

ACI

Advancing the Consumer Interest

AMERICAN COUNCIL ON CONSUMER INTERESTS

Established in 1953, ACCI is a non-partisan, non-profit, incorporated professional organization governed by elected officers and directors.

ACCI Committees work on issues in such areas as consumer education, consumer research and international consumer affairs. Student chapters are located at various colleges.

PUBLICATIONS

The Journal of Consumer Affairs, an interdisciplinary academic journal, is published twice a year.

Advancing the Consumer Interest, focuses on the application of knowledge and analysis of current consumer issues.

The *ACCI Newsletter*, published nine times a year, offers information on the latest developments in the consumer field.

Employment Opportunities, published as an insert in the *ACCI Newsletter*, provides information on professional positions in academia, business, government, and non profit organizations.

CONFERENCES

An Annual Conference is held each spring and features keynote speakers, papers, research findings, reports of consumer articles and education programs.

Upcoming conferences are:
1993: March 31-April 3 Lexington, KY
1994: Minneapolis, MN

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Advancing the Consumer Interest is designed to appeal to professionals working in the consumer field. This includes teachers in higher and secondary education, researchers, extension specialists, consumer affairs professionals in business and government, students in consumer science, and other practitioners in consumer affairs.

Manuscripts may address significant trends in consumer affairs and education, innovative consumer education programs in the private and public sector, reasoned essays on consumer policy, and applications of consumer research, theories, models, and concepts.

Suggested content may include but not necessarily be limited to:

1. Position papers on important issues in consumer affairs and education.
2. Description and analyses of exemplary education, extension, community, and other consumer programs.
3. Research reported at a level of technical sophistication applicable to practitioners as well as researchers. The emphasis of this research should be on its implications and applications for consumer education, policy, etc. The primary question of the reported research should be, "What does this research mean for practitioners?".
4. Application of theories, models, concepts, and/or research findings to problem solutions for target audiences.
5. Articles summarizing research in a given area and expanding on its implications for the target audience.

The *Guide For Submission of Manuscripts* may be obtained from the Editorial Office.

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Grumblings of a Neomuckraker

At the ACCI Conference in Toronto this past March, Bob Kroll in making the Russell M. Dixon award to Rob Mayer for the best applied article in *ACI* in 1992, bestowed on me a great compliment. He labeled me a "neomuckraker". I assume he arrived at that designation after reading my *ACI* editorials. When recalling the muckrakers of the past like Ida Tarbell and Upton Sinclair, and considering what they have contributed to the betterment of consumer welfare, I am glad to be categorized with these consumer activists. Now that I have been given that label, I feel compelled to live up to the standards of a true muckraker. This means that I must to continue to target some high-profile consumer problem in each of my editorials.

Although there are enough problems in the marketplace to justify editorials for the next millennium, I prefer to write about the problems that are not usually addressed elsewhere and arise from everyday experience. Using these criteria, I was led to the topic for this issue's commentary—*packaging*.

After my puppy has disturbed me early in the morning prior to my DTA (desired time of awakening) I am in no mood to cope with unnecessary difficulties. So my breakfast is simple, usually consisting of a bowl of cold cereal and milk. But this is when my consumer problems begin. I normally do not have much trouble opening the cardboard cereal box, although I always seem to mutilate the flap that's supposed to help me reclose the top. However, have you ever tried to open the inner liner so that it can be closed after pouring out a portion? First, it takes a lot of muscle to pry open that plastic bag and then when it does pop open, the bag usually tears in such a way that it cannot be properly shut. Since my

wife, Jan Ellen, is absolutely convinced that if one molecule of outside air invades the package, the whole box of cereal will instantly go stale, the rest of the contents are therefore wasted for her.

A similar problem usually occurs when attempting to open a bag of chips. The scenario goes like this. You have a big bowl of homemade salsa, four six-packs of beverages, several guests, and all the corn chips in one big bag. This bag, you soon discover, was designed by the person who made the plans for the Brink's truck. You tug with all your might and when the bag finally does open, it tears not along the dotted line, but vertically from top to bottom. When this happens, my puppy, who from experience, is already stationed at my feet, eats several of the fallen chips and slobbers over the rest before I can discreetly gather the chips to put them in a bowl.

Another packaging aggravation comes from attempting to remove the cellophane wrap that locks the freshness in an audio tape. To open one of these takes dexterity beyond my capabilities and I usually have to resort to some hard-to-find tool to help with my opening task. By the time I get it open, the program I wanted to tape has gone off the air.

The aggravation that packaging afford me is not just a minor consumer problem. Although I have a lot of dexterity and strength now, I think of a time in 30 or 40 years when I am a senior citizen and will no longer have the ability to open these packages. I often wonder why organizations like AARP and groups that represent the handicapped have not made it a cause to have packages more accessible to the elderly and handicapped.

In addition to the problems in non-accessibility, packaging has historically presented many other consumer problems. Problems of deception and proliferation of package size were somewhat weakly addressed in the Truth In Packaging Act. However, today, there is



an awareness that packaging problems go beyond the 1965 law. Environmentalists are quick to point out that excess packaging wastes natural resources and diminishes scarce landfill areas. Also, there have been several estimates that packaging adds substantially to the cost of the product (Tom Garman, in *Consumer Economic Issues in America*, states that 11% of each food dollar goes for packaging). Yet other

than for appliance boxes that kids like to play in, the package gives little utility to the consumer.

A review of many of the current consumer studies texts indicates that packaging has become a non-issue for consumer educators. The exception is Garman's book, but even he does not discuss the public and environmental costs of excessive packaging. Stewart Lee, in his earlier text with Leland Gordon addressed a broad spectrum of packaging problems, however, his latest edition with Mel Zelenak, barely mentions much more than the bare elements of truth in packaging legislation. No author discusses the consumer benefits of packaging, (e.g., protecting the contents from harsh handling, keeping the contents fresh, theft prevention); nor does anyone discuss package non-accessibility. Since we are now more aware of issues relating to the elderly, the handicapped, and the environment, the time is ripe to reintroduce packaging as a consumer issue in our texts and our course outlines.

There may be some hope on the horizon in regard to reducing excess packaging, the compact disc industry recently agreed to place CDs in much smaller containers eliminating the non-essential cardboard that was previously used. All CDs in the future will be wrapped in cellophane like audio tapes. Now if they could only make the new CD package more accessible. I may want to listen to Lawrence Welk in my golden years.

EDITOR

Consumer Competencies for the Rest of the Century

Will my vegetarian friends be offended if I serve large slabs of near-bleeding beef at my dinner party? How should I feel about call waiting? Can I compost that old flowered couch?

These are the daily dilemmas consumers face as the irritating drip of trickle-down economics begins to take its toll in the rapidly changing consumer agenda in the '90s. The pressure to simultaneously exhibit political correctness and proper etiquette can cause undue anxiety. The following list is meant to ease your anxiety and update current rules of thumb and consumer strategies:

Banker/Teller Machines: There is as yet no established polite distance for standing in line behind somebody extracting money from an automated teller machine. However, the emerging custom in most big cities is approximately the length of a gun barrel—especially for evening withdrawals.

For most other areas and times of day the old bumper sticker adage "If you can read this, you're too damn close." applies to teller machines.

Cellular Phones: It is considered extremely tacky to call other cellular phone owners across the restaurant even though it is possible. It is equally impolite to ask others to "leave the room" when you are taking a personal call on your car cellular phone.

Answering machines: If you become extremely annoyed at persons with answering machines it is permissible to leave the message "This is Julia Roberts/Mel Gibson and I was just passing through and I really wanted to meet you. Sorry you're not home, we'll probably never get another chance."

Call Waiting: This is the electronic version of "I've got a pie in the oven." It is a polite excuse to get out of a conversation with just about anyone. If you are the person being put on hold, it is appropri-

ate to give this person's phone number to the National Association of Pyramid Sales Telemarketers.

Compost Piles: Whereas it would normally be considered obnoxious to talk about garbage at a social function involving food, compost piles can be discussed and admired for their environmental attributes. Your own Personal Landfill (PL) can be discussed at nearly all social occasions. For the inhibited, try these conversation starters: "You ought see mine rot." or "Look at the stream rising

off that baby." or lastly, "The worms really love it."

(Etiquette clarification: An old couch piled high with newspapers isn't recognized as a legitimate PL.)

Smoking: If you still smoke, you are socially doomed. Take note that it is now permissible for even grossly overweight people who spit, pick their nose in public and drive cars that get seven miles per gallon to verbally abuse smokers for their "nasty habit."

Meat Eating: Bringing a bowl of meatballs to a Sierra Club meeting may be as repugnant as having a Happy Hour at a Alcoholics Anonymous Meeting.

Vegetarianism has become a status symbol in some circles. You can break the ice at predominantly vegetarian social gatherings with the statement: "Is that tofu or did somebody accidentally chop up a dish towel in the stir fry?"

DINK Psuedofamilies: Due to the increased number of DINKs (Double Income No Kids) it is now socially acceptable to substitute photos and humorous stories of your dog's Frisbee catching exploits in the absence of baby pictures. However, if your friends' dog starts sending your dog Christmas cards, somebody should seek professional help.

Recycling: Throwing an aluminum can into a trash can is likely to draw angry glances, so it is permissible to carry around empty cans in the back seat of your cars, in your pockets, backpack or purse. Empty beer cans in your car, however, will still be considered "open containers" in accordance with liquor laws.

Fanny Packs: Never, ever compliment persons of either gender on their fanny pack unless you are absolutely sure they're wearing one.



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MANAGING NOT TO TEACH A CONSUMER AFFAIRS CLASS

A consumer affairs class presents tools for

solving complex, ambiguous problems for which no clear statements or rules exist.

This paper reports an approach to a consumer affairs class in which students learn specific material and general problem-solving skills. One source of satisfaction I have gained from this approach is systematic observation of improved problem-solving skills.

One level of learning is that of learning facts.¹ A second level is that of learning rules of analysis and how to use those rules to solve problems. Problems may fall into explicit patterns for which rules are appropriate. For example, the economist equates marginal cost and marginal benefit of an activity. A third level of learning is that of learning to make rules. The third level deals with ambiguity, uncertainty, and problems that are not explicit.

The third level of learning is the one managers face constantly. Students in consumer affairs classes need to learn at all three levels. In the course I describe, the instructor creates an appropriate learning situation, shares management tools for the third level of learning, and models the tools in class.

The course I describe also draws on popular management literature. Such tools are easily accessible to students and instructors. The course reflects the following assumptions: Meetings are a major tool for solving complex problems. Meetings, however, are typically poorly organized, poorly run, and wasteful. Management-staff communication is critical to

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solving problems, but written and oral communication is usually poor, too. Group problem-solving must allow for many personality types, and most managers do not. Intolerance and misunderstanding in turn reduce effectiveness and create anxiety among employees.

The situations and skills addressed in this course have a practical orientation as part of the disciplines and skills Goldsmith and Vogel (1990) have suggested for the consumer affairs curriculum for business. The teaching approach I describe here also requires students to be active and to take risks. It gives the instructor less control than in the usual classroom situation and requires that he or she show more trust. An atmosphere of trust is most conducive to the third level of learning.²

METHODS

The course methods were first used for management situations in research and academic administration. In order to make the learning experience effective, the instructor needs experience with the tools he or she will teach.

The basic concept of the consumer affairs class I describe is a series of problem-solving meetings. Students conduct the meetings and function as the staff who are to solve particular problems that relate to an overall goal. The instructor acts as manager of the overall project and as a consultant to the students. By working through the series of problems, students learn facts and how to apply rules to solving problems. Working through the process, students learn to deal with ambiguity, uncertainty, and problem refinement. They also learn how to establish rules for process.

The course needs a strong central theme—the major goal. Specific problems or goals should relate to the theme and should be appropriate for student-run meetings. There must be adequate background material, and students must be prepared and mature. Meetings need a structure and process that is productive. They should be almost entirely under student control, and will be almost completely dependent on student contributions. To model effective communication, the manager (instructor) must make sure his or her communications with staff (students) have a clear structure and process, both in meetings and outside them.

Everyone in the course—especially the instructor—needs an understanding of diverse personalities, because the course's format puts all participants in constant mutual dependence and interaction. The consumer affairs material I use comes from Ekelund and Saurman's *Advertising and the Market Process: A Modern Economic View* (1988). The book's central theme is contrasting schools of economic thought about advertising and its impact on consumer welfare.⁵ Ekelund and Saurman emphasize how different analytical approaches in economics lead to different conclusions. The book covers theoretical approaches, empirical evidence and cases, and extensions of theory and cases. The book's diversity allows for various students' preferences about types of material.

The central objectives of the course are (1) to understand the economic schools of thought about advertising and consumer welfare, (2) to evaluate the approaches, and (3) to develop and apply a preferred approach to a policy problem. Specific problem statements for meetings lead through these goals.

The format of the course meetings is the Interaction Method as described by Doyle and Straus in *How to Make Meetings Work* (1982). Briefly, the key roles are:

Facilitator—a neutral servant of the group. The facilitator does not give or evaluate ideas. He or she suggests alternative methods or processes for the meeting, protects individuals,

and seeks a consensus. He or she concentrates on the process of the meeting, rather than on the content.

Recorder—a neutral servant of the group. He or she writes participants' ideas on paper hung on the walls, using participants' own words. He or she helps with the meeting process, but is neutral on content.

Manager—an active participant who does not control the meeting. He or she specifies the problem for the meeting restates the problem, points out when the group strays, and decides when the group has dealt adequately with a topic. He or she also provides specific information and makes final decisions, including how to deal with unfinished agendas.

Group Member—a member of the "staff" who has primary responsibility for meeting content and the group's proposed solutions. He or she suggests and reviews ideas, and seeks a common understanding and agreement. The group members have control, by consensus, of the meeting's process and content.

In a class setting I have found the following roles necessary.

Consultant—an active participant who has specialized information that may be useful. He or she contributes when asked or when his or her information seems especially helpful.

Observer—a nonparticipant who sits outside the group and watches the process and content.

The instructor is the manager and consultant. Students rotate through the roles of facilitator, recorder, and group member. In our class, the observer was an undergraduate teaching assistant who had taken the class before. At times, the class has decided that particular students will become experts for upcoming sessions.

A student's participation in all roles determines part of the grade. This type of grading requires the instructor to look at the meetings with detachment. As the manager and consultant, the instructor is not always the best observer, and the student observer provides a check on the instructor's subjective evaluations.

INTERACTION METHOD

Materials for the interaction process include an agenda, a "wallpaper" meeting memory, and a meeting memo. The agenda begins with the manager stating the problem that will be the subject of the meeting. The meeting facilitator(s) fill out the agenda based on discussions with the manager. The agenda is merely a starting place and a suggested process; once the meeting begins, group members may change the agenda, with the manager's approval.

The "group memory", recorded on paper

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hung on the walls is a running record of the group's key thoughts, phrases, and decisions. Sentences, paragraphs, and spelling are not of importance at this point. The purpose of group memory is to help keep a common focus and use a common process for contributing to the solution. It also shows the evolution of ideas. The group memory shows when ideas are redundant or where they best fit in the resolution of the problem. After the meeting, the recorder(s) make a copy of the memory for each member.

The group memo is a narrative of the meeting using correct sentence structure, grammar, and spelling. I require all group memos to go through RightWriter™, an editorial software package.⁴ Recorder(s) prepare the group memos.

Instructor's (manager's) communications with students (staff) outside the interaction process follow one definition and four simple rules from *The One-Minute Manager Meets the Monkey* (1989), by Blanchard, Oncken and Burrows. The book combines ideas from two management classics—*The One-Minute Manager*, by Blanchard and Johnson (1981), and "Management Time: Who's Got the Monkey" by Oncken and Wass (1974). The instructor introduces the framework in a short lecture. The terms and rules defined include:

A Monkey—A "next move" or action in a project.

Rule 1: Describe or identify the monkey. List the next moves before the manager-staff dialogue ends.

Rule 2: Decide to whom each monkey belongs. Each monkey must have one and only one owner before the manager-staff dialogue ends. Handle all monkeys at the lowest organizational level possible—consistent with their health.

Rule 3: For each monkey, agree on a level of insurance that deals with anxiety over its health. Levels of insurance correspond to rules for action by the monkey's owner. A lower level of insurance is the rule to act, then advise. A higher level of insurance is the rule to recommend, then act. Both the manager and the staff must be comfortable with each monkey's level of insurance, or they must increase it.

Rule 4: Every monkey must have a checkup appointment before the dialogue ends. Checkup dates precede deadlines; they provide chances to discuss the monkey's health—or the status of a "next move" in a project.

These rules make explicit the responsibilities of *instructor and student*. The manager can reassure or restrain different personality types in the class in private in the process of checkup meetings. Talking about monkeys and their

health helps to soften inquiries about a student's progress or the timeliness of a "next move". For some students this is important.

Over the course of the term, the instructor interacts with students intensively in the meeting group (which consists of about 12–16 people) or in "monkey checkups" (involving the instructor and one or two students). Progress depends on students' willingness to contribute—which, in turn, depends on trust. In order to gain students' trust, the instructor needs to recognize and value diverse personalities. The monkey image helps with this; students tend to talk freely about their feelings toward types of monkeys (facilitating versus being a group member, for instance). Each student accepts responsibility for the care of one monkey (even though it may not be his or her favorite kind of monkey) before getting a new one.

There are many ways instructors can gain an understanding of personality types. I use the Myers-Briggs Type Indicator™ (MBTI).⁵ A good source that explains the MBTI is *Type Talk* by Kroeger and Thuesen (1988). Students do not use or learn how to use the MBTI; it is a tool the instructor can use to allow for differences among students and to encourage student participation.

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REFLECTIONS

Student evaluations of the class have been positive. The standard departmental evaluations I have received for the class have been as good or better than those I have received in traditional classes. Students' written comments have been very favorable. Students seem to learn the specific economic material in the class as well or better than when it is taught with conventional methods. Their more active role in making logical connections shows.

The class cannot cover a great many facts or rules. The loss of specific content learning for some students is the price of all students' learning about making rules and practicing actual problem-solving. Nevertheless, this teaching approach has a place among a variety of approaches in the curriculum. At present, there are few classes in which students can learn how to deal with ambiguity, uncertainty, and poorly defined problems. The approach I describe makes a unique combination.

Learning about developing processes and rules for new situations requires students to take risks and to trust their instructor. It also requires the instructor to trust the students to help conduct the class. When I tell other faculty members about this approach, they often respond by saying, "Oh, I would never have the



nerve to try something like that." However, there are conditions that may lead an instructor to choose the approach I describe.

To use it, the instructor must be familiar with the management tools—which is equivalent to being comfortable with the content of any course. In addition, the instructor must be comfortable with having only influence—not control—over the class process and content. The instructor must also be able to interact quickly and easily in discussion.

The approach I have outlined here is best used in upper-division courses. Upper-division students have enough background at the first two levels of learning to spend time on the third level. Upper-division students also have the maturity needed to take an active role in the learning process. They generally have more job experience, and they are looking forward to graduation and thus recognize the importance of learning management skills.

Why bother with this approach to teaching? It *does* take more work than a more traditional approach. It requires refining and articulating management skills usually left to instinct and idiosyncrasy. It is also risky. But developing the instructor's management skills is one immediate incentive.

In addition, with this approach, students learn specific material at least as well and, it appears, with greater understanding, than in more traditional settings. When parents, friends, and employers grill them about "that course with meetings" and students learn to successfully adopt the techniques they have learned in the course, they immediately see its relevance. As a result, their incentive to participate increases, and so does their learning at all levels.

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1. For a fuller exploration of these ideas, see Kurfiss (1988), and sources cited therein. The three levels of learning are also called declarative knowledge, procedural knowledge, and metacognition. For more on the importance of metacognition, see "How Can We Improve College Students' Thinking?" (1989-90).
 2. For a more thorough treatment of risk-taking and trust-building as two essential ingredients in higher education, see Svinicki (1989) and the sources cited therein.
 3. For reviews of *Advertising and the Market Process: A Modern Economic View*, see Sherman (1989) and Leahy (1990).
 4. Rightwriter is produced by Rightsoft, Incorporated, of Sarasota, Florida. For another use of Rightwriter, see Kapp (1989).
 5. Myers-Briggs Type Indicator and MBTI are registered trademarks of Consulting Psychologists' Press of Palo Alto, California.

COMMERCIAL GROWTH HORMONE USE IN DAIRY COWS

T

his paper summarizes consumer issues

surrounding a new synthetic hormone's use to increase milk production in cows.

Since 1973 when Professors Stanley Cohen and Herbert Bayer first created living cellular material that had never before existed, the world has wondered with awe and skepticism about the use of such biotechnology. Currently, a bovine growth hormone produced synthetically by biotechnological means awaits government approval for commercial use to increase milk production in dairy cows. Many observers consider the growth hormone a test case. If it is approved, a whole line of such agricultural products will probably soon be used for similar results.

Most analyses of the issue have focused on supply-side aspects of the question, assuming that consumers do not care whether they drink milk from treated or untreated cows. However, numerous other studies, including one done by the National Dairy Board, have shown consumers to be extremely resistant to the idea of any "tampering" with milk, which they perceive as the most wholesome and "perfect" food. This paper examines the question from the consumer's perspective.

THE BOVINE GROWTH HORMONE AND GOVERNMENT REGULATION

Biotechnology is a blanket name for a form of genetic engineering. As early as 1928, scientists had discovered that by extracting the growth hormone (bGH) from cows' pituitary glands and injecting it directly into lactating cows, they could increase milk production. The 1973 discovery of recombinant DNA (rDNA) technology made commercial production of rbGH economi-

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cally feasible. Industry experimentation has shown that rbGH use can increase milk production by 10-25 percent without a proportional feed increase.

The Federal Food, Drug, and Cosmetic Act requires manufacturers to present evidence that any new drug is effective and safe not only for humans, but also for animals, and that it will not adversely affect the environment. In order to conduct clinical studies on a new drug, the manufacturer must first file an Investigational New Animal Drug application with the FDA's Center for Veterinary Medicine. Once a necessary withdrawal period is approved, the FDA may also grant special permission for the manufacturer of the drug to market the products of treated animals for human consumption.

In 1986, the FDA granted manufacturers preliminary approval of rbGH for experimental work. Based on industry studies, the FDA also judged the treated cows' milk as safe and approved a zero-day withdrawal period. Currently, both animal safety and the drug's efficacy are being reviewed, and industry analysts predict that the FDA will approve the drug.

HUMAN SAFETY OF RBGH

The most comprehensive published study evaluating the human safety issues surrounding the use of rbGH was published in the August 1990 issue of *Science* (Juskevich and Guyer, 1990, pp. 875-884). In that article, FDA officials conclude that rbGH, whether found in milk or meat, is safe for humans. They base this conclu-

sion primarily on two facts; first, that naturally occurring bGH is already present in milk and poses no human health risks; and second that since rbGH is biologically inactive in adult humans, it would have no physiological effects on humans, even if taken orally.

Another major safety concern relates to rbGH interaction effects with insulin-like growth factors (IGFs). Produced by both humans and cattle, IGFs mediate the effects of growth hormones. Since many infant formulas are milk-based, FDA officials wanted to assess whether rbGH had any effect on the production of IGFs in dairy cows.

Studies have indicated that at relatively high oral dosages of rbGH, IGF concentrations increased significantly. However, at lower dosages, like those levels that are likely to be approved by the FDA, researchers noted no differences. Thus, the FDA concluded that treated herds' milk is safe for neonate consumption.

Unfortunately, most of the papers the FDA reviewed were unpublished, short-term, industry-funded studies that were not subject to peer review. Furthermore, the hormone is not yet available for independent scientific study.

INTEREST GROUPS

In addition to dairy farmers, many other groups also have an interest in the commercial approval of rbGH. Among these groups are the patent-holding drug manufacturers, biotechnology opposition groups, government policy-makers, and consumers.

Four major manufacturers—American Cyanamid, Eli Lilly Company (Elanco), Monsanto, and UpJohn—have consolidated their lobbying and educational efforts by creating the Biotechnology Task Force (BTF). BTF's work is funded by these four companies and is coordinated by an umbrella organization called the Animal Health Institute (AHI). The industry asserts that rbGH is safe for both animals and humans. The BTF and AHI groups oppose any effort to regulate rbGH's use or the use of treated animal products; they contend that such action would imply "a difference in milk composition or healthfulness where none applies." Clearly, approval of rbGH for commercial use is a high-stakes issue; the Monsanto Corporation alone reports having spent more than \$200 million dollars in research and development of rbGH.

One of the most notable opponents of the use of rbGH is the Foundation on Economic Trends (FET). FET Director, Jeremy Rifkin charges that the FDA dismissed the question of human safety dismissed prematurely and that long-term independent studies of the issues sur-

rounding rbGH use are necessary. Within FET, Rifkin has organized the International Coalition Against Bovine Growth Hormone. Rifkin has threatened that if the FDA approves the commercial sale of rbGH, he and his group will organize public campaigns questioning its safety and urging dairy product boycotts.

State and national political leaders have also joined the rbGH fray. Because the federal milk price support system involves a guaranteed milk price floor and the purchase of surplus products, the government has an economic interest in this or any technological development that could lead to milk surpluses. Some members of Congress have warned that they will not continue to support the subsidy program if rbGH approval results in a glut in milk supplies. Although studies have been commissioned, Congress has taken no action independent from that of the FDA regarding approval of rbGH's commercial use.

By early 1990, supply-side questions surrounding rbGH approval had been extensively studied. Analysts assume that, except for changes in demand precipitated by potentially lower market prices, consumers would play no significant role in determining rbGH's impact in the marketplace (Blayney & Fallert, 1990). This assumption was made despite a National Dairy Board (NDB) (1986) study that indicated that milk sold from rbGH-treated herds would meet with strong consumer resistance. Although consumers expect some "tampering" by manufacturers with many other food products, they view milk as a "pure" product and did not want to see any changes in production that would compromise that purity. Many parents said that they easily could and would boycott suspect milk.

The Consumer Policy Institute, a division of Consumer's Union (CU), also issued a report urging that treated cows' milk not be made available for human consumption. The author (Hansen 1990) concluded that in light of IGF-related health concerns, potential tax implications of increased milk price support payments, and insufficient results of animal health studies, Congress should ban the sale of rbGH-treated herd milk and authorize additional economic and social impact studies.

Basic principles of consumer demand can provide a framework with which we can evaluate consumer interest in this controversy. Theoretically, rbGH approval could influence consumer dairy product demand if it affects: (1) market prices; (2) perceived product sensory quality; (3) perceived product consumption risk; or (4) consumer preferences.

If rbGH increases farmers' efficiency, one

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would expect lower market prices, which would benefit consumers. They would in turn demand increased quantities of dairy products. However, because milk products are subject to government price support policies, technological efficiency advances may not translate into lower prices. The use of rbGH might cause an increase in government support expenditures, resulting in greater national debt or higher taxes.

Consumer adoption of sugar substitutes illustrates the perceived product sensory quality aspects of consumer demand. Before aspartame's introduction, sugar-free products minimized calories but failed to meet the sensory appeal of taste many consumers demanded. Once aspartame, a synthetic sweetener that not only minimized calories but also met consumer sensory expectations, was introduced, consumers exhibited the classic response—increased consumption of the substitute.

However, in the case of rbGH-treated herd milk versus nontreated herd milk, there are no sensory differences. No tests are currently available to discern chemical differences between milk from treated and untreated cows. Thus, since the treated herds' milk offers no additional sensory benefits over untreated cows' milk, assuming that all else is equal, it is likely that consumers would express no preference for one product over the other.

Perceived risk is also an important aspect of consumer demand. Even though many consumers ingest food and drugs that have potential negative health effects (for example, high-cholesterol foods or nicotine), they do so willingly. Case histories of previous food safety scares have taught us that in the absence of perceived compensating benefits, consumers will express feelings of rage and hostility toward industries that attempt to impose risks on them (Fischhoff, 1985).

From a consumer demand perspective then, a new product with which consumers associate any perceived risk must possess qualities that offset that risk—much as an increase in sensory pleasure or lower price. At any given level of perceived risk, consumers will choose the product that provides them with the best combination of sensory pleasure and price. Although the FDA has concluded that no risks are associated with rbGH-treated herds' milk consumption, consumers still fear that health risks will be discovered later. Given these concerns, and if no benefits seem apparent, in the absence of a nontreated milk supply, they can be expected to reduce their demand for milk and dairy products.

Finally, to understand potential effects of

rbGH on consumer dairy product demand, we must consider consumer tastes or preferences. Specifically, we must examine the extent to which consumers base consumption choices on social structural and environmental considerations (Douglas & Wildavsky, 1982). For example, consumers who receive satisfaction from small family dairy farm viability will experience diminished satisfaction if rbGH approval favors the larger producer, as studies to date have shown it will.

Overall, the only potential consumer benefit of rbGH approval appears to be possible reductions in milk and dairy product prices. If real market prices were to decline as a result of farmers' use of rbGH, consumers would have to weigh the benefit of savings against: (1) the possible increase in tax burden due to additional government surplus purchases; (2) concern about potential future discoveries of ill health effects; and (3) other perceived negative effects. If prices do not fall, or if net costs (both monetary and nonmonetary) outweigh the potential savings, and if treated versus untreated herd milk is not labeled as such, commercial use of rbGH may be detrimental to the consumer interest.

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WISCONSIN CONSUMER SURVEY

Because of the wide coverage rbGH-related issues have received in Wisconsin, its residents' responses may reflect those of American consumers in general if the rbGH issue were to receive nationwide attention. During the spring of 1990, 1,056 randomly selected Wisconsin residents were interviewed by telephone. Respondents were first asked if they were aware of either recent controversies surrounding farmers' use of rbGH or proposed state legislation to label dairy products from treated herds. About 89 percent (940) of the respondents said they were aware of one or the other, and researchers questioned them further.

FUTURE HEALTH CONCERNS. Seventy-one percent of all the Wisconsin consumers questioned expressed concern that in the future, human health problems resulting from rbGH use may be discovered. Many consumers expressed this concern even after being told of the FDA's finding that treated cows' milk is safe for human consumption. Among those consumers who were aware of the rbGH controversy, 80 percent expressed such a concern. About 52 percent of those characterized themselves as very concerned. Consumers with children at home under the age of eighteen expressed the most concern about future dis-

coveries of human health problems. About 84 percent of all such households expressed concern, compared with only 77 percent of consumers without children.

SOCIAL STRUCTURAL CONCERNS. Overall, about 53 percent of Wisconsin consumers questioned were concerned that use of rbGH would have negative economic impacts on small Wisconsin farms. Among those who expressed a concern, nearly 40 percent characterized themselves as very concerned, and another 50 percent said they were moderately concerned.

PRODUCT LABELING. Respondents were also asked about product labeling. About 71 percent of the respondents had heard of Wisconsin's proposed labeling legislation. Among respondents who were aware of the rbGH controversies, the figure was 80 percent. About 63 percent of those who had heard of the proposal considered themselves at least somewhat informed about it. About 68 percent of all respondents said they supported the principle of labeling dairy products from treated herds. Among those respondents who were aware of the rbGH controversies, 77 percent supported labeling. About 77 percent of respondents who regularly purchased milk expressed a preference for milk with a label stating that it comes from untreated herds. Milk purchasers who prefer untreated cows' milk said they would be willing to pay an average of twenty-eight cents per half gallon for the labeled product.

TEMPORARY BAN OF RBGH SALES. Another issue respondents were asked about was a temporary moratorium. Statewide, about 64 percent of all respondents agreed with the proposed temporary moratorium on the sale of rbGH. Among those aware of rbGH controversies, 72 percent agreed with the temporary ban.

POLICY IMPLICATIONS

A majority of Wisconsin consumers prefer milk from untreated cows. They also expressed a willingness to pay a 20 percent premium over what they currently paid, for milk from untreated herds. If rbGH use is approved, labeling would be necessary in order to afford consumers such a choice. Since there is no difference in appearance or taste between milk from untreated and that from treated cows, consumers must rely on the word of the producer or seller.

Given the high premium that consumers say they would be willing to pay for untreated cows' milk, a demand for it may emerge. However,

since there are currently no tests available to distinguish between milk from treated and untreated herds, producers have every incentive to sell their milk as untreated in order to receive the higher market price, regardless of whether or not it actually *is* untreated. Thus, voluntary labeling would not be in the consumer interest. As a deterrent to dishonest labeling, government labeling regulation is necessary.

POLICY OPTIONS. As the FDA considers whether to approve rbGH's commercial use, state governments continue to debate related policy options ranging from a product ban to enactment of mandatory labeling regulations. From the consumer's perspective, a permanent ban is not desirable. Although some concerned consumers would benefit from such action, unconcerned consumers (about 25 percent of the Wisconsin sample) and those consumers for whom potential price savings outweigh any concerns, would be worse off.

Assuming that state bans on rbGH use are not in the consumer interest, labeling regulation seems to be the best option. From a consumer welfare perspective, unless efficiency-based price reductions were passed along, all concerned consumers say that, in the event of rbGH approval without labeling regulation, they would reduce their dairy consumption. If production efficiencies increased and milk price support policies relaxed, affording consumers a price reduction, the quantities demanded by concerned customers should be somewhat offset. At the same time, the quantities demanded by unconcerned consumers would probably increase because of lower prices associated with rbGH's commercial approval.

However, in the short run, it is not likely that the federal milk price support system will sufficiently reduce wholesale price floors in order to permit such compensation. Further, even with a forty-cent-per-gallon price decrease, it is estimated that if rbGH is approved for commercial use, consumers will reduce their weekly fluid milk purchases by 9 to 19 percent (McGuirk & Kaiser, 1991). Thus, without mandatory labeling, there would be a short-run reduction in both consumer satisfaction and dairy product demand.

Questions about mandatory labeling also include whether to label only treated herd milk products, only untreated milk products, or both. Although a majority of Wisconsin consumers expressed some concern about processors using treated cows' milk for making other dairy (non-milk) products, for the sake of simplicity, we will focus only on the question of labeling fluid milk products.

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From the consumer perspective, the question of which products should be subject to mandatory labeling raises another issue: Who should pay for the cost of regulation? Following the line of reasoning that those who want goods should pay for their costs, some maintain that concerned consumers with preferences for milk from untreated herds should bear the costs of labeling through higher milk prices. Thus, if the government implements labeling regulations, it should require that costs be borne by producers who serve concerned consumers.

This might necessitate, for example, mandatory no-cost licensing of farmers who use rbGH on their herds (in order to minimize the likelihood of dishonest labeling), with the costs of that licensing to be recouped through a fee levied on farmers who wish to have their herds' milk certified as untreated. Certified farm operators without a license to use rbGH would incorporate such expenses into their farms' costs of doing business and would pass costs along to consumers in the form of higher prices. Processors certified as having accepted milk only from untreated herds could then legally label and market their products as such.

If untreated milk were labeled, there would be no consumer benefit to labeling milk that came from a treated herd, so processors who handled milk from treated cows should be exempt from labeling their products. Moreover, in order for labeling to benefit all consumers, both unconcerned consumers and those for whom potential reduced price outweighs their concerns must be able to benefit from economic efficiencies the new technology may afford. Thus, producers who adopt the technology should not have to bear the direct costs of regulation.

During the 1989 Wisconsin legislative debate, legislators expressed concern that with mandatory labeling (and thus establishing two milk supplies), production costs would increase because both treated and untreated milk would have to be handled separately. Some people fear that such costs would offset any potential price decreases consumers might enjoy. However, milk processors' initial responses indicated that some of them would choose to accept only untreated cows' milk, while others would have no preference. Rather than producers' setting up facilities to handle both treated and untreated milk, most would specialize and handle only one type of milk.

In the final analysis, only if and when labeled products appear on the market will we know what the effects of such regulation will be—on both consumers and producers. To the extent that concerned consumers act according to their

expressed intentions and are asked to bear the cost of regulation, labeling products from untreated cows would seem to best serve the consumer interest. If consumers do not act on their expressed intention to pay higher prices for untreated herd milk, milk producers producers who do not use rbGH will be forced either to adopt the new technology or to leave the industry because too few consumers would be willing and able to pay the difference in price. With mandatory labeling, however, such decisions would be in consumers' hands.

CONCLUSION

Results from this survey indicate that consumers are apprehensive about the use of rbGH to increase milk supplies. The results are contrary to both industry and National Dairy Board claims that breaking down consumer resistance is merely a question of education. Consumers with children living at home are the most concerned about the issue. Since it is likely that, in the case of rbGH approval, small dairy farm viability will be compromised, and since evidence about long-term health effects is not available, education is not likely to be the answer.

From the consumer's point of view, neither an outright ban nor voluntary product labeling seems to be the best option. Instead, it appears that labeling regulation to identify products from untreated herds' is the best consumer policy option.

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GLOVES-OFF CONSUMER ECONOMICS

In 1975 a consumer economics course was introduced at Hobart and William Smith College, a private men's and women's liberal arts college with 1,800 students. No professor among the thirteen faculty in the Economics Department had ever taught such a course. Nor had any of them taken such a course in either undergraduate or graduate training at alma maters that included Princeton, Yale, Cornell, Stanford, and Northwestern. But the Economics Department (and indeed, the whole institution) has always been dedicated to teaching. And since the course promised to teach and apply principles of consumer economics, the faculty enthusiastically supported it and did not treat it condescendingly, as have faculty of many "pure" economics departments at other colleges and universities.

Even in those early years, the course was rigorous; it included two hourly exams, a project, and a final. More than 15 percent of the students failed. Nevertheless, the course was so popular that 231 students enrolled the second time it was offered. Although there was no special budget for Consumer Economics, the administration did provide funds each term for two speakers from outside the department. Prominent consumerists, including Colston Warne (founder of the Consumers' Union) and Stewart Lee (author of one of the early textbooks on consumer economics), were enthusiastically welcomed by faculty and students both in large public lectures and in smaller student forums.

The students' early projects usually involved price comparisons. Within certain parameters, they were designed by teams of students and were often controversial. For three young

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women to price-shop for a basket of groceries was acceptable but for the same young women to price-shop for condoms when they were still hidden under drugstore counters left the teacher and the school open to criticism. Pricing funerals, prescription drugs, beer, auto repairs, personal loans, and attorneys' fees generated both interest and tension between the town and the college. Publishing these results, even if only for student use, brought cries of outrage from those who did not fare well in the analyses. When the announcement of a 113 percent difference in price for a particular prescription drug caused some residents to call the college president to order a copy of the Consumer Economics Drug Study, the president began to realize what an impact this one course was making. Instead of telling the professor to stop making waves, the president defended the course, the students,

and the professor. The president was particularly defensive when a local doctor physically ejected a polite student who had asked him the prices of a tonsillectomy, an appendectomy, and a vasectomy. (Facing charges of assault, the doctor subsequently apologized.)

Many of the course's results were impressive. Students discovered that doctors charge the maximum amount paid by the largest local health insurer, Blue Shield. Lawyers all quoted the "old" minimum-fee schedule, which had been outlawed years before. Students learned that liquor stores charged 12 percent more than the wholesale price (a state-mandated price floor), eliminating price competition regardless of economies of scale. Students also learned that sugar had been virtually driven out of soft drinks (except for RC Cola) because the domestic price of sugar was kept two to four times the world price because of congressional quotas brought about by lobbies for American farmers of sugar beets and corn.

Beyond getting the most bang for the buck, Consumer Economics has always employed the principles of economics to address broad consumer issues. It has never been a course in personal finance. For example, the course teaches the economics of the funeral industry (necroeconomics) which involves the use of basic microeconomic theory regarding the size of the firm and its impact on average cost. The course also teaches how a market structure characterized by several firms, all with excess capacity, and by product differentiation rather than price competition, provides an excellent example of monopolistic competition. Likewise, the course's taxation lectures have stressed the progressive and regressive nature of various taxes and user fees. (For example, is a larger standard deduction for blindness progressive or regressive? Why are there no similar deductions for other disabling conditions, such as AIDS quadra plegia?) The earned income credit is explained as a unique example of a negative income tax, like that Milton Friedman envisioned. Property taxes have been viewed as taxes on a particular, visible form of wealth, compared with taxes on income, consumption, or value added. Students have analyzed the costs and benefits of capital gains taxation each time the capital gains tax has been modified or reintroduced. Students have also contrasted tax simplification efforts with special tax manipulation for interests ranging from endangered species to terrorists' victims. The course has always focused on the tax structure and its impact on individuals and groups as consumers; it has never been a course on how to fill out Form 1040 or how to minimize individual tax burdens.



As the social movement known as consumerism matured in the 1980s, Consumer Economics matured as well. The course's focus turned from the earlier pricing studies toward macroeconomic concerns of consumers and especially toward health care, foreign trade, and environmental issues. Students have been fascinated and often infuriated to see how doctors, hospitals, and other health care providers routinely practice price discrimination. But in comparing the difference between technical efficiency (stressed by the medical profession) and economic efficiency (stressed by consumerists and government agencies), students are left to wrestle with the question of the "correct" amount of health care and how it should be allocated.

Students have always been interested consumers when it comes to automobiles. But as consumerism has matured, the topics have changed from warranty, repair, and performance concerns to safety, behavior, and environmental concerns. Consumerists used to crusade to get Detroit to build safer cars, advocating air bags and locking systems that prevented cars from being started before seat belts were buckled. Had they pushed for freer trade and less protection for the Big Three and the United Automobile Workers and more forcefully advocated allowing the laws of comparative advantage to give consumers more choice and better products, such innovations would have been available to American consumers years ago. Unfortunately, consumerists whose roots are entwined in the labor movement, still are ambivalent when it comes to the interest of consumers' at the short-run expense of labor. Consumerists find it easy to attack big business, but they are reluctant to criticize big labor, even if labor's actions are obviously against consumer interests. The best piece of automobile safety equipment in the 1990s, the antilock brake system (ABS), was a foreign innovation that American car manufacturers adopted by trying to meet competition; it was not something Ralph Nader forced down GM's throat.

While at the national level consumerism has lost much of the appeal it enjoyed in the 1960s, Consumer Economics at Hobart and William Smith remains quite popular. One reason for its popularity is that the course continues to address new and controversial topics, always from the consumer's point of view.

For example, in introducing a macroeconomic consumer issue, such as government subsidies for housing for the homeless, it is easy for an instructor to compare the scope and impact of the subsidies with the government's proposed \$10 billion in loan guarantees to build housing in Israel. Aside from the fact that such massive

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aid supports the continued colonization and occupation of the West Bank and Gaza and violates international law regarding territory taken during a war, it is difficult to see how such aid benefits American consumers—especially those with equally pressing needs for housing. The amount of military and economic aid the U. S. government has given to Israel per Israeli dwarfs the amount spent per indigent American by both the federal and state governments. While some might argue that such topics are not appropriate in a consumer economics course, it is exactly such discussions that add interest and perspective to the course.

Another example was even more controversial. In 1986 American consumers were asked to boycott South African products—especially South African krugerrands—because they "had black blood on them." In addition to U. S. government restrictions, more than 140 state and local governments bans were imposed. American consumers were expected to lead the fight against apartheid. Yet not one of the state and local government nor the Investor Responsibility Research Center that advocated the establishment of the boycotts, demanded a consumer boycott of diamonds—an even more significant South African export than gold. Apparently the black blood was removed when South African diamonds were cut and polished in Israel, where they accounted for 28 percent of exports. Nor were consumers asked to boycott all Israeli products in order to pressure Israel to stop sending arms and nuclear technology to the white, racist South African regime. This hypocrisy sparked a lively debate in Consumer Economics at Hobart and William Smith, but probably in no comparable course elsewhere in the country.

In a similar vein, Consumer Economics has taught students that consumers have often taken a backseat in trade wars. The reason for this lies not only in the fact that consumers are spread out and not organized, but also in the biases of consumerists and consumer educators. Even the leaders at Consumers' Union—perhaps because of their sympathies for organized labor—have difficulty denouncing the Japan-bashing and shrill demands to buy more American goods President Bush and leaders of the automobile industry have made. Although almost any edition of *Consumer Reports* indisputably shows "Made in Japan" is a symbol of quality and value (especially for automobiles, electronic goods, and power tools), consumerists seldom challenge the depreciation of Japanese goods by Lee Iacocca and other multimillion-dollar auto executives. Xenophobic Japan-bashing may be considered pro-labor or pro-busi-

ness, but at Hobart and William Smith it is unequivocally discredited as anti-consumer.

Another example of topics discussed in the course is the National Rifle Association. Few groups can make academic blood boil faster but a lecture that asks, "Is the NRA Really a Consumer Organization?" provocatively addresses the question of what are the basic types of consumer organizations. Like *Consumer Reports*, the NRA magazines provide consumer education and the results of extensive product testing. Like Consumers' Union, the NRA works hard to represent consumers in questions of legislation involving guns as consumer products. The NRA is no more a single-issue organization than Action for Children's Television or the National Wildlife Federation—both of which purport to speak for consumers. While some consumer educators may think such comparisons border on heresy, the comparisons constitute an excellent pedagogical approach to a subject students might otherwise find uninteresting.

Another topic the course has covered is economic rent. Few topics stimulate students' interest more than discussing and investigating economic rents, especially viewed from the consumer's perspective. This should come as no surprise when one considers that the most popular economics book of all time, Henry George's *Progress and Poverty* published in 1879, contended that rent was unearned and could be taxed away without affecting quality or output.

Economic rent is defined as payment to a factor of production in excess of its opportunity cost or in excess of the best alternative employment in which that factor could be used. The source of economic rent can be as simple as location; the store on the right corner has greater visibility and traffic than one a block away. Economic rent can emanate from subtle political and family connections, from license privileges, from tenure, or from racial, religious, or ethnic attributes. The presence of economic rent usually indicates a situation antithetical to the consumers' best interest. As such, economic rents are grist for courses in consumerism.

For example, when Catherine Smith, the president of a large corporation, is paid \$600,000 a year, it is usually (although not always) the case that a large part of her high salary is economic rent. Surely she performs less work than would six employees who were each paid \$100,000. And presumably her salary is greater than the amount necessary to entice her to do the same amount of work. The excess, or rent, is passed on to consumers in the form of higher product prices and to shareholders in the form of lower dividends.

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Likewise, when certified substitute high school teachers are paid \$60 per day with no benefits to replace full-time teachers who are paid \$180 per day plus benefits, there is a clear indication of the presence of economic rent. The same is true for college teachers and for practitioners of most other professions. In the eyes of college students many full professors, who receive \$80,000 per year for outdated lectures often delivered by graduate students because the professors are busy writing or consulting are worth far less than enthusiastic assistant professors fresh out of graduate school who earn only \$30,000 per year. Such economic rent, generated by custom, seniority, and faculty pay scales, adds to the cost of education for all consumers.

This discussion leads to the most lively topic in Consumer Economics—namely, "The Student As Consumer." The lecture opens with the question, "How much does it cost to attend this particular course?" Some students pay \$2,500, which adds up to \$250 per week or \$125 per lecture. Others pay nothing. Isn't that price discrimination? What about the students' ability to recontract? This is no abstract example. When a teacher cancels a class, should students (who are consumers) rejoice, or demand that it be made up? When a teacher gives a final exam on the last day of classes, instead of during the final-exam period, are students entitled to a \$125 refund? When students enter a course expecting to hear Professor Jones and find that half of the lectures are taught by a graduate student for whom English is obviously a second language, is this an example of bait-and-switch tactics? Would a lawsuit be a credible recourse? How about small claims court? It is easy to teach about the rights of consumers (as purchasers of automobiles, for example) and how to redress legitimate grievances (against Ford or a local car dealer); it is significantly more difficult and challenging to frame questions and give students the tools they need to make sure that the product you are selling as a teacher is worth the price they as consumers are paying.

Stewart Lee once asked how Consumer Economics at Hobart and William Smith Colleges could generate such enthusiasm in a liberal arts economics department. He concluded that the answer lay with a professor who was willing to take the gloves off and fight each issue solely from the consumers' point of view. Using contemporary and meaningful examples, though some of them may grate on personal sensibilities, is an effective pedagogical technique. It works best in colleges where teaching (rather than research, consulting, or football) is the most important product. It also helps to have tenure.



CONSUMERS' USE OF PRODUCT OWNER MANUALS

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his study examines the influence of

consumer perceptions, context or usage situations, product characteristics, and product familiarity and demographic variables on reported and intended use of product owner manuals.

Over the last three decades, consumer advocates and policy makers have claimed that it is possible to reduce product risks by informing consumers of proper use and safety precautions (Hadden, 1986; Feldman, 1980). Many claim that increasing consumers' awareness of potential risks will subsequently alter consumer behavior with respect to using and operating the product. Much has been written on both this policy perspective and the information processing theory behind it (Russo, 1988; Mazis, 1988).

However, although a great deal of empirical research has been published that outlines the effects of various structural variables on the value of product information, research about consumer *use* of product information is scarce (Viscusi & Magat, 1986). Some authors question the practice of forging ahead with developing more effective information formats without developing a more basic understanding of how consumers use such information (Deshpande & Krishnan, 1981; Capon & Lutz, 1979). As McEwen (1978) charges, this normative perspective highlights what marketers or policy makers can *do* rather than what consumers *need or want*.

One potentially important source of product information that has been particularly neglected in the literature is product owner manuals. Manufacturers provide product manuals to consumers as a means of enhancing product utility and subsequent satisfaction. Manufacturers also attempt to address product liability issues through the information in product owner man-

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uals. Manuals also function as a postpurchase promotional tool to help reduce consumer anxiety about the purchase. The accomplishment of these three functions through one information vehicle creates some interesting dilemmas, particularly within the context of information processing and a concern for consumer safety. Perhaps most striking is the challenge of providing information to address product liability without devaluing the perceived value of reading product manuals. For example, obvious safety warnings may insult the reader's intelligence and deter the manuals further use. Understanding consumers' use of and perceptions about product manuals is a critical step in developing education and policy about linking product information to the safe use of products.

In developing product owner manuals, manufacturers assure that consumer use of *all* sections of the manual (including safety warnings and assembly, operating, and maintenance instructions) will lead to safe and satisfying experiences in using the product. However, consumers' motives, as well as current perceptions about the information in product owner manuals, may affect their use (Andrews, 1988). Thus, understanding the perceptions and motives underlying consumers' use or nonuse of manuals should direct future efforts to construct messages aimed at altering behavior.

A thorough search of the literature on this subject, in addition to contacts with trade associations, government agencies, and private firms unearthed only one descriptive study rel-

evant to present research. Wright (1981) reports general evidence regarding consumers' intentions to read product instructions. For some of the products included in her study, more than 60 percent of respondents agreed that they would ignore the instructions completely (p. 131). It is important to note, however, that many of the products were food or household products whose perceived hazardousness and complexity differs greatly from products that include a product owner manual. Further, Wright's study neglected to measure consumers' *explanations* or reported rationales behind their intentions to use product instructions. What is needed is a study that measures why and when consumers use product owner manuals, particularly regarding safety precautions.

RESEARCH OBJECTIVES

A primary objective of this study is to identify and understand the factors that prompt consumers' reported use/nonuse of product owner manuals, including assembly instructions, operating guidelines, and safety precautions. Specifically, we examine factors that may affect consumers' motivation to use product manuals. These factors have been identified in the literature as *usage situation*, *product characteristics*, and *product experience* or *familiarity*. In addition to these factors, general perceptions about product owner manual information may influence consumers' motivation to use information in product owner manuals. If consumers believe that manuals are difficult to read, confusing, or too technical, the time and effort they use to peruse the information may be significantly reduced. We have included measures of such *manual-related perceptions* in this study.

METHOD

SAMPLE AND PROCEDURE. We mailed questionnaires to residents of a multicounty area of the midwestern United States. The sampling frame was a systematic random sample of persons listed in the telephone directory. In all, 1,200 questionnaires were mailed, with 116 returned as undeliverable. Of the rest, 643 were completed and returned with sufficient information to be included in the analysis (a 59.3 percent response rate). The high response rate can, in part, be attributed to the use of a \$1.00 incentive with the questionnaire.

Sample respondents ranged in age from 18 to 96, with a mean age of 45.5 years. Fifty-nine percent of the respondents were male, and approximately 69 percent had completed at

Measures Used in the Study

Dependent Variables*

	Mean	Standard Deviation
<i>General Tendency To Read Manuals</i>		
A hybrid variable combining two items:.....	2.09	1.00
In general, when buying new products I read most of the accompanying manual.		
Usually I read most of the product manual because it may contain information I need to know.		
<i>Tendency to Read Manual Sections</i>		
When I buy a new product:		
... I read the safety information/warnings contained in the manual.....	2.11	1.19
... I read the assembly/operating instructions in the manual.....	1.73	0.95
... I read the maintenance information in the manual.....	2.06	1.11
*[Five-point scale—"Always" (1) to "Never" (5)]		

Independent Variables*

	Mean	Standard Deviation
<i>A. Context</i>		
When I have a question or problem with a product I own, I usually consult the manual.....	1.81	0.94
Typically I don't read product manuals because I just don't have enough time.....	3.85	1.11
I am more likely to read the manual for products children will come in contact with.....	2.42	1.34
<i>B. Product Characteristics</i>		
I would be more apt to read the product manual if the product was potentially hazardous...	1.62	1.08
I would be more likely to read the product manual if the product was expensive.....	2.35	1.27
I would be more likely to read the product manual if the product was technologically complex.....	2.14	1.38
<i>C. Product Familiarity</i>		
I would be more apt to read the product manual if I had no prior experience with the product.....	1.47	0.95
Usually, I do not read product manuals because I already know how to use the product.....	3.41	1.26
<i>D. General Perceptions of Manuals</i>		
Product manuals are generally helpful.....	1.88	0.92
Most product manuals insult my intelligence.....	3.70	1.09
I find most product manuals easy to read.....	2.48	1.09
In general, the product manuals I've seen are confusing.....	3.34	1.05
In general, the product manuals I've seen are too technical.....	3.51	1.02
Product manuals are usually poorly organized.....	3.49	1.04
Product manuals typically provide useful information.....	1.93	0.91
I usually do not read instruction manuals because it is safer to ask for information from someone who knows about the product.....	4.16	0.97
It is quicker to learn about a product by using it than by spending time reading the manual.....	3.80	1.14
Most people don't read product manuals.....	2.51	1.04
*[Five-point scales—"Strongly Agree" (1) to "Strongly Disagree" (5)]		

TABLE 1

least some college. Individuals in the sample tended to be married (68 percent), with an average of 2.6 persons living in each household. Typical household incomes for the group were between \$30,000 and \$40,000 a year. Respondents came from a wide range of occupations. Forty-four percent held managerial or professional positions, 12 percent worked in clerical jobs, 15 percent worked in production, and 29 percent held other positions (including those who were retired or who did not work outside the home).¹

MEASURES. As described earlier, our aim was to investigate consumers' reported use of product owner manuals—specifically, the use of three sections: assembly instructions, operating guidelines, and safety precautions. The study is limited to respondents' reactions to manuals in general, rather than to a specific category of product manuals. Refer to Table 1 for a complete list of measures.

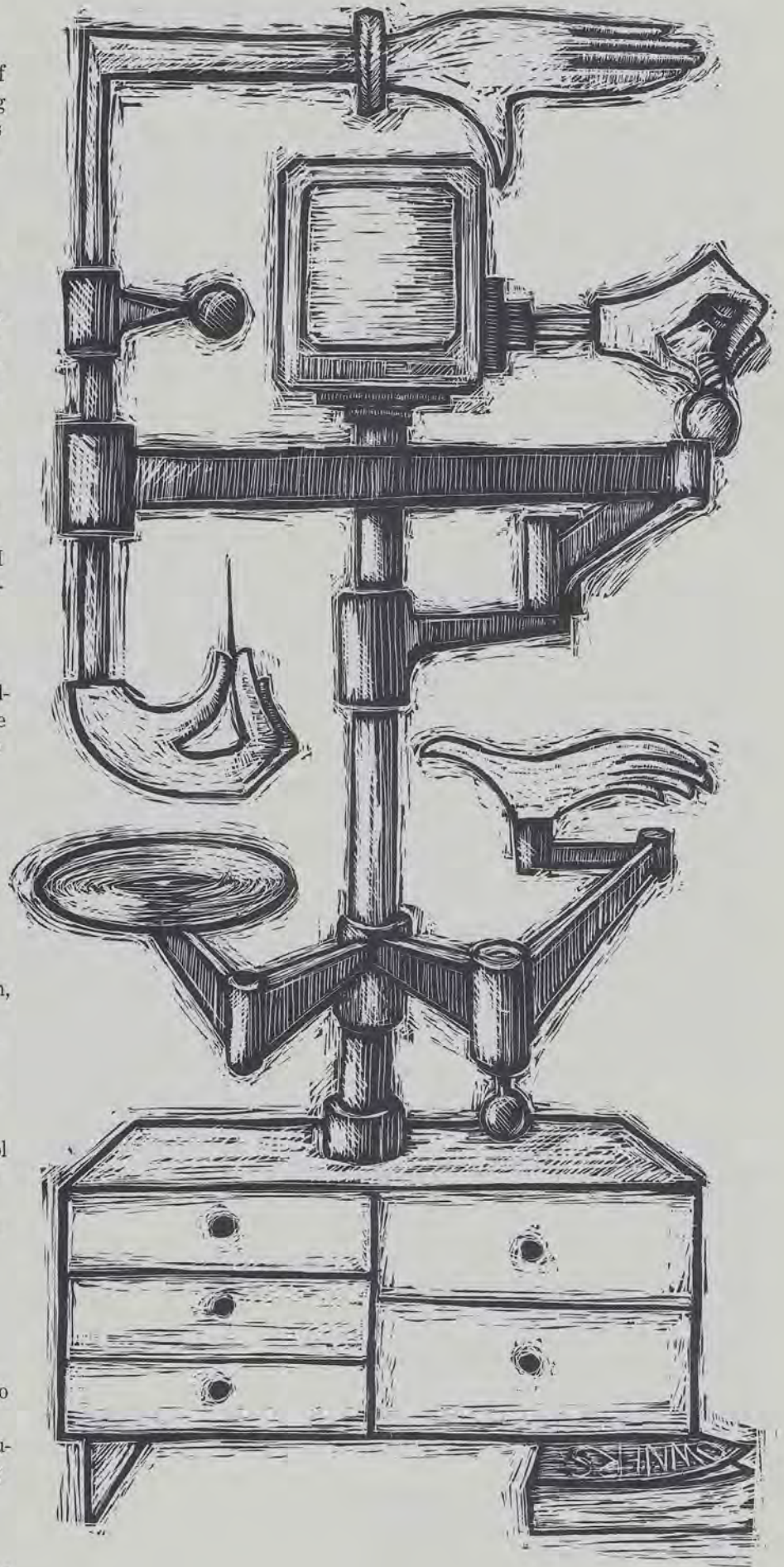
In addition to the items measuring reported use, we designed additional measures to tap possible motives as well as general perceptions that affect consumers' use and intended use of manuals. Refer to Table 1 for a classification of the independent variables and the motive each was intended to reflect.

Item set A relates to manual usage based on *context or situation* (for example, "I am more likely to read the manual for products children might come in contact with"). Item set B reflects *product characteristics* (for example, "I would be more likely to read the product manual if the product was expensive"). Item set C measures the extent to which *familiarity or experience* might influence manual usage (for example, "I would be more apt to read the product manual if I had no prior experience with the product"). Item set D emphasizes the influence of *general perceptions about product owner manuals* (for example, "I find most product manuals easy-to-read"). Item sets A-D were measured using a five-point Likert-type scale, anchored with "Strongly Agree" (1) to "Strongly Disagree" (5).

In addition to these items, we also collected information about respondents' gender, age, marital status, education completed, occupation, household size, and total household income. Occupation was coded as four categories: managerial/professional, clerical, production, and other; marital status was coded as three categories: single, married, and other. Education was coded as three categories: up to high school graduate, completed some college, and college graduate or postgraduate work; income was coded as two categories; less than \$40,000, and \$40,000 or above.²

RESULTS

PREDICTING USE OF PRODUCT MANUALS. We ran four regression models to explore the relationships between the dependent variables indicating general product manual use and the independent variables reflecting contexts, product characteristics, experience with the product, general perceptions about manuals, and demographic factors. The approach we used computes the regression as if



every variable were the last variable entered in the equation. This procedure is appropriate because of the lack of research in the area suggesting an *a priori* order of entry for the variables. Given that regression analysis was used, we screened the correlation matrix to assess the possibility of multicollinearity among the independent variables. Only three out of more than 300 variable pairs indicated coefficients between 0.50 and 0.58. Correlations among remaining pairs of variables were in most cases below the 0.40 level.

GENERAL USE OF PRODUCT MANUALS.

The key predictors for general use of manuals included two context variables—one related to product experience, the other to education. “Hav[ing] a question or problem with a product” related to greater manual usage, while “[not having] enough time” tended to decrease readership. “Already know[ing] how to use” a product also related to less usage. Finally, individuals with more education were less likely to read manuals.

USE OF SPECIFIC SECTIONS OF PRODUCT OWNER MANUALS.

We also asked respondents to report their behavior in the context of buying a new product. Behaviors we examined included reading specific sections of the manual (safety, assembly, operation, and maintenance). Respondents indicated their tendency to read sections using a five-point scale anchored by “Always” on the positive end and “Never” on the negative end. We ran three separate regression models on the dependent variables representing consumers’ propensity to read sections of product manuals when buying a new product.

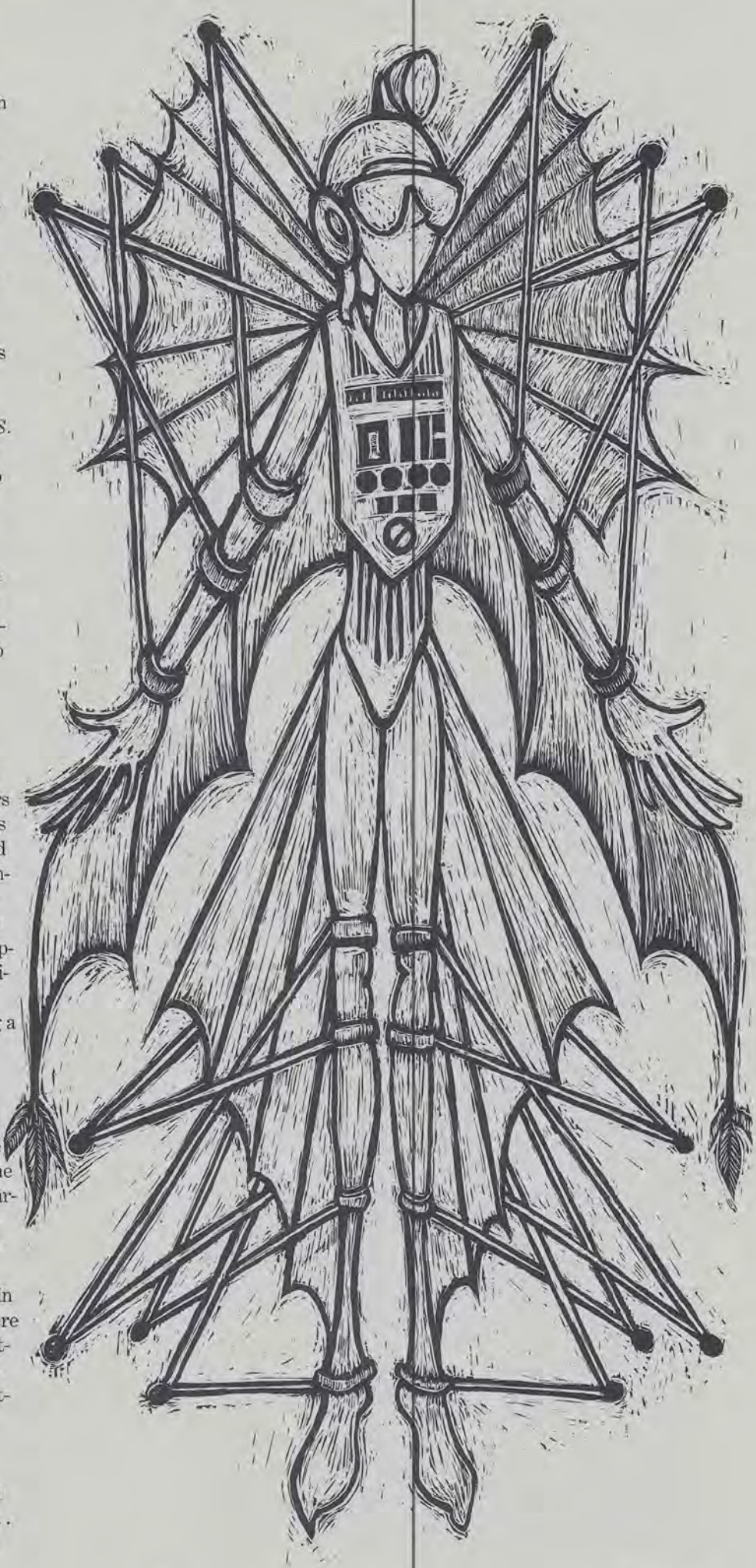
SAFETY INFORMATION/WARNINGS.

We ran the first model on the dependent variable “When I buy a new product . . . I read the safety information or warnings contained in the manual.” Nine variables (three context/familiarity, three perceptual, and three demographic) explained 27.9 percent of the variability in the dependent variable.

Of these nine variables, the most important in explaining readership of safety information were “hav[ing] a question or problem” (directly related), “not having enough time” (inversely related), “already know how to use” (inversely related), and level of education (inversely related).

ASSEMBLY/OPERATING

INSTRUCTIONS. We ran the second model on the variable, “When I buy a new product . . . I read the assembly/operating instructions in



the manual." Five variables accounted for 30.6 percent of the variation in the dependent variable. Once again, "hav[ing] a question or problem," "[not having] enough time," and "already know[ing] how to use" were the most important predictors of whether or not a consumer would read this section of the manual. The direction of the relationship between these variables and the dependent variable was consistent with the above-mentioned models.

MAINTENANCE INFORMATION. We ran the third model on the dependent variable "I read the maintenance information in the manual." Six variables explained 30 percent of the variability in the dependent variable. We found that consulting the manual for an answer to a question or for help with a problem was positively related to reading the maintenance information while not having enough time and already knowing how to use a product were negatively related.

SUMMARY AND DISCUSSION

The data revealed several recurring factors that appear to affect consumers' tendency to read and use product owner manuals. *Perceived product familiarity* ("already know how to use") was significantly negatively related to manual use across all four regression analysis. Thus, persons who had prior experience with products were less likely to read manuals. In addition, the context variable, *lack of time*, reduced manual usage, while *having a question or problem* increased the likelihood of examining manuals. The study also indicated that persons with more education were less likely to read manuals in general and safety information in particular.

As with all self-report survey instruments, the results of this study may be subject to social desirability bias, which may explain the reported use of product manuals across the sample (and the mean response of 2.09 on the general tendency to read manuals). What is not clear is the *extent of processing* of manuals reported by subjects. Positive responses to items about "using" or "reading" product owner manuals may reflect varying degrees of processing that we have not measured precisely. Jacoby, Chestnut and Silberman (1977) suggest that merely providing raw information does not necessarily have any impact on the consumer. In addition, the effect of reading product manual information on *actual product use behavior* is an important issue that needs to be explored. Consumer educators and policy makers must acknowledge that even high rates of readership do not translate directly into safe use of prod-

C
consumer
educators and policy
makers must
understand the
perceptions, motives,
and usage situation a
consumer brings to
the use of information
in manuals.

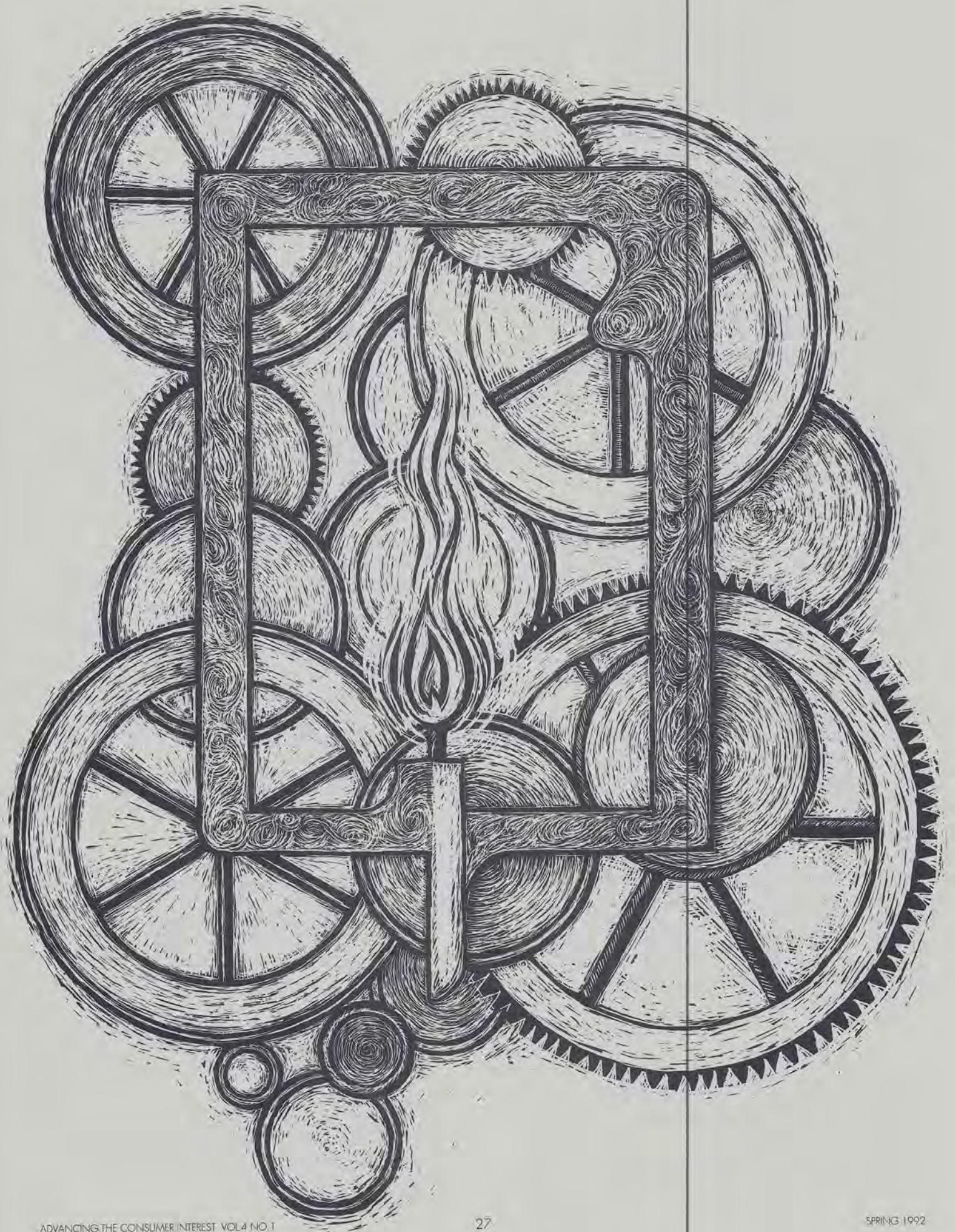
ucts. Regardless of reported rates of manual readership, strategies to improve the *information value* of product manuals are important if we are to (1) increase the rate of manual readership and (2) realize a connection between readership and safer use of products.

IMPLICATIONS FOR CONSUMER EDUCATION AND POLICY. The results of this study show that there are several factors that intervene in the use of product owner manuals, and that improving the structural properties of manuals must be considered within this framework. Consumer educators and policy makers must understand the perceptions, motives, and usage situation a consumer brings to the use of information in manuals. Manuals' format and design can then be structured to have greater impact on consumers' use.

This descriptive effort offers some insight into the range of factors that influence product manual usage. We are particularly interested in the effect of familiarity (for example, "Usually, I do not read product manuals because I already know how to use the product") and our finding that education is negatively related to product manual use. These findings may indicate an overconfidence bias on the part of highly educated or experienced subjects (Oskamp, 1965). Such an overconfidence bias may result from the perception among those who are familiar with a product or who enjoy a high level of education, that information in the manual is obvious or redundant. In addition, emphasis placed on the value of one's time may interact with the overconfidence bias to further devalue the information in a manual.

We also observed the perception that information in manuals is obvious or redundant in an exploratory focus group we conducted with MBA students at a midwestern university. Several of the subjects reported not reading safety warning sections of product manuals because they contained "obvious" warnings, such as "Keep fingers away from open end of blade mechanism." As a result of this perception, the subjects revealed an impatience with reading product manuals. Exploration of this perception—including its development and pervasiveness—may provide insights for altering the behavior of certain consumers in relation to product owner manuals. Understanding this reaction may also lead to developing standards for the strategic placement of obvious warnings (for example, information positioned at the end of a list of safety warnings in order to avoid discouraging further reading) or wording such messages so as to decrease negative reactions.

We must be careful not to overlook particular



consumers' tendency to be overconfident in their ability to safely use a product. Even those who enjoy a high level of education (and, therefore, who may be more likely to exhibit overconfidence) do not necessarily have a greater degree of *product-specific information*.

Manuals are the primary information vehicle used to supply product-specific information that may or may not result in safe use of products.

Another area that should be of concern to policy makers is a general overload effect on processing information, including that in product manuals. With time pressure, the volume of information consumers are exposed to daily may increase their tendency to screen information, further limiting manuals' use. Consumers may, in fact, be avoiding exposure to product information (including manuals) as a coping mechanism in an environment of overstimulation (Cohen and Lazarus, 1979).

Offering product information in more "user-friendly" formats may encourage the use of product manuals within such an environment. Printed product manuals might be supplemented by audio- or videotapes explaining product use and highlighting product features and safety precautions. Audio and video formats offer the added benefits of entertainment value and communication enhancement for some segments of the population including the visually impaired and the illiterate.

Combining such nontraditional manual formats with incentive programs (contests or sweepstakes connected to manual use) could further enhance consumers' willingness to read and use product manuals. Marketers are skilled at using such techniques for general product promotion; it seems plausible that the same tactics could be used to foster consumer product safety. Further, we believe that the business environment has never been more receptive to efforts aimed at improving information for consumers as well as subsequent product safety. Developing effective manuals meets companies' goals of social responsibility, in addition to providing a strategic tool to enhance consumer satisfaction and decrease product liability. Like environmental protection issues, consumer safety provides an arena for responsible corporate involvement and leadership.

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1. The sample's demographic profile mirrored both local and the U. S. population data on age, occupation, household size, and household income (CACI, 1990). The level of education of the sample closely reflected that of the local area, which is slightly higher than the national averages.

2. Dummy coding was used for these categorical demographic variables. In accordance with standard practice, decisions regarding variable categories were based on group size as well as sociodemographic benchmarks.

Authors' Note:

This paper is a condensed and edited version of a paper presented at the 1992 Marketing and Public Policy conference, Washington, D. C.

BOOK REVIEW

Money Troubles

Robin Leonard (1991) *Money Troubles: Legal Strategies to Cope with Your Debts*. Berkeley, CA: Nolo Press. \$16.95

Money Troubles is the latest in a line of self help legal books from Nolo Press. *Money Troubles* gives helpful advice, both legal and non-legal, on how to cope with personal financial problems, particularly problems with debt. The book is written in every day language and does a good job of avoiding legal jargon. The book takes a non-judgmental approach to money problems and several times in the book the author assures the reader that personal financial crisis is as old as the bible and is a fact of modern life. The reader is reminded that financial problems do not represent a character flaw. The reassuring approach adds greatly to the readability of the book.

The book is divided into 15 chapters. Chapter 1 describes credit ratings and credit bureaus. Chapter 2 deals with different types of debt. Chapter 3 concerns warranties. Chapter 4 offers suggestions on negotiating with creditors. Chapter 5 is about the consequences of ignoring debt. Chapter 6 gives information concerning collection agencies and limits on their power. Chapters 7 through 10 concern specific types of obligations such as credit cards, student loans, taxes, and child support. Chapter 11 offers advice on dealing with lawsuits. Chapters 12 and 13 are about bankruptcy. Chapter 14 offers advice on how to rebuild a credit history after a financial setback. Chapter 15 closes with a reference list of other places information can be obtained. Most chapters are designed to stand alone. Each chapter has an independent

table on contents and a separate numbering system to facilitate a pick and choose approach. For example, a reader needing to know about how to negotiate with a creditor (Chapter 4) is not required to read up on credit bureaus (Chapter 1) first. In addition to the text, there is a glossary of legal terms. Throughout the book are numerous tables and at the end a lengthy appendix. Almost all of the tables and the appendix concern variations in credit, collection and bankruptcy laws from state to state.

Although one need not read the entire book to make use of it, many readers will benefit from doing so. *Money Troubles* is a superb collection of information not likely to be found elsewhere. Some information will appeal to anyone with debt problems, such as advice on how to stop a pesky collection agency (asking them to stop will work if they are independent of the lender), methods for cleaning up a messy credit history (start with small secured loans and work up), and what bankruptcy will and won't do for a person in trouble (it will slow down or stop normal creditors but won't stop the IRS or child support). Some information is more specialized. For example, there is advice on how to prevent creditors from finding you after a move (don't fill out a change of address card at the post office or use a bank close to work) and what to do to cancel a student loan (only death, disability or the military will cancel all or part of a Guaranteed Student Loan; a variety of activities will cancel all or part of a National Direct Student Loan).

A book rich in specific information about laws and legal procedures is likely to become obsolete quickly. The pub-

lishers, recognizing this fact, recommend that readers not depend too heavily on the book two years after publication and avoid the book five years or more past the copyright date. As an incentive to keep up to date, the publishers offer a 25% discount on more recent books when the title page of an older book is submitted with an order. While free updates would be a better solution to the obsolescence problem, it is probably too much to expect based on the \$16.95 price.

A recurring theme in *Money Troubles*, and probably the strongest aspect of the book, is an emphasis on negotiation as a method of resolving debt problems. The book provides sample letters, negotiating strategies, and advice on what particular creditors or collection agencies will or will not accept as a settlement. According to the author, it is never too late to negotiate. Even after seemingly final events such as a court judgement against a borrower, some creditors are still willing to work out a deal. Businesses would rather keep a customer than create hostility through long battles. For example, in *Money Trouble* bankruptcy is first offered as a negotiating tool and only much later in the book are the nuts and bolts of filing actually discussed. The trick is not to be bullied or shamed by creditors or collection agencies into making payments which can not be afforded or making promises which can not be kept. Being reasonable and truthful is the advice offered time and again in the book. *Money Trouble* is a valuable resource in formulating a negotiating strategy.

A minor criticism of *Money Troubles* is that it devotes a lot of space to information which will probably only appeal to a limited audience. An entire chapter is devoted to warranties. Student loans also have a separate chapter.

A larger problem with *Money Troubles* tends to be what is omitted rather than what is included. Procedures and practices of small claims courts are allotted only half a page. In the place of more detailed information, the reader is referred to another Nolo book, *Everybody's Guide to Small*

Students Attempt to Find: Do the Poor Really Pay More?

Claims Court. As much space is devoted to a history of debtors' prisons as is given to small claims courts. While the history of debtors' prisons is interesting, the coverage seems uneven as the typical reader is much more likely to face a hearing in small claims court than a debtors' prison. Likewise, advice on changing behavior which might have caused the financial problem in the first place is covered in only two pages of text and one worksheet. Twelve tips on avoiding financial problems, sketchy advice on creating a budget, and an address for Debtors Anonymous just aren't enough on this important topic.

The most important thing about *Money Troubles: Legal Strategies to Cope with Your Debt* is that it offers the reader a fix, not a cure. If debt is a recurring problem, the book is not much help. If personal relationships have been damaged by financial problems, the book is of little or no assistance. If however, a person is in a financial bind because of illness, loss of a job, or some other nonrecurring problem, *Money Troubles* may be one of the best sources of help available.

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JOHN BRADY

Visiting Assistant Professor
 University of Utah

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*Let every phrase possible
 imply that our cause
 [advertising]
 is american and that
 detractors are
 un-American, and more
 likely to be tools or dupes
 of foreign isms.*

Sales Executive Club of New York, 1941

How often do we hear our students complain: "We could understand the class material so much better if only the assigned problems were more relevant." Recognizing this sentiment, we as teachers constantly search for interesting real-world problems. Real-world problems are especially important in research methods and statistics classes, where it is often difficult to convince students of the course material's usefulness and to keep them motivated throughout the term. Involving students in a relevant project not only helps them improve their skills, it also increases their appreciation for research and the implications of research results in making policy decisions. This article describes a project designed to accomplish these goals.

In his 1964 book *The Poor Pay More*, Caplovitz reports results from a study of various aspects of the consumer behavior of low-income families in four New York City public housing projects. Caplovitz was interested in what durable goods poor consumers own, where poor consumers shop, how much they pay for goods, what method of payment they use, and their financial situations in general. He also estimated the number of consumers who were close to insolvency and tried to examine their social characteristics, their difficulties in dealings with merchants, and their reactions to their troubles. He concluded that "society now

virtually presents the very poor risks with twin options: of forgoing major purchases or of being exploited" (p.180).

Ever since the publication of Caplovitz's book, researchers and government agencies have been working on aspects related to the book's topic: they have analyzed the situation of poor consumers in other geographical areas for different product categories and during different time periods. The results of a recent study by the Department of Consumer Affairs in New York City show that Caplovitz's findings are still relevant for consumers today. An investigation of food prices and the cleanliness of stores in poor, middle-income, and affluent New York City neighborhoods revealed that consumers in poor neighborhoods paid 8.8 percent more for the same groceries than consumers in middle-class neighborhoods did (Green, 1991).

What can students learn about research skills and policy from conducting a project on prices paid by poor consumers? Because of time and resource constraints, such a project is necessarily limited, compared with some of the studies that have been conducted in the past. The study is nevertheless well-suited to give undergraduate students real-life applications of concepts taught in research methods and statistics classes.

In particular, such a study entails a review of the literature, an operational-

ization of terms, a selection of samples, and the calculation of descriptive statistics and test statistics, as well as the development and application of weights. Depending on the number of students involved and the time-frame of the study, the project could easily be expanded to include developing a questionnaire and conducting a survey of consumers' shopping habits. Each of these concepts is elaborated in this paper, in the context of a study of the price of a market basket of food in neighborhoods of various income levels in Salt Lake City, Utah, in the fall of 1991.

CONCEPTUALIZATION AND OPERATIONALIZATION

A study that intends to investigate whether poor consumers pay more than other consumers first needs to define poor consumers. Even before Orshansky (1966) developed the federal government's standards for poverty, there has been a debate on how to define poverty appropriately. Should a measure include only household income net of taxes, or should it also take into account the household's assets, transfer payments (such as Aid to Families with Dependent Children), and items such as health insurance benefits? For the purpose of a class project, the definition may be influenced by the project's scope and the availability of data. One useful data source is the U.S. government's publication of household income statistics by census tracts. Such data are advantageous because they simplify the sampling of neighborhoods by income level.

Most students are probably familiar with the Consumer Price Index (CPI) and will have heard that a market basket of goods is used to assess price changes at the national level. This market basket is one particular collection of goods and services that could be used to assess whether poor consumers pay more. Its disadvantage is that it includes a selection of goods and services for which it may take too much time to collect prices. The CPI and other price indexes used to evaluate standards of living have the further disadvantage of not giving students first-hand experience with the issues involved in creating such a market basket.

If students develop their own market basket, they must determine what goods and services are representative of what poor consumers buy, and must formulate a procedure for obtaining information that is detailed enough to accomplish the task. They have to make decisions about whether or not poor consumers are a homogeneous enough group that one market basket of goods and services can adequately describe their purchasing patterns. It could be argued that poor consumers come from a number of ethnically diverse groups with distinct enough differences in tastes that one market basket cannot do all of them justice. Depending on the number of students involved in the project and the amount of time available, a survey could be conducted to answer these and related questions.

Another issue to address in defining a representative market basket is that of weights. Because of price differences, not every product or service has the same impact on expenditures. Bread and milk, for example, are relatively inexpensive, compared with a piece of clothing. But since bread and milk are purchased much more frequently than clothing, their prices nevertheless have a noticeable influence on consumers' expenditures. The importance of the price of a good can be incorporated into the market basket by attaching a weight to each item—typically the quantity purchased in a specified time period.

The more specific the items in the market basket are, the easier it is to collect prices. For example, it is not sufficient to determine what fruits and meats to include; one also needs to decide whether the products should be fresh, canned, or frozen; their quality; and the size of the package. Even within the category of canned products there are choices. The dilemma can be somewhat resolved by working with a high-, mid-range, and low-priced product for each item. Package size is relevant because of differences in unit prices due to quantity discounts and surcharges. At this point—if not earlier—students realize how involved research can be.

Is a store a store a store? Should prices be collected only from supermarkets, or should convenience stores and specialty

stores be considered as well? The answer to this question depends on consumers' shopping behavior. If most of the goods of interest are purchased in supermarkets, it may not be necessary to collect price information from other types of stores. Information about consumers' shopping behavior can be used to decide whether it is appropriate to collect price information only from poor neighborhoods. However, this approach presumes that consumers always shop in the neighborhoods where they live, which is not necessarily the case. In deciding what types of stores to consider for the study, teachers and students should decide whether or not it is important that every store carry every product in the market basket.

SAMPLING

Most likely the geographical area in which price differentials are to be assessed is too large for price information to be collected from every store. Instead, both poor and non-poor neighborhoods will have to be determined, as well as a subset of stores to be visited in the selected neighborhoods. Before the sampling process can begin, sampling frames—or lists from which samples are chosen—need to be put together, and the sample sizes need to be set. Information about income levels for census tracts can be helpful in drawing up a sample of poor and non-poor neighborhoods. In selecting a sample of stores, one also has to make sure that different types of stores are adequately represented.

This procedure lends itself to a demonstration of the tradeoffs between various sampling techniques—such as probability versus nonprobability sampling, and simple random versus stratified sampling. An easy-to-understand overview of sampling concepts, probability sampling theory, and types of sampling designs can be found in Babbie (1989).

Once students begin to collect price information, they will notice very quickly that not every store carries every product in the market basket. It is also often the case that the specified quantities are not available everywhere. How should this issue be resolved? Recording the

price of a different-sized product and using the unit price is not necessarily the answer because of quantity discounts and quantity surcharges. Similarly, substituting a product for the specified one may lead to differences in the quality of the products. Sales and seasonal variations can further limit one's ability to generalize the results. Ideally, students should collect price information over an extended time period to be able to address encounter some of these complications.

STATISTICS

A variety of statistics can be derived from the collected price information. For example, in addition to calculating the average cost of the market basket in poor and non-poor neighborhoods, students can compare the average cost of the market basket for high-, middle-, and low-priced products in poor areas with corresponding averages in non-poor locations. The range of prices and standard deviations shed additional light on the difference in prices because they also measure the heterogeneity of the data. Finally, statistical tests for differences in means can be used to make sure that observed discrepancies in prices paid by poor and non-poor consumers are real and not due to chance.

The number of prices collected is most likely large enough to warrant the use of a computer for the analysis. Students who are not familiar with statistical software packages can accomplish the tasks with a spreadsheet program.

SUMMARY OF RESULTS

In contrast to most earlier studies, a comparison of prices in Salt Lake City did not show statistically significant differences between prices in low and higher-income neighborhoods. This is probably due to a variety of reasons, one of which is having the categorization of poor and non-poor neighborhoods on 1980 census information, which is dated at this point. The definition of a store was rather narrow, and the sample size of stores was also small.

There are numerous ways in which a similar project could be extended. For

example, instead of comparing prices in different neighborhoods, students could compare the selection of products and services available, cleanliness of stores, availability, user-friendliness of unit pricing, frequency of sales and special promotions, or treatment of customers.

In spite of the large amount of work and the statistically insignificant results, my students enjoyed the project and learned a lot from it.

Note: My students uncovered several documents they found useful in defining a market basket of food. The American Grocer's Association publishes a list of the 500 most frequently purchased products in supermarkets. The list's disadvantage is that it does not distinguish who purchases what items. Two U.S. Department of Agriculture publications may also be of interest despite their age. The 1977-78 *Nationwide Food Consumption Survey* determined, among other things, the percentage of households that purchased various food items on a weekly basis. *Food Consumption: Households in the United States, Seasons of the Year 1977-78* specifies how much of a particular food item is used per week by households at different income levels. The *Nationwide Food Consumption Survey* has not been repeated since 1977-78.

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JUTTA JOESCH
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CONSUMER OPINION

DESIGN PROTECTION VS. CONSUMER PROTECTION

Editor's Note: On September 9, 1991, Congressman Richard Gephardt (D-Mo.) introduced H.R. 1790, the Design Innovation and Technology Act of 1991. H.R. 1790 would grant protection to "the designer or other owner of an original design of a useful article which makes the article attractive or distinctive in appearance to the purchasing or using public." Gephardt, who is Majority Leader in the House of Representatives, along with Minority Leader Robert Michel (R-Il.) and dozens of other House co-sponsors, characterized H.R. 1790 as a "jobs bill". But consumers should take a close look at this legislation; if passed, it would have a profound anti-consumer effect on the price of auto parts and automobile insurance.

Consumers benefit from the availability of competitive automobile parts—that is, parts manufactured by firms other than the original equipment manufacturer. The price of fenders, doors, and bumpers declined precipitously after competitive "crash parts" were introduced to the U.S. market. In addition, the Insurance Institute for Highway Safety has found that such parts are just as crash-worthy as their original equipment counterparts. H.R. 1790 would tend to create a monopoly in favor of auto manufacturers, domestic and foreign, that would force competition out of the marketplace. The Consumers Union, the Consumer Federation of America, Public Citizen, and the Center for Auto

Safety have all expressed opposition to H.R. 1790.

On January 29, 1992, the Intellectual Property and Judicial Administration Subcommittee of the House Judiciary Committee held the first in a series of design protection hearings about the bill. Testifying before the subcommittee was Congressman Paul E. Kanjorski (D-Pa.), who questioned the effectiveness of H.R. 1790 in protecting American jobs.

Mr. Chairman, I am pleased to have this opportunity to testify before the subcommittee on Intellectual Property and Judicial Administration. I want to begin by saying I agree with the principal intention of H.R. 1790—that of protecting American jobs—but I am not sure that, as currently drafted, this bill would have the intended effect. I would like to take a few moments to share my concerns with you.

As I read H.R. 1790, the legislation has the potential to create a monopoly in favor of manufacturers without offering any guarantees that will protect American workers. In fact, the bill may very well work to the advantage of foreign manufacturers.

H.R. 1790 may also have a built-in bias against American consumers. If manufacturers are granted design monopolies, they will have the power to dictate the price of repair parts, which, as history has shown, strongly suggests we will see higher repair costs for automobiles and many other consumer products.

These shortcomings bring me to a more general concern. The Congress should not develop a whole new domain of intellectual property law without fully deliberating the implications.

Consider the problem of “crash parts”—bumpers, fenders, and doors. H.R. 1790 seems to inject monopoly powers into a competitive marketplace. If H.R. 1790 is enacted, Auto companies will likely force competitors out of the crash-parts market, and consumers, in turn, would be forced to buy replacements from the original manufacturer. A simple fender-bender will cost whatever the auto-maker says it should cost. In

these difficult times, when people already live under financial threat, it is tough to see how we can justify turning the family car into an economic time-bomb waiting to explode.

A monopoly for auto-makers might, just might, be understandable, if we knew we were saving American jobs. But H.R. 1790 does not guarantee that we will. Under this bill, protection will be available to foreign manufacturers on the same basis as American firms. This is a sobering thought at a time when 40% of the American market is already made up of automobiles and parts designed by foreign manufacturers. Forty percent and increasing, with a good deal of design innovation coming to the United States from overseas.

Even more importantly, there is nothing in H.R. 1790 to ensure that American companies will manufacture protected articles within the United States. They could very well produce replacement parts, or any consumer products, at their foreign plants. *For all we know, this legislation will end up protecting the importation of parts manufactured overseas, while at the same time preventing further development of a burgeoning American industry in competitive replacement parts.*

I would like to hope that this legislation is a good mechanism for protecting American jobs—we all would—but without some way to guarantee that the protected goods will be manufactured here in the United States, I cannot be sure this legislation is wise policy.

The preeminent problem with this legislation, however, is that we are not taking time to give it the consideration it deserves. Our present intellectual property law as 200 years of history. It has been carefully and thoughtfully assembled. Indeed, the 1976 revision of copyright law was 15 years in the making, enacted only after dozens of exhaustive hearings. I am not suggesting that we spend decades on this bill, but it is clear that we need to take a serious look at what we are doing.

There are holes and ambiguities in H.R. 1790, odd exceptions that appear based in political expediency rather than legal principle. And in this new design

right, we can sense the outlines of a new litigation explosion. H.R. 1790 may create new jobs in the United States, but these jobs more likely to be for lawyers and judges than for machinists and manufacturing workers.

Mr. Chairman, I am worried that H.R. 1790 does not live up to the constitutional foundations on which intellectual property law rests. Our Constitution provides for the protection of “Writings and Discoveries” where such protection will “promote the Progress of Science and the useful Arts.” Any design protection we enact must work for the public good. H.R. 1790, as currently drafted, will simply grant 10 years of monopoly power to manufacturers, including foreign companies and domestic companies who manufacture their products overseas, without offering any great benefit to American workers or consumers.

We know that manufacturers will gain a monopoly over markets that are now competitive. We can be quite sure that prices will go up. What we do not know is whether this legislation will protect American jobs. It is important that we take time to give the idea of design protection careful consideration.

Thank you for granting me the opportunity to share my concerns with the Subcommittee. I hope that you will weigh these issues as you explore proposals for industrial design legislation.

The solution to marketing problems is not necessarily one of giving consumers what they want, but rather to make consumers want what we, the marketers, want them to want.

Alfred Politz

CONSUMER ACTIVIST PROFILE

Esther Peterson— Consumer Activist

When you think of consumer policy whether past, present or future, whether national or international, the name of Esther Peterson readily comes to mind. Peterson has spent a lifetime of service in the public arena, has helped define, shape and defend consumer policy in countless ways.

Thus it is fitting that ACCI has chosen to honor her by establishing the Esther Peterson Consumer Policy Forum. Each year at the ACCI Conference, the forum will serve as a focal point for discussions about timely policy issues.

With her characteristic viewpoint, Peterson sees the establishment of the forum not only as an honor but as an opportunity.

"I hope this will be a way to help people see that public policy goes beyond our own United States. We have to get away from our narrowness, to look beyond our own little borders to the realization that we are part of the whole global picture."

A second realization that she hopes will come from discussions about policy is an awareness of the great power consumers have as users of goods and services. "We need to recognize that we are a powerful force. The consumer movement needs to come into its own as the labor movement did. We've got to be part of defining and determining policy."

And that is a subject she knows from first-hand experience.

Born Esther Eggersten in Provo, Utah, the woman many call the "grande dame of consumerism," gives credit for her life of

service to her early upbringing. "We were raised to do something more than just take care of ourselves, whatever it was."

"Whatever it was" for Peterson has been a long career spanning labor, government, private industry and international consumer advocacy.

A graduate of Brigham Young University, she obtained her master's degree from Columbia University, where she also met her husband, Oliver Peterson. In 1930, he went to Boston to teach in a private school and there Esther started doing volunteer work at the local YWCA. Later she taught at Bryn Mawr Summer School for Women Workers in Industry. In both cases she came into contact with seamstresses from the nearby mills and became concerned about their low wages and poor working conditions. That was the beginning of a long career in the labor movement.

"People often introduce me by saying I spent 15 years in labor," she says with typical good humor.

In the decades from 1930 to 1960, she worked for the International Ladies Garment Workers Union, the Amalgamated Clothing Workers and the AFL-CIO besides rearing four children and spending nine years in Sweden and Belgium, where her husband was a foreign service labor attache.

Through her lobbying efforts, Esther Peterson became acquainted with then senator John F. Kennedy, who, when he was setting up his New Frontier administration as president, appointed her director of the Women's Bureau in the Labor Department. Later came a promotion to assistant secretary of labor.

Kennedy talked to Peterson about his desire of setting up a special advisor to the president for consumer affairs. But his death left it to Lyndon Johnson to carry out the task. Peterson became the first special assistant for consumer affairs, while continuing her post in the labor department. She was the highest woman official in the Johnson administration.

"She is recognized as one of the great pioneers of her time," says Nancy Hawkins, who worked with Peterson at the International Organization of Consumer Unions. "You have to remember she was doing all this at a time when women

were not in these positions."

When the Republicans took office, Peterson worked for a time with the AFL-CIO, and then was offered a position with Giant Food Corp. There things that consumers now take for granted like unit pricing, open dating, nutritional labeling, generic drugs first saw the light of supermarket aisles.

In 1976, President Carter offered Esther her old job back. At age 70, she wasn't sure she wanted it, but on the urging of her husband, who was suffering from leukemia at the time and died shortly after, she moved back into government.

One of her proudest accomplishments from this time was an executive order signed by Carter that forbid the export of hazardous products that had been banned in the United States.

Unfortunately, a change in administration brought a revocation of the executive order. But when IOCU asked Peterson to take a volunteer position as its lobbyist at the United Nations, she found a perfect opportunity to pick up where she had left off with the hazardous exports ban.

In 1985, Consumer Guidelines adopted by the United Nations gave countries a basis for reestablishing and promoting consumer protections. That was followed by publication of a consolidated list of products that have been banned and/or are potentially harmful.

That meant that Third World countries did not have to start from scratch with research on what is harmful, she says, and helps to limit the dumping of harmful products by industrialized countries.

Most recently Peterson's efforts have been concerned with lobbying for the adoption of a Code of Conduct of Transnational Corporations that would set voluntary ethical standards for corporations conducting business across international lines.

"Industry went global a long time ago," she says. "Consumerism must be global, too."

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CARMA WADLEY
Deseret News

CONSUMER EDUCATION

A Hands-On Approach to the Teaching of Consumer Affairs.

Describe in this article is a new course offering at Purdue University, Computerized Consumer Response and Information Systems (CCRIS). CCRIS was developed with the object of teaching consumer affairs through real-world experiences. In this program, the students are responsible for operating and managing a consumer hotline for their school, which students, faculty and staff can call with complaints, suggestions and inquiries.

BACKGROUND

The last two decades have seen the emergence of the consumer affairs profession and the Consumer Affairs Professional. The Consumer Affairs Professional is the link between providers of consumer products and services and their consuming public. The profession has recently begun to make its impact on programs in higher education (Garman, 1990). The self-regulation concept on which the profession is based has ramifications for consumer welfare and for consumer policy which need to be taken into account in education programs where the focus is on the consumer. Perhaps what has attracted the attention of educators is the potential for future employment embodied in the profession, as demonstrated by the meteoric rise in membership of the Society of Consumer Affairs

Professionals. Evidence of the growing interest of educators in the profession is the increased attendance of college faculty at SOCAP meetings, and the recent creation of several Student Chapters of the organization (SOCAP, 1992).

Perhaps less conspicuous than the rapid development of the consumer affairs profession has been an accompanying change in the way consumer affairs professionals conduct their business. Technological developments in computers and communications have aided and abetted conceptualization of the functions of the consumer affairs department (SOCAP Fact Booklet, 1991). The resulting process of evolution has taken consumer affairs departments from "knee jerk" reactors through complaint handlers to consumer information brokers (Anton, Bennett and Widdows, 1991).

Contemporary consumer affairs professionals use 800 numbers and associated computer hardware and software to convert incoming information on the consumer into actionable information for corporate decision makers (Fonvielle, 1991; Cleveland, 1992). The Department's internal mission may be to increase customer satisfaction, but currently it pursues this as much by providing input to organizational quality management efforts as by dealing directly with consumers.

These recent developments in the consumer affairs profession represent a chal-

lenge to curriculum development of education programs whose focus is the consumer. If an agenda of such programs is to give students an insight into the consumer affairs profession and possibly even train future consumer affairs professionals, then some attention has to be given to the skills required for survival in the contemporary consumer affairs department (Maynes, 1988; Goldsmith and Vogel, 1990; Vogel, 1990). There are obvious ways to do this. One is to include appropriate classes from other disciplines in the students' required courses. Another is to change content of existing courses to include relevant material. CCRIS attempts to meet the challenge head on by creating a new course which simulates a consumer affairs department.

COURSE CONTENT. CCRIS involves students in the operation and management of a consumer hotline. Students are responsible for all aspects of operation of this hotline. They must promote its existence, set the parameters for the computer system, answer and respond to incoming calls, develop reports from calls and present the reports to "upper management", and produce training manuals for future generations of operatives. Students work in groups to complete their tasks, with the course instructor acting as manager of the operation. Evaluation is through written reports of tasks completed and performance on the job.

The course requires considerable technical support; however, many of the requirements are available in most higher educational institutions. For the operation of the line, a dedicated telephone connection and personal computer are the minimal requirements. For recording and reporting information either a custom-built program or commercial software is needed. For training purposes, access to a networked computer teaching laboratory is highly desirable. Additional requirements are instructor time, a moderate supply of paper and writing materials and some help from a computer person.

CCRIS was able to benefit from the interest of TARP Information Systems Inc., which donated a copy of its CRIS consumer response software for use by the students. TARP also was generous in

technical assistance through its own consumer hotline, and in providing assistance in the training of the first generation of operatives. Later generations of operatives are trained by previous generations, who act as mentors for the new classes. A Supervisor whose task is to coordinate activities is "hired" from a previous class in return for one course of credit.

There is some investment in human capital required by the instructor of the course. Once the course has been developed, however, the students to a large degree take over, and the instructor's role is essentially that of manager of the hotline. The initial instructor input for CCRIS involved networking with consumer affairs professionals, negotiating with the software suppliers, and selling the idea to the "internal consumers" (the host school's administration).

SNAGS, PROBLEMS AND SOLUTIONS.

CCRIS was developed over a two-year period and the hotline is now operating on a two-year trial basis. The problems associated with technical requirements have been overcome thanks to the aforementioned cooperation with TARP Information Systems Inc. The course was able to benefit from the presence in the Consumer Sciences and Retailing Department of a twenty-station networked computer laboratory. The Department also donated a computer and telephone for the hotline. There were additional problems in developing the course that were less predictable.

The biggest snag was internal worry and suspicion about the course. The class is set up to collect and store information coming in from students, and it is inevitable that the information will include complaints about individual instructors and staff. There were immediate worries expressed that such information could become public, and thereby damage reputations and affect tenure and promotion decisions. Such concerns are real, and needed to be addressed in order to get faculty support for approval of the course. The worry about the privacy aspects of information and the risks of leakage brought up the whole issue of what information should be collected and

how its privacy could be assured (Westin, 1992). This is an issue facing consumer affairs departments in the real world, and to that extent alone the course brought students face to face with a major issue of consumer policy. Students interviewed concerned faculty and solicited their views on how to resolve the issue. It was decided that operatives would inform callers that operatives were not authorized to handle such information, would inform them of the relevant section of the University Code covering such cases, and would record in the data base only that a call had been received concerning a problem with an unidentified instructor or staff person. The training of operatives includes a segment on privacy and the possible consequences of loose talk.

A second problem area regards the quality of information given to callers. Inquiries and complaints require responses, and research has shown that customer satisfaction is enhanced if these responses are given immediately. To do this, operatives need to know or have access to knowledge about such things as University rules and procedures, and where to refer people who need specific kinds of help. The training process can meet some of the needs, but a lot of the learning takes place on the job, as operatives confront consumer problems. Training must include a session on the legal ramifications of giving ill-thought advice.

A mentor program wherein previous class members "babysit" new operatives has helped considerably to promote the quality of communications. In addition, the TARP system features "pop-up" screens which appear when operatives enter preset codes. The screens can contain help information for operatives, or even instructions such as "Refer this person to the Rape Crisis Center". The information requirement for the hotline was eased by the University having a help line offering prerecorded messages that could be accessed by a touch-tone telephone.

BENEFITS. Benefits of the hotline course have the potential to accrue in a number of areas. There is the benefit to

the students of going out on the job market with a background in the skills and experiences needed by a consumer affairs department. There is the benefit to the University of a longitudinal data base of student, faculty and staff concerns. Over a long period, retention of students should be facilitated through the provision of information to the Administration on areas in which students are not being served as well as they could. There is the benefit to the host school from having specific information on the needs of its consumers, plus the reputation effect of taking a lead in innovative programming.

These benefits should be quantified and compared to the costs associated with the course, to determine whether the course contributes to the "bottom line" of the University. This task has been assigned to a group of students in the class, to be completed by the end of the two-year trial period. In the absence of quantitative information on benefits, some qualitative information will now be given by way of concluding this report.

The objective of helping the students in the job market appears to be working. There has been some boost to this due to the connection with TARP Information Systems. TARP has been able to funnel inquiries it has received from client companies regarding potential employees to the course Instructor, and successful recruitment has followed. Recruitment for both permanent positions and internships has resulted from word of mouth among SOCAP members who have leaned of the course. Some grant and consulting activity for faculty involved in the course has been facilitated by the expertise in consumer information systems acquired through the course.

Faculty involved with the course have noted that a bonding between consumer affairs majors and faculty takes place through the course. This is because participation in the course involves a high degree of interaction and cooperation between instructors and students. Early course evaluations suggest that the course is well regarded by students.

The European Consumer in the Post-1992 Era

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For copies of the course outline and related information, write to: Consumer Hotline, Consumer Sciences and Retailing Department, Matthews Hall, Purdue University, West Lafayette, IN 47907. Please enclose \$3 to cover cost of duplication and mailing.

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Advertising is a valuable economic factor because it is the cheapest way of selling goods, particularly if the goods are worthless.

Sinclair Lewis

With the end of 1992 heralding the opening of a single internal market for the 12 nations comprising the European Community (EC), it is appropriate to consider the status of consumer protection in the EC. We first briefly describe the EC organization and then discuss some EC consumer policy initiatives and problems; we conclude with a look at future prospects.

The government organization of the EC is large and complex, with major offices in Brussels, Luxemburg, and Strasburg. The six major units are the European Parliament (518 members), the Commission (17 members), the Council of Ministers (12 members) the Court of Justice (13 judges and 6 advocates-general), the Economic and Social Committee (189 members) and the Court of Auditors (12 members). Corresponding roughly to the executive, legislative, and judicial branches of the government are, respectively, the Commission, the Council of Ministers, and the Court of Justice. The Economic and Social Committee is an advisory group and the Court of Auditors is responsible for budget management. The European Parliament has advisory and oversight functions relating to many aspects of EC activities. Since the passage of the Single European Act in 1986, the Parliament was empowered to participate actively in the formulation of EC directives and regulations.

THE EC AND CONSUMER PROTECTION

In 1972 the need for consumer protection in the EC was officially recognized through organizational and policy initia-

tives. Among the highlights are the following:

1. The establishment of the Environmental and Consumer Protection Service in the European Commission. In February 1989 the consumer arm of this government unit was given autonomous status, as the Consumer Policy Service.

2. The launching of the Consumers' Consultative Committee (CCC) in 1973 consisting of experts and members of four European associations representing consumer interests. To make it more representative and effective, the CCC was reorganized in April 1990 into the Consumers' Consultative Council; it consists of 39 members many of whom represent national consumer organizations. Also represented are the disabled and senior citizens.

3. The adoption by the Council of Ministers in 1975 of a first program for consumer protection, and in 1981 of a second program for the same purpose. These programs enunciated five basic consumer rights and emphasized the importance of consumer interests being served by the EC. The five basic rights are as follows: 1) the right to protection of health and safety, 2) the right to protection of economic interests (protection primarily against abusive practices of sellers), 3) the right to redress of grievances, 4) the right to information and education, and 5) the right of representation.

4. The landmark decision of the Court of Justice in the *Cassis de Dijon* case in 1979. In this case the German government had invoked the provisions of its own food laws to ban the

sale in Germany of a black currant liqueur produced in France in accordance with French law. This decision established the principle that a product legally manufactured and sold in one member state should have access to any other, unless differing standards could be justified on the grounds of health or safety.

5. The EC adoption of the Single European Act in 1986, a measure which provided the legislative foundations for eliminating the last roadblocks to free trade in consumer commodities between EC countries. The Act also provided for additional measures to be taken to assure a high level of consumer protection.

6. The resolutions passed by the Parliament and the Council of Ministers in 1989 which declared both bodies in favor of greater progress in consumer policy. These resolutions led to the establishment by the Commission in March 1990 of a three-year plan (1990-1992) for EC consumer policy. The plan includes initiatives relating to such important consumer problem areas as representation, information, safety, contracts, and comparative testing.

As a result of these various consumer policy initiatives, considerable progress has been made. In a recent EC publication (*Consumer Policy in the Single Market*), it is stated that EC directives and regulations protect consumers with regard to many specific product groups and general measures. Interestingly, this same EC publication concludes as follows:

Although a great deal of progress has been made, the results of consumer policy have, on the whole, fallen short of expectations. One of the main reasons for this is that, in the 1970s, radical measures to protect consumers were seen as a luxury Member States could not afford given that their economies were in deep recession. While the cyclical problems were overcome, the structural impediments to an active consumer policy remained, such as different cultures, traditions and forms of organized representation, and differences in the extent to which

consumer interests were taken into account at (the) national level. (p. 20)

The twelve nations are indeed different with regard to consumer policy. To illustrate, Britain and Germany have taken the lead with regard to networks of local information centers while Spain and Portugal have established the strongest legal basis for consumer protection. Moreover, significant contributions have come from France in electronic communications and from Denmark in product labeling. Concern with consumer representation is also quite different with more attention exhibited in northern countries, such as Britain, and less in such southern nations as Greece and Italy.

FUTURE PROSPECTS

Just as there are many versions or constructions of the pact, there are many visions of the future. Business leaders tend to see a bright future for EC consumers in the post-1992 era but many consumer leaders are skeptical. One reason for a difference in viewpoint has to do with the "hard law-soft law" controversy in the EC. This controversy arises due to the difficulty of covering all the particulars of consumer regulations in EC legislation ("hard law"). The alternative is for legislators to set policy guidelines and leave the details for others to spell out who have more experience with the issues at hand. The problem with this "soft law" approach is deciding who should be given the responsibility for working out the details, and how such tasks should be accomplished, especially when these "details" are sufficiently important and consequential that their resolution may decide the success or failure of the proposed "soft law."

What often happens is that details are determined by suppliers and supplier trade associations, either unilaterally or with limited input from consumer associations. The resulting "soft laws," or codes, which cover such important areas as corporate standards of conduct, consumer arbitration, and sales contracts, are seen as the way of the future for the EC, a development which please some business leaders but

disheartens many consumer activists.

The business and consumer sides of this important issue have recently been summarized by Huysse and Parmentier (1990) with regard to codes of conduct:

Suppliers tend to be very much in favor of codes of conduct because of their flexible character. Their organizations deplore the rigidity of the legislative process, the poor quality of legislation, and the criminal stigma inherent to official statutes. They find that codes, as opposed to legal rules, can produce rules of good quality, even offer higher standards than legislation, and in a much faster way. Codes are also tailor-made to the needs of a specific industry which allows dealing with complex issues, and in case of interpretation, makes subjective judgments possible. They also guarantee a high degree of compliance, because the parties concerned participate in the drafting.

Consumer organizations on the other hand are usually very suspicious, even skeptical of codes. They are afraid that suppliers are not really interested in promoting the interest of consumers. Instead they have maintained that the underlying "true" motives of suppliers in favouring codes are inspired by sheer self-interest. They argue that the major reason is business' strong desire to avoid legislation that is more restrictive. (p. 261)

The authors conclude with a prediction for the 1990's which stresses the growing importance of "sponsored regulation" by the EC. With sponsored regulation the EC does not produce laws itself but encourages the formation of codes by private parties instead, "by providing the conditions for rule-making for these parties." As the authors see it:

The expansion of international self-regulation and the rise of sponsored regulation at the Community level will be the two major trends in consumer affairs in the nineties. Official regulation is going downhill, at least in relative terms. In the centre of these developments stands the individual consumer. The only approach combining a decent level of consumer protection and a workable level of regulation,

is a mixed model, based on law but supplemented by consumer participation. The challenge to consumer organizations is to voice the conditions for a well-balanced dialogue and to watch its results meticulously. (p. 268)

Another challenge to consumer organizations (and to the EC) is getting ordinary consumers to take advantage of the many benefits to be offered by a fully functioning single market. Changing consumer behavior in fundamental ways is never easy and what may be required here is the development of a comprehensive, EC-wide educational and informational program. The need for such a program became dramatically apparent in July 1991 when the findings of a Eurobarometer survey on consumer behavior in the EC were released to the news media (Goldsmith, 1991).

The survey of 13,000 EC consumers asked about purchases made in the last six months. Some 46 percent reported that they had not brought, in their home country, any goods produced in another EC country. Just eight percent claimed that they had made a purchase of at least \$117 while traveling in another EC country. Moreover, only three percent reported that they had ordered a consumer product directly from another EC country.

Why so little interest in the consumer goods of other member states? Some 53 percent of the respondents cited problems in exchanging or repairing consumer products as a major barrier to buying goods from other EC countries. Language difficulties were also cited frequently as an obstacle (39 percent of the respondents) and other factors included uncertainty about sales conditions, problems in settling disputes, and difficulties in making payments for items purchased.

Upon learning of the survey findings, EC Consumer Affairs Commissioner Karel Van Miert expressed the view that consumers are being left behind in the single market campaign, leaving big business to realize the benefits of a border-free EC. To help consumers take advantage of the single market, Van Miert announced that the EC plans to open ten new information offices near borders so consumers can compare prices and terms of sale.

While some may find this development encouraging, others are likely to wonder whether it is too little to be of much assistance. But whatever one's view on this matter, one thing seems clear. With the 1993 dateline for the single market just around the corner, consumer researchers and practitioners in Europe and elsewhere will be waiting eagerly to see how consumer policy evolves in the EC. Let us hope it benefits the 340 million European consumer it is supposed to protect.

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Announcing Russell A. Dixon Award Winner

Dr. Robert N. Mayer, Professor and Chair, Department of Family and Consumer Studies, University of Utah, has been honored with the annual Russell A. Dixon Award for the best applied paper in a single volume of *ACI*. "Making Consumer Policy Directly Through the Ballot Box," appeared in Volume 3, Number 1, 1991. Robert Kroll, Chair, Russell A. Dixon Award Committee, presented the award at the annual ACCI conference in Toronto. The other members of the committee are Rosella Bannister, Michigan Consumer Education Center, and Julia Marlowe, University of Georgia. For details on this award, consult *ACI* Volume 2, Number 1, page 4, or write the *ACI* editor.

Upcoming In *ACI*

In the Autumn 1991 issues of *ACI*, W. Keith Bryant and Edward J. Metzger issued a call to arms to defend consumer studies programs that are under siege. They also issued a challenge to ACCI members to begin a dialogue on the possible causes of, and cures for, vulnerable consumer studies programs in the ACCI publications. In the Autumn 1992 issue of *ACI*, Cathleen D.

Zick and Richard Widdows take up that challenge and present evidence of the enrollment issues facing many of these beleaguered programs. They argue that without significant internal adjustments in curricula the graduates we are producing may find themselves without a market. Consumer affairs and financial counseling and planning may not necessarily be the panacea some see them to be.

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