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Evaluation of marketing activities in relation to the consumer

Gary Dean Ouderkirk

The University of Montana

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AN EVALUATION OF MARKETING ACTIVITIES
IN RELATION TO THE CONSUMER

by

Gary D. Ouderkirk
B.B.A., Idaho State University, 1969
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UNIVERSITY OF MONTANA
1970

Approved by:

[Signatures]

Chairman, Board of Examiners

Dean, Graduate School

Date

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Chapter 1

PRELIMINARIES

PURPOSE OF THE STUDY

The objectives of this study are: (1) to determine whether or not American businesses are fostering a "Caveat Emptor" market; (2) to discuss and resolve the problem as to whether or not there is a need for stronger federal, state, and local laws to protect the consumer from business executives' marketing policies; and (3) to recommend, if any are needed, what approaches should be taken to solve the problem now facing marketing people and the consumer, regarding consumerism.

ANALYSIS OF THE PROBLEM

Marketing is being widely criticized for its failure to contribute more to the solution of social as well as economic problems. This is a new trend. Until recently only a few persons held the view that marketing should or could contribute to society in a significant way. One of the areas that critics insist marketing should assume considerably more responsibility is in consumerism.¹ The marketing activities of American corporations are accused of fostering a "Caveat Emptor" market for misinforming and for not properly advising the consumer about the nature of products available for purchase.

The maxim, "Caveat Emptor," originated from a sixteenth century horse trade. "If the horse be tame and have ben rydden then Caveat Emptor."2 The meaning is "Let the Buyer Beware." This term has become quite prevalent when discussing consumer-manufacturing relationships.

Critics of business' practices use the term to connote total lack of responsibility by business executives toward consumers. This lack of responsibility refers to the manufacturers producing the products and distributing them in any way they see fit.

Due to alleged malpractice of marketing persons in their activities, a greater number of consumer protective laws have been enacted; thus, both the marketing departments of businesses and the consumers are confronted with tighter regulations on the selling and buying of goods and services.

THE PROBLEM

The problem that has arisen is whether or not business executives' marketing policies have created a marketplace that requires stronger federal, state, and local laws to protect the consumer.

AREA OF STUDY

Throughout the paper the discussion and the solution of the problem will be related to the food industry. This is neither because

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it has necessarily been the leader in solving the problems of consumerism nor the industry that has been most neglectful of the consumer; however, the food industry has been one of the major industries affected by the enactment of recent consumer protection laws.

Consumerism affects manufacturers of products throughout all industries. The food industry will be used as an example in discussing consumer protection and marketing activities and to draw conclusions as to whether or not consumer protection laws will benefit the consumer and the business community or will be a hindrance.

The study will provide information that illustrates an interrelationship between the marketing activities of businesses and the subsequent effects upon the consumer—materials that show both favorable and unfavorable arguments for stringent consumer protection and data which will specify criteria for solving the problem.

RESEARCH METHODOLOGY

The research material used will be secondary data from periodicals, monographs, and research reports pertinent to the study. Also this study will be confined to years between 1960 and the present. This time period is used because of the growing concern since 1960 for consumer welfare.

INTRODUCTION

Consumerism has become synonymous with consumer protection and has become a focal point in the everyday activities of business and government. More and more the government is becoming the ardent defender
of consumer's rights, while business is being depicted as the violator of consumer's rights. Businesses have been accused of false and misleading advertising, marketing goods which are hazardous to health and safety, poor quality of workmanship, and withholding vital product information from the consumer.

Federal, state, and local governments have attempted to be the defender of consumer interest. Antitrust laws, Printer's Ink Statutes, Green River Ordinances, the Truth-in-Packaging Law, and the Truth-in-Lending Laws are only a few of the government laws which have been designed to help the consumer and the public interest. Also the Federal Trade Commission and the Food and Drug Administration are two of the more prominent government agencies which are for the benefit of the consumer. In fact, in 1967 there were at least thirty-three federal agencies engaged in consumer protection. These agencies carried out approximately one hundred eighteen different consumer protection activities which required the services of 6,500 employees. Thus, it is apparent that the government is making an effort to protect the consumer.

In 1962, President Kennedy's message on consumer protection seems to have been the spark that caused the expansion and growth of more extensive legislation to help the consumer. His message listed four basic requirements if the consumer is to be adequately represented. They were:

(1) The right to safety—to be protected against the marketing of goods which are hazardous to health or life.

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(2) The right to be informed—to be protected against fraudulent, deceitful, or grossly misleading advertising, labeling or other practices, and to be given the facts he needs to make an informed choice.

(3) The right to choose—to be assured whenever possible, access to a variety of products and services at competitive prices; . . . an assurance of satisfactory quality and service at fair prices.

(4) The right to be heard—to be assured that consumer interests will receive full and sympathetic consideration in the formulation of government policy. . .

This renewed interest in consumer protection has led to the passage of new consumer legislation, such as Truth-in-Lending Laws, Truth-in-Packaging Law, Tire Safety legislation, and Auto Safety. The present administration is asking for approximately thirty separate pieces of legislation to regulate business in its relationship to the public. These include ten laws dealing with product safety and five laws on consumer information which refer to packaging, labeling, pricing, and product testing. Six laws deal with deception and fraud, three with consumer credit, and six others that cover such areas as electric reliability and liability insurance. The Nixon Administration is also contemplating a Consumer Affairs Department. This department will be designed to protect consumers from goods and services that do not perform as their manufacturers claim.

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This strong movement toward consumer protection appears to be a good indicator for management to re-evaluate its marketing approach. If, in fact, management is grossly negligent toward consumers in its marketing activities, immediate steps should be taken to correct the situation. If such measures are not initiated, some observers believe that the marketing functions of business may become quasi-public activities.

Consumer welfare should be considered. If the consumer is confused, as many critics of marketing claim, then he may well need stringent government protection. However, if the consumer is generally intelligent, resourceful, and able to sift through most of the information when purchasing goods and services, is there a need for further consumer protection?

Both businessmen and consumers should be concerned with the current movement for strong consumer protection laws. If strong government intervention does result, the means by which goods and services are delivered to the market place may change drastically.

The following four points will be used as criteria in a comparison of present day business practices to determine whether or not businesses are remiss in dealing with consumer problems.

1. The right to safety--
2. The right to be informed--
3. The right to choose--
4. The right to be heard--
Chapter 2

THE MARKETING CONCEPT AND ITS IMPORTANCE

When discussing the interaction between the consumer and the business community, the marketing concept and the marketing activities of business must be the center of attention. They are the key links between the producer and the consumer. Without the proper marketing decisions, the manufacturer suffers losses in sales and profits while the consumer loses because he receives poor quality products at an unfair price.

The marketing concept can be defined as:

(1) Customer orientation, that is, a knowledge of customer needs and wants before the marketing process begins; (2) profitability of marketing operations, and (3) an organizational structure in which all marketing activities are performed by the marketing department, and where the chief marketing executive is accorded a place on the company's organization chart equal to that given the top financial and manufacturing executive. 7

THE DEVELOPMENT OF THE MARKETING CONCEPT

This type of thinking has not always been the case. The marketing concept has had a long, hard struggle in evolving to its present position. The marketing concept evolved in the following order. The first era found companies production oriented. The main objective

was the production of a high quality product.\textsuperscript{8}

The second step in the marketing concept was the sales orientated period. At this stage the companies started giving some consideration to the consumer. Companies began to gather data as to the consumer's likes and dislikes. Companies were still product oriented but now more support and consideration was directed toward their sales forces through consumer research and advertising.\textsuperscript{9}

The third and final step was the initiation of the philosophy that the company's purpose was to make and sell products for the consumer; that the consumer, not the company, was the center of the economy and his needs must be satisfied if the company was to be a success. All product activities started with the consumer and worked backwards through the company to the production process. It was first determined what the consumer wanted and what price the consumer was willing to pay for the product. During this same time period, the marketing department and marketing executives were moving into a position in the organizational structure which recognized them as an essential part of the decision making processes of the company.\textsuperscript{10}

\textbf{APPLICATION OF THE MARKETING CONCEPT}

A past study which involved 273 companies reached the following


\footnotesize{\textsuperscript{9} Ibid.}

\footnotesize{\textsuperscript{10} Ibid., pp. 256, 257.}
conclusions as to how well the total marketing concept had been integrated into industry: (1) The majority of firms surveyed had established a market research department and employed market research techniques to insure themselves that their product coincided with consumer tastes and preferences. (2) The majority of firms surveyed had placed the marketing functions of the company on an equal basis with other decision making departments. However, forty-three percent of the larger firms and thirty six percent of the medium-sized firms examined only one area such as products, customers, salesmen, and territories in regard to profitability.\(^{11}\)

In summary, it was found that most companies have integrated the marketing concept into their organizations with consumer orientation being considered the most important part of the concept.\(^{12}\)

The marketing concept is beneficial to both the producer and the consumer. The consumer receives the following benefits: (1) The product is made to consumer specifications. He does not receive an inferior product and/or an inflated price because the product has been selected for his needs and wants. (2) The consumer has a better selection of products. (3) The price of the product will be a price the consumer is willing to pay. If the manufacturer produces a product or service which does not appeal to the consumer, there will be less danger of spending a large amount of money on the production and promotion of a product which might result in a loss to the company.\(^{13}\)

\(^{11}\) Hise, op. cit., pp. 10-12. \(^{12}\) Ibid., p. 12. 

\(^{13}\) Class Discussion, Marketing Seminar 691, University of Montana (Winter Quarter, 1969-1970).
The application of the marketing concept does not guarantee a firm success in the market place. However, it is a framework, which, if properly applied should permit the firm to orientate itself more directly to consumer needs and provide a guideline to solve consumer problems.

THE MARKETING CONCEPT AND THE CONSUMER

The past and future growth of the United States economy has and is dependent upon an increase in personal consumption and an increase in new products. In examining the past growth of the American economy, it can be seen that it has grown at a very rapid rate. This is apparent by studying the past and present G.N.P. data. In 1959, the G.N.P. was 479.5 billion dollars\(^{11}\) and in 1969, it was 932.1 billion dollars,\(^{15}\) almost double.

To keep up with the needs and wants of consumers, businesses have spent millions of dollars in research and development. The American business has had to: (1) anticipate the needs and wants of the market and satisfy them as quickly as possible, (2) be quick enough to recognize when the market has changed or is about to change, and (3) be ready to meet that change with a corresponding shift in a product and/or service.\(^{16}\)

In accomplishing these tasks, they have developed new products


which are of a better quality, at a lower price, and industry has shortened the time period between invention and application of the product in the household. Hence, manufacturers have produced and have continued to produce at a rapid rate. However, in today's market, the consumer community is demanding more of the manufacturer than a good quality product at a reasonable price. They are becoming disenchanted with businesses' marketing activities. Some of their more common complaints are: (1) Products have become so complicated that consumers are finding themselves unable to determine which product fits their needs. (2) Warranties are confusing and misleading as to what is covered and what is not covered. (3) No one will listen when the consumer has a complaint.\(^\text{17}\) (4) The consumer is confused when purchasing products.

Consumers are also faced with decisions such as, which is the best buy: two 6 3/4 ounce cans of tuna fish for sixty-three cents or one 9 1/4 ounce can for forty-three cents? (5) Does the cents-off really offer a savings if the product is purchased? (6) What are the contents in the package and net weight of the package? (7) What recourse should be taken when the contents are less than the stated net weight?\(^\text{18}\)

The complaints against marketing and the regulations that the Federal Government has and is enacting in an effort to protect the consumer have come about because of "marketing myopia" by business. It appears that this myopia is the result of marketing personnel becoming


bogged down in the traditional marketing concept. This traditional approach follows the criteria: what will the consumer buy, at what price and marketing management does fulfill its responsibility to society by producing products and services to satisfy the consumer profitably and efficiently. Marketers that hold to this viewpoint believe that through the natural happening of events and the efficiency of the marketing concept, consumers will be satisfied and the firm will prosper. Therefore, the well-being of the society has to automatically follow. Consequently, companies may have concentrated too much on this aspect of the marketing concept and forgotten about the less tangible and intangible characteristics of the product that appeals to the consumer.

Marketing executives have performed satisfactorily at the present level of the marketing concept, but there seems to be a need to develop the marketing concept to keep pace with society. Business executives should re-evaluate consumer sophistication in purchasing products in relationship to the complexity of the marketplace.

An example of this is the food industry. Twenty years ago there were approximately fifteen hundred separate food items stocked in the grocery stores. Today there are well over six thousand items. Not only have food items increased in number, but they have also increased in the size and shape of the package and the different quantities

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20 Kennedy, op. cit., p. 173.
offered within the same product line. Competition for the consumer's dollar has forced producers to develop different methods of promotion to entice the consumer to buy their product. Examples are cents-off promotions, coupons, jumbo size, giant size, and regular size packaging. Thus, the demands of the consumer and the advancements in technology, which has allowed industry to keep up with this demand, have created a marketplace that has become much more sophisticated than the consumer's ability to evaluate products in purchase decisions.

The marketing activities of firms are not being criticized for keeping up with the demands of the consumer by introducing new products. The fault lies with marketers not keeping the information about the product, the means of pricing the product, and the promotion of the product at an uncomplicated level. Therefore, government has stepped in to aid and protect the consumer in the marketplace.

Another fault of marketing departments when applying the market concept can best be explained by the following statement.

We live in what is probably the most competitive of the world's civilized societies. Our customs encourage a high degree of aggression in the individual's striving for success. Business is our main area of competition and it has been ritualized into a game of strategy. The basic rules of the game have been set by the government, which attempts to detect and punish business frauds. But as long as a company does not transgress the rules of the game set by law, it has a legal right to shape its strategy without reference to anything but its profits. It will preserve amicable relations, so far as possible with those who it deals. But decisions in this area are in the final test decisions of strategy, not of ethics.21

Therefore, business has used the law as a crutch in many cases to avoid

the issue of consumer protection. If the activities of business were within the legal limits of the law, business believed it was doing no wrong and was contributing significantly to the free enterprise system. Business executives usually remained silent when consumer activities did not concern their firm or industry. They offered no help or possible solution to mounting consumer problems. 22

The government recognized the fact that businesses were not listening to complaints against them. Consequently, the government stepped in to fill the void left by business. Thus, business has been constrained by laws that protect the consumer and are now faced with even more legislation.

THE MARKETING CONCEPT AT THE RETAIL LEVEL

The marketing concept is usually discussed in terms of the producer-consumer relationship. Very little is said about the retailer-consumer relationship regarding marketing activities. Retailers differ from the manufacturer in that they do not produce products and services. They are more concerned with the final sale. Hence, it would seem that retailers should not worry about the marketing concept or consumer orientation. They should be more product orientated. If the manufacturer has been conscientious in performing his marketing activities, the retailer should have nothing to worry about except to sell the product. 23


This is a grave misconception. Retailers must be consumer-oriented because their existence is based on how well they serve the consumer's wants and needs. Therefore, the retailer must fully understand the consumer's wants and needs.  

The physical distance between the manufacturer and consumer, the variety of promotional activities, and the variety of products have created a very impersonal market for the consumer. When the consumer is dissatisfied, he has very few places in which to turn to air his complaints.

Who is in a better position to help solve the consumer's problems than the retailers? They are at the point of purchase and, therefore, should be the first to recognize dissatisfaction towards products or services. During the Johnson Administration, regional consumer conferences were established in four different areas of the United States. Their purpose was to allow the public to voice their complaints about wrongs committed against them in the market place. These complaints were to be used in forming new legislation for consumer protection. However, the participation was poor and those people who did participate expressed the opinion that their problems could be handled at the local level.

This is a good barometer for both the manufacturer and the retailer suggesting that the consumer is not quite as fearful of the market place as many proponents of consumer legislation wish to believe.

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24 Ibid.
This appears to indicate that if the retailer would take the initiative in recognizing and solving consumer dissatisfaction much of the now pending legislation may be prevented. Any legislation that is imposed against manufacturers will have just as great an effect on retailers.

CONCLUSION

Criticism is not only being directed towards marketing because it is fraudulent and deceitful, but also because it has created a marketplace which offers so many products in so many different varieties, shapes, and prices that the consumer is finding it difficult to make wise purchasing decisions. Hence, because of the complexity of the marketplace businesses must broaden the marketing concept beyond the present traditional approach—what the consumer buys, at what price. Marketers must become more aware of the consumer's wants, sensitivities, and feelings regarding such areas as packaging, items offered, pricing of products, etc. In other words business must become much more consumer oriented.

Management must show the consumer that the business community is making every attempt to solve legitimate consumer complaints. If this is not done, then the battle for the consumer will have only one outcome—additional government legislation at the federal, state, and local level will be developed to protect the consumer.
Chapter 3

METHODS FOR PROTECTING THE WELL-BEING OF THE CONSUMER

The consumer is an illusive person. He is the object of everyone's attention. Businesses want to keep the consumer satisfied in order to make a profit and to prevent government officials from enforcing stricter regulations, while government officials are the watchdog over business to make sure that the consumer is not abused in the market place.26

Both business and government use strategies which they believe are the best for the well-being of the consumer. The government agencies primary method of ensuring and safeguarding the consumer's welfare is through the use of regulatory laws pertaining to business practices.

On the other hand, business takes the attitude that government intervention inhibits the free enterprise system which in turn damages the well-being of the consumer in the market place. They believe that by producing goods and services that the consumer wants at a reasonable price they are best promoting the well-being of the consumer.

Other persons contend that ultimately neither business nor the government can effectively determine what is best for the consumer. The consumer himself is the best judge and will indicate his approval or disapproval by his purchasing habits.

However, it is the general consensus that the consumer may not be as capable of protecting himself as he has been in the past. This is due to the rapid advance in technology which has flooded the marketplace with a multi-variety of products.

Consequently, in the past ten years the term "consumerism" has become a very familiar word in government and business circles. However, there has been a shift of emphasis in the concern for the consumer. Instead of just worrying mainly about consumer health and safety, the focus of consumer protection has come to involve all areas of marketing. 27

Many government officials do not believe that the consumer is capable of dealing with products now present in the marketplace. Hence they have enacted legislation to provide the consumer more adequate information and reduce the variety of products.

Business has continually fought most consumer legislation, contending that they are doing a good job for the consumer. Further legislation can only hinder the ability of manufacturers to give the best quality of product to the consumer at the lowest price.

The result is that there is total confusion as to what is the best strategy to follow in order to ensure consumer representation in the marketplace.

The objective of this chapter is to examine the different methods being used to protect the well-being of the consumer by both business and

government and to determine whether or not they are performing a worthwhile function.

CONSUMER PROTECTION THROUGH GOVERNMENT LEGISLATION

The general welfare of the consumer has always been considered the responsibility of the federal, state, and local governments, with the federal government playing the dominant role. Usually this role has been one of setting general guidelines for business to follow. Many regulations and agencies are available to the government in overseeing business conduct.

Government's Tools for Consumer Protection

There are two main bodies which cover most areas of business misconduct. The first of these laws is the Food and Drug Act of 1906. The original Food and Drug Act provided for consumer protection by permitting Federal officials to prohibit many forms of food and drug alteration and to ban a number of preservatives which were injurious to human consumption. The following amendments were made to the original F.D.A.

1. In 1912 the Shelly Amendment was enacted to prevent the labeling of medicine with false or fraudulent therapeutic claims.
2. The Gould Amendment of 1913 required that definite quantity information appear on the food packaging.
3. In 1919 the Kenyon Amendment required that net weight labeling be applied to wrapped meats.
4. The McNary-Mapes Amendment of 1930 authorized standards for quality and fill of containers for canned goods.28

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Probably the most significant amendment to the Food and Drug Act was the Copeland Bill of 1938, known as the Food, Drug, and Cosmetic Act. It retained most of the provisions of the original Act of 1906 but added the following provisions.

(1) Authorized standards of identity, quality, and fill of containers for foods; (2) Made mandatory informative and truthful labeling. The amendment stated the following: It is false or misleading in any particular; prohibitions on use of a container that is so made, formed or filled as to be misleading; requirements that a label on packaged goods bear a disclosure of ingredients and an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count; and requirements that label information about the contents of packaged goods appear prominently with such conspicuousness...and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use.29

The Federal Trade Commission is the second agency which patrols business misconduct. It has the power to investigate alleged wrongdoings, either through its own initiative or in response to complaints by individuals or business firms. The Federal Trade Commission has no authority to assess fines on businesses or award damages to injured parties. Its maximum authority is to issue cease and desist orders. But the one power which is held by the Federal Trade Commission is that it can "proscribe unfair or deceptive acts or practices in commerce."30

With this type of authority it would appear that if the powers of the Food and Drug Act and the Federal Trade Commission were used effectively the protection of consumer rights regarding safety, health, deceitful and unscrupulous actions of business, plus consumer rights regarding information which would allow purchasing with confidence could

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29 Ibid., p. 165. 30 Ibid., p. 166.
be protected sufficiently without any further legislation. However, this seems not to be the case.

Additional government consumer protection. In 1967 a precedent was set when the Truth-in-Packaging Law was enacted. Its prime target was the food industry who has compiled quite a list of complaints. Some of these offenses are: (1) Content and weight standards are difficult to find. (2) Weight measurements are hard to read. (3) Illustrations on containers are said to be misleading. (4) Cents-off promotions do not always offer a reduction in price. (5) Products are sold in such a variety of weights and measurements that consumers are unable to make correct and useful comparisons of prices. (6) Information on food containers concerning the number of servings is inaccurate. (7) Ingredients are not always shown on the labels. Therefore, the purpose of this new law was to handle these complaints and, thus, provide the consumer adequate protection and information.

Problems with Government Legislation

But the question arises as to why this bill was necessary in the first place. The Food and Drug Administration Act and the Federal Trade Commission has the power to rectify any one of the complaints just listed that have been inflicted upon the consumer. However, neither of these agencies seem to be taking satisfactory action upon these complaints, otherwise, there would have been no need for further legislation such as the Truth-in-Packaging Law. It has been suggested that the

reasons for the failure of the F.T.C. and the F.D.A. to act effectively and efficiently is due to the lack of money, manpower, poor leadership concerning priority of cases, and the interference of power politics.

Problems also seem to plague the Truth-in-Packaging Law. After approximately two years in operation this law is having trouble enforcing consumer protection.

First, the enforcement of the Truth-in-Packaging Law is divided up among three different agencies: the Department of Commerce, the Food and Drug Administration, and the Federal Trade Commission. Hence, on many occasions the right hand does not know what the left hand is doing. An example of this is the latest disagreement between Mrs. Virginia Knauer, the President's Advisor on Consumer Affairs, and the Department of Commerce. Mrs. Knauer claims that after a supermarket check her findings proved that the manufacturers have not reduced the number of odd sized packages. The Department of Commerce refutes this claim, stating that the results they have seen from manufacturers in reducing package proliferation is satisfactory. There has been no agreement and the battle continues on what course of action should be taken.

Second, the Food and Drug Administration is having two problems:


the lack of manpower and the lack of support from the congress to supply
adequate financing in order to perform the necessary responsibilities to
the consumer regarding the enforcement of the Truth-in-Packaging Law.
The Food and Drug Administration was assigned the major responsibility
of enforcing the Truth-in-Packaging Law; however, only two full time
staff members are assigned to this duty.\textsuperscript{34} Also, the chairman of the
F.D.A. stated that he has had to continually fight congress to prevent
them from cutting back on the funds appropriated to the F.D.A. for the
enforcement of the law. In fact, he stated that he was pondering the
decision whether or not to reassign the two staff employees back to the
position of working on the Truth-in-Packaging Law.\textsuperscript{35}

Lastly, the Federal Trade Commission, the third agency assigned
to enforce the Truth-in-Packaging Law, is not only troubled with internal
conflict among members, but has had to adjust to a newly appointed chair­
man plus try to operate with only five full time staff members to work
on the Truth-in-Packing Law. Consequently, the outcome thus far of the
new law, which was to end the troubles of the consumer, has accomplished
very little.

Evaluation of Government Legislation

Further government legislation in regard to consumer protection
should be re-evaluated. It is apparent that the existing laws could

\textsuperscript{34} Stanley E. Cohen, "Packaging Law Is on Books But Ills It
Aimed to Cure Are Still Troublesome," \textit{Advertising Age}, Vol. 40, No. 35
(September 1, 1969), p. 10.

\textsuperscript{35} "F.D.A. Says Staff Cut Impairs Its Packaging Role," \textit{Advertising
solve most consumer abuses. There only needs to be amendments, modifications, and enforcement to the already formed laws and agencies.

Government officials should not lose sight of the fact that its purpose is to set down basic guidelines for industry to follow and to protect the public from injurious deeds by industry. This entails the ability to enact and enforce good legislation. Mass enactment of legislation to cover all possible loopholes will not perform the job. If this type of thinking prevails, then government agencies are going to find themselves in a maze of legal and social conflicts. This may lead to a situation where it will become almost impossible to determine what action would be the best in constructing a workable solution for protecting the consumer's well-being.36

CONSUMER PROTECTION THROUGH BUSINESS SELF-REGULATION

Another alternative for consumer protection is self-regulation by industry. This would appear to be an easy task for businesses because if they are applying the marketing concept, offering the consumer the product at the price he will pay, the consumer's well-being should be assured. However, there is some conflict and confusion among business executives as to what strategy is the best to following regarding the consumer.

There is a saying that "the buyer needs a thousand eyes—the seller but one."37 This appears to be a good axiom. Technology has

36Brunk, op. cit., p. 250.

expanded the range of product lines to such an extent that the consumer is confronted with many different products which offer the same value and perform essentially the same job. An example of this is in the variety of products offered by the food industry. Are the canned vegetables of one company any better than the canned vegetables of another competitive company? Do soaps of one firm do a better job than the detergents of another company? Chances are that the products are of equal value. Hence, manufacturers have had to devise other promotional methods to entice the consumer into buying their product.

The Food Industry and the Consumer

The food industry has a consumer market which is well over eighty-five million dollars a year and families spend approximately twenty to twenty-five percent of their annual income on food items. Since every consumer is exposed to the food industry and spends a good portion of his income in purchasing these products, it is quite natural that the business and political people concerned with consumer protection should examine the marketing habits of the food industry.

The marketing practices of the food industry can best be examined by using the three following criteria mentioned in chapter one.

(1) The right to safety—to be protected against the marketing of goods which are hazardous to health or life.
(2) The right to be informed—to be protected against fraudulent, deceitful, or grossly misleading information, advertising, labeling, or other practices, and to be given the facts he needs to make an

38 Ibid.
informed choice.

(3) The right to choose—to be assured wherever possible, access to a variety of products and services at competitive prices; ... an assurance of satisfactory quality and service at fair prices.

Consumer Problems in the Food Industry

The right to safety or to be protected against goods and services which are hazardous to health has not been a major issue against the food industry in the past. The recent scares of cyclamate sweeteners and monosodium glutamate in baby food have been rare exceptions where products or product ingredients have been proven unsafe for human consumption. Whether this good record is because of excellent standards set by the food industry or because there has been neglect to carefully check standards of the food industry is questionable.

Recently political leaders have organized a select committee on nutrition and human needs. The purpose of this committee is to study the impact of the food industry's marketing activities upon the American diet. Mr. Ralph Nader was the first speaker at the hearings and stated that this was the year for the food industry to be investigated. He believes that the American public has been too complacent about their food supply and that the increase in mortality rates from heart disease, cancer, and strokes can be tied to the American diet. Nader continues his attack on the food industry by accusing them of selling first and testing the quality of the food later. The food industry is "being party to silent violence ranging from minor discomforts to erosion of bodily processes, shortening of life, or sudden death." 

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Another example which supports the claim that food companies may be lax in their control over products is that of baby foods. Nutritionists are concerned about the addition of salt, sugar, and other ingredients which do nothing for the baby. There is reason to believe that these ingredients lead to serious medical problems in later life. One H. J. Heinz research official admitted that his company added salt and water to baby food after a competitor advertised that their baby food tasted better.\textsuperscript{11}

Another force which is confronting the food industry is the American Medical Association. They have adopted a resolution urging the Food and Drug Administration to require special warnings on products containing fatty acids. The AMA says that such labeling is needed because of the increased number of people on special diets.\textsuperscript{12}

The committee which is studying the nutritional values of foods reported that the Heinz and Coca-cola Companies were refusing to appear before the committee to defend their companies marketing practices regarding the distribution of food. One Senator on the committee stated that mothers of the United States should be notified that these companies have refused to appear before the nutrition and human needs committee to substantiate their products.\textsuperscript{13} Thus, it appears that food executives are doing very little to support or defend the actions of their industry.

\textsuperscript{11}Ibid. p. 122.

\textsuperscript{12}Cohen, "Consumer Protection Has Not Faded Away With the Advent of Nixon," \textit{op. cit.}, p. 24.

\textsuperscript{13}"Nader Hits Food Marketers 'Silent Violence' to Consumer," \textit{op. cit.} p. 122.
If these accusations are true, then consumer protection by the food industry through business self-regulation regarding the safety of the products has not been substantial in the last few years. Furthermore the food industry's present methods seem to be lacking in safety checks regarding food presented to the market place.

The food industry has been maliciously attacked in other areas for some of their marketing tactics. Examples of practices that are being criticized are: (1) The consumer has no means to determine what percentage of each ingredient is present to make up the total product. At the present time the law only requires a list of the ingredients in order of their importance. However, this is meaningless to a shopper who wants to know specific ingredient content. (2) The variety of package sizes is misleading. Take for example the three different sizes of packages containing soap—the jumbo size containing five pounds eleven ounces and costing $1.33, the giant size soap containing three pounds five and a half ounces and costing $.79, and the regular size containing one pound six ounces and costing $.33. To a shopper the jumbo or giant size box would suggest a savings if purchased; however, if the true cost per ounce is figured out it is discovered that the regular size box is the best buy. Although the varying cost amount is small the fact still remains that the connotation implied by the manufacturer is deceiving.

Example after example could be cited to illustrate incidents of


consumers buying products under different pretenses than actually existed. Therefore, the lack of specific information about products, which would alleviate confusion to the consumer has been the main concern of persons who favor stronger consumer protection laws.

The last criterion, the right to select from a variety of products of good quality at a reasonable price, has been fairly well assured to the consumer. Any product the consumer wishes to buy probably is made by more than one manufacturer in different varieties of styles, shapes, and sizes. Today a shopper can choose from between six thousand to nine thousand items in a single grocery store.\(^6\) He has the opportunity to choose between several blends or types of fabrics when shopping for clothing. The shopper has a choice between a multitude of different types of automobile tires. In fact, the number of products from which to choose has become somewhat of a problem. The consumer has become lost in the maze of product magnitude.

The problem which faces the consumer is not the choice of products at competitive prices but how to select the product or service which best fits his needs. Although, the food industry has been more than willing to produce a variety of good products at competitive prices, they have been very reluctant to supply the consumer with more information concerning the product. Business firms should re-evaluate their present marketing techniques. If they do not come up with solutions to the consumer information problem, the probability is very high that

they may be relieved of the responsibility and the government assuming it.

CONSUMER SELF-PROTECTION

"The consumer is King" conveys the meaning that consumers decide what products and services will be produced by the way they spend their money in the market place.

Manufacturers discovered that without consideration of their consumer market they would not succeed in the long run. Hence, the marketing concept evolved. However, because of the increased sophistication in new product development, the increased size of the market place, and the increased emphasis on self-service and mass merchandising techniques the consumer is slowly losing communication with the manufacturer and the retailer. With this loss of strength in the market place, the consumer is no longer "king."

The food industry demonstrates an example of this loss of consumer control. Consider the average housewife as she steps in front of the canned vegetable counter. She is confronted with an array of many different products at comparable prices. She has no easy means by which to determine the percentage breakdown of ingredients in the product or which manufacturer offers the best price. In regard to price, only after some rather complicated arithmetic can she finally determine which product is the better buy. This decision can be reached only if

she can convert the pounds and ounces into a common denominator. In the case of determining the ingredients of the product she has no way of deciding. Therefore, in most instances, the shopper finally gives up in frustration and relies on her past shopping experience, the advertisements of the manufacturer, and the manufacturer's reputation to make her buying decisions.

Today's consumer is not a poor, innocent, gullible, person who is at the complete mercy of the business community and whose only salvation is protection by the legislative powers of congress. On the other hand, she is not the "all wise arbiter" before whom all business trembles and whose decisions will make or break a company in the market place.\(^8\)

**COMPARISON AND MEASUREMENT OF METHODS**

In comparing the method of consumer protection, the efforts of the federal government appear to be the better of the three. They have recognized the fact that the consumer is having problems in the market place and have taken action to try to alter the one-sided battle between the business community and the consumer.

In measuring how effective they have been in implementing their programs to protect the consumer, again, their record is better than either the business community or the consumer. Through the Antitrust Laws, the Food and Drug Administration, and the Federal Trade Commission the government has provided the consumer with products and services

which have been relatively safe and harmless. Also the government agencies have been, on the whole, successful in preventing the manufacturer from deceiving the public through false and misleading advertising. However, the government has had much more trouble in attempting to provide the consumer with more concise information regarding products and services purchased. This difficulty has come about because of the duplication of authority, not enough people to enforce the regulations, and disagreement among those officials responsible for regulation enforcement as to how well manufacturers are adhering to the regulations.

**Food Industry Track Record**

Until the last couple of years the business community has not taken the problem of consumerism seriously. Only if they were directly confronted with a complaint about their marketing activities did they take corrective action. Their attitude has been to wait and see what was going to happen rather than to take the initiative to correct the consumer problems that existed in their industry or business.\(^4^9\)

The food industry fought the enactment of the Truth-in-Packaging Law for years before it was finally passed.\(^5^0\) Their argument was that the new law was repetitive of existing laws and, therefore, was entirely unnecessary. They felt that the new law was vague, poorly constructed, would hinder the marketing activities of business, and would deprive

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the consumer of new products and savings through price and product promotion. In many aspects the arguments of the food industry were valid. However, the irony of the whole situation was that, from the conception of the Truth-in-Packaging Law until its passage, the food industry was on the defense. They continually fought the proposal rather than use their talents to promote a bill that would benefit both themselves and the consumer.

The food industry is continuing the battle of restricting information from the consumer, but now it is at the state level. In New York, Price Unit Law Regulation 49, will require all meats, fish, cereals, cooking oils, soft drinks and beer, facial tissue, napkins, and bread to carry a price per pound or ounce or per fifty sheets of tissue. Supermarket executives have reacted in dismay.

(1) My help can't even figure out the price of one can at 3 for 29¢ price. How will they ever manage computer charts?
(2) I don't see how they are going to enforce it. There hasn't even been any research done to see if this is what the consumer wants.
(3) I haven't taken it seriously. I've had no directive. . .on this. I think it is ridiculous and just can't be done.

Generally, it appears that the food industry is unwilling to concede to any proposal which will provide the consumer with a more thorough knowledge of their product. Their actions speak for themselves regarding their willingness and effectiveness of self-regulation of their industry to solve the problems of the consumer. Although they

continue to resist government regulation, stating that they can solve the problem through self-regulation, they have taken no action.

Consumer's Ability to Protect Himself

The consumer's ability to protect himself against abuses in the market place are limited. He can express his dissatisfaction by refusing to purchase the product or service offered by a manufacturer or by expressing his dissatisfaction through verbal or written complaints either to the retailer, where the product was purchased, to the manufacturer of the product, or to his congressman.

Any one or any combination of these methods could be a useful tool for the consumer if he would exploit it. However, it has been the experience of private and public organizations to find that the consumer is somewhat apathetic and not overly concerned with his welfare. During President Johnson's Administration, regional conferences were set up in four different areas of the United States. Their purpose was to allow the public to voice complaints about wrongs committed against them in the market place. These complaints were to be used in forming new legislative laws for consumer protection. The end results of the conference were generally unsuccessful because of the lack of participation. Also legislators who are concerned and interested in how the consumer is faring in the market place complain that they receive very little feedback from the actual grass root consumer. This may indicate that consumers do not expect their problems to be solved by

Consumer information organizations concur with the results experienced by government organizations. They have discovered that people with intelligence, education, and the drive that enables them to earn good livings and who are also interested in useful information on how to spend their money to the best advantage are also indifferent to participation in campaigns for consumer protection.55

Regardless as to why the consumer does not respond to the problems of consumerism, it seems apparent that he is unable to do a representative job of protecting himself. This is not saying that he is a fool, but that the complexity of the market place, the wide diversity of products, and the distance from the market place rules out the consumer as being an effective self-regulator of his rights in the market place. The consumer must have help.

CONCLUSION

The consumer is in a "buyer beware" market. However, this phrase needs some clarification. The "Caveat Emptor" market that the consumer faces in today's market place has quite a different connotation than in the past. Today's consumer is confronted not only with products that are a danger to his health or safety, but is also confronted with the problem of gaining enough knowledge about the products to determine which one best fits his needs.


The discrepancies in ways to protect the consumer are obvious. The first stumbling block in working out some meaningful solutions to the problem of consumerism is that government officials and business executives are working against each other. Government officials have decided that all of the problems of the consumer have resulted because of poor marketing tactics. Thus to solve this problem their answer appears to be more legislation to protect the consumer. However, they have forgotten or have chosen to ignore the fact that if they had been performing their job correctly there may not have been a need for further legislation. Consumer protection is the responsibility of the Food and Drug Administration and the Federal Trade Commission. Both of these agencies have the necessary controls and regulations to solve most consumer problems. But their lack of effective solutions to the problem of consumerism has resulted in single legislative acts to solve each separate problem. Thus, government policy continues to build up, but very little of it has had much effect in solving the problems of consumerism.

The business community continues to oppose any further legislation on the basis that more government intervention will only restrict the free-enterprise system. They believe that the problem of the consumer can and should be solved by business and consumer. Although some are beginning to work on solutions to solve consumer complaints, the majority of corporations have offered no suggestions. As Mr. Arthur E. Larking, President of General Foods, said:

The government-consumer problems which beset us are going to get worse before they get better. They won't get better at all unless and until the food industry takes some positive, constructive
steps... It is futile for food man after food man simply to state that we have the best supply system the world has ever known.\(^5\)

Also business appears to have failed to review the reasons why government intervention has become more and more prevalent. If industry showed more leadership in areas of public concern there would probably be less pressure for government action.\(^7\)

It must be noted that external pressures are also involved. A fault of both business and government is the failure to analyze all the facets that may have contributed to present dissatisfaction. Are the problems of consumerism caused strictly by shoddy marketing practices of the American corporation or are other external factors such as: (1) racial unrest, (2) the youth movement, (3) inflation, and (4) unemployment to mention only a few of America's problems causing people to vent their frustration on business?\(^8\) It is likely that this is part of the cause for consumer frustration, which in turn has no tangible connection with the marketing of goods and services to the market place.

The consumer's ability to protect himself is limited. If he is dissatisfied with the product of one manufacturer, he may buy from another manufacturer. However, this is not as an effective tool as it used to be because of the similarity of products among manufacturers. Both products probably use the same terminology, i.e., pricing, labeling, packaging, etc. Therefore, the switching to another manufacturer's

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\(^7\) Ibid., p. 78.

\(^8\) "Business Responds to Consumerism," op. cit., pp. 95, 96.
product does not alleviate his problem. Consequently, he is no farther along in evaluating the other product in terms of his needs.

With these problems and discrepancies in the present models to protect the consumer, many suggestions have been made to solve the problem. The effect has been only to add to the already existing confusion as to what approach should be used. It is quite apparent that present solutions have not been effective; however, regardless of the problems involved in the solutions, some model or models must be initiated that will give the consumer more protection in the market place while at the same time minimizing regulations imposed on the business community.
ALTERNATIVE CONSUMER PROTECTION CONTROLS

Government attempts to protect the consumer have been less than successful. Businesses have continued to ignore the apparent failings in their marketing activities. Consumers have expressed very little desire to solve their problems in the market place.

To specify exactly how much consumer protection is needed is impossible, but there still exists a need for extensive protection for the consumer. The question is how to provide equitable protection that will benefit the consumer yet not completely subjugate business.

In dealing with the problem of consumer protection there are two extreme conditions that could be hypothesized. One extreme would be complete government regulation on marketing activities. This could result in the passage of rules and regulations by the Federal government that would specify in exact terms what products could be produced and how they would be promoted.

The other extreme would be the discontinuation of further government participation in protecting the consumer. The problem would be left up to business and consumers to solve.

The problem that would be generated by the initiation of either system would be of such magnitude that trading in the market place would become chaotic. Therefore, there has to be a compromise somewhere in between.
Both government and business executives are rather new in the discipline of consumer protection. Government has enacted laws to take care of some of the more general problems faced by the consumer, but it is unprepared to handle the present crisis in consumer protection. Business executives, on the other hand, have never really considered consumer protection as a problem. Their philosophy in the past has been that consumers were capable of taking care of themselves in the marketplace. Consequently, now that they are faced with the task of solving consumer problems they become very defensive. This is, in part, because some business executives believe that the problems of the consumer are fabricated and do not exist. Other executives are confused and befuddled as to what approach should be taken. Therefore, the attitude of most businessmen is to try to ignore the problem as long as possible.

There has to be a compromise somewhere between total government regulation to solve consumer problems and leaving the problems to businessmen and the consumer. The emotionalism and idealism by both government and business executives must be halted. An objective course of action must be proposed. If this does not happen, the result can only be more injustice heaped upon the consumer in the marketplace.

**GOVERNMENT'S ROLE**

It is proposed that there is not a need for more and stronger federal regulation to dampen the irresponsible marketing activities of business. There only needs to be a restructuring of existing laws and the personnel to enforce existing ones, mainly the Federal Trade Commission Laws and the Food and Drug Administration Laws.
The most sensible action for the federal government is to regroup its forces and become more deliberate in its policy making. To be an effective participant in consumer protection, it should be more concerned with the quality rather than the quantity of its legislation.

The Federal Trade Commission is charged with the task of safeguarding the public by preventing fraudulent or deceptive advertising and other unfair business practices. The congress should support the Federal Trade Commission with funds, manpower, and legal authority which will make it an effective organization, rather than an organization that is able to pay only token tribute to some of the more pressing problems regarding faulty business practices.

The Food and Drug Administration has invested within its framework the power to correct most of the wrongs inflicted upon the consumer. Again it is a lack of funds, manpower, and support from proper authorities which has, in most cases, caused the Food and Drug Administration to act ineffectively.

There was no need for the Truth-in-Packaging Law to protect the consumer from irresponsible marketers in the food industry. The Truth-in-Packaging Law was already incorporated in the laws of the Federal Trade Commission and the Food and Drug Administration. All that was accomplished by the passage of the Truth-in-Packaging Law was the repetition of already existing laws.

The reasons for the Truth-in-Packaging Law are valid. There is

59 Jones, op. cit., p. 53.
a need to stop slack filling, deception in cents-off promotion, lack of information on packages, and so forth; however, the course of action that was taken to solve these problems was misdirected. Even though investigations have indicated that the Truth-in-Packaging Law is not being enforced with meaning and even though it has been stated that existing agencies and laws could be re-enforced to handle consumer problems, lawmakers continue to press for new legislation.

Examples of this are the present proposals now under consideration by federal lawmakers. They are the Consumer Advisory Council and a law which will allow a group of dissatisfied consumers with a common complaint against a manufacturer to pool their damage claims, hire lawyers, and take the case into federal courts. 60

Consumer Advisory Council

The functions of the Consumer Advisory Council, which would be the responsibility of the federal government, would be to evaluate products and to publish these evaluations. 61 The first reaction to the establishment of such an agency would seem to be that it is a good idea. The consumer needs more information and since businesses are taking very few steps to alleviate the situation, the federal government might as well. However, questions arise as to its validity. Is such an agency capable of evaluating the myriad of products in the marketplace? 62

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62 Ibid.
The answer would appear to be no. The problems are just too great. Two immediate problems would be what type of qualified individuals would do the evaluating, and what criteria would be used to evaluate whether or not the products are satisfactory. These two problems in themselves pose almost insurmountable hurdles.

If the assumption is made that qualified people could be appointed and good criteria established for evaluating products still other trouble spots appear. If the publications were taken seriously by consumers, the government may be able to exert tremendous influence over the operation of individual companies regarding the products they manufacture. Also, if the consumers took such publications seriously, and followed the recommendations of the council, lower rated brands may be tempted to imitate as closely as possible the preferred brands. This may result in a disadvantage to the consumer because of the loss of product differentiation. However, it also could be argued that this would upgrade the quality of the product and reduce the number of products in the market place for the consumer, thus working to his advantage.

Consumer Group Action

In considering the proposed law that would allow consumers to pool their claims and bring lawsuits against a specific manufacturer, again it appears to be a good proposal. As Mr. Ralph Nader stated:

This is the real stuff; it's a terrific tool, it's an attempt to say to the consumer that from now on your complaints will have

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63 Ibid.
access in courts as a practical matter, not just on paper. 64

This type of legislation could help in relieving the overloaded working conditions that limit the powers of the F.T.C. and F.D.A. If nothing else it could be used as a weapon to hold over the heads of businesses to force them to take some constructive action in solving the pressing problems of consumerism.

This type of legislation could, also, turn into a fiasco or a very dangerous weapon. It could become a tool to be manipulated by persons who stood to gain financially from the fees involved in bringing lawsuits into court. In this respect, it would accomplish nothing in helping the consumer. Also the criteria for allowing cases into court would have to be established. This in itself is a huge task.

These two proposed actions seem to illuminate the same problem over and over. How to implement programs that will be effective and have some forceful meaning.

Politicians and civilian proponents of strong government control often overlook other important factors which should be considered when discussing more intense consumer protection laws.

One factor is the extra cost the consumer will have to pay. This extra cost will come from the following areas: (1) The increased cost of products because of the new consumer standards that the manufacturer must meet, and (2) the cost that would be incurred by the consumer to support federal agencies to administer consumer protection

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programs. Rarely is either one mentioned by the civilian or political leaders who favor consumer legislation. They seem to think that the cost is a secondary issue. The real issue should be total consumer protection regardless of the cost.

Another factor that should not be overlooked when consumer protection legislation is being enacted is the rigidity of the standards to which the industry must conform. If consumer protection standards, which are deemed satisfactory to the government, are set at an unrealistic level, the cost to meet these standards may become prohibitive for the manufacturer. In fact, the cost in meeting the standards could become so rigid that many businesses may not be able to stay in production.66

Also legislative and administrative branches must resist alternatives that will prescribe precisely what business practices should be. If the standards become too burdensome, the competitive motivation of business may be stifled.67

BUSINESSES' ROLE

The fastest route to solving the problem of the consumer is for business to adopt the philosophy—"what is good for the public is good for business." Firms have generally adopted the reverse philosophy—what is good for business is good for the public. This has been particularly true of the food industry.

67 Grether, op. cit., p. 171.
John Harper, President of Aluminum Company of America, stated:

The truth is that many of the problems that trouble our society today were created, at least, in part or aggravated by the . . . business enterprise system. Businessmen are perhaps the most vocal members in complaining about regulations. We must remember that we can prevent further regulation by anticipating needs and meeting them voluntarily. 68

Business executives must make the decision as to what course of action they want to take. They have two alternatives: (1) The business community can take the initiative and reduce consumer dissatisfaction, or (2) the business community can shrug off consumer complaints and hope that they will pass by.

Generally, the food industry has taken the second alternative. The consequences have been predictable. Government has stepped in to fill the void and now the food industry finds itself in line for more intensive consumer regulation.

They must take the initiative and begin to solve consumer complaints.

The Consumer Concept

The first course of action that must be taken by the food industry is to restructure its thinking concerning their marketing activities and the marketing concept. The marketing concept per se is no longer valid. There must be an evolution to the next step in the marketing of goods and services. That step is the consumer concept rather than the marketing concept.

Business executives must begin to realize that marketing is not an end in itself and cannot serve primarily the goals of business. Marketing must become more concerned with the goals of society. This could come about if the food industry and other businesses would use the consumer concept. This suggestion is not any new revolutionary advancement. It is only the application of common sense. Using the consumer concept would allow the food industry to eventually analyze the consumer as to how he perceives the value of other characteristics of the product rather than just price. This type of analysis may become very important to the manufacturer in future years particularly in the food industry. If shopping trends continue to move more toward self service, it can be speculated that eventually the shopper will seldom enter the grocery store. Most of the consumer's purchases will be made from home by telephone with the use of a food catalog. Therefore, the only information that the consumer will have about the product concerning price, ingredients, size of package and the like, will be what is given in a catalog.

As these trends develop the shopping characteristics and values attached to products will change. Thus, the food industry must become more aggressive in analyzing shoppers of the future. If they do not, they will continue to be confronted with government legislation.

Initiative Management

Business executives must orientate themselves to initiating

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69 Lazer, op. cit., p. 3.
actions rather than continuing to be on the defensive concerning consumer legislation. Most industries have strong lobbyists which work to prevent legislation which they believe is detrimental to the industry. Their attitude is that any legislation is bad, and they have been very successful in diluting most legislation. However, they have only prolonged the agony. The emphasis is to provide the consumer with more self protection in the market place. Therefore, business leaders should be proposing some constructive legislation themselves. They know that, in many cases, they are wrong and that they are actually in a better position to offer practical laws which would establish a framework within which all businesses could work satisfactorily and protect the consumer from fraudulent and deceitful marketing practices.

Alternative Courses of Action

One of the most constructive steps that the food industry could take would be the establishment of a Consumer Review Board. The purpose of this board would be to consider and react to the marketing decisions of the food manufacturers. Since food manufacturers generally market similar products, the establishment of such a review board would be fairly easy. The following steps are suggested for the creation of such a review board: (1) The Grocery Manufacturers of America, the federal government and an independent organization would have the task of selecting the committee of consumers. Reviewing the

70 James M. Patterson, "What Are the Social and Ethical Responsibilities of Marketing Executives?" Journal of Marketing, Vol. 30, No. 3 (July, 1966), p. 15.
data, tabulating the results, and telling the results to the food manu-
ufacturers and to the appropriate government officials should be done by
an independent research organization. (2) The review board should be
comprised of individuals that represent all income classes of consumers.
(3) Review boards should be located in different parts of the United
States. (4) The board should meet at least twice a year to discuss the
techniques that the food industry is using in the marketing of consumer
goods. Also at this meeting the members of the committee could bring
out the problems which they have encountered while shopping in grocery
stores. (5) The cost of these meetings should be offset by the indi-
vidual food manufacturers.

There are many problems connected with such a project. Some
of the problems would be how to get people to serve on the review board
and to continue to be on the board, how to insure that there will be
constructive criticism from the group regarding marketing activities of
different food manufacturers, and what criteria would be used to judge
poor marketing techniques.

Many reasons could be given why such a program would not work.
However, there are important reasons why such a committee would be
beneficial. Two reasons stand out as to why such a review board would
be worth the trouble. First, this would give the consumer involvement
and allow him the opportunity to express his dissatisfaction to the
source of his problems. Second, it would allow the food manufacturers
to learn what the complaints toward them are from the basic source.
By having this type of feedback the food industry can evaluate their
relationship with the consumer on a more objective basis.
Also with this type of feedback, the food industry would have to face its problems squarely. If the consumer believed that basically the food industry was not fraudulent and deceitful, then the food industry would have data to back up their fight against further legislation. However, if the Consumer Review Board finds them guilty, they would have no recourse but to correct the situation themselves or allow the government to do the job.

A Consumer Department within the marketing function is needed in business organizations. The responsibility of this department would be:

1. Develop an organizational structure and procedures that would ensure more consideration of ethical issues in decision making.
2. Work out strategic and tactical plans for keeping the company abreast of its responsibility to consumerism.
3. Spell out the duties and responsibilities to the buying public of each department and function in the company along with precise objectives and methods of measuring performance in accomplishing these objectives.\footnote{Weiss, "Marketers Fiddle While Consumers Burn," \textit{op. cit.}, p. 53.}

The Consumer Department would also have the responsibility of being the liaison between top management and political leaders. This would allow the company to participate in the drafting of consumer legislation, regulations, and the changing of existing consumer laws.\footnote{\textit{Ibid.}}

Probably most company executives would state that this type of department already exists in their organization. However, if companies have such a department, it is not very active. Usually it functions in
a consumer complaints capacity. The grievance occurs first rather than foreseeing potential damages.

The food industry must take immediate steps to initiate unit price comparisons. This is the one area that was excluded from the Truth-in-Packaging Law that may have been the one regulation that was needed.

Recently Safeway stores in Washington, D. C. initiated a unit price test. This test broke down approximately four thousand items into units of cost per pound and per pint. This provided the shopper with the opportunity to select among competing brands with complete information as to the cost of the products being purchased. Generally, consumers indicated low acceptance to the test program.\(^73\)

In reviewing the consumer's reaction to this program, it would appear that they do not want further product information. This type of response from the consumer is why business executives state that the consumer is satisfied with the services provided in the market place. However, this may be a shallow analysis.

The consumer may have a low acceptance level to a program such as unit pricing because he is not familiar with the idea. It may take time for consumers to become acquainted with such a system when shopping for groceries. Food stores, such as Safeway, and food manufacturers should take the necessary steps to educate the consumer on the usefulness and benefits of such shopping tools. If the consumer still shows low acceptance after a long extended time period, the food people could

say that the consumer is not interested.

BENEFITS OF BUSINESS ACTION

There are many areas where businesses can take the initiative and begin helping the consumer. Some business leaders have realized the responsibilities toward the consumer and have initiated programs in line with this new responsibility. However, the majority of businesses have not. They continue to cry about how government legislation has and is going to damage the flow of goods to the market place.

If businessmen would objectively evaluate legislation that is law, they probably would not be able to pinpoint any specific area which has damaged their operations or restricted the consumer's shopping freedom. It is true that many of the solutions suggested will cost more money, but these costs will be only temporary and short run. Therefore, the cost to the consumer may also be increased in the short run. However, businesses have proven themselves to be innovators so they should be able to develop new techniques which will more than offset these short run costs.

Business leaders, particularly in the food industry, certainly will have troubles if they continue to ignore the problems of consumers which are created by their marketing activities. Government and civilian leaders who favor consumer protection will continue to press for new legislation until they are satisfied that the consumer is on a more equal basis with the business community. If these trends continue then business operations could become very restricted by regulations which in turn would only hamper the consumer's freedom in the market place. Thus,
to prevent this from happening, businesses must become the leader in consumerism.
Chapter 5

CONCLUSION

The market place has become a "buyers beware" market for the consumer. In today's market place the connotation of this phrase is somewhat broader than it has been in the past. The phrase "buyers beware" includes not only the health and safety of the consumer, but also the deceitful and fraudulent actions of business and the practices of giving the consumer less than adequate information concerning products and services. Therefore, persons concerned with consumer protection are not only worried about the health and safety of the consumer, but are concerned about the manner in which the products and services are presented and the information available about these products and services.

Since the early 1960's the push for increased protection for the consumer has become a focal point for civilian and political leaders in the consumer protection field. Leaders in consumer protection have decided that the only way to protect the consumer adequately is to enact legislation which will apply heavier restrictions on the business community. Business leaders, on the other hand, proclaim that the only sensible solution for good consumer protection standards is by allowing the business community and the consumer to solve the problem.

Both the government and the business community have poor records in constructive actions toward effective consumer protection.
The government's performance speaks for itself. The laws and agencies used to protect the consumer have been, for the most part, ineffective due to the lack of manpower and the lack of support from the federal government with money and authority. The federal government's latest attempt to assure the consumer some equality in the market place, the Truth-in-Packaging Law, is also having trouble. The main problem facing this newest legislation is, again, the failure of the federal government to release the necessary authority and allocate enough money to do a reasonable job of enforcing the Truth-in-Packaging Law.

The business community has made very little effort to solve consumer problems. Their philosophy seems to be what is good for business is good for the consumer. The food industry has been extremely lax regarding any attempts to solve consumer problems. Their response has been an effective lobby against any suggested moves which would provide the consumer with a better bargaining position in the market place. The food industry's reasoning behind this fight against consumer protection legislation is that the cost is prohibitive and that the consumer does not want or need additional protection.

This conflict as to what is right or wrong could continue on for quite a long period of time. Both opponents and proponents of extensive consumer legislation can find arguments which will justify their points of view. However, the longer this deadlock continues, the longer the consumer will be the loser.

There must be a compromise between extensive consumer legislation and allowing the business community complete freedom in solving the problems of consumerism. The results of either government or
business becoming the powerful decision maker in this area could be even more harmful to all involved.

Extensive legislation may be harmful to business and the consumer regarding the final destination of the goods and services to the market place. Rigid consumer protection laws may be so inflexible that: (1) The manufacturer's cost to meet consumer protection standards may increase to such a level that the products and services to the consumer may also take an extremely large price increase. (2) Extensive consumer legislation may cause more confusion rather than solve consumer problems. This could come about due to the overlapping with already existing laws and the disagreement among different agencies as to what courses of action should be taken to enforce consumer protection laws.

To allow the business community to solve consumer problems alone has the following faults. First, its past action indicates that it may not take corrective action. Second, the business community is new to the area of consumer protection. Therefore, even if there is a desire to begin corrective action of marketing faults, business is somewhat at a loss as to where to start. Last, there may be a conflict of interest. This conflict may arise due to the extra money needed to solve consumer problems. Consequently, since firms are profit oriented, consumer problems may become a secondary issue.

The Food and Drug Administration Act and the Federal Trade Commission Act are the two laws which should be given the most attention by civilian and political leaders. Presently these two laws have within their framework the necessary power to give the consumer the
protection needed. If the law makers would modify these laws through amendments and grant more control and authority to the people who administer these laws, the Truth-in-Packaging Law and the other thirty-three consumer protection laws now pending before congress would not be necessary. This should be the goal of persons concerned with consumer protection. However, they presently appear to have expressed the idea that a large quantity of legislation is more appropriate than a good quality of legislation.

The business community has two alternative courses of action: (1) take the initiative and try to solve consumer problems or, (2) shrug off consumer complaints. Generally the business community and the food industry have taken the second course of action. The results have been predictable. The federal government has stepped in and filled the void.

Should the first alternative be selected as the best method, one of the first courses of action that the food industry should take is to evolve from the marketing concept to the consumer concept. This simply means that the food industry must become more sophisticated in determining what consumer's shopping priorities are in the market place.

Also business executives within the food industry should orientate themselves to offensive action rather than defensive action. This would mean changing their attitude that all legislation is bad to the attitude of self evaluation as to what the industry is doing wrong and what type of guidelines are needed to correct poor marketing practices. At the present time business leaders cannot realistically say that existing consumer legislation has hurt their operations or the consumer's
shopping freedom. However, this is not to say what the results of additional consumer legislation in the future will have.

Business leaders must adopt the philosophy that what is good for the public is good for business. Once this concept is accepted by business, then many of the problems facing business leaders, government and civilian leaders, and the consumers regarding consumerism will be solved.
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