



POLICY BRIEF 2024:15

Perspectives into topical issues in society and ways to support political decision making.

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Increasing the Repair of Goods: Barriers, Enablers, and Solutions

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By increasing repair activities, environmental, employment, and economic benefits can be achieved. Barriers to repair should be removed and facilitators strengthened. The project recommends, among other things, the development of training for repair professionals, support for establishing a network of repair companies, the introduction of repair vouchers, communication about repair services, and directing R&D funding towards the development of repair service concepts.

Expanding repair services towards resource efficiency

Our production and consumption patterns, based on the continual extraction of new natural resources, ever-increasing consumption, and the premature disposal of goods after short periods of use, have proven to be ecologically unsustainable. Additionally, the COVID-19 pandemic and the war in Ukraine have highlighted issues with the availability of raw materials and new products. Extending the lifespan of goods is a significant means of reducing the environmental impacts of consumption.

Expanding repair and refurbishment beyond current levels is a key means of extending the lifespan of goods.

Current state of repair services

The repair services sector in Finland is currently small: in 2022, the turnover was €386 million and it employed 2526 persons (calculated in person-years). The largest turnover and workforce are in the repair of technical equipment, which has grown significantly in recent years. However, person-work-years used for repairing footwear and leather goods have decreased significantly, and those for repairing furniture have decreased somewhat. Repair services are mostly provided by micro-enterprises, which have limited resources for expansion and face a shortage of skilled labor.

Most consumers have used repair services and want to continue using them in the future. In addition, some of the consumers who haven't used repair services might be willing to do so if barriers to repair were removed.

Barriers to repair services

From the perspective of repair service companies:

According to business surveys and interviews, poor profitability is a significant barrier to operations for some repair service companies. Profitability is particularly affected by labor costs, the poor reparability of products, which prolongs the repair process and

increases repair costs, and also the prices of spare parts. Profitability varies considerably between different companies.

A significant barrier to increasing the availability of repair services is identified as entrepreneurs' reluctance to expand their business even if demand increases. Small businesses may not have the time to develop or expand their operations. Many entrepreneurs feel that they already have enough work. Some entrepreneurs in the repair industry will be retiring soon, and do not plan to expand their services.

Another barrier to expanding operations is the availability of skilled labor. Repair work requires specialized skills, and comprehensive vocational training is no longer available for some craft professions in Finland. Therefore, there is a significant responsibility for repair operators to train new workers. For example, vocational training for appliance repair technicians has ended. The training for seamstresses specializing on alterations has been incorporated into the clothing artisan training, but it does not adequately prepare for repair sewing work.

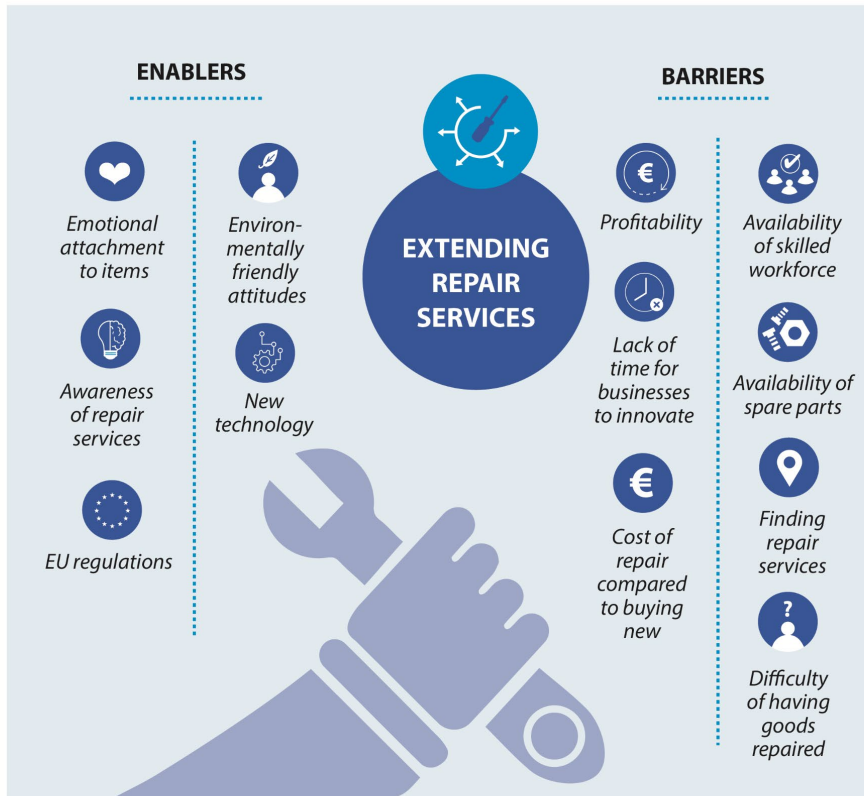
It appears that a notable barrier to increasing the availability of repair services is related to the entrepreneurs' challenges in expanding their business, even if demand were to grow.

Companies may not have the financial means for extensive training. Large players can train their own repair technicians, but it's difficult for small businesses to bear the risk of training. One barrier is the low compensation for apprenticeship training relative to the time spent on training.

From the perspective of consumers:

According to literature reviews, barriers to repair include the relative cost of repair services vs replacement, the time required for repair, and the convenience of repair. International studies suggest that an acceptable cost for repair is around 30% of the price of a new product.

Data from consumer surveys confirm these findings. Consumer responses highlighted the cost and inconvenience of repair services as barriers. Respondents were willing to pay for repairing an item valued at an average of €236.00 and would accept repair costs averaging €74.80. Thus, the repair costs should not exceed 32% of the item's purchasing price.



Enablers for repair services

A significant enabler for repair services is the evolving EU legislation, which imposes new requirements on companies regarding, among other things, the reparability of products, availability of spare parts, accessibility of repair services, and product labeling. In addition, existing or emerging new technologies, such as online repair service platforms or 3D printing of spare parts, can accelerate the expansion of repair services. Collaboration and networking among repair service companies are crucial enablers. While companies already have their own industry associations, this could be further strengthened, for example, by establishing a common network for repair companies.

According to consumer surveys, individuals who currently do not use repair services could be motivated to do so by improving the availability of services and awareness of the repair services. The latter is especially important as according to business surveys

and interviews, repair businesses do not invest much in advertising. On the other hand, general awareness of repair services and their benefits, as well as environmentally friendly attitudes, are factors that promote repair activities.

Although the cost of repair compared to purchasing new items is an important criterion in the decision-making regarding repair, many consumers repair items to which they have an emotional attachment, even if repair costs are high.

A combination of different policy instruments is needed to facilitate the expansion of repair services

Expanding repair activities requires the development and effective implementation of EU regulations and domestic policy measures for encouraging consumer repair, improving the profitability of repair services, and ensuring the availability of skilled repair professionals.

The project group proposes that Finland advocates in the EU for:

- the introduction of repairability labeling for goods and the imposition of fees or taxes on disposable products;
- user testing and communication campaigns related to the creation of the European repair network platform within the framework of the Right-to-Repair directive;
- EU-level communication and funding for national advisory work on digital product passports included in the new eco-design regulation.

Since individual policy instruments may not be effective on their own, the project group recommends the following combination of domestic policy measures, summarized in the accompanying figure:

1. Improvement of the education system for ensuring the availability of repair professionals, with a particular focus on removing barriers to apprenticeship training.
2. Provision of funding and, if necessary, coordination support for the establishment of a network of companies offering repair services.
3. Once the network is operational, introduction of the repair voucher system, accessible to network members or other companies that meet the criteria and quality requirements. The coordination of the repair voucher system would be carried out by a national entity, such as the established network, but it would be administered by regional councils.

4. Communication and awareness raising related to repair services, conducted by the entities managing the network and repair vouchers.
5. Allocation of R&D funding by the government for the development of repair service concepts. It is important to make the support accessible to small businesses as well. Insurance companies could also benefit from support for the development of insurance products that encourage repair.



Methods

The study utilized a combination of different methods to gather extensive quantitative and qualitative data:

- Literature reviews, supplemented by expert interviews and email surveys
- Statistical analysis of the size and development of the repair service industry and household consumption expenditures
- Online survey targeted at repair service companies (n=134)
- Interviews with repair service companies and their industry associations (n=14)
- Consumer survey on repair services (n=1000)
- Workshop about policy instruments

Data collected through various methods were used complementarily to address different sub-objectives of the study.

Report

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