

GAUGING THE INFLUENCE OF THE CONSUMERS UNIONS OF THE WORLD
VIEWS OF A CONSUMER ECONOMIST

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ABSTRACT

Influence: "the effects of actions, behavior, and opinions on others." This paper explores the various dimensions of the influence of the Consumers Unions of the world and proposes measurements of each. Dimensions explored include a selective, annotated bibliography of publications that deal with their influence, estimates of the growth of U. S. consumer organizations, a listing of the "vehicles" for influence employed by Consumers Unions of U.S.A. (e.g., Consumer Reports), a model that depicts the stages of influence through which consumers pass in the short-run (aware of it, approve of it, etc.), and a benefit/cost model of the long-run influence of the Consumers Unions (e.g., better choices, longer life, etc.).

The main publications of the three largest Consumers Unions--Consumers Unions of U.S.A. (hereafter CU), Consumers' Association of the United Kingdom (CA), and Stiftung Warentest of West Germany (SW)--are purchased by 2% to 5% of households in their countries and are consulted by 8% to 20% of households. By these two measures of "influence," these are influential institutions. Yet most people--even consumer affairs professionals, even their staffs--are unaware of the full extent of the influence of these organizations.

The central task of this paper is to specify the dimensions of influence of the Consumers Unions (hereafter CU's) and to spell out ways of documenting the various dimensions of influence.

My approach is (1) to pose important questions pertaining to the various dimensions of influence and (2) to specify the kind of information--and implicitly, the type of inquiry--that would provide persuasive answers to the questions posed.

THE SIGNIFICANT QUESTIONS

My first three questions deal with what we know (or can know readily):

1. What publications--books, book chapters, articles, theses--best describe the CU's and spell out various aspects of their influence?
2. What has been the growth of influence of CU's as compared with other consumer organizations over the last four decades?

3. What vehicles for influence (e.g., product testing, advocacy offices) does each employ?

My next two questions deal with what we need to know:

4. What has been the short-run influence of each CU on (1) its readers/users and (2) the public in its country?
5. What has been the long-run influence of each CU on (1) its readers/users and (2) the public in its country?

My paper consists primarily of five tables which, suitably filled in, will answer these questions.

For completeness, I list four additional questions, worthy of consideration, that are excused for lack of space:

6. What evidence do we have regarding the influence of each CU on the consumer movement, in its own country and internationally?
7. What evidence do we have regarding the influence of each CU on the functioning of both domestic and international consumer markets? Perfecting consumer markets is probably a major avenue for helping disadvantaged consumers.
8. What evidence do we have of the effect of each CU on consumer policy both in its own country and internationally?
9. What is the image of each CU? Is it regarded as "trustworthy," "useful," "doing a good job," etc.?

THE DOCUMENTATION OF INFLUENCE

A Selective, Annotated Bibliography

Assembled in Table 1 is a selective, annotated bibliography of publications on the three major CU's--CU, CA, and SW, culled from an extensive, but still incomplete search. What I have sought is a select list that would best convey the essence of each CU. The reader is warned that my list is likely to be incomplete and parochial. Recognizing this, I invite your suggestions regarding possible additions, deletions, and substitutions.

What struck me in assembling this list was the paucity of writing on these important institutions. To document the "stories" and

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influence of the CU's, we desperately need more writing and research. I will be adding to this literature; I urge you to joining me in this task.

The Growth of Consumers Organizations
in the United States:
CU Vs. Others

Our focus here is on growth: the CU's vs. other consumer organizations. Given time limitations, the data presented pertain only to the U. S. However, the analysis that follows could be reproduced for the UK, West Germany, and the International Organization of Consumers Unions.

The method of Table 2 is to obtain for each consumer organization a single index of its influence and then to obtain estimates on this indicator for four decade points: 1960, 1970, 1980, and 1990. The indicators chosen were those selected by me or by the organizations themselves as most representative of the change in influence of the organization over time. Why different indicators? Because of the different nature of the organizations. Some publish magazines (CU), some seek mainly to influence consumer policy (CFA), some seek to respond to consumers within their organizations (SOCAP). No single indicator would serve to represent the "influence" of all the organizations.

Thus, we must deal with an array of indicators. Some, such as the circulation of Consumer Reports, represent output measures. We would expect these to be highly correlated with direct measures of influence such as effects on buyer behavior. After all, consumers must think well enough of the publication to purchase it. Other indicators, such as the size of staff or number of supporters, represent inputs, their relation to influence depending upon the efficiency with which they are used. Finally, for one organization, we have a measure of affiliation, members. As in the case of magazine circulation, we would expect membership to be highly correlated with influence. Again, consumers must think well of an organization if they decide to affiliate with it.

Multiple indicators of change in influence have a nasty consequence for analysis: we cannot make valid comparisons of different organizations at a point in time. We can only compare changes in the rate of growth of the influence of each.

Qualifications aside, these numbers merit your attention. As far as I know, Table 2 represents the first compilation ever of data on the growth of consumer organizations.

What do we learn? First, since our focus is on the CU's we note that even in 1960, the circulation of Consumer Reports (hereafter CR) was close to one million. Upon CU's discovery of advertising at about 1965, its circulation more than doubled, reaching 2.0 million in 1970.

It doubled again between 1970 and 1990, as shown by Table 2, attaining a circulation of 4.5 million. Thus, 5% of U. S. households subscribe to it and up to 15% consult it occasionally. Judged only by its circulation, CR is more influential than the well-known newsmagazines, Newsweek (3.3 million) and Time (4.4 million, from Gale Research, 1990). How many of you had a realistic perception of this comparison before reading this?

What of the other consumer organizations? The "star" is the American Association of Retired Persons (AARP). Starting from a much lower base in 1960, AARP's membership has grown one hundredfold between 1960 and 1990 so that its membership of 32.2 million includes an incredible 35% of U. S. households and its bi-monthly publication, Modern Maturity, has a circulation of 22.4 million. Ironically, until recently many in the consumer movement did not count AARP as one of their own. And perhaps for good reason. Alone among American consumer organizations, AARP is a special interest consumer organization, representing older rather than all consumers.

Turning to the other and younger not-for-profit consumer organizations, it is worth asking how they fared in the 1970's vs. the 1980's. The answer is that they typically grew by 50% during the 1970 decade and, except for ACCI, by 200% to 300% during the 1980's. A fascinating difference since it was a widely held view that the 1970's was the consumerist decade and the 1980's represented a recession from consumerism. These numbers, supplemented by those for CU and AARP, show that the Reagan decade was a period of enormous growth for the non-for-profit consumer organizations.

Just as the First Era of Consumerism in the early 1900's induced a business response with the inauguration of the Better Business Bureaus in 1912, so the Third Era has given rise to a modern response, the emergence of consumer affairs professionals in business and their organization, the Society of Consumer Affairs in Business, started in 1971. (Cf. Herrmann, 1970 for a discerning analysis of the "three eras of Consumerism..") As Table 2 shows, SOCAP shared the same trend as the not-for-profit consumer organizations, doubling its membership of Directors/Vice Presidents for Consumer Affairs in the 1980's, the Reagan Administration notwithstanding.

Only in the government sector are our preconceptions for the 1970's and the 1980's fulfilled. During the 1970's, one new consumer organization was created in the Federal Government--the Consumer Product Safety Commission. The others burgeoned in both staff size and influence. And, corresponding to the conventional wisdom, in the 1980's three--FTC, OCA, and CPCS--shrank in numbers and influence while the FDA barely held its own.

This completes our portrait of the growth of consumer organizations in the U.S.

Corresponding statistical portraits could be sketched for the U.K., West Germany, and the international consumer movement with some effort. Simply obtain a list of consumer organizations from the IOCU Consumer Directory (IOCU 1989) and obtain comparable data for IOCU itself and the relevant countries. It would be interesting to see the extent to which such international and national statistical portraits forced us to revise our preconceptions.

Vehicles for Influence:
Consumers Union of U.S.A.

Until now we have been concerned with the extent of influence, as reflected by a single indicator. Now we turn to the scope of influence. Who is that the CU seeks to influence? In marketing terms, who is (are) the target audience (s)? Further, what is the nature of the influence sought?

Table 3 depicts the scope of influence of CU of the U.S.A. by specifying (1) the organizational "vehicles" used, (2) when this vehicle was started, and (3) where available, some index of achieved influence. It was only lack of time/space that prevented me from undertaking a similar analysis for CA and SW.

Since its inception, CU's primary vehicle for influence has been the delivery of consumer information, starting with Consumer Reports in 1936.² As Part A of Table 3 shows, CU is truly a consumer information conglomerate. While CR is still CU's primary vehicle for information delivery, CU sought to broaden its influence by (1) delivering information through different media--magazines, books, radio, TV--to the presumably different audiences that typically use these different media and (2) by specifying audiences wanting specialized types or modes of information--children, travelers, the health conscious, auto buyers.

Since Day 1, the Staff and Board of CU have sought to influence consumer policymaking in the Federal and sometimes State Governments, especially in ways that would aid the poor and other disadvantaged. This was done indirectly and discreetly by seeking to inform readers through the pages of CR and by CU Staff testifying and/or lobbying in Washington. These avenues to influence, though not separately documented in Table 3, continue to exist. (For those interested, CU's earlier approaches to this form of influence are brilliantly and carefully analyzed in Norman Silber's book, Test and Protest (Silber 1983).) What came later, instigated by Ralph Nader but supported

²As most people know, CR was not the first periodical to publish product test information. That honor goes to Consumers' Research Magazine, published by Consumers' Research, Inc. Consumers' Research Magazine still exists. However, it discontinued the publication of product test information several years ago.

by the entire Board of CU, was the establishment of advocacy offices, first in Washington in 1968 and then in San Francisco and Austin (1975). There is a natural division of labor with the Washington Office focusing on Federal matters and the San Francisco and Austin concentrating on state issues.

Finally, Part C of Table 3, calls attention to an entirely different aspect of influence --belief and trust in CU as an organization. Specifically, CU has been able to identify people whose faith in CU makes them willing to make substantial contributions (up to \$5,000, the maximum that CU will accept) either as "Lifetime Members or as Contributors to CU's planned National Testing and Research Center. CU of U.S.A. has been the first of the CU's to tap this source of "influence" to carry out its mission.

WHAT WE WOULD LIKE TO KNOW

A Stages-of-Influence Model for the Short Run

Influence consists of "actions or processes of producing effects on the actions, behavior, or opinions of others." Until now we have focused mainly on evidence relating to the actions or processes that were intended to product effects on others. Now we turn to ascertainment of the effects themselves.

Table 4, implemented, will document the "effects on actions, behavior, and opinions of others" that are the goal of influence. The stub Table 4 lists effects that various CU entities--the organization as a whole, CR (overall), and the types of information--might have on potential audiences. These represent the various stages of influence through which an individual might pass, upon exposure to CU. One could estimate from a well designed sample survey the percent of a beginning population that answers positively to each category in the stub. This would present a statistical profile of the extent of influence of each CU/CR component. Obviously, the further down the table, the greater the influence.

This model is a modification of the hierarchy-of-effects model, introduced by Lavidge and Steiner (1961) and widely used in marketing and advertising. Beside describing the extent of influence, the model can be used diagnostically. "Large" drops in percentages as we move from the top to the bottom of the table would tell CU where its efforts to achieve influence failed and by how much.

For further insight into the use of this model, look at the paper in these Proceedings by Armand de Wasch of the Belgian Association des Consommateurs. With only small changes De Wasch's data could be fitted into a table like this.

Obviously, one can obtain stages-of-influence data for any target audience, e. g., disadvantaged consumers, senior citizens,

readers of CR. Obviously, too, the categories specified in this illustrative table are suggestive, not definitive.

The stages-of-influence listed here represent relatively short-run effects. Do the CU's have longer-run effects? This is the question we address in the next section.

The Long-Run Influence of CU of USA

What are the long-run goals of the CU's? Briefly and somewhat simplified (as recapitulated on the masthead page of every issue of CR): to maintain and enhance the quality of life of consumers. What I have done in Table 5 is to focus on the effect of CU's information on the lives of its readers in the long-run, using a benefit-cost framework.

In the stub I have tried to think of all the long-run benefits that a reader might obtain. While it would be desirable to obtain objective data on these benefits, that would be a daunting, probably impossible task. So I would settle for subjective responses on these items secured from probability samples of readers. This observation applies equally to the costs of subscribing to CR.

Again, this analysis could be applied to any population of interest. Also--and extremely interesting--it could be applied at different

intervals, say 10 years from now--to ascertain how CU's influence was changing in the long-run. It could be applied to different types of information or influence.

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- Consumers' Association (1987). Thirty Years of Which? Consumers' Association, 1957-87. London: Consumers' Association.
- The official, brief history of CA.
- Consumers Union. 50th Anniversary. [Needed: A proper entry]
- Similarly, the official, brief history of CU.
- Maynes, E. Scott (1976). "Product Testing and Consumers Union," Ch. 5, in Decision-Making For Consumers. An Introduction to Consumer Economics. New York: Macmillan.
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- A unique and fascinating account of the origins of product testing, the development of Consumers' Research, Inc. under Frederick J. Schlink, and of the bitter strike that produced the first Consumers Union.
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- A lovely account of CU's intellectual roots, case histories of CU's treatment of smoking and health, automobiles and accidents, milk and radiation, and an analysis of the strengths and limitations of product testing as a vehicle for consumer reform.
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- A discerning, insightful history of the origins of product testing and CU and a careful, balanced treatment of the influence of CU-USA up to the early 1970's by the "Father of the Consumer Movement," Colston Warne.

TABLE 2. The Growth Of Major Consumer Organizations in the U.S.: CU Vs Others¹

Type of Organization	1960	1970	1980	1990	1980/ 1970	1990/ 1980	1990/ 1970
(Percent)							
A. Not-For-Profit							
1. Consumers Union (1936) --Subscribers to CR ²	0.8M	2.0M	2.9M	4.5M	145%	155%	225%
2. American Council of Consumer Interests (1953) --Members ³	1,266	1,531	2,152	1,680	141%	78%	110%
3. American Association of Retired Persons (1957) --Members ⁴	0.3M	1.6M	11.7M	32.2M	731%	275%	1073%
4. Consumer Federation of America (1964) --Staff ⁵	----	3	5	14	167%	280%	467%
5. Nader Network --Public Citizen, etc. (1968) -- Supporters ⁶	----	2M	3M	7M	50%	233%	350%
6. Washington Center for the Study of Services --Cirulation of Washington Consumers' Checkbook (1976) plus Bay Area Consumers' Checkbook (1982) ⁷	----	----	20,000	75,000	NM	375%	NM
B. Government							
15. Federal Trade Commission (1915) --Staff ⁸	782	1,316	1,573	950	120%	60%	72%
16. Food and Drug Administration (1932) --Staff ⁹	1,678	4,252	8,089	7,877	190%	97%	185%
17. Office of Consumer Affairs (1964) --Staff ¹⁰	----	18	52	22	288%	42%	122%
18. Consumer Product Safety Commission (1972) ¹¹	----	----	978	529	NM	54%	NM
C. Corporate							
18. Society of Consumer Affairs in Business (1971) --Members ¹²	----	----	980	2,148	NM	219%	NM

*NM = Not Meaningful.

1. This is a revised and extended version of that appearing in (Maynes, 1990).
2. Source: Annual Buying Guides, "Statement of Ownership, Management and Circulation."
3. 1960 and 1970 (actually 1968) figures come from Henry Harap, "A Brief History of the American Council on Consumer Interests," privately printed, October, 1969; the 1980 and 1990 figures were provided by Helga Meyer, Administrative Assistant on March 19, 1990.
4. Telephone Conversation, Michael Whybrew, Marketing Specialist, February 27, 1990. AARP's magazine, Modern Maturity has the world's largest circulation, 22.4 M in 1990.
5. Telephone Conversation, Stephen Brobeck, Executive Director, February 26, 1990; corrected, telephone conversation, April 27, 1990.
6. Telephone Conversation with John Richard, Center for the Study of Responsive Law, March, 1990. Estimates based on a review of a sample of reports of organizations in the Nader Network.
7. Telephone Conversation, Robert Krughoff, Executive Director, April 26, 1990.
8. Source: William V. Rosano, Assistant Director for Operations, March 6, 1990.
9. Telephone Conversation, Robert McLeod, Chief, Budget Formulation Branch.
10. Telephone Conversation, Bonnie Jansen, Director of Public Affairs, Feb. 26, 1990.
11. Consumer Federation of America, "Consumer Product Safety Commission." Washington: CFA, Unpublished paper. Copyright 1990 by E. Scott Maynes.
12. Telephone Conversation, Louis Garcia, Executive Director, Feb. 20, 1990.

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TABLE 3. The Vehicles for Influence: Consumers Union of U.S.A., 1990

<u>Emphasis/Means</u>	<u>Started</u>	<u>Output (where available)</u>
<u>A. Delivery of Consumer Information</u>		
1. <u>Consumer Reports</u>	1936	4.6 million subscribers/ purchasers
2. <u>Penny Power</u> -- CU's CR for Children	1980	140,000 subscribers
3. <u>CR Travel Letter</u>	1985	73,000 subscribers
4. <u>CR Health Letter</u>	1989	NA
5. Media		
a. Consumer Reports Television		
(1) Specials on Home Box Office	1978	20 since 1980
(2) News Features on Good Morning America (ABC)	NA	56 since 1985 (14 in 1989)
b. Radio		Syndicated Program (50 stations, 5 times a week)
c. Newspapers		Syndicated column (400 newspapers, 2 times a week)
6. Auto Price Services -- For \$20 CU provides users with print-out of dealer costs	Mid 1980's	NA
7. Consumer Reports Books	1958	26 books published in 1989
<u>B. Consumer Policy Initiatives</u>		
7. CU Advocacy Offices (Washington (1968), San Francisco (1975), Austin (1975))	1968	Legislative proposals, lobbying, voicing on behalf of consumers, especially low-income consumers
8. CU's Institute for Consumer Policy Research	1980	Focus on chemical catastrophy prevention
<u>C. Gifts for Organizational Growth</u>		
9. Lifetime:	1985	
a. Members (\$1,000 each)		1,756 as of October, 1989
b. Benefactors (\$5,000)		55 as of October, 1989

Proceeds are to be used for the construction of a National Testing and Research Center for CU

TABLE 4. The Short-Run Influence of CU: A Stages-of-Influence Model

Degree of Knowledge/ Acceptance	CU As Organization	Consumer Reports (Overall) (Percent of Population:)	Product Test	General Consumer Advice	Consumer Policy
1.	Aware of it				
2.	Know something about it				
3.	Approve				
4.	Prefer it (over alternatives)				
5.	Seek it:				
	a. In Library				
	b. Borrows				
	c. Subscribes, buys single copies				
6.	Read it:				
	a. "Religiously"				
	b. Extensively				
	c. Selectively				
7.	Consider it in making decisions:				
	a. A decisive influence				
	b. Considers it seriously				
	c. Considers it selectively				
8.	Try to follow recommendations				
9.	Believe success- ful in following recommendations				
10.	Successful in following recom- mendations				
11.	Influences values				

TABLE 5. Long-Run Influence of CU On Its Readers: A Benefit-Cost Analysis

		Benefits/Costs Arising from CR Articles on:	
		Product Tests	General Consumer Advice
I.	<u>Benefits</u>		
	A. Reduced Search Costs		
	B. Better Choices of Products		
	1. Better Quality		
	a. Longer Lived Product		
	b. Fewer Repairs (Durables)		
	(1) Money saved		
	(2) Time saved (less "down" time; less reparation)		
	c. Accidents avoided		
	d. Subjective Satis- faction with pur- chase		
	2. Better Health		
	a. Longer life		
	b. Reduced insurance/ medical costs		
	c. Subjective Satis- faction with life		
II.	<u>Costs</u>		
	A. Subscription to CR		
	B. Missed Benefits		
	1. Could not follow advise (recommended products not avail- able).		
	2. Actually purchased inferior, non- recommended variety		