Consumerism: four basic issues

Betty Furness
Kurt Barnard
Donald De Bolt
Michael O'Connor

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CONSUMERISM:

"I had to see six people before getting a refund.... They can't even sew buttons on to stay.... The watch doesn't work and they expect ME to send it back to the manufacturer.... My ten year old daughter knows more about shoes than that salesman.... Half their prices are marked wrong.... I receive my bills too late to pay on time, then they add penalty charges.... You can't find anyone who cares enough to really listen...."

This article is based on interviews conducted with each of the participants by business writer Raymond Dreyfack.
Four Basic Issues

Consumer complaints. They are anything but a new phenomenon in our society. Yet they seem to be getting more attention today than ever before. Why? One reason is that today’s consumers are the best educated and most sophisticated in history. Another is that they are better represented by consumer advocates, both official and self-appointed.

The result is inevitable. Today’s consumers want the merchant they buy from to be responsive to their needs. They insist on fair treatment. They demand to be better informed. If they have valid complaints they want someone to listen and care.

Is the consumer getting what he wants? Is “consumerism” creating a genuine impact on store and supplier policy? What is the consumer’s role in today’s free economy?

To help answer these and other questions TEMPO talked with five key people concerned with retailing. They are:

- **Betty Furness,** former New York City Commissioner of Consumer Affairs.
- **Kurt Barnard,** executive vice president, Mass Retailing Institute (MRI), representing discount and mass selling operations.
- **Donald De Bolt,** executive director, Menswear Retailers of America (MRA), representing smaller men’s and specialty shops.
- **Michael O’Connor,** executive director, Supermarket Institute (SMI), representing food chains.
- **James Williams,** president, National Retail Merchants Association (NRMA), representing general merchandise and specialty stores.

These individuals share one common purpose—to upgrade the quality of goods and services offered the U.S.
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"The retailer stands between the consumer and the manufacturer."

consumer. To the official consumer representative, “keeping the customer happy” is a prime responsibility of his office. To the retailer and his association, customer satisfaction is synonymous with good business. When you boil it down, no one has a bigger stake in consumerism than the retail organization. Here, in a discussion of four basic consumer issues, these spokesmen respond to typical consumer positions.

ISSUE NO. 1: The Consumer’s Right To Be Heard

"Consumers who try dealing with retailers often cannot get through to them. What some retailers do bears little or no relationship to what they promise to do."

The progressive retailer is the first to concede the validity of this statement. “The big problem in many stores,” notes NRMA’s James Williams, “is finding someone to listen, someone who cares.”

Michael O’Connor of SMI agrees. He refers to a graffiti scrawl he recently saw on a wall: Is anybody listening? Why don’t more people listen? “To produce our high standard of living,” Mr. O’Connor suggests, “we must make optimum use of machines and hold manpower costs down. As wage rates increase and competition heightens, more machines are added and there are fewer people to listen to consumers. It’s the old struggle between logic and emotion. Logically, most customers know it’s necessary to hold down overhead, yet when they have a problem, they want attention; they don’t want a formula on a machine to answer them.”

Retailers are sharply aware of this need and are doing their best to fulfill it, Mr. Williams says. “A large part of the solution is more and better training,” he adds, “not only salespeople, but supervisory and service help as well. The retailer wants desperately to communicate more effectively; it’s the key to better merchandising.”

Progressive stores, he notes, are using a variety of strategies to zero in on consumer attitudes and gripes. “They’re setting up consumer panels in an effort to get feedback. They contact customers by telephone, conduct polls, and distribute questionnaires at store entrances. Market research has never been livelier.”

Commissioner Furness expresses high regard for some retailers. She sympathizes with their problems and in many cases lauds the efforts they are making in response to consumerism. What prompts her concern is those stores where
communication is "absolutely appalling."

MRI's Kurt Barnard strongly advocates the positive approach to consumerism. "It's the consumer's undisputed right to be heard," he says, "and to be heard by the retailer. But life is not always so simple. A customer brings home a product, uses it, and becomes upset when it fails to perform. So he brings it back to the store and lets off steam. Almost invariably the defect is the manufacturer's fault. But the biggest mistake the retailer could make would be to abdicate responsibility and tell the customer to settle his differences with the producer, or act unconcerned because the store isn't to blame. It's hopeless to try to get the consumer to understand the manufacturer's responsibility. It's the retailer's obligation to go to bat for the consumer."

Commissioner Furness emphasizes this point. "The retailer stands between the consumer and manufacturer. His proper role is to act in behalf of the consumer as the interested agent. If he serves merely as a conduit for merchandise, why do we need him?"

"Good communication is easier to achieve at the small store level," says Donald De Bolt of MRA. "You pick up the telephone and call the store's owner. Or come in and speak with him in person."

The value of personal access to someone who cares cannot be overstated. The modern retailer recognizes this and does his utmost to lend a sympathetic ear. Notes Mr. De Bolt: "It's equally important for the retailer and the consumer that complaints are listened to, understood, and properly adjusted. The alternative is a lost customer."

But the consumer does not normally have access to the manufacturer. Commissioner Furness points out. "Except for the government, no one can influence the producer as much as the retailer. He has total clout. All he has to do is stop buying."

But the manufacturer is not likely to add permanent care labeling to an inexpensive product, she realizes, unless the other fellow does it, too. It would put him at a competitive disadvantage. She notes, "That's where the government comes in and says, 'Okay, fellows, all of you do it. I'm very much in favor of laws where needed,'" she adds. "But there have been other instances where, if information had come voluntarily, the government would not have had to step in."

How does she feel about disclosing limitations? "It's not positive selling," she concedes. "But it's something the consumer wants to know and is entitled to know. I think the manufacturer is just going to have to bite the bullet harder on this, because otherwise the consumer is going to get mad."

The implication is clear. It is up to the retailer to exert pressure on the producer. The Mass Retailing Institute, for example, has formed a merchandisers' committee that sits down with manufacturers to exchange information and ideas which will lead toward fuller disclosure and other improvements. But it's a hard road to travel, Mr. Barnard grants.

MRI hammers away at this theme. In the spring, it is launching the first trade show exclusively geared to the self-service buyer's needs. "This will compel manufacturers to think self-service," says Mr. Barnard.

Even in full service stores, proper disclosure is a problem with salespeople, who often tend towards indifference. "It's the retailer's job," Mr. De Bolt asserts, "to inform salespeople about product benefits and limitations as well. We need more personal involvement in day-to-day selling activities. If salespeople observe management caring, they will care too."

Mr. Williams sees disclosure of limitations as a sophisticated problem. "Efforts are being made along this line in textiles and elsewhere," he says. "Buyers are alert. The giant retailer is often close to the manufacturing process itself. He helps design the product, pick the materials, control quality. And he does it with the consumer in mind."

He points out too that the responsible manufacturer has a reputation to protect. "Unreliable firms exist in every field," he says. "But today they are on the decline. Easy entry is a thing of the past. Today's manufacturer must be
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educated and well capitalized. Thanks largely to consumerism, industry has been prodded, laws passed, and that is a good thing. The situation should be looked at historically. There's a marked contrast between ten years ago and today. We have come a long way towards safe, durable products.

So maybe the "good old days" were not so good after all. We should keep the picture in proper perspective, Mr. O'Connor believes. "Not all clerks in the old stores were kindly and knowledgeable," The one he recalls, "when I would run down to the store for my mother, had bad breath, a red nose, and a heavy thumb."

ISSUE NO. 3: Consumer Credit

"There are too many credit abuses relating to charges, billings, collection procedures, discrimination against women. Not all of the problems pertain to retailers, but enough do to cause concern. You could write a book about this."

Mr. De Bolt believes excessive credit charges to be more the exception than the rule. "It's a controversial subject," he says. "All it takes is a handful of abusers to give the industry a black mark. Today, with truth in lending and the new legislation, it's mainly a matter of conforming to law and law enforcement."

The consumer, he adds, has the tools to combat unfair practices. He has class action suit capability, plus consumer agencies to turn to. The more educated he becomes, the more effectively he'll fight unsavory credit practices, and the less we'll see of them. "From the retailer's point of view," he says, "what it boils down to is applying the same kind of integrity to credit as to other aspects of the business."

Mr. Williams notes that in the past many complaints stemmed from computer goofs. "But today most of the bugs have been flushed out of systems and errors have been vastly reduced. The last thing the retailer wants is to antagonize the credit customer who accounts for 55 percent of his sales."

But Commissioner Furness, formerly on the receiving end of complaints, knows abuses occur. "The average consumer," she says, "doesn't understand how revolving charge accounts work. Usually, the best deal for the consumer is the adjusted balance system, but too few stores use it. In some states, the high-charge previous balance
system has been outlawed and stores switched to the average daily balance system. This could save the consumer money if he pays his bills promptly."

The Commissioner's position is that the retailer is under an obligation to work out the best deal for the consumer. "What distresses me about the revolving credit system," she adds, "is that some retailers try to make as much as they can on credit. I'm sure there are cases where charges can be justified. But stores aren't in the credit business; their function is to sell merchandise. I can't help wondering how credit was extended for so many years without charge."

A common complaint, she says, is from the consumer who owed a store $500 at the beginning of last month, paid in $400, and is charged interest on the whole $500. The customer finds that hard to understand and it makes him angry. Commissioner Furness applauds a recently enacted law in New York State. It states in effect that if a billing is under debate, the retailer has a specified time to straighten it out, and cannot add on charges while debate is in process.

The Commissioner is indignant regarding credit discrimination against women. "Take Mary Smith who marries Bob Jones. She wants her established credit record changed to Mary Jones, but the stores won't do it. They set her up as Mrs. Robert Jones so that she has no credit rating in her own name whatsoever. If in later years she and Mr. Jones are separated or divorced, and she wants her credit rating reinstated, there's no Mary Smith on file. She's dead. She doesn't exist."

This understandably riles many women, and the former Commissioner spearheaded a campaign for reform.

Most retailers are concerned as well, notes Mr. Williams, and the industry is hard at work to come up with a solution. "The retailer's only worry," he says, "is the individual's ability to pay. He couldn't care less if the credit card applicant is married, single, separated, divorced, or whatever. If she can demonstrate her ability to pay, he's only too happy to set her up as a customer."

Collection harassment is a particular irritation to Betty Furness. "And it's not all confined to the marginal outlets," she claims. What she refers to is collection agencies dunning consumers at two in the morning, threatening to send process servers around to where they work if they do not pay up by a specified time. "People get default judgments against them without even knowing about it," she says. "They don't understand what happened."

"What I'm talking about," she adds, "is the customer who wants to pay his bill but can't fathom the legal procedure. Perhaps he can't pay at the moment, or the billing might be in dispute. The point," says Commissioner Furness, "is that these people are not always crooks, they may be just consumers with problems. They want to be treated with dignity and respect. They want someone to talk over their problems with them, some simple human consideration and a little understanding."

Mr. Williams concurs. "There are exceptions," he concedes, "but most retailers go to great pains to steer clear of that kind of harassment. The NRMA conducts mass training seminars on this subject and issues a variety of literature. The stress is on proper selectivity of credit accounts at the outset, and a loss incidence of under one percent proves good headway has been made. The reputable merchant does not ring doorbells, repossess merchandise, harass the customer, or authorize a collection agency to indulge in such sleazy practices."
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ISSUE NO. 4: Product Quality and Performance

"The retailer should be responsible for product performance and information regarding it. He should make it a point to act as the consumer's agent when problems occur."

Mr. De Bolt agrees. "The retailer," he says, "must be even more demanding than the consumer. He places his integrity on the line with every product he sells. His obligation is to satisfy the customer, not pass the buck to the manufacturer when merchandise fails to live up to expectations. In larger stores especially, too many people take the attitude, 'That's not my department.'"

"Part of the answer," notes Mr. Barnard, "lies in quality testing. Most large stores have their own testing labs where they put products through the wringer. MRI developed a quality testing program of its own to be launched in early 1974. But it's a tricky proposition," he adds. "The items tested aren't always representative of the millions turned out by mass production. The sample may be fine; it's the occasional lemon that causes the problems."

Mr. O'Connor stresses the need for more courteous attention in response to consumer product and service complaints. As the population expands, people tend more and more to overlook the amenities. "This creates serious problems," he says, "as 70 percent of us crowd together on five percent of the land. We're bound to elbow and bump and step on toes. This sort of thing leads to hostility."

In an effort to avoid this kind of hostility, the NRMA—in cooperation with trade associations in the gas and appliance industries—sponsors the Major Appliance Consumer Action Panel (MACAP), consisting of consumer advocates, academicians, and industry specialists. MACAP has been awarded high marks by consumerists. Mr. Williams explains how it works.

"Included with each appliance are instructions to the consumer to get in touch with MACAP if she has a problem she can't solve. All complaints are dealt with. The panel decides on the right action to be taken and notifies the association. If it's a store problem, we contact the retailer, tell him what has to be done. We follow up on the action, contact the consumer to make sure she is satisfied and report back to the panel."

The program has been in existence three years and other industries are taking note. The furniture industry recently launched a program of its own. The carpet industry has one under consideration.
Mr. Williams would like to see the concept extended throughout the marketplace. "We're working with a new breed of professional," he says, "the specialist on consumerism. It promotes a hands-across-the-table relationship between manufacturer and retailer that augurs well for improved quality and service. An important by-product is that retailers go all out to avoid calling problems to MACAP's attention by satisfying the customer on their own."

This positive approach is clearly beneficial to the economy. "What we need," states Betty Furness, "is a departure from the traditional point-of-sale advertising. The typical copy you get when you buy a product starts off with 'Congratulations, you are now the owner of....' Look, I don't need congratulations; I want to know how the darned thing works. I want to know how many cups of coffee this percolator will make and how many minutes it will take."

She does not want to be misled. She cites a personal example: "My husband wears work pants around the house. I bought them because they are 'wrinkle-proof.' But now I discover the new wrinkle-proof pants have something called 'soil release.' This apparently means that my husband's old pants, which are always being washed, do not release soil. They don't have to be ironed, but they're never clean. What good is that to me? Why wasn't I given the choice: wrinkled pants or clean pants? It's this kind of information the consumer wants, and we don't want to discover it through trial and error. It's not like the days when there were so few options your mother could teach you what all the gimmicks were. Nowadays with an endless variety of products on the market, we need to know what we are buying and what it will do."

Prospects and Prognosis

Problem number one facing today's consumer is the fast-shrinking dollar. "People are panicking about money," says Commissioner Furness. "Particularly since the energy crisis, the consumer thinks every minute of every day about how to save on this or do without that. We're paring down on everything we do."

One consequence she predicts is the curtailment of store frills. "The consumer would just as soon ride in a quiet elevator. He doesn't need the music. He doesn't dance in the elevator. If he wants to sing, he can sing without music."

Mr. Barnard agrees. "The consumer doesn't want things on a silver platter if he must pay for the platter. Exposed to inflation and all kinds of hardships, his chief concern is value. Keeping up with the Joneses no longer means what it used to mean. Status is dead."

But there is another side to this coin. "The great hallmark of retailing," Mr. De Bolt points out, "is the proliferation of options for the customer to exercise, from discount and specialty stores to full service and high fashion."

Mr. Barnard concedes there will always be a place for the luxury store, but not for the vast majority of Americans. Betty Furness adds, "If a store plans to offer luxury service, it better train its help properly. If I pay more money to be waited on, I want the service. I don't want to deal with someone who came to work at noon that day and barely knows how to make out a sales check."

Okay, but what about the problem of low calibre help? The Commissioner does not accept this assumption. She cites one New York store. "My romance with it is legend. The salespeople really care. They really take care of the customer." The wage rate there is no higher than in other stores, she points out. What accounts for the difference? "It simply has to be management," she says.

It is tempting to wax philosophical on the subject of consumerism. Mr. O'Connor ascribes at least part of the phenomenon to bigness in America. "Bigness brings the feeling of being lost in the crowd," he says. "When there are so many others it's hard to get attention and terribly frustrating. Motivation expert Abraham Maslow points out in his hierarchy of needs that the need to be recognized, to be a part of the action, is uppermost. I'm sure this need and our lack of structure in society aggravates the problem between buyer and seller. People want to be recognized."

Mr. De Bolt likens consumerism to Women's Lib. "It's nothing new," he says, "it's been with us for years. They simply came up with a label and merchandised it. What it all boils down to is people, human responsiveness to human needs. We'll never achieve Utopia, but it's something we have to keep shooting for."

Where the marksmanship is accurate, the opportunities are endless, most retailers believe. "A positive response to consumerism," notes Mr. Williams, "always was and always will be the best way for the retailer to gain a competitive edge. The graveyard of retailing is filled with merchants who said the customer was wrong."

"From the retailer's point of view," notes Commissioner Furness, "it's really not all that complicated. All we want as consumers is a voice in the marketplace. We want to be treated fairly and with respect. We want to know what we're buying. It's all being said. The retailer need merely remove the plugs from his ears and listen."