

Rand was commissioned to do a study in late 1972 by the Secretary of DHEW who had set goals for consumer participation "to devolve power to the citizens, to reduce alienation and to improve program effectiveness." The study sought to review prior experience and research concerning various forms of citizen participation, and to derive from them information that would assist DHEW in drafting guidelines and model by-laws for citizen participation in specific DHEW programs. (31)

Two of the issues studied by Rand were whether the organizational form of citizen participation has an effect on these goals and what specifically determines the success of a citizen participation organization. Rand used the existing literature and a checklist methodology to systematically synthesize the literature.

The effect of consumer participation per se has been most extensively studied in the context of the Community Action Agencies of the War on Poverty and the HUD funded Model Cities Agencies. Most of these studies focus on the role of the poor as the major consumer constituency of these poverty agencies. (29)

A study of an economic opportunity board found that a much higher proportion of poverty representatives attended meetings than did the community or public representatives. (32) Despite this, it was found that of the community and public representatives who did attend board meetings, a higher proportion participated actively in board discussions and contributed twice as many "acts" as the poverty group. However, of the acts contributed by both poverty and public representatives, more than half involved substantive program issues while only a third of the acts community representatives had submitted were related to program issues with the remainder being related to agency budget and personnel issues.

Rand concluded that the organizational forms of citizen participation can and do have an impact on the conduct of local public activities and services and that stronger boards have more impact but that advisory boards can also be very effective. Thus citizen organizations do meet the DHEW goal of devolving power to the local citizenry.

Rand found that: "Citizen participation does not promise to change the general level of political alienation in our society, regardless of the organizational form of the participation." (31)

The researchers concluded that "citizen participation increases citizen influence, and increases it in such a way that it does not adversely affect program effectiveness." Also "boards in the aggregate give citizens more influence, and they may have a more positive impact on program effectiveness than do committees."

On the "correlates of successful citizen participation," Rand researchers determined that three features were of primary importance in developing power: meaningful influence over the budget, investigation of complaints, and staff responsible to the citizen participant

organization. (31) Those features that were not related were: "sign off authority, the geographic level of the organization, and whether the organization is funded directly by the federal government or through state and local agencies." (31)

Cost effectiveness analysis has been used as another means of evaluating consumer participation in health planning. In 1973 the Department of Health, Education, and Welfare issued a request for proposal (RFP) for the performance of "A Study and Development of Alternative Models for Consumer Participation." In the cost effectiveness analysis portion, Lassiter and Company analyzed three consumer models: the Consumer Education Cadre, the Consumer Advocacy Office and Consumer Involvement in Planning. For the purposes of this paper, only the results for the third analysis will be discussed.

The objective for Consumer Involvement in Planning component used was "to involve consumers of local federally funded programs in the planning process that occurs at the area wide level." Three more specific objectives were also used: to involve consumers in federally funded health programs in the identification and assessment of needs of their locality; to incorporate the views and recommendations of consumers of federally funded health programs into the plans of the areawide health planning agencies; to establish priorities to develop programs and organize resources in accordance with needs of the consumers of federally funded health programs. (15)

The criteria of effectiveness, given the objectives used by Lassiter for Consumer Involvement in Health Planning included: number and percentage of beneficiaries of federally funded health programs involved in the planning process; number of local consumers indirectly involved in the planning process (community meetings, forums, etc.); number of priorities which reflect the needs assessed by local consumers; number of program plans which reflect the needs assessed by local consumers; number of consumers involved in the planning process who demonstrate increase in knowledge level; number of program plans developed at the local level; number of plans which demonstrate identification and organization of resources in response to priorities; number of health plans which reflect the needs of the consumer population; and number of health resources identified to meet the needs of the consumer population. The authors note that effectiveness measures rely heavily on qualitative assessment rather than solely upon quantification. "A count of 'plans developed' is insignificant unless the plans correspond to needs and priorities identified by the consumer planners." (15)

Cost estimates of "Consumer Involvement in Planning" proved to be minimal especially in comparison to the costs for both the Consumer Education Cadre and Consumer Advocacy Office. Hypothetical budgets for those models were approximately \$35,000 and \$32,000 a year respectively. Consumer Involvement in Planning was less costly because there was "no requirement" recommended for salaries, space and equipment for the Consumer Planners. The Lassiter study recommended "that Consumer Planners receive direct and indirect expenses related to their involvement in the

areawide health planning program." They recommended that such budgeted costs include: travel, child care fees, conference costs, training and technical assistance, and compensation for time lost from work, an estimated \$500 for each consumer planner. (15)

Non-monetary costs of the Consumer Involvement in Planning Model would include: units of time spent by the Consumer Planners and units of time spent by the staff of the areawide health planning agency engaged in training and providing technical assistance to the consumer planners. In most cases these units of time can be estimated in dollar costs and added to the budget estimate of \$500 per consumer planner. (15)

The study also presented a means to determine the point at which a consumer mechanism reaches its stated goals. Lassiter developed the "Consumer Participation Top-Out Theory." This theory is borrowed from a business concept related to product development. "In the business sector a product goes through a growth phase and is said to reach its top-out—its maximum level of saturation as determined by sales—after which it goes into a post top-out stage whereby sales level off, decline or perhaps increase (if the product or sales approach is modified)." They concluded that objective criteria can be identified and used by program administrators "to provide information necessary to decisions that are made relative to consumer mechanisms." The researchers identified seven phases of development with 56 characteristic traits identified as representative indicators of the levels in which consumer mechanisms function. The phases are: growth, transition toward top-out, transition toward decline; top-out, post top-out upward phase, post top-out routine, and post top-out decline.

An application of the top-out theory was conducted with a sample of consumer organizations and formulated specific findings:

1. Status of Federally Funded Consumer Mechanism: 42% of the federally funded consumer modes studied had reached Top-Out and are now in the Post Top-Out Routine Phase; 33% of the federally funded modes studied were in the Transition-Toward Top-Out Phase; 25% of the federally funded consumer modes studied were in the Transition Toward Decline Phase.
2. Characteristic-traits identified, consistently, as having major significance to the attainment of Top-Out, were reported to be effective delineation of roles; effective participation of members; significant rapport between consumers and program administration; effective training and technical assistance of members; understanding of program operations; continued leadership of the consumer organization; clear definition of goals.
3. Relationship between the Consumer Typology and the Attainment of Top-Out, using the Consumer Participation Top-Out model: A higher percentage of integrative consumer modes showed that the objectives of integrative consumer mechanisms were more specific than those of marginal and interfunctional modes.

4. Goal Alignment between Consumer Mechanism and Affiliated Program Operations; Comparison of program goals and goals of the consumer mechanisms indicated that consumer organization often functions without having any significant impact on the program to which they are related particularly, if the goals of each are not aligned. (15)

Action research is being used increasingly by consumer groups who have found it to be necessary to begin to answer their own questions about planning the health delivery system. The major example of this type of study is the Public Citizen's Health Research Group's The \$8 Billion Hospital Bed Overrun: A Consumer's Guide to Stopping Wasteful Construction completed in 1975. While not rigorous research in the traditional sense, the Health Research Group report examined the national problem of overbedding and presented it in a very readable format. (7)

Another piece of action research was done under the auspices of the Capitol Area Comprehensive Planning Association, Lansing, Michigan, in 1973. (3) In the first phase, 144 CHCPA members were interviewed including 52 consumers and 54 providers which represents 72% of the total memberships for the consumers and 75% of the providers. A questionnaire was used to document "consumer difficulties" in terms of both psychological and behavioral characteristics.

Several conclusions were drawn by the researchers Bishop and Beck as a result of the survey:

First, "consumer members are drawn from a wide variety of socio-economic backgrounds" and as a result may enter their membership with lower socio-economic status, less general formal education, and less specific health related information than their provider counterparts;

Second, that while consumers are formally selected to represent an organized consumer group, the group seldom effectively acts as a supportive constituency for the consumer members.

Third, consumer members did not overcome their inherent problems and were less significantly informed on comprehensive health planning than were provider members.

Fourth, as a group, consumers were awarded only the theoretical task of "representing community opinion" and not included in the specific tasks that would indicate that the role had been operationalized.

Fifth, if the 51% membership mandate indicated a Congressional desire for consumer members to exercise significant amounts of control, then that desire was not met. Consumers in fact were less powerful than either providers or agency staff. (3)

Moreover, if the 51% mandate indicated a congressional desire for consumers to be a majority, this desire was also not met. Providers

in fact, made up the majority of the attendance at agency meetings. In phase two the consumer group "learned by doing" to overcome the participation problem.

The research design involved documentation of program activities and evaluation of outcomes. The Consumer Support Group (CSG) was designed in the format of an experimental approach "so the effects of the program on those who participated in it (experimental group) could be compared to those consumers who volunteered but did not participate." (3) In view of the researchers, "The creation and continuation of the CSG, unlike 'consumer training programs' would alter the participant's structural position and simultaneously attack the traditional problems of inadequate information and perceived legitimacy." (3:43)

The researchers hypothesized that "The CSG could become a strong relevant organization backing an individual representative and therefore could provide him with a more effective structural position to the extent that health planning effected such an organization." (3:44)

Results have been enumerated by the authors:

After participation in the CSG experimental group, members had a significantly higher attendance rate than control group members. They also spoke and were spoken to more often than control members, as for the quality of participation, experimental group members were assigned three specific roles within their committees by significantly more fellow committee members than control group members were. The experimental group also reported more informal contacts with other agency members and were conversely contacted more often by them. Thus the major objectives of the CSG in terms of increased behavior participation were met.

A number of intervening factors were also increased for the experimental group. They were significantly higher on all the information categories tested. The experimental group also increased their legitimacy in being accepted by their committees to a greater extent than control group members were. (3:122)

Two major recommendations made by the authors were:

1. Mechanisms should be developed to alter the structural relationship between the groups involved in comprehensive health planning in order to make these relationships more consistent with the legislative intent of the partnership for health amendment to Public Law 89-749, Section 341.
2. Given community representatives with less information, legitimacy, power, and behavioral participation than other groups in an organization in which they have a valid role, a Consumer Support Group should be formed to allow community representatives the opportunity to overcome these deficits. (3)

Priority Research Areas

The major problems facing policymakers in the health planning field are the rapid increase in the cost of health care; consumer dissatisfaction with health service delivery; and the maldistribution of health resources. Research on consumer participation within the context of these policy questions should receive the highest priority. Establishment of the HSAs has been one of several preliminary steps to the establishment of a National Health Insurance system in the United States. One of the largest roadblocks to enactment of the necessary legislation for Comprehensive National Health Insurance has been the widely expressed fear of repeating the history of cost escalation that accompanied the enactment of Medicare legislation. Consumer participation in Health Systems Agencies is designed by Congress with the hope of developing a cost and quality sensitive regulatory watchdog at the local level. Research needs to be done to determine what steps can be taken to make this hope a reality.

Too much research to date has focused on a patronizing concept of "board training" emphasizing the process of board functioning rather than the difficult policy decisions to be made. (3) Studies of Board-Staff relations suggest that the problems experienced are unique to the health planning boards of similar community boards. Business policy literature on board of directors dynamics indicates that corporate boards have experienced similar problems and have been evolving solutions apart from the health planning milieu that should be examined and tested for feasibility. (14)

Political scientists have also developed methodologies for evaluating the effect of participation in community decision making such as the recent work by Hansen. (10) Extensions and applications of this type have been non-existent in the health planning literature up to now. Another possible area of research would be on determining the viability of the public utility model for regulation of the health care system.

Recent applications relating to consumer preferences and consumer behavior theories in the health area such as those by Acito on HMO's need extensions in the health planning context. Advances in research to determine consumer utilities have also been made recently and need further evaluation especially as potential tools for consumer planners. (16, 17)

A related concept to consumer participation in the Indian Health Service is the use of consumer evaluators who are funded through grants and contracts. Indian Health Service Programs do not have consumer participation through the Board of Directors and are using this as an alternative. A comparative analysis of this method for consumer participation would seem to be valuable.

The other major area in need of research is the selection process used for consumers on the Board. Such questions need to be answered as whether the quality and degree of representativeness of consumer board members are effected by the method of selection, i.e., appointment

election, special interest group appointment, self-selection, and whether or not board members are reimbursed.

Conclusion

While there has been a plethora of think pieces, research reports and reviews on consumer participation in health planning and other areas, their main value is in their documentation of the phenomena. Most of the research reports suffer from two related weaknesses, poor research methodology and subsequently very limited distribution in any form to either policy makers, other researchers or consumers. Many questions need to be asked about consumer participation in health planning and of highest priority should be those aimed at improving the effectiveness of the new generation of consumer planners now being selected for the Health Systems Agencies.

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AN INVESTIGATION OF OBJECTIVE RELATIONSHIPS
BETWEEN PRODUCT PRICE AND PRODUCT QUALITY

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Abstract*

Purpose

A variety of research investigations have provided empirical support for the proposition that consumers subjectively perceive a direct relation between price and product quality. However, of equal if not greater significance is the question of whether there exists an objective price-quality relation among competing products available on this latter question. More specifically, two key research questions are investigated: (1) To what extent is there an objective relation between price and product quality among directly competitive products (brands) within a variety of major product categories; and (2) To what extent can consumers use the general decision rule that price has a direct relation to objectively-defined product quality.

Procedure

Data for the investigation were taken from published product tests and ratings of two widely distributed periodicals, Consumer Reports and Consumers Research Magazine. Using these periodicals for the three year period 1972-74, a total of 135 separate test results for a variety of competitive groups was identified for analysis. To test the relation between price and product quality for each of these 135 product groups, several analyses were performed: (1) non-parametric rank order correlations were calculated for ordinal rankings of average price and product quality for each competitive product group; (2) mean prices of products ranking in the upper and lower quartiles of the product quality were calculated to identify the degree to which a practically observable price-quality relation exists within competitive product groups; and (3) the combined results of the preceding analyses were utilized to identify five levels of price-quality relations (ranging from strongly positive to strongly negative relations), based on a criterion related to statistical significance of the derived relations.

* Full text in The Journal of Consumer Affairs.

Results

The overall findings of the investigation are notable: (1) for 30% of the competitive product groups examined, a strongly positive price-quality relation was observed, and 21% appeared to have modestly positive relations; (2) in 35% of the groups, no observable or statistically significant price-quality relation was evident; and (3) 14% of the ratings indicated a negative relation between price and product quality. Another major inference from the data is that broadly-defined product categories may differ dramatically in number of positive price-quality relations. For instance, 80% of the sports equipment ratings indicated a positive price-quality relation, while only 42% of the large appliance ratings indicated such a positive relation. And finally, the data clearly identify specific competitive product groups by their degree of objective price-quality relations.

Implications

The results of this investigation offer modest support for the existence of a direct price-quality relation: a total of 51% of the 135 product ratings appeared to present what could be considered a positive relation between price and product quality. However, the percentage of positive price-quality relations varies substantially from one product category to another, and this may become an important consideration in analyzing price and product quality relationships.

Equally clear from this investigation is the fact that the existence of an objective and direct price-quality relation cannot be generalized across product groups. Though only 14% of the relations were actually negative, a substantial 35% of the product groups had relatively random patterns of price-quality variation. Based on these results, a consumer following the decision rule of price equals quality would perhaps make "satisfying" decisions in approximately half of his choices. Many unsatisfactory choices would also be made, though the worst choices might occur in roughly 10-20% of the consumer's price-oriented decisions.

A further implication of this study is that product testing services might increase their value to consumers by including a detailed analysis of price-quality relations in their reports on product testing. Some new approaches to such presentations are now being used by Consumer Reports, which has recently presented numerical scores on overall product quality for some product ratings. In cases where product quality can be defined on an interval or ratio scale, more definitive price-quality relations may be quantitatively determined.

Finally, this research has provided a significant addition to previous investigations of price-quality relations. First, it has added to and extended the findings of other explorations on objective price-quality relations. Second, it points to the importance of considering not only consumers' subjective judgments of price-quality relations, but also whether such judgments have an objective foundation.

ETHICS: A COST BENEFIT ANALYSIS

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At income tax time in our church we have two accountants I have come to know quite well over the years. When I took down the data for income tax preparation, I decided to try this subject on them: Ethics: A Cost Benefit Analysis.

One said, "I'm not sure what that means." The other reached in his desk and handed me an article on the professional ethics of public accounting.

But for our purpose, when we talk about Ethics: A Cost Benefit Analysis we are talking about a system of conduct and how it serves you.

So I ask myself, and I ask you, what IS our system of conduct and how is it serving us? On what basis do we decide what we are supposed to do? Then, a further question—do we stick with our decision or do we drift off into a land of compromise and do that which is easiest and pays the highest immediate dividends?

Some questions that demand answers on the basis of our system of ethics or of values are:

1. Is it alright for me to write in the margin of a book from the public library and thus give subsequent readers the benefit of my feelings and study, or should I refrain on the basis of sanctity of public property?
2. As a young person from a large and poverty stricken family, should I continue with my schooling or should I drop out and help support my parents and brothers and sisters? If I stay in school I will make more money later; if I drop out, the family will eat better now.
3. Should I litter the roadside with beer cans so I can keep my car clean and not upset my wife with my drinking while driving? Or should I wait until I get home, put the cans in the garbage, worry my wife and be subject to her disapproval?

At a boxing tournament on an Army base during World War II, a soldier, victim of amnesia, was led around the ring between matches in the hope that someone would recognize him. Time and again he stood and gazed out on the unresponsive crowd until, in frustration near to despair, he cried, "Somebody tell me who I am!" And perhaps it is right

here that we need to begin if we are going to be able to deal with Ethics: A Cost Benefit Analysis.

Dr. H. H. Horn, professor of Education, New York University, has analyzed man a little and talked about the values he holds.

Because man has a body, one of the basic values man has is health.

Because his acts have significance for his own personality, another basic value is character.

Because his acts have significance for others, a basic value is social justice.

Because he needs to earn a living, in order to survive, and not be a parasite, another basic value is some sort of saleable skill.

Because man is able to respond to beauty, a basic value is the production and enjoyment of works of art.

Because his emotional life finds its completion in union with another of the opposite sex, a basic value is love.

Because he needs intelligence to guide his activities, another basic value is knowledge.

Because man can think beyond the limits of his knowledge and so develops a speculative interest, another basic value is philosophy.

Because man has thoughts and feelings in relation to the whole cosmos, of which he is a part, another basic value is religion.

So here they are: Health, character, social justice, skill, art, love, knowledge, philosophy and religion. These then, are some of the values that help man decide who he is and what he is to do!

This sounds fine until we start living our lives and putting our values into practice. Then, too often, we end up with an ideal and a real system, in conflict.

Years ago I was employed in the assembly plant of a large motor car company in the standards department which was sort of a buffer between labor and management.

If I did a time study on some man working on the assembly line, where perhaps, he was putting "trim" on the right hand side of the cars, one after another, I needed to establish good rapport with this man. Why? He could work at a normal pace or he could do a slow down. In the latter case my time study would be less than valuable.

Further, I noticed that in the constant conflict between "production" and "quality control," "production" was the queen to be served

and "quality control" was a lesser member of the high court of profit. After all the dealer could pick up on the quality as he dealt with the purchaser.

At the assembly plant a car came off the end of the assembly line every 90 seconds. Incidentally, I decided to wait until the car had been in production for several months before I bought one because it takes about that long to learn how to put a new model together.

Somehow or other we have developed the notion that economic science and moral discipline are two orders so distinct and alien that the former (economic science) in no way depends on the latter (moral discipline). At this point I have growing concern (whether we are talking about labor or management). The old notion that "a day's work should be rewarded with a day's pay" is just as valid when we reverse it and insist that "a day's pay should be rewarded with a day's work." We would suggest that any other equity formula will ultimately destroy us.

A man may be able to identify his value system, and still not identify himself. You and I have real meaning only as we are identified with God. In answer to the question "Who Are You? Who Am I?" we need to recognize that you are a child of God and I am a child of God.

"MAN HAS ULTIMATE IDENTITY ONLY AS HE IS RELATED TO GOD!"

"MAN HAS ULTIMATE PURPOSE ONLY AS HE IS OBEDIENT TO GOD!"

Does that sound like preaching? I hope not. I would prefer it to sound like good pragmatic practice, the kind of practice that will get us from where we are to where we want to go.

We live in a rough and tumble "eye for an eye" and "tooth for a tooth" world which we cannot totally understand or satisfactorily explain. Yet, at the same time our hearts long to love and be loved and be "caught up" in a project or an ideal to which we can dedicate ourselves totally.

You remember the play by Robert Bolt titled "A Man for All Seasons." Listed 14 years ago in the New York "Crama Critics Circle" Awards as "Best Foreign Play," it presents the problems of a man with convictions—the 15th century English Chancellor, Sir Thomas Moore, torn between loyalty to his kind and country and his devotion to God. As a convinced Catholic, Sir Thomas Moore found himself in an impossible and intolerable position when his King, Henry VIII, broke with Rome and married Anne Boleyn. Where would his loyalties lie? Would he be true to himself and his devotion to god, or would he be true to his king and his country? He chose the former (being true to himself and his devotion to God) and eventually it cost him his head. So much for the problems of a man with convictions. Yet perhaps it is at the very crossroads that America and free enterprise and all the other benefits we enjoy, stands or falls.

Recently I was talking to a couple who are having their marital problems and conversations revealed that neither had the conviction that they were really valuable or necessary to their mate. Out of these conversations came the notion that if we are to have full, vibrant, satisfying lives, we must be ready to reveal and expose our dependency. It is sometimes costly to do this because none of us are overly anxious to show our weaknesses or inadequacies. But the benefits can be fantastic because in the exposure of our dependency and inadequacies, our mates discover and are reassured that we really find completion only in them.

For years and years we have thought or toyed with the idea that we could "bring in the kingdom" by educating people. But it doesn't seem to be working.

Will Durant once wrote:

Human knowledge has become unmanageably vast. Every science has begotten a dozen more, each subtler than the rest. The telescope reveals stars and systems beyond the mind of man to number or to name. Geology speaks in terms of millions of years, while, once, man thought in terms of thousands. Physics has discovered a universe in the atom. Biology has found a microcosm in the cell, and Psychology in every dream . . . Anthropology has reconstructed the unsuspected antiquity of man. Archeology has unearthed buried cities and forgotten states. Inventions have complicated life and war. (3)

Human knowledge has become too great for the human mind and yet our "interpersonal relationships" continue to destroy us. Somehow we cannot put together all we know in terms of our peace and happiness and perhaps we cannot put together all we know in time for survival—what a frightening thought! In the past we have thought of survival in terms of "fall out" shelters stored with food and medical supplies, and even a hidden stock of money. Now we have despaired of all this as being of much help. How long has it been since we took "air raid shelters" seriously?

However, there is something that can be taken seriously. A story told hundreds of years ago by a man named Jesus tried to illustrate a fundamental attitude of fulfillment and survival. Jesus said,

A man going on a trip from Jerusalem to Jericho was attacked by bandits. They stripped him of his clothes and money and beat him up and left him lying half dead beside the road. By chance a second traveler came along and when he saw the man lying there, he crossed to the other side of the road and passed him by. A third traveler walked over and looked at him lying there, but then went on. But a fourth traveler came along and when he saw him, he felt deep pity. Kneeling beside him, he soothed his wounds with medicine and bandaged them. Then he put the man on his donkey and walked along beside him

till they came to an inn, where he nursed him through the night. The next day he handed the innkeeper two twenty dollar bills and told him to take care of the man. "If his bill runs higher than that," he said, "I'll pay the difference the next time I am here."

In the hills of Vermont, where words are not usually wasted and emotions not unnecessarily expressed, an old couple in their 80's rocked silently one night on the porch, as had been their custom all the years of their marriage. Painfully, speech finally burst from the man. "Sometimes, Mandy," he muttered, "I love you so much it's almost more than I can do, not to tell you."

There are so many things we regularly tell each other and they are not all good or even necessary. For example: "You never pick up your things." "You never make the children mind." "You won't start supper until I get home . . . if I worked till midnight." "You would always rather break something than read the instructions." "You left the butter out four times this week. . . , and, of course, it's melted." "You never turn off the faucets. . . and they drip, drip, drip!"

If we can repeat these words over and over again, perhaps we'd better repeat the words, "I love you." "I like you." "You're good company." "If I can help you, let me know and I'll try." It is true that to operate this way will cause us to run the risk of being disappointed or hurt. On the other hand, if we elect to operate as hub and center of our own little circle we risk emotional (if not physical) ruin.

This business of being a concerned neighbor, recognizing all men as brothers with common needs and hopes and aspirations is not pious idealism. It is personal fulfillment as well as emotional and physical good health, even survival.

"Sometimes, Mandy, I love you so much it's almost more than I can do, not to tell you."

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AN EVALUATION OF THE ILLINOIS CONSUMER
EDUCATION PROGRAM AND STUDENT LEARNING

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The growing interest in and proliferation of articles, graduate research, textbooks, and instructional materials attest to the existence and growing importance of consumer education as a viable content area for public education. The trend of increasing amounts of consumer education occurring in the public school systems indicates the willingness of the education sector to comply with the apparent mandate. However, little in the literature indicates any significant attempts to measure student performance on the concepts and knowledges of consumer education after students have completed a course of instruction.

As early as 1967, the State of Illinois amended the School Code 21-12.1 by passing Senate Bill 977:

Pupils in the public schools in grades 8 through 12 shall be taught and required to study courses which include instruction in consumer education, including but not necessarily limited to installment purchasing, budgeting, and comparison of prices. The Superintendent of Public Instruction shall devise or approve the consumer education curriculum for grades 10 through 12 and specify the minimum amount of instruction to be devoted thereto.¹

Since that time, all states have participated in the federal program which provides funds for the development of consumer and homemaking education.

Twenty-eight states presently have a statewide consumer education program in the public schools: Alabama, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Maine, Minnesota, Montana, Nevada, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Texas, Utah, Vermont, Washington, and Wisconsin. In addition, the states of Alabama, Arizona, Hawaii, Illinois, Kentucky, Louisiana, Nevada, Ohio, Oregon, and Pennsylvania have specified through a resolution or mandate that a course or a competency examination in consumer education is required for graduation from a public high school.²

¹Illinois General Assembly, Senate Bill 977, 75th General Assembly, Regular Session, 1967-1968.

²Task Force on Consumer Education, Consumer Education in the States, (Denver: Education Commission of the States, 1973), pp. 1-10.

Most of the states which have developed consumer education programs have established goals, areas of content and the length of course. In addition, most participating states are making recommendations for methodology and instructional techniques.

A series of issues which remain are questions like how, what, when, by what techniques, and with what preparation are we best able to serve the educational needs of future consumers. These questions and many more are the domain of educational research—research that is founded on the collection of realistic, meaningful data through the use of adequate tests and evaluation instruments.

The first attempt to provide a statewide comprehensive evaluation of public school students in consumer education was carried out in Illinois at the end of the 1975 spring semester. A thorough search indicated that no valid normed or standardized test existed which would reliably measure the students' knowledge in the content areas classified as consumer education. As a result, it was necessary to develop a valid, reliable test instrument.

The Development of a Test Instrument

Because of the broad and complex nature of consumer education, the selection of the content areas to be tested, content validity, was of critical importance. A review of a series of consumer education and general business texts, state consumer education guidelines, and existing tests which have been used in consumer education classes indicated that the content areas in Table 1 generally cover the range of consumer education materials.

Table 1

Content Areas	
Clothing	Housing
Consumer Credit	Insurance
Consumer in the Marketplace	Money Management
Consumer in Society	Recreation
Food	Savings and Investments
Furnishings and Appliances	Taxes
Health Services and Drugs	Transportation

In order to standardize the test, the objective form of examination with multiple-choice questions was chosen for the format of the test because it permits a broader sampling of student's knowledge and so many variations can be applied to a wide variety of topics and a wide range of knowledges and levels of understanding.

The length of time available to administer the test was another major consideration. A multiple-choice test of 55 questions in length

was felt to be comprehensive enough to sample a large amount of student knowledge, yet capable of being administered in one class period. Also two alternative forms of the test were developed to sample students on a pretest/posttest basis, or a test/retest basis, without the possibility of the students improving their scores on the test because of familiarity with the test items.

The questions were divided between the content area with a minimum of three questions per area and a maximum of five questions per area. The criteria used to determine the number of questions sampled in each area were the amount of emphasis given each content area in the various textbooks and the curriculum guides from the various states.

Next, a test outline was developed in the form of behavioral objectives stating the knowledge and the expected manner in which the student was to perform with regard to the knowledge.

With the purpose of the test defined, the time limits set, the test format established, and the test outline formulated in behavioral terms, the next step was the actual construction of the test instruments. A total of 110 items were written, two items written to sample each of the behavioral objectives, in order to permit the construction of two alternative equivalent tests consisting of 55 questions each. All of the test questions were subjected to a series of five tryouts with various student populations in order to ensure that the test items were not ambiguous, had the power to discriminate, and were appropriate for the student population and content areas sampled.

Presentation of the Data

The Test of Consumer Competencies, a 55 item, multiple-choice, cognitive test instrument consisting of two equivalent forms, was administered to 8,031 Illinois public school students, grades 8 through 12, in 12 school districts from 10 different counties and all six geographical regions of the state. The tests were administered to both students who had completed a course in consumer education and students who had not completed a course in consumer education. A total of 7,683 usable tests, 3,857 Form A and 3,826 Form B, were returned and scored. Of the tests returned, 1,757 students had completed a course in consumer education and 5,926 students had not completed a course in consumer education.

Mean Scores. On Form A, students who had completed a course in consumer education had a mean score of 26.012, with a standard deviation of 7.128, and a reliability coefficient of .795. Students who had not completed a course in consumer education had a mean score of 21.604, with a standard deviation of 6.173, and a reliability coefficient of .747. The combined mean score for all students who had completed Form A was 22.635, with a standard deviation of 6.673, and a reliability coefficient of .733. On Form B, students who had completed a course in consumer education had a mean score of 26.636, with a standard deviation of 7.301, and a reliability coefficient of 8.58. Students who had not

completed a course in consumer education had a mean score of 22.031, with a standard deviation of 6.002, and a reliability coefficient of .687. The combined mean score for all students who completed Form B was 23.059, with a standard deviation of 6.595, and a reliability coefficient of .738.

Growth. Since the test was administered to students in grades 8 through 12, a comparison of mean scores by grade level was formulated. On Form A, the growth in mean scores for students who have completed a course in consumer education was from 22.537 for grade 8 to 27.008 for grade 12. The growth in mean scores on form B for equivalent students was from 21.981 for grade 8 students to 27.788 for grade 12 students. On Form A, the growth in mean scores for students who have not completed a course in consumer education was from 19.797 for grade 8 to 25.375 for grade 12 students. The growth in mean scores on Form B for equivalent students was from 19.914 for grade 8 students to 27.098 for grade 12 students. The growth in mean scores as a composite of all Form A tests was from 19.931 for grade 8 students to 26.797 for grade 12 students. The growth in mean scores as a composite of all Form B tests was from 19.965 for grade 8 students to 27.698 for grade 12 students.

Student Performance by Content Area. Table 2 presents a comparison of the percentage of correct responses by students in each of the content areas based upon whether they have had a course in consumer education.

Table 2

Student Performance by Content Area on the TCC

Content Areas	Percentages of Correct Responses by Students in Each Content Area	
	Consumer Education Taken	Consumer Education Not Taken
Clothing	55	45
Consumer Credit	50	41
Consumer in the Marketplace	57	48
Consumer in Society	49	44
Food	37	33
Furnishings and Appliances	53	41
Health Services, Drugs, and Cosmetics	38	31
Housing	44	36
Insurance	43	40
Money Management	51	38
Recreation	54	48
Savings and Investments	38	28
Taxes	38	35
Transportation	51	39

An extremely significant aspect of the data is that only 38% of the students who have completed a course in consumer education correctly answered the questions in the areas of Health Services, Drugs, and Cosmetics, Savings and Investments, and Taxes. Only 37% of the students correctly answered the questions in the content area of Food. Additionally, the largest number of correct responses were in the Individual Consumer in the Marketplace content area where only 59% of the students in this group successfully answered the questions.

Since there were a large number of students tested from a wide representation of school districts, the test scores indicate that, despite having completed a course in consumer education, less than 60% of the students performed adequately in seven content areas of the instrument, less than 50% in three areas, and less than 40% in four areas. A summary of the entire test series as a whole shows that less than 40% of the 7,683 students could successfully answer the questions.

However, another aspect of the data is to look at the scores of the students who have not taken a course in consumer education as pre-test scores and to look at the scores of the students who have completed a course in consumer education as posttest scores. A comparison of the data in this manner indicates that the students experienced an average growth in raw score of 8. The area of money management indicated the largest growth with a 13% increase. The areas of insurance and taxes on the other hand indicated only a 3% increase in the number of correct responses.

Conclusions

A series of conclusions was derived from the data collected in the administration of the TCC. The test is valid when used to measure the knowledges outlined in the Illinois Guidelines for Consumer Education, revised edition, 1973. Reliability coefficients for the groups tested ranged from .70 to .86. Both forms of the test are equivalent measuring instruments. Both measure equivalent growth in student mean scores as students progress from one grade level to another. However, the data also clearly indicate that students in the State of Illinois are not mastering all of the key concepts outlined in the Illinois Guidelines for Consumer Education, revised edition, 1973.

ADVERTISERS' SUBSTANTIATION OF CLAIMS TO THE PUBLIC

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Abstract*

Are advertisers willing to substantiate their advertising claims when requested by members of the public? Is it "unfair" for an advertiser to make claims without being able to substantiate those claims at the time they are made?

Results of three studies of requests for substantiation of advertising claims are reviewed. In general, advertisers were unwilling to substantiate their claims to the public. In the third study, a total of 54 letters were sent to 48 companies requesting substantiation of 27 television and 27 magazine advertising claims. The mailing was addressed to the chairman of the board or president of each firm and drew an 83% response.

A total of 10 of the 45 respondents attempted to provide detailed responses to the questions. Most of the respondents were unwilling to answer the questions. Examples of letters sent and received are presented in the paper.

An eight-cell matrix of product information, truth, and deception is shown in Figure 1. The eight cells in Figure 1 might be categorized to be the following types of advertising:

Figure 1

Truth, Deception, and Information in Advertising

		Statements		
		True	False	
Informative	Yes	Non-Deceptive	1	2
		Deceptive	3	4
	No	Non-Deceptive	5	6
		Deceptive	7	8

*Full text in The Journal of Consumer Affairs.

<u>Cell</u>	<u>Type of Advertising</u>
1	Ideal Advertising
2,6	Puffery
3,7	Advertising to Children
5	Empty Advertising
4,8	FTC Illegal Advertising

Scanning the history of advertising claims in the United States, a slow, halting movement seems to be occurring in moving the majority of advertising from cells 4 and 8 to cell 5 and eventually to cell 1.

WHAT UNIVERSITY ADVERTISING PROGRAMS
ARE DOING IN CONSUMER EDUCATION

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Research Problem and Background

The research reported here investigated the attitudes and approaches taken by university professors of advertising toward incorporating a consumer orientation into their programs. Most programs of advertising study are in the journalism schools, and their stated purposes and activities indicate they exist primarily to impart an industry orientation—that is, to prepare students for obtaining jobs in advertising, journalism, or other communication endeavors.

No criticism of that purpose is intended, nor is any thought implied that these schools might be persuaded to abandon such a purpose—or that they should. Of interest, however, is the extent to which the advertising programs may have recognized a desire or obligation to incorporate a consumer orientation into their programs in conjunction with (not instead of) the advertiser-industry orientation which they quite naturally take.

Method and Procedure

The research was conducted by mailing a survey questionnaire to the chairmen of all college and university journalism units, as listed by the Association for Education in Journalism. As accrediting organization for journalism and advertising programs, the AEJ lists all schools in the United States and Canada, accredited or not, which have journalism programs. The latest list available at the time of the mailing (Fall 1974) was published in an AEJ publication, Journalism Educator, January, 1974, and indicated the existence of 188 journalism units. The questionnaires were addressed to specific directors, 188 in total, as follows:

Dear Administrator:

As an advertising educator, I am writing to ask a few questions about whether and to what extent your program incorporates consumer-oriented content into its advertising curriculum. I am also contacting a number of other advertising

This is a report of a research project conducted for the Office of Consumer Affairs, Department of Health, Education and Welfare, under Order No. SA-10198-74, July 24, 1974.

educators, and the responses will be summarized into a report. I will appreciate very much your willingness to respond to this questionnaire and to return it to me in the accompanying stamped, self-addressed envelope. I request that you respond if you have any advertising content at all in your program, even as little as a portion of a course. If I have inadvertently contacted someone who has no advertising content at all, please jot a brief note to that effect and return the questionnaire so that I may straighten my records.

Sincerely,

(name of professor)
 Department of Advertising
 (name of school)

In answering the following questions, please interpret consumer orientation to refer to curriculum content which takes primarily the consumer viewpoint, using as a starting point the consumer's wants and needs, his reasons for participating in the process of advertising communication, and the goals he hopes to achieve in doing so. This should be contrasted with advertiser orientation, which refers to curriculum focussing primarily on the advertiser viewpoint, using as a starting point the advertiser's goals and reasons for participating in the advertising process. (Curriculum content may of course embody both viewpoints, but in most cases will emphasize one orientation or the other primarily.)

Some of the questions below call for check-marking your choice of answer. Other questions call for a written response. Please respond to all.

- A. Your advertising curriculum: (Please check one choice below)
1. has an advertiser orientation, and so do all of its courses, and the consumer viewpoint is given attention nowhere in the program
 2. has an advertiser orientation, and so do all of its courses, but the consumer viewpoint is given some attention in at least one course
 3. has an advertiser orientation, and so do all of its courses, but the consumer viewpoint is given some attention in all or most courses
 4. has an advertiser orientation, but at least one of its courses has a consumer orientation
 5. represents a midpoint between a consumer orientation and an advertiser orientation
 6. has a consumer orientation, but at least one of its courses has an advertiser orientation
 7. has a consumer orientation, and so do all of its courses, but the advertiser viewpoint is given some attention in all or most courses

8. has a consumer orientation, and so do all of its courses, but the advertiser viewpoint is given some attention in at least one course
9. has a consumer orientation, and so do all of its courses, and the advertiser viewpoint is given some attention nowhere in the program.

B. Please state the background reasons which explain why you have the type of curriculum you have indicated in the above question.

C. Please indicate the courses (if any) in your advertising curriculum which have a consumer orientation; briefly describe them.

D. Please indicate the courses (if any) in your advertising curriculum which, while having an advertiser orientation, give some attention to the consumer viewpoint; briefly describe them.

E. Please explain what value (if any) you think courses with a consumer orientation, or courses with an advertiser orientation but with some attention given to the consumer viewpoint, can have for your students.

F. Your advertising curriculum has been changing over the past few years so as to: (please check one choice below)

1. Considerably strengthen its concentration on an advertiser orientation
2. Slightly strengthen its concentration on an advertiser orientation
3. no change
4. slightly strengthen its concentration on a consumer orientation
5. considerably strengthen its concentration on a consumer orientation
6. none of the above

G. Please describe the background of events and reasons which have led to the answer you gave in the above question.

H. In the next few years, you envision that your advertising curriculum will change so as to: (please check one choice below)

1. considerably strengthen its concentration on an advertiser orientation
2. slightly strengthen its concentration on an advertiser orientation
3. no change
4. slightly strengthen its concentration on a consumer orientation
5. considerably strengthen its concentration on a consumer orientation

I. Please describe the anticipated events and reasons which led you to answer as you did in the above question.

In inquiring into the attitudes of advertising professors, the researcher was concerned that some might be hostile to the idea of a consumer orientation and might not care to reveal the feeling toward someone known to espouse consumer interests. Also certain advertising professors might assert that they have a consumer orientation in their programs even though they did not have it as defined in the questionnaire. Advertising people study consumers' lives and personalities and purchasing habits in order to achieve advertisers' goals, and therefore have what should accurately be called an advertiser orientation.

Because these factors could cause problems in interpreting a questionnaire, the researcher decided to use two versions, one stating it was from an advertising professor and the other claiming to be from a consumer professor. The researcher played neither role; he chose two other realy faculty persons to do so.

Results

Sixty-one of the 94 schools returned questionnaires with the "advertiser" version, and 56 of the 94 sent the "consumer" version. Twenty respondents in each group stated they had no advertising content; the numbers actually answering the questionnaire thus were 41 for the "advertiser" version and 36 for the "consumer" version.

The percentage of all respondents indicating their schools had advertising content (77 of 117) was 66. A reasonable guess about the schools not responding would be that no more than a similar proportion and likely fewer had advertising content. Thus the number of schools having advertising content and failing to respond to the questionnaire was probably 47 (66% of 71) or fewer. The 77 schools responding here thus comprised at least 62% of an estimated 124 (77 + 47) or fewer having advertising content.

Question A. Answers to question A indicated that university advertising programs, not surprisingly, are oriented more toward advertisers than toward consumers:

<u>Answer</u>	<u>Advertiser Version</u>	<u>Consumer Version</u>	<u>Both Versions</u>
1	2	1	3
2	10	6	16
3	15	12	27
4	4	7	11
5	6	6	12
6	2	2	4
7	1	2	3
8	0	0	0
9	0	0	0
10	<u>1</u>	<u>0</u>	<u>1</u>
Totals	41	36	77
Average	3.30	3.69	3.49

An average response was computed by assigning number values of 1 to 9 to the first nine choices. The lower the average, the greater the advertiser orientation. The results show that the entire group of responses averaged 3.49, about halfway between the third and fourth answers. Thus the average advertising program has an advertiser orientation, and so do all of its courses, and the consumer viewpoint is given some attention in a number of courses midway between "at least one" and "all or most."

What of the difference between those persons who thought they were responding to an advertising professor and those who thought the surveyor was a consumer professor? The average for the "advertiser" group was 3.30 while that for the "consumer" group was 3.69. The difference produced a t score of 1.90 ($df=74$), indicating a probability of approximately .06 that the difference could be attributed merely to the fluctuations of chance in assigning respondents to the two groups.

Question B. About 90% of respondents included answers to Question B. They fell into three main categories (some answers fell into more than one category). The first type of answer was that the respondent's program had an advertiser orientation simply because it was created for that purpose; that was the intention at the time the program was started. Some of these responses were:

"Purpose is to prepare young people for careers in advertising"

"Courses are perceived as preparing the student more for a career in advertising than educating him to be a better consumer"

"The College of Home Economics has a course in consumerism—that's where it belongs"

Some answers indicated that the program had its particular purpose because of student demand:

"Most of the students wish to become practitioners in advertising"

Other answers in the same category reflected the teacher's orientation or small ad programs which allowed room for nothing but the advertiser orientation:

"Only one course in advertising, so we concentrate on ad viewpoint primarily"

The above answer to Question B (the "professional" answer) occurred 55% of the time for those who answered; 58% for those responding to the advertising professor, and 52% for those responding to the consumer professor.

The second category of answer to Question B involved an expression of sympathy for the consumer and for a consumer orientation:

"Advertiser and media have a responsibility to the public"

"We think that advertising is not only to sell merchandise but also to help make better informed buyers"

"I wouldn't say our ad sequence is oriented either way—nor should it be. After all, everyone is a consumer. We teach facts, not orientation"

This category of answer (the "consumer sympathy" answer) occurred 20% of the time, but 13% of the time in the "advertiser" answers while 30% of the time in the "consumer" answers.

The third category of answer to Question B involved what the researcher interprets to be a misunderstanding on the respondent's part about the meaning of the terms "consumer orientation" and "consumer viewpoint." The questionnaire instructions explained that they involved starting with the consumer's wants and needs. But certain respondents, when explaining why they had a consumer orientation, discussed curriculum content devoted principally to the advertiser's wants and needs:

"The consumer is discussed in our courses because he's the recipient of the advertising"

"Unless the consumer is taught, the advertising will not be an efficient and effective marketing tool"

"To be effective, advertising must consider the consumer"

"Failure to see things from the consumer's point of view can often mean the failure of a product"

This category (the "misunderstanding" answer) appeared in 30% of cases, 26% for the "consumer" group and 33% for the "advertiser" group.

Question C. Question C produced the answers shown below. Percentages as well as totals are shown; for example, of the 41 schools responding to the advertising professor, 16, or 39%, listed the "Survey" courses as having a consumer orientation:

	To Advertising Professor (N = 41)		To Consumer Professor (N = 36)		Total (N = 77)	
Survey; Principles of Advertising	16	39%	9	24%	25	32%
Copy and Layout	7	17	4	11	11	14
Advanced Copy and Layout	2	5	26	6	4	5
Media	3	7	3	8	6	8
Campaigns; Case Studies	4	10	4	11	8	10
Retail Advertising	0	-	2	6	2	2
Newspaper Advertising	3	7	1	3	4	5
Radio-TV Advertising	1	2	0	-	1	1
Management	1	2	0	-	1	1
Adv. & Society; Adv. & Public Interest; Adv. & the Consumer, etc.	4	10	5	14	9	12
All courses	4	10	3	8	7	9
No courses	17	41	18	50	35	45
No answer	0	-	0	-	0	-

Answers to Question C presumably reflected purely objective fact, and one would not expect them to vary according to whether the responses were made to the advertising professor or to the consumer professor. The reported percentages suggest no reason to alter that belief.

An additional observation, however, is that many respondents who listed a variety of courses in answering Question C also gave the "misunderstanding" answer to Question B, which suggests that the same misunderstanding may have occurred in response to Question C. Three of the respondents who answered "All courses" added comments (not requested) of which the following is typical:

"All of our courses have a consumer orientation. Our philosophy is that you cannot prepare effective advertising if it is not written to the consumer"

Question D. Figures reported below for Question D include all answers to Question C as well, because it seems more useful to examine the total number of courses which give at least some attention to the consumer viewpoint rather than recording the figures for what is literally requested in Question D:

	To Advertising Professor (N = 41)		To Consumer Professor (N = 36)		Total (N = 77)	
Survey; Prin. of Adv.	31	76%	31	86%	62	81%
Copy and Layout	19	46	11	31	30	39
Advanced Copy and Layout	1	2	2	6	3	4
Media	4	10	5	14	9	12
Campaigns; Case Studies	6	15	8	22	14	18
Retail Advertising	0	-	3	8	3	4
Newspaper Advertising	5	12	3	8	8	10
Radio-TV Advertising	4	10	0	-	4	5
Management	3	7	0	-	3	4
Psychology of Advertising	0	-	1	3	1	1
Adv., & Society; etc.	3	7	5	14	8	10
All courses	5	12	4	11	9	12
No courses	3	7	0	-	3	4
No answer	0	-	0	-	0	-

The figures show there were many listings added for Question D which were not listed for Question C. No important differences are shown between the "advertiser" and "consumer" groups. Observations on the possible inaccuracy of many responses are the same for Question D as previously stated for Question C.

Question E. Question E, although asking about consumer orientation or viewpoint only, produced responses overlapping with those for Question B. Aside from one answer displaying hostility toward such orientation, the answers fell into two categories. The first was a "Consumer Sympathy" answer, showing sympathy toward consumer orientation and consumer viewpoint, accurately understood. Typical comments were:

"Leads to well informed consumers"

"More of the students who take these courses will be consumers of advertising than will be producers"

"Gives perspective, encourages ethical, responsible performance"

The second category of answers also indicated support for a consumer orientation or viewpoint, but actually constituted a "misunderstanding" answer. As happened with the responses to Question B, this type of answer supported a consumer view only for the benefits it would give to the advertising practitioner.

A wide difference between the two groups of respondents appeared in their selection of these two types of answers. The "consumer" group gave the "sympathy" answer two-thirds of the time and the "misunderstanding" answer only one-third. But of the group responding to the advertising professor, 41% gave the "sympathy" answer and 55% the "misunderstanding" answer. Thus while respondents reflected trouble in understanding the meaning of "consumer orientation" and "consumer viewpoint" under both conditions, they were more likely to commit the misunderstanding when they were making their responses to the advertising professor.

Question F. For Question F an average response was computed by assigning values of 1 to 5 to the first five choices. The lower the average, the greater the trend reported toward an advertiser orientation:

<u>Answer</u>	<u>Advertiser Version</u>	<u>Consumer Version</u>	<u>Both Versions</u>
1	5	1	6
2	3	2	5
3	13	4	17
4	9	12	21
5	6	11	17
6	<u>5</u>	<u>6</u>	<u>11</u>
Totals	41	36	77
Average	3.22	4.00	3.58

The results show that the most typical response of an advertising professor responding to another advertising professor was to say "no change," while the most typical response when responding to a consumer professor was "slightly strengthen consumer orientation." The difference between the groups would have happened by chance in less than .001 cases ($t = 4.56$, $df = 64$).

Question G. Question G asked respondents for the reasons why they answered as they did to Question F. A majority in Question F reflected a move toward a greater consumer orientation, and the largest category of answers here indicated the same. 50% of responses stated that consumerism (and related concerns, environment, inflation, etc.) exist in our society and therefore should be recognized. These

"consumerism" answers did not necessarily state approval of the movement; rather, they emphasized the sheer impact of its existence.

The next largest category, stated by 19% of respondents, was the now familiar "misunderstanding" response, in which the answers explained a purported shift to a "consumer orientation" by giving answers which actually indicated an opposite orientation:

"We have a change toward teaching consumerism in order to be more effective as advertisers"

"You are more believable and effective if you create advertising which is in the interest of the consumer"

In one type of "misunderstanding" response, the answers seemed to imply that "consumerism" or "consumer orientation" referred to advanced knowledge of consumer behavior rather than to what the questionnaire instructions suggested.

A category of answer appearing 17% of the time gave the reason for a changing orientation as being "expansion of faculty and number of courses" which meant more opportunity for having a consumer orientation. Such orientation was desirable, in other words, but not of top priority.

Other types of answers to Question G, appearing in small numbers, were that students demanded the change, that the university wants the program to have this orientation, and that advertisers wanted the school to make this change.

Answers to Question G differed somewhat for the two sets of respondents in ways parallel to the way they differed for Question F.

Question H. For question H averages were computed as they were for Question F. The lower the average, the greater the advertiser orientation:

<u>Answer</u>	<u>Advertiser Version</u>	<u>Consumer Version</u>	<u>Both Versions</u>
1	2	0	2
2	4	4	8
3	14	6	20
4	8	12	20
5	5	6	11
6	<u>8</u>	<u>8</u>	<u>16</u>
Totals	41	36	77
Average	3.30	3.71	3.49

The results show that the most typical response made to an advertising professor was "no change," while the most typical response made to a consumer professor was "slightly strengthen consumer orientation." The difference in average responses would have occurred by chance in about 1% of cases ($t = 2.60$, $df = 59$).

Question I. Question I, which asked respondents why they answered as they did to Question H, did not succeed as a response-producer. The reason was probably the question's similarity to Question G, along with its rear-end position in the questionnaire.

Two questionnaires contained comments which followed Question I but which were perhaps more related to Question E since they were comments on the value of a consumer orientation:

"Perhaps you are suggesting a merger between advertising and home economics. Increased emphasis on 'consumer orientation' cannot avoid weakening the vocational preparation in advertising curricula"

"I'll leave the sustained criticism of advertising to the home ec types and philosophical English professors. If my students have a good understanding of the advertising profession, they won't have any trouble detecting its flaws"

Interpretation and Summary

An overall look at the survey results suggests the following general conclusions:

Conclusion 1. University advertising programs have mostly an advertising orientation; most of their courses have an advertising orientation; a substantial number of their courses give some attention to the consumer viewpoint.

The results give no reason to believe that a substantial consumer orientation exists in conjunction with an advertiser orientation.

The willingness to express a tendency toward a consumer orientation was greater for those schools responding to the consumer professor.

Conclusion 2. The respondents showed an important degree of consumer sympathy. While a minority viewpoint, such response appeared frequently enough to be considered substantial. A number of comments showed a very distinct interest in the concerns of the consumer.

These comments were undercut, however, by the fact that the tendency to show such sympathy was much less in the responses made to the advertising professor. Probably some statements of sympathy were made only to placate a consumer-oriented surveyor. Still, even the lesser degree of consumer sympathy expressed to the advertising professor might be considered an important amount.

Part of the data leading to Conclusion 2 consisted of what was not expressed by the respondents—hostility to consumers. Except for two or three comments, hostility was absent in a survey which, although not asking about it, did provide the opportunity for it to be revealed.

Conclusion 3. Respondents showed a distinct misunderstanding of the meaning of the terms "consumer orientation" and "consumer viewpoint." Their specifications of the existence of such orientation and viewpoint thereby overstated the degree of actual existence. The tendency to misunderstand was affected by the identification of the surveyor, with the misunderstanding more likely to occur in responses to the advertising professor.

The researcher feels that this is the most important conclusion to emerge from this study. While it is significant to know what advertising professors feel about a consumer orientation, it is even more significant, because more fundamental, to know what the term means to them—especially when many of them take it to mean an approach which is really an advertiser orientation in thin disguise.

Early selling emphasized manufacturing rather than marketing; the key to selling was making an acceptable product. But when competition appeared from others selling essentially the same product, the realization developed that manufacturing excellence was not enough. The emphasis turned to marketing, which means it turned from the study of the product to the study of the consumer's response to the product. This new strategy, known in the literature as the "marketing concept,"¹ amounts in a certain sense to a consumer orientation. The company orients its activities toward consumers; it studies them—in order to sell products.

That, of course, is not a consumer orientation in the sense used here. A true consumer orientation does not examine the consumer in order to achieve someone else's goals; rather, it is devoted to the consumer's goals and to helping the consumer achieve them. The responses reported here suggest that the advertising professors to a great extent ignored such description and substituted the idea of consumer orientation associated with the "marketing concept."

The conclusion that they did this is supported by the fact that the misunderstanding was more likely to occur when responding to the advertising professor. Under such condition the respondent was reinforced in the ways that advertising professors typically think. When responding to a consumer professor, the respondent would be more likely to think as a truly consumer-oriented person would think, and thus would be more likely to avoid the misunderstanding. This sort of differential response to the consumer professor, plus the responses reported in Conclusion 2, make it evident that the respondents were fully capable of understanding the nature of a true consumer orientation. But very often they were not disposed to do so.

The resulting misunderstanding has an effect on other conclusions drawn from the survey. Conclusion 1 included the representation by

¹Martin L. Bell and C. William Emory, "The Faltering marketing concept," Journal of Marketing, Vol. 35, Oct. 1971, pp. 37-42.

respondents that they give some attention to the consumer viewpoint in a substantial number of their courses. Whether they actually do so in the sense intended may be questioned. Conclusion 4 also seems subject to the same cautions in interpretation.

Conclusion 4. Both past and future changes in advertising curricula were in the direction of a greater consumer orientation. The expression of this direction, however, appeared strongly only in the responses made to the consumer professor; it was weak otherwise.

The researcher thus is inclined to question whether the results really show any significant change toward a consumer orientation. Many of the mentions of "consumer orientation" do not refer to that concept as defined in the questionnaire.

Still, consideration probably should be given to the fact that the advertising professors did express interest in "consumer orientation" according to their own definition of it. That result is much different than if they had check-marked "advertiser orientation" a majority of the time on Questions F and H. The inclination toward their own version of "consumer orientation" suggests, in a way parallel to the data which produced Conclusion 2, that a certain degree of sympathy does exist among advertising professors for the consumer's goals, wants, and needs.

Summary. University advertising programs are not oriented to consumers in ways or degrees sufficient to describe them as being truly consumer oriented. They not only lack such orientation, but what is worse, many of them mistakenly think they have it. Because of the latter, they are unlikely to be receptive to arguments attempting to persuade them to feel positively toward the consumer. They believe they already do, and that nothing more is needed. What is necessary under such conditions is an education effort which explains to them what it actually means to be positively oriented to the consumer. The consumer sympathy exhibited in the survey may be a hopeful sign in this regard, suggesting the possibility that an even greater reservoir of sympathy may be revealed once a proper degree of understanding is achieved.

LOW INCOME CHICANO'S FAMILY PURCHASING, CREDIT AND
CONSUMPTION BEHAVIOR—AN EXPLORATORY STUDY, 1970-75

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As we enter the last fourth of this twentieth century, we find many of the poor's problems still untouched despite much effort and rhetoric toward that end. Consumer welfare is a tricky concept which often is related to income as a regulator of consumption¹ but may when dealing with aggregative growth of personal incomes mask the consumer welfare problems of the poor and other disadvantaged. The growth in affluence since 1940 had led up to an inflationary state in which choice is often choice only for those who have income but also have the education and facilities to intelligently participate fully in the market. The poor are often the least educated and the least mobile. Their marketplace is often beset by "deviations" with poor ethics, shortages of quality goods and rip-off credit policies.

One outstanding consumption practices study which illustrated consumer welfare problems by those who had not shared in the national prosperity was David Caplovitz's The Poor Pay More.² Caplovitz documents the problems of inflated prices and high credit charges paid by the poor—mainly Negroes and Puerto Ricans—for appliances and household goods. Others such as Sturdivant³ and various Federal Trade Reports have carefully reported similar problems of the urban poor.

This exploratory study employs a questionnaire derived from the Caplovitz study and also a study done by Gordon Bivens in Milwaukee. The location is New Mexico and the audience studied is low-income Spanish Americans in a small city, Las Cruces, and surrounding areas.

Brief Background of the Spanish Americans

Less is known about this minority group of 10.6 million than any other similar sized group. Complexing the problem is that the Spanish

¹Rice, Ann S., "An Emerging Economic Framework for Analyzing Family Managerial Behavior," The Family: Focus on Management, American Home Economics Assn. Conference, University Park: Pennsylvania State University, 1969, p. 8.

²Caplovitz, D., The Poor Pay More, Glenco, Ill.: The Free Press, 1967.

³Sturdivant, F., The Ghetto Marketplace, New York: The Free Press, 1967.

Americans are a diverse population which includes persons from Mexico, Puerto Rico, Cuba, Central America, South America, Europe, and "other Spanish American Countries." It is difficult to enumerate and also to classify the "Spanish Americans as a normal Mexican culture of Spanish and Indians constituting a distinct race."⁴ Many Spanish Americans accept the stereotype of themselves as the "Anglos" see them, i.e., more emotional, stronger family ties, less materialistic, less progressive, less ambitious, etc.

The Spanish arrival in New Mexico in 1598 predates the white man's arrival at Plymouth Rock, Massachusetts. The Spanish, previous to the Anglo settlement, probably had 60,000 persons in New Mexico with a full range of class structure and a viable government. New Mexico has had a relatively peaceful heritage between the two races with intermarriages common, business and commercial joint ventures and accommodations politically within both parties and great differences found in per capita incomes and employment status.

Among the characteristics of the Chicanos are the largest family size of any racial group with 4.4 the average number of children born to a Mexican American woman. Chicanos lag behind other ethnic groups in average numbers of years of formal education and in household income. Spanish Americans have a smaller percentage of workers in the professional or kindred fields and a higher percentage in the service and laborer area.⁵ Bogue⁶, in 1959, found that Spanish Americans constitute the only ethnic group that shows no substantial rise in socio-economic status when first and second generation characteristics are compared.

Study Design

The first 77 item questionnaire used here, adopted from those used by Gordon Bivens and Caplovitz, was designed to find out the marketing and credit practices of the Chicano poverty level families. The original interviews were made in the fall of 1969 and winter of 1970 by marketing research students at New Mexico State University, Dona Ana Community Action Program workers and the writer. The 40 to 70 minute

⁴Moore, Joan W., Mexican-Americans, Englewood, N.J.: Prentice-Hall, 1970, p. 1.

⁵Most of this paragraph is derived from U.S. Census Data of 1970 and from E. J. Kahn, The American People, Baltimore, Md.: Penguin Books, 1973, pp. 208-216.

⁶Bogue, D., The Population of the United States, Glencoe, Ill.: The Free Press, 1959, p. 372.

interview was conducted in Spanish or in English as the respondents preferred. Team interviewing included at least one bilingual person and one CAP worker.

Rural and urban households of both races were interviewed. This paper covers the 120 Chicano households interviewed in Las Cruces, a population center of 37,857 in 1970. The OEO's definition of poverty or low income was \$2,100 or less annually, a three-person household at \$2,600 or less, and so on, adding \$500 for each additional family member.

The second or follow-up study in May and June, 1975, used a mail questionnaire both in Spanish and English sent out twice to the original respondents.

Some Family Characteristics (1969-1970)

The average family size was 6.7 persons, ranging from 1 to 18, approximately twice that of the average family in Dona Ana County. About three-quarters of the households with children had a father as head of the family; 21% had only the mother and 5% were headed by a grandparent.

Because of limited mobility, over 90% lived within 200 miles of their birth. 33% of the adult males and 27% of the adult females were born in Mexico.⁷ Most had lived in the same residence for over 9 years. Over 40% owned their own homes, with an average of more than 1 person per room.

Educational levels were below state and national averages; about two-thirds of the household heads had only attended the first eight grades or less. About one-tenth had had no schooling. About two-thirds of the adults read a newspaper daily whereas about 90% of those interviewed listened to the radio. About half (44%) had access to a television. The majority interviewed could both speak and understand English and Spanish. However, over one-fourth stated they could not read English and a similar percent stated they could not read Spanish.

Marketing Practices— Appliances and Furniture

The respondents were quite knowledgeable about their buying and credit practices. Their searches for big ticket items were slow, often wide-ranging and often employed "third parties." Most decisions were a joint decision and much of the search was a joint project. Consultations with the extended family, friends and fellow workers were common. Most stated you should know the firm or an employee "well" before buying any major item (above \$200) in a store. The term "well" would include what their local reputation was, what had happened in the past to acquaintances in dealing with the company and their relationship or standing with the Chicano community. Most big ticket buyers had spent over a month of "search-time" in deciding on what to buy and where to buy. The

⁷Note that Mexico is contiguous to Dona Ana County, N. Mex.

respondents had generally shopped several stores or had visited the same store many times before buying. Whereas many studies of urban low income consumers display unsavory stories of "bait and switch" and "impulse buying from questionable door-to-door salesmen," the Chicanos rather methodically but informally attempt to eliminate these risks. However, they employed no formal information sources, such as Consumer Reports, Chambers of Commerce, extension agents, libraries, Better Business Bureau, state attorney general office, etc. The use of third parties as references was common in establishing (a) type and quality of product to buy, (b) the reputation of the store, and (c) the price and terms.

Most respondents were quite knowledgeable about stores and store personnel. Their buying was not related to the store being owned or managed by persons of the same race, but they were quite conscious of the owner-managers, their sensitivity, reliability, personality and ability to relate to them as individuals. The Spanish Americans were quite price conscious but did not necessarily buy the lowest priced item. They emphasized service and reliability, with no seemingly consistent brand preference on large appliance. Credit is a problem for low income Chicanos but they rated this factor low in choosing a supplier.

Livingroom furniture, the most costly item purchased, appeared to have certain "psychological overtones." In terms of cost, the kitchen, master bedroom and children's bedroom followed. The purchases of used television sets and used appliances through the irregular and used markets were common.

Buying of "big ticket items" out of the normal neighborhood trading areas was not related to income as in the Caplovitz study but rather to (a) place of work, (b) place of birth, and (c) possession of an automobile.

Automobile Purchases

Whereas practically no one reported being cheated on furniture or appliances, about one-fourth of the respondents felt they had been "cheated" on car purchases. The car tended to be male-dominated both in the search and in decision making. The car search was shorter than for appliances and generally involved less third party help. Next to medical and death expenses, autos were the biggest causal factor for indebtedness. Car prices paid were generally between \$500 and \$1000. There was no significant correlation between income or formal education and whether somebody felt he was "cheated" on an auto.

Over a third of those interviewed had purchased items at the door, generally household maintenance items, cosmetics and charity related items. Of those who purchased from door-to-door salesmen, the majority (54%) claimed they did not plan to buy again. This study showed only one big ticket incident—that of a \$300 plus vacuum sweeper.

Two persons complained of \$40 plus sales of Bibles by "over enthusiastic college kids."

Installment Buying and Credit

Although roughly one-third of those interviewed had been refused credit, the majority had used installment credit—either finance companies or store credit. Most individuals felt installment buying was not alright unless used with judgment or for a necessary purpose. Most were aware that merchants granting credit terms had additional costs and that the buyer would pay for this in some form. Only about 25% knew the true rate of interest but the majority (78%) did know the exact amount of payments and the number of payments remaining. About four-fifths of those households were in debt, mainly for medical and death expenses (79%) and auto loans (49%).

The majority of those interviewed did not stay indebted but used credit as a short-term means of alleviating cash disbursement, i.e., generally the debt was under \$50 a month and ran for less than 25 months. Few had national credit cards. About one-fifth did have credit cards or charge accounts at local clothing stores.

Clothing Purchases

About one-third of the clothing was purchased out of the ordinary neighborhood area (20 mile radius) which possibly means it was done by mail order or from the El Paso-Juarez area. Women particularly were reflective and interested in whether the store attempted to attract their business. About 21% of the households interviewed had lines of credit at one or more clothing stores. Of this 25%, about three-fourths were currently "in debt" ranging from \$10 to \$90 with a median bill of \$40-49. (Tables 1 and 2 reflect the aforementioned selected indicators and purchases).

Food Purchases

Food marketing both from size and from the presence of the Juarez markets 50 miles away was considered of key interest. The Juarez market gives not only diversity but alternatives from which a low income Chicano family and others might gain.⁹

⁹ Mexican markets have somewhat different products, structures and practices than the U.S. With the Juarez market, grading and pricing are quite different. For example, Mexican sugar in September, 1974, was selling at the equivalent of 11 cents a pound while U.S. refined granulated sugar was selling at over 50 cents a pound in the U.S. The average family buying in Juarez spent approximately \$22-\$23 per trip in buying meat, sugar, flour, coffee, cookies, chili, fresh fruits and vegetables, rice, cheese, and colas.

Table 1

Selected Indicators of 120 Low Income Chicano Households,
Las Cruces, New Mexico, 1970

Item	Answering Percentage Yes or Positive Number
Owning Home	40.3
Owning Automobile	76.3
Currently in Debt	78.9
Owing Medical/Death Bills	51.1
Paying on Autos	48.6
Paying on House Loans	17.3
Having Checking Accounts	11.0
Having Savings Accounts	15.3
Utilizing Pawn Shops in Last Two Years	13.7
Having Credit Accounts at Various Stores	21.4

Source: Original Data

Table 2

Purchases by 120 Low Income Chicano Households by
Type of Payment, Las Cruces, New Mexico, 1965-70

Item	Cash	Credit
Television and Appliances (over \$200)	30	70
Clothing (over \$50)	59	41
Furniture (over \$100)	43	57
Home Improvements (over \$200)	31	69
Medical Expenses (over \$50; not covered by insurance)	18	82
Food	89	11

Source: Original Data

Las Cruces is a small city (37,913) in which most inhabitants know the alternatives and are not as dependent on neighborhood stores as the ghetto dweller of Milwaukee or Los Angeles. Fourteen supermarket and grocery stores are located throughout Las Cruces. Movement within the marketing area is not hampered by physical violence.

About 7/10 of the grocery business had been captured by the supermarkets. Of the families patronizing the neighborhoods, the majority (63%) utilized credit when buying food. Others used the

neighborhoods for "convenience" or because they had small households and lacked transportation. Most interviewees felt they were paying approximately 20% more for buying at the neighborhood store than at the supermarkets. About half (46%) of those buying on credit said they would not buy at these stores if they did not need credit. Of those buying on credit, about 40% limited the bill while another 30% let their bill reach \$50.

Roughly 25% of the families purchased over \$20 worth of food in Juarez at least once a month. Purchases in Jaurez were not correlated with income or education but with the household's place of birth, place of work, and whether they had an automobile.

Households with automobiles tended to shop outside of their neighborhood (over 83%) whereas only about 60% of the families without cars did.

Food Expenditures

Our median household interviewed had seven members; the mother is 30 years old and has an elementary school education; the total spent for food was \$20.12 per week, or approximately 13.5 cents per person per meal.

The families with annual incomes of between \$1,560 and \$2,058 spent roughly 54.3% of their income for food purchases while those in the income groups of between \$6,188 and \$7,800 spent about 23.4% on food. (Recall that the poverty definition adjusts for different family sizes.) (See Table 3.)

Table 3

Percent of Income Spent for Food¹⁰ as Revealed in a Study of 120
Low Income Chicano Households, Las Cruces, New Mexico, 1970

Annual Income Group	Percentage Spent for Food
\$1,560 - \$2,058	53.4
\$2,059 - \$4,628	40.2
\$4,629 - \$6,188	30.9
\$6,189 - \$7,800	23.4

Source: Original Data

¹⁰ At the time of the 1970 study, instead of a food stamp program there was a surplus food program for those who qualified. Less than 10% of those in this study participated. Adjustment in the above table was made for those who received surplus foods.

The 1975 Resurvey

The families were resurveyed in spring, 1975, with mail questionnaires. The response rate was slightly over 50% after two mailings. Although the respondents did not vary from the original group significantly in either age, income, or education, the universe studied may have changed in more subtle ways.

The majority of respondents felt their household income over the last five years had increased more than the cost of living (43%) or stayed the same (51%) while only a minority felt their income had dropped. Over 60% of the respondents reported changes in their means of income either as to the type of job, number working or income source. The majority of those changing was the main wage earner changing jobs or job classification. Also, a large number of females entered the job market.

Despite over 40% receiving food stamps and over 30% planning to have a garden, the majority felt they spent more as a percent of income and as a total for food in 1975 than in 1970.

The number in debt was approximately the same. They had more indebtedness than in 1970 but felt better equipped to repay. Over 66% of the households reported a major purchase of over \$300 in the last year, mostly on credit. The majority felt they were better off in 1975 compared to 1970. The vast majority expect their children to enjoy a better life. (See Table 4.)

Table 4

Comparison of Selected 61 Low Income Chicano Households for Specific Characteristics, Dona Ana County, New Mexico, 1970-75

Characteristics	1970	1975
Average Family Size (persons)	6.7	6.6
Percent of Women, 18-65, Working Outside the Home	17.2	29.3
Number of Food Purchases per Month	7.1	9.8
Percent of Households in Debt	79.0	82.0
Percent of Housing Having Television or Access to TV	42.6	86.9
Percent of Households Having Access to Radio	88.5	91.2
Reported Median Household Income (Annual)	\$4,280	\$7,848

Source: Original Data

In Conclusion

Why the differences between this localized study and other consumer expenditure studies of the urban poor minorities, such as that by

Caplovitz? A partial answer may be that (1) differences in the length of time within the market, i.e., the newly arrived Puerto Rican or the Negro from the South faces more change as he attempts to fit into the urban culture, (2) the Chicano has extensive family and friend networks who permeate all facets of the society which the urban newcomer may not enjoy, (3) the Chicano is not tempted by such rampant credit or merchandising tricks as there has been a de facto recognition of his political and legal power, (4) the Chicanos by temperament and culture may not be as tempted to "buy" as the upward mobile urban minority member who is more hedonistic and who has already undertaken a large "risk" by moving such a distance from his home and culture, and (5) the Juarez-El Paso markets offer alternatives. The ethics of the merchants are different in the two areas; the size of the Las Cruces market does not invite similar practices.

More extensive consumer studies of diverse groups are needed so we can further improve the marketing system and illuminate desirable changes such as the Caplovitz study has done.

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COMMUNITYWIDE DISCOUNT PROGRAMS FOR THE ELDERLY:
PROBLEMS AND PROSPECTS

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Introduction

Maintaining adequate income persists as the most significant problem of elderly Americans. (5) In the Commonwealth of Virginia as in most states, nearly a quarter of the citizens over 65 live below the poverty level. For elderly blacks and other minority groups the poverty ratio is one out of two. Recent statistics confirm a sharply rising cost of living for older persons. For elderly consumers on relatively fixed incomes, this inflation blow has been savage. The estimated annual budget for a retired couple rose 9% in 1972-73 and 11% in 1974. (1, p. 5; 8, p. 4) The cost of food alone rose 57% from 1970 to 1975. (7) Waddell notes that inflation forces older consumers to cut back on discretionary spending rather than in the areas of greatest price rise, such as food, housing costs, and medical care. (6)

To counter such inflationary forces there has been a remarkable development of communitywide discount programs designed to increase the buying power of the older population. Agencies in a number of urban centers, e.g., Louisville, Denver, Omaha, Los Angeles, Syracuse, Providence, Reno and Richmond are now sponsoring these programs. Although long-range economic policies for ameliorating the income of the elderly must come from national and state legislation, advocates for the aged state that discount programs will provide immediate assistance on a limited scale.

Two basic questions need to be answered in evaluating these discount programs: (1) The benefit-cost question—given the cost to all parties involved, elderly consumers, merchants, program sponsors, are satisfactory levels of benefits available to each group? (2) The cost-effectiveness question—how efficient are such programs, at different levels of investment?

This paper provides a preliminary evaluation of the Richmond, Virginia Senior Discount Program, which has been in operation 11 months. It examines important problems and prospects for reaching the program's objectives, and develops policy implications based on the evaluation.

Case Study: Senior Discount Program
in Richmond, Virginia

The Senior Discount Program of Richmond, Virginia, funded by Title III, Older American's Act, has been operating since May, 1975, in Planning District 15 which includes metropolitan Richmond and the seven surrounding counties. This program has successfully enrolled over 20,000 older persons and 600 merchants. Older members are issued photo I.D. cards and lists of participating merchants. Merchants advertise or display the symbol of the program and give discounts to elderly members throughout the area. Merchants voluntarily offer discounts to older persons that they believe to be appropriate and often competitive; the discount range is from 5 to 40%, with most discounts from 10 to 15%. No subsidy was offered to merchants to underwrite the costs of their discounts.

The Evaluation of Social Marketing:
Analytical Framework

Social marketing provides a useful framework for planning, implementing and controlling voluntary discount programs. The essential task of programs like the Senior Discount Program is to successfully facilitate a voluntary exchange between two groups: elderly citizens and merchants. If this exchange is perceived as successful in helping all groups meet their own goals, the program will probably continue. Participation will diminish or be significantly reduced if the exchange is ineffectively managed.

In evaluating a social marketing program, Kotler suggests that three major aspects must be examined: the marketing environment (markets, customers, and other publics, competitors, and relevant environmental developments); the marketing system (objectives, programs, planning and control, organizations); and marketing activities (services, promotion, distribution, etc.). (2, p. 56) This paper focuses on preliminary research findings with regard to the marketing environment and the marketing system. (4)

Marketing Environment and System

Evaluation of Effectiveness in
Enrolling and Retaining Merchants

The key to the success of a voluntary discount program in reducing purchase costs to the elderly is enrolling and retaining enough merchants who sell needed products and services, who are readily accessible, and who offer discounts substantial enough to make a difference in elderly shoppers' budgets. Thus, specific objectives for recruiting merchants need to be determined for each of these merchant criteria.

In launching the Richmond program several merchant enrollment objectives and selection criteria were established:

1. Merchants who provided goods and services most needed by the disadvantaged elderly were sought out. A preliminary survey of Richmond elderly shoppers provided information on products and services they believed to be most desirable.
2. A rapid initial merchant enrollment to build a solid merchant base for the program was carried out.
3. Care was taken to establish merchant locations in proximity to substantial numbers of the elderly.
4. Wide coverage of the entire metropolitan-rural geographic area was implemented to provide discounts to the entire region.

Ideally, merchant selection objectives are quantified allowing specific quotas to be set for planning and evaluation purposes. In practice, it is difficult to specify in advance meaningful quotas. The Richmond program segmented the planning district into geographic areas based on population distribution of elderly consumers, and then set "as many as possible" merchant recruitment goals for each area.

Currently, evaluation of merchant enrollment goals is accomplished by monitoring periodic reports filled out by discount program staff following merchant solicitations, and by evaluating interviews with enrolled merchants who express an interest in modifying or terminating their contract with the program. After 10 months of operation, the program appears to have met the objective of rapid sign-up of participating merchants. In the metropolitan area of about one-half million people, over 600 merchants are currently enrolled, 550 within the first three months of operation.

Preliminary findings indicate that current participating merchants are predominantly small to medium-sized local businesses rather than national or regional chains or major shopping center retailers. Negotiations with large chains have been difficult because corporate headquarters were usually located some distance from Richmond. In the Richmond area these retailers expressed fear of loss of profit margins, an unwillingness to deviate from headquarter pricing policies, complex logistical problems in processing discounts, and fear of abuse by wealthy persons.

The greater support of smaller, localized businesses reflects their closer community identification and their dependence on personalized service and customer goodwill as competitive advantages. The net effect of this mix of merchants on improving the buying power of the elderly is difficult to assess objectively. Larger chains, not in the discount program, often enjoy a price advantage over the small merchants. With discounting by the smaller merchants, Richmond's elderly shoppers now may simply have more and perhaps more convenient store choices with prices similar to large chain stores, rather than lower prices absolutely.

Other evaluative findings indicate that few merchants have expressed dissatisfaction with their participation in the program. Only two have cancelled their agreements and only three or four have modified their agreement with the program. This indicates that the goals of low merchant turnover are being achieved.

Problems Encountered in Enrolling and Retaining Merchants

In evaluating the marketing effort to enroll merchants in the Richmond Senior Discount Program, a predominant limitation was found to be the widespread belief among merchants that the program would either fail to add profits or actually reduce profits. The fact that the Senior Discount Program stressed long-term contractual agreements probably heightened the perceived risk of lower revenues for merchants who believed it would be difficult and would create ill will if they dropped out of the program.

The following list of objections summarizes the various economic factors that caused resistance to participation on the part of the merchants:

1. Discounts lower gross margins to an extent not offset by added sales, and thus lower profits.
2. Discounts will not increase sales volumes because the elderly are a captive market anyway.
3. There is a dislike of discounting as a merchandising strategy.
4. Logistics of implementing discounts in the store are too complex, time-consuming and costly especially for small purchases typical of elderly shoppers.
5. Previous bad experience with customer discount programs tends to cause resistance.
6. Fear of customer abuse of the discount policy, e.g., excessive demands for discounts on items not covered by the contract, and using the discount card to buy for other ineligible shoppers.
7. Fear of employee abuse of discount policy—indiscriminate giving of discounts to ineligible shoppers or wealthy individuals.
8. Dislike of singling out a group for special treatment, e.g., price discrimination for one group as opposed to another group.
9. Dislike of any government intrusion in retailing matters.
10. Store policy and trade associations often forbid granting price discounts.

Some additional comments may add perspective to these problems. First, the majority of the problems were profit-related economic objections or rationalizations with underlying profit concerns. These objections are expected and are reasonable. The overall objections also may represent deeply held convictions, probably very resistant to change, that some retailers hold concerning the values of economic self-sufficiency, fairness, and the proper role of business and government in alleviating social problems.

The objection to price discrimination in favor of the elderly is largely a rationalization because there is much evidence of very similar price discrimination favoring not only the elderly but other consumer groups. These practices are condoned and openly pursued in the interest of profit.

One significant tradeoff made in The Senior Discount Program in Richmond to attract elderly shoppers was to avoid the welfare stigma of requiring card holders to prove their economic need. This was done by opening the discount card opportunity to all residents 60 years old and older. This policy has generated some resistance from merchants on two counts: (1) the potential unfairness of allowing wealthier elderly people to take advantage of a privileged price they don't need; and (2) discourages participation by retailers not wanting to discount widely, especially large department stores who do a high volume of business among older, more affluent shoppers.

Finally, while a photo I.D. card to identify elderly discount program members alleviates some of the problems of misuse of the discounts and should speed the sales transaction, some retailers are quite concerned with the costs of processing large numbers of small purchases which tie up employee time and can cause ill feelings among noncardholders who are standing in line. Such arguments demonstrate vividly the need for the program to provide a complete marketing service to retailers including assistance in minimizing the problems of program implementation.

Policy Implications: Marketing to Merchants

The emphasis on profit concerns strongly reinforces the principle that these economic needs must be satisfied if merchants are to be enrolled or to continue in the program. The types of merchants most likely and least likely to participate should be identified. Then the potential merchants should be segmented and program resources allocated accordingly. Our evidence suggests two segments of merchants who may decide to participate: the profit-oriented merchants and the socially-conscious merchants. The two groups represent extreme but apparently real types. Both are valued in the program and ways must be found to help both types achieve their different goals as responsible participants. Profit-motivated segments must be able to improve or at least retain profit margins if they are to participate.

The socially-conscious segment probably is much smaller but easier to enroll in the program. Since in many cases they already offer discounts or other services to disadvantaged consumers, they have been among the first merchants contacted and enrolled in the discount program. Marketing efforts toward this group should promote social responsibility themes and concerns and provide opportunities for personal recognition for their public service efforts.

One specific "don't" can be offered; cost effectiveness considerations and indeed the long run success of the program itself demand that discount programs not encourage participation by suggesting that failure to "jump on the bandwagon" will lead to competitive vulnerability.

In summary, there are a number of ways that discount programs can help provide real benefits to merchants in a discount program: these approaches should receive different emphases depending upon the perceived needs of the particular merchant segments.

1. Document evidence of profitable discounting.
2. Point out the positive spill-over effect of discounting, e.g., more favorable word-of-mouth publicity, added patronage by other shoppers sympathetic to the economic problems of the elderly.
3. Suggest the types of products and services for which discounts would be of greatest benefit to the elderly.
4. Suggest ways of implementing discounting that will also benefit merchants, such as offering discounts on slow days or during slow hours.
5. Promote cooperating merchants as professionally and thoroughly as possible by using attractive brochures and logos.
6. Provide information on ways of providing efficient discount buying in the store.
7. Educate the discount cardholder on the merchant's need for efficient, orderly discount implementation.
8. Promote communitywide recognition of the public service contributions of merchants in the discount program.

The Evaluation of Benefits to the Elderly Shopper

The Richmond experience suggests that with an open-enrollment policy for the elderly and merchants and a reasonably efficient marketing effort to secure endorsements from responsible service organizations to facilitate consumer enrollments, the elderly community will respond enthusiastically. Yet the basic question remains: will discount programs such as the Richmond program supplement the buying power of the elderly to an extent that the real benefits for the elderly more than offset the total cost to all the parties involved—merchants, program, funding