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Withdrawal of goods from the market – determinants of defective products

Povlačenje robe sa tržišta – determinante proizvoda sa nedostatkom

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Abstract

This paper represents a form for preventive consumer protection, primarily from the aspects of health and safety, especially when it comes to mass industrial production. In practice and in legislation, a distinction is made between visible and invisible defects. Numerous manifestations that are identified as product defects can be classified into three categories, i.e., they are manifested in the form of: (1) structural and manufacturing defects, (2) inadequate instructions for use and inadequate warnings about the properties of the product, and (3) subsequently discovered defects, the harmful effects of which could not be known at the time when they were produced, i.e., placing the product on the market (trade), which acquires the status of goods. Practice has shown that these cases very often involve products from the pharmaceutical industry. For those products, it was subsequently established that they caused some damage to the health of the user, and for which products, according to scientific and putting them on the market, they did not know about their harmful properties. This means that they caused very bad effects on the health of the users. This means that they caused very bad effects on the health of the users. Consumer products that can present not only potential dangers when used, but also lead dangerous situations during use, including health and safety risks (most often cosmetic products, children's toys, health supplements, etc.). In the European Union, therefore, a system of rapid exchange of information on the dangers arising from the use of the mentioned consumer products (RAPEX) was established.
***Keywords*:** *withdrawal of goods, determinants, products, damage to users, RAPEX system*

Sažetak

Ovaj rad predstavlja obrazac za preventivnu zaštitu potrošača, pre svega sa aspekta zdralja i bezbednosti, posebno kada je u pitanju masovna industrijska proizvodnja. U praksi i u zakonodavstvu se pravi razlika između vidljivih i nevidljivih nedostataka. Brojni pojavni oblici koji se utvrde kao nedostaci proizvoda mogu se svrstati u tri kategorije, odnosno ispoljavaju se u vidu: (1) konstrukcionih i fabričkih nedostataka, (2) neodgovarajućih upustava o upotrebi i neadekvatnog upozorenja o svojstvima proizvoda, i (3) naknadno otkrivenih nedostataka, čija štetna dejstva nisu mogla da se saznaju u vreme kada su proizvedena, odnosno stavljanje proizvoda na tržište na tržište (promet) čime stiče status robe. Praksa je pokazala da se u ovim slučajevima vrlo često radi o proizvodima iz farmaceutske industrije. Za te proizvode se naknadno ustanovilo da su doveli do izvesnog oštećenja zdravlja korisnika, a za koje se proizvode, prema naučnim i tehničkim saznanjima, u trenutku proizvodnje i stavljanja u promet, nije znalo o njihovim štetnim svojstvima. To znači da su izazvale vrlo loše efekte po zdravlje korisnika. Potrošački proizvodi koji mogu prilikom upotrebe ispoljavati ne samo potencijalne opasnosti nego i dovesti i do realno opasnih situacija prilikom korišćenja, pa i rizik po zdravlje i sigurnost (najčešće kozmetički proizvodi, dečije igračke, zdravstveni suplementi i sl.). U Evropskoj uniji je, zato, ustanovljen system brze razmene informacija o opasnostima koje proizilaze upotrebom navedenih potrošačkih proizvoda (RAPEX).
***Ključne reči*:** *povlačenje robe, determinante, proizvod, štete korisnicima, RAPEX sisteem*

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1. Introduction

By making a purchase decision, consumers /buyers react to the offer of a wide assortment, so from this point of view all manufacturers are obliged to bring a correct and safe product to their consumers /buyers when they place goods to the market.

However, in practice, different situations occur before and after the purchase of a particular product. One of the essential conditions for producer's responsibility for damage caused by a product with a stated defect is that the product, before it was put into the trade, already had defects that subsequently caused damage to the user of that product. An obvious defect of a specific product is defined as a defect that caused damage to a persons or thing. On the other hand, one should be aware of the fact that damage can also be caused by a product without visible defects. For example, alcoholic beverages are among potentially dangerous products that threaten harm, but they are not considered defective. This kind of danger to health can be expected from excessive use, which means consuming alcoholic beverages in large quantities, which can lead to poisoning. This also applies when it comes to pharmaceutical products and cosmetic preparations of the pharmaceutical industry (medicines, supplements, equipment), which are not considered as defective products, but may have undesirable - harmful effects on the human body during therapy. For example, drug allergy, insomnia, headache, diarrhea and more. On pharmaceutical products (medicines), the manufacturer is obliged to warn the consumer in the attached instructions about the adverse effects of the drug in general, and in particular, which adverse effects may occur in certain persons. On occasions, when there is no such instruction, the product can be considered to have been put on the market with a deficiency (no instructions for use, dosage, method of administration and warnings about the side effects).

There are numerous examples of shortcomings in the automotive industry as well. The main hypothesis of this paper is that a product with perceived defects should not be placed on the market, and if it is placed on the market as such, it should be withdrawn from sale as soon as possible. Auxiliary hypotheses refer to the positive effects that withdrawals of defective products from the market bring to companies, because in this way they strengthen and expand consumer’s loyalty. The second auxiliary hypothesis refers to online trade and the fact that "fair trade" intensifies the marketing of goods via the Internet. When looking and researching this problem, certain scientific methods which include quantitative indicators (data from the Internet) and those that are treated as qualitative indicators, which were also checked in relation to other similar researches and findings were applied. Legal regulations related to the subject of research, such as, for example, numerous directives of the European Union regarding the withdrawal of products from the market, in order to protect consumers, were especially taken into account.

As the market becomes more saturated, product recalls have become more regular across all categories and countries. Recalls have negative implications for businesses, regulatory agencies, and society, but they also put stakeholders' resiliency to the test. However, there are many undefined terminologies, and there is a lack of a framework for synthesizing knowledge to answer fascinating and relevant questions. It is critical to focus on the core question of which corporate behaviors influence recall efficacy. It is necessary to define product recall and distinguish it from related phenomena, with the undertaking of different strategies that companies can undertake after defective products, the factors that encourage the choice of these strategies and their implications for effects. Then, it is necessary to determine how the marketing communications and marketing channels of the firms announcing the recall led to the effectiveness of the product recall (Astvansh, 2018).

2. Subject of research – groups of product defects

Before being placed in direct and indirect market channels, the product may contain various hidden or unhidden defects. The manufacturers should keep this possibility in mind and the retailers should detect the possible defects. The consequence of detecting a defect is withdrawal of the product from the market or elimination of the detected defect.

There are many occurrences of product defects, but in practice, we distinguish three main groups of defects of product that are placed on the market (Acin, 2020):

(1) Construction and manufacturing defects - defects in the product itself that can cause damage to the consumer (user), and were caused by omissions in the construction and design of the product, its production or even in its distribution;
(2) Inadequate instructions for use and inadequate warning about the properties of the product - the manufacturer or a retailer attached the instructions to warn the customer about the technical-technological characteristics of the product, by informing the user that the use of the product must comply with the prescribed standards that users are required to adhere when using such a product, that is, to warn users about its dangerous properties;
(3) Subsequently discovered defects - those defects that could not be detected in the production process and before placing the product in the market, considering that the state of scientific and technological knowledge at that time was not sufficient to establish whether the product is defective or not.

Product safety has been a serious concern for EU members since the 1960s. Product safety rules have a long history, but new technology, changes in the global economy, and other fundamental upheavals have recently reintroduced product safety into political debates. However, as reforms progress, there is a growing desire to reconsider the EU's complicated security policy structure. Based on numerous analyzes of the deliberative policy and an interpretive review of the literature, an overview of the safety measures of non-food consumer products in the EU can

be given. With the historical background, one can apostrophize the main laws, administration and enforcement as well as standardization and harmonization of laws related to specific products, notifications provided by national safety authorities, recall of dangerous products and liability for them (Ruohonen, 2022).

2.1. Structural and manufacturing defects

This type of defects that are observed on a specific product arise in the process of planning and during the production process of the product, when appropriate standards based on scientific and technical knowledge were not applied at the time of production and placing the product on the market. Although structural defects are most often associated with products of the mechanical industry, production of vehicles, airplanes and similar, they can also occur in pharmaceutical products, for example, an insufficiently tested drug, or the use of inappropriate raw materials for its production. In such cases, construction defects do not refer to an individual product. Therefore, they do not represent an exception, but they give essential features to the overall production or to a specific series of products. However, when they find out about structural defects in the products on the market, the manufacturers are obliged to inform the buyers of those products about the detection of defects in the product and to withdraw the products from the market, i.e., replace them with other - correct ones, at the manufacturer's expense.

Factory defects, unlike product design defects, appear in the production process itself. These defects may arise due to the error of an operational worker participating in the production of the product in question. Such defects are exceptional and do not apply to the entire series of products.

The product is also considered defective when it is unsafe to use, but to the extent that consumers rightly expect. In order for the buyer to claim damages, in case of objective liability for product defects, the injured party does not need to prove negligence in the work of the manufacturer, but an expert opinion is conducted to prove whether there was a design or manufacturing error, or some other defects that made the product unsafe for the intended widest operational use.

A product defect, in some cases, is determined relatively easily through hands-on research, clinical testing, or through manufacturer's own admission.

Proving the existence of a defect may, however, be more difficult, for example, in case if a fire destroyed the evidence of the product's malfunction or the cause of the resulting damage, or simply, in case of an unknown accident. In such cases, the principle of res ipsa loquitur (things speak for themselves) allows the court in certain circumstances to draw different specific conclusions on the balance of probabilities of whether there was fault (for example, a car spontaneously combusting causing damage to another vehicle may lead to conclusion that the vehicle was broken, but the court does not have to come to that conclusion, and can explain it by an accident, i.e. a combination of various unfortunate circumstances that led to it).

2.2. Inadequate instructions for use and inadequate warning about product properties

A product is also considered defective when the consumer was given an inadequate notification or warning about the risk of the product during its usage, or if there was no warning at all on the product about a hidden danger while using the product. It is considered normal for the consumer to use the product in a way that corresponds to its purpose. The consumer relies on the instructions he received from the manufacturer. For simple technical-technological products, the instructions are given in a general manner, written in a way that an averagely educated person can understand the purpose of the product and how to use it. On the other hand, when it comes to products that are technically and technologically complex and dangerous during use, the instructions for use of the product must contain detailed and comprehensive information and warnings about the properties of the product and instructions on how to use it, in order to avoid harmful effects of the product (for example, chemical products, medicines). The consumer is obliged to use this type of products with great care.

In fact, all products that do not comply with legal solutions, and produce a very high risk for the health and safety of customers, receive notifications in the "European Rapid Alert System for Products (RAPEX). For example, in the period 2006-2015, 99% of the 724 personal care products reported in that period pose a serious chemical risk because they contain substances that are prohibited or restricted by European cosmetic regulations, such as: hydroquinone (157 products), metals (114), preservatives (90), phthalates (57), glucocorticoids (35), N-nitrosodiethanolamine (27), etc". At the same time, 85 products were contaminated with pathogenic microorganisms. Marketing surveillance of personal care products is based on on-the-spot checks and consumer complaints and is not comprehensive given the huge number of personal care products on the European market and legal requirements for more than 1800 substances in the cosmetics regulation. Increased market surveillance, along with imposed producer responsibility and increased consumer awareness, are imperative with the modern offering of personal care products (Klaschka, 2017).

The product is considered defective even when it is not used in accordance with technical and technological standards. However, even products that are used for everyday life needs must have adequate instructions for use and warnings about the properties of the product in order to avoid its harmful effects. Manufacturers, that is, distributors, must warn consumers (buyers) of the consequences that may occur in case of improper use of the product. They are obliged to monitor the scientific findings related to the product, and to incorporate them in a timely manner in their instructions, and to warn consumers of the consequences of not following the warnings about the properties of the product during use. Each manufacturer is obliged to attach instructions on

how to use their product. There are products that are not dangerous by their very nature, but show dangerous properties when used. Manufacturers of such products are obliged to inform possible users (consumers) of their danger (for example, cigarette manufacturers are obliged to warn consumers - buyers about the health hazards of tobacco products). Warnings and instructions for use are also necessary in case of products that are not dangerous and harmful to health normally, but if taken at the wrong time and in inappropriate doses, can cause dangerous consequences for the user's health (for example, some types of drugs).

In modern production processes, technically and technologically very complex products are produced. A user must possess certain professional knowledge of how to use the product and knowledge of the properties and effectiveness of the complex product in order to prevent the occurrence of damage. The instructions and warnings that accompany the product must be comprehensible for consumers and contain important and scientifically based information about the product, so the risk of damage when using the product is reduced to the minimum (especially related to the use of products with toxic properties and pharmaceutical products) (Acin, 2021). For example, in just one day, two products were withdrawn from the Serbian market (MT-NEOPRO, 2022) - a muffin mold and a kettle, because the products carried certain risks for customers. The kettle (ROX 57831) carried a risk of "electrical shock" and in the announcement of the Ministry, it was stated that the product does not have grounding, so the user can come into contact with surfaces under voltage, which increases the risk of "electric shock". The other recalled product is PEPCO silicone muffin molds (model SKU serial number 2200131053168) packed in a cardboard box with a transparent front. In addition to the Ministry of Trade, "Pepco" itself also announced on its website that this product is being withdrawn. As the warning on the website of the Department of Commerce's product safety alert system stated, there was a chemical risk. Muffin molds, carried a risk of migration/transfer of formaldehyde and memamine from the mentioned food packaging materials to the potentially prepared food (Euronews Srbija, 2023).

2.3. Defects subsequently discovered

Defects discovered later can cause damage to consumers (users), without their harmful effects being known at the time the product was manufactured or placed on the market. In this case, pharmaceutical products are often in question, because of subsequent findings of the damages they caused to users. Although, according to scientific and technical knowledge, their harmful properties were not known at the time of production and marketing. Attention was drawn to a case from the sixties of the twentieth century, when a new drug for removing excess cholesterol in the blood (MER 29) appeared on the market in the United States of America and was very well received by consumers. After some time of using this drug, many users were threatened with losing their sight (Petrović, 2004). The analyzes that were carried out after this revealed that the basic raw material used in the production of this drug, MER 29, showed dangerous harmful effects that were unknown according to scientific and technical-technological knowledge at the time of production and before putting this drug to the market. (Kirby, 1967). Hidden defects in the product or risks inherent in new products are called "development risks" in the literature. This group of risks consists of those risks that were not known or could not be detected at the time of production and introduction of new products to the market, but existed at the time when the product was manufactured or placed in the course of trade, and could not be detected due to on the state of scientific and technological knowledge at the time of the production, or placing on the market.

In the European Union, the rapid warning system for dangerous non-food products (RAPEX) is considered a type of e-service, which combines e-administration, e-education and e-health. RAPEX enables the rapid exchange of information between the national authorities of the EU countries on measures for products that pose a risk to the health and safety of customers. Those warnings mainly related to products from China (57%), and 18% related to warnings about products from the EU, in the period 2005-2016. The largest number of notices were delivered to products from Germany, France, Italy, Great Britain and Poland, and they related to motor vehicles, clothing, textiles and mobile items, followed by articles for the care of children and children's equipment, toys and cosmetics. The buyer/consumer was, in general, the immediate user. At the same time, the level of risk was worrisome, because the outcome would be a possible injury. Those products were mainly supplied by Germany and Greece, and the corresponding measures, in relation to the products, were undertaken by economic entities (Piglowski, 2018).

Numerous analyzes indicate that textiles can also be a dangerous product that is placed on the EU market, and appropriate legal regulations have been created in this sense. Analyses have showed that the primary sources of risk include cords, laces, and small embellishments in children's clothing, as well as chemical risks connected to the presence of harmful aromatic amines and some heavy metals, and they are the most common type of risk posed by these products (Salerno-Kochan & Kowalski, 2020).

An example of subsequently discovered product defects is related to the blood transfusion process and the dangers of transmitting the AIDS virus - a hidden dangerous disease that could be found in the donor's blood. A special area of hidden dangers is represented by the products of biotechnology, especially genetic engineering and their possibly harmful consequences for human and animal health, and by the occurrence of epidemic and endemic diseases. One of the measures to prevent the unexpected return of some diseases based on biological inventions is the introduction of Directive 98/44/EC of the European Parliament and the Council of July 6, 1998, on the legal protection of biotechnological inventions (Acin, 2021). Earlier, the courts of most countries could not press charges against the manufacturers who objectively could not detect the defect, given the level of scientific

knowledge, so guilt was not an option since the manufacturer could not have known that the product had defects. In situations where the manufacturer takes all the necessary measures at the time of making the product, and then it turns out that the product has dangerous harmful effects on the consumers' health, it is in the social interest that the damages from such defects are compensated in full, and not for example, only on the basis of social security. That is why a delicate question was asked: Who should bear the burden of such inevitable shortcomings of modern mass production? Is it acceptable for it to be the consumers or the producers and their insurers, or should this damage be distributed to all members of society because the benefits of scientific and technological development benefit everyone (Pak, 1995). EU Directive 374 in Article 7 (e) stipulates that the manufacturer will not be liable if he proves that the knowledge of science and technology, at the time the product was put on the market, was such that it did not enable the detection of defects. It is, however, left to each member state to decide whether to accept this solution or not. Article 15 (point 10) of Directive 374 foresees the possibility of derogation from Article 7 (e), which excludes the responsibility of the company for development risks. Most of the countries of the European Union are in favor of the application of the exclusion of liability for development risks (Pak, 1995). Practice demonstrates that many companies (for good reason) are torn between calling a situation a recall or a withdrawal. Food recalls are a vital tool for protecting consumers from potentially harmful products, thus manufacturers and distributors must have appropriate protocols in place in the event of a recall or withdrawal. Given that the meaning of the term varies in different countries, and even in the standards and guides of the Food Safety Management System, it is not uncommon for confusion to arise in relation to these two terms. For example, according to EU Regulation 178/2002 known as the General Food Law and Directive 2001/95/EC, a recall is: "any measure that returns an unsafe product that was available to consumers", while a withdrawal is "any measure that involves preventing distribution, exposure and offer of a dangerous product to consumers". On the other hand, according to the FDA (Food and Drug Administration): "a recall is the removal of food from the market that is in violation of the regulations of the US Food and Drug Administration (FDA), while: withdrawal from the market is a case when the product has a minor violation that would not be subject to FDA legal action. The company removes the product from the market or corrects the violation. It is quite clear that a recall is a procedure for returning products that may harm the health of consumers, while in the case of withdrawal support is sought in the interpretation of the requirements of the applicable legislation and/or the standards applied by the company. The types of revocation can be: (1) voluntary: when the company itself, due to perceived problems (or potential problems), enters the revocation procedure, or (2) mandatory: when the revocation is ordered by competent state authorities; also, revocations can be viewed on two levels. (1) Markets: means recall of products at the level of distribution centers and/or retail stores and means food sold in bulk; (2) consumer: implies recall from any point of the supply chain: distributors, retailers and consumers" (As Consalting 2023).

The role of institutional actors in global supply chains, as well as the implications for product safety, must be experimentally investigated in order to broaden existing supply chain management theories to include developing, mature, and interim supply network resilience. The COVID-19 was a prime illustration of this. The societal consequences suggest that governments could be held accountable for developing robust risk management processes for product recalls in response to specific risk events. During the COVID-19 pandemic, a distinct design element arose that combines dynamic database analysis and a product, process, and location-centric perspective (Schumacher et al. 2021).

3. System for timely exchange of information on the risks emerging from the usage of consumer items (RAPEX)

System for rapid exchange of information on the dangers arising from the use of consumer products (RAPEX) in the European Union (with the except ion of food products, pharmaceutical products and medical devices covered by other mechanisms) provides information to the countries of the European Union about dangerous consumer products which are recognized on the market by national institutions and which circulate very quickly between those institutions and the European Commission, with the aim of preventing or limiting the supply of dangerous products to consumers. In the third decade of the XXI century, 30 countries participate in this system: all member states of the European Union and three countries of the European Economic Area: Iceland, Liechtenstein and Norway. The legal basis of the RAPEX System is European Commission Directive on general product safety (hereinafter Directive 95) (European Parliament and European Council, 2001) in which the key aspects of the functioning of the RAPEX system are defined.

How does this system work?. In accordance with Directive 95 on general safety, competent authorities of the respective country inform the "European Commission through the RAPEX system of measures taken to prevent or limit the marketing or use of consumer products that pose a serious risk to the health and safety of consumers" (obligation from Article 12 of the Directive95). Measures taken by the competent authorities of the respective country, as well as measures taken voluntarily by manufacturers or distributors are included in the RAPEX system. The most common measures are sales bans, withdrawal of dangerous consumer products from the market, provision of information to consumers about the risk of using these products and withdrawal of dangerous products from consumers.

The competent authorities of the countries that are in the RAPEX system exchange information on the dangers arising from the use of consumer products, especially products such as children's toys, child care products, electrical products - lamps, string lights, lighters, cosmetic products, motor vehicles, mini motorcycles, furniture,

decorative items, laser pointers, gas heating devices, recreational props, electric drills, etc.

A serious risk defined by Directive 95 is one that requires rapid intervention by the competent authorities andincludes risks of which consequences arise later.

The RAPEX system relies on strong cooperation between the European Commission and the following partners: competent authorities of the respective country, andmanufacturers and distributors.

Directive 95 clearly indicates a set of obligations for all participants in the RAPEX system and they are listed in detail in the guide for the operational implementation of the RAPEX system. The competent authorities of the respective country ensure that business entities comply with these obligations and that they bring only safe products to the market. Each country's competent authorities designate institutions with the authority to take action to prohibit or limit the sale or use of dangerous items if they discover them on the market. The measures must be reasonable to both the risk and the consumer category. For example, in the case of children's toys and their smaller parts that can be swallowed by children, authorized bodies have the authority to withdraw the product from the market or from consumers, given that these products can cause suffocation and seriously injure certain consumer groups. System for timely exchange of information on the risks emerging from the usage of consumer items

Each country that participates in the RAPEX system appoints a state contact institution (RAPEX Contact Point) to supply the Commission with thorough information on harmful items detected on its market. This information is delivered in a standard notification form that contains the following details:

- product identification (name, brand, model, description, picture);
- the risk that the product contains (type of risk, laboratory test results);
- measures taken to prevent the risk (type of measures, scope, duration, date of entry into force);
- distribution channels of the named product (producer, exporter, importer, distributor, final destination country).

This data is examined by the Commission, which ensures notification completeness and quality while also assessing conformity with the legislation and the RAPEX system. This phase is known as validation, or confirmation of the information's reliability. Manufacturers and distributors have a responsibility to ensure that only safe items are placed on the market. They play critical roles in the supply chain and the RAPEX system's operation. Manufacturers and distributors are qualified to determine whether the product they put on the market is unsafe since they have knowledge of the product and contact with customers. When a client becomes aware that a product is "dangerous," they must notify the appropriate authorities, clearly describing the product in question, the risk that the product in use poses, and the evidence to support it. They must also notify the appropriate state authorities about the steps taken to protect consumers from additional harm. This information is routed through the RAPEX system to the European Commission and other stakeholders.

It is the duty of business entities (manufacturers and distributors) to inform the competent state authorities about the real dangers of products that may pose a serious risk to the health and safety of consumers during use. Competent state authorities control and check whether companies have taken appropriate measures to indicate the risk contained in a dangerous product and to assess whether additional precautions are needed.

In order to simplify the practical implementation of the obligation to notify manufacturers and distributors, the Commission has developed information technology mechanisms called "business application" that enable business entities to submit a notification via the Internet to the competent state authorities about the dangers arising from the use of dangerous products which are intended for customers or consumers.

In practice, in order to successfully implement the product recall and/or withdrawal procedure, the company must go through the following binding stages (As Consalting 2023):

(1) "Collection and processing of information - This is the key stage in which it is necessary to find out the details of the problem and gather as much information as possible, on the basis of which the right decision will be made whether it is a question of withdrawal or recall of the product; data is also obtained which product lots should be withdrawn or recalled, affected customers should be identified and further distribution of the product should be stopped;
(2) Notification of: customers, competent state authorities, consumers and the certification body (in case of recall);
(3) Monitoring: during the process of withdrawal or recall, be in constant communication with all interested parties;
(4) Dealing with unsafe products: unsafe food must be clearly labeled and thus prevent its further sale and distribution; further handling of the unsafe product according to the risk analysis and Management System procedures".

Food product manufacturers are recommended to carry out a recall simulation at least once a year. In this way, they receive valuable information and guidelines for further improvement of the system, as they are able to detect potential problems that may arise if there is a need for an actual recall of the product. When simulating a product recall, special attention should be paid to planning the transportation, storage and disposal of the recalled products. Only in this way can the organization show maturity and readiness to deal with all the problems that follow the recall.

From 2005 to 2018, 104 instances of microbiologically contaminated cosmetics were detected, with twenty goods

meant for children. The majority of the products (65.38%) come from RAPEK member countries. Gram-negative bacteria (59.62%) and bacteria of organic origin were the most common sources of contamination. These rod-shaped bacteria are the most frequent microbiota that contaminate cosmetic items in Europe. Most of the reported microbiologically contaminated cosmetics come from European countries.
(Michalek et al. 2019).

4. Consumer trust - shopping over the Internet (some of the research results)

All businesses, firms, companies and even individuals, who recognized the Internet and virtual business environment as a very suitable place for trade, began (before the pandemic) to adapt to the new situation and the electronic (online) way of trade transactions. Such retail entities already had their websites, profiles on numerous social networks and an already assimilated audience to whom they offered their products. In real situations, as the pandemic forced almost all those who offered something for sale to move to the internet sphere of offering and marketing products, and those who strive to complete the implementation at any cost, it led to many missteps and clumsiness, due to the sudden emergence of a general health hazard which afflicted the entire world. Many resorted to the solutions that seemed the fastest and simplest to them. This logic pushed social networks to the fore as platforms for online business development. It was also completely reasonable - first of all, they were free and every potential customer surely already had a profile on one of the social networks, so the aforementioned logic was very applicable (Mitić, 2021). Many small and even some medium-sized retailers or businessmen accepted such a solution for the placement of their products. However, over time, the question arose whether such an approach is really the best?. Regarding the placement of goods from the customer's point of view, mutual (dis)trust was highlighted. In cyberspace (virtual world) a feature such as trust is even more necessary for successful trading than in the offline world. In the digital environment, the customer cannot be in physical contact with the product he wants to buy, he cannot see it live or try it in any way, so trust plays a key role and is an indispensable feature of every successful trade, i.e., process placement that needs to be completed successfully. Sellers on the Internet (e-sellers) have an important task in building trust with their potential customers. At the same time, as a conclusion of this short research, the following scenario is quite realistic:

- The seller of some goods that we are trying to buy has only one page on Facebook or Instagram profile;
- There is no information on the page or profile, such as registration number, PIB, company headquarters, company owner's name;
- An official email address is something like **********@gmail.com or *******@hotmail.com that can be registered by absolutely anyone;
- The only images on the page or profile are generic images of the products it sells, taken from already existing sites for the sale of identical products;
- When you pay attention to the details, you can see that the page has existed for less than a year (just a few months, or even less).

That is why it is considered that the most important thing for online trade is building trust, and we should keep in mind what it reflects. The first postulate for the initial stage of trust is transparency. This means having basic information about the company or the seller that can be easily checked (on the APR website or if the individual connects his private profile on social networks to the page he uses for online sales), because if there is nothing to hide, why not set basic data.

Another postulate that builds trust is frequency, the possibility that the buyer can find the seller at the same address. This means that if the buyer does not find a seller at the address he is used to, it is very likely that he will not look for him on the Internet, but will go to the next one that the Google algorithm offers him through the search. It is considered that the greatest advantages and disadvantages of the Internet are that we are within reach of the whole world and that we are just like everyone else. However, often with the second postulate, frequency, one encounters a notable problem. Namely, social networks often change their algorithms, rules of use or advertising rules, all in accordance with their needs, thus forcing many sellers who have profiles on those networks to either change their way of doing business or simply disappear from those social networks. In such a situation, the buyer is determined if there is no seller at the previous address to which he is accustomed. An online merchant who has based his digital business on (mostly one) social network as the only online location for his e-store risks being left without that e-store, thus without customers, and the entire business.

In practice, this often cannot be influenced in any way, and it is considered to be too high a price for using a platform that, at first glance, appears to be completely free (interviewees on social networks adhere to the principle: "there is no such thing as a free lunch"). According to research, almost 86% of micro and 92% of small businesses in Serbia actively use the Internet, according to a concrete survey conducted at the end of 2021 by the Register of the National Internet Domain of Serbia - (Mitić, 2021). The most important of all is the digital channel for creating new business opportunities and represents the company's official website, which is far more important than all social networks, while as many as three quarters of respondents believe that the website has influenced their business growth to a greater or lesser extent. The conducted research among visitors of social networks (a sample of 100 visitors) indicates that the use of the website positively reflected on the increase in the number of users by 38% or on a higher positioning on the market by 27% (Mitić, 2021). Legal entities that operate in the field of production, industry and construction more often state that the site contributed to an increase in the number of clients by 52%, while companies in the field of trade state that a website with a personal domain is the "culprit" for the increase in sales by 24%. On the other hand, for companies with an annual turnover of less than

four million dinars (4,000,000.00), the use of the website had the least effect on the increase in sales, by 2% (Mitić, 2021). Another survey showed that as many as 82% of surveyed companies, which have their own online store, consider online sales to be important or even more important than the traditional sales model. This is shown by the data of a survey conducted on 1,000 companies and carried out within the USAID cooperation project for economic development in November 2020 (Mitić, 2021). E-commerce is not only important for sellers, but also for customers. In Serbia, in 2020, 61% of all online customers made purchases regularly or intensively over the Internet, according to the research of the portal (Mitić, 2021) which was reported by the "netokracija" As expected, large and medium-sized companies lead the way in e-commerce, while the share of micro and small companies that have their own website and online store is modest, RINDS reports as the results of the conducted research. Online shopping is not subject to the regulations of only one law, on internet portals you can find a wide range of laws and legal solutions that can affect e-commerce: Law on Electronic Commerce, Law on Trade, Law on Consumer Protection, Law on Obligations, Law on Personal Data Protection. These are only part of the laws that refer to certain regulations that affect trade conducted via the Internet or smart devices, and in addition there are a number of narrower regulations (lex specialis) that can additionally regulate this type of trade. As electronic trade differs in a certain percentage from "ordinary" trade (traditional type of trade), a legal solution, which was extracted as a special law (lex specialis) from the Law on trade, was also needed. This law also governs the terms and methods of entering into electronic contracts, which are required for electronic commerce, and this is where the Law's greatest value may be observed. It aims, among other things, to ensure the conditions and ways of providing information society services, obligations to inform users of those services, definition and regulation of commercial messages, what are the rules regarding the conclusion of contracts in electronic form (which will be discussed in more detail in the following text), responsibility of information society service providers, supervision of law enforcement and offenses committed against the provisions of this law. The service of the information society is a service that is provided at a distance, in most cases with compensation (mostly monetary) through electronic equipment for data processing and storage, at the personal request of the user of the service, and in particular trade via the Internet, offering data and advertising via the Internet, electronic search engines, as well as enabling the search for data and services that are transmitted over the electronic network, providing. This means that it is a paid service, which is provided online through social networks or some other means of online communication at a distance, where online shopping, advertisements on the Internet or obtaining some data (education or some other type of data collection) are particularly highlighted. The law treats electronic trade or trade via the Internet as a subtype of trade and categorizes it as distance trade (or trade at a distance) in three types:

- selling goods/services via electronic store (basic form of electronic commerce) - An electronic store represents the basic form of electronic commerce, where a seller or service provider offers their goods or services via the Internet. This form of electronic business is also the most represented form of electronic commerce, as more and more e-merchants, in addition to traditional channels for marketing goods or services, also use their own online stores, which are often implemented on existing company websites or brand promotion pages;
- selling goods/services via electronic platform that effectively connects traders and consumers (sale through an e-commerce platform) - As a unique type of Internet business, e-platforms function similarly to robotic middlemen, linking sellers and service providers on the Internet with potential clients. Furthermore, they are not required to act as a middleman; rather, the person in charge of the electronic platform may sell his or her own goods or services through that platform. The platform is owned by a person who delivers information society services;
- Selling goods using an electronic store or platform, with the goods shipped straight to the consumer from the manufacturer/wholesaler ("dropshipping" form of electronic commerce).

Within this law, some of the rights of buyers that are characteristic of online trade are highlighted, as well as what we can do as online buyers: (1) The right to cancel the purchase (within 14 days), (2) Buyers enjoy the right to a refund, (3) The right to complain, and (4) The right to return goods and shipping costs regulated by Serbian legislation.

5. Conclusion

When launching a new or innovated product on a specific market or market segment, it is necessary for the manufacturer to be very careful. The marketing sector, i.e., personnel from marketing or sales department and even management department often insist on how good the product they intend to put on the market or have already done so is. However, it is vital for product launches that they should be realistic or considerate. In doing so, it is necessary to answer, among others, the following questions: Has the product been sufficiently tested? and are the results consistent with it?

Asking these questions, as well as other questions to which the answer may not be so nice, ensures that the product is ready to be released to a market that is, for the most part, turbulent and increasingly demanding. In addition, if some flaws are noticed, an opportunity is given to fix and improve the specific product. This all falls under something called new product development, and it is not only normal, but also desirable. That is why it is important not to ignore the negative responses from the product evaluation. In this way, both the product and the company can be put in an extremely undesirable position. The worst solution that a company can choose when marketing products to selected consumers is setting high standards or unrealistic expectations related to a specific product. The effect can be the opposite and sometimes disastrous

because you can get a lot of angry customers who are disappointed with the quality and reliability of that product which has failed the expectations and needs of customers. Market research and assessment takes time, but it provides a lot of vital information for effectively bringing a new product (or innovation) to market. On the other hand, protection of life, health and safety of consumers from defective products has become especially relevant in the conditions of mass industrial production, in which product defects began to manifest more significantly, primarily in the form of: (1) structural and manufacturing defects, (2) unsatisfactory instructions for use and inadequate warning of the user about the dangerous properties of the product, and (3) defects discovered subsequently in the specific product.

Therefore, in the European Union, at the beginning of the 21st century, a system of rapid notification and exchange of information on the dangers arising from the use of dangerous and unsafe products, as well as products whose defect sire noticed only after being placed on the market, was established. Recalling a product from the market symbolizes the worst-case scenario for the company: in addition to incurring significant material expenses, it also has the potential to badly harm the brand's reputation. However, this does not always appear to be the case. There have been numerous incidents of items being recalled as a precaution and out of concern for the possible damage to consumer health, which is certainly regarded as good manufacturing practice, and this has been increasingly common in recent years. The care offered to potential customers has a significant impact on client loyalty.

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