



Longbranch Research Associates *presents:*

# So-Called Experts

*a book always in progress & free.*

CHAPTER 5

## Shopping

*as of February 21, 2016*

Most of us do not have time to be specialists in many things. We may have a profession and a hobby, and play rock and roll, build model railroads or fix cars on the side, but not much more than that. We need to come across experts, people who know how to get things done that we want to do only once or twice. People who know that at 100,000 miles a gasoline engine is wearing out, but a diesel engine is just wearing in. People who know that *that* year's Ford or Chevy diesel is an exception to that rule—avoid it.

It would be good if the person we are to contact to arrange a loan really were expert at the kinds of loans that are available, but he won't be. It would be helpful if the clerk at the local hardware store was a fixit kind of guy or gal—indeed, if there is a “local hardware store” anywhere anymore. Even plumbers specialize—the one who comes to clear out your drain really is not a plumber, and cannot advise you how you might reconfigure your system. Finding expertise has become difficult. When I moved to North Carolina, I could not find an expert barber in the first three barber shops I tried.

It's not just starting out from home that finding an expert is hard. Who at your place of work really knows anything—“knows” in the sense of figuring out

what the goal is, and reconfiguring a way to achieve that goal that improves current operating procedure? In most places, all that is known *is* current operating procedure—not the goal, and not the logic that connects this procedure to that goal.

As I indicated in the Introduction to this book, the first three crews I hired in my weaving mill did not know how to get looms to work. These were experienced mill hands, some from North Carolina mills, some from Scalamandre’s mill in Long Island. They knew how to do only what they did there, not how to generalize that knowledge to help this mill, here. That limitation is surely a hallmark of American manufacturing, though it is quite the opposite from Americans as people. One of my crew members does all his own truck repair, and so could take on our forklift repair, also. Another had learned welding, and so does that for the mill. Neither had done those tasks at other mills, because those other mills pre-defined their jobs, rather than taking advantage of their workers’ skills. As most of you do not own factories, my diatribes on American manufacturing cannot mean much. I do think, however, they indicate the very bad decision making that leads us to realize, for example, that a truly good pot in which to boil water—or heat it to some other temperature—does not stand out from the crowd of badly designed, even dangerous pots.

This despite the fact that there is one thing most people are expert at: shopping for items they consume often. The difficult part of shopping is finding something we do not purchase often, “consumer durables” or medical care, for example. If we extrapolate from what we know, most of us conclude that we are unlikely to do well buying that rare item. We come to that conclusion from our experiences with the items we do purchase often. Interesting solutions to the “shopping in ignorance” dilemma are emerging. But first, some background.

## **Franchises**

Visiting my former haunts in Takoma Park, MD, I followed my old habit of stopping at Dunkin’ Donuts for a coffee and donut. It was still there on University Boulevard, still being run by Indians, or perhaps they are Pakistani or

Bangladeshi. I am no expert in discerning among them, but I do recognize hard-working people when I see them, wherever they are from. I recall my many conversations with Brent Harold, a columnist for *The Cape Cod Times*, in his attempt to save Wellfleet, Massachusetts (on Cape Cod) from the onslaught of franchises.

“Franchises allow immigrants a way into the other side of capitalism” I asserted. My argument continued, in essence:

An immigrant might not know how to do business in this country. He might not know any business well or how to do business in general. The franchise gives him everything: the product, methods of producing and serving, accounting, etc. The franchise opens the American promise to immigrants who do not have a unique offering from their background. They don't have to be just workers. They can be owners. When you ban franchises, you ban owner-immigrants. It's not the American way, it's not nice, and it's not good.

I still hold these notions, but they require some amendment. The American way, although we do not hold this trait exclusively, is minimal competence. And bad food. It is true that Dunkin' Donuts allows strangers to Adelphi, Maryland, to serve a beverage and foods that surely are unfamiliar (possibly distasteful) to them, to a line-up of consumers with money. I appreciate that they have this opportunity. But I was also struck by how badly they do it.

I had to wait close to 15 minutes to place my order, a 20 oz. coffee and two old fashioned donuts. Then I had to wait because the coffee urn was empty. Trying to shorten my wait time, the fellow serving me took fresh coffee from the new urn as soon as a cupful had been made. That made mine strong, which is OK by me, but surely left the rest of the pot anemic. There was a lot of confusion behind the counter. No order seemed easy, nor was how to ring it up at all clear to these people. Yet they were not new at their jobs. They just were not very good at them.

I first noticed the ethnic identity of my franchise owners about fifteen

years earlier. And I'm glad that they, the original owners or their successors, have made a go of it. But I also noticed a Starbucks on the way back. I was staying with my old friend Tanya, who had been managing my rental units, and was about to move out. I explained to her that Starbucks just wasn't in my consciousness. I had lived here throughout the 1980s. Then, you went to Dunkin' Donuts for coffee. Clearly the expansion of the population has allowed room for Starbucks and Dunkin' Donuts both to survive. Partly there seems to be a class distinction. Some of Dunkin's customers would not be comfortable in latte-land (even though Dunkin' Donuts now offers such things). Nor does Starbucks have terrific service, either.

Think of any week's consumer activities. Most transactions take little time and, indeed, little thought. We function well as a consumer society. Compare the credit card insert into the gas pump with the old way of going inside, paying, then pumping, then returning inside for change. Even that transaction required the technology by which the amount at the pump was recorded inside. And standing in line. Twice. When I was growing up, there was no "self-service" at all. You waited your turn until the attendant got to you. I had several jobs as such an attendant. I also delivered newspapers early in the morning, and sold them at the corner of Washington and Beacon Streets in Brookline in the afternoon. None of that occurs now. I wonder what kids do to learn what I learned in these jobs, or to earn a few bucks.

The first time I drove across this country, in 1960, there was only full service at the gasoline pump. You waited for an attendant to pump for you. A trip or two later, there was self-serve, with an attendant outside, at the pumps, to collect money. Later came the attendant inside and finally, no attendant. Except in Oregon. There, employees must, by law, pump your gas. Still, you go inside to pay. It's a jobs program, they say. I think pumping gas—breathing gas fumes—is a terrible job, better distributed to the drivers who pay that price in order to benefit from it. One gas tank at a time, it seems not so bad, if you step away from the pump while it is filling. (When I was a kid, the pump did not turn itself off, so the attendant had to squeeze the handle, breathe the fumes, and

listen for the gurgle that said the tank—indeed, the fill pipe—was getting full.)

In the “broadband” age, your credit card is verified quickly, you pump, the back-pressure triggers the pump handle, you replace it and you’re gone. Soon, as technology advances on, you will wave your mobile phone at a receiver, it will signal that it has tracked you, taken your money, and you can be on your way. The fact that you did the work you used to pay someone else to do, about which I comment in another chapter, disturbs very few people. It is easily compensated by the quickness and smoothness of most transactions. That is, the rise of the consumer economy is more based on advances in the technology of the transaction than any aspect of the products.

## Faulty Transactions

Let’s say that 200 million or so Americans have at least one transaction a day, and that on the average each person has three of them. Let’s say that only one in 200 transactions has even the problems of my Dunkin’ Donuts experience (waiting too long). Transactions, in this assumption, are 99.5% smoothly conducted. However, if my numbers are in the ball park, there are 1 million bad transactions every day!

The telephone repair line—611—is automated. You can answer by voice or, when numbers are involved, by your telephone keypad. It is a little odd, responding vocally to a machine, but we learn to do such un-intuitive things. Much to my surprise, they asked the right question: was this problem (no dial tone) true on all telephones in the house? No. The machine warned me that someone might have to get inside (of course—obviously the line to the house was fine) and asked for a call-back number. So I gave the number I was calling from, which was also the number to be repaired.

“I’m sorry” said the machine. “That’s the number that needs repair. Do you have another number at which you can be reached?” Wait a minute! Didn’t you understand? Calls can get in and out on this line. Only *some* jacks are dead. There being no one to argue with, I gave my cell phone number.

A few minutes later, the phone rang. Not my cell phone. The one the machine had rejected. It was another machine, telling me that a repair-person would be here the next day. If this is standard procedure—to call the number on which one has reported trouble—why did you ask for another number? And as you did, and I gave you one, why not call it?

If you start seeing these transactions as faulty, then the picture is far worse than estimated above. I purchased software on the telephone, accepting the offer of a free copy of *Stuffit* in addition. The software I was paying for arrived, but not the *Stuffit*. A simple visit to their web site would surely correct that, I thought. But under “contact” there was no email form or address, and under “problems” there was only a pre-printed response to frequently asked questions. I wrote them a letter, and did indeed get my *Stuffit*, but what a bother!

How many times does the cash register find a different price from the one on the sign by the product? These inconsistencies are handled quickly. Stores have learned that it is least expensive to accept the customer’s word for it and move on. But it is a flawed transaction, nonetheless. Eddie Bauer, for one example, is excellent at accepting returns. They understand that you were not in the store, you did not try the pants on, and they do not fit right. Send them back. We have to define “flaw,” so that returning pants that do not fit is a success, not an error. I have no idea how many truly flawed transactions there are, but there are many.

Despite these flawed transactions, we live in a remarkable age in which daily business is done swiftly and accurately. This is the product of real expertise, partly by the “hi-tech” industry, partly by business, but also partly by us, consumers. It is more than technology that has advanced over the years. Add to that the skill of the consumer in being a consumer, in consummating the transaction. How to consume, how to initiate and complete a transaction, these skills are not taught in school, but they are learned by the young. Just measure the time it takes an older person to figure out how to swipe his card, compared with a younger person. The young grow up with it. This is how experience

generates expertise.

I love the question, at the cash register, “Did you find everything you were looking for?” No, I want the larger carton of low-sodium Imagine brand chicken stock, but *you don’t carry it*. As I know that you do not carry it, I did not look for it. I am annoyed that the 16 ounce carton of ice cream has become the 15.25 ounce carton, and that the former 12 ounce can of V-8 juice is now 11½ ounces. I did not look for the larger sizes, however, because I know you cannot have them, they are no longer produced. Let’s just get this transaction completed and not linger over those that cannot be.

I have seen this over and over again, starting with Hershey bars. Over time, the price remained the same, but the bar got smaller and smaller. They lost a sixteenth of an ounce at a time. Then it would reach some limit, the price would be increased, but the “new, larger” size would replace the old, small size. For twice the price you would get, oh, 1.8 times the amount of chocolate.

Soon the bars would again begin to get smaller. All the molds had been made. Only the price was different. The 15 ounce “pound” of bread, the 15 ounce, then the 12 ounce can of coffee, etc. These are unnatural units. They come about by cheating the customer, pretending not to raise the price while, well, er, yes, raising it.



Perhaps more insidious is changing the contents without changing the shape or size of the container. Shake your box of facial tissues. You hear a sound because they reduced the size of the tissues without reducing the size of the box. Custom cases have been built,

forcing the manufacturer to keep boxes approximately the same size. They also contain fewer tissues. In 2012, at Sam’s Club, they went from 85 to 80 tissues per box.

So now it is happening to toilet paper. This is somewhat of a surprise, because one might think that the width of a toilet paper roll is fixed by the width of the toilet paper holder which, in most cases, is screwed into the wall and not about to be replaced. Nonetheless, in case you haven't noticed, here are three generations of toilet paper rolls:

We are bombarded with toilet paper issues, including what to call it. Toilet "tissue" seems to have gained the upper hand, as much of it is not paper. Issues include what it is made of (how eco-friendly it is, somehow defined),



plies (one, two or three), number of squares on a roll, and the size of each square. I have been a consumer for more than sixty years. I remember tooth powder that you poured into your hand and then dabbed up with a wet brush. I gladly accepted tooth paste, although it probably improves only convenience, not tooth-cleaning. The quality of toilet tissue, however, has declined, while its price has increased. In this, I am an *expert*, damn it! Do they think we do not know?

So what should we conclude? That most of us are expert shoppers, when we limit our consideration to everyday items. That most stores are fairly expert sellers, also. Unfortunately, there are so many transactions a day, in this consumer society, that being 99.5% or 99.99% accurate still leaves millions of errors. Producers keep trying to fool us with oddball sizes. Although we do not know by how much, we see this resizing as increasing the price, which it is. With more standardization and more honesty there would be fewer errors, but we do not organize our commercial world for the convenience of customers. It is organized for the convenience of sellers.

## Service

It is to the advantage of the seller to include the buyer in recording the transaction, for that saves the seller time and money. The buyer, in exchange,

gets reliable, dependable, timely, expert service. The standard in grocery stores, originally, as at banks, was to have a clerk (teller) provide one-on-one service. Now ATMs and self-checkout stations “allow” the customer to process the transaction himself. My shoes fit quite as well as they did when, as a kid, there was an “expert” shoe salesman who peered at my toes through a “flouroscope.” Isn’t how I *feel* the most important thing about shoes?

What I need from a shoe salesman is what I can never get, an honest assessment of wear. The first pair of sneakers I bought from Wal-Mart had a design flaw, by which the sole cracked open before very little wear was apparent. It flexed most where it was thinnest, and soon split apart. I suspect that no one at Wal-Mart knew about this flaw, as Wal-Mart is not known for testing its products before putting them on the shelves. It’s hit and miss. I have subsequently bought fine sneakers there, which, although they squeaked when I walked, wore as well as the Reeboks I bought at a real store.

The Reeboks also had a design flaw, relying on glue to hold a flap from the bottom that curled up and over the toes. The shoe salesman—yes, there was one—did not mention it, possibly because he, also, did not know about it, possibly because his job is to sell shoes, not to warn consumers away from them. If he has expertise, his job is not to reveal it. Models change so fast it would be difficult to acquire model-specific expertise. And if anyone used to want to be a shoe salesman, the television program *Married With Children* ended it. They portrayed the husband, who made his living selling shoes, as a jerk, incapable of expertise in anything. Sales personnel no longer pretend to be expert at what they are selling. The burden of expertise now lies on the shoulder of the customer.

There may have been a time when the store owner carefully selected merchandise to fit his customers’ needs and incomes. I am not sure how well this went, but the American “story” is that this was the way it was. This is the basis of “branding,” of assuring the customer that “we,” the store brand, select according to your taste for style and quality. This is why, for example, Target has its loyal customers, who purchase the exact same items there that they could

get at a lower price at Best Buy or Wal-Mart. They also get selected Target brands. Is it worth it to go to two stores when you can get what you want in one? Not to some people.

Not only are clerks not experts. In many situations there are no clerks. There are few store owners, either. Chains, which carry several brands of the same thing, have replaced them. The mass marketing model eliminates jobs, yes, but most were lousy jobs. Mass marketing also eliminated expertise. Goods are centrally allocated to individual stores, then monitored to see how fast they are sold (not how good they are). Whatever the store manager does, it is not select the goods that are sold there. No one knows why X-brand is no longer sold here and, by the way, have you tried Ybrand?

If we think of tribal societies, either agricultural or hunters or both, we think of how children are taught to do the tasks they will be called on to do as adults. Be it weaving baskets or cloth, planting, harvesting, cooking, tracking, killing—children are taught how to thrive in their own society. They are encouraged to become experts at living. Urban parents take their children shopping, where they learn the procedures. Children now have money of their own, and so acquire experience in making transactions. But do they become expert shoppers? Do they learn how to select merchandise smartly? Surely stores do not encourage that activity. And if the parents do not know how to make smart decisions, how would their children learn?

I reach this point thinking that modern technology has in many ways improved the shopping experience. It gets most prices right and takes our money quickly. Yet it may not have improved the shopping outcome, the right goods at the right price. If, as we do at our co-op, we bring our own bags and pack them at the same time the cashier is ringing our items up, the event is even more efficient. Those who fumble with their credit cards, do not understand how to swipe them, are fewer every day. We have all become expert at coping with the transaction technology of our marvelously complex economy. That does not mean, however, that we know what to buy or, as indicated in the previous chapter, that good products are even in the store.

# What Would Shopping Expertise Be?

Wait a minute: What do you mean, “at our co-op?” What I mean is that, rather than becoming expert at selecting particular items from a single store, what we do is select the store and trust it to have done the major part of selecting for us. This, branding, is the phenomenon of our times, in some sense the point of this chapter. The burden that has been shifted to us, to evaluate every product we buy, is too onerous. We do not have the information (labeling laws help, but are not sufficient) or the expertise. Neither do we find it in store personnel. Buyers may know what they rejected, but how would in-store personnel? The retail industry is evolving “expert” institutions, within which we need less expertise than we would if we were to search for items individually.

No doubt the first force towards this solution was urbanization. By collecting a lot of people in an area, we allowed competing institutions selling the same sort of thing. No longer is there one grocery store, one stable prepared to replace horse shoes, one bank in town. On any one trip, it is unlikely that a shopper will go to both Lowe’s and Home Depot, to Staples and Office Depot and Office Max, to Harris Teeter and Ingles and Fresh Market and Earth Fare. However, these choices are available to us. We choose the store we go to from some overall criteria, and then we select among items that are there.

Stores, then, are like clubs. Each store advertises that it is the club you want to join. Michelle Obama, the President’s wife, was known to shop at J. Crew, and was spotted one September evening in 2011 shopping at Target, exactly the stores that tell us she is a middle class but regular lady, not a Saks or Neiman Marcus type. People who shop at Saks or Neiman Marcus probably agree. What we need to be expert in, then, is knowing who we are, and identifying the club we feel comfortable joining. We learn about stores, not products.

Mark Bittman tries to talk about food sensibly, tries to educate the average consumer. Until 2016 he did this in the *New York Times*, which the average consumer does not read. Before he moved to California, he did this thinking that

the average consumer has the same choices he sees around his New York City apartment.

The “fact” that junk food is cheaper than real food has become a reflexive part of how we explain why so many Americans are overweight, particularly those with lower incomes. . . . This is just plain wrong. In fact it isn’t cheaper to eat highly processed food.<sup>1</sup>

Comparing “fast food” with cooking at home, Bittman understands that the consumer is not just selecting the food, he (she) is selecting the institution within which to buy the food. As commentators were quick to point out, he does not deal with what you do with the kids while you shop and prepare the food.

Bittman tries to be reasonable, not insisting, for example, that one buy organic products. Buy a chicken and some vegetables for the same cost as Chicken McNuggets, he tells us, and your family will be better off, including less obese. You don’t have to shop at Earth Fare or Whole Foods, he would say. Any grocery store will do.

In fact, however, “any” grocery store will sell junk as well as, possibly, fresh meat and vegetables. Bittman is trying to neutralize the fact that we do select which stores we shop in, and educate us what to do once we are in the store. One might think that the *Times* audience would congratulate him for this effort. In fact, they castigated him for being unrealistic, and even for trying to place middle-class values on people who may not have them.

Shopping is indeed an exercise of our values. Telling us that, no matter which club we have decided to join, we can do better for our family, surely is well intentioned. The problem is that we have given up trying to be expert shoppers, in the sense of choosing items within stores. We choose the stores. We expect *them* to be expert.

Bittman is correct that, in any grocery store, you can do better or worse. He is correct that you pay to have others cook your food, and you pay more to have them process it to hide the way they have cheapened it, as well as to make it

last the day or two longer it takes to go through their processes before you can eat it. What he does not understand is that expertise in selecting individual items not only is a dying skill, it is not learned through newspaper articles. As I say also in my chapter on education, we throw children out into the world without giving them the skills they need to cope with it. Schools do not think it is their mission to discuss the choices individuals get to make, and how they might make them better. Most parents do, but parents can teach only what they know. And that is why children get trapped into the same lifestyle, commanded by the same lack of expertise, as their parents.

## **On Line Shopping**

On line vendors have taken urbanization to the next level. They have more customers, and allow more choice. Some have adopted the pre-selection model, whereas others try to offer you everything. The extreme of pre-selection is Hammacher-Schlemmer: This is the best of its kind, they say, the only one we sell. Trust us, save your time, we will select for you. Frontgate does much the same thing. You want towels? We sell only one kind. You will love them. Both vendors are successful not because they have in fact selected “the best” by any known criterion, but because they have selected well enough for us to leave the selection to them.

The fight right now among on-line retailers is to get you to go to this place first. The betting is that most people shop at one of the first three places listed as a response to their search. That is why vendors struggle—and pay—to come up high on a search list. Few sales are made from page 10.

As Amazon.com has shown, the “you can get everything here” model can also be successful. Although there are competitors, it is a difficult model to compete with. Once a shopper knows the limits of your offerings, you lose him. Abe’s of Maine, for example, sells Panasonic Lumix cameras, but did not offer the model I wanted. Amazon did.

My mill produces fine Jacquard and dobby fabrics woven from natural

fibers—cotton, wool, linen, let’s even call rayon “natural” although that is a stretch. No polyester, no prints. And that is what we sell on line. You can find alternatives to my mill’s woven products, plus other fibers, plus prints, at larger sites, but in general you cannot find our products there. The “everything” store gives you selection among many parameters, including design, construction and quality. It does not, in fact, offer everything. What some producers do—have to do—is not allow their products to be sold at those sites. If you want our products, come to us.

There is a compromise. If you want baby wraps made from our textiles, they are available at only one site on the internet, but not ours. How would we ever attract such purchasers? So we co-brand with Pavo, a baby wrap company, not selling wraps to any other, and they feature ours as their top quality line. In short, there are many sales models. You can get almost everything you want at Amazon.com, but not baby wraps made from Oriole Mill textiles. They are only at [PavoTextiles.com](http://PavoTextiles.com)

Other manufacturers have adopted this “exclusively here” model. Duluth Trading Company is one. It is the polar opposite of the on-line department store. It is the limit of the “club” analogy—only certain people will like our products, but they will return to purchase more. Its basis is that we want the customer to trust our expertise. After having bought enough bedspreads and coverlets at “bargain” prices from a site that promises only that you get to choose—and indeed delivers on that promise, but no other—you may want some pre-selection on the basis of fiber quality (not just what fiber), design and construction.

It is interesting, at least in passing, that internet technology opens both models. It does not matter “where” we are, if you find us on line. Similarly, the “we sell everything” model does not require that the stock of the item is close to you. Whether there is a battle between these models will depend on how consumers evolve. My mill may be hard to find, but a club that just suits you always has been. In the middle is branding, the concept that knowing who makes or who sells a product provides you with real information.

One reason specialization, pre-selection, might be a viable model is that, on line, you cannot actually see and feel the fabric or the workmanship. You have to learn whose pre-selection you can trust to be what you would have done in that situation. The reason this discussion fits this book is that I see no way in which you will obtain enough expertise to purchase the “right” coverlet for yourself, not even in the store. The experts we used to rely on, the store clerk or owner who has been selecting and selling such things for twenty years, are fast disappearing.

Neither clerks nor owners have the right incentives, or even the right products. They want to make the sale, and at the highest profit margin obtainable. Stores that triple our wholesale price tell us that we are too expensive! Their expertise is in marking up, not delivering top quality to their customers. There are wonderful exceptions—Mast General Store in Asheville and Hendersonville seems to keep the consumer in mind—but the common lecture on how the “market” best supplies our needs is largely wrong. That market limits its offerings based on its ability to provide summer vacations for its owners.

In the early days of “hi-fi,” say the 1970s and 1980s, some stores specialized in “high end audio.” They sold truly superior systems, albeit at truly high prices. Two things managed to make those stores disappear. One was supply: Low end audio got outrageously good. Never as good as high end, but good enough to take away some of the high end business. One was demand: “Audiophiles” did not replicate themselves. With digital audio and miniaturization, we achieved a milestone I thought would never happen: The public has “voted” to *reduce* the average quality of the product, in exchange for convenience and low price. From cylinders to 78s to LPs to CDs (though some people contend otherwise), the trend was to increase the quality of the sound. MP3 and MP4 files—the compressed music files we download to our ipods—do not sound as good as actual digital (CD) files, which themselves, at 16 bits per sample, and a 44.1 KHz sampling rate, are notably less well articulated than the original files all recording studios make today, with higher standards. Yet there

is no commonly available format on which one can purchase, from which one can play studio quality samples. There is no demand for it. Audio, it seems, is now “good enough.”

I suspect the same is happening to video. In twenty or so years there will be no “high end” video. We will all have quadruple HD video with 120 Hz or higher refresh rate on 32 inch minimum flat screens. There will be “experts” who know the failings of these standards, but there will be no call for their services. As in audio, format will be uniform, content will determine what is purchased.

I am not saying this is bad or good. I am simply saying that the shopping experience has changed. One major change is that every day quality will be “good enough” for almost anyone. This is powered in part by technology—every day technology is truly amazing—and partly from the consumer’s unwillingness to become expert at selecting among competing brands. There is no point to having quality variation unless consumers perceive it. One way to perceive quality differences is from experts. Few retailers have it, and few consumers will spend the time necessary to find it. You have to select the store, not the item in the store. You will buy what appears to be the best deal and it will satisfy you.

## **Knowledge of The People**

James Surowiecki made famous the concept that averages are more likely to be correct than individual estimates.<sup>2</sup> Wikipedia describes his central thesis:

that a diverse collection of independently-deciding individuals is likely to make certain types of decisions and predictions better than individuals or even experts . . . .

Although many have extolled Surowiecki’s wisdom, I think this concept is more clever than deep. It could be that, if the task is to estimate the number of beans in a glass pot, the average guess will be closer to the fact than most guesses. But

if you bet the average, you will lose. Being average may mean being close to “right” in some sense, but in a competitive sense being just like everyone else, or in the middle of a distribution, is not an advantage. To win you need to be expert, not average.

Someone out there is really expert at counting beans. The problem is not lack of expertise, it is my inability to know who has it. Surowiecki’s “wisdom” comes down to our ignorance. Perhaps he is correct that averages do better than most individuals. That is why, for example, people who do not have and do not want to have expertise in financial markets will purchase broad-based mutual funds. When everyone else does badly, so will they. David Freedman, in *Wrong*, thinks little of Surowiecki’s idea, and provides many counter-examples.<sup>3</sup> Are we striving to be average? Is there not some way to step away from the crowd, to actually know something and use that knowledge for a good end?

Many people are telling us which stock to buy, and some of them will do better than “the market,” that is, the crowd. If we knew who they were, we would do better taking their advice than buying broad index funds, i.e., buying the crowd’s “wisdom.” I will suggest some approaches in my chapters on finance and investing, but I will not suggest which stocks to buy. I do not think anyone we could get to, or could afford, is that kind of an expert, and that is how I approach that subject. I do think such experts exist, that average-beating advice is available. I do not know who has it, or how to determine in advance who has it. And if I could do all that, I still probably could not afford it.

## Bottom Up

Something is happening around food and other basic elements of daily life, that is neither a “wisdom of the crowds” approach, nor is it based on individual “experts.” Individuals have determined that there are no “experts” available to tell them, honestly, what they want to know. They are discovering their own resources, developing their own food growing and preparation methods, and finding each other. The knowledge is in the crowd only because individuals sought that knowledge and then looked for others to share it with. That is, like

finding the right retailer, we have to find the right crowd. When we cannot find the right club to join, we form one.

Thus, for example, we find “cage free” eggs and organic milk in regular grocery stores. Enough people care about such things first that they are produced, and second that they are sold. On Memorial Day weekend each year, Hendersonville has a fair, to which vendors of plants come to sell to the middle class home owner with a garden. More organic plants are offered each year, as more of the customers use that as a criterion. It takes time to cleanse the earth of formerly used pesticides. Until that is done, one cannot be certified “organic.” So we find language telling us that some farmers are doing everything right, hold on, they just can’t say they are “organic,” but they are getting there. We support them when we can.

Enough of these farms and dairies have been developed in North Carolina that we now have reached the next step: Someone thinks there is an audience for information about them.<sup>4</sup> Perhaps they are forming some membership organization, where they can share knowledge and concepts. The point is that they are not waiting for experts. They are finding out what they need to know, developing an alternative to industrial food production.

The second thing that is happening—this is what makes capitalism as rewarding as it is aggravating—is that institutions are forming to cater to this growing knowledge. Whole Foods, Earth Fare, whatever it is where you live, buys from these new producers. They offer you pre-selection along certain lines. Your regular grocery store meat clerk will look at you with puzzlement when you ask if his beef has been grass fed. How would he know? The clerk at Earth Fare is likely to show you two different meat sections, one of which is distinguished by exactly that characteristic. Grass-fed beef is more expensive, and you may think that Omega-3 supplements (fish oil or krill oil) are sufficient. You might be right. I do not know if expertise on this question exists. The store you pre-selected because it sells only organic-fed meats will be the only store to offer grass-fed meats.

These stores can sell products from this new agriculture only because individuals were determined to create the new agriculture in the first place. Although one could amplify on that idea, I prefer here to discuss the implications for shopping. The all-inclusive model that is being built not only on line, but in some areas (furniture, audio and video) may not be the predominant shopping model for groceries. It may be that we prefer that a store limit its oils to olive, sunflower, flax and a few rare breeds—but not offer corn or canola or “vegetable” oils. Then we can ask specifically for Greek olive oil, and be led right to it. In this model, expertise is institutionalized. The store clerk may not be able to tell you why there is no all purpose “vegetable” oil, but neither will this store’s customers ask for it.

“Branding” is generally defined as the ability to sell the same goods at a higher price, because of the name the goods carry. Yet, as I have been explaining, not only goods have brands. So, also, do stores. Those who can afford it shop at Bergdorf-Goodman or Nieman-Marcus, where they spend a higher average amount for the same kinds of things—bedding, furnishings, clothing. The actual things they get there, though, are different. More expensive. Probably superior by recognizable standards. You may not think that superiority is worth the extra cost, but you will agree that the products are “better,” and that this is what that store stands for.

Those products have been selected by the merchant, and are differentiated by the “brand” of the store, not the merchandise itself. Those stores do not carry the full range of values, the same items one might find in a trip from K-Mart and J. C. Penny through Macy’s and on to Nordstrom. The shopper relies on the expertise embedded in the institution. This cuts down the shopper’s work. It is like shopping for jewelry at Tiffany’s. One’s choice cannot be faulted, even though the selection is limited and the price is high.

I think this is happening at many levels, in both “brick and mortar” and on-line stores. At least in food and clothing. A number of small clothing stores in Asheville do not offer a wide range of, say, dresses. They offer a particular style, and a promise that there will never be another thousand like them. Our co-op, as

well as Whole Foods and Earth Fare narrow the range for us, and then we shop knowing (at least believing) that our average grocery basket will be “better for us” than a similar basket of products from a standard store.

Surely these stores need buyers, employees who know what they are doing, who are, in their way, “expert.” However, we do not meet them. We do not have contact with the individual, because we have contact with the institution in which that individual’s expertise is embedded. I think this is a good solution to our inability to gain sufficient expertise in everything we are responsible for. We select the institution that has made product selections along the lines we want, and then we purchase from what we are offered.

If I want a truly rare book, I check both Amazon and AbeBooks, and maybe Alibris, also. I no longer have to drive from place to place, and browse physical shelves. But if I am looking by category (say, early books on textiles), I usually go to an actual used book store. Internet search is not yet refined enough to search by such a category. Individual book stores survive because they also sell on line, but browsing is its own experience, one I am afraid we may be losing.<sup>5</sup> A lot of things are shaking out as retail is being redefined.

Just as the major stores brand themselves as “expert” driven—let us narrow the range for you—this opposite model is consumer-driven. Individuals have discovered, on their own, that if they can afford organic produce, they feel better eating it. And if they can find grass-fed among the organic milks and meats, they will pay still more for it. They came across this knowledge somewhere—remember, we do not teach such basic life skills in public schools. They move step by step, first rejecting the carbohydrates of fast foods, then rejecting the meat fillers, and finally rejecting the products from soy and corn-fed beef. People understand that so-called experts have failed them, that we have developed a food industry that kills us. Slowly, institutions are emerging, and being supported, that try to go around that industry, and support a more local, more “green” approach to food.

I think this is the only answer. The experts will always rely on flawed

industry-sponsored research, published because it presents “significant” findings, telling us things that are simply not true. In our daily lives, the solution to being failed by so-called experts is not finding better experts. Nor is the solution to become experts ourselves. Not in everything. Who has the time? The solution will lie in developing institutions that cater to our knowledge, and then go far beyond it in the same direction. “Shop here not because you can find what you are looking for, but because you do not need to look for particular things. Buying here assures not only quality but the nutritional expertise that is lacking in the larger food industry.” Either big brand capitalism will produce these brands, or consumers will do so themselves, in co-ops or direct purchases from farmers.

Will this work in other areas? It did in automobiles. This was Toyota’s branding: It made better cars. In that case, the manufacturer’s brand and the seller’s brand were essentially the same, although repair practices differed among vendors.

This is where co-ops excel. There is a reason to believe that Whole Foods really does exercise quality control, really does try to find “better” products from the consumer’s point of view. They have staked their existence on your believing that—and paying for it. Another organization is the cooperative retail store, owned by members who get enough discounts to reimburse their membership fee. Co-ops appeal to those who do not trust “industry” to provide for us, or those who understand that, if industry does, you pay extra for it. Will there be a resurgence of co-ops? Shoppers may still rely on the expertise of buyers, but individual co-ops will be more open to suggestions from members than franchises of huge retail chains. In many places, the solution to each individual’s lack of shopping expertise will come from other individuals, if the co-op institution can be efficient enough to capture and effectuate that knowledge.

## **Combining Scale and Selectivity**

Surely in clothing or camping equipment, one looks in few stores, live or

on line. We learn which ones we want to pre-select for us. You can see the Apple Store as the same thing. On the one hand, they say “This is where you buy Apple products.” But in a larger sense, they are saying “This is where you can buy products that are of high quality not only in technical function, but in design.” By limiting themselves to Apple products, they open the door to others who may understand this larger view of the Apple Store experience, and duplicate it with non-Apple products. That is clearly *not* what Best Buy, for example, has done. Theirs is the universal—show the customer everything—model. I am suggesting that, because a Best Buy (or other mega-store) sales person is unlikely to be an expert, and is even less likely to use that expertise to inform you about flawed products, we need a different retail model. I am suggesting that we see examples of the “let us pre-select for you, making your final selection easier” model, at the same time that the “you can choose from among everything” model is alive and well.

A home furnishings version of The Apple Store is Ikea. They design, others produce, and they sell. Whereas one can purchase Apple products elsewhere, one buys Ikea products only at Ikea. So there are variations on the model. The basic concept, however, is branding. Branding not by product, but by the institution that designs and/or selects the products.

Costco seems to be having some success with this concept. Its lower cost rival, Sam’s Club, fails at it. Costco thinks it has a certain kind of customer. It pegs its products at that customer’s sense of aesthetics and quality and economy. For those people, Costco is a bargain, even if it is too expensive for others. Sam’s Club just buys and sells. It has no image of its customer, and so flails away at selling whatever it gets a deal on. It has the best multi-grain crackers in the world, and some decent coffee, but poor quality oils and baked goods. Its precooked chicken, where I shop, is priced lower than other grocery stores, but is too salty. If you think something is a good deal, buy it. Once sold out, it may never be offered again.

I think one should give credit to The Whole Earth Catalog. Where Sears set the standard of the universal catalog, surely Whole Earth was the first to pre-

select items on the basis of their fealty to preserving and enriching the natural environment. By 1968, when that first catalog was published, there was an articulate “radical” or “back to the earth” movement, but there were no experts in that adventure. There was no store, no central collection of information about what products existed, or where to get them. You might crassly say that the Whole Earth crowd were typical capitalists, catering to an under-served consumer group. They might agree, but they would add that they were also part of that more enlightened group. They were serving their own “green” and healthy interests. Finding no experts to help them, they did it themselves.<sup>6</sup>

The euphemistically denoted “global climate change,” the soft version of “global warming,” is bringing about a revised consciousness of planet earth, its goodness and its vulnerabilities. It is exposing numerous so-called experts who have steadfastly claimed that humans could not affect the planet. Add in observations of the remnants of dumping by ocean liners. ABC News, for example, gives this graphic description:

There is a floating garbage dump about the size of Africa created by Pacific currents now carrying refuse from North America, Asia and the islands, concentrating it into a swirl of flotsam estimated to contain 3.5 million tons of junk, 80 percent of which is plastic.<sup>7</sup>

“Social Networking,” which seems to be the defining element of these first decades of the 21<sup>st</sup> century, allows groups to form over common interests. Where there is a group, there will be a market, and where there is such an interest-defined market, there will be specialist sellers. Expertise will be less and less personalized, more and more defined by retailer self-definition and pre-selection. Co-ops will always be marginal but, with some luck, they will always exist.

## **The Decline of The Expert**

If it becomes too difficult to determine who is a real expert, then perhaps there becoming fewer of them is no loss. Here is an illustration of the difference.

Tenants at my Oregon apartments complained of a bad smell. We had hired an exterminator to put out poison bait, to keep critters away. Could such a critter (a raccoon, a possum perhaps) have eaten the bait and died under a building? Our contract was with one of those major national brand companies, the ones that have practically driven local, individual owned companies out of business. The representative of that company had looked under our building and said no, there is no dead critter there.

Not satisfied, we called the management. They sent out another representative who reported the same thing. No dead critter.

We called an individual who has been in this business for 40 years, and who came recommended from another apartment building. He reported that no, there was no dead critter; **but**, the drains were leaking. What we had was raw sewage sitting under the building. Indeed, when we finally understood the problem, we pumped out over 300 gallons from an area that should have been dry. We then repaired all the drains, fixed other problems like the faucet that would not shut off (why won't tenants report these things?), laid a new impermeable sheet on the ground, and invited the tenants to tell us if we had solved the noxious smell problem. It took a real expert to help us solve our problem, and of course that is who we now count on for extermination services.

The representatives from the national exterminating company framed the problem in their terms: were they at fault for the smell. Remember the construction tradesmen who view the goal of every task as making their job as quick and easy as possible—the sum of which would be a horrendous project without a project manager saying “No, do it this way.” The limited view of the specialist company, and particularly each employee within the specialist company, has the same consequence. As expertise becomes institutionalized, it becomes more limited. Even if the customer can frame the question broadly (what is causing that smell) the vendor phrases it narrowly (is it a dead critter?). The customer must take over the “project manager” role or there will be no solution.

The individual expert in building problems, however, adopted *our* framework: What was causing it? Even if he had a college degree in entomology, even if he advertised his business as pest extermination, he had too much experience and knowledge to answer the narrow question, when he knew the answer to the broader question. He is a real expert.

My mill has a 60 year old flat roof. What a surprise: It leaks. I called a roofer who spent a half hour up there with me, then went away and never called back. Who needs a hard job when there are so many easy ones? I called a contractor I had met as he was finishing a house he had built in Asheville. We started talking about two approaches: 1) scrape off the old roof and build up a new one; 2) build a sloping structure and cover it with a membrane. Then I got on the internet and found two different liquid products that promised they could be applied over a leaking flat roof and would fix the problem for at least ten years. They didn't.

I hope ultimately to take advantage of my flat roof—to harvest sunlight there—so destroying it is a bad option. Many people advertising that they repair roofs have come. Few have responded with price estimates. Fewer still seem to grasp that, over time, there is a lot of money to be made fixing my mill's roof. I engaged a specialist who sprayed foam over an area, with the idea that, if this worked, I would do more of it. But it didn't. First, the spray did not leave an even surface, so water pools on it. Second, the foam does not adhere to the original surface. Water finds its way under it.

A “roofer,” it turns out, is not an expert on roofs. He knows how to build roofs a certain way. A contractor can figure out how to build a roof another way. There is no expert on repairing old roofs—at least we did not find one—but there are products. Apparently I have to become an expert on roof repairs, as the people who claim they are, are not. We will have to determine which product to use, and then generate our own expertise. The institutionalized, national brand “expert” provides a certain level of expertise in a very narrow range. As each sells and applies only his product, we have to ask them to explain their products to us. It will increasingly be up to us, the customers, to define the broad problem

(my roof leaks), to investigate alternatives, and to decide among them.

If the telephone will become the communication center of the future, then the present structure, in which telephone companies sell those phones, will not survive. Right now, we expect Verizon to be expert at which phones work on the Verizon network, and AT&T to be expert at which phones work on its network.<sup>8</sup>

These networks are based on non-compatible technologies. History suggests, however, that this is not an equilibrium situation. Originally “records” came in both cylindrical and flat form; and different companies ran their cylinders or flats at different speeds. Eventually, the flat record beat out the cylinder, and 78 revolutions per minute beat out other speeds. Then the market for records exploded, as any record could be played on any phonograph. Consumers needed, and got, a uniform technology.

They do not always get the best technology. There was a better FM radio technology available than the one the Federal Communications Commission chose—but at least it chose one, so we could move ahead with compatible radios. There was general agreement that Beta Max produced better video tapes than the VHS that won that battle. Fortunately, that era has come and gone, replaced by a single DVD format in this country—and a different format elsewhere. Blu-Ray beat out a competitor for the standard of high density video disks. At some point in the future, a single mobile network technology will become the standard. Then phones will be purchased at stores not associated with networks, but associated with levels of expertise. The expertise will be institutionalized—the store personnel may not be true experts (that part has already come true), but what the store sells will have been selected according to some philosophy, to satisfy some particular clientele.

Whether out of this retail evolution will come a truly well-designed pot for boiling water, I do not know. I do know that, although I did show one in Chapter 1, for \$30, it is not recognized as such. Consumers still buy more expensive but inferior pots. By and large we are offered too many choices, too little advice, not much of which does us any good. We will have to develop some trust in some selling institutions, which will pare down the selection to a few items. If there

are enough such institutions, each with a different philosophy or approach to what kind of selection they will make, we may yet develop a good shopping experience. So far, the so-called experts have not done very well. Perhaps, when we all understand that we will have to make do without experts, because there aren't any, common sense will prevail.

## Footnotes:

1. Mark Bittman, “Is Junk Food Really Cheaper?,” *The New York Times*, September 25, 2011 at SR1.
2. James Surowiecki, *The Wisdom of The Crowds*, Doubleday (2004).
3. David H. Freedman, *Wrong: Why Experts Keep Failing Us—And How to Know When Not to Trust Them*, Little, Brown & Company (2010). I first mentioned this book in Chapter 3.
4. Diane Daniel, *Farm Fresh North Carolina*, University of North Carolina Press, 2011.
5. Through college and graduate school I would often go into the library stacks and browse in the area around a book I might know, to see what else was classified with it. That happens on line only in the sense of a book seller suggesting that others who have purchased the book (or food implement, or audio gadget) we are buying have also purchased the following items. This is not the wisdom of the crowds. It is information from other individuals who have set themselves apart from the crowd by making particular selections. It isn’t browsing through the stacks, but I do find these suggestions helpful.
6. This was true, also, of the originators of *Our Bodies, Ourselves*, a collective of women at Harvard who found the information they sought nowhere, so they went about producing it.
7. Brian Rooney, “Landfill in the Sea,” *Nightline*, March 26, 2008.
8. We chose our first cell phones by asking the Verizon repair department which model they saw the least. We purchased two of them, Samsung, both of which still worked six years later.