



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

WHAT I HEAR FROM CONSUMERS: IMPLICATIONS FOR THE FOOD BUSINESS

by

Nancy H. Steorts
Special Assistant to the Secretary of Agriculture
for Consumer Affairs
Office of the Secretary
U. S. Department of Agriculture
Washington D.C.

Defines and relates specific points necessary for an improved relationship among consumers, business and government.

We are all a part of a vitally important movement in America today -- and that is the "Era of Consumerism" -- and, I am delighted to be here today to talk to you about it.

Our system has evolved overtime in a 3-way partnership involving the consumer's prudent management of his purchases, the efforts of business and producers to serve, and the government which services, regulates and informs -- but it is extremely necessary that this partnership be better coordinated.

With all of the fine efforts that have been undertaken on behalf of the consumer...on the part of the government, industry, and many organizations...we all know that we have only begun to scratch the surface in relating to the consumer.

Across this great country today, the subject that outweighs all others...on newspaper front pages, financial pages, in the Women's sections, editorial columns, and in radio and television news... is anything that has to do with American agriculture.

We are reading and hearing phrases like this -- fuel crisis, milk prices,

transportation shortages, price controls, cotton supply, export commitments, wheat estimates, consumer protests -- and, whether the story is told emotionally or as cool fact...it means two things... first, that the voice of the consumer is being heard...and second, that the consumer wants and needs more information.

Indeed, the consumer today is being heard through more direct channels than ever before -- through offices such as mine and the White House Office of Consumer Affairs, directed by Virginia Knauer, President Nixon's Special Assistant for Consumer Affairs.

As most of you know, mine is a new position at the Department of Agriculture and it is the first time that there has been a Special Assistant for Consumer Affairs in the Office of the Secretary. My role is very diversified so that there is great latitude in serving both the Department and the consumer. I view this role as a dual one -- first, I will represent consumers at the highest levels of USDA and will be directly responsible in advising the Secretary, Assistant Secretaries, and Administrators on issues and actions which have a bearing on consumers. This will also be related to leaders in Agribusiness...second, I will serve as the consumer's "special representative" in USDA to relate Departmental policies and programs to the consumer.

Since I came to the Department of Agriculture three months ago, I have been traveling extensively throughout the nation. I have encountered radical and conservative consumers, I have encountered anger, even hostility, but for the most part I have found rationality -- especially when the facts are made available.

First, let me tell you some of the things I have found on my travels throughout the nation...

My trips started in Atlanta, Georgia, where I met with officials of a large cooperative. Interestingly enough, they did not wish to be confronted with "those problems of the consumers". Consumers in Atlanta were most concerned about the poultry shortage and couldn't understand why we were moving into foreign markets when we could not even take care of what we needed at home. There were questions on the Farm Bill, milk marketing orders, what we're doing for the poor and aged, and how consumers across the country could affect policy in Washington.

In New Orleans, I had a tour of the Southeastern Regional Agricultural Research Lab -- where extensive research is being done on cotton fibers and by-products -- after the tour we held a press conference. "The era of low food prices is behind us" was my opening statement, which I must admit caused great concern and questions from most reporters. I expanded a bit by saying that yes, food prices will rise, but as supplies increase, we will see prices stabilizing. As we discussed food prices and beef prices in particular, it was a fine opportunity to talk about other protein alternates and to point out that USDA has developed a new 70 percent protein alternate from cotton seeds, which is now being manufactured.

Now here was a whole new story for reporters -- as a result of the great

research being done in our own research labs -- and I am told that the press was back on the next day to find out what else newsworthy was going on at USDA. They found out about new wrinkle proof cotton fibers and work on flame-proofing fabrics, to mention a couple of items.

In California -- there was an entirely different scene. Price controls at this time had been lifted on most agricultural products except beef. Beef! Beef! Beef! You would have thought there was no other food one could buy. However, many consumers in California were stockpiling and hoarding beef -- which resulted in a very unstable supply situation in many stores in the California area.

In a meeting with consumers in California, questions such as the following were asked:

When are food prices coming down?

How can I adjust to these prices?

What will happen when the beef freeze goes off?

Middle America had adjusted much better to the new era of food prices and supplies. After talking with consumers in Chicago's supermarkets, I found many of these shoppers planning menus which gave them good nutritional balance yet still permitted them to stay within their overall food budget. Their meat selection was more diversified and they were resisting foods they considered over-priced. The supermarkets were more responsive to the needs of their consumers in this area and were giving them good assistance at the point of purchase.

It was most evident to me here that there is a great need for the consumer, government, and industry to work together.

In Dallas, Fort Worth, and Oklahoma City, we did just that -- along with the usual interviews, conferences, and panel discussions were set up in each city where we could participate as a team -- Consumer, Government and Industry.

As the Dallas Times Herald said after a panel discussion in Dallas, "The experts didn't solve all the problems, but maybe they came closer to finding possible solutions for them."

A consumer said, "It occurs to me that we're operating as though beef was a necessity of life -- we're an extravagant nation -- maybe we need to change our attitudes."

Retailer Jack Evans said, "I think our problem has been communication all the way from the source to the consumer."

The upshot of these discussions was that much can be accomplished when we can work together.

What does all of this mean to industry?

First of all, it means that industry must respond to this consumer who truly wants to know more about what she is buying.

1. Many supermarkets are employing professional home economists who will work with the consumers directly.

2. Other stores are establishing "Consumer Hot Lines" to better assist the consumers with their shopping needs.

3. How about consumer advisory committees? Have a panel of consumers directly advise management on what service could be improved in the retail store which would be more beneficial to the consumer.

4. Packaging -- Are the retail merchants packaging for the family of four, or do you give your customers an option?

5. Does the advertising you the supermarket retailer or manufacturer do today give your customers nutritional guidance on the foods that are being purchased, or is it mainly appealing to their emotions?

6. What about nutritional labeling -- what kind of assistance are you going to give your customers so that the family she/he is buying for will be able to get maximum benefit from this new service?

7. How about convenience foods -- do you see a trend back to preparing more foods and meals from "scratch"?

8. What reactions do you get from your consumers on meat grading -- does the consumer know and understand grading? Does she feel she has enough choice of grades?

9. What are the main concerns of your customers? Do you know what procedure do you have to find out, and then, what plans do you have to directly relate to them?

One of the questions I am most frequently asked is What's USDA doing for the consumer? The Department has been accused of being indifferent to the plight of the consumer, but one must be quick to point out that indeed USDA is concerned about the consumer as is evidenced by the great amount of emphasis put on consumer related research, improved food programs for the disadvantaged, and information programs which are directly related to better assistance to the consumer. However, there is so much more that can be done, and I feel

strongly it must be a team effort -- USDA, industry, and the consumer.

You may know about many of our information programs, including a fine series of booklets and teachers' aids published both in English and Spanish. The series tells about U.S. grades and is entitled, "How to Buy Food." Booklets include such titles as "How to Buy Beef Steak", "How to Buy Lamb", and "How to Buy Fruits and Vegetables". But, I would like to tell you about two expanding efforts at USDA...in the area of nutrition and food safety.

It is expected that nutrition labeling will soon become part of our food marketing scene, but it is only one of the steps necessary in providing information that will help the consumer choose a good diet. Consumers will need to understand such terms as "nutrition" and "grams", and to know something about the Recommended Dietary Allowances established by the Food and Nutrition Board of the National Research Council, National Academy of Sciences, as necessary for a healthful diet.

The success of nutritional labeling depends on consumer ability to make the right choices. This is a matter of education. There are at least three ways that consumers can use this nutrition information, according to food experts at USDA's Consumer and Food Economics Institute.

First, they must be aware of some of the nutrients required for growth and health. Foods vary in the kinds and amounts of nutrients and a variety is required to supply the amounts of these nutrients needed daily.

Secondly, they must be able to compare the nutritive value of different food servings -- calories, carbohydrates, fat (and possibly fatty acids and cholesterol). They must know which

foods are worthwhile sources of protein, vitamins and minerals. They must also be able to compare the nutritive values of commercially prepared foods with those that they might replace in the diet.

And, third the homemaker must be able to plan meals that will provide the proper amounts of nutrients for a day. Many foods will not be labeled and the consumer will need certain information other than that on labels.

A new publication now in preparation will help here. The publication will include...a table showing nutritive values of a serving of about 1500 different foods. These values will be expressed in the percentages of the standard RDA (Recommended Dietary Allowances).

The publication will also include lists of foods in descending order of value of a given nutrient.

Also included will be a "nutri-meter": for totaling the day's nutrients; a table showing the RDA for men, women, and children of different ages; and instructions and examples for the use of the above tools in estimating the nutritional quality of food selections. Sound complicated? If this is going to be used, it must be understood.

In the area of food safety, we have recently embarked on an intensified consumer education campaign. The USDA and Food and Drug Administration have joined in an effort to give special attention to the proper care and handling of food by the consumer...to avoid food borne illness.

Current regulations effectively cover the preparation and processing of meat and poultry and other food products. However, once the food reaches the hands of the consumer, it is out of the direct control of regulatory agencies, the

USDA's Animal and Plant Health Inspection Service and the Food and Drug Administration.

I don't doubt that the American housewife is the most sophisticated in the world, generally, in the care and attention she gives to food. Our hygiene and sanitation practices set a standard for most of the rest of the world. However, there are some homemakers or householders who through lack of knowledge or inattention, unnecessarily endanger the health of their families and friends by not taking the steps necessary to avoid food-borne illness.

Thus, our food safety campaign is directed specifically to the consumer and aimed at the four most common food-borne illnesses...salmonella, perfringens, staphylococcus and botulism. Planning for the campaign has been completed and materials for public dissemination are being prepared now. They will be available shortly. We hope to reach every household in the United States by 1975.

And, learning facts is only one part of the job. There must be a motivation and energy to use them. As food prices rise and the consumer is concerned with balancing his budget...he has to try to understand why this is happening. It is important for the consumer to understand that the farmer today is an astute businessman. The farmer must realize a fair profit on his investment; otherwise, it is no longer profitable for him to farm, and he will turn to other pursuits. Where would we be then?

I would like consumers to understand why we must get into foreign trade. I do not pretend to be an economist, but it does help to point out that some of the reasons include the need to bolster our balance of trade and to strengthen the American dollar. In

order that we might obtain the energy resources we so desperately need from other countries -- and the coffee, radio and television sets, and foreign cars our consumers want -- we must balance imports with exports from our greatest resource -- agricultural products. Dependability of supplies is one of the first requirements for establishing foreign markets. It is critical for us to maintain the foreign markets for agricultural products so painstakingly developed over the years; to keep our commitments to other nations and indeed, to feed hungry, even starving people -- not just for simple humanitarian reasons, but also as a way of maintaining world peace.

Consumers may have liked the idea of price control when they thought it would help their own budget. But now they have seen, as government has seen, that price controls on agricultural products serve only to destroy incentives for investment and production.

In fact, it must be attractive for free people to produce in a free economic system. The department of Agriculture's releases of government-owned stocks of feedgrain, and the recent change in farm programs so that farmers can plant substantially larger acreages of wheat, feedgrains, and soybeans are designed to encourage production. Following from this, we trust that the natural play of supply and demand and an open market situation will serve to level prices.

Already we are seeing a lowering of the prices on the wholesale market, but in some cases, it is not yet reflected at the retail level. As consumers, you have a right to ask and know why. As knowledgeable consumer leaders, you should look at the wholesale prices of livestock then see how quickly a decline is reflected at the retail level. Be as responsive to the lowering of prices as you are to the rise in prices.

We are in a new era of consumerism and American Agriculture. The Department of Agriculture must meet the challenge by opening the channels of communication to its new audience the consumer -- a consumer who heretofore has not really needed to worry over food and fiber supplies. May we work together -- Government, industry and the consumer

AVAILABLE PUBLICATIONS

The Society publishes the Journal of Food Distribution Research consisting of Annual Meeting Proceedings. Contributed Papers Issue, Research Bibliographies and **other** issues.

The current year's publications are included in the membership dues of the Society.

Following are papers published in previous years which are available at single copy costs to members and nonmembers at the prices shown.

<u>Issue</u>	<u>Nonmembers</u>	<u>Members</u>
1973 Contributed Papers Issue	\$5.00	\$3.50
1973 Index of Past Articles and Roster	5.00	3.50
1972 Proceedings "What Price Quality"	5.00	3.50
1972 Research Capability Listing	5.00	3.50
1972 Contributed Papers Issue	5.00	3.50
1971 Proceedings "Improving the Performance"	5.00	3.50
1971 Contributed Papers Issue	5.00	3.50
1970 Annual Meeting Proceedings Issue	5.00	3.50
Bibliography of Food Distribution Research in Progress (January 1971)	5.00	3.50
Research Needs of the 1970's	5.00	3.50
Pricing Policy as a Social Issue	3.50	3.00
A Total Concept	3.00	3.00
To Raise the Standards	3.00	3.00
Research Papers	3.00	3.00

Orders for any of the above should be sent to the Food Distribution Research Society, Inc., Box 1795, Hyattsville, Maryland 20788. Make Checks payable to Food Distribution Research Society, Inc.