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## Agricultural Economists and Consumer Information

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Consumer information programs have gained impetus in recent years and are involving Agricultural Economists to a greater degree each year. They will continue to expand. So far, they have been largely in the food field.

These programs are forcing Agricultural Economists from their traditional farm orientation. Ueland has discussed the place of these programs in marketing farm products.<sup>1/</sup> Kramer has explored the place of these programs in expanding the demand for food.<sup>2/</sup> Penn has pointed to the potential of these programs.<sup>3/</sup> However, little has been done to guide Agricultural Economists who are becoming more involved in these programs. Outlined here, largely from the standpoint of Agricultural Economists, are some implications of consumer programs: assumptions justifying them, their objectives, where Agricultural Economists can be helpful, their place in a balanced program and the necessity for use of mass media.

### Implications of Consumer Programs

Extension's responsibility for marketing begins with the care and handling of agricultural commodities from the time they are produced and continues until they are used by consumers. As indicated in the original Smith-Lever Act,

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- <sup>1/</sup> Ueland, Gale "The Place of Consumer and Retailer Education in Marketing Farm Products", Journal of Farm Economics, Dec. 1954, p. 1095
- <sup>2/</sup> Kramer, R.C. "The Place of Consumer Education in Increasing the Demand for Food", Journal of Farm Economics, Dec. 1955, p. 1370
- <sup>3/</sup> Penn, R. J., Discussion, "The Place of Consumer and Retailer Education in Marketing Farm Products", Journal of Farm Economics, Dec. 1954, p. 1104

Extension's responsibility embraces all the people of the United States.<sup>4/</sup> This indicates extension should work not only with producers of agricultural products but also with handlers, processors, distributors, retailers and consumers.

Consumer information programs are still in their infancy in many states. They have survived the ordeal of birth and are suffering from growing pains. Agricultural Economists, as the natural partners of the Home Economists in these programs, are in a unique position to help them grow and reach maturity. These programs, although dealing only with food at the present time, are opening the lid on a very small part of a very large box - the box of urban education. This is a field so large it dwarfs the imagination of many. It is a new field for most Agricultural Economists who are farm bred, farm reared, and farm oriented. If we are to meet the challenge of these programs and prevent the field of urban education from becoming a Pandora's box we must realize their implications, know their objectives, and understand where we can best contribute. We must also learn to deal more effectively with large urban audiences and more effectively use mass media such as television. We must adapt to the changing times.

#### Assumptions Justifying Consumer Information Programs

There are several assumptions that appear to justify these programs. The first is that a reasonably competitive economy is desirable. It is believed this type of economy will result in the most efficient allocation and utilization

<sup>4/</sup> The law states that the purpose of the Extension Service is to "aid in diffusing among the people of the United States, useful and practical information on subjects relating to agriculture and home economics, and to encourage the use and application of the same."

of resources since rational people will tend to do business with the person or firm doing the best job. This doesn't mean uncontrolled laissez-faire because some situations would result in monopoly or regulation, but it is believed the basic philosophy of our people is in favor of the competitive system. A consumer information program, by better informing consumers, will lead to a more competitive economy. Informed consumers could, in some cases, bring pressure on marketing firms to make changes which would result in greater efficiency in marketing. Efficiency is defined as the ratio of ends to resources.<sup>5/</sup> An efficient marketing system is assumed to be one in which a maximum of consumer satisfaction is achieved through a minimum of resources engaged in marketing.<sup>6/</sup>

The second assumption is that consumers are inadequately informed or are misinformed. An example of inadequately informed consumers is shown by an informal study conducted in seven Oregon cities, in 1953, which showed that more than half the women surveyed didn't know there was any seasonal variation in the supply of different kinds and grades of meat. Consumers have shown a lack of knowledge of grades, an inability to identify cuts of meat and a lack of knowledge of nutritive value.

Closely connected with the assumption that consumers are inadequately informed is the assumption that more adequate information is needed by consumers. It will help them make better decisions and secure a more competitive and more efficient marketing system. With approximately 4,000 different items in today's

5/ Report of Group I as will appear in the Proceedings, 1955 National Marketing Workshop, University of Kentucky

6/ Marketing Extension Report, Agricultural Economics Department, Purdue University, 1953

typical supermarket many shoppers are confused when they shop. They are confused not only by the large number of items, but by the many new ones, by the rapid obsolescence of products and the complexity of those offered. This indicates a need for more adequate information.

Another assumption justifying consumer programs is that they promote more orderly marketing of agricultural products. This enables consumers to buy when quality is high. It helps prevent waste of resources. An orderly flow of food through regular marketing channels helps absorb production variations and stabilize farm income. It results in more efficient and therefore more profitable handling by the trade.

#### Objectives of Consumer Information Programs

From an Agricultural Economist's viewpoint, the primary objective of these programs is to educate consumers in the economics of food consumption. This will tend to make marketing firms more competitive by reducing imperfections in the marketing system and will tend to improve dietary and nutritional levels.

Specific objectives of marketing information for consumers are:<sup>7/</sup>

1. To aid in the orderly marketing of agricultural commodities by --
  - a. Helping to move normal and abnormal supplies.
  - b. Encouraging the acceptance of new and improved marketing practices.
  - c. Reporting consumer wants and needs to producers and handlers.
2. To assist in the more effective use of agricultural products by --
  - a. Encouraging consumption of foods in season and in abundant supply.

<sup>7/</sup> Report on Fourteenth meeting, Extension Marketing Committee, Washington, D.C. September, 1955

- b. Informing consumers of availability, relative cost, selection, care, value, and use of agricultural products.
  - c. Informing consumers about new products.
3. To help consumers get maximum satisfaction from their purchases of agricultural products by providing them with timely marketing information and economic principles as a basis for decision making in selection, purchase, care, and use, of agricultural products with regard to consumer needs and resources.
  4. To help develop a better understanding of the marketing system, functions and problems of consumers by providing information on such subjects as production situation, economic trends, marketing services, marketing costs, marketing margins, and changes in the marketing system.
  5. To motivate people to adopt improved buying practices.

Where Agricultural Economists Can Be Most Helpful

Agricultural Economists and Home Economists are natural partners in consumer programs. Agricultural Economists can be most helpful by cooperating closely with Home Economists and others and providing information in the following areas:

1. Quality Grades and Standards - The economic literacy of consumers is such that many do not understand quality grades and standards and their meaning in food buying. Agricultural Economists, with their knowledge of grades and their production backgrounds, are well equipped to render service in this area.
2. Seasonality of Price and Supply of Different Foods - Many homemakers are unfamiliar with the seasonal nature of production of farm food products and the resulting variations in prices at the food market. This knowledge

can be extremely helpful in assisting thrifty homemakers to make their food dollars stretch.

3. Economic Trends - Informing consumers of long term trends will help make more rational consumers and lead to greater understanding between consumers and other segments of the food industry.
4. New Food Products and Food Trends - The food industry changes so rapidly the average homemaker can not keep up with the changes. Agricultural Economists can help her, not only by informing her of the changes, but by helping her assess the new food products and trends in terms of her own knowledge and experiences.
5. Current Food Price Relationships and Substitution Possibilities - Price relationships are constantly changing and many homemakers are unable to compare and determine which products will yield the greatest value. Many homemakers shop for meat in terms of cost per pound and fail to realize cost per serving is more significant for those who are budget conscious. Much work is needed in this area.
6. Evaluation of Services Provided With Food - We are living in a day of "built in maid service" with modern food. It is extremely difficult for homemakers to evaluate these services and Agricultural Economists can help.
7. Efficiency of Marketing - It is a popular sport to complain about the cost of marketing. Many fail to realize the complex, expensive machinery necessary to do the marketing job. Many demand costly services with their food and should be informed these services are part of the marketing bill. Agricultural Economists, who think in terms of cost, are well adapted to assist Home Economists in appraising and explaining the

efficiency of marketing.

8. Evaluation of Consumer Programs - Like all Extension programs, evaluation of consumer programs is necessary for continued success. Agricultural Economists can help give balance and guidance in evaluation of this new activity.

Some Agricultural Economists debate whether consumer programs are information or education. To the writer they are both. To be successful in a consumer program it is necessary to attract readers, listeners and viewers with sound information and educational material. To inform homemakers of current market buys is largely information, but presented properly it can also educate consumers in the seasonal nature of food production and the resulting variation in price. It would be futile to begin by teaching homemakers the decision making process. It must be remembered that after many years of work with farmers we still use the very simple economic concepts and put them in farmer's language. We still provide large amounts of information with their education. Whether consumer programs are education or information is not an issue. The issue is whether we can raise the economic literacy of homemakers by providing them with attractive, palatable informational and educational material.

#### The Place of Agricultural Economists in a Consumer Program

Since consumer programs are developing in different ways in different states and areas it may be helpful to examine a proposed Indiana program since Indiana has conditions not unlike those found in several other states. This program will place considerable reliance on Agricultural Economists. It will have a Home Economist training consumer agents, supplying them with home economics material, and handling general administrative details. This economist will be

assisted by a Home Economics Extension Specialist, with writing ability, who will spend most of her time supplying consumer agents with material in the form of background information, news articles, radio tapes, television scripts and leaflets. This specialist will also assist in training consumer agents and will supply home demonstration agents and others with material.

Two Agricultural Economists will be needed on this program. One will coordinate activities of Agricultural Economists with activities of Home Economists and with other subject matter specialists supplying consumer information. This man will supply information concerning the economics of food consumption. He will be responsible for collection, evaluation, interpretation and transmittal of timely and pertinent economic information to consumer agents, home demonstration agents, and others. In addition, he will be available to assist with field problems, tours, local meetings, contacts with trade people, and training in collecting, evaluating and using economic information. This economist will be assisted by an Agricultural Economics Extension Specialist whose primary duty will be to prepare material and to supply consumer agents, home agents and others with information for their distribution. This person will have writing ability and will work with the Home Economists and others in preparation of demonstration suggestions, television scripts, news articles, radio tapes, and leaflets. The Agricultural Economists and the Home Economists will serve primarily as resource people who will prepare material rather than act as radio or television stars.

Consumer information agents are in county extension offices in two Indiana cities and others will be placed in seven additional cities. They disseminate information primarily to urban consumers through mass media such as radio, newspapers and television. They participate in some meetings to maintain contact with their audiences. They are Home Economists who assemble, interpret, and

disseminate current information on food prices and sources, seasonal supply, grades and standards, market practices, selection, care and use of food, and other food marketing information useful to consumers and producers in their metropolitan and adjoining areas. Much of their information will be supplied by specialists at Purdue University and the consumer agents will act primarily as disseminators of information. They work with, but not under the county home demonstration agents. They are responsible to the county agricultural agent locally, and to Purdue University for subject matter and general administration. It is believed this proposed program will give Indiana a balanced consumer information program and it will place considerable reliance on Agricultural Economists. This program will, of course, be in addition to that of county home demonstration agents who have been active in consumer information work for years and have worked primarily with rural homemakers.

#### Use of Mass Media Stressed

In consumer programs, reliance must be placed on use of mass media for several reasons. The huge size of the audience to be reached means the traditional meeting, although desirable, is clearly inadequate. However, some meetings are necessary to enable workers to keep in close touch with their audience. Funds and personnel for such programs are very limited and use must be made of tools that will most effectively reach large numbers of people.

Newspapers, radios, magazines, and other mass media have long been effective tools for reaching large numbers of people with informational and educational material. Television is a new tool for reaching masses of consumers and it can not be ignored by economists. Approximately eighty-five percent of the

households in the metropolitan area of Indianapolis, Indiana have television.<sup>8/</sup>

A 1955 study showed that sixty-eight percent of Indiana farmers interviewed had television.<sup>9/</sup> Television is a more personal mass media than some others and when properly used is very effective.

The effectiveness of using mass media in consumer information is shown by a study of the Louisville, Kentucky consumer program which showed that thirty-seven percent of those interviewed had made use of some of the information appearing on the Consumer Agent's television program, radio program, or in her newspaper column. Those interviewed said they used the information on good food buys, suggestions on buying foods, recipes, information on food prices, suggestions for selecting food and information on nutritional values.<sup>10/</sup> This program was conducted by one Consumer Agent and a secretary.

Expansion of consumer information programs and employment of workers who aren't fixed in methods and thinking gives an opportunity to orient consumer programs in accordance with changing times. This is being done in many states.

If Agricultural Economists are going to meet the challenge posed by the consumer programs they must adapt to the changing scene. The use of mass media in the consumer area is an example of this. It throws workers in more direct competition with professional communicators and entertainers than ever before. This is true whether we prepare material for use by others or distribute it in person. We need to do a better job of selling information and education.

<sup>8/</sup> "TV Households: by States and 172 Metropolitan Markets", Printers Ink, May 4, 1956, p. 30

<sup>9/</sup> Wilmot, Charles A, "Adequacy and Accuracy of Livestock Market News in Indiana", unpublished thesis, Purdue University, January 1956

<sup>10/</sup> "Better Informed Consumers", United States Department of Agriculture, Extension Service Circular 502, December 1955.