1984

Consumer Information Sources: The Provider Perspective

Thomas D. Giese  
*University of Richmond*

Terry M. Weisenberger  
*University of Richmond*

Follow this and additional works at: [https://scholarship.richmond.edu/robins-white-papers](https://scholarship.richmond.edu/robins-white-papers)

Part of the *Business Commons*

**Recommended Citation**


This White Paper is brought to you for free and open access by the Robins School of Business at UR Scholarship Repository. It has been accepted for inclusion in Robins School of Business White Paper Series, 1980-2011 by an authorized administrator of UR Scholarship Repository. For more information, please contact scholarshiprepository@richmond.edu.
Consumer Information Sources: The Provider Perspective

Thomas D. Giese

and

Terry M. Weisenberger

Both of the University of Richmond

1984-4

Contact: Thomas D. Giese, Ph.D.
Associate Professor of Marketing
University of Richmond, VA 23173
(804) 285-6467
Consumer Information Sources: The Provider Perspective*

Introduction

The Federal Office of Consumers' Education (OCE) released an updated definition of consumer education which states that consumer education develops skills, knowledge, and understandings that will help consumers make better purchase decisions.

Who is today's consumer? The consumer is a part-time amateur buyer facing, in the marketplace, a whole series of full-time professional sellers. [2] This definition describes the consumer's situation in today's dynamic and complex market. Since the early 1970's, a growing awareness of consumer rights and needs has occurred in the marketplace. This awareness involves the resources necessary for the consumer to cope within the environment.

These rights and needs are not to be confused with the demands made by many consumerist groups. Over the years, the consumer movement has changed drastically. An enlightened consumer philosophy now holds that consumers and businesses must cooperate in order to benefit both interests.

Consumerism has been broadly defined as a "social movement seeking to augment the rights and powers of buyers in addition to sellers." [8] In the 1960's, consumerism was revitalized for the third time in this century. This revitalization was a direct result of a complex combination of circumstances, which included the increasingly strained relations

* This paper is part of a comprehensive study, "An Assessment of Consumer Education and Consumer Information within the Commonwealth of Virginia," supported by the Governor's Committee on Consumer Education."
between business practices and consumer interests. Now the new cooperative spirit allows businessmen to no longer feel threatened by customers, and should lead to a greater incentive for the provision of adequate consumer information.

Thus far, the main thrust of "consumer care" has developed through consumer education. "Consumer education is defined as the educational and informational investments in the human agents' capabilities for performing those roles associated with directing economic activity, satisfying public and private wants and improving economic performance in the marketplace." More specifically, consumer education's goal is to provide a means for the consumer to make more sound purchase decisions. But, educational programs have been unsuccessful because the information provider lacks an understanding of consumer behavior. Progress cannot be made in consumer education until it is determined what information is needed and how to effectively communicate this information to the consumers.

The goal of an effective consumer program is to convince more people of the value of this assistance in the marketplace. There are definite patterns to the consumer information search. For instance, different types of information sources are expected to be used for higher perceived risk product situations than used for medium or low perceived risk situations. Consumers who perceive high risk in a product category that interests them seek information to reduce their risk. Also, shoppers possessing various shopping orientations tend to use different sources to find out about new products, possess different preferences for sources and kinds of information, and use differing amounts and types of media. The perceived need for information
and the ability to seek and use it also vary the number of sources. [16] These behavior patterns must be considered when designing a consumer education program.

The consumer wants to make more efficient and effective purchase decisions. The first step in an effective consumer information program is to convince the consumer of the value of information in the decision-making process. "As consumers are provided with increasing amounts of information relevant to a specific purchase decision, they will make more efficient choices among the available alternatives." [22] Affluence, urbanization, and the technical complexity of products all play a role in the step-up of information search. These factors have formed an unholy trinity that condemns consumers to increasingly ill-informed purchase decisions and to less informationally perfect consumer markets unless the delivery of consumer information is made more effective. [13] "The quality of information", the informational contents provided, will affect the quality of the consumer's decision. [23] Unfortunately, the existing institutions in modern society have not effectively dealt with the problems of the consumer seeking to improve decision-making ability. [2] The mere existence of market information will not create informed consumers, since information has to be communicated to decision-making consumers. [24]

Studies indicate that if more information sources are consulted, and the consumers are well-informed and aware of specialized information sources, then the sources will be used more extensively. Knowledge of information seeking is fundamental to understanding buyer behavior and planning marketing communications and retail distributions. [17] The guidelines for policy planners or regulators of consumer information
must include specific informational strategies that have been used by
the most efficient consumers. The Consumer Information search model,
shown in Appendix 1 is one attempt to conceptualize this procedure.

Another major challenge for policymakers is devising effective
methods to meet the rising levels of consumer expectations while sustain­
ing healthy competition, innovation, and economic growth in a complex
marketplace. [3] Evidence reveals that it is economically beneficial
for a company to have a consumerism response program. [1] "Unquestion­
ably, the marketplace will, in the future, reward those businessmen who
provide relevant and accurate information to the consumer." [20]
"Consumerism can pay off richly for company sponsors, as well as for
consumers." [1] One possible goal of a consumer information program
would be to educate business to this position.

The consumer information provider's goal is to create an efficient
consumer; that is, the degree to which a consumer obtains the greatest
possible utility or satisfaction from a consumption decision, given a
fixed set of resources allocated to the decision. [23] Increasing
levels of information can lead to efficient consumer perceptions of
product quality and purchasing preferences. More attention should be
focused on the types of specific information seeking strategies which
lead to effective decision-making. Therefore, businesses and consumers
will be a part of a more satisfied marketplace. [22] This, of course,
would reduce the number of consumer problems at all levels. The
educated consumer has the ability to identify information sources and
use the information to insure maximum satisfaction from a purchase.
PURPOSE OF THE STUDY

As previously stated, this paper is part of a much broader study commissioned by the [Virginia] Governor's Committee on Consumer Education. The goals of the broader study were to:

(a) identify the providers of consumer education in Virginia;
(b) determine what type and quality of information and service are being provided;
(c) determine how consumers obtain information;
(d) determine what consumer needs are not being met;
(e) develop a plan of action for improving consumer education delivery; and
(f) develop a model for other states to implement.

For this specific study, information was obtained from several categories of providers of consumer information concerning what they currently provide to consumers, how they deliver the information, and suggestions and recommendations for improvement.

RESEARCH METHOD

A judgment sample of private businesses, representing manufacturing, wholesaling, retailing, and service organizations was drawn from the entire state. All those organizations which it was felt had the potential to have a consumer information program were included. A separate stratified random sample was drawn from the universe of radio stations covering the entire state. Every second station was included in the sample. In addition, all social science teachers at the state convention were provided a questionnaire concerning consumer education curricula matters.

Beyond these groups, the following categories of providers were not sampled but were censused: business and professional organizations; colleges and universities; county extension services; hospitals; libraries; and television stations.

Each of these provider categories was furnished with a tailored questionnaire specific to their individual situation. In most cases the questionnaire was mailed with a cover letter from the Governor and an instruction sheet. In the case of teachers, it was personally distributed.
FINDINGS

Space considerations dictate that a discussion of the findings of the provider study be confined to summaries of consumer programs from each of the provider categories and implications for groups interested in improving consumer information/education programs.

Private Business
- 62 percent of the businesses surveyed have formal consumer information/education programs.
  The main goal within this sector is to make the existing programs more effective and also to facilitate new programs by businesses not currently providing such programs.
- The two most cited reasons for not offering consumer programs are "lack of personnel" and "not appropriate for their type of business." These two barriers can be dealt with by "selling" the need for consumer programs among all types of businesses and providing support material and personnel to the non-providing business.
- Of the businesses not presently conducting consumer programs, none plan to start such a program in the future.
  The goal for this segment of the business community is to convince management of the benefits of such programs to both the business itself and the consumer.
- 67 percent of the businesses currently offering consumer programs have an office within their organization responsible for the program. The same percent of businesses also have one individual responsible for consumer programs.
  It will be relatively easy to identify management personnel involved in consumer programs when a comprehensive program is implemented.
- The time spent on consumer programs by the person responsible range from less than 25 to 100 percent.
  Consumer programs are a line item in the budget of fifty percent of the responding businesses. Businesses conducting consumer programs demonstrated a commitment to those programs by the amount of "management time" and money allocated.
- The majority of current consumer programs are active and continuous. This may indicate that once business management is convinced of the value of programs, there is a commitment of resources to support the program. The goal must be to "sell" consumer programs to business management.
- 58 percent of businesses cooperate with other providers of consumer information/education.
There should be greater involvement in a cooperative consumer education effort.
Providers should determine what type of information consumers actually want and need and information should be directed to the clientele it is designed for.

Business and Professional Associations

- The activities conducted by the responding business and professional associations for their members include lobbying, research, and dissemination of information.
  These associations offer a tremendous potential to efficiently reach business and professional organizations.

- 34 percent of the responding associations have a formal consumer program.
  The key reasons for not offering a consumer information education program include: cost and available personnel; has never been suggested or considered; and the responsibility rests with individual members. An effective system can deal with these barriers by providing a support system to the associations.

- 45 percent of the responding associations currently distribute consumer information directly to consumers. 50 percent distribute consumer information to consumers through their members.
  This is a good basis to build a more effective consumer education program. Their efforts should be coordinated with other providers to insure maximum efficiency.

- 50 percent of the responding associations currently give oral presentations to consumers.
  These associations represent a potential resource to all other providers of consumer information/education. It will require cooperation and coordination to maximize their potential contribution.

- Half of the responding associations were aware of consumer information/education programs at the national level and among their individual members.
  The key job of an effective statewide consumer system is to encourage and coordinate the already existing programs among these associations. Other providers and interested groups must become aware of these programs.

Radio Stations

- All responding radio stations broadcast Public Service Announcements (PSA).

- 63 percent have formal criteria for selection of PSA.
  Top management (General/Station Manager) is involved in the establishment of selection criteria.
"Community Calendar" PSA are viewed as most important. After "community calendar," no attitude pattern toward various types of PSA can be identified.

54 percent of the radio stations receive consumer PSA on a regular basis. 44 percent of the radio stations receive consumer PSA on an occasional basis.

An effective consumer PSA media program must influence the station management to use the PSA received.

PSA range from 2-3 percent to 10 percent of total programming. PSA range from one percent to 30 percent of commercial time.

The PSA slots are available; the percent of consumer PSA is the issue.

About half the stations responding have Public/Community Affairs Directors.

When implementing a consumer media program, the decision-maker must first be identified, then influenced.

Television Stations

78 percent broadcast Public Service Announcements (PSA).

91 percent have formal criteria for the selection of PSA.

Top station management is actively involved in establishment of selection criteria for PSA. The actual influence agents must be identified and reached with the consumer message.

58 percent of the stations receive consumer PSA's on a regular basis.

The remaining stations are either not receiving consumer messages or they are not aware they are receiving them.

PSA range from 5 percent to 10 percent of the stations' total programming.

PSA range from 135 to 200 per week.

The PSA slots are available; the percent of consumer PSA is the issue that must be addressed when designing a consumer information advertising campaign.

Half the stations responding have a Public Affairs Director.

Half the stations' PSA are decided by the Program Director.

When implementing a consumer media program, the decision-maker must first be identified, then influenced.

County Extension Agents

98 percent of the Extension Offices provide Consumer Information/Education.

The Extension Office has experience with a variety of presentation methods used when conducting consumer education programs.
The Extension Service is a valuable resource for any organization attempting to start or improve a consumer program. They are one of the most experienced and active providers identified.

- The Extension Offices make extensive use of the media to publicize and conduct their programs.
  A key element of a statewide consumer information/education program is the design of a delivery system.

- The Extension Offices have identified many sources of material and make extensive use of these materials in their consumer information/education programs.
  A consumer information/education system will need to develop a large data bank of material to support an effective system.

- Extension Office Consumer Education activities take place within their offices and are taken directly to their client groups.
  When designing a delivery system, a decision must be made as to whether the system reaches out to the consumer or whether the consumer must seek out the information from the system.

- The Extension system does an effective job of "advertising" its programs.
  A factor that must be considered when designing a system is making the consumer aware it even exists.

  The basis used for measuring success or failure of the consumer program is the utilization factor.

- The Extension system plans to offer many new consumer education programs in the near future. These programs cover a wide range of consumer education topics.
  Because the Extension system has extensive experience in the area of consumer education, it should be used as a resource when designing a system.

- The Extension system has well-defined target groups.
  The first step in designing a comprehensive consumer education program is to define target groups with specific needs and interests.

- The Extension system actively cooperates with many other providers of consumer programs.
  The design of a coordinated consumer information/education program must create a cooperative environment among all providers of consumer programs.

Colleges and Universities

- 67 percent of the respondents offer Consumer Education programs through their Division of Continuing Education.
  There is great potential to increase consumer activities at schools now offering these programs and especially at schools not currently offering such programs. Demonstration of the demand for consumer programs is needed.
The dominant reason for not offering such programs is insufficient demand. Is this real or perceived on the part of the institution?

- The personnel conducting consumer education classes are either staff members of a combination of staff and non-staff members of the institution.
  In higher education, there are trained staff members able to conduct consumer programs. The issue may to demonstrate the need for such programs and provide support material.

- 47 percent of the responding institutions plan to increase their offerings of consumer education, while 35 percent plan to continue offering the same number.
  These schools recognize the growing demand for consumer education programs.

- 83 percent of the responding institutions cooperate with other providers of consumer education.
  This cooperation may serve as example for a coordinated consumer education program. Providers should be encouraged to interact.

- 50 percent of the consumer education offerings are at the institution and 50 percent are on an "outreach" basis.
  An important consideration when designing a distribution system is how to reach the target group of the program.

- A significant number of consumer education courses taught by the responding institutions are offered on a non-credit basis.
  Within the higher education environment, the motivation of the participant must be determined before a program is developed.

- About half the course offerings were offered to the general public, while the other half were targeted to specific groups.
  The most efficient consumer information/education system starts with an identification of a target group of consumers, then a program is designed for their needs.
  A Consumer Information/Education system must include cooperation and coordination among all providers to maximize the efficiency of the system.

Libraries

- No responding library has a formal Consumer Information/Education program.
  The number and distribution of libraries can provide an existing statewide delivery system of consumer information. It will be a matter of convincing libraries to participate in the consumer information system.

- 81 percent of the libraries currently distribute consumer information throughout the entire library network.
The distribution system is established, but not enough information is available.

- Current consumer information distributed by libraries include materials provided primarily by federal agencies and consumer reports.
  
The libraries could be better used as a distribution center for consumer information.

Social Science Teachers

- Only 14 percent of the schools offer a separate course in Consumer Education. 62 percent cover the material in other courses and 24 percent offer no consumer education.
  
The most effective time to teach Consumer Education is at the earliest stage of life before purchase habits are developed.

- 74 percent of the schools that do not currently offer consumer education plan to offer the subject in the future.
  
This response represents an awareness of the need to provide consumer education in the schools. A program must encourage and support these plans.

- 80 percent of the schools report that less than 50 percent of the students are exposed to consumer education material.
  
This subject is widely considered an elective course and not required of all students. Consumer education must be sold as a necessary subject in all schools.

- Teachers have extensive experience with both presentation format and sources of material used in consumer education.
  
This resource should be used when establishing consumer education programs outside of the formal education environment. When a system is designed, all current providers should contribute their expertise.

SUMMARY

The above findings represent the state of consumer information programs from the perspectives of various provider categories. The study is necessarily descriptive - "what is." To go beyond this - to go to "what should be" - is a function of government/political philosophy. There are several philosophical levels varying from laissez-faire to government control.

Considerations include:
What should be done for the provider?
- A "free-market" economy, where the provider can choose whether or not to have a consumer program.
- A system to provide resources to a provider if the provider chooses to implement a consumer program.
- An active system that promotes the need for consumer programs and provides the resources to implement such programs.
- Laws and "consumer group" activities which require providers to design and implement consumer programs.

What can be done for the provider?
- A consumer program can attempt to promote the need for consumer programs.
- A consumer program can supply resources, both personnel and materials, to providers who implement information/education programs.
- A consumer program can design an information/education program that can be implemented by a provider.
- A consumer program cannot make providers actively participate in an information/education program.

Who has the responsibility for providing information/education to consumers?
- The consumers are responsible for their own purchase behavior.
- Educational institutions, non-profit organizations, and consumer groups are responsible for providing consumer programs.
- Businesses are responsible for providing consumer programs.
- Federal, state, and local governmental agencies are responsible for consumer programs.

Who has the responsibility for encouraging participation and providing resources to current and potential providers of consumer programs?
- If providers see the need for consumer programs, they should develop them.
- Trade associations, business and industry groups should encourage members to participate in consumer programs and provide support material for such programs.
- Consumer groups have the responsibility for encouraging potential providers to implement consumer programs.
Which potential providers should be encouraged to participate in consumer information/education programs?

- All potential providers should be encouraged to participate in consumer programs.

- Current consumer program participants should be encouraged to expand present programs and be provided additional support resources.

- Potential providers of consumer programs who seek out assistance should be provided support resources to conduct new programs.

Resolution of these philosophical issues is the *sine qua non* for further development of an effective consumer information program. If a *laissez-faire* philosophy prevails, then the current state is acceptable. Anything beyond this, up to and including complete government regulation and control, must lead to normative decisions concerning origin, implementation, and coordination of just such an effective program of consumer information.

REFERENCES


