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ABSTRACT

This document consists of all 10 issues of this annual journal issued during the 10 year period 1983-1992. Major articles include the following: "What Should We Teach about Shopping by Mail?" (Cude, Walker); "Family Adaptation to Economic Change" (Krein et al.); "Differences in Teenage Consumer Actions Related to Employment, Sex, and Consumer Courses" (Pershing); "Perspective on the Teaching of Consumer Education (CE)" (Lee); "Teaching about Small Claims Court" (Cude, Walker); "What We Are Teaching about Disability Income Protection" (Lown); "Determinants of Financial Management Behaviors among College Students" (Heck); "Consumer Socialization in the Family" (Rettig); "Perfect Information Frontier" (Cude); "Purchasing a Home Computer" (Sweedler, Iams); "Retirement Planning Education" (Hogarth); "Housing" (Iams); "Grocery Shopping Strategies" (Cude); "MITE--Make Interest Teaching Easy with Cents-ible Interest" (Morse); "Consumer Complaint Letters" (Kinney, Pritchard); "Utilities, Politics, and Consumer Well-Being" (Sander); "Examining Attitudes toward Consumer Issues" (Lown); "Knotty Problems in CE" (Bhasin et al.); "Short Test of Consumer Decision-Making Styles" (Sproles, Kendall); "Allowance of Eighth Grade Students and Consumer Actions Survey" (LaCoste, Pershing); "Print Media Sources and Topics for Use by CE Teachers" (Graf); "Consumer Credit Counseling" (Bailey, et al.); "1987 Illinois CE Association Conference Keynote Address" (Knauer); "Increasing Family Financial Satisfaction" (Lawrence et al.); "Messages to Consumers Conveyed by Women's Magazines" (Steggell); "Nutrition Profile of College Students" (Palmer); "Increasing Student Involvement through Experiential Learning" (Junk); "Children as Consumers" (Bailey, Rudge); "Financial Management Education for Remarried Couples" (Lown); "Role of CE in the Social Studies Learning Assessment Plan" (Pictor); "Elderly Consumers' Knowledge of HMOs [Health Maintenance Organizations]" (Stum); "Rent-to-Own (RTO)" (Lawrence et al.); "The 90s" (Lee); "Consumer Product Warranties" (Ackerman); "Consumer Saving" (Davis); "CE and Public Policy Education" (Stevens); "Credit Use and Financial Satisfaction" (Ju, Lown); "Strategy for Teaching Consumer Decision-Making" (Prawitz et al.); "Personal Finance Education in Relation to Financial Satisfaction, Confidence, and Practices" (Morris, Lown); "Identifying and Evaluating Resources in CE" (Zelenak): "900 Numbers" (Galvez); "Financial Instability among Young Adults 1981-1986" (Davis); "Low-Income Consumers' Decisions Regarding RTO" (Cantrell); "Seeking Solutions to Solid Waste Management" (Stum); "Financial Management Practices among Households with Differing Resource Constraints" (Davis); "Review of Advertisements in Children's Magazines" (Heinzerling, Chandler); "Consumer Education" (Pritchard, Myers); and "Calculating Teens" (Goetting). (KLB)

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PROMOTE CONSUMER EDUCATION
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WHAT SHOULD WE TEACH ABOUT SHOPPING BY MAIL?

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In 1980, nearly 10 percent of all merchandise sales were through catalogs, accounting for $29.8 billion worth of goods [1]. Mail order purchases are expected to increase; one prediction is that by 1985, consumers will make 15 percent of their purchases by mail [6].

In a recent survey of 349 Southern Illinois residents, 73 percent purchased merchandise through the mail; 58 percent had placed an order in the last six months. Additionally, 44 percent of those who purchased merchandise through the mail had experienced problems with mail orders. [3].

Mail order problems are not unique to Southern Illinois; consumers nationwide are plagued by problems with these transactions. During the period between October 1, 1977 and June 30, 1978, 27 percent of all complaints logged by the FTC involved a purchase through the mail [5]. One in five complaints recorded by the Council of Better Business Bureaus in 1980 related to mail order companies [2].

In response to consumer complaints, the Federal Trade Commission (FTC) issued a mail order merchandise rule in 1975. In previous research, however, the authors found that few Southern Illinois consumers were familiar with the rule's provisions. Because the FTC rule emphasizes companies' responsibilities to deliver merchandise on time, consumers' general lack of knowledge may be related to its narrow scope. While Southern Illinois consumers experienced a wide range of problems, only 32 percent were covered by the rule.[1] Other situations not covered, such as poor quality, damaged, or out-of-stock merchandise and unexpected substitutions accounted for the remaining 68 percent of the problems [3].

Overall, 70 percent of the Southern Illinois consumers took action to resolve problems when they occurred. Action to remedy problems was less likely for the following: poor quality, damaged, and out-of-stock merchandise and delayed deliveres [3]. To take advantage of the protection offered under the FTC rule, consumers

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[1]The major provisions of the FTC rule specify that if the seller promises delivery by a certain date but cannot deliver as promised, the consumer must be given the option of cancelling or agreeing to a new date. Sellers who do not specify delivery dates must deliver within 30 days or give the consumer the previously described options. Consumers who choose to cancel must receive full refunds on prepaid orders within 7 business days. The rule does not apply to certain merchandise such as photo finishing, magazines, seeds and plants, and negative option plans (book, record clubs).

must be aware of whether the company makes a delivery promise and, if so, the promised delivery date. To resolve other problems, such as poor quality or damaged merchandise, consumers must have available information regarding the company's return and refund policies. The consumer's usual source of redress information is the mail order catalog or advertisement. If mail order company policies are not stated or are ambiguous or unreasonable, consumers may be discouraged from attempting to obtain redress.

OBJECTIVES

The purpose of this research was to examine the redress information available to consumers in mail order catalogs. Specific objectives were:

1. To examine delivery promises and return policies stated in mail order catalogs;
2. To determine the availability of consumer redress information in mail order catalogs; and
3. To identify implications for consumer education teachers.

METHODOLOGY

A convenience sample of 97 mail order catalogs received in the mail by the researchers was collected during Fall 1981. The catalogs were placed into two categories: 46 gift and novelty catalogs and 51 clothing, cosmetics, shoes, and jewelry catalogs. Other types of specialty catalogs, such as food and needlework, and general merchandise catalogs were excluded.

RESULTS

The catalogs were examined to identify specific policy statements. Table 1 summarizes selected delivery and return promises contained in the 97 catalogs. Mail order companies were often vague regarding delivery promises. Seventy percent made no statement regarding delivery time or used vague terms such as goods will be shipped "promptly" or "pronto." Among those 29 companies specifying a delivery time, 15 promised delivery within 7 days or less. However, many delivery promises were ambiguous. One company promised to "begin processing" the order within 7 days of receipt and to notify the consumer if the "delay was over 21 days." Another specified no delivery date but promised a refund if items arrived "too late." A third misrepresented the FTC rule stating, "Federal law requires us to specify 30 to 60 days delivery."

The majority of both gift and clothing companies did promise a full refund, exchange, or credit for returned merchandise. A relatively small proportion (11%) made no statement regarding refunds or used vague terms such as "satisfactory adjustment will be made."

Table 1
DELIVERY, RETURN, AND SUBSTITUTION POLICIES OF MAIL ORDER COMPANIES

Policies	Number of Catalogs (n = 97)	Percent of All Catalogs
Delivery Promises		
7 days or less	15	16%
8 to 14 days	1	1
2 to 3 weeks	4	4
30 days	*6	6
4 to 8 weeks	3	3
Vague terms or no information	68	70
Refund, Exchange, or Credit		
Promised in full	86	89
Vague terms or no information	11	11
Length of Time for Return		
15 days or less	20	21
30 days	15	15
31 days to 1 year	3	3
Vague terms or no information	59	61
Specific Return Instructions Given		
Yes	23	24
No	74	76
Substitution Policy		
Will substitute	9	9
Substitute with prior consent	4	4
No substitutions made	2	2
No information	82	85

*One promises 4 weeks delivery for mail orders, 3 days for phone orders.

Contrary to what might be expected, not all companies promised full refunds for returned merchandise. Additionally, few companies provided consumers with specific information to assist in returning merchandise. In over 60 percent of the catalogs, no specific length of time was given for returns. Vague terms, such as "return promptly" and "return as soon as possible," and no information were more common in both gift and clothing catalogs than specific time lines. In 21 percent of the catalogs, a relatively short period of time (in one case 7 days) was specified for returns. Additionally, relatively few catalogs provided specific return instructions. In only 24 percent of the catalogs was the consumer given packaging or mailing instructions for returning merchandise or procedures to follow when receiving damaged merchandise.

One source of consumer complaints stems from companies making unexpected substitutions for out-of-stock merchandise. The mail order companies in this sample were generally noncommital regarding substitutions, with no information given in 85 percent of the catalogs.

Table 2
MAIL ORDER CATALOG REDRESS INFORMATION

	Number of Catalogs (n = 97)	Percent of All Catalogs
Location of Information		
All on order blank(s)	68	70%
Order blank plus elsewhere	29	30
* * * * * *		
Customer Service Telephone		
Toll-free	6	6
Not toll-free	48	49
No telephone number	44	45

The last aspect of mail order catalog policy examined was the availability of information to consumers (Table 2). Catalogs were examined to determine where return policies and delivery promises, if stated, were located. In 70 percent of the catalogs, all information that would be pertinent to a consumer once a problem occurs was on the order blank. Although a few catalogs contained duplicate order forms, most often the consumer would not have access to redress information once an order had been mailed.

Finally, 55 percent of the catalogs included a customer service telephone number for use when problems arise. A small proportion of these (6 of 54) were toll-free numbers. Unfortunately, the customer service telephone number was often given on the order form. Unless a copy of the order form was made, the consumer would not have access to the information after mailing the order.

CONCLUSIONS

Research results indicate that mail order company policies vary greatly. Some companies stated clear, reasonable policies, while others provided consumers with ambiguous information or no information on which to base expectations about the company's performance. In the majority of catalogs, most of the information needed to resolve a problem was on the order form. Therefore, consumers who do not make a copy of an order before mailing it may not have access to information needed to initiate redress. A surprising number of companies did provide a customer service telephone number. Additionally, many companies were members of the Direct Mail/Marketing Association, which operates a Mail Order Action Line and will intervene on behalf of consumers with both members and nonmembers of the Association.

IMPLICATIONS FOR CONSUMER EDUCATION TEACHERS

If consumers have had satisfactory experiences with a few companies, they may assume all companies have policies similar to those with which they are familiar. Such expectations may be responsible for a number of the problems consumers encounter. What do we need to teach that would aid in avoiding problems with mail order merchandise and resolving problems that do occur? Consumers should learn the provisions of the FTC rule in order to take advantage of the protection it offers. Additionally, before ordering from an unfamiliar company, consumers should check:

1. Does the company make a delivery promise? If not, consumers can expect delivery within 30 days.
2. What are the exchange, refund, and credit policies for returning merchandise? What length of time is allowed for returns? Who pays shipping charges for returns? Consumers can compare among companies to find the return policies that meet their expectations.
3. What is the company's substitution policy? Persons not willing to accept substitutions should specify this on the order form.
4. Where is the information needed if problems develop after the order has been placed? If it is on the order form, the consumer needs to have a record at home.

Consumer education teachers might design a unit based on mail order purchases emphasizing the above points. Students could compare the policies of various mail order catalogs and advertisements they collect to identify differences. Additional aspects such as variations in postage and handling charges and a comparison of mail order prices to local retail prices should also be included. With the rising popularity of mail order purchasing, information about this specialized market should be included in consumer education curricula.

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FAMILY ADAPTATION TO ECONOMIC CHANGE

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Jeanne M. Hogarth, Cornell University
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Americans are shifting their expectations from "...steady growth, ever-increasing abundance, continuing improvement in the individual's standard of living,....and jobs for all who want to work," to the expectation of "...economic instability: recession, depression, continued inflation, joblessness, and shortages" [1]. These observations of Yankelovich and Lefkowitz came from reviewing the last 25 years of public opinion survey data. They describe consumers as working through "...the conflict and disappointment created by the need to adapt to new, unwelcome conditions. (Consumers) have yet to find new strategies for coping based on lowered expectations" [1].

PROBLEM STATEMENT AND PROCEDURES

This study was undertaken to investigate the coping strategies of Illinois families [2]. Families living in Chicago, Springfield and Paxton were randomly selected to represent metropolitan, urban, and rural communities, respectively. They were contacted by telephone and were eligible to participate in the survey if they were husband-wife households with at least one of the two employed from 1978 to 1980. Telephone interviews were conducted with the 602 wives during the months of December 1980 through May 1981. Families were divided into four groups by the wife's age: less than 30 years; 30 to 44 years; 45 to 54 years; and 55 years and older. Chi square analysis was used to determine whether there were significant differences among age groups.

FINDINGS AND CONCLUSIONS

The majority of families (72%) in this study felt their incomes had not kept up with increased prices of goods and services. This feeling was more pronounced in the families with wives 45 years or older (77%) than among younger families (68%).

Increasing Income

A common coping strategy for many families is to send additional members into the labor force. In the Illinois study, 57 percent of the wives had full-time or part-time employment, higher than the national labor force participation rate at the time of the survey. It is also possible to increase money income by taking a second job or working overtime, although longer hours do not always result in extra pay for farmers or salaried workers.

Producing goods and services in the home increases non-money income. Younger families in the study were more likely to use this strategy. They were doing more auto maintenance, home repairs, home meal preparation, and home sewing than their older counterparts (Table 1). Younger families may feel that these time-intensive strategies are more likely to pay off for them in the long run.

Table 1
HOME PRODUCTION OF GOODS AND SERVICES

Age of wife	Less than 30 yrs.	30-44	45-54	55 or More
Do more home repairs	51%	47%	36%	32%
Do more auto maintenance*	68	61	61	42
Eat out less (cook at home more)*	67	65	57	54
Sew own clothes*	49	40	41	33

(*Chi square significant at .10 or less)

Decreasing Expenditures

Nearly all of the families in the study reported buying less food, alcohol, and clothing; cutting down on home energy use; going out to movies and dinners less often; using less credit; or taking fewer vacations. More families with wives under 45 years cut back on movie and theater attendance and doctor/dentist visits than did families 45 or older (Table 2). A larger proportion of families 45 years and over reported using less credit in order to reduce expenses, i.e. finance charges. Many of the older families probably had already purchased their major appliances and furniture and had established savings and, therefore, had less need for credit compared to younger families.

Table 2
REDUCING CONSUMPTION

Age of wife	Less Than 30 Yrs.	30-44	45-54	55 or More
Drove less	62%	62%	61%	69%
Lowered thermostat in winter	73	73	71	70
Used air conditioning less	71	73	74	68
Turned out lights more	73	72	74	70
Visited doctor less*	31	24	18	14
Visited dentist less*	33	26	19	15
Went to movies and theater less*	75	73	60	56
Went on fewer vacations	62	62	53	56
Bought fewer clothes	61	62	67	65
Bought on credit less often*	53	56	63	62

(*Chi square significant at .10 or less.)

Managing Resources More Effectively

Many families were trying to use existing resources to best advantage by planning, effective shopping, changing standards, recycling goods, and substituting one resource for another. Families can substitute less expensive goods and services for more costly ones. More families with wives under 45 years compared to older families reported substituting self-service gas stations for full-service stations, generic and store brands for name brands, discount stores for department stores, and less expensive restaurants for more expensive ones (Table 3).

Table 3
RESOURCE MANAGEMENT

Age of wife	Less Than 30 Yrs.	30-44	45-54	55 or More
Substitutions				
Self-service gas stations*	84%	86%	73%	69%
Public Transportation	26	23	24	17
No-frills stores in '80-81	54	46	39	45
Generic/store brand foods*	90	90	84	70
Less expensive restaurants*	71	67	58	59
Less expensive vacations	63	64	65	55
Shopped at discount clothing stores in '80-81	67	68	61	44
Shopping Skills in '80-81				
Used coupons	81	85	83	85
Read grocery ads	88	91	82	94
Compared prices	95	94	92	94
Bought clothing on sale	95	96	95	94
Planning				
Tried to use a budget*	90	70	57	57
Always paid credit bills in full*	48	34	49	67
Had difficulty making credit payments*	16	15	8	2
Had difficulty making mortgage payments*	16	10	4	0
Had to change plans due to rising prices*	55	39	27	24
Used savings to pay bills*	62	38	36	31
Capital Investments				
Purchased more fuel-efficient cars*	45	37	30	26
Purchased more insulation and storm windows*	56	63	48	35

(*Chi square significant at .10 or less)

Comprehensive planning can help families better allocate available resources for current as well as future needs. More younger families reported trying to plan or budget how their money would be used on a monthly basis. Younger families were much more likely to have problems making their credit and/or mortgage payments. And many more younger families reported having to use their savings to pay bills.

SUMMARY AND IMPLICATIONS FOR CONSUMER EDUCATORS

The families in this study responded similarly to those in an earlier study by David Caplovitz [3]. Findings from both studies indicate that families used a variety of strategies to cope with changing economic conditions. Many strategies adopted by families of different age groups reflect the times in which they grew up, as well as their present stage in the family life cycle.

The younger families, who would be most similar to high school students, tended to substitute time and energy as resources for money. They were more likely to produce goods in the home rather than purchase them. They also were more likely to make capital investments with greater long-run payoffs. In addition, younger families also were spending more hours in the labor force. They may be working longer hours for faster promotions on the job, because they have fewer time pressures at home, or because they need the added income.

Families tended to report how they were spending less as opposed to how they were earning more. Educators, especially those at the junior and high school ages, can discuss how to plan for obtaining a higher paying job. They can discuss the advantages and the opportunity costs involved in securing more education and training for greater long-run payoffs, i.e. investing in human capital.

Family members, and most specifically women, need to evaluate whether they will make a greater long-run contribution to the family by being gainfully employed or by engaging in household production. This involves not only the value of their services in the home and the marketplace, but also the opportunity costs of their decision for personal economic security. Many of these more complex strategies require discussions of decision-making involving clarifying values and goals, setting priorities, and planning for individual and family well-being.

Students need to be aware of alternative uses of resources and the opportunity costs of each. For example, a student may decide not to purchase a car, but to use public transportation, so that he or she can save money for college or vacation. Families who bought a new home recently realize they may have to spend less on entertainment and vacations. Menu planning not only saves money on the food budget, but may save trips to the supermarket, thus saving time, energy, and gasoline. Home production will save money, but require more time, energy, skills, and knowledge.

Consumer educators might focus on alternatives to buying. Renting, borrowing, or exchanging goods and services can save space and money. Bartering and using cooperatives are examples of how to obtain goods at a lower price. These practices will no doubt become more commonplace as the costs of goods and services continue to escalate.

Less time could be spent teaching strategies widely used by the younger families in order to give greater attention to areas less frequently used, such as simple home repairs and shifting savings to investment alternatives earning higher interest. Even though more younger families tried to budget, they also experienced greater difficulty in paying their bills and often had to use their savings to pay bills. There seems to be a great need for continuing and expanding lessons in financial management principles and applications.

Consumer educators should continue to help their students and families to adopt the conservation ethic and to appreciate the effects of their production and consumption decisions on the environment. Students need to be aware of the impact their decisions have on their family's ability to cope with the changing economic climate, and, in turn, how their family's decisions affect the natural environment, the economy, and social and political institutions.

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DIFFERENCES IN TEEN-AGE CONSUMER ACTIONS RELATED TO EMPLOYMENT, SEX, AND CONSUMER COURSES

Dr. Barbara Pershing
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Over 30 million teen-agers, between 13 and 19 years of age, spend an estimated $35 billion per year (an average of $1200 per teen ager) [1]. Stampfl [2] identified common consumer characteristics of the adolescent stage of the consumer life cycle from the literature. Teen-age consumers were characterized as having the basic needs provided by parents with luxuries increasingly provided through part-time work. They are susceptible to peer pressures to conform, have limited product knowledge, and limited understanding of the marketplace. Typical products and services purchased by adolescent consumers are records, bicycles, personal care products, clothes, and sporting goods. Typical marketplace problems are identifying product differences, understanding the value of money, illicit markets such as drugs, and shoplifting temptations. While this overview gives a general picture of adolescent consumers, there is a great deal of variation in the teen-age stage of the consumer life cycle. Community values and culture, demographic differences, economic conditions, and consumer education courses are but a few of the factors that influence the consumer actions of teen-agers.

A two-part consumer action survey was developed to gather demographic data and information concerning consumer actions of teen-age consumers. Consumer education teachers from home economics, business education, economics, and social studies served as a panel of judges for content validity of the instrument to classes in their schools. Factor analysis produced twelve factors. Demographic data were compared to the factor scores using analysis of variance procedures with factor scores as the criterion variables.

A total of 439 students from nine Iowa high schools completed the survey. The students were enrolled in business education/economics, home economics and non-consumer related classes. Ten of the students were married; 174 were male and 265 were female. The mean age of the sample was 16.4 years and the mean grade level was 10.6. This non-random sample of students was representative of the students enrolled in classes taught by the teachers who participated in the survey.

A major hypothesis of this study was that there would be no difference in consumer actions: 1) of students who were employed and those who were not employed; 2) of male and female students; and 3) of students enrolled in home economics, consumer education/economics, business education, or non-consumer related classes.

Employment. Students were asked if they were presently employed. Forty percent, or 175 of the 439 students indicated they were employed. Eight students were employed over 30 hours per week, 103 were employed 15 to 30 hours per week, and 65 were employed less than 15 hours per week.

The employed students were asked the purpose of their earned incomes. Eight-three percent of the employed students listed spending money as a purpose of their earnings. Other purposes were: recreation (77 percent), clothing (71 percent), personal care items (53 percent), lunches (23 percent), car payments (19 percent), and all living expenses (7.4 percent). Thirty-two percent indicated that they used some of their earnings in other areas such as gas for cars, savings, and "support for a drug habit."

There were no significant differences between employed students and non-employed students; however, the employed students in this sample were slightly more likely to use convenience in market place choice, return defective items, conserve energy, plan ahead before shopping and spending, and were less cost conscious.

Sex. There were significant differences between males and females in several consumer action areas. Female students were less likely to shop at the nearest store because of convenience without considering price or quality, were more likely to use labels for pre- and post-purchase information, and were more likely to plan ahead before shopping and spending their money. Male students were more likely to read periodicals such as **Consumer Reports** for general information and before buying major purchases, use pre-purchase information such as warranties, and to return defective items.

Consumer Education Course. Consumer education concepts are taught in home economics and business classes in addition to classes devoted entirely to consumer education/economics content. Students enrolled in home economics classes were less likely to buy on impulse than students enrolled in consumer economics, business or non-consumer related courses. Consumer economics and home economics students were less likely to consider convenience of the store above price and quality and students enrolled in consumer education courses were more likely to use pre-purchase information such as warranties and reading contracts and use label information than were students enrolled in the other areas.

Summary and Conclusions. A two-part consumer action survey was used to develop a profile of consumer actions of a sample of 439 Iowa teen-age consumers. Over one-third of the teen-agers surveyed were employed part-time to earn money for a variety of purposes. There were no significant differences in consumer actions between employed and non-employed students; however, there were significant differences between the sexes. Female students were more concerned with price and quality than convenience of the store, planned ahead before shopping and spending, and used labels for information. Male students were more likely to read consumer periodicals, use pre-purchase information such as warranties, and return defective items.

Students enrolled in home economics classes were less likely to be impulse buyers than other students. Home economics and consumer education students were more concerned with price and quality than convenience and consumer education students were more likely to use pre-purchase information such as warranties and label information than students enrolled in other areas.

Knowledge of teen-age buying practices and consumer actions is of interest to consumer education teachers. This information is helpful in planning a relevant and meaningful consumer education curriculum; however, consumer education teachers usually have little objective information about the consumer actions of the teen-agers intheir classes. Teachers should be cognizant of the demographic factors that affect the consumer actions of their students. Through the use of consumer surveys, teachers can better understand the consumer actions of the students enrolled in their classes. Pre- and post-evaluations using such assessment devices can provide evidence that consumer education classes are making a difference in the consumer actions of students.

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BOOK REVIEW

Aaker, David A. and George S. Day, editors, **Consumerism: Search for the Consumer Interest**, Fourth Edition, New York: Free Press, 1982, 500 pp. $12.95 in paperback.

The fourth edition of **Consumerism** is a collection of 42 articles taken from multiple sources. Four sections have been added to this edition, and half of the selections are new. The contributors, ranging from marketers to consumer advocates and consumer economists, present a diversity of views to provide thoughtful reading to those interested in wrestling with issues central to the consumer's interest.

The book, divided into 7 major sections, starts with an assessment of the current state of consumerism. Is the recent emphasis on decreased government regulation and a conservative political climate indicative of a decline in consumerism as a societal force? The authors seem to think not, although they anticipate changes in direction, issues, and approaches.

Section II called "Perspectives on Consumerism" includes both historical and current perspectives. In one article, Philip Kotler questions some traditional marketing axioms in light of recent changes in our economic environment. He challenges marketers to consider their objective as maximizing the quality of life rather than maximizing consumption. With this new objective, they would have to take into account the social costs of production and consumption.

The next sections of the book are organized around the prepurchase, purchase and postpurchase phases of transactions. The prepurchase section includes articles on voluntary consumer information programs, disclosure requirements, and advertising. Two interesting articles in the purchase section deal with demarketing, or reducing consumption. This is an important topic considering our renewed awareness of the scarcity of resources.

Both business and government's responses to consumerism comprise the themes of the book's final section. Some of the complexities of government regulation are highlighted by four articles from varying viewpoints. For instance, Peter Schuck stresses the often important differences between the actual effects of implementing a regulatory program and the well-intentioned original objectives of the program. Joan Claybrook in "Crying Wolf" is critical of the traditional business opposition to government regulations.

The book could serve as a basic text for a college course. It would also be useful background material for high school teachers who desire to keep abreast of controversies and developments in the consumer area. The book makes a real contribution by dealing with many problems from several points of view so that students and teachers come to realize that the term, consumerism, incorporates a multitude of topics surrounded by complex issues.

(Reviewed by Dr. Rosemary Walker, Southern Illinois University, Carbondale.)

ILLINOIS CONSUMER EDUCATION ASSOCIATION
CALL FOR ARTICLES
for
THE 1984 ILLINOIS JOURNAL OF CONSUMER EDUCATION

Articles should fall into one of the following three categories:

A. **POSITION PAPER.** A discussion of consumer education issues, problems, and trends including social and economic developments related to consumer education content, consumer legislation, and selection of instructional materials.

B. **RESEARCH SUMMARY.** A presentation of recently completed research including: (a) the problem statement and procedures; (b) a summary of the findings and conclusions; and (c) implications for consumer education teachers.

C. **BOOK REVIEWS:** A summary and analysis of textbook and general interest books of value to consumer educators. The review should include the following information: Title; Author(s); edition; Publisher, address; publication date; number of pages; cost.

Format considerations:

1. All manuscripts should be double-spaced including text, quotes, footnotes, and references. Manuscripts should be limited to six (6) pages excluding references, tables, and charts.
2. Subheads are encouraged to highlight the main sections of the article.
3. Please submit two (2) copies of the manuscript.
4. References should be indicated by a number between square brackets, which refers to the item on the "References" list at the end of the manuscript.

All articles should be submitted for consideration by **September 1, 1983.**

Submit two (2) copies to:

Les R. Dlabay
Illinois Consumer Education Association
110 S. Parkside
Normal, IL 61761

ILLINOIS CONSUMER EDUCATION ASSOCIATION

HISTORY AND PURPOSE

The Illinois Consumer Education Association, the first state consumer education association nationwide, was organized in 1973 to expand consumer education and foster professional growth in the teaching of consumer education at all levels. ICEA will strengthen the implementation of Senate Bill 977, passed in 1967 and amended in 1975, 1977, and 1979, which states:

> "Pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in the area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices, and an understanding of the roles of consumers interacting with agriculture, business, labor unions, and government in formulating and achieving the goals of the mixed free enterprise system."

PUBLICATIONS

The Illinois Consumer Educator, the official newsletter for ICEA, is published 3 times a year (usually in September, December, and May). This publication updates Illinois teachers on state and national events and provides a forum for teaching ideas as well as a review of selected course materials.

The Illinois Journal of Consumer Education is an annual publication. This journal consists of articles, research summaries, book reviews, and other features designed to improve consumer education teaching.

ANNUAL CONFERENCE

The Annual Statewide Conference is a major activity sponsored by ICEA. This three-day meeting in February affords you the opportunity to hear important speakers in the area of consumerism and to exchange methods of teaching with teachers of many disciplines. A wealth of resource material is also available for review.

WORKSHOPS

Statewide fall workshops are provided on selected consumer education topics to assist teachers at all educational levels. These programs are held at various locations throughout the state.

NETWORK SYSTEM

A statewide system has been organized to improve services to ICEA members on a regional basis. Increased membership involvement and communication are the objectives of the network system.

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PROMOTE CONSUMER EDUCATION
SUPPORT I.C.E.A.

A PERSPECTIVE ON THE TEACHING OF CONSUMER EDUCATION

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When I became involved in consumer education in the early 1950s, there were not very many economists involved. In fact to many economists, consumer education was beneath their "dignity," in spite of Adam Smith's much quoted and famous statement that "Consumption is the sole end and purpose of all production . . ."

THE MANDATING OF CONSUMER EDUCATION

How important is consumer education? What degree of importance has been given to consumer education by the professional educators and Department of Public Instruction administrators at the state level? If the response to this question is to be measured by the number of states that have mandated consumer education as a requirement for a high school diploma, the answer must be, "It is of little importance."

It would seem obvious that the way to better prepare American youth for their important job of being responsible consumers would be to prepare teachers who could do the kind of job needed, and then mandate consumer education. But unfortunately this is not the way things are done. There are not going to be very many teachers willing to run the risks of preparing themselves to teach consumer education in anticipation that it will then be mandated in the curriculum as a requirement for high school graduation. Probably the way it will be done, if at all, will be the backward way — mandate consumer education as a requirement for a high school diploma and then prepare teachers to teach it. This is the way it was done in Illinois, and even though this seems to be the wrong way to do it, pragmatically it is probably the only way that it can be done and done effectively. The success of this approach is dependent upon developing very quickly an effective consumer education training program for teachers.

Should consumer education really be made a requirement for a high school diploma? It is really all that important?

> Someone asked recently whether all students should study consumer education. To this question I replied, "Of course not — only those students who will become consumers." Undoubtedly, some students will become hermits, others will choose the cloistered, monastic life, and unfortunately, statistics show that some will spend their lives in prison. All other students should study consumer education. [1]

The possibility of having more and more states require consumer education as a requirement for high school graduation seems rather remote when one thinks of all the tugs and pulls with regard to what should be required. There are strong vested interests in education, and if an additional course is made a requirement then something will probably have to go, and the struggle mounts.

EFFECTIVENESS OF CONSUMER EDUCATION PROGRAMS

A few observations concerning the effectiveness of consumer education programs in a few states might be in order as we attempt to measure successful programs.

One of the major problems I have observed in the field of consumer education is that is is not an established, separate discipline like math, English or history. Consumer education, where it is taught, is all too frequently a second or third priority of the teacher. This is not meant to be a criticism of the teacher, but to be realistic. Consumer education is being taught by home economics teachers, business education teachers, and social studies teachers, whose primary area of interest is home economics, business education, or social studies, not consumer education. There are very few teachers who have consumer education as their primary responsibility and their primary interest. Can this be changed? I believe not, unless consumer education becomes a required course.

The same thing is true at the state level. I have observed something that is quite obvious and that is that at the state level where there is at least one fulltime person in the office of the Department of Public Instruction, whose sole responsibility is in the area of consumer education, you will find a strong program developing and in many cases this is accomplished even without consumer education being required. I have observed states where the consumer education coordinator at the state level, who has no other responsibilities, has been most effective in helping to develop curricula, resource materials, and conduct effective consumer education workshops. I have also seen in some states consumer education as a second-class citizen because there is no one person at the state level with the sole job of stimulating consumer education.

PURPOSES AND OBJECTIVES OF CONSUMER EDUCATION

How best can the purposes and objectives of consumer education be reached? The following points our four approaches that can be used in teaching consumer education.

There are generally considered to be four possible methods of implementation. They are not mutually exclusive and all four may be used simultaneously. They are: **Individual Teacher Approach**, which focuses on the development of a course of study taught by one educator; **Team Approach**, suggests combining the expertise of several teachers for teaching a single course; **Interdisciplinary Approach**, which stresses the opportunities for incorporating Consumer Education into all courses in varying degrees of sophistication; and **System Approach**, which involves the entire school system as well as the community and the parents. [2]

If a utopian situation were present, I would opt for the "System Approach" — getting everybody involved in consumer education. In the world of reality and pragmatism I think the only approach that is going to really have any lasting continuity will come from having the individual teacher approach, a teacher whose number one responsibility is to consumer education. On paper I believe that any one of the other three approaches would appear to be superior, but they require almost too idealistic situations which just do not exist. I am aware of these approaches being tried successfully, but not having lasting power. The individual teacher has the incentive to make sure that the job is done and continues to be needed and continues to be done. This I believe is the world of reality.

All the previous comments relate to and lead up to the purposes and objectives of consumer education. The key purpose and objective are to help prepare our young people to take their place in the community as responsible and thoughtful consumer citizens. A simple statement but one which contains such a challenge to consumer educators, is emphasized in the following:

> Treating dollar votes as ethical acts with serious implications for society requires that consumer education deal directly not only with the application of esthetic (stylistic) and instrumental (effectiveness, cost comparison) values to consumer decisions, but with testing those decisions against moral values as well. [3]

RECOMMENDATIONS FOR CONSUMER EDUCATION

Consumer education needs to include the obvious subject areas such as money management, insurance, credit, buymanship, investments, and shelter. In addition other areas that should be considered deal with our value systems, our responsibilities as citizen consumers, an understanding of our economic system, and an understanding of our selves — Why do we buy what we do? What are the pressures we feel that influence us in our buying habits from our peers, from those whom we look up to, and from the $65-plus billion dollar advertising industry?

In addition, I believe that there is an area of consumer education that consumer educators all too frequently try to avoid and that is those areas of consumption that have moral overtones. Most consumer educators are perfectly willing to advise their students to look for the Underwriters Laboratories' seal on any electrical appliance as a safety measure, but avoid any mention of the harmful effects in buying tobacco products, alcoholic beverages, illicit drugs, or pornographic literature. I believe that a consumer educator has a responsibility to discuss with his or her students products and services which represent **wealth** — goods and services that promote consumer well being; **nealth** — goods and services that have a neutral effect; and **illth** — those goods and services that have a negative effect on consumers. [4]

In the area of changes and recommendations in the teaching of consumer education, I would urge that much more emphasis be placed upon the consumer as a whole person instead of just educating him or her as a consumer buyer. There is so much more to the consumer role than just buying, and each consumer needs to know that he or she has rights and also responsibitilies; that the consumer does not operate in a vacuum, but is a part of a community, a nation, and the world, and that the consumer should be a part of and not a part from the marketplace, the economy, and the political arena. We should be educating consumer citizens.

If these kinds of goals and objectives are aspired to by a larger and larger number of our young people as they go through high school, we should see improvements in them not only in their role as consumers, but also in their role as consumer citizens.

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TEACHING ABOUT SMALL CLAIMS COURT

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Small claims court is a dispute-settling mechanism which is relatively quick and inexpensive to use since claims for money damages can be heard without the aid of an attorney. Most states have some form of small claims court although rules and procedures vary from state to state. Although the description below applies most specifically to Illinois, various aspects are applicable to other states as well.

The limit for claims in Illinois is $2500.[1] To initiate the process, the person bringing suit (the plaintiff) completes the complaint form provided by the county clerk and pays a small filing fee. The clerk will then schedule the case, which will usually be heard within 30 days. A copy of the complaint and the summons with the trial date will be delivered to the person against whom the claim is made (the defendant). The only response required of defendants who want to contest claims is to appear in court at trial time. Defendants who choose not to appear will lose by default. Either party may be represented by legal counsel, but hiring an attorney is not necessary since the court proceeding is informal. In fact, small claims court was established to provide a form for individuals to plead their own cases.

On the day of the trial, after giving the litigants a chance to settle their disputes outside the court chambers, the judge first hears the plaintiff who must show that a valid claim exists. Then the defendant is called to present his side of the case. The judge usually renders a verdict immediately. If awarded a judgment, the plaintiff bears the burden of collecting the award. If the defendant is uncooperative, the only service most courts offer to aid in collection is the issuance of a memorandum of judgment. This document, which places a lien on the defendant's property for seven years or until the debt is paid, only prevents the transfer of property if the judgment has not been satisfied.

CRITICISMS OF THE SYSTEM AND PROPOSED REFORMS

Several aspects of the small claims court system have been criticized as creating roadblocks to use by individual consumers. One is that suits by businesses (and particularly collection agencies) often dominate the docket. When true, an original purpose of the court, to serve the individual consumer, is subverted.

Dominance of the court by business plaintiffs may have negative impacts on individuals. If trials are not scheduled for specific times, consumers may often find that they must wait several hours before their cases are heard. Since time spent in waiting has an opportunity cost, some litigants may leave before their trials. Furthermore, witnesses may be unable or unwilling to stay to give their testimony. Moreover, when businesses dominate the court docket the majority of cases a consumer observes will involve attorneys, since Illinois requires incorporated businesses to be represented by legal counsel. Consumers who are unaware of this requirement may be confused and intimidated by the presence of so many attorneys in an "informal" court proceeding.

Although most states do allow business filings, some have addressed this problem by barring collection agencies from small claims courts. Research does indicate that suits filed by individuals do represent a higher percentage of the total in courts where collection agencies are not allowed [1, p. 42]. However, when these agencies are banned consumers who are defendants in collection cases are penalized since their cases must be heard in formal civil court where representation by an attorney is necessary.

Another frequent criticism of small claims courts is that plaintiffs are often unable to collect the judgments awarded them, particularly when the defendant defaults. Ruhnka and Weller [1, p. 166] found that collection rates for plaintiffs in contested trials averaged 69 percent across 15 courts but only 31 percent when the defendant defaulted. Measures which require an attorney's services, such as garnishing wages or attaching a bank account, may be necessary to collect the judgment. Consequently, plaintiffs may not persevere in collection efforts since the total time and money costs may exceed the amount of the award if the defendant is uncooperative.

Several measures have been proposed to assist plaintiffs in their collection efforts. One proposal would require court personnel to provide information to the plaintiff about legal collection procedures at the time the claim is filed. To remain impartial, it would also be necessary to inform defendants about assets exempt from attachment. Some clerks might object to this expansion of responsibility.

A more drastic recommendation would require that a court official be employed with the responsibility of collecting the awards (for a fee) once the plaintiff has made a reasonable effort to collect on his own. Opponents aregue that this recommendation would be expensive and put the court in the middle of the collection process.

Several other reforms have been suggested to enhance consumers' use of small claims courts. When courts operate only during weekday business hours, the time costs to employed individuals involved in the cases may discourage their use of the system. Periodic weekend or evening sessions would not only lower the time costs for many litigants but would also increase the likelihood that witnesses would agree to appear.

Another problem consumers frequently encounter is that in certain types of cases it is difficult to present concrete evidence in the courtroom. Although the rules of evidence are relaxed compared to formal proceedings, some judges are more flexible and creative than others in encouraging litigants to establish or refute a claim. A number of techniques might be used by judges to assist consumers when evidence is difficult to present. Judges might go to the parking lot to verify automobile damages or inspect paint jobs when estimates are lacking. When a witness is unable to appear in court due to illness, distance, or employment, testimony could be given over the telephone. Conference calls would allow both litigants to question the witness.

Lastly, consumers often find that the court's assistance to litigants in preparing cases is inadequate. While some courts employ legal clerks who assist litigants in pre-trial preparation, others do no more than to help the plaintiff file the complaint. At a minimum, an information sheet should be available stating definitions of relevant legal terms, types of proof generally required for specific types of cases, information on subpoening witnesses, legal rights of plaintiffs and defendants, and available collection procedures.

LEARNING ACTIVITIES

There are several informative and interesting activities which could be used in an advanced unit by consumer educators:

1. Arrange for the class to visit small claims court and talk with the judge after viewing a court session. Previous arrangements will be necessary to identify when court meets and when the judge is available. In counties where courtroom space is limited, invite the judge to school as guest speaker.

2. After the visit provide students with sample cases for a mock small claims court session. Students can assume the roles of judge, litigants, and witnesses. To prepare for their roles as litigants, they could be required to identify types of evidence (including witnesses) appropriate for proving or refuting the claim. Good sample cases can be found in *How You Can Sue Without Hiring a Lawyer* by John M. Striker and Andrew O. Shapiro (Simon & Schuster, 1981).

3. After visiting the court and role playing as court participants, students could be exposed to the problems identified earlier in this paper and the proposed reforms. Students could discuss or debate the merits of the suggested improvements from various perspectives — taxpayers, the plaintiff, the defendant, the judge.

Small claims court is not a perfect dispute setting mechanism. However, students who are aware of its intricacies may be more likely to feel it is a viable resource when they have difficulty resolving consumer problems.

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Warner, Ralph. *Everybody's Guide to Small Claims Court.* Addison-Wesley Publishing Company, 1980.

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Consumers Tell It to the Judge: Small Claims Courts and Consumer Complaints. U.S. Department of Justice, Office of the Attorney General, 1980. (A free 24-page brochure)

"Could You Win in A Small Claims Court?" *Changing Times,* November 1982, pp. 18, 22.

FOOTNOTES

1. The exception is the Chicago **Pro Se** Court where claims may not exceed $500. The court also differs from others in Illinois in that corporations are not allowed to file claims and only defendants may be represented by attorneys.

WHAT WE ARE TEACHING ABOUT DISABILITY INCOME PROTECTION

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For persons younger than 65, a disabling illness or injury lasting three months or more is much more likely than death. A 22 year old is seven times more likely to be disabled than to die, while the ratio is 3:1 for 35 year olds [2]. One in four workers will be disabled for at least a year prior to retirement. [7]. Although the possibility of severe disability is considerably higher for the working population than the likelihood of sudden death, Americans are far more likely to be concerned about life insurance than disability income protection.

Social Security disability benefits were first paid in 1957; the program now pays $18 million a year to 3.9 million disabled persons [8]. However, Social Security's definition of disability is very restrictive and the requirements for insured status are more rigorous than for other Society Security benefits. "To be considered disabled under the Social Security law you must have a physical or mental condition which: prevents you from doing any substantial gainful work, and is expected to last (or have lasted) for at least 12 months, or is expected to result in death" [7]. Strict interpretation of this definition places the burden of proof on the disabled person. As a result of recent actions to cut down on costs and abuses, 266,000 recipients were eliminated from the disability rolls in 1981 and 1982 and fewer new claims are being approved[8].

The purpose of disability income insurance is to replace a portion of lost wages when the insured is sick or injured and unable to work. Short-term policies provide benefits for two years or less, while long-term coverage generally extends for at least five years or until retirement or death [4]. Total benefits of disability insurance are usually limited to 60-70% of pre-disability income in order to encourage the return to paid employment.

Most workers depend on employer-sponsored disability income insurance to fill the gaps left by Social Security. However, more employees (65 million) are covered by short term policies (typically 26 weeks) than by long-term coverage (21 million) [4]. A 1982 survey conducted by the Health Insurance Association of America examined new group health insurance policies and found that the majority of companies continue to provide only short-term coverage [3].

Consumers face a wide variety of challenges when attempting to obtain adequate disability income protection. Although aware of Social Security and employer programs, most workers do not realize how inadequate that coverage may be. Once the need for additional protection is recognized, a more complicated challenge is determining the most appropriate risk management strategies. How well are we preparing students to accomplish these tasks?

OBJECTIVES

The purpose of this research was to evaluate the disability income protection content of college level personal finance textbooks published 1978-mid 1983. The specific objectives were:

1. to compare the number of pages allocated to disability insurance and life insurance;

2. to identify texts which included step-by-step procedures for evaluating disability income needs;
3. to evaluate the adequacy of the coverage in each text; and
4. to make recommendations to consumer educators on improving disability income protection instruction.

FINDINGS

The content analysis revealed that few personal finance texts provide sufficient information for students to evaluable their disability income needs. Most texts devote only one or two pages to disability income protection while 5-49 pages were allocated to life insurance. The mean number of pages devoted to disability insurance was 3.0 while life insurance chapters averaged 29.4 pages. With one exception the texts included two pages or less on Social Security disability. Only seven texts provide a step-by-step procedure for estimating needs.

Eighteen of the textbooks included disability in the health insurance chapter; six texts treated it as part of a general insurance chapter and one included it with life insurance. Only three texts included the word "disability" in the chapter title. Some texts integrated the topics of disability insurance and Social Security while others treated them separately.

Based on the amount and quality of content, six texts were rated "very good" for disability income protection coverage, three received a rating of "good", and the remaining 16 were judged inadequate. Although there is a wide range in the extent and quality of the coverage, the topic is assigned a low priority in most texts.

DISCUSSION

Insructors make many difficult decisions in determining which topics to include within course time constraints. If textbook content is an indication of the relative priority assigned to disability and life insurance in our course, educators may want to reconsider the allocation of class time to these two topics. While death of a wage earner is a serious financial blow to a family, a disabling illness or injury can not only wipe out the income but entail additional expenses not covered by health insurance. For single persons with no dependants, the need for adequate disability income protection far outweights the need for life insurance. With statements indicating that "disability insurance planning is not difficult," [1 p. 285] and "it is easier to calculate how much disability income insurance you should have than to calculate how much life insurance you need" [6 p. 562], many texts offer a simplistic view of disability income planning. It may be "easy" to plan income needs in the event of a total disability assuming one can collect Social Security benefits. However, recent trends indicate it is much more likely that a disabled person will not receive Social Security benefits, thus complicating the planning process. A review of current Social Security policies regarding payment of disability benefits would provide a worthwhile supplement to the text.

Unlike the texts, the Health Insurance Association of America offers the following assessment of disability income planning. "Today, there exists a bewildering number of disability income protection programs at practically every level of business and government. By its sheer complexity, this makes it difficult for individuals to know all the systems under which they may or may not be covered" [5]. Although 84 million families have some private or employer disability insurance, only one-fourth of those have long term coverage [4], exposing them and their families to severe financial hardships.

Although educators are not expected to select a text based on its coverage of a single topic, this content analysis reveals that most college level personal finance texts do not adequately cover disability income protection. Thus it is the instructor's responsibility to supplement the text to assist students in planning disability income protection.

RECOMMENDATIONS TO CONSUMER EDUCATORS

Consumer educators should reevaluate the importance of disability income protection to their students' needs and develop appropriate teaching strategies. The following recommendations are suggested:

1. carefully evaluate the disability income protection content of your current text and encourage more thorough coverage of disability income protection in future editions.
2. integrate the topics of life and disability insurance to illustrate their respective roles in risk management.
3. assign students to evaluate the disability income needs of a real family and to devise risk management strategies.
4. encourage students to evaluate employee benefits along with salary when job hunting by analyzing the employee benefits of a major local employer.
5. integrate instruction on disability income protection with information on changing population and employment trends and Social Security administrative policies.
6. develop and share educational programs on disability income protection.

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THE DETERMINANTS OF FINANCIAL MANAGEMENT BEHAVIORS AMONG COLLEGE STUDENTS: IMPLICATIONS FOR CONSUMER EDUCATION

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Financial choices of most consumers are more difficult today because of fewer resources, higher costs and greater uncertainty of our economic future [12, p. 81]. Financial management behavior can have broad and long-term consequences. Planning and implementing activities of consumers are direct approaches to managing our complex financial environment within which financial choices must be made. Thus, the development of a set of routine financial management practices or behaviors should lead to a greater probability of financial success as well as security. Examples of such behaviors include regular financial goal-setting and estimating expenses and income on a reoccurring basis. These behaviors or practices are advantagecus for any consumer.

The economic realities of inflation and uncertainty of the last decade have had a specific effect on the costs of attaining a college education. Students and their families are faced with a particular price squeeze in terms of the cost of higher education. The Higher Education Price Index (developed by D. Kent Halstead for HEW) reached 203.4 for the fiscal year of 1981 compared to the 1971 base year of 100 [6, p. 17). This upward trend in the costs of education is expected to continue for the next several years. The high costs of education present financial management difficulties for students which will affect their choices of whether or not to attend college and their ability to finish degree programs. The higher costs of obtaining a college degree also affect the rate of return which students will receive as a result of their education. Rates of return for college students graduating before 1970 have been estimated between 10 and 12 percent [2, p. 3]. Currently, rates of return have been falling and this presents a further financial difficulty for students.

A second reason for studying the financial management behavior of students is simply because a student's managerial skills provide an experience base for later financial activity. The success of many students depends upon their abilities to plan and implement their financial goals. Further, students are not only an important group of consumers, but their management skills and behaviors are harbingers of future consumer vitality in the marketplace and in the home.

PROBLEM STATEMENT AND PROCEDURES

Financial management behaviors are defined to be planning and implementing behaviors which relate to the financial resources and demands faced by individuals and families. This research further proposes to represent the planning and implementing activities of management by the following nine behaviors:

Planning Behaviors
1. setting financial goals
2. estimating expenses accurately
3. estimating income accurately
4. planning and budgeting one's spending

Implementing Behaviors

5. considering several alternatives when making a financial decision
6. adjusting to meet financial emergencies
7. meeting deadlines or bills on time
8. successfully meeting financial goals
9. successfully carrying out a spending plan [11].

According to the Deacon and Firebaugh management framework, these financial management behaviors would depend on and would be a function of a set of inputs; namely, demands and resources [4].

The likelihood of a student engaging in any of the previously mentioned financial management behaviors was represented by a nominally-scaled dependent variable which assumed ordered values from 0 to 3. Sample respondents were asked to describe the frequency with which they engaged in the nine financial management behaviors. Answers for each behavior could be one of the following: 0 for never, 1 for seldom, 2 for sometimes, and 3 for often. Never engaging in a particularly behavior would be a type of nonmanagement or a management bypass routine. The probability of engaging in a particular financial management behavior was explained by examining the effects of inputs into the management subsystem in the form of demands and resources of students studied. Demands and resources included general, student, and financial characteristics of the sample members.

Data used in this research project were collected during December 1979 via a mailed questionnaire sent to 2,697 randomly-selected undergraduates enrolled in three institutions of higher education in the central New York State area. Questionnaires were returned by 1,067 undergraduates, representing a rate of return of approximately 40 percent. The actual sample analyzed in this research study included 877 students due to the accumulative effect of the missing values for the research variables involved in the research model.

RESULTS AND DISCUSSION

The actual sample used to estimate each of the nine equations included 877 respondents. Descriptive statistics were computed for each independent variable and for all nine dependent variables. As hypothesized, students who were majoring in the natural sciences were more likely to engage in one planning behavior of estimating expenses accurately and one implementing behavior of meeting deadlines or bills on time.

The number of credit hours enrolled in was consistently positive and significant across most of the equations. This result would seem to indicate that financial management activities were more likely to occur when the situation warrants and demands them. The more credit hours the student is enrolled in the more pressures he would face with less time to manage.

The final type of demands examined were the employment activities of the students. As hypothesized, the more hours a student works, the more likely he is to engage in financial management behaviors, particularly planning behaviors such as estimating expenses and incomes and planning how to spend one's money. However, nonemployed students were also more likely to estimate expenses accurately, meet bills on time, and successfully meet their financial goals. It would seem that employed students engage in more planning behaviors as a result of necessity. On the other hand, nonemployed students seem to be more likely to engage in implementing behaviors.

The second major group of variables represent resources as inputs. These variables including human and material resources were expected to influence the likelihood of engaging in management behaviors. Females were expected to be more likely to engage in both financial planning and implementing behaviors. In general, planning behaviors were less likely among females while implementing behaviors were more likely to occur.

Nonwhites were less likely to estimate income accurately and more likely to plan or budget how to spend their money and more likely to successfully carry out a spending plan. There would seem to be a somewhat positive relationship between financially-disadvantaged background and an increased likelihood of engaging in implementing behaviors.

The effect of being married was positive if significant. As hypothesized, the physical independence and the state of being on one's own would seem to foster the probability of engaging in particular financial management behaviors. Married students are more likely to engage in planning as well as implementing behaviors.

Seniors and students with higher grade point averages were consistently positive and significant across most of the equations. These results would seem to indicate that financial management activities are more likely to occur when the manager involved has a higher academic ability and more experience in handling his own affairs.

The material resource of total income increased the likelihood of setting financial goals as was hypothesized. If a student was receiving financial aid, he was more likely to estimate his income accurately.

If a student was financially dependent on his parents and perceived his income as inadequate for his needs, he was less likely to engage in financial management behaviors. A student's financial dependence on his parents was significant in discouraging implementing behaviors such as adjusting to financial emergencies and successfully meeting financial goals. The perception of inadequate income relative to one's needs consistently discouraged both planning and implementing behaviors of students. As hypothesized, one's perception of income adequacy may result in a sense of lack of control or a fatalistic outlook. In turn, financial management behaviors seem to be discouraged.

SUMMARY AND IMPLICATIONS FOR CONSUMER EDUCATION TEACHERS

In summary, students were more likely to engage in planning behaviors if they were majors in the natural sciences, enrolled in a larger number of credit hours, employed, married, and seniors. Nonemployment status had only a positive effect on estimating expenses. Students with higher grade point averages and higher total incomes were also more likely to engage in some of the planning behaviors. Planning behaviors were less likely for female students and students who perceived their incomes to be inadequate for their needs. Nonwhite students were less likely to estimate income accurately, but more likely to plan a budget.

Implementing behaviors were more likely for students who were majors in the natural sciences, living in an apartment, nonemployed, females, nonwhite, married, and seniors. Hours of employment had only a positive effect on meeting bills on time. Students with higher grade point averages and higher total incomes were also more likely to engage in some of the implementing behaviors. Implementing behaviors were discouraged among students who were financially dependent on their parents and who perceived their incomes as inadequate for their needs.

The activity level of financial management behavior is viewed as some indication of effectiveness or probability of success in a student's financial matters. Educational experiences in the area of financial management which would enhance planning behaviors are needed by students who are females, single, beginning, and part-time. Also, students who hold lower grade point averages, have lower incomes, and have perceived their incomes to be inadequate for their needs may be assisted by education experiences or services which enhance their financial planning behaviors.

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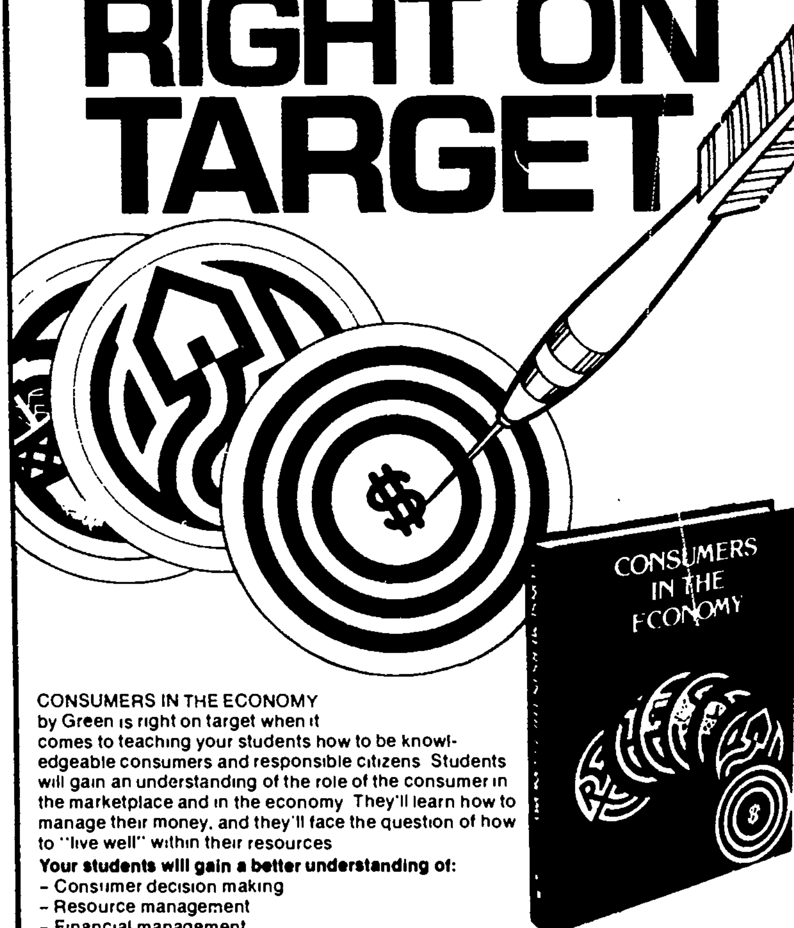

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ILLINOIS CONSUMER EDUCATION ASSOCIATION

HISTORY AND PURPOSE

The Illinois Consumer Education Association, the first state consumer education association nationwide, was organized in 1973 to expand consumer education and foster professional growth in the teaching of consumer education at all levels. ICEA will strengthen the implementation of Senate Bill 977, passed in 1967 and amended in 1975, 1977, and 1979, which states:

> "Pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in the area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices, and an understanding of the roles of consumers interacting with agriculture, business, labor unions, and government in formulating and achieving the goals of the mixed free enterprise system."

PUBLICATIONS

The Illinois Consumer Educator, the official newsletter for ICEA, is published 3 times a year (usually in September, December, and May). This publication updates Illinois teachers on state and national events and provides a forum for teaching ideas as well as a review of selected course materials.

The Illinois Journal of Consumer Education is an annual publication. This journal consists of articles, research summaries, book reviews, and other features designed to improve consumer education teaching.

ANNUAL CONFERENCE

The Annual Statewide Conference is a major activity sponsored by ICEA. This three-day meeting in February affords you the opportunity to hear important speakers in the area of consumerism and to exchange methods of teaching with teachers of many disciplines. A wealth of resource material is also available for review.

WORKSHOPS

Statewide fall workshops are provided on selected consumer education topics to assist teachers at all educational levels. These programs are held at various locations throughout the state.

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CONSUMER SOCIALIZATION IN THE FAMILY

Kathryn Rettig
University of Minnesota

The need for consumer education in the schools has been clearly understood for a long time. However, it is often difficult to convince state leaders, school administrators and legislators that the mandate should remain and that dollars allocated in this way are well spent. Findings from a recently completed study support the need for consumer education at the high school level.

PROBLEM

The consumer socialization study(*) was initiated in order to gain information about financial and consumer learning in families. The textbooks and reference materials have extensive advice about what parents *should* be doing to teach children money management, but there is little factual information about what parents are *actually* doing. The evidence in finance classes at the university level is that little teaching has occurred, particularly for females. The purpose of the study was to identify the extent to which mothers pass on financial information and experiences to their children. It was hoped that information gained from the study would be helpful in planning effective programs in financial education. Answers to several questions were needed: (a) What kinds of consumer education is transmitted across generations? (b) How do early consumer learning experiences influence adult teaching of consumer education? and (c) Are male and female children given equal opportunities in the family to acquire financial management information and competencies?

METHODS

A sample of 609 mothers with at least one child under 18 years of age was drawn by the University of Illinois Survey Research Laboratory. The women were interviewed by telephone during January-March, 1984 about selected attitudes, feelings about various dimensions of family life, and financial information and values they might have received from parents and would transfer to their oldest child.

Respondents in the study sample had an average age of 36 years and 74% of them were in a first marriage with an average duration of 10 years. Nine percent were married for the second time, 5% had never married and 12% were separated, divorced or widowed. Many of these women worked outside the household (58%), either employed full-time (36%) or part-time (22%), but a substantial number (42%) of them were involved only in household work. Fifty-four percent of them had a high school education or less while 27% had some

(*) See Footnotes

college education, 12% had a college degree and 7% had completed some graduate work.

The age of the oldest child ranged from 1 to 18 years with a mean age of 14.9 years. Two hundred nineteen of the respondents had oldest children less than eight years of age which was 36% of the sample. The mothers of 8-10 year olds were 12.5% of the sample, mothers of 11-14 year olds 22.5% and mothers of 15-18 year olds 29.1%. The children included 311 (51%) boys and 298 (49%) girls.

The financial part of the questionnaire asked about nine types of experiences or information (see table 1). The transfer of specific kinds of financial information is only one possible indicator of financial education or experience in the family. These nine indicators represented important areas of consumer competencies: discretionary income planning, financial planning, financial control, risk management and estate planning. The respondents were asked if they received this information from their parents (yes or no). If the answer was yes, they were asked at what age they received the information. Later in the interview they were asked if they had given this information or experience to their oldest child and the age at which this communication had happened. When mothers had children less than eight years of age, they were asked how old they thought the child should be when the information was provided.

RESULTS AND DISCUSSION

When recalling childhood family experiences, 14.3% of the respondents answered "no" to all nine questions. Financial education of the nine indicated types was not part of their conscious memory. The women who did report some of these experiences usually indicated two to three "yes" answers for the set of nine questions. Only three respondents could say "yes" to all nine items and 15 additional women had eight "yes" answers. The evidence from these selected indicators suggest minimal financial information transfer from parents to children for female children who are now adults in Illinois.

Table 1 reports responses of women concerning childhood financial education experiences. The most dramatic absence of experience is in record keeping (91.1%) which represents financial control of plans. This is an important learning experience for young people since it is a subtle, but effective way to help children appreciate the total demands on family income and how own needs must fit within the income limits. This kind of learning works better than "lectures" and seems to encourage attitudes of "taking turns" with large expenses like winter coats or sports equipment and planning ones own priorities in concert with priorities of other family members. The outcome is a more coopperative effort, reduced tension and greater satisfaction. Record keeping also provides tangible evidence for evaluation of how the money resource has been allocated in order to assess progress toward important values and goal priorities.

Another absence of experience which is alarming is the participation in discussions about major family purchases like buying houses and cars (77.3%). Such family discussions can assist children in learning factual information, decision processes and family values and goals.

TABLE 1. Financial Education Information and Experiences in the Family of Orientation

Question	Percentage Yes	Percentage No	Mean Age (Years)
1. As a child did you receive an allowance?	50.3 (n = 305)	49.7 (n = 301)	9.3 (n = 238)
2. Did you help your parents keep records of family expenses?	8.9 (n = 54)	91.1 (n = 555)	12.4 (n = 50)
3. Were you taught by your parents how to use a budget? (a plan for spending?)	41.3 (n = 251)	58.7 (n = 357)	12.4 (n = 210)
4. Did your parents ever include you in discussions about major family purchases like buying a house or car?	22.7 (n = 138)	77.3 (n = 471)	13.8 (n = 123)
5. Did your parents ever tell you the amount of family income?	27.2 (n = 165)	72.8 (n = 442)	13.4 (n = 132)
6. Did your parents tell you about property and liability coverages on the family car?	29.4 (n = 170)	70.6 (n = 408)	15.5 (n = 160)

7. Did your parents ever tell you about the amounts and types of life insurance coverage your family had?	31.7 (n = 189)	68.3 (n = 407)	15.2 (n = 157)
8. Were you ever informed where all necessary documents were in case of the death of your parents?	53.5 (n = 326)	46.3 (n = 282)	16.1 (n = 329)
9. Did your parents ever discuss with you the contents of their will?	28.4 (n = 154)	71.6 (n = 388)	20.4 (n = 472)

Table 2 indicates that adult responses in the survey have better intentions for financial information transfers to their oldest child. The perceived pressure for them to respond in socially desirable ways, however, may have affected their answers. They may have reported more optimistically than they were actually behaving and thus the findings must be viewed with caution. Another difficulty is the amount of missing information since there were so many oldest children who were less than eight years of age. Despite these limitations, the percentages seem to indicate that mothers are attempting to give more information to their own oldest child than they themselves received.

Only 3.8% of the mothers answered "no" to all nine questions and most of them answered "yes" to four questions (mode). Twenty-two respondents said "yes" to all nine items. The 92% of the sample (cumulative percent) said "yes" to seven items compared to the six "yes" answers for their childhood experiences. Despite the improvements of financial education with the third generation family member, there is still evidence of unmet educational needs. Many mothers have not yet taught risk management. The chances are likely that if these two kinds of facts have not been transferred, then little else has been done in the area of risk management.

TABLE 2. Financial Education Information and Experiences in the Family of Procreation With Own Oldest Child

Question	Percentage Yes	Percentage No	Mean Age in Years
1. Has this child ever received an allowance?	75.1 (n = 292)	24.9 (n = 97)	8.15 (n = 293)
2. Has this child ever assisted you in keeping records of family expenses?	24.1 (n = 94)	75.9 (n = 296)	11.1 (n = 94)
3. Has he/she been taught to use a budget (a plan for spending?)	61.6 (n = 239)	38.4 (n = 149)	11.2 (n = 24)
4. Have you ever included him/her in discussions about major financial decisions like buying a house or a car?	70.5 (n = 273)	29.5 (n = 114)	10.9 (n = 276)
5. Have you ever told him/her about the amount of your family income?	58.6 (n = 228)	41.4 (n = 161)	11.1 (n = 389)
6. Have you ever told him/her about property and liability coverages on the family car?	55.7 (n = 206)	44.3 (n = 164)	13.4 (n = 226)
7. Does he/she know about the amounts and types of life insurance coverage the family has?	43.3 (n = 166)	56.7 (n = 217)	11.9 (n = 173)

8.	Does he/she know where documents are in case of your death?	58.1 (n=225)	41.9 (n=162)	11.3 (n=228)
9.	Have you ever discussed with him/her the contents of your will?	39.6 (n=108)	60.4 (n=165)	11.3 (n=225)

IMPLICATIONS FOR CONSUMER EDUCATION TEACHERS

The most important implication of the study is that it documents the need for consumer education in Illinois. Fifty-four percent of the women in this sample had only a high school education so would not have had the opportunity for college course work in finance, economics, business or related content areas. Without the consumer education mandate, there would be minimal opportunity for them to learn this important life management competency unless they had been in a 4-H Club as a child or were to seek classes offered by Cooperative Extension by their own initiation. Sometimes young women are not aware of what they do not know about money management, what they need to know, and where they can find relevant information. The study gives evidence of an unmet educational need which schools with resources of competent teachers could meet.

The study should also encourage consumer educators in recognizing the important job they are doing which is a service to a larger society. The need for financial and consumer education, particularly for women, has never been greater due to the increasing number of single-parent households and the increased life expectancies. The females who do not divorce often outlive their husbands and find it necessary to manage inherited as well as earned assets. Other women who have remained in long-term marriages and not worked outside the household can find themselves with inadequate income in old-age if there are no joint survivor pension benefits. The economic security of women is dependent upon the financial management competencies they acquire.

Educators need to find ways of reminding families of the importance of teaching finance to children. Many of the mothers in the survey remarked that they had not taken the time to teach in these areas and were planning to do so immediately. The interview brought to their conscious attention something which they intended, but had "put off" doing. The importance of open, honest communication in the family about money management needs to be emphasized. Open communication which is skillfully executed can increase cooperation and reduce anger and tensions. Children need to learn to talk about money management problems without emotional outbursts. The family is a very important agent of socialization for both factual and emotional uses of money. It is hoped that the study(**) will be useful in identifying ways in which more effective consumer education programs can be developed. Consumer education contributes to one of the most important life competencies, the creation of economic security. Schools and families are important partners in the development of these human resource attributes.

(**) See footnotes

Footnotes

(*) Research was funded by Illinois Agriculture Experiment Station and the School of Human Resources and Family Studies, Project HATCH HRFS 60-0364: "Intergenerational Transfer of Values, Attitudes and Financial Management Competencies," Kathryn D. Rettig, Director.

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(**) Rettig, K. D., Ries, C. Buckley, H. M., Morganosky, M., and Anderson, J. (1984). Consumer socialization in the family: A preliminary report. Department of Family and Consumer Economics Paper Number 121. School of Human Resources and Family Studies. Urbana, Illinois: University of Illinois at Urbana-Champaign.

THE PERFECT INFORMATION FRONTIER: A TOOL FOR TEACHING THE PAYOFFS TO COMPARISON SHOPPING

Brenda J. Cude
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Consumer educators frequently advocate comparison shopping, stressing the payoffs that result. Yet unfortunately students may be more strongly influenced by the conventional wisdom — price and quality differences for most products are relatively small in most markets. Indeed, in a 1982 survey by Atlantic Richfield [1, p. 50], con-

Acknowledgment: The author gratefully acknowledges the assistance of Dr. Rosemary Walker who contributed equally in the collection of data used in this article.

sumers were asked how much difference in value for the money consumers could expect to find by comparison shopping for six products and services: physicians, new cars, electrical appliances, food, credit, and gasoline. For each of these six items 40 percent or fewer of the consumers expected to find large differences. Moreover, 70 percent expected to find no differences or only small differences by comparison shopping for food.

To present a more convincing argument concerning the potential benefits of comparison shopping, educators need an easily understood tool with relevance to students. This article will describe the use of one method to visually emphasize the payoffs that may result from comparison shopping, the perfect information frontier. (E. Scott Maynes has written extensively on this subject; see [4, Chapter 3], [5], and [6], as well as [2].) Additionally, guidelines for involving students in collecting the price and quality data needed to construct perfect information frontiers for their local markets are given.

Constructing a perfect information frontier begins with a graphical representation of the prices at which the various quality levels of an individual product are sold in a given market. Consider Figure 1 which represents a hypothetical case in which a product is sold at three stores (A, B, and C) in a market. The good is available at three different levels of quality, represented on the horizontal axis as 1, 2, and 3, with 3 the highest quality level. Price is shown on the vertical axis. In this example, each of the three stores sells the highest quality variety of the product at $30. Similarly, each of the two lower quality varieties of the product are available at an identical price at each of the three stores.

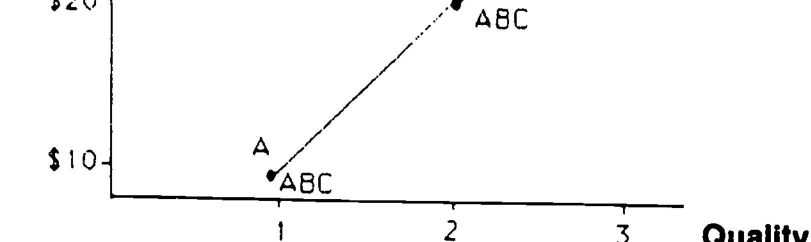

Figure 1 An Informationally Perfect Market

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The market illustrated in Figure 1 is informationally perfect since price and quality are perfectly correlated; each increase in price is accompanied by a corresponding increase in quality. Additionally, since a single price is charged by all sellers for the same quality, all prices lie on the perfect information frontier (line AC), the positively sloped line segment connecting the points representing the lowest price charged in a market for each level of quality. Obviously in such a market, there are no payoffs to consumers to search, each seller charges the same price for a given quality level. The consumer's only decision is whether a higher quality product merits the additional cost.

In an informationally *imperfect* market, however, price and quality are not perfectly correlated; higher prices do not necessarily indicate higher quality. Different prices are charged for products of the same quality. Prices above the perfect information frontier exist because of buyer's lack of information about price-quality relationships as well as insufficient information about the prices charged by different sellers in the market. Maynes [4, pp 82-84] has identified three factors which increase the cost and/or difficulty of consumers acquiring information in pre-purchase search.

1. the technical complexity and multi-component nature of products making it difficult for consumers to assess the relationship between price and quality accurately.
2. the affluence of our society which has increased the value of an individual's time and concomitantly the cost of search activities as well as the range of choices financially accessible to the family and the number of purchases it makes, and
3. urbanization which has increased the set of products, brands, and retailers to which the consumer has access.

When information imperfections exist in markets, there are consumer payoffs to search since purchasing power is decreased by the extent to which consumers pay more than the lowest price for a given level of quality. Three informationally imperfect markets are described in the next section.

INFORMATIONALLY IMPERFECT MARKETS: SALAD DRESSING, TUNA, AND WALKAROUND STEREOS

Figures 2, 3, and 4 present the price dispersions for three products in a Southern Illinois market. Figure 2 shows prices collected at nine different retailers (A through H) for a 6½ ounce can of chunk light tuna in water. Prices are measured on the vertical axis. Quality is measured on the horizontal axis in three groups. The first quality group consists of those brands rated by *Consumer Reports* [3] as poor. In the second quality category are those brands rated as good. A final group is composed of two brands which were sold in the local market but not rated by *Consumer Reports*.

Figure 3 presents similar information for an 8 ounce bottle of French dressing sold by 14 retailers (A through N). Quality groups are again based on *Consumer Reports* [7] ratings; prices for the numerous unrated brands sold in the local market are also shown.

Look first at Figure 2. Considering only the brands rated poor by *Consumer Reports*, it can be seen that the prices at which those brands were sold ranged from a low of $.96 to $1.47. The index of price dispersion for those brands rated poor is 1.51 ($1.47 ÷ $.96). In an informationally perfect market, the index would obviously be 1. For the brands rated good, prices ranged from a low of $.99 to $1.38. Thus, depending on the quality level chosen by the consumer, search could result in savings ranging from $.51 ($1.47 – $.96) to $.39 ($1.38 – $.99. The perfect information frontier, line GA, has a positive slope indicating that as price increases quality also increases.

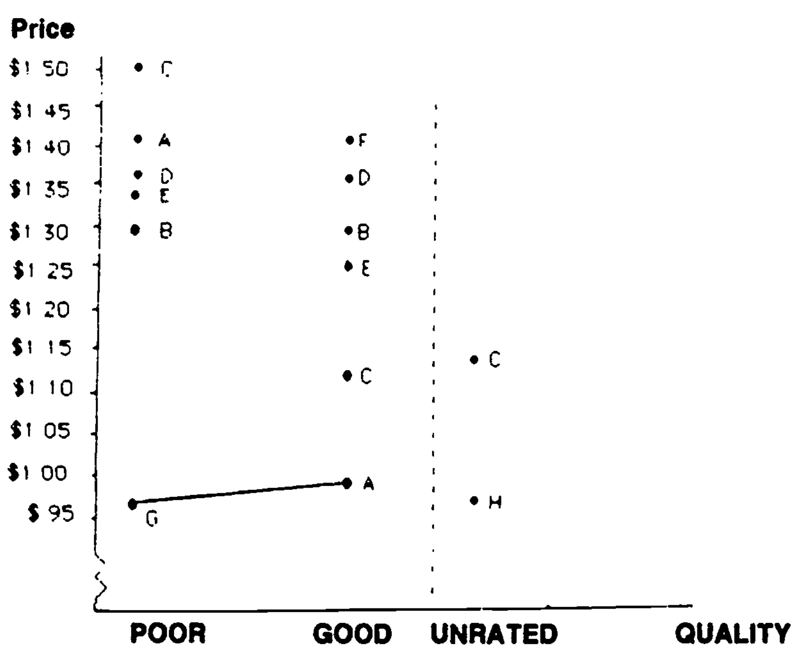

Figure 2 Price and Quality in a local Market. Chunk Light Tuna in Water (6½ oz.)

Consider Figure 3. The price dispersion index for brands of French dressing rated as good was 2.22. For brands at that quality level, the highest price $1.09) was over twice as large as the lowest price ($.49). Moreover, the perfect information frontier, line CN, should more correctly be termed an "imperfect" information frontier since it has a negative slope, indicating that as quality increases, price *decreases*. Obviously, in such a market search has positive rewards. The guideline, "price is an indicator of quality" would only lead the consumer astray.

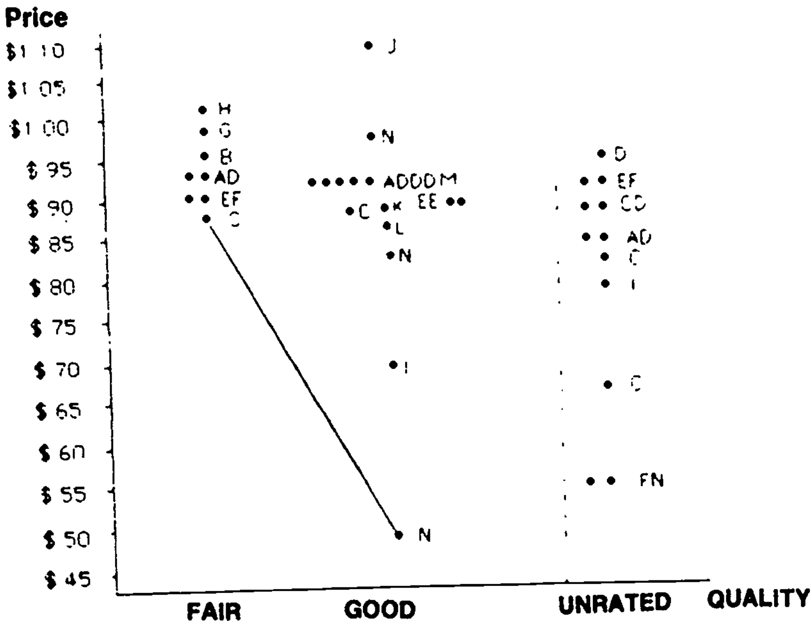

Figure 3 Price and Quality in a Local Market French Dressing

A third example is shown in Figure 4 which presents prices collected for walkaround stereos at seven different retailers in a local market. Prices are again measured on the vertical axis. There are, however, three important differences between Figure 4 and the two previous examples. First, unlike the two food products used earlier, in its rating of walkaround stereos Consumer Reports [8] used quality scores (ranging from 37 to 73) rather than placing varieties (brand/model specifications; e.g., Sony Walkman MG16D) in quality groups. Second, the various points (A-J) on the perfect information frontier represent ten specific varieties of walkaround stereos rather than retailers as in the previous examples. Finally, mail order retailers (indicated by "xx" in Figure 4) were also included in the market for this product.

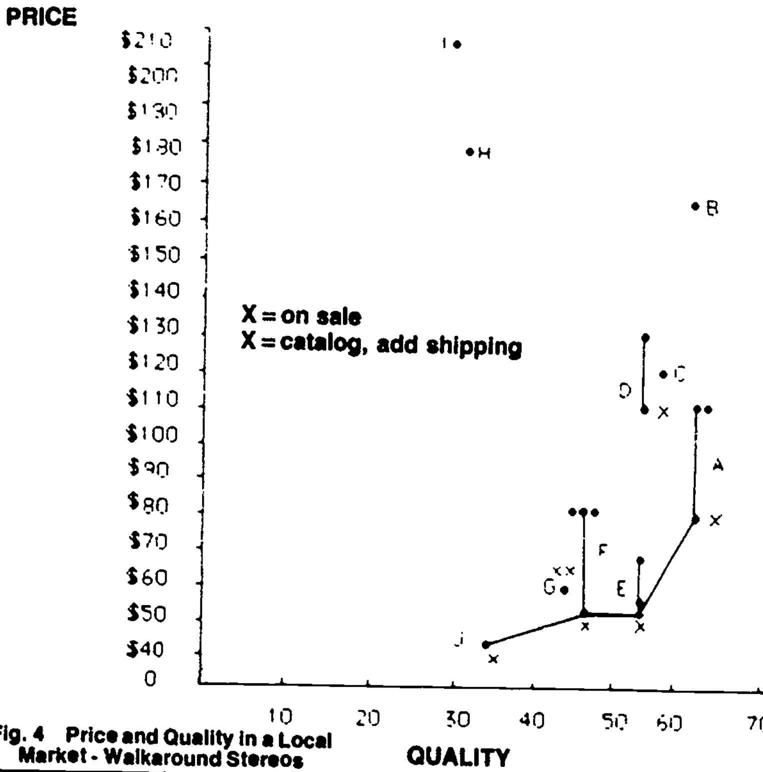

Fig. 4 Price and Quality in a Local Market - Walkaround Stereos

The data for walkaround stereos can be used in several ways to illustrate the payoffs to search for this product. For example:

1. Variety I, at $210, is approximately(*) the same quality as Variety J at $45, a price difference of $165.
2. Variety H at $180 is approximately the same quality as variety G at $60, a price difference of $120.
3. A consumer could pay $169 for Variety B or obtain the same quality by purchasing Variety A — at either $110 or $79. The consumer who finds Variety A at $79 would obtain the same quality at less than one-half the price as if s/he had purchased Variety B.
4. Variety F could be purchased for $80 at three retailers or at a sale price of $59 (indicated by "x" in Figure 4) from a fourth retailer.

(*See Footnote on Page 15.)

CONSTRUCTING A PERFECT INFORMATION FRONTIER

Constructing a perfect information frontier using data collected from a local market is an interesting learning activity that can be used to teach a variety of concepts. Below are listed the necessary steps along with discussion topics that may accompany each stage.

1. Selection of a product: Maynes [4, p. 53] defines a product as "a set of goods or services which, for an acceptable range of outlay, will, in the consumer's judgment, serve the same general purpose." Thus defining the product involves not only specifying characteristics (e.g. a 19 inch color television) but also excluding those products priced above the upper price limit most consumers would set for the product. Additionally, the product chosen may be one offered at different quality levels, as were the examples used earlier in this article, or the quality may be constant. An interesting discussion can arise in attempting to identify products for which all varieties sold are approximately the same quality; however, aspirin and notebook paper are two examples on which agreement may be reached. As a final note, choosing a product which students purchase (such as walkaround stereos) obviously heightens interest.
2. Compiling *Consumer Reports* ratings: If a quality variable product is chosen, the next step is to locate the most recent product ratings. Because ratings often become rapidly outdated, choosing a product rated within the last three months is wise. At this point, a discussion of the evaluation process used by Consumer's Union in developing ratings would be more appropriate. Additionally, limitations of the ratings (e.g., the exclusion of seller characteristics and differences between characteristics considered important by Consumer's Union and those important to individual consumers) could be discussed.
3. Definition of the market: Once a product has been selected, the next step is to identify "the set of sellers the consumer might consider if s/he possessed accurate information about sellers, brands, prices, and quality." [4, p. 55] Defining the market may involve determining whether to include sellers in outlying areas, neighboring towns, and mail order sellers. A discussion of the time costs of search activities would be highly relevant in determining the scope of sellers to be included in the market.
4. Data collection: Students could be assigned to groups, with each group given a list of the brands (and model numbers, if appropriate) under consideration. Each group

could then be given the responsibility to collect data from a subset of sellers in the local market.

5. Construction of the perfect information frontier: At this point, the data needed to draw a perfect information frontier should be available. The examples provided earlier in this article for quality variable products should be useful. If a quality constant product is used, all prices would be plotted on a single vertical line.
6. Discussion: Discussion could center around a number of issues including those outlined in the following questions:
   a. What conditions may explain a low correlation between price and quality? Possibilities might include the omission of important product characteristics and/or seller characteristics from the *Consumer Reports* ratings as well as consumer ignorance.
   b. Why might a consumer who is knowledgeable about the market still purchase a variety above the perfect information frontier? Discussion could focus on the fact that some consumers might value characteristics not included by *Consumer Reports* in their ratings or that some consumers may weight characteristics differently than did the *Consumer Reports* staff.
   c. Do the findings negate any rules of thumb that consumers generally use in shopping? Guidelines such as "price is an indicator of quality" and "you get what you pay for" may be analyzed.

Generally, the perfect information frontier is a tool that can be used to heighten students' interest in an important topic, comparison shopping.

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FOOTNOTE

Consumer Reports [8] indicates that differences in quality scores of seven or less should be considered insignificant.

PURCHASING A HOME COMPUTER: IS THE INFORMATION WHERE IT IS NEEDED?

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Four out of ten households in America plan on purchasing a home computer in the next five years[1]. These families need information about computers to make well-informed purchase choices, but where is this information? Without highly available and utilizable information, consumers can become frustrated and unsatisfied during the purchase process. This frustration can result in the consumers not completing their plans to buy or result in their making an unsatisfying purchase.

One point at which confusion begins when purchasing a computer is not knowing the terminology nor the concepts of computer usage. The buyer may actually ask, "what is a home computer?" A home computer is defined simply as any computer to be used primarily in the home costing between $50 and $1000. This basic computer can be expanded to include peripherals such as a monitor, matrix printer and disc drives for an approximate cost of $2500.

The relatively affordable cost of a home computer is one of the reasons they are becoming a common household item. As Bill Grubb, president of Imagic, a software manufacturing company, aptly states "consumers view a home computer as a necessary and desireable appliance"[2]. As computers continue to evolve into an average household appliance, an increasing number of people will need accurate, comprehendable information regarding home computer purchasing. This paper evaluates common periodicals as an information source for consumers purchasing a home computer.

INFORMATION SEARCH

People shopping for a computer are confronted with an overwhelming number of options in home computers. Today's market has numerous types of computers available, each with their own advantages and disadvantages. In order for consumers to maximize their satisfaction they must be able to purchase the computer that best fits their households needs and wants. To do this, the consumer will seek information concerning home computers. How mass market buyers use information to make purchasing decisions has been examined by various researchers. Having information available enables the consumers to feel more confident in their choices and more satisfied with their purchasing decisions[3].

Consumers interested in buying a home computer are likely to search for purchasing information. This is prompted by the tendency of people to engage in information search activities when they lack prior knowledge of a product's specific attributes or of the necessary purchasing procedure[4]. Computers are a relatively new product for the mass market buyer and, thus, many buyers lack the prior knowledge needed to make a good purchasing decision. People also search for purchasing information when the information is easy to obtain and utilize. Often a main stumbling block for consumers is locating useful purchasing information.

PROBLEM STATEMENT AND PROCEDURES

Common Periodicals as a Resource

Consumers frequently turn to independent literature sources when trying to locate purchasing information[5]. Many types of independent literature are currently available to consumers, although some sources are more accessible than others. For the purpose of this paper a highly accessible independent literature source is focused upon: commonly read periodicals. One can hypothesize that consumers will look for information in commonly read periodicals because such periodicals are very accessible, familiar and written in lay terminology. Although these magazines are not the only independent literature sources utilized by the consumer, they are very likely to be the first consulted.

Methodology

A list of the most widely circulated periodicals in America was obtained from *The World Almanac and Book of Facts 1984*. From this list the top fourteen periodicals were chosen to be evaluated as an information source. All issues from January 1981 to March 1984 were examined for 1) articles on computers in general, 2) articles on purchasing a home computer, and 3) the content quality of the articles regarding the purchasing of home computers.

Using the *Consumer Report* September 1983 article entitled "Special Section: Computers" a content list of information needed by a potential computer buyer was made. Using this list as a guideline a rating instrument was developed. The instrument contained 21 informative points which a potential buyer should know. Each of the computer articles was then rated using the instrument. Rating values were as follows: 0 = no mention, 1 = mentioned but not informative, 3 = point discussed in depth. When each article was evaluated the point values were summed to obtain an overall score for each periodical. Using these summations it was possible to rank the periodicals relative to one another.

Table 1. EVALUATION OF COMPUTER ARTICLE CONTENT FOUND IN COMMON PERIODICALS

Content Areas	Reader's Digest	McCall's	Time	Woman's Day	Good Housekeeping	Ladies' Home Journal	Better Homes and Gardens	Playboy
List of computer components	1	1	0	3	3	3	3	3
Describe each computer component	0	0	3	0	3	1	3	3

Table 1.
(Continued)

Content Areas	Reader's Digest	McCall's	Time	Woman's Day	Good Housekeeping	Ladies' Home Journal	Better Homes and Gardens	Playboy
Discuss memory size and importance	0	1	1	1	3	3	3	3
Explain how a computer works	0	1	0	0	3	1	3	3
What home computers can do for a family	3	1	3	3	3	3	3	3
Address computer friendliness	0	1	0	1	0	3	3	3
Computer vocabulary list	0	0	0	0	0	1	0	1
Explain how computers are priced	3	1	0	0	3	3	3	1
Cost of computer systems	1	1	0	3	3	3	3	3
Range of computer choices: price and ability	0	0	0	3	1	3	3	3
Review of computers on the market	0	0	0	1	0	0	3	3
Explanation of hardware versus software	1	1	3	3	3	3	3	3
Software availability and limitations	0	1	3	3	0	1	3	3
Types of keyboard	0	0	0	0	0	1	0	1
Types of program storage	0	1	0	0	1	1	3	3
Types of displays	0	0	0	0	1	1	1	3
Types of printers	0	0	0	0	1	1	0	3
Options in peripherals	0	0	0	0	0	3	1	1
Advice on where to buy computers	0	0	0	0	0	0	1	0
Shopping caveats	0	1	1	1	3	1	3	3
Futurizing: market and prices	0	1	1	0	0	0	0	3

Table 1. (Continued)

	Reader's Digest	McCall's	Time	Woman's Day	Good Housekeeping	Ladies' Home Journal	Better Homes and Gardens	Playboy
TOTAL 63 points possible	9	12	15	22	31	36	45	52

(Note: 0 = no mention of content, 1 = content presented in an uninformative manner, 3 = content discussed in depth.)

FINDINGS AND CONCLUSIONS

When the articles on purchasing a home computer were evaluated, it was determined that only two of the eight periodicals contained highly informative articles about computers. *Playboy* and *Better Homes and Gardens* had the most complete computer articles. These two publications discussed 14 to 16 of the 21 information points in depth, providing their readers with a comprehensive overview of the subject.

In order for any of the computer articles to be useful to consumers they must be easy for consumers to obtain. These periodicals can usually be found on grocery store magazine racks, in libraries or by subscription; thus, they are relatively simple to locate. However, locating the articles may be more difficult. Many of the articles were not advertised on the cover of the periodical. Even if a consumer is looking for information about purchasing a home computer, scanning the cover of the periodical will not alert the buyer that a relevant article is contained inside.

Another problem in utilizing common periodicals arises because the best purchasing articles were in *Playboy* magazine. It may be that even if consumers know these computer articles exist, people will be inhibited in purchasing the magazine due to the magazine's general subject matter. Therefore, a major portion of the population may avoid this information source. Also important to consider is the potential damage an incomplete article may do to a purchasing decision. For instance, the *McCall's* article on purchasing a home computer mentions many important points, but it is done in a quick surface analysis that may leave the reader confused.

If we consider the commonly read periodicals to be one of the first literature sources that consumers read, then it would be useful for the consumers to have information about other independent literature sources. Only two of the eight articles provided the consumer with the names of other literature materials that would aid the reader in an information search. Providing reference sources is an area that could use improvement in the articles.

Overall, commonly read periodicals do not provide the information that consumers need to make a rational, well-informed home computer purchasing decision. Many consumers will likely examine these periodicals for computer purchasing information initially in their information search. Unfortunately, they generally will not find the comprehensive, understandable information that they need.

IMPLICATIONS FOR CONSUMER EDUCATORS

Consumers tend to utilize information sources with which they are familiar. Due to the general lack of quality information in common periodicals, students need to be aware of other information sources with useful product information. Consumer educators may want also to emphasize to students the importance of using more than one information source to obtain complete and unbiased information when making a major purchase.

A lesson plan focusing upon the practical problem of locating quality product information could be developed by a consumer educator for use in the classroom. In this lesson the student could compare the quality of the computer product information in common periodicals versus information in technical computer magazines. This type of comparison would illustrate the value of extending an information search beyond a single source.

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RETIREMENT PLANNING EDUCATION: WHAT DO PEOPLE WANT TO KNOW? WHEN DO THEY WANT TO KNOW IT?

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Demographic and economic trends indicate a growing need for retirement planning education. By 2000, one out of seven persons in the U.S. will be 65 or over. By 2025, nearly one out of five will be 65 or over, compared to one out of 9 in the 1980s. Economically, Social Security and other retirement income source will be strained by this growing proportion of elderly. Private savings which now accounts for 21 percent of retirement income for persons 65 and over, will become an even more important source of income in the future [6]. Adult consumer educators are becoming increasingly aware of the need for retirement planning education. Careful planning will be of great importance in helping individuals to maintain a satisfactory lifestyle in retirement and in helping society and the economy to support families and households. Yet, research studies indicate that people are not making realistic projections when it comes to income needs and consumption in retirement [1, 2].

For consumer educators, the questions which naturally arise are: What do people want to know about retirement and retirement planning? When is the best time to reach them with this information? The objective of this study was to address these questions.

THE SURVEY

Data was collected from a sample of New York State employees who were offered an early retirement incentive in spring, 1983. Twenty-six thousand workers age 55 and over who were vested in the New York State Employees Retirement System (NYSERS) were offered for a limited time a three-year service credit incentive to retire early; 8000 accepted. A sample of 4000 of the 26,000 was drawn; 1500 of these were persons who accepted the incentive and 2500 were persons who did not accept the incentive and continued to work.

Questionnaires were mailed in September, 1983, 3 months after the close of the incentive period. Responses were received from approximately 43 percent of the sample. In all, there were 1627 usable responses. Among other things, respondents were asked whether they had attended a retirement planning workshop or seminar and what retirement planning information they would like to have. (A more detailed description of the questionnaire, sampling technique and descriptive data can be found in [3]).

RESULTS

Seventeen percent of the sample had attended a retirement planning workshop or seminar (Table 1). Retirees were more likely to have attended a retirement planning workshop than workers. Similarly, persons 65 and over were more likely to have attended than those under 65 and women were more likely to have attended than men. These rather low participation rates might indicate that people are not really interested in receiving information on retirement planning. Yet, when asked specifically about their retirement information needs, a different picture emerged.

Table 1. Retirement Information Needs

				Age			Sex	
	Total Sample	Workers	Retirees	Under 60	60-64	65 & Over	Male	Female
Attended Retirement Planning Seminar or Workshop	17%	11%	27%***	13%	21%	23%***	15%	19%**
Want more information on:								
—Financial Planning	77	84	66***	82	74	66***	78	76
—Developing leisure activities	33	32	35	31	35	38**	32	35
—Adjusting to new lifestyles	37	38	36	38	35	40	38	37
—Housing choices	25	29	19***	27	23	21**	23	27*

*Chi square significant at .10.
**Chi square significant at .05.
***Chi square significant at .0001. 22

Over three-fourths (77 percent) of the respondents indicated a desire for more information on financial planning. Nearly two-fifths (37 percent) wanted information on adjusting to new lifestyles; one-third wanted information on developing leisure activities, and one-fourth wanted information on housing choices. Other information requested by persons in this sample included the topics of health insurance (mentioned by 16%), opportunities for postretirement work (13%), places to live once retired (weather, cost of living, etc.) (11%), Social Security information (7%), travel opportunities (5%), volunteer opportunities (5%), and estate planning (5%).

Higher proportions of workers than retirees wanted information on financial planning and housing choices. In a similar vein, higher proportions of persons under 60 requested information on financial planning and housing choices. A higher proportion of persons 65 and over (versus under 65) were interested in more information on developing leisure activities. Long-range planning may not be as critical here as it is for financial planning and housing considerations.

A slightly higher proportion of women (versus men) were interested in more information on housing choices. Since women in this study were more likely to be non-married (widowed, single, or divorced), they may be facing different housing situations than the men and thus believe they need more help in making housing choices.

IMPLICATIONS

Clearly, consumers seem to need and/or want more information on retirement planning than they have at present. Such information is available from a wide variety of sources. Personnel offices and pension administrators often have information on pensions and retirement benefits. The American Association of Retired Persons (AARP) has numerous publications to help people plan their retirement. County Cooperative Extension Services have information on financial management, housing, and human development to address some of the needs indicated in this study. Local Offices on Aging may also have pertinent retirement planning information for consumers.

However, judging from the low attendance at retirement planning workshops/seminars, there seems to be a problem in bringing together the information and the consumers, and adult consumer educators face an interesting challenge in delivering retirement planning information. The results of the survey imply that targeting specific retirement planning topics to certain age segments may be helpful. Thus, information on financial planning and housing decision making can be specifically targeted to persons in their preretirement years. Information on leisure activities may be more appropriately targeted to persons already retired.

In addition to targeting by age group, it would seem important to make retirement planning information as accessible as possible. This may involve working with employers and personnel offices to arrange for "lunch and learn" or "brown bag" classes at the workplace. Some employers may be willing to grant release time (time off work) to attend on-site retirement planning classes.

Another way to make information accessible is to provide home-study materials, such as fact sheets or pamphlets and worksheets or workbooks. Home study materials could be coupled with evening or weekend classes to answer questions and to provide feedback to participants.

Retirement planning education is a very real need for most consumers. Consumer educators are in a unique position to provide pertinent, impartial and important information to help consumers plan for a satisfying retirement lifestyle.

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HOUSING — ARE WE TEACHING DREAMS OR NIGHTMARES?

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The dream of many American students is to one day live in and own a conventional single family detached house. The possession of a conventional single family detached house has long been a social status requirement found among Americans[1,2]. In our society a family's quality of life and economic well-being is measured by the type of housing in which the family lives. The norm states that living in rental housing, particularly large scale multifamily structures, or mobile homes occurs only on a temporary basis or for long term only among low-income groups[2,3].

However, the combination of these housing norms, inflationary land prices and construction costs, increased mortgage rates, and the lack of mortgage funds are turning this dream into a nightmare. Today many middle-income families cannot afford a conventional single family detached house without sacrificing other basic family needs such as food, clothing and health care. The standard conventional single family house in 1984 sold for $84,000 which with current interest rates resulted in a monthly household income ratio for middle-income families of 3:2.

Normally, as part of most school curricula, home economics and consumer studies teachers have been teaching about selecting, financing and maintaining family housing. In housing lessons the topics discussed involve how to inspect a house for energy efficiency or water drainage before buying, how to apply for a mortgage, how to understand housing terminology used in contracts, and how to close on a purchase. Sometimes, how to read a lease or your rights as a tenant are discussed. Yet, if discussion turns to renting vs. buying, frequently buying emerges as the best choice.

And what about the housing teaching materials used in the classroom? How often are pictures of apartment complexes, townhouses and duplexes included? Or what about illustrations of alternative houses such as manufactured homes, geodesic domes, or earth-sheltered housing? Are they visuals which depict these alternatives in pleasant, inviting settings or as examples of houses facing zoning problems?

Maybe as teachers we should ask ourselves: "Are we helping students obtain their dream or are we contributing to their housing nightmare? Are we supporting the social norm of ownership of a conventionally single family detached house and discouraging the seeking of viable housing alternatives?"

HOUSING CURRICULUM AND ATTITUDE STUDY

In May 1981, a mail survey was conducted to examine what aspects of housing teachers were emphasizing in their classes. The sample consisted of Arizona home economics and consumer studies teachers, each who had taught housing.

Two hundred forty-six teachers responded, providing a 71% response rate and representing one-third of all the state's home economics and consumer studies teachers.

The teachers were given a set of housing items which could be taught in the secondary classroom and asked to rank the importance of teaching each item in their alloted class time. The teachers were also asked their opinions about various types of housing and those opinions compared with how the teachers presented various housing items in their lessons.

FINDINGS

1. Seventy percent believed teaching about buying a conventional single family detached house was more important than teaching about buying other forms of housing such as apartments or townhouses. Only 27% thought that cooperative or condominium investing was an important topic to discuss.
2. Seventy percent believed teaching about the advantages of buying a conventional single family detached house was most important, while 30% believed the disadvantages should be stressed.
3. The importance of teaching about the advantages and disadvantages of renting was split 49% to 46%, respectively.
4. Teachers with negative attitudes toward multifamily housing allocated little or no time for discussing multifamily housing options in their classroom.
5. Fifty-five percent of the teachers believed that the housing structure in which one lives affects that person's behavior and the teachers reflected that belief in their teaching.

IMPLICATIONS FOR THE CLASSROOM

The results of this study indicate that teachers may not be conscious that they are contributing to the housing nightmare. As teachers we may be teaching housing social norms which not only are economically unattainable in today's society, but also norms which contribute to psychological stress.

As home economics and consumer studies teachers, it is necessary that we take a closer look at what we are teaching about housing. Are we sending silent, bias messages to our students?

Teachers need to review materials which they are using in their classroom. How often is a multifamily housing structure pictured in the teaching materials? How often do class discussions focus only on negative aspects of apartment living? When speakers are invited into the classroom are builders and managers of apartments, condominiums and mobile home parks included? If field trips are scheduled are only conventional single family detached houses and construction sites visited? Finally, are successful people who live in townhouses, duplexes, or apartments ever interviewed by the students?

These are questions which teachers need to be asking as they prepare their housing lessons. If as teachers we are not addressing housing alternatives sought and lived in by all social classes, then we are contributing to the students' psychological stress related to housing that today's and tomorrow's families may suffer if they cannot obtain that American Dream — owning a conventional single family detached house.

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ILLINOIS CONSUMER EDUCATION ASSOCIATION

HISTORY AND PURPOSE

The Illinois Consumer Education Association, the first state consumer education association nationwide, was organized in 1973 to expand consumer education and foster professional growth in the teaching of consumer education at all levels. ICEA will strengthen the implementation of Senate Bill 977, passed in 1967 and amended in 1975, 1977, and 1979, which states:

> "Pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in the area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices, and an understanding of the roles of consumers interacting with agriculture, business, labor unions, and government in formulating and achieving the goals of the mixed free enterprise system."

PUBLICATIONS

The Illinois Consumer Educator, the official newsletter for ICEA, is published 3 times a year (usually in September, December, and May). This publication updates Illinois teachers on state and national events and provides a forum for teaching ideas as well as a review of selected course materials.

The Illinois Journal of Consumer Education is an annual publication. This journal consists of articles, research summaries, book reviews, and other features designed to improve consumer education teaching.

ANNUAL CONFERENCE

The Annual Statewide Conference is a major activity sponsored by ICEA. This three-day meeting in February affords you the opportunity to hear important speakers in the area of consumerism and to exchange methods of teaching with teachers of many disciplines. A wealth of resource material is also available for review.

WORKSHOPS

Statewide fall workshops are provided on selected consumer education topics to assist teachers at all educational levels. These programs are held at various locations throughout the state.

NETWORK SYSTEM

A statewide system has been organized to improve services to ICEA members on a regional basis. Increased membership involvement and communication are the objectives of the network system.

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GROCERY SHOPPING STRATEGIES: CONSUMERS' CHOICES AND SELECTION CRITERIA

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Economic theory [1] suggests consumers select a shopping strategy by balancing the expected return and cost. The goal is to select a strategy or strategies for which the return is equal to or greater than the cost. The objective costs of implementing a strategy include transportation and the value of the shopper's time. Subjective costs may also result if the consumer dislikes shopping. The return from a strategy is primarily monetary savings although subjective benefits may be realized if the consumer also enjoys shopping.

In discussing grocery shopping strategies, consumer educators frequently focus on monetary savings and often recommend unit pricing since it results in the largest money savings when correctly implemented [4]. Yet unit pricing is only one of many grocery shopping strategies a consumer may choose. Buying generics and/or store brands, buying larger sizes, and coupon clipping are three other strategies that have received considerable attention. Various studies have indicated that consumers believe generics and store brands to be lower in price as well as in quality than brand name items [8, 9, 11]. Whether coupons result in net monetary savings to consumers as a class [13] and factors affecting coupon redemption rates [12] are topics that have also been investigated. Cude and Walker [3], Widrick [15, 16], and Nason and Bitta [10] have all examined the monetary savings possible from a strategy assuming that larger sizes are less expensive than smaller sizes.

Consumer educators [2, 5, 13, 14] have recently begun to place more emphasis on the time cost of a strategy as an important selection criteria for consumers. The value of time spent in using a strategy depends on how efficiently the consumer implements the strategy as well as on his or her perception of the benefits lost by using that time in shopping rather than in other activities. Yet potential differences in methods used by consumers are often ignored as an element affecting time costs. For example, unit pricing is widely accepted as a time-intensive strategy. However, buying the largest size and buying sale items are generally considered time-saving strategies. Yet the time intensity of either strategy depends on how it is implemented. If the consumer simply scans the shelf and/or store circular and picks up an item on sale, implementation time is relatively brief. However, is the consumer buys a sale item after first comparing its price to those of some or all other options, the amount of time required for implementation may be comparable to that needed to unit price.

It was the primary purpose of this research to investigate grocery shopping strategies selected by consumers and the method of implementation. A second purpose was to identify factors related to consumers' choice of strategies.

METHODOLOGY

A survey instrument developed by the author was mailed to 600 respondents along with a self-addressed stamped envelope in April 1985. The sample was randomly selected from a telephone directory containing residential listings for four counties in southern Illinois. An accompanying letter asked that the person in the household who was primarily responsible for grocery shopping complete the questionnaire. A follow-up letter was mailed one week after the initial mailing.

Of the 600 surveys originally mailed, 123 were returned completed. An additional 22 were not deliverable and 18 were returned with incomplete responses.

RESULTS

Nearly one-fourth of the respondents were male and just over one-third of the total were unmarried. (See Table 1.) All age groups were fairly equally represented. Nearly one-half (47 percent) were employed, and 42 percent were the principal wage earner in their household. Education levels were relatively high with 54 percent having completed at least some college work. Only 23 percent had completed a consumer education course at any level in their education. Nearly one-half of the respondents lived in rural communities with populations ranging from 500 to 9,999. Household incomes were fairly equally distributed; 21 percent had an annual income of less than $10,000 and 24 percent earned $40,000 or more per year.

Table 1. Demographic Characteristics of the Respondents

Variables	n	Percent
Sex (n = 119)		
Male	29	24%
Female	90	76

Marital Status (n=119)	n	Percent
Single, widowed, divorced	43	36
Married	76	64
Age (n=118)		
24 and under	12	10
25 to 34	34	29
35 to 50	24	20
51 to 64	20	17
65 and over	28	24
Employment Status (n=120)		
Employed	56	47
Full time homemaker	29	24
Unemployed, retired, disabled	35	29
Education (n=121)		
Less than high school	20	16
Completed high school	36	30
Completed college courses	26	21
Four year degree	14	12
Completed graduate work/degree	25	21
Residence (N=120)		
Farm, rural area	26	22
Community, pop. 500-9999	58	48
Community, pop. 10,000 or more	36	30
Household income (n=114)		
Less than $10,000	24	21
$10,000 to $19,999	24	21
$20,000 to $29,999	23	20
$30,000 to $39,999	16	14
$40,000 or more	27	24

The survey included a list of 13 shopping strategies. Respondents were asked to indicate how frequently (not at all, a few shopping trips, during most shopping trips) they had used each strategy during the past month. As shown in Table 2, strategies used during most shopping trips by 40 percent or more of the respondents were clipping and using coupons (43 percent), reading and comparing store ads prior to shopping (46 percent), comparing posted unit prices (70 percent), and buying large sizes (41 percent) and sale items (66 percent) after comparing prices to other alternatives. Only 6 percent of the sample indicated that they bought large sizes without comparing prices, while 14 percent bought sale items without first making price comparisons.

Table 2. Grocery Shopping Strategies Selected by Respondents.

Strategy	Used During Most Shopping Trips n	Percent
GROUP I		
Clips and uses coupons	53	43%
Calculates unit prices when not posted	36	31
Reads and compares store ads prior to shopping	56	46
Reads store ads while shopping	44	35
Compares posted united prices	83	70
After comparing prices buys:		
Generics/stores brands	44	36
Large sizes	49	41
Sale items	79	66
GROUP II		
Without comparing prices buys:		
Generics/store brands	19	16
Large sizes	7	6
Small sizes	3	2
Sale items	16	14
Brand name items	36	30

N = 123

The strategies in Table 2 are divided into two groups. Group I, which consists of the first eight strategies listed, was judged by the author to include strategies that required more time for implementation than those in Group II. Respondents were classified based on how frequently they indicated use of strategies from the two groups. Group I respondents were those who used five or more of the Group I strategies during most shopping trips but seldom employed strategies in Group II. Group II respondents include those who indicated they primarily used strategies from Group II or those who generally used a relatively equal combination of strategies from both groups.

Chi-square analyses were used to identify variables which were significantly related to the respondents' choice of Group I or Group II strategies. The variables analyzed are listed in Tables 3 and 4.

Table 3. Variables Significantly Related to Choice of Shopping Strategy.

Variables	Shopping Strategies Group I n	%	Group II n	%	Chi-Square Statistic
Grocery Shopping Attitude (n = 103)					7.86*
Enjoys	24	51.1%	23	48.9%	
Neutral	13	36.1	23	63.9	
Dislikes	3	15.0	17	85.0	
Time Spent Shopping Per Week (n = 98)					91.6*
One hour or less	7	21.2	26	78.8	
One to three hours	12	63.2	7	36.8	
Three hours or more	19	41.3	27	58.7	
Principal Wage Earner (n = 95)					6.87*
Yes	9	22.5	31	77.5	
No	27	49.1	28	50.9	

*Significant at the .025 level.

Three categories of variables were examined for a significant relationship to strategy choice: knowledge and attitude, shopping characteristics, and demographics. The variable assessing attitude toward grocery shopping was significantly related to the class of strategies chosen. (See Table 3.) As might be expected, shoppers using the more time intensive Group I strategies were less likely to dislike shopping or to be neutral in attitude. Only 15 percent of those who disliked grocery shopping used Group I strategies.

Table 4. Results of Chi Square Analyses of Choice of Strategy by Selected Variables.

Variables	Chi-Square Statistic
Knowledge of Unit Pricing (n = 107)	0.195
Number of Stores Where Usually Shop (n = 107)	0.47
Frequency of Shopping Trips (n = 106)	3.33
Uses a Written Shopping List (n = 106)	0.30
Weekly Grocery Expenditures (n = 100)	3.60
Other Household Members Shop (n = 04)	0.31
Sex (n = 109)	1.21
Marital Status (n = 105)	4.94
Age (n = 104)	0.13
Employment Status (n = 107)	0.17

Education (n = 106)	1.01
Consumer Education course (n = 105)	0.19
Residence (n = 106)	0.77
Annual Household income (n = 93)	4.31

Knowledge of unit pricing was a variable computed from responses to two questions, one involving the use of unit price tags and one requiring computation of unit prices. This variable was not significantly related to the strategy choice. (See Table 4.)

Six variables describing grocery shopping characteristics were included in the analyses: number of stores usually patronized, frequency of shopping, time spent in grocery shopping per week, weekly grocery expenditures, whether other persons in the family shared responsibility for grocery shopping, and whether the respondent made a written grocery list. Only time spent shopping per week was significantly related to the choice of strategies. Of those who shopped one hour or less per week, over three-fourths (78.8 percent) used the less time intensive Group II strategies.

The final nine variables included in the analyses were demographic characteristics: sex, marital status, age, employment status, status as principal wage earner, education level, consumer education, residence, and annual income. Whether the respondent was the principal wage earner was the only one of the nine demographic variables significantly related to strategy choice. Only 22.5 percent of those who were principal wage earners used the more time intensive strategies compared to 49.1 percent of those who were secondary earners or unemployed. This finding is consistent with the notion that individuals consider the value of their time in choosing a strategy. One would expect an individual who is the principal wage earner in a household to value time spent in shopping at a higher rate than one who is a secondary or non-earner and thus to adopt strategies requiring a smaller time commitment.

SUMMARY, LIMITATIONS, AND SUGGESTED LEARNING ACTIVITIES

The implications of this study are limited due to the small sample size. Additionally, respondents were primarily rural with above average education and income. Nevertheless, the results indicate that consumers do use a variety of strategies in most shopping trips and that strategies may be implemented in more than one way. For example, 36 percent of the respondents indicated that on most shopping trips they bought generics/store brands *after* comparing prices to other items. In contrast, 16 percent bought generics/store brands *without* comparing prices to other items. Additionally, although the sex of the respondent was not significantly related to the choice of strategies, this study is noteworthy in that nearly one-fourth of the respondents were male. With few exceptions [6, 7], the primary focus in the past has been on women as food shoppers.

The findings highlight the importance of consumer educators assisting students in developing individualized shopping strategies. While an educational unit on selecting a shopping strategy would logically begin with an explanation of the use of unit pricing, students should learn about the advantages and disadvantages of other strategies as well as alternative ways they can be implemented. Students could then be encouraged to develop a set of individualized strategies, each of which may be used for different products in a single shopping trip. For a more realistic presentation, attitudes about grocery shopping and the value placed on shopping time should be emphasized as important criteria for selecting shopping strategies. In a more advanced unit, attention could be directed to helping students determine an efficient tradeoff between time spent in comparative shopping and monetary savings. (See [4] for additional teaching suggestions.)

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MITE - MAKE INTEREST TEACHING EASY WITH CENTS-IBLE INTEREST

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Interest rates involve an abstraction - percentages - which often block student learning. The thesis of this paper is that by expressing interest rates in *Cents per $100 per Day,* interest rates can be readily comprehended and used by students. Furthermore, students, once confident of this daily rate concept, and move on to a proper understanding of annualized formats of the nominal Annual Percentage Rate (APR) and the hypothetical Annual Percentage Yield (APY).

Cents-ible Interest [1] expresses the rate of interest in *cents* (which most students can count) *per $100 units* (which most students can identify with *per Day* (which is universally 24 hours). Hence, the components of this rate expression are commonly used and are like the posted gasoline pump prices or unit prices of cereals and detergents in the supermarket. In fact, *Centsible Interest* would bring into the world of finance unit pricing which has been successfully used in the consumer market.

The underlying assumption is that money has a time price, usually referred to as the "Time Value of Money". Traditionally, the time unit has been the year and rates are expressed *per annum* or *per year.* Here the time unit is a *day* or *per diem.* Since a year's length is variously interpreted as 336, 348, 360, 362, 364, 365, 366, 368, 372 and 365 1/4, the *per annum* concept presents tremendous problems for teachers and students which the day unit avoids. The meaning of a day needs no interpretation. Furthermore, if it is assumed that persons expect all their money in savings to earn interest every day, then the daily rate is sufficient. The only rate they need to know is the daily rate.

The daily rate, which is usually 1/365ths of the annual rate, could be difficult to understand merely because it is so small, involving long decimal places. However, by multiplying the daily percentage rate by 100, or its decimal rate equivalent by 10,000, to read in *Cents per $100,* the problem disappears. For example, 10% per annum is .027397 per diem or 2.7397¢ per $100. And the calculation of one day's interest is simply the *Cents-ible Interest* factor times the principal divided by 10,000. So interest earnings on $1,000 for one day at

10% would be \$1,000.00 x 2.739¢ ÷ 10,00 = \$0.2739 or 27¢. Calculations using the traditional formula of I = Prt would be: \$1,000.00 x (10 ÷ 100) x (1 ÷ 365).

Teachers, sufficiently familiar with interest rate concepts, may consider translating annual rates into daily rates and vice versa a simple exercise. The relationship is so obvious, one might question whether the daily rate is necessary. Annual rates are so common, one might question whether daily rates might be confusing to students.

To test whether students would make better comparative decisions between rates expressed in *Cents-ible Interest* terms and traditional terms, a test consisting of paired choices was developed and administered to over 2,000 students by instructors in 20 states. (Note: A copy of the test used may be obtained from the author at 2429 Lookout Drive, Manhattan, KS 66502.)

Students' choices between rates expressed in Cents per \$100 per Day were correct 97 over 90 percent of the one higher than the percent identifying daily to be preferrable to monthly compounding. Furthermore, the certainty score was highest for the answers given to the *Cents-ible Interest* comparisons. Thus, students not only made correct choices more fequently but had greater confidence in making those choices. The answers to the other questions posing comparisons in traditional terms were less than 50 percent; that is, not as high as would be obtained by chance selection.

A second part of the test challenged students' abilities to calculate the amount of interest that would be paid; only 25 percent answered correctly. However, 86 percent were correct in figuring interest with the rate expressed in Cents per \$100. Teachers need not devote much, if any, teaching time to Cents per \$100 for use in teaching shopping for interest. They could concentrate their efforts on teaching the effects of compounding and how to calculate interest over time. The immediate acceptability of the *Cents per \$100 per Day* form of interest rates demonstrates that with relatively little effort on the part of teachers, interest can be made sensible and useful.

The annualization of the daily rate to an APR (Annual Percentage Rate) is achieved by multiplying by 3.65. [Cents-ible Interest x 365 ÷ 100]. The concept of earning interest on accrued interest can easily be demonstrated, day by day, or by applying the standard formula for future value: $FV = PV(1 + r)^n$ where n term is the number of days and the r term is the daily rate in decimals or ¢/10,000. So the interest for two days is 5.4801¢ which is slightly more than 5.4794¢, which is 2 x 2.7397¢. Perhaps a simpler example would be to start with 2¢ a day and show how $10,000 would earn $2.00 the first day and $2.0004 the second day...to $757.23 in 365 days. Thus, 2¢ can be translated to 7.30% APY (Annual Percentage Yield).

The teacher with a Texas Instrument BA-35 (which retails for less than $20 or on sale for less than $15) can demonstrate the simplicity of interest, using *Cents-ible Interest.* Also, *Check Your Interest* tables [2] provide a multitude of tables for testing one's skills in computing interest for various numbers of days. Such inexpensive calculators eliminate the need for arduous calculations. The better students and teachers, of course, will insist on knowing the built-in algebraic formulae.

In summary, *Cents-ible Interest* holds promise of making interest approachable, understandable and useful to a larger number of students, with less effort and frustration for teachers. *Cents-ible Interest* will "Make Interest-Teaching Easy".

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CONSUMER COMPLAINT LETTERS: RESPONSES BY ORGANIZATIONS

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Consumer advocates and consumer educators encourage individuals to seek redress for unsatisfactory service and poor product performance. The need for consumers to take the initiative in their own interest has increased as a result of reduced governmental protection and deregulation. Effective consumer complaint resolution has implications for consumer welfare, marketing management, and market efficiency.

Do organizations respond to consumers who take the initiative, speak in their own behalf, and seek redress? Do respondents vary in the type and size of organization which they represent? Do organizations vary in the time and form of response? Do organizations resolve complaints? Are organizational responses related to the writing of complaint letters by consumers in the future?

PURPOSE

The purposes of the study were to analyze organizational responses to consumer complaint letters and determine consumer intent when writing complaint letters. The term "complaint" was defined as consumer dissatisfaction expressed in writing to a party capable of responding. Emphasis was placed on the step in the complaint process which involved an organization's response to the complaint. Organizations included manufacturers, wholesalers and retailers, and government bodies.

Organization responses to consumer letters were tabulated as to response rate, form, and time as well as complaint resolution. Form of response was examined for relationships with product cost and characteristics of the organizations including type and size of organization and job title of the respondent. Future contact with organizations for redress was also studied; determining whether the consumer would again seek to resolve a complaint by writing a letter.

PROCEDURES

College students in a consumer economics class wrote letters to express dissatisfaction with a good or service and to seek redress for the problem. Three hundred and fifty-three letters were written by individual students regarding actual problems that they, a friend, or a relative had experienced. Each letter was individually written in the student's personal style, incorporating suggestions from a class discussion of effective complaint procedures. The letters were mailed to the organizations; and students anxiously awaited a response.

The use of individualized letters on actual complaints allowed for examination of the situation that consumers actually experience when seeking redress. Other studies have attempted to determine response to consumer complaints using fabricated complaints sent to a random sample of companies.

The methodology of following an organization's response to an actual complaint letter was chosen to avoid the self-report biases identified by Landon [3]. Results of cons ner complaint behavior can be biased if not documented in a timely manner. A time lapse between complaint-response and data collection would allow time for selective retention and unreliable recall regarding complaint communication.

Students completed a questionnaire regarding the complaint procedures, organization's response, complaint resolution, and other background information. Response time for organizations was limited to a college semester, and no attempt was made to follow-up on letters received after that time limit.

Business organizations were classified as to type and sales volume using business directories and other sources. If information about the organization was not available, missing values were assigned.

FINDINGS

Organizations responded to 74 percent of the complaint letters. Type of organization and business sales volume were significantly related to receipt of a response. Manufacturers and large businesses (sales volume over one billion dollars) were more likely to respond than not respond. National retailers, local retailers, and businesses with small sales volume (less than one million dollars) were more likely to not respond. Only cases receiving organization responses were analyzed further for response time, response form, and complaint resolution.

RESPONSE TIME

Mean time for receipt of a response was 19 days. Twenty-eight percent of the responses were received within 10 days and an additional 60 percent in the next 11 days. Thus, a total of 88 percent of the responses were received within three weeks of writing the letter. The remaining 22 percent of responses took longer than three weeks to arrive. Type of organization was significantly related to response time as shown in Table 1. Manufacturers were slower to respond than would be expected and government bodies faster to respond than expected. Business sales volume was not significantly related to response time.

Table 1. Response Time[a] by Organizational Characteristics[b] and Product Cost[c].

Characteristics	10 days or less n (E)[d]	11 days-3 weeks n (E)	more than 3 weeks n (E)	Total n	Chi Square Values
Type of Organization					
Manufacturer	27 (38.2)	59 (56.1)	56 (47.7)	142	
Wholesaler	5 (4.3)	7 (6.3)	4 (5.4)	16	
National Retailer	7 (8.6)	14 (11.9)	9 (10.1)	30	
Local Retailer	11 (7.5)	9 (3.6)	8 (9.4)	28	
Government & Education	18 (9.9)	11 (14.6)	8 (12.4)	37	17.24**
Total	68	100	85	253	
Title of Respondent					
Consumer Affairs	20 (31.9)	47 (42.5)	46 (38.6)	113	
Manager[e]	10 (6.8)	7 (9.0)	7 (8.2)	24	
Owner/President	14 (8.7)	9 (11.7)	8 (10.6)	31	
Marketing[f]	6 (7.6)	12 (10.2)	9 (9.2)	27	
Miscellaneous[g]	16 (11.0)	13 (14.7)	10 (13.3)	39	16.86**
Total	66	88	80	234	
Cost in Dollars					
No Charge[h]	9 (5.7)	6 (8.2)	6 (7.4)	21	
.01 thru 1.00	5. (7.0)	10 (10.2)	11 (8.8)	26	
1.01 thru 5.00	18 (22.9)	34 (33.2)	33 (28.9)	85	
5.01 thru 20.00	16 (17.3)	26 (25.0)	22 (21.8)	64	
20.01 thru 100.00	10 (9.7)	18 (14.1)	8 (12.2)	36	
100.01 thru 8,000.00	11 (6.5)	6 (9.4)	7 (8.2)	24	12.77**
Total	69	100	87	256	

a Length of time for receipt of organizational response in days
b Includes only organizations that sent responses
c Includes goods and services
d Expected cell frequency calculated from marginal totals

[e] Includes department or regional manager
[f] Includes public relations and sales product managers
[g] Includes quality control, product specialist, personnel
[h] Includes goods and services that would be difficult to value.

The title of the organization respondent was significantly ($p < .05$) related to response time as shown in Table 1. Consumer affairs professionals were slower to respond than expected while managers and owners/presidents were faster to respond than expected. Product cost was significantly related to the organization's response time as shown in Table 1.

Form of Response

The majority of organization responses (67 percent) were by letter. Almost 16 percent of the responses were by telephone calls and 12 percent were by sending a coupon or replacement product unaccompanied by a letter.

Table 2. Type of Response by Organizational Characteristics[a] and Product Cost[b]

Characteristics (n)	Letter Response n (%)	Other Response n (%)	Total n (%)	Chi Square Values
Type of Organization (252)				
Manufacturer	116 (68.6)	25 (30.1)	141 (56.0)	
Wholesaler	8 (4.7)	8 (9.6)	16 (6.3)	
National Retailer	16 (9.5)	14 (16.9)	30 (11.9)	
Local Retailer	7 (4.1)	21 (25.3)	28 (11.1)	
Government & Education	22 (13.0	15 (18.1)	37 (14.7)	42.83***
Business Sales Volume (annual) (192)				
<$1 million	8 (6.3)	16 (25.0)	24 (12.5)	
$1 million to $1 billion	49 (38.3)	23 (35.9)	72 (37.5)	
>$1 billion	71 (55.5)	25 (39.1	96 (50.0)	14.36***
Title of Respondent (234)				
Consumer Affairs	98 (59.0)	15 (22.1)	113 (48.3)	

Manager[c]	16 (9.6)	8 (11.8)	24 (10.3)	
Owner/President	16 (9.6)	15 (22.1)	31 (13.2	
Marketing[d]	15 (9.0)	12 (17.6)	27 (11.5	
Miscellaneous[e]	21 (12.7)	18 (26.5)	39 (16.7)	28.12*
Cost in Dollars (255)				
No Charge[f]	10 (5.8)	11 (13.1)	21 (8.2)	
.01 thru 1.00	16 (9.4)	10 (11.9)	26 (10.2)	
1.01 thru 5.00	62 (36.3)	23 (27.4)	85 (33.3)	
5.01 thru 20.00	47 (27.5)	16 (19.0)	63 (24.7)	
20.01 thru 100.00	24 (14.0)	12 (14.3)	36 (14.1)	
100.01 thru 8000.00	12 (7.0)	12 (14.3)	24 (9.4)	10.07*

a Includes only organizations that sent response
b Includes goods and services
c Includes department or regional managers
d Includes public relations and sales product managers
e Includes quality control, product specialist, personnel
f Includes goods and services that would be difficult to value. (e.g. television program.)

***p◄.001
* p►.10

Form of response was compared to organizational characteristics as reported in Table 2. Response forms included two groups: letters and all other types of responses. There was a significant different in response form for types of organizations. Manufacturers were 38.5 percent more likely to send a letter than use any other response form. Local retailers were 21.2 percent more likely to respond to the complaint using some means other than a letter.

A significant difference was found between form of response and sales volume of the business (Table 2). Organizations with less than one million dollars in sales were 18.7 percent more likely to use nonletter than letter responses. Businesses selling over one billion dollars were 16.4 percent more likely to use nonletter than letter responses.

Form of organization response varied with title of that organization's respondent as reported in Table 2. Consumers affairs personnel were 36.9 percent more likely to send a letter compared with a nonletter response. Yet, other categories of respondents were not as oriented towards letter writing. An owner/president was 12.5 percent more likely to respond with something other than a letter. The miscellaneous category which included quality control, product specialist, and personnel respondents were 13.8 percent more likely to send a response other than a letter. Response form was weakly related to product cost as shown in Table 2.

COMPLAINT RESOLUTION

Rate of complaint resolution was also determined. Seventy-one percent of consumers receiving responses indicated that the organization had resolved the complaint. Another 20 percent were uncertain that their complaint with the organization was resolved and nine percent felt that the complaint was not resolved by the organization.

CONSUMER ACTIVISM

Participants in the study were also asked if, as a result of participating in the project, they would again write a complaint letter. Eighty-two percent of the participants would seek redress by writing a letter to an organization. Intent to write future letters was not significantly related to receipt of a response, length of wait for the response, or complaint resolution.

CONCLUSIONS AND IMPLICATIONS

Responses to 353 consumer complaint letters in the present study indicate that organizations do respond to consumer complaint letters, but some are more responsive than others. A majority of the organizations did respond; however, one-fourth of the letters did not receive a response. Organizations who did not respond to the letters might consider establishing procedures for responding to consumer complaints. A similar implication was noted in the Goodman, Frainer, and Megna Study [2] which recommended that complaint-handling be given higher priority, that the benefits be stressed, and that more cost effective methods be employed. Companies that identify, acknowledge, and manage complaints could maintain and increase consumer loyalty, which was less costly than attracting new customers.

Most organizations responded to the consumer's complaint within three weeks. However, only 28 percent of the responses were received within 10 days and 22 percent took longer than three weeks.

It would appear that many organizations do not give an immediate response to consumer complaints as was suggested by Ryan and Martinson [4]. Organization characteristics which were associated with quicker response time were government bodies, owners/presidents, and managers. However, manufacturers and consumer affairs staffs responded at a slower rate than expected. Business sales volume was not signficantly related to response time.

Organizational responses were predominantly letters sent to consumers. Manufacturers were more likely to respond using letters, but local retailers were likely to find another means to respond. Close to one-third of the organizations viewed telephoning and/or sending a coupon or replacement product as an acceptable way to respond.

It appeared that organizations who responded resolved nearly-three-fourths of the complaints, which is similar the Better Business Bureau settlement rate [1]. This finding that one-fourth of the complaints were not resolved suggests that those organizations with complaint-handling procedures need to upgrade those procedures.

Eighty-two percent of the students stated that they would again write letters regardless of receiving a response, length of time for response, or complaint resolution. This may imply that students who wrote the letters learned their consumer rights and are also likely to take responsibility for seeking those rights. Hence, letter writing as an initial means of seeking consumer redress is a worthwhile venture and an appropriate use of instructional time.

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UTILITIES, POLITICS, AND CONSUMER WELL-BEING

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Consumers are increasingly concerned and confused about utility rate regulation. Increases in electric power rates, the breakup of AT&T, and so on, have given rise to a new wave of political activity by consumers and, subsequently, their political leaders. Indeed, this previously mundane matter of utility rate regulation has moved into the political limelight, for better or worse.

Although there is currently much discussion about fighting utility rate increases, the key consumer issue revolves around the ability of utilities to provide efficient (low-cost) service over the long-run. This paper shall briefly review some of the issues regarding electric power rates and the AT&T divestiture in light of the long-run interest of consumers; particular attention will be given to Illinois.

THE CONSUMER'S INTEREST

In a competitive market, prices tend to reflect the marginal cost of production. This implies that consumer well-being is maximized since the last dollar that consumers are willing to spend on a product equals the last dollar producers expend in producing the product. Thus, the demands of consumers are met by producers at the most economical cost (and price).

In a monopolistic market, prices may exceed marginal cost. Thus, producers may earn above-normal profits and consumers pay a price above production costs. For this reason, monopolies such as the OPEC oil cartel are adverse to the well-being of consumers.

In the case of utilities, prices are regulated by the government. It is in the consumer's interest that the regulated utility price reflects the marginal cost of production as in a competitive market. If utility rates are above the incremental cost of production, they will not reflect consumer demands. Thus, as in the case of a monopoly, the utility will earn excess profits and consumer well-being will be reduced.

The well-being of consumers will also not be served by rates that are below costs. In this case, shortages will eventually occur because an adequate incentive is not provided to meet consumer demands.

Although efficient prices (based on marginal production costs) generally serve the consumer's interest, they may not ensure that low-income consumers have access to the product. Similarly, competitive prices for cars and foreign vacations are usually prohibitive for the poor.

To the extent that society wishes to ensure that low-income consumers have access to electric power, and telephone service there are several alternatives. The most efficient means of helping the poor is simply by redistributing income to them. Thus, they would have the ability to purchase the products of utilities if they choose to do so. Similarly, income could be transferred to the poor for the particular purpose of paying utility bills.

A less efficient means of helping the poor is to charge them rates below the marginal cost of production. This means that other utility users have to pay rates that exceed the marginal cost of production. To the extent that the tax on non-poor consumers is minimal, this may not be a problem. However, as the level of redistribution increases, the economic well-being of non-poor consumers will decline since they will be taxed to subsidize the poor. In addition, the subsequent higher utility rates will be adverse to industrial development, since business will generally be taxed as well. Also, if the rates to the poor are at very low levels, this will encourage waste.

CURRENT ISSUES

Two of the most important issues, at the present, in the utility arena are the AT&T breakup and power rate increases. The AT&T divestiture is the product of a suit brought against them in 1974 by the Department of Justice for restricting competition. In 1982, and agreement was reached between AT&T and the Department of Justice to divest AT&T of its 22 local Bell operating companies.

One of the economic reasons for the AT&T divestiture was that AT&T had been taxing long-distance users to subsidize local calls. It has been estimated that long-distance rates were 60 percent above the marginal cost of long-distance calls [3]. Thus, the concept of efficient pricing was being grossly violated.

With competition in the long-distance market, rates thus stand to fall quite a bit. However, consumers will pay an increased cost of making local calls. Consumers will have to pay for the demands they make on the system just as consumers pay for the demands they make on grocery stores, car dealers, and so on. Thus, the breakup of

AT&T is in the consumer's interest, since the end product will be more efficient prices.

Although the average consumer should gain from the AT&T breakup, consumers who infrequently make long-distance calls may be less well off, since they will have to pay more for local service. To a large extent, this is how it should be since there is little justification for redistributing from long-distance users to local users. In fact, data indicate that long-distance users are not necessarily richer than local users [3]. Thus, taxing long-distance users cannot be justified on the basis that they are economically better off.

Since 1940, the percent of families with telephones increased from 37 percent to 92 percent. Without the subsidy to local users, the number would have been 87 percent [3]. Thus, access to phone service in the United States would be almost universal without a subsidy. However, many are worried about a severe decline in access to phone service unless it is subsidized. At most, phone service would become unaffordable for some five percent of the population. To the extent that society would like to maintain service to this five percent, alternatives to a 60 percent tax on long-distance rates are available. In California, a four percent tax on long-distance calls is levied to help the poor pay their bills. Thus, a reduction in the long-distance tax does not mean that access to service has to decline.

The case of electric power is probably more complex. During the 1950s and 1960s, there was substantial gains in productivity in this industry [1]. The productivity advances thus put downward pressure on power rates. Between 1961 and 1965, power rates actually declined in the U.S. [1]. Thus, utilities rarely had to go to regulatory commissions for rate hike requests.

Also during this period, power rates tended to be based on the value of service rather than the marginal cost of service. Thus, power was not efficiently priced since some users of power paid either more or less than its marginal cost [1]. This was the case in Illinois in the past, although this practice (called cross-subsidization) is no longer permitted.

During the 1970s, the position of power companies changed dramatically. Productivity improvements declined; the price of energy increased dramatically; prices, in general, increased substantially; the economy declined; and so on. This brought about requests for higher rates so that costs could be covered. The issue is even more complex, since higher rates have been requested to pay for what might turn out to be bad investments by power companies. In the private sector, prices automatically increased to reflect the higher costs of oil, housing, food, and so on. But, utilities cannot increase prices without government action.

In Illinois, consumers are very well aware of higher power rates. As in the case of telephone services, the consumer's well-being will best be served if power rates reflect marginal costs and are high enough to attract adequate capital into the industry. If rates are too low, the rate of investment in power will simply decline and consumers will subsequently experience a decline in service. This point has been overlooked in most debates on power. The reality is that normal rates of return on stock in power companies typical in the 1950s and 1960s, declined to subnormal returns during the 1970s. Thus, experts predict substantial shortages of power in the future because of inadequate investment now [1].

CURRENT POLITICS

As noted at the outset, utilities have become the grist for the political mill. In Illinois, most major office holders and would-be office holders seem to have taken a position on utilities. Their position is usually quite simple: keep the rates low.

Consumer groups are increasingly active in utility matters. One important group that has been established in Illinois this past year is the Citizens Utility Board (CUB). To date, this group has over 125,000 members and is permitted to solicit members and funds via the utility rate billing process.

This past year, CUB has opposed increases in power rates and is increasingly vocal on the AT&T breakup, CUB's position is quite simple, as well: keep the rates down and let the stockholders pay for bad decisions. Another major force is industry; and it is interesting to note that even though industry is the major power user in Illinois, they have generally supported rate increases.

To a large extent, citizen groups and politicians have very little appreciation for efficient utility prices. Politicians push for lower prices to win votes and consumers push for lower prices because they perceive they will be better off. Although it may seem somewhat ironic, business groups may be the most important political promoters of the consumer's interest, since industry has to have efficient prices to compete successfully with firms elsewhere.

The experiences of many low-income countries have proven that when prices are the product of political pressures, the consumer ultimately is hurt. This is particularly true in the case of food in the developing world. Urban consumers demand low food prices and their political leaders respond by regulating food prices below what the market would determine. The problem that evolves is that farmers do not supply enough food because of the low prices. The by-products of this are food shortages and hunger.

One position is that politicians and interest groups should ensure that the government has the capacity to regulate utilities efficiently. In Illinois, the Illinois Commerce Commission (ICC) is charged with this task. Studies indicate that they have not had the staff to do the best possible job [2]. Thus, investments in ICC are quite important if utility rate regulation is to be efficient. Once again, the long-run interest of the consumer is not necessarily in lower prices, although this may seem to be an attractive option in the short-run.

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EXAMINING ATTITUDES TOWARD CONSUMER ISSUES

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Often students, administrators, and the public assume that consumer education deals only with good buymanship. However, consumer educators strive to assist students in identifying important economic, political and social issues which relate to their role as responsible consumers. Lee [4] argues that consumer educators have the responsibility to include content on values, citizen responsibilities, and our economic system along with consideration of moral issues in our curriculum. An effective approach to illustrating the broad range of issues encompassed by consumer education is to administer an attitude survey at the beginning of the course and use the results to initiate discussion of pertinent issues.

PROBLEM STATEMENT AND PROCEDURES

Because previous research [2, 3, 5, 6] has shown that consumers, consumer advocates, and business representatives often disagree on consumer issues, there existed a need for an instrument for assessing attitudes toward these issues. The purpose of developing a consumer issues scale was to provide a useful research and teaching tool for measuring attitudes toward enduring consumer issues.

In view of these concerns the specific objectives of this study were:

1. to develop a consumer issues attitude scale,
2. to establish the internal consistency reliability and the criterion related validity of the scores on the instrument, and
3. to determine whether consumer advocates, business representatives and consumers held different views on these issues.

The first step was to identify significant consumer concepts central to the consumer interest. Thus, a description framework of the consumer interest was developed based on a review of literature. The framework consisted of seven categories: Safety and Protection, Choice, Consumer Voice, Information, Redress, Consumer Education, and Public Policy. Content validity of the framework was affirmed by a jury of nine university faculty familiar with the field of consumer education and members of a state consumer education organization.

To develop the attitude scale, 150 issue statements (some adapted from previous studies [2, 3, 5]) were selected. Preliminary analysis using the jury of state consumer education association members reduced this number to 73 for the pilot study. To avoid response bias, approximately half of the preliminary issue statements were worded to reflect a "pro-consumer" viewpoint; agreement with the item would likely reflect an attitude consistent with that of a consumer advocate. The remaining statements were written to reflect a diametrically opposed view. The direction of each statement was subjected to verification in the pilot study. These statements were pretested with a sample of 25 consumer advocates, 55 business representatives, and 100 consumers who ranked the statements as to importance and degree of agreement on two 5-point Likert scales. Scores on each item ranged from one-to-five points for importance and for agreement. The rating scale for agreement was reversed for negatively phrased statements.

Group membership was the criterion used to evaluate the validity of the scores on each statement. Crosstabulation of responses to the agreement scale with group membership and the chi square test of independence were used to evaluate the criterion related validity of the scores on the subscales. Data were analyzed using Pearson product moment correlation coefficients, one way analysis of variance, plotting of the item reliability indexes, and Cronbach's alpha. Items that were not contributing to internal consistency reliability and criterion related validity or that had low importance ratings were revised or eliminated from the instrument.

The revised instrument consisted of 51 issue statements and a 5-point Likert scale for expressing the strength of agreement with each statement. Final data were collected from a convenience sample of 101 consumer advocates representing each state and the District of Columbia, 150 business representatives who were corporate officers of a random sample of Fortune 500 companies, and a random sample of 250 consumers living in a northeastern state.

RESULTS AND DISCUSSION

The overall response rate was 61.1%. Pearson subscale to total score correlations for the 51 items ranged from .72 to .94. Alpha values for the seven subscales ranged from .45 to .93. Item analysis revealed that two issue statements did not contribute to the reliability and validity of the subscale scores and were deleted from the instrument. The final version of the Consumer Issues Attitude Inventory consisted of 49 statements.

A one way ANOVA revealed significant differences (.05 level) between pairs of group means on all seven subscales. The Scheffe test indicated that all three groups were different in their attitudes on the Choice, Consumer Voice, Redress, and Consumer Education subscales. Mean scores of advocates differed from those of consumers on the Safety and Protection, Information, and Public Policy subscales. The business representatives had the lowest mean scores on each subscale while consumer advocates had the highest mean scores on all subscales except Information. Consumers scored highest on Information but the difference in mean scores compared with advocates was not significant at the .05 level.

Mean scores of business representatives differed from advocates on all seven subscales, thus confirming the criterion related validity of the scores on the subscales. The same relationship among group mean scores also held true for total scores on the attitude scale. Based on a scoring system of 1-5 for each statement, the mean total scores were: consumer advocates 3.91, consumers 3.70, and business representatives 2.51.

No clear relationships were evident between mean attitude scores of the consumer group based on sex or age. However, the scores of high income consumers ($40,000 or more) differed from those of low and moderate income consumers. Mean attitude scores of consumers were related to education; persons with a post baccalaureate education expressed attitudes more consistent with those of the business sample.

Not surprisingly, the business respondents expressed strong support for freedom of choice in the marketplace and less government regulation. Advocates and consumers alike strongly supported government's role in protecting consumer health and safety. Consumers and advocates strongly agreed that businesses often to *not* listen to consumers. While the business group overwhemingly disagreed that more consumer protection agencies are needed, advocates and consumers strongly supported the proposal. With respect to redress, advocates expressed the strongest support for more consumer complaint resolution mechanisms while the business group was least supportive of such proposals. Fully one-fourth of the business sample was uncertain whether existing complaint handling procedures were adequate. Advocates and consumers did not agree that it was easy to get consumer complaints resolved. The business group agreed that "consumer education should be substituted for more government regulation," while advocates and consumers were divided on this issue.

SUMMARY AND IMPLICATIONS FOR CONSUMER EDUCATION TEACHERS

To summarize, the business representatives expressed attitudes toward consumer issues which were consistently different from those of consumer advocates and consumers. They were least supportive of activities and policies designed to promote the interests of consumers while advocates were most supportive of such actions. Business executives expressed different attitudes toward energy, environmental and social welfare issues compared to advocates and consumers.

The following conclusions were drawn from this study:

1. The internal consistency reliability of the scores on the Consumer Issues Attitude Inventory was confirmed.
2. The criterion related validity of the scores on the Consumer Issues Attitude Inventory was confirmed.

With respect to the attitudes expressed by the three respondent groups, these conclusions were made:

1. The business respondents were least supportive of actions to promote the consumer interest.
2. The attitudes of consumers were similar to those of advocates on most issues.
3. Of all the categories of the consumer interest, consumers were most concerned with the right to information.
4. Attitudes of the consumers toward consumer issues appeared to be unrelated to sex and age, but may vary with income and educational level.

The Consumer Issues Attitude Inventory (CIAI) can be used to determine the extent of attitude change in a pre- and post-test research design with consumer education classes. The teacher could administer the CIAI at the start of a course to obtain a profile of the students' attitudes and to generate class discussion. By comparing student scores to mean the scores of the three reference groups, the teacher can assess the general attitudes of the class.

Although a specific objective of consumer education should not be to change the attitudes of the students [1], evidence of such change at the end of a course might be interpreted to indicate that students were challenged to examine the opinions they had when they started the class. Bonnice [1] cautions that attempts to change student attitudes should be approached carefully. "It is not the role of the consumer educator to engage in brainwashing or to espouse a particular point of view." According to Bonnice, "one of the goals of an effective consumer education program is to encourage students to explore all sides of an issue."

Teachers could use the CIAI in its 49 item, 7 subscale form or administer selected subscales. While the issue statements were designed to represent enduring issues that would not become dated quickly, teachers might select a few current topics and write issue statements of their own. Students could develop statements based on the model of the CIAI to focus on issues most salient to them. Like the CIAI, the instrument should be designed with an approximately even split between positive and negative statements.

Students could use the instrument to solicit opinions from fellow students, community leaders, business executives and legislators. By sharing the results of a consumer attitude survey with key decision makers, the students could convey their ideas on issues to persons with the power to initiate change.

Educators working with adult groups could adapt these suggestions to suit their objectives. Such groups are often concerned with improving situations in the local community. By developing and administering a consumer issue survey geared to local needs, recommendations could be offered to public officials and consumer action groups. Results could be disseminated through the local media and students could be encouraged to write news articles and press releases to share their findings.

The value of the CIAI and any surveys based on this model is in encouraging discussion of differing viewpoints. Such an instrument would be an appropriate way to introduce students to the study of different economic ideologies. By comparing their responses to those of the consumer advocates, business representatives and consumers, each student can develop a frame of reference for examining their own economic ideology.

The value of the CIAI for the teacher is in having access to a model instrument where the reliability and validity of the scores have been established. The objective of the teacher should not be to influence the attitudes of the students toward a particular point of view, but to challenge the students to examine their own attitudes and the basis for them.

Copies of the survey instrument are available from the author, Department of Home Economics and Consumer Education, Utah State University, Logan, UT 84322.

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CONSUMER BOOKSHELF

Selected reference titles for consumer educators

THE BANK BOOK: How to Get the Most for Your Banking Dollars, Consumer Federation of America, Suite 604, 1424 - 16th St., NW, Washington, DC 20036.

TEST AND PROTEST: The Influence of Consumers Union, Norman Isaac Silber, Holmes & Meier Publishing.

INFLUENCE: Science and Practice, Robert B. Cildini, Scott, Foresman and Company, 1900 E. Lake, Glenview, IL 60025.

MUTUAL FUND FACT BOOK, Investment Company Institute, 1600 M Street, NW, Washington, DC 20036.

ADVERTISING AND THE AMERICAN DREAM, Roland Marchand, University of California Press, 1095 Essex Street, Richmond, CA 94801.

THE FUTURE OF CONSUMERISM, Paul N. Bloom and Ruth Belk Smith, Lexington Books, 125 Spring St., Lexington, MA 02173.

THE CAR BOOK, Center for Auto Safety, 2001 S St., NW, Washington, DC 20009.

MONEY AND YOUR CHILDREN: Suggestions for Parents, Fred E. Waddell, Genesis Press, Box 66929, Baton Rouge, LA 70896.

WHO TO TRUST WITH YOUR MONEY, John Barnes, William Morrow and Co., 105 Madison Ave., New York, NY 10016.

NINETY DAYS TO FINANCIAL FITNESS, Don & Joan German, Macmillian Publishing Co., 866 Third Ave., New York, NY 10022.

FINANCIAL PLANNING FOR THE HANDICAPPED, Don P. Holdren, Charles C. Thomas, Publisher, 2600 South First St., Springfield, IL 62717.

MANAGING YOUR MONEY WITH YOUR IBM PC, Amihai Glazer, Prentice-Hall, Inc., Englewood Cliffs, NJ 07632.

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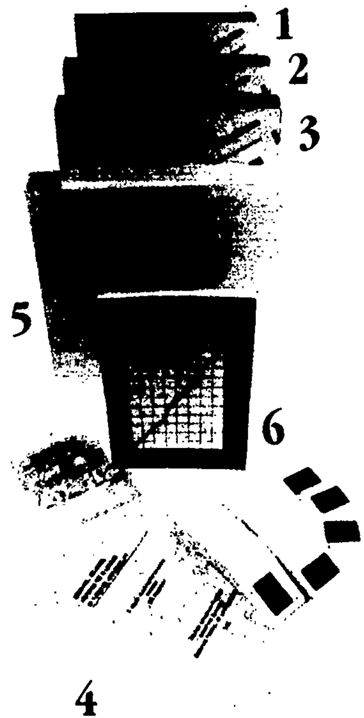

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ILLINOIS CONSUMER EDUCATION ASSOCIATION

HISTORY AND PURPOSE

The Illinois Consumer Education Association, the first state consumer education association nationwide, was organized in 1973 to expand consumer education and foster professional growth in the teaching of consumer education at all levels. ICEA will strengthen the implementation of Senate Bill 977, passed in 1967 and amended in 1975, 1977, and 1979, which states:

> "Pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in ther area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices, and an understanding of the roles of consumers interacting with agriculture, business, labor unions, and government in formulating and achieving the goals of the mixed free enterprise system."

PUBLICATIONS

The Illinois Consumer Educator, the official newsletter for ICEA, is published 3 times a year (usually in September, December, and May). This publication updates Illinois teachers on state and national events and provides a forum for teaching ideas as well as a review of selected course materials.

The Journal of Consumer Education is an annual publication. This journal consists of articles, research summaries, book reviews, and other features designed to improve consumer education teaching.

ANNUAL CONFERENCE

The Annual Statewide Conference is a major activity sponsored by ICEA. This three-day meeting in February affords you the opportunity to hear important speakers in the area of consumerism and to exchange methods of teaching with teachers of many disciplines. A wealth of resource material is also available for review.

WORKSHOPS

Statewide fall workshops are provided on selected consumer education topics to assist teachers at all educational levels. These programs are held at various locations throughout the state.

NETWORK SYSTEM

A statewide system has been organized to improve services to ICEA members on a regional basis. Increased membership involvement and communication are the objectives of the network system.

CHERIE KERTZ
ICEA Membership Chairperson

THE JOURNAL OF CONSUMER EDUCATION

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KNOTTY PROBLEMS IN CONSUMER EDUCATION

Ajay Bhasin, Mary F. Copeland, Roger Dickinson, Scott Painton
University of Texas at Arlington

Four problems which focus on consumer needs and problems that have often not been appropriately covered in consumer behavior courses are:

1. the development of appropriate strategies and systems of purchase by consumers,
2. the evaluation of the recreational value of shopping,
3. the examination of potential strategies that could be pursued by groups, and
4. the appreciation of the impact on society of consumers' economic votes.

While coverage of these problems may vary in emphasis across curricula (consumer science, home economics, psychology, sociology, marketing, textiles and merchandising departments), taken together the consideration of these subjects should increase students' awareness of the manifold impact of firms' actions on society; influence students to become more efficient consumers; and improve students' abilities to understand the behavior of consumers.

Purchase Systems

Studies indicate substantial differences in prices charged for products and services by various retail outlets in the same geographic area at one point in time [2]. These differences suggest that consumers would benefit by developing patterns/strategies that reflect their specific needs and relevant utilities weighted against the costs of particular kinds of shopping and travel strategies [6;4].

A purchasing system does not dictate the adoption of a "buy the cheapest" strategy. The objective of obtaining the best "value" does not establish quality standards. Consumers should evaluate purchases as a cost-benefit tradeoff in regard to individual standards of product/service quality. Psychological, social, and other benefits would be expected to vary in importance with each product/service. Two exercises were designed to help students develop relevant purchasing strategies.

Exercise One

The project entails administering a consumer shopping orientation survey to measure the student's predisposition toward shopping, and asking the student to develop a purchasing system which is efficient as well as low cost.

A purchasing system may incorporate a number of complementary shopping/buying strategies, such as:

A. Scheduling store visits as a by-product of other travel (e.g., to and from work; doctor visits).

B. Only shopping discount stores or mainly discounters along with sales at other relevant retail outlets as they occur.

C. Shopping several stores (3 or more) tracking sales and unadvertised specials.

D. Taking advantage of advertised sales.

E. Using coupons and store handouts of various types.

F. Waiting for seasonal sales, buying on reduced price days (theatre) or hours, days when double couponing is in effect.

Not all strategies apply to all classes of products. The purchasing system is the student's own choice. The system is used for a period of six weeks. During that time, the student should keep records of all purchases on forms appropriate to that activity. At the end of the exercise, the consumer shopping orientation survey (Exercise Two) should be readministered to assess the impact on the student's predisposition toward shopping. Also, the student should provide information on his/her system, the purchase records, and the success of the exercise.

Exercise Two

To measure students' general attitudes toward shopping, one may use five or seven point Likert scales on the dimensions Strongly Disagree/Strongly Agree for statements such as "I shop a lot for specials." Wells and Tigert [16] pretested statements like this on activities, interests, and opinions.

Current shopping behavior can be measured by using five or seven point Likert scales on the dimensions Never/Always for statements concerning purchasing involvement. Slama and Tashcian [13] pretested many statements such as "I often take advantage of coupon offers in the newspapers."

Once the consumer orientation survey is developed, it can be administered before and after the students take part in the shopping purchasing system project. Additional questions that may be pursued regarding the "optimal/best" purchasing system for a consumer include:

A. Should a search process focus on limiting or expanding the number of brand or item alternatives [3; 4]? Everything else being equal, the more items that a purchaser finds acceptable the more likely he/she is to receive a "better buy" from the distribution system. A prime goal in the search may be the elimination of unacceptable alternatives rather than the selection of the most desirable item or brand.

B. What are appropriate costs for storage, discount rates, opportunity costs relevant to a specific consumer and/or groups of consumers?

C. How should consumers compare existing low prices with uncertain (lower or higher) future prices? For instance, should a consumer purchase a $40.00 apparel item reduced to $10.00 or should a consumer anticipate the possibility of a better price later in that retail outlet or elsewhere, or perhaps there will be a "better buy" on a similar item?

D. What is the "optimal" quantity to purchase of specially priced items?

E. Will a consumer's perceived psychological rewards increase over time from shopping for value, such as a night spent at a discount store or at a sale?

F. Should purchase for a specific item be planned? How should "sudden great buys" be integrated into such a system?

Consumer Preferences

Shopping utilities (enjoyment or preferences) are considered to be given, and to remain constant throughout the relevant time frame. Product information search and evaluation costs are often based on two assumptions. First, consumers regard shopping time as an element of cost or negative utility (i.e., consumers do not receive utilities from an outing or from shopping). Second, negative utilities from shopping are assumed to be constant and resistant to change.

But individuals greatly differ in their utilities for shopping. Some consumers enjoy shopping while some derive immense pleasure from bargain hunting [14; 9; 7; 12]. On the other hand, some shoppers have a very high disutility for shopping activities [10]. Given the wide range of satisfaction derived from shopping, a common treatment for all shoppers appears quite inaccurate.

Moreover, utilities can be altered through marketing effort, learning experiences, and social interactions. As a research exercise employed to assess shopping orientation, Bhasin et al. [1] directed subjects to develop "efficient" purchasing strategies. After utilizing these shopping strategies for six weeks, the subjects were readministered the consumer shopping orientation survey. The results demonstrated that subjects did indeed differ on the utilities derived from shopping. Further, utilities changed as a result of the simulated shopping experience.

Results such as these raise issues that are relevant to consumerists concerning the creation of "information seekers" [15], to consumers managing information search and shopping activity, to managers in understanding segmentation and promotional opportunities, and to academicians/regulators/legislators in considering public policy issues regarding social benefits/costs of alternative marketing strategies.

Consumers As Members of Groups

Marketers often treat consumers as environmental elements, close to a state of nature. Consumers are not perceived as participants in game situations but as independent members of society. But would consumer interests be more effectively served if their actions were effectively coordinated?

Currently several groups attempt to influence market offerings to the best interest of members. The American Association of Retired Persons (AARP) intercedes in the market place by offering prescription drugs and various insurances to members. Other groups have tried to change the programs and political orientation of broadcast media while others have organized to more fully take advantage of coupons [11]. Recently some Maryland small businesses coordinated their efforts by using their collective checking accounts as a means of substantially reducing interest rates [5].

At least three important questions are raised with respect to consumers and group action. **First,** is it moral, ethical, or even legal for consumers to formally join in a common cause in order to intercede in a marketing system? For example, might very large groups (citizens of a city, members of a trade union, constituents of a political party) organize and negotiate an agreement with a company to buy only that company's goods under stipulated conditions? And if this action is determined to be unethical or illegal, what criteria will be used to organize such groups? **Second,** should consumer groups structure their organization in order to compete with firms (e.g., consumer and producer cooperatives) or should groups negotiate with existing marketing entities so that the consumers trade off the costs of cooperating entities? Relatedly, why are consumer cooperatives successful in some countries like Sweden, Switzerland, and England, and not in the United States? **Third,** should the social impacts of the groups' actions be a key consideration? For example, should the group consider the impact of its actions on the levels and types of employment? This issue is considered in the next section.

Consumer Voting

Most members of society believe that their political votes should be cast with consideration of a "larger good" and not for selfish reasons. Consumers also vote by their purchases. Economic votes create and maintain trading areas, shopping centers, individual stores, products and so forth. Accordingly consumers create the marketing institutions, products, and services that they vote into and out of existence. However, consumers have not been educated in nonselfish economic voting. Thus in the purchasing process, greed supposedly facilitates a flourishing economy which by its nature is responsive to societal needs. Self-concern (greed) is often thought to be the most efficient course of action in the economic arena. This raises the question of whether or not consumers should use economic voting to influence such areas as current and future prices, the current and future environment, and the current and future lives of others.

Few problems related to consumer voting are simple or obvious in the many subjects that a class might consider [8]. For example, should a wealthy consumer travel on a discount airline if that action is expected to help sustain the discount airline and result in lower prices on all airlines over time? Relatedly, should a wealthy consumer purchase one of the few seats offered at low prices by "higher priced" airlines? Shoud a consumer buy a prestigious though highly energy inefficient automobile? These issues' complexities defy simple answers.

Conclusion

Shopping strategies can be developed and implemented to improve or change consumer shopping utilities. Group alternatives can be considered, as can the alternative of considering the impact of economic votes.

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A SHORT TEST OF CONSUMER DECISION-MAKING STYLES

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Consumer educators have a need for methods to characterize the particular decision-making styles that individuals use when making purchases. This can help us understand the varied approaches consumers use, educate consumers on the decision-making approaches they pursue, and develop educational and informational strategies that improve these approaches.

Background and Statement of the Problem

A **consumer decision-making style** is defined as a mental orientation characterizing a consumer's approach to making consumer choices. A consumer's style has cognitive and affective characteristics, for example quality consciousness and fashion consciousness. In essence, it is a basic consumer personality, analagous to the concept of personality in psychology.

Our problem was to develop a short, yet relatively complete instrument which would measure fundamental characteristics of consumer decision-making styles. Previous literature suggested a variety of approaches might be used, for example the psychographic and lifestyle approach to consumer choices, the consumer typology approach, and the consumer characteristics approach [1,2,5,7,8, 9,10]. Similarly, consumer economics literature also identifies fundamental consumer decision-making characteristics [3,4]. That literature focuses on specific consumer acts ranging from rational shopping and quality consciousness to impulsiveness and information overload in decision-making. Thus, the characterization of consumer decision-making styles is multi-faceted, yet the literature does identify fundamental characteristics that are keys to consumer decision-making.

Based on review of the literature, we identified eight characteristics as being among the most basic mental characteristics of consumer decision-making. These were the basis for developing a **Consumer Styles Inventory** [6]. This Inventory measured the following eight characteristics: (1) **Perfectionistic, High Quality Conscious Consumer,** a characteristic measuring the degree to which a consumer searches carefully and systematically for the best quality in products; (2) **Brand Conscious, Price Equals Quality Consumer,** or one measuring a consumer's orientation to buying the more expensive, well-known brands; (3) **Novelty and Fashion Conscious Consumer,** a characteristic identifying consumers who appear to like new and innovative products and gain excitement from seeking out new things; (4) **Recreational and Shopping Conscious Consumer,** a characteristic measuring the extent to which a consumer finds shopping a pleasant activity and shops just for the fun of it; (5) **Price Conscious "Value for Money" Consumer,** a characteristic identifying those with particularly high consciousness of sale prices and lower prices in general; (6) **Impulsive, Careless Consumer,** one identifying those who tend to buy on the spur of the moment and appear unconcerned how much they spend or getting "best buys"; (7) **Confused by Overchoice Consumer,** or those consumers perceiving too many brands and stores from which to choose, experiencing information overload in the market; and (8) **Habitual Brand Loyal Consumer,** a characteristic indicating consumers who have favorite brands and stores, who have formed habits in choosing these repetitively.

Procedure

A **Consumer Styles Inventory** measuring the eight mental characteristics of decision-making was designed. Each characteristic was measured by six Likert scaled items. Items were on a 1 to 5 point scale with ratings of "strongly disagree" to "strongly agree" as end points. The instrument was administered to 482 high school home economics students in 29 classrooms of five high schools in Tucson, Arizona. The high schools included urban, suburban and rural locations and broadly represented the socioeconomic and cultural groups of the area. The results of the test were factor analyzed, and the eight characteristics of consumer decision-making were validated. Details on this are reported elsewhere [6].

The short test which we have developed based on that research uses only the top two items on each factor, which are the best two items measuring each of the consumer style characteristics. Based on the factor analysis results, we constructed the short-form test of the **Consumer Styles Inventory**. The short-form test is shown completely in Exhibit 1, and is a one page test including 16 Likert scaled items.

EXHIBIT 1

YOUR CONSUMER CHOICES

This page contains statements on different interests and priorities some consumers have. Please read each statement, and **circle** the number indicating how much you **agree** or **disagree** with the statement as a **description of you**.

STATEMENTS	STRONGLY DISAGREE	DISAGREE	IN BETWEEN	AGREE	STRONGLY AGREE
1. Getting very good quality is very important to me	1	2	3	4	5
2. The well-known national brands are best for me	1	2	3	4	5
3. I usually have one or more outfits of the very newest style	1	2	3	4	5
4. Shopping is a pleasant activity to me	1	2	3	4	5
5. I buy as much as possible at "sale" prices	1	2	3	4	5
6. I should plan my shopping more carefully than I do	1	2	3	4	5
7. There are so many brands to choose from that often I feel confused	1	2	3	4	5

STATEMENTS	STRONGLY DISAGREE	DISAGREE	IN BETWEEN	AGREE	STRONGLY AGREE
8. I have favorite brands I buy over and over	1	2	3	4	5
9. When it comes to purchasing products, I try to get the very best or perfect choice	1	2	3	4	5
10. The more expensive brands are usually my choices	1	2	3	4	5
11. I keep my wardrobe up-to-date with the changing fashions	1	2	3	4	5
12. Going shopping is one of the enjoyable activities of my life	1	2	3	4	5
13. The lower price products are usually my choice	1	2	3	4	5
14. I am impulsive when shopping	1	2	3	4	5
15. Sometimes it's hard to choose which stores to shop	1	2	3	4	5
16. Once I find a product or brand I like, I stick with it	1	2	3	4	5

This short test assessing the eight consumer decision-making characteristics can be easily administered and scored in a classroom setting. Exhibit 2 shows the method for scoring the test for the eight characteristics. Students should first complete the test independently and then be given the scoring sheet (Exhibit 2). They then simply fill in their answers to each of the 16 questions. For example, to measure the perfectionistic and high quality conscious consumer characteristic, students write in the numbers to questions 1 and 9, and add these together for their total score. The scores range from 2 to 10, thus placing the score on a familiar scale that students can readily understand (note that 0 and 1 responses are purposely left out in order to eliminate the potential negative implications such "low" scores could have to some students).

EXHIBIT 2

CONSUMER DECISION-MAKING STYLES INVENTORY

Scoring Summary

Directions: Add your scores for items on **YOUR CONSUMER CHOICES:**

Perfectionistic Consumer	= 1.____	+ 9.____	=	______
Brand Conscious Consumer	= 2.____	+ 10.____	=	______
Fashion Conscious Consumer	= 3.____	+ 11.____	=	______
Recreational Shopping Conscious Consumer	= 4.____	+ 12.____	=	______
Price-Value Conscious Consumer	= 5.____	+ 13.____	=	______
Impulsive Consumer	= 6.____	+ 14.____	=	______
Confused by Overchoice Consumer	= 7.____	+ 15.____	=	______
Habitual-Brand Loyal Consumer	= 8.____	+ 16.____	=	______

Scoring Interpretation

Scores of 9-10 = You are **HIGH** on this consumer characteristic.

Scores of 6-8 = You are **MODERATE** to **AVERAGE** on this consumer characteristic.

Scores of 2-5 = You are **LOW** on this consumer characteristic.

Students will find these data give them interesting insight into their decision-making styles, and in many cases some surprises and eye-opening may be expected. In general, we consider a score of 9 to 10 to indicate an individual is high on that characteristic; this requires a person to have scored a 5 on at least 1 of the two measures (the highest score on that measure), plus a 4 on the other. Similarly, a moderate or average score would be in the range of 6 to 8, which suggests that an individual agrees to some extent that they possess that characteristic, but not strongly so. Finally, a score of 5 or lower indicates a person is relatively low on that characteristic.

TABLE 1

PERCENT OF STUDENTS SCORING HIGH, MODERATE, AND LOW ON EIGHT CONSUMER DECISION-MAKING CHARACTERISTICS

CONSUMER CHARACTERISTICS	PERCENT SCORING— High (9-10)	Moderate (6-8)	Low (2-5)
Perfectionistic Consumer	31%	63%	6%
Brand Conscious Consumer	11	58	31
Fashion Conscious Consumer	15	57	28
Recreational Shopping Conscious Consumer	20	54	26
Price-Value Conscious Consumer	11	68	21
Impulsive Consumer	8	61	31
Confused by Overchoice Consumer	7	65	28
Habitual-Brand Loyal Consumer	16	65	19

Students also find it interesting to compare their results to other students. Therefore, we present the data of Table 1, which summarizes the percentage of 482 high school students in the Tucson area who scored high, medium, and low on each characteristic. We have found that many students score in the average range on most characteristics, but will have several characteristics on which they score particularly high or low. High scores (9-10) should be especially noted because they are likely dominant characteristics of choice-making in many situations (although certainly not all situations, for a person is probably never high in every situation). The findings of Table 1 are also interesting in themselves, although they may not be representative of all high school populations. For example, the data indicate that approximately 31% of high school students consider themselves perfectionistic and high quality conscious (recall that these are home economics students and are educated to be quality conscious). A moderate proportion of students consider themselves high in recreational shopping consciousness (20%), habitual-brand loyal choices (16%), and fashion consciousness (15%). Other characteristics have a lower percent of high scores, with perhaps one in ten students scoring high. As the table shows, the majority of students, perhaps one-half to two-thirds, score in the moderate or average range on each characteristic, while 20 to 30 percent score low on each characteristic. Note that a low score on some characteristics is considered desirable, for instance the impulsive and confused by overchoice consumer characteristics. Other consumer characteristics are also thought by some educators to potentially lead to negative behaviors, such as brand consciousness and habitual brand loyal behavior. However, these buying strategies may be based on positive experiences and should not necessarily be considered non-functional ways of making consumer choices.

Implications For Consumer Education

This research has developed a short-form **Consumer Styles Inventory** for easy application by classroom teachers. We believe this is a useful, and enjoyable activity to be applied in high school classrooms and other educational settings as well. Tests of this sort are not available in consumer education, yet they have real value in helping students understand the priorities and characteristics they bring to their decision-making. Helping students understand these special priorities and styles of decision-making can help students in many ways. Particularly if students are helped to understand their decision-making characteristics, they will likely be more receptive of efforts to educate them in improved decision-making approaches, which is the goal of consumer education. Furthermore, if teachers know their students' decision-making styles, they can develop complementary classroom teaching strategies appropriate to the goals of consumer education. Ultimately this will help us develop consumer education that is based on positive understanding of particular characteristics consumers bring to their decisions. Thus, the overall process of consumer education will be enhanced.

In conclusion, we recommend that educators administer the **Consumer Styles Inventory** in their classes and discuss results with students in class. Educators might also consider tabulating the overall results of the test for their classes, so students can see where they stand in comparison to other students. A format similar to Table 1 may be helpful for this. The students we have in our high school classrooms are eager to consume, are conscious of their experiences, and need to better understand the consumer decision-making styles they are pursuing. Classroom applications of these measaures will help students to gain these understandings while they are still learning their consumer styles, and thus help them improve or redefine their purchasing styles to better reflect their personal interests and goals.

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ALLOWANCE OF EIGHTH GRADE STUDENTS AND CONSUMER ACTIONS SURVEY: RESULTS AND APPLICATIONS

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Problem Statement

Clearly and consistently in the popular literature, parents are advised that allowances contribute to the development of money management skills of children [1,5,6]. Despite the pervasiveness of recommendations for the use of an allowance in money management education, limited research has been conducted to empirically evaluate the effectiveness of this practice.

The primary purpose of this survey of eighth grade students was to examine the relation of an allowance to money management skills as measured by a Consumer Action Index. Secondary purposes were to examine specific family practices and individual adolescent behaviors and their relation to consumer actions.

Procedures

Three hundred and twenty-one eighth grade students in a mid-size midwestern public school system were surveyed in March, 1985. The students completed a fifteen minute two-part questionnaire that contained the Consumer Action Index (CAI) and relevant demographic information. The CAI, a measurement of spending and saving practices, was an adaption of an instrument developed by Pershing [4]. Respondents indicated on a 5-point Likert-type scale how frequently 24 consumer actions applied to them. One represented "very seldom applied" and five represented "very frequently applied." A high score indicated actions of a good consumer. The CAI had a Crohbach alpha coefficient of reliability of .807.

Findings

The survey revealed that over 65% of the students received an allowance that ranged from $1.00 to $25.00 per week with $5.00 being the modal amount received. Over 80% of those who received an allowance reported they were free to spend the money as they desired with no stipulations as to spending. There was a difference in the CAI mean score between students who received a discretionary allowance that was undesignated as to spending and those who received an allowance that had some stipulated spending [Table 1, (t = 1.78, p = .077)]. Students with some stipulated spending had higher CAI mean scores than students who received a discretionary allowance. Although the difference was not significant at the .05 level of significance, it was within the .10 level generally accepted for initial research of a topic. Perhaps a totally discretionary allowance may not foster the development of good consumer actions because real needs are provided by parents and student spending is peripheral.

Table 1

T-Test of Means on the Consumer Action Index

Name	N	Mean	SD	t	Significance
Newspaper reading					
Non-Readers	150	2.899	.479		
Readers	76	3.103	.531	2.91	.002
Save Money					
Non-saver	64	2.712	.480		
Saver	141	3.157	.477	6.17	.000
Talk About Money					
Do Not Talk	186	2.888	.486		
Talk	50	3.234	.425	4.58	.000
Talk About Family Money					
Do Not Talk	152	2.874	.508		
Talk	59	3.239	.478	4.76	.000
Parental Model					
Poor Model	15	2.681	.546		
Good Model	245	3.045	.484	2.80	.005
Composition of Allowance					
Stipulated	31	3.107	.395		
Discretionary	155	2.937	.500	1.78	.077

For purposes of this study three groups were identified: (1) students who did not receive an allowance (n = 105), (2) students who received an allowance for performing tasks (n = 34), and (3) students who received a share allowance—no tasks required (n = 135). Statistical test results (F = 1.353; df = 2,290; p = .260) using the CAI score as the dependent measure indicated no significant difference in CAI means among the three identified groups. Because the findings were not significant the groups were reframed to reflect students who received an allowance and those who did not receive an allowance in further analysis and discussion.

Table 2

Consumer Types

Type	CAI Score	Mean Allowance
Poor	0.000 - 2.740	$7.07
Average	2.741 - 3.238	5.19
Good	3.239 - 5.000	5.55

A more in-depth analysis was conducted by grouping the CAI mean scores into three types of consumers: poor, average, and good. Ensuing one-way ANOVA test of means and t-test results revealed that poor consumers had the highest mean allowance of $7.07 (Table 2) while average and good consumers had mean weekly allowances of $5.19 and $5.55 respectively. Correlation analysis of CAI mean scores and monetary size of an allowance also indicated a weak negative relationship (r = -0.144, p = .049). As larger allowances were associated with lower CAI mean scores, one can conclude that a larger allowance did not result in good shopping and spending practices for this survey population of eighth grade students. Adolescents who receive large allowances may not be motivated to spend wisely because no need exists.

Data analysis results identified two parental practices and two individual actions that resulted in significantly higher CAI mean scores (Table 1). T-test results indicated that students who communicated with their parents about money had significantly higher CAI mean scores. However, only a small percentage (17%) of the students surveyed reported that they frequently talked to their families about money.

Students who believed their parents were good money managers also had significantly higher CAI mean scores. This finding is indicitive of the social learning theory of development which posits that children imitate role models [2]. This finding reaffirms the influence of the parental model.

Adolescents who engaged in saving money and students who reported reading newspapers both had higher CAI means scores than adolescents who did not engage in these activities. These findings support previous research [3,4].

Conclusion

The results of this survey suggest that merely giving children an allowance does not result in better money skills because students who received an allowance did not have better money management skills as measured by the Consumer Action Index. However, students who communicated with their families about money, those who thought their parents were good money managers, those who saved money, and those who read newspapers had better money skills as measured by the CAI.

Implications

Development of money management skills in children is a complex task. Parental endeavors in this matter can be augmented by consumer education teachers with the following activities:

1. including assignments that would involve families in discussions concerning money;
2. encouraging goal oriented savings and exploring mechanisms for implementing savings plans;
3. assigning newspaper reading about consumer issues;
4. studying comparsion shopping;
5. encouraging students to budget their allowance or spending money;
6. providing parenting education concerning the development of money management skills and emphasizing the importance of communicating about money.

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PRINT MEDIA SOURCES AND TOPICS FOR USE BY CONSUMER EDUCATION TEACHERS

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Consumer educators have come to rely on many resources to supplement traditional textbooks. They have found this necessary as social forces and events frequently change the "landscape" of the traditional course content. Questions remain, however, about the extent to supplement the text materials and the best sources for such materials.

Of the sources of supplementary materials, however, the print media has the greatest impact on the content of the consumer course. This occurs because the volume of resources available to the instructor is almost limitless. It eventually becomes necessary for the consumer educator to sort through the many possible sources of print media such as magazines and newspapers and select those that are most helpful and cost efficient. The instructor must also determine which topics to expand upon and how much time should be devoted to topics based upon a combination of text and print media material.

Problem Statement and Procedures

The problem of the study was to determine the print media sources and topics which best assist the teacher in supplementing a consumer education course.

In further defining the problem, the following major purposes were established:

1. What print media topics have emerged/changed to impact consumer education content?
2. Which print media resources are best in supplementing specific topics within consumer education?

A list of 17 consumer education topics was developed based upon research conducted by Uhl (1970), and Graf (1975). These topics were selected to best represent those normally associated with consumer courses.

Print media selected for this study came from newspaper and magazine articles retained by the author over a five-year period covering the second quarter of 1980 through the first quarter of 1985. Table 1 shows the sources of print media, the number of articles from each source, and the percent of the total found in each source.

TABLE 1.
SOURCES OF PRINT MEDIA AND QUANTITY OF ARTICLES

Name of Media Source	Number of Articles	Percent of Total
U.S. News and World Report	246	19.7
Changing Times	220	17.6
State Newspapers[1]	181	14.5
Miscellaneous Publications[2]	177	14.2
Money	137	11.0
Business Week	129	10.3
National Newspapers[3]	98	7.9
Forbes	59	4.7
Totals	1247	99.9

[1]Rockford Register Star, Chicago Tribune
[2]Consumer Reports, Consumer Views, Motor Trend, New York, Atlantic, and articles from "occasional reading"
[3]Wall Street Journal, New York Times

The topic coverage for the five-year study was done by counting the number of words in each article each year. The number of words devoted to each topics was totaled. Each topic total was divided by the grand total of all words counted for that year and computed as a percent of the annual total. This procedure is similar to that used by John Naisbitt to make assumptions in his book MEGATRENDS. Naisbitt developed his research based largely on reading the newspapers of cities larger than 100,000 and all capital cities. His staff sorted hard news stories into 13 categories and then 200 subcategories. The stories related to each topic and subtopic were counted by lines. The Naisbitt data was used to predict trends.

The data in this study was used to reflect five-year topic emphasis and to identify the best sources of print media for each topic identified. The amount of print media coverage devoted to each topic was computed by adding the percentage coverage of that topic each year to each subsequent year to obtain an average. For example, 4.5% of print media words were devoted to the topics "The Economy" for the first year (second quarter of 1980 through the first quarter of 1981). During the second year this topic contained 6.2%, the third year 8.0%, the fourth year 20.9%, and the fifth year 9.3%. The average of these years is 9.8%. Each of the 17 topics was averaged in this manner.

The major sources of the topic word counts were also tabulated. The total words were calculated for each of the 17 topics, as were the total number of articles, the average article length, and the sources where articles were most frequently found.

Findings

Table 2 shows the average number of words devoted to each of 17 consumer topics over a five-year period from the second quarter of 1980 through the first quarter of 1985. The topics are listed in descending order of coverage in selected print media.

The topics of Investments, The Economy, Social/Health/Disability Insurance, Taxation, Government Regulation, Consumer Trends/Demographics, Life Insurance, Savings, and Money Management have gained in coverage from year one to year five. The topics, Property/Casualty Insurance, Buymanship, Consumer Law, Housing, Consumer Credit, Banking, Food Shopping, and Automobiles lost word coverage during the five-year period.

TABLE 2.
PRINT MEDIA TOPIC AVERAGE FOR CONSUMER EDUCATION SUBJECT MATTER FROM SECOND QUARTER, 1980 THROUGH FIRST QUARTER, 1985

Name of Topic	Percentage Coverage
Money Management	10.9
Housing	10.0
The Economy	9.8
Investments	9.8
Taxation	8.4
Banking	8.3
Automobiles	6.7
Social/Health/Disability Insurance	6.6
Consumer Law	5.1
Consumer Credit	4.9
Government Regulation	3.3
Savings	3.3
Life Insurance	3.0
Consumer Trends/Demographics	2.8
Food Shopping	2.8
Property/Casualty Insurance	2.4
Buymanship	1.9

Conclusions

1. Traditional consumer topics such as buymanship, consumer law, housing, consumer credit, banking, food shopping, and automobiles have lost in share of print media coverage.
2. Societal topics such as the economy, social insurance, taxation, government regulation, and consumer trends/demographics have gained in share of print media coverage.
3. Print media coverage tends to reflect the supplementary rather than the basics when topics are presented. This coverage accents the new and different rather than the history or basic principles of a topic.

4. The volume of print media devoted to a topic may reflect positive or negative discussion about an event, regulation or decision. The teacher is left to draw upon past events related to a topic to explain current media coverage.

5. Print media cost to the teacher need not be excessive. Magazines and newspapers which lead in volume of consumer coverage are often moderately priced.

6. State newspapers are an important factor in adding a local dimension to topic coverage.

7. Certain publications are more specialized and add significantly to supplementary materials for teachers. For example, MONEY magazine is prominent in "Investment" and "Money Management" topics.

Implications For Consumer Educators

The consumer education course must change to reflect global issues and their effect on consumers. The Monetary Reform Act of 1980, the reduction of inflation and unemployment, and the emphasis on a world economy have all impacted on consumer education content. Consumers must constantly be taught to look over their shoulders before and after making earning/spending/saving decisions. Supplementary print media assists the teacher in incorporating change (social and economic) into the course. These materials purchased by the teacher or organization may be selected without subscribing to everything and spending great amounts of money. Materials may be selected with specificity depending upon course content. For most teachers and students print media spending is money well invested.

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CONSUMER CREDIT COUNSELING: CURRENT PRACTICES AND CAREER OPPORTUNITIES

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The amount of consumer credit outstanding in the United States has soared, growing from $24.95 billion in December, 1950 to $467.08 billion in November, 1984 [2]. The extensive use of credit by American consumers may be related to an increase in overindebtedness and delinquency in the repayment of debts. To assist consumers with credit problems, a wide range of individuals and agencies provide financial counseling to consumers. In the 1960s the National Foundation for Consumer credit became involved in consumer credit counseling and debt management through the creation of Consumer Credit Counseling Services (CCCS), nonprofit organizations to help consumers handle credit/debt problems. The CCCS has over 150 affiliated agencies. Little formal research has been conducted on the competencies required for effective credit counseling. Simmons [3] developed a competency-based consumer credit counseling certification examination in which some competencies dealt with knowledges, abilities, and understandings required of professional counselors. Among the competencies identified and accepted were (1) skill in counseling techniques, (2) understanding of causes of credit problems, (3) knowledge about credit and family financial management, (4) knowledge of policies and procedures of creditors with which s/he deals, (5) knowledge of other community agencies available for referral, (6) capability to work with businesses and other professionals, and (7) awareness of changes in legislation affecting consumerism.

Purposes of the Study

The purposes of this study were to: (1) determine the types of credit problems experienced by clients served by the National Foundation for Consumer Credit as perceived by credit counselors, and (2) determine the professional and personal qualifications of credit counselors required and desired by agency administrators in order that counselors meet the perceived needs of clients.

Procedure

The population of this study was all consumer credit counselors employed by the National Foundation for Consumer Credit (NFCC). The sample was representative NFCC consumer credit counselors employed full-time at main offices. One person (administrator) in each of the main offices was sampled. The latest **NFCC Directory** was used to identify the sampling frame and a total of 154 agencies were identified. Mail questionnaires were used and were addressed to the director or administrator of each main office. Completed usable questionnaires were returned by 83 consumer credit counselors, a response rate of fifty-four percent. Distribution of the responses by geographic region and size of office did not differ significantly ($p < .05$). Nearly three-fourths of the respondents (74%) worked in agencies which did not have branch offices. There were no differences between those who returned questionnaires and those who did not based on agency size or number of clients served. The number of clients the agencies served in 1983 are reported in Table 1. Over one-third (35%) of the respondents reported their organization served under 500 clients in 1983 while nearly two-thirds (65%) reported their organization served 500 - 4,500 clients.

TABLE 1

NUMBER OF CLIENTS SERVED BY AGENCIES IN 1983

Clients	No.	%
1 to 99	3	4
100 to 499	24	31
500 to 999	20	26
1000 to 1499	9	12
1500 to 2999	13	17
3000 to 4499	8	10
Total	77	100

Results

When respondents were asked to identify the crises experienced most frequently by their agency's 1983 clients, more than one-third (35%) identified unexpected automotive or household expenses (Table 2). Loss of job and extended unemployment were cited by nearly one-third (31%) of the total respondents. Loss of a family member through death, divorce, or separation was cited by nearly one-fourth (22%) of the respondents as the most frequently experienced crisis of 1983 clients.

TABLE 2

MOST FREQUENT CRISES OF 1983 AGENCY CLIENTS

Crisis	No.	%
Unexpected automotive or household expenses	26	35
Death of a family member	13	17
Loss of job	12	16
Extended unemployment	11	15
Irregular income	8	11
Marital separation or divorce	4	5
Medical crisis	1	1
Total	75	100

Respondents were asked to estimate the percentage of their 1983 clients who exhibited a lack of financial budgeting expertise. Three-fourths (77%) of the 67 who responded estimated that more than eighty percent of all clients lacked budgeting expertise.

Since the questionnaries were directed to the director or administrator of each agency, only one person from each agency responded. However, a total of 233 counselors were employed in the 83 agencies represented in the sample. Nearly all of the agencies employed five or fewer counselors. These counselors had been employed an average of about five years each. Only a small percentage (5%) had been employed with another agency or agencies before employment with their current credit counseling agencies. Only 40% of these counselors had a bachelor's degree. The remaining 60% had a variety of professional backgrounds including some college, no college, and, less frequently, a master's degree. Of the college-educated counselors, the majority had an academic background in business, followed by those with degrees in liberal arts, social work, and home economics. Less than one-fourth of the 233 counselors (52) had formal training in finance or money management.

The agency administrators were asked to identify the criteria they would require and desire if they could hire a new counselor or counselors. Only twenty-eight agencies (23%) would require previous credit counseling experience, although 51 agencies (42%) would desire it. Fifty-seven responses were given to the question of required academic background (if college educated) and 53 percent of the 83 indicated a requirement for business background and forty-two percent of the 83, a desire for it. Slightly over one-fifth of the 83 agencies responding would require academic background in social work and slightly under one-fifth of the 83 would require background in home economics.

Of the 83 organizations who responded, 74 (87%) said they offer some type of on-the-job training for counselors, with working with more experienced counselors being the most frequently used (one-third of agencies). Training sessions (27%) and reading and study (23%) were the next two most frequently used methods.

Conclusions

Respondents to the survey were asked to describe the types of credit problems experienced by their clients as they (respondents) perceive these. In this study, most respondents reported that an increase or decrease in income was a major cause of the client's credit problems. Unemployment, however, was not a problem for the majority of clients. Lack of financial budgeting expertise, lack of understanding about credit, and voluntary overextension of spending were major client problems. Fraud or deception was a problem for only a small percentage of clients according to the respondents.

Nearly one-half of the agencies represented indicated they needed to hire additional counselors. Results indicated that a bachelor's degree would be desired for persons seeking employment as a counselor with a NFCC counseling agency. A high school degree or some college would be the only requirement of many of the agencies, however. Although an academic background in business is judged as highly desirable for counseling positions by many of the 83 agencies, other academic backgrounds such as social work or home economics also can lead to a credit counseling career, according to respondents.

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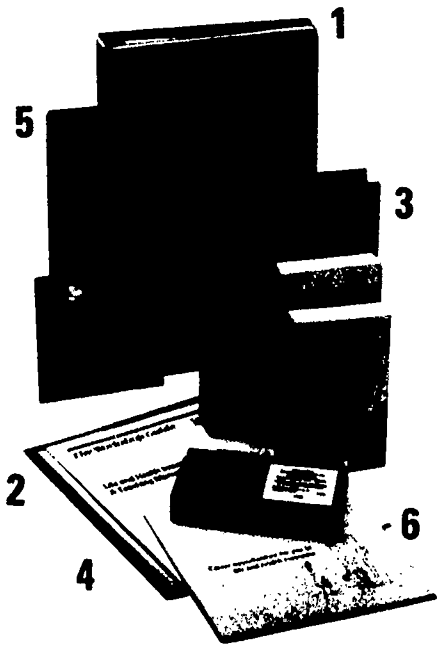

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28

ILLINOIS CONSUMER EDUCATION ASSOCIATION

HISTORY AND PURPOSE

The Illinois Consumer Education Association, the first state consumer education association nationwide, was organized in 1973 to expand consumer education and foster professional growth in the teaching of consumer education at all levels. ICEA will strengthen the implementation of Senate Bill 977, passed in 1967 and amended in 1975, 1977, and 1979, which states:

> "Pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in ther area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices, and an understanding of the roles of consumers interacting with agriculture, business, labor unions, and government in formulating and achieving the goals of the mixed free enterprise system."

PUBLICATIONS

The Illinois Consumer Educator, the official newsletter for ICEA, is published 3 times a year (usually in September, December, and May). This publication updates Illinois teachers on state and national events and provides a forum for teaching ideas as well as a review of selected course materials.

The Journal of Consumer Education is an annual publication. This journal consists of articles, research summaries, book reviews, and other features designed to improve consumer education teaching.

ANNUAL CONFERENCE

The Annual Statewide Conference is a major activity sponsored by ICEA. This three-day meeting in February affords you the opportunity to hear important speakers in the area of consumerism and to exchange methods of teaching with teachers of many disciplines. A wealth of resource material is also available for review.

NETWORK SYSTEM

A statewide system has been organized to improve services to ICEA members on a regional basis. Increased membership involvement and communication are the objectives of the network system.

CHERIE KERTZ
ICEA Membership Chairperson
17226 Cedar Road
East Moline, IL 61244

THE JOURNAL OF CONSUMER EDUCATION

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THE JOURNAL OF CONSUMER EDUCATION

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1987 ILLINOIS CONSUMER EDUCATION ASSOCIATION CONFERENCE KEYNOTE ADDRESS

Virginia H. Knauer

Special Adviser to the President for Consumer Affairs, and Director, United States Office of Consumer Affairs

If we consider consumer and economic education an imperative part of "preparation for life," which it is, I firmly believe that such education should be among the curriculum priorities in the current national emphasis on educational reform. Leaders of that reform are reporting that students need knowledge and skills for survival. These are needed, leaders say, as a safeguard against those factors that put them at risk for personal failure in life and make them a cost to society.

In a recent issue of **Education Week**, David A. Hamburg, President of the Carnegie Corporation, noted that students need to be taught survival related skills in a way that is important to them, intelligible and useful in their daily lives. That same issue of **Education Week** also reported the good news that some very basic financial management skills are being included as essential elements in "dropout prevention" programs!

You and I know that these survival skills are at the heart of consumer and economic education which provides the basis for intelligently managing resources and taking charge of one's life. This emphasis on educational reform presents all of us a great opportunity to seek inclusion of consumer and economic education in that reform!

Thus, I will focus my remarks today on consumer and economic education as "preparation for life." I also want to highlight some issues illustrating the great need for this education, outline the role of my Office in this context, and offer a few suggestions for your continued leadership.

In 1985, I shared a platform at a conference of consumer educators in Japan with your very capable Dr. Hayden Green. I thought then that Hayden made a good point when he noted that consumer education was not for **all** students, but **only** for those who would become consumers! His tongue-in-cheek observation forces us to admit that our schools, which have done very well in preparing students to be good producers, to earn an income and establish economic independence, must also universally emphasize preparation of **all** students for their life-long role of consumer.

But just what preparation does one need to function effectively in today's economy? I believe it imperative that students—beginning as early as kindergarten—begin to develop a basic understanding of our economic system and be able to relate that knowledge to the realities of daily living. They need to understand how to apply what is learned in the 3-R's and other basic courses to managing their resources and making decisions in the marketplace.

In a marketplace that is increasingly global, complex, and dynamic, consumers are confronted daily with more choices and competitive options than ever before. They simply must have the technical and legal knowledge base, along with critical thinking and reasoning skills, to seek, evaluate, and process vast amounts of information for daily decision making. They need to understand and evaluate an almost endless array of marketplace options in the areas of food, shelter, transportation, financial services, and many others. As you know, in financial services alone, the options for consumers are staggering. Sorting through these complexities requires the ability to analyze, to make decisions, to communicate effectively with providers of goods and services, to locate sources of help, and to effectively seek resolution of problems when they do occur.

Students also need to understand the total context—the global community—in which they function as consumers. They need to know how their decisions impact on, and influence, the economies here and abroad.

In addition to the recognized value of consumer and economic education to individual and family well-being, recent studies confirm that the marketplace also benefits from knowledgeable consumers who are able to effectively communicate their needs and concerns.

For example, my Office recently sponsored an update of our **Consumer Complaint Handling in America Study** which was first done in the mid-1970s. The **Update** which we released in April 1986 reveals the important finding that consumers who do complain and who get their problems resolved, place greater trust in those companies and reward them through repeat business. I note from a study conducted by members of your association, Drs. Mary Pritchard and Joan Kinney there was a related finding that businesses do respond to consumers who take the initiative, speak in their own behalf and appropriately seek redress. Together, these findings send the message that consumers who better understand the marketplace **are successful** in getting that marketplace to respond to their needs.

The value of consumer and economic education is also strikingly evident in its usefulness in addressing the problem of functional illiteracy. In response to a recent report on illiteracy, Secretary of Education, William Bennett expressed concern that too few of our young adults, who have been to school, possess adequate daily living requirements or skills. For example, many cannot balance a checkbook or use the information they find in their newspapers. He indicated these skills were essential to enjoying a full and rewarding life in today's society.

All these concerns point to the fact that consumer education as "preparation for life" simply cannot be left to chance. I believe consumer and economic education must begin in the elementary school years and continue throughout adulthood. And further, I believe we never outgrow our need for consumer information and education. For example, some of the issues we address in my Office may help to illustrate this need.

Product counterfeiting is one such an issue. The United States Customs Service estimates that there are more than $20 million dollars worth of fake goods at the retail level in the United States! I'm not talking about fake Gucci bags or fake designer jeans. Many of these fakes are products on which our lives may depend, such as automobile and airplane replacement parts, medical devices, drugs, chemicals, and pesticides. Thousands of other products are involved also, including electric transformers and circuit breakers. Consumers need to be better informed on this issue. We try to inform them through cooperative programs with business coalitions and in conferences such as those we have co-sponsored with the Council of Better Business Bureaus. In 1984, President Reagan signed into law a series of anti-counterfeiting laws which carry stiff penalties for offenders. But laws will never replace the need for consumer vigilance, which one acquires through information and education.

In the area of mail fraud, we have established dialogue with federal agencies, the Direct Marketing Association, the Attorneys General, and others on problems associated with direct marketing. While the great majority of mail order businesses do serve consumers well, this field, as others, includes a few unscrupulous operators who seek to exploit consumers by offering merchandise with no intention of delivery. Others attempt to mislead the elderly through deceptive mail messages. We will continue to address these problems which are among the nation's most common consumer complaints.

Another issue of increasing importance is international trade, for it is free and fair trade which provides wider choice for consumers and better quality products at lower prices. With the growing protectionist sentiment, it is imperative for consumers to understand the impact that these issues can have on their own lives. My Office has worked closely with the State Department, the Office of the President's Special Trade Representative, the Organization for Economic Organization and Development, and others to increase awareness of the need for consumer understanding and input into trade policy development.

These few examples help illustrate the urgent and continuing need for consumers of all ages to be well informed and armed with the competencies to control and protect their resources.

To bring greater attention to these needs and to increase public awareness of the importance of consumer and economic education, my Office's Division of Consumer Education seeks to provide national leadership for stimulating new and effective consumer education initiatives through both public and private sectors. We are concentrating our efforts on recommendations of educators who attended the First National Consumer Education Roundtable which we sponsored in 1984. Our program emphasis is on providing **leadership** through public and private sectors to increase national awareness of the continuing need for consumer and related economic education for all age levels, and to assist educators, as possible, in addressing that need. Let me share a few of our educational activities.

In April, 1986, my Office released a publication called **A Suggested Teacher's Guide** to our very popular **Consumers Resource Handbook**. This **Guide** has been widely distributed to nearly 3000 state leaders in education, the Cooperative Extension Service, business, government, and classroom teachers. We have also requested the U.S. Department of Education to mail the **Guide** to Chief State School Officers and selected school districts.

Another activity we are very excited about is a collaborative long-range effort with the American Association of Community and Junior Colleges. The purpose is to expand delivery of consumer and economic education through the unique community-based network of nearly 1300 two-year colleges to reach adults in both credit and non-credit programs.

At the K-12 level, we have worked very closely with the Joint Council on Economic Education. Many of you know the Council as a strong force, throughout the country, for innovative instruction and teacher training in consumer and economic concepts. I am pleased that two Joint Council efforts, the **Tax Whys** in cooperation with the Internal Revenue Service and the **Income-Outcome** programs, are being widely used in your state.

In the area of adult education, I was recently pleased to learn of the extensive outreach to low-income consumers through the Illinois Cooperative Extension Service's "Consumer and Homemaking Education Program" called (CHEP) under the leadership of Jane Scherer.

We all need to make even greater effort to expand program networks, focusing on cooperation rather than competition. Such approaches are certain to strengthen our efforts and bring the results we all seek. Thus, I encourage your consideration of a few suggestions:

1. Work closely with your state leaders who are addressing educational reform, emphasizing to them that consumer and economic education as essential preparation for life should be a required course of study for **all** students.

2. Encourage continued cooperation from the business community, which is increasingly providing strong support to school programs through direct participation and provision of resource material. In this regard, perhaps your businesses would find helpful the publication, **Guidelines for Business-Sponsored Consumer Education Materials** produced by the Society for Consumer Affairs Professionals in Business known as SOCAP. I know that many of you here today are affiliated with that organization.

3. Work increasingly with your friends in the media, especially those in television. You have had great successes in this area and I encourage you to explore additional ways to use this medium to emphasize the importance of consumer and economic education, and to address the great impact of international trade on the Illinois economy and its consumers. Illinois is one of our leading states in international trade, and the issue of trade is a top priority of both President Reagan and the 100th Congress.

4. I also encourage your bringing to my attention any research or other information helpful in showing the cost-benefit of consumer and economic education to specific groups, such as business, students, and parents. We need more information on the cost to society when consumers are unable to function effectively in the marketplace.

In closing, I would like to say we have all made very significant efforts to establish and preserve consumer and economic education. Yet the challenges continue to confront us. As we have considered consumer and economic education as "preparation for life," I believe the current emphasis on educational reform provides a wonderful opportunity to work together with state leaders in seeking the incorporation of consumer and economic concepts into the school curriculum for **all** students.

I know that by working together we can reach our common goal of preparing students and adults for their life-long role as consumers in today's economy. I am confident that we will have an impact through our continued dedication and effort.

CORPORATE ADVERTISING: SELLING MORE THAN PRODUCTS

Rader Hayes
University of Wisconsin

Consumer interest professionals and consumer educators have traditionally been concerned with monitoring and examining corporate promotional activities. In terms of advertising, consumer educators have developed tools for the critical evaluation of advertising claims and its influence on consumer decision-making. Units have been designed to help students understand the role of advertising in our society and in the marketplace. Different types of advertising such as comparative, evaluative, misleading, or deceptive are included in classroom discussions. Yet, because educators do not have the resources to review the vast literature relevant to advertising, there may be trends in the area of which they are not aware or about which they need more information.

The intent of this paper is to provide a synthesis of the literature about a specific type of commercial promotion — corporate advertising. If past expenditure patterns for corporate advertising continue, consumers will be exposed to more of this type of advertising in the future. Total spending for corporate advertising in 1984 was $2 billion. That amount seems small in light of the fact that it only represents about 3 percent of all advertising expenditures. Yet, it indicates a 70 percent increase compared with the previous year [4]. Look for a growing number of these ads in magazines, newspapers, special supplements, network and cable television, radio, and outdoor spaces [2].

Although there is no concensus about a definition of the term, **corporate advertising** can be described as advertising efforts by corporations and industry associations to inform, educate and persuade the general public and special constituent groups about business's views, images, or activities [10, 14].

Unlike advertising which has the common objective of selling a product, corporate advertising can incorporate many company objectives, not excluding the promotion of a targeted product. Current examples often present a company's view or image in conjunction with product messages; for example, the "We're Beatrice" campaign which was launched to identify a company with its product lines. This hybrid form of advertising, which combines the talents of advertising and public relations professionals, has been described as a new genre of advertising that blends corporate and long-term product sell [3, 4, 19]. Simultaneously, it has also become a tool for attempting to influence public opinion and public policy [1, 6, 8, 14, 15, 16].

Types of Corporate Advertising

Over time the literature has provided an elaborate breakdown of different types of corporate advertising, but they basically fit into Sethi's [15] differentiation of two categories: image and advocacy. Each category has evolved in response to changing sociopolitical, legal, and economic environments. Each category also usually incorporates different corporate objectives. However, it is important to recognize that some campaigns use both image and advocacy appeals which can include product advertising. The following will present a brief summary of the dominant characteristics of these two categories.

Image

Image advertising is also known as institutional, identity, and capabilities advertising. It is prevalent in high-priced durable goods and service-oriented industries where consumers directly relate product qualty to the manufacturer or service provider [12]. For example, AT&T's "Right Choice" campaign was launched to influence the public's perception of the company's quality, reliability and service. Additionally, because products are changing so rapidly, getting the corporate image across maintains a positive image of the company long after the product is gone. In other words, the reputation of the company is important not only to the sale of its products today, but to its future products [18, 4].

Goodwill image advertising can be the sponsorship of a consumer education booklet or the company logo after a public television program. The goal is to promote a positive outlook toward a corporation. Building a "good neighbor" image is perceived as building a sound reputation which maintains customer goodwill [15, 12]. Here, corporations also often promote activities that would encourage a positive corporate image (e.g. the Ronald McDonald House).

Identity image advertising is used to overcome low awareness levels or for projecting a new identity in order to attract and keep customers and skilled employees [14, 7]. More recently it has been a response to the economic environment of divestiture, deregulation, merger and acquisition. Corporations are relying on identity advertising to differentiate themselves from competitors, to support "corporate missions" and to encourage financial analysts to understand company philosophies and business interests [4, 5, 10, 19]. Presentations of the corporate "essence" have become so popular that observers have called it an exercise in "corporate vanity" [3, 4].

Crisis management image advertising is to rectify a given emergency situation or to counteract the spread of anticorporate information; for example, McDonald's advertising which sought to convince consumers that the company does not put chopped worms in its hamburgers, or Procter & Gamble's reputation of its satanic connections. This type of advertising would also include corporate responses to disasters such as the Tylenol incident or the chemical accident in Bhophal [5, 7].

Advocacy

Adversary, issue, controversy, and advertorial advertising are all terms for advocacy advertising. This second type of corporate advertising is different from the image category in that it addresses controversial issues in a way that supports the position and interest of the sponsor while denying the accuracy of facts from the sponsor's opponents [16]. Its main goal is to generate public support for corporate positions on crucial issues [14]. In an historical context, advocacy advertising can be viewed as corporations' response to their perception of the late 60s: a hostile press, threats of government regulation and environmental and consumer groups [4, 8]. Since the early 70s when major oil companies were running an ad "blitz" to absolve themselves from blame for fuel shortages and environmental concerns advocacy advertising has now become part of a corporation's overall corporate communications strategy [3, 13].

Mobil Oil systematically uses advocacy advertising to defend its profits and practices including its constitutional right to express its opinions in advertising [17]. For example, Mobil's "Giving the Marketplace a Chance" series of corporate advertorials addresses national energy policies, regulation, and supports the general doctrine of the free enterprise system (i.e. highly critical of government regulation). Another good example of an advocacy advertising campaign can be found in the insurance industry's and insurance associations' explanation of the "insurance crisis." In terms of implications for the consumer interest area, advocacy advertising is ripe for discussion. The following briefly outlines some of the dominant issues.

Sociocultural Context: Advocacy campaigns are designed to change public attitudes toward a corporation's actions and performance. Because the ads apply traditional American values or widely held beliefs to subdue skepticism and inpart trust, sponsors are expecting to insulate themselves from attack — adversaries must implicitly criticize these basic values in order to raise objections to the message [15].

Domination of Public Discourse: The recent elimination of the FCC's Fairness Doctrine may signal a significant modification of media content. In the past, advocacy advertising has not gained access to the major television networks because broadcasters feared a demand for equal time for opposing views required by the Fairness Doctrine. Because this requirement no longer exists, advocacy advertising is likely to hit the airways in full force. Furthermore, other recent FCC deregulation allows full program-length paid commercial advertisements which can now take the form of advocacy advertising.

In terms of public discourse, the "deep pockets" side of this issue is the question of whether the agenda of public discussion should be set by those who have the greatest financial assets for advertising expenditures [6]. For example, should R.J. Reynolds be allowed to advertorialize that the research on second-hand smoke or the scientific evidence linking smoking and heart disease is not legitimate [11]? Similar questions can be asked of almost all industry associations and corporations.

On the other side of the issue, O'Toole points out that advocacy advertising adds to the supply of fact, opinion and interpretation which enables the public to shape its own ideas; with issues becoming increasingly complex, more information in the marketplace of ideas is better than less [9]. The challenge lies in creating clear policy guidelines that ensures the rights of corporations while at the same time prevents their domination of the public comm unication space [6, 14].

Labeling for Advocacy Advertising: Advocacy advertising empowers corporations' communications by the fact that the content of the message is controlled and defined in a manner most favorable to the sponsor and the fact that the environment in which the message is carefully controlled makes an otherwise one-sided viewpoint appear objective and balanced [16]. To help identify such biased communications to consumers and yet still allow corporations latitude under the First Amendment right to protected speech, advocates have suggested an advertising labeling system which clearly identifies the sponsor and opinion nature of the content. It is maintained that such a system could at least allow the public an opportunity to appropriately evaluate the arguments to which they are being subjected [13, 14].

Implications for Consumer Educators

This paper has identified categories and characteristics of corporate advertising as they relate to the consumer-interest area. From this review, it is clear that advertising is evolving to play an ever-increasing role in our society. Since the general purpose of the classroom study of advertising is to raise student's level of awareness about the influence of advertising in society and on consumer decision-making, nontraditional forms of advertising should be covered. The importance of consumer educators' role in this process should not be overemphasized. In terms of a critical, analytical approach to advertising, consumer educators may be the only source of information to which secondary students are ever exposed.

For classroom applications, lesson plans can be developed to include the nontraditional forms of advertising and their possible influence on consumers' opinions, attitudes and decision-making. It is hoped that the synthesis provided by this paper will allow educators and students to draw the most current examples of corporate advertising campaigns from the mass media for classroom use. Discussions about the ads can analyze the various corporate objectives illustrated in each campaign and their possible impact on consumers and especially in the case of corporate advertising — on society.

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NATIONAL CONSUMERS WEEK

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INCREASING FAMILY FINANCIAL SATISFACTION

Frances Cogle Lawrence, Carolyn G. Carter, and Satish Verma
Louisiana State University

Sara Schexnayder
Louisiana Cooperative Extension Service

This decade has seen American concern with personal finances reach tremendous intensity [1,2]. In a recent survey, about 8 out of 10 people (81%) acknowledged that they think about money often, and a little more than half (54%) frequently worry about money [3]. Families also admit that "living with tight money" causes them the greatest amount of stress [4].

Despite the wealth of information available on family financial management, the question arises: what financial strategies do families actually use? Even more important, are those families who use financial planning strategies more satisfied with their financial situations than those who do not? The following Louisiana Cooperative Extension Service financial management study provides some answers to these questions.

Procedures

A six-page questionnaire was developed, pretested, and mailed statewide to 400 randomly selected names from home economics newsletter mailing lists. The initial mailing and follow-up letter obtained a sample of 203 respondents (51% response rate).

Findings

Financial Practices

The questionnaire listed common financial practices and asked to what extent the practices were followed. Respondents said they usually could find financial records when they needed them and that they usually kept a record of bills paid. However, they were less likely to save for long-term goals, to record expenditures and income, and to prepare a net worth statement (see Table 1).

Table 1. Participants' Use of Financial Management Practices.

Practices	Usually	Percentage Sometimes	Following Seldom	Never
Can find financial records when needed	94%	5%	1%	0%
Keep record of bills paid	92	4	1	3
Contact creditors to reconcile differences	90	4	4	2
Have plan to pay basic expenses	87	6	3	4
Have realistic budget for family	81	13	3	3
Balance checkbook monthly	85	6	4	5
Save for emergency expenses	65	18	9	8
Have personal spending allowances for family members	66	12	5	17
Save for long term goals	57	18	11	14
Record income and expenses to determine monthly deficit or savings	57	16	10	17
Prepare net worth statement to determine family assets and liabilities	31	20	15	34

N = 203

Satisfaction Level

When asked, "how satisfied are you with your money management?", a majority of the sample rated high on the financial satisfaction scale. Half (50%) were very satisfied, 42% somewhat satisfied, and 8% not satisfied (see Figure 1).

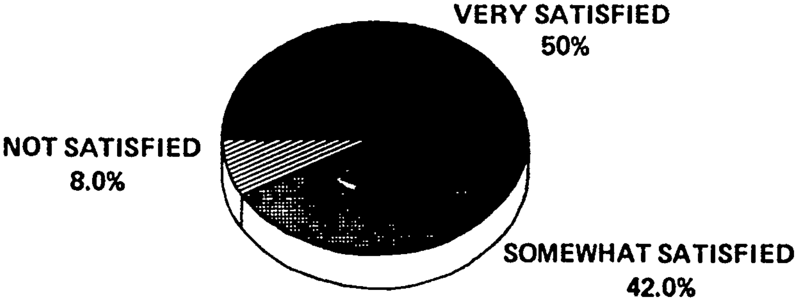
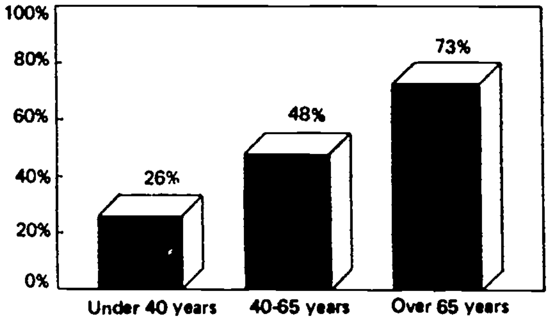


Figure 1. Participants' reported satisfaction with financial management

Chi square test results were used to determine the difference in the satisfaction level in relation to demographic variables. Whether they lived in a rural or urban area did not affect their financial satisfaction level, but as people grew older, they expressed more satisfaction. About three-fourths (73%) of those older than 65 years were very satisfied, but only 26% of those younger than 40 years were very satisfied (x^2 = 23.35; df = 4; 4; $p < .0001$) [see Figure 2].

PERCENTAGE VERY SATISFIED

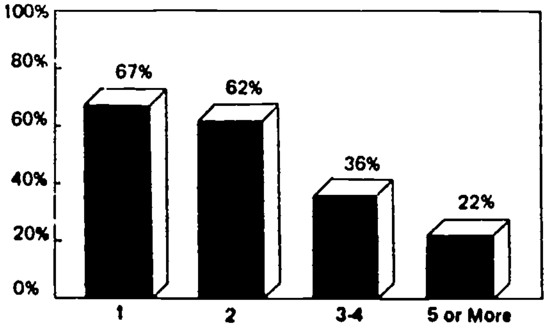


AGE

Figure 2. Participants very satisfied in relation to age.

Satisfaction tended to lessen as the number of people living in the home increased. Approximately two-thirds of those living in households with one or two members were very satisfied; only 22% of those living in households with five or more members were very satisfied (x^2 = 23.08; df = 6; $p < .001$) [see Figure 3].

PERCENTAGE VERY SATISFIED



NUMBER OF PEOPLE LIVING AT HOME

Figure 3. Participants very satisfied in relation to number of people living at home.

For all financial management practices shown in Table 1, with the exception of preparing a net worth statement, considerably larger percentages of respondents who were very satisfied follow the practices when compared with those who were somewhat satisfied or dissatisfied. For example, 84% of those who were very satisfied saved for emergencies, but 45% of those who were somewhat satisfied and 37% of those who were dissatisfied followed this practice. Of the 11 practices, those that were most related to increasing financial satisfaction were:

- kept a record of bills paid
- had a realistic budget
- had a plan to pay basic expenses
- saved for emergency expenses
- had personal spending allowances for family members
- recorded income and expenses to determine monthly deficit or savings.

Conclusions and Implications

Both the dissemination of financial management information and the encouragement of consumers to use the information are important to satisfying financial situations. This study confirms that those people who use suggested financial management strategies tend to be more satisfied with their financial situations than those who do not. Therefore, it appears that individuals and families who express some dissatisfaction could benefit particularly from additional financial education.

The study suggests many implications for consumer educators. First, it can be useful in planning programs, writing newsletters, and in working with or writing for the mass media, because it pinpoints the financial strategies that tend to make the greatest impact on increasing financial satisfaction. For example, programs emphasize recordkeeping skills and preparation of a spending and savings plan, while they place less importance on preparation of a net worth statement. A newsletter article on goal setting might highlight strategies for meeting financial emergencies.

The study's data on the demographics of those people who were dissatisfied with their financial situations can be useful in targeting an audience. For example, younger people and those living in large families expressed the most dissatisfaction and thus might be in the greatest need of financial information.

(Copies of the survey instrument and further statistical documentation are available from the author, Professor Frances C. Lawrence, School of Home Economics, Louisiana State University, Baton Rouge, LA 70803-4301.)

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FACTORS INFLUENCING THE SELECTION OF UPHOLSTERED LIVING ROOM FURNITURE

M. Allison Carll and Joseph L. Wysocki
University of Illinois

Consumers were asked in a 1985 survey what was the "most difficult" aspect of buying furniture. Cost was mentioned by 53% of those sampled; 30% indicated that it was judging quality; and 22% had difficulty in choosing a style. Construction, comfort, and durability were noted as the strongest influencs on the actual purchase decision. The quality of a piece of furniture was determined by construction features (87%), brand name (67%), and wood finish (61%) [6, pp. 72-73].

Helping consumers to make wise purchasing decisions is a goal of the Illinois State Board of Education [2, p. 65]. Among the stated objectives for the unit on home furnishings are to:

1. make satisfying selections of home furnishings and equipment according to social, psychological, economic, and utility needs of self and family;
2. learn to recognize the levels of quality; and
3. become aware of the ways that shopping skills can help consumers obtain the most satisfaction for their money.

Factors which influence home furnishings choices include style, function, construction features, cost, availability, and color. Research has also shown that values and stage in life are factors that affect the decision-making process [3, 4, 5]. In addition, a study by Alexander et al. suggests that the criteria used in making home furnishings decisions differ according to place of residence in urban or rural areas [1].

The primary purpose of this research was to identify what criteria influenced the home furnishings choices of rural Illinois families. A second objective was to ascertain whether these criteria were influenced by factors such as stage in life, demographic variables, and use of interior space by individual families.

METHODOLOGY

A random sample was drawn from Illinois telephone directories for counties with towns or places having a population of 2,500 or less and without a major standard metropolitan statistical area (SMSA). Telephone screening was conducted to insure respondents in all stages of the life cycle; those surveyed had to be married and have been residents of the county for at least one year at the time of the survey. After pretesting and revising the questionnaire, it was mailed to 466 cooperating eligible households; 336 (72%) were completed, returned, and eligible for analysis and form the sample for the following discussion.

RESULTS

In all cases, the wife was asked to respond to the questionnaire. Over half (55%) had lived in the county for twenty years or more, and the mean time for residing in their present home was 11.9 years. The mean age of the respondent was 43.6 years; her husband was slightly older (46.1 years). These couples had been married an average of 21.4 years, with a mean family size of 3.36 people. For half of the women, their high school diploma was their terminal degree; this was true for 60% of their husbands. The majority of men currently were employed, with approximately one-third earning their living from farming. Just over half of the women worked either full- or part-time outside the home. Total household income was $30,000 or less for 54% of the couples.

The respondents were asked when most of the furnishings that were presently in their living room had been acquired. Over three-fourths indicated that they were between the ages of 19 and 44; the percentage of responses was divided almost equally between the

18-26, 27-34, and 35-42 year old categories. These findings are consistent with life cycle trends revealed in national marketing studies [6]. Two-thirds of those surveyed had acquired their first sofa either before or during their first year of marriage; their current sofa had been owned an average of 8.1 years. Either one or two upholstered chairs also had been purchased for the living room during this same time frame, but not necessarily at the same time as the sofa. Although the majority of furnishing purchases appear to have been made early in the life cycle, 27% of the respondents stated that they had spent the most money at one time on their living room after they had been married 11 to 20 years. In 69% of all cases, furniture selection had been a joint husband/wife decision; 17% of the women had selected their furnishings by themselves.

Only 40% of those surveyed indicated that their home had a family room as well as a living room. A wide variety of activities, therefore, were performed in the home's principle living space including relaxing, conversation, entertaining, T.V., music, and reading (Table 1). Almost half of the respondents also used their living room for sewing, hobbies, and games. Some type of food and/or beverage service in conjunction with these activities was presumed.

Table 1. Use of Living Room by Respondents

Variables	n	%
Relaxing, Conversation	312	92.9
Entertaining	297	88.4
T.V., Music	277	82.4
Reading	276	82.1
Hobbies, Sewing, Games	152	45.2

Despite the variety of activities which took place in the living room, the respondents consistently indicated that "style" or "look" were the most important criteria in selecting their present sofa (Table 2).

Table 2. Most and Least Important Reasons for Selecting Present Sofa

Reason	Most Important Frequency	Most Important %	Least Important Frequency	Least Important %
Cost	41	12.2	18	5.4
Function	36	10.7	11	3.3
Could Purchase Locally	6	1.8	45	13.4
Construction Features	43	12.8	4	1.2
Style, Look	135	40.2	8	2.4
Color	22	6.5	12	3.6
Influence of Family or Friends	5	1.5	181	53.9
Gift or Inheritance	20	6.0		
Other	4	1.2		
No Response	24	7.1	57	17.0
Total	336	100.0	336	100.0

Cross-tabulation revealed that those using the living room for hobbies, sewing, and games were somewhat less likely than the other groups to list style as their most important consideration; among the factors which this group cited were construction, cost, and function. In addition, the women overwhelmingly stated that "influence of family and friends" was the least important consideration in their upholstered furniture selection. The same factors noted as most and least important in the selection of the sofa were also cited for the chairs; in fact, the relationship was highly significant ($p = .000$).

The demographic variables of age, income, education, and occupation did not significantly influence the criteria for making decisions, nor did stage in the life cycle. Although the sofa and chairs may have been acquired at different times, the criteria for selection did not appear to change.

SUMMARY AND IMPLICATIONS FOR CONSUMER EDUCATORS

The "look" or "style" of the upholstered piece was the most important selection criteria for 40% of the respondents. Factors such as cost, function, and construction were ranked as "most important" by a smaller number of women. Demographic variables such as age, income, education, or occupation did not significantly influence the decision-making criteria; the same is true for stage in life and functions which took place in the living room. Only those who used their space for hobbies or games were somewhat less likely than the others to note "style" as their most important consideration.

The findings of this study regarding the purchasing criteria of rural residents differ from those of Alexander et al. [1]. Alexander found urban dwellers to be more interested in the appearance of their homes, with rural respondents ranking construction and function as the most important criteria.

Regardless of place of residence, consumer educators may need to further assist all consumers in making wise home furnishings decisions. Consumers should consider style after they have analyzed criteria such as construction features and finish, cleanability and wearability, cost considerations, and function of both the furniture and the room as a whole. A variety of styles is available at almost every price and quality range. Since furniture is a durable good, purchasers need adequate information to obtain the most from their home furnishings dollar. Consumer educators should plan comparison shopping activities to help their students look beyond style, color, and other design considerations and instead emphasize construction, quality, and cost. By equipping consumers with the appropriate shopping tools, educators can help them obtain maximum satisfaction in the selection of their home furnishings.

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Research funded by the Illinois Agricultural Experiment Station and the School of Human Resources and Family Studies, Project HATCH-HRFS #60-0307.

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B. **Research Article.** A presentation of recently completed research that has implications for consumer educators. The manuscript should clearly present (a) the problem statement and background on the problem; (b) research procedures including population identification, sampling techniques, data collection methods, and data analysis; (c) a summary of findings and conclusions, and (d) a discussion of the implications for consumer education instruction or curriculum development.

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YOUR MONEY MANAGER, Simon and Schuster, Software Division, 1 Gulf and Western Plaza, New York, NY 10023.

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(NOTE: For a list of other personal computer programs for consumer education and personal financial planning, contact Les Dlabay, Dept. of Economics and Business, Lake Forest College, Lake Forest, IL 60045.)

ILLINOIS CONSUMER EDUCATION ASSOCIATION

HISTORY AND PURPOSE

The Illinois Consumer Education Association, the first state consumer education association nationwide, was organized in 1973 to expand consumer education and foster professional growth in the teaching of consumer education at all levels. ICEA will strengthen the implementation of Senate Bill 977, passed in 1967 and amended in 1975, 1977, and 1979, which states:

> "Pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in the area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices, and an understanding of the roles of consumers interacting with agriculture, business, labor unions, and government in formulating and achieving the goals of the mixed free enterprise system."

PUBLICATIONS

The Illinois Consumer Educator, the official newsletter for ICEA, is published 3 times a year (usually in September, December, and May). This publication updates Illinois teachers on state and national events and provides a forum for teaching ideas as well as a review of selected course materials.

The Journal of Consumer Education is an annual publication. This journal consists of articles, research summaries, book reviews, and other features designed to improve consumer education teaching.

ANNUAL CONFERENCE

The Annual Statewide Conference is a major activity sponsored by ICEA. This two-day meeting in February affords you the opportunity to hear important speakers in the area of consumerism and to exchange methods of teaching with teachers of many disciplines. A wealth of resource material is also available for review.

NETWORK SYSTEM

A statewide system has been organized to improve services to ICEA members on a regional basis. Increased membership involvement and communication are the objectives of the network system.

CHERIE KERTZ
ICEA Membership Chairperson
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PROMOTE CONSUMER EDUCATION
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MESSAGES TO CONSUMERS CONVEYED BY WOMEN'S MAGAZINES

Carmen D. Steggell
Utah State University

The influence of magazines on consumer behavior, particularly that of women, has been widely recognized. In his study of American magazines, Wood [9] declared that the magazine is one of four major forces affecting and controlling national public opinion. Magazines, together with newspapers, radio and television, provide consumers with information about goods and services. Since consumer educators endeavor to promote the wise use of consumer resources, it is useful for them to understand the messages that are conveyed through the influential media of our society.

PROBLEM STATEMENT AND PROCEDURES

Communications scholars and practitioners know that "the data of communications are prime social data" [1]. Members of society who have been raised in an environment of constant exposure to media are increasingly influenced by mass media messages. The marketing industry is based on the ability to predict what messages will sell products; however, the profit incentive requires that the results of marketing research be closely guarded. Consumers are strongly affected by the messages conveyed by magazines [8]. In order to control the decision-making process, the consumer must comprehend the underlying purposes of those messages.

The goal of this study was to define the messages that are conveyed to consumers by magazines. In American families, the wife and mother has traditionally decided on and made most household purchases [6]. Further, food preparation, a task performed predominantly by women [6], has long been a primary function of the home and represents a common denominator over time and across cultures. Therefore, this study focused on the messages related to food which were directed toward women by women's magazines. Two magazines were analyzed in this study: *Ladies' Home Journal* and *Good Housekeeping*. These were chosen to represent consumer/general interest magazines directed specificially to women [7]. Both are included in the "Big Three" of women's service magazines [7] and have consistently been among the top five women's magazines in circulation throughout the 20th century [4]. Content analysis was the logical method for such a study since it is uniquely applicable to print communication [2]. The study examined messages in food-related articles and advertising from the close of World War II to the present. A systematic sample of each magazine was used with exminations made every third year. To compensate for seasonal variations, one month from each season was selected. Fifty-six issues yielded 1,072 advertisements and 183 articles over the 40-year period under study. Since the study attempted no explanation of cause and effect, validity was straightforward. Coding reliability was tested by employing an independent researcher in a pilot study. Coding agreement between the independent researcher and the primary researcher was 98.3%, suggesting a high degree of reliability.

Both manifest content (actual word counts) and latent content (assessing the message of illustrations and layout) were analyzed. Messages were classified into eighteen general categories; frequencies were used to describe the sample in detail, while the chi-square test of independence was used to analyze the statistical significance of changes in messages over time.

RESULTS AND DISCUSSION

Each of the 1,255 casess contained one major message. In addition 725 cases (57.8%) also contained a secondary message, and 160 cases (12.7%) contained a tertiary message. Of the eighteen messages defined, each of thirteen appeared in fewer than 7% of the cases. Not unexpectedly, taste and visual appeal was by far the most frequent message, accounting for 38.4% of the major messages conveyed over the 40-year period (Figure 1). Therefore, in order to more accurately examine the changes in the messages conveyed, taste and visual appeal, along with the thirteen messages represented by less than 7% of the cases, were removed from the chi-square test. Four messages remained: (1) convenience and versatility, (2) nutrition, (3) quality, and (4) expertise (Figure 2). These isolated messages were cross-tabulated and examined for changes over time. At alpha = .05, no statistically significant difference in the distribution of messages was found. Nevertheless, changes in society over time were readily apparent. Although the messages themselves remained constant, their presentations were geared to technological orientations, economic conditions, and, most conspicuously, gender role expectations.

Figure 1. Total Percent Representations of Major Messages Between 1947 and 1986.

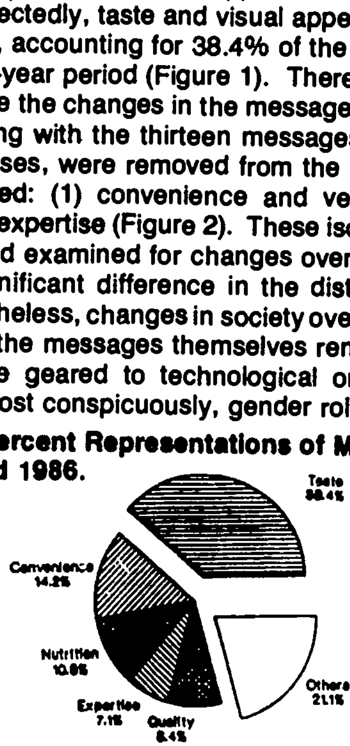
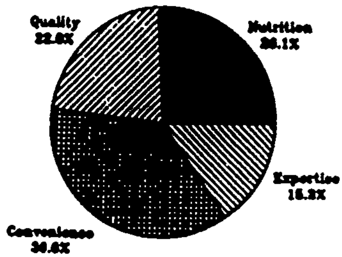


Figure 2. Total Percent Representations of Isolated Major Messages Between 147 and 1986



One consistently predominant message was "convenience and versatility". Prior to the mid-1970s, advertisements and articles offered convenience with an implication of guilt for using time-saving products; by the 1980s convenience foods were routinely offered without excuse.

"Nutrition" was another predominant message throughout the time period. In the 1940s and 1950s, words such as "wholesome" and "noursihing" were common, and were associated with such things as butter (as opposed to margarine), soups, and "pure" white bread. By the 1970s and 1980s technical words such as "cholesterol" and "Vitamin A" together with numbers reflecting grams and Recommended Daily Allowances were given, reflecting an improved understanding of nutrition, and, perhaps, more sophisticated and technically oriented consumers. Even so, there was no statistically significant differences in the frequencies of whole grain products, fish, and fresh fruits and vegetables as opposed to white breads, red meat, and highly processed foods.

Perceptions related to the role of women changed over time. Articles and advertisements prior to the mid-'60s reflected the traditional role of women. For example, an advertisement in the June, 1950 issue of *Ladies' Home Journal* [page 8] proclaimed, "When a man marries, he expects his wife to make a cake as marvelously as his mother." From the mid-'60s on, however, advertising in particular showed a measurable degree of change [5]. By the 1980s, articles and advertisements in women's magazines began to address the growing frustrations women felt over their dual responsibilities of home and career. Where earlier focus was on women performing all food preparation duties, later articles and advertisements sometimes pictured men and children participating in food preparation activities.

SUMMARY AND IMPLICATIONS FOR CONSUMER EDUCATORS

This study was conducted to define the messages related specifically to food preparation that are conveyed by women's magazines to women as consumers and to describe the change in those messages over time. No statistically significant change in the distribution of the messages conveyed from year to year was found. However, changes in society were reflected by presentations of the same messages modified to technological orientations, economic conditions, and gender role expections. These findings have some particularly meaningful implications for consumer educators:

1. The presentations of messages employed by marketers to sell food products have remained relatively consistent since 1947. Therefore, it is reasonable to believe that consumer education curriculum which utilizes knowledge of the messages isolated by this study will have long range application.

2. The messages conveyed by women's magazine articles are generally the same messages conveyed by advertisements in those same magazines. Consumer education curricula should include the information that non-commercial sections of magazines are not necessarily independent of the influence of marketing.

3. The presentations of messages by articles and advertisements in women's magazines reflect shifting cultural views of women's roles.

A useful classroom exercise for students would be an analysis of the messages conveyed by articles and advertisements in various magazines of specific interest to students. Comparisons and conclusions made among the students would provide pertinent examples of the strategies employed by marketers.

If the findings specific to the study of food-related advertisements and articles in women's magazines can be generalized to a broad cross-section of products and media by further research, consumer educators will have a powerful tool in assisting consumers in analyzing media messages. Recognition that certain basic messages are overlaid with technological orientations, reflections of economic conditions and gender role expectations can lead, through effective consumer education, to more objective consumer decision-making.

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NUTRITION PROFILE OF COLLEGE STUDENTS

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Few people today would question the importance of good nutrition as a major component of a healthy lifestyle. The electronic media and the popular press frequently feature items related to nutrition. Nutrition education is included within most elementary and secondary curricula. Nutrition-related issues are frequent topics of conversation among friends and acquaintances. A tremendous amount of nutritional information is available on food packages. With all of the attention paid to nutrition by the schools, the public, and the press, one might assume that those who appear to be so interested in and informed about nutrition would follow sound nutritional practices. This study was designed to examine the nutritional habits of one segment of the adult population which has been exposed to society's strong awareness of the importance of good nutrition: college students. This segment of our adult population is the most likely to have recently been exposed to nutrition education within the schools.

PURPOSE

The purpose of this study was to develop a nutritional profile for college students to determine to what extent their food choices provided a nutritionally adequate diet. The RDAs from the USDA Handbook 456 were used as a standard of comparison.

RELATED RESEARCH

A considerable amount of research has been done on the topic of nutrition in general and more specifically on the nutritional habits of young adults. Baecke and Stavern's study [1] of young adults found that the daily average intake of calories by males was about 3000, which they determined was high relative to females, whose daily average intake was 2170.

Ostrum and Labuza, [2] in their analysis of the diets of college students, found that, with the exception of iron for females, the average for most of the nutrients was either close to or above the established RDAs for both males and females. Additionally, they found that students consumed 35.6 percent of their calories as fat, and that a substantial number of both males and females consumed less than 80% of the RDA for calcium.

In their study of female college students, Polley, et. al. [3] found that diets met or exceeded the RDAs for all nutrients except B-6 and iron. The USDA Nationwide Food Consumption Survey for Midwest Women ages 19-34 [4] showed daily consumption below 70% of the RDA for iron, folacin, and zinc. The survey for men of the same age showed no daily food intakes below 70% of the RDA for any nutrient.

Block's research on the validity of dietary assessments [6] concluded that twenty-four hour recalls are valid for group values, although they are not sufficiently valid for individuals. Histories and seven-day records are valid, but are time-consuming and require a great deal of expertise from the interviewer and time from the subject.

PROCEDURES

The subjects for this study were 253 college students enrolled in an upper division (juniors and seniors) consumer economics course. As the course has no pre-requisites and is an elective in the general studies curriculum, the students represent a cross section of the university population. Students were assigned to record all foods and beverages consumed in an average day, and to use a nutrition analysis program (available in the microcomputer laboratory) to analyze their diets. The program allows users to individualize inputs for sex, age, height, weight, special health conditions, and activity level to determine nutritional requirements for each individual user. Students then input their lists of foods consumed and the program analyzes consumption relative to individual needs, and identifies nutritional deficiencies (consumption of less than 70% of RDA) and excesses for 15 nutrients. Additionally, it breaks down the consumption of calories into fats, proteins, and carbohydrates. Individual student nutritional analyses were then aggregated to develop a profile of the nutritional content of the students' diets.

FINDINGS

The results of this study were fairly consistent with the results of Polley, et. al., and contrary to those of Ostrum and Labuza. The results of data analysis (shown in Table 1) show that the average male consumed just over 3400 calories and derived 36% of his calories from fats, 20% from proteins, and 43% from carbohydrates. Females consumed just under 2800 calories with 36% from fats, 19% from proteins, and 45% from carbohydrates. Average calorie consumption for both sexes was higher than had resulted from the Baecke and Stavern study. Both males and females consumed higher percentages of their food energy from fats than the recommended maximum of 30%.

Table 1. Food Energy Consumption by Source.

	Males	Females	Combined
Calories	3403.67	2300.46	2797.56
Fats (%)	36.39	35.33	35.81
Protein (%)	20.34	19.18	19.7
Carbohyd (%)	42.81	47.65	45.47
n=	114	139	253

Table 2 shows that more than 50% of all students were deficient in B-12, folacin, magnesium, and B-6. Zinc, E, iron, A, and calcium also showed up with some frequency as deficiencies. When comparing the deficiencies of males and females, females had higher deficiency frequencies for all nutrients except C and E. More than 50% of females were deficient in B-12, magnesium, zinc, folacin, and B-6, while there were no nutrients for which males recorded a deficiency rate of 50% or over.

Table 2. Nutritional Deficiencies

	MALES % of students w/deficiency	FEMALES % of students w/deficiency	TOTAL % of students w/deficiency
Folacin	42.98	59.71	51.35
B-12	44.74	66.19	55.47
C	15.79	15.11	15.45
E	28.07	22.3	25.19
Magnesium	41.23	64.03	52.63
Zinc	32.46	63.31	47.89
B-6	42.11	58.27	50.19
Phosphorus	4.39	8.63	6.51
A	16.67	22.3	19.49
Calcium	13.16	23.74	18.45

Table 2 (continued)

	MALES % of students w/deficiency	FEMALES % of students w/deficiency	TOTAL % of students w/deficiency
Protein	2.63	3.6	3.12
Thiamin	7.02	10.07	8.55
Riboflavin	4.39	13.67	9.03
Iron	6.14	41.01	23.58
Niacin	1.75	9.35	5.55
N =	114	139	253

CONCLUSIONS AND IMPLICATIONS

If these results are valid for group values, as suggested by Baecke, then clearly there is room for improvement in the nutritional profile of college students. Food energy consumption was high for both males and females which suggests that it is the choice of foods which is a problem, not the quantity. That males on the average consumed over 1100 more calories than females may explain the higher rates of deficiency for females for most nutrients. The high rates of deficiency are particularly alarming, considering that deficiencies were only recorded when consumption was less than 70% of the RDA.

There are strong implications for increasing the effectiveness of nutrition education in elementary and secondary education. Additionally, there seems to be a strong need for continued nutrition education at the college level. The time during which young adults traditionally assume responsibility for their own diets may be a crucial time for increasing awareness and education to encourage the formation of good, healthful eating habits.

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HOME REMODELING DECISIONS OF RURAL NORTH CENTRAL HOUSEHOLDS

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Remodeling, recycling, rehabilitation, adaptive reuse—a variety of terms with one meaning: Americans are keenly interested in recycling old buildings into newer housing. According to *Professional Builder* [1], a trade publication for home builders, total expenditures for remodeling should reach $110 billion in 1988 and continue to increase to $289 billion by the year 2000.

The remodeling boom is a response to a number of factors. Vast increases in house prices, high interest rates on new home mortgages, and the costs associated with selling, buying and moving have compelled consumers to remain in their present homes and remodel to obtain the space and/or satisfaction they desire. Remodeling is a more affordable way of moving up in the housing market when compared to moving out. According to Morris and Winter [2]:

> When a family's housing does not meet the norms, a deficit exists. If the family is aware of the deficit and feels that it is important, it will be dissatisfied. Dissatisfaction, in turn, produces a propensity to remove the deficit. Given such a propensity, the family would choose between alternative adjustment behavior: moving to a new residence, or altering or adding to the current dwelling. Constraints may inhibit perception of deficits, appearance of dissatisfaction, development of an adjustment propensity, or completion of adjustment behaviors. These constraints include predispositions such as apathy; resource constraints such as low income and discrimination (racial, ethnic, sexual, etc.); and market constraints, including the supply of housing and mortgage money and their prices.

In rural areas, and especially for those households living on a farm, moving to a new home is not a realistic option. Remodeling the old farm house is the only alternative.

The purpose of this paper is to analyze the home remodeling decisions and future plans of North Central rural households. The findings that are presented in this paper are part of a larger study that was concerned with the economic, social, psychological and health consequences of the housing decisions of rural households. The study was supported in part by funds from the Agricultural Experiment Station at the University of Illinois. The six states in the North Central region that participated in the study are Illinois, Iowa, Minnesota, Missouri, Nebraska, and Wisconsin.

METHODOLOGY

The sampling objective of the overall project was to identify potential households in order that the total number of respondents would be approximately 500. The sample was to be allocated proportionately among the six states. The population of interest consisted of all households outside Standard Metropolitan Statistical Areas and outside incorporated cities with 1980 Census population of 20,000 or more.

Within each state, a multi-stage area sample of households was selected with probabilities proportional to the sizes of areas in terms of the number of occupied housing units based on the 1980 Census of Housing. There were 589 eligible households in the sample area. Of this number, 506 interviews were completed for a response rate of 85 percent.

Experienced interviewers were used in all but one of the states. The questionnaire was developed through a complex process of negotiation among the researchers from the six states. The questionnaire included items related to household characteristics, housing characteristics, financial decisions, alterations and additions, energy conservation and general well-being. The results of the survey, with emphasis on home remodeling and energy decisions, are presented in the following section.

RESULTS

Household Characteristics

Thirty-eight percent of the respondents lived in open country, 23 percent in small towns, 23 percent in larger towns and nearly 16 percent in small cities. Two-thirds of the respondents were women and nearly two-thirds were married at the time of the interview. Couple-headed households was the predominant (70%) household type. Sampled households were about equally divided between those who had children present and those who did not. Forty percent of the respondents were under the age of 40.

The typical female household listed homemaker, clerical or service worker as her principal occupation. Among the male heads of households, the principal occupation was skilled craftsman or operative. Farming was the second largest occupational group among men. The mean total household income was $20,801; the median was $17,350.

Dwelling Characteristics

Most dwellings in the sample were built between 1970 and 1985. Eighty-one percent of the respondents lived in single-family detached dwellings with large private yards. The typical dwelling had five rooms, three bedrooms, one full bath, a living room, a kitchen and one utility room. Sixty-nine percent did not have a family room. The typical respondent had no plans to move.

Financial Characteristics

Over 80% of the respondents owned their dwellings. The median value of houses was $37,000. About one-third of the home owners had a mortgage payment. Half of those with mortgages had interest rates below 9.94%; half had mortgages rates from 9.94% to 15.0%. Over three-fourths of the mortgages were fixed-rate.

Remodeling Characteristics

What are the home remodeling decisions made by rural families in the North Central States? What are their future plans?

Over one-half (52%) of the households sampled remodeled their homes during the past five years. The percentage distribution for various remodeling changes is presented in Table 1. Appearance changes, both interior (59%) and exterior (58%), were the most popular dwelling changes by homeowners who remodeled. Interior appearance changes were dominated by kitchen remodeling (43%), followed by bathroom remodeling (38%). Exterior appearance changes included new roofs (29%), siding (23%), windows (25%) and landscaping (29%).

Table 1. Home Remodeling Changes of Rural North Central Households by Percent

Remodeling	Percent
Changed Interior Appearance	59
Changed Exterior Appearance	58
Changed Mechanical System	51
Changed Energy Efficiency	40
Added Outdoor Living or Storage Space	34
Ceased Use of Existing Space	28
Converted Unfinished Space	17
Added Indoor Living Space	10
Changed Use of Existing Space	9

Over half (51%) of the households changed the mechanical system, with heating system changes (64%) dominating. Forty percent of the households changed the energy efficiency of their home. In general, changes involving the use of space (either adding, ceasing use or converting) were accomplished by fewer households. Outdoor living space was added three times more often (34%) than indoor living space (10%) with 54% of the sample adding decks. Space changes most frequently indicated decreased need for sleeping space and increased need for social activity or recreational space.

The percentage distributions for various energy saving changes are shown in Table 2. Caulking or weatherstripping was the principal energy improvement made by over half (56%) of the households that remodeled. Other major energy improvements during the past five years, in decreasing order of importance, included adding insulation, storm windows or doors, trees, interior window coverings, and ceiling or attic fans.

Table 2. Energy Changes Made by North Central Regional Rural Households by Percent

Energy Feature	Percent
Caulking or Weatherstripping	56
Ceiling or Attic Insulation	41
Storm Windows or Doors	33
Wall Insulation	31
Trees	31
Interior Window Coverings	22
Ceiling Fans	22
Attic Fans	20
Basement or Foundation Insulation	19
Glass to South Side of Home	9
Cross-Ventilation	8
Awnings	7
Windbreaks	4
Solar Units	1

The households were also asked questions about their future remodeling plans. Table 3 presents these findings.

In general, future plans of the total sample appear to be consistent with the changes that were made by those who remodeled. Improving the interior (28%) and exterior appearance (24%) were the first and second most often mentioned planned remodeling changes followed by adding energy conservation features (14%). Ten percent or less of the total sample planned to make space changes.

Table 3. Home Remodeling Plans of North Central Regional Rural Households by Percent

Remodeling	Percent
Improve Interior Appearance	28
Improve Exterior Appearance	24
Add Energy Conservation Features	14
Change Use or Function of Existing Space	10
Add Outdoor Space	9
Change Mechanical Systems	8
Convert Unfinished Space into Finished Space	8
Add Interior Space	6

SUMMARY AND IMPLICATIONS

A discussion of remodeling should be an integral component of a consumer economics unit on housing since remodeling is on the rise and it is increasingly recognized a viable housing alternative. Over half of the households that participated in this study had recently remodeled their houses while additional households reported future remodeling plans. Unfortunately, the housing unit outlined in *Consumer Education in Illinois Schools, 1986* (3:pp. 41-44) does not include a discussion of home remodeling.

In addition, knowing the decisions households have made and their future plans to aid educators in developing curriculums to meet homeowners' needs. Remodeling of kitchens and baths, both expensive projects, appears to be a high priority for households in the future. Many households also plan to improve home exteriors and energy conservation. Consumer educators would want to point out which improvements make the best financial sense. Some will pay for themselves in energy saving and may also more than return their cost by boosting a home's resale value. Other home improvements may have a low financial payback but will yield big returns in simple enjoyment value.

Remodeling is a viable housing alternative and can be an investment as well. Remodeling is recognized by builders as the growth market of the 1990s and should be recognized by educators as an important aspect to include in a housing curriculum.

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Research funded by the Illinois Agricultural Experiment Station and the School of Human Resources and Family Studies, Project Hatch - HRFS #60 0385.

Presidents of the Illinois Consumer Education Association

1974	Hayden Green
1975	Charlotte Carr
1976	Les Dlabay
1977	Bettye Swanson
1978	Dorothy Johnson
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1975	Gladys Bahr
1976	Marilyn Metcalf
1977	Hayden Green
1978	Floyd Crank
1979	Bettye Swanson
1980	(no award)
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1982	Ross Lowe
1983	Les Dlabay
1984	David Graf
1985	Barbara Gilhaus
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Call for articles for 1990 Journal of Consumer Education. For a copy of the manuscript guidelines, contact: Les R. Dlabay, Dept. of Economics and Business, Lake Forest College, Lake Forest, IL 60045.

Resources and Organizations for Consumer Education Instructional Material

ACCI Newsletter, American Council on Consumer Interests, 240 Stanley Hall, University : Missouri, Columbia, MO 65211.

Illinois Council on Economic Education, Northern Illinois University, DeKalb, IL 60115.

Credit Union National Association, Box 431, Madison, WI. 53701.

Insurance Information Institute, 110 William Street, New York, NY 10038.

American Institute for Economic Research, Division Street, Great Barrington, MA 01230.

Consumer Information Center, Pueblo, CO 81009.

Joint Council on Economic Education, 432 Park Ave., South, New York, NY 10016.

Federal Reserve Bank of Chicago, Public Information Center, Box 834, Chicago, IL 60690.

Dow Jones and Co., Educational Service Bureau, Box 300, Princeton, NJ 08543-0300.

Money Management Institute, Household Financial Services, 2700 Sanders Road, Prospect Heights, IL 60070.

New York Stock Exchange, Educational Relations, 11 Wall Street, New York, NY 10005.

Consumer Union, Educational Services, 256 Washington Street, Mount Vernon, NY 10550.

Federal Trade Commission, Office of Consumer and Business Education, Washington, DC 20580.

Internal Revenue Service, Office of Public Information, 1111 Constitution Ave., NW, Washington, DC 20224.

Federal Deposit Insurance Corp., Public Information Office, 550 - 17th Street, NW, Washington, DC 20429.

ILLINOIS CONSUMER EDUCATION ASSOCIATION

HISTORY AND PURPOSE

The Illinois Consumer Education Association, the first state consumer education association nationwide, was organized in 1973 to expand consumer education and foster professional growth in the teaching of consumer education at all levels. ICEA will strengthen the implementation of Senate Bill 977, passed in 1967 and amended in 1975, 1977, and 1979, which states:

> "Pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in the area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices, and an understanding of the roles of consumers interacting with agriculture, business, labor unions, and government in formulating and achieving the goals of the mixed free enterprise system."

PUBLICATIONS

The Illinois Consumer Educator, the official newsletter for ICEA, is published 3 times a year (usually in September, December, and May). This publication updates Illinois teachers on state and national events and provides a forum for teaching ideas as well as a review of selected course materials.

The Journal of Consumer Education is an annual publication. This journal consists of articles, research summaries, book reviews, and other features designed to improve consumer education teaching.

ANNUAL CONFERENCE

The Annual Statewide Conference is a major activity sponsored by ICEA. This two-day meeting in February affords you the opportunity to hear important speakers in the area of consumerism and to exchange methods of teaching with teachers of many disciplines. A wealth of resource material is also available for review.

NETWORK SYSTEM

A statewide system has been organized to improve services to ICEA members on a regional basis. Increased membership involvement and communication are the objectives of the network system.

CHERIE KERTZ
ICEA Membership Chairperson
17226 Cedar Road
East Moline, IL 61244

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INCREASING STUDENT INVOLVEMENT THROUGH EXPERIENTIAL LEARNING

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The purpose of this paper is to describe a method of teaching consumer education that involves students' active participation in the learning process. The approach is outlined as it is used with upper division university students in a consumer education class, but the ideas are adaptable to the secondary classroom.

The method requires students to obtain consumer-related information in the marketplace. Assignments cover a range of topics including consumer relations, credit, automobiles, banking, small claims court, and food and consumer durables purchases. Students also talk with insurance agents and evaluate insurance policies.

Consumer educators recognize the value of using experiental learning to reinforce concepts [1]. Experiential learning establishes the relevance of the material in students' lives as they apply concepts presented in the text and lectures to their own personal situations. Such activities increase the likelihood that students will retain the concepts and recognize the benefits of being an informed consumer. As a result, interest in the subject matter is enhanced.

Incorporating this teaching strategy into the course also develops rapport between the teacher and the students. Students become excited with their consumer experiences and are eager to share the information with the teacher and the class. They learn not only from the text and the teacher but also from their marketplace experiences and those of other students.

Experiential Assignments

The assignments described below were developed during the past three years by the author for a college-level course. In addition to the ten experiential assignments, the course includes lectures, exams, and student reports. This article describes five of the ten assignments. The other five include observing a session of small claims court, evaluating food purchases, writing a letter of complaint, evaluating advertisements, and comparing costs and features of consumer durables. These topics have been discussed in recent articles in this journal [3,4,5,7].

The assignments are presented in chronological sequence as they are assigned in a semester. The order of the assignments is designed to lessen students' hesitancy to contract businesses. In the first assignment, students make a telephone contact. In the second one, they work in pairs to contact and visit a business. Beginning with the third assignment, they contact businesses individually.

Students receive specific guidelines for all assignments that involve marketplace visits. For example, they are urged to plan visits for a time when the firm is not busy. Students are encouraged to tell the firm they are doing an assignment for a consumer education class. Often, when firms learn the purpose of the visit, they are more likely to provide information and to cooperate with students' requests.

Consumer Hotlines

At the beginning of the course, most students know little about their rights as consumers or about sources of consumer information. To stimulate interest, the first assignment requires students to choose a product and call the toll-free telephone number for that product. Students select a product which they either use often or one for which they would like more information. Before making the call, they prepare questions which usually ask for information about the product that is not given on the package.

Students learn that many products have toll-free consumer information numbers; they also report a wide variety of experiences with the hotlines. Some report their calls were answered promptly by seemingly well-informed individuals who were eager to answer their questions. Others found the number was continually busy or were put on hold for lengthy periods of time. Occasionally, questions go unanswered. Students sometimes receive coupons or free samples in the mail following their calls. These experiences usually stimulate student interest in calling for information in the future.

Occasionally, students provide a service to the producers. For instance, one student informed the producer that the amount of sodium was not listed on the product's package. Subsequently, this information was added. Perhaps the student's call was in part responsible. Students realize that their calls may have an effect on producers and this sense of involvement generates excitement in the course.

Consumer Credit

In this first marketplace assignment, students visit a department store credit department in pairs. Pairs are used because students may feel awkward about seeking information for a class assignment rather than for a personal need. Working with a partner alleviates some of their concerns.

An in-class discussion of the wise use of credit and credit rights follows the assignment. Students share the information they acquired at the credit department. They describe in writing and to other students what they learned about the types of accounts available, annual percentage rates, how interest is calculated, minimum finance charges, late payment penalties, and requirements to qualify for an account. Students also describe their personal spending patterns and values and identify situations in which credit use would be appropriate for them.

Automobile Purchase and Repair

Because a car is one of the first major purchases for many students, they often are apprehensive about the purchase since they lack knowledge about the process. Since students are more likely to purchase a used car than a new one, used car purchases are the focus of this assignment.

Students begin with textbook and supplemental readings from the Better Business Bureau [8], the Federal Trade Commission [2], and *Changing Times* [6,9]. After a class discussion, students talk with automobile salespersons and observe interactions between salespeople and customers. The written assignment requires students to describe the sales tactics observed and to discuss the availability of information about warranties and prices of used cars.

Car repairs are a source of anxiety for many people, especially those with both limited incomes and limited knowledge of mechanical repairs. Many consumers don't know how to select a repair shop.

To increase students' knowledge of the criteria important in selecting auto repair services, students visit a repair shop. While there, they ask questions about certification of mechanics, acceptable methods of payment for repairs, and procedures for obtaining repair estimates. They observe the interaction between customers and personnel in the shop. Student reports often reveal that there generally are decided differences among shops both in the amount of information they provide to students and in the way customers' questions are handled.

It is critical that students contact the shop to ask for a convenient time for their visit. Even with prior contact, some students find that no one wants to answer their questions. Other shops refer students to posted rates. Students generally conclude that they will use an auto repair shop where the customer's questions are readily answered.

Banks and Banking

Many students in the course already have checking accounts. Nevertheless, they are often unsure about the types of accounts available and unaware that charges and services vary from bank to bank. To increase knowledge in this area, accounts available at credit unions and savings and loan associations are discussed, but commercial banks are the focus of the assignment.

Each student makes a chart comparing three types of checking or savings accounts available at the bank of their choice. Based on the information they have collected, they determine which account would be best for them and share the reasons for their choice with the other students.

Automobile, Health, and Renter's Insurance Policies

This assignment is designed to create student interest in reading insurance policies to identify variations in coverage. Students select an auto, health, or renter's policy to evaluate. To stimulate interest prior to the assignment, the instructor reads portions of one policy in class, noting interesting aspects such as coverage for a volcanic eruption.

To complete the assignment, students must visit an insurance firm and obtain a policy. They then carefully read the policy, talk with an insurance agent at the firm, and write answers to a series of questions about the policy they chose.

Implications for Consumer Educators

Using experiential assignments integrates students' lives with course concepts and spurs their interest in becoming informed consumers — a goal of consumer education courses. Experiential assignments can be adapted for use with students of any age and/or need. Four keys to the success of experiential assignments are:

1. Encourage sharing of information among students in the class.
2. Integrate students' experiences into the discussion of text materials to reinforce concepts and stress relevancy.
3. Have students apply principles to their own values and personal situations.
4. Suggest that students consider the point of view of the business person by making appointments or choosing times that will least interfere with the firm's business.

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CHILDREN AS CONSUMERS: NUTRITIONAL CONCERNS AND THE CONSUMER EDUCATOR'S ROLE

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U.S. children represent a significant market segment. They purchase many items themselves and also influence the purchases of their parents. One recent survey found that the average allowance of four-to-12-year-olds was $3 per week. If each child in the U.S. received that amount, the total would be more than $4.7 billion a year. Much of this money is discretionary income and a large proportion goes to buy food products [5].

Several social and economic changes that affect family income mean that the consumer role of children has become more important in the past decade. In addition, these social and economic trends have had a profound impact on family food habits and food choices. The purpose of this article is to examine these changes, their potential effect on children's nutritional status, and ways consumer educators can facilitate children's consumer role.

Social and Economic Trends: Effects on Children's Consumer Role

A major development affecting the consumer role of U.S. children is the large number of mothers who are gainfully employed outside the home. Today, fewer than 30 percent of U.S. children live in a "traditional" family with an employed father and a housewife mother [7]. Two-thirds of six-to-11-year-olds live in households where both parents are employed or the single parent is employed. One-fifth of all children live in single-parent families and in three-fourths of these the parent is employed outside the home [7].

The increased number of employed mothers has several implications for children's consumer activities. First, employed mothers in dual-parent families often mean higher family incomes. Thus, more money is available for consumption by all family members, including children. Second, a mother's employment may mean that, due to time limitations, many traditional home production activities must either be eliminated, done by or with other family members, or purchased as services. Examples of services frequently purchased include meals away from home, convenience foods at the supermarket, and housecleaning. Today's working mother may take her children grocery shopping with her, either because she just picked them up after work or because shopping excursions offer a shared time together.

A third implication of increased numbers of employed mothers is that children often arrive home after school to an empty house. Once there, they frequently watch television or play video games. Elementary school children watch 30 hours of television per week, including 400 commercials weekly or over 20,000 per year [5]. While children watch television they often consume snack foods that are high in sugar, sodium, and fat [2].

Thus, social and economic trends have changed children's food habits along with those of their families. Fewer meals are eaten together as a family and parents have less ability to control their children's food intake. An individual-centered style of eating has developed with each family member on his/her own [1]. Greater numbers of dual-earner and single-parent families often mean less time available for selection, preparation, and consumption of food.

Children in homes with employed parents are more likely to be involved in preparing their own meals, especially breakfast and lunch. Youth Monitor reports that 23 percent of children in "traditional" families prepare their own breakfasts. Nearly one-third of children in dual-earner families and 36 percent of those in single-parent families prepare their own breakfasts [7]. The microwave oven has increased children's independence in the kitchen and is present in an increasing number of homes. In 1980, 13 percent of U.S. households had a microwave oven; in 1985, 40 percent of households did, and in 1990, close to 70 percent will [3].

Children as Consumers

Children represent a significant source of revenue for manufacturers and retailers. In the past, children were thought of as savers and future consumers, not current consumers. Today, children are viewed as not one but three separate and viable markets. First, children represent a current market because they have needs and wants and money to spend. Second, children are an influential market since they have a substantial effect on their parents' purchases. Third, children are a future market because they are also tomorrow's customers. Soft drinks and candy are two products for which the brand loyalties formed in childhood often endure throughout adulthood [5].

Children's Money and How They Spend It

How much money do children have and how do they spend it? One 1984 study indicated that children ages four to 12 received an average of $3.03 weekly of which they spent $2.72. In total, this age group received $4.7 billion and spent $4.2 billion [5]. The expenditures were totally discretionary: that is, they did not include expenditures for school lunches, clothes, or personal care items. The children spent the greatest proportion of their incomes for snacks and sweets, totaling approximately $1.4 billion annually. Other expenditures were for toys, games, and crafts ($1.1 billion); fun machines ($0.8 billion); movies and sports ($0.7 billion); and gifts ($0.2 billion) [5].

The large amounts spent by children for snacks and sweets indicate their food purchases are often ones that increase the calories, sodium, sugar, and fat in their diets. If the family frequents fast food restaurants, intakes of fat, salt, and calories will be even higher. These dietary factors have been linked to obesity, high blood pressure, and cardiovascular disease. Combined with children's often sedentary activities, these behavior patterns have serious health implications for children [2].

Teenagers As Consumers

Teenagers spend even larger sums of money than younger children. In 1986, teenagers 13 to 19 years old spent $40 billion of their families' money and $30.5 billion of their own money [8]. For teenagers, the most frequently purchased personal items included snack foods, clothes, gasoline, gifts, and entertainment.

According to Teen Research Unlimited, teens are probably the epitome of conspicuous consumption and brand consciousness. Teens have significant exposure to the media and are likely to form strong brand loyalties. In addition, brand loyalties formed during the teenage years often continue into adulthood [4,8].

Today's teenagers are independent. They have their own interests and activities, make or buy their own snacks, and in many cases shop for food and begin dinner. Over 70 percent of U.S. teens do at least some grocery shopping for their families and almost 40 percent of all family food dollars are spent by teenage girls [8]. Most (82 percent) teenage girls also do some family food preparation at home [3]. Seventy percent of teens have working mothers, one-half of whom hold full-time jobs [4].

Because teens are spending more dollars in the supermarket, marketers are beginning to target food advertisements directly to them. If a teen cooks, she may very well be looking through *Seventeen* magazine for easy-to-prepare recipes. This makes it profitable for food manufacturers to advertise in that publication. Teens are receptive to food ads that tie in with fitness, health, and weight control, especially those for products that are low in calories. At the same time, they consume fast foods and snacks that are high in sugar, sodium, fat, and calories and inconsistent with their interest in weight control and fitness [3].

Conclusions and Implications for Consumer Educators

Children learn consumer behavior through observation and participation as well as through intentional instruction by socialization agents such as teachers, parents, and consumer educators [5]. Parents teach and shape children for the consumer role from the time the child is old enough to ride in the supermarket shopping cart. Manufacturers spend millions of dollars to target products and advertising to children.

Given the changes in American lifestyles and the increasing independence of children in the marketplace, there is a critical need for consumer education programs targeted directly to young people. The large number of ads and products directed specifically to children and teens increases the importance of teaching children concepts about the marketplace and product promotion. Consumer educators also need to help young people understand the consequences of their buying decisions. For example, many of their food purchases have implications for the overall nutritional adequacy of their diet, as well as short-and long-range consequences for overall health and well-being. This is a difficult concept for young people who are oriented to "now" rather than the future.

Even for young children, there are many ways to increase their awareness of the implications of their consumer behavior. Marketplace visits to supermarkets and various restaurants could be used to relate purchases to nutrition. At the supermarket, students could examine food labels as well as the store layout, placement of food products, and prices. At restaurants, menus, serving sizes, methods of food preparation, and nutrition information could be evaluated. The nutritional value of a food available in both a supermarket and a restaurant could be compared.

To increase their understanding of product promotion, students could analyze ads, premiums, and packaging. Helping young people to analyze videotaped television ads targeted to their age group would encourage critical thinking. Magazines are another excellent source of examples of product promotions directed to children. Several magazines targeted to younger children have recently joined the more-established teen magazines. These include *Betsy McCall*, *The Adventures of Kool-Aid Man*, *What's Hot*, and *Sports Illustrated for Kids* [6]. Children could examine the direct and indirect messages in ads as well as the nutritional messages found there.

The consumer educator will find many community resources available to teach nutrition-related issues. Dietitians in the community are excellent resources. The Dairy Council and USDA Extension Service have developed nutrition and consumer education materials which are often available to educators free or at a reduced cost. Consumer and regulatory agencies are resources for materials and speakers. Examples are the Food and Drug Administration, the Federal Trade Commission, the Consumer Product Safety Commission, and USDA. In addition, local businesses, including supermarkets and fast food restaurants, often have developed programs and field trips for schools.

It is clear that consumer buying is a legitimate and unavoidable activity of children and teenagers. They have money, most of which is discretionary, and are able and willing to spend it. Their buying is influenced by their parents, their peers, and industry, including the food industry. They are exposed to advertisements, many targeted directly to them, and other forms of product promotion. Protecting young people from marketing stimuli is an impossible task. Instead, efforts should be made to prepare them for satisfying, effective, and healthy consumer behavior.

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Editor's Note

For information on nutrition education materials and services:

Northern Illinois 800/325-9121	Dairy Council of Wisconsin, Inc. 999 Oakmont Plaza, Suite 510 Westmont, IL 60559
Central and Southern Illinois 314/961-3100	St. Louis District Dairy Council 8710 Manchester Road St. Louis, MO 63144
Quad Cities 319/391-2384	Dairy Council, Inc. 1222 East 37th Davenport, IA 53807
Statewide 217/333-2007	University of Illinois Cooperative Extension Service 69 Mumford Hall 1301 W. Gregory Urbana, IL 61801

FINANCIAL MANAGEMENT EDUCATION FOR REMARRIED COUPLES

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This article describes the financial challenges facing couples who remarry and suggests ways that financial educators can incorporate this information into their educational programs. Suggestions for an adult education workshop and a list of educational resources are provided.

Demographics of Remarriage

Two-thirds of young couples marrying today are likely to experience divorce or separation [11]; however, about 75 percent of divorced persons remarry. In the coming decade, the number of divorces and remarriages is expected to increase. In 1980, one or both persons were remarried following a divorce in 9 million or 20 percent of the 45 million married couple households in the U.S. [3]. Due to an increase in cohabitation following divorce, many unmarried couples also face challenges similar to those of remarried couples.

Finances as a Challenge in Remarriage

Problems in remarriage are often different from those in first marriages. Studies have confirmed that children and money are two major problems facing couples who remarry [1,9,12]. One study [1] found that 37 percent of remarried respondents listed money as the number one concern in their current marriage; they ranked it fourth in their previous marriage.

Financial decision making is more complex in remarriage for a variety of reasons. Many of the problems experienced by remarried couples relate to the combination of finances, children, and former spouses in relation to child support obligations. In addition, couples and their children may be at different stages of the life cycle. Incorporating people and financial management styles from two different households makes resource allocation decisions more troublesome in a remarriage than in a first marriage [6,10,12].

Messinger [12] was one of the first researchers to direct attention to the financial challenges of remarriage. Among the 70 remarried couples in her study, many of the women were concerned about the financial burden their children placed on their new spouses. Some admitted to hiding some of their financial assets so they would have resources in the event of another divorce. In addition, some women had a difficult time sharing financial decisions after a period of single parenthood during which they held sole authority. Many of the men felt torn between the financial demands of two families. Some husbands delayed revising their wills, life insurance, and property titles.

Messinger [12] found that in her middle-class sample the financial problems in remarriage were almost exclusively related to ties to a former spouse rather than to a dearth of resources. The need to communicate with a former spouse regarding finances, particularly child support, was a continuing source of conflict. Messinger concluded that finances were a sensitive and unresolved issue for many of these couples; some of their actions revealed a fear of committing to the new marriage.

Child Support

The undependable nature of child support is a frequent source of uncertainty for remarried couples since many divorced fathers do not pay child support. When awards are made, they are often inadequate and the value declines over time with inflation [15]. In addition, custodial parents can expect a decline in compliance with child support orders over time.

While many divorced fathers abandon their financial responsibilities to their children, for others remarriage means assuming financial obligations for additional family members. Finances become more complex when a remarried father meets his child support obligations, but the father of his stepchildren does not.

Merging Versus Pooling Resources

Adjustment to successful stepfamily living proceeds gradually through stages toward the goals of family adjustment and integration [14]. Economic integration is one of the most difficult developmental tasks in the transition to remarriage [8]. Remarried couples face many decisions related to the distribution of economic resources among family members, including those who share the household for only part of the year and those living in other households.

Fishman [6] found that one-half of a small sample of remarried couples merged their incomes in a common pot financial system similar to the nuclear family model. The other half used a two pot system in which each spouse controlled his/her own income while contributing to household expenses. Subsequent research with a much larger and more diverse sample found that very few couples used a two pot system; the nuclear family model of merging finances was predominant [5].

Very few couples discussed finances prior to remarriage; individuals whose money problems had contributed to their divorce were least likely to discuss money before remarriage [9]. Successful couples followed a variety of money management methods. Common practices cited by the successful couples included joint decision making, good communication, use of a spending plan, and trust in and respect for each other [9]. These practices are not unique to remarriage but are components of any successful marriage.

Implications for Educators

Remarried couples are not homogeneous and research in the financial aspects of remarriage is in its infancy. However, existing knowledge suggests that couples who are remarried or planning a remarriage are likely to benefit from financial management education directed at their unique concerns.

Principles of financial management and the dynamics of remarriage are the key ingredients of a successful educational program on preparation for remarriage. Important topics for a workshop include: the dynamics of remarriage, financial goals for the new family; communication; housing choices (psychological and financial aspects); separate or merged incomes and accounts; types of property ownership, wills, and estate plans; and child support [2,4,7,10,13,14]. Virtually all participants with children will have questions regarding child support; a speaker from the state child support collection office may be appropriate.

As part of the workshop, couples should prepare income statements and balance sheets to assist in developing a joint spending plan. The balance sheet will help participants to identify assets such as life insurance policies and pensions; a discussion about whether beneficiaries should be changed might follow. The spending plan can be used to facilitate discussion of child support and alimony obligations and any informal agreements regarding college expenses. Important questions to be discussed would include: How will child support be spent? Will these funds be considered part of the family budget or allocated specifically to the needs of the children? Materials for educational workshops are readily available [2,4,10,13].

A chapter of the Stepfamily Association of America and other support groups in the area may prove to be important resources in developing and conducting a workshop. The Stepfamily Association provides reading lists and sells books on remarriage and stepfamilies. A local librarian could help to develop a list of resources available in public libraries. Workshop participants would also benefit from learning about attorneys, family therapists, and other professionals who specialize in meeting the needs of remarried couples.

Although financial management education for remarried couples is most appropriate in adult education, high school and college instructors can also play a role. The topic can be introduced in the classroom during discussion of family life cycle and other individual differences that affect financial decisions. The topic might be introduced by asking students how many have parents or other close relatives or friends who are divorced or remarried. Virtually none of the students will be able to disassociate themselves from the subject. Yet many personal finance textbooks do not explicitly recognize the unique financial situation of these families.

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Items marked with * would be valuable resources for developing a workshop.

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Editor's Note

The address of the Stepfamily Association of America, Inc. is 602 E. Joppa Road, Baltimore, MD 21204.

THE ROLE OF CONSUMER EDUCATION IN THE SOCIAL STUDIES LEARNING ASSESSMENT PLAN

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In the Summer of 1985, the Illinois General Assembly enacted an extraordinary package of legislation affecting education — Senate Bill 730. This new law incorporated 169 separate legislative actions which, taken together, were intended to revitalize education in Illinois. The new legislation includes several statutes which shift the focus of schooling from a concern for time (grades, classes, courses, time requirements) to one for what students should know and be able to do as a consequence of their school experience. For the first time in Illinois history, the law clearly spells out the primary purpose of schooling as "the transmission of knowledge and culture through which children learn in areas necessary to their continuing development."

The law identifies six essential areas of learning — language arts, mathematics, the biological and physical sciences, social sciences, fine arts, and physical development and health. State goals for learning are identified for each area. The state goals are broadly stated, relatively timeless expressions of what the State of Illinois expects its students to know and be able to do as a consequence of their elementary and secondary schooling. The goals are terminal ones — that is, they identify what students are expected to know by the time they complete their educations. The State's interest is focused less on when or how the desired knowledge and skills are acquired than on the ultimate results of local efforts. Therefore, each local school district will be given the maximum flexibility allowed by law to decide when and how they wish to teach the various skills and understandings.

The intent of the requirements is to put into place a system which will assure, to the maximum extent possible, that elementary and secondary school students learn what the State and local communities regard as important. This view of education, which emphasizes results rather than "credit hours," will ultimately affect all aspects of the education process.

The Social Studies Learning Assessment Plan

The new legislation requires local school districts to develop Learning Assessment Plans (LAP) that address the state goals for learning in each of the six essential areas. The basic components of an LAP are: clearly stated learning objectives which are consistent with the state goals, an assessment system linked to those objectives, and a description of locally developed expectations for students' achievement of the objectives. By August 1991, local school districts must submit the learning assessment plans for approval by the local school board.

The district-level objectives in the plan will identify the learning outcomes expected for students by the ends of grades 3, 6, 8, and 11 and are, in effect, district goals for learning. These then become the framework for the LAP.

One way a district might begin to develop the Social Science LAP is to organize a committee composed of representatives of each grade level and Social Science subject matter area. Consumer educators should be included on this committee because of the close connection between consumer education and the Social Science state goals. This committee would review the state goals and write the learning objectives they expect their students to achieve. Sample objectives for the state goals are outlined below. Also, the knowledge and skill statements in the state technical assistance document [1] may be useful in determining the level of generality or specificity to use in the learning objectives districts write.

State Goal for Learning 1

As a result of their schooling, students will be able to understand and analyze comparative political and economic systems, with an emphasis on the political and economic systems of the United States.

Learning objectives related to the political system could refer to basic principles of government, the structure and function of the U.S. and Illinois political systems, and rights and responsibilities of citizenship. Consumer educators might write objectives about consumer rights and responsibilities, the effect of the consumer movement on the development of the U.S. political system, how citizens can participate in interest groups such as the Citizens Utility Board to impact the political process, and state and federal consumer regulations.

Consumer educators could write numerous objectives related to economic systems. Samples include:

- identify the factors which affect supply and demand
- understand the effects of competition on the producer and the consumer
- identify factors contributing to U.S. economic development
- understand the economic interdependence among the Illinois, U.S., and world communities
- understand the concepts of inflation, deflation, and economic cycles
- understand basic economic concepts that shape economic systems.

State Goal for Learning 2

As a result of their schooling, students will be able to understand and analyze events, trends, personalities, and movements shaping the history of the world, the United States, and Illinois.

Learning objectives for this second state goal might include those related to past events as well as ones addressing current trends that will have a significant impact on the future. For example, a consumer educator might write an objective about the history of the consumer movement. A second objective might address methods of conserving resources for future generations. Other objectives that consumer educators might write include:

- contrast rural and urban life in U.S. communities
- assess the impact of industrial growth on American society
- understand the impacts of urbanization, industrialization, and emerging technology on the nation's environment as well as its social, political, and economic systems.

State Goal for Learning 3

As a result of their schooling, students will be able to demonstrate a knowledge of the basic concepts of the social sciences and how these help to interpret human behavior.

Consumer educators might write an objective for this third state goal that refers to how peer groups and society influence an individual's consumer behavior. Another objective might identify the influence of customs and tradition on consumer purchases. Objectives might be written which relate to the effects of mass communication, and especially advertising, on personal decision-making.

State Goal for Learning 4

As a result of their schooling, students will be able to demonstrate a knowledge of world geography with emphasis on the United States.

Sample objectives for the fourth state goal include:

- compare traditional and modern societies
- analyze ways people depend on products, information, and ideas that come from beyond their immediate environment
- understand the effects of the physical environment on consumption
- understand how technology can affect the use of the natural environment
- understand the role of trade in providing information about new products and ideas.

State Goal for Learning 5

As a result of their schooling, students will be able to apply the skills and knowledge gained in the social sciences to decision-making in life situations.

Consumer educators can write numerous objectives related to state goal 5 since decision-making is the focus of much of consumer education. Sample objectives include:

- understand the steps involved in decision-making
- analyze rational decison-making processes based on goals, values and needs applied to selected consumer and social problems
- evaluate sources of information in terms of appropriate criteria
- identify the costs and benefits of a particular course of action
- analyze advertising as a source of information
- recognize the value and availability of information provided by government publications
- compare the production and consumption practices of selected social groups

- recognize that significant social changes often relate to significant technological changes
- analyze the criteria used by individuals to make a value judgment
- recognize how financial plans change as values, goals, needs, resources, and stage of the life cycle change
- analyze the management of human and material resources.

Completing the Learning Assessment Plan

After writing the learning objectives, the committee will complete the LAP by identifying how students' achievement of those objectives will be assessed and the local expectations for student achievement. A district may use commercial tests or locally developed tests to assess outcomes. If the district chooses to develop an assessment tool, it must meet certain criteria. The district must establish the instrument's validity and reliability, provide evidence that it is not discriminatory, and use the test throughout the district. Commercial tests selected must also be nondiscriminatory and have established validity and reliability. The district's expectations for student achievement will be written as the percent of students expected to achieve each objective by the end of the specified grade level.

Because the LAP specifies what the district expects its students to know and be able to do as a result of their education, the LAP process can be an educational experience. Each district will have the opportunity to review its entire curriculum and eliminate duplication. Once the LAP is completed, parents, teachers, and students will have a clear educational plan to follow.

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Editor's Note

This article was invited by the editor. Resources mentioned in this article, including copies of [1], lists of commercially available tests, and sample learning objectives, are available from the district superintendent or the Illinois State Board of Education.

ELDERLY CONSUMERS' KNOWLEDGE OF HMOs

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As the health care marketplace becomes more diverse, consumers often face unfamiliar choices. Health maintenance organizations (HMOs) are one example of a relatively unfamiliar model of health care for many Americans. While HMOs are not new, their number is growing significantly and they are receiving increased attention as a way to finance and deliver health care to those over 65 years of age [1,5,8].

Like most consumers, the elderly are more familiar with traditional fee-for-service health care options than with HMOs, which combine financing and delivery of health care through prepaid services to an enrolled population. Harris and Associates [4] found 41 percent of HMO nonmembers were very or somewhat unfamiliar with HMOs. In a study of older consumers in Minnesota, 52 percent knew nothing about HMOs and only 18 percent had a working knowledge of how HMOs compare to fee-for-service options [9]. Without additional information, consumers of all ages may find that misunderstandings and misinformation contribute to inappropriate decisions, unmet expectations, and dissatisfaction with care.

The focus of this study was health care consumers over age 65. The specific research question was whether elderly consumers understand how HMOs differ from fee-for-service options. The results can help to guide the development of educational programming designed to increase informed consumer decision making.

Methodology

The sample was a group of elderly consumers who were enrolled in HMOs in selected counties in Wisconsin. In 1986, the Wisconsin HMO Elderly Subsidy Pilot Project was funded by the legislature to offer incentives to low-income elderly to enroll in HMOs. The incentives were a financial subsidy and increased education and awareness of HMOs.

The Coalition of Wisconsin Aging Groups provided consumer education to potential enrollees in three formats: group training sessions, a booklet *(A Senior Citizen's Guide to HMOs in Wisconsin)*, and personal contacts by phone. As a result of the enrollment incentives, 613 low-income elderly consumers enrolled in HMOs for up to 12 months.

Four months after enrolling, all 613 elderly who were HMO members were mailed a questionnaire designed to gather demographic information and assess levels of understanding about HMOs. Questionnaires were returned by 472 enrollees for a 77 percent response rate.

Among the responding HMO enrollees, the 65 to 74 and 75 to 84 age groups were equally represented (44 percent each). A smaller proportion (11.5 percent) were 85 years or older. Nearly all had incomes that met established eligibility requirements. Three-fourths had incomes between the Federal poverty level and 140 percent of poverty while 20 percent had incomes below the poverty level. As might be expected of low-income older consumers, educational levels were relatively low. Slightly over one-third (40 percent) did not complete school beyond the eighth grade. Just under one-fifth had some high school, 26 percent completed high school, and 14 percent had further education.

To assess enrollees' levels of understanding about HMOs, a 13-item evaluation tool was developed. The 13 items were selected after a review of the literature discussing major differences in HMO enrollment compared to fee-for-service health care options [2,3,6,10,11,12]. The assessment tool was pilot tested with 40 elderly consumers who were considering HMOs as a health care option.

Results

As Table 1 indicates, more than two-thirds of the respondents were familiar with the following HMO characteristics: restriction to HMO doctors and pharmacies (84.1 percent); cost the same for one visit or six (82.4 percent); elimination of need to file claims (80.3 percent); referral and emergency procedures (77.8 percent); and no deductibles or co-payments (73.7 percent).

Elderly enrollees knew less about other HMO characteristics. Almost one-half agreed they should (29.7 percent) or were not sure if they should (17.3 percent) have a Medicare supplemental policy in addition to HMO coverage. In most cases, having a supplemental policy with HMO coverage means duplication of benefits and unnecessary expense. HMO plans typically provide a wide range of benefits beyond Medicare-covered services but 54 percent disagreed or were not sure about this feature.

Table 1. Elderly Consumers' Understanding of HMO Characteristics (N = 472)

	Responses			
Statements	Agree	Disagree	Not Sure	No Response
HMO members must use the HMOs' doctors & pharmacies	84.1%	3.4%	6.6%	5.9%
HMO costs are the same for one visit to the doctor or six	82.4	1.1	9.3	7.2
HMOs eliminate claims filing	80.3	4.9	10.2	4.6

Table 1. Elderly Consumers' Understanding of HMO Characteristics (continued)

Statements	Responses			
	Agree	Disagree	Not Sure	No Response
HMOs allow care by other providers with a referral or in an emergency	77.8%	1.5%	17.4%	3.3%
HMO members pay monthly premiums but not deductibles or co-payments	73.7	3.0	13.0	10.3
Choice of providers is limited	55.9	15.7	21.2	7.2
If I leave the HMO, I may not get the same insurance coverage and rates as before	54.7	4.7	34.3	6.3
HMOs allow for planned health costs due to fixed payments	43.5	5.7	42.4	8.4
Many HMOs provide benefits in addition to Medicare-covered services	35.7	13.4	40.6	10.3
I need a Medicare supplemental policy and my HMO coverage	29.7	46.0	17.3	7.0
HMO members submit Medicare claim forms for reimbursement	16.9	58.9	12.5	11.7
The more expensive the HMO, the better the benefits	14.9	40.0	38.1	7.0
An HMO is a good choice for those who winter in Florida	8.7	25.2	53.8	12.3

Just over one-half (53.8 percent) were not sure about the limitation of coverage outside the geographic area for those who travel or spend winters elsewhere. While HMO policies differ on out-of-area coverage, routine care is often not covered for those planning lengthy stays. Less than one-half (40 percent) recognized that better HMO benefits are not always more expensive. Nonresponse rates in Table 1 should also be noted as they may indicate areas of confusion for consumers.

Conclusions

The data suggest that education combined with experience with HMOs appears to have improved the surveyed consumers' knowledge about HMOs as a health care option. Although no data were collected prior to enrollment, experience with potential enrollees confirmed that a majority were not initially familiar with HMOs and were confused about Medicare coverage as well. Previous studies have not found elderly consumers to be familiar with HMOs, Medicare, or supplemental insurance options [7,9]. The elderly consumers in this study appeared to understand some of the major characteristics of HMOs after enrollment. The results suggest, however, that consumers are more likely to understand key economic and operational differences in HMOs in comparison to fee-for-service care rather than how HMOs relate to government and private health care protection options.

Implications for Consumer Educators

Helping consumers of all ages make informed decisions about options in the ever-changing health care marketplace will be an ongoing challenge. The Wisconsin Elderly HMO Subsidy Pilot Project results provide encouragement that educational efforts can improve decision making.

Educators are challenged to develop resources to help consumers understand major economic, phiosophical, and structural differences in HMOs and fee-for-service health care options. The assessment tool developed in this study can provide the content basis for an activity in which consumers assess their own levels of knowledge about HMOs. Statements addressing HMO quality of care myths and facts could be added to address further issues. Handouts defining commonly used terminology and worksheets offering a system to compare features of HMOs versus fee-for-service options would also be valuable decision making resources for consumers.

In addition to educating consumers about HMOs as a health care option, educators can help consumers to understand how HMOs relate to the larger health care risk protection picture. Effective decision making in the health care marketplace involves understanding how private options (HMOs, fee-for-service insurance plans, supplemental insurance) can be combined with government options (Medicare, Medicaid) and personal resources (savings and investments) to best meet potential health care needs. For example, the results of this study and others suggest that elderly consumers need particular help to determine how HMOs relate to Medicare, Medigap policies, and long-term care insurance. Personal contacts made by outreach workers in Wisconsin who could explain Medicare and analyze individual insurance policies proved to be very successful in assisting the elderly in such decisions. Outreach efforts also helped to identify consumers with multiple supplemental insurance policies as well as those eligible for other assistance programs. Perhaps cooperative education with agency personnel in the service sector as well as training volunteer educators would help in the delivery of more effective educational efforts.

Understanding the facts about HMOs and fee-for-service options as well as how HMOs relate to the larger health care system will help consumers to develop realistic expectations and to appropriately match health care needs and preferences to available options. Educators can play an important role in providing consumers with the information needed for more informed health care decisions.

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Editor's Note

The Illinois Department of Insurance's Senior Health Insurance Program or SHIP helps Illinois senior citizens answer questions about health insurance. SHIP recruits and trains volunteers to serve as teachers, advocates, and resource persons for Illinois seniors. The volunteers are given an initial 25 hours of training in the basics of insurance and continue to receive training on a monthly basis. For more information about SHIP, contact the Illinois Department of Insurance, 320 W. Washington, Springfield, IL 62767 (217/782-0004).

Changes in Illinois Auto Insurance Requirements

Beginning January 1, 1990, Illinois law requires motorists to have liability coverage on their automobiles or to face stiff penalties. Motorists will comply with the mandatory insurance law if they have liability coverage in the following amounts: $20,000 for injury or death of one person in an accident, $40,000 for injury or death of more than one person, and $15,000 for damage to another person's property. The new law requires motorists to carry in their vehicles an insurance card provided by their insurance company. Any motorist who is stopped for a traffic violation or involved in an accident will be expected to show the card as proof of insurance. Penalties for violating the law are stiff. Motorists convicted of driving an uninsured vehicle will be subject to a minimum $500 fine and a two-month license plate suspension. Two months after the registration has been suspended, the motorist can reinstate it by submitting proof of insurance and paying the reinstatement fee ($50 for first-time offenders, $100 for repeat offenders).

The Secretary of State's office will sample a randomly selected group of registered vehicle owners to verify insurance coverage. Selected vehicle owners will receive a form to complete. The form will ask if the vehicle was insured on a specific date. If it was, all the consumer will need to do will be to indicate the name of the insurance company, the policy number, and the effective dates of the policy and return the form.

For more information about the mandatory insurance law, call 800/252-8980.

Brenda Cude, Editor

RENT-TO-OWN: A HIGHLY VISIBLE PURCHASING ALTERNATIVE

Frances Cogle Lawrence, Professor; Marilyn L. Cantwell, Assistant Professor; Carolyn G. Carter, Family Resource Management Extension Specialist; and Renee H. Thomasson, Graduate Research Assistant
Louisiana State University

The "rent-to-own" method of merchandising furniture, television sets, videocassette recorders, stereos, large appliances, and jewelry is growing in popularity with retailers. In fact, more than 10 percent of the televisions sold in the United States are sold through rental-purchase agreements [5]. In rent-to-own transactions, the contract the consumer signs is in the form of a week-long or month-long lease. It is renewable for a specified number of weeks or months, usually 18 to 32 months. If all payments are made, the consumer owns the merchandise. Delivery and repair are usually included in the agreement.

Business is growing for rent-to-own outlets. The number has more than doubled in a five-year period, growing from 3,000 dealers in 1983 to over 6,500 dealers in 1988 [5]. This rapid growth has left many consumers unfamiliar with the system and its inherent risks and high prices [9]. The intent of this paper is to provide a summary of the literature related to rent-to-own contracts and to suggest how this topic can be incorporated in educational programs.

Opinions Differ

Consumer advocates and industry representatives differ most often on two aspects of rent-to-own agreements — disclosure of the costs involved and the impact of the industry on low-income consumers. Consumer advocates argue that rent-to-own transactions are leases in form only and are in fact disguised credit sales [4,8,10]. They feel rent-to-own merchants should meet requirements applied to other credit sale transactions, such as stating the annual percentage rate (APR) and refraining from harrassment or abusive collection procedures [4,8,10,11].

On the other hand, industry representatives argue that rent-to-own programs are different from credit transactions because the consumer can terminate the contract and return the merchandise at any time [6]. Therefore, disclosure of an APR would be inappropriate. While the Consumer Leasing Act requires disclosure of the terms of leases, it applies only to leases of over four months in length. Rent-to-own programs usually extend contracts for only a week or a month at a time and are thus exempt.

In addition to concerns over the disclosure of costs, consumer advocates feel that rent-to-own programs have drawn most of their customers from low-income consumers, the segment of the population least able to absorb higher costs for products [7,9]. In a recent study, Swagler and Wheeler [10] found that the rent-to-own participants were predominantly female; they tended to have lower incomes and less than a high school education. Participants had poor credit histories and appeared to be using rental-purchase agreements as substitutes for conventional forms of credit. Swagler and Wheeler also found that rent-to-own customers were frequently confused by and generally dissatisfied with the agreements.

Taking a different approach, industry representatives insist that the rent-to-own market provides a unique service to a certain segment of consumers. Those who are too new in the market to have established credit or who have used up the credit available to them cannot acquire furniture and appliances through conventional credit channels. The rent-to-own plan provides those consumers with the ability to either rent the items on a short-term basis or, if they choose, to take the more expensive ownership option [1,3]. Industry representatives insist that the high cost of rent-to-own is justified by conveniences such as free delivery and repair or replacement if the product needs servicing [3,7].

Manufacturer statistics indicate that as much as 35 percent of the adult American population is unable to obtain credit. Industry representatives estimate that rent-to-own has penetrated only 20 to 25 percent of the market and believe the potential for continued growth and profits is large [5].

How Costly are Rent-to-Own Agreements?

Just how high are the costs? Technically, the consumer is considered a short-term renter of merchandise, and thus rent-to-own stores need not comply with the federal Truth in Lending law by disclosing the total finance charge or APR. Nevertheless, researchers have calculated an implicit APR based on the difference between the total rent-to-own cost and the retail price of the item. They have reported implicit interest rates ranging from 117 percent to 468 percent [7,8,10,11]. A 1988 study of six stores in a southern city (conducted for the Louisiana Consumers League by the authors) indicated that the implicit interest rates ranged from 118 to 288 percent for the products surveyed. Interest rates varied depending on the store, the length of the agreement, and the type of product. The 24-month agreements tended to have higher implicit rates than the 12-month agreements. On a rent-to-own contract, a microwave oven that retailed for $200 cost from $434 to $1,151 (see Table 1).

Another way to calculate the implicit interest rate is to include dealer costs in the equation. Costs incurred by rent-to-own dealers include maintenance and repair, depreciation, and payment collection and processing. Dealers also experience the opportunity costs of investing money in the rent-to-own good rather than elsewhere. When this method is used, the implicit interest rates drop; however, most extimates remain above 60 percent [12]. With either method of calculating the interest rates, costs are high when compared with other ways to obtain credit and often exceed state usury law limits.

Table 1. Implicit Interest Rates for Rent-to-Own Products

Retail		Rent-to-Own	
Product	Cost	Cost Range[a]	APR Range[b]
Clothes Washer	$270	$ 721 - $1,088	148 - 244%
Color TV	209	565 - 1,242	155 - 288
Microwave	200	434 - 1,151	118 - 272
Refrigerator	429	1,062 - 1,400	135 - 188
Stereo	319	719 - 1,403	120 - 230
VCR	230	702 - 1,166	170 - 263

[a]Range of costs across the six stores surveyed.

[b]A standard formula often used to approximate the APR was used to calculate the implicit APR as follows:

$$\frac{M\,(95N+9)\,F}{12N\,(N+1)\,(4P+F)}$$

where
M = number of payments per year
N = number of loan payments scheduled over the life of loan
F = total finance charges, and
P = principal amount of the loan.

State Laws

Currently, at least nine states have statutes related to rent-to-own businesses (Florida, Georgia, Maryland, Michigan, New York, North Carolina, Pennsylvania, South Carolina, and Texas). These laws make the actual costs of the rent-to-own transaction more apparent. For example, New York statutes state that a rental-purchase agreement must disclose: (1) whether the merchandise is new or used; (2) the "total cost," which is the amount that must be paid to acquire ownership, and the total number of payments; (3) the cash price, which is the price one would pay if the merchant were to sell the product on the date that one enters into the rental-purchase agreement; and (4) the conditions under which one may exercise an early option to buy the product. Copies of the various state laws may be obtained from the consumer protection divisions of the various states or from the authors.

Implications for Consumer Educators

The rent-to-own industry conducts a highly visible advertising compaign through television, radio, newspapers, billboards, and flyers. To encourage students to think about the other side of these transactions, consumer educators might begin with a student-conducted local survey of prices for various rent-to-own products. This will yield valuable local data to disseminate through state Cooperative Extension Systems and mass media and give students experience in communicating with individuals who work in the rent-to-own industry.

Other possible classroom applications of the information are to have students:

* compare laws that affect rent-to-own contracts from state to state
* assess the effectiveness of the laws
* compose a comprehensive federal statute
* write news articles for the local or school paper
* debate "what price is convenience?"
* develop a questionnaire to distribute to consumers currently using the rent-to-own system to determine their satisfaction with the process
* compare rent-to-own costs to the costs involved in purchasing with conventional credit options
* debate whether rent-to-own agreements should be included in the Truth in Lending Law and/or the Consumer Leasing Act
* critique the techniques used in rent-to-own advertisements to entice consumers to use this buying strategy.

This paper and the information resulting from the activities mentioned above may be useful to consumer educators, particularly Cooperative Extension agents, in writing newsletters and in working with or writing for the mass media. The information may also be helpful in planning programs related to financial decision making and may be useful with most Extension audiences, especially 4-H participants.

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BOOK REVIEW

Bamford, J., Blyskal, J., Card, E., and Jacobson, A., *Complete Guide to Managing Your Money,* Mount Vernon, N.Y.: Consumers Union, 1989. ($22.95 paperback; 51 East 42nd Street, New York, New York 10017)

With this nearly 600 page volume, Consumers Union has produced a comprehensive guide to money management concepts. It is especially valuable as a reference source, explaining basics about bank accounts, credit, taxation, budgeting, insurance, investment, and retirement planning. In most sections the discussion is specific enough to be useful but not to the extent that the majority of the information would be outdated by legislative changes. Each section also offers money-saving suggestions tailored to different personal circumstances, ages, incomes, and attitudes. For example, the section on auto insurance includes a discussion of the basic types of insurance and recommended minimum coverages for each. It also includes a discussion of how premiums are set, a worksheet for evaluating policies, and a checklist of things to do if you are involved in an accident. Most sections also include financial planning information, such as the month-by-month discussion of important activities in the tax section. In general, *Complete Guide to Managing Your Money* is an excellent financial management reference.

Brenda Cude, Editor

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Manuscripts should be limited to eight (8) pages (double-spaced). Authors of accepted manuscripts must either be members of the Illinois Consumer Education Association (dues $15) or pay a $10 publication fee per author. Additional guidelines for authors are available from the editor.

Submit five (5) copies of a manuscript by September 4, 1990 to:

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ILLINOIS CONSUMER EDUCATION ASSOCIATION

HISTORY AND PURPOSE

The Illinois Consumer Education Association, the first state consumer education association nationwide, was organized in 1973 to expand consumer education and foster professional growth in the teaching of consumer education at all levels. ICEA will strengthen the implementation of Senate Bill 977, passed in 1967 and amended in 1975, 1977, and 1979 which states:

"Pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in the area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices, and an understanding of the roles of consumers interacting with agriculture, business, labor unions, and government in formulating and achieving the goals of the mixed free enterprise system."

PUBLICATIONS

The Illinos Consumer Educator, the official newsletter for ICEA, is published three times a year. This publication updates Illinois teachers on state and national events and provides a forum for teaching ideas as well as a review of selected course materials.

The Journal of Consumer Education is an annual publication. This journal consists of articles, book reviews, and other features designed to improve the teaching of consumer education.

ANNUAL CONFERENCE

The annual statewide conference is a major activity sponsored by ICEA. This two-day meeting in February offers the opportunity to hear important speakers in the area of consumerism and to exchange teaching methods with educators from many disciplines. A wealth of resource material is also available for review.

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Illinois Consumer Education Association

THE 90s: A TIME OF REVIVAL IN CONSUMER EDUCATION?

Stewart M. Lee, Professor
Geneva College

I am an economist by profession. It has been said that an economist is like a dermatologist -- the patient never dies, but never recovers. My area of special interest is consumer economics ... or consumer education ... or consumer science ... or consumerism ... The fact that there is not one term that is *the* accepted name for this discipline points to an important problem.

Consumer education has not become a discipline in and of itself as other subjects like math and English have. For many teachers, consumer education is not their primary teaching subject; therefore, they cannot give it the attention they give to their major teaching subject. Consumer education in all too many cases is a stepchild. Thus, the success of consumer education for our school children depends to a considerable degree on the individual teacher's enthusiasm for the subject.

As we enter the 1990s, it seems an appropriate time to examine the outlook for consumer education. Where is consumer education today? Where is it heading? Will there be a "revival" in consumer education? What can we as consumer educators do to insure the future of consumer education?

In 1970, the President's Committee on Consumer Interests published *Suggested Guidelines for Consumer Education* [6]. The guidelines discussed four possible methods of implementing consumer education. The methods are not mutually exclusive and all four may be used simultaneously. The methods are: *Individual Teacher Approach*, which focuses on the development of a course of study taught by one educator; *Team Approach*, which suggests combining the expertise of several teachers to teach a single course; *Interdisciplinary Approach*, which stresses the opportunities for incorporating consumer education into all courses in varying degrees of sophistication; and *System Approach*, which involves the entire school system as well as the community and the parents.

In an ideal world the System Approach would be the method to implement the best in consumer education. In a less than ideal world, the implementation rests with those teachers who are willing and interested in making consumer education a major activity.

Just a few examples illustrate the continuing need for consumer education. In the State of Illinois for the fiscal year ending June 30, 1989, the number of total personal bankruptcies commenced numbered 48,767 [1]. How many of these personal bankruptcies were due to nothing more than poor personal money management?

In addition, leading doctors tell us that over one-half of the sickness in this country arises not from physical causes but from emotional and nervous disorders -- and more than half of these spring from economic insecurity and money worries. Psychiatrists urge that next to good physical health, financial security is essential for the good mental health of most men and women.

We've heard judges say that quarreling about money is a major reason for America's unprecedented divorce rate. It is difficult to overestimate the vicious part financial trouble plays in destroying the American home.

American consumers are spending almost ten billion dollars every day on durable goods, nondurable goods, and services. How well prepared are they, we, to spend these billions of dollars intelligently?

Good consumer education for all students is a need and a must, but telling this to this audience is like the saved talking to the saved. What are the prospects for the future of consumer education?

As we enter the decade of the 90s, we must work continuously to maintain the progress that has been made and to move forward. During the 60s and 70s tremendous strides were made to expand consumer education and to increase consumer rights in the marketplace through legislation. However, what happened in the 80s is indicative of how fragile the consumer movement can be. The U.S. Office of Consumer Education was eliminated. The staff of the U.S. Office of Consumer Affairs was cut by approximately two-thirds. The activities of the Federal Trade Commission, the Consumer Product Safety Commission, and the National Highway Traffic Safety Administration were reduced sharply. Federal funding for the Consumer Education Resource Network was eliminated and that ended the National Consumer Education Resource Center. In my own county as well as in a neighboring county, funding for the consumer protection offices was eliminated. Both cuts were made without any public hearings. All of us in consumer education must be alert to rally together and to use our collective lobbying influence to see that further reductions do not happen in the 90s.

Research reported in the *Journal of Consumer Affairs* raises some serious questions about changes taking place in the entire consumer movement [5]. Content analysis was used to analyze the environment of the U.S. consumer movement over a 14-year period based on the information in the *New York Times Index*. The study concludes:

> *At the very least, it can be said that the (consumer) movement gradually received much less (1) news coverage of its activities and (2) (much less) overt support from business-oriented groups... Although this can all be interpreted as evidence that the consumer movement is declining, ... it may be that the movement is still rather healthy and just emphasizing quieter activities.*

We consumer educators are facing great challenges. A recent study by the Consumer Federation of America on consumer education drew some very negative conclusions [2]. The study reported that consumer education is doomed to failure due to neglect, because society is not aware of its own huge unmet consumer education needs and the potential for consumer education instruction to meet those needs. The study proposed two practical measures to help raise consumer education consciousness. The first proposal was to stimulate far more and better research on the benefits of consumer education by members of such organizations as the American Council on Consumer Interests and your own Illinois organization. The second measure proposed was the development of a consumer competency examination that could be administered to a random sample of all adults in our society.

The second recommendation has been implemented. A comprehensive test of consumer competency was developed and administered to a sample of 1,139 Americans in spring 1990. The survey was sponsored by the Consumer Federation of America, conducted by the Educational Testing Service, and funded by the TRW Foundation. Questions related to banking (credit, checking/savings), insurance (auto, life), housing (purchase, rental), food (purchase, nutrition), product safety (household products, drugs), and durable goods (auto purchase, auto repair/maintenance, appliance repair). The results were announced in fall 1990.

The survey clearly indicated that the nation's consumer knowledge is inadequate. Average scores were lowest on questions about housing purchases (45 percent), checking/savings (50 percent), food purchases (50 percent), and life insurance (51 percent). Scores were highest on questions related to medications and auto repair and maintenance. The study showed particularly glaring deficiencies in knowledge among the young, the poor, the least well-educated, and minorities [3].

How can you as a consumer educator further the cause of consumer education? I would suggest an agenda for action that consists of five steps: 1. Organize a campaign. 2. Research an issue. 3. Hold a press conference. 4. Lobby the government. 5. Do comparative testing.

There are so many ways that you can follow through. Some may choose to participate only in one or two of the steps while others might want to get their students involved in a variety of activities. What can be done is only limited by one's imagination.

National Consumers Week gives all of us the opportunity to focus on the consumer and on consumer education. The tenth annual National Consumers Week will be celebrated October 20-26, 1991. Make the most of this opportunity to get involved in your school and community.

There is no question that in numbers there is strength. All of us in the consumer education field should be active participants in consumer organizations. You are to be commended for your participation in the Illinois Consumer Education Association. I wish all fifty states had such an organization.

I would like to urge all of you to be on the mailing list of the National Coalition for Consumer Education. In just the past few years the Coalition has grown and is making a greater impact across the country. The Coalition now has consumer education coordinators in almost all of the fifty states. Get in touch with your own state coordinator, Dr. Hayden Green (Oak Park/River

Forest High School, 201 North Scoville, Oak Park, IL 60302). To learn more about the Coalition and what it can do for you as well as what part you can play in expanding consumer education, contact the Coalition's Executive Director, Carole Glade (Consumer Dynamics International, 14 Main Street, Suite 206, Madison, NJ 07940).

In addition, I would recommend that you consider membership in the American Council on Consumer Interest, the professional consumer educator's national organization. Its publications include the *Journal of Consumer Affairs*, *Advancing the Consumer Interest* journal, and the ACCI *Newsletter*, which is published nine times a year. A sample copy of the newsletter is available by writing the Council at 240 Stanley Hall, University of Missouri, Columbia, MO 56211.

The leadership of consumer educators can make a difference. Just one person can make a difference. One person made a significant difference in Wisconsin. A woman's son was killed in a car accident caused by a tire blow out. The authorities discovered that the tire was bald but had been regrooved. The mother was so incensed to learn that there was no law to prevent regrooving bald tires that she worked diligently and successfully to persuade the legislature to outlaw that practice.

Some of the positive things that have taken place in consumer education are worth noting. There seems to be no question that many businesses have learned that consumers are "Number 1." Business has also come to realize that there are benefits for the corporate community to become more socially responsible. I am convinced that, compared to 30 years ago, a substantial fraction of our population is much better educated about what they have a right to expect from the goods and services supplied by business and government. An encouraging note concerning the consumer movement was published in *The Shopper Report*. Almost half of those surveyed agreed strongly that "the consumer movement seems stronger now than it has been for some time" [4].

A large number of students throughout the country take courses in consumer subjects. They will constitute the not-so-silent majority that will not tolerate any return to the good old days of consumer fraud and abuse. That may well be consumer educators' most important accomplishment. I believe that there *will* be a revival in consumer education and consumer activity in the 90s.

I think of a revival as an awakening, as a surging forth with purpose, with great enthusiasm, and hopefully with the necessary follow through that makes the revival a sustained movement. It would be my hope that a revival in consumer education would not be a burst of enthusiasm that would expand like a balloon and then burst. All involved have to do their part to maintain a true revival. You have a significant responsibility to further the cause of consumer education.

I would like to close by quoting a contemporary American proverb for your contemplation as you ponder your role in consumer education. "Lead, follow, or get out of the way!" Let all of us in the consumer education field be determined to LEAD.

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Editor's Note: This paper was based on Stewart Lee's remarks at the 1990 Illinois Consumer Education Association Annual Conference. It has been updated to include developments since February 1990.

CONSUMER PRODUCT WARRANTIES: STUDENT LEARNING ACTIVITIES

Norleen M. Ackerman, Assistant Professor
Utah State University

A consumer product warranty is an assurance made to the buyer at the time of sale about the quality of goods sold. It may also state what the warrantor will do if the product is defective. Consumers tend to accept warranties without question, assuming the mere existence of a written warranty indicates quality. Sellers use warranties as promotional tools and as legal devices to limit their obligations to consumers. Student learning activities can develop a better understanding of warranty laws and create skills for more effective comparison shopping. Suggested activities and supporting references are:

1. *Critique a warranty from the recent purchase of a consumer product selling for more than $15.* (The Magnuson-Moss Warranty Act (MMWA) regulations apply only to warranties on consumer products costing $15 or more.)
2. *Compare two or more warranties for different brands of a consumer product selling for more than $15.*
3. *Measure the readability of one or more warranties, using the Fog or Flesch Index.* (Write to the *JCE* editor to request a copy of "Computing Readability Indexes" and see [4] for results of previous research.)
4. *Check the prepurchase availability of warranties for one product or from one type of seller.* (The MMWA requires retailers to make warranties available upon request prior to purchase.)
5. *Prepare a notebook or file of warranties on products owned. Identify the most and least readable, number of full and limited warranties, etc.* (The MMWA requires easy-to-read language and states requirements for "full" and "limited" warranties.)
6. *Write a full warranty for a consumer product which complies with the Magnuson-Moss Warranty Act but takes all legally allowed disclaimers.* See [2] for guidelines.

7. *Warranty competitions for students:*
   a. *The most valuable and most worthless warranty:* Among products priced at less than $10 (not regulated by the MMWA), which consumer product and brand offers the best and the worst deal if you mail the product in for repair or replacement? See [3] for examples of worthless warranties.
   b. *How limited can a limited warranty get?* Count the number of exclusions and disclaimers in a limited warranty. See "anti-warranties" in [4] for ideas.
   c. *The highest priced product purchased with a written "as is" disclaimer.* The likely winner is a used car. See [1] for definition and limits on use of "as is" disclaimers.

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NOTE: Purchase [1] and [2] from Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

CONSUMER SAVING: METHODS AND SATISFACTION

Elizabeth P. Davis, Assistant Professor
University of Nebraska, Lincoln

The low rate of consumer saving in the U. S. is a source of concern to policy makers [5] as well as to consumers [6]. Financial educators have traditionally advised consumers not only to save more, but also to save systematically (see, for example, [3, p. 57] and [4, p. 148]). The ideal method of saving is assumed to be to treat saving as a fixed expense that must be met each pay period. Other methods include "residual saving," or saving whatever income has not been spent at the end of a pay period, and "windfall saving," which allocates most or all unexpected income to saving.

What savings methods are consumers using? Does the savings method chosen affect the way consumers feel about their financial situation? This paper reports a study designed to answer these questions.

Procedures

A mail questionnaire was used to collect data. The questionnaire was based on a modification [1] of the management framework proposed by Deacon and Firebaugh. A two-stage cluster sample of Kansas households was drawn. The first stage of the sampling procedure involved drawing seven counties at random from those Kansas counties which did not include a Standard Metropolitan Statistical Area (SMSA) within their borders. The second stage involved selecting households at random from within the seven counties. Telephone listings comprised the sampling frame. Following the initial letter, three attempts were made to contact non-respondents, in accordance with the procedures recommended by Dillman [2]. Of the 1,200 households contacted, 672 usable responses were received.

The "typical" respondent was a married person in his or her late 40's. Almost one-half of the respondents had received some formal education beyond high school. The average household income before taxes fell between $20,000 and $25,000. The average household size was 2.7 persons.

The independent variable, consumer savings methods, was identified from responses to the following survey item:

Some people try to save or invest part of their income, and others don't. Which of these statements describes your household?

1. *Save or invest fixed amount or percentage of income regularly (**fixed sum savers**)*
2. *Save or invest income left after bills and expenses are paid (**residual savers**)*
3. *Save or invest any "windfalls" like bonuses, refunds, or gifts (**windfall savers**)*
4. *Try to save or invest but can't*
5. *Don't try to save or invest income*
6. *Other*

The dependent variable was financial satisfaction. Respondents were asked three questions:

1. *How do you feel about your household's standard of living, that is, the goods and services you use, like your food, clothing, housing, car, and so on?*
2. *How do you feel about how well prepared you are to meet large emergency expenses?*
3. *How do you feel about the amount of money your household has been able to save and invest so far?*

Responses to the three questions were coded on a five-point Likert scale. Adding the three items together resulted in a 12-point scale measuring financial satisfaction. The scores could range from 3 to 15 (mean = 9.17, std. dev. = 2.53, Cronbach's *alpha* = .79). A one-way analysis of variance, with the Tukey test for significant differences among mean scores, was used to determine the impact of the method of savings on the financial satisfaction scale.

Findings

The savings methods used by consumers are shown in Table 1. Only a small minority (3 percent) made no attempt to save; however, almost one-fifth of the sample reported that they tried to save but could not. Among those who were successful in saving, the majority fell into one of three categories: they saved whatever

Table 1. Percentage Distribution of Respondents by Method of Saving

Method	n	Percent
"Residual savers": save income left after bills and expenses are paid		
Save residual income only	202	30%
Save residual and windfall income	38	6
"Fixed sum savers": save fixed amount or percentage of income regularly		
Fixed amount/percentage only	125	19
Fixed amount/percentage and residual income	9	1
Fixed amount/percentage and windfall income	27	4
Fixed amount/percentage, windfall and residual income	12	2
Save windfalls only	52	8
Other methods	56	8
Non-savers		
Try to save but can't	128	19
Don't try to save	23	3

Note: Percentages may not sum to 100 due to rounding.

income was left after bills and expenses were paid (30 percent); they saved a fixed sum or percentage on a regular basis (19 percent); or they saved their "windfall" income (8 percent). Another 13 percent of the sample used a combination of methods. Only one pattern emerged from the "other methods" category; ten respondents in that group said they saved by investing in their own business.

Respondents who used the "fixed amount" method of saving, either alone or in combination with one or more other methods, accounted for 26 percent of the total sample. Thus, a little over

Table 2. Mean Financial Satisfaction Levels of Respondents by Most Common Methods of Saving

Method	Mean Satisfaction Score
Save only windfalls	8.67*
Save residual income only	9.91
Save fixed amount/percentage only	10.10
F= 8.94, df = 2, 372, p <.001	

* p < .05

one-fourth of the sample followed the oft-repeated advice to treat saving as a fixed expense.

To alleviate the problem of small cell sizes, only those methods of saving used by at least 50 respondents were included in the analysis of variance. Results of the analysis indicated that the method of saving was significantly related to respondents' satisfaction with their financial situation ($F = 8.94$, $df = 2, 372$, $p < .001$). Results of the Tukey test for significant differences among pairs of satisfaction scores are shown in Table 2. Those respondents who saved only windfall income were significantly less satisfied with their financial situation than were either the "residual only" or the "fixed sum only" savers.

Conclusions and Implications

Over three-fourths of the respondents in the study reported that they were saving. Saving residual or "leftover" income was the most common savings method, followed by saving a fixed amount or percentage of income. However, the latter group accounted for just over one-fourth of the total sample.

From the findings it appears that financial educators have not been successful in persuading consumers to save on a systematic basis, that is, to treat savings as a fixed expense. One is forced to ask why a financial management practice that is so frequently recommended is so little used by consumers. Are there factors that discourage consumers from saving on a systematic basis and, if so, are these obstacles that could be addressed by consumer education? This is an area where consumer educators need more information, but some possibilities come to mind. For example, if consumers think they can substitute credit for savings in an emergency, they may need information that helps them to understand how creditors evaluate applicants for loans. If consumers feel that saving $25 or $30 a month won't make any difference in their financial situation, they may need information on the long-term effects of compound interest. If consumers feel that any interest earned on savings is "just eaten up by taxes," perhaps they need information on tax-sheltered or tax-deferred savings vehicles. The respondents who reported that they "try to save but can't" may need information on ways to bring spending levels down so that there is indeed some income "left over" to save. One of the keys to encouraging consumers to save more, and to save regularly, may lie in identifying the factors that *discourage* them from doing so.

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CONSUMER EDUCATION AND PUBLIC POLICY EDUCATION: MORE SIMILARITIES THAN DIFFERENCES

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Consumer and public policy educators face many of the same challenges. How do we teach people to identify problems? How do we help them to recognize the resources available? How do we help them to understand their rights and responsibilities? How do we help them to evaluate what they've done?

This article describes the similarities in the consumer and the public policy decision-making processes. Suggestions are made to help educators to expand their teaching efforts to develop more effective consumers and citizens by teaching them to use eight decision-making steps.

Need for Consumer Education/Public Policy Education

Poor math, writing, and reading skills limit the job possibilities for roughly 60 percent of this nation's 17-year- olds. One of eight 17-year-olds has skills below the sixth grade level and is considered functionally illiterate. Three-fifths of all 20-year-olds cannot figure change from a lunch bill [7].

Young adults, ages 18 to 29, scored the lowest of all age groups in a nationwide test of consumer knowledge sponsored by the Consumer Federation of America. Large score differences between younger adults and the highest-scoring groups were recorded in the subjects of home purchase (17 percent difference), checking/savings (15 percent), drugs (14 percent), consumer credit (13 percent), and auto insurance (13 percent) [3]. The difference in knowledge for younger consumers may be somewhat understandable on the subject of home purchase, but is alarming for other products which are purchased throughout life.

Recent reports of civic participation indicate young adults 18 to 30 "know less, care less and vote less than any previous generation -- terming this the 'age of indifference'" [9]. Only 12 percent of the young people in a similar study mentioned voting as part of the definition of a good citizen [2].

Decision-Making Knowledge and Skills Are Essential

President John F. Kennedy proclaimed a "declaration of rights" for consumers, including the right to safety, the right to be informed, the right to choose, and the right to be heard. Consumer education helps to provide consumers with the knowledge to use these "buyer's rights" [10]. The consumer role also demands translating basic economic concepts from the textbook and daily press to personal buying decisions and staying current with consumer protection issues [8].

The fundamental principle behind public policy education is Thomas Jefferson's belief that democracy functions only if citizens are informed and have the opportunity to participate fully in the policymaking process [1]. The citizen role therefore requires that citizens increase their understanding of public issues and policymaking processes, understand rights and responsibilities, improve their ability to participate effectively, stay current on public concerns, and work to resolve public issues affecting people and communities [5].

Thus, informed consumers need the same decision-making knowledge and skills as are required for participatory citizens. Greater competencies in both the consumer and the public policy arena are vital as the United States approaches the challenges of the next century.

Consumer Education and Public Policy Education Decision-Making Processes

Basic decision-making models have been used for years to teach problem solving in consumer education. A similar decision-making process is used to teach public policy education. Both processes emphasize examining alternatives and consequences. Teaching the decision-making process to introduce consumer education and public policy education simplifies the concept for learners. Cooperative educational efforts can be fostered with other teachers and classes with the decision-making process as the basis for interdisciplinary projects.

Decision-Making Steps as They Relate to the Consumer Education and Public Policy Education Processes

Consumer Education Decision-Making Process	Public Policy Decision-Making Process
1. Recognize need	1. Express concern
2. Define decision situation	2. Become involved
3. Search for information	3. Clarify issue
4. Develop alternatives	4. Consider alternatives
5. Consider consequences	5. Consider consequences
6. Choose alternative	6. Policy choice made
7. Commit to course of action	7. Implement choice
8. Evaluate decision [4]	8. Evaluate choice [6]

Steps 1 and 2: As the need to make a consumer choice arises, or as a public policy issue evolves, consumers and citizens must first recognize what faces them. This means approaching the problem and recognizing the need for a decision for consumers; citizens begin by expressing concern and becoming involved. For example, a consumer recognizes the need for a decision when the car breaks down again. Citizens may realize their community has no means of transportation for elderly citizens and become involved in the issue. Both are transportation problems requiring many of the same decision-making steps. The consumer makes the decision as an individual. Citizens may become involved as individuals or as members of a group.

Step 3: Consumers search for information and citizens clarify the issue by defining the scope of the problem. Returning to the earlier example, consumers can begin to collect information on car features and costs. Citizens can talk with community leaders and the elderly to further define and clarify the transportation issue.

Steps 4 and 5: Identifying alternatives and their consequences are the two most critical steps in both consumer education and public policy education. Examining all alternatives and consequences demands identifying existing alternatives, brainstorming new ones, and admitting that doing nothing is an alternative.

In the transportation example, consumers can compare alternatives such as buying a new or used car or using public transportation. Citizens can consider alternatives such as applying for government grants, inviting private businesses to bid on developing a transportation system, or organizing volunteers to donate transportation.

Step 6: After all alternatives and their consequences have been considered, it is time to make a choice. The consumer may choose the alternative of buying a new car. In contrast, the citizen does not directly make the choice at this step. Instead, the citizen chooses indirectly by electing policymakers to the positions where decisions are made.

Step 7: Consumers commit to a course of action after the choice is made. This may mean ordering the new car. The citizen's role in implementing the choice is to learn how to provide input to the policymaker as implementation procedures are developed. To follow through, citizens must learn about the policymaking process, including how the elderly transportation services decision will be made and the means for citizen participation in the process.

Step 8: Consumers and citizens usually evaluate decisions informally as they experience and react to the new solution. For example, if the consumer is happy with the new car choice and citizens are satisfied with the resolution to the elderly transportation issue, they move on to other activities.

The decision-making process is cyclical. Consumers as well as citizens who are unhappy with the outcomes of a decision may begin the decision-making process again as they identify a new problem or issue.

Role of The Consumer Educator/Public Policy Educator

Educators can assist consumers and citizens in a variety of ways. Educators may help simply by listening and asking questions that clarify the decision-making process. Educators may also help consumers or citizens to approach the problem more realistically. Decision makers may especially need help to estimate a realistic time frame for some stages in the process such as searching for information in a consumer decision or implementing a choice in a citizen decision. Educators can also be helpful in identifying objective sources of information and by remaining objective themselves. They can also encourage consumers and citizens to approach decisions with a broader perspective and to consider both the social and the economic consequences of alternatives.

The greatest difficulty for educators is to make clear to consumers and citizens why it is to their advantage to take the time and interest to work through the decision-making process. Educators must help consumers and citizens to realize that the decisions of individuals can affect the marketplace as well as public policy.

What Are The Benefits for Consumers and Citizens?

Everyone wants to feel in control of their lives. Consumer education helps consumers to adapt consumption patterns as the marketplace changes. Informed consumers also have the power to initiate marketplace changes.

Public policy education develops a sense of control by bringing citizens into closer contact with the public policymaking process that affects every aspect of their lives. Through consumer and citizen participation, basic social institutions are kept responsive to the needs of individuals.

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CREDIT USE AND FINANCIAL SATISFACTION

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Consumer credit provides the means by which many Americans acquire goods and services for immediate use while paying for them out of future income. In this sense, credit helps families to coordinate the demands of the family life cycle and the income flow to maximize overall household utility. Economic investment theory [4] and research [5] suggest that judicious use of consumer credit can contribute to financial satisfaction, a major factor in determining life satisfaction. However, some consumers have jeopardized their health, marriages, and jobs through the overuse of credit [2]. This study examined the relationship between the financial satisfaction of the family money manager and the money manager's credit attitudes, credit practices, and socioeconomic characteristics.

Methodology

The population was the membership of a community credit union. Five hundred subjects (6.4 percent of the population) were selected at random by computer. An instrument developed by the researcher (some questions were derived from earlier studies) was mailed to the sample with a cover letter, co-signed by the credit union president, that explained the study. Data were collected according to methods developed by Dillman [3]. A total of 276 questionnaires were returned, of which 274 (54.8 percent) contained sufficient data for analysis.

The dependent variable was the financial satisfaction of the family money manager. The independent variables were categorized into three groups: socioeconomic characteristics of the family money manager, the money manager's attitudes toward credit, and the money manager's credit practices. The dependent variable, financial satisfaction, was measured by a multi-item index [1] created by summing the responses to six statements related to financial satisfaction: level of income, money for family necessities, ability to handle financial emergencies, amount of money owed, level of savings, and money for future needs. (The six statements are listed in the Appendix.) Each item was scored from 1 (extremely dissatisfied) to 6 (extremely satisfied); total scores could range from 6 to 36.

Two variables measured attitudes toward credit use: total amount of monthly debt payment the family money manager felt comfortable with and the money manager's perception of appropriate purposes for borrowing money. Survey items that measured credit practices were: number and types of credit cards used, amount of monthly credit payment, percent of monthly income used for credit repayment, and feelings about current credit obligations. Monthly credit payments included mortgages, home equity loans, and consumer credit payments. Credit card use by respondents was categorized as either convenience use (do not incur finance charges) or installment use (usually incur finance charges). The t-test, analysis of variance (ANOVA), and correlation (Pearson r) were used to determine if financial satisfaction was associated with scores on the independent variables.

Results

Respondents were evenly divided by gender; the mean age was 37.5 years. The majority of respondents were married (78.8 percent), and the median education level was completion of some college. The mean number of earners per family was 1.6 with an average of 4.1 household members and $34,398 of annual household income. The mean amount of savings in 1988, including IRAs and other retirement accounts, was $3,316. Over 70 percent of respondents were homeowners and the mean estimated home value was $70,336.

The vast majority of the respondents indicated that credit could most appropriately be used to purchase a home (95 percent), car (82 percent), education (80 percent), or medical care (65 percent). Over one-half of the respondents (55 percent) were installment credit card users, 31 percent were classified as convenience users, and 14 percent indicated they did not use credit cards. The mean value of the maximum monthly credit payment, including mortgage, with which they felt comfortable was $640. The mean monthly credit payment was approximately $643, which was, on the average, 25 percent of household income. Over one-half of respondents (53 percent) were very concerned or somewhat concerned with their credit obligations while 4 percent did not have any credit obligations.

Financial satisfaction scores ranged from 6 to 36 with higher scores representing higher satisfaction; the mean score was 19.8 (see Table 1). Mean responses to each item in the financial satisfaction scale are shown in the Appendix. Respondents were most satisfied with money for family necessities but substantially less satisfied with their level of savings and money for future family needs.

Table 1. Financial Satisfaction of Respondents (N = 271)

Score	n	Percent
6 - 9	18	6.6%
10 - 13	25	9.1
14 - 17	43	15.7
18 - 20	71	25.9
21 - 24	71	25.9
25 - 28	28	10.2
29 - 32	13	4.7
33 - 36	2	0.7

Scores ranged from 6 to 36; a higher score represents greater satisfaction.

Eighteen of the 24 independent variables were significantly related to financial satisfaction ($p<.05$). The socioeconomic variables age, education, household income, market value of the home, and savings were positively related to financial satisfaction. Both measures of credit attitudes were positively related to financial satisfaction ($p<.05$). Financial satisfaction was positively related to larger monthly credit payments with which the money manager felt comfortable; however, further analysis revealed that comfort with higher credit obligations was highly correlated with higher income.

Table 2. Financial Satisfaction Scores in Relation to Feelings about Credit Obligations (N=263)

Feelings about Credit Obligations	n	Mean Scores
Very concerned	28	12.3
Somewhat concerned	117	18.3
Not at all concerned	106	23.4
No credit obligations	12	22.6

Scores ranged from 6 to 36.

Convenience credit card users were significantly more satisfied than installment users, while the percent of household income used for credit repayment was negatively related to financial satisfaction. A comparison of respondent feelings about their credit obligations revealed significant differences between those who were very concerned, somewhat concerned and not at all concerned (see Table 2).

Discussion

Not surprisingly, many of the attributes found to be related to higher levels of financial satisfaction correlate with the socioeconomic variables of age, education, and income. While the abilities of consumer educators to influence these variables is limited, educators can have an impact on savings and credit behavior.

Credit practices were closely related to financial satisfaction and the degree of concern about individual credit use was the most important factor explaining financial satisfaction. Clearly those respondents who felt that they were in control of their credit obligations were most satisfied. The fact that wise use of credit involves more than mastering the mechanics of credit should be emphasized when teaching consumer credit. Students should understand that effective credit use also relates to maintaining control of the situation, a subjective feeling that must be defined by the individual involved. The results also suggest that a simple ratio such as debt-to-income may not reflect financial satisfaction.

Implications

This study supports the value of teaching students to develop and follow a credit management strategy. More than one-half of the respondents (53 percent) were concerned about their credit obligations, suggesting a high level of anxiety regarding debt. The results further illustrate the importance of integrating a credit management plan with a savings plan. Responses to the financial satisfaction scale indicated a lack of satisfaction with savings. Perhaps some of the respondents minimized credit use by sacrificing savings. Always paying cash is not necessarily the best financial strategy. Educators can provide examples to illustrate the integration of these concepts.

When selecting a text, educators should carefully review the books for effective presentation of credit management strategies rather than a focus on memorizing formulas. The text should facilitate class discussions which help students to evaluate credit decisions within the framework of a financial plan.

Educators can use the six-item financial satisfaction scale (see Appendix) to introduce the unit on credit. A discussion of responses to the scale can be used to encourage students to honestly evaluate their own attitudes and situation. The instructor might provide students with two copies of the instrument, one to keep and one to submit (anonymously) for class tabulation. The instructor can use class means to assess areas in need of special attention; for example, the subjects in this study needed more emphasis on implementing a regular savings plan. A discussion of class mean scores offers students the opportunity to compare their responses to their peers.

Cooperative Extension educators could use the scale as the basis for a newsletter article to assist readers in evaluating their financial satisfaction. For example, the range of scores (6-36) could be broken down into five or six levels. The evaluation for a score of 6 to 10 might be, "needs professional help," coupled with information about local resources; for a score of 31 to 36, the evaluation might be, "doing great, keep up the good work."

This study illustrates how one simple tool, the financial satisfaction scale, can be used to teach consumer credit concepts. While much of the literature about personal finance is based on "common sense," it is vital to test these relationships with research. This study provides practical application of research-based information for consumer educators.

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Appendix: Financial Satisfaction Scale

How Satisfied Are You With:	Mean Scores
A. Your level of income	3.41
B. Money for family necessities	3.59
C. Your ability to handle financial emergencies	3.47
D. Amount of money you owe (mortgage, loans, credit cards)	3.53
E. Level of savings	2.90
F. Money for future needs of family	2.92

Scores ranged from 1 (extremely dissatisfied) to 6 (extremely satisfied).

A STRATEGY FOR TEACHING CONSUMER DECISION-MAKING

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In today's high-tech society, teachers face the challenge of holding the interest of students accustomed to sophisticated advertising, professional television programming, and computerized video games. One way to stimulate enthusiasm in students is to use a technique already familiar to them -- the TV game show. The purpose of this paper is to describe a game show method for teaching consumer decision-making. Teacher background information is presented first, and is followed by a list of rules for the game, *The Decision Maker*.

Teacher Background Information

Consumer decision-making is a process of evaluation in the choice or resolution of alternatives [4]. Many factors, both internal and environmental, influence the consumer and help shape decision-making behavior. Individual personalities, perceptions, learning, and attitudes affect the consumer's choices in the marketplace [8]. The consumer is routinely influenced by the social environment, including contact with family and peers, cultural influences, financial constraints, and marketplace advertising [7,8]. At times, the consumer is presented so much information that overload is the result [1,5].

Decision-making in the marketplace becomes necessary when physical or emotional needs become sufficiently strong for the consumer to relieve them [3,8]. Exactly how consumers make purchase decisions, however, varies from one individual to another [6]. Decision-making styles of consumers may vary from no planning at all to formalized, integrated consumer strategies [8]. Strategies used by consumers during their marketplace information search may include such tactics as optimizing, satisficing, random search, step-by-step methods, or trial and error [4].

Consumers may use several techniques in their decision-making process. Intuitive decision-making is an approach helpful to some individuals, for it bypasses the conscious steps of decision-making. Some consumers may choose a simplification or heuristic process that allows them to adapt their capabilities to the potentially complex choices they must make [4].

Three types of decision-making are often used by families when they act as consumers. Accommodation occurs when family members agree by accepting the desire of the dominant family member. Consensual decision-making occurs when all family members agree and equally commit to the decision; consensus is rare as family members may not perceive problems in the same way. De facto decisions tend to result from lack of disagreement rather than active agreement [4].

After a decision has been made, the consumer is able to evaluate the purchase in a postpurchase assessment process. Postpurchase assessment is always based on new information [8]. When results differ from expectations, the consumer experiences some degree of dissatisfaction [2,8]. At this point, the consumer rationalizes the purchase by emphasizing the positive aspects and deemphasizing the negative features. If results equal or exceed expectations, the consumer experiences satisfaction [8]. In either case, the experience gained as a result of the purchase process can be used when making decisions in the future [4,8].

Game: The Decision Maker

The format and rules are similar to that of the popular TV game show, *Jeopardy*.

Assemble the following materials:

1. One playing board (see Appendix B)
2. Host question cards (see Figure 1)
3. Player information cards (see Appendix A)
4. Game money
5. Player bell

Rules of the game:

1. Players will consist of two teams of two players each, one assistant, and a host (may be student or instructor).
2. Each player will be given a set of player information cards.

Question: Too much information
Answer: What is OVERLOAD?

Figure 1. Example of a host question card

3. Each question will be phrased in the form of an answer, i.e., "Too much information."
4. Each answer must be phrased in the form of a question, i.e., "What is overload?"

The play:

1. Toss of a coin determines which team will start the game.
2. Either player from the starting team may begin play by selecting a category and dollar amount from the board.
3. Assistant uncovers "question" as the host reads the same question from the host question card (see Figure 1). The information on the host question cards is taken from player information cards.
4. Any player from either team may ring the bell to indicate desire to answer the question.
5. The first player to ring the bell will be asked to answer the question. Players may refer to player information cards at any time during the game.
6. Players will be warned one time if they fail to phrase the answer in the form of a question. Any subsequent error of this type will be considered an incorrect answer.
7. A player who successfully answers a question will be awarded the dollar amount specified on the board for that answer. The assistant will then present the game money.
8. Two *daily doubles* will appear on the board during the course of play. Any player who successfully answers the *daily double* will be awarded double the dollar amount specified for that answer.
9. Play continues until all questions on the board have been answered. Winning team is the team with the most money at the end of the game.

Suggestions for assembly of playing board (see Figure 1):
Board may be constructed from two poster boards, one light and one dark. Boards are stapled together, dark board on top, after dark board is constructed with appropriate cutouts to display questions on the light board. Cutout pieces are labeled with money amounts and attached with velcro to the light colored board in the appropriate places. A question is entered in each cutout space by writing directly on the light colored board. (Questions for the playing board come from the player information cards.) Category names are placed at the top of each column.

Implications For Consumer Educators

Helping students of any age learn skills involved in informed decision-making is a challenge to consumer educators. The game show method offers a teaching technique that stimulates enthusiasm and increases comprehension of the subject matter. In addition, this approach also affords an opportunity to reinforce important skills which can enhance students' personal development. Such skills include learning to be a team player, following directions, adhering to rules, and making decisions. An added bonus is that students find that learning can be fun.

The teaching method outlined in this article may be useful to secondary school teachers as well as to Cooperative Extension agents in their presentation of consumer decision-making information. The TV game show approach may be particularly helpful to Extension agents planning programs for 4-H participants and may also be adapted for use with other consumer education concepts.

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Appendix A

Player Information Cards

Decision Making

Accommodation - accepting desire of dominant person
Consensual - concludes with all family members committed to the decision
De Facto - don't disagree but don't actively agree
Heuristics - use of general principles to simplify the decision-making process
Intuitive Decision Making - undertakes action without real thought; based on inner sense or feeling

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Information Search Strategy

Trial and Error - implements series of decisions; checks to see what works after each
Step-by-Step - progression through series of additive stages to final solution
Optimizing - solution sought to produce more satisfaction than any other solution
Random - lacks insight but has spontaneous or emergency interest in a response
Satisficing - selection of first alternative "good enough" to accomplish purpose

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Environmental Influences

Business Influence - contact at store or advertising
Cultural Influence - beliefs developed over time by social systems
Family Influence - influence that comes from household members
Income Influence - financial constraints
Social Influence - influence from church, neighborhood, workplace or school

Internal Factors

Awareness - knowledge through the senses
Learning - change as a result of practice, experience, or intuition
Motive - impulse providing awareness of needs and reason to act on needs
Need - condition requiring relief; lacking something useful
Personality - characteristics that make each person different

Information Gathering

External Search - information from other sources including advertising, packaging, store displays, and product attributes
Internal Search - examines individual's/family's past experiences
Overload - too much information
Promotion - paid-for communications used by businesses to persuade consumers to buy their products
Habit - routine consumer behavior; little or no information gathering

Postpurchase Assessment

Dissatisfaction - what happens when results differ from expectations
Feedback - information gained during decision process and used for future decision making
New Information - experience gained as a result of the purchase
Rationalization - learning to live with a consumer decision by emphasizing positive aspects and deemphasizing the negative
Satisfaction - results equal or exceed expectations

APPENDIX B: THE

Decision Making	Information Search Strategy	Environmental Influences
$100	$100	$100
$200	$200	$20C
$300	$300	$300
$400	$400	$400
$500	$500	$500

ANSWERS BY

	Decision Making	*Information Search Strategy*	*Environmental Influences*
$100	Accepts desire of dominant person	Lacks insight but has spontaneous or urgent interest in response	Financial constraints
$200	Simplify decision-making process	Solution sought to produce the most satisfaction	Household member influences
$300	All participants committed to the decision	*DD (Daily Double)* Choose first alternative "good enough" for purpose	Influences from church, neighborhood, school, or workplace
$400	Based on inner sense or feeling	Progress through stages to final solution	*DD (Daily Double)* Beliefs developed over time by social system
$500	Don't disagree but don't agree	Decision made by practice and checking	Contact at store or advertising

PLAYING BOARD

Internal Factors	*Information Gathering*	*Postpurchase Assessment*
$100	$100	$100
$200	$200	$200
$300	$300	$300
$400	$400	$400
$500	$500	$500

CATEGORY

Internal Factors	*Information Gathering*	*Postpurchase Assessment*
Condition requiring relief	Too much information	Information gained and used later
Change as a result of practice, experience, or intuition	Routine consumer behavior	Results equal or exceed expectations
Characteristics that make each person different	Outside sources of information	Emphasizes the positive and deemphasizes the negative
Impulse providing awareness of needs and reason to act	Sources of information prior to purchase	What happens when results differ from expectations
Knowledge through the senses	Information from memory or experience	Experience gained as a result of the purchase

PERSONAL FINANCE EDUCATION IN RELATION TO FINANCIAL SATISFACTION, CONFIDENCE, AND PRACTICES

Shana Larson Morris, M.S. Graduate
Jean M. Lown, Associate Professor
Utah State University

Among the general public, there is strong support for teaching personal financial management in the public schools; over 80 percent of a sample of adults in Utah felt that money management should be a required subject [5]. In fact, many states, including Illinois, mandate consumer education at the high school level. High school graduates in Georgia felt well prepared in skills relating to consumer and homemaking but felt they needed additional information in the areas of personal finance, consumer education, child development, and family living [6].

Despite strong support for personal finance education, very little research has examined the effectiveness of these courses. The research that exists suggests that although respondents feel such education is important, the knowledge gained in these courses is not being used as effectively as instructors had hoped [2,3,6]. This study was conducted to examine the question of whether college-level personal finance education results in adoption of recommended money management practices, increases confidence in money management skills, and increases financial satisfaction. The relationship between adoption of recommended practices and financial satisfaction and confidence was also examined.

Methodology

Two samples were selected. One sample consisted of 208 graduates randomly selected from the class rosters of the Utah State University (USU) personal financial management course. The comparison sample consisted of 223 randomly selected USU graduates who had not taken the USU personal finance course. All subjects graduated between 1983 and 1988.

Each subject was mailed a questionnaire. The response rate was 73.3 percent; 316 usable responses were returned. A total of 167 of the sample who had taken the USU personal finance course returned questionnaires; 149 of the subjects in the comparison sample responded. Twenty-nine respondents in the comparison sample had completed some other personal finance course and were therefore added to the sample that had completed the USU course.

To assess the use of recommended financial practices, respondents were asked to indicate whether they had (1) written financial goals, (2) a written spending plan (budget), (3) kept records of expenditures, (4) owned a checking account, (5) calculated their net worth, (6) owned a savings account, and (7) evaluated their spending plan and actual expenditures. Each positive response received one point; additional points were added to each score based on the degree of usage of each basic financial management practice. For example, respondents without a savings account received zero points on that question; those with a savings account received one point. Respondents who made a deposit every pay period were given two additional points; those who deposited whenever they had some extra money received only one additional point. Points were totaled across the seven recommended practices to calculate a financial management score for each respondent.

The actual financial management scores ranged from 5 to 30. The possible range was 0 to 32. The scores were divided into three categories -- good (23 to 30), fair (14 to 22), and poor (5 to 13). Higher scores indicated the use of more of the recommended financial management practices.

Financial satisfaction was measured using a six-question, six-point scale designed to assess the subject's degree of satisfaction with (1) level of income, (2) money for family necessities, (3) ability to handle financial emergencies, (4) amount of money owed, (5) level of savings, and (6) money for future needs of the family [1,4]. Responses to the six items were averaged to yield a mean financial satisfaction score. The final measure, confidence with current financial management skill, was assessed by a single-item, six-point scale asking respondents how confident they felt about their financial management skills.

Statistical analysis was designed to compare the two samples' use of recommended financial management practices, financial satisfaction, and confidence in financial management skills. One-way analysis of variance (ANOVA) was used to compare the group means; the Scheffe´ multiple range test was used to identify significant differences between the means ($p \leq .05$). ANOVAs and the Scheffe´ test were also used to compare the respondents' financial satisfaction and confidence scores on the basis of whether they considered themselves a good, fair, or poor financial manager.

Results

The demographics of the two samples were almost identical. A majority (62 percent) of the respondents had completed a personal financial management course ($n=196$); 120 had not. Females composed 69 percent of the respondents who had completed a personal finance course, but only 43 percent of the sample who had not. The median age for both groups was 28 years. Sixty-nine percent of both groups were married, with most couples having at least one child present in the home. Median household income was $20,000 to $29,999 for both groups.

The two groups were not significantly different in their adoption of recommended money management practices, financial satisfaction, or confidence in personal financial management skills. Respondents who had completed a personal finance course did not have significantly higher (or lower) scores on any of the three measures.

To examine the relationship between the adoption of recommended financial practices and financial satisfaction and confidence, the two samples were combined. There were significant differences among the groups on both financial satisfaction ($F=13.5$, $p=0$) and confidence in financial management skills ($F=20.7$, $p=0$). (See Table 1.) The good managers were more satisfied and more confident than the fair managers; fair managers were more satisfied and more confident then poor managers. Thus, as the number of recommended financial management practices actually used increased, so did financial satisfaction and confidence in financial management skills.

Conclusions

Results of the study suggest that completion of a college-level personal financial management course did not result in the adoption of more recommended money management practices. Nor did it increase financial satisfaction and confidence in financial management skills. However, other related factors, such as

Table 1. Mean Financial Satisfaction and Confidence Scores in Relation to Mean Financial Management Scores

Financial Management		Financial Satisfaction		Skill Confidence	
Description	Score	Mean Score[a]	n	Mean Score[b]	n
Good Manager	23-30	4.3	180	4.8	180
Fair Manager	14-22	3.9	110	4.4	110
Poor Manager	5-13	3.4	26	3.7	25

[a]Range = 1 (Extremely dissatisfied) to 6 (extremely satisfied)

[b]Range = 1 (Extremely unconfident) to 6 (extremely confident)

grades in the personal finance course and overall GPA, were not investigated. There was a significant relationship between the number of recommended financial practices actually used and the level of financial satisfaction and confidence in financial management skills. Respondents who reported using a greater number of recommended financial management techniques expressed a higher level of financial satisfaction and confidence in their financial management skills.

Implications for Consumer Educators

The challenge to consumer educators is to bridge the gap between the perceived importance of personal finance education and implementation of the skills taught in such courses. Results of this study suggest that as the use of recommended financial management practices increases, so does financial satisfaction and confidence in financial management skills.

Therefore, there are two major strategies personal finance educators can use to encourage students to implement recommended techniques. One strategy is to include experiential learning exercises which the students perceive as important to their present needs and future goals. Instructors can also demonstrate how financial management skills can be used in the future as financial needs and goals change.

Another strategy is to teach students how and where to find the consumer and personal finance information they may need in the future. Students could be assigned activities which encourage them to explore and become familiar with various community sources of consumer and personal finance information. The use of public or school libraries, the Cooperative Extension Service, consumer information guides, county or state consumer affairs offices, federal and state consumer agencies, and magazines such as *Consumer Reports*, *Changing Times*, and *Money* could be emphasized in assignments.

Students might also be required to compile their own financial files complete with copies of essential financial documents. Copies of articles explaining basic personal financial management skills could be included for future reference as the students' financial situations change.

Results of this study suggest that many students fail to implement the skills taught in personal financial management courses. Emphasis on experiential learning assignments as well as identifying financial management information resources in the community could go a long way toward bridging this gap.

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IDENTIFYING AND EVALUATING RESOURCES IN CONSUMER EDUCATION

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The purposes of this paper are to:

1. identify sources of consumer education resource materials in the public sector, and
2. suggest guidelines to consider for evaluating materials from the private sector.

Identifying Consumer Resources

The typical consumer educator is confronted with a multitude of formidable challenges. For example, often the consumer education course is one of four or five different preparations that the consumer educator is expected to instruct in a particular semester and/or year. Additionally, many consumer educators are scheduled to teach the class on a periodic basis. Further, because of omnipresent changes in federal and state laws, economic conditions, etc., the course is generally more challenging to teach than others. As a result of the above and other related factors, many are ill-prepared to teach consumer education, are not given the time to prepare for the course, and/or lack the necessary personal commitment to be effective. The end result is that many students do not receive adequate training in this important subject.

One of the mechanisms developed to partially overcome the aforementioned problems is to supplement the traditional lecture and/or discussion mode with high quality audio-visual materials to lend excitement to individual lessons. This, however, presents an additional challenge to the consumer educator in that most school districts have limited funds and are often hesitant to invest in supplementary materials that may well become dated quickly and may only be utilized by a small portion of the student population. The consumer educator must therefore frequently rely on free and/or inexpensive materials for classroom use. Under these circumstances the question must be asked: which materials should be used?

Fortunately, there is a wealth of quality materials offered for use in consumer education classes. Because it is evident that most school districts have restricted budgets for classroom materials, the following recommendations of organizations to contact presumes either:

1. no funding is available,
2. little funding is available (less than $100 per year), or
3. moderate funding is available (less than $300 per year).

The organizations listed below all offer low-cost or no-cost high quality consumer education materials. It should be noted that writing a general letter that essentially indicates "send me all the information you have and send me 100 copies of each for my class use" is not advisable. A surprising number of consumer educators consider the above a reasonable request. The usual response is that the letter is either not answered or if the request is honored many of the materials sent by the agency are found to be inappropriate for a particular class. The end result is that time and/or resources from the sponsoring agency are wasted. A more appropriate request is to ask for a sample of materials and/or a catalog of materials that are available.

If no funding for consumer education materials is available, this writer would request a general catalog of materials and sample copies from the following:

Allstate Insurance Company
Corporate Relations Dept.
Allstate Plaza
Northbrook, IL 60062

American Bar Association
750 N. Lake Shore Drive
Chicago, IL 60611

American Financial Services Association
1101 Fourteenth St., NW
Washington, DC 20005

Consumer News
United States Office of Consumer Affairs
1009 Premier Building
Washington, D.C. 20201

American Association of Retired Persons
ATT: Consumer Affairs
1909 K St., NW
Washington, DC 20049

American Express Company
Office of Public Responsibility
World Financial Center
New York, NY 10285

Consumer Information Center
P.O. Box 100
Pueblo, CO 81002

Consumer Product Safety Commission
Publications Request
Washington, DC 20207

Cooperative Extension Service (CES)
Check county or city government listings in your local telephone directory for your local CES Office.

Direct Selling Education Foundation
1776 K Street, NW, Suite 600
Washington, DC 20006

Federal Reserve Bank
Public Information Center
P.O. Box 834
Chicago, IL 60690

Food and Drug Administration
U.S. Government Printing Office
Washington, DC 20402

Insurance Information Institute
110 William Street
New York, NY 10038

Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

National Highway Traffic Safety Administration
Department of Transportation
Washington, DC 20690

Council of Better Business Bureaus, Inc.
4200 Wilson Blvd.
Arlington, VA 22203

Federal Reserve Board
Publication Services
20th and C Streets, NW
Washington, DC 20551

Federal Trade Commission
Public Reference Branch
6th and Pennsylvania Avenue, NW
Washington, DC 20580

Government Printing Office
Publications Service Section
Washington, DC 20402

Insurance Institute for Highway Safety
1005 N. Glebe Rd.
Arlington, VA 22201

Money Management Institute
Household International
2700 Sanders Road
Prospect Heights, IL 60070

U.S. Department of Agriculture
Independence Avenue
Washington, DC 20250

U. S. Office of Consumer Affairs
Washington, DC 20006-2403

Note that the organizations listed above may not provide all of their materials free of charge. However, most do have a substantial number of free materials available to teachers, often in classroom quantities.

If there is little funding available ($100-300 each year) for consumer education materials each year, consider contacting all of the above organizations plus the following:

American Council on Consumer Interests (ACCI)
240 Stanley Hall
University of Missouri
Columbia, MO 65211

Changing Times
The Kiplinger Magazine
Editors Park, MD 20782-9960

Consumer Reports
Subscription Department
Box 53009
Boulder, CO 80321-3009

International Organization of Consumers Unions
P.O. Box 1045
Penang, Malaysia

Michigan Consumer Education Center
Eastern Michigan University
207 Rackham Bldg.
Ypsilanti, MI 48197

Consumer Education Resource Materials Kit (1990 ed.)
Stewart M. Lee
Geneva College
Beaver Falls, PA 10510

Consumer Federation of America
1424 16th Street, NW
Washington, DC 20036

Consumers Union of United States, Inc.
256 Washington Street
Mount Vernon, NY 10553

The Journal of Consumer Education
Illinois Consumer Education Assn.
271 Bevier Hall, 905 S. Goodwin
Urbana, IL 61801

National Consumers League
815-15th St., NW
Suite 516
Washington, D.C. 20005

National Foundation for Consumer Credit
8701 Georgia Avenue
Suite 507
Silver Spring, MD 20910

If there is moderate funding available (over $300 each year) for consumer materials, consider contacting the above plus the following:

Center for Auto Safety
2001 S Street, NW
Suite 410
Washington, DC 20009

Consumer Reports News Digest
Box 2029
Norwalk, CT 06852

Center for Science in the Public Interest
1501 16th Street, NW
Washington, DC 20036

Credit Union National Association
Box 431
Madison, WI 53701-0431

Department of Consumer Economics and Housing
Van Rensselaer Hall
Cornell University
Ithaca, NY 14853

Joint Council on Economic Education
432 Park Avenue, South
New York, NY 10016

Money Management Institute
Household International
2700 Sanders Road
Prospect Heights, IL 60070

The New York Times
P.O. Box 520
Palos Park, IL 60464-2500

Home Economics Curriculum Center
Box 4067
Texas Tech University
Lubbock, TX 79409

Money
Subscription Service Dept.
P.O. Box 60001
Tampa, FL 33660-0001

National Association of Consumer Agency Administrators
1010 Vermont Avenue, NW
Suite 514
Washington, DC 20005

Nolo Press
950 Parker St.
Berkeley, CA 94710

The Wall Street Journal
200 Burnett Rd.
Chicopee, MA 01020

It should be noted that updates of new consumer-oriented books are published in *Library Journal, Booklist,* and *Forthcoming Books*. These are available in most libraries.

Of course, when possible each teacher could benefit further by sharing resources with others in the district or by asking the school librarian to purchase some of the resources.

We have noted very little about films, filmstrips, computer software, etc. For many consumer educators the cost of these is prohibitive and thus they are not included in our recommendations. However, public and school district libraries, universities, extension offices, and "free film" loan companies often make films available to teachers at little or no cost. Educators should consider this option.

Once the materials are received, preview everything before "subjecting" your students to anything! Many inexperienced and, indeed, experienced consumer educators have made the mistake of ordering materials and distributing them to students without any preview. The result is the material is inappropriate and may well waste the students' time and embarrass the consumer educator.

The above is a representation of organizations and individuals who have a history of providing quality consumer resources. All addresses listed are current as of January, 1991. It should be noted that other "experts" in consumer education would most likely develop similar lists of quality consumer education materials. However, the prudent consumer educator will use the resources listed only as an initial guide. Certainly other consumer educators, university instructors, and extension specialists should be consulted for their suggestions as well.

Guidelines for Evaluating Private-Sector Consumer Education Materials

The second section of this article considers guidelines for evaluating materials from the private sector. The presumption that is often made is that private sector materials, often viewed as corporate freebies, have a bias toward either the sponsoring company or the industry they represent. A variety of critical reviews substantiate the above evaluation [1,2,3,4].

An example of a built-in bias might be an insurance company that offers materials that enumerate the benefits of a specific type of life insurance, e.g. whole life, but deprecates the benefits of term insurance. Term insurance is generally recommended by those who have an expertise in this area but have no vested interest in promoting it. The purpose of supporting the whole life concept is presumably because insurance companies typically have larger profit margins from whole life policies than from the term option.

Some suggest that the average consumer educator does not have the necessary expertise to ferret out many biases, thus subjecting students to propaganda in the classroom. Harty [2] did an extensive review of this subject in her "Hucksters in the Classroom" investigation.

So, what is a consumer educator to do if he or she does have the limitations of expertise noted above and concomitantly does not have the necessary resources needed to overcome the problem? One partial remedy is to obtain a copy of *The Consumer Education Resource Kit*, an annual publication developed by Stewart M. Lee. It is an extremely helpful guide for anyone who instructs in this area. Literally thousands of consumer resources are noted and critiqued by Dr. Lee. In addition, another monthly resource, the ACCI *Newsletter*, is published by The American Council on Consumer Interests (ACCI). Its editor, Dr. Les Dlabay, offers critiques of a variety of consumer education materials. This newsletter is also an invaluable resource for consumer educators at the secondary and post secondary level. (Both resources and ordering information are available from the addresses noted earlier).

The major limitation of the above publications is that the reviews offered are, out of necessity, very brief. Thus, other alternatives to supplement them are recommended. Perhaps the most effective method of evaluation is to use an evaluation checklist that is adaptable to most consumer education materials. There are dozens of these instruments available. Each is designed to assist the consumer educator in evaluating a specific consumer resource. A few of the more popular ones include:

AHEA Committee on Criteria for Consumer Education Programs and Materials. (1972). *A Guide for Evaluating Consumer Education Programs and Materials.* American Home Economics Association, 1555 King Street, Alexandria, VA 22314.

Bowers, J., Jackson, G. and McKinney, C. (1985). "Consumer Education Literature: Tools for Evaluation." The Ohio State University, Home Management & Housing, 1787 Neil Ave., Columbus, OH 43210.

Guidelines for Business Sponsored Consumer Education Materials. (1982). Alexandria, VA: Society of Consumer Affairs Professionals in Business, 4900 Leesburg Pike, Suite 311, Alexandria, VA 22302.

White, B. and Santangelo, B. (1981). "A Guide for Evaluating Industry-Sponsored Educational Material," Valhalla High School, Grossmont, California.

The most recent addition to the evaluation guidelines, *Consumer Education and Information: Guidelines for Business-Sponsored Materials*, was a joint project completed in 1990 by the Consumer Information Center (CIC), American Council on Consumer Interests (ACCI), the Society of Consumer Affairs Professionals (SOCAP), and the National Coalition for Consumer Education. The guide specifies that consumer education, information, and promotional materials should meet the following minimum standards:

Accuracy - Statements are consistent with established fact or with prevailing expert opinion on the subject. Information is easily verifiable.

Objectivity - Points of view are fairly presented. If the subject is controversial, arguments are balanced.

Completeness - The materials contain all relevant information and do not deceive or mislead by omission.

Language - Materials are both interesting and understandable. Technical terms are used sparingly and are fully defined.

Nondiscrimination - The text and illustrations are free of any content that could be considered derogatory toward a particular group, for example, an ethnic group, an age group or a race or sex.

Noncommercial - The name or logo of the business sponsor is used to identify the source of the materials and, if applicable, to provide contacts for further information.

The guide explains the minimum standards and is available from: Consumer Information Center, General Services Administration, G-142, 18th and F Sts., N. W. Washington, D.C. 20405.

It is suggested that the reader contact the individuals and/or groups noted above to obtain copies of all of the evaluation guides listed. These guides can then be used in total or modified to best fit individual needs.

Conclusions

Consumer educators have an omnipresent challenge. Our courses are unique. They are relevant, needed, exciting, and interesting. What other courses, for example, could anyone name that could virtually guarantee to save the learner thousands of dollars over a lifetime? A quality consumer education class could easily fulfill that commitment. Our role as consumer educators is to provide the best learning situation possible for our students. Utilizing quality supplementary materials is often one way to meet our objective.

This article is an attempt to help consumer educators to identify consumer education resources and to suggest guidelines to consider for evaluating materials from the private sector. (Any assistance designed to supplement our class teaching should be a welcome addition). The writer hopes this article fulfills that objective.

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NOTE: This article was invited by the editor.

CALL FOR ARTICLES FOR

THE 1992 JOURNAL OF CONSUMER EDUCATION

Articles should be in one of the following categories:

A. Position Paper. A discussion of consumer education issues, problems, and trends including social and economic developments related to consumer education content, curriculum patterns, legislation, and instructional materials and techniques.

B. Research Article. A presentation of recently completed research that has implications for consumer educators. The manuscript should clearly present (a) the problem statement and background on the problem; (b) research procedures including population identification, sampling techniques, data collection methods, and data analysis; (c) a summary of findings and conclusions, and (d) a discussion of the implications for consumer education instruction or curriculum development.

Manuscripts should be limited to eight (8) pages (double-spaced), including the main text, references, tables, and figures.

Authors of accepted manuscripts must either be members of the Illinois Consumer Education Association (dues $15) or pay a $15 submission fee per article.

Submit five (5) copies of the manuscript along with a **self-addressed stamped postcard** by September 9, 1991 to:

Brenda Cude, Editor
University of Illinois
271 Bevier Hall
905 S. Goodwin
Urbana, IL 61801
217/244-2858

Illinois Consumer Education Association

HISTORY AND PURPOSE

The Illinois Consumer Education Association, the first state consumer education association nationwide, was organized in 1973 to expand consumer education and foster professional growth in the teaching of consumer education at all levels. ICEA will strengthen the implementation of Senate Bill 977, passed in 1967 and amended in 1975, 1977, and 1979 which states:

> "Pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in the area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices, and an understanding of the roles of consumers interacting with agriculture, business, labor unions, and government in formulating and achieving the goals of the mixed free enterprise system."

PUBLICATIONS

The Illinois Consumer Educator, the official newsletter for ICEA, is published three times a year (usually in September, December, and May). This publication updates Illinois teachers on state and national events and provides a forum for teaching ideas as well as a review of selected course materials.

The Journal of Consumer Education is an annual publication. This journal consists of articles, book reviews, and other features designed to improve the teaching of consumer education.

ANNUAL CONFERENCE

The annual statewide conference is a major activity sponsored by ICEA. This two-day meeting in February offers the opportunity to hear important speakers in the area of consumerism and to exchange teaching methods with educators from many disciplines. A wealth of resource material is also available for review.

ADDRESSES:

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900 NUMBERS: A CONTROVERSIAL INDUSTRY

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Though the 900-number industry is only a little over ten years old, it has been a source of great controversy for consumers, government, and businesses. The controversy lies in whether 900 numbers provide useful and valuable information and services or are merely tools for con artists. Because 900 numbers are beginning to appear in all forms of media with increasing regularity, it is important for consumer educators to learn more about the 900-number industry in order to help consumers make decisions about use of this relatively new marketplace alternative.

The 900-Number Industry

Industry Background

Pay-per-call telephone services have been around since 1974, when New York telephone customers could "dial-a-joke" and listen to Henny Youngman. However, 900 numbers were first used on a national level to poll viewers during the 1980 Presidential debate between Carter and Reagan. In 1984, the industry took off with the breakup of AT&T. Adult-oriented services were among the first to notice the potential of 900 numbers and the local exchange equivalent 976 numbers. By 1988, the industry had grown to over $100 million due to advancing technology. In late 1988, marketers introduced "interactive" 900 numbers which allow callers to select different options or topics by pressing a number or set of numbers on a touch-tone telephone [8, 11].

AT&T, Sprint, MCI, and Telesphere lease the lines to facilitate 900 services and collect a percentage of the tolls. Local phone companies also get a share of the profits. In most arrangements local phone companies bill callers and take a percentage from the charge. The long-distance providers also take a percentage and pay the rest to the 900-service business [7, 8, 11].

In 1990 over 225 billion calls were placed to 900 numbers, accounting for about $690 million collected in tolls [7, 11]. Additionally, an estimated 8,000 new 900-number phone listings were obtained in 1990 [7]. Currently, 900-number services make up a $1 billion industry. Some analysts are predicting that the 900-number industry will grow to anywhere between $1.5 billion and $3 billion by 1994 [2, 3, 7, 11].

Market researchers report that about 55 percent of Americans have never heard of 900 numbers [7, 8]. Ninety-three percent have never dialed a 900 number and won't because it costs money. Of those who have called, 42 percent say they wouldn't call one again [7]. However, because the types of 900 lines offered are expanding, more and more consumers are expected to begin using 900-number services [8].

Types of 900 Numbers

The types of 900 numbers vary greatly. "Gab" lines allow live interactions where people can talk to another person or group of persons. Other applications include event promotions and contests; product promotions and contests; entertainment lines including soap opera updates, jokes, celebrity lines, and games; pure information lines which provide news, stock tips, weather, and travel tips; polling and opinion lines; and the newest application, charities and fund-raising [3, 5, 7, 8, 11, 13].

Sex, entertainment, sports, and gab lines still dominate the 900-number industry. However, businesses ranging from software publishers to credit-reporting agencies to colleges are suddenly waking up to the potential of 900 numbers. 900 numbers are attractive to businesses for several reasons. The services not only spur sales and extra income but also create data bases. Callers do not even have to leave their names; the phone number can be recorded and later matched to a name and address [3, 8]. Callers to 900 numbers are thought to be loyal customers who are actively seeking out products, information, or services. Additionally, many businesses like the added convenience of billing the person's phone service rather than directly billing the customer or obtaining a credit card number over the phone [9].

Consumer Concerns

Criticisms of the Industry

Most 900 numbers are legitimate and offer reasonable services for their tolls. However, there are few restrictions placed upon obtaining a 900 number and thus great potential for consumer fraud [9]. In an industry where the simple act of placing a call incurs a debt to the local phone company, opportunities for consumer abuse are rampant. The business is marred not only by pornographic and sex-related lines, but also with costly and sometimes deceptive telemarketing pitches aimed at both children and adults [15]. Critics of 900 numbers say that pay-per-call services are tailor-made for fly-by-night operators and con artists who take advantage of consumer trust in the phone companies [10, 11]. Additionally, since information and services are difficult to evaluate until they are obtained, consumers won't know if the information is useless until after the fact [3].

Targeted Groups

Although there has been no formal research as to whom fraudulent 900-number operators target, it is clear that certain segments of the population are more susceptible to frauds and deceptions. Common targets include the elderly, young adults, the uneducated or inexperienced, and low-income groups. Additionally, consumers are particularly vulnerable to frauds and deceptions during periods of economic adversity [16]. As Cunningham and Cunningham [4] also note, consumers who have little information about a product or service or the laws guiding them are also more vulnerable to fraud. Because of the newness of the industry, consumers are more susceptible to many 900-number cons.

Fraudulent 900-Number Examples

One fraudulent practice by 900 services uses announcers who speak so quickly that the caller has to call back, at an additional charge, just to understand the message. Another deceptive practice involves 900 numbers, such as job lines or information listings, that charge a high fee to provide information which is available elsewhere at a lower charge or for free. Other 900-number scams involve promises of quick credit or loans and contests that require calling a 900 number to enter but never award prizes [1, 12].

In Seattle, one television advertisement told children to "Call Santa" by holding the phone up to the TV speaker, which emitted tones that dialed a 900 number and then billed the caller [10]. Even toll-free 800 numbers are not exempt from 900-number fraud. Consumers who phone an 800 number may hear a short message that refers them to a 900 number for further information. However, the 900 number contains worthless information [1].

Because of their potential for consumer fraud, 900 numbers have fallen under a great deal of criticism and scrutiny. Over 200 consumer complaints about 900 numbers were registered with the FCC in 1990 [2, 3, 10, 17]. The rising number of complaints has caused the federal government and the industry to take a closer look at measures to prevent 900-number ripoffs.

Legislation and Regulation

Federal jurisdiction over the 900-services industry is split between the Federal Communications Commission (FCC), the Federal Trade

Commission (FTC), and the U.S. Postal Service. The FCC monitors long-distance carriers and shares jurisdiction with states over billing and collection services. The FTC handles cases of interstate consumer fraud and deceptive practices and investigates complaints of consumers who were overcharged for 900-number services or did not receive the services advertised. Postal Service inspectors may investigate for fraud if any part of a 900-number call involves mail delivery [6, 11].

Despite the three federal agencies' monitoring roles, the 900-number industry has continued to be plagued by fraud. To contain the unscrupulous practices of some 900-number operators, the FCC has developed guidelines, Congress has proposed legislation to regulate 900-number practices, and the industry itself has responded with calls for self-regulation.

Federal Communication Commission's Guidelines

In September of 1991, the FCC announced its own regulations for the 900-number industry. The FCC requires 900-number services to include an introductory disclosure message, termed a "kill message," that clearly describes the service and costs and allows the caller to hang up without charge at the end of the message. It also requires that the preamble tell children to first obtain permission of a parent before placing the call or to merely hang up. However, there is some debate whether this could be more of a temptation than a deterrent for children. Third, it requires that consumers have the option to block all interstate 900 calls, where technically feasible. It also prevents a subscriber's basic telephone service from being disconnected for failure to pay interstate 900-number service charges [2, 10, 12, 17].

Government Regulations

In Congress, new legislation has been proposed to place strict regulations on the pay-per-call industry. In the House, the "Telephone Consumer Assistance Act" was proposed to protect consumers and strengthen the position of legitimate 900-service providers. In addition, the bipartisan House Energy and Commerce Committee approved a bill that would require operators of 900-number services to better inform customers of their prices and services. A similar bill was approved in the Senate.

Each of the legislative proposals lists guidelines similar to the FCC's, including preambles to warn callers of costs and to tell children to obtain permission before calling, kill messages to allow callers to hang up without being charged, and the option for consumers to block 900-number calls. Other elements of proposed legislation would give a one-time option to avoid 900-number fees if calls were unauthorized or the caller misunderstood the costs. Carriers would be prohibited from disconnecting telephone service due to non-payment of 900 charges; consumers who successfully dispute 900 charges would receive an adjustment on their phone bills or a refund, with no limit to the number of times they could dispute calls. Another requirement would be the use of "beep" tones that let listeners know the amount of time that elapses during some types of 900-number calls. Final approval of legislation regulating the 900-number industry is expected in 1992 [10, 11, 12, 14, 17, 18].

The Industry's Response: Self-Regulation

The National Association for Information Services (NAIS) and the Information Industry Association (IIA), the 900-number industry's two trade groups, generally oppose government regulation. NAIS and IIA, along with many 900-number businesses, argue that kill messages add extra time and expense to the calls, inconvenience those who really want to use the 900-number service, and violate free speech rights. In addition, 900-number businesses strongly oppose the one-time "forgiveness" policy for users, claiming potential revenue losses of tens of millions of dollars. They are afraid that people will intentionally call a 900 number and then ask that the charge be forgiven [10, 17, 18].

Trade groups, phone companies, and 900-number services have proposed self-regulation. NAIS and IIA have developed their own self-regulatory plan. The key elements of the proposed self-regulation include: requirements that all charges be disclosed, prohibiting false or misleading advertising, outlawing programming that is obscene or promotes illegal or violent activities, and additional disclosure and content requirement for children's programming. NAIS also believes that unscrupulous 900 services are better handled by the existing regulations of the FTC, not as an extension of the FCC [10, 17, 18].

AT&T, Sprint, MCI, and Telesphere have also begun to address problems with 900 numbers. Each of the four phone companies has policies requiring preambles for children's programming and other services that involve high-priced per minute charges. Additionally, the phone carriers have placed maximum charge caps on 900 numbers aimed at children. The companies are also making greater efforts to screen the 900-number businesses before providing a line. In fact, Telesphere does not accept any 900-number programming directed at children [10]. For those people who wish to avoid 900 numbers all together, local phone companies will place a block on 900 numbers upon request. Depending upon the area, this blocking service may incur a small one-time charge or may be free [6].

Conclusions

Research Opportunities

Because it is such a new industry, there are many research questions related to 900-number services. First, it would be helpful to obtain better demographic information about people who occasionally or regularly use 900 numbers. Another research focus might examine whether regulations address consumers' primary complaints about 900-number services. Yet another research topic is consumer perception of the quality of 900-number services. Similarly, another research avenue may be to explore business' perceptions of the differences between their 800- and 900-number users.

Implications for Consumer Educators

To teach consumers, consumer educators must provide accurate and up-to-date information about 900 numbers including what they are used for and how they work. Consumer educators might collect 900-number advertising from television, radio, print, or other forms of media and use it as examples to illustrate the different types. Students could also examine ads and discuss which ones do or do not meet the basic guidelines proposed or mandated by the government, phone companies, and 900-number industry. A consumer educator might also draw upon personal experiences or real-life examples of people who have actually used a 900 number to illustrate how 900 numbers work, what types of information, services, or products they offer, and whether the information, services, or products were worth the charge of the call. Another educational activity would be to provide information and tips on how to make a claim to dismiss a charge for a 900 number if the toll was erroneous or the service or product provided by the number was not what was expected. The local phone company, Better Business Bureau, and FTC can provide updated and useful information, such as brochures and other literature, about 900-number claims and may be able to provide a representative who could serve as a guest speaker about the subject.

Because the industry and technology are new and the potential for fraud and deception is so great, consumer educators must play a special role in informing and teaching consumers of all ages about 900 numbers, how to distinguish between fraudulent and legitimate numbers, and how to resolve problems with 900 numbers. Additionally, consumer educators can play a role in developing regulations that will benefit consumers and allow legitimate 900-number businesses to provide fun, useful, and valuable information and services.

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Children's Television Advertising Limited

Legislation in 1991 limited the number of commercials that air during childrens' television shows. The limits are 10.5 minutes of ads per hour on weekends and 12 minutes per hour on weekdays. Local stations must also provide more educational and informational programming for children as a result of the legislation.

FINANCIAL INSTABILITY AMONG YOUNG ADULTS, 1981-1986

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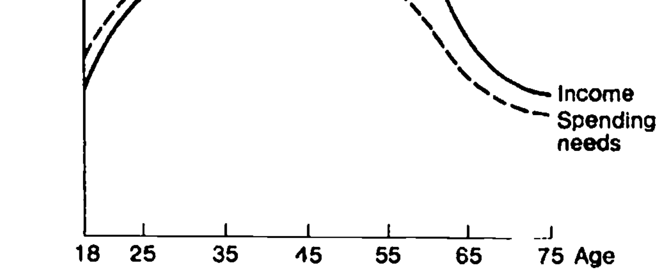
Students in personal finance classes sometimes have an unrealistically rosy idea of what their financial futures will be after they complete their studies and begin their careers. As a result, they may not be as concerned about risk management strategies, such as savings and insurance, as they might be. The discussion of earnings across the life cycle which is often found in personal finance texts (see, for example, 2, 3, 5) sometimes includes a figure similar to Figure 1, showing income which steadily increases over time until the late fifties or early sixties. Such information may be misleading in two ways.

Life-Cycle Spending and Earnings Patterns



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First, the income curve in Figure 1 may more accurately describe the income trajectory of white men in white-collar jobs than it does the curves for blue-collar workers, women, and minority workers [6]. Second, it may give students the impression that their incomes, and thus their financial well-being, will rise steadily throughout their lives, at least until they reach their mid-50's. However, findings from longitudinal studies such as the Panel Study of Income Dynamics (PSID) suggest that steadily increasing financial well-being is not the norm for households in the United States; rather, households experience considerable movement up and down the income "ladder" [1]. The same pattern holds true when looking at the ratio of household income to needs (where needs are measured by the federal poverty guidelines).

The purpose of this study was to discover the extent and direction of economic mobility for households headed by young adults aged 20 to 29. If the results show that younger households experience downward mobility as well as upward mobility, this would lend additional credibility to the advice typically given in personal finance classes to build emergency reserve funds, buy an adequate insurance portfolio, and investigate other forms of risk management.

Data Collection and Methodology

Data for this study came from the 1981 and 1986 panels of the Nebraska Annual Social Indicators Survey (NASIS). This statewide telephone survey of adults aged 18 and older used random digit dialing techniques. Over 70 percent (n=997) of the respondents who participated in the 1981 wave also participated in the 1986 wave [4]. The 158 respondents who were between the ages of 20 and 29 in 1981 and were *either* the principal income earner *or* the principal income earner's spouse comprised the "households headed by young adults" subset of the sample. (Young adults living with their parents were *not* members of the subset.) Income was measured in ten categories in 1981, ranging from less than $5,000 to over $60,000. Consistent with previous investigations into financial well-being (see for example, 1 and 5), the household's economic position was measured by calculating an income-needs ratio. The midpoint of the household's income category was the numerator of this ratio; the denominator was the Social Security Administration's poverty income guidelines appropriate for the household's size.[1]

[1]In 1986, the five respondents in the top income category (over $60,000) were eliminated from the analysis since no midpoint could be calculated for them. The poverty income guidelines, which vary by family size, are a simplified version of the federal poverty thresholds and are used to determine eligibility for a number of federal assistance programs.

Characteristics of the Young Adult Subset

The majority (70 percent) of the respondents were married in 1981; 69 percent of the couples had children living with them. Another five percent were single-parent households; thus, nearly three-fourths (74 percent) of the respondents had financial responsibility for dependent children. Another 15 percent of the subset lived as single-person households; the balance were living with non-relatives or with relatives other than parents.

Marital stability was common; 62 percent of respondents remained married throughout the six years. Nearly one-third (32 percent) changed marital status at least once during the 1981-86 period; of these 49 individuals, 20 divorced or separated at least once. The rest were singles (divorced or never married) who married. None began as a widowed person or became widowed.

The majority of respondents (59 percent) had completed some post-secondary training (ranging from one to seven years); another 38 percent had finished high school, and only three percent had not completed high school. One-half of the households in the subset increased in size during the course of the study; 43 percent did not change and seven percent of the households grew smaller. The midpoint of the median income category was $21,000 (expressed in constant 1986 dollars); the lowest income category reported was under $5,000 and the highest was between $40,000 and $49,999.

Changes in Financial Well-Being

By 1986, the midpoint of the median income category for the households headed by young adults had risen from $21,000 to $27,500. However, when economic position was measured by dividing household incomes by the poverty income guidelines, financial well-being declined each year; the income-needs ratio dropped from 3.06 in 1981 to just under 2.74 in 1986, a decline of just over eight percent.

Table 1. Distribution of Households Headed by Young Adults by 1981 an[illegible]86 Income-Needs Ratios (N=158)

Distribution of Income-Needs Ratios	1981 Income-Needs Ratios Range	n	1986 Income-Needs Ratios Range	n
Lowest Third	.32 - 2.20	50	.17 - 1.75	49
Middle Third	2.21 - 3.61	57	1.76 - 3.11	46
Highest Third	3.62 - 7.22	47	3.12 - 8.40	56

Table 1 shows the distribution of the households by the income-needs ratios in both 1981 and 1986. In 1986, the endpoints of the lowest and middle category were lower than they were in 1981, which meant that overall the lower two-thirds of the distribution had shifted downwards.

To determine the extent and direction of economic mobility among the subset of young adults, the income-needs distribution in 1981 was divided into thirds and cross-tabulated against the income-needs distribution of 1986, similarly divided (see Table 2). Of the respondents aged 20 to 29 who were in the lowest third of the income-needs distribution in 1981, 50 percent (n=25) remained there in 1986; 32 percent had moved into the middle third of the distribution, and 18 percent had moved into the top third. Of the 55 households who were in the middle third of the 1981 income-needs distribution, 27 percent dropped to the lowest third, 38 percent remained in the middle third, and 35 percent moved into the top third. Of the 42 respondents in the top third of the distribution in 1981, 62 percent maintained their position, 21 percent dropped to the middle third, and 17 percent fell into the lowest third of the income-needs distribution in 1986.

Implications for Educators

The results of this study should be interpreted cautiously due to relatively small cell sizes. However, the results suggest that young adults face downward as well as upward mobility. In teaching personal finance, it may be well to stress that economic mobility is a two-way street, and that most consumers can expect to travel in both directions during their lives. Such information could be used to supplement the

Table 2. Distribution of 1981 Income-Needs Ratios by 1986 Income-Needs Ratios for Households With Heads 20 to 29 Years Old in 1981 (N=147)[a]

Distribution of 1981 Income-Needs Ratios	1986 Income Needs Ratios					
	Lowest Third		Middle Third		Highest Third	
	n	Percent	n	Percent	n	Percent
Lowest Third	25	50%	16	32%	9	18%
Middle Third	15	27	21	38	19	35
Highest Third	7	17	9	21	26	62

[a]Four cases had missing data in 1981 and seven had missing data in 1986, leaving only 147 cases.

occupation and income section of a personal finance course or to introduce the section on risk management. Either way, the instructor could encourage students to investigate the possible causes of downturns in household financial well-being and to consider whether those causes are subject to consumers' control. Recent headlines regarding layoffs at major corporations and statistics on average periods of unemployment in various occupations could serve as a starting point for discussion. How much control do household members have over these events? How can a household cover a substantial drop in income relative to needs? Such discussion should serve to highlight the need for an emergency reserve fund and should also reinforce the idea that high fixed expenses relative to income leave a household with very little room to maneuver in the event of a drop in income. Students could be asked to list other events that might cause a substantial drop in income relative to needs and to develop a matrix in which each event was assigned a rating with regard to the consumer's degree of control over the event, its probability, and the magnitude of financial consequences that might result from the event. This rating scheme, in turn, could be used as the basis for discussion of the appropriate risk management strategy for each event. Such an exercise could provide a framework to assist students in thinking about what their financial futures might hold.

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LOW-INCOME CONSUMERS' DECISIONS REGARDING RENT-TO-OWN

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Since credit is a constant problem for many Americans, especially for the low-income, consumers are turning to rent-to-own agreements. Rent-to-own (RTO) plans have become increasingly popular because this method of obtaining goods offers services that are not available through traditional forms of credit. However, RTO offers disadvantages as well. The additional services, such as same-day delivery and no credit checks, come with an extremely high price tag. Also, information about the total cost of renting-to-own is usually not given to consumers when they make RTO decisions because the contract is usually not signed until the product is delivered to the consumer's residence.

Consumer advocates have indicated a special concern for the impact of RTO on low-income consumers. Consumer advocates have charged the RTO industry with targeting their services to the low-income population [3]. Since low-income consumers usually do not have access to credit, they may be a captive audience. Their lower education levels also make them the most vulnerable members of society [1].

Why are consumers willing to pay more for goods purchased through a RTO contract when less expensive options such as layaway, installment credit, and revolving credit are available? Using Lancaster's [2] theoretical approach, one must determine which characteristics of the condition of sale draw consumers to the RTO option rather than traditional forms of credit. For example, perhaps consumers choose RTO because of the utility they receive from characteristics such as service, same-day delivery, low opportunity cost of initial payment, and the absence of credit checks.

Purposes of Study

This study produces practical information for consumer educators to assist consumers to make informed decisions about RTO transactions. It also illuminates the reasons why consumers choose RTO transactions so frequently and pay more for goods under RTO plans, which appears irrational according to neoclassical economic theory. The purposes of this research were to investigate low-income consumers' RTO choices and the reasons why such choices are made. The study used an experimental design that combines aspects of a one group pretest-posttest design and a posttest-only control group.

The first objective was to determine the relationship between low-income consumers' knowledge of the total costs of RTO transactions and their choice to use rent-to-own to obtain a consumer good. The second objective was to identify and assess reasons other than price that are related to low-income consumers' choice of rent-to-own.

Two instruments, a pretest and posttest, were developed for use in this study. The pretest questionnaire consisted of two sections. The first section included a hypothetical situation about RTO choices to obtain a television and knowledge questions about RTO issues. The second section included general demographic questions. Since the primary purpose of the posttest was to assess whether the consumer's choice changed after being given information about RTO transactions, the posttest included a hypothetical question about RTO choice identical to the one in the pretest.

Sample and Data Collection

The sample for this study (N=105) was selected from housing authority residents in Georgia attending monthly resident meetings. Data were collected from five complexes scattered across a city. Residents of two complexes served as the treatment group (n=53), and residents from three complexes served as the control group (n=52). Data available from the Housing Authority were used to verify that the housing units and the ages of the heads of households in each housing complex were similar in the treatment and control groups.

The sample consisted primarily of African-American women who had never married. Most of the sample were below age 40, with the highest proportion (39 percent) ages 30 to 39 years. The average income was $5,060, which is well below the poverty level. Nearly 80 percent of the sample were not employed. Of those who were employed, most worked in "blue collar" positions such as maids, caring for the elderly, and restaurant workers. Many of the subjects (42 percent) reported having been denied credit in the past.

Each of the five housing complexes had monthly meetings at which various education programs are conducted. For this research project, a Cooperative Extension Agent conducted a rent-to-own workshop at each housing complex. The workshop included an in-depth discussion of advantages and disadvantages of renting-to-own, layaway, installment credit, and revolving credit. Also, costs of each method of obtaining goods were compared.

Flyers were distributed to announce the workshops and to describe incentives for attending (refreshments and a drawing for grocery gift certificates and door prizes at each data collection session). Although the monthly meetings were mandatory, attendance was not enforced by the housing authority personnel. Therefore, subjects who did not regularly attend the monthly resident meetings may have opted to attend the workshop in hopes of winning a door prize. Data were collected from the control groups before the workshop and from the experimental group both before and after the workshop.

Results

Cross-tabulation and a chi-square statistic were used to test the hypotheses. The first hypothesis was that consumers who are more knowledgeable about the total costs of RTO transactions will choose RTO less frequently than consumers who are less knowledgeable. In the experimental group, 14 of the 53 (26 percent) consumers chose RTO in the hypothetical pretest situation. Only two of those 14 consumers still chose the RTO option after the workshop. Just as important, none of the 39 consumers who chose a non-RTO option in the pretest changed their choice to the RTO option in the posttest. Also, while only two consumers chose RTO after receiving total RTO cost information, 10 (19 percent) consumers in the control group, which did not receive cost information, chose RTO. The statistically significant differences between the choices made by the experimental group before and after the workshop ($X^2 = 5.790$, $p=.016$) and the choices made by the control and the experimental groups ($X^2 = 6.195$, $p=.013$) support the conclusion that knowledge of the total cost of the RTO option affects consumers' choices.

Ideally, the ability of the consumers who attended the workshop to correctly identify the costs of renting-to-own should increase from the pretest to the posttest. However, the inconsistent results presented in Table 1 do not support this conclusion. Although total costs were explicitly revealed in the workshops, in the posttest the subjects did not uniformly identify RTO costs as being higher than traditional credit arrangements. Nor could they more accurately report the total cost of RTO items given typical RTO advertisement information. That consumers lack the skill to calculate the costs of renting-to-own relative to other methods of obtaining goods casts doubt on whether the consumers are truly making informed decisions about the rent-to-own option.

Table 1. Changes in RTO Knowledge and Perceptions Among Subjects in Treatment Group

Variables	Percent in Pretest (n=43)	Percent in Posttest (n=48)	Change
Accuracy in Selecting the Most Expensive Option			
Correct	58.5%	54.7%	- 3.8
Incorrect	41.5	45.3	3.8
Knowledge of Cost			
None Correct	20.8%	20.8%	0.0
One Correct	28.3	20.8	- 7.5
Two Correct	24.5	30.2	5.7
All Three Correct	26.4	28.3	1.9

Rent-to-own businesses advertise non-price reasons for consumers to use RTO transactions and suggest these as reasons why consumers are willing to rent-to-own despite the high costs. The second hypothesis was that consumers who chose RTO transactions would give non-price reasons for their choice more frequently than consumers who did not choose RTO transactions. The two variables used in this comparison were the reason given for the choice (price vs. non-price reason) and the choice (RTO vs. not RTO).

One-half of the 24 subjects choosing RTO transactions in the pretest gave price reasons for their choice and one-half gave non-price reasons (i.e., free delivery, free service, or no credit check) (see Table 2). Of the 81 subjects who chose other ways to obtain the TV, about 57 percent reported price-related reasons while the remaining consumers gave other reasons.

No statistically significant relationship was found among the choice and reasons for the choice. However, "low payments" and "no down payment" were coded as price reasons, but can also be considered non-price conveniences that low-income consumers seek. Of the 58 who gave price-related reasons, 38 (66 percent) of them indicated "low payments" and "no down payment" as their reason. The relative importance of *total* costs may be low to low-income consumers compared to the convenience of low monthly payments or no down payment.

Table 2. Consumers Identifying Price and Non-Price Reasons for Choosing RTO (N=105)

	Reason Given For Choice			
	Price		Non-Price	
Pretest Choice	n	Percent	n	Percent
RTO	12	50.0%	12	50.0%
Not RTO	46	56.8	35	43.2

X^2=.345, p=.557

Implications

The data indicate that even when consumers realize the costs of RTO are high, they may be unable to calculate the total cost of RTO transactions when given basic information (i.e., weekly payments and number of weeks). Because knowledge about RTO costs appears to affect whether consumers will choose RTO transactions, consumer educators can plan effective workshops and publications that reveal the costs of RTO transactions. The data in this study suggest that low-income populations with lower education levels would not benefit from information about the mathematical calculations of RTO costs; therefore, the advantages and disadvantages of renting-to-own should be presented in addition to the total costs. These workshops, which could be conducted by Cooperative Extension agents, high school teachers, and social workers, should focus on presenting consumers with alternatives to rent-to-own. For example, the Council of Better Business Bureaus, Inc. recommends that consumers consider purchasing comparable products through layaway plans or personal savings. Consumers should check into all possibilities such as yard sales, appliance repair shops, or classified ads [1]. Additionally, information may be dispersed about specific state RTO legislation, as well as reinstatement rights, used products, service, and most importantly, decision-making skills.

RTO offers many conveniences such as same-day delivery to consumers. However, this research provided inconclusive evidence of the relative importance to low-income consumers of price and non-price factors in choosing RTO over other traditional options. Additional research is needed. In the meantime, realistic education programs will acknowledge the non-price factors as a potential influence in consumer choice.

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Credit Card ID on Checks

Effective January 1, 1992, it is no longer legal in Illinois to record on the check the number of a credit card given as identification to cash a check. The merchant can ask to see a credit card as identification and record the type of credit card and issuer but not the number. The exception is when the check is written in payment of the credit card bill. Violators are subject to a fine not to exceed $500. The law does not prohibit merchants from requesting a driver's license as identification and writing that number on the check.

Truth in Savings Legislation Passed

Truth in Savings legislation, signed by President Bush in 1991, requires banks and financial institutions to provide clear disclosure of interest rates and the methods of calculating payments so that consumers can compare costs and benefits at different institutions. For example, interest on savings accounts, fees imposed on checking accounts, and penalities for early withdrawal must be spelled out in a clear and uniform manner.

SEEKING SOLUTIONS TO SOLID WASTE MANAGEMENT: THE ROLE OF LIFESTYLES

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Solid waste disposal is a complex issue facing individuals, local communities, and our larger society. This article focuses on how consumer decision-making and lifestyles contribute to the creation of and solutions to the solid waste management problem. The content of educational programs and curriculum designed to address lifestyle issues is also addressed.

The Solid Waste Management Problem

Public decision makers, especially in local communities, are searching for ways to manage the stream of waste buried in landfills, burned in incinerators, or shipped elsewhere. Policy makers and waste educators have focused most of their attention and resources on developing markets for recycled products, teaching households the "how to's" of recycling or composting, developing waste disposal technology, and siting landfills. In comparison, the roles that values, consumer decision-making, and lifestyles play in reducing solid waste problems have largely been ignored. Research-based knowledge of effective methods to change the waste management behavior of households is even more limited.

The solid waste management problem is complex and requires a variety of solutions. It is short-sighted to ignore the role of households in both the generation of solid waste and the reduction and disposal of solid waste. Consumer educators can contribute an understanding of the impact of lifestyles on the generation of waste and perspectives on long-term changes in consumer behavior to the multidisciplinary issue of waste management.

Lifestyles and the Waste Stream

Lifestyles are an expression of our values, beliefs, and attitudes demonstrated through the purchase and allocation of human and non-human resources [15]. Solid waste disposal issues are reminders that our lifestyles, our chosen patterns of behavior, are testing the earth's capacity. Consumers make dozens of lifestyle decisions every day which affect the solid waste stream, the larger environment, and the quality of life of current and future generations. Many consumers are asking, "How can we choose lifestyles which allow us to realize our full human potential and preserve the environment at the same time?"

Consumers who question the impact of their lifestyle on the environment may fear that drastic lifestyle changes are necessary to make a worthwhile difference. Often, consumers find the possibility threatening. The possible lifestyle changes that policy makers and environmentalists often suggest include restricted choices of products and services, restrictions on the use of land and possessions, and reduced convenience, comfort, and access to material goods. In contrast, Devall [3] and others suggest that a rich lifestyle does not have to be expensive, wasteful, or harmful to the earth. Devall and Sessions [4] and Fox [9] argue that practicing an ecological lifestyle is a process of rediscovering what is essential, important, and meaningful in our lives.

Changing Consumer Lifestyles

Existing research on long-term consumer behavior changes, especially conservation and environmental behavior, suggests that change depends upon a variety of influences [2, 6, 10, 16]. Two influential change factors are: 1) the role of intrinsic motivation, and 2) attitudes and perceptions regarding eco-consciousness and lifestyle flexibility.

Various research studies indicate that we tend to consistently underestimate the role of intrinsic motivation as an incentive to change behavior and overestimate the role of extrinsic motivation [5, 6, 18]. Extrinsic motivation includes rewarding changed conservation behaviors with money or social approval and requiring behaviors through local policies. In comparison, intrinsic motivation relies on individuals' changing their lifestyle behaviors because change is viewed as worthwhile for its own sake, or the right thing to do. Intrinsically motivating consumers to rethink their lifestyles and their impact on solid waste issues requires deep perceptual changes in values and attitudes, and these changes can be encouraged through education.

The degree of eco-consciousness and lifestyle flexibility individuals express also influences long-term environmental behavior change [13, 15, 16, 17]. Eco-consciousness refers to the extent to which an individual considers self and the earth to be interdependent, as well as an overall sense of responsibility for the environment and the earth. Lifestyle flexibility refers to how willing individuals might be to change or adapt their use of resources, such as time, money, or skills, depending upon the perceived costs and benefits of change. Individuals who have greater lifestyle flexibility and eco-consciousness are more likely to make long-term changes in their lifestyles to preserve the environment while striving to maximize the quality of their lives [15, 16, 17].

Implications for Curriculum and Educational Program Development

Research indicates that key components of an educational program designed to affect long-term behavior changes would address values and attitudes regarding lifestyle flexibility and eco-consciousness as well as intrinsic motivations to adapt an ecology-conscious lifestyle. Educators can adapt the following curriculum and programming ideas for a variety of age groups. Individual consumers as well as public decision makers, solid waste officers, and other professionals involved in solid waste issues are potential target audiences.

Increase Understanding of Households as Ecosystems. In an ecosystem, resources that originate with the natural environment are returned to the environment. Are we returning the output from our lifestyles to the environment at a rate and in a form that can be readily assimilated? Many examples of solid waste disposal problems confronting communities could be used to illustrate how lifestyles are testing the environment. Recognition that our lifestyles have implications beyond our own household system is an important beginning concept for consumers to understand. If interdependence between households and the environment is not understood or is ignored, consumers are not likely to be intrinsically motivated to rethink the impact of their household system on the larger environment.

Individuals can become more aware of the environmental impact of lifestyle decisions on the larger environment through an analysis of their own household ecosystem. Areas to explore include: 1) what is brought in (inputs), 2) how resources are used (actions), and 3) what results from actions (outputs). An ecosystem approach goes beyond the typical focus on system outputs (waste disposal or recycling) and recognizes the potential impact of household changes in inputs (source reduction) and actions (reuse, changes in habits).

Case studies can be developed to help illustrate how changes in inputs, actions, and outputs might be different for diverse household systems. For example, a family with two children under three years of age might make different choices than a childless couple if both were forced to reduce household waste by 25 percent. Assumptions regarding values, attitudes, and the impact of waste reduction on the quality of life can be discussed. Other contrasting situations that might provoke interesting discussion include: 1) a farm family living 20 miles from a recycling center versus an urban family living in a high-rise apartment building with on-site recycling; 2) two parents working outside the home versus one outside earner; 3) a two-parent family versus a single-parent family; and 4) a family with an incontinent grandparent who needs diapers versus a family with a newborn.

Analyze Eco-Consciousness and Consumer Decision-Making. Educators can stimulate group discussion using products intentionally selected to represent different consumer values and lifestyles. Each group could receive at least two products from the following categories: 1) newly introduced products with excellent sales records and 2) environmentally friendly products representing various shades of "green." Products in the first category could be selected to represent what market research as well as consumer consumption patterns suggest is important to today's consumers. Examples of specific products introduced in 1989 include disposable contact lenses, dry beer, premoistened cleaning towels, fresh pastas and cheeses, a limited edition two-seater high performance sports car, and convenient microwavable frozen entrees.[1]

Products in the second category could be selected to reflect characteristics commonly considered to be more environmentally sound. Such characteristics could include: 1) made from and/or packaged in recyclable materials; 2) not excessively packaged or wrapped; 3) sold in reusable or refillable containers; 4) not disproportionate users of energy or other resources in manufacturing, use, or disposal; and 5) not dangerous to the health of people or animals [1, 8]. Specific products could include compact fluorescent lighting, cloth or string reusable bags for shopping, unbleached coffee filters, cleaning concentrates in pouches, or a fuel-efficient car.[2]

Educators could buy the products for participants to actually examine or they could describe each product with a picture on a card.

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[1]One source of such product examples is *Marketing News* which publishes the American Marketing Association top ten products of the year.

[2]Product examples can be found in environmental mail order publications, publications such as *The Green Consumer* [8] and *Ecologue* [1], and retail outlets.

Educators could ask participants to discuss the following questions: 1) What is your impression of the lifestyle of a person who would buy such a product? 2) What do you think is important to a person buying such a product? What are their values and beliefs? 3) If money were no object, would you buy this product? Why or why not? and 4) Which of these products are most people you know most likely to purchase? Why? This small group exercise helps raise questions regarding resource tradeoffs, lifestyle flexibility, and influences on consumption decisions.

In addition, the exercise can also be used to increase awareness of the interrelationships of consumer decisions with marketing practices. "Green" products and marketing techniques are increasingly visible in the marketplace, but few standards or regulations exist to help consumers sort through the maze of "green" claims. Many claims are trivial, confusing, and misleading [11, 12]. Educators and/or students could find examples of "green" products and claims in local stores and discuss state or federal government regulations regarding environmental advertising and labeling claims. Consumers could also write manufacturers or local businesses regarding specific products or practices which might help consumers make more informed ecology-conscious lifestyle decisions.

Examine Lifestyle Flexibility and the Role of Values. An activity that encourages consumers to examine and discuss which practices they are willing or unwilling to incorporate into their lifestyle and the reasons for such decisions might also increase awareness of the possibilities of what it might mean to "live as if nature mattered." This activity could list specific options for reducing, reusing, or recycling waste. The options should require varying degrees of time, energy, and inconvenience. For example, in an activity related to yard waste the lifestyle change options could include: 1) pay to have bagged yard waste picked up by trash hauler, 2) take bagged yard waste to a community composting site, 3) leave grass clippings on the lawn and start a backyard compost site, and 4) illegally dump yard waste in a local dumpster. Discussion questions could focus on why an option was or was not chosen and how such choices might differ among members of the same household, or among different households. Participants could be encouraged to discuss: 1) the tradeoffs in human and non-human resources involved in lifestyle decisions, and 2) why some households are more likely than others to be flexible in household inputs, actions, or outputs.

Educators could also develop activities to increase awareness of the relationship between personal value systems and environmental actions as well as individuals' willingness to change their lifestyles. Consumers could rank values such as convenience, frugality, efficiency, quality, participation in social causes, freedom of choice, materialism, and others. Consumers could also discuss ways more eco-conscious household inputs, actions, or outputs might challenge an individual's most important values. Lifestyle decisions relating to feminine products [14] and diapers [7] are excellent topics for such a discussion. For example, discussion could focus on how existing value systems are challenged by suggestions such as: 1) women should be required to give up tampons and use washable cotton pads as a feminine product alternative, or 2) communities should ban all disposable diapers from being sold. Additional examples of potential lifestyle changes can be tailored for the age group of learners.

Conclusions

Consumer educators face the challenge of creating educational programming which helps consumers develop intrinsic motivation to lead more eco-conscious and flexible lifestyles. The curriculum development ideas presented in this paper offer a place to begin to recognize and integrate the role of lifestyles as part of solid waste problems and solutions.

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FINANCIAL MANAGEMENT PRACTICES AMONG HOUSEHOLDS WITH DIFFERING RESOURCE CONSTRAINTS

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In the last decade there has been renewed interest in consumers' financial management practices [3,4]. However, relatively little attention has been given to the financial management practices of low-income households. This article reports the results of an investigation comparing low-income households with more affluent households on the basis of their use of five widely recommended financial management practices: budgeting, record-keeping, comparing records to the budget, estimating net worth, and saving on a regular basis. Knowing what low-income households are and are not doing to manage their finances can help consumer educators to design appropriate programming for this clientele.

Procedures

The target population was non-metropolitan households in Kansas. The researcher drew a two-stage cluster sample, selecting counties in the first stage and residential telephone listings in the second stage. A questionnaire based on the management framework developed by Deacon and Firebaugh [1] was mailed to the sample households in the spring of 1984 following procedures recommended by Dillman [2]. Of the 1,200 households contacted, 672 returned usable responses.

The majority of respondents (79 percent) were married. The mean education level was two years post-secondary. Over one-half had received some formal education beyond high school. The mean age for the sample was 48 years; the mean household size was 2.7 persons. Median household income before taxes was between $20,000 and $25,000.

Information on total household income before taxes for the 1983 calendar year was collected as a set of 11 ordinal categories. The midpoint of the household's income category was divided by the 1983 Social Security Administration's poverty income guideline appropriate for the household's size to calculate an income-needs ratio [6].[1] The resulting variable was initially divided into four categories, following the precedent of Morgan [5]. The categories were 1) poverty (income-needs ratio below 1.00), 2) marginal (ratio 1.00 to 1.50), 3) adequate (1.51 to 3.00), and 4) substantial (ratio above 3.00). The first two categories were combined due to small cell sizes, and the resulting category was relabeled "stressed." A total of 63 respondents (12 percent of the sample) were in this category; the plurality of respondents (47 percent) had "substantial" incomes, relative to their needs.

Respondents were asked a series of questions regarding their financial management practices. The first question asked respondents if they generally made some kind of plan before spending money. Those who did plan were asked to use a five-point scale to describe the extent to which the plan was mental versus written. They also described the time period that the plan covered; choices ranged from a week to several months. Other questions asked respondents if they generally kept written records of spending, if they occasionally compared their plan to actual spending to identify needed changes, and if they occasionally estimated net worth. The sample was also asked which of the following statements best described their household:

- *Save or invest a fixed amount or percentage of income regularly*
- *Save or invest income left after bills and expenses are paid*
- *Save or invest any "windfalls" like bonuses, refunds, or gifts*
- *Try to save and invest but can't*
- *Don't try to save or invest income*
- *Other*

The Pearson's chi-square statistic was used to determine if relationships existed between the income-needs ratio and financial management practices.

Results

For each of the financial management practices, except one, the chi-square test indicated significant associations between the income-needs ratio and management practices. Similar proportions of all

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[1]The poverty income guidelines, which vary by family size, are a simplified version of the federal poverty thresholds and are used to determine eligibility for a number of federal assistance programs.

groups reported having a plan for spending and saving, as shown in Table 1. Compared to the other two groups, a larger proportion of the "stressed" group indicated that their plan was partly or completely written. Likewise, a larger proportion of the "stressed" group compared their records to their plans. Smaller proportions of the "stressed" group and the "adequate" group, compared to the "substantial" group, had plans that covered a time period greater than one month. Compared to the other income-needs groups, "stressed" households were somewhat less likely to keep written records, were less likely to estimate their net worth, and were far less likely to save a fixed amount or percentage of their incomes.

Table 1. Percentage Distribution of Respondents Reporting Selected Management Practices by Income-Needs Levels

	Income Needs Category						
	Stressed		Adequate		Substantial		Chi
Management Practice	n	Percent	n	Percent	n	Percent	Square
Any kind of plan	48	76%	198	85%	218	83%	2.47
Written plan	72	34	126	64	218	54	9.97*
Plan for more than one month	14	30	60	32	99	52	18.44***
Written records	51	81	212	91	243	92	7.76*
Compare records to plan	49	82	166	72	172	66	6.00*
Estimate net worth	25	40	108	46	149	57	8.42*
Save fixed amount or percentage of income	5	8	179	76	166	63	25.07**

*p<.05, **p<.01; ***p<.001

Discussion and Implications

Results of this investigation provide insights for consumer educators and other professionals who help families. However, the findings should be interpreted with caution due to the small number of cases in some cells. The results do suggest that "stressed" households are in many respects following recommended procedures for managing their money. These households do plan and monitor their spending; over seven in ten had a spending plan which was at least partly written, had written records of their spending, and compared their records to their plans. These cash flow management techniques may be particularly important to "stressed" households precisely because they have little, if any, flexibility in the allocation of their incomes. In contrast, the more affluent households, with more discretionary income, may feel less compelled to account for every dollar.

Both the "stressed" and the "adequate" households in this study appear to have a fairly short time horizon in their planning efforts. Educators working with such households need to help clients understand the importance of planning over the longer term, while realizing that the definition of "longer term" may differ by income levels. For lower-income households with little money available for savings and investment, the "longer term" might take the form of a "financial focus of the month" calendar. For example, April's challenge might be income taxes, June's the auto license, August's challenge the back-to-school expenses, and so on. This strategy also helps to divide the task of long-range planning into manageable segments.

Forty percent of the stressed households reported that they estimated net worth. Consumer educators working with low-income households need not only to demonstrate how to estimate net worth, but also to show how the estimate can be used to monitor the household's financial progress year by year, or to assess the household's ability to assume additional debt. For example, educators might demonstrate how a loan officer would use the abbreviated net worth statement in a loan application to decide whether to grant or deny a loan.

In this study, only eight percent of the stressed households reported saving a fixed amount or percentage of income. The whole concept of "saving" for such households, to the extent it is possible at all, will be done in a different context and likely for different reasons than is the case for more affluent households. Saving may seem pointless to consumers who can at best put aside only a few dollars each week. Consumer educators, therefore, may need to demonstrate that saving small amounts on a regular basis can enable the clients to achieve objectives such as building an emergency reserve fund, paying a bill on time, or paying cash for an item to avoid the additional costs of credit. Educators may also need to help "stressed" households identify effective strategies for small savers.

In this study only the bivariate relationship between the income-needs ratio and management practices was examined. Future researchers in this area may wish to determine if this relationship is affected by possible demographic differences among the income-needs groups, such as differences in age, ethnic background, or gender.

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Notes From the Editor

With this issue I complete my three-year term as editor of this journal. Thank you, ICEA, for the opportunity. Many people contribute to the success of this publication, including the Journal board, the ICEA board, the authors who submit manuscripts, and the business manager. Thanks to all of you. In each of the three years that I have edited the journal the number and quality of submissions have increased. It has been a rewarding experience.

Mary Pritchard, Northern Illinois University, will become the editor with the next issue. Look for the call for papers for next year on page 51.

Brenda Cude

A REVIEW OF ADVERTISEMENTS IN CHILDREN'S MAGAZINES

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Extensive research has investigated children and advertising with the greatest focus on television advertising [9]. The emphasis on television advertising is appropriate since the average child views approximately 30,000 television advertisements per year or about 55 commercials each day [6]. However, this single medium focus has ignored the influence of printed advertisements directed to children. One exception was Lindquist's [4] study which explored children's attitudes toward advertising in comic books, children's magazines, radio, and television. His findings suggested that children's overall favorable attitude toward printed advertising was due to the reputable organizations associated with some of the magazines.

During the last decade, children's magazines have increased in numbers and changed substantially. For children ages 13 and under, an estimated 92 magazines were published. In one year alone, seven new magazines just for preschoolers were initiated [3]. While some children's magazines do not have advertisements, many of the newer, popular magazines feature a considerable number of advertisements.

If earlier research on television advertising has noted problems with deception [1], prize-premium requests [2] and disclaimers [8] in children's advertisements, it is arguable that similar problems exist with printed ads. The purpose of this article is to assess advertisements in children's magazines using the Children's Advertising Review Unit (CARU) guidelines.

Self-Regulatory Guidelines for Children's Advertising

Following its creation in 1974 by the Council of Better Business Bureau's National Advertising Division, the Children's Advertising Review Unit (CARU) published a set of "Self Regulatory Guidelines for Children's Advertising" [7]. The goal of the CARU is to promote truthful, accurate advertising to children which is sensitive to the special nature of the child audience. The guidelines used by CARU are applicable to all advertising addressed to children under 12 years of age.

The CARU guidelines are based on five basic principles. The first two principles stipulate that advertisers should consider the level of knowledge, sophistication, and maturity of the child audience and not exploit the imaginative qualities of children nor give unreasonable expectations of product quality or performance. The third requires that product information contained in an advertisement be communicated in a truthful and accurate manner. A fourth principle urges advertisers to use the potential of advertising to influence social behavior, and to develop advertisements that address positive and beneficial social standards. Lastly, advertisements should contribute to the parent-child relationship in a positive manner. CARU used the five principles to develop a set of 31 detailed guidelines organized under the following seven categories: product presentation and claims; sales pressure; disclosures and disclaimers; comparative claims; endorsements and promotions by program or editorial characters; premiums; and safety.

A Review of Children's Magazines

The authors converted the CARU guidelines into an instrument which was divided into eight categories. The first category included five items, one for each of the general principles. The remainder of the instrument included the 31 guidelines, grouped in seven categories.

Magazines for the study were purchased from local retail outlets in Winter 1990. Publications selected for the study were written for children age 12 or under that contained advertisements. Eleven children's magazines and three comic books met this criteria. All of the ads in these publications were analyzed (n=142) except those ads measuring less than three inches square and placed at the back of the comic books.

The most common types of products advertised were entertainment oriented: books and magazines (20 percent); videos, movies and television shows (16 percent); toys (15 percent); and video games/games (11 percent). Foods/beverages and personal apparel/personal care advertisements comprised about a quarter of the ads. Twenty-one advertisements, including ads for clubs, collectibles and hobbies, were classified as miscellaneous.

Results

General Category. The advertisements examined generally did not conform with the five general principles outlined by the CARU for children's advertising. Only one-third of the advertisements complied with the guideline requiring consideration of the level of knowledge, sophistication, and maturity of the intended audience. In contrast, six in 10 did not exploit the imaginative quality of the child reader by stimulating unreasonable expectations of product quality. Just under one-half (48 percent) of the advertisements met the guideline requiring truthful communication of product information. Eighty-seven percent of the advertisements failed to realize the potential to influence social behavior through positive and beneficial social standards and 95 percent failed to focus on the parent-child relationship in a positive and constructive manner.

Product Presentation and Claims Category. Many of the advertisements complied with most of the ten guidelines in this category. The visual presentation of the product or performance characteristics was not misleading in over one-half (56 percent) of the advertisements. Statements of perceived benefits from the use of the product were deemed not misleading in almost three-quarters of the ads and nearly two-thirds did not exploit the imagination of children. Most ad presentations (83 percent) were made in a manner which would not frighten children or provoke anxiety. However, objective claims about product or performance characteristics were not well supported by appropriate and adequate substantiation in 71 percent of the ads.

Almost three-quarters of the 19 advertisements for food or beverage products failed to encourage sound use of the product. The CARU guidelines require that representations of food products encourage healthy development of the child and good nutritional practices.

Sales Pressure Category. The advertisements complied well with the three guidelines in this category. More than two-thirds of the advertisements did not give the impression that buying the product would increase peer acceptance; only four percent urged children to request products. Almost 60 percent of the ads also clearly represented the price.

Disclosure and Disclaimers Category. Earlier research [5,8] has documented that disclosures and disclaimers represent a problem area in children's television advertising. The CARU includes four guidelines in this category. Only 56 advertisements contained some form of a disclosure or disclaimer. While any disclosures or disclaimers should be expressed in language children can understand, over one-half of the advertisements investigated did not comply. The most frequently omitted disclosures were an item essential to the use of the product, such as batteries, or that the product required assembly. Another problem area was a failure to state that additional accessories for the product must be purchased separately. As Stern and Harmon [8] noted, the use of disclaimers could benefit advertisers more than they serve the needs of the child audience. They asserted that when disclaimers use adult language and only an audio or visual format, the child could be misled or confused.

Comparative Claims Category. The three guidelines in this category were used to analyze the three advertisements containing comparative claims. None of the ads provided factual information or appropriate and adequate substantiation. Two advertisements did not comply with the guideline requiring that comparative claims be presented in a way that a child can clearly understand.

Endorsement and Promotion Category. Although celebrities have endorsed products for decades, the "status products" being pushed to kids today have never been so costly, and the commercials have never been so slick [6]. The 15 advertisements containing endorsements or promotions of a product by program or editorial characters were assessed by the four guidelines in this category. In the majority of these advertisements (87 percent), the endorsement was by a fantasy/cartoon character such as Snoopy or Mickey Mouse. Since the guideline states that all personal endorsements should reflect the actual experiences and beliefs of the endorser, this guideline is inappropriate for fantasy/cartoon characters.

Another guideline states that a character or personality associated with the editorial content of the publication must not be used to promote products, premiums, or services in the same publication; for example, Barbie should not promote a product in the Barbie magazine. Since 80 percent of the advertisements did not comply with the guideline, it appears that host-selling is prevalent as a means to promote products in children's magazines.

Premiums Category. In an earlier study, Burr and Burr [2] noted that parents had more negative comments about prize/premium appeals than about any other appeal studied. The parents reported that the prizes/premiums were overemphasized to the point that children requested the product just to get the prize. The two guidelines included in this category were used to assess the 17 advertisements containing premium offers. Although the guideline states the child's attention is to be focused on the product, in seven of the ads (41 percent) the focus was on the premium. Only 12 percent of the advertisements complied with the guideline requiring that conditions of a premium offer be stated simply and clearly.

Safety Category. The highest compliance among the eight categories was in the five safety guidelines. Better than two-thirds of the advertisements met the guideline that products should be appropriate to advertise directly to children. The children shown using the product were in the appropriate age range in more than three-quarters of the advertisements. In better than four-fifths of the ads, product use could be duplicated by the child and products were shown with adults and children in safe environments.

Conclusions

This study used the CARU guidelines to analyze advertisements placed in popular children's magazines and noted the following problem areas: 1) a lack of emphasis on positive social standards or a constructive focus on the parent-child relationship; 2) a failure to adequately substantiate objective claims about product characteristics; 3) food advertisements which did not encourage sound use of the product or the development of good nutritional practices; and 4) disclosers and disclaimers which were not expressed in language which children understand.

Endorsements were another problem area. New guidelines might be necessary in this area because the existing ones are not appropriate for fantasy or cartoon editorial characters. Another major concern is use of characters related to the editorial content of the publications in the advertisements. This problem parallels one found with characters on children's television programs appearing in commercials. One must question whether the publication or program is simply a cleverly disguised advertisement for the product.

Although premium offers in advertisements were limited, advertisements which included prizes/premiums focused on the prize/premium rather than the products. The premium conditions were also not expressed in language easily understood by children.

Children's magazines appear to be growing in popularity and serve as a well-established advertising medium. Efforts need to be made to sensitize both children and adults to printed advertisements in these publications. The Children's Advertising Review Unit Guidelines can be used for that purpose.

Teachers could replicate this study in child development and consumer education classes and ask the class or small groups of students to analyze ads directed to children. In addition, each student could analyze an ad and support his/her assessment based on child development and consumer education principles. In a follow-up activity, students could write letters to both the manufacturer and the advertiser stating their conclusions and requesting responses.

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Note

The "Self-Regulatory Guidelines for Children's Advertising" are available by writing to the Children's Advertising Unit, National Advertising Division, Council of Better Business Bureaus, Inc., 845 Third Avenue, New York, NY 10022.

CONSUMER EDUCATION: A PARTNERSHIP BETWEEN SCHOOLS AND FAMILIES

Mary E. Pritchard, Associate Professor, Northern Illinois University
Barbara Kimes Myers, Associate Professor, DePaul University

Introduction

Consumer educators in Illinois and other states help students develop competencies in decision-making and critical thinking. They also teach concepts related to installment purchasing and comparison shopping for a variety of goods and services. Yet many teachers may fail to include two important concepts in their curricula: 1) the part that families play in socializing their young people into the consumer role, and 2) the developmental stage of the adolescent, particularly in relation to interaction with the family of origin. This article discusses consumer socialization and adolescent development, reports the findings of a study of adolescent and parental values, and suggests ways that teachers might develop a partnership between the school and family in consumer education.

A Model of Consumer Socialization

Several researchers have used the term "consumer socialization" to describe the process by which persons, particularly children and youth, learn their consumer roles. Most definitions of consumer socialization recognize the multidimensionality of the concept and include both social and psychological factors. Ward [9, p. 2] defined consumer socialization as "processes by which young people acquire skills, knowledge, and attitudes relevant to their effective functioning as consumers in the marketplace."

Moschis [2] discussed consumer socialization in a life-span perspective including both cognitions and behaviors. He proposed a conceptual model of consumer behavior that included four major influences on consumer behavior 1) sociocultural factors such as social structures and personal developmental factors; 2) contextual variables surrounding the purchase decision and product characteristics; 3) interpersonal processes including the informal groups of the family and peers as well as commercial sources from the mass media and salespeople; and 4) intrapersonal factors within the individual. The socializing agents involved in this process included both formal and informal organizations. Formal agents included schools and mass media while informal organizations included the family and peers.

The 1968 Illinois Consumer Education mandate [8] recognizes the importance of the school in consumer socialization. Typically consumer educators include the role of mass media and the influence of peers in their discussions. Less attention may be given to the role that families play in the process. Families are primary agents of consumer socialization because parents teach and model attitudes and values that influence the youth's understanding of the world and are manifested in consumer behaviors during adolescence and later in life [2]. One study [7] reported that employed adolescents who saved higher percentages of their earnings had parents who saved part of their income regularly and planned for the use of their money. McNeal [4] emphasized that the quality and quantity of intentional parental involvement in the consumer socialization process vary widely.

Adolescent Development

In a model of consumer socialization, Moschis [2] described the intrapersonal factors involved in adolescent development. Adolescence is a time of "growing up" and transition where the youth is no longer a child but not yet an adult and experiences physical, emotional, and cognitive changes [3]. Erickson [1] stressed the importance of identity formation during this period. The person's value system is closely tied to identity formation and guides one's behavior, including actions as a consumer.

An adolescent is also developing the ability to think more abstractly. Over the span of the teenage years, a cognitive shift occurs and adolescents become more adept in thinking not only about what is but also about what might have been. Eventually, they can think about different options for the future [5]. Erickson [1] and others emphasize that development occurs within the social context. Thus acceptable behaviors as well as consumer socialization vary among cultural and socioeconomic groups.

High school students are also in the process of separating from family. At this developmental stage both the adolescent and his/her parents are attempting to achieve a delicate balance between holding on and letting go. Earlier experiences and value orientations are part of the youth's understanding of the world and are played out as the adolescent experiments with various adult roles, including the consumer role.

Thus, it would be helpful to consumer educators to learn more about how adolescents' interactions with parents influence the youth's adoption of consumer roles. Therefore, the investigators examined one dimension of the role of the family in the consumer socialization process, specifically the relationship between the economic value orientations of adolescents and their parents.

Methodology

A survey was conducted during July 1988 among high school students and their parents in a small midwestern community. High school juniors and seniors were the subjects because they have had opportunities to experience their consumer roles. One would expect that spending and financial management patterns would be different for older students as they leave home for college or become financially independent.

The researchers identified names of students from the high school yearbook, drew a random sample of students from each class, and located telephone numbers for the selected students in the local telephone directory. Researchers telephoned each household and invited participation in the study. Twenty-eight households were contacted, 26 agreed to participate, and 16 households returned the completed questionnaires (76 percent response rate). There were 38 respondents including 16 adolescents, 11 mothers, and 11 fathers. The adolescents included 11 (69 percent) males and 5 (31 percent) females.

Households in the sample were white and included 19 percent divorced and 81 percent married-couple families. Eighty-one percent of the married-couple families had two earners. Based on income, homeownership, and occupation, sample households could be considered middle-upper socioeconomic status.

Each household who agreed to participate received a packet containing a student questionnaire, a family questionnaire to be completed by a parent, and an economic values instrument for the adolescent and his/her parents. Student and family questionnaires asked questions regarding employment status, money management and spending patterns, and demographic variables.

The economic values instrument was adapted from the Price economic values instrument [6], with Dr. Price's assistance. The values instrument classifies the respondent's economic values in one of five categories: self-actualization (money is used to promote self development), faith (money problems will work themselves out), prestige (money is used to purchase prestige items), security (money is accumulated to achieve security), and self-indulgence (money is used to meet urgent wants). Responses to the economic values instrument were used to classify each student and parent as one of the five types. The primary and secondary value orientations were noted for each participant.

Results

Security or self-actualization was the primary economic value orientation of the majority (31 or 82 percent) of the respondents (Table 1). Those classified with a security orientation viewed money as a means to achieve financial stability while those with a self-actualization orientation viewed money as an avenue to self-development. The congruence in orientations may reflect the homogeneity of the socioeconomic status of families in the study.

In 19 percent of the families, mother, father, and teen shared the same primary value orientation. Another 13 percent of the families reported agreement between one parent and the adolescent on the primary value orientation. For 88 percent of the families, the adolescent shared either the primary or secondary economic value orientation with at least one parent.

Table 1. Value Orientations of Individual Family Members (N=38)

	Student		Mother		Father	
Value Classifications	1st	2nd	1st	2nd	1st	2nd
Security	8	4	6	4	5	4
Self-actualization	3	7	4	4	5	5
Self indulgence	4	2	1	0	1	1
Prestige	1	3	0	2	0	1
Faith	0	0	0	1	0	0

Conclusions

The group of adolescents and parents surveyed in this study reported remarkably similar economic value orientations within the white middle-upper-class family units included in the study. These findings support consumer socialization theories and other empirical studies.

It is not known why value orientations were so similar among the families. The similarity may reflect the common economic status of survey respondents or a community standard. It may also relate to the economic prosperity experienced in the summer of 1988 or reflect midwestern values. Further study with a larger and more diverse sample could aid in understanding the value orientations of other families.

Implications for Consumer Educators

Inclusion of the family as a socializing agent and knowledge of adolescent development can enrich consumer education. Teachers can plan activities that help students to recognize and understand the influence that their families have on their beliefs and actions.

To increase awareness of familial influences, activities should incorporate information from students and their parents. Such activities will help students understand that they are not alone and that each family has unique financial challenges. A panel of guest speakers could include adolescents or adult children and their parents. Past class members might be willing to participate in the panel.

Students could interview family members including parents, grandparents, aunts and uncles, and siblings. The interview format might focus on beliefs regarding money and money management practices. Confidentiality may be critical in this activity because many families feel that their financial situation is private. For many households, the topic of finances may be as taboo as the discussion of sex. The activity can be done without disclosure of specific information about income, debt, and expenditures. If confidentiality is a serious concern, a less threatening technique might be to use case studies or profiles of families that do not include names. However, it is essential that case studies be based on the life experiences of students and their families.

Activities to promote understanding, analysis, and evaluation of beliefs and actions should encourage students to reflect upon experiences. It may take longer to implement activities designed to promote these types of learning. Students could keep a log of behaviors and thoughts about money use. This activity might be included in a budgeting unit. Besides recording the amount of the expenditure, students could record their feelings and the reactions of family members to purchases. Information from the log also might be discussed in a unit on decision-making. Students can be asked to analyze their own decision-making processes and discuss factors influencing those processes and decisions.

An unintended outcome of family involvement in consumer education is the potential for educating parents and helping parents understand their beliefs and behaviors. This notion is consistent with Moschis's [2, p. 10] lifecycle approach that suggests that "parents learn from their offspring."

High school years are an important time in the economic socialization of American youth. This is a time when consumer socialization surfaces because youth are old enough to earn significant sums of money in jobs outside the home and many have great discretion in spending that money. A partnership between the school and families can improve the quality of the socialization process.

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Notes

An earlier version of this research report was presented at the 1991 Annual Meeting of the American Home Economics Association, Minneapolis, MN. The research project was funded by a summer research grant sponsored by the Graduate School, Northern Illinois University.

CALCULATING TEENS

Marsha A. Goetting, Extension Associate Professor
Montana State University

"You mean I will pay $161,214 in interest for a 30 year mortgage on a house? Get real!"

"A monthly car payment of $352. No way!! I can't afford that much."

"You mean, if I save $50 per month for 20 years, I will have $21,781. Allllllright!!!!"

These are typical of the comments made by secondary students in Montana who learned the impact of the time-value of money on savings, investments, and credit through a program entitled, "How a Financial Calculator Can Help Secondary Students Make Decisions About Their Finances." Through the program students had interactive, hands-on classroom experience using a financial calculator to solve financial problems.

Montana State University (MSU) Extension faculty initiated the program in response to a County Extension Program Advisory Committee's concern about the limited financial management skills of teenagers in their community. Parents had learned through a series of newspaper articles about the discretionary spending power held by teens. For example, between 1979 and 1989 teenage spending increased from $36 billion to $65 billion, the number of driving-age teens who owned a car tripled, the number who owned a phone doubled, and the number who owned a television grew 62 percent [1]. In 1987, teens from age 15 to 19 years had a median income of just under $2,000 [4]. A survey by the College for Financial Planning in Denver found that 58 percent of the students had their own savings accounts and 14 percent had their own investments [2].

According to another 1991 survey of high school students by the College for Financial Planning [1], the average weekly allowance stood at $20 with an average net weekly earnings of $85. Despite the generous allowances reported by many students, 43 percent said they depended on after-school or weekend jobs for the major part of their income. Only 13 percent indicated that an allowance was their major source of spending money. Others relied on gifts or other funds from their parents. When asked how they spent most of their allowance or earnings, 29 percent of students said entertainment, 17 percent mentioned savings, and 15 percent named car expenses.

Teens can generally spend their income on themselves, since parents finance the basic costs of living for most teens. Teens need opportunities in schools and extension youth programs to learn to allocate money for present and long-range satisfaction. A financial calculator can help them to realize the financial consequences of a variety of credit and savings alternatives as they move on to the financial realities of adulthood.

Program Development

"How a Financial Calculator Can Help Secondary Students Make Decisions About Their Finances" was adapted from a self-study manual that was written by a County Extension Home Economist and an Extension Family Economics Specialist who were studying to be Certified Financial Planners. Because they believed others would appreciate the information financial calculators could provide about the economic consequences of decisions, they wrote a "simple" self-study manual. The goal was to teach adults how to use a financial calculator to make informed decisions about retirement, savings, and credit alternatives.

The secondary program incorporated many of the same time-value of money concepts as the adults' self-study manual. However, the secondary program was specifically written for teachers' use with students. The notebook includes an instructor's guide, overhead transparencies, and mini-case problems for the students. The materials were piloted during 1990 by Bernie Mason, Yellowstone County Extension Agent and co-author of the program, in the spring semester family life and accounting classes at West and Senior High Schools in Billings. A business high school teacher and a university mathematics professor reviewed the teaching guide and student problems to determine if the materials were at the appropriate level for the age group.

The pilot materials were substantially revised and introduced at the Montana Vocational Association Conference in Fall, 1990. Forty teachers of vocational agriculture participated in the session. Ten later ordered the teaching unit and financial calculators for use in their classes. The program was also publicized in a newsletter for state mathematics teachers. As a result, 10 teachers attended a workshop where the financial calculators were demonstrated during a statewide educators conference.

MSU Extension also acquired financial calculators to loan to teachers. Funding to buy the calculators came from a variety of sources, including local banks, savings and loan associations, credit unions, an instructional media grant, and Texas Instruments.

Program Use

In the program, teachers use examples on overhead transparencies to demonstrate the process for solving a variety of time-value of money problems. Most students in the program are familiar with a regular calculator that adds, subtracts, divides, and multiplies. But few have used a financial calculator with special keys (n, %i, pmt, pv, fv) that allow them to find the answers to complicated time-value of money problems. To reinforce the time saving value of the financial calculator, students work one problem the "ole' fashioned way" with paper and pencil. When they do the same problem on the financial calculator, the teachers often hear comments like, "Wow, it's magic."

During class, students use the financial calculators to determine economic consequences of alternative decisions about finances. The following is an example from the student problems section:

> *Julie Kristy has found a bargain on a used car. The cost is $5,000. Her dad will let her use the second family car as a trade in. The salesman has offered $2,000 as the trade-in value. What will her monthly payment be if she finances a four-year loan at 7 percent? How much will Julie pay in interest over the life of the loan?*
>
> *Julie found the interest rate at the credit union was only 5.9 percent. What is her monthly payment if she finances a four-year loan at the credit union rate? How much will she pay in interest over the life of the loan to the credit union?*

Some teachers assigned additional problems and allowed students to take the financial calculators home. Several parents became interested and requested the "adult" version (self-study manual) of the program.

The secondary financial calculator program has been used by 31 teachers and 10 Extension agents as well as in the Young Families Program for Pregnant Teens in Billings. The total number of youth who have benefited from the program thus far is estimated to be about 1,000. In addition, the program has been purchased and used by 31 teachers and Extension agents in 11 other states.

Program Evaluation

To evaluate the program, questionnaires were sent to Montana teachers and Extension agents who used the program during 1990. On a scale of one to five (with five representing excellence), the usefulness of the program was rated as 4.17. Sixty-seven percent of the respondents indicated they had purchased a financial calculator for themselves.

Extension agents who taught classes reported that students especially like the hands-on approach. A teacher from Red Lodge reported that her evaluations of the semester revealed the financial calculator session was the students' favorite. Teachers described various benefits of the program including increased awareness of the cost of credit, a greater appreciation of parents' financial problems, and increased self-esteem. Some students used the calculator in simulated purchases of major items such as a car or furniture, while other teachers reported students had used the calculator to make actual purchases.

Secondary students reported that they were able to work problems using a "tool" that none of them had ever used before, that they acquired important skills that will last a lifetime, and that they wanted to have more time to use the calculators. Learning about the impact of various annual percentage rates on the amount paid in interest impressed many students.

During the 1992 program year, 52 Montana Extension agents and secondary teachers are using the financial calculator lesson as a part of the High School Financial Planning Program co-sponsored by the College for Financial Planning in Denver. The program was developed into a college-level unit in the Personal and Family Finance class at Montana State University during 1991. The materials were substantially revised for incorporation in the class during spring semester, 1992.

Conclusions

Secondary students can readily learn to use a financial calculator, which has broad potential to significantly affect their financial planning and decision-making ability. The insights that use of the calculator generates are fundamental to many other components of financial education. The program is a cornerstone project, one that can serve as a long-term building block for a variety of other programs on goal setting, savings, investments, and credit. Skill development on the financial calculator to learn economic consequences of decision-making will be a continuing element of the MSU Extension financial education program for youth.

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Notes

"How a Financial Calculator Can Help Secondary Students Make Decisions About Their Finances" is available from the Montana State University Extension Service, 207B Linfield Hall, Bozeman, MT 59717-0280. The notebook includes a teaching guide (22 pages), student problems (17 pages), self-study manual (60 pages), and masters for overhead transparencies (38 pages). Write to MSU for cost information. A financial calculator costs $20 to $50.

For more information about the High School Financial Planning Program, contact your local Cooperative Extension Service Office.

National Consumer Week is October 25-31, 1992. The theme is "Operation Wise Buy."

Congratulations to **Cherie Kertz**, Riverdale High School, the 1992 recipient of the Gladys Bahr Award.

Guest Reviewers

In addition to the editorial board, the following individuals reviewed submissions to the 1992 *Journal of Consumer Education:*

Kathleen Brown, University of Illinois
Vicki R. Fitzsimmons. University of Illinois
David Graf, Northern Illinois University
MaryAnn Paynter, University of Illinois
Ann Pictor, Illinois State Board of Education
Gayle Strader, Eastern Illinois University
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Book Reviews

Elkington, John, Julia Hailes, and Joel Makower. *The GreenConsumer*. Penguin Books, 1991. ($9.95).

Makower, Joel with John Elkington and Julia Hailes. *The Green Consumer Supermarket Guide*. Penguin Books, 1991. ($6.95).

Environmental issues are popular and these two books are frequently recommended. *The Green Consumer* is the broader of the two, discussing the environmental aspects of shopping for automobiles, food and groceries, garden and pet supplies, gifts, home energy and furnishings, personal care products, and travel. It concludes with a section on getting involved. *The Green Supermarket Guide* focuses on a narrower range of issues. It discusses packaging, pesticides and poisons, and labeling issues. A major section of the book rates products found in the supermarket, from beverages to frozen foods to fruits and vegetables. The authors identify best and worst choices within each category. A product may make the best or worst choice list because of its contents, its packaging, or the manufacturers' environmental policies. Unfortunately, the ratings are very simplistic and usually unexplained. We don't know whether other products were evaluated that didn't make either the best or the worst choices lists. And, often we don't know what aspects of the product, package or manufacturer's policies were objectionable or good. The redeeming value of *The Green Supermarket Guide* is that it updates some of the information in *The Green Consumer* that is already somewhat dated.

Brenda Cude, Editor

CALL FOR ARTICLES FOR *THE 1993 JOURNAL OF CONSUMER EDUCATION*

Articles should be in one of the following categories:

A Position Paper. A discussion of consumer education issues, problems, and trends including social and economic developments related to consumer education content, curriculum patterns, legislation, and instructional materials and techniques.

B. Research Article. A presentation of recently completed research that has implications for consumer educators. The manuscript should clearly present (a) the problem statement and background on the problem; (b) research procedures including population identification, sampling techniques, data collection methods, and data analysis; (c) a summary of findings and conclusions, and (d) a discussion of the implications for consumer education instruction or curriculum development.

Manuscript format considerations:

1. All manuscripts must be double-spaced including text, quotes, footnotes, tables, and references. Use an elite or 10 point font.
2. Manuscripts should be limited to eight (8) pages including the main text, references, tables, and figures.
3. The title page of the manuscript should include the author's position, school affiliation, telephone number, and mailing address. Author's name should not be on other pages.
4. Headings should be used to highlight the main sections of the manuscript.
5. References in the text should be cited with a number between square brackets, page number if appropriate.
6. The reference list at the end of the manuscript should be numbered and in alphabetical order. Citations should follow APA (Third edition) style.
7. Tables and figures should be integrated into the text and should follow APA (Third edition) style.
8. Submit five (5) copies of manuscript along with a **self-addressed stamped postcard.**
9. Authors of submitted manuscripts must either be members of the Illinois Consumer Education Association (dues $15) or pay a $15 submission fee per article (check payable to the Illinois Consumer Education Association).

For refereed review process, submit five (5) copies of the manuscript by September 15, 1992 to:

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Illinois Consumer Education Association
HISTORY AND PURPOSE

The Illinois Consumer Education Association, the first state consumer education association nationwide, was organized in 1973 to expand consumer education and foster professional growth in the teaching of consumer education at all levels. ICEA strengthens the implementation of Senate Bill 977, passed in 1967 and amended in 1975, 1977, and 1979 which states:

"Pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in the area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices, and an understanding of the roles of consumers interacting with agriculture, business, labor unions, and government in formulating and achieving the goals of the mixed free enterprise system."

PUBLICATIONS

The Illinois Consumer Educator, the official newsletter for ICEA, is published three times a year (usually in September, December, and May). This publication updates Illinois teachers on state and national events and provides a forum for teaching ideas as well as a review of selected course materials.

The Journal of Consumer Education is an annual publication. This journal consists of articles, book reviews, and other features designed to improve the teaching of consumer education.

ANNUAL CONFERENCE

The annual statewide conference is a major activity sponsored by ICEA. This two-day meeting in February offers the opportunity to hear important speakers in the area of consumerism and to exchange teaching methods with educators from many disciplines. A wealth of resource material is also available for review.

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