

# The Genesis Of Consumer Distrust

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Mr. Buchwald

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I would like to begin with a one-question quiz. The question is this: did or did not President Nixon make this declaration in his special consumerism message to Congress last October:

"In the future we are going to think less about the producer and more about the consumer."

Take a second to think back.

All right: Time's up.

The answer is no. President Nixon did not make that statement last fall. President Franklin Delano Roosevelt made it, in May of 1932. It took a while for Roosevelt's promise to become a reality of any importance, but we certainly are thinking more about the consumer today than ever before. Few issues facing business now are more crucial than the issue of consumerism.

I want to trace the genesis of consumer distrust. I want to put the current situation in its proper historical perspective, going back into this country's history in terms of American business and the American public.

I also would like to add a dimension to the discussion. I believe the problem of distrust is deeper than just distrust by consumers.

Consumerism suggests retailing, and I recently have found just as much of a credibility gap between industrial buyers and their suppliers as I find between my wife and the neighborhood grocer.

The distrust of business is spreading. It is not just the consumer at the retail end of the market who distrusts business. There are plenty of misgivings among businessmen about business.

**How did we arrive** at this sorry state? How have we come to the point where a typical American is inclined to:

- View industry's best efforts to serve him with mistrust.
- Mistrust advertising, because he expects deception and exaggeration.
- Believe business eludes its responsi-

bilities even when they have been clearly defined by law.

- Believe industry is careless about the safety of its products.

- Suspect warranties are deliberately made hard to understand and often do not mean what they imply.

How did we arrive at this sad state? Well, let's settle one thing at the start: consumer dissatisfaction is nothing new. Only the determined response to it at high levels of business and government is new. Government's concern for the public, at least in isolated areas of grievance against business, goes back many years.

In the last 100 years or so, we have seen plenty of consumer dissatisfaction and we have seen considerable legislation aimed at putting an end to unsatisfactory treatment of the consuming public.

Protective legislation on a grand scale dates back to the 1870s, when Congress passed the Criminal Fraud Statute. This was the first official recognition of the need for consumer protection in this nation, I believe. From that time on, laws have been passed in response to specific consumer problems or complaints.

The Interstate Commerce Commission was formed in 1887, for instance, because it was felt our railroads were shirking their responsibilities to the public. Federal meat inspection began in 1906, after author Upton Sinclair attacked the deplorable conditions in America's meat packing plants 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 practice.

As one result of the stock market binge of the late 1920s, the Securities and Exchange Commission was established to regulate activities on Wall Street.

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

Then, in 1962, President Kennedy broadened the concept of consumer protection. He committed his administration to a program of consumer protection based on executive and legislative action.

The Consumer Advisory Council was the only element of the Kennedy program realized during his lifetime; but during the Johnson Administration, consumer protection steadily gained strength. In 1964, President Johnson established the President's Committee on Consumer Interests and named a Special Assistant to the President for Consumer Affairs.

Mr. Nixon has, predictably, pressed further with consumer protection. In his special message to Congress last October the President said his administration had adopted the concept of "buyer's rights." He explained the concept in these terms:

"I believe that the buyer in America today has the right to make an intelligent choice among products and services.

"The buyer has the right to accurate information on which to make his free choice.

"The buyer has the right to expect that his health and safety is taken into account by those who seek his patronage.

"The buyer has the right to register his dissatisfaction, and have his complaint heard and weighed, when his interests are badly served."

The President concluded his consumer's bill of rights with the assurance that it would "help provide greater personal freedom for individuals as well as better business for everyone engaged in trade."

**I agree that such a concept** may very well mean better business for all of us, eventually. Right now, however, the consumerism movement means a large headache to many managements, and they would like to shrug it off as a national aberration or a political trick.

I personally see nothing aberrant in the movement. I see it as part of an evolving awareness on the part of a public that with every decade becomes better educated and more articulate.

And I do not dismiss consumerism as a political fake. I agree with Peter Drucker's assessment of the political verities

involved. Last year, Dr. Drucker told the NAM Marketing Committee:

"A good many of my friends in business have been telling me over the years that consumerism is an invention of the politicians, and that there is no support for it in the marketplace. . . . But I've been around long enough to know that politicians don't flog dead horses. They can't afford to. They are in a much more competitive business than we are, and if there is no support for something, they go elsewhere very fast."

Certainly our politicians have been busy with consumerism. The Democratic Study Group, which is an informal alliance of liberal congressmen, has listed 30 separate pieces of consumer legislation it would like to see passed. More than 85 major bills that would regulate business in its relations with the public are now before the Congress, and more go into the hopper every day.

**If you still believe** the flurry of concern for the consumer is so much hot air, consider the very solid legislation of the last few years. It includes The National Traffic & Motor Vehicle Safety Act; the Fair Packaging and Labeling Act; the Consumer Credit Protection Act.

*Business Week* some time ago made the observation that consumer protection is becoming institutionalized—like defense, taxation, space, oil and banking. The spate of recent legislation and proposed legislation seems to bear out the accuracy of the comment.

In very recent years the question of consumerism has been complicated by the growing importance of youth as voters and customers in this country, and by the new attitudes young people bring to the matters of industrialization, technology—and, indeed, the capitalistic system itself.

Not too long ago, all of us knew we needed steel and wanted automobiles. If making steel meant making smoke, we were willing to put up with the smoke. If producing automobiles meant heaps of scraps, we accepted those. We welcomed the products of industry, and we tolerated—actually, I think, ignored—industrial nuisances.

This is no longer the case. The generation now coming into its own wants the automobiles—but it does not want the smoke and scrap piles. We still want industrialization, but we are unwilling to accept the things that have always been thought to be industry's concomitants: unsightliness, and in many cases, down-right pollution of natural resources.

**Another significant shift** in public attitudes is the new refusal to accept social evils that at one time were considered inescapable aspects of life. Our young

people see no reason to tolerate poverty or oppression, for instance; and they are not satisfied simply to ameliorate these evils. They want them eliminated.

I do not intend to harp on the growing importance in the marketplace of American youth. I know you have heard and read plenty about it. I will simply remind you, since it is relevant here, that by 1980, the age group 25-34 will have increased by something very close to 55 percent. By 1980, too, about a third of all consumer buying will originate in households in which the head of the house is under 35 years of age.

This youthful, growing segment of the public cannot be ignored, obviously. And, like youth anywhere, it is impatient with rhetoric and evasion and equivocation.

I believe empty rhetoric, evasive language, and equivocating communication have created the credibility gap we in business must attempt to close in the 1970s. If it is true that we have too often avoided our responsibilities as producers, it is just as true that we have avoided our responsibilities as communicators. I believe we have emphasized diplomacy in our business communications when we should have been emphasizing simple truth.

In the matter of consumer protection, for instance, and in the matter of environmental purity, I think we have the responsibility to explain that these new protections and the highly desirable safeguards against pollution will cost money. They will cost all of us money. There is no getting around that fact, and every manufacturer who is adding to his costs in the interests of the consumer should make it clear to his customers and other audiences that his increased costs will inevitably be passed along to the marketplace.

**On the subject of conservation**, specifically, I believe we in business and industry should try to help the public see the necessity for ecological tradeoffs in some cases. We need agricultural chemicals, for example, in order to maintain the fantastic food production rates they make possible. If these chemicals bring changes in the ecosystem, we must determine whether the benefits are worth the changes.

We should say these things publicly, forthrightly, frequently. We should present the facts to our publics not from a defensive posture, but from an embracing posture. There is nothing society wants, after all, that industry does not want.

That last thought should not surprise the American public. After all, as one young businessman recently put it, business is the foundation of our society in America. Fortunately, business manage-

ment appears to be in the proper frame of mind to communicate fully with its publics as we move into the 1970s. I am convinced, in fact, that the Seventies will be the communications decade. It may be foolhardy to try to characterize an entire decade in such neat terms; but, actually, I believe you *can* categorize the last several decades in terms of industrial activity.

1940-1950, for instance, was the *production decade*. War and the demands of the postwar years made production the first concern of management.

The decade of the Fifties was the *marketing decade*. All of us concentrated on improving our techniques for determining what consumers wanted, and then providing it at a reasonable profit. It has been suggested, incidentally, that we were too successful in this effort and that a sort of marketing boomerang is partly responsible for the consumerism movement.

The reasoning goes that we convinced the consumer, during the 1950s, that we could forever improve quality and convenience; that we could work miracles. We could not, of course—so disillusionment and distrust set in.

The 1960s are still warm, really, and it may be unwise to label them so soon. But I do believe it is safe to call the decade just past our *financial decade*. Never had the emphasis on purely financial considerations been greater. Performance took on a new meaning: increased earnings per share, quarter after quarter, year after year.

**Now, in the 1970s, I believe** communication will become a major management function.

Management has learned the need to communicate professionally and effectively with its various audiences: employees, investors, customers, neighbors, government. It will be sharpening its skills and investing more of its time and energies in the communication effort during the decade ahead. Management must do this, not only because its audiences have a right and a need to know and are becoming increasingly insistent about being informed—but also because all kinds of institutions have learned that it is sensible and resultful to communicate openly and regularly with their constituencies.

"We want you to know" may become industry's slogan in the 1970s. It would provide an enlightened contradiction to "the public be damned."

As we in business become more involved in social problems—and we seem certain to—the need for clear, consistent communication with many audiences will grow. Problems of the inner city, unem-

**Continued on Page 16**



# Consumer —

Continued From Page 15

ployment, underemployment, inflation, education, police methods—all these, along with consumer protection and the condition of the environment are becoming proper topics for discussion by many business organizations. For some, they are unavoidable topics; they must be handled expertly.

Nor is expert handling enough. There is plenty of communications *expertise* available. I know. I happen to be in the business of providing it.

What we have been short of, and what my own organization encourages, is communications *sincerity*—and that can only grow out of proper action.

What is needed is an acceptance of the real needs of consumers. Then commitments are needed—commitments of time, of money, of effort, of planning. We must first recognize legitimate customer complaints, in other words, and then set out to make things right. They may in some cases require that a manufacturer re-evaluate his whole operation, with new emphasis on product performance, quality control, and service-after-the-sale. It may require an entirely new marketing strategy. The manufacturer may find, for instance, that the bottom of his product line no longer is acceptable in the light of the new consumer expectations. Of course, this could create new marketing opportunities. It's a kind of "trading up."

I think there is a responsibility involved. Part of the genesis of this whole consumerism issue is the increasing dehumanization in the relationship between manufacturer and consumer.

The consumer never sees the manufacturer, so he has only the foggiest notion where the things he has bought came from. He is frustrated when he tries to reach the manufacturer with suggestions or complaints—or kudos, even. Who should he write to, or call? He doesn't know, and he feels alienated. Not knowing where to turn in the marketplace, he turns to government. He knows who his congressman is.

Industry needs to establish systems that will open channels of communication between it and its customers, and provide rapid response to customer commentary. I know of several companies that have done commendable work in this area.

As a professional communicator, I naturally look to this decade of communication that we have just entered with considerable confidence. I believe business can regain the trust of the public if it will try to reach that public with candor, with force, with regularity, with sincerity and with professionalism.



Robert B. Heiney (left) of the National Canners Association and Milburn E. Wilson (second from left) of Gerber Products Co., Fremont, Mich., greet three of the speakers at the NAM Marketing Committee meeting: Stanley E. Cohen, Washington Editor, Advertising Age (shaking hands); William J. Colihan Jr., chairman, Telmar Communications; and H. George Wolfe, advertising manager, Merck Chemical Division, Merck & Co., Rahway, N.J.

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Continued From Page 9

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