CONSUMER PROBLEMS WITH SERVICE INDUSTRIES
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The two problems in any repair industry, and particularly in the television repair industry, are incompetence and fraud and dishonesty. Our approach in this law has been to run the crooks out of business and to let the incompetents go out of business on their own.

This is a very basic distinction between our type of law and the usual licensing law which takes the position that the way you get incompetents out is by testing them and by raising standards for admission to the industry. What it results in is sooner or later the industry has a monopoly on people that get in and the industry is potentially closed; then it can start price fixing and various other things.

There is sufficient fraud to keep us occupied. Fraud can take many forms. Now the law is set up so that we are supposed to have field investigators who go out spot-checking television repair dealers. They are supposed to run sets that have been previously checked through a shop and see whether the itemization on the bill corresponds with the work that was actually done.

The problem is that we do not have enough of these investigators, we do not have enough independent laboratories, so that in the year that we have been in business we have had to restrict ourselves to our follow-up complaints. We have not yet gone through to an on-the-spot check basis, as the law calls for, and have restricted ourselves to checking those dealers against whom there have been complaints.

The basic outline of the law is that everybody who does TV repair has to register, and in order to make the law work this has to be almost 100% effective. By registering, all you get is the name and business address and $35. But this list then enables you to conduct your spot-checks and to make sure that you know whom you are dealing with. And the public is starting to know that we exist. Very frequently, just the existence of the bureau will make the TV service dealer responsive to complaints.

A PROFILE OF CONSUMER COMMUNICATORS AND THEIR PROBLEMS
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In his book, "The Psychological Analysis of Economic Behavior," George Katona justifies a premature exposition of new research with the statement, "... a systematic presentation of a new point of view fulfills an important function at an early stage of research. Future research is bound to be stimulated..."

It is with this thought that I present some views on consumer communications and the interdisciplinary research potentials of consumer communications, based on an admittedly limited study.

The study is concerned with a particular aspect of the consumers' "right to be heard." This "Fourth Right," you may recall, was described in the First Report of the Consumer Advisory Council as the "recurring theme" of the "Special Message on Protecting the Consumer Interest" delivered to Congress by the late President Kennedy on March 15, 1962, and reiterated by President Johnson on February 5, 1964.

They emphasized the need for "new arrangements" because of the failure of governmental machinery to provide a clear-cut channel of communications for consumers. (Business has a similar problem. With the exception of certain marketing research, the "feedback circuit" for communications from consumers is informal, haphazard and devoid of possibilities for quantitative analysis.)

The Problem: Scientific Analysis of Consumer Communications

Consumers' voluntary, unsolicited, written communications to public agencies, as far as I can determine, have been:

- Handled, acknowledged or acted upon, generally on an ad hoc basis. Of course, this is highly appropriate. Most consumers are corresponding about a particular problem that requires handling in a special way.
- The recipient, or recipient organization, has used these for illustrative purposes. The president's special assistant for consumer affairs ably demonstrated this use of consumers' letters during last year's Senate hearings on the changing structure of the food marketing industry.
- Collections are used to support proposed legislation. However, because correspondence is frequently dispersed and spasmodic, it can be difficult to get an adequate collection together. The Cooperative League has a unique approach to this problem. By sending the Cooperative League a carbon copy of a letter written to our legislator regarding some proposed bill, we get a subscription to
Consumers Lobby. This assumes that correspondence will be about legislation, and also that a carbon copy of the letter will be made.

- The neglected area, neglected particularly by the behavioral scientists, has to do with the "inductive conceptualizations" that I believe are afforded by scientific analysis of consumer communications.

PEOPLE WHO HAVE SOMETHING TO SAY

In effect, consumer communicators are people who have something to say, and who, on their own initiative, use their time, effort, paper and postage, so that their messages will be received by "interested others." After the initial purpose has been served, the correspondence is used for little more than providing recipients with a general impression, rather than with scientific generalizations. Increased understanding of consumers' problems, as perceived by the people involved and concerned enough to take this form of action, is possible through scientific analysis of consumer communications.

Objectives of the Study

My particular goal in examining a collection was the development of a profile of consumer communicators and their problems. A secondary objective was to learn more about the relatively uneducated low-income receiver who seeks outside assistance, who recognizes that he is unable to perform satisfactorily on his own.

Because the project was not the subject of my dissertation, certain time and financial limitations were imposed on it. Robert C. Angell and Ronald Freedman stated that "The Use of Documents, Records, Census Materials and Indices" does not depend on the reach of a specific investigator or research team. My reach was geographically limited.

I used Persia Campbell's files which are in the Harriman papers in the archives of the Syracuse University Library. Dr. Persia Campbell was consumer advisor to New York's Gov. Averell Harriman from 1955 through 1958.

Consumer Communications Defined

Consumer communications are those letters about privately produced goods and services, the producers and distributors of consumer goods and services, governmental agencies and legislation, written by individuals performing in a non-producer, non-commercial capacity. My definition has inadvertently eliminated a particular group of writers — small businessmen who also have problems as consumers.

The Research Design

The general design of the study was based on Bernard Berelson's triadic approach — dealing with characteristics, causes and consequences — to content analysis, defined as "a research technique for the objective, systematic and quantitative description of the manifest content of communications." The tentative instrument used coded for 18 categories. These were intended to indicate:

- What the letter was about.
- What the content and format reveal about the writer and the situation that induced the writer to take this form of action.
- The writer's cognition of the recipient, or understanding of the recipient organization's function.
- The writer's attitude regarding the other party to the transaction — the business firm.

Basic statistical frequencies were used as measures of the consumer concern and the predominant characteristics.

Difficulties with operational definitions were not as acute as would have been the case if other investigators were working on this also. Then, especially, various classifications must be clear cut. In some cases I found that psychological treatises provided useful insights.

For example, in connection with ego-involvement, psychologists tell us that the use of personal pronouns relative to total content suggest extent of ego-involvement. E. Frenkel-Brunswik reported, "Persons rated by associates as unreliable are prone to superlative and absolute statements and to excessive repetition." I found that the "crank" letter writer was the most verbose.

LETTER MAY CONTAIN MANY ELEMENTS

In most cases, the objective of the writer was readily ascertained. The tone of the letter was not always constant. Initially it would be straightforward, then belligerent or pathetic, then matter-of-fact again.

Mutually exclusive classifications present a problem because one letter may contain many elements. Festinger and Katz advocate publishing expressive documents so that other investigators can determine to what extent they would agree or disagree with particular interpretations.

The theory that served as one basis for developing the coding instrument centered on the expectation that three discernible groupings of individuals tend to write. I found that most of letters came from "Mr. Average Citizen." But of equal interest are letters from the polar extremes. One, the "disadvantaged," were identified by the addressee designated, by the appearance of the letter, the word choice, the ways the ideas were expressed, the reasons given for writing, the objectives sought — invariably direct intervention, and by economic naivete, ignorance of the law or specific mention of financial situation. These contrasted with the other extreme, the "educated" or sophisticated consumer.

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Also identified by the mechanics of the correspondence and word choice, these individuals tended to request general information, to make recommendations or statements "just for the record." It seemed likely that the more knowledgeable members of society would have radically different cognitions of the consumer role and of their responsibilities in connection with its performance. The preliminary study suggested that this was so; a larger collection would be necessary to validate this.

**Characteristics of the Collection**

The individual letters from Persia Campbell's files that were coded can be described as follows:

1. Three-quarters of the letters were written by hand. This usually means no carbon copies. These appear to be written in homes where business supplies are not available.

2. The format is informal. They look more like personal letters than business letters.

3. Most of the letters emanated from Metropolitan New York City — better than 52%. Twenty percent came from out-of-staters — Texans, particularly — who wrote about New York State manufacturers and distributors.

4. Twice as many letters were from married women as from single or married men or single women.

5. As many people addressed their correspondence to the Governor of New York State as to the Consumer Counsel. Other letters were addressed to various organizations and forwarded to the Consumer Counsel's office.

6. The implicit or explicit reason given for addressing the governor or the designated organization was that the individual believed this matter was within their jurisdiction, and they had the authority to take appropriate action. Only infrequently did the writer feel that the recipient organization was just interested, so a general complaint was being made "for the record." This tended to be the "educated" consumer.

7. An overwhelming majority of the writers wanted the recipient organization to intervene. These writers invariably described their unsuccessful attempts to negotiate with business firms on their own, which indicates they are not prone to seek assistance from governmental agencies unless it appears to be necessary. Relatively few letters requested advice or literature.

8. The subjects ran the gamut: appliances, autos, food, nursery schools, housing, mail orders for various types of merchandise.

9. Non-nationally advertised retail distributors were mentioned most frequently. In many cases the same letter would cite a nationally advertised product.

10. The principal concern was with performance which was less than the level anticipated by the writer. Price was mentioned primarily to support the writer's contention that performance should have been better considering the amount paid for the good. Mention was made again and again of "lemons." People wrote that they believed the specific units they had chanced to buy were not typical of the output of the manufacturer. Another major concern was with non-performance — non-delivery of goods and inability to get refunds.

11. As expected, most had to do with home management.

12. References to spouse, children and friends were commonplace.

13. Of interest in the catch-all "Other" category: reference to political affiliation, regulatory agencies, specific public officials.

14. The company's behavior was evaluated as questionable or unethical rather than as illegal; writers were more concerned with "fairness" than with legal justice. The rare exceptions used words like racket, swindle, cheat.

15. Some economic naiveté was evident, but most pronounced was the writer's feeling of helplessness, of frustration.

16. The writers presented their ideas clearly and concisely, as though they were trained to "report the facts." The majority wrote grammatically, plainly, legibly.

17. The handwritten communications rarely contained technical data. Performance was described broadly: "It didn't work right..." Ninety percent of the typed letters were from writers with some technical knowledge, which they demonstrated at length. The "blind fury" writers were least coherent, employed colorful vocabulary, and one could surmise that their very attitudes would preclude the possibility of their negotiating satisfactorily on their own with business firms.

18. The general tone, for the most part, was either of "righteous indignation" — and of shock that "this sort of thing" was permitted in the United States — or pathetic desperation usually related to serious financial problems. (Incongruously, people with foreign handwriting, obviously poor and uneducated, were advised by the lawyer for the Consumer Counsel to contact their lawyers. These people do not have lawyers.)
The Predominant Problems

Consumers are not well-informed as to where and to whom to address their communications. This undoubtedly impedes the non-writers. (Earlier research with students and homemakers showed that some consumers contend that "you have to pay for your own mistakes". But the principal reason others gave for not writing to companies or organizations for information or to make complaints was the unknown address factor.

The need for consumer education was dramatized by the correspondents' incredulity regarding their inability to operate in the market place on a "good faith" basis.

A major problem centered on nationally advertised products involving relatively large expenditures: No codes have been established in connection with handling "lemons." Who should sustain the financial loss, the inconvenience?

Shortcomings of the Collection.

The collection is now dated and it is incomplete. Carbon copies of the Consumer Counsel's correspondence disclosed that consumers' letters had been forwarded. Other communications are dispersed. The 82 Consumer Counsel boxes in our archives contain thousands of file folders on countless subjects.

An inadequate number of letters focused on a single specific problem. When the Consumer Counsel needed this to support a proposal, it had Consumers Union send copies of its consumer correspondence; these were not exclusively from New York State.

On a Consumer Communications Center

This leads to a recommendation for the eventual development of a Consumer Communications Center, one that would microfilm and retain copies of all letters for use by researchers. A continuous audit of consumer communications could make producers and consumers aware QUICKLY of areas of concern. This study demonstrated that people write when the motivation for doing so is strong — before they have "forgotten" certain factors. Market researchers find this type of information difficult to obtain because of "lag time" and the element of chance. From the consumers' point of view, remedial action oftentimes may be impossible, but at least they can help others to avoid making similar mistakes.

In addition, a formal communications channel could serve as a clearing house of consumer information and as a forwarding service. Most valuable, however, are the opportunities for research, possibly leading to a social science of consumption, that a permanent and continuing collection of consumer communications offers.

Interdisciplinary Research Potentials

Through objective analysis of consumer communications I believe sociologists can learn more about the role of consumers, of household decision-making, of communications as an instrument of co-ordination in a trichotomous institutional environment. Economists can dwell more on the concept of consumer sovereignty, a consumer-focused theory of competition with impetus for product innovation emanating from consumers. Psychologists can delve into the variables intervening between stimuli and buying responses, the means of identifying and coping interpretively with correspondence from the "unreliable" writers . . . the "cranks."

Anthropologists can investigate the attitudes and ideas regarding the artifacts of civilization, the reflection of cultural change. Geographers can study the regional and demographic factors impinging on consumer choice. Communication specialists can evaluate the reliability of content analysis of unstructured expressive documents, the usefulness of "free responses" as a preliminary to formulating hypothetical constructs for subsequent formal investigations. Educators can develop the consumer education needs indicated by corresponsive citizens . . . those who have already exerted themselves and would tend to be amenable to consumer education efforts.

Cybernetics and Communications

I see this eventually leading to a cybernetics system. At the December 1960 American Economics Association convention, Dr. Colston E. Warne discussed "the outward symmetry of current economic theory," which states that the consumer, "through his free and informed choice, steers production, and the market is thereby continually shaped and reshaped by the sum of myriad, tiny nudges as each buyer in each and every transaction exercises his sovereignty."

When we speak of consumers steering production, we are alluding to cybernetics. Cybernetics, a Greek term used by Plato 2,000 years ago, is a relatively new science signifying the art of pilot and steersman. It is this function that messages transmitted by consumers to producers and to government, might readily serve.
Norbert Wiener, the “father” of cybernetics, defines the science as “study of effective messages of control.” Control is related to power and to leadership. Consumer communications, the type that cyberneticians call “the sending of messages which effectively change the behavior of the recipient,” can reinforce the “countervailing power” of consumers.

A Consumer Communications Center should emphasize positively the interdependence — the “mutuality of interests” — of consumers and producers through a system that controls, not by coercion or regulation, but through self-regulation. Consumer communications would function as the homeostatic element enabling consumers to steer production. Underlying this proposal for a Consumer Communications Center and a cybernetics system is the Adam Smith-sounding theory that what is in the best interests of consumers, their interests and problems. This would seem to be a vital prelude to informing consumers.

Conclusion: The Right to be Understood

At times when discussing consumer communications, I have been told, “Only cranks write letters.” By way of answer, I would like to quote from one of many letters that have been around in a Book for almost 2000 years. 1 Corinthians 14:10, “There are, it may be, so many kinds of voices in the world, and none of them is without signification.”

The “right to be heard” must also mean the right to be understood and the right to be counted. Content analysis of consumer communications is one of many methods open to us to further our understanding of consumers, their interests and problems. This would seem to be a vital prelude to informing consumers.

BIBLIOGRAPHY


GRADE LABELING AND THE DEMAND CURVE: EMPIRICAL EVIDENCE AND IMPLICATIONS

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The problem dealt with in this paper is the inquiry into the question: Will a more extensive use of grade labeling tend to flatten the demand curve and bring about a greater degree of price competition?

I. OVERVIEW

The methods and procedures employed in gathering data were those incorporating both primary and secondary sources. One was a telephone survey of a sample of housewives chosen at random from two communities’ telephone directories: El Paso, Texas, and Silver City, New Mexico.

In the case of secondary source data, the current literature produced a number of studies that tended to give breadth and support to the conclusions reached from the consumer surveys conducted in both El Paso and Silver City.

A summary analysis of some of the complete consumer studies of egg purchasers, given in 18 different states and in Canada showed support for the primary source findings in many areas. The experiences with grade labeling programs in Canada gave further insights into this problem.

Grade-labeled products generally may be viewed as essentially competitive in nature in the sense that not only is there rivalry among the various grades of one or similar products, but also between graded and non-graded products.

For the purpose of the field studies, the problem was stated as follows: Are there implications that consumers react to grade-labeled products in such a way as to make the purchasers conscious of the price variations of competing goods within a given grade or quality level?

STRONG DEGREE OF PRICE CONSCIOUSNESS

There was a strong indication from the El Paso-Silver City surveys that a majority of the respondents showed not only a strong degree of price consciousness but also of quality consciousness.

The largest group of respondents described their egg purchasing preferences in purchasing the highest quality-grade at the lowest price. Although this group constituted only 44 per cent in Silver City (40 per cent in El Paso) of the total number of consumers questioned, there appeared to be substantial support for price-and-quality consciousness in that other answers indicated an equal