

Moreover, there may be many consumers who may not be able to afford to purchase the terminal required for telephone-based systems.

Similar issues confronted the nation at the turn of the last century as to whether, and how to assure all citizens access to the then rapidly emerging postal, telephone and electric services. It was not until the concept of rural free delivery was adopted in 1856 that residents of small towns and remote areas could get access to newspapers and magazines and other sources of printed materials. A similar wasteland existed for a large number of communities in their lack of access to electricity and later to telephone services. It was not until 1935, that the Rural Electrification Administration was established with a mandate to make loans to communities to install the necessary telephone wiring which the private sector had found unprofitable to install, and not until the 1940's, when this mandate was extended to the installation of electricity. Thus, it was ultimately through government intervention that all American citizens were enabled to participate in the electrical and telephone wonders of the early 1900's. Congressman Newt Gringrich (R-Ga.) has recently suggested that the Homestead Act is another precedent which could be followed to make the requisite videotex terminals available to American families.<sup>4</sup> He offered a bill in Congress, the Family Opportunity Act, which would provide a tax credit and five year write off to citizens to purchase a home computer and related software.

The extent to which problems of hardware availability will develop with the new electronic technologies is as yet unclear. There may be other solutions to facilitate citizen access to these services such as municipal ownership of cable systems, provision by the private sector of terminals free of charge to citizens to encourage their use of videotex services or the installation at government expense of terminals in schools, libraries, government offices, or other public places. But the importance of the universal service concept to the long-term social, economic and political health of the nation is an issue which must be grappled with. Its solution will depend in important part on the significance 20th Century America decides to attach to the widespread availability of information to all citizens as a prerequisite to their enjoyment of the economic and social fruits of our society.

## 2. THE RESPONSIVENESS OF VIDEOTEX SERVICES TO CONSUMER NEEDS

Unless videotex systems in fact provide the information which consumers need in order to cope with our complex 21st Century society, they will fail to fulfill their promises for enabling a strong and informed consumer and citizen to

<sup>4</sup>"Information Science in America", Special Bicentennial Issue, Bulletin of the American Society For Information Science, vol. 2, no. 8 (March 1976).

flourish and play their essential role in our economy and democracy. Issues of the content of videotex offerings as well as of their quality are, therefore, of the greatest significance to consumers as videotex systems develop.

At the present time, there are no videotex services which provide consumers with the range of information which they need in order to cope with their daily lives. No videotex data base exists to help consumers select a suitable lawyer or other professional, check the ingredients of commonly used drugs, or the nutritional value of foods, locate an appropriate nursing care facility, prenatal clinic, emergency room, hospital or medical specialist, find an available job or identify the educational institutions or training courses which meet the prospective student's needs and qualifications. Maintenance and repair records on durable goods, quality of services offered locally or nationally, experiences of product and service users, comparative prices and warranty terms and conditions, product safety records and recalls could all be made available electronically to consumers and would be immensely valuable to them. Assistance in filling out income tax returns, help in locating government services and eligibility criteria are other services which videotex systems could provide to consumers.

Information of value to consumers and citizens can be defined to fall within four general areas: political information by and about candidates and their positions; issue-oriented information which can be highly emotional and confrontational; information about products and services offered in the marketplace which is frequently also regarded as controversial; and, finally, general factual non-controversial information such as is found in directories, almanacs, encyclopedias, histories, and the like.

Traditionally, society has treated the protection accorded the communication or dissemination of these types of information differently dependent in large part on whether they were in print form (in which case they were largely immune to any content regulation other than libel) or were disseminated over air. In the latter case, largely because of limitations of capacity as respects both channels and air-time, an FCC administered regulatory scheme developed to ensure network attention to local issues, equal time to political candidates and fairness to opposing interest groups to present their views in response to positions previously aired. Finally, for common carriers because of their government protected monopoly status, an obligation of non-discrimination among customers and confidentiality of messages was imposed on the traffic they carried.

Today, consumers must decide what position to take on content regulation of the new videotex services. Information on these systems is essentially textual and graphic, and hence similar to printed materials. Yet because they are carried over the air in a medium which today is limited in terms of channel availability, but

together with telephone based systems, potentially is to virtual unlimited capacity, decisions must be made as to how, if at all, older forms of regulation and constitutional protection will be applied to these new services. The essential issue is not simply a legal or constitutional question of how or whether to fit new wine in old bottles. Rather, the issue must be thought about also in terms of the essential and significant policy question of how to ensure the responsiveness of the new media services to public need.

Information, more than ever today, is the basis for power and effective action. An informed citizen is an absolute requisite for a healthy democracy just as our market economy can only function if consumers are knowledgeable about its products and services. The social imperatives of not having a society divided between the information poor and the information rich must also be considered.

The limited experience available to us today as to the information offerings of cable or computer based systems does not auger well for the future creative use of videotex to meet consumer and citizen information needs. Unfortunately past experience with existing traditional media practices respecting the provision of information to consumers does not offer much hope for future improvement. Consumers must watch closely whether information managers of videotex systems will be willing to carry a data base on the safety or repair records of specific automobiles or of automobiles in general offered by an automobile manufacturer without also carrying a comparable data base offered by Consumers Union or by Road and Track Magazine.

Because consumers have such a direct interest in the application of videotex systems to deliver information geared to their needs, they have a special role to play in determining how these systems will in fact perform their critical information gatekeeper role.

Application of the FCC rules of equal time and fairness to videotex systems would ensure at least a minimum response to consumer-citizen needs for full information about political candidates and their positions as well as about all sides of controversial issues. They could provide the basis for ensuring that information in a data base offered by one candidate or one advertiser could trigger the right of other candidates or information providers to round out the information by inserting data relevant to the issue. It is clear, however, that none of the FCC content rules are designed to compel information managers outside the fairness and equal time rules to provide information about subjects of particular concern to consumers, such as nursing home facilities, medical care, etc. Moreover, what is controversial is not always immediately obvious and reasons for excluding some information providers or some subjects of information could be prompted as much by estimates of the public interest, concern for not offending public taste, question of the honesty and integrity of the data and the like. Thus to depend on doctrines of

equal time and fairness may not be adequate or relevant to achieving the goal of a computer utility open to all comers as a matter of right.

Local municipal authorities have sought to grapple with the issue of public interest use of cable channels through their control of the franchise which they require of companies to wire their communities. These franchise agreements typically require cable owners to dedicate certain cable channels for public use or lease by third parties.<sup>5</sup> Some of these public access channels have been imaginatively used for community bulletin boards, high school drama and sports events, local library programs, educational offerings sponsored by local community colleges and universities and information services provided by municipal and civic authorities. In addition, some cable owners, recognizing the lack of resources of non-commercial information providers, have provided them with free wiring to school systems, TV production studios and facilities, mobile TV vans and the like. By analogy, information system managers of computer based non-cable systems could also offer non-profit third party providers technical assistance in the preparation of data bases and the formatting of information frames, or even computer data base storage capacity. Undoubtedly, access policies for profit information system managers will turn in part on available capacity, the economics of the data base storage and listing, and fundamentally, on the willingness of the information manager to respond to third party information provider needs. Moreover, the determination of the community to insist on third party information provider access to the cable data base will in the long run be a critical element in how these systems will develop in terms of third party access. Consumers must also insist that where cable systems have provided leased channels for the public's use, these channels be made available on some type of public bid or first come first serve basis to assure maximum public access.

The issue of access to cable videotex systems has already been raised by a security monitoring system company challenging the decision of one cable system to offer this service through a competitor.<sup>6</sup> The outcome of this court challenge will be important and may result in the development of some form of right of access to videotex system. It will be important to consumers to ensure that data bases relevant to their concerns be included in whatever access policy may be developed by the private sector.

Currently, there are bills pending before Congress

<sup>5</sup> For an excellent summary of the potential of public access channels for community and consumer use see Stearns, Jennifer, "A Short Course in Cable", Office of Communication, United Church of Christ, 6th ed., 1981.

<sup>6</sup> For an analysis of the law relating to media access, see Barron, Jerome A., "An Emerging First Amendment Right of Access to the Media", The George Washington Law Review, vol. 87, page 487, (March 1969).

to preempt much of the local cable regulatory authority and confine it to federal jurisdictions. Resolution of this issue may directly impact the ultimate resolution of the amount of control to be asserted over information manager systems and consumers will want to consider carefully whether their interests will be better served by federal or local regulation and, if so, of what nature.

Local libraries could also be looked to as possible dispensers of data bases assembled by third party information providers where the information is essentially local in scope and interest. Some issues relating to such issues as energy conservation options, nuclear safety, transportation of toxic wastes, abortion or military weapons are both national and local in interest and scope since these issues also have regional and local aspects in terms of particular dump sites, nuclear or defense plants, etc. Similarly, information on employment opportunities, medical care facilities or educational institutions or courses to be useful, must be available on a local, regional or national basis and, again, a central data bank with national or regional marketing outreach will be necessary in order to reach the intended potential consumer audience.

If information managers of either cable or telephone-based computer utilities choose not to carry any information on these subjects at all, the public could be severely disadvantaged and the new technologies will not have fulfilled their potential as a total information source for the public.

In my judgement, this is the central issue confronting consumers, perhaps more than any other group, since they have most suffered in the past from the media's and advertisers' inability or unwillingness to appreciate or respond to their real information needs.

### 3. PRIVACY, INFORMATION QUALITY AND OTHER CONSUMER PROTECTION ISSUES

Information system managers administering the billing, messaging and ordering services offered over their systems will be in a position to collect a great variety of information about the tastes, habits, opinions and specific information requests of their customers or subscribers. Fears have been expressed about the potential impact of this compendium of information on individual privacy and freedom. Similarly, issues of quality, bias and completeness of the information offered by videotex systems are of the utmost importance to consumers if these systems are to serve their needs as both consumers and citizens.

Finally, other issues of deception and misrepresentation may also be involved in the systems' offerings and promotion of transactional services. The identification of responsibility as between system manager and seller and the need for redress mechanisms in the event the goods and services are not delivered or do not conform to their description will inevitably arise as

these new transactional services begin to come on stream in significant numbers. Questions of whether traditional FTC type protections against false and misleading advertisements can or should be applied to a medium which is essentially information-based will also need resolution as a matter of policy and of constitutional right. Each of these issues requires a brief elaboration.

#### A. Privacy

Fears have been expressed that videotex services could pose critical issues of privacy invasion for consumers utilizing these services. These videotex privacy issues could involve third party interception of messages sent or received by consumers, unauthorized access to financial accounts of consumers using videotex banking services, or misuse of information in the records of the information system about a consumer's use of the financial, transaction or information retrieval services offered by the information system.

Technically any electronic communication system is vulnerable to unauthorized access and manipulation. Computer crime is a known phenomenon and electronic wire tapping must be recognized as equally possible. Banks are designing security systems to maximize the impregnability of the accounts of their customers who wish to subscribe to their telebank services. One goal for consumers and information system managers would be the design of an optimum security standard to which all telebanking services must conform in order to be able to offer their services to the public. Whether or not this goal is reached, as a minimum protection, consumers must insist on evidence that security precautions have indeed been built into any telebanking service which is being offered.

Message interception protection and confidentiality obligations are currently provided for by statute for voice and text common carriers such as AT&T, Western Union, RCA, and ITT as well as for the United States Post Office. However, questions have been raised as to the applicability of these statutes to videotex cable or telephone-based message systems. It seems clear that the public policy concerns of message privacy and confidentiality should not depend on the technology used to communicate the message. However, consumers must see to it that whatever appropriate legislation, FCC regulation, or cable franchise provisions are necessary must be enacted or provided for in order to ensure the required protection against interception and breach of privacy.

Aggregation of record-keeping data on consumer use of videotex services is perhaps the greatest fear of consumers as they contemplate the widespread application of the new videotex services. Visions of Big Brother with access to large amounts of dossier-like data on things purchased, money spent, trips taken, and the times when all these things are done is a matter of serious concern to many thoughtful citizens. In part, the existence of governmental tax return and social security

computerization has always posed this threat to consumer privacy from governmental sources. Videotex services now present a similar threat from the private sector on a much broader range of consumer activities. Legislative protection from federal and credit company encroachment on individual privacy has been based essentially on a disclosure concept concerning the fact of data retention or of a government request for access to such data together with the right to correct errors in the records maintained.

A study of 12 cable systems in the top 30 markets disclosed that in each instance the franchise agreement under which the franchised companies operated their cable systems restricted their gathering and dissemination of personal information about subscribers. In ten cases, written consent of the subscriber was required before the company could distribute subscriber information to another party.<sup>7</sup>

Warner Amex Cable Communications Company has created a Privacy Code reflecting the practices it will voluntarily follow to protect the privacy of their subscribers. This Warner Amex Code is by far the most comprehensive statement on privacy protection and should stand as a model to the community since it goes beyond mere disclosure and a right of correction and in fact limits the collection and maintaining of data. Under the code, Warner and any third parties providing services to Warner subscribers agree to explain to subscribers the information gathering functions of the services provided; Warner agrees to safeguard the physical security and confidentiality of subscriber information and will recognize only such subscriber information as is necessary to bill or render the service and retain such records for viewing or response only so long as necessary to perform that function. Warner reserves the right to aggregate subscriber information (without revealing individual subscriber information) when necessary for marketing or developing new services. Finally, Warner will not provide subscriber mailing lists to third parties without providing subscribers with an opportunity to remove their name. Warner will not accede to any requests for subscriber information from a government entity without proper legal process and will notify subscribers if such process is received if permitted to do so by law.

The Warner Privacy Code is an important industry statement and consumers should make every effort to support the adoption of similar codes by private sector or governmental information systems.

#### B. Quality and Diversity of Information Offerings

To date, cable and other non-broadcast operated information systems have strongly resisted efforts to classify them as common carriers and

<sup>7</sup>Kaplan, Stuart J., "First Amendment Implications of Cable Television Regulation by U.S. Cities", Presented at World Futures Society Conference, Washington, D.C., July 1982.

to impose upon them any concepts of open access to all information providers which that status might comport. Similarly, strong arguments are presented that in view of the potential unlimited capacities of videotex systems, content regulation, such as FCC has historically applied to the broadcasting industry, would be inappropriate and unnecessary. If these arguments prevail, as appears likely at least in so far as the FCC is concerned, then videotex services will be likely to be analogized to the print media and protected by the First Amendment in so far as issues of accuracy, bias or completeness are concerned. If the free marketplace of ideas concept is to be effective in ensuring quality, it is essential that a broad variety and diversity of information sources are in fact available to consumers. Thus competition and open access will be critical to assuring the requisite diversity of information systems and of their information offerings.

One problem will arise, however, in the near term, regardless of the future potential of videotex technology, as a result of the defacto monopoly which most cable systems enjoy in their communities because of the huge cost involved in laying cable. A similar problem of cost and hence of de facto monopoly will depress the likelihood of competition for telephone-based systems utilizing fiber optic cable in order to generate the requisite capacity to serve the substantial data and voice requirements of the new videotex systems. Thus, for the near term it is possible that competition cannot be looked to as the sole tool to promote diversity of information systems as well as diversity of offerings within systems.

Several tools exist to remedy this potential structural weakness. One such approach is to mandate separate ownership between cable and telephone-based information retrieval services in order to ensure diversity of information sources. Another tool is for municipal authorities to continue to require cable systems operating under their franchise to set aside certain channels for lease to third parties or for use by the public. Indeed, Senator Goldwater introduced a bill into Congress (S. 2172) in 1982 which would mandate cable systems having more than twenty channels to lease access channels to the public.

Other available tools are to assure to all information providers practical access to their markets by establishing non-commercial computer utilities with open access policies. The establishment of such computer utilities or the preparation of consumer information software and data bases could be encouraged through a federal or local government REA type lending authority, through subsidies or generous tax write-off policies to non-profit organizations such as local libraries, educational institutions, hospital or medical care professionals in municipalities or community or consumer groups. A condition for qualifying for the loan, or subsidy or tax write-off would be demonstrated expertise and capacity on the part of the beneficiary to establish and run such a utility and a willingness to agree to some type of open access policy or evidence that the data bases

to be created serve information needs of consumers and citizens which are not otherwise served by the commercial marketplace.

### C. Consumer Protection Issues

A final set of issues to which consumers must be alerted involve familiar problems of deceptive representations and misleading practices respecting products and services offered for sale on videotex systems. Some advertisements on videotex systems will be openly presented as such and questions of their accuracy will be identical to traditional false and misleading advertisement issues appearing on TV or in the print media. However, questions will arise in the new media as to whether a data base offering on some product or service is an advertisement or simply a statement by an information provider of facts on a particular subject. Today advertisers are creating what is being termed in the trade as "infomercials". These are short documentaries (5, 10, or 20 minutes) on such topics as travel tips, how to purchase automobiles, food nutrition, health regimens, nuclear or other energy issues. If it is decided that such fact statements are ordinary speech rather than an advertisement, traditional FTC type protection of accuracy will no longer attach. In this situation, a minimum protection for consumers could be a requirement that information videotex systems disclose the sponsored sources of information data bases offered by them. Such a disclosure system was instituted by the British videotex system, Prestel, which prepared a Directory of Information Providers clearly listing the names of all information providers in their system. How to define "sponsorship" and make certain that the real commercially self-interested information providers are listed are important problems which remain to be worked out if this protection is to be effective for consumers.

Users of videotex transactional services will also need protection from misleading representation of goods and services and the right to refunds if the goods ordered are not as represented or are unreasonably delayed in shipment. Finally, questions of liability and redress as between the product and service provider and the information system offering the product and service will have to be resolved. Presumably, if transactions are financed directly by sellers via credit card or other mechanism, the information system carrying the service should be in no different position than a newspaper or TV carrying an advertisement for the service. On the other hand, if the information system is involved in the transaction as a guarantor of quality or reliability, then some liability might attach.

### CONCLUSION

Consumer leaders have an important, perhaps even vital, role to play in ensuring that consumer interests are responded to by the new videotex information systems. The public policy infrastructure within which these systems will develop is now emerging. It is essential that

consumer leaders make clear in timely fashion the need to respond to their concerns for broad consumer and information providers access to these systems, diversity of information offerings to meet real and pressing consumer needs and adequate protection mechanisms for consumer concerns with issues of privacy, quality and accuracy of data and fairness of market practices.

## PRESTEL IN USE: LESSONS FOR AMERICANS<sup>1</sup>

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### ABSTRACT

Prestel, the British version of videotex, has been operating as a commercial information storage and retrieval system for several years. During 1981-82 the author undertook a critical review of Prestel from the consumer viewpoint. Fundamentally, was it effective, as compared with alternative sources of information, in providing satisfactory answers to questions put to it. This paper summarizes "lessons for Americans" that emerge from this investigation.

### INTRODUCTION

The Central Issue: A Dream, A Nightmare, or a Mirage?

Prestel is the British proprietary name given to the information storage/retrieval system known generically as "videotex" or "viewdata."

For the consumer movement Prestel represents a fantastic dream--an information system that, suitably developed, would enable users greatly to improve their standard of living and their capacity to cope with problems. By improving the functioning of markets, Prestel might confer similar if perhaps lesser benefits on non-users. Inappropriately developed, however Prestel could turn out to be a nightmare, rather than a dream, for consumers. It would lead them to "bad buys" rather than "good buys" and rob them of their purchasing power, both individually and collectively.

Or Prestel could turn out to be a mirage. Remember an invention called Picturephone--It was a device that enabled you to see the person on the other end of the telephone line? It worked, but no one wanted it!

This paper has three parts:

1. An Introduction to Prestel
- ii. The Nature of My Research

<sup>1</sup>This paper represents a culling from the author's monograph [5]. For the official view of Prestel's progress, cf. [4]. The most convincing scenario of Prestel's future development is that of Campbell and Thomas [2]. For an annotated review of the 30 Videotex experiments underway in the U.S., cf. Talarzyk and Widing [8]. For a consumer's view of the possibilities of Prestel, cf. [6]. For the creator's view of Prestel's possibilities, cf. [3].

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### iii. Prestel's Lesson for Americans

#### AN INTRODUCTION TO PRESTEL

##### The System Described

In essence, Prestel is an information system in which users seek answers to their questions by calling onto their home or office television screen items of information that are stored in a central computer. If Prestel can provide better answers more cheaply and more conveniently than competing sources of information--periodicals, travel agents, yellow pages, and etc.--then it will be a "winner".

Prestel is the only fully operational, commercial videotex system in the world. In Britain in January, 1982 there were 13,000 Prestel sets in use, of which about 2,000 were in residences. (This contrasted, graphically, with a 1979 forecast of 200,000 sets in place, of which 95 percent would be sited in residences.) Subscribers had access to 180,000 pages of information supplied by 650 British and foreign information providers, available on a 24-hour basis with a high degree of reliability. For £200 (\$300-\$350) one could buy an adaptor that would convert a black-and-white television set into a Prestel receiver. Input devices, both numeric and alphanumeric, as well as printers are on sale.

Information retrieval has been available on Prestel from its beginning. In September, 1981 user-to-user messages were introduced, making possible the ordering of tickets or merchandise, entering quizzes, conducting public opinion polls, and the like. Early in 1982 Prestel introduced "Gateway," a service that enables the user to conduct additional transactions and to have access to "outside" data bases.

##### Some Sample Questions

To convey the flavor of the Prestel system, four sample searches are summarized below. Details of each search are recapitulated in the Appendix of [5].

Exchange Rates. This search reveals Prestel at its best. The first step was to look up "Exchange Rates" in the Prestel Printed Index, i.e., the "Yellow Pages," then the appropriate page number was pressed in the control keypad and 13 seconds later (!) there appeared on the television screen the current rate of exchange of the £ against ten or so other currencies, updated 20 minutes ago. The charge for the search was \$.15 (8P). A marvelous performance, cheaper and swifter than the telephone, swifter and more current than The Financial Times.

A Trip by Motorail. Motorail is a service by which the traveller and his car go on the same train. The purpose of this search was to ascertain departure times, fares, and availability for a Motorail trip from London to Perth. This search started with the entry, "Railways," in the Prestel Printed Index. It continued using the internal tree-structure index that takes you from page to page through the Prestel files until you obtain the information desired. This internal tree-structure index, like a taxi-meter, incurs time charges as you use it, at a rate of \$7-8 a hour during daytime hours and \$1.60-\$1.75 at other times. This search took 20 minutes, cost about \$2.50, but yielded the desired information.

It illustrates a limitation of this particular index: success depends on familiarity with the exact phrases used in the index. In dealing with a reservation clerk in a railroad station or on the telephone, you can ask about "a service in which you and your car go on the same train" and expect to get an answer. Not so with this computer index which responds only to the word "Motorail."

#### Motor Insurance ("Automobile Insurance")

The object of this search was to ascertain (1) what motor insurance coverage is desirable, (2) what is offered, (3) at what prices and from whom. The search involved three starts.

The first start aborted almost from the outset. The page that was supposed to contain information about "Motor Insurance" according to the Prestel Printed Index pertained instead to Travel Insurance, not Motor Insurance. Thus the user was thwarted by an indexing error.

How to proceed? A second start was made by looking up "Insurance" in the Prestel Printed Index. Sure enough, this start lead to a subheading, "Motor Insurance." There were three files under "Motor Insurance." The first, offered by the Norwich Union Insurance Company consisted of typical public relations copy, telling of the company's history, size, and etc., but offering no concrete information helpful to a potential purchaser. A second file, offered by the Royal Automobile Club, for which the user paid a \$0.03 "frame charge," described "Third Party coverage" well and "Comprehensive" unclearly. A final file under "Motor Insurance" was offered by the National Union of Teachers but was relevant only to teachers.

Thus ten minutes and a dollar's worth of search, yielded nothing. No useful information had been obtained and the user was irritated by irrelevant public relations copy. This search illustrates a pervasive problem of Prestel: the user is often unable to discern in advance whether its files will provide the information he seeks.

#### New Car Purchase: What New Car Will Fit the User's Needs, Budget, and Offer Good Value for Money?

This was a search for advice on what new cars represent good "value for money" in the different size classifications--compact, mid-sized, etc. This is a type of information provided by Consumer Reports in the United States and by Motoring Which? in Britain.

Five minutes on Prestel, employing every approach he could think of, left the searcher stymied. Unfortunately, the information on new cars in Prestel's files is organized on the basis of particular models: the searcher must designate a particular model before he can obtain adequate information about it.

This search cost \$1.00 and five minutes, but left the searcher frustrated and unhappy with Prestel. Why hadn't they organized their files so as to be useful to me and others like me? Why hadn't they set themselves up to provide the advice that Motoring Which? offers so helpfully?

Later the same searcher explored Prestel files relating to particular cars, e.g., a BL Mini, and found them most informative.

#### THE NATURE OF MY RESEARCH

Prestel's "Lessons for Americans" rest on two research projects on Prestel carried out by the author in 1981-82. The reader should know something of the nature of these two research projects.

The first was an assessment of adequacy of the Prestel data base, i.e., the extent to which the Prestel data files provided satisfactory answers to the questions asked. The adequacy of the Prestel data base was tested by posing and seeking answers to a small set of questions that any consumer might address to Prestel. The questions and answers described above are representative.

This study was not a test of consumers' reaction to Prestel per se. The data base may be tested by a single individual. The validity of such a test rests on its documentation: others may examine the documentation, reproduce for themselves the steps taken by the investigator and then judge whether they agree with the assessment. On the other hand, a full-scale test of consumers' reactions to Prestel would require the exposure of a representative sample of prospective users to the system under realistic conditions; it cannot be carried out by a single investigator.

This study by the author was conceived as a pilot study whose purpose was to explore the data base and to develop a methodology for assessing it, exhaustively. It became a substantive study when first the author and then the Steering Committee

Of The Prestel For People Project<sup>3</sup> became convinced that a small-scale investigation--it dealt with only 16 questions--was itself persuasive and that further efforts would be wasted.

The second study consisted of a critical review of Prestel from the viewpoint of the consumer. In undertaking it, the author drew on the literature of Consumer Economics and Consumer Behavior as well as everything available on both Prestel and consumer information systems in general. The persuasiveness of this paper rests not on statistical tests or formal models, but rather on the cogency of the arguments and the evidence presented.

Readers wishing to examine these studies in detail should consult [5].

#### PRESTEL'S LESSONS FOR AMERICANS

##### The Adequacy of the Prestel Data Base

Prestel tended to provide answers that were either "highly satisfactory" or "highly unsatisfactory" with few in between.

Examples of successful searches resulting in satisfactory answers were information about exchange rates, the advantages and disadvantages of inflation-indexed government bonds, the pros and cons of a particular model of used cars, Motorail fares and rates, and prices for a wide variety of shavers (but all from a single, large retail chain). Unsuccessful searches included air schedules and fares from London to Copenhagen to Oslo and return, weather during the next week at a vacation site, stoves, bicycles (no information at all, despite the index heading), advice on value-for-money in a new car, prices of motor insurance. Problems that plagued users in this small study included: high costs, when known; subject matter entries with too little useful information; indexes that were time-consuming to use, costly, errorprone and frustrating; incomplete instructions to users; too few topics; and files not organized to meet the user's needs.

Is the Prestel data base likely to be improved in the short term? It seems unlikely. Responsibility for the number and quality of information files rests with individual information providers and not with the government agency that "runs" the system in general. And here Prestel is in a

<sup>3</sup>The Steering Committee Of the Prestel For People Project consisted of government officials, all of whom were highly familiar with and expert with respect to Prestel. They included Joan Macintosh, National Consumer Council, Chairman; Sir John Barran, Central Office of Information; Alex Eastbrook, National Association of Citizens' Advice Bureaus; Jeremy Mitchell, National Consumer Council; St. John Sandringham, Consumers' Association; Ann Smith, National Consumer Council; Robin Yeates, London and South Eastern Library Region; Norman Willis, Council for Educational Technology.

"Catch 22" situation. Unsatisfactory answers to questions posed--if the author's experience is any guide--will turn away new subscribers. At the same time Prestel's current audience is too small to induce information providers to improve their files.

The lessons for Americans are clear.

1. First, some organization must be assigned responsibility for maintaining the quality of files;
2. The monitoring of the quality of the files is a first-priority task that must be resolved at the outset lest an American Prestel not get off the ground.

##### An Efficient Index

Indexing is the bane of any information system. So, too, with Prestel. This is ironic because the inventors of Prestel, in creating the "tree index," felt they had devised an easy-to-use index.

Prestel has three indexes, all unsatisfactory for reasons spelled out below.

Prestel's primary index is the internal tree index organized by subject matter and illustrated by the Motorail case in the Appendix. The tree index is unsatisfactory because:

1. Its use involves high money costs that increase with the length of a search, like taxi meter;
2. It is frustrating and tedious to use;
3. Users are sometimes unable to find answers that do exist in the Prestel data base [1, 7];
4. It fails to give an "early warning" that an answer is not to be found in the Prestel data base.

The printed subject matter index--essentially a "Yellow Pages"--is unsatisfactory because:

1. The terms used and the thought structure embodied in this index are not those of ordinary consumers;
2. It is not redundant, failing to include all or even most of the words or phrases that different people use to denote the same topic;
3. There are too few cross references.

There is also a printed index of information providers, e.g., British Airways, National Westminster Bank, Central Office of Information, etc. It is also unsatisfactory. Because it is less important, we will not comment on it here.

A good index must:

1. Maximize the probability that the user will obtain the information he wants, and



2. Minimize the probability of "wild goose chases"--the probability of undertaking a long search only to discover that there is no answer in the data base, and

3. Economize on the money, time and psychological effort required to achieve the first two goals.

The achievement of these objectives probably implies such features as redundancy in the words and phrases used to identify topics, extensive cross-listing, extensive and hierarchical use of sub-headings, and a non-tree structure, unless it is computerized.

Prestel's experience should teach us Americans that the development of an efficient index is a high-priority task. One possibility that merits exploration, in the author's judgment, is the multiple key-word search. For example, suppose one wanted to obtain information for the following key words or phrases: restaurants, midtown New York City, medium-priced, Chinese. An index or computer program that selected all such restaurants, quickly and at low cost, would be most helpful. It seems likely that this idea could be generalized.

#### The Matter of Access

From its conception Prestel has been viewed as a "simple" system that could be used in the home by ordinary consumers operating the system themselves. However, the author's investigation uncovered a number of situations where ordinary consumers, using the system would have been thwarted, frustrated, or have conducted inefficient searches.

This raises the question of which serves the consumer better--(1) self-operation, (2) operation by an expert, or (3) some hybrid "guided access" operation in which ordinary consumers use Prestel but with expert guidance readily available.

It is obvious that self operation requires better training of users, better indexes, and a better quality data base. Only self operation (or a mainly self-reliant version of "guided operation") is compatible with home use. Expert operation adds to the cost of Prestel use since the services of the expert must be recovered.

#### Economies of Scale and Their Implication

For home users, Prestel embodies large economies of scale: the more answers the user obtains, the lower the cost per answer. Indeed, costs could become negative! This, in fact, occurs for subscribers of Consumer Reports or other product testing magazines when the savings that users obtain from product test information in the magazine exceeds the cost of a subscription.

Economies of scale for home users have many implications for the developers of Prestel and similar systems. First, the more questions the system can answer, the more attractive the system will

be to the user. Secondly, the more satisfactory each answer, the more attractive the system will be. Thirdly, the more components of the purchase process with which Prestel can deal--answering questions, ordering, paying, providing credit, etc.--the more attractive it will be.

Users of Prestel will accept or reject the system as a whole. This implies that everyone involved has an interest in everything that every other party does with respect to Prestel--British Telecom, equipment manufacturers, information providers whether public or profit-making. An example makes the point more cogently. A private retailer's excellent file on electric shavers should be regarded as a "plus" by everyone whether a consumer, government agency, British Telecom, or another private firm: it helps "sell" the user on Prestel.

Similarly, all concerned have an interest in technological extensions of Prestel such as gateways to alternative data files, alphabetic keyboards, copiers, videodiscs, compatible micro-computers, full interaction to make possible ordering, paying, financing, back-and-forth questioning.

Economies of scale have applicability to advertising, too. As long as Prestel is young and the number of questions and functions it can handle is limited, large advertising efforts will be required to induce people to use Prestel initially, and also to remind them to use Prestel when it is appropriate. As Prestel matures and provides more information and more functions more cheaply, then it will become what Sam Fedida, its inventor, terms the "obvious first port of call" [3]. When this occurs, Prestel will become almost self-advertising. Indeed, advertising will focus exclusively on the recruitment of new users.

American developers of Prestel-like systems would be foolish if they did not recognize these implications of the economies of scale of Prestel for its development here.

#### SUMMARY

The research reported in this paper has sought to provide an interim evaluation of Prestel as an information, storage and retrieval system. We should be deeply grateful to the British for their invention of and investment in Prestel. Careful study of their problems, failures, and successes should enable American developers of similar systems to avoid the pitfalls that the British have encountered.

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ADVERTISING AND MARKETING ON VIDEOTEX:  
THE CONSUMER PROTECTION ISSUES

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ABSTRACT

This discussion will highlight the consumer protection issues that may arise with advertising and marketing applications of videotex. Most current regulations that prevent "hidden" advertising, and protect consumers from high pressure sales or late delivery of mail-order goods are tied to a particular medium (e.g. mail, broadcast) and would not be applicable to videotex.

Marketers will look to videotex as a new medium for advertising and in-home retailing. This development has obvious advantages for consumers--videotex could produce more informative and detailed advertising available on request and could save shopping time as well by facilitating in-home price-comparisons, and direct ordering and payment by electronic means. But there are some potential consumer pitfalls lurking in the new technology of which we should be aware.

ADVERTISEMENT OR INFORMATION?

In commercial television, the advertisements are hard to avoid. One must leave the room or turn off the set. The videotex advertiser, however, will have to offer something that is both useful and attractive in order to encourage the viewer to press the button that will result in a screen full of advertising. Thus, a tool manufacturer might offer "free" pages of advice and information on home remodeling, featuring, of course, the manufacturer's brand of tools, rather than presenting a more conventional advertisement.

Because such features do not look like advertising, the viewer may be persuaded to access these pages. Most people realize that an advertiser will present the object to be sold in the most favorable light. Non-commercial organizations, such as Consumers' Union or government agencies, have no interest in selling any particular product, and thus their information might be more valued by the consumer.<sup>2</sup> Videotex advertisers who desire the credibility and drawing power of such neutral information sources may be tempted to blur the line between information and advertising.

One straightforward solution to this potential problem has already been adopted by Britain's Prestel system--i.e. the provider of the information must be clearly identified on each screen of text. But is the answer really so simple? Will the

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<sup>2</sup>Hartley J. Moore, "New Video Technology Poses Perils for Some Advertisers," Harv. Bus. Rev. 25 (Sept. - Oct. 1981).

average viewer surmise, for instance, that the National Commission on Egg Nutrition is not a government agency, but in fact a trade association bent on promoting a taste for eggs? And does everyone know that a beautician and vice president of the Gillette Corporation has a vested interest in the sale of Toni Home Permanent Waves because Toni is owned by Gillette? Thus, a videotex menu or recipe from the National Commission on Egg Nutrition could encourage viewers to eat more eggs without giving credence to the counter arguments that eating too many eggs could increase the risk of heart attack.<sup>3</sup> Similarly, the beautician's recommendation of Toni hair care products may achieve more credibility in the eyes of those not schooled in the corporate holdings of Gillette.

Distinctive formats for commercials, such as we see in magazines or on television, have not yet evolved in videotex. The practice of advertisements aping articles or editorials was banned by statute in magazines or newspapers delivered by mail in the U.S.<sup>4</sup> All advertisements must be identified as such in these publications. The statute is tied to mail delivery, however, necessitating new legislation to make this applicable to electronic publishing via videotex systems. The Communications Act and the FCC also require sponsorship identification in broadcasting.<sup>5</sup> Videotex, however, is a new medium that is neither broadcasting nor sent through the mail, so that these protections apparently would not apply.

ELECTRONIC MAIL-ORDER

This same problem of consumer protection measures being tied to a particular medium comes up in the area of direct marketing as well. If, as many experts expect, videotex is used for electronic mail ordering of retail items, the age-old consumer bane of late or non-delivery of items ordered and paid for could arise. Yet, the FTC regulations requiring marketers to ship goods promptly or give consumers the right to cancel and receive a refund, applies only to goods "ordered through the mails."<sup>6</sup>

<sup>3</sup>In fact, the National Commission on Egg Nutrition is under order from the Federal Trade Commission not to misrepresent the evidence on the relationship between the consumption of dietary cholesterol, including that in eggs, and the risk of heart disease. In re Nat'l Comm'n on Egg Nutrition, 92 F.T.C. 848 (1978). Nonetheless, other trade groups could use similarly innocuous names to gain undue credibility for their advertisements.

<sup>4</sup>39 U.S.C. § 4367; 18 U.S.C. § 1734.

<sup>5</sup>47 U.S.C. § 317 (a)(1).

<sup>6</sup>16 C.F.R. Part 435.

A seller who advertises on videotex and receives payment through an electronic fund transfer would not be subject to this important consumer protection regulation.

#### ELECTRONIC HARD SELL

Videotex advertising combined with an instant electronic ordering mechanism, could also give rise to impulse buying or unauthorized purchases. Yet the FTC and state regulations providing for a "cooling off" period or right to cancel apply only to door-to-door or in-home personal sales<sup>7</sup> (although some state laws have extended this concept to telephone sales). Once again, the protection is tied to the medium, even though the problem of impulse buying in response to high pressure selling may not be limited to one medium. Information providers on Prestel have voluntarily agreed in their Code of Practice to allow consumers a right to return the goods and receive a refund within a specified time period.<sup>8</sup> This important consumer protection should be extended to other systems as well.

#### WHO IS RESPONSIBLE FOR VIDEOTEX ADS?

Finally, should videotex system operators take some responsibility for the advertisements and marketing schemes that are disseminated by them? Traditionally, the print media have strongly resisted the notion that they are in any way liable for the fraud or deception of the advertisements they publish. Broadcasters, on the other hand, have developed rather strict "clearance" procedures to screen out potentially false or deceptive advertisements. These screening procedures are particularly effective on national network television.

If videotex system operators are to gain revenues by sharing in the proceeds of videotex sales, as some have suggested, there is a strong argument that they should also share in the responsibility for possibly unfair or deceptive practices by these marketers. The videotex system operator would be in a good position to mediate between the consumer and the seller in the event of consumer complaints. At the very least, the system operator should maintain a file of the name, address and telephone number of all advertisers and retailers using the system, since an aggrieved consumer who ordered electronically may have no other way of contacting the seller whose advertisement has since been removed from the data bank.

#### CONCLUSION

In conclusion, then, while I don't want to sound the alarm unnecessarily or prematurely restrict a new medium with many potential benefits to consumers, I think it is important for consumer policy

<sup>7</sup>The FTC regulation appears at 16 C.F.R. Part 429.

<sup>8</sup>Association of Viewdata Information Providers, Ltd., Viewdata Code of Practice (1980).

makers to think ahead and take the obvious precautionary measures to prevent old consumer problems from reappearing in new forms. In the alternative, industry leaders could undercut the need for any government regulations by adopting voluntarily a Code of Practice that adequately addresses these problems.

THE IMPACT OF CONSUMERISM ON  
A DEVELOPING ECONOMY: THE CASE OF TURKEY

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ABSTRACT

In a rapidly developing, but fluctuating economy such as Turkey, the general outlook of consumerism based on most recent research data available has been reviewed. It is shown that consumers suffer a great deal of problems which are not essentially different from the ones that their counterparts face in developed countries. However, as for the causes of consumerism and consumer problems, significant differences are found. While inertia and procrastination attitude was seen on part of Governments, a strong resistance or xenophobia was found among businessmen. Much complaint but lack of active involvement was the pervasive attitude of consumers in general. It has been established that in a sellers market, for businessmen to come to grips with the realities of consumerism, it took the stagflation and recession instead of the consumer movement itself.

INTRODUCTION

Although it is not the only goal of life, consumption, or its correlate, shopping, is one of the most important activities of human life. It is a phenomenon which represents not only the material exchanges, but also the dreams, hopes, expectations and various ways of satisfaction of people. While shopping takes a great part of the consumers' time, energy and money, the things obtained or not obtained, create problems as well as opportunities and satisfaction. This is true for any economy.

However, the consequences of these problems are much more aggravated in the case of developing countries and especially that of the Third World [17, p. 17-18]. Although, with its per capita GNP at approximately one thousand dollars, Turkey can not be regarded as a poor country any more, it is still among those countries where a great many of the consumers suffer in their everyday shopping activities. The impact of the national economic environment on the Turkish consumers' welfare has not, on the average, been a favorable one until recently. Consumers in a rapidly developing, but fluctuating economy such as Turkey, have had to put up not only with scarcity, but also with high prices and low quality in every conceivable aspect of their shopping activities. The Turkish consumers' dilemma stemmed not only from the market behavior of sellers, like in developed countries, but also from the structure of the market and unequal distribution of income.

Yet, as of 1982, a tremendous amount of knowledge about consumerism, especially among the intellectual circles, the press and the Turkish Radio and Television broadcasting institutions in Turkey, had been accumulated. However, the roots of this

awakening and upsurge of interest in "consumerism" under this title can only be traced back to the 1970's.

While Turkey was trying to cope with the investment, production and development problems, thanks to the entrance and rapid expansion of television and private transportation, a distorted "consumption culture" pervaded the middle and upper income stratas. The untimely entrance of this inevitable culture brought about added problems for consumers as well as producers.

Of course, before Turkey reached the 1980's, some attempts to improve the situation had been witnessed throughout the country. Although scattered and unorganized, they brought hope for the salvation of the consumers. But the real challenge of consumerism and modern marketing, backed up with the developments of the 1970's, started to manifest itself only in the 1980's, especially after the announcement of the January 24, 1980, austerity measures which were aimed at stopping the three digit inflation and eventually establishing an entirely free market economy.

THE GENERAL OUTLOOK OF THE TURKISH ECONOMY

Since the so-called non-controllable environmental factors are one of the most important determinants of consumer welfare, a brief review of the Turkish economy might help shed light on the state of consumerism in Turkey.

Since the establishment of the Republic in 1923, Turkey has passed through continuously fluctuating socioeconomic stages in discreet time intervals. From the standpoint of present analysis, these stages could be divided into the following broad areas: (1) 1923-1960, (2) 1960-1971, (3) 1971-1980, and (4) 1980-present. The first period was a trial and error approach for the development of the country. Yet, starting from 1960, each decade has resulted in inflation, social chaos and Army intervention or takeover. The second stage was the beginning of a mixed, planned economic development and a production oriented decade. Despite many domestic and internationally adverse conditions, Turkey made significant strides up until 1977. While it was on the verge of a take-off at the start of 1977, the rate of inflation soared to 132 percent, and the unemployment rate rose to 16 percent in 1980. During this third period, shortages and blackmarketing, even in vital drugs, reached unprecedented dimensions. To remedy this situation, the existing government, on January 24, 1980, started an Austerity Program which mainly consisted of a tight money policy, low wages, free and high interest rates, realistically valued exchange rates and curbed demands. But since it did not produce a quick recovery of the economy, the

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government was not able to cope with the ensuing social unrest, disorder, anarchy and terrorism. So another Army takeover came on September 12, 1980. In the fourth era, the austerity measures, backed by the Army, started a gradual liberation of the economy.

Thanks to the stabilization program, the rate of inflation was brought down to 30 percent in 1982.

Along with its other deeds, however, this last era also dragged in stagflation. The period of stagflation that Turkey has currently been passing through can be characterized as an "inflation plus recession" type [24, p. 121]. During this short period, an important drop in the amount of total savings has been recorded, as they plummeted to 23.1 percent of the GNP [33, p. 25]. The banker bankruptcies, which also bankrupted thousands of consumers in 1982, contributed to the overall decline in savings [32]. In this period, not only the livelihood of consumers, but also that of small businesses, as well as some independent large corporations, have been jeopardized, which resulted in an unannounced alliance among these groups against devastating monopolies.

Each of the aforementioned eras, in their own unique way, had implications for marketing and consumerism. However, the last period is the one which has had the greatest impact. Because many industries were established during the period of easily available, low cost credit, operated behind tariff barriers, when there was high domestic demand with no real competition, they now had to adjust to the current conditions of more costly financing and a depressed domestic market demand.

#### THE MARKET STRUCTURE AND MARKET BEHAVIOR

In a fluctuating economy whose general characteristics are depicted above, the structure of the market and the market behavior of the firms comprising the market or industry, with few exceptions, can not be expected to be highly developed. As a matter of fact, neither the spatial locations nor social, economic or legal organization and practices of marketing activities, have reached a contemporary level in Turkey.

Today the market structure of the Turkish economy shows a dual nature which can be separated into two distinct, but interrelated parts: The modern and the traditional sector. Thus, both in manufacturing and distribution, be it state or privately owned, large enterprises and traditionally small scale establishments operate together. But in each sector, almost 90 percent of the firms are small businesses [5, p. 126, 194, 198]. On the other hand, a few large firms account for quite a substantial part of the total market in the manufacturing industry. In other words, the rate of monopolization is very high. For instance, according to research carried out in 1976 by Tekeli and Ilkin [28, p. 5], one firm in 18 sectors, two firms in 27 sectors and three firms in 14 sectors dominated the entire market. The outcries of the Istanbul Chamber of Commerce against monopolies, covered in the following paragraphs,

attests to this concern.

The channels of distribution are more cumbersome than that which ideally should exist. The retail sector especially, is very crowded, more so than the other segments of the channels. Retail capacity ratios (E/C) and the number of retail establishments per 1000 population are continuously increasing [27, p. 15]. Since there have been some delays and failures in the transfer of large scale retailing technologies, i.e., supermarkets and department stores [14], and since they are still in their infancy, there are no signs of monopolization in the retail sector. Yet, the atomistic structure of the sector, with its thousands of small firms, does not allow for any kind of controls.

By necessity, the general atmosphere that encompasses these markets is the "sellers market" and "classical marketing behavior" which usually go together. The effects of these conditions are seen very overtly in almost every attitude and behavior of the businessman. For instance, it is not an uncommon event for business groups to get together for gentlemen's agreements for price fixing. Most of the businessmen have become so accustomed to the inflationary sellers market climate that even after the breakdown of this rigid structure in January of 1980, some still resist blindly and stubbornly to any adaptation to the changed conditions. Meanwhile, however, the more foresighted attempted reconciliation and adaptation to the stagflation-ridden economy. Some firms earnestly tried marketing tactics like quality improvements, extended installment sales, free home deliveries, price reductions, drawings, packaging conveniences, extended guarantees, special advertising campaigns and product differentiations which are so entrenched in the modern practices of industrialized Western countries. At no other time were they so intensely tried in Turkey, but most of these efforts succeeded only minimally because the genuine approach to consumers during a recession should have been to afford some real monetary gain. This actually finds its real expression one step further in "socially responsible marketing".

#### THE NATURE AND TYPE OF CONSUMER PROBLEMS

Although reflected at different threshold levels, a similarity or universality of consumer problems and/or sellers' practices and thus in the causes of consumerism can be observed throughout the world [12, 16, 21].

Major consumer problems and complaints which are identified by various research projects in Turkey over the last decade [1, 2, 3, 18, 20, 23, 26, 29] can be systematized within the context of marketing mix variables as follows:

##### (1) Product and Service Related Problems

Deceptive practices in quantity of goods (scaling deceits, etc.); improper, unclean, unsafe, poor packaging and no packaging; lack of standards and disobedience to standards; difficulties in retur-

ning goods and getting refunds; almost non-existent product liability; inadequacy, lack of and/or high cost of services, delays and overcharges; and poor quality.

#### (2) Price Related Problems

Artificially curtailing the supply and creating blackmarkets; unfair and arbitrary price increases and overcharges; higher prices and poorer quality; secret price fixings and other monopolistic tactics that eventually lead to higher prices; price discrimination by customers for the same goods at the same time; indirect or unannounced price increases by reducing the weight or contents of packages, or by adulteration; arbitrary price increases during the peak demand periods, such as holidays, etc.; inexplicably high interest rates on installment sales; fraudulent sales and price reduction prices; giving stamps, chewing gum or matches in place of monetary change.

#### (3) Distribution (Place) Related Problems

Inadequate distribution or delivery; long delivery hours; not selling complimentary products in the same place; environmental polluting of business locations and sites; transfer of conflicts among channel members to the consumers; distribution monopolies against retailers and consumers.

#### (4) Promotion Related Problems

Branding and labeling problems (insufficient information, lack of labels); displaying goods without price tags; overpressure to the consumers (hard-selling tactics); customer differentiation by salesmen; bait displays; deceptive advertising, and sales promotion campaigns that do not pass any real value on to the consumers.

In order to demonstrate the seriousness of the above problems, one specific example concerning product safety will more than suffice. For instance, because of unauthorized non-standard manufacturing of LPG tanks by so-called pirate or fly-by-night operators and also lack of regular maintenance, household LPG explosions each year claim almost a hundred human lives and account for many injuries in Turkey [2, 26].

The above problems which occur before, during and after purchases are, by no means, exhaustive. Of course, there are other consumer problems which probably do not properly fit into the above classification. Inflation, which is the reduction in the purchasing power of money, is one such serious problem. It affects the individual, both psychologically and physically [11]. Red tape, substandard public transportation, public utilities, housing, urbanization and hospital care are also important areas of discontent to consumers.

### HISTORY AND THE DEVELOPMENT OF CONSUMERISM

As is the case in the United States, [12, 15] or elsewhere in the world, the roots of consumerism can be traced back to the dawn of history. In fact, the Hittites of Anatolia (now in Turkey) had

a consumer code on food matters 3500 years ago [13].

The state of the economy, the market structure, and the above listed problems account, to a large extent, for the causes of consumerism. The developments, studied from the historical perspective which follow, also show the types of consumer policies, or lack of them, and the catalysts which helped the evolution of consumerism in Turkey.

For all practical purposes, the consumer-impinging developments in Turkey can be traced to five different periods which, in some respects, resembles similar periods in the United States [12]: (1) Period of the Ottoman Empire; (2) 1923-1960; (3) 1960-1970; (4) 1970-1980; (5) 1980-Present.

The first consumer-related policies in Turkey could be traced back to the period of the Ottoman Empire [18, p. 59]. During this period, organizations of artisans and guilds were established. The basic cause of this consumer oriented movement was to increase the prestige of tradesmen, sellers and artisans. The oldest regulation, which carried the nucleus of the most advanced consumer codes of today, dated back to 1630 [18, p. 65].

The second period, as was mentioned in the economic outlook of Turkey previously covered, was a time of struggle, of standing firm and persevering. But especially during the 1930's, under the rule of Ataturk, many foresighted consumer protection laws, which today can only be found in the most progressive consumer protection codes of developed countries, were enacted [26]. Above all, the State Economic Enterprises were set up as a market regulation force.

Most of the above laws are now outdated and inoperative. Also, some of them were abolished after the January 24, 1980, measures were instituted.

The period between 1960-1970, supported by planned economic development, is an era which represents Turkey's outward orientation that resulted in increased economic, cultural and social exchange. During this awakening process, some more laws which have an effect on consumers were passed [26].

Although the beginning of this intensive production-oriented period seemed promising, few achievements resulted as far as consumerism is concerned. However, the issue of consumerism found its way into the 1970 Program of Second Five Year Development Plan. This program emphasized the need for consumer protection through every means, including the formation of a responsible unit within the Ministry of Commerce. It provided the impetus for consumer associations, and advocated educational measures as well as quality and price controls.

The fourth period (1970-1980) was the start of a period in which some small, but significant, strides were made in favor of consumerism. In fact, the year 1970 could be regarded as a turning point of consumerism in Turkey. At this juncture, Turkey unavoidably stepped, to a certain

extent, into a marketing era which largely can be characterized as an "intensive classical marketing era" which is something better than the "pure selling era". Taking into account the decrees of the Plan, the Ministry of Commerce arranged a Consumer Problems Seminar in 1970 in Ankara [34]. This was the first real milestone of consumerism in Turkey. Later, the Ministry of Commerce established a Department of Consumer Problems in order to provide more direct means for assuring the expression of consumer viewpoints. Because this unit was never successfully organized, it was abolished in 1974. However, while established it did study the consumer codes and practices of other countries and provided for participation in the European Council, as well as OECD committees on consumer problems. It helped with the preparation of a bill entitled "The Bill of Regulating Trade for Consumer Protection" in 1971. It remained in the Parliament a year, but did not pass due to certain pressure groups. After the first bill was introduced, three more legislative attempts for consumer protection took place, but none of the four bills were enacted [22].

The main developments favoring consumers during this period can be summarized as follows:

- Arrangement of an unsuccessful meat boycott.
- The Price Control Committee Resolution Act, 1975.
- A consumer seminar held in 1976 at the School of Business of the Istanbul University.
- The newspapers started to devote more coverage to consumer-related problems.
- The Turkish Marketing Association included an article in their code for consumer protection.
- The School of Business at Ege University made preparations to establish a Research Institute for Consumer Problems and an Association for Consumer Protection.
- In 1977, an Association for Consumer Protection was formed in Ankara.
- The Istanbul Chamber of Commerce opened a bureau for consumer complaints.
- A circular of the Turkish National Committee of the International Chamber of Commerce, calling for observance of the International Code of Advertising Ethics, was published.
- Some LPG firms, in response to accusations, inserted ads, providing explanations to customers.
- Chambers of Commerce provided ads to enlighten consumers on sales and discount practices.
- Some volunteers participated in IOCU Congresses.
- A Foundation for Consumer Protection was founded.
- Two dissertations, three books and countless articles were published.
- A few radio and television programs were produced.
- The Fourth Five Year Development Plan (1979-1983) re-emphasized the need for consumer protection [9, p. 280].

The most noteworthy incident during this period was the price control experiments which turned out to be a complete failure. For, instead of controlling prices, the committee served as a compass for price increases.

None of the above activities were effective and fruitful as far as establishing and/or keeping in

operation a concrete consumer organization which would strive for the rights of consumers. However, this was a period of maturation and crystallization of knowledge and provided experience for the future.

The final period, starting with 1980 and continuing to the present time, is the beginning of noteworthy developments for consumerism in Turkey. Because of the macro level developments described above, there has been an increase in the tempo of consumer-related events since 1980. These events are as follows:

- The State Planning Organization, the Union of Chambers of Commerce and UNIDO have planned to establish a foundation for quality control.
- One highly circulated newspaper established a bridge between sellers and consumers for arbitration in 1981.
- The Istanbul Chamber of Commerce has started pressing against monopolies, asking for anti-trust laws and resorting to imports in an effort to combat monopolies [30, p. 1].
- The Second Turkish Economic Congress (1981) extended greater consideration to the issue of consumerism [20].
- In addition to the Istanbul Chamber of Commerce, various other pressure groups pressed heavily for the inclusion of an anti-trust article in the new Constitution [6, 10].
- The Turkish State Cigarette Monopolies were required to put warning labels on the packages.

During these developments, the fourth and last bill for consumer protection went back and forth between the Government and the Consultative Assembly. The general attitude of some circles toward the issue was that "it is not the right time" and "the people are not ready for it", etc. When all hopes seemed lost for the passage of the consumer bill, a sudden and unexpected move came from the Consultative Assembly on August 26, 1982. The Assembly adopted an article pertaining to the protection of consumers in the new Constitution. In draft form, the Article read as follows: "The State shall adopt measures to protect and enlighten consumers and encourage the initiatives consumers take to protect themselves." But a direct and explicit proposal for the State to encourage consumers to head up organizations was rejected on the grounds that organizations of consumers might give way to activities that would be destructive for the system [3].

#### SUMMARY AND CONCLUSIONS

The above explanations clearly show the trials, setbacks and progress which has been encountered by the consumers to date in their efforts toward consumerism.

Although there was a time lag, the most striking impact of consumerism in Turkey was the last minute adoption of an article on consumer protection in the new Constitution. However, if one remembers that passage of the Truth-in-Packaging Law of the United States took five years [16, p. 577], it would appear that delays and postponements



in consumer legislation hold true also for countries other than Turkey. It is a problem that merits further scrutiny.

Although it should be apparent from the experience of industrialized Western countries where consumerism has taken great strides, legislation as an end in itself, is not a panacea [16, p. 575]. Still, the inclusion of the article on consumer protection mentioned above, after years of struggle, can be regarded as a silent victory for consumerism. Its significance and implications stem from the fact that from now on, the issue of consumerism will always remain uppermost and fresh on the agenda of society.

The fact that Turkey was progressing toward consumerism while at the same time encountering opposition to consumer organizations by some appears paradoxical and anachronistic. Yet in this age it is an indisputable fact that consumers, whose rights were firmly expressed by JFK in his 1962 speech, are the real addressee of the case of consumerism. So, if the consumers who are a natural member of the channels of distribution and who meet the sellers everyday, can not organize and express their rights, who else can properly represent them. The failure of the consumers in establishing and developing their own organizations up until the present in Turkey may constitute one of the fundamental differences between the characteristics of developing and developed countries in the marketing arena.

The most recent research data [18, 23, 26] shows that the failure on the part of the consumers in becoming organized is attributable partly to the lack of government support and partly to the lack of an active interest among consumers themselves generally. The research further indicates that sensitivity to the consumer problems and unchanneled complaints are widespread among all of the social classes. But a somewhat more active reaction and responsiveness is more pervasive among the "middle middle" and "upper middle" classes. As for the rich, they have the ability to repurchase, and their chances of being deceived appear to be less than with the lower and middle income groups. Even when they are deceived, their loss is not as greatly felt as with the other classes. The above research data establishes, once more, that the lower income stratas can not spend the time, energy and money to suit the sellers. They also know from experience that so-called control authorities can do very little for them. The results of this research show surprising similarities with the results of a research on "The Evaluation of User Satisfaction in Consumer Protection Hotlines," by Lippert and MacDonald [19]. Although no such hotlines, except at holidays, exist in Turkey, like agencies to which trampled consumers can resort have not proven helpful at all. Even were consumers to apply to these places for redress, they would not receive proper attention because they are inadequately organized to overcome these types of problems. Besides, under the present atomistic structure of the markets, it would be impossible for authorities alone to control effectively, thousands of small and scattered firms.

As for the businessmen, they, with few exceptions, did not welcome the wave of consumerism. This was partly due to excessive production orientation and the classical marketing organization, and also the result of ignorance and unwillingness emanating from shortsightedness on their part. Most of them were, and some of them still are, very frightened by this new movement. Thus, they implicitly or explicitly tried to deny and overlook consumer issues, without contemplating the effect of this apathy for the future. The psychodynamics of their behavior were conservatism, offensiveness, xenophobia, procrastination and inadequacy of social consciousness. Ignorance and lack of contemporary international orientation have also played some role in their behavior.

However, it was not the consumer movement which really stimulated businessmen in Turkey to become consumer oriented. Although warned far in advance by the pioneers of the consumer movement of this prevailing trend toward consumerism, it was the new economic climate, the stagflation and the free economy which brought the businessman to grips with the realities of modern marketing. And it was not until the urgent need for increased exports developed, that they perceived of the advantages of being quality conscious. This newly developed mentality and thrust toward quality improvement, together with increased competition, at last permeated the domestic markets. In addition, there was the realistic challenge to reverse the trend of the people which had withdrawn to a "voluntary simplicity" [24], now more than ever due to their rapidly dwindling incomes. If a contribution of consumerism has ever taken place in this setting, it might have only been an accelerated enlightening effect. Yet, although at a different threshold level, the same holds true for the developed countries of the 1980's. One of the most important concerns of top management in these countries and especially in the United States during the 1980's, is toward a more intensified consumer orientation [35, p. 15] in all aspects of business life.

However, from the viewpoint of consumers in developing countries like Turkey, the coincidence of stagflation, rising consumerism and new legislation may be regarded as a fortunate event for all the concerned parties because it may help pave the way for a hand-in-hand growth of the industry and consumerism.

The developments in lower income countries like Turkey also points out the need that not only the consumers but also the businessmen should be educated and enlightened about consumerism in these countries. This is another fact which seems not much relevant in developed countries.

Although there are significant differences in causes of consumer problems between developing and developed countries, the types of problems encountered in both really needs further scrutiny in an effort to find the universalities. As for the underlying causes of consumer problems in Turkey, lack of orderly economic development and unequal distribution of income come first. Under the circumstances, the policy and the program

of action for the consumer movement should have two simultaneous points of attack in Turkey [26]:

(1) To press for a balanced economic development and income distribution, which is actually one of the goals of consumerism defined in broader terms [12, p. 187]. To effectuate this, rationalization and modernization of the market structure and channels of distribution without monopolization is a must [26]. Because, since big monopolies can impose almost all of their policies on small scale traditional retailers by using "pushing and/or pulling" marketing strategies, the only way for retailers to escape from this is to come forth as, to use J. K. Galbraith's words, a "counter-wailing power." And only in this way can a marketing democracy based on multiple dialogs be established.

(2) To press for the solution of consumers everyday nerve-racking, and sometimes life claiming, problems which are in the realm of narrow concept of consumerism but that are essentially very much interdependent with the broader notion. While this second point of attack is a rather short term approach it may also help redirect the long term developments.

The need for a coordinated consumer act in order to support the above measures is beyond any dispute. It is now also going to be obligatory in accordance with the article adopted in the new Constitution. Such a code is important not only for demonopolization of big monopolistic firms, but also for conforming to the international code of consumerism that is rapidly developing in EEC, OECD, U.N. and the rest of the world.

The aim of consumerism in the long run, however, should be to help the creation of a world in which the need for consumer protection is either completely removed or reduced into the minimum levels.

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KENYA COLLEGE STUDENTS'  
CONSUMER KNOWLEDGE AND ATTITUDES

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ABSTRACT

The study was designed to measure the consumer knowledge and attitudes of college students enrolled at a college in Kenya. It was tested whether six variables (sex, academic level in college, academic major, rural or urban upbringing, having work experience and having completed a course in consumer education) were associated with achievement on a 47-item test or with seven consumer attitude questions. During the first week of classes in 1980, all available students (n=508) completed the instrument. The mean score on the achievement test was 31.3% (67.9%) correct. Prior completion of a consumer education course and academic major of the student were significant determinants of test achievement. In general, the students supported attitudes expected of rational and responsible consumers.

INTRODUCTION

Kenya is a rapidly developing African country that is still largely an agricultural economy. Agricultural production accounts for 90% of Kenya's exports and for a third of both the gross domestic product (GDP) and paid employment. Sixty-five percent of farming is made up of subsistence farms and the rest are large scale and small scale farms. Small scale farms are those between 40 and 300 acres; large scale farms are those in excess of 300 acres. [10]

Market or monetary transactions in Kenya are slowly becoming commonplace as consumers are increasingly being brought into a market/money economy. An average consumer in Kenya is very ignorant about consumer practices in the marketing/money economy. Increased commercialization, including advertisements and mobile product promotion films, have fostered various consumer problems. In the marketplace consumers are faced with false and misleading advertisements, multiple product choices, limited product information and occasional unscrupulous selling practices. The ordinary individuals who do not know their rights as consumers living in Kenya often are exploited by sellers.

Consumerism is a relatively new concern in Kenya. Since independence in December of 1963, the

Kenyan government has tried to help consumers. To date five consumer protection laws have been enacted. They are related to product safety, product quality, price control, and fairness in dealings between consumers and businesspersons. Available redress channels also have been established by the government. Unfortunately most Kenyans are not aware of these consumer protection efforts. One group that represents the interest of consumers is the Kenya Consumers' Organization. This organization was started about thirty years ago by a group of housewives in Nairobi who felt that shopkeepers were exploiting consumers. The objectives of this voluntary, non-profit organization include consumer education and awareness, representation of consumer interests to business and government, and complaint resolutions.

The educational system in Kenya starts with primary school. Seven years of primary school are followed by four years of secondary school. After primary school, all children are administered a national examination called the Certificate of Primary Education (CPE). According to The Weekly Review, in 1980, 327,973 children sat for this examination. Presently 60% of the population in Kenya is below the age of 18. The secondary school system (grades 8-11) cannot absorb all these children. A combination of the publicly and privately funded schools totaled a capacity of 123,214, leaving 204,759 pupils without a place in a secondary school. Consequently, children who do well on the CPE exam attend secondary school; others join vocational training schools or are left at home idle. [6, p. 19].

After four years of high school education another national examination is administered. Based on these scores a limited number of the students are placed into institutions of higher education. Some go to the University of Nairobi while others attend various specialized institutions like teacher training colleges, nursing schools and agricultural institutions.

One of the five agricultural institutions is Egerton College located in Njoro, Kenya. It offers training in the following disciplines: Agricultural Education and Extension, Agricultural Engineering, Animal Science, Crop Husbandry (Agriculture and Horticulture), Dairy Technology and Food Technology, Farm Management, Home Economics, and Range Management. The students at Egerton College are trained for three years and then work as extension officers. Their efforts are directed at the 80% of the population living

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in the rural areas.

The government officials who most often come in contact with rural families are the health officers, social workers and agricultural extension officers. Among these, the agricultural extension officers are the most appropriate people to teach consumer education to these rural families. This is because their training includes various aspects of production, consumption, marketing, budgeting, and accounting. Therefore, if they can educate rural families to be good consumers, the impact on the welfare of these families and on the economy of Kenya is potentially widespread.

#### RESEARCH PROBLEM

For the purposes of this research Egerton College was chosen as one of five schools which trains agricultural extension officers in Kenya. Students attending Egerton College, Njoro, Kenya, were the focus of this study. They were a convenient population because the primary researcher was a staff member there but also they were a national group of students attending this agricultural college. While at Egerton College, the only students who take a course in consumer education are the Home Economics students and the Dairy and Food Technology students. But, if consumer education were taught to all students at Egerton College, graduates could later teach the farm families both improved agricultural practices and wise consumer practices.

The problem of this research was to assess the degree of consumer education knowledge and related attitudes of students at one school involved in training agricultural extension officers. Additionally, in an exploratory attempt six null hypotheses were examined associating consumer knowledge or attitudes with the six variables of sex, academic level in college, academic major, rural or urban upbringing, previous work experience and prior completion of a course in consumer education.

#### RESEARCH DESIGN AND METHODOLOGY

The methodology utilized a researcher developed questionnaire which was administered to a large sample of students. The instrument was designed to ascertain selected demographic information and general consumer awareness, in addition to consumer knowledge and attitudes.

A consumer education course taught at Egerton College served as the basis for developing the questionnaire. Logical or content validity was achieved by matching the consumer education course outline with the breadth of questions on the test. Content areas included consumer rights and responsibilities, budgeting, intellectual buying, advertisements, banking and insurance, credit, consumer laws in Kenya, and the role of the consumer in the economy. Various administrators and faculty at Egerton College reviewed the

development of the instrument in an effort to establish construct validity with assistance from faculty in the U.S. with expertise in test construction.

Nine questions were asked regarding demographic data. Four general information questions requested information on awareness of Kenya consumer legislation, an opinion on what groups in Kenya need consumer protection, and whether or not the respondent had completed a college-level consumer education course. Forty-seven questions measured knowledge including 22 true-false questions and 25 multiple choice items. Seven attitude questions using a four point Likert-type scale assessed opinions.

Fifty students from Egerton College were involved in a pre-test of the instrument during the spring of 1980 to assess and improve reliability. Those questions that were found to be ambiguous, too easy or too difficult, or not appropriate were either eliminated or rewritten.

Usable data were collected during the first week of classes, September 5-9, 1980. A total of 713 students were available for testing, however, students who were part of the pre-test were excluded from data collection (n=50). Of the remaining 663 students eligible for the study, 508 (76.6%) participated. The missing 155 students were unable to sit for the data collection because they were not Kenya nationals and were excluded. All questions were coded for computerized statistical analysis. Analysis of variance procedures were used to determine relationships between the knowledge score and the descriptive variables. Relationships between the attitude questions and the demographic variables were tested with chi-square procedures. The level of significance was set at .05.

#### FINDINGS

The findings of this study describe the students at Egerton College, their measured consumer knowledge, reported attitudes and some related general consumer information.

##### Egerton College Students

Of the 508 respondents, 31.6% were first year students and the rest (68.4%) were second and third year students. The majority of them (83.7%) had enrolled at Egerton College with no previous work experience; students who had prior work experience made up 16.3% of the population. Most of the students were unmarried (80.9%); male students (74.4%) were predominant.

For a majority of the students their families resided in rural areas (79.2%) rather than urban. In terms of ages, 36.4% were 21 years or younger while over half (58.5%) were between the ages of 22 and 27.

The data also indicates that over half (53.2%) of the respondents' fathers had no formal education

while 34.7% had some formal education (Ordinary Level Education or Certificate of Primary Education). Only 12.1% of the fathers had received an Advanced Level Education or possessed a college degree.

#### General Information

Four multiple choice questions were included to gather supplemental general consumer information from the students. For the first question regarding "which consumer group requires the most protection from the government," the majority of the students (60.6%) responded "poor people because they have limited resources." The response selected by 25.7% of the respondents was "children because they are too young to know the truth." Over ten percent (11.2%) reported "urban people because they are faced with multiple choices in everything they buy." Less than one percent responded "shopkeepers because Kenyan consumers like to bargain."

The second question assessed the students' prior awareness of the five consumer protection laws mentioned in the questionnaire. They included the Price Control Act, the Trade Description Act, the Sale of Goods Act of Kenya, the Food, Drugs and Chemical Substance Act and the Weight and Measures Act. The results indicate only 79.8% of the respondents had previous knowledge of at least one or more consumer protection laws. Nearly half of the students (43.8%) were aware of from three to five laws.

The third question asked the students to identify sources of information that contributed to their awareness of the legislation. Almost two-thirds (64.6%) reported they gained knowledge of consumer protection laws through newspapers and radio.

The fourth question assessed the number of students who had previously completed a consumer education course. Less than twenty percent (17.1%) of the students had completed a consumer education course; this equaled 87 students. Most students (398) had not completed such a course; twenty-three neglected to answer.

#### Consumer Knowledge Section

The mean score on the 47 knowledge questions was 31.3; this represents 67.9% correct. This was considered a moderate level of achievement.

Analysis of variance procedures indicated that the respondents' sex, academic level, prior work experience, and rural or urban upbringing were not related to achievement on the 47 knowledge questions. Prior completion of a consumer education course was significantly associated ( $p = .001$ ) with higher scores on the test. Academic major of the student was another significant determinant ( $p = .001$ ) of test achievement. Students majoring in Dairy and Food Technology as well as Home Economics received higher mean scores on the test than students in other majors.

#### Consumer Attitude Statements

Responses to the seven attitude questions indicated that these Kenyan college students strongly supported attitudes expected of rational and responsible consumers. Each statement was individually analyzed by chi square procedures to determine relationships between the responses and five independent variables. (Data analysis difficulties resulted in a failure, and remaining inability, to contrast attitude statements with the independent variable of academic major.) Academic level of the student did not contribute to a difference in the expressed attitudes. However, prior work experience, family's place of residence, sex of the respondent, and whether the respondent had completed the consumer education course did significantly contribute to differences in the attitudes expressed.

One of the questions elicited significantly different responses on each of these independent variables. An attitude question addressing the moral role of the consumer in the marketplace described a shopping situation in which an individual purchased a kilo of sugar and was undercharged by 10 shillings. Respondents were asked if they agreed or disagreed with the individual's behavior of keeping the extra change.

Female students apparently felt more strongly than male students as 72.4% of the females responded "strongly disagree," while over half of the males (58.0%) expressed strong disagreement. Similarly, more students with no previous work experience expressed strong disagreement (63.9%) than those with prior work experience (51.9%).

More than twice as many urban students (26.7%) as rural students (10.3%) expressed strong agreement with this statement. However, the majority of the students from urban (57.1%) and rural settings (76.8%) generally disagreed with this statement.

Prior completion of a consumer education course also significantly affected the responses. Among those who had completed a course 19.5% expressed agreement with this questionable consumer action while 80.4% disagreed. Responses from those who had not taken a course totaled 27.8% and 72.2% respectively.

Thus it can be observed that the Egerton students generally disagreed with this irresponsible consumer behavior. However, the descriptive variables contributed significantly to the individual responses.

Previous work experience and place of family residences were factors that significantly influenced the responses to a question focusing on consumer marketplace responsibility. The question described a consumer who had purchased a moldy food product and discarded it rather than returning it to the shopping center five miles away. The consumer "decided to throw it away and call it bad luck." The question stated "this is how a consumer should behave" and asked the respondent to agree to disagree with the decision.

It is interesting to note that more of the students without previous work experience (72.0%) disagreed with this irresponsible consumer behavior than those with previous work experience (65.4%). Almost three-fourths (73.9%) of the students from rural upbringing disagreed with this statement in contrast to 61.5% of the urban students who expressed disagreement. For the same question 12.5% of the rural area students "slightly agreed" compared to 23.1% of the urban students.

Responses to the statement "advertisements usually are misleading and deceptive" were significantly influenced by prior completion of a consumer education course. Among the students who had completed a course 81.6% agreed with the statement and of those who had not completed a consumer education course 66.1% expressed agreement.

Another opinion question dealing with advertisements indicated that advertising adds to the price of consumer goods and "to bring prices down all forms of advertisements should be stopped." Prior work experience was a significant determinant of responses to this question. Most students disagreed (62.2% of those without prior experience and 59.3% of those with experience.) However, 36.6% of those without work experience "strongly disagreed" with this statement in contrast to 24.7% of those with work experience.

In summary it can be observed that this group of Egerton College students generally disagreed with irresponsible consumer behavior such as failure to return excess change or faulty products. They agreed that advertisements were often misleading and deceptive, but should not be discontinued. Various descriptive factors influenced the responses to the attitude questions.

#### CONCLUSIONS AND IMPLICATIONS

Some general conclusions can be drawn from this study which have important implications for Kenya. The students exhibited a moderate level of consumer knowledge as measured by this instrument. Previous completion of a consumer education course significantly influenced the knowledge level and attitudes expressed by the students. This, of course, was to be expected. Furthermore, the students, in general, expressed strong support for the attitudes expected of what could be called rational and responsible consumers. They acknowledged an awareness of Kenyan consumer protection legislation and attributed the media with providing this information.

Since 60% of the population of Kenya is below the age of 18, great stresses are ahead for the government. They must deal with the issues that will determine the future economic and social development of that country as these young people mature. Each level of the educational system is presently overcrowded, thus hindering substantial improvement in the basic and professional education of the citizenry. It is well known that economic growth is closely associated with technological advances, and both hinge on education.

The findings of this study address several important facets of this impending situation.

Students graduating from Egerton College undoubtedly include many future leaders of Kenya. They also represent some of the small minority of educated citizens in a country where placement in an already overtaxed educational system is very competitive. If their personal consumer education knowledge can be increased while enrolled in the educational system, then it is likely their own expectations for the future of consumer literacy for the people of Kenya will rise.

Furthermore, the Egerton students in their occupational roles as extension officers will be in positions to influence change in a positive manner. Their education and professional position could enable them to serve as liaisons between the largely uneducated rural population and both the government and business communities to foster reasonable social and economic change. This benefit likely could accrue as a consequence of all students at Egerton College and other agricultural institutions, regardless of major, being required to take a consumer education course.

The students at Egerton College demonstrated a moderate knowledge of consumer education and presently possess attitudes expected of rational and responsible consumers. This is a credit to the educational system they represent. These attitudes seem to imply that the students are likely more willing to influence reasonable changes in the institutions of Kenya to assist all consumers.

Since the majority of the population is of school age and must pass through an educational system stressed with substantial enrollments at every level, some mechanism for providing consumer education to the general populace is needed as many school age youth are not in school. If more resources become available, expanded primary and secondary school systems could include consumer education. If the educational system is not expanded, the growing population of Kenya means that increasingly larger numbers of students will be prohibited from continuing their educational studies. This is another justification for requiring all agricultural extension officers to complete a consumer education course. Officers thus educated could provide families with needed consumer information in various adult education and out-of-school youth programs as well as agricultural information.

Kenya is recognized as a country of political and economic stability in a continent sometimes characterized by instability. This stability should enable Kenya to continue to provide respected leadership and effectively deal with the changing nature of its economy while maintaining the government's serious interest in the welfare of the consumer. A conclave of government officials, business representatives and educators perhaps could meet several times to develop a master curriculum for consumer education and

explore methods of implementation into the educational system. The media, which was acknowledged as a widespread source of consumer information, also could be utilized for educational efforts. The International Organization of Consumers Unions' office in Malaysia and the Kenya Consumers' Organization could serve as resources.

But the question must also be asked, why is consumer education so necessary in a country where simple bartering is still a common procedure? The migration of Kenyans to the urban areas is increasing the demand for goods and services in a marketplace that is becoming more complex and dependent upon money. Also, economic growth is increasing the desire for goods and services in the rural areas. Consumer education has the potential to benefit both the individual and the economic system. Consumer satisfaction can be increased through more informed buying as well as a recognition of individual needs and resource constraints. Apart from these efforts being felt at the micro-level, there is no question that the macro-level will also benefit from the increased participation of informed consumers in the general economy. Increasing industrialization in an atmosphere of growing interest in issues affecting consumers may well provide the mix for a more functional market economy. Consumer legislation and redress systems have already been established by the government. Effective consumer education may enable Kenya to avoid some of the consumer mistakes made in the industrialized world and provide enlightened leadership to many other developing countries.

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A COMPARISON OF CONSUMER AFFAIRS IN  
SCANDINAVIA AND THE U.S.

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ABSTRACT

Consumer affairs in Scandinavia including the countries of Denmark, Sweden, and Norway are contrasted with those in the United States. The direct learning experience in Scandinavia presented here was obtained through seminars, discussions, and interviews with Scandinavian consumer officials and from consumer publications of the respective countries. The Consumer Ombudsman idea in Scandinavia with its legal approach in enforcing consumer laws make a unique contribution to consumer affairs. The Scandinavian countries continue to search for ways to preserve a significant amount of freedom of choice for the individual while seeking ways to minimize the hidden dangers which come with such freedoms. That balance between the demands for consumer protection and preservation of the right to free choice plus the efforts to achieve it should be of continued interest and importance not only to the American consumer movement but also to other consumer movements throughout the world.

A study tour to the Scandinavian countries in 1982 provided an opportunity for the writer to discover the political-cultural framework within which consumer activities operate and then to compare them with the United States. The countries visited were Denmark, Sweden, and Norway. The Scandinavian countries are regarded as leaders in consumer affairs, and the Consumer Ombudsman idea with its effective legal approach in enforcing consumer laws --an approach lacking in many countries--also makes a unique contribution to consumer affairs. The direct learning experience in Scandinavia presented here was obtained through seminars, discussions, and interviews with Scandinavian consumer officials and from consumer publications of the respective countries. Although there are similarities among the three countries, there are also differences in relation to consumer affairs which reflect the uniqueness of each country.

DENMARK

The Danish Government Home Economics Council is financed entirely by public funds and is under the jurisdiction of the Ministry of Commerce. Its aim is to uphold and improve nutritional, hygienic, economic and technical standards in Danish households in the interest of the community in general. The Council began in 1935 and is now serving a population of 5.1 million including 1.9 million households. Their testing program is similar to that of Consumers' Union in the United States. If it is not possible to test all products available on the Danish market, they test those brands most widely

sold, those of special interest to the consumer, or those widely advertised. Testing of foods includes bread, frozen fish, soft drinks, and ready-cooked dishes with emphasis on economy, nutritional value, and taste, as well as on the amount of time and labor saved for the consumer. The Council cooperates with the European Testing Group in the testing of radio, cassette recorders, TV sets, knitting machines, sewing machines, etc., and with Sweden and Norway so that technical tests on vacuum cleaners may be conducted in Sweden, the practical tests conducted in Norway, and the final report written in Denmark.

Their information service consists of periodicals and booklets, daily and weekly press, radio and television, and direct contact with consumers. A large amount of information is spread through domestic science teachers, consultants, and the schools. Their publication, called Advice and Results, is issued eight times a year and rates products as "acceptable," "good," and "not acceptable." They publish many booklets similar to those of the Cooperative Extension Service in the United States. Titles include "On Living Alone," "Simplifying Housework," and "Spot Removal". Additional teaching materials include slides, flipovers, and overheads. They arrange lectures for pensioners, kindergartens, nursery schools, as well as exhibits in shopping centers of major towns. A small department has been set up to handle housing questions, and, in 1975, an exhibition was arranged concerning the modernization of kitchens and bathrooms.

The Council participates in the International Organization for Standardization and is a member of IOCU (International Organization of Consumer's Union). They also cooperate with the FAO (Food Agricultural Organization), the Nordic countries, which include Iceland and Finland in addition to Denmark, Sweden, and Norway; and they recently have established an Energy Saving Commission to serve consumers.

Out of a possible 300 items suggested by the Social Democratic Government for testing, the Council chooses those appropriate to their resources. Recently the work load has increased, while the resources to accomplish the work have decreased. In Denmark, as in the United States, there seem to be lower quality consumer products at higher prices. Members of the Council have difficulty keeping up with consumer events in the United States because of the lack of time.

The task of the Danish Institute for Informative Labeling, a privately-run institution financed by licenses, private funds, and a government subsidy, begun in 1957, is to promote voluntary use of

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