

WHAT IS EFFECTIVE CONSUMER EDUCATION?

A literature review

*Commissioned by the
Australian Securities & Investments Commission*

December 2001

*Rick Flowers, Andrew Chodkiewicz, Keiko Yasukawa, Celina McEwen, Daniel Ng,
Nicole Stanton and Betty Johnston*



Centre for Popular Education



Contents

Research brief	2
Executive summary	3
1. THE NATURE OF CONSUMER EDUCATION & CONSUMER LEARNING	
1.1 Introduction	10
1.2 Models of consumer education	10
1.3 What consumer education agencies do	13
1.4 Who has the most valuable knowledge for consumers?	14
1.5 Communicating about risk	17
1.6 Attributes of consumers and providers	19
1.7 Socially responsible and dialogical consumer education	20
References	23
2. LESSONS FROM CONSUMER EDUCATION PRACTICE	
2.1 Bodies of practice and literature reviewed	26
2.2 Social marketing	29
2.3 Individualised marketing	40
2.4 Commercial advertising and marketing	43
2.5 Public meetings and seminars	49
2.6 Participatory learning & action research	52
References	58
3. STATE OF FINANCIAL LITERACY IN AUSTRALIA	
3.1 What is financial literacy?	62
3.2 Assessments of levels of financial literacy	63
3.3 What do Australian consumers know & how do they behave?	63
References	72
4. FUTURE RESEARCH	
4.1 ASIC priorities	75
4.2 Suggested topics	75
4.3 Research partnerships	77

Research brief

The Australian Securities & Investments Commission (ASIC) is the federal government body charged with the responsibility for corporate regulation and consumer protection in financial services. Among its main objectives ASIC seeks 'to promote the confident and informed participation of investors and consumers in the financial system.' One of the strategies adopted by ASIC to further this objective has been to develop a comprehensive consumer education strategy. This includes:

- releasing a draft consumer education strategy as a discussion paper in June 2000 and circulating the document for comment
- collecting and reviewing responses to the draft discussion paper
- launching a consumer education strategy in October 2001
- commissioning a literature search and review of research on consumer education.

The Centre for Popular Education at the University of Technology, Sydney was commissioned in February 2001 to carry out a review of research on consumer education with the objectives of:

- surveying and collecting existing research material on consumer education issues including published and unpublished material
- reviewing the existing research to isolate the relevant messages and lessons, particularly factors that make an education campaign effective and any best practice guidelines
- identifying if there is a need for ASIC to conduct any further research on consumer education issues, and what that research should cover.

Project team

The project team led by Rick Flowers and Andrew Chodkiewicz includes Keiko Yasukawa, Celina McEwen, Daniel Ng, Nicole Stanton and Betty Johnston.

Acknowledgements

We would like to thank Nicola Howell, Cathie Warburton, Helen Orr, Janine Ryan, Katherine Raper, Louise Petschler, Michaela Anderson, the Australian Pensioners & Superannuants Federation, the Financial Planning Association, and the Credit Union Services Corporation Australia for their assistance.

Executive summary

1. The nature of consumer education & consumer learning

Models of consumer education

The consumer education literature suggests there are a number of different approaches to consumer education and one way of categorising them is to consider three basic views - informed choice, protection from exploitation, and a critical view.

Informed choice focuses on the provision and transfer of information. A broader view of this approach accepts a role for developing consumer knowledge and skills to enable people to make better choices in the goods and services they buy.

Protection from exploitation aims to protect consumers from fraudulent practices and exploitative market operations. This approach recognises the importance of the unequal power relationships between consumers and service providers and the importance of regulation. It also emphasises the need to develop the skills, attitudes, knowledge and understanding of consumers, as a way of avoiding exploitation.

The critical view recognises that consumers act within a wider social and political context that impacts on their ability to make choices. Consumer education involves examining, challenging and changing structural factors - about empowering consumers and developing critical consumers.

Adult education literature helps focus our attention in consumer education on the key theories of adult learning and an understanding that learning takes place in a range of settings – formal, non-formal, informal and incidental.

What consumer education agencies do?

The approach taken by two major consumer education bodies – one in the UK and one in the USA - reflect a concern to go beyond just the informed choice approach. Both take a broader view and include among their aims the objectives to empower people to become questioning and informed consumers, reasoned decision makers, and participating citizens.

Who has the most valuable knowledge for consumers?

There is a debate about who knows best what consumers need to learn. On the one hand there are the views of experts - professionals, regulators and government agencies. On the other the knowledge of ordinary people and the organisations that represent their views.

Often experts see consumer education simply as a transmission process – a way of passing on information. Although this view is being challenged and the literature of the social studies of science and technology helps show how expert and lay knowledge can be negotiated more effectively. It points to the importance of recognising lay knowledge in the first place, of facilitating communication between consumers and experts, and moving towards a collaborative, negotiable approach to consumer education.

Risks and attributes of consumers and providers

Financial decisions are decisions about risk and there is growing recognition that risk is a social construct and we live in a time of “manufactured uncertainties”. This requires a more “adult to adult” relationship among the public, experts and politicians, and more public involvement in decision making and planning for uncertainty.

Socially responsible and dialogical consumer education

Trust remains a central feature of any financial system. However recent major financial collapses in Australia have shaken public confidence. Financial service providers can facilitate learning by working to build trust with consumers, acting ethically and with social responsibility, and engaging in dialogue with stakeholders. The attributes needed by both consumers and financial service providers can be examined.

There is a fundamental problem with the notion of social responsibility in an era of self regulation and a globalised financial sector. This suggests that financial service providers need to recognise their broader social justice obligations. It can be through their codes of ethics and conduct that they can begin to grapple with the social and economic impacts of their activities. Codes of ethics can be used as tools for education and dialogue. It is through dialogue with local communities, that providers can find out about the people they serve.

2. Lessons from consumer education practice

Bodies of literature and practice reviewed

The literature reviewed is drawn from three broad fields of practice – health promotion, environmental education and commercial advertising. There is a focus in these fields on bringing about change in the knowledge, attitudes and behaviour of individuals and groups on a range of social issues.

Social marketing was prioritised over commercial advertising or marketing as social marketing has more in common with consumer

education. Also it is the main approach used by paid researchers and Australian government policy planners.

A general feature of the literature is the fragmentation and separatism and there are few 'big picture' comparative studies of change strategies. This makes it difficult to draw definitive answers about what practices are most effective.

Social marketing

Social marketing is defined as an organised effort to persuade others to change certain social beliefs, attitudes and behaviour. It uses standard marketing techniques and relies mainly on print media and mass media campaigns.

Australia is a leader in the use of social marketing and has developed highly successful campaigns on social issues such as drug use, HIV-AIDS, smoking, racism, energy efficiency and domestic violence. Some of the lessons that can be drawn from social marketing research are:

- *Its not just a matter of getting messages across....*
- *Integrated campaigns are more effective than single strategies*
- *Be responsive and participatory rather than didactic*
- *Participatory practices lead to longer term and deeper change*
- *It is important to be inclusive*
- *High efficacy practices facilitate longer term change.*

Individualised marketing

Individualised marketing is an approach that relies on marketing messages directly to individuals and households and uses direct contact and a variety of strategies to engage people in change.

TravelSmart schemes are examples in Australia where this approach has achieved sustainable changes in individual's travel behaviour and program managers felt there wasn't any other way of achieving this sort of impact.

A central premise that underpins this approach is the belief that individual interests are far more important than collective interests in driving change. However there are examples, like the Sydney Water campaign on water restrictions, where collective interests were engaged and did play an important part in changing people's behaviour.

Commercial advertising and marketing

There is an extensive body of literature in the field of commercial advertising and marketing and there are many contesting theories about which types of advertising strategies work best.

An important starting point is the concept of segmenting the market. Major variables used include demographic, location / geography, psychographic, lifestyle and behaviour, and organisational factors. Psychographic and lifestyle variables currently receive the most attention.

Motivation is seen as a more important predictor of behaviour than socio-economic status or education and there are a number of models developed to examine its impact among different groups of people.

A value segment approach has become popular with market researchers. It sets out to segment the population into different value groups. Examples quoted include using VALS segments or life-stage development segments, while a fourfold typology of employees can be used to help in the planning of investment education programs.

There are many contesting theories in advertising and marketing about how consumers learn. They range from a simple information transfer model, to an affect, persuasive hierarchy model, or a low involvement hierarchy model.

There are also many views about which advertising strategies and techniques are most effective. The literature reviewed ranges from studies focussing on experience, affect and cognition; where to use positive and negative framing; informational vs transformational products; what are the persuasive elements in commercials; the use of analogical learning for new products; and the effectiveness of in-store videos for increasing nutrition knowledge.

Public meetings and seminars

There is a taken for granted assumption among many planners of social change campaigns that public meetings and seminars should be their centre piece strategy. Often public meetings and seminars are not as effective as they could be because they are not inclusive, not pluralist and not experiential.

Examples of projects using meetings and seminars are drawn from finance, building and health. A feature of the current approach taken by some large financial planning companies in Australia is the use of free financial seminars that are open to the general public. In NSW a series of information seminars were at the centre of a program aimed at increasing consumer knowledge on home building issues. They have also featured in a community education program to promote the use of mammography in rural America. While a particular workshop based approach, using a contemplation learning model, was also used recently in Australia for health care education.

Participatory learning and action research

Effective change practice relies on actively engaging people. Participatory learning and action research is important as a way of helping people feel more able and powerful to make changes.

Examples discussed include a health communication model used in the USA to help community groups participate in and define their health problems and needs, and implement solutions. Also a substance abuse prevention model based on community planning and participation, and a number of rural Australian efforts at action learning and experiential learning with farmers.

Drawing on the experience of the environmental movement it is possible to build a participatory and action oriented learning culture. It means embedding learning in day to day work and helping people and groups to take more responsibility for their learning. This can be achieved by organising activities where people can work and learn from each other and creating positions for learning and action organisers. Specific suggestions include consumer newsletter projects, community filmmaking, and working with community artists and educators.

It is important to take a broader view of learning and recognise the various learning dimensions, from formal through to incidental. The key is participation. Participatory learning is a way of facilitating a deeper level of learning and consumer education. If applied to financial issues it can be promoted by training intermediaries and developing partnerships. Consumer education can be developed by creating opportunities for partnerships between those with expertise in the design of participatory learning and action research and those with expertise in financial and consumer protection issues.

3. State of financial literacy in Australia

What is financial literacy?

The concept of financial literacy is also seen from a number of perspectives. It can be defined as the ability to make informed judgements and to take effective decisions regarding the use and management of money. Others are more specific and suggest all it requires is gaining an understanding of the power of compounding, the difference between stocks and bonds, and what a savings plan or superannuation fund involves.

Another view is that financial literacy is largely irrelevant for many people as they do not have any money available for saving or investing and they do not see these issues as important in their day to day lives. A broader critical view is that financial literacy is related to people

becoming confident managers of their affairs and critical thinkers about the impact of financial institutions on their lives.

Assessments of levels of financial literacy

Based on US and British research the professional view is that levels of financial literacy are quite low across their communities, with many adults lacking an understanding of fundamental financial concepts.

One view is that the level of financial literacy is related to a person's education, income, class and ethnicity, Another considers people's backgrounds, their levels of financial resources, and the challenges and opportunities they had in life are major determinants.

Specific groups requiring help with their financial literacy identified from US research include employees, older people, women, young people, and people with a disability. While a recent UK study also highlighted those who are financially excluded, and another study identified specific gaps in women's financial knowledge.

What do Australian consumers know, attitudes, & how do they behave?

Information about what Australian consumers know about financial issues, their attitudes and how they behave is fragmentary. Studies have obtained data on consumer knowledge of investing, loans, and superannuation. Also consumer attitudes to banking, share market investment, investment strategies, and women's superannuation. There is also data on consumer behaviour in savings, budgeting & personal insurance, e-banking, and community banking.

The professional view is that Australian consumer knowledge on financial issues is limited. While from a lay perspective the research shows that people are generally quite knowledgeable about those financial issues, services or products that are relevant to their life stage or life needs, and their existing financial situation or possibilities. People know about cash, fixed interest, property, the performance of banks, the importance of investing in their own home, credit card loans, personal loans and their mortgage.

While people are less knowledgeable about investing and superannuation – areas that are complex, difficult to grasp and where there are disagreements about what are the most effective investment strategies for people to follow.

4. Future research

ASIC priorities

ASIC highlighted their research priorities focussed on financial literacy, disadvantaged consumers, and the format for delivering consumer education.

Suggested topics

This review has suggested action research for consumer education and practice, financial literacy, disadvantaged consumers, financial intermediaries, the consumer movement, technology, and forums and publications, are also important areas for future research.

Research partnerships

There are opportunities for research partnerships with government agencies Centrelink and the Department of Family and Community Services and a number of community based organisations.

1. THE NATURE OF CONSUMER EDUCATION & CONSUMER LEARNING

1.1 Introduction

The notion of consumer learning has been included in this chapter title to signal, at the outset, that consumer education does not just happen in courses, and information based campaigns. People also learn about consumer issues in social, workplace and other settings. The relevant literature that is available and which we have reviewed is not just concerned with strategies for formal provision. Much of the literature is also concerned with questions of what consumers should learn, how, and who is best placed to help them learn.

1.2 Models of Consumer Education

There are a number of basic approaches or views of consumer education that are based on different assumptions about how our economic and financial systems operate. These include approaches based on informed choice, protection from exploitation, and a broader critical view.

Informed choice

One view of consumer education, informed choice, focuses on the provision of information to assist individuals make better choices in the goods and services they buy. The informed choice view is closely linked to free market theory which sees consumers as individuals playing their role in the market place. It assumes that consumers act alone, are rational and are making choices to maximise their economic welfare. The market place is assumed to operate efficiently, governed by the forces of supply and demand, and competition.

The provision of information to consumers is the primary focus here. As long as the information is provided, it is assumed that consumers will make the best choice among the goods and services available in the market place (Bettman, 1979; Walters, 1978).

A development of this view sees consumer education as being about both the provision of information and the development of their knowledge and skills. Wells & Atherton (1998) note that consumer education is concerned with developing skills, attitudes, knowledge and the understanding needed by individuals living in our complex consumer society.

This grows out of a recognition of the complexity of the market place and that just providing information is not sufficient to enable people to make informed choices. Using information requires knowledge and skills and means that individuals need to be assisted to become more skilled as buyers of goods and services. This notion of consumer education underpins much of the practice in this field.

Protection from exploitation

Another approach to consumer education focuses on protecting consumers from fraudulent practices and exploitative market operations (Singh, 1991 p.vii). It recognises the unequal power relationship in many market situations and the unjust way some providers of products and services behave. This approach also recognises that markets do not always operate efficiently, many people cannot gain the information required to make rational choices, and even if they did this would not prevent exploitation.

A recent study examining the challenges of electronic commerce suggests the main aims of consumer education are to:

- protect the interests of consumers,
- promote an understanding of the systems and structures within the market place, and
- contribute to society as a whole by creating more active and informed citizens, leading to a more even balance of power between the producer and consumer (McGregor, 2000 p.172).

An important feature of this approach has been community based action to protect consumers and pressure governments to take up a role in protecting consumers. Historically this approach has been led by groups of concerned individuals who set up organisations to inform and educate their community.

According to Bannister (1996) these organised efforts in the USA date back to the start of the 20th century, but it wasn't until the early 1960's that their federal government moved to protect consumers. For the first time it responded to the pressure from the consumer movement and recognised a basic set of consumer rights, moved to regulate market behaviour, and saw consumer education as an important way of protecting individuals and communities (ibid, p.4).

Critical view

A broader critical view of consumer education recognises that consumers are acting within a wider social and political context that impacts on their ability to make choices. This approach also recognises the failure of markets and competition and sees that education is not just about

information provision, developing skills or consumer protection. It also involves addressing structural factors, especially economic and social inequality that disempowers consumers. It highlights the particular economic, social and political context in which consumers are located and sees education as being about examining, challenging and changing the factors that impact on consumers ability to act within their context (Bond, 1998).

A development of this approach sees consumer education as a process that develops critical consumers, who are empowered to reflect on their social conditions and decide how they want to live. It means consumers are encouraged to reject, resist or even change the consumer lifestyle they live - a lifestyle that reproduces the existing social and economic order (Ozanne & Murray, 1995).

This approach would support consumer protection bodies like ASIC becoming more active and forceful advocates for structural change. "Educators could even countenance the recent recommendation for the establishment of a World Consumer Protection Organisation to balance the growing power of the WTO, the WIPO and UNCITRAL" (McGregor, 2000, p.176). Consumer educators "must stand firm and challenge market-based assumptions such that the market place is fair, transparent and effective as well as competitive, efficient and profitable" (ibid, p.177).

Among those groups focussing specifically on financial issues and playing a key role in local communities are financial counsellors. A recent study (Noonan & Ryan, 1999) shows that a significant proportion of financial counsellors across Australia see their role as more than just helping people with debt problems. They seek to address people's underlying personal and social problems by taking on a welfare advocacy and individual empowerment role, and seeking out ways of achieving structural change:

This ideology moves the emphasis away from the client on to the wider social system, with the aim being to change systems rather than people. For example, pressure could be applied for the development of alternative credit facilities for low-income people (ibid, p.13-14).

Also by drawing on a view from the field of adult education (Merriam & Caffarella, 1999) helps focus our attention in consumer education on the key theories of about adult learning and an understanding that learning takes place in a range of settings – formal, non-formal, informal and incidental.

1.3 What Consumer Education Agencies Do

Bearing in mind the range of views about consumer education and how to approach education on financial issues, it is useful to examine the way two different major bodies overseas are tackling these issues.

Financial Services Authority, UK

The main government body in the UK charged with promoting understanding of the financial system, the Financial Services Authority (FSA) suggests the aim of consumer education is to “provide impartial and generic advice and the knowledge, aptitude and skills base to become questioning and informed consumers” (FSA 2000, p.8). The FSA goes further and sets out a more challenging goal stating, “the high level aim of consumer education is to empower consumers to make informed choices and manage their finances effectively” (ibid, p.8). Over the last few years they have commissioned a large number of research studies, carried out various community consultations, and implemented a range of consumer education strategies.

The different approaches to consumer education taken over the last few years by the FSA in the UK include developing:

- consumer publications including a range of booklets (12 titles), fact sheets (8) and a consumer information directory on personal finance,
- a consumer helpline answering up to 10,000 calls a month,
- a Consumer Help web resource providing basic generic information such as what to do if you have a complaint, an introduction to shopping around and getting the best deal, frequently asked questions on well known financial products and services, consumer rights product by product,
- a comparative information scheme comparing financial products in a table of product information,
- an Internet based modular financial education program for adults suitable for all modes of learning (ibid., p.11).

National Institute for Consumer Education, USA

While in the USA, the National Institute for Consumer Education (NICE), a professional development centre and clearing house which promotes consumer, economic and personal finance education sees its role “is to empower people to become informed consumers, reasoned decision makers and participating citizens in a global marketplace” (Bannister 1996a, p.1).

They support the importance of informed choice but extend their approach further by defining consumer education as “the process of gaining knowledge and skills to manage personal resources *and to*

participate in social, political and economic decisions that affect individual well being and the public good” (ibid, p.1). This view extends the role of consumer education from just providing information and teaching knowledge and skills to assisting people to operate effectively within the marketplace. It moves to include the role of active citizenship where people participate as citizens to influence change in political, economic and social arenas. It then leads consumer education to focus on three major areas:

- consumer choice,
- personal resource management,
- citizen participation (ibid, p.2).

1.4 Who has the Most Valuable Knowledge for Consumers?

There is also a debate about who knows best what consumers need to learn. On the one hand, there is the view of the various professionals involved in the sector – the industry associations, the major financial organisations and the various professions involved. There is another professional view from the regulatory and government agencies. On the other hand there are the views of ordinary lay people – consumers and the organisations that represent their views, such as various non-government organisations, associations, and community based organisations.

One way of conceptualising this is to consider what is required for a person to be an "educated" consumer and for a provider to be a “socially responsible” provider. On the one hand it could be a consumer who has acquired all the knowledge and skills transferred from "experts" in the field, which in this context would be drawn from among financial services providers, financial planners and advisers. Another view would recognise lay knowledge -the knowledge a person has acquired from their own life experiences - and accept that a person can effectively negotiate and develop their own understanding, knowledge and skills from what is conveyed to them by expert s.

The literature on the social studies of science and technology (where the divide between experts and lay people is pronounced) can contribute to an understanding of how expert and lay knowledge should and could be negotiated to facilitate the development of both educated consumers and socially responsible financial services providers. The selection of literature in this area is useful in developing an understanding of the:

- importance of recognising lay knowledge and learning,

- cultures of institutions and experts, and how perceptions of these by the lay public shape their trust of and dependence on expert knowledge.

Didactic versus collaborative models of knowledge and learning

Literature on risk communication and the public understanding of science and technology suggests many experts and scientific institutions adopt a "deficit model" (Beder, 1998; Felt, 2000; Franklin, 1998; Herbert, 1995; Wynne, 1996).

Herbert (1995) outlines two models of communication between experts and the public. One (the more prevalent one) is a transmissional model where the public is assumed to be ignorant, and the experts assume the responsibility of educating them. The second is a more interactional model where different types of knowledge held by experts and the public are recognised and used to inform decision making.

In an analysis of the communication of engineering risk Beder (1998) shows that:

often engineers cannot understand why their carefully worked-out assessments fail to reassure communities that a facility is safe. It is clear that members of the public and community groups perceive risks differently from those who construct risk assessments or commission them, and it is generally assumed that expert risk assessments are more accurate and correct and that lay people who fail to be reassured by them are perceived to lack reason or to be hampered by an assortment of psychological and political disabilities - bias, special interest, ideological commitment, and so forth (p.287).

Another perspective on the idea that experts have all the right answers is the view that they do not need to fully understand the community's needs in order to design and deliver technologies, facilities, and products which the public will use or be affected by. Some of the social perspectives on engineering design refer to the social negotiations which need to take place in the initial process of requirements engineering - where, the experts must elicit the requirements from a wide range of stakeholders before even beginning to propose "solutions" to the needs.

Easterbrook(1993) describes the difficulties, including conflicting interests and needs, and the iterative nature of that process. It is pointed out that the user requirements specification works as both a form of a social contract and a communication medium between the clients and the users. If true negotiation takes place in the requirements specification

process, then what should be reflected in the final design should be much more than the requirements (or wishes) of the technical experts.

Communication between experts and lay people is facilitated or hindered by the institutional cultures perceived by the public. The scientific / technical organisations which operate on an assumption that they provide "objective knowledge" often do not recognise that their beliefs embody particular cultures and social prescriptions. A case study of radiation hazards in Cumbria shows that as a result of the repeated certainties of safety by the scientists, against the concerns felt and seen by the farmers:

"the farmers felt their social identity as specialists within their own sphere, with its adaptive, informal cultural idiom, to be denigrated and threatened by this treatment"
(Wynne 1996, p.38).

Factors which affect the social credibility of science were found to be:

- does the scientific knowledge work?
- do scientific claims pay attention to other available knowledge?
- does scientific practice pay attention to other available knowledge?
- is the form of the knowledge as well as the content recognisable?
- are scientists open to criticism?
- what are the social / institutional affiliations of experts?
- what issue 'overspill' exists in lay experience? ((ibid,p.38).

In science and technology issues, much of the communication is related to the question of risk, and the negotiations of what is acceptable risk to each party can only be productively undertaken when there is trust about the credibility of knowledge brought to the negotiations by the different parties (Felt, 2000; Franklin, 1998; Wynne, 1996).

While the literature cited is from the social studies of science and technology, rather than from social studies of the finance industries, it points to considerations that are needed by both consumers and experts in facilitating productive communication and building trust.

A perspective on consumer education which does not accept the establishment of a knowledge hierarchy but seeks to find a more progressive relationship between knowledge and citizenship would demand the emergence and development of new institutional forms and cultures which respect and actively seek a collaborative, negotiable approach to "consumer education".

1.5 Communicating About Risk

Financial decisions are decisions about risks. They involve the probability of some financial gain (or loss) as a result of a decision, coupled with the severity of the consequences arising from the event of that probability. The current literature on the sociology of risk and on risk communication assists us in understanding what it means to make an *educated* decision about financial services affecting oneself or the community more generally, and what it means for the financial services providers to behave *responsibly* towards society at large.

Writing about the lessons learned from the case of Lloyd's in the UK, Raphael (1998) says that:

looking back on it, the idea of placing your fate in the hands of people you don't know, in a business you can't understand, and where the risks are totally opaque, but potentially huge, was madness of a high order. But many thousands of us did, gulled by the history and traditions of the market, by the smooth talk of members' agents and by our own folly (p. 36).

Effective risk communication, transparency, and information provision may be a first response to this challenge. The Code of Ethics and Rules of Professional Conduct of FPA (Financial Planning Association of Australia), for example, does reflect this level of responsibility in its rules about disclosure (Rules 106 and 107) and its explanation of the meanings of their recommendations (Rule 113).

However, there is literature from science and technology (including environmental and health risks) which points to the inadequacies and ineffectiveness of the traditional model of risk communication whereby the “experts” are charged with the responsibility of educating the ignorant community.

There are lessons which can be learnt from the literature on the public understanding of science and technology (Wynne, 1996; Felt, 2000; and Yearley, 1999). It shows that lay knowledge must be capitalised upon in understanding risk situations. In relation to engineering risks, Herbert (1995) argues that the old model of risk communication, based on the belief that experts had all the relevant knowledge, had to be replaced by a more interactionist model of risk communication where community knowledge and concerns were valued and considered. Yearley (1999) illustrates through a UK case study of a local government initiative to educate the public on air quality that public understanding of science is affected by three key factors:

- trust in scientists and scientific institutions,
- publics commonly have their own knowledges which may complement or rival expert conceptions, and
- the social and sociological assumptions about the practices of the community which underlie the experts' understanding.

The Australian / New Zealand Standard on Risk Management (AS / NZS 4360:1999) developed by Standards Australia (1999) is a “generic” risk management standard which acknowledges the importance of these factors by its emphasis on understanding contexts, identifying stakeholders, and establishing mechanisms for ongoing consultation with its key stakeholders.

Risk as a social construct - the risk society

While “risk” has traditionally been treated as a scientific / mathematical concept, there has been growing recognition that risk is a social construct. Psychological and socio-cultural studies of risks have revealed that people’s propensity to take or avoid risks are influenced not always by the options presented by some quantitative risk analysis, but by a number of other factors, one of which is the amount of control people feel they have of the situation.

In the early 1990s, a German sociologist, Beck (1999) posited the notion of the risk society. Risk in this context refers to “manufactured uncertainties” which are the consequences of scientific and political efforts to control or minimise risks faced during the industrial era. He argues that “there was once a time when a risk was something you indulged in for a bit of excitement. ... Now manufactured uncertainty means that risk has become an inescapable part of our lives and everybody is facing unknown and barely calculable risks...We no longer choose to take risks, we have risks thrust upon us.” (Beck, 1999; p.12)

The combination of the increasing transnationalisation of financial providers, the reliance on electronic technologies for financial transactions, and the web of dependencies of one financial market on the health of others puts financial risks into the category of manufactured risks identified by Beck. Sociological analyses of the “virtual risks” and global futures trading are provided by van Loon (2000) and Boden (2000).

Responding to these manufactured risks, which carry global and unforeseen consequences, requires a new form of politics. Coote (1998) argues that the politics of the risk society requires a more “adult to adult” relationship between the public, experts, and politicians, more public involvement in decision making, and planning for uncertainty via policies.

1.6 Attributes of Consumers and Providers

These findings point to the following considerations for conceptualising the educated consumer of financial services and the socially responsible financial provider. The two are interlinked, and the process of a consumer becoming educated and the provider becoming socially responsible involves developing new understandings. These include understanding the ways in which structural changes affect how risks are distributed, and political education about the dynamics of risks production in the global and “virtual” financial environment.

At other levels, the educated financial services consumer would have the following attributes:

- an awareness that financial decisions are about risk taking,
- an awareness of their “normal” risk behaviour and what are tolerable risks for them,
- confidence to seek advice from trusted financial advisers and to question the value of their advice in relation to their own knowledge,
- appreciation of the range of choices that are available to them, and what they can and cannot have control over,
- ability and strategies to advocate their rights to be involved in decision making about matters which affect their own lives or their community,
- awareness of groups and organisations who can advocate on their behalf and mediate conflicts between them and the financial institutions and / or the government bodies.

The socially responsible financial services provider would have the following attributes:

- appreciation of the value of taking community or client concerns and their normal practices into account when proposing solutions,
- skills in eliciting community or client requirements before formulating advice or solutions to their financial problems,
- effectively consulting the range of stakeholders involved in their provision of financial services, and involving them in ongoing consultations,
- monitoring and reporting on the effectiveness of proposals that are implemented,
- transparency and openness in decision making.

1.7 Socially Responsible and Dialogical Consumer Education

Trust remains a central feature of any financial system. There have been a number of responses to the need to build trust with consumers, especially at a time of various major corporate and financial collapses. At a federal level government agencies have been responding by developing codes of conduct (Consumer Affairs Division, 1998; Hockey, 1999) and guidelines of best practice (Hockey, 2000).

While others suggest there are lessons to be learnt from examining these failures, and are turning to increased regulation and requiring more socially responsible conduct from financial service providers (Carroll, 2001; RN, 2001).

Drawing on an understanding of adult learning (Foley, 1995; Merriam & Caffarella, 1999) it is apparent that there is potential for financial service providers to facilitate a good deal of learning as they work to build trust with consumers. This can be achieved by, acting ethically, with social responsibility, and engaging in dialogue with stakeholders.

Social responsibility in an era of globalised financial sectors

There is also a fundamental problem with the notion of social responsibility at a time of self-regulation and an increasingly globalised financial sector. Much of the debate is underpinned by a free market ideology at the international level, which does not necessarily serve the interests of the individual consumer, small businesses, or local community groups. Equally, the globalisation of the financial sector has less obvious but significant impacts on other societies, especially in poorer countries. The ethics of these impacts are not even suggested in the codes of ethics and conduct cited below.

On the other hand as McGregor (2000) points out, there is a move at the international level for standardisation of e-commerce regulations. While a number of concerns about the self regulation of social responsibility are highlighted in a recent Australian example of a best practice model for e-commerce (Hockey, 2000). The model while referring to notions of "consumer sovereignty" does not explicitly address a number of equity issues such as inter-generational, geographic or disability issues which affect the capacity of people to engage in electronic business transactions.

One of the findings from the research on older people was that there are technological barriers which prevent older people from taking advantage of on-line financial services, and other computer based services (Withnall, 1995).

Dialogue with older people may help find more effective ways to address some of the commonly identified problems faced by older people in their day to day financial activities such as:

- their use of a cheque book for the first time,
- problems of understanding bank statements when some cheques were not presented immediately,
- strong dislike of cheque cards, charge cards and credit cards plus general refusal to use "hole in the wall" facilities,
- lack of understanding of account charges, and
- queries regarding pension and insurance payments.

For people with disabilities efforts continue to be made to improve ways to develop dialogue between consumers and organisations to help review the quality of their services (Service Quality Australia, 1999). Human services in particular have embraced the objectives of consumer participation, with health, disability and general health services (ibid, p.4) recognising the central importance of dialogue and integrating consumer participation for people with disabilities at a service level:

effective practice when consulting people with a disability...includes the need for independent support, information and skills development strategies (ibid, p.7)

Tools for education and dialogue

The development and implementation of both codes of conduct and models of good practice can be used as tools to educate and facilitate greater social responsibility on the part of financial services providers.

Standards such as AS/NZS4360 (Standards Australia, 1999) if interpreted broadly, and complied with, have the potential to facilitate and build trust through sustained relationship between consumers and providers.

As mentioned earlier, dialogue involves something more than just the provision and dissemination of information. It is about engaging with people and finding out about their issues. The means finding out how people in different locations and circumstances locate and use information, how they learn about new services and methods, and what knowledge and practices they do use in making decisions. A socially responsible financial provider can be pro-active by organising outreach programs, using local media and events to create interfaces with local communities and these can be a part of respectful and useful dialogue with the consumers.

Walter (1998) suggests that even where people have a low literacy level in the language of their resident country, they may be linked to networks

built around their family and ethnic groups and are able to gather relevant information about financial and other important matters through these networks.

Direct and continuous dialogue involving the public, experts and government about decisions which involve multiple layers of risks and uncertainties can help share the responsibility for developing critical citizenship (Van Loon, 2000; Franklin, 1998). There is scope in the current codes of ethics and standards to facilitate many of these approaches; however, a more critical and broader interpretation of them is needed, as suggested by the literature.

References: Chapter 1

- ASSIRT (2001) *Investor Sentiment Index*, Press Release, ASSIRT, 14 May 2001
- Bannister, R (1996) *Consumer education in the United States: A historical perspective*, National Institute for Consumer Education, <www.emich.edu/public/coe/nice>.
- Bannister, R (1996a) *Consumer Education in the States: a Blueprint for Action*, National Institute for Consumer Education, <www.emich.edu/public/coe/nice>.
- Bannister, R. & Monsma, C. (1982) *Classification of Concepts in Consumer Education*, National Institute for Consumer Education, www.emich.edu/public/coe/nice.
- Beck, Ulrich (1999) 'Politics of Risk Society', in Jane Franklin (ed) *The Politics of Risk Society*, Polity Press, Cambridge, UK, pp 9-22
- Beder, Sharon (1998) *The New Engineer: Management and Professional Responsibility in a Changing World*, Macmillan Education, Australia, pp 284 -306
- Bettman, J.R.(1979) *An Information Processing Theory of Consumer Choice*, Addison- Wesley, Massachusetts
- Boden, D. (2000) 'Worlds in Action: Information, Instantaneity and Global Futures Trading', in Barbara Adam, Ulrich Beck & Joost Van Loon (Eds) *The Risk Society and Beyond: Critical Issues for Social Theory*, Sage, London, pp183-197
- Bond, M. & Boucher, A. (2000) 'Towards developing financial literacy programs for adults', *Journal of Access and Credit Studies*, Spring, pp19-32
- Bond, M. (1998) 'Money matters', *Adult Learning*, November,10(3), 8-10
- Carroll, V. (2001) 'Some hard lessons too soon forgotten', *The Sydney Morning Herald*, 23/5/2001, p16
- CCLC (2001) *Annual Report 1999/2000*, Consumer Credit Legal Centre NSW, Sydney (extract only)
- Consumer Affairs Division (1998) *Codes of Conduct: Policy Framework*, Department of Industry, Science and Tourism, Canberra
- Coote, A. (1998) 'Risk and Public Policy: Towards a High-Trust Democracy', in Jane Franklin (ed) *The Politics of Risk Society*, Polity Press, Cambridge, UK, pp124-131
- Easterbrook, Steve (1993) 'Negotiation and the Role of Requirements Specification', in Paul Quintas (Ed) *Social Dimensions of Systems Engineering*, Ellis Horwood, NY, 144-164
- Felt, U. (2000) 'Why should the public understand science', in Meinolf Dierkes & Claudia von Grote (eds), *Between Understanding and Trust: The Public, Science and Technology*, Harwood Academic Publishers, Australia, 7-38
- Foley, G. (1995) 'A framework for understanding adult learning and education', in G. Foley (ed) *Understanding adult education and training*, Allen & Unwin, Sydney, 5-19

- FPA (1997) *Regulation 1/97 FPA Professional Standards: Code of Ethics and Rules of Professional Conduct*, Financial Planning Association of Australia, Melbourne
- Franklin, J. (1998) 'Introduction' in J. Franklin (ed) *The Politics of Risk Society*, Polity Press, Cambridge, pp 1-8
- FSA (2000a) *Better informed consumers*, *Consumer Research 1*, Financial Services Authority, UK, <www.fsa.gov.uk>
- Herbert, J.R. (1995) 'Ethical Risk Assessment: Valuing Public Perceptions', *IEEE Technology and Society Magazine*, Spring, 4-10
- Hockey, J. (1999) *Prescribed Code of Conduct: Policy guidelines on making industry code of conduct enforceable under the Trade Practices Act 1974*, Commonwealth of Australia, Canberra
- Hockey, J. (2000) *Building Consumer Sovereignty in Electronic Commerce: A best practice model for business*, Commonwealth of Australia, Canberra
- Lawson, R. et al (1996) *Consumer behaviour in Australia and New Zealand*, Macmillan, Sydney, pp19-26
- McGregor Marketing (1998) *Budgeting, Insurance, Investing: Research summaries*, Credit Union Services Corporation Australia Limited (CUSCAL), Sydney
- McGregor Marketing (1999) *Understanding Credit Research summaries*, Credit Union Services Corporation Australia Limited (CUSCAL), Sydney
- McGregor, S. L.T. (2000) 'Consumer education and the OECD electronic commerce consumer protection guidelines', *Journal of Consumer Studies and Home Economics*, 24(3), 170-178
- Merriam, S. B. & Caffarella, R.S. (1999) 'Key theories in learning' in S. B. Merriam & R.S. Caffarella, *Learning in Adulthood*, 2nd Ed, Jossey Bass, San Francisco, pp 248-266
- National Consumer Education Partnership (1999) *A Framework for the Development of Consumer Skills and Attitudes: Project Report*, National Consumer Education Partnership: London
- Noonan, V. & Ryan, M. (1999) 'Framework-casework: a report of a national survey of the ideologies of financial counsellors', *Consumer Rights Journal*, 4(1), 13-19
- Ozanne, J.L. & Murray, J.B. (1995) 'Uniting critical theory and public policy to create the reflexively defiant customer', *American Behavioural Scientist*, February, 38(4), 516-525
- Raphael, Adam (1998) 'Lessons from Lloyd's: the Limits of Insurance', in J. Franklin (Ed) *The Politics of Risk Society*, Polity Press, Cambridge, UK, 35-42.
- RN (2001) *Independence and auditing: when companies collapse*, Radio National, Background Briefing, ABC Radio 13/5/01, <www.abc.net.au/rn/talks/bbing/stories>
- Rogers, A. (1986) *Teaching Adults*, Open University Press, Milton Keynes
- Russ Knight Research (2000) *Plum Super Fitness Survey October 2000: Random sample of Australians and Plum members*, Plum Financial Services, Sydney
- SCEFFPA (1999) *Regional banking services: Money too far away*, Standing Committee on Economics, Finance and Public Administration, House

- of Representatives, Parliament of the Commonwealth of Australia, Canberra (extract only)
- Service Quality Australia (1999) *Evaluation of the Disability Consumer Training and Support Program for the Family and Community Services Department: Final Report*, Department of Family and Community Services, Canberra
- Singh, B. (1991) 'About consumer education', in Anwar Fazal & Bishan Singh (Eds) *Consumer Education: A Resource Handbook*, International Organisation of Consumer Unions, Penang, Malaysia, vii-xi
- Standards Australia (1999) *Risk Management: AS/NZS 3260:1999*, Standards Australia, Strathfield
- Van Loon, J. (2000) 'Virtual Risks in an Age of Cybernetic Reproduction' in Barbara Adam, Ulrich Beck & Joost Van Loon (Eds) *The Risk Society and Beyond: Critical Issues for Social Theory*, Sage, London, pp 165-182.
- Vass, J. (1998) *A guide to the provision of financial services education for consumers*, Financial Services Authority, UK, <www.fsa.gov.uk>
- Walter, Pierre (1998) 'Southeast Asian Refugees' Strategies for Meeting English Literacy Demands: An Exploratory Study', *Adult Basic Education*, 8(3), 123-138
- Walters, C.G. (1978) *Consumer behaviour: theory and practice*, Richard D. Irwin Inc, Illinois (extract only)
- Wells. J. & Atherton, M. (1998) 'Consumer education; learning for life', *Consumer* 21, Autumn, 15-20
- Withnall, A. (1995) *Older Adults' Needs and Usage of Numerical Skills in Everyday Life*, Research / Technical Report (143), Department of Continuing Education, Lancaster University (extract only)
- Wynne, B. (1996) 'Misunderstood & misunderstandings: social identities and public uptake of science' in Alan Irwin & Brian Wynne (eds) *Misunderstanding science? The public reconstruction of science and technology*, Cambridge University Press, Cambridge, UK, pp 19-46
- Yearley, Steven (1999) 'Computer models and the public's understanding of science: a case study analysis', *Social Studies of Science*, 29(6), 845-866.

2. LESSONS FROM CONSUMER EDUCATION PRACTICE

2.1 Bodies of Practice and Literature Reviewed

The literature review was concentrated on three broad fields of practice and associated bodies of literature. They were:

- health promotion,
- environmental education, and
- commercial advertising.

Within these fields of practice the focus was on research about change - changes in the knowledge, attitudes and behaviour of individuals and groups. The volume of published and unpublished literature about change in each of these fields of practice is extensive, so the priorities for selecting and reviewing literature were that it::

- reported on or analysed efforts to bring about change,
- was Australian,
- was written in the last 10 years,
- enabled lessons to be drawn about consumer education practice.

This meant drawing on research about facilitating change which was outside formal education settings.

Of the three fields of practice the most extensive body of research and literature is in commercial advertising, with countless specialist journals dedicated to publishing research and evaluation about advertising. There are also a lot more specialised journals that evaluate commercial marketing practices.

This review prioritised literature about social marketing above commercial marketing practices. Social marketing has more in common with consumer education than commercial marketing and is broadly concerned with changing behaviours on social issues. While both commercial advertising and marketing are mainly concerned with persuading people to purchase products and services.

When reviewing the literature we were mindful of trying to cover the range of change practices and have provided a listing of the types of strategies we encountered. The list is contested and may provide an incomplete picture of the landscape of change strategies. Labelling strategies is problematic because of the competing meanings attached to terms. Also many practitioners would regard their change practices as

drawing on a number of various strategies. Having said this, we suggest the types of change strategies could include:

- social marketing and campaigns,
- individualised marketing,
- commercial advertising and marketing,
- public meetings and seminars,
- participatory learning, and action research, and
- cultural action and cultural development,
- lobbying and advocacy,
- protests and various forms of direct action.

For the purposes of this review we have not addressed the last three types of strategies.

In the world of paid research and Australian government policy planning, the dominant strategy being used is social marketing. There is far more research and analysis of social marketing than of any other change practices. This compounds its dominant position in the landscape of change strategies. When identifying lessons for consumer education practices it may be useful to bear in mind that this imbalance in the research and literature exists. It is possible that effective consumer education practices might draw on change practices beyond social marketing.

Before discussing our reviews of literature about specific types of change practices one important general feature of the literature to note is its fragmentation and separatism. For example, in the field of environmental change, transport planners might be devising elaborate individualised marketing schemes to change transport behaviour so that less vehicle kilometres are travelled, that in turn leads to an abatement of greenhouse gases. Greenpeace activists might be campaigning for climate change. A local government authority could be convening an action research and workshop program for a wide range of stakeholders to learn about and address environmental or health issues. Bicycle activists in a group like Critical Mass may be trying to change transport behaviours, while a local community educator may be leading a learning circle about climate change issues.

All these 'players' share a common interest to facilitate change. Yet they are, more often than not, like 'tribes' that rarely draw on each other's knowledge bases, talk to each other, let alone compare the different ways they might contribute to change. There is in much of the literature a remarkable lack of reference made by researchers and practitioners writing about one type of change practice to other types of change practices.

For example, Kotler & Roberto (1989) argue that many social marketing campaigns have not been successful simply because they have not been 'correctly' planned. They assume that most social change can be facilitated if it is correctly planned and draw on business planning forms and traditions in their approach. They say:

The campaigns may not have targeted the appropriate audience, the reform message may not have been sufficiently motivating, the individuals, and groups, or populations that were targeted were not given a way to respond constructively, or a campaign may have been underfunded. All these problems, fortunately, are solvable once the correct approach to identifying objectives and methods is found (ibid, p.5).

It is possible that social marketing, no matter how well planned, will not facilitate change for a particular project as effectively as another change strategy might.

The fragmented and inward looking nature of the change practices literature is also to be partly explained by the dominance of project level evaluations versus program level evaluations. Project level evaluations focus on specific outcomes, project management and delivery decisions. There is less emphasis on generalisation and the demonstration of cause-effect relationships. Program level evaluations are not just concerned with outcomes. They are concerned with evidence based practice. They group similar projects and practices together and study the evidence on how and whether they facilitate change.

When planning national consumer education strategies this is frustrating because there are few 'big picture', comparative studies across the landscape of change strategies (Swerisson & Associates, 2001). For example, there is little research and literature that compares the effectiveness of seminars and meetings to social marketing, or participatory research to individualised marketing.

There is an abundance of unpublished literature in the form of project reports about how meetings and seminars are facilitating various, specific types of change. This project level evaluation literature is mostly descriptive and tells us about processes and some outcomes. It tells us little about why and how particular practices are effective.

By asking **why** and **how** we move beyond shallow rhetoric and become more analytical. A useful notion is that of evidence-based practice. This asks the question - where is the evidence that certain forms of practice are more effective than others in facilitating change in consumer attitudes, knowledge and behaviour?

2.2 Social Marketing

What is social marketing?

Social marketing can be described as an organised effort by one group that is designed to persuade people in another group to change certain of their social beliefs, attitudes and behaviours. As a concept it first appeared in the early 1970's and one of its main features was that it drew on commercial marketing principles to bring about social change. As a method it uses standard marketing techniques such as "market segmentation, consumer research, product concept development and testing, directed communication, facilitation, incentives, and exchange theory"(Kotler & Roberto, 1989, p.24 – 26).

Quay Connections (2001) suggest the important differences between social and commercial marketing revolve around motivation and responsibility:

Product and service marketing generally relies on triggering recognition of personal need and recognition of brand and satisfying need with an appropriate response ie. making the brand purchase. Social marketing relies on triggering recognition of a different kind of need – triggering first a sense of personal and community responsibility; then satisfaction of those needs comes through adoption of appropriate attitude or behaviour and the opportunity to achieve a benefit. (p.2).

Broadly speaking social marketing sets out to:

- establish an issue or activity on the public interest agenda and justify the currency and importance of the issue,
- segment the total potential audience for communications to identify those who will quickly respond to messages and adopt change, those who can be motivated to respond, albeit more slowly, and those who will resist messages and are unlikely to change,
- develop a form of dialogue with target audiences,
- promote specific knowledge, attitudes or values around the issue or modification of existing knowledge, attitudes or values,
- promote specific behaviours or modification or change to existing behaviours which will contribute to addressing the issue,
- define the costs and benefits of making or not making the desired changes to behaviour.
- achieve a range of defined outcomes which contribute to improving the broad social, economic or environmental circumstances for

individuals, specific groups, communities or the nation as a whole (ibid, p.2).

Social marketing relies largely on print media (eg. posters, brochures) and mass media campaigns (eg, tv and radio advertisements) that are designed by professional marketing and design consultants.

Social marketing in Australia

As a leader in the field of social marketing for more than 20 years Australia has developed highly successful campaigns on social issues such as drug use, HIV-AIDS, smoking, racism, energy efficiency and domestic violence (Quay Connections, 2001).

This means there are a number of well developed models of social marketing among a range of Australian federal and state agencies that can be drawn on to address behaviour change on any social or public interest issue.

Lessons from research

Its not just a matter of getting messages across....

If we've learnt anything, it's that mere 'print' materials are not enough. What really works is when the focus of the campaign can be addressed through a range of social marketing strategies – from articles to groups to community projects (Berg,1999, p.11).

Berg was referring to the experience of the Gay Education Strategies Project which ran from 1996 to 1999. As part of the project it produced print resources for eight national campaigns and assisted a further five small AIDS Councils to produce their own local campaign resources.

This lesson is neither profound nor new. In fact social marketing developed from a recognition that simply advertising messages has limited impact.

American social scientists in the 1950's began to study social change systematically. They concluded that the use of mass communication to change public attitudes or behaviours was limited. Researchers cited several factors that dilute mass media impact:

- audience factors, such as apathy, defensiveness, and cognitive ineptness,

- message factors, such as messages that do not convey real motivating benefits to citizens in an attention-getting way,
- media factors, such as the failure to use appropriate media vehicles at the proper time or in effective ways or to reach target adopters with the type of media they are most receptive to,
- response-mechanism factors, such as a failure to provide receptive, motivated citizens with an easy and convenient way to respond positively to a campaign's objectives and to carry out the campaign's intentions (Kotler & Roberto, 1989, p.8).

But even the most comprehensive and well orchestrated campaigns that do address the factors described above, and do effectively provide opportunities to get a message across to many people, may not achieve sought after goals for change. Foley (1997) comments on a decade of AIDS education over the 1980's.

The evidence of the impact of education on behaviour is also mixed. In the late 1980's around 60 percent of US school children were receiving AIDS education at school and at home (through discussion with parents). A substantial proportion of adults had watched public service announcements, read pamphlets or talked to a friend about the virus. But only three percent had discussed AIDS with a health professional. Freudenberg(1990) concluded that while many people had sought information on AIDS, fewer had participated in more intensive programs and significant numbers had not changed their sexual practices much (Foley, 1997, p.2).

Other researchers (Swan, 2001; Saltau, 2001; Reger et al, 1999; Schmeiser-Reider & Kunze, 2000; Boyd et al, 1998; Finnegan et al, 1999) have found that mass media campaigns that rely solely on conveying messages via print and audio-visual means do not effectively change behaviours over the long term. Although they do report on short-term changes being achieved.

Integrated campaigns are more effective than single strategies

A clear theme that emerges from a review of the literature is that narrow campaigns that rely on single strategies have less impact than those campaigns that integrate various strategies. Kotler & Roberto (1989) assert: "Social campaigns work best when mass media-oriented communication is supplemented by face-to-face communication" (p.10 – 11). Quay Connections (2001) argue the "integration of all marketing elements into a single, coordinated strategy is the first key to success" (p. 9).

An integrated or multi-faceted campaign might, for example, include the use of mass media advertising supplemented by participatory, action learning projects. Or it might include mass media advertising that is directly linked to the introduction of sanctions and incentives. “Research in a number of fields demonstrates the values of both sanctions and incentives to achieve changes in attitude and behaviour” (ibid, p.39). In a review of a national Gay Education Strategy the researchers referred to the value of:

- integrating campaign resources and messages into existing gay community events and activities,
- integrating campaign resources in an active way (organising workshops, competitions, games, posters, events) rather than passively placing advertisements, putting up posters and displaying pamphlets,
- including elements of local relevance through adapting the campaign resources or through local campaign events (eg local photo, competition and exhibition (Berg, 1999, p.8).

Russell (2000) reports on a road safety campaign in the United States that was based on a study of the ten most dangerous intersections in the country. The study received terrific media attention and the author points out that great media coverage did not work on its own. The coverage was supported by lots of qualitative research and more importantly a follow up grants program.

A group of health researchers also found that mass media campaigns do not work on their own. This was because the population targeted is rarely a homogenous group in terms of information needs, prior knowledge, approaches to gathering information, etc. and that their information needs varied over time (Cahill et al, 1998; Anon, 1999). To be effective campaigns need to be combined with other forms of communication such as:

- printed material (Swan, 2001; Cahill et al, 1998; Anon, 1999),
- improved access to services and professional education (Schmeiser-Reider & Kunze, 2000),
- interpersonal communications - for example, one-on-one conversations in counselling or community based organisations; and informal sources such as family and friends over official sources which can be intimidating,
- interactive communication – such as phone or technology (CD-ROMs, FAQs, etc.) as opposed to non-interactive media (radio, TV, videos, print media),
- outreach and awareness campaigns - like training volunteers, partnerships with local organisations, health care providers, etc (Cahill et al, 1998 ; Anon, 1999; Dennis et al, 1990 ; Boyd et al, 1998).

This last point is often emphasised as it is found to be essential to increase the chances of achieving long lasting change (Dennis et al, 1990; Cummings, 1997).

Based on a study of the impact of a campaign on blood pressure in Austria, Schmeiser-Reider & Kunze (2000) conclude that to be effective broad media campaigns should be reinforced by improved access to health services together with the delivery of professional education focusing on improving the targeted audience's knowledge of remedies and other measures available to control their condition.

A feature of a well know example of an Australian media led health promotion campaign, *Life Be in it*, was that it relied almost entirely on people's own commitment and effort to make and maintain a change in their behaviour:

If or when Life Be in it advertising prompted people to take up physical activity, community based services were not geared up to provide activities which matched people's needs and preferences, which suited current lifestyles or which circumvented barriers to their individual participation in activity. Activity uptake depended entirely on personal and individual commitment, the hardest aspect of behaviour change to sustain (Quay Connections, 2001, p. 5).

There is some evidence that mass media only campaigns can bring about change in behaviour. Reger et al (1999) studied whether mass media only campaigns could create and sustain dietary behaviour change. The authors concluded that mass media only campaigns produced behaviour change and were more cost-effective than mass media and community education campaigns. The authors' definition of a media only campaign, however, includes the use of public relations (strategic articles covering the campaign and the results of study in the field recommending dietary change) and mass media ads (print, TV and radio).

Be responsive and participatory rather than didactic

There are, of course, various ways messages can be communicated. Not surprisingly, various studies of social marketing report that where messages have been conceived or customised to meet the interests of particular target groups the campaigns are more effective than where the messages have been conceived by detached experts. In other words, social marketing that is responsive and participatory rather than didactic is likely to be more effective in achieving change.

For example, Dennis et al (1990) in their evaluation of energy conservation programs found that consumers tend to favour ideas that reinforce their own preconceptions and avoid those that do not. They

found that behavioural change is more likely to happen when information is distributed in response to consumers seeking a service.

In other words, the solution is more likely to be adopted if it is timely and relevant, meaning when people are trying to solve a problem themselves. Information on its own has only minimal usefulness. Quay Connections (2001) make a similar point: "Behavioural change is most likely if people are presented with a goal consistent with their beliefs or value system, or which is likely to make positive changes to their life" (p. 19).

Dennis et. al. (1990) assert "successful energy-conservation programs that have incorporated friendly, interactive media and networking enable consumers to determine how valuable energy-related data are to them and their immediate situation" (p.1111). This translated into:

- disseminating information incidentally through activities not directly related to energy conservation, because "incidental information is considered more credible than direct messages because the communicator is perceived to have little self-interest",
- using "two-way interactive channels" (e.g. phone, social networking, newsletters, surveys, community programs, etc.) which allow consumers to exchange ideas and clarify information (p.1112).

Consumers are also attracted to small innovations that they can try or observe. It is important for a consumer to have a sense of choice and control.

Quay Connections (2001) in their review of forty Australian social marketing campaigns, strategies and campaign elements highlight the importance of carefully studying market segments or target groups. They argue for social marketing practice to be responsive and conclude that the major reasons campaigns have failed were:

- inadequate market segmentation and failure to tailor or target messages according to market segmentation,
- lack of clarity in messages, doubts about message credibility,
- inadequate levels of community involvement,
- lack of coordination with or involvement from key stakeholders, partners or champions,
- inadequate lead time to develop relationships with community groups, stakeholders or partners,
- failure to capitalise on developments in the broader environment (ibid, p.8) .

They suggest that some of the key features of successful communications strategies include providing leadership that brings together different groups, "recruiting champions", and

maintaining a dialogue with and keeping a strong focus on the needs of the people being targeted:

Successful campaigns get the groundwork right before anything else. Then campaigns appear to maximise impact and reach both through creative interpretation of research and development of a dialogue between agency and customer which leads to innovation and action at a community or individual level (ibid, p. 9).

In a review of the national Gay Education Strategy Berg (1999) found that those messages which had most impact were those that responded to people's experiences rather than lectured them about what to do. This meant that "colourful resources attracted attention more effectively than black and white resources" and "cheerful images were more effective than sad images. Positive, encouraging and humorous messages were more effective than chastising, lecturing messages". The messages that addressed broader life issues were the most likely to be received. What worked best were "stories about real individuals and images of ordinary people to didactic messages illustrated by models" (ibid, p.3).

Participatory practices lead to longer term and deeper change

Conventionally, a social marketing campaign is devised and managed by professional paid staff. Those for whom it is intended are merely recipients not participants. One lesson that has been drawn from a review of research and already highlighted is that social marketing practices are more likely to be effective when they are responsive to the particular characteristics of a target group rather than assuming that people are a homogenous mass that will change in uniform ways.

Being responsive means researching and consulting with people. It is also possible to not only consult people but to involve them in both planning and delivery. Some research suggests that participatory practices are effective in fostering a sense of ownership and active engagement. Quay Connections (2001) have found that:

campaigns which also provide for a kind of 'dialogue' with the consumer and for the active participation of the consumer have substantially increased chances of success (p. 3).

Berg (1999) likewise asserts that:

Activities focused campaigns with opportunities for local input engaged gay communities much more effectively than passive distribution of print resources (p. 3).

People are more likely to change deeply entrenched behaviours and beliefs when they conclude themselves that change is necessary rather than change because someone exhorted them to. This, in turn, is more likely to be facilitated when people are not just participants in a campaign but are also its architects and drivers. Foley (1997) describes this shift in the context of AIDS education:

The first obstacle is that AIDS education often concentrates solely on providing information and neglects behaviour and the social environment that shapes it. A second problem is that many AIDS education programs rely on one-way communication. Freudenberg (1990) notes that changing people's sexual or drug taking behaviour involves gaining their trust and that this requires an interaction in which learners teach about their community, culture and values, and educators listen, so that they can relate their teaching to learners' experience and milieu (p.14).

Working with communities builds on the strengths and local knowledge of people. For example, Lawrence and Cawley (1999) describe their efforts to move beyond 'knowledge transfer' or innovation diffusion practices in agricultural extension education to action learning. Their evaluation suggests that using action learning strategies was a very effective way of engaging farmers in changing their farming practices.

It is important to be inclusive

An important aspect of any campaign is the need to be inclusive and not assume that even within the target segments that people are all the same. It is essential to remember that people are diverse, read information actively, and act in many different ways (Rofes, 1996).

In a critique of health promotion practices Rofes (1996) argues that often than not, social marketing practices are more responsive to those with comparatively high levels of formal education and income than to those who are poor and disadvantaged.

Consider an assessment of the impact of AIDS education in the United States which is broadly transferable to the Australian situation. Freudenberg (1990) concluded that by the late 1980's most people had been exposed to accurate information about the virus and the proportion of the population that had taken in this information was increasing. However, significant numbers of people, especially blacks, Hispanics, indigenous people and working class gay men still harboured misconceptions about the virus:

It also seems that the most widespread reduction in risk taking has been in middle class urban gay communities, and that there is less change among working class, bisexual and coloured gay men. Data on the risk-taking behaviour of adolescents and drug users is also disturbing. Several US and Australian studies have shown that very few adolescents protect themselves against HIV (Foley, 1997, p.3).

One can make social marketing practice more inclusive by customising the information and the strategies used to convey it. For example, Cahill et al (1998) and Anon (1999) found that people with poor or low literacy skills relied on information that was communicated by a person. They also recommended:

- producing very simple printed material with brief and basic information such as phone numbers for further information,
- increasing partnerships with community groups such as elderly centres, literacy advocacy groups, insurance agencies, etc.,
- emphasising strategies based on listening and memory skills, and
- favouring informal sources such as family and friends over official sources which can be intimidating.

Finnegan et al (1999) are hopeful that technology (using integrated media formats) will provide new possibilities as they are less reliant on print literacy. The authors are also conscious of the fact that technology is limited in its targeting and its ability to reach various audience because of access issues.

For people with poor hearing Cahill et al (1998) found that they favoured the same modes of communication as the general population, but were less likely than people with poor vision to admit to having problems hearing. Their findings on people living in rural areas were that they were not a homogenous group and should be approached using a variety of strategies. The researchers also found that people who were vision impaired were "more likely to actively seek information but less likely to be able to find needed information than the general Medicare population" (p.2).

With the largest ethnic minorities in the USA (African Americans, Hispanic and Latino groups), their research highlighted that any communication strategies used needed to be informed by an understanding of cultural and racial preferences. Specific strategies mentioned included using non-cable TV, radio, churches, schools, local health care and community centres, etc. or any other strategy used for low literacy groups. This last point was confirmed by Boyd et al (1998)

who found evidence that radio was an effective strategy to help bring about change in the behaviour of African Americans in particular.

A central feature of most campaigns is the need to recognise the diversity of people's backgrounds and experiences. Furthermore, consumers are more likely to change their behaviour if the request or evidence:

- comes from a credible source (e.g. experts, authoritative institutions, peers, someone they know who has tried / adopted it, etc);
- is timely and relevant (Dennis et al, 1990);
- is well-focused (Flynn et al, 1997).; and
- access and cost barriers are reduced (Flynn et al, 1997).

The above arguably outlines only some superficial ways of making campaigns more inclusive. It is evident that participatory approaches are also an important part of any efforts to bring about inclusive practice.

High efficacy practices facilitate longer term change

At worst educators complained that the GES material felt like it was imposed on them from far away and irrelevant locations. If we're expecting people to take these campaigns up, let's increase their capacity to do so (Berg, 1999, p. 11).

Rotschild (1979) suggests that if a campaign does not lead to a sense of personal efficacy it is unlikely to have much impact. We will elaborate on this suggestion by discussing a meta-analysis of more than 100 fear campaign research reports.

Fear campaigns, as in the Australian HIV-AIDS mass media 'Grim Reaper' ad campaign, seek to change behaviour by focusing on the negative consequences of particular practices, like unprotected anal intercourse, or the sharing of intravenous needles. Swan (2001) asserts that fear campaigns do not work because people become desensitised to shock tactics. He states that straight drug information campaigns and media campaigns on their own do not work; they are only a soft access to the printed material. He claims that they are useful for "preparing the ground, providing motivation and giving credibility to the leaflet drop", but should be accompanied by printed material to trigger discussion in the family, at work, and in the community.

Witte & Allen (2000) offer an impressive and comprehensive review of more than 100 fear campaign research studies. They do not put it quite so bluntly as Swan but suggest that fear appeals do work – but only up to a point. They classify different types of fear campaigns and suggest that those that work best are those supported by follow up measures enabling people to address their fears.

In other words, there are fear campaigns that frighten you so much you feel incapacitated and resigned to the forces you perceive cannot be

controlled. There are also fear campaigns that frighten you but make you feel there's something you can do to prevent it and convey messages that support you to do something about it. According to Witte & Allen(2000):

It appears that strong fear appeals and high-efficacy messages produce the greatest behaviour change, whereas strong fear appeals with low-efficacy messages produce the greatest levels of defensive responses (p.591).

Efficacy messages must make target populations believe they are able to perform a recommended response (ie, strong self-efficacy perceptions) and that recommended responses work in averting or minimizing a threat (ie, strong response efficacy perceptions). To increase perceptions of self-efficacy, practitioners should identify barriers that inhibit one's perceived ability to perform a recommended action and directly address these in a message (ie. skills, costs, beliefs, emotions, etc). For example, if individuals lack the skills to negotiate condom use to prevent HIV infection, it may be useful for practitioners to offer role-playing sessions in which audience members successfully negotiate condom use (p.607).

Hibbard et al (2000) researched the impact of health plan report cards on consumers' choice to switch health plans. The authors found that overall, consumers tended not to pay much attention to the information conveyed in those report cards. When consumers did read the cards, they found that messages of loss or risk had more impact than messages of benefits or gain. Furthermore, the response was even more effective when clear directions as to how to minimise risk accompanied the risk message. The authors state that consumers understand, value and respond to messages of fear, threat or risk when it appeared relevant to them and also when this message was accompanied by one recommending brief, simple and feasible solution.

2.3 Individualised Marketing

What is individualised marketing?

Rather than relying on marketing messages to mass audiences, individualised marketing relies on marketing messages to individuals and households. It usually involves direct contact with a household member either by phone or a face to face visit, with a variety of strategies employed to engage the household members in change.

An example of individualised marketing on an environmental issue is TravelSmart, a campaign to bring about transport behaviour changes as part of wider efforts to promote cleaner air and reduce fuel consumption. The first large scale campaign of this kind was developed and tested in Europe in the 1990's by Socialdata in pilot projects in two German towns. Werner Brog has taken out a patent on a methodology and called it IndiMark. In Australia the IndiMark methodology has been used to inform TravelSmart schemes in Adelaide and Perth. These schemes were devised and managed by the large, multinational company Steer Davies Gleave who have taken out a patent on their customised methodology:

TravelSmart uses a large scale marketing approach in order to contact individuals and households. This 'dialogue marketing' aims to work at the margins by reaching those households interested in using alternative transport modes and focussing the limited marketing resources on them. The approach claims to work for two reasons:

It gets the marketing information in people's letterboxes and avoids advertising competition through other media. It motivates people to identify and discuss their own opportunities to use other transport modes with other in the household/family who may be affected (Steer Davies Gleave, 2001, p.13).

Households in a defined geographical area are initially surveyed to assess how receptive or interested they may be. Those that are judged to be interested are then approached with personal visits:

In the case of the South Perth study in IndiMark, the home visit is from a driver from the TransPerth bus service to explain how the public transport system works. Participants then work towards changing their travel behaviour and results are assessed in a follow-up survey (ibid. p.15).

Quay Connections (2001) reported on TravelSmart campaigns in Adelaide and Perth and highlighting the use of a direct personalised approach to travel behaviour, individual travel diaries, personalised tips to assist incremental change, and re-assessment with individuals after a period of time:

The approach is based on developing individual awareness of car use habits and the impact of those and empowering people to both change and benefit from the changes. Change is supported with contact, information and follow up (ibid, p.29).

Some of the other notable initiatives mentioned in the study include:

- individualised marketing to residents located in South Perth,
- community participation in public forums,
- implementing minor infrastructure changes,
- awareness raising through local press,
- school competitions,
- alternative transport (eg. walking, cycling) access maps with directions to local shopping centres,
- partnerships with related community organisations: Bikewest, The Heart Foundation, Conservation Council of WA, the Department of Environmental Protection, Curtin University and the QE2 Hospital,
- workplace programs,
- school curriculum and activity programs,
- trial integrated access plans for university & hospital precincts
- local action plans (Quay Connections 2001, p. 30).

The advantages of individualised marketing are according to Steer Davies Gleave (2001) based on achievement of longer term sustainable changes in behaviour:

*Awareness raising on its own is not an effective way to actually change travel behaviour or attitudes” (p. 3).
“Travel behaviour change aims to move beyond awareness raising to deliver a sustainable change in an individual’s travel behaviour (p. 4).*

The results claimed for the Individualised TravelSmart Marketing program include a 10% reduction in car use directly after the program finished, a 14% reduction in the vehicle kilometres travelled, and increased use of public transport, walking and riding a bicycle. While a Workplace TravelSmart program that was based only on raising

awareness showed an 11% reduction in single driver commuter trips shortly after the program ended, which then slipped back to a 6% reduction shortly after (Quay Connections, 20001). The study reported that “the individual nature of the program really worked and paid for itself within a couple of years – program managers say that they ‘don’t know any other way of making this sort of impact’” (ibid,p31).

Another feature of the program was the small accumulator effect on people involved or close to the program with participants becoming “excellent ambassadors” for the program and its benefits:

This effect was also noted in an evaluation of ten years of Landcare programs in the concept of best bet practices. Best option practices for sustainable agriculture adopted by Landcare participants were also widely taken up by others in the farming sector who were not in Landcare groups. There are some indicators that the demonstration of individual achievements in profitability and sustainability was a powerful motivator and enabler of change for others (ibid, p.31).

Individual or collective interests

A central theoretical premise that underpins individualised marketing strategies is that individual interests are far more important in driving change than collective interests. This sort of premise shapes much health promotion practice:

The most likely way to help someone to change is to make it easy for them to do it...Change occurs and is sustainable when individuals realise personal benefit (Steer Davies Gleave 2001, p.4).

Quay Connections (2001) make a similar point:

However, all the evidence suggests that adoption of environmentally friendly behaviours is greatest where it is convenient and where it does not require large investments of time or money (p. 4).

On the other hand there are many Australians who are actively involved in environment conservation groups and are driven by what they perceive as collective interests. Bulkeley (2000) argues that policy planners tend to under-estimate the level of knowledge and understanding that many Australians have of environment issues.

An environmental example where people willingly changed out of a sense of social responsibility to a collective problem was the 1995 campaign by Sydney Water to impose water restrictions because of a drought.

The research found that while there was high support for water restrictions, the community expressed difficulty in understanding and complying with the restrictions that were in force. However, there was very high adoption, among Sydney Water customers, of water saving practices such as recycling bath water, turning off the tap while brushing teeth and reducing the length of showers. By far the largest motivator (54% of those interviewed) for these changes in behaviour was knowledge of the drought at the time (Quay Connections, 20001, p. 3).

2.4 Commercial Advertising And Marketing

As already indicated, there is an extensive body of literature in the field of commercial advertising and marketing. What we attempt to do here is to highlight lessons that can be drawn from some of the literature which can be applied to consumer education practice. Within this body of literature we found few studies that focussed, in particular, on the advertising and marketing of financial products and services.

Segmenting the market

A clear theme that runs through much of the literature is that different types of peoples respond to different types of advertising campaigns. This suggests an important starting point for any consumer education campaign is to examine the various segments within the target audience. The literature suggests major segmentation variables that are used in marketing practice include:

- demographic,
- location / geography,
- psychographic (personality, perception, motivation),
- lifestyle (attitudes, interests, opinion),
- behavioural and organisational factors (Baker 1996, p. 158).

Motivation

There is currently considerable focus on the psychographic and lifestyle variables. Motivation attracts a lot of attention as a key psychographic factor. Recent Australian research evaluating superannuation communication strategies suggests that "motivation is a better predictor

of success (in the comprehension of consumer advice) than socio-economic status or education" (Ageing Agendas, 2000, p.2).

While overseas Kwak (1999) reviews the research evidence on consumer motivation and suggests three models to consider:

Rival explanation model

This model suggests that motivation, interest and knowledge can occur quite independently of income levels. So in this model working class people can achieve knowledge wealth through high motivation.

Causal association model

This model suggests there is a direct correlation between class, income level, education and knowledge level.

Motivation-contingency model

This model suggests there is an interplay between both models.

Value segment approach

Some marketing practitioners take a value segment approach that combines psychographic measures of values with lifestyle choices. This produces what are known as VALS segments based on three major groupings – principle oriented, status oriented and action oriented consumers. These are then sub-divided into:

- actualisers, fulfilled, believers, achievers, strivers, and
- experiencers, makers, and strugglers (Baker 1996, p. 170).

This approach has been developed in Australia by Roy Morgan Research who segments the population into ten values groups as a way of providing an insight into how people think, what motivates them and how they see themselves (FPA, 2000). The segments Morgan uses include:

- basic needs,
- fairer deal,
- family life (conventional family life, traditional family life),
- look at me,
- something better,
- real conservatism,
- young optimism,
- visible achievement, and
- socially aware (ibid, p. 33-38).

Using a life stage approach Silvers (1997) suggests there are seven distinct market segments in the USA and they are determined by the particular life-stage a person is. The life stage segments are:

- continuing care givers – who make up 7% of total adult population,
- second chancers (divorcees etc) - who make up 10%,
- new me's (people who have re-assessed their own identities after experiencing a compelling personal change such as mid-life crisis, major career change, menopause) - who make up 8%,
- free birds (finally able to focus on their own wants and needs) - who make up 13%,
- first families - who make up 30%,
- nervous novices (yet to start adult lives) - who make up 16%, and
- clock watchers (although also young are higher achievers than nervous novices) - who make up 15% (ibid, p 306).

Heisermann (1996) refers to a fourfold typology which can be used to assist in the planning of a work based investment education program:

There are four types of employees: spenders, savers, investors and planners. They have different needs... different levels of understanding..... different motivations to join or not to join your savings plan. So you need to communicate with various types of employees differently (p.16).

Views of how consumers learn

There are, of course, many contesting theories about how consumers learn. Here is a sample of theories and models drawn from the advertising and marketing literature.

- Consumers learn by simply and rationally assessing the information presented.
- Consumers do not learn by simply assessing information. Their learning is influenced by prior knowledge, feelings, experience etc.
- Consumers learn by trial and error ie. experience.
- Consumers learn by fantasies of celebrity association, sexual associations, food associations, adventure associations, etc.
- Consumers learn by analogy. "... consumers' experience with a particular product lead to an increased familiarity with other products within the same category" (Kolodinsky et al, 2000, p.180).

- Do consumers only learn through exposure to external information sources such as advertising? Or do they also learn through a process of internal knowledge transfer from familiar to novel domains. This is analogical learning theory. For example, you could learn about how a camera works if you know how an eye works. There is incredibly dense research literature that reports on studies about how to best facilitate analogical learning.
- "Age matters; people over 65 were 9.9 times more likely to use direct deposit" (ibid, p.183).
- "Education matters: consumers with college degrees were twice as likely to use direct deposit and EFTPOS than consumers with less than a high school education" (ibid. p.183).

In Lawson et. al's (1996) decision making process consumers are assumed to take a series of steps. They first recognise a problem, then search and evaluate information, make a purchase decision and finally engage in various post purchase behaviour depending on the success of the decision. Individual determinants of consumer behaviour are seen as personality, motivation and involvement, information processing, attitudes, memory and learning. While the external factors are seen as demographic, cultural, social class, social group, family and personal influence (p. 21-26).

Straight market response or information transfer model

This assumes that all consumers make rational decisions and so advertising is basically about giving them the 'right' information. Critics of this model reckon that "the consumer's mind is not a blank sheet awaiting advertising but rather already contains conscious and unconscious memories of product purchasing and usage" (Vakratsas & Ambler, 1999, p.27). In other words there are lots of filters in the consumer's mind that can alter response to advertising information. Some filters are shaped by feelings, by prior knowledge, etc.

Affect or Feel models

These models are concerned with the familiarity and the feelings advertisements may evoke.

Persuasive hierarchy or think, feel and do models

"The idea that, if advertising is to promote sales, it must inform and then persuade has intuitive appeal" (ibid. p. 32). But the question is: how do consumers evaluate the advertising information? Do consumers use mainly utilitarian or hedonistic criteria to evaluate the information? Do consumers get heavily involved in evaluation ie. evaluate the advertising information in great detail to form their attitudes and purchase intentions

or do they let pretty pictures of celebrity status influence them ie. have a low level of evaluation? The research evidence is mixed.

Low-involvement hierarchy or think, do and feel

This model applies when consumers have a pretty high level of awareness already and advertising serves the purpose of reinforcing their views. In low-involvement situations consumers do not resort to counter arguing and rather passively receive the advertising message. Because low-involvement consumers do not engage in elaborate information processing, advertising messages in such situations should emphasize peripheral, affective cues (celebrity endorsers) rather than factual product information.

What advertising strategies or techniques are effective?

The literature and research is not conclusive about what advertising strategies or techniques are effective. Not surprisingly, many theories abound. Here is a small sample.

Commenting on what really works in advertising Vakratsas & Ambler's (1999) key conclusion "is that experience, affect and cognition should be included consistently in studies of advertising effectiveness" (p. 35). It all depends on the nature of the message you want to get across and the sort of consumers you are targeting:

For example, a classified advertisement for a second-hand bicycle requires minimal experience and affect but extensive factual information.... Conversely, television commercials for laundry detergent might minimally target cognition through facts and concentrate on affect, using, for example, warmth and liking, as well as reinforce habit (ibid p. 36).

There are many contesting theories about which types of advertising strategies work best with particular market segments. One common assertion is that people with less formal education don't read much and don't respond to appeals to reason and lots of written text, compared to people with more formal education (Smith, 1996). Instead they respond to emotion and spectacle.

For example, in a recent review of communication strategies employed by the Australian Superannuation Fund Agency the authors concluded:

A proportion of consumers will always need verbal explanations of fund features and options to supplement written information. It is unlikely that these consumers would normally access written information. It is unlikely that these consumers would normally access financial planners. This makes information provided by fund staff an important element in the communication link. This information should be consistent with written material provided by the fund (Ageing Agendas, 2000, p.43).

The implications for advertising are that negatively framed strategies should be used with 'less educated' consumers and positively framed strategies with 'educated' consumers. Negatively framed strategies use fear to influence consumer choice. Positively framed strategies use the prospect of advantage and transformation to influence consumer choice.

Advertisers also make a distinction between "informational products" vs "transformational products."

Consumers purchase informational products to remove or avoid problems and negative emotional states. Purchase motivations for products such as insurance, aspirin, or cleaning products are primarily negatively reinforcing to help consumers maintain their current state of well-being and avoid potential losses. Consumers purchase transformational products to enhance the brand user by effecting a transformation in the brand user's sensory, mental, or social state. Purchase motivations for products such as candy, perfume, or champagne are primarily reinforcing to help consumers go beyond their current state of wellbeing to achieve potential gains (Smith, 1996, p.50).

Advertisers, therefore, will select particular strategies depending on the type of product or service.

In the literature there is a fair bit of debate about what type of advertising strategies are most effective with particular types of products. One school of thought suggests that negatively framed appeals will be effective when advertising informational, cognitive products that are designed to avoid loss, and positively framed appeals will be effective when advertising transformational, emotional products that are designed to achieve gains.

Is what you say more important than how you say it? It depends but in any case, how you say it can make a difference. But first let's specify what

sort of difference we want advertising to make. We want consumers to be able to recall the key message content. But we don't just want them to memorise something, we also want to persuade them to do something. According to Stanton & Burke (1998) the elements that are important in creating persuasion are different from those promoting recall.

Their study found the main persuasion factors, as opposed to recall factors in 30 second commercials, were that the commercial announced some new or new improved aspect of the product; the product results were demonstrated, the product was differentiated from other brands, and it included children, animals or animation (ibid, p.13).

Theories of analogical learning suggest it is important with the promotion of new products not to convey information about the product or service directly. Instead to do it by relational comparison. Gegan-Paxton and John (1997) say:

..A compelling case can be built for the assertion that relational comparisons represent a superior mechanism for facilitating consumer learning under these demanding conditions. First, many really new products result from changes in technology that are somewhat abstract in nature. By drawing a relational comparison between the new technology (eg. a fibre-optic network) and something both more familiar and concrete (eg. railroad tracks), the notion of what the new technology is, and what it can provide to the consumer, can be more clearly conveyed. Second, many really new products create entirely new product categories (eg. personal computer) (p. 275).

Nichols and Schmidt (1995) report on a trial where they used 60 to 90 second videos about nutrition education (stir fry veggies, meat al-la-low-fat, Discover a New Style of Cooking) in some grocery stores. The strategy was based on the assumption that consumers are incredibly busy and that in-store videos would be an effective way to reach them. They undertook some pretty rigorous pre-testing, post-testing, and used random control groups and concluded the in-store video tapes did increase nutrition knowledge for those consumers who viewed them while shopping.

2.5 Public Meetings and Seminars

It would be interesting to survey what proportion of budgets committed to facilitating change in health promotion and environmental sustainability are spent on marketing versus public meetings and seminars, or participatory learning strategies. We suspect that significant

proportions would be spent on public meetings and seminars. There is among many planners of change campaigns a taken-for-granted assumption that public meetings and workshops should be the centre-piece strategy. In a recent review of community capacity building practices Flowers (2001) expresses a number of concerns about the formulaic approach being taken:

I reckon if one did a survey of community capacity building projects that over 75% would follow what I am going to call a staid, conservative and formulaic procedure. It goes something like this..... (a) establish some sort of action group or local committee; (b) convene some sort of workshop planning process – Search planning workshops, Community Opportunity workshops etc. ; (c) organise follow-up meetings to continue the planning and make decisions about implementation; (d) establish and seek agreement on management arrangements with some sort of secretariat (p.6).

Flowers (2000) suggests the use of meetings and workshops is not as effective as it could be because they are not inclusive, not pluralist, not experiential, and rarely provide opportunities for learning by doing.

Having said this, there are many accounts of specific project initiatives that have used meetings and seminars as their centre-piece strategy and that do report positive outcomes. Here is a sample.

There appears to have been an increase in the number of financial planners in Australia offering free financial seminars. Companies like Comsec who run over 1,000 seminars a year, and Garrisons, Neville Ward Direct, Perpetual Private Clients, and RetireInvest offer seminars that run between 1 and 2 hours offering advice on retirement, investment strategies, investment products & services. Long (2001) suggests that the "intense competition in the financial services industry has inspired a whole range of organisations to jump on the seminar bandwagon".

One of the difficulties consumers face is making sound choices when financial institutions mix the provision of information and education with marketing. It can be difficult for people to distinguish between information that is valuable for consumers and the sales pitch. An important finding of an evaluation of the service provided by a national information centre on retirement investments (NICRI) is that its services and information brochures are highly regarded because the information it provides was seen as independent and unbiased (Ageing Agendas 1998, p.4).

A series of information seminars were at the centre of a program aimed at increasing consumer knowledge on home building issues (CHBES 1996). The Consumer Home Building Education Service (CHBES) ran these seminars across NSW and involved project liaison; targeting special needs groups and community agencies/ intermediaries; producing printed materials for the seminars; promoting the seminars in local media; and developing contacts with community agencies.

Another important feature of the program was the liaison with appropriate industry, consumer, community and government organisations was used to develop the content, resources and presentation of the seminars and the printed material. Print resources were produced for distribution at the seminars - including six print resources which were developed for consumers. A Community Worker Training Manual, along with an existing brochure and a Plain English Home Improvement Contract were produced. Media releases were distributed to all local press, general press and radio stations in each region/centre, with follow up radio interviews, and a bulletin distributed to community groups to promote the seminars.

The study reported that about a third of the 2,000 community based services and the 200 local councils with a likely interest in building issues were involved in the seminars, with 920 agencies taking part, and 423 agreeing to receive and distribute information on home building issues. A total of 215 workshop sessions were delivered in 8 major rural centres and 7 parts of Sydney over a 12 month period reaching over 4,000 people, including almost 3,000 members of the public and over 1,000 community intermediaries (CHBES, 1996).

Pre- and post workshop tests indicated high learning outcomes were achieved: 54% knowledge increase for the public and 52% for community intermediaries, 88% of both the public and the intermediaries said after the sessions they would behave differently because of their new knowledge (ibid, p.6). There was also evaluation of the suitability of the workshop content and resources, and a follow up evaluation of participants by telephone.

Note the results reported in this study do not include any key demographic details, where people lived, or the sample size of the consumers surveyed. Disadvantaged groups targeted included NESB, Aboriginal, women, disabled, elderly and rural people. The outcomes reported for those taking part in the seminars 'did not vary greatly between general and specific needs group'. They did conclude that 'ethnic people need...targeted information in 6-8 key community languages', Aboriginal people need to be targeted 'using consultative teaching approaches' and 'elderly people need large print resources or videos' (ibid. p.1).

Flynn et al (1997) designed community education programs to promote the usage of mammography services in rural America based on the results of small focus groups. These programs included "engaging natural opinion leaders in organizing and hosting small group education programs" where breast-screening issues were discussed. They found that "well-focused educational interventions" are effective when access and cost barriers are reduced" (ibid p.103).

John Rae (1999) examines the use of a contemplation learning model developed by Jarvis to assist the delivery of community health care on general and genetic counselling topics. He found that this model assisted practitioners in promoting learning and change in their clients. The processes involved in the Jarvis workshop-based model include discussion, reflection and memorising. The model is also characterised by the following elements:

- allows for learning to be inferred from behaviour
- learning occurs in the cognitive as well as emotional domains
- learning is situated
- emphasises experience (ibid p.78).

As already discussed in the opening section of this chapter we question how useful these project level evaluations are for planning national consumer education strategies. We could find little literature that critically examined the details of how you do it. We found many accounts that were descriptive but not analytical. The accounts describe the goals or the process but rarely was there any critical discussions about how difficult it was to include and mobilise a wide range of stakeholders.

2.6 Participatory Learning & Action Research

Effective change practice also relies on being able to actively engage people and to help increase levels of personal and collective efficacy in the target groups. People may understand a message to change behaviour but if they feel powerless to make that change they are unlikely to change in the long term. This is where participatory learning and action research is important. It can directly address people's levels of efficacy; ie. help people feel more able and powerful to make changes.

It is relevant to note that there is a growing interest in health promotion to shift from:

relatively simple, behavioural risk factor explanatory models and interventions strategies. There is a greater appreciation of the influence of broader social determinants and the need for a more programmatic approach to health promotion which incorporates knowledge generation, capacity building and interventions that target institutional, community, organisation and individual levels of social organisation (Swerisson & Associates, 2001, p.14).

What is participatory learning and action research?

We will outline what participatory learning and action research is by describing a hypothetical example, followed by brief accounts of actual projects. Imagine educating consumers about local bank closures. There is a countless variety of ways one could go about helping people to learn about this issue. One conventional way is to recruit a group of guest speakers to deliver a series of lectures. This is a traditional and didactic mode. One could lead a series of seminars with opportunities for lots of discussion. This would be less didactic and more interactive but nonetheless the program is devised by the workshop co-ordinator.

An alternative strategy might be to negotiate a project with a group of participants over, say, three months. The details of the project could be collaboratively planned by the participants together with the project co-ordinator. But they might include investigating bank branch closures by interviewing a range of stakeholders, and visiting other local branches. The participants might decide to produce brochures themselves for other consumers, rather than relying on reading materials written by others for them.

Maurana & Clark (2000) report on a participatory "health communication model" promoted and funded by the Health Action Fund, in Ohio, USA, to help community groups participate in and define their health problems, needs and implement solutions. The model is based on focus groups invited to discuss and problem-solve their own health issues. The authors recommend this model of communication in communities where "traditional methods of communication and marketing were not effective" (p.4).

Cummings (1997) states that empowerment is essential for substance abuse prevention to be successful, because the model increases the chances of long lasting interventions. It achieves this through increased decision making powers, provides "opportunities to share skills and facilitate effective community [environment] influence" (p.50), and develops members' competencies to ultimately empower community

groups and organisations. This model is based on community planning and participation processes and the following four postulates:

- primary participation of the target population in formulating interventions and solutions,
- long-term process from creating relationships with community leaders to working in sessions towards solutions,
- contextual,
- requires longitudinal study and qualitative approaches in understanding the processes involved.

As mentioned earlier Lawrence & Cawley (1999) describe their efforts to move from 'knowledge transfer' to an action learning approach in agricultural extension education. While Huggins et al (1999) reflect on the use of an experiential learning model (questioning, action learning and peer review) to enable Queensland primary producers to make better decisions in order to secure long-term viability and sustainability. The authors find that acknowledging prior knowledge is essential for adults to learn.

Building a participatory and action oriented learning culture

Parlane & Flowers (2000) were commissioned by the Mittagong Forum – a coalition of major Australian environmental protection groups – to propose strategies to build a participatory learning culture in the environment movement. They suggested there were two main themes involved in building a participatory learning culture:

- how to embed learning into the day to day work ,and
- how to help people and groups to take more responsibility for their learning.

They suggested two broad ways to address these issues:

The first way is through activities where people and groups can work and learn from and with each other. The second way is through positions for learning and action 'organisers' or 'consultants', who would work closely with groups to support and facilitate appropriate training and learning opportunities (Parlane & Flowers, 2000, p.16).

Underpinning the notions of participatory learning and action research is a broad conception of education and learning which draws on a fourfold typology of education and learning. In addition to formal education, there is also non-formal education, informal and incidental learning.

Formal education and training refers to courses with defined curricula. Non-formal education to instruction that is built from particular events and projects; such as non-violent direct action training during an environmental campaign, or an issue based seminar. Informal learning involves conscious and systematic efforts to learn from experience, involving individual or group reflection. Incidental learning refers to learning that is embedded in other activities, is often tacit, and nevertheless continually informs action (Foley, 1995).

Some of the most profound learning for consumers happens outside the structured consumer education campaigns and seminars. Undoubtedly, people learn about consumer issues from friends and colleagues in everyday settings in informal and unexpected ways. Most likely, much of this informal learning about consumer issues happens through experience and action. A challenge is to tap into and build on this informal learning about consumer issues and there are various ways to plan and facilitate informal learning (Foley, 1998; Garrick, 1999; Jeffs & Smith, 1990).

Other specific ways of supporting participatory learning suggested by Parlane & Flowers (2000) include creating positions for learning and action 'organisers' or 'consultants', consumer newsletter projects, collaborative partnerships between community film making or other community artists and community educators. The key to these efforts is creating opportunities for people to be actively engaged:

The Sex Workers Outreach Project (SWOP) was established in 1990 to provide information & support services to sex industry workers throughout NSW...SWOP places a very high value on peer education and believes that this is currently the most appropriate method for the industry. SWOP encourages workers from the industry to be involved in all aspects of its work. This is achieved by providing forums in which workers can be involved. For example, SWOP's publication, The Professional, used to be written by SWOP staff. Five years later the magazine is now completely written by sex workers and others working in the industry. (Foley, 1997, p.32).

A final point to be highlighted is that participatory learning is advantageous if one is intent on facilitating a 'deeper' level of consumer education. If one wants to simply acquaint consumers with superficial facts and figures then straight information provision may be sufficient. But if one is intent to help consumers develop the capacity to make informed judgements, change behaviours or even critique and resist our consumer lifestyle experience suggests that active and participatory learning activities will be more effective than didactic activities.

Given these different levels of learning, the business of planning and facilitating participatory learning is a highly skilled and complex task.

To indicate how challenging and complex the work of a learning consultant can be just think of the different levels or types of learning one would hope to facilitate in any environmental advocacy work. One level is learning how to do things and carry out tasks. A lot of education and learning stops at this level. This sort of learning requires the simple imparting of knowledge and skills. But another level of learning is concerned with helping people understand and analyse. Simply giving people facts and figures cannot facilitate this sort of learning. It requires skilful questioning, listening, guiding and facilitating. A third level of learning, moving beyond being able to understand, is concerned with helping people to create - to devise their own ideas and strategies. In this third and most critical level of learning the educator or learning consultant would try and help people identify the assumptions and values that constrain the way they think, feel and act. The educator would help people adopt a form of self-reflection (Parlane & Flowers, 2000, p.17).

This suggests that to try and achieve these deeper levels of learning, consumer education using a participatory approach can be supported by training intermediaries – associations, consumer advocates etc. This type of training would not be handing them pre-prepared materials but rather developing presentation and group facilitation skills, ie. how to lead seminars and deliver the content in the materials. It would develop further the educational dimension of their consumer protection work and help identify ways to plan experiences where consumers learn through action.

One should be realistic about the limited time and skills such intermediaries or resource people can bring to the task of planning and facilitating consumer learning. Therefore, it may be productive to create opportunities for partnerships between those whose primary expertise lies in the design of participatory learning and action research activities and those whose expertise lies in consumer protection. Bond (2000) presents this argument for the United Kingdom and argues that consumer education should draw on the knowledge of participants and of frontline workers. To do this she suggests mobilising a wide variety of what she calls potential resource people:

Accepting the importance of valuing participants' understandings, there is a further challenge that relates to the knowledge, skills and experience that additionally would need to be drawn on to help adults to learn about these matters. They reside in a diverse range of people including economists and business studies specialists with understandings of financial markets, structures and procedures; civil servants working in the fields of tax and national insurance; local government and student union staff with knowledge of grants and loans; welfare rights officers employed in the community sector to advise about welfare benefits; bank and building society managers with expertise in mortgage lending; human resource staff, and community education workers with responsibility for running pre-retirement courses. The list is indicative not exhaustive (ibid, p.27).

References: Chapter 2

- Ageing Agendas (2000) *Summary of the Outcomes of Consumer Testing of ASFA Super Choices*, Ageing Agendas, Sydney
- Ageing Agendas (1998) *Report of the Evaluation of the National Information Centre on Retirement Investment Inc (NICRI) and its services*, Australian Pensioners & Superannuants Federation / Ageing Agendas, Sydney (extract only)
- Anon (1999) 'Assessment of the National Medicare Education Program: supply and demand for information', *Health Care Financing Review*, 21(1), 129-131
- Baker M.J. (1996) *Marketing : an introductory text*, Macmillan Business, London (extract only)
- Berg, R. (1999) *Gay Education Strategies Project: Impact Evaluation Report*. Australian Federation of AIDS Organisations, Sydney (extract only)
- Bond, M. & Boucher, A. (2000) 'Towards developing financial literacy programs for adults', in *Journal of Access and Credit Studies*, Spring, pp19-32
- Boyd, N. R. et al (1998) 'Quit today! A targeted communication campaign to increase use of cancer information service by African American smokers', *Preventive Medicine*, 27, S50-S60
- Bulkeley, H. (1999) 'Common Knowledge? Public understanding of climate change in Newcastle, Australia', Paper for *Public Understanding of Science*, May 1999 (extract only)
- Cahill, K. R. et al (1998) *HCFA Market Research for Beneficiaries*. Barents Group for Health Care Financing Administration, Washington, DC.
- CHBES (1996) *Consumer home building education & information project, metropolitan and rural: March 1995 – March 1996*, Consumer Home Building Education Service, Dulwich Hill NSW
- Cummings, S. (1997) 'An empowerment model for collegiate substance abuse prevention and education programs', *Journal of Alcohol and Drug Education*, 43(1), 46-62
- Dennis, M. L. et al (1990) 'Effective dissemination of energy-related information: applying social psychology and evaluation research', *American Psychologist*, 45(10), 1109-1117
- Finnegan, J. R., Viswanath, K. & Hertog, J. (1999) 'Mass media, secular trends, and the future of cardiovascular disease health promotion: an interpretive analysis', *Preventive Medicine*, 29, S50-S58
- Flowers, R. (2001) *Community Capacity Building*, Keynote address to Victorian Rural Health Conference, Lakes Entrance, Centre for Popular Education, UTS, Sydney
- Flynn, B. S. et al (1997) 'Community education programs to promote mammography participation in rural New York State', *Preventive Medicine*, 26, 102-108
- Foley, G. (1997) *AFAO Project: Best practise in HIV/AIDS Adult Education*, Discussion Paper, Centre for Popular Education, UTS, Sydney.
- Foley, G. (1998) *Learning in Social Action: A Contribution to the Study of Informal Learning*. Zed Books, London

- FPA (2000) *Financial Planning Tracking Survey: Executive Summary*, Financial Planning Association, Melbourne (extract only)
- Freudenberg, N. (1990) 'AIDS prevention in the United States: Lessons from the first decade', *International Journal of Health Services*, 20, (4), 589-599 (quoted in Foley 1997))
- Garrick, J. (1999) *Informal Learning in the Workplace*. Routledge: London, (extract only)
- Goicoechea- Balbona, A.M. (1997) 'Culturally specific health care model for ensuring health care use by rural, ethnically diverse families affected by HIV / AIDS', *Health and Social Work*, 22 (3), 172-181
- Gregan-Paxton, J. & Roedder-John, D. (1997) 'Consumer learning by analogy: a model of internal knowledge transfer', *Journal of Consumer Affairs*, December, 24, 266-284
- Heiserman, A.C. (1996) 'Is your investment education program designed to be all things to all people?', *Benefits Quarterly*, 12(2), 16-20
- Hibbard, J.H. et al (2000) 'Increasing the impact of health plan report cards by addressing consumers' concerns', *Health Affairs*, 19(5), 138-143
- Huggins, J. & Murphy, R. (1999) 'Reflecting on experience and building on hard earned knowledge – a practical application of action learning', *Australian Journal of Adult and Community Education*, 39 (1), 28-34
- James, B. & John, G. (2000) *TravelSmart – South Perth large scale individualised marketing project*. Department of Transport Report, Western Australia (commercial in confidence)
- Jeffs, T. and Smith, M. (1990) *Using Informal Education*, Open University Press, Buckinghamshire
- Kolodinsky, J., Hogarth, J.M. & Shue, J.F. (2000) 'Bricks or clicks? Consumers' adoption of electronic banking', *Consumer Interests Annual*, American Council on Consumer Interests, 46, 180-184
- Kotler, P. and Zaltman, G. (1971) 'Social Marketing: An Approach to Planned Social Change', *Journal of Social Marketing*, July, Vol 35
- Kotler, P. & Roberto. E. L. (1989) *Social Marketing: Strategies for Changing Public Behaviour*. The Free Press: New York
- Kwak, N. (1999) 'Revisiting the knowledge gap hypothesis', *Communication Research*, 26(4), 385-413,
- Lawrence, D. & Cawley, S. (1999) 'From telling to teaching, towards learning: a new approach to nitrogen fertility management of cereals in Northern Australia', *Australian Journal of Adult and Community Education*, 39 (3), 131-142
- Lawson, R. et al (1996) *Consumer behaviour in Australia and New Zealand*, Macmillan, Sydney, p.19-26
- Lazarsfeld, P. and Merton, R. K. (1949) 'Mass Communication, Popular Taste, and Organised Social Action, in William Schramm (ed.) *Mass Communications*, Urbana: University of Illinois Press.
- Long, C . (2001) 'Sell division', *Money, The Sydney Morning Herald*, 23/5/2001, pp10-11
- Maurana, C.A. & Clark, M. A. (2000) 'The Health Action Fund: a community-based approach to enhancing health', *Journal of Health Communication*, 5(3), 243- 255

- Nichols, L.A. & Schmidt, M.K. (1995) 'The impact of video tapes in educating grocery store shoppers about dietary fat and cholesterol', *Society for Nutrition Education*, 27(1), 5-10 (abstract only)
- O'Regan, M. (2001) 'Media drug campaign', *The Media Report, Radio National, Australian Broadcasting Commission*, 29/3/2001, <www.abc.net.au/rn/talks/8.30/mediarpt/stories/s268174.htm
- Ozanne, J.L. & Murray, J.B. (1995) 'Uniting critical theory and public policy to create the reflexively defiant customer', *American Behavioural Scientist*, 38(4), 516-525,
- Parlane, L. & Flowers, R. (2000) *Capacity building and training for the advocacy oriented Australian environment movement*. Centre for Popular Education, UTS (extract only)
- Quay Connections (2001) *Marketing the National Greenhouse Strategy: a review of relevant social marketing practice*, early draft: Australian Greenhouse Office, Sydney (extract only)
- Rae, J. (1999) 'A novel application of a model of adult learning', *Australian Journal of Adult and Community Education*, 39 (2), 77-84
- Reger, B., Wootan, M.G. & Booth-Butterfield, S. (1999) 'Using mass media to promote healthy eating: a community-based demonstration project', *Preventive Medicine*, 29, 414-421
- Rofes, E. 1996, *Reviving the Tribe: Regenerating Gay Men's Sexuality and Culture in the Ongoing Epidemic*, New York: The Haworth Press, pp 200-224
- Rotschild, M. L. (1979) 'Marketing Communications in Nonbusiness Situations or Why it's so hard to sell brotherhood like soap', *Journal of Marketing*, Spring, 43, 11-20
- Russell, Faith(2000) 'Dangerous Intersections', *Marketing News*, 34 (5), 18
- Saltau, C.. (2001) 'Experts urge different drug tactics', *The Age-Saturday*, 7/4/2001, p15
- Schmeiser-Rieder, A. & Kunze, U. (2000) 'Blood pressure awareness in Austria: a 20-year evaluation 1978-1998', *European Heart Journal*, 21(5), 414-420
- Silvers, C. (1997) 'Smashing old stereotypes of 50-plus Americans', *Journal of Consumer Marketing*, 14(4), 303-309
- Smith, G.E. (1996) 'Framing in advertising and the moderating impact of consumer education', *Journal of Advertising Research*, 36(5), 49-64
- Stanton, J. L. & Burke, J. (1998) 'Comparative effectiveness of executional elements in TV advertising: 15 versus 30 second commercials', *Journal of Advertising Research*, 38(6), 7-14
- Steer Davies Gleave (2001) *Travel Behaviour Change: Theory, Practice and Results in an Australian Context* (unpublished report – commercial in confidence)
- Stoil, M.J., Hill, G.A., Jansen, M. A., Sambrano, S. & Winn Jr. F.J. (2000) 'Benefits of community –based demonstration efforts: knowledge gained in substance abuse prevention', *Journal of Community Psychology*, 28(4), 375-389
- Sumner, J. (2000) 'Community sustainability and adult education: learning to build civil capital and resist corporate globalisation', *Australian Journal of Adult Learning*, 40 (1), 53-65

- Swan, N. (2001) 'Stark images grab the eye but parenting is the key', *The Sydney Morning Herald*, 28/3/2001
- Swerissen, H. and Associates (2001) 'Health Promotion and Evaluation: A Programmatic Approach' *Health Promotion Journal of Australia*, 11(1), <<http://vhpax.vichealth.vic.gov.au/hpja>>
- Vakratsas, D. & Ambler, T. (1999) 'How advertising really works: what do we really know?', *Journal of Marketing*, 63(Jan), 26-43
- Wake, D. (1999) *Smogbusters Way to Work: Greening Travel through the Workplace*. Australian Transport Research Forum (commercial in confidence)
- Witte, K. & Allen, M. (2000) 'A meta-analysis of fear appeals: implications for effective public health campaigns', *Health Education & Behaviour*, 27(5), 591-615
- Witte, K. et al (1998) 'Preventing the spread of genital warts: using fear appeals to promote self-protective behaviours', *Health Education & Behaviour*, 25(5), 571-585 (extract only)
- Witte, K. et al (1998a) 'Radon awareness and reduction campaigns for African Americans: a theoretically based evaluation', *Health Education & Behaviour*, 25(3), 284-303 (abstract only).

3. STATE OF FINANCIAL LITERACY IN AUSTRALIA

3.1 What is Financial Literacy?

There is a similar range of views about what constitutes financial literacy as found in the literature on consumer education (Vass,1998; Anon, 1999a; Garman et al,2000; Bond,1998). We have been guided by the definition of financial literacy developed for the National Foundation for Educational Research in the UK and referred to by Bond & Boucher (2000):

... financial literacy is defined as encompassing the ability to make informed judgements and to take effective decisions regarding the use and management of money
(Bond & Boucher, 2000, p. 20).

But what are consumers expected to know and be able to do in order to be considered financially literate? That is the more complex question.

A recent UK government report developed the concept further by suggesting that financial literacy meant people needed to be:

- numerate,
- able to manage credit and debt,
- assess needs for insurance and protection,
- assess the risks and returns in different savings and investment choices, and
- have an understanding of the wider ethical, social, political and environmental dimensions of finances (AdFLAG 2000,p.11).

A view developed by a US think tank on retirement planning suggests that financial literacy is related to the specific needs of people. For employees a minimum level of financial literacy includes understanding:

- the power of compounding,
- the difference between stocks and bonds,
- what an employee savings plan involves (Anon 1999a).

It should be noted that many people do not have much money for saving, and therefore the need to understand investment is not seen as an important part of their day to day lives (Garman et al 2000).

A critical view taken by Bond (1998) suggests it is not just a matter of being able to calculate interest rates, returns on shares or check social security entitlements. People need to become “confident managers of their own affairs, and critical thinkers about the impact of financial

institutions on their lives (and) need to develop an understanding of the relationships between these structures and systems, and an appreciation of their power”.

3.2. Assessments of Levels of Financial Literacy

Some North American and British observers suggest that levels of financial literacy are quite low across the community. Literature that provides some insight about levels of financial literacy in Australia will be reviewed in detail further on.

A national UK study by the National Foundation for Educational Research (NFER 1995 cited in Vass 1998) concluded that many adults lacked an understanding of fundamental financial concepts, and there were considerable differences in financial literacy across parts of the community. It found that financial literacy was affected by a person's education, income, class and ethnicity (Vass 1998, p.37). Drawing on that research Vass voiced concerns about the chance of any investor education succeeding with the general public in the UK, let alone with those who needed it most - those susceptible to debt problems.

In the US Cutler (1995) argued that financial literacy was not the same for all people and that everyone, not just the wealthy, needed it. It was important to consider the different backgrounds, levels of financial resources, challenges and opportunities that people had. Other US studies of employees, older people, women, young people, and people with a disability also suggest there are low levels of financial literacy in each of these groups (Garman et al 2000, Anon 1999a, Oumlil et al 2000, Cohen 1994, Rodgers 2000). While a recent UK study questions the reality of a gender gap in financial literacy, it does identify a number of areas where there is a gap in women's financial knowledge (FSA 2001).

3.3 What do Australian Consumers Know, Believe and how they Behave?

The information available on what consumers in Australia know about financial issues, what they believe, and how they behave is fragmentary. The stocktake of consumer education in financial services initiated by ASIC is part of a process of drawing together what is known in this area in a more systematic way (FSCPC 1999).

This review has been able to obtain information about consumer knowledge of investing, loans and superannuation. It has located data on consumer attitudes towards banking, share market investment, investment strategies, and women's superannuation. There is also data

collected on savings behaviour, budgeting, personal insurance, E-banking, and community banking.

One of the striking features of the survey data is that from a professional view the knowledge of the Australian consumers on financial matters is seen as being generally quite limited. But if you consider the data from a lay person's perspective, people do know about those financial issues, services or products that are relevant to their current life stage or life needs, and to their existing financial situation or possibilities. People do know about cash, fixed interest, property, the performance of banks, about the importance of investing in their own home, credit card loans, personal loans, and their mortgage.

It is not surprising that people are not as knowledgeable about investing and superannuation - these areas are complex, difficult to grasp and there are disagreements about what are the most effective investment strategies to follow.

While lack of information, lack of skill and experience are factors, the lack of financial resources together with a lack of power to do anything effective with financial information are clearly important issues for a significant proportion of the population. Also it is apparent that the issues that financial professionals see as important are often rated as unimportant by many ordinary people.

Note that a closer look at the samples used in most of the surveys quoted below indicates that people from rural and remote areas, and most disadvantaged groups are being under represented in the survey results.

Knowledge of investing

A survey of over 1000 Australians living in capital cities found that a majority of people, just over five in ten people either did not do much about investment / financial planning (33%) or felt they needed to know more about investing (22%). There were less than one in three (29%) who felt they knew quite a bit about investments (McGregor Marketing 1998).

However the investment terms understood by at least nine out of ten people were cash, fixed interest, superannuation, property, and assets and returns, while just under one in three understood the more technical terms like unit trusts, annuity, franked dividend or dividend imputation.

Another survey of 800 Australians showed that of those consumers with a mortgage, more than nine out of ten knew how much their monthly repayments were. Knowledge of which asset class had the highest return was limited, with half the sample unable to say which class it was, and one in three (33%) unable to calculate a simple example of real rate of return (Russ Knight Research, 2000).

Knowledge of where to turn for investment or financial advice ranged across financial planners, friends, family & colleagues, their main financial institution, general media, and seminars run by financial providers or not-for-profit organizations (McGregor Marketing, 1998).

Knowledge of investment strategies was limited. When asked what was the best investment strategy, four out of ten (40%) agreed with spreading risk by choosing a mix of investments, just over one in five (22%) would invest in their home, and almost one in five (19%) did not consider themselves to be an investor (McGregor Marketing, 1998).

Knowledge about loans

There were only two types of loans that were well understood by consumers – credit card loans and personal loans. Those that were poorly understood included overdrafts, investment loans and home equity loans (McGregor Marketing, 1999).

Knowledge about superannuation

There continues to be a high level of ignorance about superannuation, with the more socially vulnerable - women, young people and low income earners - identified as the groups with the least knowledge. Half of those surveyed did not know what proportion of their salary went into superannuation, four in ten (40%) could not name their superannuation provider, and only one in ten (12%) knew the current employee superannuation contribution rate (ASSIRT, 2001).

Knowledge about super funds among employees and retirees was also limited, with almost seven out of ten (67%) not aware of the rate of return of their super fund. Also just over six out of ten (65%) did not know what was the best measure of a superannuation fund's performance, and four out of ten (40%) said the information from their super fund was too difficult to understand. The fact that almost six out of ten (57%) of consumers had not reviewed their superannuation arrangements in the last 18 months, suggests superannuation was not an issue most people felt they could or should do anything about (Russ Knight Research, 2000).

Attitudes to banking

For consumers the main financial institution that most people deal with is their bank. Over recent years most customers have experienced the impact of the major restructuring of banking, branch closures, and staff cutbacks. There is also evidence of the growing exclusion of some people and communities from banking services (Connolly & Hajaj, 2001).

Not surprisingly the attitude of consumers towards banks has received a lot of attention. The Australian Consumers Association has undertaken two recent surveys in 1997 and 2000 and found high levels of dissatisfaction with the service provided by major banks, especially their fees and charges, over the counter service, staffing levels, the number and location of bank branches, and the impact of mergers (Beddoe, 2000).

The only positive change in attitudes noted was among the small proportion of customers using telephone and internet banking, who reported an increase in their satisfaction with this area of service. Despite the drop in the level of satisfaction across most of the service areas surveyed, most consumers were staying with their existing financial institution. Only 22% of respondents had moved their accounts in the previous five years (ibid, p.8)). This suggests that despite the presence of a strong credit union network and the emergence of community banks, most people do not feel they have any effective alternatives to the major banks.

Attitudes to share market investment

Another area of growing interest is in the attitude of Australians towards direct share market investment. Recent research drawn from ING-Melbourne Institute's June 2001 quarter household savings report suggests sentiment has turned against share market investment (Wade, 20001). Most Australians have a very shallow attachment to the share market, with just over one in ten (11.4 %) of households intending to buy shares with spare money as compared to just over two in ten (21.2%) in September 1999 when the technology boom was at its peak. Only about one in three (31%) of families owned shares directly, a figure that has remained relatively constant over the last three years, and most investors held stocks in only a few companies (ibid,p.9).

Attitudes to investment strategies

The attitude of most Australians towards investment remains essentially conservative with people generally taking a security conscious approach. Investing in your own home remains the most favoured form of investment. There is reduced enthusiasm, compared with attitudes expressed in 1998, for investment in shares, cash, related asset classes or managed funds (ASSIRT, 2001).

The data on what investment strategies provide the best returns vary. Potts (2001) quoting a RetireInvest study showed:

both Sydney property and investment in shares showed similar rates of return on an investment that took place over a 5 year and a 10 year period.

If you took the 10 years to June 1999 the average Sydney property growth (6.6%) was slightly better than the average return on a share investment.

If you compared returns over a 15 year period, investment in shares returned on average 2% a year more than an investment in Sydney property (4.2%) (Potts, 2001, p. 4).

Another more extensive study by Bridge Financial Services highlighted the difficulty of predicting what are the best investment classes over time. The report looked at returns over the 15 years since 1986 from major asset classes - Australian shares, international shares, listed property trusts, Australian fixed interest and cash. While rates of return fluctuated considerably from year to year and across each class, the average rate of return per annum showed International shares performed best (12.8%), followed by Australian Fixed Interest (12.0%), Listed Property Trusts (11.2%), Australian Shares (10%), and Cash (9.1%) (Sampson, 2001).

The lessons drawn from the report were that past performance is no indicator of future performance, there is a danger in reacting to short term performance, and that it is dangerous to believe truisms about the share market – that shares always outperform other investments over longer periods- which wasn't true over the past 15 years (Sampson, 2001).

Another survey that looked at ethical investments – investment in socially and ecologically responsible companies - showed that ethical fund managers in Australia, the US and UK have achieved returns as good or better than traditional investments. Research by Morningstar shows the top ethical funds significantly exceed returns achieved from investment following the All Ordinaries Index (Lavelle, 2000).

Attitudes of women to superannuation

The attitudes of women towards superannuation, especially those approaching retirement, are continuing to cause concern according to a recent survey (Onyx & Benton, 1999). Many women still believed that saving for retirement was a man's job and if they had spare money they would spend it on family holidays, their children's education or their house, rather than putting money into superannuation. This is a growing issue as divorce rate rises and the population ages. Among older women there are now more divorced women than those who are widowed. For the first time the number of divorced women at age 60 outnumbers widows. These women “ have missed out on a share of their former husband's superannuation, may lack their own because of a broken work history and have to wait longer (until 65) for the age pension” (Horin, 2001).

Women approaching retirement were likely to have very small amounts of money in superannuation. The bottom 10% of women (based on their annual income) who retire in the next ten years will have as little as \$30,000 in super, while on average women in general will not be much better off. They will be retiring with only \$80,000 in super according to research by the National Centre for Economic Modelling at Canberra University (Horin, 2001).

Savings behaviour

There has been a major shift over the last twenty years in Australian community behaviour towards savings and the use of credit. Australia has moved from having its highest level of private savings in 1980 to its lowest level of savings by 2000 – a major turn around in savings behaviour. While people say they believe in saving, in practice they are not saving, instead they are increasingly loading up debt (MacKay, 2001).

The figures on private savings levels show that among households and non-finance private business there was a surplus of 3% of GDP in 1980. By 2000 this had moved to a private sector debt of 6 % of GDP. This is related to the growth of credit which has expanded dramatically over the last 6 years. According to Brain (2001) this mirrors what has happened in both the USA and the UK, and is in sharp contrast to the European experience. The Australian experience is related to our monetary policy and what Brain calls the de facto privatisation of our monetary policy (ibid, p. 6).

Financial deregulation, the ease of accessing credit, and the drive by financial providers for credit to be used - the credit revolution – is linked to the explosion of debt. At the same time the availability of credit is matched by increasing consumerism and what MacKay (2001) identifies is a generational shift towards a desire for instant gratification.

The use of cash advances on credit cards has almost doubled since 1998 reaching \$9.8 billion in April 2001 up from \$6.6 billion in 1998. While total credit card debt also reached record levels at just under \$18 billion in April 2001, up by 38% in the last two years (Wade, 2001a).

Budgeting & personal insurance behaviour

On the other hand most consumers say they are budgeting. A significant proportion said they were using some form of budgeting strategy, with more than one in three (36%) preparing a detailed household budget, a further one in three (30%) listing their needs and wants, and just over one in ten (14%) had a savings plan with a target. However a sizeable proportion, one in five (20%) said they had no particular budgeting strategies (McGregor Marketing, 1998).

There is evidence that a large number of people are not taking out personal insurance to cover themselves against a range of unexpected events. Less than half of people surveyed (47%) had private health cover, four in ten (41%) held life insurance cover, only one in five (21%) insured against loss of income, and just under one in five had no home contents insurance (McGregor Marketing, 1998).

Use of electronic banking

The use of electronic banking is growing, with the total number of people doing their banking online increasing. A total of 2.8 million Australians used the Internet for financial transactions including bill payments and bank transfers in the March 2001 quarter according to a Market Intelligence Strategy Centre (MISC) survey which collects data from four major banks and major regional banks (Kemp, 2001). At this state this represents less than 10% of all banking customers.

The estimated number of registered users of Internet banking services across Australia in 1999 was estimated to be 145,000 people up from 88,000 in 1998 (DCITA, 1999). It was suggested that up to 38% of the population in 1998 would be willing to access online banking services from home (DCITA, 2001).

In 2001 the National Bank had 750,000 people using phone banking, the Commonwealth Bank had 255,000 using phone banking and 15,000 using Internet banking, while Westpac had over a 100,000 transactions made daily via telephone banking (MCCA, 2001).

Yet a survey by Deloitte Research indicates most consumers prefer physical branches over Internet banking. Chris Connolly argues that only about 30% of people have access to the Internet and only 50% have a computer. He suggests:

“the (main) hurdles to online banking include the expense, living in a regional area without good Internet access, having a disability, not being literate or feeling uncomfortable with using new technology” (Kaufman, 2001).

Use of electronic banking by older Australians

HREOC (2000) carried out an extensive review of the impact of new technologies and e-commerce on older Australians and people with a disability. The report suggests that the use of digital technology has potential benefits for older people and people with disabilities. For users the benefits include improving access and greater flexibility in the

formats and locations which they can use. While for providers e-commerce offers potential gains in both efficiency and effectiveness.

But to date this potential was not being realised. Drawing on ABS data the report noted that in 1999 among people aged 55 and over only 16% used the internet, 26% used telephone banking or telephone bill payment, 31% used EFTPOS, and 44% used an ATM (ibid, p.4).

The findings from the focus group research commissioned for the report show that many older people did not see sufficient benefit in the new technologies to invest effort in using them. There was also a proportion who did see the benefits but were hampered by the barriers to accessing services. The report identifies: “physical barriers, affordability and equipment access barriers, and attitudinal and awareness barriers are preventing some older Australians from accessing e-commerce” (ibid, p.5).

Use & access to electronic banking by people with disabilities

For people with a disability most were “acutely aware of the potential benefits from participation in their use of new technologies but are being excluded or disadvantaged by particular barriers” (HREOC, 2000, p.5). For people with disabilities it was less a matter of awareness or knowledge but rather issues of accessibility of equipment, information formats across e-commerce technologies, affordability, and equipment access. The report provides a detailed summary of the barriers identified, the benefits of accessing the internet, telephone banking, and ATM’s. It outlines initiatives and developments on access to the internet, the Electronic Transactions Act, copyright law reform, web page accessibility, government sites, ATM’s, EFTPOS, and phone banking.

Following the report HREOC took part in an Accessible E-Commerce Forum chaired by the Australian Bankers’ Association with representatives from banking and financial services, disability and aged care sector, government, property owners, retailers, internet associations and telecommunications services (HREOC, 2001). The Forum developed a draft banking industry action plan to address issues raised in the report. And set up working groups to address EFTPOS, ATM, Phone Banking and Internet access issues (HREOC, 2001, p.1-2).

Community banking

An important community response to market failure and the removal of services is the community banking movement, an organised collective structural response to a problem facing many individuals dissatisfied with the performance of Australia's major banks. Over five years (1995 to 2000) almost a quarter of bank branches -1,652 retail bank branches- were closed (Murphy, 2001).

The community bank movement started in rural Australia, where communities have been hardest hit by branch closures. It began with the establishment in 1997 of the Bendigo Bank and there are now 45 community banks established as franchises of the Bendigo Bank. A recent example is in the Victorian country town of Warburton where 240 households and businesses in a town of 900 set up their own community bank by raising \$400,000. There is also evidence of suburbs in major capital cities Clovelly in Sydney which are moving to set up their own community bank (Murphy, 2001).

References: Chapter 3

- AdFLAG (2000) Report to the Secretary of State for Education and Employment, Adult Financial Literacy Advisory Group, <www.dfes.gov.uk/adflag>
- Anon (1999) 'Training to win: employee development key to success', *National Real Estate Investor*, 41(14), 5-6
- Anon (1999a) 'Communication, education keys to retirement planning', *Employee Benefit Plan Review*, 54(5), 30-32
- ASSIRT (2001) *Investor Sentiment Index*, Press Release, ASSIRT, 14 May 2001
- Beddoe, K. (2000) 'The long kiss off', *Consuming Interest*, (82), 8-11
- Blair, D.T. & Sellars, A.T. (1995) 'Retirement planning: more than investment education', *Journal of American Society for Clu & Chfc*, 49(3), 64-71
- Bond, M. & Boucher, A. (2000) 'Towards developing financial literacy programs for adults', *Journal of Access and Credit Studies*, Spring, 19-32
- Bond, M. (1998) 'Money matters', *Adult Learning*, November, 10 (3), 8-10
- Brain, P. (2001) *The Australian federation 2001: political structures and economic policy*, Alfred Deakin Lecture, 16/5/2001, ABC Radio National, <www.anc.net.au/rn/deakin/stories>
- Browder, D.M. & Grasso, E. (1999) 'Teaching money skills to individuals with mental retardation: a research review with practical applications', *Remedial & Special Education*, 20 (5), 297-309
- Cohen, C.E. (1994) 'What you need to be financially literate', *Working Women*, 19 (7), 26-31
- Collins, J.R. & Mammen, S. (1998) 'The attitudes and behaviour of young adults toward credit', *Consumer Interests Annual*, American Council on Consumer Interests, Vol. 144, p156
- Connolly, C. & Hajaj, K. (2001) *Financial services and social exclusion*, Financial Services Consumer Policy Centre, University of New South Wales, Sydney
- Cutler, N.E. (1995) 'Re-introducing financial gerontology: our fifth anniversary column', *Journal of American Society for Clu & Chfc*, 49 (6), 34-41
- DCITA (2001) 'Banking on the Internet: Facts for Consumers', Department of Communication, Information Technology and the Arts, Canberra <www.dcita.gov.au/nsapi-graphics>
- Di Spalatro, M. (2000) 'Promoting financial literacy', *Benefits Canada*, 24(6), p15
- FSCPC (1999) *Stocktake of Consumer Education in Financial Services*, Report to the Australian Securities & Investments Commission, Financial Services Consumer Policy Centre, Sydney
- FSA (2000a) *Better informed consumers: Consumer Research 1*, Financial Services Authority, UK, www.fsa.gov.uk
- FSA (2001) *Women and personal finance: the reality of the gender gap: Consumer Research 7*, Financial Services Authority, UK, www.fsa.gov.uk

- Garman, T. E., Young, D. A. & Love, H. (2000) 'Success in workplace financial education', *Consumer Interests Annual*, American Council on Consumer Interests, Vol 46, 193-196
- Garman, T.E. (1998) 'Consumer educators, now is the time for a paradigm shift by towards employee financial education', *Consumer Interests Annual*, American Council on Consumer Interests, Vol 44, 48-53
- Gregg, D.W. (1993) 'Financial gerontology', *Journal of American Society of Clu & Chfc*, 47 (2), 32-34
- Gutner, T. (2000), 'Taking control- and having fun doing it', *Business Week*, 10/7/2000, Issue 3689, p196
- Horin, A. (2001) 'Divorced women face lean old age', *The Sydney Morning Herald*, 30 June -1 July, p1
- HREOC (2000) *Accessibility of electronic commerce and new service and information technologies for older Australians and people disabilities*, Human Rights and Equal Opportunity Commission, Sydney
- HREOC (2001), 'Commission welcomes draft banking industry action plan', Media Release 26 March 2001, Human Rights and Equal Opportunity Commission, Sydney
- Insight program, SBS Television, 26/4/2001, Sydney
- Kaufman, D. (2001) 'Out on a limb', *The Sydney Morning Herald* IT, 12/6/2001, p1
- Kemp, S. (2001) 'Online banking still making converts', *The Sydney Morning Herald*, 18/6/01, p34
- Krell, E. (1999) 'Learning to love the P&L', *Training*, 36(9), 66-72
- Lavelle, P. (2000) 'The cost of conscience', *The Sydney Morning Herald*, Money, 29/7/2000, p74
- Lee, J. & Soberon-Ferrer, H. (1997) 'Consumer vulnerability to fraud: influencing factors', *The Journal of Consumer Affairs*, 31(1), 69-89
- Mackay, H. (2001) *The Mackay report: Money*, A & H. Mackay, Bathurst
- MCCA (2001) 'Shopping in an Electronic Age: Further Information', Ministerial Council on Consumer Affairs, Canberra,
<www.consumer.gov.au/html/shoppingelectronicage/electronic.htm>
- McGregor Marketing (1998) *Budgeting, Insurance, Investing: Research summaries*, Credit Union Services Corporation Australia Limited (CUSCAL), Sydney
- McGregor Marketing (1999) *Understanding Credit Research summaries*, Credit Union Services Corporation Australia Limited (CUSCAL), Sydney
- Murphy, C. (2001) 'Strong support for community banking', *The Australian Financial Review*, 27/6/2001 p12
- Olson, P.N. & Dolan, E. (1998) 'Financial education for youth', *Consumer Interests Annual*, American Council on Consumer Interests, Vol 44, 211-213
- Onyx, J. & Benton, P. (1999) 'What does retirement mean for women', in J. Onyx, R. Leonard & R. Reed (Eds), *Revisioning Aging: Empowerment of Older Women*, Peter Lang, NY, 93-108
- Oumlil, A.B. & Williams, A.J. & Oumlil, L (2000) 'Consumer education programs for mature consumers,' *Journal of Services*, 14 (3) 232-243

- Potts, D. (2001) 'Bank on shares for best results', *The Sun Herald*, 20/5/2001, pp 4-5
- Rodgers, S. (2000) 'Kids are flunking finance', *Credit Union Magazine*, 66(8), 8
- Rosenman, L. & Rixon, K. (2000) 'Super scheme won't save many women from pension', *UQ Research*, The University of Queensland, www.uq.edu.au/research/world-class/about/stories
- Russ Knight Research (2000) *Plum super fitness survey October 2000: Random sample of Australians and Plum members*, Plum Financial Services, Sydney
- Sampson, A (2001) 'Throw away the form guide' *The Sydney Morning Herald*, 3/2/2001, p46
- Schagen, S & Lines, A. (1996) *Financial Literacy in Adult Life: a report to the National Group Charitable Trust*, National Foundation for Educational Research, Berkshire, UK
- Silvers, C. (1997) 'Smashing old stereotypes of 50-plus America', *Journal of Consumer Marketing*, 14 (4), 303-309
- Vass, J. (1998) *A guide to the provision of financial services education for consumers*, Financial Services Authority, UK, www.fsa.gov.uk
- Wade, M (2001) 'Sinking share market spoils PM's vision', *The Sydney Morning Herald*, 16-17/6/2001, p 9
- Wade, M. (2001a) 'Cash advances push us into \$10 bn debt', *The Sydney Morning Herald*, 23-24/6/2001, p3

4. FUTURE RESEARCH

4.1 ASIC Priorities

ASIC (2000) has highlighted a number of on going research priorities:

Financial literacy

- Financial literacy - measuring and surveying levels of financial literacy (ABS and other relevant organisations)
- Financial literacy for adults - examine adult education courses, workplace and community forums as ways of delivering financial services and products
- Financial literacy and consumer education in schools - discuss with education authorities and other consumer agencies

Disadvantaged consumers

- Education for consumers from non- English speaking backgrounds - effective means of targeting education initiatives

Format

- Format for delivering consumer education - assess the most preferred and most effective formats and mechanisms for delivering consumer education material
- Comparative information - developing comparative information and indicators for some financial services and products.

4.2 Suggested Topics

Drawing on this review of consumer education literature suggests that the areas selected by ASIC for future research continue to be important areas for further study. A major ongoing focus for ASIC could continue to address the issue of what are the effective strategies in consumer education about financial issues, rather than focussing specifically on the question of formats for delivery.

Our review has highlighted that it is not just a matter of delivering content to consumers, it is also a matter of supporting them to take control and responsibility for learning about consumer issues.

A further list of possible research studies includes:

Action research for consumer education practice

It may be useful to support pilot projects that trial innovative and inclusive consumer education practices. These projects should also be the subject of research and evaluation. This report highlights the limited number of evaluative studies on Australian financial consumer education practices.

Financial literacy

- A national study defining financial literacy for various communities, assessing the level of knowledge of a selected number of key financial concepts, in order to establish a base line, and commission regular (say five year) survey updates.
- Study how people who are financially excluded or from low income groups learn about new financial services and methods.
- Consider the way lay knowledge is developed and can be included in policy formulation.

Disadvantaged consumers

Evaluate individual projects with Aboriginal, NESB, low income groups, women, youth, older consumers that seek to develop knowledge, skills and critical awareness in one of ASIC's consumer education priority areas.

Financial intermediaries

Evaluate a number of projects involving partnerships with financial intermediaries – such as financial counsellors, community workers in specific campaigns as way of reaching vulnerable / disadvantaged groups.

Consumer movement

Study the effectiveness of ACA strategies to inform, educate, alert, protect and change policy on key financial issues affecting consumers.

Technology

Technology – evaluate use of the Internet as information tool – who is being reached, what do they learn, and how do they apply the information to their behaviour.

Forums and publications

Convene a series of forums and invite or commission people to prepare and deliver presentations and papers about consumer education practices.

4.3 Research Partnerships

Among the federal government departments in Australia that are the most active in carrying out research on the effectiveness of their practice are Centrelink and the Department of Family and Community Services. Both their fields of practice provide useful lessons for the financial sector. Also both these departments have carried out extensive research on a range of issues over the last 10 years and offer an opportunity for future research partnerships and sharing of information with ASIC.

There are a number of community based organisations who also provide opportunities for future research partnerships. They include the Australian Consumers Association, Adult Learning Australia, the Consumer Credit Legal Centre, the Australia wide network of financial counsellors, the Australian Pensioners & Superannuants Federation, the Financial Services Consumer Policy Centre, and the National Information Centre on Retirement Investments.