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CONSUMERISM: Growth, Impact and Opportunity

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Recently, General Motors Corporation took a really stunning step in the history of American business.

From its Detroit headquarters, GM announced it was recalling 4.9 million of its automobiles and trucks to repair possible defects in their exhaust systems. Where defects are discovered, they will be fixed free of charge to the owners of the vehicles.

The ultimate cost of this recall is impossible to predict. But just the expense of mailing the recall letters comes to something like *two million dollars*.

Can any of us any longer question the importance of the consumerism movement?

The recall by General Motors was a giant gesture of respect for a consumerism movement that is only a few years old and is, in some ways, an ironic turnabout.

Ironic, because nowhere else in the world are goods and services heaped on the consumer as they are in this country. Nowhere else is there such variety. In no other society is the consumer so cajoled, tantalized, titillated. And, by and large, nowhere else does the buyer receive more for his money.

So the American consumer should be perfectly happy, right?

Not necessarily. We Americans were born complaining. Since 1776, we've built a nation that has become the envy of the world—and we're still complaining. Because nothing in life is perfect, and as we expect perfection, we will always be complaining.

I don't want to minimize the validity of the consumerism movement, however. None of us should. Consumerism is not just a matter of chronic dissatisfaction. It is not simply a nationwide tantrum.

The fact is, the American consumer has not *always* received what he should have. And now he is organizing to protect himself from specific shortcomings. He has learned to expect mass production. Now he is upgrading himself. He expects mass excellence. At the very least, he expects to get what he pays for — every time.

So far, I've been talking about "the American consumer" as though he were some special category of citizen. But I'm a consumer, and so are all of you. You've been disappointed in the market place. So have I. My pet gripe concerns the instructions I re-

ceive with some of the products I buy that have to be put together when I get them home. Someone of you could become the man or woman of the year, rewriting manufacturers' instructions to make them understandable. I may go into that business myself.

But back to consumerism as a matter of mass upgrading.

Actually, this upgrading has been going on for nearly a century.

In 1872, Congress passed the Criminal Fraud Statute in the first official recognition of the need for consumer protection. From that time on, laws have been passed in response to specific consumer problems or complaints.

Charges that the railroads were shirking their responsibilities led, in 1887, to the Interstate Commerce Commission. Federal meat inspection was required in 1906, after conditions in this country's meat packing plants were attacked by Upton Sinclair in his novel *The Jungle*.

Deaths and injuries caused by drugs and foods led to the creation of the Food and Drug Administration in 1906. The Federal Trade Commission was established in 1915 to maintain "free competitive enterprise" and to prevent monopoly and unfair or deceptive trade practices.

(Continued on Page 4)



ELIAS
BUCHWALD

Mr. Buchwald is the newly elected president of Burson-Marsteller. He has been with the firm since its formation 16 years ago and has served as New York general manager and, most recently, as executive vice president.

A graduate chemical engineer with process engineering experience, Mr. Buchwald has 20 years of experience in technical, trade, financial and corporate public relations counseling. He is a frequent speaker and lecturer on various public relations topics before educational groups, trade organizations and professional societies. He has been a lecturer at the American Management Association, the New School, Fairleigh-Dickinson University and has spoken frequently before NBP and ABP magazine editor groups.

He is a member of the Public Relations Society of America, the American Institute of Chemical Engineers and the Chemists' Club.

In the wake of the stock market binge of the late 1920's, the Securities and Exchange Commission was established to regulate Wall Street.

Until the 1960's, though, consumer legislation responded to narrowly defined needs.

Then, in 1962, President Kennedy broadened the concept of consumer protection. He declared every consumer has four rights. The President said these were the right to be informed, the right to safety, the right to choose and the right to be heard.

With this declaration, President Kennedy breathed life into a movement that has grown to encompass about 40 government departments and bureaus, a number of new laws, a Special Assistant to the President for Consumer Affairs, several advisory commissions, and a special counsel in the justice department.

President Kennedy's New Frontier committed itself to a program of consumer protection based on executive legislative action. But the Consumer Advisory Council was the only element of this program realized during his lifetime.

During the Johnson administration, consumer protection steadily gained strength. In 1964, President Johnson established the President's Committee on Consumer Interests. In 1964, too, President Johnson named Mrs. Esther Peterson, Special Assistant to the President for Consumer Affairs.

In 1967, Mrs. Peterson was replaced in the consumer affairs post by Miss Betty Furness. Miss Furness became one of the leading forces in the consumer movement. Her influence at the executive level was considerable.

The Nixon administration seems certain to press further in the direction of consumerism. Already, Mr. Nixon has appointed his own assistant for Consumer Affairs—and also accepted her resignation. She will be replaced.

During the 1960's, while government was paying more and more attention to the consumer, so were the nation's writers.

The midsixties produced a new generation of books that championed the little man and woman.

* * *

Without question, the most influential author of the decade was Ralph Nader. In *Unsafe At Any Speed*, which was published in 1964, he lashed into auto manufacturers for failing to remedy safety defects in the autos they sold. Nader's work led to the National Traffic and Motor Vehicle Safety Act of 1966.

There is little doubt that Mr. Nader's work also led, however indirectly, to that recent recall of 4.9 million General Motors vehicles.

Now, we have highlighted the history of consumer protection back through the last 90-odd years. For all of that time, until most recently, protection of the consumer was left largely to the government. Usually the Federal government.

Then, several years ago, the consumer began taking a more active role in his own behalf.

In 1966, 33 organizations claiming to speak for 50-million Americans met in Washington to develop closer understanding and unity in lobbying for con-

sumer measures. The most important outcome of this meeting was cooperation among the consumer groups.

In 1967, a second consumer assembly was held in Washington. An important result of this second assembly was the formation of an activities group known as the Consumer Federation of America. The federation now has more than 100 consumer organizations and 17 supporting groups.

The federation believes prices for food, utilities, medical care and drugs are too high. It seeks protection against deceptive advertising. It wants safeguards against high installment-credit charges. It is gunning against high-pressure salesmanship and misleading packaging. It has declared war on inadequate product labeling and worthless warranties.

The consumer federation plans to get action by establishing grass-roots organizations—a network of local groups to pressure government agencies for appropriate legislation and regulation.

I have spent quite a little time on the development of the consumerism movement because I want to make it clear that consumerism is not a catchword that will disappear like last year's fashions. Consumerism is here to stay.

Already, the consumerism movement has been responsible for many new laws that affect all of us, either as business people or as consumers. Actually, most of the new legislation affects most of us both ways.

Let's look for a moment at some of the laws passed since 1962 that are connected with consumerism.

In 1962, the Kefauver-Harris Drug Amendment provided for the labeling of drugs by generic names.

In 1966, a truth-in-packaging law was passed.

That same year, Congress established standards on auto safety and tires, and provided funds for research on highway safety. The Child Protection Law regulated hazardous services and toys. Another law extended control over barbituates and amphetamines.

Even the tobacco industry could not stop a bill requiring cigarette packages to carry the warning: "Caution: Cigarette Smoking may be hazardous to your health." I'm sure all Virginians are aware that the pressures on cigarette advertising grow stronger all the time.

In 1967, President Johnson presented to Congress the most comprehensive consumer legislative package ever requested by an American President. His proposals ranged from curbs against flammable baby blankets to safeguards on the mail-order sale of retirement homes. Also in 1967, the President was concerned with natural gas pipeline safety, regulation of mutual funds, product safety, public health and the coordination of electric power systems.

Of the major consumer laws passed in 1967, the one that could have the greatest impact on industry is the one that established the National Commission on Product Safety.

This commission became official early in 1968. It has three tasks: to investigate effectiveness of industry standards and self-regulation in the consumer protection field; to identify household products that present an unreasonable risk to consumers; and to

review existing federal, state and local consumer protection laws.

Both the pipeline safety bill and the fire safety bill were enacted in 1968—and the President asked the Senate to pass new safeguards against fraud and manipulation in the nation's commodities and securities markets.

I don't have to go into all the proposals that have been made in the interests of the consumer, or into all the legislation that has been written. The life of everyone here tonight has been affected, either at work or at home, by consumer legislation. You know its impact in your own affairs, and it is pointless for me to go on with examples.

I would rather turn now to a question of specific interest to the gentlemen in the audience. It should be interesting to the ladies, too.

That question is: What should be the public relations man's attitude toward consumerism?

I believe the answer to the question is this:

First of all, you should recognize consumerism as a fact of life. You should make up your mind you will have to live with it, constructively and creatively.

I think you—and I—must recognize that no number of laws can fill all the consumer needs. Business must fill them.

Business is best equipped to serve the consumer.

Notice, please, that I did not say *sell* the consumer. I said *serve* him. Most companies do this already, of course; but more will have to.

I think you and I must convince top management to accept broader obligations and duties to the consumer than it traditionally has accepted. We must remember that breaches of liability now very often involve breaches of law. And we must remember that the law now will give the public a remedy in the constantly broadening interpretation of what constitutes our liabilities.

You and I will have to convince our managements and our clients to cooperate with the consumer movement. When an industry's attitude is uncooperative, it finds itself stymied by tighter regulations and more restrictive legislation.

The meat-packing industry learned the perils of an uncooperative attitude, when segments of that major industry opposed the 1967 meat inspection bill. Sensationalized hearings brought so much unfavorable attention to meat packers that the entire industry was tagged as a producer of unsanitary food. Public pressure moved Congress to enact a meat inspection bill more restrictive than the original bill passed by the House.

The American Gas Association, on the other hand, cooperated enthusiastically with legislators working on the gas pipeline safety bill. The result was the passage of a bill much more workable, from both an industry and a consumer standpoint, than the original proposal. I have to point out, modestly, that the American Gas Association is one of my agency's important clients.

The packaging industry also decided, after years of wrangling over truth-in-packaging legislation, to cooperate with the legislators. As a result, the truth-in-packaging bill that was passed in 1966 put more

emphasis on self-regulation by the industry and less on government restrictions.

What else can the public relations man do to help his company or his client make the most of consumerism?

He can counsel more effective information programs. He can help make sure Congress and the various consumer spokesmen know that his business has the consumer's interest in mind.

In developing information, the public relations man should be specific. He should show exactly what his company or his client is doing to help the consumer.

The public relations man can act as an intelligence agent, keeping himself aware of activities that may be subject to criticism and being prepared to counteract criticism with recommendations for specific improvements.

We have a client—a large one—with a home-furnishings product that is great, as long as it is hand-laundered. Nothing terrible happens when it is washed in a machine, but machine washing simply is not the best way to care for it.

The client has avoided specific instructions to wash by hand on its product tags. As a result, consumers who put the product in their washing machines are not always happy when they take it out. We are trying mightily to convince this manufacturer that he must spell out the right way to launder his product.

Already, the product has come under criticism because the manufacturer has not been forthright. We hope we have persuaded him to face up to the problem, and let consumers know they must wash the product by hand. We are sure sales will not be hurt by the truth. The material has plenty going for it. We are just as sure sales *are* hurt by reluctance to make the single limitation clear.

Finally, you and I and our employers and clients should keep aware of the latest thinking on consumer affairs.

A company can keep informed by maintaining effective two-way communications between its home office and Washington. An excellent point of contact is the President's Commission on Consumer Interests.

This commission is the focal point for nearly all consumer activity. When specialized problems arise, its staff can direct business representatives to the appropriate government office, bureau, agency or department.

By cooperating with Congress and government officials, the business community—the public relations community—can have a significant influence on the extent and severity of future consumer legislation.

But before counseling those we work for to go to Washington, *we must get them to recognize the genuine grievances of consumers.* We must make it plain that if business management does not take initiative in meeting legitimate consumer requirements, government will.

We must take the role of friendly skeptic, bringing a mediating and balanced view to the problem of cooperating with consumer advocates while we

(Continued on Page 6)

leave ourselves free to carry on profitable operations.

That job of being the businessman's friendly skeptic is a tough role, but it can be handled. In a way, we play it every time we look at one of our news releases and ask, "What's really new here? Is this true? Who cares?" We're being skeptical because we're thinking of the press as the consumer. We know it won't buy shoddy goods. We want to serve this demanding consumer the best way we can, even if it means irritating our management or our own client once in a while. We know that genuine service is the way to successful press relations.

* * *

This same role could be broadened in a corporation, outside the public relations department. I heard a suggestion the other day for a new corporate assignment that would do just that. It was a suggestion for a corporate ombudsman.

Interestingly enough, the man making the suggestion was the chairman of the National Commission on Product Safety. *I think he was trying to tell us something.* Something like, if business doesn't appoint its own friendly skeptics, Washington might appoint a few who are *not* so friendly.

Anyway, the idea is that today's corporations should hire people who have the capability to effectively advocate the interests of the consumer in the highest corporate councils. These people should have a voice in the executive committee room, where important corporate policies are determined and where decisions are made.

The corporate ombudsman would be the anti-establishment partisan who expresses the voice of the consumer. He should have the authority to take up the cudgels for the safety engineers and the quality control people. He should be the watchdog against misrepresentation in advertising or publicity.

This is a very interesting idea, to me. I think such a job would be a hard one to sell to management, and a hard one to fill. But perhaps it could be sold as a form of institutional advertising, and written off that way. After all, the ombudsman function would be a natural to publicize and feature in promotion. Ideally, the ombudsman would come from outside the organization—from among the critics of corporate practices.

This notion of a corporate ombudsman is not as farfetched as it may at first sound. The Better Business Bureau is a hired watchdog. So is the Underwriters Laboratories. Both are highly respected by the public and by government. And at Sears Roebuck, Hugh Ray serves as a kind of secret ombudsman in the area of product safety.

I'll close with these thoughts.

Mass communications, affluent and knowledgeable consumers, and big government have combined to make the power of public relations a major factor that must be considered in making any business decision. Consumerism offers us an extraordinary opportunity to establish more firmly than ever the importance of a strong public relations function in any business enterprise.

Salesmanship is simply helping people.

GATF executive director William H. Webber has announced that thirty-one graphic communications firms became members of the Foundation during the first four months of 1969.

Total Foundation enrollment now stands at 2158, including 1129 company members and 1029 contributing members. The latter are employees of member firms or teachers and students in the graphic communications field.

The Foundation currently has members in 42 states and 34 countries. Its roster of members includes representatives from all branches of the graphic communications industries.

Ketchum, MacLeod & Grove, Inc., has been retained by Schoolhouse Visuals, Inc., of Washington, D.C., to handle advertising and public relations for its educational teaching aids.

Schoolhouse Visuals produces a series of educational materials in kit form for preschool and school-age children. The colorful approach of the graphics, and the variety of problems that may be created and solved by children, make the visual aids entertaining and fun to use at home.

Lando, Inc. has been named advertising and public relations agency for Duquesne Light Company, announced by William Morris, advertising manager for the utility.

Effective date of the appointment was May 1 for initial work by the agency on the account; the transition will be completed by early fall.

Fuller & Smith & Ross, Inc., Pittsburgh, has been appointed to handle advertising and public relations for the Overly Manufacturing Company of Greensburg, Pa., according to an announcement by Kenneth C. Mehrhof, vice president and manager of FSR's Pittsburgh office.

Overly fabricates specialized architectural metal products including acoustical doors, blast and radioactive shielding doors, glove boxes for the nuclear industry, commercial size aluminum swimming pools, metal batten roofing and church steeples.

Librairie Larousse, one of France's leading publishers and oldest business firms, has appointed Ketchum, MacLeod & Grove, Inc., to handle public relations for its new U.S. marketing organization.

Through a U.S. subsidiary, the Paris-based firm has joined Computer Applications, Inc. to form Larousse & Co., which will distribute publications in this country.

Marvin Jacobson, president of Hallmark Advertising, Inc., announced the opening of new and expanded offices in the Kenmawr Apartments. The Kenmawr is located at Walnut Street and Shady Avenue, Pittsburgh.

Said the doctor, "Mrs. Jones, I'm going to paint your throat."

"Let me see a color chart first," she responded hastily.