

Consumer Perceptions of Nonprofit Enterprise: A Comment on Hansmann

Steven E. Permut†

The important contribution of nonprofit organizations is just beginning to receive its fair share of attention from scholars, managers, and policy-makers.¹ Professor Henry Hansmann recently published an important addition to the evolving literature on this subject in the *Yale Law Journal*.² This Comment raises a number of questions about the Hansmann theory and several of its supporting assumptions in order to stimulate additional refinement of our understanding of the nature and role of this third sector in American society.

I. A Theory of Nonprofit Enterprise

An economist and lawyer, Professor Hansmann examines the proliferation of nonprofit enterprise in a wide range of activities, such as health, education, citizen welfare, and the performing arts. He asks the question, "what makes a given activity more suitable to nonprofit than to for-profit organization?"³ Professor Hansmann relies on microeconomic theory to explain some of the limitations of the for-profit form of organization. He notes that, with standardized industrial goods, consumers are generally able—thanks to the discipline of a competitive market—to compare the products and prices of several producers and determine the most appropriate alternative. Contracts, including warranties and guarantees, and infor-

† Associate Professor, Yale School of Organization and Management and Institution for Social and Policy Studies. Preparation of this Comment was supported by a grant from the Alfred P. Sloan Foundation to the Program on Non-Profit Organizations at the Institution for Social and Policy Studies, Yale University. The support of Professor John Simon, Program Director, is gratefully acknowledged.

1. A measure of the importance of the nonprofit sector is its sheer size and prevalence. One source estimates that the income for this sector in 1974 was \$80.6 billion, and notes that nonprofit organizations account for one of every ten service workers in the United States, and one of every six professional workers. THE NONPROFIT ORGANIZATION HANDBOOK at xv (T. Connors ed. 1980). With over 815,000 private, nonprofit, tax-exempt organizations registered with the IRS, and with over 6 million voluntary associations in general, the importance and potential impact of the third sector appear to be considerable. See *id.* at xv; Smith & Baldwin, *Voluntary Associations and Volunteering in the United States*, in VOLUNTARY ACTION RESEARCH: 1974, at 277, 282 (D. Smith ed. 1974). Although no single comprehensive work focuses on nonprofit organizations, the interested reader might profitably start with the extensive bibliography in THE ECONOMICS OF NONPROPRIETARY ORGANIZATIONS 257 (K. Clarkson & D. Martin eds. 1980).

2. Hansmann, *The Role of Nonprofit Enterprise*, 89 YALE L.J. 835 (1980) [hereinafter cited by page number only].

3. P. 843.

mal codes of business practice, also help ensure customer satisfaction and reduce the risks of purchase and consumption. Under some circumstances, however, Professor Hansmann argues, consumers may not be able to evaluate a transaction fully or locate the best bargain. Further, the consumer or purchaser may have no remedy if the transaction proves unsatisfactory. According to Professor Hansmann, these situations, in which "contract failure" occurs, give rise to nonprofit organizations.⁴

One such situation, Professor Hansmann suggests, is the consumption of numerous complex personal services. Informed comparison shopping, evaluation, and redress may be difficult or impossible for the consumer of services such as health care or higher education. Such might be the case, for example, in a nursing home. In that setting, patients—the consumers—are often too feeble to judge the quality of the care they receive; payment often comes from third parties, such as medical insurance plans, that have a "much less direct stake in the quality of care provided"; and it is difficult even for relatives of the patient to evaluate the quality of care accurately, or to correct problems that may, in fact, exist in the delivery process.⁵ Market competition, in such a situation, provides ineffective discipline for a profit-maximizing firm. The producer has the capacity to charge excessive prices and to provide inferior services and goods; consumer welfare is adversely affected. According to Professor Hansmann, "consumers might be considerably better off if they deal with nonprofit producers rather than with for-profit producers."⁶ He continues:

The nonprofit producer, like its for-profit counterpart, has the capacity to raise prices and cut quality in such cases without much fear of customer reprisal; however, it lacks the incentive to do so because those in charge are barred from taking home any resulting profits. In other words, the advantage of a nonprofit producer is that the discipline of the market is supplemented by the additional protection given the consumer by another, broader 'contract,' . . . to devote its entire earnings to the production of services. As a result of this institutional constraint, it is less imperative for the consumer either to

4. Pp. 843-45. Professor Hansmann distinguishes between two types of nonprofit organizations: donative nonprofits that rely on grants or donations for most or all of their income, and commercial nonprofits that receive most of their income from charges for their services. Donative nonprofits are more clearly linked to the concept of contract failure. For example, Professor Hansmann argues that a person wishing to supply food to the hungry in foreign countries would prefer to deal with a nonprofit provider such as CARE because the separation between purchaser and recipient creates contract failure. In this case, the donor "has the additional protection provided by the nondistribution constraint; he needs an organization he can trust." P. 847. Although this position appears to have much to recommend it, Professor Hansmann's analysis seems more questionable when applied to commercial nonprofits. The scope of this Comment is therefore limited to an examination of Professor Hansmann's theory as applied to commercial nonprofits.

5. P. 864.

6. P. 844.

Consumer Perceptions

shop around first or to enforce rigorously the contract he makes.⁷

The net result of this line of argument is that, with few exceptions, Professor Hansmann views the emergence of nonprofit enterprise as a response to contract failure. Nonprofits are similar to charitable trusts or fiduciaries: the “nonprofit contract” (or corporate charter) protects the interests of the organization’s patrons from those who control the organization. Thus, consumers can and will trust organizations that wear the nonprofit label over those organizations that exist to earn a profit. In sum, Professor Hansmann asserts that he has offered a positive theory of consumer demand:

That is, I have argued that nonprofits tend to produce particular services, those characterized by ‘contract failure,’ because consumers prefer to deal with nonprofits in purchasing those services. This preference, I have suggested, is based upon a feeling that nonprofits can be trusted not to exploit the advantage over the consumer resulting from contract failure. This trust derives its rational basis from the nondistribution constraint that characterizes the nonprofit form.⁸

II. A Behavioral Point of View

It seems worthwhile to ask whether alternative assumptions about the role of nonprofit enterprise might explain the phenomena that Professor Hansmann addresses. In contrast to Professor Hansmann’s microeconomic approach, my own perspective on these matters is grounded in the behavioral and management sciences. I prefer to view the growth and development of the nonprofit sector in terms of the reality of the marketplace; that is, in terms of the actual experiences and perceptions of consumers, users, donors, and other supporters.

This behavioral approach highlights three important assumptions that underly Professor Hansmann’s theory of contract failure: consumers in their dealings are able to recognize an organization as being for-profit or nonprofit; consumers differentiate between for-profits and nonprofits and perceive nonprofits as more trustworthy and reliable; and consumers experience contract failure in the delivery of complex personal services, that is, they have difficulty in evaluating the delivery of such services or in obtaining redress from unsatisfactory transactions. All of these assumptions are offered to the reader without empirical support or corroboration. Professor Hansmann relies on an intuitively constructed, normatively based economic model. I would prefer to examine these assumptions from the

7. *Id.*

8. P. 896.

point of view of actual consumers and patrons of nonprofit organizations.

In a preliminary effort to test Professor Hansmann's conceptual scheme against the reality of behavior in the marketplace and to gain an evidentiary basis for further discussion, a pilot study was undertaken during the month of August 1979.⁹ Telephone interviews¹⁰ were conducted on twenty-five consecutive days with 225 out of a sample of 338 households in the New Haven, Connecticut metropolitan area. The respondents were asked to describe what most people mean by the term nonprofit. They were then asked to identify which on a list of eleven local organizations were most likely to be nonprofit. Respondents were also asked if there was anything that made nonprofits different or special as compared to other organizations. Specifically, they were asked if they felt that nonprofits were likely to be more trustworthy, fair, or personally concerned than a for-profit organization. Finally, respondents were asked if in selecting a nursing home for an elderly relative or a summer camp for a child, they would care if an organization were nonprofit or for-profit.

The results of this pilot study suggest some divergence from the Hansmann theory. To summarize:

1. A majority of respondents failed to recognize five local nonprofit organizations as being nonprofit.
2. Thirty-five percent of the respondents did not perceive anything different between nonprofit and for-profit organizations.
3. Thirty-five percent of the respondents did not care if an organization was labeled nonprofit as opposed to for-profit.
4. Fifty-six percent of the respondents did not feel (or were uncertain) that nonprofits would treat them more fairly or honestly than

9. A random sample of households within the fourteen-town New Haven, Connecticut Standard Metropolitan Statistical Area (SMSA) was generated by Survey Sampling, Inc., a commercial research firm. The sampling frame was drawn from a much larger data base of listed residential telephone numbers, reflecting approximately 91% of all households in the SMSA. The respondents ranged in age from 18 to 83, with a median age of 34.8. They had a median 11.5 years of school completed, and 46% reported two-wage-earner incomes. Nearly three out of four interviews were conducted with women.

It is important to note that the choice of respondent sample was not based primarily on the criterion of broad generalizability. It assumed, however, that the respondents constituted a reasonable group of people normally exposed to nonprofit organizations in their daily lives. In this respect, the respondent sample could have been drawn from almost any domestic town or city, and could have varied considerably in size and composition.

10. Telephone surveys offer several advantages relevant to this pilot study; in particular, ease of accessibility, speed, low cost, and the ability to probe and explore responses. The inferential problems associated with telephone surveys do not appear sufficient to raise problems in the present case. See Wolfe, *Characteristics of Persons With and Without Home Telephones*, 16 J. MARKETING RESEARCH 421, 424 (1979) (use of telephone survey normally produces less than 2% difference in responses).

Although a completion rate of 50.2% is acceptable from a qualitative perspective, the usual caveats regarding potential non-respondent bias must be recognized. See G. CHURCHILL, *MARKETING RESEARCH* 357-66 (2d ed. 1979).

Consumer Perceptions

for-profits.

5. Thirty percent of the respondents did not feel that nonprofits would be more concerned with them as a person than for-profits (seven percent more were uncertain).

In two specific areas, nursing homes and day care, in which Professor Hansmann sees a consumer benefit congruent with his general theory of contract failure, the results of the pilot study suggest additional difficulties. To summarize:

1. Sixty-eight percent of the respondents would not care if a nursing home (for an elderly parent or relative) were nonprofit rather than for-profit.
2. Fifty-eight percent of the respondents would not care if a summer camp (for their children) were nonprofit rather than for-profit.

It would appear that several assumptions implicit in Professor Hansmann's theory must be reexamined. First, in order for consumers to rely on the trustworthiness and fiduciary nature of a nonprofit producer, the consumer must be aware of the fact that a given organization actually is nonprofit. Such awareness is a necessary link between the claimed advantages inherent in the nonprofit form and an actual consumer preference for nonprofits that might be created by such advantages. Evidence from the present study suggests, however, that people do not necessarily know a nonprofit organization when they see one.¹¹ Sampled residents of a local community generally were unable to identify correctly the major hospital, university, or health insurance organization as being nonprofit, nor did they generally know that the local symphony orchestra or country club was nonprofit.

Recognition of the nonprofit status of an enterprise is probably related to many factors, including contact with the organization or exposure to its services, including its fund raising efforts. Recognition and contact should be positively correlated. The failure to recognize the country club as nonprofit is therefore understandable, since the general population is less

11. Respondents were read a list of eleven organizations and asked to indicate "which ones are most likely 'nonprofit' as opposed to being 'for-profit.'" As shown in the Table, one of the eleven organizations listed is for-profit (*New Haven Register*), and another is a government organization (New Haven Public Library); all other organizations are nonprofits. Of the nine nonprofit organizations listed in the Table below, three (American Red Cross, New Haven Chamber of Commerce, and Visiting Nurse Association) were for the most part identified correctly as nonprofits. On the other hand, five were not (Yale-New Haven Hospital, New Haven Symphony, Blue Cross-Blue Shield, Yale University, and New Haven Country Club). In terms of uncertainty (as indexed by "don't know" responses), the New Haven Symphony was the least well identified as either nonprofit or for-profit. The Red Cross was most often correctly identified among the nonprofits, while the Country Club and Blue Cross-Blue Shield were most often incorrectly identified as for-profit.

likely to have had extensive contact and exposure to this type of enterprise. The same cannot be said, however, for the major hospital, university, and health insurance organization. These findings suggest a significant problem with Professor Hansmann's general theory of nonprofit enterprise. It is difficult to see how consumers can place greater reliance and trust on organizations that they often cannot even identify as being nonprofit.

The results of interviews with consumers also suggest that the differences between nonprofits and for-profits are not obvious to everyone,¹² and that it is not clear that nonprofits are generally perceived as more trustworthy or honest.¹³ Respondents were approximately evenly divided be-

Number of Responses to the Question:
 "Which ones are most likely 'nonprofit' organizations as opposed to being 'for profit'?"*

Organizations	Non-Profit	For-Profit	Don't Know
Yale-New Haven Hospital	70	100	31
<i>New Haven Register</i> (newspaper)**	7	202	11
American Red Cross	194	12	11
New Haven Symphony	76	56	79
Blue Cross-Blue Shield	47	153	19
Connecticut Motor Club (American Automobile Club)	23	165	29
New Haven Chamber of Commerce	90	30	53
Visiting Nurse Association	162	24	30
Yale University	49	122	37
New Haven Country Club	14	155	46
New Haven Public Library***	194	11	11

* Total respondents = 255; row totals, however, may not equal this number due to other responses (for example, "it's probably more nonprofit than for-profit") or due to nonresponse.

** For-profit organization.

*** Governmental organization.

12. The respondents were asked: "In your opinion, is there anything that makes a 'nonprofit organization' different from other kinds of organizations (*i.e.*, anything special)?" Twenty-six percent of the respondents replied in terms of specific purposes or programs undertaken by nonprofits, such as "for the general public," "for the needy," "for helping others." The next largest category of responses, 24%, was simply "don't know," followed by 11% claiming "nonprofits are *not* different from profit organizations." Eleven percent also responded that nonprofits attract volunteers because of personal satisfaction and belief in the organization's purpose. Finally, 8% emphasized that "nonprofits make no profits," 4% focused on their tax-exempt status, while less than 3% said the honesty or motivation of nonprofits was their distinguishing characteristic. Since only 15% of the responses included multiple answers, these categories are reasonably mutually exclusive.

13. A set of three questions focused on general perceptions of trust, fairness, and personal concern. The respondents were asked: "In general, do you personally feel that a 'nonprofit' organization is more trustworthy than a 'for-profit' organization?" On this question, the respondents were nearly equally divided, with 41% replying "yes"; 38% replying "no, not necessarily"; and 17% responding with a qualification (or don't know).

Consumer Perceptions

tween those who believed that nonprofits were more trustworthy, fair, and honest than for-profit organizations, and those who believed that this was not necessarily true or who did not know. Thus even when consumers do recognize an organization as being nonprofit, a substantial number of consumers do not possess the trust in and reliance on such organizations that Professor Hansmann relies on to explain consumer preference for nonprofits.

Third, it is important to note that in choosing a nursing home for an elderly relative or a summer camp for a child, a majority of the respondents would not care if the institution was administered on a for-profit or nonprofit basis.¹⁴ Significantly, three out of four respondents who were indifferent between for-profit and nonprofit organizations in these exam-

When asked, "Do you feel that a 'nonprofit' organization will treat you more fairly and honestly than a 'for-profit' organization?", respondents were evenly split, with 44% saying "don't know/not necessarily," 42% answering "yes," and 12% responding "no." Interestingly, the reason most often mentioned for not knowing if nonprofits would treat clients more fairly and honestly was simply that it "depends on the people and the organization"—the two key elements in any type of enterprise. This factor was mentioned by one-third of those in the category. For those who answered "yes" to the original question, a frequent reason given was that nonprofits "have nothing to gain or lose."

And finally, respondents were asked: "Do you think that a 'nonprofit' organization will be more concerned about you as a person than a 'for-profit' organization?" Sixty-four percent of respondents answered "yes," while 30% said "no," and 7% responded "not necessarily." Those responding in the affirmative focused on a lack of monetary incentive in nonprofits and a generalized quality of "concern" that permeates this type of organization. On the other hand, those who responded negatively reflected their perception that "*individuals* make the difference," an issue that goes beyond the profit-nonprofit designation.

14. Respondents were asked: "If you needed to find a nursing home, for example, for an elderly parent or relative, in that situation would you personally care whether the nursing home were labeled 'nonprofit' as opposed to 'for-profit'?" Fifty-five percent of respondents said they would not care about the designation; of this number, nearly three out of four felt that the quality of care, and who was administering the facility, were the major concerns—the implication being that either nonprofit or for-profit organizations could do so successfully. Twenty-eight percent of respondents did feel that a nonprofit designation was important, while 13% didn't know if they cared or had no opinion.

The reasons given for these answers reveal an interesting paradox. Some stated that nonprofits have greater interest in the patient, and correspondingly, are less likely to exploit the situation. Others emphasized the business-like, well-managed operation of a profit-making organization, noting that "If I paid my way, I could demand more" in a for-profit nursing home. The perception of profit as an added incentive for a well-managed, quality operation seems somehow at odds with the perception of greater personal attention and interest in the patient's well-being within a nonprofit organization. For each type of organization, the same assumptions or counter-assumptions seem to be applicable with equal forcefulness and logic.

The setting was next changed to a summer camp. Respondents were asked: "What if you wanted to send your child to a summer camp? In that situation, would you personally care whether the summer camp were labeled 'nonprofit' or 'for-profit'?" Once again, as with nursing homes, nearly half (48%) reported no particular preference either way. For three out of four of these individuals, quality of care and type of facilities were the major concerns. Of those who did care about the label, 30% preferred nonprofit, compared to 10% who preferred a for-profit camp. Ten percent did not know or had no opinion. Preferences for nonprofit summer camps were closely tied to favorable prior experience (such as with the "Y" or Scout camp).

As with the previous question, the reasons given were often conflicting. For example, "nonprofit workers *want* to be there, although nonprofits have limited money and facilities and therefore could not be as good." One respondent saw things this way: "Nonprofits have trained professionals, but profits are more likely to have professionals. You can't generalize . . ."

ples stated that the quality of care, the type of facility (summer camp), and who was administering the facility (nursing home) were the major concerns. This suggests that consumers believe that they can compare services offered by nursing homes and summer camps, select the superior alternative, and reasonably expect that such services will be provided. It suggests, in short, that consumers do not believe that contract failure exists in the selection of a nursing home or summer camp.

Finally, the results of the pilot telephone survey are not the only indications that Professor Hansmann's theory does not correspond with the realities of actual consumer behavior. The marketplace dominance of proprietary nursing homes¹⁵ and for-profit day care facilities,¹⁶ and the clear trend toward proprietary dominance among nongovernmental general hospitals,¹⁷ also suggest that the alleged advantages of nonprofit organizations have not been translated into an actual consumer preference for nonprofits. It is reasonable to ask why consumer and user preferences have resulted, at least in part, in the growth and dominance of for-profit providers in those very areas in which the nonprofit advantages claimed by Professor Hansmann should be most important and meaningful.

Professor Hansmann acknowledges these problems near the end of his article.¹⁸ He recognizes that it is unlikely that every consumer performs the elaborate cost-benefit analysis suggested by his theory when choosing to deal with a nonprofit or for-profit organization. Rather, he suggests that consumers develop a general belief based on previous experience: it is that when one purchases a service in which one is "at the mercy of the producer . . . one may be better served by a firm in which the profit motive has been curtailed."¹⁹ This suggestion, however, still assumes that consumers in their dealings can and do recognize an organization as being nonprofit. The suggestion does not explain fully the large number of people who do not view nonprofits as more trustworthy or honest despite the fact that the profit motive is curtailed. Prior experience may well be an important explanatory variable, but I do not believe this is true for the reason offered by Professor Hansmann. It is entirely possible that consumers gain a generalized image or implicit sense of the special characteristics—such as trustworthiness or reliability—of a service provider even if they do not know its for-profit/nonprofit status or if they have never had any kind of direct or indirect contact with the provider. It remains to be

15. P. 863 n.81 (74% of all nursing homes in 1977 were proprietary).

16. See Nelson & Krashinsky, *The Demand and Supply of Extra-Family Day Care*, in PUBLIC POLICY FOR DAY CARE OF YOUNG CHILDREN 9, 18 (D. Young & R. Nelson eds. 1973) (60% of day care centers in study were proprietary).

17. P. 868 (shift toward large chains of for-profit hospitals).

18. Pp. 896-97.

19. P. 897.

Consumer Perceptions

demonstrated, however, that consumers associate positive and desirable qualities, such as trustworthiness, at least as frequently with nonprofit as with for-profit providers.

III. Agenda for Future Research

The results of the pilot telephone survey discussed above, of course, cannot be treated as conclusive. But they do suggest that further research is necessary to determine whether Professor Hansmann's comprehensive theory of nonprofit organizations corresponds to the realities of the marketplace. Specifically, the ability of consumers to recognize an organization as being nonprofit should be studied experimentally for a wide range of consumer services and groups.²⁰ Further efforts should be made to determine whether consumers or purchasers attribute a greater degree of trust, responsiveness, or fiduciary responsibility to nonprofits than to their for-profit counterparts.²¹ An attempt should also be made to determine if consumers do, in fact, believe themselves to be more at the mercy of the producer in the purchase of complex personal services, and thus more likely to be protected by curtailment of the profit motive. These studies are needed to evaluate empirically the causal relationships suggested by Professor Hansmann.

Professor Hansmann's theory of the supply side of nonprofit organizations could also benefit from empirical testing. He notes that nonprofits may be hampered by limitations in raising operating capital²² and potential inefficiencies due to a lack of financial incentives.²³ He suggests, however, that nonprofits may be able to compensate for these problems, in part because of their ability to attract "a class of entrepreneurs, managers, and employees who are more interested in providing high-quality service and less interested in financial rewards than are most individuals."²⁴ It

20. See generally D. CAMPBELL & J. STANLEY, *EXPERIMENTAL AND QUASI-EXPERIMENTAL DESIGNS FOR RESEARCH* (1966) (discussing possible research designs). It is important to recognize explicitly the apparent difference that may exist in consumer behavior due to the way in which consumers are statistically grouped or "segmented." These differences have important behavioral implications that should require caution in talking about how "consumers in general" behave. See, e.g., Haley, *Benefit Segmentation: A Decision-oriented Research Tool*, J. MARKETING, July 1968, at 30 (applying theory of segmentation to product benefits sought in order more fully to understand differences in consumer behavior).

21. The process of attribution with regard to the perceived characteristics of for-profit and nonprofit organizations has not been studied in the literature beyond the preliminary efforts described here. A comprehensive look at the theory and application of the attribution process is provided in Mizerski, Golden, & Kernan, *The Attribution Process in Consumer Decision Making*, 6 J. CONSUMER RESEARCH 123 (1979).

22. P. 877.

23. Pp. 878-79.

24. P. 876. Professor Hansmann does not demonstrate convincingly why the lack of a profit motive among nonprofit workers yields a supposedly higher quality of service and more satisfactory consumer experience than might be generated by a *for-profit* inducement on the part of management

might be doubted whether the latter advantage would compensate for the other problems inherent in the nonprofit form. In any case, empirical testing of this hypothesis is clearly warranted.

The above set of testable propositions is not, of course, exhaustive. Many others come to mind as a result of assumptions or arguments advanced by Professor Hansmann's theory.²⁵ Without the additional insights and important clarifications provided by assessing empirically consumer behavior toward nonprofit and for-profit organizations, the arguments and assumptions offered by Professor Hansmann's theory must be viewed with a healthy dose of skepticism.

to provide the same thing. This is not to deny the possibility that some employees and managers of nonprofits are totally committed to delivering the highest quality service in the most expeditious manner without the motivation of personal economic gain. But it is equally plausible that economic compensation can be used in a for-profit setting to accomplish the same objectives, namely ensuring high-quality service while maximizing consumer satisfaction. In fact, for-profit managers in a wide range of industrial and consumer service categories have long recognized the pivotal importance of assuring repeat business by maintaining high quality standards and focusing exclusively on assuring customer satisfaction.

Services are, by their very nature, complex and intangible, and primarily dependent on the interpersonal qualities of employees as they interact with customers. Because the "quality" and "standardization" of the interaction is a highly personal event, it is difficult to ensure uniform levels of quality at all times. I suggest, therefore, that it is at least an even call whether or not nonprofits offer the consumer a better bet than other organizations for those service categories typically within the jurisdiction of nonprofits. See Selby, *Better performance from 'nonprofits,'* HARV. BUS. REV., Sept.-Oct. 1978, at 92 (discussing management problems of nonprofit organizations); R. Kanter, *The Measurement of Organizational Effectiveness, Productivity, Performance and Success: Issues and Dilemmas in Service and Non-Profit Organizations* (1979) (Program on Nonprofit Organizations, Yale University, Working Paper #8) (on file with *Yale Law Journal*) (same).

25. For example, the incidence and severity of complaints from consumers (users and donors, among others) of commercial nonprofits should be less than that found among comparable for-profit providers; in those instances in which consumer complaints occur, there should be a higher rate of resolution, as well as a greater level of perceived fairness and resulting customer satisfaction, than that found among comparable for-profit providers; and there should be a higher level of consumer "loyalty" or repeat patronage over time than that found among comparable for-profit providers. For suitable comparative data and survey methodology appropriate to this type of analytic exercise, see the pioneering work of Andreasen & Best, *Consumers complain—does business respond?* HARV. BUS. REV., July-Aug. 1977, at 93, and Best & Andreasen, *Consumer Response to Unsatisfactory Purchases: A Survey of Perceiving Defects, Voicing Complaints, and Obtaining Redress*, 11 LAW & SOC'Y REV. 701 (1977).