, Office of Compliance and
    Field Operations
SHELBY MATHIS, Small Business Ombudsman
BLAKE ROSE, Director, Office of Compliance and
    Field Operations
TANYA TOPKA, Office of Compliance and Field
    Operations

AUDIENCE MEMBERS:

MARK AUSTRIAN, Kelley Drye & Warren
NANCY COWLES, Kids in Danger
QUIN DODD, Law Offices of Quin D. Dodd, LLC
KATHLEEN McGUIGAN, Retail Industry Leaders
    Association
KITTY PILARZ, Mattel, Inc.
CHARLES SAMUELS, Mintz Levin
WALT SANDERS, Van Fleet Associates, Inc.
WILLIAM WALLACE, Consumers Union
RACHEL WEINTRAUB, Consumer Federation of
    America
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OPEN DISCUSSION: WHAT IS AN EFFECTIVE RECALL?

MS. CAVE: But before we do that, we have folks around the room. We have microphones. And we're going to get things going a little bit here before we break into groups. So we often get asked this question all the time, and we thought we would ask you all this question before we get started. So what is it -- and if you raise your hand, they will bring mics to you. So what is it that you would consider to be an effective recall with the CPSC?

You know that staff today evaluate, you know, incident data; they monitor hotline complaints, or compliments. That happens as well. We evaluate recall effectiveness checks that field investigators' conduct after a recall. We evaluate notices that are sent to all members of the distribution chain and supply chain.

And so we are just curious, you know, what your thoughts are in terms of what actually is an effective recall. Oh, and we would like you to say your name before you -- we have someone back here. Who's got mics?
MR. SAMUELS: Thanks a lot. I'm Chuck Samuels.

Thank you for that excellent presentation. Before I answer your question directly, I just want to point out that you provided a very powerful number, which is that 46 percent of reports do not result in a recall, and I think for those of us that preach the gospel about when in doubt, report, this is a very, very important number. I'm glad that you -- that you brought it up.

I just want to say that one of the problems I have with your presentation that goes right to the heart of what is an effective recall is that your -- the Commission continues to fall into the same error of using the wrong metric for measuring recall effectiveness. This was pointed out in the studies in the seventies, the eighties, the nineties and the early two thousands, and nothing has changed.

You look at the number of products distributed and the number of products that can be proven to have been remediated. That's ascertainable. It's specific and it's wrong. The reality is, you should be looking at the number of products that are being used and then comparing that to the amount of hazards that have been
remediated. That would require you to take into account product life, consumers disposing of products after they've heard of the recall, consumers changing their behavior, consumer self-repair, consumers understanding and accepting the risk, and you don't do any of those things.

And although none of those will be exact sciences, if you took those into account for the various product categories, it would lead you to a better understanding of what actually is happening in the real world, the consequence of which would not only be that we wouldn't be constantly thinking that we're dealing with regulatory failure, which we're not, but that you'd be able to prioritize and focus on real hazards and real product recalls where you're not having an effective recall.

So I hope that finally here in 2017, as a result of this workshop, we can start developing alternative metrics that will give us a much better idea of what's happening in the real world.

MS. CAVE: Anybody else? This is not a shy group. I know all of you.
MS. WHITE: Barb White from Target. We measure an effective recall if we have no additional incidents after the product has been removed from sale, a recall announced. We think then we've met our goal of protecting the consumer.

MS. CAVE: Great.

MR. AUSTRIAN: Mark Austrian. A different metric. I view an effective recall getting it done quickly, as soon as we have enough notice that we get it done, both within the company and within the agency.

MS. COWLES: Nancy Cowles. Two things, one on the data. Since it's only closed cases if a company is having a very poor response rate, that case probably stays open.

MS. CAVE: Correct. Safety monitoring.

MS. COWLES: So that your -- your numbers are skewed towards your most successful recalls.

MS. CAVE: Well, not necessarily, because any given year or timeframe that you use, it closed. If I do this in two years, those cases are going to be closed.

MS. COWLES: Right, but --
MS. CAVE: We would evaluate that.

MS. COWLES: Yeah, but looking now, the ones likely to still be open from that period that wouldn't have been included might be ones that you're having problems with.

MS. CAVE: Correct.

MS. COWLES: Right. And I think, just again, to go back to the no additional incidents, I think obviously, that's key that there not be additional incidents, but given that some recalls have no incidents to start, are you saying that you were successful before you even started? So I think it can't be the only metric that we can look at because it doesn't -- you know, a death can happen, as we well know, a kid, five, 10 years after the product is recalled. So you might be calling it successful for a year, and then have five deaths. You just don't know.

MS. WEINTRAUB: I'm Rachel Weintraub with Consumer Federation of America. I'd like to add another measure, and that is the company's nimbleness to respond to consumer demand after the recall in the initial time that the recall was announced.
MS. CAVE: The response rate by the firm.

MS. WEINTRAUB: Fulfillment response.

MS. CAVE: Fulfillment.

MS. WEINTRAUB: Yes.


MS. PILARZ: I'm Kitty Pilarz from Mattel. So one of the disciplines that we have in a recall process is challenging ourselves, what would we do with our own processes to make sure that doesn't happen again, whether it's internal testing protocol or something in our process to eliminate that cause for a recall.

MS. CAVE: Okay. Anyone else?

MR. WALLACE: Will Wallace, Consumers Union. I'm putting my computer down. I would say a sufficient remedy to help make sure it's -- that it's an appealing recall for consumers that they -- for them to take action.

MS. CAVE: Okay, and so the next slide is very similar, but what does a effective recall look like? I think some of you have actually answered this question, but it's a little bit different. So what does an effective recall look like and what do you as consumers
expect an effective recall to look like? I mean, the intent of a recall is to make the consumer whole, correct? So what is it that you all believe?

MR. DODD: Quin Dodd. I would suggest that a key factor is that an effective recall looks like -- to answer the question, I think an effective recall is one that's tailored specifically to the hazard at issue. That's one thing that we've kind of touched on but haven't directly addressed yet, and I hope we did today, that is that in my opinion, the agency needs to long term overtly differentiate between A, B and C level hazards and have completely overtly different expectations for each level. So I think an effective recall would be one that's matched to the hazard at issue.

MR. SANDERS: Walt Sanders. I've been here before and I'll make my comment. After I left the Commission, I did a very effective recall that I thought accomplished a goal. And the only reason I was able to get this product -- this company to recall this product, which happened to be a high-end bike frame that cost $8,000 a frame, is I said to the company,
you've got a cracked frame. You need to get it fixed and I'll work with you to do a corrective action plan. And they said, well, we don't want to hurt our brand and we don't want to have a press release that tells the world that we have a defective bike.

So what happened -- what I worked out was we did direct notification of everybody that had purchased a bike. It was 425 consumers. The company had a list of everybody that purchased the bike. The remedy was return the bike to the manufacturer, get the frame fixed and then it will be returned to you. In exchange for that, CPSC agreed not to do a big press release, not to do a public notification, and it solved the problem.

So I think the -- that was a very effective recall without damaging the brand of the company. So I think what has to be done is to be flexible enough to offer the company alternative remedies and alternative solutions to want to get -- to want to accomplish the goal.

My question is whether I could make the same deal with CPSC that I made in 2004.
MS. CAVE: And you contact all or nearly all --

MR. SANDERS: Yes.

MS. CAVE: That's a recall alert.

MR. SANDERS: Yes. Absolutely. But if that -- if you accomplish that, you do the job. There's no need to advertise to the world that X company with a particular bike frame had a defective frame. It hurts their brand. So anyway.

MS. McGuigan: Hi. Kathleen McGuigan with the Retail Industry Leaders Association. What I would say is I think the effective recall, I echo the comment about one that's done quickly, that removes unsafe or potentially defective products quickly from the marketplace. But the other piece that I think is critical to an effective recall is one that allows flexibility for the recalling party to communicate to their customers and to consumers in the way that they most frequently communicate with them.

So whether or not certainly manufacturers have a different way of communicating than retailers do, some retailers operate purely brick and mortar; some do much more online. So there are different ways that can
provide direct and effective communication to consumers, and I think the CPSC allowing flexibility in that rather than dictating certain choices.

MS. CAVE: Okay. Others? Okay, so we are actually now going to break you up into groups. Again, if you are a red dot, you are with Shelby. If you are a blue dot, you're in the back corner, and if you are a green dot, you are with Tanya up here in the front.

(Adjournment to breakout sessions.)

MS. CAVE: Okay, so we're going to wrap up. We -- I participated in one of the sessions and it was a lot of discussion, which is exactly what we want. So that is kind of what this stage is going to be for the rest of the day, a whole lot of interactive, positive, negative feedback. We'll take it all. We want to hear everybody's opinion. So we're going to go ahead, each of the groups that took -- took on -- or took -- one of the leads that took on each of the groups is going to actually do a quick brief-out on what each group found. I'm sure you're going to start to see some overlapping topics or themes.

So Shelby, we're going to start with you, the
red team.

MS. MATHIS: First of all, I just wanted to say thank you to everybody who was in my breakout session, the red group. You guys had some great ideas. Everybody followed the ground rules and had creative solutions. I thought it was really positive. So I just wanted to thank everybody in red first off. And I even asked the group, because I didn't want to misrepresent them when I got up here to discuss themes, so I put checkmarks, but you probably can't read my sloppy handwriting.

So our first question was, what element should the CPSC consider when determining if a recall is effective? And some of the key themes that we heard in our group in red were to look at things like e-mail open rate, which the consensus was it's a very effective way to determine whether or not your message has been effectively communicated to the consumer.

And somebody even mentioned that you can see how they're opened, whether they're opened on a phone, whether they're opened on an actual computer, the important thing here being that if they're opened on a
phone, you want to be as concise as possible because you're looking at a little screen and you want to communicate the message very clearly. So that was one thing that we heard a lot.

We also heard look at groups that do this well. You know, are there firms that are very good at recall effectiveness and how are they doing it, and maybe collaborate with them; potentially hire a contractor from our government agency to tell us how other firms have done this successfully, how are other agencies doing this successfully; and then focus on the highest hazard, so make sure that you are effectively communicating the most dangerous of hazards, and maybe set up a tier system, which I think came out when we were in a large group here.

And then finally, model development was mentioned, that maybe we as an agency should look at measuring some new metrics. And again, this was touched on whenever we were in the group session. So matching the hazard to the recall process was highlighted.

So on the second question, what can the CPSC do
to increase recall effectiveness, you see that once we got everybody talking, the ideas really started falling in the red section. So I was trying to take everything down and be a good scribe. One thing that got touched on a lot was communicating to consumers and retailers the importance of registering their product. So an education component associated with product registration was touched on many times by different types of firms, and firm -- allowing firm flexibility as long as the recall is effective. So if the firm is doing a direct to consumer way of reaching, you know, the public at large, and letting them know about a recall, giving the firm some flexibility in how they do that. Because they're using the most effective communication method, the potential for resellers and how they communicate recall effectiveness, or recalls effectively, was brought up, and press releases as a group were probably the way to reach resellers for us.

Also brought up and how can we as an agency increase recall effectiveness, collaborate? In our group, there was mention of other government agencies that have pretty high recall effectiveness rates.
Collaborate with them; find out how they do that well. And there was even some mention about maybe seeing how they do it on the West Coast in Silicon Valley, because maybe there are apps or other technologies that can help us both measure recall effectiveness and do it more effectively in a new way to consumers than we currently are.

So hopefully I did an okay job of summarizing the great ideas that came out of the red group. And I'm going to turn it over to Tanya, representing the blue group.

MS. TOPKA: Green group. I didn't color coordinate. I was -- I don't have anything green. I tried. Everything's blue or black in my closet. Sorry. So I first want to start out by saying thank you so much to my group. I had a wonderfully diverse group of people who are not afraid to talk, which was fantastic and made my job very easy.

So when it came to the first questions of what elements should the CPSC consider when determining if a recall is effective, one of the big things that you'll see is there's a consumer correction rate theme that
kind of comes through here. So big thing, consumer correction rate. When can you close the case with CPSC? Does that mean that then it's effective? Because you're being able to close it out for monitoring, but with the idea that consumers can still get that remedy when they come to you years later.

Are consumers informed of the recall? Measuring the effort of the firm and the multiple ways they tried to reach the consumer, so finding a way to see how much effort the firm is putting into that recall. Communicating the hazard and the level of risk to consumers, so making sure that it is sufficiently communicated based on the level of risk, so kind of going back to that tiered system.

The ease of taking advantage of a remedy and how easy it is for a consumer to take advantage of it so they don't have to have too much hassle as they go through taking advantage of it, reducing time cost and aggravation.

And then one of the things that came up was consumer feedback to CPSC and making that available to people, so actually asking consumers why did you take
advantage of this recall or why didn't you take advantage of this recall and getting that feedback so then we can make better recalls based off what other consumers have already decided, and then sharing that with recalling firms and other groups so they can make those decisions.

I'm short. Where's Josh at when I need him?

There we go. They need to make the short person board. Addressing -- getting and addressing negative feedback from consumers, so when CPSC does get those complaints about a recall, making sure that they get those to a firm, or even if a firm gets them, getting that and making sure that that consumer gets made whole and it's addressed quickly, especially before you lose them. And I think Nancy brought up a good point during that, that if you lose them, you lose them. So if they have a bad experience, that's it, I'm not going to take advantage of this recall.

Making sure that the firm is ready. You don't want to go out with a recall and they can't answer the phones or they can't give you the repair or what have you and then, you know, that creates frustrated
consumers who can't take advantage of a recall.

And then one of the other things that we talked about was does waiting for a recall remedy create an unsafe environment? So thinking about things like sleep environments and car seats. So if we tell people stop using this immediately, what are they going to do? Are they going to put their baby in the bed with them? Maybe we should be thinking better message there.

Considering overbroad warnings that might be misleading, so, you know, making sure that you tailor those warnings and making sure it's very specific to get people to take advantage of a recall. And then how to address -- how to address consumers that -- that -- measuring consumers where they decided not to take advantage of a recall and how do we address that? How do we measure that and know how -- how many consumers were part of that population that saw the recall message, heard it, just didn't want to take action in the recall.

And then number -- question number two is what can the CPSC do to increase recall effectiveness? You never had this problem, Carol. Reduce the time between
report and announcement, getting it out as quickly as possible, and that includes reducing the language and the bureaucracy, fighting that goes back and forth, ensuring that the hazard and the risk is effectively communicated, tiering hazards. And somebody talked about giving timeframes for different hazards like Health Canada does, if it's in a certain timeframe, this is going out within this time period based on the hazard that's there.

Speed up the PSA process, because if it's really a hazard, you should be able to get that analysis back faster. Consider use of the word "recall." So when you're just changing instructions or warning labels or inspecting, you know, and then doing something if it fails the inspection, do we really want to use the word "recall" for all of those things?

Making sure that they are ready in their CAP, so make sure before that recall gets announced they're ready to handle that recall. Eliminating the legal impediments of -- in the Fast Track program, making sure that they can go out quickly. Public information of correction rates so people know what kind of
correction rates, and I think that came from Carol's presentation of talking about overall correction rates and numbers that we don't normally send out.

There's more. Better notice documents and notification language, and doing that based off consumer feedback, and also melding the marketing and sales and the safety and legal departments to make sure you have better notice, better trust between the company and CPSC. And then we also kind of brought it down here too where it's trust and communication between retailers and the recalling firm, and then considering cost and privacy concerns when it comes to retailers doing things on behalf of recalling firms.

And then our last big message was how CPSC can get companies to do more direct notice and should it be required that they do direct notice, anybody that they can have the contact information for. There you go, Blake.

MR. ROSE: On to the blue team, clearly the best team in the room. Tanya obviously secretly wanted to be part of the blue team because of the way she dressed today.
So when going to the elements that we should consider, some of the points that were brought up were the actual use and expected life of the product. Obviously, sometimes there are recalls that are announced for products that are a number of years old. They may be near the end of their useful life even when -- when the recall is being announced, and something to make sure we take into consideration not just on that but also in the general term about how many -- how -- the age of the product and whether it would probably be on its useful life already.

Sometimes there are issues in terms of the interaction between the manufacturer and the retailer and getting the information back from the retailer to be able to keep that in mind, that sometimes if the manufacturer is not the one that's distributing directly to the end user, that that manufacturer has a middle man to have to go through and the information coming back through those middlemen may not be complete in terms of what they would hope for, and that could be a limitation.

And to the extent to which the consumers are
notified is another element, not just the ones that are getting the corrections, but as some of the other teams have mentioned, being able to know how many were actually notified as part of that equation in terms of success. You know, having a -- measuring the ability for the firm to do a quick and clear response to the recall is a factor that our team believed would be important for the CPSC to consider as part of the overall effectiveness.

And the last bulletin, this kind of moves over into what can be done to increase recall effectiveness. There was some discussions about the flexibility of announcement dates, when you have a replacement product that say is coming from China, and you need to coordinate the need for waiting for that to get in and be available to consumers versus getting the notice out to consumers about the hazard. That type of thing is something that our team felt would be good for considering increasing effectiveness.

So moving on to that second question, what can the CPSC do to increase recall effectiveness. Shorter turnaround times in the recall process. There were some
points made that some of the current processes we have in place, whether it's in the Fast Track team or not, can be shortened to make for a better and more efficient recall. Increasing transparency to consumers. There was some opinions felt that some of the messaging that we get out there, consumers don't fully understand what that means, so having greater transparency to consumers we felt would be effective effectiveness.

Giving the staff greater approval authority.

There was some thoughts that the length of time it takes sometimes to get those documents approved can affect what the bottom line is on the recall effectiveness. Revisit regulations on juvenile product registrations and researching registration cards to see how effective those registration cards have been in terms of our recall and recall effectiveness.

Consumer behavior research. That's something that I think a lot of us have talked about is, you know, we know from our own little point in the world as to what consumers we think should be reacting to, but getting out there and actually doing some independent
research, talking to consumers directly and finding out what they are responding to when it comes to a recall would be another way to increase effectiveness.

To study also effective recall campaigns and understanding exactly what worked and what didn't work with those particular campaigns would be another way to increase that effectiveness. Also now that the increased emphasis on social media, having a better understanding of what an effective social media campaign is. Many companies are just starting to do social media. Maybe don't fully understand the expectations of the CPSC and what might be effective, and then understand that a little bit better would be something to improve there.

There was some discussion about the way the message is getting out on our website in terms of the press releases and recall alerts that are on there, looking at the information so it is easier for consumers to immediately figure out if their product is involved in a recall without having to go down too -- too far into the body of the announcement to figure -- figure that out.
And also, there was some discussion about a tiered approach to the announcements based on the hazard, in other words, those with the greatest hazard would have a little bit more emphasis and those that didn't have that same hazard would not have that same emphasis.

So that's pretty much what the blue team was about.

MS. CAVE: So we will have this all available to you. I know you're like oh, my God, scrambling taking pictures, whatever. We will have this available to you after the session. So we are now at a point where we are going to take a break for lunch. Just a couple of reminders, that you will have to come back through security when you come back after lunch, so allot the appropriate amount of time to get through. And then just also a reminder that we will be accepting comments until August 11th on all of the sessions, so feel free to provide comments. We're going to give you contact information. I do believe it's also in your -- your brochure that you got to send things to Joe Williams. So we will be accepting comments until August the 11th.
So we will see you all back here at -- Stephanee -- where's Stephanee? At what time are we back?

MS. SYNNOTT: 12:40.

MS. CAVE: 12:40.

(Whereupon, at 11:38 a.m., a luncheon recess was taken.)
UNITED STATES

CONSUMER PRODUCT SAFETY COMMISSION

RECALL EFFECTIVENESS WORKSHOP
CPSC in Cooperation with Stakeholders

OPEN DISCUSSION: COMMUNICATING THE HAZARD

4330 East West Highway, 4th Floor
Bethesda, Maryland

Tuesday, July 25, 2017
12:40 p.m.

Diversified Reporting Services, Inc.
(202) 467-9200
OPEN DISCUSSION: COMMUNICATING THE HAZARDS

MS. KISH: Good afternoon. My name is Celestine Kish. I am from the Division of Human Factors at CPSC and I have been involved in recall effectiveness for a number of years, and so I am very excited to be able to participate in this afternoon session also.

My colleague is Tanya Topka, and I will let her introduce herself.

MS. TOPKA: I am Tanya Topka. I am the fast track team lead, been in compliance, God, over 15 years.

So we're going to jump straight into kind of a summary of the ground rules and what we hope to accomplish in this session. We have a lot of ground to cover. It's a big topic. So please speak up but be brief, so we can make sure everyone is heard.

Stand up if you want to speak, or raise your hand. But if we're not seeing you with your hand raised, feel free to stand up, because it's a pretty big group. So we want to make sure we get you and we
don't want you to get missed.

And then make sure to introduce yourself whenever the microphone comes over to you, and give us your input.

And remember, recalls are only effective if people hear them and take advantage of the remedy. So today, we are trying to find out the best ways to do that. So if you hear a great idea today, I also want to encourage you, don't wait for somebody to tell you to do it. Try it out. And if you hear something today that sounds like a great idea that you could take back with you, certainly do that.

And with that, I'll go ahead and turn it over to Celestine.

MS. KISH: Okay. So this morning, we heard a lot about what is recall effectiveness and how do we want it to be effective. Now we are going to narrow it down. And this afternoon's sessions are all narrowing down a little bit more.

This session is simply about communicating the hazard, communication. Because as Tanya just said, if the consumer doesn't hear the message, they're not
going to be able to do anything about it.

So as we're talking, as we're asking questions, and your responses, please just think in terms of how does the communication work.

So our first question is, what communication channels are available to convey a recall message?

So for you companies out there, consumer groups, what is it? How do you get the message out?

What channels do you use?

You can raise your hand or stand up. We have several people throughout the room with mics. So who is going to be our first response?

It's going to be a long afternoon if I don't have answers.

(Laughter.)

MS. LANE: I think this is a very easy gimme --

MS. KISH: Your name first, please?

MS. LANE: Oh, my name is Vanja Lane (phonetic).

MS. KISH: Thank you.

MS. LANE: And the CPSC website.
MS. KISH: Excellent.


MS. McGUIGAN: Kathleen McGuigan with RILA. So we just did a survey of our members on this issue as to the channels -- channels that they most often use. So emails is a top one, letters is another one. Their company website is one. Twitter, to the extent that a company has a Twitter feed that they use; Facebook, to the extent that company has a Facebook page. I think we even had one member that was using Instagram.

Again, we questioned on a whole array of different social media areas. It looks like some of the new apps, people aren't using yet. But, you know, certainly Twitter and Facebook has come up in use over the last couple years as a way to communicate messages to consumers.

MS. KISH: Great. Thank you for sharing that.

MS. TOPKA: So has anybody found that certain communication channels are better at reaching
consumers, of certain demographics? Maybe that's a
better question to ask. Based on your experience, are
there communication channels that you prefer, as a
company or a consumer group, that you've found it's a
better way to communicate with people?

They must be sleepy after lunch.

MS. KISH: I know. They ate too much at
lunchtime.

MS. TOPKA: I know.

MS. KISH: We need some incentives to get them
speaking.

(Laughter.)

MR. SCHMELTZER: Dave Schmeltzer. Back in
aught two, when the agency first got started, we always
thought pediatrician posters and pediatrician contacts.
Now, with pediatricians talking to their patients
online, I'm wondering if that's an area that should be
considered anew?

PARTICIPANT: I would just add to those that
are up there, also text messages, especially if you're
trying to reach people who always have their phone in
their hand and you have their mobile number somehow.
You know, as long as you're not using it daily for nonimportant things, I think it gets people's attention when it comes through that way.

MS. COWLES: I would just add to that, I agree, text. But considering a multichannel communication approach, just like marketers use today. You use it with retargeting ads, like on web sources and that sort of thing. Like if you happen to look at a pair of shoes on Zappos and then it magically appears on every website that you're seeing, that can augment other direct communication channels that are already listed there.

MS. LENTINI: Julia Lentini. I think we find that emails is a great way to reach a lot of people, but that social media seems to engage them more.

MS. KISH: Can you expand on that a little bit more? Why do you think the social media engages them more?

MS. LENTINI: Sure. When we do social media, we don't just do postings; we actually staff 24 hours, around the clock, for a period of time after an announcement, and try to answer any of the questions we
can and actually interact with our consumers.

MS. KISH: Great.

MS. COWLES: I'll just add to that, too.

Because when we put things up on our Facebook, we get a whole bunch of comments, which first I'm really nervous about it will be something, but it's always someone just tagging somebody else. And so it's a way that not only can they get it but then they -- you know, everyone knows what products their friends are using with their baby as well, so they can target it to the person who they think has that product. And so I think it's a more -- it spreads the word faster than a direct email might.

MS. KISH: Thanks, Nancy. And please remember to state your name, because this is being recorded. So we like to know who gets credit for your comment.

MR. RUPP: This is John Rupp (phonetic). Two things. One, we do use magazines, where we advertise in trade magazines or parts and accessories, to look for subscriber lists for those magazines. But to go -- we've talked about emails and texts, and that's a very, very risky approach if you're concerned about
litigation. That opens a lot of e-discovery doors that
you should be very, very careful with. So --

MS. KISH: Even if you're just passing on the
message that is part of the recall?

MR. RUPP: You're passing on a message. You
don't know what comes back to you, necessarily. You
don't know how that information is transmitted to other
people.

MS. KISH: Okay, got it.

MS. PARR: Somewhat related to that, I'm
Alison Parr (phonetic) with Registria. Since
introducing registration methods through additional
channels, text, social, messaging channels, we have
actually seen a demographic difference in people's
preferences when they have a choice of how they're
going to communicate with a manufacturer or brand. And
I would say the same is probably true with the
opportunity to respond through that same channel that
they may have submitted that registration.

MS. TOPKA: I think that's a great point, is
how people prefer to be communicated with is how
they're going to most likely receive it. So thank you.
Anyone else?

MS. KISH: Someone over here?

MS. TOPKA: Wait, we've got two more here.

MS. WEINTRAUB: Something that hasn't been mentioned yet are bloggers --

MS. KISH: Rachel?

(Laughter.)

MS. WEINTRAUB: Sorry. Rachel Weintraub, CFA.

There are certainly bloggers who work with manufacturers, bloggers who work with consumer groups, independent bloggers, but who convey information in all different ways.

MR. SANDERS: Walt Sanders (phonetic). When I was working with a PR firm in improving the Emergency Broadcast System, one of the devices, technologies they use, was called microtargeting websites, based on email, based on zip codes. So if you know something is in the southern part of the country or the California part, there are technologies that will enable you to do microtargeting and get into people's website and to post a notice on their website, on their personal website, that there has been a recall or there has been
some type of emergency. So that's something the CPSC
should be considering.

MS. KISH: We're moving on now. We kind of
combined that one, right? Okay. All right, so --

MS. TOPKA: My turn? Do companies develop
specific marketing strategies for recalls? So any
companies out there, have you developed a specific
marketing strategy for your recall, and would you like
to talk about it?

I know companies have, and I'm not going to
name names yet. Anybody?

Okay. So thinking aside from personal
experience -- get the reaction to whether people think
a marketing strategy would improve recall
effectiveness? Do you think if companies were using a
marketing strategy for their recall like they would use
a marketing strategy for their sales, they would
improve recall effectiveness?

MS. COWLES: I'm not a company with a
marketing strategy. Nancy Cowles. But I think the
silence in the room might point to a big problem here,
is that, you know, clearly, your companies all have
very elaborate marketing strategies to sell the
products and, you know, we're always calling on using
some of those same measures, Facebook ads have been
mentioned, they're very cheap. Google, you know, you
only pay if someone clicks on it, but lots of people
who don't click on it see it. So I think there's lots
of additional marketing things that can be done for
recalls.

And I think what we heard earlier about the
concern about litigation via email is part of the
problem here. Companies have to be committed to want
to reach everyone who has the product, and to want to
get every product back. If you're not starting from
that point, then you're obviously not going to have the
return rates that you want.

MR. RUPP: John Rupp again. Part of it is the
message. I mean, if we can have a better message.
It's hard to get marketing people to put together
something that says, do not use my product, it's going
to kill you. You know, it doesn't resonate well.

MS. TOPKA: Anybody else want to weigh in? Go
ahead.
MS. COWLES: -- try to market -- try to use the same things used for marketing, selling, as you would for recalling. Is that something that's ignored generally?

MS. KISH: I think that's a great point, and we'll put that on the board, is that companies should recall like they market. My words, I think, somewhere, some point.

MS. PARR: Yeah, this is Alison Parr again. I mentioned earlier, and it's kind of along the same lines. Multichannel marketing is so effective. And if a company thinks of it more as a conversion of a sale, and the conversion in this case is actually action to the recall effort, they should really be looking at all channels that they have available.

Our company focuses specifically on direct communication and increasing registration so that you identify more of your customers. But that can also be used on the flip side, if a company has a mark on their product that a customer can take a picture of and text to recognize if it's been recalled, that's a completely different direct exchange that takes it out of the
general processing, so there is an immediate
gratification of understanding, if that product is
actually one of the products recalled and gives them a
direct channel, maybe outside of the call centers that
might be flooded based on consumer preferences for
using different channels and that sort of thing.

MR. DODD: Quin Dodd. I'm just going to be
hazard level mantra guy today. I think -- I think
firms are perfectly willing to develop a marketing
strategy for a recall, if the hazard is a high one. I
mean, it's in their best interests to do so, for
litigation, PR and every other reason.

So -- but if you have a let's call it a
routine recall with very low hazard, a marketing
strategy? That doesn't make sense.

So the whole notion that a company should be
expected by the agency, or anyone else, to undertake
the same level of, if you will, reverse marketing that
they did to market the product in the first place begs
the pregnant question of how high is the hazard? For a
high-level hazard, certainly. Low-level hazard, it's
absurd.
MS. TOPKA: And so I think one of the things I would say, and maybe this spurs more conversation is, on Carol's presentation, from the data, you saw that cases where it was a voluntary recall -- maybe not say voluntary recall -- cases where it was a fast track or a recall like that had a higher correction rate than cases where we made preliminary determinations on the product. So does that change your opinion on your statement, do you think?

Because you think if we went to the trouble of making a preliminary determination that, you know, those should be the higher correction rates and those should probably be the cases with the marketing strategy.

MS. LANE: This is Vanja Lane. I think it actually reinforces his opinion. Because I think fast track sometimes is because you know there is a big problem and you need to do it quickly.

MS. TOPKA: Good point. Okay.

MR. SCHOEM: The fact that you make a PD doesn't necessarily --

MS. KISH: Allen Schoem (phonetic).
MR. SCHOE: Allen Schoem.

(Laughter.)

MR. SCHOE: The fact that you make a PD doesn't necessarily mean that it's the highest level hazard, because you can have a C-level hazard for which you've made a PD, or an A-level or a B-level. So again, I agree with Quin, you need to set some type of priority.

MS. KISH: Anybody else?

MS. TOPKA: Do we have another?

MS. KISH: Okay, one more.

PARTICIPANT: Just once again, on the fast track, too, I think this is something where we're coming to you and saying we've got a problem. It's our customers, we want to get it fixed and get it done with. And that sometimes leads to a cross-marketing strategy to find the customers and get it done. And usually, it's a smaller universe, too; you identify it faster.

MS. KISH: Great point.

So that moves us on to the next question of, well, what's the best way to convey that hazard? So
what do you put in that recall message to get the consumer's attention? I mean, talking about the level of risk, okay? What's the level of the wording? How do you convey it so they understand what that level of risk is?

MS. McGUIGAN: So this is Kathleen again.

I think -- I think there is a need to even step back to figure out whether or not everything should be called a recall. That's kind of a fundamental question, is whether or not everything is under this major umbrella of recalls. Because then it just becomes white noise. Because then you're trying to increase the emotional content of the word within your recall notice to get consumers to respond. And if you clearly articulate the level of risk in however you term, you know, recall A, recall B, code whatever, however you want to tier it, that communicates a level to consumers.

MS. COWLES: Nancy Cowles. And I think that while I understand there might be different levels, as soon as you do that, you're telling consumers don't pay any attention to this level, we've determined it's not
important. And I think what you're saying that you
want to do, kind of to a hierarchy of what's most
risky, what's most risky to my child, what needs the
most attention, consumers can do that themselves as
they read the recall alert and figure out the same way
you're figuring out how serious it is.

And I think to say that this is a -- you know,
this is just an alert, I mean, we saw it with the IKEA
recall, right? When you called it just as an alert
rather than a recall, we went on to have another death
during that time period. So I don't think that's the
way to do it.

I mean, I understand about maybe in your
corrective action plan you can call it something
different and require something different. But as soon
as you communicate to consumers there is no concern or
a very low level of concern with this particular
information I'm giving you, you're not going to
increase attention, you're going to decrease it.

Another idea might be to have, like we do for
recycling, some kind of recall symbol, so that you're
not relying so much on the word, but there is some kind
of symbol on all of the things you send out and every store sends out -- you know, when you're talking about a recall, there's a symbol and consumers can know, oh, that means there's some hazard and I need to look at it and then make whatever determination they do.

But some way, just like we do with recycling, you see that little symbol, you know that's not where you throw your trash, it's where you throw your bottles, and it draws attention for consumers.

MS. KISH: Anyone else?

The gentleman in the back was saying that the message you're sending to your client, your customer, is you could get hurt, you could kill yourself with my product and you don't want your brand name to be affected by that. So how do you convey that message to your customers that you're actually looking out for the customer, trying to help the customer?

MR. RUPP: We usually put in the title something generic like "important safety notice."

Because I think, whether rightly or wrongly, it should or should not be called a recall, I think all the communications are about safety. So I think if the
customer sees something like important safety notice, that sort of summarizes it generally. And, you know, would probably make it more likely for the customer to read.

MS. KISH: Anyone else? All right, move on.

MS. TOPKA: So how do consumers or customers respond to the use of social media regarding recalls? Do you think it's a positive for recalls? A negative for recalls? How do you think people feel about social media being used for recalls?

I know some people had talked about it being shared, and the reach, tagging people's names. So some ideas, thoughts on social media?

PARTICIPANT: I can tell you, I don't know why I don't use it myself, but a large number of hits, bigger hits than we get just on general product requests and things.

MS. PARR: Alison Parr with Registria again. We've found social media messaging services very effective for collecting product registration. And what's really interesting, since introducing Facebook Messenger as a method of registering products,
we see a younger demographic using a chatbot or messaging service, a broad range of people using Facebook Messenger. And that's again when they have a choice of different messaging services. So the choices might be texting, social media.

But with that, you get the social media handle so you can respond, in case of a recall notification, through that channel that they connected you -- connected with the manufacturer for the product registration.

MS. IVERSON: Hi, I'm Danielle Iverson (phonetic) with JPMA. I know the question is how -- consumers respond to the use of social media regarding recalls. But I often think that consumers sometimes are using social media to identify a problem with a product, and are in fact ahead of companies in identifying problems with products. So that spreads like wildfire on social media.

So I think you have to kind of consider not only how are they reacting to recalls but how are they using it to identify problems that may not result in a recall, but it's still a reputational damage to a brand
or company.

PARTICIPANT: Good point. We've seen that recalls and even minor issues can go viral on social media, absolutely.

MS. KISH: So I guess it really is a two-way, in that manufacturers can learn about issues and turn it right back around to retell it to the consumers in that same forum.

Anyone else?

You know, this morning, we had some really good conversations and we had lots of speakers throwing out ideas. I don't know what you all ate at lunchtime, but you really need to start sharing again. (Laughter.)

MS. KISH: We want this to be a successful day for both sides to be hearing this message. So we hope that you will -- don't be afraid, and give us this opportunity to have a two-way conversation.

MS. TOPKA: And even a lively debate.

MS. KISH: (Inaudible.)

(Laughter.)

MS. TOPKA: So anybody else want to speak
Okay. So moving on to the next question, what elements form the most effective social media communications? So things like photographs, videos, links, the order that you might put it in on your page or wording you might use? So those are the kind of ideas just throwing out there.

But hearing from you, what do you think are the elements that form the most effective social media communications? It doesn't even necessarily have to be for recalls. But what have you found to be successful in sharing messages and getting them seen on social media?

MS. LENTINI: Our marketing team isn't here, but if they were they would say that the best way to market through social media is to use videos. They get much better click-through rates with videos.

PARTICIPANT: I would say second or sometimes tying with videos are images. Images are really critical. I mean, text-only social media messages are -- have lower rates of click-through than with something that's visually appealing. Not only click-
through but passing it on or getting more notice, even sometimes through media.

Like a clever video or image can -- can really increase awareness.

MS. COWLES: It's Nancy. And just to add to that, especially with recalls, we find we do a monthly email alert. And one of the features in it is a left-hand column with a picture of every children's product recalled that month, where people can just look quickly. So with a recall, it's not even the social media that you're trying to get their attention, it's that they can quickly look to see. If they see something they have, they're going to look further. But if you just have words, they're going to skip right over it.

MR. SANDERS: Kind of speaking from an old-school point of view, Walt Sanders, I think the urgency is extremely important. And I think multilevel texting or social media is very important.

I think you start from the very broad proposition of conveying that there's an urgent message attached, there's an urgent link attached. And then
the next level down, you read the details of why it's so urgent.

But I think that social media, Twitter, emails or texting become so ephemeral or so superficial, that we tend to go through 30 or 40 or 50 of these in maybe five minutes and blow most of them off. But unless you convey a sense of urgency, you're going to stop and read what's attached. And I think that's extremely important.

MS. WHITE: Barb White (phonetic). Something we've tried to target is actually having an app on Facebook, so that we can have what we consider to be always on. You can always access that product recall app, so it doesn't -- it doesn't fall below the fold or scroll down the page; that information is there to be accessed, and then that's included in our press releases. So that the guest doesn't have to go looking for that particular post; the information is there in the app.

MS. KISH: I'll follow up on that one, Barb. Are you able to track how many customers click on that? I'm just curious about -- we're talking about all these
mediums that we're using. Are companies able to track
and see which one gets the best hits or the most
response from them?

MS. WHITE: We are able to track, I believe --
this is not my area of expertise. I know we can track
how many people have clicked on it and I think we can
also track how many people then have shared the recall
itself.

MS. TOPKA: Okay, I'm going to have one more
follow-up question. Sorry, hold onto the microphone.
So looking at cost, because we all know that
cost is important, too, is it something that was
relatively inexpensive for Target to take on?

MS. WHITE: It was relatively inexpensive to
create that app, yes.

MS. TOPKA: Okay. I think in the back and
then we have one up front here, too.

MR. HUBER: Don Huber (phonetic) Consumer
Reports. To follow upon the first item that was put up
on the board there with the videos, I have seen very
effective use of videos even for repairs, instead of
just a complete recall, where they actually show the
consumer how to install the repair, if it's a simple
one and it can be done by the consumer, so that's
another effective thing that can work through social
media and various other forms of media as well.

MS. COATES: Joanna Coates (phonetic), Home
Depot. To go back to the social media and to piggyback
off what Barb said, our challenge is we put every
recall on Facebook and Twitter. But on Facebook,
depending on what the area is, we get a lot of comments
about things they don't like about Home Depot, what's
going on. So you don't see a lot of commentary about
the recall itself; they're tying into other issues.

So I think with Target's app, they can share
it, you can click on it, but the commentary -- you
know, you're giving the information out there.

So that's, I think, a big challenge for
retailers on social media, is all of the other
commentary that's not tied to the recall. And people
get pretty angry. You know, when people make a comment
one way or the other, that's not even related.

MS. WHITE: I was just going to say, you can't
comment on the app, and we did that very intentionally,
because we didn't want to distract from the recall content. Yes.

MS. TOPKA: And I know I've seen it, is somebody just going on Facebook, I've seen kind of the wars on something that's completely unrelated to the messages being conveyed. But it does get the number of people looking at it up, so, I mean, I guess that's the unintended consequence to that craziness.

MS. LENTINI: Julia Lentini. Yeah, sometimes we do have Facebook wars, and that's never good. But I think we enjoy the opportunity to maybe correct misunderstandings of the hazard or to help people understand what they need to do to remedy their product or to use it safely in the interim. So I think those discussions are actually good, if recall effectiveness is a measure of solving that problem for a person, not just reaching them.

MS. TOPKA: I think we're moving on, unless I see any more hands, to the next question. Is there one in the back? Okay.

MS. PUGLIANO: Jayme Pugliano (phonetic).

This is something we touched on in one of the earlier
sessions. And it's the timeliness. I would say, as a retailer, one of the struggles is sometimes we won't find out about a recall until it's announced by the CPSC or at the very last minute. So if you post something on social media, if the manufacturer already reached out to customers before we find out, you might get comments of like, oh, we found out about this two weeks ago, or something along those lines.

I think getting them timely and having that heads up so you can be ready to go as soon as it's public, it would be really helpful.

MS. TOPKA: Great point. Okay.

One more? Okay.

PARTICIPANT: I would just say this is something that I experienced as a consumer recently. We sort of skipped the part that this information should be clear, effective, and it should be clear what a consumer should do without having to click through many different things.

So, just with all messages, clear, concise and direct.

MS. TOPKA: So what tips and tricks have you
used for promoting your posts on social media? Does anybody want to share tips and tricks that they've used for promoting posts?

MS. KISH: We might have to have a show of hands; how many use social media. You're not going to give us -- are you saving those, just so you're the most successful? The idea is that everybody is successful. It is not a competition.

MR. FEST: Don Fest (phonetic) with Mattel. I was just going to mention that when we post on our Facebook page, we make sure that we don't have any other messages that come on its heels immediately after, so that it stays at the top of the page for a while. Also, we send it out to all our Twitter followers as well. So we use Facebook and Twitter. Those are our two main social media channels.

MS. TOPKA: I think you make a great point. I think -- I get frustrated sometimes when I see that, where a recall notice goes out, and there are 17 posts after that with pictures of all kinds of other things. So just keeping in mind, you're trying to make sure that people see that recall message.
Anybody else? I feel like I'm standing in the way here, even though I'm short.

MS. LANE: This is Vanja Lane. We also reach out to bloggers and have them post our message, so they cross-post, so it's not just us but other bloggers and other people are posting, as well. So it will reach people that we don't have in our friend group or in our likes.

MS. TOPKA: And I think that's a great point.

One of the things that I've seen that's been really successful is that people will review a product, a blogger will review a product, and then when the recall goes out, the company then gives the recall message to them. So the person already saw it reviewed on a blog site and then they see the recall message. It's a great way to reach people you wouldn't normally reach. Great point.

MR. GREGG: Remington Gregg from Public Citizen. One idea is to connect more with local media and local reporters, and really try to connect with them, not just in a press release sort of way. But, I mean, for example, most reporters who contact me just
direct message me on Twitter now, rather than emailing me. So I think finding a way to really connect,
especially with local reporters, because they can get information out, is even more helpful, I think, or will push information out more so than, say, the bloggers who are pushing information out to consumers.

MS. TOPKA: Good point. Good point.

MS. KISH: So are there any barriers to the use of social media to promote recalls? What do you think?

MS. LANE: This is Vanja Lane. You do have to adequately staff. If you're going to do it and do it right, then you have to adequately staff somebody to answer the questions. Because we do get a lot of questions, and it's a whole other almost customer service branch.

MS. TOPKA: And if you don't -- just to follow up on that, if you don't respond to people, what's been your experience with that? It's not pretty, right?

(Laughter.)

MS. TOPKA: I can see by your face.

MS. McGUIGAN: Kathleen again. Social media
is all about people signing onto your Facebook. You know, it's not a push that goes out into the ethernet and everybody gets access to it. People have to join manufacturers' Facebooks, retailers' Facebooks, whatever, NGOs' Facebook. Same thing with Twitter. They have to follow them.

So if they're not in your social media network because someone has not chosen to follow you, you're not going to get that message out. So that's a real barrier to using that, because that's a limitation as to the size of your audience.

MS. COWLES: Nancy Cowles again. I think that brings up a good point. What you're really trying to do with your social media is getting other people to share it. So we have a certain set of followers of our page. But when we put a recall up, we sometimes get two, three, four, five times the number of eyes on it as we have followers, because other people share it. So what you're really trying to do is get engagement with it.

Because you're right, if you just put it up on yours, nobody shares it, nobody, you know, tags their
friends so that they see it, then you're only reaching that subgroup and only a small percentage of them.

The other thing is that Facebook ads are so cheap that it's really -- it's not like when we used to ask people to advertise and it's so expensive to buy magazine space or whatever. It's really so cheap to triple, quadruple the number of people you're reaching simply -- and you can really steer it to the age of the person you think might have bought it, what their interests are. So that's another good way to do it and it really doesn't cost very much.

MS. TOPKA: And I think you made a good point, too, Nancy, earlier when you said the clicks -- so you're only paying if they click on it. But how many people are seeing it that didn't click on it but are still seeing it, because it's there as you're, you know, on Facebook or you're doing whatever, searching on Google, you're still seeing that recall message. So something to think about, it's relatively inexpensive if there's not a whole bunch of clicks on it, but you're still getting the message out.

MS. WHITE: I think one of the challenges with
social media is that it's continually evolving and who
may be on which type of social media. I think we all
remember something called Myspace. And nobody is on
that now, but that is where people were, you know, at
that time. Facebook, already, I've been told by others
younger than me, that only old people like me are on
Facebook.

So I think you have to be cognizant of the
fact that where you think you are now may not be where
the consumers are.

MS. TOPKA: Everchanging. Absolutely, the
changing landscape.

Any other barriers?

MS. KISH: So I think -- do we have another
one? Oh, okay.

PARTICIPANT: I agree with everyone's points.
And just to play devil's advocate, I think if we're
getting a lot of hits and people are seeing it
everywhere and it's targeted to a specific person, then
you're going to maybe have some white noise, right?
You're going to see recall, recall, recall, recall.
And is that going to have the same effect?
MS. TOPKA: I think that's a good point. I believe we have somebody in the back over there.

MS. THOMPSON: It's Christie Thompson (phonetic) with Kelley Drye. I would also note that --

a hesitation among companies sometimes in the social media space is, given the interest in the kind of quick, attention-grabbing headline, if there are qualifications around a recall or a potential hazard, kind of going back to the question of how do you communicate the hazard? Well, a key point is to communicate it accurately. And sometimes in social media, it gets difficult to do that when there are certain circumstances around a particular hazard that, when narrowed to the soundbite, sound more alarming than they might otherwise be. And I think that does create some pause for companies.

MS. WEINTRAB: I want to counter the point on consumer fatigue and message confusion. First, I mean, this whole general idea, I think we need data to support it. But our social media staff repeatedly look at research to indicate that this is a place where
repetition is key. On Twitter, for example, the norm of the number of times you send a message out is much higher than you would ever think it would be, just to make sure that people actually see it.

So in social media space, there's a different norm of repetition that's expected, and that's I think also found to be more effective.

MS. TOPKA: Good point. Anybody else?

MR. SAMUELS: Chuck Samuels. I agree with Rachel that more research is required in this area. In fact, before any group declares that the present system is badly broken, they really ought to do credible research.

But I do think that those of us involved in recalls and representing companies do see a recall fatigue problem. And although Nancy is correct that we should never do a recall and then deny its significance, it's an absolute cardinal no-no of operating a recall to have any of your employees, for example, tell consumers, well, this really isn't that important. I think we should formulate recall strategies appropriate to the risk. So that people
don't see that in general we, meaning the complex of government and media and companies, are crying wolf all the time. But rather that we're showing appropriate sensitivity and concern about things that are very important. Because otherwise you just end up getting overwhelmed.

But having said that, I agree that we should make sure that we're on top of, you know, a modern understanding about communication and psychological responses to social media, et cetera. This is an area that does require us to sort of refresh our understanding.

MS. KISH: Okay, so we have talked about the broader audience that Social media is able to attract. But let's go back into the store and let's look at -- you've got your customer coming into your store. How do you get that message to them while they're in the store? What do you use to get that message to them?

MS. McGUIGAN: Hi. Kathleen again. I think you knew I was going to respond to this.

MS. KISH: We were hoping.

MS. McGUIGAN: And I'm going to say something
that I've said repeatedly on this, is that I believe
that store posters are ineffective. We just did a
survey of our members.

I believe that they are ineffective for a
couple reasons. One, where they are, not many of our
members have a location that makes sense for people to
actually look for this kind of information. This is
not where consumers are really looking for this kind of
information. Depending on the type of product, if it
is a washer/dryer and I'm going into one of the big box
stores, I may not be going in that section, or even
looking and thinking about it to find out that
information. So members are posting information back
in customer service areas, back in areas by the
restrooms. They may have a binder up front by the
customer service area. They may have some ability at
point of sale to pull up information. Some of our
members have kiosks or gift registry where they post
this information.

But I would urge the CPSC to really consider
whether or not this is part of a mandatory requirement
for recalls, and that whether or not in developing a
recall communications strategy, there are other ways
that are certainly more effective, as demonstrated by
the direct communication. If there is an effective
direct communications strategy, then I think that these
are, frankly, useless and a waste of time.

MS. KISH: So are there any means of getting
that message to the consumer when the consumer is in
the store? What other options are there? That's
really what we want to know.

MS. COWLES: I would just add, I agree, that,
you know, especially -- I work on children's products.
If you bought a crib, you're not going to be back
looking at the cribs. But you are going to be buying
diapers and formula and stuff. If you bought a washing
machine, you're going to be over by the detergent. I
think companies, retailers, can be creative about where
they put the notices, especially for a high-risk
recall.

I know that when we did have the year of all
the crib recalls, many retailers were putting those
notices over in the diaper aisle, where new parents
were very likely to see them.
So I think, you know, again, it goes back to that picture. The most important part of that posting is really just the picture if someone -- it catches their eye and they see a product that they have, they're going to pay attention. If they don't, they're not.

They're certainly not the most effective way, but I don't think that they're useless. I think that there are cases where people see that and learn about a recalled product. And it's the law in Illinois, too, just to let you know.

MS. KISH: I will just make an observation that I had. I was in a store that had them posted in the elevator. Now, granted, I can't read every one of those recalls that was in the elevator. But I saw the pictures. And if I saw something that was mine, I would know I need to go back and check that. That was something where I was in that elevator and I was able to see it.

But how do we get it to the general public throughout the rest of the store.

Kathleen, you had another comment?
MS. McGUIGAN: Yeah, I just wanted to respond to Nancy. So your examples that you used, if you're selling cribs, with the exception of a few big boxes, most retailers that sell cribs may not be selling diapers. Or if you're selling washer and dryers, you're not necessarily going to be selling laundry detergent. Those are two different retailers.

And the other challenge is really an operational one. To the extent that things are in aisles, as things are getting shelved, moved in and off, the operational nightmare, truly, of keeping posters in aisles or labeling in aisles is really challenging.

There had been some suggestions that people put it at point of sale. I can tell you that the required requirements for California already at point of sale, it's like a whole sea of different warnings. And so again, it would be white noise.

I do think that Target's idea of a potential app would be something that could potentially be of interest and potentially, there could be something that retailers could do there, so that customers could then
go on and pull up the app. But I think there are just
operational challenges with posting things in store
locations that are not really appreciated.

MS. KISH: We do have recalls.gov. We do have
recalls.gov. That's not an app, but that is someplace
where they can go.

Can I -- I'm going to ask this question, but
-- how many of you use a retail location? Within your
retail location, how many of you post the recall
message? Am I saying that right? No.

How many of you use retail locations for
recall information? We have a few hands.

MS. CAVE: Yeah, the question is, how many of
you personally, when you are looking for recall
information, go to the retail store to find out about
recall information?

(Inaudible.)

(Laughter.)

MS. CAVE: Good show of hands.

How many of you use a retail location to
identify your information for recalls, about recalls?

PARTICIPANT: How would you know to go there
in the first place?

MS. CAVE: Thank you. That's exactly the point. Okay, thanks.

MS. KISH: Someone in the back? Your name, please?

MR. EDWARDS: Steve Edwards, sorry.

The best way that I've seen is on the receipts, when you're checking out, that it's posted right there, the information on the recall. And with retailers that have loyalty programs, they can specifically target that person that has purchased it previously. But then also I've seen some where, like Krogers of the world, where they'll post it out there for a certain period of time on the receipt of that, because everyone gets that and they look at it, instead of getting the 300 coupons that you get, you can just get that information. So --

MS. LANE: I am not with a retailer, so this is just personal opinion. My name is Vanja Lane.

I think that the type of targeted messaging that somebody like Amazon does with email when there's a recall is much more effective than the poster.
MS. KISH: I feel like I should just skip this next slide.

Does anyone have a good example of when a poster was really effective? Would anyone like to share their personal experience of seeing a poster?

I mean, I did. I shared mine. I was in the elevator and I saw it. But then, in another location, I was in a customer service and the posters were facing the workers, not the consumers. So, those are two examples.

MS. TOPKA: I think, just to give an example of one time when I saw a poster that was effective, and this has been a couple years now, I went to -- into a store and right there on the window was a window cling on the door of the store walking in that had the recall notice on it. And that's probably, I think, the only time I've ever noticed a recall poster, without actually actively seeking out and looking for a recall poster. But it was right there as you were walking in, you couldn't miss it.

And then this particular store also had a drive-through where the window cling was on it as well.
But that's the only reason I think that I noticed it, is because it was literally in a place where you're putting your hand for the door as you're walking in, you couldn't help but notice it. It was colorful, it had a picture on it, and it was that poster just stuck right to the window.

But aside from that, I think, you know, you're searching for them sometimes to figure out where they are in, you know, elevators.

MS. KISH: To build on that, I think they're most effective when companies have very few recalls. Because Starbucks had their straw, the metal straw recall, and that was on every counter of every Starbucks, every door, because that was the only one they had at the time.

Now, if you've got 10 recalls at a time, it's a much more difficult problem. But if you've got one recall at a time, you can put it there. And I'm sure people who had the straw saw it.

MS. TOPKA: Absolutely. Great point. Because if you had 20 window clings, I probably wouldn't have noticed them all.
MS. KISH: All right. Any other comments?

Yeah.

PARTICIPANT: So retailers, they print fliers all the time for consumers. Maybe recalls could be printed onto a flier with whatever they're selling, it could just be an add-on. I'm not a retailer, but just an idea.

MS. KISH: Like in the circulars that they send out.

PARTICIPANT: Exactly.

MS. TOPKA: Let's move on.

So what other types of notification are available to promote recalls?

So I think we've talked about social media, we've talked about posters. Direct notification. So what other ideas are out there? What other ways can you reach consumers and get recall information out?

MR. MILLER: Jeff Miller, with Textron. And indirectly, you can use the customer -- the OEM CRM, where the dealer goes into a portal, and you have things tied to it like holdback incentives and things like that, for those dealers to go ahead and do that
type of rework to get paid back. So it's kind of an indirect way, but it's a way to get that message from the OEM to the dealer to the end user consumer.

MS. TOPKA: Good point. Where you have that avenue available to you, it's a good channel.

Anybody else? Other forms of notice?

I think we also talked about blog posts, too, but I kind of lumped that into social media. But any other forms of notice?

MS. KISH: I think someone had talked about credit cards, in the credit card bill, sticking that information in there.

You talked a lot about this at the last ICPHSO conference, but where it's a technology-related recall, you have the ability to push notices out. The new refrigerators that send you your list at the grocery store could certainly tell you if they were recalled, and phones and things, so you would have that if it was technology based.

MS. TOPKA: Yeah, I think the electronics have a unique base, if they're connected to wi-fi. So they definitely have a unique market. If only everything
could be connected to wi-fi and send you a notice.

There you go, connected to wi-fi. No, just kidding.

Anybody else? Any other ideas?

PARTICIPANT: I don't know if this is more of a question? But what about direct mail? We already do it. Has that been evaluated? Is that effective?

MS. TOPKA: I think direct mail is, definitely for us, a form of direct notification. But I think we always say the two forms of notification directly is the best. But I think mail is, you know, lumped in there with that direct notification.

MR. THOMPSON: James Thompson (phonetic). I don't see phones on there anywhere. Are we just skipping those?

MS. TOPKA: Phone calls?

MR. THOMPSON: Yeah.

MS. TOPKA: Put it on there. Text messages, I love text messages. My age group, we love text messages.

Anybody else? Other ideas?

MS. KISH: All right, moving on?
MS. TOPKA: Moving on.

Yeah, that would be great. Advertising. Go ahead, throw it on there.

MS. KISH: Loyalty cards.

MS. TOPKA: And also just thinking about memberships to groups, I think I gave an example at ICPHSO about sporting goods and how they can be successful because people that play lacrosse or people that play baseball usually are involved in online groups about it or they get a magazine about it or they're on teams about it. And so getting that message out, targeted to certain groups, that are membership based. Usually, if you love baseball, you love everything about baseball if you're playing it.

MR. YANETSKO: I want to add one, too. So Josh Yanetsko, fast track team member (inaudible). Talking about somebody had spoke earlier about Facebook being something that older people are using. I think one of the up and coming things is YouTube, so I don't know if any of the retailers are using YouTube or the advertising that vloggers are using, video logs, as something that's really up and coming for younger
people.

MS. TOPKA: I have to go figure out what a
vlog is. Thanks for making me feel old, I appreciate
it. Okay.

(Laughter.)

MS. TOPKA: So moving on to that, what are
some of the limitations, barriers and challenges of
these communication channels? So I think with direct
mail, I think obviously it's having those people's
names or information. But what other limitations, do
you think.

Kathleen?

MS. McGUIGAN: So it's been mentioned to use
reward cards, tax, things like that. The current
barrier is that, at least for retailers to do it -- I'm
just talking about from the retail perspective, not
necessarily from the manufacturer perspective, but from
the retail perspective, when retailers get that
information, those are subject to certain specific
terms and use conditions. And those conditions are
often, you know, sign up for this and you will be able
to get discounts or coupons. Not necessarily, and it's
not an insurmountable challenge, but not necessarily
that we're going to be pushing out other information to
you.

So just the current terms that are there now,
I believe, would need to be looked at and potentially
adapted.

The other challenge that all retailers have
and other people have with using phone calls and text
messaging is that there is an issue with reassigned
numbers. And so if you have given permission to a
company to communicate with you, you now leave that
service, have a new phone call, if I call you or text
you, that's a potential violation of the Telephone
Consumer Protection Act.

We are working with the FCC now to try to find
a solution for that, getting one aggregated database
that all users can scrub all numbers to make sure that
they're good. But there is a whole series of class
actions regarding reassigned numbers, where users have
attempted -- had permission, attempted to use that
permission, that number was reassigned and now there's
a litigation against various retailers.
MS. TOPKA: Before you give up the microphone, would you also like to speak to direct notice from a retailer? I think we talked about it in an earlier session about charges and things like that with a retailer --

MS. McGUIGAN: Yes. So a lot of these solutions are about customer information, which is information that the manufacturers don't have. So various retailers will have some information regarding their customers, not necessarily unless everything goes on line or they're a membership organization, may not have complete information that, for a variety of reasons they are unwilling to share, most often, with manufacturers. They may be willing to share it with a third party recalling entity for purposes of a recall. And also any action that a retailer takes on behalf of national brand manufacturers, which are the vast majority of recalls that at least our members are involved with, they're going to want to be reimbursed for that. They incur a cost, whether or not it's a text or phone or poster, letter, postage, tracking, whatever. So they are going to want to be reimbursed
from the manufacturers. And I think it should just be
level setting that the retailers aren't going to take
on these obligations, which are the manufacturers'
obligations, in connection, since they are the
recalling entity, without some compensation.

MS. TOPKA: Anybody else? Oh, good.

MS. HUGHES: Kim Hughes. One thing about
smart devices which everybody forgets. If it's sitting
behind a corporate firewall, you cannot see that
device. And so most people think if it's online, you
can automatically get to it. The answer is, no. You
can see nothing about it. It's blocked.

And also many consumers do not register their
devices. Therefore, you have no way to contact them,
even if -- assuming that they update their software and
firmware.

MS. TOPKA: Anybody else on limitations?

Okay, I think we will go to wrap-up. Ready?

So, just wrapping up, I think from the first
section, where we talked about communicating the
hazards and the channels, we found that there was a
whole bunch of channels to communicate. Social media,
company website, emails, bloggers, CPSC's website, text messaging, registration and targeting.

And then when it came to marketing strategies, everybody got really quiet. I remember that. And Celestine had to tell them to hurry up and talk.

But I think one of the things that we talked about is, you know, the ads were an option, but we should be using these for higher hazards and having a tiered approach to marketing strategies. And that increased registration by consumers was something that came up.

We talked about fast track and making quick decisions to do the recall and the cross-marketing strategies.

And then when it came to conveying the hazard, we talked about the term "recall" and how we should consider that in some cases. But then we had a nice little debate about not getting rid of the word "recall," which I love to hear. And then recall symbol, maybe coming up with a recall symbol, using recognizable terms for consumers, safety, things like that.
Celestine, I'll turn it over to you for social media.

MS. KISH: So under social media, I think that there's a lot available to be used with social media, and so that's what -- the amount of hits and traffic is evident that that is a way to be going. We have the effective for product registration. As we heard, there's an app that you can go to.

Messaging, texting, passing on the message, so you can see that your message has been shared with someone else.

Consider the brand image, the impact on the social media.

Let's see. So most effective social media elements is making it clear and concise. Video. You know, the old adage, a picture is worth a thousand words. Well, you've got a picture or a video and you're getting the message through to a lot of people.

MS. TOPKA: Can you see over there? Do you need me to jump in?

(Laughter.)

MS. KISH: Using just the urgency of the
message and the language. Facebook app, which we talked about.

MS. TOPKA: How-to videos.

MS. KISH: How-to videos. Showing them how to repair the product on YouTube. And then Josh talked about YouTube being a great source for getting to the younger groups.

What was --

MS. TOPKA: And then use comments from the public to communicate recall information effectively.

That what that says? Yeah.

MS. KISH: Yeah.

MS. TOPKA: And timely campaigns. And then tips and tricks.

MS. KISH: Tips and tricks for social media.

We talked about how you can -- the ads are fairly inexpensive and you only pay if they click on it. And if you make that message good enough that they don't have to even click on it, you get the message across, right.

Oh, no competing messages. You know, if you're going to put that up on your Facebook, make sure
it stays at the top so that more people can see it. Reach out to the bloggers who are already passing on to a whole other group of people. You are getting the message out to that many more. We heard about local media, reaching out to the local media so that you're really getting the message where they live. Encourage sharing, because sharing is good, right?

MS. TOPKA: Sharing is good. Learned that in kindergarten, sharing is good.

MS. KISH: That's right.

So what are some of the barriers? I cannot read the barriers at all, Tanya.

MS. TOPKA: Okay, good, I got barriers. So for barriers, making sure you have the adequate staff to address the questions. Because I think, as a lot of companies found out, if you don't respond, it can get ugly. And it can hurt your brand image if you don't respond and get back to people. Limited to network of followers. And really that kind of relies upon that sharing. If you don't
have that network of people that share it from your
page, then you only have that network of people that
are there. So if you only have 1,000 followers, that's
not a lot of people to reach.

Continually evolving and changing. So we're
always having to adapt when it comes to this. This
isn't something that -- Facebook is not going to be the
thing for the next 10 years. Obviously, something else
is going to take its place. As much as Facebook
doesn't want to hear that.

Consumer fatigue and message confusion. And
then the clear hazard language, making sure you are
getting clear hazard language and getting that across
to people without sensationalizing it or underplaying
it.

And then notices in retail. Maybe you can
include circulars. Store posters are ineffective. I
didn't say that, I'm just conveying the message.
Location of posters are important. Be creative about
notices in the store and try to think about places
where you could put them that would be a place where
someone would be going.
We talked about the elevator -- although I've never seen a recall poster in an elevator, but I'm glad she did.

Limited recalls by retailer. So the smaller number of recalls that a retailer has or a store has, the easier it is for you to see that; whereas, if they have 20, it kind of overwhelms it.

An app for recall notices. Putting it on store receipts. Loyalty programs. Consumer-targeted messaging is preferred. And on the front door.

And then I'll let you finish up with the last one.

MS. KISH: So our other ways of reaching out to the consumer and the barriers that could result from that, we talked about advertising, OEM CRM, I have no idea what that means.

(Laughter.)

MS. TOPKA: It's for dealers. It's for dealers. When you have a dealer network, it makes it easier.

MS. KISH: Okay. Credit card statements.

Push notice to the smart devices, hoping that most of
them don't have that firewall, but recognizing that
some of them do.

And I think to that point is recognizing that
it's not one thing, it's all of these things that we're
trying to do to get the message out.

Direct mail, phone calls, text messages,
loyalty programs, groups passing on the message to
other groups, and to YouTube. So again, it's everybody
working together to get the message out.

So, thank you very much. I'm glad that we all
made it through those 70 minutes, and we got you
talking.

So now what you get to do is take a 10-minute
break. But before you go, just going to let you know
that we're doing some more color-coded splitting up of
groups.

So on the back of your badge now, you have
another color. If you have a red dot on the back of
your badge, then you are going to Consumer Motivation,
which is in the Two. We've put the walls up, but we
have one door. So if you have a red dot, you're going
to go over there after the 10-minute break.
If you have a yellow dot, you're going to Technology Advances, Group B, which is through the hall, past the elevators and around the corner. There will be people guiding you.

And if you have no dot, you can come back to this room.

So we're going to leave this up. And you have a 10-minute break. So 2:00, the next session will start.

(Recess.)

(Whereupon, at 2:00 p.m., the meeting was adjourned.)

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UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION

RECALL EFFECTIVENESS WORKSHOP
(AFTERNOON SESSION)

Hearing Room 420
4330 East West Highway
Bethesda, Maryland 20814

Tuesday, July 25, 2017
2:07 p.m.
APPEARANCES:

ANN MARIE BUERKLE, Acting Chairman
CAROL CAVE, Deputy Director, Office of Compliance and Field Operations
PATTY DAVIS, Acting Director, Office of Communications
ROB KAYE, Director, Office of Compliance and Field Operations
SHELBY MATHIS, Small Business Ombudsman
BLAKE ROSE, Director, Office of Compliance and Field Operations
TANYA TOPKA, Office of Compliance and Field Operations

AUDIENCE MEMBERS:

MARK AUSTRIAN, Kelley Drye & Warren
NANCY COWLES, Kids in Danger
QUIN DODD, Law Offices of Quin D. Dodd, LLC
KATHLEEN McGUIGAN, Retail Industry Leaders Association
KITTY PILARZ, Mattel, Inc.
CHARLES SAMUELS, Mintz Levin
WALT SANDERS, Van Fleet Associates, Inc.
WILLIAM WALLACE, Consumers Union
RACHEL WEINTRAUB, Consumer Federation of America
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OPEN DISCUSSION BREAK-OUT SESSION: CONSUMER MOTIVATION

MS. TOPKA: So I think we'll just go ahead and get started. I think everyone has already heard me, heard my introduction, I think, two or three times. So I think unless everybody wants to know who I am, again, I'll turn it over to Shelby.

MS. MATHIS: So I've been the scribe most of the day. You guys have seen me writing notes. Hopefully you can read my handwriting. I've stolen a magic marker from the other room because it's so nice to write with.

I'm Shelby Mathis. I'm the small business ombudsman here at Consumer Product Safety Commission. I am pretty new to the agency. I'm about eight months into this job, so look forward to working with everybody in the room, and if you don't know me, please feel free to come and introduce yourself after the session and after we get done today.

MS. TOPKA: So today we're going to be covering consumer motivation, which is probably one of the
topics that keeps coming up throughout the day so far, so I'm surprised we don't have like a major group of people in here that want to hear about consumer motivation.

So what we'll be talking about today is ways to try to get people, consumers, to respond to recalls and how do we motivate them. So we'll be very specific questions, very targeted in on consumer motivation. It's a pretty small group, so hopefully we have a very lively conversation, come up with some great ideas. So the first one is how has consumer behavior changed in the last 20 years? Let's see, go ahead.

MR. EDWARDS: Steve Edwards. I would say immediate clarification. They want everything now.

MS. TOPKA: Immediate, absolutely. Which presents some challenges when it comes to recalls and response. How else has consumer behavior changed in the last 20 years?

MS. MOORE: Autumn Moore, Toy Association. I would say attention span has greatly decreased.

MS. TOPKA: We get our one sentence to grab
them. Patty -- Patty so eloquently said, I get a headline to grab you, and if not, we're done. Yeah.

Goa ahead.

MR. HALL: Matthew Hall. I think there are a lot more products that are either disposable or have a short lifespan.

MS. TOPKA: Yeah, the lifespan of products, absolutely, which changes how people think about those products.

SPEAKER: But -- I'll say but still a higher expectation for quality.

MS. TOPKA: Go ahead.

MS. TILTON: (Inaudible) I think there's less of a personal interaction with the customer now that things are bottom line and less human interaction with the product and the customer.

MR. MILLER: Jeff Miller. Just more vocal. I mean, they are louder.

MS. TOPKA: We are vocal, aren't we?

MR. MILLER: Yeah. They'll actually write you a letter, send you an e-mail and they call you all in the same week.
MS. TOPKA: Yes. I get the same thing here, so I know what you're going through. What about how people get their news, has that changed over the last 20 years?

MS. TILTON: (Inaudible) immediate.

MS. TOPKA: Immediate response to news. So getting news in a different way?

MS. TILTON: It's also more diverse news intervals, so that you're getting it from a much wider variety of sources and it's -- you know, you're not even sure sometimes when you see those headlines on Facebook or whatever, whether they're actually news or company press release or what it is.

MS. TOPKA: And now we all have to know about the Snopes and other things and know whether it's even really news or fake. Yes? Anything else about consumer behavior over the last 20 years? It's a pretty good list to tell you that things are changing.

MS. TILTON: I think also, especially with younger consumers, is that their -- they take recommendations from their peers much more seriously than anything else, so you're talking about Yelp or
other things or even just, you know, a friend recommended it, it's going to be a more -- they'll rank that higher than let's say Consumer Reports that they might have used or other things that people use.

MS. TOPKA:  Good point. The Yelp effect. Anything else? Okay. So what can we take from the change in behavior and apply that to recall response and consumers? So like how can we use these things that have changed -- and we know consumers have changed dramatically -- and use that to change how we deal with recalls?

MS. MOORE:  This Autumn Moore, Toy Association, again. I have another consumer behavior exchange.

MS. TOPKA:  Yeah.

MS. MOORE:  The world is more global. I can order something from China. It can come straight to my door without any inter -- intermediary or anything like that (inaudible).

MS. TOPKA: Absolutely. That was something to consider whenever it breaks.

MS. MOORE: Well, recent example is fidget spinners, right? A lot of folks were ordering those
MS. TOPKA: Absolutely. And then they also become importers of record without even realizing it, from internet. So how can we use this to -- to our advantage when it comes to recalls?

MR. SAMUELS: Chuck Samuels. One thing that strikes me about this is that we argue for when you get a safety message out, had to be on something important because your credibility that you'll have will be affected. You're telling people that something's really not all that important and they don't know if they need to do anything about it, but it's -- it is important and you're prepared to do something about it, do something about it quickly and effectively, then I think that very same source as credibility is enhanced.

MS. TOPKA: I think that your (inaudible) response.

MR. EDWARDS: Steve Edwards. I think when the responsiveness is aligned, or the website to register the products from a recall standpoint may be 24 by 7, and then as well as get the product to the -- whether it be replacement or repair or whatever, it's
responsiveness.

MS. TOPKA: Yeah.

MR. EDWARDS: Four to six weeks (inaudible).

MS. TOPKA: Yeah.

SPEAKER: Once you (inaudible) products, you got -- perception has decreased your options somewhat, repair a lot of businesses (inaudible).

MS. TOPKA: It changes your remedy. And I would imagine even -- you can probably speak to this -- even when it comes to, you know, like vehicles being repaired, you know, dealerships sometimes will even say why am I repairing this; just given them something new.

SPEAKER: It's a buyout?

MS. TOPKA: Yeah.

MS. MATHIS: I'm trying to make it so everybody can see. I didn't realize --

MS. TOPKA: So to kind of address the diversity of sources and then more vocal consumers, what are some ideas that we could use to make that helpful in the recall arena?

MS. COWLES: I think -- Nancy Cowles. I think, too, and just putting the peer recommendation into
there, this another reason why, again, some of these kind of go against each other. You have to move quickly, but you also have to make sure that when you announce the recall, the people who call you get a good report. As you said, go online. Most people want to transact business without --

MS. TOPKA: Talking to people.

MS. COWLES: -- talking to people. But did they get a good response? Because if they don't, then those first people are going to be out there on social media, wherever, and then it's going to make it even harder to get more consumers to respond.

MS. TOPKA: So getting a good initial response in the company.

SPEAKER: Standard stories and a standard dialogue. Can be very short.

MS. MATHIS: Does anybody in here use brand ambassadors? I know we talked about bloggers, but any brand ambassador use to get a message out? Has anybody done that or seen that effectively done? I notice that wasn't brought up in the --

MS. COWLES: I consider them the same. A brand
ambassador is often a blogger. And I think that they're -- I've seen companies use them for both effectively.

MS. TOPKA: You might want to say what a brand ambassador is.

MS. MATHIS: Oh, right. Sorry. They -- they're not always celebrities, although sometimes they are. But they're -- they're an advocate for a product. So they either wear the product, and social media. You know, it's either clothing or makeup or something like that, or they promote it via their social media platforms, just to get the word out. Because some -- some of them have a lot more followers than even a retailer that carries the product may have.

MS. TOPKA: So I don't know how many people use Facebook, but you'll see that that FabFitFun Box, whatever that thing's called, every celebrity and their -- and their -- all their relatives promote that on Facebook. So I'm actually kind of tired of hearing about the FabFitFun Box, or whatever it's called, just constantly. So --

MS. MATHIS: But that would be effective
messaging, right?

MS. TOPKA: It is.

MS. MATHIS: Because you're aware of the brand.

MS. TOPKA: I know of it now, yes. And I know what comes in your average box every month for the last year.

MS. MATHIS: Go on to another? You think there are more responses on consumer behavior? What about global markets; how do we address global markets? Because that was a really good point (inaudible).

MS. TOPKA: Yeah. I think that's one of the challenges that I see in compliance, is I have a product that was sold direct ship from let's say an Amazon third-grade platform, not using anybody's names, but they're the one less recognizable. So I bought it from somebody who sells on Amazon. It's not Amazon themselves. It was sent to me. I become the importer of record. I have an issue with it and then a recall needs to be done. How do we address consumers with that? I mean, they probably don't even know anything other than Amazon.

MS. COWLES: That's what I was going to say, as
a consumer who bought some of those fidget spinners.

MS. MATHIS: You should know this is Nancy Cowles saying that.

MS. COWLES: Sorry. I just assumed that, even though I know it says when you're going to a third party, when I buy through Amazon or through -- I know Walmart's now got a marketplace -- you assume that's where you're buying it from. So as a consumer, whether that's true or not, those companies need to figure out how to. And most -- I mean, Amazon does a pretty good job of, you know, telling you if something's been recalled. But that's where the consumer is thinking they're shopping.

MS. WHITE: They definitely do a good job of telling you when it's not them. Like I think it's really obvious when you're not buying from Amazon, that you're buying from a third party. But still because you went to Amazon to find it, in your mind as a consumer, you're just thinking it's Amazon. You understand that, but --

SPEAKER: (Inaudible) Amazon. Somebody has to be --
SPEAKER: I probably think (inaudible) thinking that.

MS. TOPKA: But I think for me, even like my confusion, whenever I'm buying something like that, in my head, I'm like Nancy, I'm buying it from Amazon. So when I have a problem with it, I expect Amazon to do something about it, and if you're not, then I'm upset as a consumer. So I think that kind of goes back to that global market of I expect you to do something. So if you're not doing something -- so it's almost like a brand image thing for them if they're not taking care of that third party.

SPEAKER: I know if I buy something and I'm trying to and I can't do anything about it, it's on the manufacturer. So I assume Amazon's protecting me if they're making the money on the sale.

MS. TOPKA: Exactly. And I think most consumers feel that way. I don't know if that's always the case with every third party. I know it's a big trend now. Everybody seems to have a third party, whether it's Best Buy, Walmart. I mean, a lot of them are moving to that direction.
MS. COWLES: Or even with -- Nancy Cowles. Even with eBay, I think even though they now sell mostly new stuff -- it's not the auction; it's not your old stuff. It is some, but it's often they're the same as any other marketplace, and yet I have the image in my mind there that I'm buying from that individual person, not from eBay. So it's just how they got started and what people are thinking they are.

MS. MATHIS: All right. So the next question we've got for you guys to ponder with some good ideas for us is on what challenges exist in motivating consumer behavior for recalls.

MS. TOPKA: And the age-old question is how do you intend to --

MS. MATHIS: Look at that. That's no bueno. Sorry, I shouldn't have said that. We're being recorded. Okay, here. That looks much nicer. That was just going to be (inaudible).

MS. TOPKA: So really it's really kind of how do we get consumers to take advantage of a recall?

MS. MATHIS: Because then -- it's not on there.

MS. TOPKA: Oh. Well, that's strange.
MS. MATHIS: Right.

MS. TOPKA: Because I guess it's over there.

MS. MATHIS: Right.

MS. TOPKA: Because you guys can't see that over there, can you?

MS. WHITE: I think -- I think time is a big one.

MS. TOPKA: Okay.

MS. WHITE: Barb White. Speaking as a consumer, if it's something complicated that I need to, you know, download a bar code and put it on an envelope, I'm just going to throw it away.

MS. TOPKA: Or print something. That's always the one that gets me. I need you to print out these six forms and return them. Oh, yeah, where's that printer at.

MS. WHITE: I just have too many steps. They're too complex.

MS. TOPKA: Too complex.

MS. WHITE: And just time consuming.

MS. TOPKA: Time consuming. And I always use the example of busy parents, and I think you kind of
spoke to that. You know, when it comes to a children's product, if I've got to package up a stroller and send it back and drop it off at a UPS store and I have a six-month-old baby, chances of me doing that are probably slim to none. I'm more worried about sleeping and eating.

MR. MILLER: We've also got to motivate the consumer to believe that we have a good brand and a good general product line even though we have a problem with this one.

MS. TOPKA: The brand integrity.

MR. MILLER: We want them to come in and --

MS. TOPKA: Brand image.

MR. MILLER: -- do this because we're a good company.

MS. TOPKA: Yeah.

MS. MATHIS: Oh, please state your name for the record. Sorry.

MR. MILLER: Chuck Miller.

MR. GRUPP: John Grupp.

MS. TOPKA: Go ahead.

MR. HALL: I'm Matthew Hall. I think there's
also some difficulty in balancing communicating a risk and overcommunicating or exaggerating risk. But I think a lot of consumers will evaluate themselves, whether they think it's necessary to participate in a recall or useful to participate in a recall. It could be someone (inaudible) product or maybe their experience with the product is not (inaudible) the risk, even though it stated it, is not something that they really need to worry about a lot.

So there's a real balancing approach that's needed to be considered in terms of what the message is. Maybe -- just to interrupt you (inaudible) sometimes stating the risk is counterproductive. If you say, you know, we have 2,000 vehicles, one accident or none, or something like that, it doesn't really help somebody down (inaudible) you just send them out and say we're -- we manufactured this. We think there's something out here. We should bring it back for a checkup or a recall.

MS. TOPKA: Yeah, and I think to your point, sometimes it's more effective to say, this could break down while you're using it, and then you will be able
to -- to use it, especially if it's a daily use item. Nobody wants to be without it, you know, the daily use item.

MS. COWLES: And just to add to that, so I think we hear that a lot, well, you know, my sister used it and her kids, you know, didn't have any problems. It's like every child who used the recalled product was injured, we wouldn't have any disagreements about how to do a recall because then -- you know, they don't really understand the nature of risk. Not every -- you know, we often liken it to a minefield. Plenty of people may walk right past it and never step on it, but you still don't want it laying there, because someone is going to (inaudible) at some point, but that's hard to communicate sometimes to consumers if they have that alternative experience that they haven't had a problem with it.

MS. TOPKA: And I think it goes back to your point too, of that peer -- that peer system. If we have consumers who think their peers and their judgments and their peers, well, if all my friends have this and it's not a problem, then I won't have a problem either. And
I think it also goes into the worst case scenario, it will never happen to me. So I won't die with this and my kid won't die with this. So I hear that all the time. Well, I don't need to take advantage of this recall because my kid's fine. My kid's smarter than the average kid. Okay, great, but that doesn't get away from the risk. So go ahead.

MS. GRIMM: Melissa Grimm. Just expanding on that, balancing the risk with what the remedy is. So if the remedy is return it on refund, do something, but what if I don't want a refund. I want this product. You know, I'd rather you replace it or repair it. I don't want to just return it.

MS. TOPKA: Options for remedy. And I think that's -- that's a great point, because I hear that a lot too. And I'll just throw out the example of Fitbit. That was the one that like threw me because nobody wanted to give up -- their Fitbit. And I got more complaints about their Fitbit and taking away their Fitbit than anything else. And so for me, they looked at the risk and said, no, I'm going to continue to wear that.
MR. SAMUELS: Wasn't that the case -- this is Chuck Samuels -- where they had -- some consumers had an allergic reaction. This is perfectly rational consumer behavior. We shouldn't be criticizing that. They understood what the risk is. They didn't have an allergic reaction, so why should they return it?

MS. TOPKA: And they said that?

MR. SAMUELS: So actually, you know, you've given some other cases here where the consumer is saying, well, I don't have children, I don't have seniors; maybe I don't need to worry about this. I think that's actually perfectly fine. And it is only in those category of cases where the risk is so high that really consumers can't rationally make that judgment that we should be -- we should be concerned.

If they've opened it up and they've gotten the communication and decided not to do anything about it, that's the end.

MS. MATHIS: And that goes to the discussion this morning of how you measure the effectiveness of a recall. Is it communicating the message? Is it having people who might not be having an allergic reaction
comply with the recall?

MS. TOPKA: And you can read the dice.

MS. MATHIS: You know, what are --

MS. WHITE: So this -- this is Barb White. I think -- I think -- you know, we're talking about consumer products, but I think food recalls give a really good example of that. You know, if there's a failure of the allergen statement, right. I'm not allergic to peanuts and, you know, in fact, it kind of breaks my heart when they have to throw away, you know, gallons and gallons of Ben & Jerry's ice cream that I could perfectly well have eaten. But -- but that's one where they're not -- you know, all of that product gets removed in order to be preventive in case people haven't heard about the recall.

And I think -- so I think how the recall's communicated, if -- to Chuck's point, if we can see that people have received the communication and then chosen not to act upon it, I think that -- that should be a legitimate recall.

MS. TOPKA: Yeah.

MS. COWLES: Yeah, I think -- it's Nancy Cowles.
I think a couple things of that. I think the Fitbit is a good example of, you know, it's not only are you willing to accept the risk. You don't -- you're not at risk. You have been wearing it. You had no reaction. There's no risk to you from it. So that's different than I don't think that this dresser will ever tip over in my house because it hasn't yet, and I'm willing to accept the risk that it may or may not.

So I think the Fitbit is a -- off and maybe it should not have been a recall because it was you're either wearing it with no rash, in which case there's no need for it. Or you do what my husband did. He just waited until it broke and then turned it in for a new one.

SPEAKER: That happens a lot.

SPEAKER: I just washed my (inaudible).

MS. MATHIS: Which I think helps move us to the next question, which is what motivates a consumer to participate in a recall? And your example, Nancy, is a perfect one. Hey, I waited until the product broke and I just turned it in for a new one?

MS. TOPKA: So that topic, you know, what is it
that gets a consumer to say, I'm going to participate in this recall? And I think, you know, one of the things that we've heard is a high hazard level. But how do we even measure that with a consumer? You know, how do we know that this hazard's going to motivate somebody?

I've had recalls where death was a hazard and we're still getting 30 percent correction rate or a 10 percent correction rate with a consumer and death is the hazard. So for me, this is one that I'm particularly interested in, is ideas on how we get consumers to participate in recalls.

MR. SAMUELS: I think -- this is Chuck Samuels. Obviously, the first thing is to make sure that they've gotten the message. They can't take action unless they know the message. But then you do get into that category if you -- where you have fairly significant risks. People have been communicated to and they don't act. And I actually think we could use some -- and maybe it's already out there in the literature and I'm just unaware of it. So understanding what -- why these people did not respond. They got the message.
MS. TOPKA: Using research.

MR. SAMUELS: They understood what -- what the risk was. It seems like the kind of thing that they should respond to. Why didn't they do it? And some of it may, of course, be the whole -- as I said earlier this morning, probably just long, it's not (inaudible) but some of them are not. And I think it would be great to have some understanding, maybe get some case examples of cooperation between companies and CPSC that then can be identified, you know, when it becomes public, why did knowledgeable consumers for real risk not take action?

MS. HYDMAN: I have a question for -- for the CPSC folks. Do you know what the response rates are for NHTSA recalls? Do you know if they're similar or better?

MS. TOPKA: I actually do know a little bit about their response rates, meeting with them. But theirs is very specific to categories. So if it's a brand new car or vehicle, they're very high, you know, over 80 percent. But when you get into tires, wipers, accessories, they're much lower than what our average
recall correction rate is. So it really kind of depends on --

SPEAKER: Do they know on car seats?

SPEAKER: I was going to ask the same thing.

It's like 30 percent.

MS. TOPKA: Yeah.

SPEAKER: I'm sorry. Could you say that again.

SPEAKER: I think it's 30 percent, was the last that I heard.

MS. TOPKA: Yeah, I always hear somewhere between 30 and 40 percent for car seats.

SPEAKER: So a little higher than your average -

MS. TOPKA: But for them, one of the things I just -- I don't want to speak for them, but I spoke with them recently. One of the things that they're -- they always bring up is they can't get people to register their car seats. So I mean, I think --

SPEAKER: (Inaudible).

MS. TOPKA: And that's -- for us, we say the same thing. I can't get people to register their cribs or they're -- you know, any of their other products, so
I mean, it's the same -- the same problem. So I mean, I think, you know, we kind of see the same things overlapping in different areas.

And, you know, I've talked to FDA and FSIS. Their correction rates are a little different because their products go so quickly. So they really only have a very short window to get lettuce before everybody eats the lettuce or the Ben & Jerry's ice cream, before they eat the Ben & Jerry's ice cream. So they don't have that same, you know, window, where I can come back to you 15 years later and still take advantage of this recall.

15-year-old ice cream's not going to cut it.

SPEAKER: The car seat's a good example. That's kind of a (inaudible) year -- year three you expect four years. It's too much of a hassle to go through them.

MS. TOPKA: Yeah, absolutely.

SPEAKER: (Inaudible) going back to it's the ease and the appeal of their remedy. Is it worth my while getting five bucks back or something or am I going to get a whole new product?
MS. TOPKA: Exactly.

SPEAKER: You know, so what's worth my time?

MS. COWLES: This is Nancy. And I think it's also -- you know, it's that do I have time to do it? And then what Kitty was mentioning, what am I going to do -- like if it's a product you use every day and you can't do without, so my crib's been recalled and I want to comply with the crib recall, but what am I going to do with my kid? So while you're trying to figure that out, you're just leaving it and then it goes off your radar and you remember later.

MS. TOPKA: And also, your kid's too big for a crib and it doesn't matter anymore. And I think that's something that came up in the -- Carol mentioned that in the beginning, the Life Alert pendants, you know, where these people have like the pendants that, you know, you -- that you alert you're having an emergency. There's a lot of people that can't live without that because what if they have an emergency and issue, a problem, you know, they have trackers, all those things.

So those are very valid points of what do you do
in the meantime, especially for a daily use product
that you use all the time.

MS. MATHIS: I just wanted to follow up on this
point, which I think is a really good one, where in the
useful life of a product are you when the recall
happens? Has there been -- I mean, I'm still new here.
I'm still learning. Has there been research on further
along you're less likely to participate in a recall and
if so, do -- have retailers or manufacturers targeted
new consumers, like new buyers of the product first, or
is it all a mass push at once?

MR. SAMUELS: Well, there is definitely
research. This is Chuck Samuels. The (inaudible)
Report in 2003, which was done by the CPSC, showed that
every additional year the product's been out there you
lose 10 percent effectiveness. Now, that is across the
board. I think, it was different for every category,
et cetera. But there's no question that in general, if
people have felt that they've had a long, useful life
with the product, unless it's an incredible, compelling
story, they're not going to -- they're not going to
worry about it.
MS. MATHIS: From a retailer perspective, does it make more sense then to push a recall notice to your newest consumers first, if it's not a, you know, a high danger hazard? Because they're more likely to come back in. I mean, you know, if they bought within the past six months, are they more likely to bring back in parts than if they bought three years ago on a car seat. I'm sorry, I'm using car seats. I realize that's not us. But, you know, a stroller or --

MS. TOPKA: (Inaudible).

MS. MATHIS: Right. Yeah, fair. Too much trouble --

MS. TOPKA: Infant car seat.

MS. MATHIS: Right. Is there any -- has there been any push internally that you guys are aware of to --

MS. WHITE: That's assuming that you got a recall --

MS. TOPKA: Spans --

SPEAKER: -- models for so many number of years that you've got newer versus older. That's quite --

SPEAKER: And it may also depend on the systems,
because if they -- even though there might be different production dates, for example, they might all be under the same number and so you might not be able to tell.

MS. MATHIS: Fair. Fair point.

MS. TOPKA: I think that's one of the struggles I think that people have, is that, you know, even if it's a very long time period, they're all under the same serial number, model number, and then you can't really track it down that far.

MS. COWLES: I think the other -- Nancy Cowles again. The other motivation is some incentive on top of just -- you know, it's like when you think about lawsuits, you're not just looking to get back to where you are. You're looking for something extra for your trouble to do it. So, you know, the crib that our founder's son died in, the day after his death -- well, after one more death after his death, they doubled the refund, so you were paid twice what you paid for the product, which by that time was a fairly old product. And they haven't had any incidents since, whereas the other products of the very same design continue to have incidents until just a few years ago.
MS. MATHIS: Which brings us to the next question, which -- what types of incentives are the most effective in getting a consumer to participate in a recall?

MS. TOPKA: And even if you haven't used incentives, what kind of incentives do you think it would be for you to take advantage of a recall?

MS. MATHIS: As a consumer, right? Because we're all consumers.

MS. TOPKA: Oh, I got it.

MS. WHITE: Well, and I think -- I think -- so this is -- I'm going to take my Target hat off for a second. I think -- you have to state your name. I'm Barb White. You know, I think -- I think it's important to remember too that everything that we're talking about is voluntary. If you look at the law, you may not even be required to provide a full refund. There's a provision in the law that recognizes that over time the product has lost value, and so in theory, if the -- you know, the product is recalled 10 years into its useful life, that you wouldn't even -- you know, it's like a mattress warranty, right. It's
That isn't how most organizations operate, but I think, you know, it's important to recognize that, you know, where you're providing an incentive, that's a -- that's a voluntary thing that people are trying to do with the best interest of consumers in mind.

MS. MATHIS: Any successful incentives?

MR. MILLER: I mean, you could -- this is Jeff Miller. You could give them a discount on a new product that's similar to the one that they're -- they currently have.

MS. COWLES: Or you could replace it with a new product.

MR. MILLER: Correct.

MS. WHITE: I would be curious to know, again, not that I have any specific knowledge, but whether if there's an incentive associated with the repair, if that's more effective. It seems like if you're getting a full refund, maybe the full refund is a sufficient -- you got your money back. But if it's a product where there's a repair, do you get a better response on repair if there's an incentive versus just offer --
MS. COWLES: It may be an accessory or something along the --

MS. WHITE: Right. Yeah, I don't know what it would be, but I don't know the answer either.

MS. MATHIS: So repair versus full refund.

MS. WHITE: Right.

MS. MATHIS: It sounds like we don't know where consumers come out on which one works best.

SPEAKER: I think a repair like additional products or (inaudible) something like that that free of charge (inaudible).

MS. WHITE: I mean, from an ease perspective, it seems like it would be easier to just get a full refund, but then you'd have the question that (inaudible) raised about, you know, if you really like the product --

MR. MITCHELL: This is Jack Mitchell. I think that refund versus repair was that if it's an issue -- difficult issue for VW during that diesel scandal, because a lot of people didn't want a refund. They wanted their -- they wanted to keep the diesel and they wanted VW to fix it so that it would work as
advertised, as opposed to giving them money or buying the car back. And then there are others who didn't want that and felt cheated and wanted a full refund. That project is part --

MS. TOPKA: (Inaudible) the options.

MR. MITCHELL: -- expense of working that whole thing out.

MS. COWLES: Operating an option is almost an incentive for consumers if they can choose which one they want.

MS. MATHIS: Right. And we've heard that in the group. You know, the more options you give them, the more likely consumers are to participate in a recall, which you would think it would flood them with options and they would kind of be paralyzed, but it seems to work in reverse.

MR. MILLER: This is Jeff Miller. Actually, I think most recalls and corrective actions, including options, either formally or informally, including the fact that most recalls, at the end of the day, consumers want their money refunded. Most retailers and manufacturers see them as a sign of a formal --
informal recalls. I've used many different incentives, Chotzky's (ph) little extra gift, something that somehow is like an accessory to the product, where it's possible, and I don't know -- I must say that I'm not sure how effective those have been. It's hard to know unless you can run parallel experiments, and you have a huge free rider problem, because you're giving the same thing to people who responded anyways.

But some companies feel good about it because they feel it maintains their brand image and shows a certain (inaudible) et cetera. But I'm not sure how effective it is.

MR. GRUPP: This is John Grupp. We're confronted with the same thing some of the automakers are. We get something fails seven or eight years out, you can't -- you can't economically offer a full refund. You can fix it, but then the customer may come to you with (inaudible) by agreement on that. They may damage the product. Well that's (inaudible) all we can do is offer a buyout, and if they don't want it, then economically, you got a thousand of them out there, you're talking about $10,000 each.
MS. TOPKA: It's definitely a challenge. So --

MS. COWLES: I just have one more thing. We actually put that we were going to be here on our Facebook page. And so when I mentioned that a lot of times companies, even with a repair kit, are so insistent on receipts or some way to prove that you -- no one's asking for a repair kit for a product they don't have, right? So just the fact that we now have this product out there, people can't get the repair for it because they -- of course, they've had it six years. They don't have the receipt, and so they're forced to keep -- either get rid of it or use if unrepaired.

And so an incentive is to get the information you need, but don't insist on additional information, and maybe you don't need to complete the recall.

MS. TOPKA: And I would agree with you on that one. I think it's a really big hurdle to overcome if that receipt -- I mean, I can see why companies want it, but sometimes, you know --

MS. COWLES: Well, for a refund it might be different. But you're sending a repair. Nobody can use it instead of the product.
MR. MILLER: Yeah, I actually -- I don't think that's as much of a problem as the CPSC insistence on proving that in fact the repair has been done. So sometimes you can't give out the repair kit unless you've got some kind of an exchange or proof or some evidence from the -- from the consumer that they actually put the product out of commission or did the repair, et cetera. And that can slow down and complicate things.

MS. TOPKA: And the point, I think even having consumers return a piece to say that they've destroyed a product is something that can be a hurdle.

SPEAKER: That's another one.

MS. TOPKA: Okay. So I think we'll move on to the last question, unless anybody had anything else they wanted to add to this one. Okay.

SPEAKER: I think one thing that does motivate consumers sometimes is (inaudible) you're doing what you can do in the balance of this (inaudible) you can't offer, you know (inaudible) you got a $10 product and they know it's going to cost you $20 just to give them a full refund and everything to go through this
process. So we'll pick up and -- be more inclined to work with you.

MS. TOPKA: So good communication.

MS. MATHIS: Well, it sounds like financial motivation, right? You're giving them over what they originally paid for the product and you're just saving --

SPEAKER: You're giving -- you're giving them the same -- their money back, but they realize the recall effort is expensive for you --

MS. MATHIS: Is possibly more.

SPEAKER: -- and (inaudible).

MS. MATHIS: Yeah, fair. Yeah.

SPEAKER: You put sincerity to it (inaudible).

MS. TOPKA: So are there wording styles or changes that can be made to notices that will help motivate consumers? And I kind of threw a couple of things up there that we brought from other sessions, which is photos, videos. Are there other ideas that people have in addition to that? You want to just start with photos and videos and bring that over?

MS. WHITE: So Barb White. I don't know that I
have a solution, but I often find it difficult to find in the current press release format. I think if there were an opportunity to make the hazard more prominent and also where it was purchased, I feel like that's sometimes hard -- hard to find. And you know, there's a set order so it's consistent, but as somebody who is a practitioner, when it takes me a second to find it, I think well, if I weren't a practitioner I probably would give up. And we know that it's important for guests to understand if the product that they purchased is a recall.

MS. TOPKA: Because they're going to know where they bought it.

MS. WHITE: Right. Where they bought it and the timeframe too.

MR. SAMUELS: And I agree.

MS. TOPKA: (Inaudible) retail, where they bought it and the timeframe.

MR. SAMUELS: Chuck Samuels. I don't know whether my (inaudible) Barb. My problem is as a practitioner, I just find it demanding, the format that's been used in the last few years, or whether it's
ineffective for consumers. So it's more important for
consumers (inaudible) but I think you need to do some
kind of consumer test on that, because I find it
impossible to read one of those without flipping back
and forth, which seems to me to be a bad idea.

But maybe it's just, again, those of us in this
room who are all professionals have the problem versus
consumers, and you ought to find out directly
(inaudible).

MS. COWLES: Yeah, I would agree with that. I
know we've done some focus groups with parents and
grandparents and caregivers, and the one thing they
want to know, beyond the picture, they want to see the
pictures. It's my product. And then they want to know
what's the hazard, and that's the measuring of the risk
that they're going to do for themselves. What is the
hazard? Do I need to stop right now in my busy day and
figure out what the rest of it says, or is it something
that I can wait and go back to even if I do have the
product? So I think that --

SPEAKER: Is the product hazard (inaudible)
recalled action.
MS. COWLES: Recalled action. And part of what is the hazard is the injury information, have children been -- you know (inaudible) talk mostly about children (inaudible) who's been injured and that kind of thing. Because sometimes, you know -- and again, as a practitioner, I'll notice it. It's a very small lot size and a whole lot of injuries, and then, you know, it's a much higher risk that someone's going to be injured.

MS. WHITE: And I think the current format, if I'm not mistaken, the pictures are all the way at the end. If you see a Tweet next to the picture, or if you -- but if you're just looking at the press release, the picture is (inaudible).

MS. COWLES: And just to add to, I think, other than not having the picture, the e-mail alert that goes out to the press versus what goes out to consumers on your list is much easier too if it just had the picture on it as well.

MS. TOPKA: Okay. That's a good point. So if the alert that goes out to the press is an easier format to follow then we'll do that to consumers. Just
need the photo added to it.

Any ideas on doing something different, creative, like memes and making something different to kind of grab attention than just the seriousness of the message?

MS. MATHIS: What about infographics? Has anybody -- does anybody have familiarity with those, and if so, good experiences on infographics?

MS. COWLES: You mean on an individual recall?

MS. MATHIS: Hmm-hmm.

MS. COWLES: You just need the picture of the product. I think if you start adding memes then what are you going to do when there's death? You're going to have such cute little thing. I just (inaudible).

MS. TOPKA: Trying to think of other things to suggest here while we're talking.

MS. MATHIS: And we did -- we got the five-minute wrap-up, because we're actually almost done for the day, believe it or not.

MS. TOPKA: I know. It went so fast today. We're having so much fun.

MS. MATHIS: It did. I know. They just enjoyed
it so much. You know, we can alternate who's doing the wrap-ups on each of the messages. I think we should start from the beginning.

MS. TOPKA: Yeah.

MS. MATHIS: All right. Hopefully I don't rip this right off the --

MS. TOPKA: So, we first talked about consumer behavior and how it's changed over the past 20 years, and the -- kind of the response to that. So what we found is basically we have no attention span (inaudible) and we think that lifespan products have decreased, but we have this high expectation of quality during the time that we have it. We're very vocal, and we all know that. We have a stereotype here for a reason. Very diverse news sources and we accept peer recommendations, probably more important than anything else, and that we're in a global market.

And so then when it comes to the response, we really need to have (inaudible) with a quick response. High priority recalls need to be focused that way. So we're not kind of (inaudible) the mic's picking up (inaudible) there's options for remedy, especially if
the product is out in its latest label.

Online registration, I'm glad this came up because I think it's a great thing (inaudible) success with that, and then good initial response from the company, just making sure that they're ready for a recall or that you respond to people when they are commenting on their social media or when they're doing it, and not becoming a viral story (inaudible) life a response, but a viral story because you had such a great response.

MS. MATHIS: And then we moved on to challenges for motivating consumers. Again, we saw the same things over and over, right. It can't be too complex. It can't be too time consuming. This goes with our recall alerts that we were just talking about. But you want to make sure that you maintain the brand image. So don't overcommunicate a hazard that might be a minimal hazard. Leave it potentially up to the consumer to evaluate the message. Just make sure that you're communicating clearly.

Speaking of communicating clearly, let's just get a little bit further along so that you guys can
join the fun crowd in the big room.

MS. TOPKA: What motivates consumers to participate? And so that's the main message. Definitely I think what we've seen today is we definitely need (inaudible) feedback from consumers from CPSC standpoint, figure out --

MS. MATHIS: That's (inaudible) recognize.

Thanks (inaudible).

MS. TOPKA: Yeah, let's (inaudible).

MS. MATHIS: Yes.

MS. TOPKA: So we definitely need more feedback from consumers to find out why they do or do not participate in recalls. Where (inaudible) consumers are and then lack of alternatives now, in the meantime, while you're waiting for a (inaudible).

MS. MATHIS: And we talked about some of the incentives to participate. I think the repair versus full refund discussion was a really good one today, and I'm surprised by this because I'm new, because every market -- every marketing thing that I've ever seen says when you give people more options it paralyzes them with choice, and sometimes they don't end up
buying any of your products because they can't make a
decision. But it sounds like on incentives to
participate in a recall, the more options the better,
and you get a better response from consumers as a
whole.

And again, something that got touched on a lot,
removing hurdles to participate. Make it easy with
how-to videos to do that repair. Don't require
receipts if the product was purchased years ago, or was
that product that something -- that somebody wouldn't
keep an actual paper receipt for because it was an
inexpensive one.

MS. TOPKA: And then make sure you have clear
communication with consumers so that you don't have
issues with it, which is also an incentive because
you're being honest with him and they know who you are.
And I think we've seen that with recalls, at least from
our standpoint, because the more honest the company is,
the better response they get. You know, sometimes
(inaudible) you know, the consumer, that you're trying
to get them a good remedy and so that's what's taking a
little extra time.
And then wording style to help motivate consumers. Photos, images, uniform recall message, highlighting the retailer and when they bought it so they can find that information easily, because let's face it, most people know where they bought it. And then consumer research, again, is the other recall message, picture of product and hazard (inaudible) call to action prominent, and then you're only going to have a few seconds to convey a message, so grabbing them right from the front so you can get that message to them. Again, short attention span.

MS. MATHIS: Yeah, exactly.

MS. TOPKA: Okay.

MS. MATHIS: So lastly, we want to let you guys know that if you have comments that you wanted to share with us at CPSC, you're going to hear from our head of compliance in just a second how you can do a little short feedback survey, but if you actually want to send more lengthy comments, you can do so to Joe Williams. His e-mail address is up there, and we're going to accept written comments until August the 11th on this workshop, so ideas that you've got for future
workshops, any feedback that you want to give that you
don't feel like you can put in a little text box on the
feedback survey, please feel free to send it to Joe at
that e-mail address.

(A brief recess was taken.)

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UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION

TECHNOLOGICAL ADVANCES TO IMPROVE RECALL EFFECTIVENESS

GROUP B

Hearing Room 420
4330 East West Highway
Bethesda, Maryland  20814

Tuesday, July 25, 2017
MS. CAVE: All right. We're going to get started.

So, I think this is the most exciting session of the day. Okay. So, we had such a huge response in the -- this request actually to participate in these sessions, we had to break you all into two groups.

So, what we're going to do is we are going to let each of the tables -- you all have paper and so forth. So, one of the things that we wanted to focus on in this session is, obviously, technological advances because, as more and more products become, like, smart technology and things of that nature, there is definitely new ways and more effective ways to reach out.

I can tell you, for example, in the cell phone industry we've had a few recalls in those areas, and it's been really, really effective for the manufacturers who were involved in those recalls to be able to provide direct notice to consumers through their cell phones. That's not always the way that it works.
But you heard me talk earlier about the emergency devices where people are using them to alert medical people and so forth. Those have also been very, very effective in terms of communicating with the consumer and getting them to respond to a recall.

So, we are going to give you all about 20 minutes --

MS. CHISOLM: About 20 minutes.

MS. CAVE: -- 20 minutes to work in your groups. And then, at the end one person from your group -- you don't have to agree. This is not about agreeing. This is about, like, the more combative is fine; that's not a problem and -- because we want to hear all of it. And then, at the end we're going to take everybody's information, and we're going to put it up here and go over it. And then, we're going to go back into the big room for the final.

So, we're going to give you about 20 minutes. I will tell you the court reporter is here. So, she's not going to hear your individual conversations that are going on. So, you can talk badly about me if you
need to. It's really okay.

But when you come up here at the end, please
speak clearly so that she can actually record what is
reported out from each of your tables so that we have a
record of what's going on. Okay?

MS. CHISOLM: So, your time starts now.

MS. CAVE: There you go.

(Open discussion.)

MS. CAVE: All right. You guys ready? Who
from what group is going to present on behalf of your
group?

MALE PARTICIPANT: Carol, we need to stall
over
here --

MS. CAVE: Okay. So, you're going last.

MALE PARTICIPANT: Exactly.

MS. CAVE: Okay.

MALE PARTICIPANT: Thank you.

MS. CAVE: Got it.

John Gold, who from that group is speaking?

MR. GOLD: Are you calling on me to speak on

behalf of my group?
MS. CAVE: I'm not. I'm just asking for a volunteer.

MR. GOLD: I guess since you just called me out, I will volunteer.

(Laughter.)

MS. CAVE: I never get to do that.

MR. GOLD: I've been voluntold, I guess.

MS. CAVE: Voluntold.

FEMALE PARTICIPANT: He's just been voluntold.

MR. GOLD: Voluntold.

MS. CAVE: So, you got to come up here.

MR. GOLD: Okay.

MS. CAVE: And you can bring your sheet because it may be --

MR. GOLD: I may rely on my team if I miss anything, so please back me up.

MS. CHISOLM: And when speaking, can you give your name and your firm?

MR. GOLD: Sure.

John Gold with the National Retail Federation.

So, as we're talking about advances in technology, obviously, new apps that are out there,
messaging functions that are now available in -- whether it's Facebook, Instagram, Twitter, what have you, all have that messaging functionality, ability to reach out to folks. Some of that is embedded in some company's web pages. We heard Target give their example earlier. Others are looking at that as well.

Advanced search functions on websites. We had the example at our table from Mattel/Fisher-Price. They have the ability to -- you as a consumer can go in and drill down to figure out if your specific product is subject of a recall.

With yes/no kind of questions, they'll see -- you know, if you've got a high chair and, you know, 20 different models out there, how do you figure out which is the right one -- does it have this capability or not -- and to be able to drill down to figure out if you've got the right one to do, so advanced search functionality to be able to do that.

The important thing that we think is all the data that is caught by CPSC -- need to expand and advance the Retail Reporting Program. I think there's a lot of great detail that is offered by
retailers that CPSC can text-mine to be able to get --
showing data on that they think would be very valuable
to help kind of look at trends and everything else with
these.

It's extremely important while -- not
necessarily in technology. We think it's something
that could help the process, move it in focus.

FEMALE PARTICIPANT: John, just to that --

MR. GOLD: Yes.

FEMALE PARTICIPANT: There are text mining
tools such as Salesforce or Fairbridge that are a
technology that didn't exist, like, five years ago, six
years ago, to help with that synthesis. They
synthesize --

MR. GOLD: Right.

FEMALE PARTICIPANT: So, looking through
customer service notes, that kind of thing --

FEMALE PARTICIPANT: Yeah. It does text
mining, and you can put a P word, searches, you know,
and things like that. So, I think, as a technology,
there is a lot in data mining that takes a large amount
of data and can synthesize it down for analytics. It
doesn't mean that it's been analyzed, but someone still has to do the analytics --

MR. GOLD: Looking at a QR -- QR codes, RIFD when affordable, key words, when affordable, at the SKU level.

Question number two, improving direct notifications; queue up better collaboration between retailers and manufacturers. That's something we touched up on in the earlier session about the sharing of the information, the customer list and things like that.

So, you need to have better communication on both. I think it goes both ways, you know, one for retailers who provide customer data to the manufacturer -- they're both in agreement to do that -- but also getting that information to the retailer in advance as far as when recalls happen to get that -- to get the notice out there.

Then, talking about advances in technology to improve direct notifications, looking at things like Google Home, Siri, you know, all these new voice-activated things that are out there that are coming
down the line with all the smart technologies that are coming, smart appliances and all that, how does it all tie together at some point in time to say, "Siri can tell you how to recall now"? You have X products in your home. There's a recall now -- so things like that.

Challenges. It's the white noise, sending too many emails and texts to consumers about things that folks just tend to turn off -- anyone on what's out there.

Privacy issues. Something we touched upon earlier, too, you know, you've got a lot of cyber and other privacy-related issues that Congress and other agencies are looking at. So, make sure you don't go crosswise with, kind of, what they're -- those agencies are doing. Make sure that we do -- we're actually participating in the scope of what current regulations or future privacy regulations -- Kathleen, you talked earlier about the consumer technology, CTPA.

So, make sure that whatever is out there falls in line with that as well. So, those are some of your challenges.
MS. CAVE: Awesome.

MR. GOLD: So --

MS. CAVE: All right.

MR. GOLD: My folk, good?

MALE PARTICIPANT: Good.

FEMALE PARTICIPANT: Good job.

MALE PARTICIPANT: More manufacturers need to use Alexa and Siri and all them to register their products, and then that information's there. And it's a whole lot easier than having to go on your computer or call. You know, just tell Siri --

MS. CAVE: I don't like the advice Siri gives me.

(Laughter.)

MR. GOLD: Okay.

MS. CAVE: All right. Thanks, John.

MS. CHISOLM: Who's next?

MS. CAVE: Quin, are you --?

MR. DODD: Sure.

A lot of the same things that John was talking about, connective devices, obviously, the Siri. And by the way, Alexa can also tell you if you're criticizing
the President too much, apparently.

MALE PARTICIPANT: Yeah. Yeah.

MR. DODD: That's -- you get a double.

Internet connectivity, social media, the CPSC database -- which I know we've heard all about this today, but it's still out there. The database -- people could check the database -- the apps with the push notification; of course, CRM and loyalty cards; more advance registration methods, product registration methods and technologies; QR codes; direct to consumer -- what did we mean on that, direct to consumer? I'm not exactly sure.

MALE PARTICIPANT: More -- more manufacturers are selling direct-to-consumer these days --

FEMALE PARTICIPANT: Yes. Right. Yes.

MALE PARTICIPANT: -- which makes the recall process --

MR. DODD: Oh. Oh. Oh. I'm sorry. Yeah, of course.

FEMALE PARTICIPANT: Like, online, for example.

MALE PARTICIPANT: Yeah. Yeah.
MR. DODD: Sort of advanced uses of Twitter, which I couldn't espouse, but that was discussed; then voice-active communication, messaging apps; scanning -- use of scanners or scanning apps on your -- in addition, as a subset maybe -- use of scanning apps on your phone to scan barcodes or other things associated with the product and finding out whether they're recalled. We -- John talked eloquently about better data generally.

Product -- what was the second question, the -

FEMALE PARTICIPANT: Challenges.

MS. CAVE: It's on --

MALE PARTICIPANT: And what can we do to improve.

MR. DODD: Challenges. Yeah. Oh, improve,

yeah.

So, using product registration data in more effective ways -- do you want to --

FEMALE PARTICIPANT: Yeah, and having better data about what's working well with the product registration and what could be done better.
MR. DODD: Oh, sure. Oh, having data about --

FEMALE PARTICIPANT: About the product.

MR. DODD: -- what -- the best method to get people to register.

Partnerships between manufacturers and other -- and retailers and others in the supply chain. And I would say it kind of cuts both ways if the manufacturer is -- it makes more logical sense for the manufacturer to recall a product that retailers could, in turn, share their maybe more expansive data with the manufacturer. And then, that might make it more palatable for the CPSC to do a -- do the recall with the manufacturer who made the product.

Repetition. So, the idea to repeat at maybe a escalating -- in escalating ways.

Notification to consumers -- although there's the downside of notification fatigue on that -- in different forms. So, it was mentioned that, you know, you first do a email then maybe a text or letter or whatever might make sense for that product and the hazard. But the -- of course, the downside is product fatigue.
Hazard level. That was Rachel's issue she wanted to put forward.

FEMALE PARTICIPANT: Because Quin -- (Laughter.)

MR. DODD: That's -- CPSC database in exchange for a hazard level. I thought that was a good deal. (Laughter.)

MR. DODD: Cost of doing any of this; privacy, which is not of any small concern and I personally think will be a greater concern as time goes by.

Indifference to the notification, of course; concern to brand; and then, who's taking the hit, if you will, for the notice, whose name is going to be associated with that recall and with the notice, of course.

And that's changing technology and keeping up with it and not being locked into place with any one thing, which we talked about earlier today.

So, that's our -- that's Team Two.

MS. CAVE: Thank you. Okay.

Mark, can we hear from your group?

MR. AUSTRAIN: I guess what we were doing as
we were going down this, we were kind of focused --

MS. CAVE: Who are you?

MR. AUSTRAIN: Oh. Sorry.

MS. CHISOLM: And your firm.

MR. AUSTRAIN: I got to go up there, too?

MALE PARTICIPANT: You got to go up there.

Come on, man.

MS. CAVE: Can you come up here so she can --

MR. AUSTRAIN: This isn't a courtroom.

Well, if somebody will explain to me what

Twitter is and what Facebook is, then I could be doing

a better -- a much better presentation or discussion --

not to mention how do I even put this up here.

MALE PARTICIPANT: It's on the side.

MR. AUSTRAIN: Okay. One of the things we

were really talking about was that it's not so much the

technology that needs to be advanced but rather to

focus on the most important thing -- was registration;

what can we do with technology to improve registration.

We didn't have a very good answer to that.

But everything else kind of falls into that because,

one, with the registration, you're not only -- it's not
just registering your product. But because of privacy concerns, you have to have a separate little box that gets to "I want to receive notifications," so you don't have any problems. I don't know where the TCPA comes in and privacy laws. They're now very, very strict. But you want to get them to register.

Now, maybe -- and I think it was brought up before -- there is a way to use oral registration so that when you're in the checkout line, instead of saying, "Please sign here," I would like to do -- I would like to register a product.

But certainly, once you have the registration, it seemed to us that you really have lots of ways to communicate. Certainly, text messaging has been experiencing -- our experience has been very, very helpful. But you also have email and lots of ways that are developing once you have the telephone number, the contact information, and you have the permission.

Now, one of the things that we kicked around, in terms of -- there are a number of recalls to people -- or a number of products that people have that are both important to the agency and to the public. And
most of -- the most serious ones -- sorry -- involve
children. Parents are willing to look at stuff because
they're concerned about their children.

At the moment, for example, the CPSC's Twitter
account is miniscule. 38,000 doesn't work. It's not
-- it doesn't have enough people. Is there a way to
have retailers -- we talked about the -- but it's
talking to Home Depot and others --

FEMALE PARTICIPANT: Right.

MR. AUSTRAIN: -- saying -- telling people to
either -- maybe it's on their slip, whatever -- about
the CPSC website that tells you what recalls are there
involving your products. You ought to go on and sign
on to the CPSC's Twitter account so that -- there
aren't that many recalls really. But when there are,
you want to get them out to people. And one way to do
it is to kind of advertise at the retail level that
says they're there.

And/or -- they -- we talked about the kiosks
at the retail level. Go take a look at the recalls.
This is for your safety. And in terms of going to look
at this on the site or the kiosk -- this just me coming
again -- graphics are important.

In other words, if it were on the end of a receipt, check for recalls on products and have a graphic -- I don't believe in text. Text doesn't get your attention very quickly -- so that basically retailers are assisting people in taking safety issues seriously because everybody bombarding everybody else with notes and this, that and the other thing -- at least many of us are just sick of it and wouldn't sign up for anything. But if you tell them where to go, you know, it'll be --

MS. CAVE: Okay.

MALE PARTICIPANT: Can I ask a question?

MS. CAVE: Sure.

MALE PARTICIPANT: Why isn't product registration the default? Is it because retailers don't want to give up the customer?

MS. CAVE: I think that's a big part of it. I think it's also a time-consuming issue when people are checkout out, that it slows the line, and then people complain about --

MALE PARTICIPANT: But like, 90 percent of
people use a credit card.

    MR. DODD: But registering what, high-end products that --

    MALE PARTICIPANT: Yeah --

    MR. DODD: -- not --

    MALE PARTICIPANT: -- like, for certain product classes.

    MR. DODD: Not a $2 toy.

    MS. CAVE: Right.

    MALE PARTICIPANT: For everything all the appliance guys sell, why isn't that --

    FEMALE PARTICIPANT: But it's sort of what --

    MALE PARTICIPANT: -- the default?

    FEMALE PARTICIPANT: So, we filed a petition in -- around 2000 to require registration cards and -- online registration. And it was very controversial and was rejected. Quin may remember that.

    MR. DODD: Yeah.

    FEMALE PARTICIPANT: So, it really is something that there has been a lot of objection to historically. And with the CPSIA for just a subject -- subset of products, that -- this is sort of, I think, a
good inroads to that. But I mean, this is something that consumer groups have been wanting to be default for a long time.

MALE PARTICIPANT: Yeah.

MR. DODD: But that was when cards were the default, too.

MALE PARTICIPANT: And the world's moving online, so it's --

FEMALE PARTICIPANT: Yes. But it's -- I think we call it product registration, but the idea is an online method.

MALE PARTICIPANT: Yeah. It's just --

MS. CAVE: And quick.

FEMALE PARTICIPANT: Yeah, quick.

MS. CAVE: And I think he's --

FEMALE PARTICIPANT: You know, we were just --

MS. CAVE: Yeah.

FEMALE PARTICIPANT: Were you on the NTSA car seat thing, like, last week, I guess it was? And they were talking about the use of registration cards. And three-quarters of the people who actually buy car seats don't register their car seat at all, which is crazy.
And part of it is because it's a card. And so, how can you take that format and turn it into something that's quick, fast for the consumer to be able to register their product?

FEMALE PARTICIPANT: Right. And really, at point of sale --

FEMALE PARTICIPANT: At a checkout.

FEMALE PARTICIPANT: Right, at a checkout.

FEMALE PARTICIPANT: Your challenge with point of sale is going to be --

FEMALE PARTICIPANT: Each retailer --

FEMALE PARTICIPANT: -- that retailers don't want to add it.

FEMALE PARTICIPANT: No, I don't --

FEMALE PARTICIPANT: I think the challenge is going to be their IT experience. Each retailer has their own system.

FEMALE PARTICIPANT: Right.

FEMALE PARTICIPANT: So, how do you register for GE and Samsung and all these different ones collectively? And how Sears does it may not be the way Home Depot -- so, I think that's the bigger challenge.
And you could make it easy and accessible and where it may minimalize the time it takes. But what are you going to do for self-checkouts?

FEMALE PARTICIPANT: Right.

FEMALE PARTICIPANT: What are you going to do for all of the other avenues when they get, you know, to the point of getting a receipt.

MR. AUSTRAIN: Self-checkout is easy. Do you wish to get notification of safety issues? Check.

FEMALE PARTICIPANT: Well, you can do that, but like, to your point where you're saying go to the CPSC, if people are getting an emailed receipt, they're only going into that email -- is if they have to return it.

MS. CAVE: See, I would take it up one step farther, which says, when I'm a consumer and I'm checking out, I have the ability -- and this came up in the NTSA thing, is -- a solution was I would like -- me personally, I would say, "Yeah, let me take a picture of it," whatever it happens to be, and I text it to you so that you know that -- you now have my contact information on my cell phone. And you know I've
approved it because I've sent it to you, oh, by the way.

And whenever there's a problem, you get right back to me via text message. "We understand you bought a purchase at such and such and such and such. Send me a text message.

MR. DODD: But there's no doubt that at physical checkout lines, that will slow down the line.

FEMALE PARTICIPANT: Okay.

MR. DODD: I mean, it's a question of how much. But if you're talking --

MS. CAVE: But I'm taking the product with me, Quin. I can do it when I leave.

MR. GOLD: So -- but Carol, I just want to point out to you couple things. The registration they were talking about would go back to the manufacturer, not to the retailer.

MS. CAVE: Right.

MR. GOLD: So, another thing, too, is, if you've got people that are buying the product as a gift -- a lot of -- a lot of game stuff that's bought is bought as a gift.
MS. CAVE: Mm-hmm.

MR. GOLD: You don't have that -- you know, the information to fill in there. But on the technology though, is there a way you can look at it where you take a picture with your phone of the code or whatever; it would -- automatically populates the information with the manufacturer. And you register that way if you want.

MS. CAVE: Well, I mean, even if it is the retailer -- and I'm not saying the retailer is the responsible party because you all know -- we just had this conversation -- they definitely help facilitate that communication. And so, I see that as a vehicle to help facilitate that communication with whoever the manufacturer is that's doing the recall.

So, there's a lot out there. I mean, this is the kind -- this is the conversation I think we want to keep going. That's a problem we're definitely all continuing to want to solve. I think this will not be the last time that we will be talking about this, for sure, because we are -- we got to change the way we do business. That's the reality.
And so, anyway --

MR. FOSTER: I just have one last comment.

MS. CAVE: Sure.

MR. FOSTER: John Foster by the way. How are you?

MS. CAVE: Yeah. (Laughter.)

MR. FOSTER: All right. So, one thing with -- I like the QR idea. That's really cool. That automatically could -- populate -- about the product.

But something for the CPSC to consider is their own outreach program because you could do recall alerts or something similar to that. Just like I get push notifications from Verizon, from United, you know, my -- all the airline carriers about what's going on with my personal, you know, flights and things, if you did something similar to that, just kind of like an outreach that said, "If you want to stay on top of what's going on with safety issues related to products, just do this. Sign up." You know, you log in or whatever, and you sign up with the CPSC.

You can do -- you could do recall alerts on a broad basis. People -- they pop up whenever -- like,
I'm on the listserv already, right?

MS. CAVE: Right.

MR. FOSTER: I get all your notices already. I can decide what's important to me and what's not. But you could do that for everybody. And it just pops up as a text message or what have you so you could take a look and you could read what's important to you and dismiss what's not. And that's something you could do now.

MS. CAVE: Okay. All right. We are out of time, right?

MS. CHISOLM: No. We have 10 -- we have 10 minutes.

MS. CAVE: We have 10 minutes. Great. Keep talking.

MS. CHISOLM: Five more minutes now. We're at five. We have five more minutes.

MALE PARTICIPANT: Because closing remarks start in five minutes.

MS. CHISOLM: Right. We have five minutes.

MS. PARR: Well, I would love to add this, that the company that I work for has a registry that's
actually worked with most of the major appliance
manufacturers to do exactly that, to create a code for
a -- it's actually a photo-registered symbol that is
permanently placed on a product if it's on a
registration card. And consumers take a picture, and
they text it. That's working for -- well here in the
U.S. In other markets they're using whatever messaging
services --.

Across the board, we've seen a three to five
times increase in registration. And when you add
things like incentives, in other places they do more.
And when you incorporate the ecosystem of a smart
appliance into that and recognize that registration
coming through -- channel, not just one that's
initiated by the customer, that's when you're getting
that registration rate that's, you know, getting closer
to 100 percent of the customers.

MR. DODD: That wouldn't satisfy the durable
-- registrations requirements; would it?

MS. CAVE: Unless we changed them.

MR. DODD: If Congress changes them.

MR. AUSTRAIN: Could you explain that again
just because, as I say, I'm -- you know --

MS. PARR: So, the manufacturers -- we actually integrate at the plant so that the code that a customer takes a picture of and sends it actually includes the model and serial number so you have a hundred percent data accuracy. And there's a lot of -- behind that data, you know, the factory that it came from, all the parts that are behind it -- and populate that with whatever -- the phone number. So, they essentially don't have to fill out any other information. But sometimes there is additional information that the manufacturer wants.

MALE PARTICIPANT: Alison, as they press send, are they also agreeing to a marketing relationship with that manufacturer, or is it purely safety recall --

MS. PARR: So, that -- our technology simply facilitates the --

MALE PARTICIPANT: Yeah.

MS. PARR: -- user experience on behalf of the manufacturer so that if every -- every manufacturer has their own privacy policies.

MALE PARTICIPANT: Yeah.
MR. AUSTRAIN: But they have -- but you have to take out your iPhone to take a picture.

MS. PARR: Or send it through another messaging service that's supported by that manufacturer. So, we support quite a few different messaging services and make recommendations --

MR. AUSTRAIN: No. But I mean, you've got to take a picture through -- you're on your iPhone. That's the one thing you have to do at the checkout line.

MALE PARTICIPANT: Yeah. You could initiate it.

MR. FOSTER: Yeah. I've done it. It's sweet. It works really well.

MS. CAVE: Yeah. You have to initiate it.

So --

MALE PARTICIPANT: Yeah.

MS. CAVE: -- that's -- gets around your issue of the check box.

MALE PARTICIPANT: Right. Right.

MS. CAVE: Like, if I’m agreeing to do that as a consumer --
MALE PARTICIPANT: Yeah, the terms and conditions you have to agree to as well.

MS. PARR: So, you -- the FCC actually regulates how text messages are sent.

MALE PARTICIPANT: Right.

MS. PARR: So, you have stop or help and -- help behind that. And then, we have the linkage to the manufacturer's privacy policy and methods of offering options.

MS. CAVE: All right. A lot to take away.

MS. CHISOLM: Yeah, good information.

MS. CAVE: All right. This won't be the end of this.

MALE PARTICIPANT: Well -- but it can look bad. If you give me a registration, I'll give you direct communication. That's the key.

MS. CAVE: Yeah. It's key.

(whereupon, the breakout session was concluded at 2:47 p.m.)

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