ACI

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AMERICAN COUNCIL ON CONSUMER INTERESTS

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

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

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

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

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

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

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Upcoming conferences are:
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1993: March 31-April 3 Lexington, KY
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Advancing the Consumer Interest is designed to appeal to professionals working in the consumer field. This includes teachers in higher and secondary education, researchers, extension specialists, consumer affairs professionals in business and government, students in consumer science, and other practitioners in consumer affairs.

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

Suggested content may include but not necessarily be limited to:

1. Position papers on important issues in consumer affairs and education.

2. Description and analyses of exemplary education, extension, community, and other consumer programs.

3. Research reported at a level of technical sophistication applicable to practitioners as well as researchers. The emphasis of this research should be on its implications and applications for consumer education, policy, etc. The primary question of the reported research should be, "What does this research mean for practitioners?".

4. Application of theories, models, concepts, and/or research findings to problem solutions for target audiences.

5. Articles summarizing research in a given area and expanding on its implications for the target audience.

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EDITORIAL COMMENTARY

SHOULD WE FEEL SORRY FOR THE AUTO INDUSTRY?

A recent car buying experience brought several seemingly disparate issues regarding the auto industry together in my mind. The first relates to the recession in the auto market, the second to problems individual consumers encounter in car buying, and the last to recent articles about automobile dealers suppressing consumer news.

Prominent lately are stories concerning the problems of the automobile manufacturers and dealers. It seems that Americans no longer buy a car every two or three years. The weak market for car sales, both foreign and domestic, is blamed on a multitude of problems: the current recession, overextended credit of American households, higher new car prices, and even the greater durability of more recent models. However, the experts may be omitting something significant from this list: Americans may just be fed up with the *process* of buying cars and, thus, avoid car shopping until it is absolutely necessary. It is often easier to live with the anxiety of an unreliable car or the negative image of driving an older car than to suffer the anguish imposed by auto dealers.

The next time you're at a social gathering ask if anyone enjoys buying a car. My guess is that you won't find many who do. Experience from my students supports this thesis. As an ice breaker project in my Consumer Issues class, I ask students to describe their "worst consumer experience." Most write either about car repairs or car purchases, reflecting a generally negative feeling toward automobile dealerships.

I offer a recent personal illustration. In February, my wife and I were forced into a premature car purchase when our 1985 Escort started to disintegrate after only 55,000 miles—coincidently about the same time the Ford emblem fell off the grill (A symbolic gesture). After consulting *Consumer Reports*, we decided to buy a Mitsubishi Mirage (or one of its clones, the Dodge or Plymouth Colt, or the Eagle Summit). Shopping for this car proved to be excruciating! We encountered deceptive price advertising, phony markdowns, low balling, uninformed salespersons, outright false misstatements by salespersons, and the typical games played between the salesperson and sales manager, such as "good guy—bad guy."

There is one specific shopping incident I would like to describe. This involved a mega-dealership in Salt Lake City. After negotiating a competitive price with the salesperson, I told him I would return with my wife before making a final decision. I had to retrieve the Escort keys (I traded the Escort since I couldn't in good conscience face the person who ultimately would own it) from the sales manager, who took that opportunity to start the "hard sell." I politely resisted, informing him that my wife needed to be present since she was part of the decision-making process. The sales manager leaned over the counter and looked at my trousers and derisively asked, "Who wears the pants in your family?" When I firmly informed him that I found his remarks insulting, he congratulated me for having some gumption. Needless to say, I left without buying the car and deeply resented being publicly insulted by the sales manager.

Being a good consumerist, I immediately wrote the owner of the dealership relating the incident and adding that I would use my influence to minimize his sales. His response reflected the attitude of all too many dealers. It began with an apology; but deteriorated into a rationalization for the behavior in the name of competition, noting that the nature of the process necessitates high-pressure and adversarial tactics. He did request that he be permitted to speak to my class to give his side of the story, and in the interest of fairness, I may yet invite him. I also sent a letter to the Utah Automobile Dealers Association and received a telephone apology from the executive director.

When I relate this and other less sensational but annoying experiences encountered in car shopping, listeners usually have their own bad experiences to relate. Most find car buying to be an aversive task to be done only when absolutely necessary. Sympathy for the auto industry is difficult to justify in the light of such counter-productive, short-term sales strategies.

Will things change? Probably not. If only one or two dealers used sleazy sales tactics and consumers were generally sophisticated and fully informed, then the market would probably self correct. But the opposite is more typically true: Cars are infrequent purchases of an expensive and complex piece of technology that in many ways is a credence good. Also, dealers rationalize less-than-ethical behavior as just "being competitive."

If the market cannot be changed by individual consumers, then can it be

changed by pressure from the general public or by government policy? Again, the answer is "probably not." For the public to demand change, they must first be made aware of the extent of the problem. But will they be made aware? I have read several articles recently about dealers who threaten the news media with advertising boycotts if negative stories about sales practices are reported. It's bad enough that the U.S. Supreme Court is actively curtailing First Amendment rights, but now we also have commercial enterprises doing so as well. A *Newsweek* article (May 20, 1991) reported on a Minneapolis auto dealer that pulled more than $1 million in advertising after a TV consumer reporter ran stories about car buying and repairs. A California car dealer pulled ads from a local station for merely reporting a survey showing that Chicago car dealers reaped higher profits from sales to blacks and women. According to *Newsweek*, this type of censorship is not confined to the auto industry. This is also exemplified by a dramatic decrease in the number of television consumer reporters and an increase in pressure on editorial staffs from advertising sales departments

Who's to blame? The actions of such car dealers are certainly reprehensible; however, the news media must bear some responsibility for letting itself become the victim of extortion. Car dealers need advertising outlets as much as the media need advertisers. If the media became unified in its resistance to undue pressure from advertisers, then automobile dealers and others would have to put up with the criticism and let the public be informed.

When the media fails to inform the consumer, then consumer educators must accept greater responsibility for getting the facts out. They not only must expose sleazy selling practices but also the tactics used to suppress the flow of truthful information about such practices. Additionally, Consumerists need to encourage the media to stand up to advertisers and uphold their responsibilities under the First Amendment. ACI

John R. Burton Editor

CORRESPONDENCE

IS THE CRACK CLOSING?

Consumer Economics has always been a crack field. "Crack," not in the old sense of being excellent, although it is, but crack in the sense of being located in the crack between disciplines. The very variety of names of our academic programs singles us out as a crack field—Consumer Economics & Housing, Consumer and Family Economics, Family Economics & Management, Consumer Science and Retailing, Family and Consumer Studies, Consumer Science, Family Resource Management, Family Economics, and on and on—each occupying a slightly different fissure emanating from the main crack. Our concern is whether the crack is closing. Rather, since we see evidence of it closing, what can be done about keeping it open?

Despite the fact that enrollments in our majors have increased over the decade, a number of campus-based Consumer Economics teaching, research and extension programs in universities and colleges in the U.S. have been under siege in recent times. In some institutions, Consumer Economics programs have been under threat of reduction or elimination, but happily have withstood the challenge and remained intact. However, programs in some institutions have been axed; in several they have been reduced. In a number of others there have been mergers with other fields. This tends to result in increasing weakness and, in some cases, eventual demise of the Consumer Economics component; and even where Consumer Economics retains strength in relation to the unit(s) with which it is merged, the centrality, identity, visibility, and disciplinary integrity of the Consumer Economics component is eroded. In some current situations, while there is no threat to the independent existence of the Consumer Economics program, there is the threat of a transfer of faculty lines from Consumer Economics to a basic discipline. The Canadian scene is marked by similar developments. Thus the disciplinary integrity and viability of Consumer Economics has come under threat during a time when a sound argument can be made that the field has a more vital role to play than ever.

Why are wee witness to these unfortunate developments? The crack is closing in places as a result of federal and state budget cuts and administrators who fail to appreciate the importance of resident teaching, research, and extension programs focusing on the welfare of consumers. This has serious implications for our field, for our professional organization, and ultimately for individual consumers and our economy and society.

What can we do? First, we must recognize the problem publicly and begin talking with each other about it. The authors' hope is that this commentary will bring the discussion onto the pages of ACCI publications where the various causes and potential cures can be debated. Sessions at ACCI conferences might well be devoted to addressing actual and potential assaults against Consumer Economics programs and strategies for thwarting them.

Second, as a profession we should provide support for those programs under attack. Here is where ACCI could play an organizing role. ACCI could serve as a clearing house for information about the budgetary and organizational health of Consumer Economics departments and programs around the country. Information about Consumer Economics programs nationally could be gathered, which might help beleaguered departments and programs make a strong case for themselves. We in our field understand and appreciate its importance for consumers, for business, for government, and for our economy and society. But have we developed sufficient effectiveness in articulating the relevance of our programs to others, sufficient foresight and forcefulness to identify potential threats to our programs and to ward off

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OBSERVING REASONABLE CONSUMERS

One widely shared premise of modern American legal thought is that the law should not readily proscribe or punish conduct that is reasonable or unavoidable. Toward that end, courts and legislatures usually search for legal standards that correspond to empirical knowledge of human behavior. In response to experiments by behavioral psychologists and actual observations of consumers, courts have come to appreciate limits and errors in the consumer decision-making process. They should do more to develop "reasonable consumer" standards that accord with cognitive realities.

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In the past decade concern has grown over the impact of "psychology-driven" legal standards. In fact several legal theorists argue that legislators and jurists misuse or rely excessively on psychological theories developed by consumer behavioralists.[1] These include "neoformalists," who claim that instead of encouraging freedom of contract and promoting economic efficiency, "psychology-driven" standards rest on incomplete information about consumer behavior. They thereby tolerate, and even promote, it is suggested consumer unreasonableness, irrationality and ignorance.[2] Although neoformalist views have merit, they disregard important realities of consumer decision making.

This article examines neoformalist views and recent empirical studies of the consumer decision-making process. The initial section describes the neoformalist rational utility-maximizer standard and its underlying assumptions. The discussion then explores several recent studies of consumer behavior and discusses how the empirical evidence is incompatible with neoformalist prescriptions for consumer law. The final section considers whether and to what extent this research should be applied to formulating legal standards that govern consumer transactions. Courts and legislatures, I conclude, appropriately should consider the cognitive limitations of consumers when developing regulations and "reasonable consumer" standards, and should improve their efforts in this regard.

NEOFORMALIST VIEWPOINTS. For neoformalists, promises are inviolable, and consumer assent to contract terms should be strictly interpreted and enforced.[3] The most extreme neoformalist posture is exemplified by a Camus character: "No excuses ever, for anyone; that's my principle at the outset. I deny the good intention, the respectable mistake, the indiscretion, the extenuating circumstance."[4] The view that consumer promises should be strictly enforced, and that consumer ability to enter into agreements should be unfettered, is founded on the assumption that consumers are motivated by and effectively able to pursue what they believe to be in their own best interest.[5]

A leading discussion of the neoformalist analysis of contract law is Charles Fried's *Contract as Promise*,[6] which attaches great importance to the sanctity of the contractual promise. Neoformalists suggest that psychologically sensitive legal standards reduce the moral clarity and precision of contract and tort law.[7] Moreover, neoformalists argue that the freedom to contract and the enforceability of consumer contracts is being seriously diminished by the present "reasonable consumer" standards.[8] Irresponsible individual behavior supposedly is excused without promoting collective social or economic well-being.

These and related concerns have held neoformalists to press for a new approach to consumer transactions. Peter Huber, for example, has advocated a "journey back to contract," where consumers would be more strictly held to their commitments and would be freer to contract away potential liability claims.[9] Among other recommendations, Huber suggests that courts (1) judge "deceptive" and "misleading" practices against a stricter, more objective standard of consumer reasonableness, rationality, and sophistication; and that they (2) curb the ability of consumers to escape the unhappy consequences of risks they have contracted to assume.[10] These suggestions have found some favor in judicial rulings and government agency decisions in recent years.[11]

RECENT RESEARCH

Consumer behavioral research indicates that when presented with many types of choices, consumers are limited in their ability to calculate and maximize their expected utilities. This deficiency exists, among other reasons, because consumer choices are affected by such external factors as "framing effects," "puffery," and induced disinclinations to maximize utility under particular conditions. Internally generated cognitive limitations also play a role: for example, there are inherent information processing limits and inabilities to estimate probabilities accurately. Even when consumers can calculate probabilities accurately, their "irrationality" may be reasonable where the decision-making task is overwhelming. As a result of these cognitive limitations, "reasonable" consumers cannot consistently maximize their rational best interests. Several cognitive errors and limitations that prevent consumers from maximizing their expected utilities are discussed below.

Lawmakers should not presume that consumers are capable of making certain risk decisions accurately and in their best interests when those decisions involve relatively complex probability calculations.

FRAMING EFFECTS. The preferences of reasonable consumers are susceptible to "framing effects"[12] that cause them to prefer one choice over another based largely on the way the choices are presented. The sort of cognitive anomalies that can occur are illustrated by Professors Kahnman and Tversky with this hypothetical situation: Imagine yourself on the way to a Broadway play with a pair of tickets bought for $40. Upon entering the theater you discover that you have lost the tickets. Ask yourself if you would pay $40 for another pair of tickets. Now imagine yourself on your way to the same play without having bought tickets. Upon entering the theater you realize that you have lost $40 in cash. Would you now buy tickets to the play? Most people said they would be more likely to buy the tickets if they had lost money than if they had lost the tickets, despite the fact that the two situations are objectively identical.[13]

One possible explanation for framing effects is that individuals are inherently more reluctant to risk a prospective gain than to worsen an anticipated loss. That may explain why individuals "weight[ed] out-of-pocket losses more heavily than foregone gains of equal expected value."[14] Another hypothesis, the "regret theory," [15] proposes that consumer choices are affected by their desire to avoid finding later that they would have done better had they chosen differently.

Neoformalists assume that consumer preferences reflect consumer values, independent of the context of the choice.[16] Studies by behavioralists indicate that this assumption is unwarranted and that courts should consider the consequences of framing effects, for example, in determining whether some liability and warranty releases have framed alternatives poorly or deceptively.

Framing effects also appear in advertising—for example, through "two-sided" advertising appeals. This advertising technique places particular emphasis on those product attributes that are more important to consumers and downplays or even disclaims product attributes that are perceived as less important. In effect advertisers "frame" themselves to appear more honest by "confessing" product weaknesses, which are really lesspreferred product strengths. Research has shown that, compared to one-sided appeals (in which the product is presented only in a positive fashion), two-sided appeals lead to greater advertiser credibility.[17]

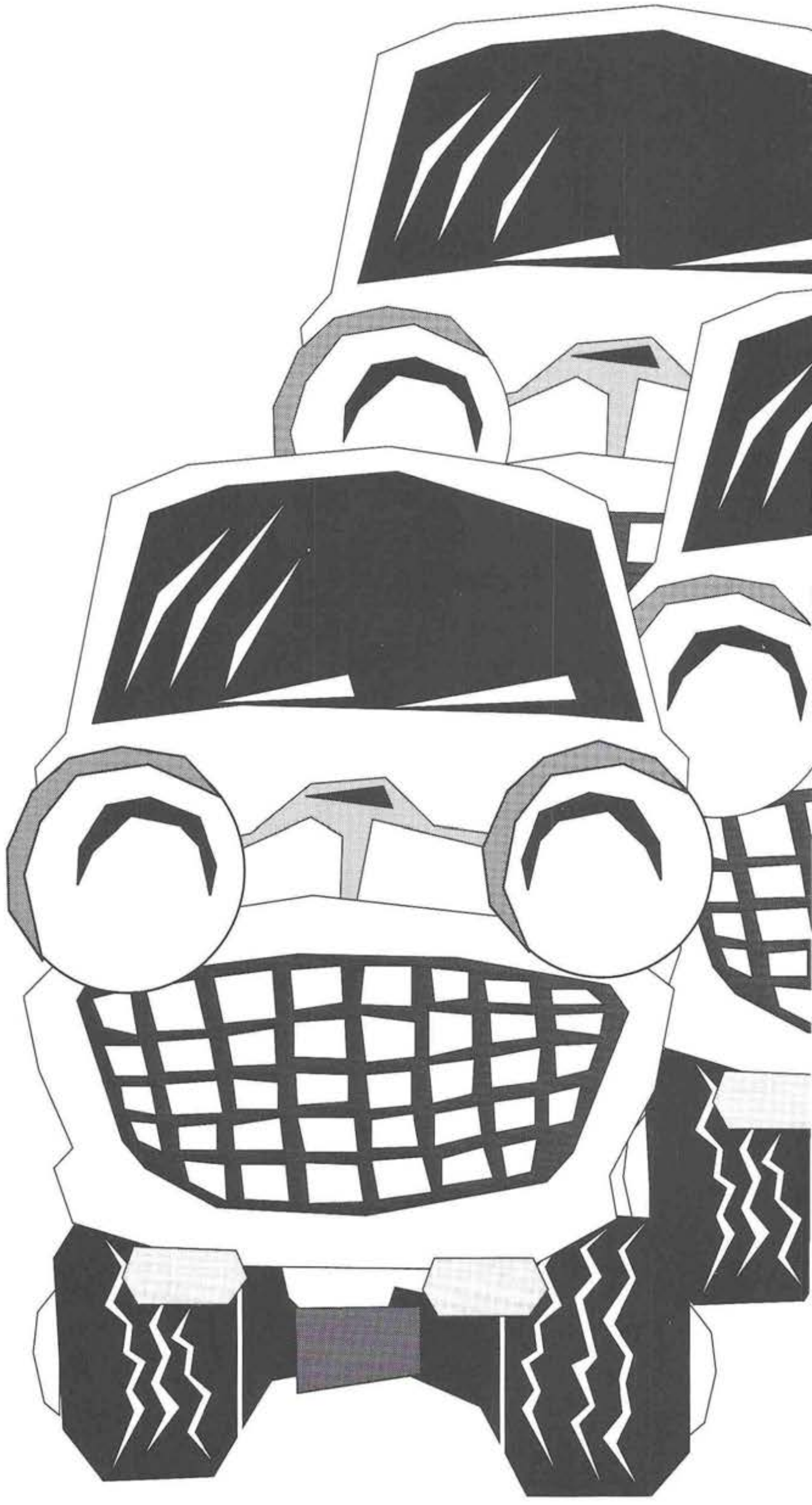
Puffery is the related tactic of using unsupported, subjective opinions and exaggerations. Courts do not consider such advertising practices deceptive, on the assumption that consumers recognize and are not deceived by puffed claims. Researchers have discovered, however, that many consumers believe puffed claims to be partly or entirely true, and that therefore consumers' decisions are affected.[18]

Whatever the explanation for these effects, it appears that reasonable consumers are susceptible to arriving at inconsistent conclusions about nearly identical alternatives depending on the marketing appeal. If deceptive advertising is advertising capable of manipulation and deceit, then courts should consider framing effects in determining whether an ad is deceptive and thus improperly has affected a consumer decision.

DISINCLINATIONS TO MAXIMIZE EXPECTED UTILITY. Regulations that govern consumer transactions often are founded on the assumption that consumers are utility-maximizers and will search for information about products and services until the search costs appear to outweigh the benefits.[19] Empirical studies of consumer behavior, however, demonstrate the weakness of any blanket assumption that "reasonable" consumers are inclined, let alone able, to operate effectively as rational utility-maximizers.

Disclosure rules regarding home mortgages, for example, seem to assume that homebuyers shop vigorously and compare alternatives.[20] However, a study of two high-income Connecticut communities revealed that, despite the importance of the purchase, "about one-third of homebuyers spent less than a month actively searching for a home, and visited or sought information about fewer than six homes; almost one-half of the homebuyers did not shop for a loan."[21] In a study of real estate closing costs, two-thirds of the homebuyers sampled did not shop for a lender, and over 80% did not shop for a title insurer or other provider of closing services.[22]

Why do consumers behave in a way that confounds neoformalist theory regarding such an important decision? According to one theory the greater the stress and perceived risk in a decision, the less effective the decision-making process.[23] Real and perceived risks involved in important purchasing decision can

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lead to "defensive avoidance", a state of frustration caused by the stress of choosing among hard to compare, costly alternatives.[24] A high level of risk also can lead to "hypervigilance", in which further useful information is not sought because the consumer thinks there is insufficient time to search for and assimilate that information.[25] "The high stakes and overwhelming complexity of the transaction will paralyze many home buyers' desire to shop for the best deal."[26] Irrationality in this setting is perhaps a reasonable response to the decision-making circumstances because of the high emotional cost involved.

INACCURATE PROBABILITY ESTIMATES. Strictly holding a consumer to all the terms of a contract is justifiable only if the consumer adequately has consented to the contract. In determining whether "adequate consent" exists, neoformalists assume that consumers are able to accurately anticipate the consequences and calculate the potential value of their contracts. Research has shown, however, that individuals frequently err even in simple calculations, and sometimes avoid complicated calculations entirely. For example, one psychologist suggests that some people may decide to smoke for arbitrary, uncalculated reasons.[27] Later they rationalize their decision by assigning a low probability to the risks, but only because they have already chosen to smoke.[28]

Lawmakers should not presume that consumers are capable of making certain risk decisions accurately and in their best interests when those decisions involve relatively complex probability calculations. This complexity is evident for example, when estimating the likelihood and extent of injury when consenting to a liability waiver, or when anticipating the probability of default in assuming a mortgage. Courts should consider the limited ability of consumers to calculate those risks and thereby adequately consent to an agreement.[29]

INFORMATION OVERLOAD. Neoformalists would argue that consumers who are able to understand the terms of a contract should be held to it. It appears, however, that the ability to understand a contract is significantly affected by the quantity and complexity of the information presented.

Consumer psychologists use the term information overload to define the condition of trying to "process too much information in a limited time."[30] Overload also is said to occur when the information environment (e.g., the ingredient label or print in lease) is very complex relative to the consumer's time or expertise. If concern about finding the information is sufficiently strong consumers will persevere, but in many cases involving form contracts "the average consumer knows that he probably will be unable to fully understand the dense text of a form contract, whether term-by-term or as an integrated whole."[31] The consumer may respond by not searching for the information or not digesting available information if the additional time, effort and resulting anxiety are sufficiently great.

Information overload may cause consumers to choose products that they otherwise would have rejected.[33] Although consumers act on incomplete information in choosing to avoid a complicated text, they may be entirely reasonable in not doing so, considering the effort required, the emotional consequences, and the prospects for understanding the information.

Studies of information overload suggest an important function for legal disclosure rules: to make manageable the task consumers face when the high "costs" of information processing inhibit effective decision-making.[34] Before the federal Truth-in-Lending law,[35] information concerning interest rates was displayed in a variety of ways. Consumers could not compare creditors' loan terms unless the disclosure methods were converted to a common metric which required complex calculations and comparison among large amounts of dense text. Truth-in-Lending regulations reduced the overwhelming and confusing array of information to a level considered manageable by consumers. The reality of consumer anxiety and avoidance suggests that the strict "duty to read" implied by formalist contract law is not justifiable in the case of dense form contracts.[36] Courts may appropriately find that consumers are acting reasonably in avoiding the complicated texts and so should not punish reasonable consumers by binding them to contract terms they do not comprehend.

> Information overload may cause consumers to choose products that they otherwise would have rejected.

VARIABLES AFFECTING CONSUMER DECISIONMAKING

Many other variables affect consumers' ability to understand the terms of a bargain or the value of a purchase. One is the consumer's familiarity with product attributes and customs of the trade. In *Hall v. TL Kemp Jewelry, Inc.*,[37] a jewelry store owner who made no express warranty on the value of a bracelet, orally stated that the bracelet was worth $2,000 and then mailed an appraisal claiming the bracelet was worth more than $2,600. An independent appraiser subsequently estimated the bracelet's worth at less than $600. In rejecting the plaintiff's claim, the court held that "the law recognizes that some seller's statements are only sales palaver and not express warranties."[38] Should consumers be expected to know that a seller's appraisal does not warrant value other than for insurance purposes? Can courts expect consumers to be aware that an explicit statement of value for one purpose is "palaver" (idle talk) for another?

Courts occasionally also recognize that otherwise unobjectionable seller practices may be misleading because of the sales medium used. In *Committee on Professional Ethics v. Humphrey*,[39] an attorney's self-laudatory television advertising was held misleading to consumers because of the "special problems" of persuasion in electronic media advertising.[40] Although advertising trade publications abound with articles about the effectiveness of various advertising media, courts in many situations fail to appreciate how different media create or exacerbate information processing problems.

Researchers have explored other factors affecting the cognitive processing involved in consumer choice, such as the availability of product alternatives; familiarity with product attributes; consumer uncertainty about similar products; the frequency with which consumers make a particular type of decision; the number of attributes per available alternative; information source and format; background "noise" level; time pressure; and the consumer's reliance on the seller's expertise.[41] Consumer illiteracy, unexplored by consumer behavioralists literature, is a barrier to effective information processing that represents a growing problem in the United States and abroad.

APPLYING BEHAVIORAL THEORIES TO CONSUMER LAW

Discussing cognitive limitations that detrimentally affect consumer decision making does not constitute a plea for courts to excuse all consumer irrationality or to encourage consumer irresponsibility. Releasing consumers from accountability for their poor choices would diminish their incentive to choose well. Instead, a more rigorous consideration of cognitive processing issues by the courts is urged here—consideration that would encourage more responsible marketing by sellers, and more deliberate purchasing by consumers.

Besides calling for a more systematic review of cognitive processing issues on the part of courts, the central questions raised by this discussion concern when legal standards of conduct should be sensitive to cognitive limitations. Also of importance is asking when cognitive errors are more likely to be reduced by regulation than by judicial decisions. There inevitably is a gap between what consumers buy and what they would have expected to buy, if circumstances had been ideal. Whether this gap justifies regulation or consumer protection remedies is the subject of debate.

Everyone knows that "half-empty" and "half-full" have different connotations.

Cognitive limitations of consumers are currently taken into account by numerous statutes and government regulations. The FTC, for example, argues that it legitimately may regulate the remedies provided to consumer creditors in consumer security agreements and home mortgages, in part because there is not effective negotiation over, and thus no market in, remedies.[42] Cognitively, "debtors do not expect to default; therefore, they do not bargain over the effects of default or shop around for less onerous default terms."[43] Auto safety standards require elimination of those risks that are "unreasonable" to consumers.[44] The Consumer Product Safety Act requires the Consumer Product Safety Commission to remove all "unreasonable risks" from consumer products and to do so in a manner that is "in the public interest."[45] A similar mandate is given to the Occupational Safety and Health Administration.[46]

Replacing a market mechanism by a regulatory one (or, for that matter, an insurance scheme) should depend on whether an intrinsic market weakness exists–including the cognitive limitations of consumers–and whether regulation is more effective than market forces. Professor Scott has aptly warned that the literature on consumer cognitive error and limitations should not be misunderstood by lawyers:

> The "error" in human judgment and decision making that the psychological literature posits is the deviation between empirically observed behavior and some theoretical conception of ideal rationality. The legal analyst must guard against the problematic assumption that inherently fallible behavior is correctable through legal regulation.[47]

The implications of sustained attention by the courts to cognitive processing lead away from regulation as well as toward it. At least one court has employed an implied theory of cognitive limitation to justify invalidating regulations that would have required the disclosure of information to which, it was alleged, consumer would react irrationally. In

Community Nutrition Institute v. Block[48] Judge (now Supreme Court Justice) Antonin Scalia, then sitting on the Court of Appeals for the D.C. Circuit refused to penalize the omission of the origin of ingredients in frankfurters and sausages and many other kinds of information which, he conceded, was irrationally "relevant" to some consumers:

> (The assumption that labels) must prominently display all information which is material in the sense that (they) would lead consumers to modify their behavior, whether rationally or irrationally...(is mistaken). A virtually unlimited variety of information might cause large numbers of consumers to modify their behavior. Many might disfavor, for instance, meat from animals anesthetized with carbon monoxide gas prior to being slaughtered, meat from cattle afflicted with tapeworm cysts, or liver sausage containing lips, snouts and ears.[49]

Clearly, some consumer decision-making limitations may not be correctable through regulation or may even be aggravated by it. Where judicial remedies are appropriate, however, cognitive limitations of consumers need at least to be acknowledged and taken into consideration in formulating "reasonable consumer" standards.

OTHER JUDICIAL RESPONSES

Judges are demonstrating greater awareness of the psychological dimensions of framing consumer choices. In a dissent to a recent medical malpractice opinion, Justice Urbigkit of the Wyoming Supreme Court referred to a study of framing effects by professors Kahneman and Tversky.[50] The Justice's dissent opposed the decision of his colleagues to allow a lawsuit by a woman who had been convinced to have oral surgery after conversation with a dentist. The dissenting Justice quoted from an article by Professors Cohen and Twerski: "Everyone knows that 'half-empty' and 'half-full' have different connotations. Similarly, in many circumstances, descriptions of the risks of medical procedure in terms of the chances of success or the chances of failure may have different connotations and lead to different decisions."[51]

Courts have not been ready to embrace a psychologically sensitive perspective in the area of puffery. A majority of the Wisconsin Supreme Court recently held that a radio ad describing a product in glowing terms was "mere puffery." A dissenting opinion argued that puffed radio ads containing potentially misleading statements should be thoroughly reviewed especially since consumers do not have time to closely scrutinize them.[52] A recent ruling by the Ninth Circuit Court of Appeals indicates that courts continue to tolerate grandiose product claims.[53] The court recited, with approval, descriptions of legal puffery that condoned an untrue claim that a lamp was "far brighter than any lamp ever before offered for home movies" and that a phone company had "the best technology, lower rates, and better customer service."[54] In the Ninth Circuit, puffery standards are transgressed only if an advertiser inaccurately quantifies his claim or misdescribes the "absolute characteristics of a product."[55]

> Lawmakers and courts should take into account the empirical knowledge of human behavior contained in consumer behavioralist literature.

CONCLUSION

Lawmakers and courts should take into account the empirical knowledge of human behavior contained in consumer behavioralist literature. They should seek to expand that literature themselves, by commissioning appropriate research when doing so would further the interests of justice. When determining whether consumers possess understanding sufficient to assume a cost or risk, courts should look at both external influences on consumers, including framing and puffery, and innate processing abilities, including the ability to assess risks. Courts and legislators would be unwise to ignore the accumulating empirical evidence about how consumers actually make decisions. The evidence reveals that in many instances consumers are prevented or dissuaded from maximizing utility by manipulative selling practices. In others the complexity of accurately computing the costs and risks and determining the maximum expected utility prevents consumers from truly understanding crucial contract terms and requirements.

Adopting a neoformalist "rational utility-maximizer" position in effect punishes consumers for failing to live up to a standard they cannot achieve, or are prevented from achieving. ACI

1. See Scott, "Error and Rationality in Individual Decisionmaking," 59 S. Cal. L. Rev. 329 (1986); P. Huber, *Liability:The Legal Revolution and its Consequences* (1988); W. Viscusi and W. Magat, *Learning About Risk* (1987); W. Viscusi, "Toward a Diminished Role for Tort Liability," 6 Yale J. on Reg. 65 (1989); Braucher, "Defining Unfairness: Empathy and Economic Analysis at the Federal Trade Commission," 68 B.U.L. Rev. 349 (1988).

2. See Huber, supra note 1. The libertarian theory of contracts also contains elements of neoformalism. See, e.g., Barnett, *A Consent Theory of Contract*, 86 Colum. L. Rev. 269, 291-300

3. C. Fried, Contract as Promise (1981), at 17.

4. Wilson, *The Morality of Formalism*, 33 U.C.L.A. L.Rev 431, 483 (1985) quoting Camus, The Fall (J. O'Brien Trans. 1958).

5. See, e.g., Scott supra note 2 at 331.

6. C. Fried, supra note 3.

7. Id. at 6.

8. See P. Huber, supra note 1 at 208-213; R. Posner, *Economic Analysis of the Law* 79-88, 497-502 (3d ed. 1986).

9. P. Huber, supra note 1 at 18; Schwartz, *Proposals for Products Liability Reform:A Theoretical Synthesis*, 97 Yale L.J. 353, 361-368 (1988).

10. P. Huber, supra note 1 at 18.

11. See, e.g., *Hinchliffe v. American Motors Corp.*, 39 Conn. Supp. 107, 471 A.1d 980 (1982); *In re Cliffdale Associates, Inc.*, 103 F.T.C. 110 (1984); see also Shapiro, *Crossing Swords Over Consumer Safety*, U.S. News and World Report, Oct. 16, 1987, at 28.

12. See Bettman and Sujan, "*Effects of Framing on Evaluation of Comparable and Noncomparable Alternatives by Expert and Novice Consumers*," 14 J. consumer Res. 141 (1987).

13. Kahnman and Tversky, *The Psychology of Preferences*, 1247 Scientific American 160 (1982).

14. Id.

15.See discussion in P. Asch, *Consumer Safety Regulation* 81 (1988).

16. P. Huber, supra note 1 at 208-209.

17. Kamins and Marks, *Advertising Puffery:The Import of Using Two Sided Claims on Product Attitude and Purchase Intention*, 16 J. Advertising 6, 8 (1987).

18. Id. at 7.

19. Eskridge, *One Hundred Years of Ineptitude: The Need for Mortgage Rules Consonant with the Economic and Psychological Dynamics of the Home Sale and Loan Transaction*, 70 VA. L. Rev. 1083, 112-1113 (1984).

22. Id.

21. Id.

25. Id. at 1113.

23. Id. at 1115-1116.

24. Id. at 1115.

25. Id.

26. Id. at 1115-1116.

27. P. Asch, supra note 16 at 76.

28. Id.

29. See generally, Paulos, *Innumeracy: Mathematical Illiteracy and Its Consequences* (1988), at 25-71.

30. Eisenberg, *Text Anxiety*, 59 S. Cal L. Rev. 305, 307 (1986); Keller and Staelin, *Assessing Biases in Decision Effectiveness and Information Overload*, 15 J. Consumer Res. 504 (1989).

31. Eisenberg at 309.

32. Id. at 310.

33. Id. at 309.

34. Id. at 311.

35. 15 U.S.C. Sections 1601-1691 (f) (1982 & Supp. I 1990).

36. Eisenberg at 311.

37. 322 S.E. 2d 7 (N.C. Ct. App. 1984).

38. Id. at 10.

39. 355 N.W. 2d 565 (Iowa 1984).

40. Id. at 570; *see also Gootee v. Colt Industries, Inc.*, 712 F. 2d 1057, 1063 (1983) (directed verdict for a manufacturer reversed because a reasonable jury could have credited a consumer gun buyer's testimony that the instruction manual and advertisements for the product induced him to use the product improperly).

41. See, e.g., Punj and Staelin, *A Model of Consumer Information Search Behavior for New Automobiles*, 9 J. Consumer Res. 366 (1983); Punj and Stewart, *An Interaction Framework of consumer Decision Making*, 10 J. Consumer Res. 181 (1983).

42. Braucher, *Defining Unfairness: Empathy and Economic Analysis at the Federal Trade Commission*, 68 B.U.L. Rev. 349, 354-69 (1988).

43. Herber, Straining the Gnat: *A Critique of the 1984 Federal Trade Commission Consumer Credit Regulations*, 38 S.C.L. rev. 329, 332 (1985).

44. Viscusi, *Regulatory Economics in the Courts: An Analysis of Judge Scalia's NHSTA Bumper Decision*, 50 Law and Contem. Probs. 17, 24 (1987); see also 15 U.S.C. Sec 1391 (1) (1982 & Supp. I 1990).

45. 15 U.S.C. Sec. 2058 (d)(1)(B)(1982 & Supp. I 1990).

46. 29 U.S.c. Sec 651(b)(3)(1982 & Supp. I 1990).

47. Robert E. Scott, "Error and Rationality in Individual Decisionmaking," 59 S.Cal.L.R. 329 (1986).

48. 749 F.2d 50 (D.C. Cir. 1984).

49. Id. at 57.

50. *Roybal v. Bell*, 778 P.2d 108 (Wyo. 1989).

51. Id. at 116.

52. *Wisconsin v. American TV and Appliance of Madison*, 146 Wis. 2d 292 (1988).

53. *Cook, Perkiss and Liehe, Inc. v. Northern California Collection Service*, 911 F.2d 242 (9th Cir. 1990).

54. Id. at 246.

55. Id.

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FINANCIAL EDUCATION CAN CHANGE BEHAVIOR

Clients' financial behavior, as measured in this study, changed significantly following enrollment in Money Sense—a financial management education program—and persisted in the desired direction even after completion of the program. Clients practiced more food shopping and money management skills, saved money by reducing food costs, experienced fewer financial problems, and perceived of their financial status as improved.

Will adults learn new resource management practices from peer counselors and make positive changes in their financial behavior? This was the primary question investigated in a recent assessment of Money Sense, a family resource management program conducted at several sites in California by the University of California Cooperative Extension.

Various studies have found that managing finances is one of the most pervasive problems for families, especially those with limited resources or headed by a single parent. Opportunities to learn how to manage family resources are not widely available, however. In response to this problem, University of California Cooperative Extension home economists and a family economics specialist developed Money Sense to teach financial management skills. The pilot project was conducted at Edwards Air Force Base.

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BACKGROUND

The need for financial management programs on military bases is well-documented. The Air Force, Navy and Army have each conducted surveys to determine needs of military families. In all cases, financial management was considered a primary problem of enlisted personnel and their families (Edwards, 1974; Croan et al., 1980).

Extension master volunteer programs in resource management are also being conducted in other settings. In New York State, for example, volunteers trained in financial management were used to make follow-up calls to participants in an Extension financial management learn-at-home program (Andrews & Hogarth, 1986). Participants in a similar program in Georgia reported that they had taken several positive financial management actions as a result of the course (Maddux, 1987). The findings of the national impact study on Cooperative Extension programs in financial planning and management indicate that 62% of respondents said their financial situation was better as a result of participation. Additionally, they found that counseling programs were more effective in controlling debt than were noncounseling programs (Hale, 1987).

THE CURRICULUM

Money Sense was designed as an educational-intervention, not crisis-intervention and should be viewed as a curriculum rather than a program. The original curriculum dealt with the financial problems of participants, helping them clarify their own values and goals in creating and following a budget, keeping records, using good money management skills, and shopping for food. Teaching materials included group and individual learning activities, background reading for MSAs, and workbooks and handouts for clientele, some of which were translated into Spanish. Slides and flip charts were also developed for use in training advisers as well as for adviser use.

The Money Sense curriculum was implemented at Edwards Air Force Base—a large reservation with a high concentration of low-income enlisted personnel financially at risk—from 1983-1986. Funding was provided by the California Expanded Food and Nutrition Education Program (EFNEP)[1]. During that pilot phase, the program was repeatedly evaluated and changed to better meet clients' needs and to test adaptations for use in other locations with different clientele. At the request of participants, units were added on checking accounts, renting or buying housing, purchasing a car and insurance. While the program was developed in one location and tested with one group, it was intended, from inception to have other applications.

A modified version of Money Sense was later introduced at Port Hueneme Naval Construction Battalion Center and Point Mugu Pacific Missile Test Center in Ventura County. It was also used at the Family Violence Center, a civilian crisis intervention facility near Lancaster. Money Sense also was adopted in three rural counties (Humboldt, Mariposa, and Placer) with assistance from EFNEP Opportunity funds and in urban Stanislaus County, which had an established EFNEP operation.

Different applications were attempted in these locations, including training personnel from other agencies who incorporated program content into their agencies' operations, training volunteers recruited from the community at large, and training personnel "conscripted" from an organization. Clientele were recruited from among agencies serving low-income families or other target populations (e.g., WIC); volunteer Money Sense Advisers (MSAs) working within an agency (e.g., teaching Money Sense to foster children preparing for emancipation as part of the Department of Social Services Independent Living Skills program); advertising (news releases, fliers, word of mouth); and agency staff teaching Money Sense to its own clients (e.g., at the Indian Health Center, Housing Authority or California Youth Agency).

TEACHING VOLUNTEERS

The "master" volunteer approach was used to train the volunteers recruited to serve as peer advisers. On the military bases the volunteers ranged from enlisted personnel to civilian spouses, a few officers and military retirees. In other settings volunteers included agency personnel, interested citizens and retirees. In some instances, military volunteers and agency personnel were trained at the same time.

Training varied from application to application. Optimally, volunteers received at least 21 hours of training for which they were expected to return 30 hours of community service by teaching a minimum of 10 clients. Training was accomplished in a variety of ways. In some locations three-hour sessions were held once a week for seven weeks, while in others, classes met either twice a week or daily for one week. University Extension credit was offered for the class. Quizzes were given each session and a final exam concluded the course. This was done so that grades could be earned by those taking the class for credit as well as to ensure that all the volunteers were prepared to work as peer advisers.

During the training various techniques were used to prepare the volunteers to work as financial advisers. Guest speakers were invited to talk about credit, banking and other subjects of interest. Role playing was used to familiarize volunteers with the idea of working as an adviser, and "graduates" were invit-

[1]EFNEP assists low-income families particularly those with young children, in learning how to meet their nutrition needs. In California, this includes teaching families not only to understand nutrition and improve their diets, but also how to shop wisely and otherwise manage family resources to better afford food for the family.

ed back to talk about their experiences. The latter technique was particularly effective, as many graduates had had personal financial problems which they shared with the group.

Training on working with people was included. Volunteers were cautioned to present only topics taught in the Money Sense curriculum and to refer questions outside the program's scope to professionals. Resources were provided to prepare volunteers for problems. In addition, trainers stressed confidentiality and the importance of keeping complete, accurate records of clientele progress.

Throughout the training, information was provided on the role of a financial adviser. Once the training was completed, volunteers were integrated into ongoing peer advising and small-group education projects. Capturing the volunteers' interest and enthusiasm quickly was important to personal success as an adviser as well as to the overall success of the program. Advisers were awarded Money Sense Adviser name tags and University of California certificates of completion after performing their 30 hours of community service.

PROGRAM EVALUATION

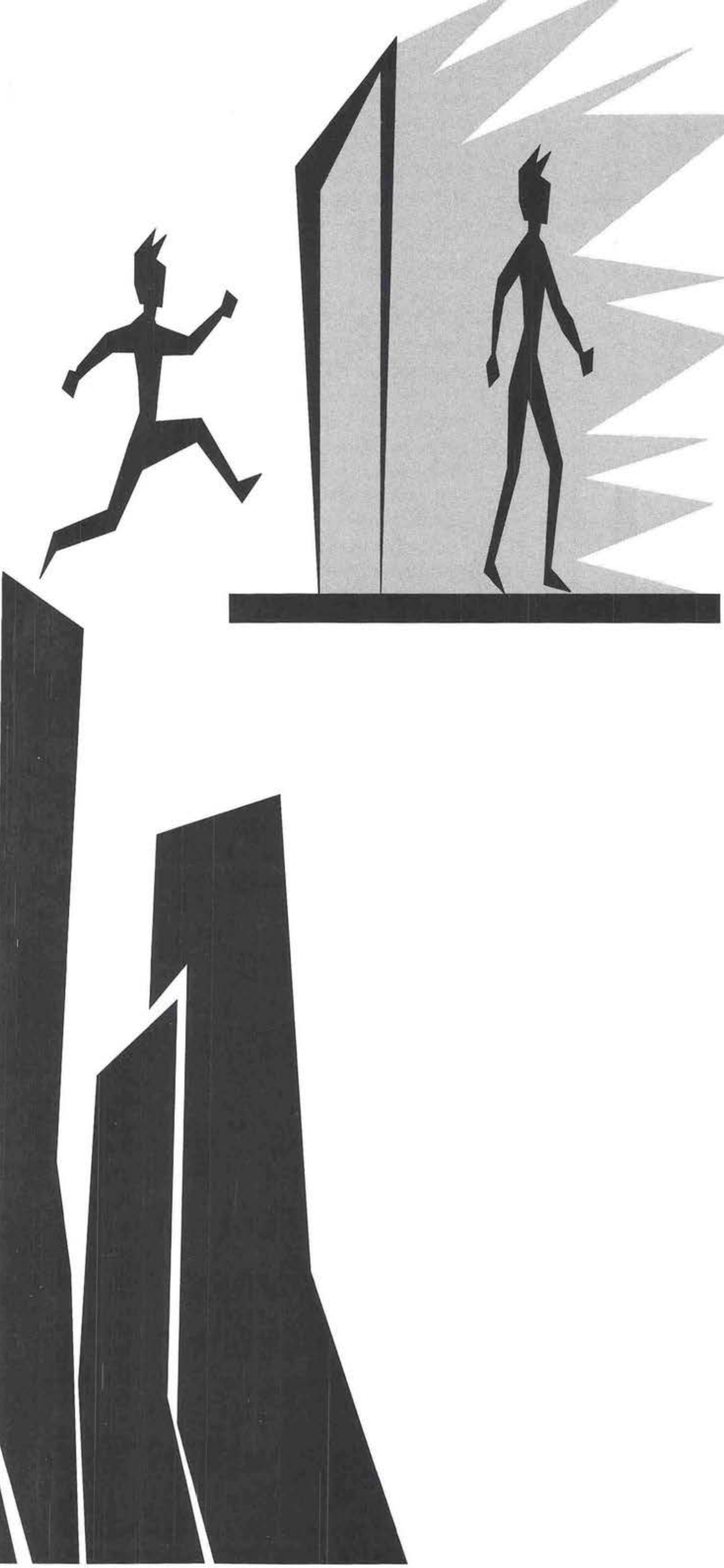
A variety of evaluation methods were used. Each section in the manual was pre- and post-tested. Advisers also took another pre-/post-test that measured attitudes and knowledge of money management and provided responses to questions about family characteristics and food intake.

An evaluation specialist conducted focus groups with advisers and one-on-one interviews with other key individuals in each setting. Extension personnel explored needed changes and program benefits in the focus group interviews.

Follow-up interviews were also conducted with clientele from six applications to determine whether the program had made a difference. A post-pre design was utilized (Rockwell & Kohn, 1989), in which participants were asked to report present behaviors (post) and then rate how they perceived the behaviors prior to the training (pre). The following discussion is based on the findings from these interviews.

THE SAMPLE

To assess effectiveness a total of 190 clients were interviewed: 21 from Humboldt County, 22 from Placer County, 30 from Stanislaus County, 31 from Pt. Hueneme, 60 from Edwards Air Force Base and 26 from the



Antelope Valley Domestic Violence Center. The clients interviewed were not randomly selected. Except at Edwards Air Force Base, the pool included only those who were willing at the time of enrollment to be contacted for a follow-up study. At Edwards clients were contacted by their MSAs to ascertain their willingness to participate in the follow-up. In both cases the mobility of the populations made it impossible to reach all enrollees or even all those expressing a willingness to respond.

Data were also collected from the clients by the MSAs at the time of enrollment. The questionnaire completed by the clients included money management and food shopping skills (generally the same as those included in the follow-up interview), a measure of life satisfaction, questions regarding food preparation and intake, and demographic information. For persons with limited English, the MSA administered the instrument as an interview. Enrollment data at Edwards Air Force Base, Pt. Hueneme and the Domestic Violence Center were collected anonymously and, thus, could not be matched with follow-up data. Of the 104 other persons participating in the follow-up, 85 could be matched with their enrollment questionaires.

The 190 participants in the follow-up study ranged in age from 20 to 76 years with a median age of 30 years. Sixty-eight percent were female and 32% male. The majority (60%) were married with 20% being single and 20% separated, divorced, or widowed at the time of the interview. Household size ranged from 1 to 7 with the modal size being 3. Most respondents (73%) were white. Making up the balance where ethnicity was known, 11% African-American, 10% Hispanic, 3% Asian and 1% Native American.

Twenty-eight percent of households had two wage earners, and 58% had one and 14% had none. Information about employment was not collected from Money Sense participants at Edwards Air Force Base; among the remaining, 16% were employed part time; 36% full time; 35% were not in the labor force due to disability, retirement, or full time student or homemaker status; and 13% were looking for employment. Over half had monthly incomes of less than $500, 32% from $500 to $1,000, and 13% earned more than $1,000.

DATA ANALYSIS

The following dependent variables were used as indicators of program effectiveness:

Change in frequency of financial problems: Respondents were asked whether they thought they had financial problems before enrolling and, if so, how often. The question was repeated after completion of the program.

Change in self-perception of financial status: Interviewers asked clients what they considered their financial status to be before and after the Money Sense course. Responses ranged from "poor" to "excellent."

Change in average weekly food cost per person: Respondents were asked how much, on average, they spent for food eaten at home before and after the Money Sense program. Per person weekly costs were calculated by dividing the amount specified by the number of persons fed.

Food consumption index score: Spending less for food is not good resource management if the family does not have good dietary practices. To determine whether clients had desirable diets, a food consumption index was calculated. Persons were asked whether, after completing the course, they ate more or less of 15 foods (e.g., milk/cheese, vegetables, candy, potato and tortilla chips).

Change in percentage of food shopping skills used: Using a list of food shopping skills, respondents were asked about behaviors before and after taking the course. A similar measure was developed using data about shopping skills that participants provided upon enrollment.

Change in percentage of money management skills used: Similarly, percentages of applicable skills used now and prior to enrollment were calculated for a list of money management skills. Change was represented by the difference between the two percentages. Again, a similar measure was developed for the enrollment data.

Using these variables, t-tests were run to measure the significance of differences between the mean scores of "before Money Sense" and "now" on the applicable indicators for all 190 persons in the study. Each county or major application for which follow-up data were available also was studied.

Additional analyses were performed to evaluate the overall effectiveness of Money Sense through comparison of self-reported data obtained from clients at time of enrollment with data collected at the follow-up one to three months later.

RESULTS

Change in the reported use of family resource management skills is a reasonably direct measure of the extent to which clients learned and applied practices. In all reported applications clients positively changed food shopping and money management behaviors. The changes were statistically significant in all cases except one—use of money management skills in Placer County.

As might be expected from the positive changes made in food shopping behavior, clients in all applications reported lower food costs (adjusted for family size). The change in food costs was not statistically significant in Humboldt or Placer counties. Nevertheless, the difference ranged from $3.05 per person per week (or approximately $150 annually per person) to $6.15 per person per week (or approximately $300 annually per person).

If food costs decrease at the expense of good nutrition, however, this saving is false. Comparisons of clients' reported food consumption revealed that in all Money Sense programs statistically significant improvements were made, with increases in consumption of fruit, vegetables and milk products (often under-represented in Californians' diets), and decreases in fats, sugars and high-sodium foods that have potential health risks.

Another hypothesized effect of improved family resource management practices is a decrease in the frequency of family money problems. In all the Money Sense applications, the average frequency of reported money problems showed a statistically significant decrease at the time of the follow-up interviews. This outcome is desirable in itself but also represents a reduction in the incidence of family stress, a major contributor to marital and family disorders.

Other studies (Davis & Helmick, 1980; Mammen et al., 1986) have found that the best predictor of family financial well-being is the family's perception of its own financial status, regardless of more "objective" measures of fiscal health. In all Money Sense applications the change in clients' ratings of their own financial status was positive and statistically significant.

In all Money Sense applications the change in clients' ratings of their own financial status was positive and statistically significant.

These results could be biased by the self-selection process used to acquire the sample. It is important to note that it is difficult to assess change in external clientele groups on military bases and with social service agencies where privacy is carefully guarded. It was, therefore, necessary to develop a process for obtaining a sample that would result in privacy being protected. The only assessment option available—considering the requirement of confidentiality—was to request permission from participants to do a follow-up interview.

Similarly, conducting pre-post evaluations was difficult, and control groups were simply not a possibility. When follow-up data were paired with enrollment data, only 85 of the 190 respondents could be matched. This was primarily due to clients using different birthdates each time records were collected. Additionally, research has indicated that the post-pre design, i.e., retrospective pre-test at the end of the program, is more accurate because questions are answered in the same frame of reference as the post-test. "Thus, the problem of what's called 'response-shift bias' in self-report, pre-post designs is minimized." (Rockwell & Kohn, 1989, p. 20)

CONCLUSIONS

In all applications of Money Sense average client changes on measures of program effectiveness were in the desired direction. These changes were statistically significant in most applications. Not only are Money Sense clients using more family resource management practices, they are reaping positive outcomes from those practices in terms of savings in food costs (accompanied by improvements in food consumption patterns), less frequent financial problems and perception of improved financial status. The magnitude of results was greater in counties/applications where Money Sense had been in operation for two or more years compared with those in their first year. One can conclude that Money Sense is effective in a wide variety of applications, and its effectiveness is likely to increase over time.

This study also found that persons with fewer resource management skills were likely to make more changes than learners with more skills. It was reassuring to find that intervention did help those who needed it most. Judging by the testimony of participants, however, even those who were doing a good job of managing resources before involvement in Money Sense felt that the program had helped them. In the final assessment, those who had the greatest room for improvement may not have had the best skills, but they made the most improvement. These improvements can mean a major change in quality of life—the ultimate goal—for participants with limited resources.

It was reassuring to find that intervention did help those who needed it most.

Although Money Sense was designed for use with volunteer peer advisers, many variations on that strategy proved workable and effective. Each variation must be adapted to the environment and the learners. Content should be appropriate for the learner's situation, and examples and activities should be meaningful to the learner. The ultimate goal is achieving success within the learner's situation.

What is the future of Money Sense? At Edwards Air Force Base and Pt. Hueneme Naval Construction Battalion Center, the military have taken over the program and will conduct it with Cooperative Extension assistance. Programs at other military bases have been initiated and hopefully will be as successful. Programs also continue in non-military settings; however, funding is a pervasive problem. Other sources of funding are being sought, and most counties have been able to continue the program at some level. New applications have been initiated and it is hoped that the program will continue to expand. The fact that it can be effective is a strong inducement for Extension personnel to adapt the Money Sense curriculum and build their own programs. ACI

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NEW INFORMATION TECHNOLOGIES AND CONSUMER CHOICE

Our research explores consumer access to and use of information through the new information technologies. The approach is not quantitative, but rather focuses on the implementation of presently available telecommunication technologies and their characteristics, strengths and shortcomings. We conclude with an analysis of some of the public policy issues raised by consumer access to and use of these technologies.

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As we all know, consumers have an urgent need for information bearing on every facet of their lives. We have to deal with our health, educate ourselves and our children, pay bills, decide on careers and locate employment. We also have to make decisions about candidates and public issues and navigate through the credit, savings and investment morass when we make a major purchase or accumulate savings.

Recognizing the vast fund of information that is available, the consumer's problem is how to access it. Sometimes consumer information seems to drift down like Manna from Heaven, never knowing where it may land. Most of the time it doesn't reach us when we need it.

The great hope of this new communication technology is that it can enable us to have information at our command at the time we want it and, hopefully, at the level of sophistication we need. That is the ideal. To what extent have we realized the potential of these technologies? What are the obstacles? And how can we get these technologies to work for us?

AUDIOTEX AND VIDEOTEX SERVICES

AUDIOTEX. Automatic voice information systems are more available and accessible by consumers than videotex systems. All that is needed is a touchtone telephone, which 70% of households have. Audiotex in its early noninteractive passive format has been in use for some two decades. The user, provided with a list of topics, has only to dial the system and indicate the number of the desired message. Recorded on a cassette, the message is automatically played for the caller. This form is used by the New York City Department of Consumer Affairs, which offers Tele-Consumer Tel Law recordings on 31 consumer and 46 legal topics. Similar systems have been offered by Better Business Bureaus, the Agricultural Extension Service, hospitals and other public service organizations.

These systems have now been computerized and upgraded into interactive systems that allow consumers to dial a seven-digit number and use menus by pressing numbers on their telephone. This action takes the user through a menu of three to five additional choices about the topic. The services are typically available 24 hours a day, seven days a week.

Some newspapers and two regional telephone companies, Ameritech and Southwestern Bell, have developed fairly extensive audiotex gateway systems offering as many as 18 categories of information on a variety of subjects such as news, sports, weather, stocks, real estate, soap opera updates, entertainment and community events information (American Newspaper Publishers Association, 1989).

Messages on Ameritech's system also include movie and theater locations and times, cable TV listings, movie reviews, seniors events, and fairs and festivals (Ameritech, nd). Local retailers also can use their services by citing them in their advertisements as a source of detailed information (American Society of Newspaper Editors, 1989).

Other audiotex services can be accessed by dialing a toll-free 800 number, or a national 900 or local 976 number. User charges on 900 numbers can range from 50 cents to more than $50 per minute. Some are available on a monthly subscription, while others may have an advertisement that precedes the information requested.

Audiotex systems are relatively easy to develop and, therefore, hold special interest for nonprofit organizations anxious to extend their capability to provide information. Startup costs run around $50,000 and require minimum overhead. For example, the newspaper in Boulder, Colorado, set up its InforCall system with one full-time staff person, a personal computer, tape recorder, and 12 phone lines. It offers some 90 categories of information and has generated 77,000 calls a month. There also are entrepreneurs who can set up a customer's program at no charge in return for keeping 20 cents per call (Wall Street Journal, 1990).

The *principal advantages* of audiotex services are their accessibility by the public and their ease of use. However, they are inherently limited to providing information that can be categorized easily. They are most fitting as *one* element of the overall communications of an organization. Other *limitations* are that information must be circumscribed and on subjects that are easily categorized, such as restaurant choices, location, price range, and kind of food. It is also more difficult to browse through auditory information, thus requiring even greater information simplicity.

VIDEOTEX. Computer-based video systems—videotex—have great potential.[1] Today there are two principal national videotex services, each having about 400,000 to 500,000 subscribers. One is Compuserve and the other Prodigy, which each require a computer and modem for access. Current computer ownership stands at 6 to 7% of households with estimates for the next 10 to 15 years being around 20% (Cooper, 1990; The Alliance for Public Technology, 1990). Thus, those able to access videotex services are typically affluent and do not represent the general public.

Within the last two years Judge Green, who administers the antitrust decree that divested AT&T of the regional Bell companies, has authorized that regional carriers can become what he calls information gateways.[2] Under this decree the regional Bells are free to serve as common carriers for information service providers but are not authorized to be information providers themselves.[3]

We now have pilot videotex system projects in five of the seven regional Bell service areas.[4] Bell Atlantic, Bell South and Nynex systems require the user to have a PC and a modem for access. Southwestern Bell and U.S. West use a simple communication terminal with a small screen similar to Minitel in France.[5] This terminal offers the potential of access needed to make these technologies widely available. They can be rented for less than $15 per month or purchased for around $250. They rely on the telephone company's public-switched network for processing capacity.

SIGNIFICANT DIFFERENCES. There is a significant difference between the national and regional systems in the information services offered. The nationals must interest users in every region of the country and, thus, commonly carry stock quotes, financial and investment information, news, air travel information, restaurants and entertainment by major city, shopping information for upper-income users, and general health and education data.

The regional Bell PC-based videotex systems, while offering much of the same information as the national services, devote up to 40% of their service to local information. Consumers in both Vermont and Atlanta, for example, can access their municipal or county records offices to search titles or look up mortgage, voter registration, marriage or naturalization records. Consumers in Burlington, Vermont, can find local travel, biking and ski information. All regional gateway users can find local museum, theater and community events schedules. Regional gateways had a greater diversity of providers with more local and nonprofit sources than national and commercial providers. This diversity of providers is the major distinguishing factor between the national and regional videotex systems.

ACCESS DIFFICULTIES. There are difficulties with using the various videotex information services. Typically, the data bases are badly indexed and hard for consumers to use. Systems are organized like library indexes—by broad categories such as business and finance, travel, health, education, sports, news, entertainment and memorabilia. Within these broad categories are subtopics that frequently are just as broad, e.g., Grolier Encyclopedia, Health Net, All News, Medical News. Dialing one of the health data bases produces specific information on pregnancy, tick bites and a symptom/organ-specific listing of health topics. Information on the same subject often is available in different data bases, but there was no cross referencing to help the user find them. Precise and sensitive key word indexes are needed to improve access.

Attributes of Consumer-Oriented Systems—There are six attributes of truly consumer-oriented information systems[6]:

•A gateway delivery system technically and financially accessible to the general public that is uniform, ubiquitous and compatible with a range of terminals and peripheral equipment.

•A common and/or coordinated gateway through which the consumer can access all information services and data bases with common command structures and easy movement from service to service and within services without returning to the command screen.

•Information and transaction services on gateways that respond to specific information needs of the general public organized in ways that are easy for consumers to use.

•Information menu categories that correspond to ways consumers are likely to frame their inquiries. Every service offering should have a brief on-line description identifying the target audience and content, number of screens and any surcharges for use.

•Gateway operators playing a more active role in developing indexes across that data bases offered on their system and making on-line help available (CompuServe, 1988).

•Interconnectivity among gateways so that consumers can access services not available in their local gateway.

Detractors insist that the failure of some pilot projects means that consumers don't need this information. Our research strongly suggests that some projects failed because they did not offer information consumers needed or wanted in a way they could access it. They failed because their sponsors did not work with information providers in developing relevant, easy-to-use information. They also did not devote the marketing and promotional resources to their systems, a commitment essential to the success of new services.

Our research strongly suggests that some projects failed because they did not offer information consumers needed or wanted in a way they could access it.

PUBLIC POLICY ISSUES

To ensure that new information technologies serve not only the competitive needs of American business but citizens as well will require a telecommunications infrastructure that can make these services widely available.

OPTIONS. What options do public policy makers have? A fundamental choice is whether to rely on market forces to bring personal computers within reach of all consumers or to look to the existing public-switched network. A second consideration is whether we can and should commit to universal service availability. To aid in addressing the latter concern, we identified five public policy principles relating to universal telephone service over the past 50 years:

•Partnership between government and private industry in developing voice communications through public-switched networks.

•Granting of regulated monopoly status to a publicly regulated telephone company in a designated area accessible to all users (common carrier principle).

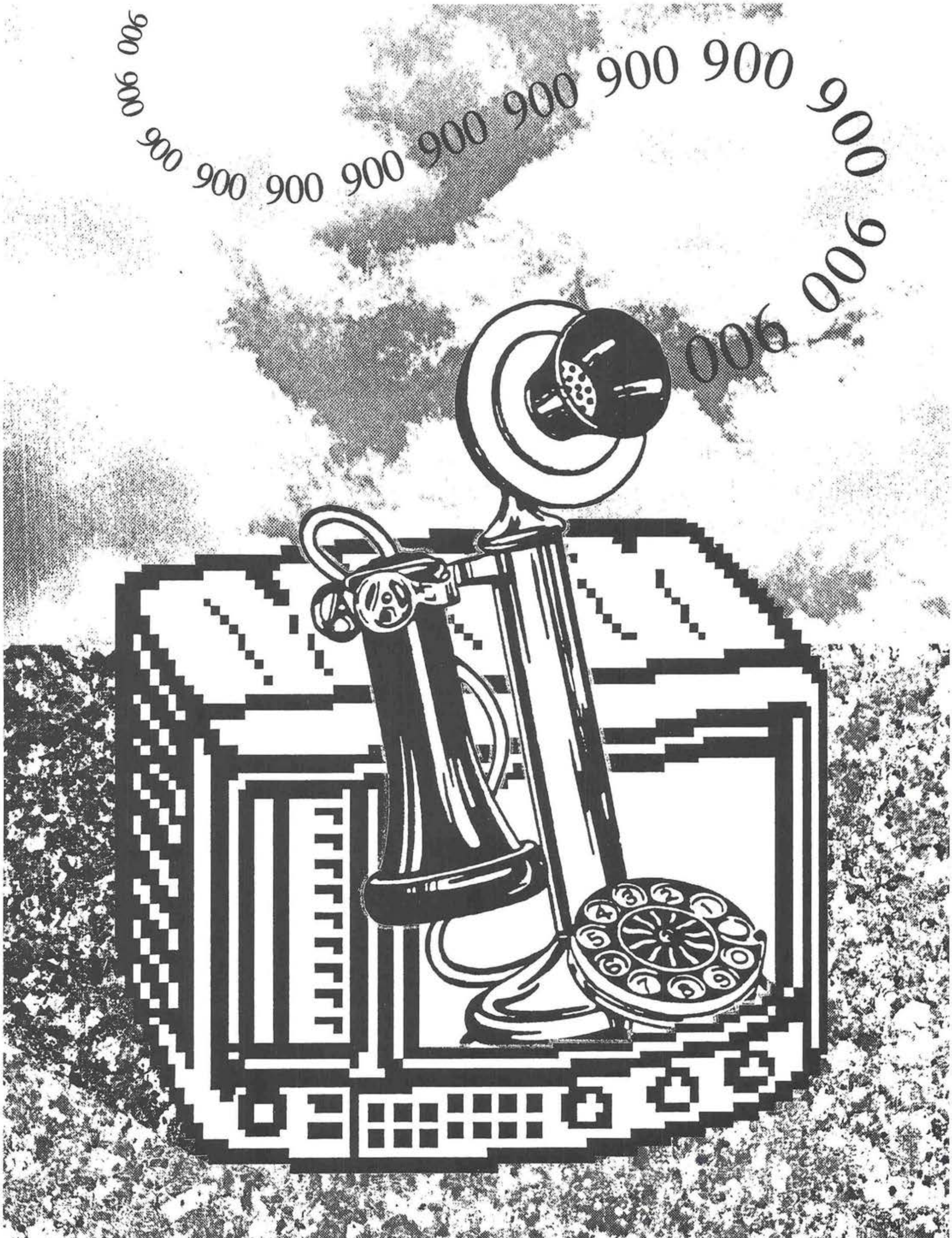
•Low-cost government loans to bring telephone service to remote rural areas.

•Sharing the costs of extending and updating the infrastructure among all users through the ratemaking process.

•Subsidized "lifeline" rates for low-income households.

ACCESS. Universal access to voice telecommunication services was mandated by federal statute[7] and was supplemented by 1949 amendments to the Rural Electrification Act. The latter authorized government loans to ensure service to the 64% of the nation's farmers who were not connected to telephone lines. More recently state and federal lifeline programs were initiated to protect low-income households from shutoffs.

If all consumers are to enjoy the benefits of expanded information services, logic suggests that the ability to access the public-switched network will be essential. But proponents of multiple competitive systems accessed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through PCs are fearful that the public-switched network will jeopardize the current telephone ratebase structure. They also fear that the Bell companies "gold plate" their networks and saddle the ratepayer with the cost of services consumers do not want or need.[8]

If the general public is to enjoy the benefits of current communication technology, it is essential for Congress to extend the 1934 Communications Act to the development of the public-switched network. Moreover, mere access to the public-switched network is not sufficient. Unlike voice services, access can be meaningful only if services on the network correspond to consumer needs and interests and are easy to use.

COMMON CARRIER NETWORK. Access to the network by information providers is no less important than accessibility by the user public. The public-switched network, unlike advertising-supported media, has always operated as a common carrier, i.e., it has been required to carry all communications. This too should be mandated to continue. Consumers have suffered from the media's determination of the content of their publications and identity of correspondents they publish in their "Letters to the Editor" and "Op Ed" columns, or panelists and callers on talk shows on TV, cable or radio. While it is perhaps understandable that such media have space and time constraints, these limitations are not justifiable with electronic information services. As yet, however, private systems continue to assert their right to select which information services they offer. Indeed just recently, Prodigy, one of the newest private gateways, terminated one open forum citizen bulletin board service after it became a focal point for arguments and debates among Christian fundamentalists and gay rights advocates (New York Times, 1989). It is critical that all information providers have access to the network without gateway manager approval.

BASIC VS. ENHANCED SERVICES. Another concern about a public-switched network is that some consumers will be required to pay for services they neither want nor need. Crucial to this concern is whether system upgrade costs are charged to all consumers through the ratebase calculation or differentiated between basic and enhanced services, with only the cost of basic services distributed among all ratepayers.

A case can be made for either choice. After all, people share the costs of highways they never use. Yet it is easy to argue that as network upgrades become more sophisticated, they also become more expensive and possibly of less direct value to individual consumers than to sophisticated business users. Congress may need to define basic and enhanced services as a guide to federal and state regulatory commissions that set rate structures.

As a minimum we propose that basic services include only those that are *essential* for emergency communication and for helping communication-handicapped consumers. They also should *significantly* promote health, education and common welfare.

If Congress does differentiate basic from enhanced services, they also will need to define *essential network upgrades.* We suggest that these upgrades include only those that ensure the capability and availability of the public-switched network to provide essential information and transactions to residential users, small businesses and rural areas.

HOW TO FINANCE THE SYSTEM? All new telecommunication and information systems rely on the public-switched network and are making critical demands for upgrades to accommodate transmitting greater amounts of information at ever-increasing speeds. Which of those costs should be allocated to the rate base?

It is important to note that telephone rates are not the only source of funds available for modernizing the network. Many stakeholders are not ratepayers yet are vitally interested in upgrading the network, e.g., electric utilities, cities, counties and states involved in 911 emergency services as well as telephone company shareholders. Even private network and teleport communication ring owners depend on the public network for backup. Finally, federal and state governments are interested in developing telecommunications infrastructure because it is critical to the economic survival of individual communities, to national defense and to international trade (Obuchowski, 1990; Jones, 1985).

GOVERNMENT RESPONSIBILITY. The federal government's responsibility to serve citizens' information needs is well-established. Services of the Government Printing Office, Agricultural Extension Service, Bureau of the Census, Consumer Price Index and Freedom of Information act are examples of that commitment. Similar traditions are equally strong at state and local levels.

It is exciting to contemplate what trips to county, state and federal offices might be replaced by interactive electronic communication. Citizens' frustration in seeking information and assistance from private and government social service and crisis intervention agencies could be immeasurably relieved if they had access to an interactive network that could tell them what services are available and which individual or office provides them.

Perhaps government might also have a responsibility to create new nonprofit information providers or data bases funded through low-cost, start-up loans or grants. Decisions must be made about government's role in not only ensuring delivery devices but also the communication of "user friendly" information.[9]

BELL COMPANIES AS PROVIDERS.

At the center of much current telecommunications policy making is the question of what role, if any, the Bell companies should have as information providers. They presently are beseeching Congress to set aside the restriction that they not be providers. Several limited authorizations have been proposed to lift restrictions subject to certain limits intended to neutralize their competitive advantage:

•Requiring that Bell-generated information services be offered only through separate regulated subsidiaries.

•Imposing a 10-year moratorium on offering information services in their own service area—a proposal we feel that addresses the unfair competition issue better than the consumer's need for local information.

•Linking authorization for electronic yellow pages to establishing information gateways in their own service area.

•Permitting information services in their own gateways only after a level of competition has been reached in both the number of service offerings and number and type of service providers.

•Imposing effective sanctions, including divestment of their information business, for unfair competition and cross-subsidization in their information service business.

Research should be conducted on ways to encourage competition and to address fears that the Bell companies will exploit their monopoly unfairly, undetected by regulatory agencies. For example, to what extent could appropriate sanctions using existing statutes meet the need? Appropriate sanctions could range from fines to divestment or suspension of the right to engage in business.

Research also could be helpful in proposing constructive ways in which consumers could be integrated into the regulatory process at

It is crucial that telephone companies and network managers take reasonable measures to ensure the security of networks against illegal interceptions and invasion.

state and federal levels. The model is participation in the public utility regulatory process in more than 20 states.

PROTECTING CONSUMERS. Safeguarding consumer rights should be included on the policy-making agenda relating to this technology and should include the following provisions:

Standards of Disclosure: One important safeguard is establishing standards of disclosure for each data service offered. They would include name and address of provider, commercial or noncommercial status, date when time-sensitive data was prepared, whether the information is text, statistics or editorial, and the number of screens of information.

RIGHT TO CHALLENGE. There is no question that fraud and deception will grow as the number of information providers and electronic shopping services increases. Some have already surfaced with the advertising of gateway information services and with the misrepresentations of some 900 service providers. Consumers must, at least, be able to challenge an offending provider directly. Today telephone companies bill for most service providers on their gateways, a profitable arrangement for both parties. It is essential that telephone companies immediately charge to the service provider any customer claims of misbilling. There is strong precedent for such practice. It was used by AT&T billings for Western Union and is consistent with the Fair Credit Reporting Act's requirement that credit card companies charge back items protested by credit card holders.[10]

PRIVACY. Privacy issues include network security, confidentiality of telephone records and potential privacy invasions inherent in the use of certain telecommunication services.[11] It is crucial that telephone companies and network managers take reasonable measures to ensure the security of networks against illegal interceptions and invasion. Purveyors also have the responsibility to build into their systems whatever controls provide maximum security to consumers against unauthorized use and abuse of personal data.

If consumers are to enjoy the choices of information that electronic services promise, they must first be assured that highly sensitive information about habits, thoughts, preferences, and travel and shopping choices are protected. The introduction of Caller ID and Automatic Number Identification (ANI) systems raises particular security questions. Such activities have the potential to create detailed profiles on persons using 800 and 900 services based on their telephone transactions (McManus, 1978; Weston, 1967; Report of the Privacy Protection Study Commission, 1977; Marx, 1986).

There are few statutory guidelines defining responsibilities of either the telephone companies, information providers or owners of 800 or 900 numbers to safeguard transaction information. A minimum privacy standard should embrace an obligation on gateway managers and service providers to:

• Disclose the nature of subscriber information contained in their files, purpose for which the data is collected, length of time data is retained and rights of consumers to see the data and make corrections to ensure its accuracy and completeness.

• Prohibit disclosure, use, sale or rental of any personal information for any purpose other than that for which it was obtained.

• Withdraw Caller ID, ANI and other services that automatically provide the telephone number of individuals making calls.

The intrusion on privacy from direct marketing and direct mail industries already is critical. For telephone companies to facilitate the easy, inexpensive capture of consumer buying demographics has the potential to destroy what little privacy consumers have left. ACI

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1. All of the videotex in this section, unless otherwise noted, is based on correspondence and materials provided to the authors by the videotex system companies.

2. United States V. Western Electric Co., 714 Fed. Supp. 1 (DDC 1988) reversed in part and remanded, 900 F2d, 283 (DC Cir., 1990).

3. This portion of Judge Greene's decision was reversed and remanded by the circuit Court, 900 F2d 283 (DC Cir. 1990).

4. Pac Bell has taken no action to create any kind of gateway. Ameritech has set up an audiotex gateway.

5. Southwestern Bell (which has recently announced the suspension of its Houston pilot pending decision on whether to continue) and US West. US Videotel which operated Southwestern Bell's Houston gateway also offers a small terminal gateway of its own in Dallas. Nynex is in the process of studying the feasibility of a small terminal approach.

6. See somewhat the same but more technically oriented "functional...characteristics" of mass market gateways recommended by the Videotex Industry Association (1988). *Gateway* 2000: Report of the Videotex Industry Association's Study on North American Gateways (Committee Draft, June), pp. 1-26.

7. Communications Act of 1934, 47 U.S.C. 151.

8. Cooper Report, op. cit. For opposing view of other consumer groups, see The Alliance For Public Technologies, Report, op. cit. and Consumer Advisory Council to Pacific Bell (1987). *The Intelligent Network Task Force Report*, October.

9. See Linda Golodner, (1990). "Telemarketing: Enhancing Consumer Choice of Marketplace: Enhancing Opportunities for Fraud" in this volume and New York Times, July 9, p. 1.

10. 15 U.S.C. 1681 8 (3) (A) (1984).

11. For a review of the status of privacy in the U.S. and an analysis of the impact of direct marketing practices and the telephone companies Caller ID service on individual privacy, see: David J. Seipp, (1978). *The Right of Privacy In American History* (Harvard University Center for Policy Research, No. P78-3; and Mary Gardiner Jones, (publication pending). *Privacy: Significant Marketing Issue for the 1990s* and *Consumer's Right to Privacy: Ancient Right, Modern Challenge.*

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LOW INCOME FAMILIES: KEYS TO SUCCESSFUL OUTREACH

During the 1980s, despite their best efforts to meet basic needs, many consumers, especially young families with children, have fallen desperately behind. Educators can have a positive impact on the lives of low-income consumers by teaching basic resource management skills. Keys to the success of that effort are (a) understanding the audience, (b) developing strong agency linkages, and (c) expanding outreach through volunteers.

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Millions of consumers, especially those in young families, wake up daily to an economic struggle.[1] Often desperately out of reach are good nutrition, preventive health care, access to services (e.g., banking, transportation), safe housing, educational opportunity, and financial security.

Effective economic policy and welfare reform, coupled with educational intervention aimed at low-income consumers, can bring reality to the American dreams of opportunity, prosperity, and independence.[2] Lisbeth Schorr (1989, p. 293) states that "reaching out to the hard-to-reach, helping the hard-to-help, represent not a visionary idea but a practical solution to an urgent national problem."

This article reviews three principles of successful educational outreach to low-income families—understanding the audience, cooperating with agencies, and expanding impact through volunteers.[3] Though these tenets are appropriate for any community-based education program, the samples of effective outreach reflect efforts of the Cooperative Extension System (CES), a nationwide education network linking the expertise and resources of federal, state, and local governments.

UNDERSTAND THE AUDIENCE

Educators attempting to improve the consumer skills of low-income families often question if their efforts have been successful. Behaviors witnessed may seem irresponsible and irrational unless the educator is sensitive to the life experiences, cultural climate, literacy, educational levels, and socio-economic environment of the audience.

Recognizing the link between understanding the audience and effective programs often is not enough. Educators must be trained to perceive needs, understand differences between themselves and the audience, and incorporate this knowledge into effective learning experiences aimed at improving particular skills.

In North Carolina, Extension staff requested training to improve the results of family resource management programs targeting low-income audiences. North Carolina A&T State University filled this need with a training program called "Poor Consumers: What Makes Them Tick?" It reviews relevant research and helps staff understand how various economic, sociological, psychological and motivational factors affect the consumer behavior of low-income families and individuals.

An important part of the training involves sharing concerns, frustrations, experiences, and observations from their work with low-income audiences. Completing the sentence "I don't know why they..." results in responses such as:

"... are obsessed with brand names"

"... give a lot of stuff away" and

"... find it so hard to think of saving."

By looking more carefully at brand name obsession, for example, trainees see how educational level, need for social acceptance, and insecurity about decision making impact their choices. After gaining these insights, the next step is applying common sense and sensitivity to program development.

Another part of the training gives staff the opportunity to focus on their feelings about program efforts. They see what might have gone astray, why no impact resulted. They begin questioning themselves: Has my insensitivity to values, cultural differences, educational and socio-economic limitations undermined my efforts? Does program success hinge on written materials, not taking into account inadequate reading skills? Am I trying to intervene without understanding why or how these behaviors begin, therefore offering solutions that are impractical? Many educational failures can be turned to successes if the audience is thoroughly understood and programs are planned accordingly.

By looking more carefully at brand name obsession, for example, trainees see how educational level, need for social acceptance, and insecurity about decision making impact their choices.

LINK WITH OTHER AGENCIES

Working with service agencies targeting this population is one way to increase understanding of and access to low-income consumers. Community action agencies, social services, and housing authorities, for example, often are receptive to cooperative efforts. Educational programs may fill a need previously identified by an agency.

One Extension program in Georgia, The Budget Box, has been implemented statewide through existing agencies. Extension personnel provide materials and train agency caseworkers. They work directly with families, helping them learn how to meet basic expenses through monthly budgeting. Planning is primarily short term and flexible. Participants use a set of budgeting expenses cards, choose ones appropriate for them, and put the cards in order of importance. If expenses exceed income, the most important bills are paid first.

The Budget Box system encourages families to set and achieve a financial goal by the end of three months; this results in some sense of control. Families learn the importance of setting aside money for emergencies, paying delinquent accounts, and reducing overall debt. After three months in the program families have set aside an average of more than $60 for emergencies, and total debt has been decreased an average of $340 per family. This system has more relevance than traditional budgeting approaches because it requires participants to make decisions within a realistic framework.

EMPOWER VOLUNTEERS

The CES has a long history of reliance on volunteers to expand program outreach. However, most traditional "master" volunteer programs train middle-income people to reach their peers. Recruiting and training volunteers to provide educational assistance to low-income families is a more recent phenomenon and a growing trend.

In the area of money management and consumer skills, the University of California Cooperative Extension began the first large scale project (known as Money Sense) in 1987 to reach low-income families through volunteers. In 1989 the Washington State University Cooperative Extension introduced a volunteer program called Money Management Advisors, targeting low-income consumers.

Volunteers in such programs tend to be more diverse than those working in more traditional Extension efforts. In Washington about one-third of the volunteers are male. Some, though not the majority, have been recruited through social service agencies. The group includes Native American, Latino, and African-American volunteers. Most are middle-income and are recruited through news releases, flyers, and word of mouth. A few are corporate volunteers, primarily from financial institutions that give workers release time for training and community service.

In both the California and Washington programs volunteers are instructed in basic money management and consumer skills including budgeting, food shopping, credit use, managing a checking account, and wise buying. The Washington curriculum is skill-based (i.e., hands-on activities that directly apply management principles).

Volunteers are prepared to assist small groups or individuals. They develop skills in

group facilitation, teaching adults, and financial counseling and are exposed to information and activities that increase their sensitivity to low-income family needs and poverty issues.

In the California program a state impact study indicated that Money Sense was effective and applicable in a wide range of situations. Specific outcomes were:

- Clients practiced more food shopping and money management skills;
- Clients saved money by reducing food costs while improving nutritional quality;
- The frequency of financial problems decreased; and
- Clients' perceptions of their financial status improved. (Wright & Varcoe, 1989).

Although the Washington program has not been in place long enough to report sustained results, short-term efforts have been impressive. In FY 89 the program was started in two counties. Within three months of training twenty-two volunteers reached 200 low-income families and individuals. Of those 50% used spending plans, and 80% reported reduced debt. An FY 90 pilot in an urban county that includes Seattle attracted 19 volunteers who reached 375 people in four months.

Extension drew the following conclusions from these volunteer program efforts with low-income consumers:

1. *Community volunteers may be more committed than agency participants.* The Money Sense impact study showed that volunteers were more apt to complete training and teaching responsibilities than persons conscripted or given release time from their regular jobs (Wright & Varcoe, 1989). In Washington the difficulty with agency "volunteers" has been in reporting. While they may engage in teaching/counseling, they seem less inclined to report hours/impacts to Extension. Nonetheless, agency representatives have been a vital training resource, particularly in helping community volunteers develop counseling skills and sensitivity to the low-income audience.

2. *Program impacts on middle-income volunteers are significant.* In Washington, one of the most significant impacts noted is volunteer value/attitude changes in the direction of greater empathy and support for needs of low-income families. Changing middle-income stereotypes about "poor people" may be central to developing future policies and programs that more effectively alleviate poverty.

3. *Private-sector partners are willing to support such programs.* In Washington a large utility has agreed to waive deposits of up to $300 for low-income consumers who participate in several counseling sessions with a Money Management Advisor. Efforts appear promising to establish alliances with other businesses to gain client access and provide additional program funding.

4. *Welfare reform efforts create opportunities for volunteer service.* The staff of the Family Independence Program (FIP), Washington's welfare reform effort, has been responsive to placing volunteers with public assistance clients. Volunteers are working with support groups, in job readiness training programs, and one on one with FIP clients. Given the mandate that states institute new welfare initiatives, Extension programs using volunteer outreach may best meet the educational demands implicit in welfare reform.

5. *The research base is growing.* A number of states are funding research along with pilots in welfare reform. Washington's Family Income Study is a five-year longitudinal research effort sampling 2,000 households on public assistance or "at risk status." The extensive database includes household income/expenditure estimates, labor force participation data, child health information, and measures of social/psychological well-being (Weeks et al. 1990).

The needs of the audiences are often misunderstood, forgotten, disregarded, or assumed.

CHALLENGE FOR EDUCATORS

With some exceptions (e.g., Expanded Food and Nutrition Education Program[4]), Extension has emphasized reaching middle-income families, perhaps because it is easier to understand the audience when the teacher and students have similar values, beliefs, and economic backgrounds. Extension, as well as other community-based education groups, has the expertise and resources (albeit requiring some reallocation) to be a leader in reaching low-income audiences. Success will require commitment by the educators planning, developing, and teaching the program to:

1. *Realize that what works for middle-income consumers will not necessarily work for those who are low-income.* A major criticism of programs is that they fail to address the specific complex and diverse needs of low-income audiences. Unfortunately, this criticism is often valid. The needs of the audiences are often misunderstood, forgotten, disregarded, or assumed. Until understanding the audience is a top priority in planning, developing, and implementing programs, these results will persist.

2. *Increase impact by combining the resources of service and educational groups dealing with the same clients.* Working with agencies eliminates duplication, provides access to the target audience, and uses the expertise of personnel skilled at working with the clientele. Educational outreach can ultimately lessen agency caseloads. For example, a local community action agency provides money to pay utility bills for families in need. Far too often, agency caseworkers see the same families return for assistance. Helping families better manage their income also enables them to be less dependent on public assistance. Agencies realize the need for budgeting education but they are not equipped to teach it, thus additional training from educational institutions (e.g., Cooperative Extension) serves a real need.

3. *Mobilize the resources of more affluent families via volunteerism to multiply the outreach to low-income consumers.* It is apparent that Extension volunteer outreach to low-income populations has had considerable success and holds promise for future expansion. Volunteers can serve in multiple roles as they interact with low-income clients: enabler, broker of resources, catalyst and advocate (Kruzich, 1988). This flexibility is perhaps the greatest strength of a volunteer approach.

People are this country's greatest resource. To neglect the needs of low-income consumers—especially those rearing tomorrow's workers, leaders, and parents—could bring a 21st century marked by ever deepening societal problems. Educators not only have an opportunity but a social responsibility to direct efforts to reaching and teaching low-income consumers. ACI

Helping families better manage their income also enables them to be less dependent on public assistance.

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1. For the most recent government poverty statistics based on the nationwide Current Population Survey, refer to Series P-60, Number 168 of the Current Population Reports. Of the many authors who have attempted to analyze the causes and consequences of poverty in the American family, two of the most recent and insightful works are a book by David T. Ellwood and a publication by the Children's Defense Fund. Ellwood looks at two-parent, single-parent, and ghetto families. The Children's Defense Fund work focuses on the economic plight of young families with children.

2. Ellwood in his book *Poor Support* says the welfare system in America does not work because it treats the symptoms, rather than causes, of poverty. He writes (1988, p. 44), "If we look at the why rather than the who of poverty, we ought to be able to come far closer to the American ideal–not of a guaranteed income, but of a guarantee that people who strive and who meet reasonable social responsibilities will be able to achieve at least a modest level of dignity and security."

3. In order for programs to change the odds for low-income families, Lisbeth Schorr recommends:

Offering comprehensive and intensive services;

Responding flexibly to a wide variety of needs;

Pulling in other kinds of services, unrelated in narrowly bureaucratic terms;

Using an open-eyed approach to children's needs in a family and community context; and

Employing staff with the time and skill to establish relationships with low-income consumers based on mutual respect and trust.

4. The Expanded Food and Nutrition Education Program (EFNEP) operates in all 50 states and in American Samoa, Guam, Micronesia, Northern Marianas, Puerto Rico, and the Virgin Islands. Extension professionals train and supervise paraprofessionals and volunteers who teach food and nutrition information and skills to low-income families and youth.

CONSUMER EDUCATION

HOLDING DOWN LEGAL COSTS

Writing an article about holding down legal costs is indeed a humbling task. It wouldn't surprise me if Luke had legal fees in mind when he said, "Woe unto ye also ye lawyers. For ye lade men with burdens grievous to be borne... "(Luke 11:46) Any problem with a 2,000-year history presents a formidable challenge! Even so, I believe properly educated consumers can significantly reduce the cost of legal services.

To begin, should you need a lawyer, engage one who is experienced in the area of your legal concern and with whom you feel comfortable. Then actively "manage" your legal costs. Apart from simple matters, for which lawyers are often willing to charge a flat fee, the classic lawyer's response to questions about cost is, "That depends." If you're lucky, your lawyer will tell you his/her and the staff's hourly rates and perhaps a cost range, hedged with the caveat that it could be more. Unlike standard contingency fee agreements, in which the lawyer receives a fixed percentage of monies recovered for the client, hourly rates present an irreconcilable conflict between the attorney and client: The more time spent, the more profit the firm earns. Furthermore, law firms reward junior personnel not so much on the quality, and rarely on the efficiency of their work, but rather on the number of hours billed to clients. Some firms, in their drive to raise billings, actually post a list of all firm "time-keepers" (personnel whose time is charged against a client's account) and rank them by number of hours billed clients as well as fees actually collected. Renumeration actually is on a salary-plus-commission basis and the client is the only person who can intervene to keep costs down, regardless of what lawyers may tell you about how "sensitive" they are to your financial concerns. An additional justification for what has been described by one law firm time keeper as the "bill, bill, bill" syndrome...(the lawyers version of the real estate adage, "location, location, location.") is the fact that the symbols of success in the legal services industry, the prestigious office suite, the expensive car, exotic vacation, and well-tailored suit, put the lawyers' need to appear successful ahead of the client's interest in keeping fees low.

Having recently completed an in-depth study of lawyers' billing practices, I can tell you how the most sophisticated consumers of legal services keep their legal costs down. The process begins with the selection of your attorney, because decisions on billing, as one law firm administrator admitted, "differ from attorney to attorney, client to client, case to case, and matter to matter." Regrettably, one of the most important criteria in billing is the lawyer's perception of what fees the client can afford. As one consumer observed, "Billing (seems to be) the art of seeing what charges you can get the client to accept."

Each case raises a range of billing issues such as: What is the smallest unit of time the client will be changed? (Law firms bill in increments ranging from 6 to 15 minutes.) Should a client be billed for time the lawyer spends in the shower or on vacation *thinking* about the case? Must timekeepers use a clock in determining billable time? Should employees be required to record their time as they work or can they delay record keeping and then rely on memory? Is a lawyer being assigned to the case mainly for his or her education and training or because the client will benefit from the lawyer's expertise? How many attorneys will attend a hearing or deposition? How many times and by whom will a letter, memorandum or pleading be reviewed and re-reviewed prior to completion. The answer to each one of these questions has a significant impact on the bill.

Even the most basic billing component, the so-called standard hourly rate, is, upon closer examination, subject to a wide range of factors which often boil down, in one way or another, to the lawyer's sense of what the client will accept.

Another pitfall concerns a lawyer's suggestion that costs can be reduced by having associates and paralegals do some of the work. While it is true that these employees work at lower hourly rates, they may cost more if they take more time to complete a task and if they need supervision from senior attorneys. Discounting for excessive time spent by such personnel rarely happens, unfortunately.

But what practical steps can clients take to avoid excessive charges? First, clients *must* recognize that they cannot expect cost-efficient work if their lawyer is allowed free reign in managing their case. Lawyers think primarily in terms of winning cases. Cost effectiveness not only is a secondary consideration, but also at odds with the raison d'etre of most law practices. If you have a case that promises to be expensive, you should consider hiring a cost-management adviser to oversee your case. Regardless of whether the case warrants that degree of supervision, legal consumers should take the following precautions:

1. Always interview several lawyers and request that those interested in representing you prepare a written budget, breaking down the fees and costs and expected percentages of time to be spent by senior counsel, associates, paralegals, and clerks.

2. Try to meet each person who will be working on your case. It doesn't hurt to let them know that you are a real person with finite financial resources.

3. Be sure you know the hourly rates of each person working on your case, how long those rates will be in effect, and whether there are other clients

these people bill at a lower rate.

4. Request that all bills be sent on a given day of the month and that they include the names of those working on your case, the time they spent, and a brief description of what each person did. Either the firm or the client should break down by categories the total time spent on each matter; for example, research on question A, drafting of pleadings B. Avoid relying on a mere chronology of time entries.

5. Ask for copies of all written documents and correspondence prepared in your case, so that you may determine not only the promptness with which matters are being handled, but how much each piece of work costs.

6. If the matter is litigation, ask the attorney at the outset for a written evaluation of your case, summarizing its important facts and discussing its strengths, weaknesses and chances of success. You would also be well advised to develop a reasonable settlement proposal that can be presented to the opposing side early in the proceedings.

7. Review each bill line by line to determine how much time each person, particularly lower-level employees, has spent as well as the amount of time spent on each aspect of the case. Also make sure that higher priced timekeepers are not doing work that lower priced ones could perform.

8. If you are dissatisfied with any billing decision made in your case, call your attorney and voice your concerns. Letting him or her know that you are aware of and concerned about costs, can only have a salutary effect.

In many areas of modern life, consumer activism has replaced self-regulation as the means for forcing changes in the way businesses treat their customers. Unfortunately, bar associations have not lived up to their regulatory responsibilities, leaving clients to bear the monetary burdens of law firm billing strategies. Unfortunately law, like medicine, has become a major American industry. Last year U.S. firms billed $78 billion in legal fees, a figure that has been rising at double digit rates for the past several years. The present recession only worsens this situation for the unwary, as pressures to bill become even more intense. But the the economic downturn has also made it a "buyer's" market enabling customers to demand and get accountability from law firms, perhaps more than ever before. By carefully scrutinizing the work their lawyer performs, consumers can shape how their work is being handled and, therefore, affect the ultimate cost. This can be done without sacrificing the overall quality of the representation and may even improve it! ACI

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CONSUMER PROTECTION

SUMMIT ON SERVICE EXCELLENCE

Service excellence has recently become an essential business strategy for most American companies. Identifying that objective, however, is the easiest step in the quality improvement process. Identifying appropriate actions needed to implement complex changes is much more difficult. After considering several options, John Hancock Mutual Life Insurance (now John Hancock Financial Services) chose a unique path which helped this company clarify service excellence objectives and launch its quality program. Hancock's venture may provide insights into ways other service firms can address these urgent challenges posed by consumer, supplier, employee and competitor demands for service excellence.

John Hancock Financial Services, an international company with $50 billion assets under management, has been selling insurance since 1862. This means 129 years to develop strong traditions and, quite candidly, some resistance to changing the ways we have conducted business—ways that have become expensive and kept our customers at a distance. Recognizing that competitive economic pressures and changing consumer needs require Hancock adapt the way we do business, the company in the mid '80s rewrote its mission statement which now includes a strong commitment to our customers.

In all our operations we will focus on the needs of our customers and our goal will be to provide them with the best service.

Doing the rigorous thinking to develop a mission statement is one important step to becoming focused on the customer. As those who have chosen this path already know, the tough challenges then begin. TURNING WORDS INTO REALITY. For a large, traditional company, this usually means changing the culture, leadership style, employee behavior, operations, and products to make them consumer-focused. If we say that customers are the reason we are in business, then we must be sure that our business practices reflect and anticipate our customers' needs and expectations.

In an effort to learn what leaders from some of the nation's top service companies were doing to meet their customers' service needs, John Hancock and AT&T, in cooperation with President Bush's Special Adviser for Consumer Affairs, sponsored the first International Quality Service Summit in November 1990. The Summit was attended by 130 CEOs and top-level executives from national, multinational and foreign companies representing a broad range of service firms: British Telecomm, Citicorp, Fidelity Investments, First National Bank of Chicago, State Farm Insurance, Lockheed, IBM, Pacifica, Swissair, Honeywell, Exxon Chemical, l'Union des Assurances des Paris, and USAA. Invited to share their views on attaining service excellence were such service leaders as Baldrige winner Robert Galvin of Motorola, Edwin Cooperman of American Express Travel Related Services, Richard Marriott of the Marriott Corporation and David Glass of Wal-Mart Stores.

As an essential first step to prepare for the Summit, we asked national pollster Louis Harris to conduct a study on "The State of Quality Customer Service in America: 1990." This study marked the first time both senior executives in the service sector and American consumers had been surveyed together with respect to their views on service quality. The Harris/Hancock poll identified a gap between executive commitment to service quality and consumer perception of quality received. Despite a strong commitment by senior executives to deliver service quality, only a slim majority of the public feels this commitment has resulted in significant service improvements.

HARRIS/HANCOCK POLL

The research for the Harris/Hancock poll was designed to test the public's expectations and evaluation of quality in the service sector. And to ask CEOs and other senior line executives about the steps their own companies have taken, and plan to take, to deliver the highest quality service to both their customers.

The survey included two sets of telephone interviews conducted in July and August of 1990 with: 500 senior line executives of the nation's largest service corporations; and 1,255 consumers 18 years or older.

The executives were drawn primarily from the ranks of senior vice presidents and above, currently employed in the major service industries: financial service companies (175 interviews); leisure, hospitality and retail companies (130); health care providers (125); telecommunications firms (.k35); and utilities (35). The national public cross section was developed via a multistage, stratified selection process, and was weighted by education, age, race and sex. Sampling error varied with size of sample and percentage giving a particular answer; overall sampling tolerances were at the 95% level.

Rankings of Service Industries

1. Leisure/entertainment/hospitality companies
2. Retailers
3. Telecommunications companies
4. Banks
5. Utilities
6. Health care providers
7. Non-bank financial institutions
8. Insurance companies

HIGHLIGHTS OF THE HARRIS/ HANCOCK POLL. What did we find? *First,* quality customer service is an idea whose time has come–at least as far as CEOs in service companies are concerned.

**98% say they are committed, and believe it is crucial to the ultimate success of their corporations. This is a powerful and recent development. The reasons they cite for this commitment are all economic: the competition has adopted service excellence, quality improvement will increase revenues, and companies face a potential loss of customers without it. Additionally, increasing foreign competition is heightening the need to improve.*

After stating their commitment to providing service quality, executives were asked specifically about what *actions* their company had taken in support of that commitment. More than three-quarters of the executives report:

•creating a "corporate culture which makes quality service a priority";

•setting quality service standards;

•giving employees explicit authority to handle customer problems; and

•defining quality service on the basis of customer expectations.

These findings are impressive. Lou Harris reported that he had not seen top management so articulate and so committed to a new idea as they are to quality service. Yet, the ultimate reckoner on this issue is not top management, but consumers themselves.

By large majorities, the public confirms that the commitment to quality indicated by senior executives is well placed. The consumer is much more likely to continue to use existing services and buy new services from a company that has provided them with first-rate service.

Harris found an important change for the *better* in the reputation of American business' delivery of quality service. Since 1971, in repeated studies, he had never found higher than 37% of the American public reporting an improvement in quality of service. Now, in 1990, more people acknowledge improvement than deterioration.

Yet, there is still a long way to go. Only a slim 50-45%, *not even a clear-cut cut majority,* of the American people feels that service has improved over the past 10 years. To be sure, progress has been observed. But only to the point where about half of the population feels quality is improving.

The quality customer service revolution can only be declared a success when customers report significant, across-the-board improvement in quality and significant levels of satisfaction. Claims by management can never be a substitute for actually *delivering* quality service.

As a final part of this study, both the public and the executives were asked their impressions of how effective 8 specific service industries were in doing three things: (1) responding to complaints, (2) anticipating customer service needs, and (3) taking leadership in setting quality service standards. Both groups ranked the 8 industries in roughly the same order. (See sidebar A.)

On responding to customer complaints, consumers rated retailers the highest, with a 66% positive rating, followed by leisure/entertainment/hospitality companies, banks, telecommunications companies, utilities, health care providers, other financial institutions and insurance companies.

Overall, among the public, service providers in general were rated 50-49% negative on the attribute of anticipating customer service needs. By industry, retailers rate best with a 63% ranking, followed by leisure/entertainment/hospitality companies, banks, telecommunications companies, utilities, health care providers, insurance companies and other financial institutions.

Taking leadership in setting quality service standards for others to follow was the third question asked. The public ranks industry generally 50-49% negative on this dimension. As with the other areas, retailers placed first with 61%, followed by leisure/entertainment/hospitality companies, telecommunications companies, banks, utilities, health care providers, other financial institutions and insurance companies.

The length that service industries have to go to win customer votes for service excellence is not "new news." What is new is this data from the senior ranks of the service sector regarding their genuine commitment, rationale and action steps to improve quality of service...and the gap between what these executives report and what consumers perceive as service quality received.

Bottom line? The quality of service delivered today is insufficient to keep customers loyal and insufficient to help U.S. firms compete successfully in the global markets of the 1990s. As consumer expectations for improved quality service rise, stimulated by demands for excellence to accompany price increases, and by higher standards set by a few U.S. and foreign companies, business must find ways to deliver value added and recognizable quality improvements. Those companies which fail to close the gap between consumer expectations and experiences face a serious threat to their survival.

INTERNATIONAL QUALITY SERVICE SUMMIT

The results of the Harris/Hancock poll served as the basis for formal presentations and participant discussions during the first International Quality Service Summit. The Service Summit was designed to be a ground-breaking executive forum where participants could gather and candidly share practical experience. Hancock's President and Chief Operations Officer, Stephen L. Brown, initiated discussion by proposing that public expectations for quality service, a weakening United States economy, and increasing global competition have created a situation where American companies are in danger of losing their customers.

Executive Blueprint
Priorities for Achieving Service Excellence

1. Quality improvement must become a national imperative.
2. The gap between what company executives *say* regarding service excellence, and what customers *perceive* must be *closed.*
3. Striving for excellence is essential for growth and profitability.
4. Companies need to do a much better job listening to their customers. It is the *customer* who defines quality.
5. The Chief Executive Officer must lead the quality service imperative.
6. Trusting employees leads to empowering employees; and empowered people deliver quality service.
7. Teamwork is essential to any successful quality endeavor.
8. Frequent and meaningful recognition motivates employees to strive for quality within the workplace.
9. New technologies offer efficient tools for competitive service improvement.
10. Performance measurements for tangible and intangible aspects of service excellence must be established and continuously evaluated by providers *and* customers.
11. The commitment to service excellence is not just a business decision. It must be internalized by each employee.
12. Quality improvement never ends.

STRATEGIES FOR CLOSING THE GAP

How can American business achieve service excellence and close the gap identified in the Harris/Hancock poll? This was..k the challenge presented to the Service Summit participants. At the Summit, we distributed a listing of 153 recommendations on ways to improve quality service, which had been offered by speakers and participants throughout the day. We then asked each participant to vote on 12 priority items from among the 153 points. The 12 priority action steps voted on that day have become the "Executive Blueprint for Achieving Service Excellence in the 1990s" (see sidebar B), a document derived from the shared experiences of summit participants on what works and does not work to achieve service excellence.

As noted in the Executive Blueprint, to understand consumer needs and expectations, business must aggressively seek and regularly listen to consumer perspectives. Because the consumer determines quality, American business must remember to factor consumer interests into business decision making. Edwin M. Cooperman, Chairman and Co-Chief Executive Officer of American Express Travel Related Services, noted that most companies decide internally what to benchmark as quality, never seeking the customers definition.

American Express executives continually strive to better understand their customers. Cooperman relates: "We maintain ongoing contact with our customers...Once each quarter, our executives are required to go to an operations center. There they listen in on the telephones to card members who call in with problems...Virtually every innovation at American Express came just from listening to the customer."

A crucial ingredient in improving quality service is corporate leadership. Senior management has to model this commitment in their everyday interactions so the people can see for themselves that management has taken quality service to heart. Service excellence requires dedication from one end of the organization to the other. The implementation of quality programs hinges on the ability of management to engage everyone, at every level, so that employees feel they are supported from within. At any moment in time, a company is only as good as its least effective person.

Training employees to "do whatever it takes" to meet consumer needs and giving them sufficient authority to solve problems will help eliminate hierarchical obstacles and enable employees to satisfy customers. As Randall Tobias, Vice Chairman of AT&T, explained AT&T's experience: "Customers were simply unable to obtain the right (AT&T) number to call and found themselves being transferred from office to office to yet another office...No one was taking ownership of the problem. We gave all of our people in the United States wallet and desk cards listing the various service centers that handled the overwhelming majority of customer calls, and we said to our employees: If you get the call, you own the problem. The message to AT&T people was very simple: Customer service has got to be the responsibility of each and every employee in the company and not just the people who are responsible for customer contact work every day."

Pride and ownership employees feel in their company, service and customers are important motivators. Companies need to give recognition to individuals and teams in a variety of ways on a regular basis.

Once the task of service improvement is begun, it becomes a "never ending journey." Steve Brown, noted: I think one of the problems that we have in the United States is that we tend to look at projects in discrete time frames...The quality customer service journey really is forever. We will never reach a finite point because customers will continually expect more and the competition is going to become even fiercer than it is today."

Now, six months after the Summit, three conclusions drawn from the poll and participants guide John Hancock as this diversified financial services company formulates its new quality program:

1.Service excellence is a necessary business strategy to survive and succeed in the 1990s, regardless *of what business you are in, or where.*

2.The customer is the starting and ending point of this strategy. A company's leadership and relationship to its employees and suppliers should be centered on its customers' needs and expectations, as identified *by the* customer.

3.Commitment to the customer and service improvement, driven from the very top of the house, in fact, never *ends. With rising customer expectations and competition, improving quality service is a "forever journey."*

John Hancock's recently launched company-wide quality program is evidence of its commitment to attaining service excellence.

Hancock is also committed to sponsoring a second International Quality Service Summit in 1992. This Summit will be intended as a forum for continuous learning about service quality and the strategies needed for successful implementation. The primary focus will be on applying and measuring the priorities noted in the Executive Blueprint to determine what strategies have been successful and how they have been achieved. Accordingly, as global competition increases, it will be imperative to explore ways to apply these lessons learned to divergent international markets.

The first steps have been taken, but the task of quality improvement never ends. The hard work lies ahead. ACI

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Note: To obtain information and materials on the International Quality Service Summit and the Harris/Hancock poll, please contact Harry Reedy, John Hancock Financial Services, Center for Quality, P.O. Box 111, Boston, MA 02117.

CONSUMER PROTECTION

WHO SETS THE LEVEL PLAYING FIELD IN THE 1990S ?

In 1975 the climate for consumer protection was quite different from that of today. During the decade of the 70's, consumers, aware of their rights as delineated by John F. Kennedy, demanded protection of both state and federal governments. Consumers expressed dissatisfaction with the marketplace by voicing complaints and calling for legislation and regulation to protect them from unscrupulous merchants, unsafe and unreliable products, false and deceptive advertising, and other business practices falling short of their expectations. Consumers formed an alliance with government, seeking protection from business; business, resentful of mounting regulation, intensified its hostility toward government.

Now, 15 years later, these relationships have changed. Recently, businesses have called on government for protection. A larger proportion of complaints at the state level come from businesses objecting to competitors' actions and, at the federal level, calling for uniform regulation and legislation to "level the playing field." The 1990s will be an interesting decade, as new alliances are forged among business, government, and consumers in reaction to the laissez faire climate of the '80s. Perhaps the best example to illustrate this point is the passage of the Nutritional Labeling and Education Act of 1990 (NLEA) in November 1990.

The NLEA, championed by Henry Waxman of California, will have significant and far-reaching effects on the way state and federal regulators handle consumer issues. Actions by consumers, business, and state government during last the decade, most markedly in the area of foods and drugs, demonstrated the need for reform and strong control at the federal level.

For many years the food industry opposed regulation and government interference, believing that self regulation was the best route to a fair and effective marketplace. The Reagan era marked the deregulation of many previously regulated consumer services. Federal policies during the latter Carter administration and throughout the Reagan years supported deregulation and the philosophy of business self-policing through voluntary compliance agreements, and the checks and balances of the competitive marketplace. In theory, these controls should prevent abuses against consumers. In actuality, abuses against consumers *and* businesses grew in the absence of strong regulatory control from Washington. The "level playing field" where honest competition thrives and consumers and businesses mutually benefit was shot full of holes.

Many national food companies seized the opportunity to develop labeling and advertising programs exaggerating the qualities and properties of their products. Claims of superior performance and medical benefits confused consumers and angered competitors. Some cried for national change, and others vied to match or outdo competing firms one thus creating, at worst, a marketplace of deception and, at best, rampant with unsupported claims.

In the absence of federal controls, state governments assumed a major role in protecting. State legislative activity centered on labeling initiatives dealing with sulfite, organic and natural foods, bottled waters, juice declaration percentages, and maple syrup grading to name but a few. Consumer groups called for government action to ensure the safety of food and water supplies.

Food crises such as EDB (ethylene dibromide) in grain products and alar in apples were handled differently by individual states, thus highlighting the need for national uniformity. For example, when the alar scare occurred, Massachusetts and New York immediately withdrew products containing the insecticide from the market, while neighboring states (Connecticut, Rhode Island, and Vermont) worked with agriculture departments monitoring products and, eventually, removed only those exceeding the federal tolerance level.

California set the tone for states' legislative action to regulate the safety of the food and water supplies with the passage of Proposition 65 in 1988. Proposition 65 was initiated by citizens calling for water safety standards. By the time the referendum passed, it had been expanded to cover all ingestible products and contained a prohibition against the sale of any product containing *any* detectable carcinogen. Many other states faced with concern over the safety of food and water explored following California's lead. Some imposed their own product safety regulations and laws. Industry was concerned about interstate commerce coming to a standstill with the prospect of states with 50 different sets of regulations. State and federal regulators wondered about how to enforce such laws.

Lawsuits filed by coalitions of public interest groups and several of state attorneys general through the National Association of Attorneys General (NAG) followed throughout the nation. National food companies became targets and lost cases either in court or by settling prior to trial, agreeing to pay large monetary damages. It was clear that reform at the national level was necessary to reestablish consumer confidence in the honesty and safety of the food supply and to rebuild the foundations of meaningful competition.

Industry giants became champions of national reform, including much-needed updating and clarification of food labeling and nutritional claims and the strengthening of the Food and Drug Administration. By doing so, they hoped to stop the proliferation of state laws and regulations and to improve the national uniformity of food laws.

Strong lobbying efforts persuaded Congress to act swiftly to assure the continuance of smooth interstate commerce. Labeling law reform was long overdue and was desirable to ensure the smooth flow of interstate commerce. A petition process, which allowed states to be heard on issues and needs unique them, was a key component of the law. States may petition for an exemption so long as it does not cause the exempted food to be in violation of federal law, does not hamper interstate commerce, or does address a particular information need not met by relevant federal requirements.

The process is in place. The NLEA calls upon the Food and Drug Administration to take the lead in creating and maintaining a fair and competitive market place. The task is enormous because in the past many states took the lead in legislative development and enforcement. That responsibility now falls more heavily on the FDA. It can only be hoped that in the wake of such impressive and powerful legislation, Congress will find the necessary resources for the FDA to do its job right.

The NLEA exemplifies the new alliance among business, government and consumers. As the 20th century draws to a close, it will be interesting to see if the grand reforms of this law will be extended to other consumer products and if it will provide, the practical sound protections both consumers and responsible businesses sought. ACI

MARY M. HESLIN
The Institute of Medicine of the National academy of Sciences Committee on State Food Labelling. This committee was commissioned by the FDA and authorized by the NELA.

BOOK REVIEW

A "BRAND" NEW LANGUAGE

Friedman, Monroe (1991)
A "Brand" New Language: Commercial Influences in Literature and Culture. Westport, CT: Greenwood Press, Inc. $39.95

To Monroe Friedman, one of the most important changes in post World War II society has been the commercialization of our language. The brand names of the most heavily advertised products and services of our time are now woven into our popular literature, in our theater, in our music, and in our humor. This book addresses two main questions: how this spread of commercial language took place and what are the implications of this spread on our language.

The nine chapters (200 pages) of this book fall into three parts. The first part, Chapter 1, traces the historical development of consumer culture in both Europe and the United States; examines two key influences on "brand" language in the U.S. (commodity consumption and advertising); presents a conceptual framework for analyzing consumer culture changes; and finally, comments on some of the postwar changes in advertising.

The second part of the book (Chapters 2 through 8) describes a series of seven studies documenting the spread of commercial language into the popular culture literature. Chapters 2, 3, and 4 report the results of three quantitative studies (content analysis) on the use of brand names in popular American novels, in American and British hit plays, and in the lyrics of American hit songs. Chapter 5 describes the results of a mail survey done among the editors of the 150 largest circulation, American daily newspapers. The objective of this survey was to determine editors' perceptions of changes in brand name usage in their newspapers. Chapters 6 and 7 contain the results of two qualitative studies. In Chapter 6, Friedman examines three linguistic forms of commercial terms (abbreviations, advertising messages, and neologisms) and the use of brand names in the works of authors Ian Fleming and Stephen King. Chapter 7 focuses more narrowly on brand names and how they have found their way into the humorous writing of the postwar era. Chapter 8 introduces the term, word-of-author advertising, to describe the use of brand names by authors of popular culture works. Friedman makes the distinction between sponsored word-of-author advertising (brand name usage sponsored by a manufacture) and unsponsored word-of-author advertising (author usage of brand name without a commercial stimulus). By comparing product quality data (taken from Consumer Reports product test data) with the use of unsponsored word-of-author advertising, Friedman attempts to determine how good are the products referred to in popular culture works.

The final part of the book, Chapter 9, summarizes and looks forward. This Chapter interprets what Friedman feels is the book's most significant finding—that since the end of World War II there has been an increase in the use of brand names in the works of popular culture—and offers an evaluation of the significance of this finding among sociologists, language experts, and marketing scholars.

Friedman feels that the major contribution of the book is the documentation of objective evidence of the increase in the use of brand names in popular culture works in the postwar era. In spite of the research projects' limitations, social science researchers will admire the scope and ambition of Friedman's undertakings. While Chapters 2 through 5 do not make interesting reading for the non-researchers, they are impressive attempts to study an elusive subject. Chapters 6 and 7 will appeal to everyone interested in popular culture. Friedman's recording and analysis of the spread of commercial terms in our language adds an important dimension to the book.

From a consumer researcher's point of view, several issues come to mind.

It's difficult to attach much significance to Friedman's finding that automobiles and magazines are the two most often mentioned categories of brand names. Friedman explanation is that automobiles and magazines are high in value expressiveness. While this might be true, they are also high on other, less value-laden dimensions. Next to a house, a car is the most expensive purchase most of us make. Therefore, isn't it logical that the financial importance of a car would also merit reference to brand name in popular culture works? The quantity and variety of magazines are so large that using the generic term is usually meaningless.

His observations about the growth and importance of advertising are exaggerated. Marketers would not deny the role of advertising in helping stimulate demand; however, Friedman tends to label all forms of marketing communication (displays, "messages on virtually an flat surface," etc.) as advertising. Consumers are receiving commercial messages in increased numbers; however, communications technology an other environmental factors are responsible for consumers receiving increased numbers of all types (commercial and non-commercial) of messages. The ratio of advertising messages to all other forms of marketing communication has probably declined in recent years.

The documentation or the usage has little impact. Although increased usage of brand names in popular culture has been documented, it would be difficult to prove that the increase has much to do with creating brand sales. In fact, many of the examples in the book illustrate how little brand familiarity has to do with sales success. Edsel and Brylcream are just two examples.

It is difficult to be objective about advertising because it—as well as many other marketing communications practices—touches us on several levels. It is an ever-present, sometimes emotional form of mass communication that shows us what we are. It can also be a reasonably reliable guide to the marketplace (see for examples, the classified ads in the daily newspaper). To his credit as a researcher, Friedman doesn't take sides, instead he gives us the data that documents what many will find a significant development in popular culture.

A "Brand" New Language is useful addition for several purposes—for courses in such disciplines as language, language change, mass communication, American studies, and popular culture; for researchers interested in following Friedman's quantitative and qualitative explorations;' and for the general reader interested in language and popular culture. ACI

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Correspondence Cont. From Page 5

actual attacks, and the most effective possible strategies for engaging and neutralizing challenges that would weaken or destroy our programs? Apparently not. Information on strategies and tactics used by programs fighting budget cuts, slashed positions, or termination could be gathered and disseminated. Both those strategies and tactics that have worked and those that haven't, and if possible the reasons why, need to be known. Beyond that, calls might be issued for letter campaigns to buttress beleaguered departments and programs.

ACCI was born in the 1950s out of a need for academic professionals in Consumer Economics to organize, to stimulate scholarly writing and debate on consumer economics and consumer policy issues, and to provide a national mechanism to foster consumer education. Academic departments and programs in Consumer Economics likewise arose out of a need for research, teaching, and extension programs that aid consumers and families in making better decisions, and that aide consumers, business, and government in improving consumer markets so as to improve consumer welfare. None of these needs has gone away; indeed, the increased complexity of markets, products, and services makes the quest for enhanced consumer well-being both more imperative and more challenging. What was begun in the 1950s and before, and prospered in the 1960s and 1970s, is still important and now needs defending. The crack needs not only to be maintained, but to be widened. Indeed, it merits expansion to the dimensions of a crevasse, then a chasm! Better that we turn our collective attention and energies to that task late than not at all. Let us begin! ACI

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