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This discussion pertains to the following referred research papers: Eastwood, Gray, Brooks, & Wolf, "State Oriented Shelf Labels: A Preliminary Analysis of their Effects on Food Purchases;" Rotfeld, Abernathy & Butler, "Acceptance of Products for Television Advertising;" and Mayer, Zick & Burton, "Vehicles for Reform in the Automobile Insurance Market."

These papers have all undergone a rigorous referred review process. Additionally, I'm sure that those of you who have concerns or questions about the more technical aspects of these research papers will air them during the question period or in private discussions with the authors. What I would like to do is subject these papers to the reality, or practicality, test. One of the main purposes of conducting consumer research is to improve actual consumer welfare in the market. I would like to put myself in the role of a decisionmaker, perhaps with a state department of agriculture in the case of the first paper and perhaps with a consumer citizen action group in the case of the second and third papers, reading these research reports before making some plans for action. What do these papers tell me that I can use for the benefit of consumers? What conclusions or results would I be unsure about? What do they leave me wanting to know more about?

The paper by Eastwood and others addresses whether there appears to be an effect of a state's point of purchase label on the supermarket sales of selected processed foods manufactured within the state. The authors have devised a relatively simple method for arriving at some preliminary conclusions; the main conclusion being "yes". The authors compared item movements of the selected products in the test stores relative to the control stores in July 1989 versus July, 1988, noting that if the movements were higher in 1989 in the test stores, then shelf label had an impact. The expected pattern was mostly found, but was it due solely to the presence of the shelf label? The paper does not fully convince that the presence of the shelf label was the prime determinate of consumers buying processed food manufactured in the state.

As a decision-maker, I would be concerned with the authors' contention that the crucial comparison is between item movement during the two Julys. It would seem that to have a fair test of the label's effectiveness, the crucial comparison would be between item movement in any periods of time, excluding July. July is the "promotion"

month, in which the consumer is subjected to advertising, media stories, etc. extolling the virtues of in state foods. It might be that item movement is higher in the test stores during July in general because the consumer has many messages urging them to buy in-state and thus are particularly sensitive to the labels. Since we don't have any examples of the promotions, it is not unlikely to assume that many of them instruct "look for the label!" However, are consumers still sensitive to buying in-state when the hoopla no longer is present? Do the same ratios hold (and what is the scale)? Was there more publicity in July 1989 than in the preceding year? Would that account for the greater item movements in 89? Did the shelf labels make a difference at all! We simply don't have enough information provided in this paper to make an informed judgement as to the accuracy of the authors' stated implication that point of purchase labels are predominately responsible for increasing consumer purchases of in state manufactured foods. If, in fact, item movements are higher in the test stores in the absence of media campaigns and other reminders, then it might very well be that consumers are paying attention to the labels and that labels may be positively affecting consumer purchases.

It seems to me that the really interesting market question is what is the longer-run economic impact of the point of purchase labels? For the program to be viable, one needs to demonstrate a sustainable effect of the labels alone in the absence of a media campaign which is, after all of short life and not guaranteed to occur every year. If the labels do not have any permanent effect in the absence of an accompanying media blitz, one is looking at a one month increase in sales. What is that worth? In the absence of any explicit incentives to stores to continue the POP labels what is the practicality of sustaining these program efforts beyond the one month? It might be that addressing these questions is beyond the scope and purpose of this paper, but it should be the question that drives future research efforts in this area.

These comments should be taken in the spirit of this being a preliminary study, so perhaps it is unfair to criticize what might yet be forthcoming. So let me make one more simple suggestion as to what might have been done with the data the authors have available. The authors demonstrate that the ratios of average test store to average control store item movements in July, 1989 compared to July 1988 were higher for 5 food groups, but the limited number of observations prevented testing for significant differences. The authors do not state what types of statistical testing might have been attempted. There seems no doubt that t-tests or regressions are out of the question. However, it does seem as if

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there are enough observations (assuming independence which might not be a safe assumption) to perform a binomial test of the null hypothesis that the ratio of test to control stores in '89 is less or no greater than the ratio of test to control stores in '88. That would still not allow us to draw the conclusion that the labels alone are affecting consumers' purchase decisions, but it probably would allow us to more reliably examine whether the entire program, presently consisting of both labels and media, is having at least a significant short-term effect, and whether further investigation is warranted.

Rotfeld and his co-authors investigated "how readily will a television station reject or question claims (or advertising styles) for legally accepted products (those being liquor, beer or wine, contraceptives, feminine hygiene, and products having sexual reference) that might be a source for consumer harm or audience irritation." The assumption is made that the number and nature of products rejected could indicate the extent to which a station engages in consumer protection. Logically, the more a station asks for further substantiation of product claims and/or the more frequently it rejects an advertisement, and therefore loses a source of revenue dollars, the more it willingly engages in self-regulatory consumer protection measures. Further, the rejection could be based upon either unsubstantiated product claims that could be considered misleading or fraudulent, and/or tastelessness (at least in the eyes of the station).

The main problem I have comes from what I perceive to be a mixing of apples and oranges. I understand why stations might require substantiation of product claims and why this might be seen as a consumer protection measure. I do not understand why the refusal to run ads for the above mentioned products because they are considered tasteless or potentially offensive to some viewers is also considered a measure of consumer protection, rather than a form of censorship. I think it would be useful to at least make brief mention of the theoretical underpinnings of advertising regulation, and advertising regulation as practiced by the Federal Trade Commission before the question of what constitutes consumer protection under a voluntary self-regulatory system can be addressed.

Further, I truly don't understand the relevance of the correlation matrix presented. What does it really mean if there is a statistically significant moderate negative correlation between willingness to accept feminine hygiene ads and percentage of substantiation requests made by the station for all commercial submissions? Does it mean that stations willing to accept feminine hygiene ads are so unconcerned with the sensibilities and welfare of their viewing public that they think nothing of airing potentially misleading or fraudulent commercial claims? Or does it mean they feel that their viewers have the right to uncensored viewing and can make

their own decisions as to what to pay attention? What does it mean that there is a positive but almost nonexistent relationship between the willingness to accept contraception ads and the percentage of commercial submissions for which substantiated is requested? The prime question becomes are there any common characteristics among these legal but potentially irritating products that might help explain why some have negative correlations and some positive? I don't know, and the paper doesn't inform me. Missing is the discussion of why the test should be run in the first place and what the results really mean as opposed to what they are.

In spite of this I want to emphasize that I think this paper contains many valuable ideas. If anything, I think the paper does too much. I think there's a paper here analyzing self-regulating behavior in regard to products and/or commercials of questionable taste and a paper analyzing industry behaviors regarding commercials of questionable claims. I would like to read the author's analysis of both issues, but in separate frameworks delineating what is in the consumers' best interests as defined by the media that control what we see, hear and sometimes read.

Mayer, Zick and Burton addressed a very contemporary issue, given the recent referendum in California and similar concerns that exist in other states. As a decision-maker, I would like this paper very much. It has carefully drawn variables; conclusions that have real relevance for consumers and particular industries in the real world; and, most important, an acknowledgment of limitations and suggestions for future research. As a discussant, there is little to do, other than admire the work.

However, I do have one concern that expresses a personal prejudice. The authors state that the main focus of this research is on the association of two political variables--method of selecting commissioners and term of service--with automobile insurance rates. Further, the hypothesis is that elected commissioners and fixed term lengths are expected to be associated with lower insurance rates. Any further discussion of this relationship is quickly dropped once the political variables are found not to be statistically significant. Although it flies in the face of common practice, particularly at this conference, I think we sometimes might be better served if statistical tests and results are used to guide our theories and reasoning but do not automatically dictate our conclusions. I don't believe that statistical significance automatically outweighs conceptual significance. If the political variables were important enough to warrant the main focus in this paper, then their outcome is important enough to warrant an explanation.

What this is leading to is not a criticism of the paper but a request to the authors, who have already created a body of work investigating the relative importance of these political factors vis a vis an array of supply and demand con-

ditions within different regulatory environments. For example, in 1988, the authors conducted a somewhat similar study investigating the impact of political and regulatory factors on flat-rate residential telephone rates. In this analysis, supply and demand variables were also incorporated in the regression equation. In contrast to current findings, length of term of public utility commissioners was significantly related while the economic factors of supply and demand played much less a role in rate determination. In the 1988 study, the authors carefully point out that we might expect the economic factors to become more influential as telecommunications markets become more deregulated.

I think it would be most enlightening if the authors were to develop a framework, perhaps taking the form of a matrix based upon their investigations in this area, that categorizes the potential impact of political and economic factors upon consumer welfare in regulated industries within the context of the particular regulatory environment. Although theory usually comes before empirical testing, I think we can use the results of these authors' previous and current studies, as well as the conflicting results reported in the review of literature, to strengthen the theoretical basis behind these types of regulatory studies. I believe that with the authors' obvious interest in questions of this type, they could make an additional valuable contribution to our field of knowledge.