

## CONSUMER SERVICES & THE ELDERLY

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### I. Introduction - "Crime in the Streets and in the Suites."

Older Americans are the most victimized segment of the population. They not only are the most seriously affected by street crime of any age group,<sup>1</sup> but also are the most seriously affected by fraud and deception or what has been called "white collar crime" or "crime in the suites." Victimized the elderly is so commonplace the it has become institutionalized in the expression among con artists -- "Getting Granny."

### II. Why Are Older Persons Particularly Susceptible?

The Senate hearings on fraud and exploitation of the elderly included testimony from several respected psychologists on the reasons for the susceptibility of older people. In brief, these reasons include:

1. First of all, there is a relationship between lack of income and susceptibility to fraud and deception.<sup>2</sup> Due to lack of income, older persons tend to grasp at any opportunity guised in terms of helping them supplement meager incomes. A combination of low income and a desire to maintain economic independence, anxious to obtain bargains, add to their income, and cut corners wherever possible, make the elderly more vulnerable than ordinary consumers. In addition, consumer problems which affect the entire population have a greater impact upon the elderly who find themselves not only on fixed incomes but in the fact of rampant inflation, living on "rapidly shrinking incomes." Furthermore, even if working, they have less working time left to recover from any major financial loss.
2. The desire for security and stability is an extremely important human motivation. Those who might suggest that the desire for security is a sign of weakness are those who have already achieved considerable security.<sup>3</sup>

3. The average educational level of the population 65 and older is less than eight years of public schooling. The elderly are often ill-informed.<sup>4</sup>
4. The desire for health and the avoidance of pain and suffering on the one hand, and to accomplish this at as little cost as possible on the other hand also contributes to this susceptibility. One study, for example, of arthritis patients indicated that 60% continued to use various kinds of fake nostrums and home remedies while they were under treatment in a specialized program for arthritis, indicating the extreme susceptibility to quackery when faced with continuing pain. Furthermore, we reinforce patterns of self-diagnosis and self-treatment by making legitimate drugs and medications available on a mass basis at the corner drugstore and supermarket.<sup>5</sup>
5. Older persons may tend to feel helpless which leads to suggestibility and gullibility. There is good evidence that low self-esteem is correlated with high suggestibility. In other words, when persons lack confidence in their own ability to make decisions, they are more likely to accept the decisions of others.
6. There is some evidence also that there is a relationship between social isolation and suggestibility. When life situations are difficult or ambiguous, people tend to believe what they need to believe. Therefore, it is necessary to look closely at what kinds of needs people, especially older people are trying to meet when they succumb to schemes and quackeries. "We need studies not only to help us understand the specific sources of susceptibility in the aged, and in ourselves, but also to guide us if we are to have successful programs of consumer education.
7. Lonely people are susceptible to the blandishments of a salesman simply because they receive attention -- perhaps a sort of pseudo-friendship -- and that suspicion and doubt are repressed or concealed.
8. However, another problem of living alone exists -- the "feedback" problem. Consumer decisions, particularly major decisions, are discussed between husband and wife, perhaps with children; the experience of friends and neighbors is sought. Even relative strangers are asked about their experiences with an intended purchase. There is no assurance that a wise decision will emerge from this process, but at least it sometimes eliminates very unwise decisions, and it may be that to the degree that older persons are isolated from communication opportunities of this type, particularly from those trusted informal sources, they lose advantage of this "feedback" process.

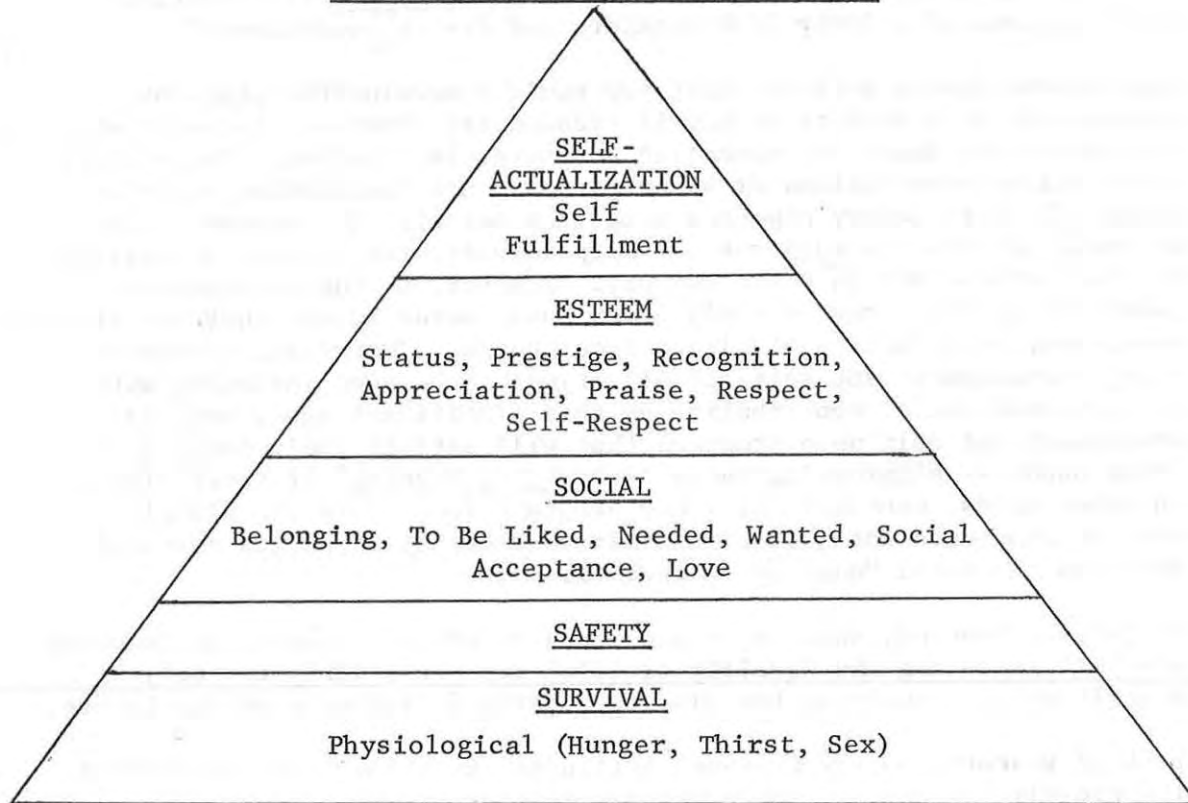
9. A variety of (other) factors influence susceptibility, including past and present medical conditions, presence or organic brain damage, loneliness, grief and depression, fear of aging and death, paid and lifelong relationships with physicians.<sup>6</sup>
10. Grief has been described as a constant companion of old age. When grief is further complicated by hostility over being bereft or when frank overt depressions occur, the extent of vulnerability increases still further. Depression involves guilt and the tendency to self-punishment may manifest itself in spending one's money uselessly.<sup>7</sup>
11. Useful activity of purpose of meaning in life is wanting in old age because old people are often outside the mainstream of human activity. This segregation or ostracism adds to their vulnerable position to deception and fraud. The older person may unwittingly respond to the charlatan who, at least, gives him attention. A wish to change and be different is no less true in old age than at earlier ages. Some older people seek new locations in hope of bringing change, of making a new beginning. Some entrepreneurs take full advantage of this wish.<sup>8</sup>

### III. The Concept of Absolute and Relative Poverty in Terms of Maslow's Hierarchy of Needs

A Syracuse University economist, Dr. Dale Tussing, in a paper presented at the Annual Conference of the American Council on Consumer Interests, entitled, "Poverty, Education, and the Dual Economy,"<sup>9</sup> said that poverty can be both "absolute" and "relative." While all forms of poverty are bad, "absolute poverty" (as it exists, for example, in the underdeveloped nations of the world) is less felt than "relative poverty" or poverty amidst plenty (as it exists in this country). In "relative poverty" the poor feel even poorer in the midst of prevailing affluence. I would like to propose an extension to this concept of "relative poverty." Perhaps even worse is "relative poverty" defined not only in terms of the effect of being poor in the midst of affluence, but also "relative" in terms of a much higher standard of living that may have existed previously. This situation aptly describes many of today's retired and elderly. They are poor not only in relation to others, but doubly poor in relation to their own pre-retirement years, and this is the cruelest and most debilitating poverty of all, because an eroded standard-of-living leads to an erosion of self-confidence and hope.

Another way of looking at the so-called "Golden Years" is by using A.H. Maslow's "Hierarchy of Human Needs." According to Maslow's "Hierarchy of Needs," people strive during their lives to rise up this hierarchy from mere SURVIVAL and satisfaction of physiological needs (hunger, thirst, sex) to needs for SAFETY then to SOCIAL NEEDS (belonging, need to be liked, wanted, accepted, loved), to NEEDS FOR ESTEEM (status, prestige, recognition, appreciation, praise, respect and self-respect) and finally to the pinnacle of this hierarchy, SELF ACTUALIZATION or SELF FULFILLMENT.

A. H. MASLOW'S "HIERARCHY OF NEEDS"



Consider if you will what happens when people retire. They begin to move back down this hierarchy from SELF FULFILMENT; suffer from a lack of recognition, praise, status and prestige, become disaffiliated from the mainstream of life, no longer feel wanted or needed. Also, their physical and economic safety is in constant jeopardy, and their health failing. In other words, their "Golden Years" eventually deteriorate to an "animal-like struggle for existence -- a day-to-day struggle for economic and even physical survival; a situation described by Alvin Toeffler in Future Shock as "A nation in which legions of elderly folk vegetate and die in loneliness."

The ancient Greeks believed that you could determine the stage of advancement of a society by how it treated its elderly. I wonder what they would say about our so-called advanced civilization. Our society needs rising expectations of older persons, not diminishing expectations. If our society expected more from our elderly instead of less, we would get more -- much more. Surprisingly, the elderly are willing to give more -- but in their own way. However, as Maslow observed, human beings first must satisfy their basic needs before they are free to pursue the satisfaction of higher order needs. Therefore, ultimately, future development and self actualization of the aged (bringing with it a greated social contribution by this significant age group) is contingent not only upon programs that will satisfy their basic survival needs -- eliminating their "Poverty of Meaning" of their lives. In other words, consumer and other programs focused on the elderly must be concerned not just with their physical or economics survival but with the total "quality of their lives."

We forget, however, that we -- you and I -- are the elderly of tomorrow and that improving the "quality of life" for the elderly not only will benefit us as a society, but also as elderly individuals of the future.

#### IV. Lack of Research on the Consumer Attitudes, Behavior, and Problems of the Elderly

There is a consensus among specialists in both the fields of aging and consumer affairs, that while there is some research on the income and expenditure patterns of older persons, little if any solid research has been done on consumer attitudes, behavior, and problems of older persons. Such research is essential to identify major consumer problems and concerns, and to resolve them through effective programming based on such research. For example, at my request Dr. James Peterson of the Andrus Center for Gerontology at USC conducted a computer search of every doctoral dissertation written in the field of gerontology since the 30's and found only three that related to the consumer problems of older persons, and these were no longer in print. A review of major marketing journals for the past five years (Klippel and Sweeney) reveals only two articles dealing specifically with the aged consumer (Schiffman, 1971, 1972). With the exception of the 1972 American Marketing Association Conference, such conferences over the past five years also have been devoid of sessions dealing directly with this problem area.



The report of the 1971 White House Conference on Aging, in "The Elderly Consumer" section concluded, "Research should be done by government at all levels in cooperation with the private sector, universities, and non-profit groups on the problems of the older consumer, the behavior of the older person in the marketplace, and on his particular needs for education and protection, so effective education programs can be developed and remedial action suggested."<sup>10</sup>

What has been done since the '71 White House Conference on Aging? Virtually nothing.<sup>11</sup> Unfortunately, what is everyone's responsibility soon becomes no one's responsibility -- and nothing is done. For example, at NRTA/AARP we surveyed some 88 attorneys general throughout the country to determine what kind of consumer complaints they received from older persons, and also asked them for suggestions of consumer programs. We drew virtually a total blank. No attorney general's office categorized consumer complaints by age, and at best could give only vague observations concerning the most serious kinds of complaints effecting older consumers.

We also surveyed 92 state and local commissions on aging to determine what consumer programs were being offered or planned for older persons, and what specifically was included in such programs. Although many of these agencies could point to a specific kind of program, (most often nutritional programs), most indicated or merely assumed that this was being done by "some other state or local consumer agency." Particularly interesting, however, was that many of the responding commissions on aging had difficulty defining the term "consumer program." I think this is highly significant, revealing that they did not have a well thought out consumer program, and indeed, even were unsure what one was.

We then did a third survey, administering 287 in-depth questionnaires to NRTA/AARP members who attended area conferences in San Francisco and Atlanta. This survey covered not only the kinds of consumer problems of those attending the workshop but also the effects of and their reaction to inflation. Although this was in no way a representative sampling of all older Americans, it did reveal some clues regarding the major consumer problems and concerns of older persons.

Perhaps most revealing, however, was an analysis of our own complaint handling experience at NRTA/AARP. We maintain a national consumer assistance center in Washington and three local consumer assistance centers in various parts of the country, and last year received some 3,143 contacts of which 1,344 were complaints. In analyzing our 1973 complaints, we found that the most prevalent consumer problems received from our members and other older persons were "mail order complaints," followed by problems with "automobiles and parts," "appliances" and "housing problems." The main reasons for these complaints were in order "failure to provide," followed by "repair and service difficulties," and "quality defects." To our knowledge, this is the first time anyone has actually categorized and analyzed consumer complaints by age, and this information has been useful in guiding our associations' consumer education and information program as well as our legislative and advocacy effort. For example, recently our

associations were able to document the need for an important new FTC post office rule regarding mail order advertising and delivery, which as you recall is the major complaint received by our consumer assistance program. If this FTC rule is adopted, it should considerably ameliorate the incidence and severity of mail order problems for all Americans, particularly older consumers who rely more heavily upon mail order purchasing than do others.

There is still, however, a great lack of reliable data on the consumer problems and concerns of older Americans, and such research is essential if consumer and other educational, legislative, and action programs are going to accurately identify the consumer problems and needs of older persons so that more effective programs can be developed. These neglected areas are as follows:

1. A thorough search of related gerontological research and literature should be made to glean whatever information relates to consumer attitudes, behavior, and problems of older persons.
2. Basic research on consumer attitudes, behavior and problems of older persons is needed.
3. Applied research in effective consumer programming methods and techniques is needed.
4. Reliable information based on empirical experience on the effective use of older volunteers in consumer programs is needed.
5. There is a need for locating sources of funding to enable such research to be carried on. So far there has been virtually no money earmarked for this kind of research.

#### V. NRTA/AARP's Consumer Program

The American Association of Retired Persons and National Retired Teachers Association or AARP and NRTA are two national associations headquartered in Washington with some 6½ million members and growing at the rate of 110,000 new members every month.

If you are interested, there are about 21 million persons 65 years of age and older. Every day 4,000 people reach the age of 65 and 3,200 in that age group die. . . which has some interesting implications for consumer education. If you exposed 4,000 older Americans to consumer education this year, would 3,200 of them be dead by the end of the year? (I've never been able to answer this one.)

The guiding purposes of NRTA/AARP's consumer program are:

The prevention of consumer problems through educational, informational, legislative, and advocacy programs, and assistance in the resolution of consumer problems through appropriate programs and action on both national

and community levels. We are trying to focus on the causes rather than the symptoms of consumer problems and concerns. The several components of our program include:

1. Consumer education and information programs under the direction of our consumer education specialist, Ms. Mary Dee Dickerson.
2. A National Consumer Assistance Center which handles consumer inquiries and complaints. Last year we received over 3,000 contacts including 1,400 complaints and recovered over \$68,000 for complainants (an average of \$50 per complainant). The Center is staffed by member volunteers called "Consumer Associates" including several persons with outstanding backgrounds. One is a former Treasury Official and Attorney, another was formerly Head of the Consumer Fraud Office of the U.S. Postal Inspection Service, and another formerly Head of the New Jersey Unemployment Division.
3. Through the experience of our consumer assistance program and from several surveys we completed last year, we have tried to identify major problem areas for use in our consumer program and in policy and program development by our two associations.
4. Another important component of our program is to serve as a catalyst to other organizations and persons such as yourselves to focus more attention and more resources on the consumer problems and concerns of older Americans. At the same time, we try not to duplicate existing efforts but to identify and supplement these efforts and to address ourselves to important problems and programs that are going unmet.
5. A National Conference on the Elderly Consumer (for professionals in the fields of consumer affairs and gerontology).

Your professional concern and that of your agency with this badly neglected dimension is needed if we ever intend to bring the consumer needs and concerns of the elderly into proper focus.

In closing, I would like to share an anonymous quote with you: "Too proud to beg - too decent to revolt - too timid to demand - they stand - and wait - and wonder." The late President Kennedy said, "The loneliness or apathy which exists among many aged is heightened by the walls of inertia which often exists between them and the community." We -- you and I -- have here both an obligation and an opportunity to begin tearing down these walls of inertia by devoting more attention and resources to the consumer concerns and needs of older persons.<sup>12</sup>

Thank you.



FOOTNOTES

- <sup>1</sup>Those under 15 years of age are the most frequent victims of street crime, but older persons are most often victims of serious crimes.
- <sup>2</sup>The average income of retired persons is about 47% of pre-retirement income; it should be about 56 to 62% or 10 to 15% higher in order to maintain a comparable standard of living as their pre-retirement years. (Source: Helen LaMale, "The Older Person as Consumer," Aging and the Consumer, p. 252)
- <sup>3</sup>Thomas A. Rich, Hearings on the Consumer Interests of the Elderly, U.S. Senate Special Committee on Aging, p. 290.
- <sup>4</sup>Robert N. Butler, "Why are Older Consumers so Susceptible?" Geriatrics, December, 1968, pp. 83-84.
- <sup>5</sup>V.M. Bernard, "Why People Become the Victims of Medical Quackery," American Journal of Public Health, Volume 55, 1965, p. 1142.
- <sup>6</sup>Butler, Op. Cit.
- <sup>7</sup>Ibid.
- <sup>8</sup>Ibid.
- <sup>9</sup>A. Dale Tussing, "Poverty, Education and the Dual Economy," The Journal of Consumer Affairs, Wishter, 1970, Volume 4, Number 2, University of Missouri, Columbia, Missouri.
- <sup>10</sup>"The Elderly Consumer - Special Concerns Section," 1971.
- <sup>11</sup>Of 31 recommendations made regarding consumer advocacy, representation and legislation for older consumers, only 4 have been implemented to date.
- <sup>12</sup>John F. Kennedy, The Older American.