

A. Tansu Barker, University of Saskatchewan

Abstract

The attitudes and perceptions of New Zealanders towards current consumerism issues are outlined in this descriptive study. Many of the opinions expressed are critical of the existing practices of business and appear to be genuine and lasting impressions. The findings of the study could be combined with previous research to advance understanding of consumerism in the international and macro marketing fields.

Introduction

It has been two decades since the consumerism movement in the States has advocated a greater sensitivity and responsibility towards the consumer. Advocates of consumerism have been critical of marketers and have demanded positive action especially in the product and advertising areas. Subsequently, pressure has been brought to bear on private and public firms to rectify many abusive and unfair marketing practices. However much of research has concentrated on dissatisfaction with individual products, or functions of marketing (Bauer and Greyser, 1968; Greyser and Diamond, 1974; Morris and Reeson, 1978) and comparatively little attention has been paid to consumerism in the international arena with few exceptions (Barksdale et al. 1982).

The level of interest generated in the international and macro marketing fields has increased the level of attention paid to the issue of consumerism outside the States. A study of the consumerism issue outside the States could advance our knowledge of the attitudes of consumers towards marketing in general and consumerism in particular. Compilation and analysis of such findings based on studies of specific countries over time is undoubtedly useful in expanding the frontier of macro marketing. Systematic treatment of these findings is also of interest in the international and comparative marketing fields. At the more micro level, a study of consumerism in New Zealand should be of interest due to the unique social, demographic and political characteristics of this country. Therefore, in addition to providing descriptive statistics, the results of this paper may be used with findings from other studies to probe additional questions. Firstly, it may help in determining the level of discontent of US consumers as compared to consumers in other countries. Secondly, are business practitioners more or less sensitive to the grievances of the consumers in the States. Thirdly, the impact of cultural and political forces on the perception of consumers regarding marketing may be investigated by looking at different countries.

Research Methodology

A series of Likert-type statements on marketing practices, government intervention and other consumerism issues were included in the survey. (Barksdale et al. 1982) These statements were evaluated on a five point scale after they had been modified in certain cases to conform with the local conditions. Naturally, not having to translate the entire instrument is a big advantage in terms retaining "methodological ethnocentrism".

A stratified geographic sampling plan was used based on a map showing the population distribution in Christchurch. Randomly selected addresses were contacted and using the personal delivery and collection method 218 completed questionnaires were obtained. This represents an 87% rate of response based on the total sample of 250 contacted twice before being replaced by a pre-designated house on the same street. It is anticipated that the results can be extended to the rest of the country.

Results

Consistent with the previous studies the statements included in the survey are grouped into 8 categories: 1) Philosophy of business, 2) Product quality, 3) Advertising, 4) Other marketing activities, 5) Consumer responsibility, 6) Consumerism, 7) Government regulation, 8) Prices and price control

It was decided that presenting percentages of the responses among the 5 points on the scale is more meaningful than the composite scores of the respondents for each statement as percentages are intuitively more meaningful. These tables appear on the following pages and serve as the basis for the discussion that follows.

Philosophy of Business

The overall implication of the statements in **Table 1** is New Zealanders do not have much faith in the consumer orientation of business. Less than a third of the respondents subscribe to the belief manufacturers operate on the philosophy that "the consumer is always right". More than half (52%) share the conviction that "let the buyer beware" is the guiding philosophy of most manufacturers. As a result of this distrust, it is not surprising that 75% of the respondents feel competition rather than concern for the welfare of the consumer keeps prices under control. New Zealanders (62%) share the belief businesses are more interested in their profits than in serving their clients. This is not any indication of the state of development of the marketing as the corresponding percentage is even higher in the States (75%) (Barksdale et al. 1982) which is the homeland of the marketing concept. However, only 24% of the respondents expressed agreement with

the statement that manufacturers shirk their responsibility to the consumer. This is a finding which must be investigated further in the light of the substantial (48%) percentage of uncertain respondents. New Zealanders may have elected this option due to a lack of understanding and education regarding exactly what the responsibilities of manufacturers are to the consumers.

Product Quality

The responses to the first statement in **Table 2** indicate a high degree of agreement (82%) that manufacturers make an effort to design products to fit the needs of consumers. However, unlike Barksdale and Darden (1972) this author does not view the statement as an endorsement of the acceptance of the marketing concept since more than making "an effort" is necessary to reach such a conclusion. This is supported by 51% of the respondents who feel that the quality of products has not improved and 45% who are skeptical of products which may be designed deliberately to wear out quickly. The consumers' concern for durability and product quality as opposed to style changes is supported by 85% of the consumers. The statement regarding withholding of important product improvements in order to protect firms' own interests solicited agreement from 37% of the New Zealanders. Perhaps this result is more of an indication of the distrust in business rather than being based on hard facts. Again, this statement had a high percentage (42%) of respondents who expressed uncertainty as a function of the nature of the information required to evaluate it.

The two statements regarding influence of product variety on buying decisions and the importance of the differences among them reveals the presence of two segments. Approximately half of the respondents feel variety makes buying decisions difficult versus 37% who disagree. An overwhelming majority of those who disagree variety of products makes buying decisions difficult happen to be the ones who feel that the differences among the competing brands is insignificant and unimportant. The other segment is made up of people who find decision making difficult because of the significant differences they perceive among the competing brands.

Advertising

The responses to the five statements associated with advertising are uniformly negative and critical of both the content and process of advertising. Majority of the respondents agree that most ads are 1) not believable (59%), 2) not a reliable source of information (66%), 3) not more dependable (62%), 4) deceptive (70%), and 5) encourage consumers to buy things they do not really want. Based on previous research (Barksdale et al. 1982) these results are more negative than the attitudes expressed by the six countries included in their study. As many of the products advertised in New Zealand are either comparable in quality or actually manufactured under licences from the US, England, Canada and Australia, the reason is not likely to be the

quality of the products but possibly the credibility of their claims and creative aspects. It is naturally worthwhile for businesses in New Zealand to conduct advertising research to find out more about the causes of this distrust and disbelief in advertisements if firms are to spend their funds more effectively. Clearly, this is more than a micro marketing problem which concerns just isolated firms but a macro problem which should be of immense interest to the Association of Advertising Agencies.

Other Marketing Activities

Consumers in New Zealand appear to be satisfied with product availability (89%) and product guarantees (79%). However, there is concern regarding the improvements in the quality of repair and maintenance service offered by buyers since twice as many (50%) respondents disagreed as compared to the ones who expressed a favorable opinion. New Zealanders also expressed considerable distrust (53%) in the honesty of sponsored contests. One reason for this may be the fact that there are, indeed, many contests and games in New Zealand on a per retail outlet basis and it is not uncommon for winners to be notified directly, without making a big effort to announce widely who the winners are. Often individuals find it difficult to determine what the results are as they are given much less publicity and coverage than the contest itself.

It is not surprising that 60% of the respondents are undecided about the operating efficiency of the New Zealand marketing system because they may not feel qualified to evaluate it rather than due to the fact they are unfamiliar with other countries. It is also highly likely that pride in one's country is creating a bias against being critical of it.

Consumer Responsibilities

The response to the statement that consumer problems are less serious now than in the past drew both agreement (35%) and disagreement (46%). This divergence of opinion continued in response to availability of information to become a well-informed consumer. Not surprisingly, cross-tabulation of the responses indicated very strongly that those people who felt information is available also felt problems of consumerism are less serious now. Obviously, there is every reason to believe that availability of information influences problems of consumerism.

The high level of agreement (48%) regarding the importance of consumerism problems is a very significant finding when one considers that the average New Zealand family was facing perhaps the highest level of unemployment and inflation in the recent history of the country. Marketers and businesspeople must, therefore, accept consumerism as an issue of genuine concern to the consumer rather than a passing fad or reaction. Furthermore, New Zealand consumers appear ready to accept responsibility (54%) for not exercising prudence in many situations. However, most of them appear willing (57%) to shop around to find

the best buy. Unfortunately, New Zealand consumers admit (71%) a lack of concern for the environment in making product choices.

Supported by these findings and the relatively small percentage (20%) of respondents who feel consumers try to take advantage of manufacturers, one can conclude that New Zealand consumers consider consumerism to be a very important social issue, exercise reasonable responsibility in their shopping behavior but have relatively little concern for the environment. They obviously do not blame businessmen for every consumerism problem.

Consumerism

While some consumers may feel their problems are not necessarily less serious now, most New Zealanders (58%) agree that manufacturers seem to be more sensitive to their complaints now. This is perhaps the result of the efforts of consumerism advocates and the New Zealand government to sensitize business. However, one must still note the dissatisfaction expressed by 25% of the respondents. Nevertheless, there is recognition (77%) of the fact the efforts in the consumerism area have been an important factor in changing business practices and these efforts need to be continued (62%). However, beyond "de-freezing" the attitude of business towards consumerism, views appear to diverge regarding the ease with which redress could be obtained.

Government Regulations

New Zealanders seem to support (69%) self-regulation by business. Most (59%) respondents prefer to have government test competing brands but there are quite a few (34%) who oppose this view. However, it appears to be desirable (76%) to have the government set minimum standards of quality as the government is the best qualified institution in New Zealand in terms of technical capabilities. While guidelines and minimum standards are expected from the government, views regarding regulation of advertising, sales and marketing activities of manufacturers have roughly equal number (40%) of supporters and opposers. It is important to note that many commodities ranging from eggs and apples to dairy products are handled by "boards" and obviously about 40% of the respondents do not wish to support more intervention by the government, at least not directly.

Prices and Price Control

Not surprisingly, the high level of inflation coupled with unemployment which plagued the country while this survey was being administered has produced a very high level (85%) of agreement regarding the importance of high prices. While many consumers (63%) blame high prices on the excessive profits taken by middlemen and unfair pricing practices (59%), some consumers (27%) feel that most consumer goods are priced fairly. Nevertheless, more respondents (66%) believed that it would be more effective to refuse to buy expensive products than support government price control (52%). It is interesting to note that 36%

of the respondents disagreed with the proposition that government price control is the most effective way of keeping prices down while prices were actually frozen by the New Zealand government. Not only is this in line with the notion of support for free enterprise but identical percentage of respondents in Canada, Australia and England, with a higher percentage (49%) in the States, have expressed the same disbelief in price controls. Whether this is an indication of distrust in governments inability to really control prices or belief in the ability of business to find a way around any regulation is worth investigating further.

Consumer Characteristics

Responses to all the statements were analyzed across demographic characteristics such as sex, age, marital status and family size, level of education, income and occupation. Many attitudes stated by the respondents appear to be independent of these consumer characteristics. In spite of the large size of the middle-class in New Zealand and its egalitarian way of life, this result happens to have been found in the States as well (Barksdale and Darden 1972).

Males and lower income groups agree more that manufacturers shirk their responsibility to society whereas females and higher income earners disagree. People with higher incomes also agree that competition ensures fair prices. Again, lower income groups and females agree that the quality of most products has not improved. On the other hand, higher income and education groups support the notion that manufacturer do not deliberately design products to wear out quickly. Especially, males with higher incomes agree that there are significant differences among competing brands. Somewhat surprisingly, family size rather than education or income is the critical characteristics in that people with 2 or more children disagree important product improvements are being withheld to protect interests of business.

Older people and individuals with only highschool education or less agree advertised products are more dependable. Others oppose this view quite strongly. Higher income groups disagree that ads encourage people to buy things they do not really need. This may be related to the higher level of unsatisfied wants and aspirations of the other groups.

In general, lower income groups and younger people are more critical of the status of consumerism and availability of information. Females, however, tend to agree more that businesses are more sensitive today and it is getting easier to rectify problems.

Higher income groups are very much against most forms of government intervention or increased control whether in the form of setting quality standards or regulation of marketing activities. Consequently, they also support the notion that self-regulation by business is the best

alternative. In terms of specifically price controls, older people agree quite strongly that it is working and blame middlemen for seeking excessive profits.

In terms of consumer characteristics, it appears that the most important differentiating factor is level of income which is somewhat related to level of education. In general, better educated, middle-aged respondents with higher incomes resist government intervention, are less critical of business and appear to advocate more intelligent consumption by the public.

Conclusions

New Zealanders seem to share many opinions about consumerism independent of their demographic and socio-economic backgrounds. There appears to be a lack of general confidence in business regarding its attitude towards meeting consumers' expectations. Product quality, deceptive advertising and high prices are the main areas of concern for most New Zealanders. There is also recognition of the fact that consumers could help their own cause by shopping around more and trying to become more intelligent and responsible consumers.

New Zealand businesses face consumers who have high expectations regarding product quality, honesty in advertising, warranties and fair prices. Therefore, businessmen need to pay more attention to how they deal with these consumerism issues. Unless they can voluntarily take steps to upgrade their procedures for satisfying the legitimate demands of consumers, more government regulation is likely to follow. On a more positive note, New Zealand firms have a tremendous opportunity to take advantage of the opportunities that may be uncovered by analyzing consumers' grievances. For example further analysis may help in identifying opportunities to make advertisements more informative and therefore more appealing to certain groups. The divergent views of the two groups regarding the importance of the differences among competing brands and the influence of product variety on making intelligent buying decisions (Table 2) should suggest different positioning tactics to marketers. Also, paying attention to the grievances of consumers could help firms identify internal operational and tactical deficiencies (Aaker and Day 1972). It is even suggested (Kotler 1972) that firms may be able to identify opportunities for new offerings by responding to the needs of socially responsible consumers. Perhaps the biggest challenge facing New Zealand firm's is to accept consumerism as a reality of the marketplace and not avoid it or worse yet fight to subdue it.

TABLE 1
PHILOSOPHY OF BUSINESS

| | SA | A | U | D | SD |
|---|----|----|----|----|----|
| Most manufacturers operate on the philosophy that the "consumer" is always right. | 3 | 27 | 23 | 42 | 5 |
| "Let the buyer beware" is the guiding philosophy of most manufacturers. | 5 | 47 | 26 | 22 | 0 |
| Competition ensures that consumers pay fair prices. | 12 | 63 | 9 | 14 | 2 |
| Manufacturers seldom shirk their responsibility. | 2 | 26 | 48 | 22 | 2 |
| Most manufacturers are more interested in making profits than in servicing consumers. | 13 | 49 | 19 | 19 | 0 |

* Each statement in Tables 1 - 8 was subjected to a 2-tailed z-test. The hypothesis tested was that $p = .5$, where the observed proportion was computed as the ratio of the sum of SA and A responses. Statement 4 is not significant at $\alpha = .02$.

TABLE 2
PRODUCT QUALITY

| | SA | A | U | D | SD |
|--|----|----|----|----|----|
| In general, manufacturers try to design products to fit the consumers' needs. | 3 | 79 | 8 | 9 | 1 |
| Recently, the quality of most products has not improved. | 11 | 40 | 14 | 33 | 2 |
| Style changes are not as important as improvements in product quality. | 31 | 54 | 7 | 7 | 1 |
| Manufacturers do not deliberately design products to wear out quickly. | 1 | 44 | 20 | 31 | 4 |
| Manufacturers often withhold important product improvements from the market in order to protect their own interests. | 3 | 34 | 42 | 21 | 0 |
| The wide variety of competing products makes intelligent buying decisions harder. | 4 | 42 | 17 | 35 | 2 |
| Differences among brands are insignificant & unimportant to consumers. | 2 | 37 | 11 | 45 | 5 |

* See Table - 1. Statements 1, 2, 3, 5 are significant at $\alpha = .02$, statements 4, 6 and 7 at $\alpha = .1$

TABLE 3
ADVERTISING

| | SA | A | U | D | SD |
|---|----|----|----|----|----|
| Most product advertising is believable. | 1 | 21 | 19 | 46 | 13 |
| Ads are reliable sources of information. | 1 | 15 | 18 | 55 | 11 |
| Generally, advertised products are more dependable. | 2 | 12 | 24 | 57 | 5 |
| What is seen on the outside of a package is not what is inside it. | 22 | 48 | 14 | 16 | 0 |
| Much of advertising encourages consumers to buy things they do not really want. | 22 | 52 | 11 | 13 | 2 |

* See Table - 1. All statements significant at $\alpha = .02$.

TABLE 4

OTHER MARKETING ACTIVITIES

| | SA | A | U | D | SD |
|---|----|----|----|----|----|
| Most products are readily available at convenient stores. | 5 | 84 | 5 | 6 | 0 |
| In general, the quality of repair and maintenance services is getting better. | 2 | 22 | 26 | 49 | 1 |
| Generally, product guarantees are backed by the manufacturers. | 2 | 77 | 13 | 7 | 0 |
| The games and contests that manufacturers sponsor are usually dishonest. | 1 | 52 | 32 | 15 | 0 |
| The New Zealand marketing system operates more efficiently than those of other countries. | 0 | 8 | 60 | 26 | 6 |

* See Table 1. All statements are significant at alpha = .02.

TABLE 5

CONSUMER RESPONSIBILITY

| | SA | A | U | D | SD |
|---|----|----|----|----|----|
| The problems of consumers are less serious now. | 1 | 34 | 19 | 37 | 9 |
| The information needed to become a well-informed consumer is readily available. | 1 | 41 | 15 | 40 | 3 |
| Consumerism is unimportant compared with the other issues. | 1 | 30 | 21 | 43 | 5 |
| Many mistakes consumers make in buying products are due to their own carelessness or ignorance. | 6 | 51 | 18 | 22 | 3 |
| Consumers often take advantage by making claims unjustified. | 2 | 18 | 29 | 46 | 5 |
| For most types of products, consumers do not find it worthwhile to shop around. | 4 | 33 | 6 | 51 | 6 |
| Concern for the environment does not influence product choices. | 7 | 64 | 15 | 13 | 1 |

* See Table 1. All statements are significant at alpha = .02 except statement 1 which is significant at $\alpha = .1$ and 2 not significant.

TABLE 6

CONSUMERISM

| | SA | A | U | D | SD |
|--|----|----|----|----|----|
| Manufacturers seem to be more sensitive to consumer complaints now than before. | 4 | 54 | 17 | 24 | 1 |
| When consumers have problems with products it is usually easy to get them corrected. | 0 | 34 | 21 | 37 | 8 |
| Consumerism has become an important factor in changing business practices. | 17 | 60 | 14 | 8 | 1 |
| The exploitation of consumers deserves more attention. | 14 | 48 | 25 | 12 | 1 |

* See Table 1. All statements are significant at alpha = .02

TABLE 7

GOVERNMENT REGULATION

| | SA | A | U | D | SD |
|--|----|----|----|----|----|
| The government should test products and make the results available. | 13 | 46 | 7 | 26 | 8 |
| The government should set minimum standards of quality. | 26 | 50 | 5 | 13 | 6 |
| The government should exercise more responsibility for regulating the advertising, sales and marketing activities. | 8 | 34 | 18 | 34 | 6 |
| In general, self-regulation by business is preferable to stricter control of business by government. | 17 | 52 | 15 | 14 | 1 |

* See Table 1. All statements are significant at alpha = .02 except 3 which is not significant.

TABLE 8

PRICES AND PRICE CONTROL

| | SA | A | U | D | SD |
|---|----|----|----|----|----|
| The most important problem facing consumers today is high prices. | 35 | 50 | 5 | 8 | 2 |
| High prices are caused primarily by middlemen taking excessive profits. | 20 | 43 | 18 | 16 | 3 |
| Most consumer products are priced fairly. | 0 | 27 | 14 | 51 | 8 |
| Refusal to buy expensive products is the most effective way of keeping prices at reasonable levels. | 16 | 50 | 14 | 19 | 1 |
| Government intervention is the most effective way of control. | 8 | 44 | 12 | 26 | 10 |

* See Table 1. All statements are significant at alpha = .02

References

- David A. Aaker and George S. Day, "Corporate Responses to Consumerism Pressures," HBR, Vol. 50, Nov. - Dec. 1972, pp. 114-124.
- Raymond A. Bauer and Stephen A. Greyser, Advertising in America, Harvard U. Press, 1968.
- Hiram C. Barksdale and William R. Darden, "Consumer Attitudes Toward Marketing and Consumerism," Jr. of Marketing, Vol. 36, Oct. 1972, pp. 28-35.
- _____, W.D. Perrault, Jr. et al., "A Cross National Survey of Consumer Attitudes," Columbia Jr. of World Business, Vol. 17, Summer 1982, pp. 71-85.
- Stephen A. Greyser and S.L. Diamond, "Business is Adapting to Consumerism," HBR, Vol. 52, Sept. - Oct. 1974, pp. 38-58.
- Philip Kotler, "What Consumerism Means for Marketers," HBR, Vol. 50, May - June 1972, pp. 48-57.
- David Morris and D.I. Reeson, "The Economic Determinants of Consumer Complaints," Europ. Jr. of Marketing, Vol. 12, 1978, pp. 275-82.