

1999
National Consumers League
Consumers and the 21st Century

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CONSUMERS AND THE 21ST CENTURY

KEY FINDINGS

INTRODUCTION

Consumers and the 21st Century, was conducted for the National Consumers League on its 100th Anniversary and sponsored by Ameritech and Wyeth-Ayerst Pharmaceuticals. The survey was conducted by telephone among a national cross-section of 1006 adults between April 22nd and May 3rd, 1999 and sought to explore consumer attitudes and perceptions in today's rapidly changing marketplace.

GENERAL FEELINGS AND ATTITUDES

In many areas, consumers are optimistic about the general state of consumer affairs. Clear majorities of the public feel that product safety (78%), product labeling and information (85%), and consumer shopping skills (77%) have improved in the last five years. Similarly, pluralities of the public believe that over the last five years, the quality of most products and services have improved (49%) and companies have gotten better at handling consumer complaints (48%). This positive trend in consumer opinion has increased in all of these areas since 1982, with the most dramatic increase coming in the area of consumer shopping skills (ups from only 31% noting improvement in 1982).

Despite these hopeful assessments, consumer opinion is not completely roseate. In fact, a majority of Americans (54%) feel that the value they get for their money on most goods and services has gotten worse over the last five years. Further, significant minorities share this negative sentiment about the quality of products and services (37%) as well as companies handling of consumer complaints (35%). The public also has a number of significant concerns about consumer issues.

Not surprisingly, the high prices of many products concerns a majority of Americans (55% -- although this is notably down from 77% in 1976 and 67% in 1982 -- perhaps a reflection of today's strong economy). On a more interesting note, protecting children is clearly on the minds of the public -- topping the list as the #1 issue that worries consumers a great deal is the use of sweatshops or child labor in the production of goods (61%) followed closely by advertising and commercialism targeted at children (59%). Of increasing concern over the last two decades is the issue of misleading packaging and labeling (45%). Other items that worry consumers a great deal include: the impact of the

production and use of goods on the natural environment (44%), the failure of many companies to live up to claims made in their advertising (40%), the value received on goods and services (40%), the failure of companies to properly handle complaints (39%), and the intrusiveness of advertising and commercialism in society (39%).

BUYING PRODUCTS AND SERVICES

Further evidence of Americans' concern about the issue of child labor is the finding that if there was a label on some product indicating that they were made without the use of child labor, fully three-quarters (77%) of consumers would be likely to look for this label in making their purchase decisions. Additionally, a modest majority (55%) of the public would be willing to pay more for products with such a label.

Although there is a clear feeling that there is a need for monitoring the labor conditions under which products are made, the public seems undecided as to whose responsibility this is – splitting roughly in thirds between the government (36%), companies themselves (31%) and independent watch groups (28%). Taking the government out of this equation Americans remain split, but slight favor self monitoring by companies (55% v. 42% supporting independent watch groups).

The importance of “word of mouth” is verified in the finding that friends and relatives top the list of information sources when it comes to making purchase decisions (30% usually use in making purchase decisions). But product packaging (28%), magazine and newspaper articles (26%), and advertising (25%) are close behind. Secondary sources of information are television and radio shows (20%), consumer groups magazines or publications (19%), sales people (17%), and the Internet or World Wide Web (15%). Among those who are online, however, the Internet rises significantly as an information source -- surpassing television, consumer groups and sales people -- with 25% using the Web to get purchase making information.

In today's age of information overload, consumer information seems to be the exception. In fact, when it comes to the amount of information available when making purchase decisions, fully half (50%) of the public feel that they do not have enough information, with the remainder (42%) satisfied with the amount of information and only 6% feeling overwhelmed by the amount of information.

FUTURE OUTLOOK, TECHNOLOGY AND THE INTERNET

The American public looks optimistically to the future with the belief that, in general, new technology will make life easier and more convenient (76% believe this is likely) but with mixed feelings about some specific aspects of future life.

Genetic engineering, for example, receives mixed reviews. If science made it possible to choose the sex or improve the appearance of a child, few would be interested (10% and 11% respectively). Using genetic engineering to reduce the chance of various diseases affecting a child, however, is much more accepted – with fully two-thirds (68%) of Americans stating they would want to do so, if science made it possible. Additionally, a majority (62%) of the public believes that, by 2020, people either will prefer to eat meats and vegetables alongside those grown without genetic engineering (51%) or prefer to eat them produced by genetic engineering (11%). However, and perhaps more significantly, fully a third (33%) of consumers would avoid genetically engineered meats and vegetables all together.

Perhaps in response to the earlier noted consumer concern about the impact of the production and use of goods on the natural environment, the majority of American adults believe that by 2020 our environment will be more polluted. Specifically, most perceived to be threatened is our air (61% think it will be more polluted), closely followed by rivers and bays (59%), and drinking water (55%). Most skeptical about the future health of the environment are today's youth whether they will fight more aggressively to prevent this or are resigned to this as fact remains to be seen.

Although the mall experience will likely remain with us for at least the near future; at home shopping, either by telephone or online is clearly believed to be the wave of the future. Fully 57% of adults believe that by 2020 they will be shopping online more than they are today and one-third (33%) feel similarly about shopping by telephone. Megamalls and strip malls or local community stores on the other hand, are predicted by the majority to be used about as much in the future as they are today. Predictions about the impact of the Internet on the economy in the next 20 years are split with 44% believing the Internet will hurt local store and the local economy while 45% believe the Internet will create a stronger economy and save people money.

Current use of the Internet continues to grow and in size and scope. Online use goes far beyond e-mail and web surfing and crosses over into the consumer realm with 42% of those who access the Internet or

World Wide Web using the Internet to gather information about products and services and 24% going online to purchase goods or services. Online users are still somewhat leery of the Web as marketplace however. The majority of online users are not comfortable providing credit card (73%), other financial (73%), or personal (70%) information to businesses online. When reporting whether or not they have actually had a problem online involving fraud or unauthorized use of this information, 7% report having had such a problem with their credit card and personal information. While these numbers are small as a percentage of all online users – the extrapolation of this into the 6,000,000 people it represents demonstrates the scope of this present and future consumer issue.

CONSUMERISM AND FINANCIAL SERVICES

While e-commerce has yet to gain the full confidence of online users, the public seems much more comfortable with the notion of online and electronic banking. Fully two-thirds (66%) believe that it is likely that by the year 2020 all banking will be done online. And while the public is split on whether we will still be using cash or paper money at that time (49% likely v 47% unlikely), they are very secure (76%) with the idea of conducting banking transactions electronically – either through automatic teller machines or electronic fund transfers. Evidence that businesses and financial institutions are viewed differently in the online world comes in the finding that despite the previously noted reluctance to provide financial and personal information to businesses; a majority (62%) of online users feel secure about the idea of conducting banking transactions such as paying bills or checking account balances online.

Coinciding with the above findings is a slightly increased skepticism of telephone financial investment offers. If called on the phone and offered a fabulous opportunity to make an investment, most Americans would simply hang up (63% - up from 54% in 1992).

When considering their personal financial situation, privacy of financial information tops the list with 57% of the public stating that it concerns them a great deal. Credit card fees (48%) and charges for using automatic teller machines – ATMs (42%) also rank high on list of consumer financial concerns. Contrary to the popular notion that Americans are plagued by credit card debt is the finding that less than one in four (21%) report that this concerns them a great deal. Similarly, few Americans are very concerned about difficulties in obtaining as much credit as they need (17%).

CONSUMERISM IN HEALTH CARE

A modest majority of Americans (54%) feel that the quality of health care services they and their family receives is better today, compared to five years ago. Only one in eight (13%) feel it has gotten much better while a parallel group (16%) feel the opposite – that is has gotten much worse.

Interestingly, while those Americans who are not covered by any health insurance are somewhat more likely to feel the quality of health care services they and their family receives has gotten worse, the differences are not striking between groups.

Consumer trust of various actors within the health care community varies greatly. Among insured households, doctors, pharmacists and nurses lead all others with 38%, 37% and 34% respectively, trusting them a great deal when it comes to making the right decisions about their health care. Receiving moderate support are hospitals (22%), pharmaceutical or drug companies (17%), and employers (14%). Consumer confidence of managed care health plans and other health insurance plans ranks dramatically lower, with only 6% of insured households trusting them a great deal when it comes to making the right decisions about their health care, while 24% and 16% respectively do not trust them at all.

Consumers report high levels of choice and information among health plans, doctors and treatments and believe that increased consumer roles in making health care decisions is a positive change. While choice is most restricted in the area of health plans, two-thirds (65%) of insured households report they do have a choice of plans under their current coverage and nearly all (89%) feel they have enough information to make good decisions in this regard. An even higher proportion of insured households report that they have choice in treatments (81%) and doctors (88%). And while most feel that they have enough information to make good decisions about these choices, a significant minority (22%) report that they do not have enough information when it comes to making decisions about doctors for themselves and their family. In an apparent show of confidence and comfort in this situation, fully 86% of insured households believe that increased consumer roles in making health care decisions would be a positive change.

Consumer reporting of what is covered under their health policies shows clear majorities stating that they are covered for necessary emergency room visits (91%) and that their doctors can prescribe any approved drug or medical treatment that is best for them (84%). While two-thirds (66%) of insured

households believe that medical decisions about their care are made exclusively by their doctors and not by a managed care plan, a significant minority (29%) disagree. Most insured households report they cannot see a specialist without getting a doctor's permission and while a significant proportion are unsure about this issue a plurality of insured households (43%) do not believe they have early access to new breakthrough treatments.

When looking to the future, three out of four Americans (75%) think more people will be using herbal remedies instead of prescription drugs in 20 years.

CONSUMERISM IN TELECOMMUNICATIONS

While competition and consumer choice are clearly strongly supported and desired, consolidation of telecommunications services garners significant interest. At first glance these findings may seem contradictory, however, it seems that ideally, Americans would like a number of companies offering complete telecommunications packages to compete for their business. Overwhelmingly, the general public believes that it is good to have the ability to choose telephone companies (95% agrees) and fully 68% feel that competition among local telephone companies will make prices lower in 1999. Further, 83% of Americans state that they would be at least somewhat likely, if they were able to, to purchase all their telecommunications services – including local and long-distance telephone, Internet connection, and cable service – through one company.

Although the desire for choice is high, current levels of telecommunications supplier options are in some instances quite limited in reality. Choice among long distance (95%), cellular telephone (85%), paging (81%), and Internet (72%) service providers are most common while local telephone (52%) and cable (33%) service choices are much more limited.

Consumers' ability to easily review and understand the charges that appear on their phone bill breaks roughly into three groups. While 31% find their bill very easy to understand, 36% report that it is only somewhat easy to understand and the remaining 33% find their phone bill to be very or somewhat difficult to understand. Most (70%) consumers however, do not feel that combining local and long distance telephone services on one bill is confusing.

Consumer problems with “cramming” and “slamming” are dramatically high. Half (50%) of all Americans report that either they or someone they know, have been “crammed” – that is, had unauthorized charges or services they did not order appear on their phone bill. Additionally, fully 39% report that either they or someone they know, have been “slammed” – that is, had telephone companies switched without their consent.

PRIVACY AND CONSUMER NUISANCES

As touched on previously, consumer concerns about threats to the privacy of personal information are high. Nearly six in ten (58%) of Americans are very concerned about this issue with specific privacy concerns running even higher. Consumers are most concerned with protecting the privacy of their social security number (71% very concerned), followed by information about financial assets (64%) and health and medical information (54%), while information about purchase behavior is of lesser concern (43%). Coinciding with these current concerns is the majority belief (75%) that privacy is likely to be more threatened by the year 2020 than it is today.

Over the last decades, the percentage of consumers who experienced a situation when they wanted to complain about a product or service has held constant at roughly 60%. The frequency of acting on this desire has risen slightly, however from just under to just over 50% of the general public. Whom consumers complain to has also shifted slightly with somewhat more people complaining directly to manufacturers and, while still the leading target of complaints, somewhat fewer complaining to the store or dealer who sold the product.

American consumers are clear and strong in their assessment of everyday consumer occurrences – they are fed up! On a scale of one to ten where a one means it does not bother them at all and a ten means they are completely fed up with it, junk mail tops the list of consumer nuisances with fully 59% of the public giving it a score of 10. Computer automated phone services come in a close second with 54% of consumers saying they are completely fed up with dialing a company and instead of a person answering hearing, “Press 1 for . . . “. Telemarketing and fine print and codes making bills difficult to understand rank next followed by credit card fees, bank and ATM charges, and the intrusiveness of advertising of advertising and commercialism.

METHODOLOGY

All interviews for *Consumers and the 21st Century* were conducted by telephone among a nationally representative sample of 1,006 adults, aged 18 or over. The interviewing took place from April 22nd until May 3rd. Figures for age, sex, race, education, and number of adults in the household were weighted where necessary to bring them in line with their actual proportions in the population.

In theory, with a sample of this size, one can say with 95 percent certainty that the results have a statistical precision of **plus or minus 3 percentage points** of what they would be if the entire adult population had been surveyed with complete accuracy.

Unfortunately, there are several other possible sources of error in all polls or surveys that are probably more serious than theoretical calculations of sampling error. They include refusals to be interviewed (non-response), question wording and question order, interviewer bias, weighting by demographic control data and screening. It is difficult or impossible to quantify the errors that may result from these factors.

Table 1

Consumer Assessment of the Last Five Years

Base: All respondents

Q105. I'd like to have your views on how some things have changed in the last five years. Compared to five years ago, would you say that [READ EACH ITEM]

		<u>Improved</u>	<u>Worse</u>
		%	%
Labeling and information about products have gotten better or worse	1999	85	7
	1982	80	13
The safety of most products has improved or grown worse	1999	78	13
	1982	62	27
Consumers shopping skills have gotten better or worse	1999	77	12
	1982	31	54
The quality of most products and services has improved or grown worse	1999	49	37
	1982	31	59
Most companies have gotten better or worse at handling the complaints of consumers	1999	48	35
	1982	45	29
The value you get for your money on most goods and services has gotten better or worse	1999	33	54
	1982	17	76

Table 2
Consumer Concerns

Base: All respondents

Q115. Now I am going to read you a list of things that are of concern to some consumers. I want you to think about your own experience as a consumer. Please tell me, for each one, how much it has worried you personally – a great deal, somewhat, a little bit, or not at all. [READ EACH ITEM]

% “Great Deal”

	<u>1999</u>	<u>1982</u>	<u>1976</u>
	%	%	%
Use of sweatshops or child labor in the production of goods	61	N/A	N/A
Advertising and commercials are targeted at children	59	N/A	N/A
The high prices of many products	55	67	77
Misleading packaging and labeling	45	39	34
The impact of the production and use of goods on the natural environment	44	N/A	N/A
The value you get for your money on goods and services	40	N/A	N/A
The failure of many companies to live up to claims made in their advertising	40	39	44
Advertising and commercialism being too intrusive in society	39	N/A	N/A
Failure of companies to handle complaints properly	39	39	29
The feeling that many retailers don't care about you	37	N/A	N/A
Mergers between large companies	35	N/A	N/A
Your consumer shopping skills	14	N/A	N/A

Table 3

Consumer Information Sources

Base: All respondents

Q210. How often do you get information from [READ EACH ITEM] when making purchase decisions – usually, sometimes, rarely, or never?

	<u>Usually</u>	<u>Sometimes</u>	<u>Rarely</u>	<u>Never</u>
	%	%	%	%
Friends and relatives	30	49	14	7
Product packaging	28	38	18	15
Magazine and newspaper articles	26	47	15	12
Advertising	25	48	18	8
Television and radio shows	20	43	24	14
Consumer group magazines or publications	19	32	23	25
Sales people	17	37	27	20
Internet or World Wide Web	15	21	14	48
Federal or State government	7	21	35	38

Table 4

Future Outlook

Base: All respondents

Q305. By the year 2020, do you think that it is likely or unlikely that [READ EACH ITEM]?

Q315. By the year 2020, what attitude will people have toward meats and vegetables produced by genetic engineering? Will people be most likely to prefer them to those grown without genetic engineering, eat them alongside those grown without genetic engineering, or avoid eating them?

	<u>Likely</u>
	%
New technology will make life easier and more convenient	76
All banking will be done online	66
Wires will not be needed for computer or telephones	63
You will use cash or paper money	49
People will eat meats and vegetables produced by genetic engineering alongside those grown without genetic engineering	51

Q320. By 2020, do you think that [READ EACH ITEM] will be cleaner or more polluted than today?

	<u>More Polluted</u>
	%
Air	61
Rivers and bays	59
Drinking water	55

Table 5
What Do You Do Online?

Base: Access Internet/WWW

Q340. Thinking about what you do online, what do you use the Internet for?

	%
Research	49
Gather information about products and services	42
E-mail	37
Purchase goods or services	24
Surf/Explore new and different sites	16
Check on news updates, weather, etc...	15
Financial management and investing	11
Play games	10
Hobby or special interest	10
Participate in chat groups	8
Business	7
Find and download software	4
Entertainment	3
Education	2

Table 6

Comfort in Providing Information Online and Problems Experienced

Base: Access Internet/WWW

Q345. How comfortable or secure do you feel providing (READ ITEM) to businesses online – very comfortable, somewhat comfortable, not very comfortable or not comfortable at all?

Q350. Have you ever had a problem online involving fraud or unauthorized use of (READ ITEM)?

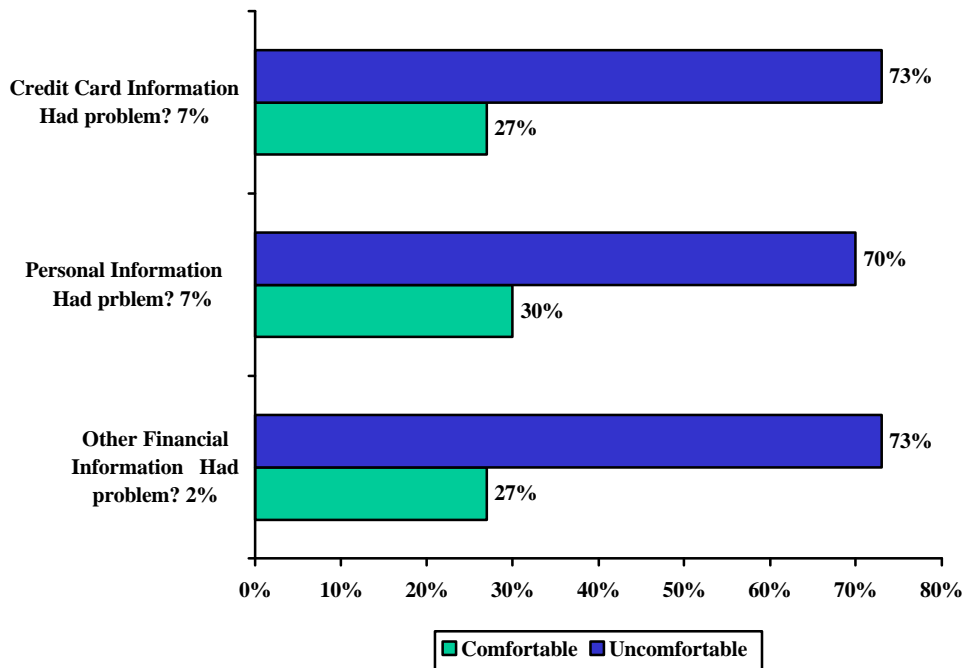


Table 7

Consumer Privacy Concerns

Base: All respondents

Q705. How concerned are you about threats to the privacy of your personal information – would you say you are very concerned, somewhat concerned, not very concerned, or not at all concerned?

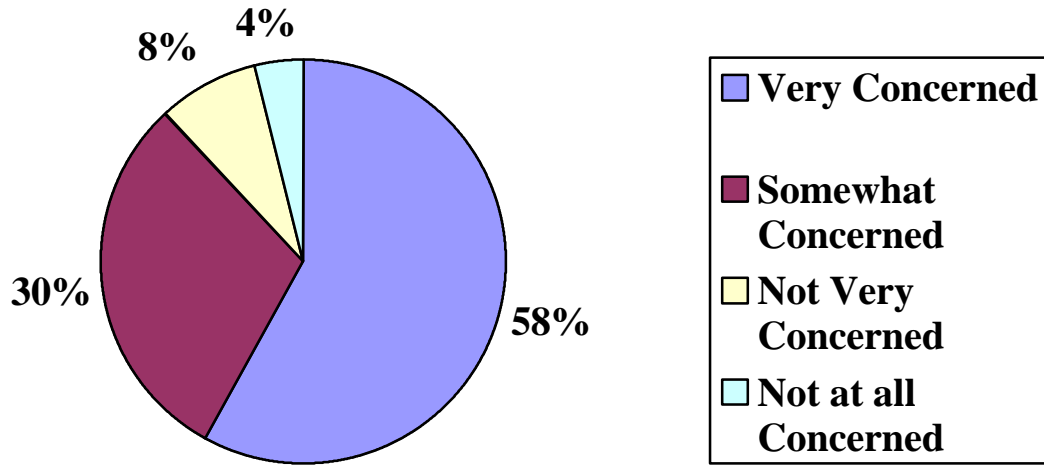


Table 8
Consumer Nuisances

Base: All respondents

Q735. Next I have a list of everyday consumer occurrences. Thinking about your own experiences, please tell me how you feel about each one, using a scale of 1 to 10 where a one means it does not bother you at all and a 10 means you are completely fed-up with it and remembering that you can select any number in between. [READ EACH ITEM]

	<u>% Giving Score of "10"</u>	<u>Mean Score</u>
Junk mail	59%	8.2
Dialing a company and instead of a person answer, hearing "Press 1 for . . ."	54%	7.9
Telemarketing	49%	7.7
Fine print and codes making bills difficult to understand	41%	7.5
Credit card fees	40%	7.1
Bank fees and ATM charges	34%	6.7
Intrusiveness of advertising and commercialism	30%	6.9

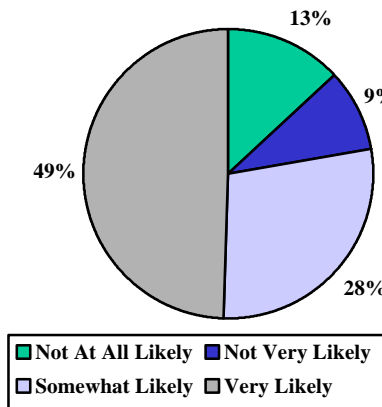
Table 9

Consumer Views on Child Labor

Would You Look for A Label?

Base: All respondents

Q215. If there was a label on some products to indicate that they were made without the use of child labor, how likely would you be to look for that label in making your purchase decisions – very likely, somewhat likely, not very likely, or not at all likely?



Would You Pay More for Child Labor-free Products?

Q220. Would you be willing to pay more for products with such a label, or not?

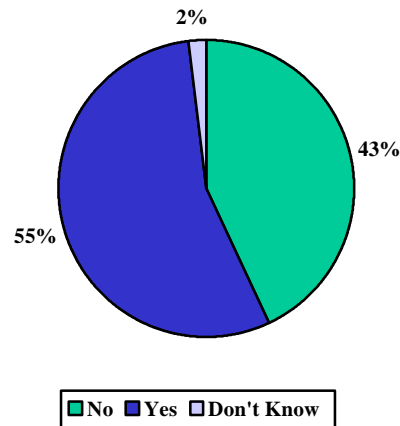


Table 10

Consumer Views on Child Labor

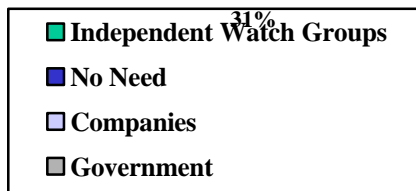
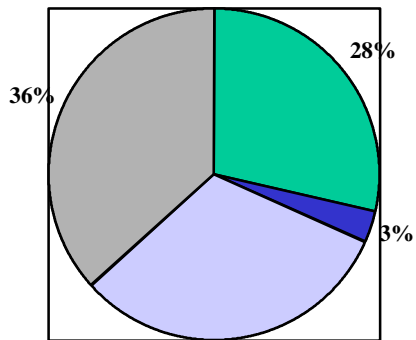
Who should monitor?

Base: All respondents

Q225. Who's job, if anyone's, do you think it should be to monitor the labor conditions that products are made under -- the government, companies themselves, independent monitoring organizations, or isn't there a need for monitoring?

Q230. If the government is UNABLE to monitor the labor conditions that products are made under, who's job, if anyone's, is it to monitor the labor conditions – companies themselves, independent monitoring organizations, or isn't there a need for monitoring?

With Government



Without Government

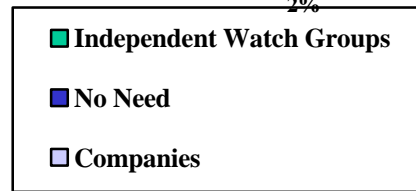
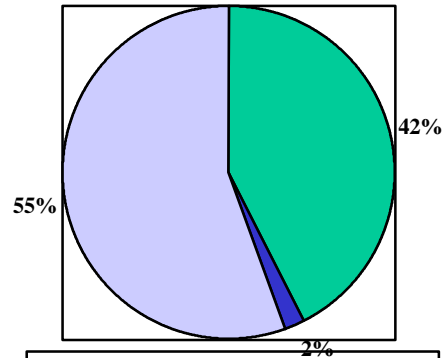


Table 11

Trust of the Health Care Industry

Base: Insured households

Q515. When it comes to making the right decisions about your health care, how much do you trust [READ EACH ITEM] a great deal, some, not much or not at all?

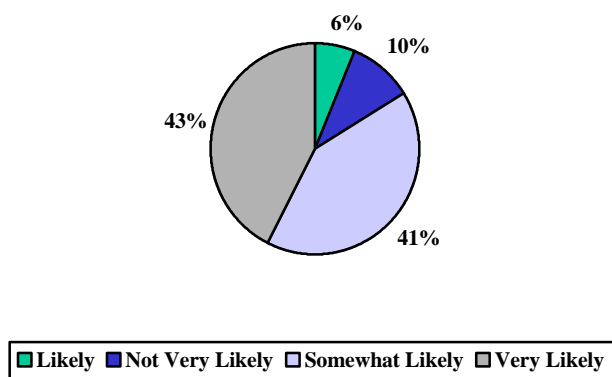
	<u>Great Deal</u>	<u>Some</u>	<u>Not Much</u>	<u>Not At All</u>
	%	%	%	%
Doctors	38	50	7	4
Pharmacists	37	52	7	5
Nurses	34	56	6	5
Hospitals	22	59	13	7
Pharmaceutical or drug companies	17	52	18	12
Employers	14	40	18	22
Managed health plans	6	40	26	24
Other health insurance plans	6	50	23	16

Table 12

Consumer Feelings About Choice and Consolidation of Telecommunications Services

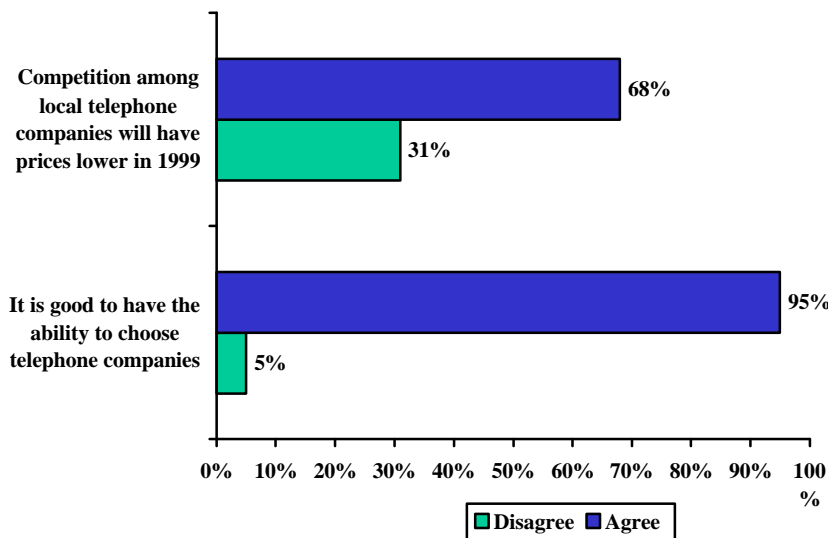
Base: All respondents

Q605. Now I'm going to read you some statements about competition in telephone service. Please tell me if you agree or disagree with these statements.



Likelihood of choosing consolidated services

Q610. If you were able to purchase all your telecommunications services – including local and long-distance telephone service, Internet connection and cable service – through one company, how likely would you be to make that decision – would you say you would be very likely, somewhat likely, not very likely, or not at all likely?



QUESTIONNAIRE