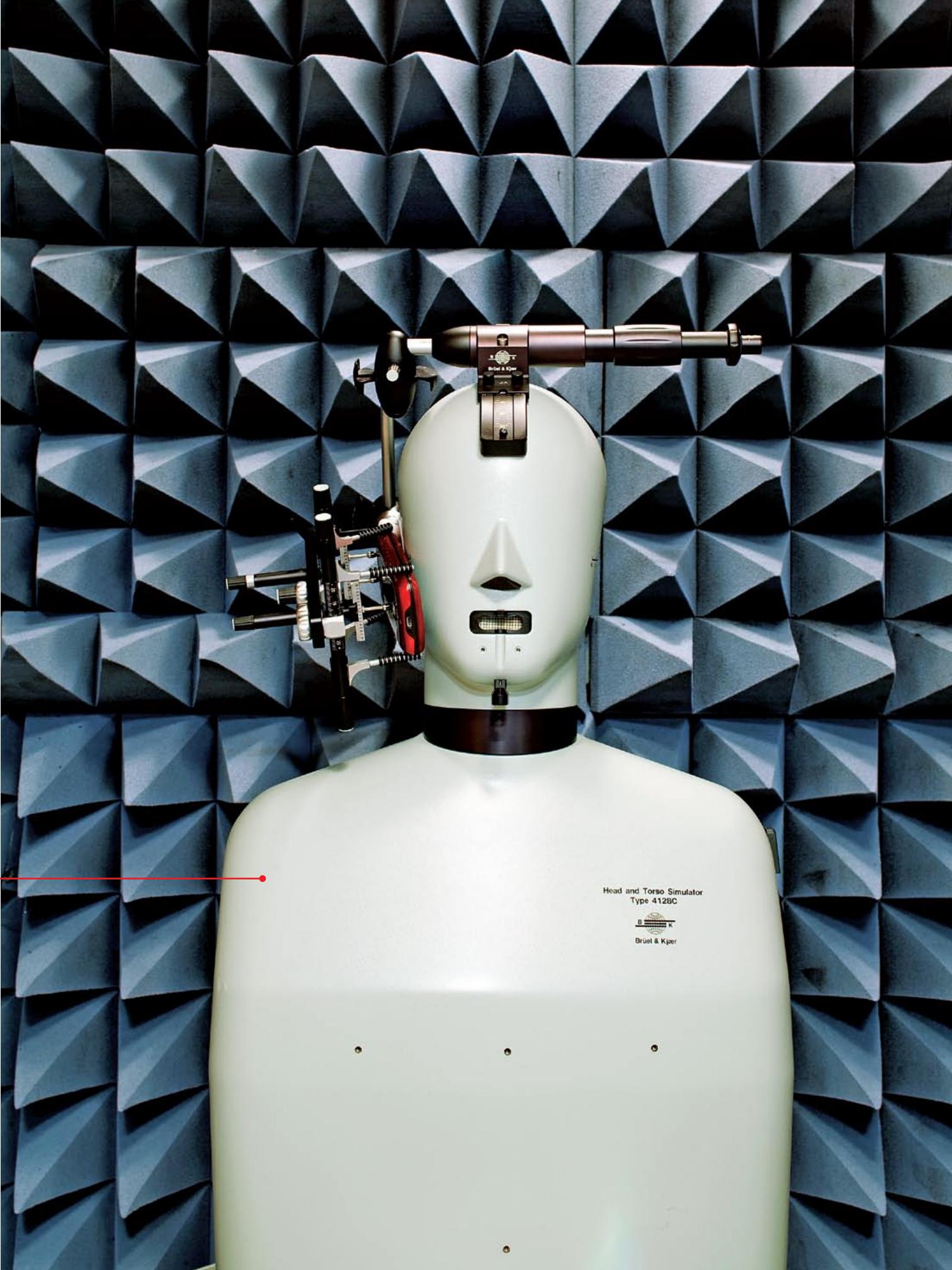


Who's Afraid Of Steve Jobs?

Test subject:
Cell Phone

Method: Strap onto a dummy's head and
measure reception in an isolation chamber

Not Consumer Reports.
Over the past year the 74-year-old
magazine has carved up Apple
and made Toyota roll over.
Pretty good for a lab in Yonkers.
By Devin Leonard
Photographs by Floto+Warner



Head and Torso Simulator
Type 4128C



Brüel & Kjær

Two decades ago, when *Consumer Reports* started evaluating treadmills, it built a test machine it called the Johnny Walker. A drum-like steel cylinder studded with green rubber balls, the Johnny Walker spins above the rolling belts of its victims, pummeling them with blows meant to simulate the footsteps of a 170-lb. runner. In the early days, after a few hours of insistent pounding, some treadmills caught fire.

The fitness equipment industry has since figured out that it can't incinerate its customers—and the Johnny Walker keeps racking up the miles. It recently beat one treadmill so badly that the machine's motor fell out. The manufacturer suffered the consequences in the pages of the magazine, earning a rare yellow box with a check mark, which is even more dreaded than the more frequently seen black "blob" for poor performance in *Consumer Reports'* unique graphical rating system. (Total approval, as long-time readers know, is a red blob completely filled in.) "We gave that one a 'don't buy' rating," says Rich Handel, one of the magazine's 107 professional testers.

The Consumer Reports National Testing & Research Center is housed in what was once the headquarters of a mimeograph company in Yonkers, N.Y. It is designed for the scientific torture and performance rating of almost anything that can be purchased. In the same room as the Johnny Walker is a machine that drops bike helmets on anvils to see how well they will protect the heads of cyclists.

Down the hall, tester Nelda Adell oversees a Rube Goldberg-like contraption with a long, machine-driven arm that robotically scrubs pots with steel wool. It's set to administer 500 scrubs, but Adell says no pot has made it past 400 without a mark. "Some of them say they have a 20-year guarantee," she says.

There's something charmingly retro about *Consumer Reports*, which is published by Consumers Union, a nonprofit advocacy group with 640 employees. It's a no-frills, not-for-profit publication that prizes the credibility of its ratings above all else. The magazine has never taken an advertisement. "The only people they have to answer to are their customers, the readers," says Samir Husni, a magazine consultant in Oxford, Miss. "They don't have to think twice about saying anything—good or bad—about a product." You'll never hear of *Consumer Reports* cutting a deal with Angelina Jolie for a cover shot. When the magazine needs models for a photo spread, it often grabs its own employees and snaps photos of them under the hoods of cars or painting decks.

In the past six months the 74-year-old magazine has challenged some of the world's most trusted consumer brands. In April, Toyota Motor recalled its 2010 Lexus GX 460 SUV after the magazine put the car through tests at its automobile testing operation in East Haddam, Conn., and branded it a "Don't Buy: Safety Risk." Testers discovered that if they drove the vehicles quickly around turns, the rear end spun so much that it was nearly sideways before the electronic stability system kicked in. As far as *Consumer Reports* was

concerned, that made the GX 460 a roll-over threat. (Toyota has since upgraded the SUV's software, and the magazine lifted its "Don't Buy" recommendation after a retest.) "*Consumer Reports* brought it to our attention, and we fixed it," says Lexus spokesman Bill Kwong.

In early July, *Consumer Reports* did something even more remarkable: It paused the Apple juggernaut. Shortly after the June 24 release of its iPhone 4, Apple received complaints that the phone dropped calls when users touched the device's lower left corner. Apple shrugged off the problem. It said most mobile phones lose reception when they're gripped "in certain ways." The iPhone's problems, it insisted, were exacerbated by a software glitch that made reception look worse than it actually was.

That might have been the end of "Antenna-gate" except that on July 12, *Consumer Reports* weighed in. The magazine lavished praise on the phone, saying it "has a sharper display and the best video camera we've ever seen in a phone." It also said that it had tested the device's new external antenna and found it lacking. "Due to this problem," it stated, "we can't recommend the iPhone."

A flood of calls

"Is something happening today?" asks Jim Guest, chief executive of Consumers Union. "I've heard a rumor ..."

On the day Apple held an elaborate press conference to respond to *Consumer Reports*, the magazine's offices are humming only a bit more than usual. Ken Weine, the organization's vice-president for communications, is on edge—and with good reason. He would be flooded with calls after Jobs was finished speaking. Guest, a 69-year-old with the smooth charm of a college president, is serene. *Consumer Reports'* coverage of Apple, he says, is just another example of how his organization remains true to its mission of making sure companies deliver what they promise. "From our perspective," says Guest, "we test, and we report good, bad, or indifferent. We are all about products. If this product had been made by someone else, we would have done the same thing."

In his press conference, Jobs emphasized that his company did its own extensive testing on the iPhone 4. He pointed out that Apple has invested \$100 million to construct a state-of-the-art lab devoted

Paul Reynolds, electronics editor, oversaw the magazine's iPhone coverage







Test subject:
Sneakers

Method: Strap on fake feet attached to mechanical legs and flex them repeatedly

ed to antenna design and testing, with 17 performance measurement chambers. (That’s more than three times larger than *Consumer Reports’* total product testing budget in 2009.) Still, Jobs didn’t take on the magazine. He offered disappointed users a free “bumper case” that would cover the trouble spot. “We were stunned and upset and embarrassed by the *Consumer Reports* stuff that came out this week,” the Apple CEO said.

“You had two essentially immovable objects—the credibility of *Consumer Reports* and the credibility of Apple—running directly at each other,” says Matt Traub, a managing director at DKC, a New York crisis management specialist. “The question was whose credibility would run the other’s off the road. We got the answer last week.”

Consumer Reports is still withholding its coveted blessing. The magazine called Apple’s fix “a good first step,” but it has yet to recommend the new iPhone.

It’s hard not to wonder what the founders of *Consumer Reports* would have made of Antenna-gate. Consumers Union was founded in 1936, right in the middle of the Depression, by idealists and scientists determined to dispel the hype used by corporate America to sell things. To do so, they started a magazine called *Consumers Union Reports*. They launched with so little money that, by necessity, the first tests were on cheap stuff, like breakfast cereal and Alka-Seltzer.

The founders’ mission was considered heretical at the time. *Reader’s Digest* branded them dangerous subversives for challenging the veracity of big business, writing, “They are out to discredit, if not

destroy, the system.” *Good Housekeeping* went so far as to accuse *Consumer Reports* of extending the Depression. Relations between the titles were not helped by the fact that *Consumer Reports* dismissed *Good Housekeeping’s* Seal of Approval as a “fraud.”

Still, the magazine’s subscriber base grew, and its content began to influence American consumer culture. In the early ’50s the magazine created a smoking machine that collected the residue of a user’s inhalations in a flask. In 1953, it reported that smokers were exposed to as much nicotine when they puffed a filter-tipped cigarette as they were when they

lit up an unfiltered Lucky Strike. The U.S. Surgeon General’s advisory committee cited the magazine’s research in its landmark report warning of the dangers of smoking in 1964. *Consumer Reports’* toy testing helped pave the way for the 1969 Child Protection & Toy Safety Act, which passed a year after the magazine tested a group of electric toys and found a quarter of them hazardous.

By the late ’90s, however, consumer appetites had moved beyond the utilitarian to Lexuses and stainless steel six-burner “professional grade” Viking stoves. *Consumer Reports* didn’t test such aspirational purchases, and the magazine slipped into the red. In 2001 the organization lost \$9.4 million. “I think we had gotten a little complacent,” says Guest. “For a long time, we were the only game in town. Now there was all sorts of stuff out there on the Web.”

Guest, who has previously served as the nonprofit’s chairman, became president that same year and made two important decisions. The first was to get the magazine to lighten up a little. As the real estate market took off, the magazine started covering such heretofore untouchable products as luxury SUVs, wine, and high-end mobile devices like the iPhone. Since the onset of the recession, *Consumer Reports* has also had fun putting less expensive infomercial-level fare in its pages, such as the Amish heater

Test subject:
Pizza

Method: In blind conditions in the sensory lab, experts taste slices





Test subject:
Washers

Method: Stuff them with fabric prestained with blood, wine, and coffee

and the Snuggie. Testers were pleasantly surprised by the heater, saying it did a “good job,” but not to “expect any miracles.” They were less charmed by the Snuggie, which is sold in pairs for \$19.99, noting, “When washed, it shed. Each time we laundered two Snuggies, we removed a sandwich bag’s worth of lint from the dryer screen.”

Guest’s second decision was to expand testing to keep up with the torrent of new products hitting the market. Where it once might have weighed in on the television or computer market in an annual special issue, it now continually tests laptops, cell phones, and flat-screen televisions, posting results on the Web as quickly as possible to help subscribers make buying decisions. *Consumer Reports’* online subscriptions have tripled in the past seven years, and the magazine’s future growth clearly lies on the Internet. It’s also where the magazine rushes to post announcements, such as its decision not to recommend the iPhone 4.

Consumer Reports even went after younger readers in 2009 when it bought Consumerist.com from Nick Denton’s

Gawker Media. Consumerist.com runs such posts as “An iTunes Thief Ran Up \$200 on My Card, Customer Service Won’t Help” and “I Persevered Through Comcast’s Incompetence, Got a Nice Prize.” It’s a far cry from the lab-jacket-clad, irony-free voice of the mother ship, but *Consumer Reports* thinks it’s important to have such a presence in the blog universe. “They have a strong voice and a passionate audience,” says John Sateja, executive vice-president of Consumers Union.

The magazine has been profitable since 2003, though there have been cultural clashes over its aggressive push into the online world. The magazine’s research group, which prides itself on the accuracy of its consumer surveys, protested when the magazine started posting readers’ opinions along with its scientific ratings on the website. “The researchers said, ‘We are scientists. Why are we doing that? It’s just people’s opinions,’” says Jerry Steinbrink, vice-president for publishing at Consumers Union.

Handwringing ensued when the magazine struck a deal with PriceGrabber.com to add links to sites where users could

buy products that *Consumer Reports* had rated. Some on the board feared the magazine was promoting shopping rather than smart decision-making and thrift. The shopping links are still there, and so are the user opinions. And neither of these additions has shaken the public’s faith in the brand.

Credibility is *Consumer Reports’* business—and business is booming. The magazine has 7 million subscribers—nearly half of whom pay \$26 a year for access to its website, ConsumerReports.org. That’s almost three times as many paid digital subscribers as *The Wall Street Journal*, one of the few other publications to get people to pay for its online content.

Consumer Reports continues looking for new ways to help readers, no matter how annoying to big companies. Right now, they’re working on an iPhone application that will let users scan bar codes and get the magazine’s product ratings while they’re shopping. The magazine will need Apple’s permission to offer it in the company’s app store. Consumer Reports doesn’t anticipate any problems with approval. **B**