

**Consumer Behavior of Low-Income Persons:
A Pilot Study**

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A pilot test of an interview schedule to examine consumer behavior of low-income persons was conducted in two low-income housing projects in Georgia. Behaviors explored included use of different type of product information, assistance with major purchase decisions, and how major purchase problems were handled.

Low-income consumers have inadequate financial resources and difficulty making ends meet. Understanding how they function in today's complex marketplace is important. Their potential problems in the marketplace are reasons they should be studied.

In addition, the increasing number of low-income consumers demands greater attention to this population. According to the U.S. Census Bureau, the number of persons below the official Government poverty level was 25.9 million in 1977, representing 12.6 percent of the American population. Approximately 33.6 million persons presently live in poverty, representing 13.5 percent of the United States population (U.S. Department of Commerce, 1990, 1991). As the low-income population continues to increase, the importance of helping them make good purchase decisions also increases. To ignore factors that interfere with their ability to function effectively in the marketplace increases the demands by low-income consumers on public financial resources.

However, knowledge about individuals' consumer behavior is scarce and particularly so for low-income persons. Low-income consumer behavior was studied extensively in the late 60s and early 70s; however, recent research in this area is limited.

In an attempt to investigate the consumer behavior of the low-income population, the investigator submitted a planning grant to the National Science Foundation (NSF). The NSF funded the grant which enabled the investigator to develop a research proposal to conduct research in this area. The proposed research project will examine consumer behavior of low-income persons.

As part of the research proposal, an interview schedule was developed and pilot tested in two low-income housing projects in Athens, Georgia. Twenty one low-income persons were interviewed. This

paper will report some of the results of the pilot test.

Demographic Characteristics

The majority of the respondents were black (85.7%), female (95.2%), unmarried (85.7%), unemployed (76.1%), and less than 50 years old (71.4%). Approximately 62 percent had less than a high school education, and 80.9 percent had a total household income less than \$7,500. A large number received food stamps (76.1%), medicaid (76.1%), AFDC (57.1%), and WIC coupons (42.8%). Thirty eight percent had problems meeting their basic needs. Eighty one percent had no training in consumer education, and 47.6 percent were not exposed to any consumer education when growing up in the home with their parents. A large number (71.4%) discussed their purchase decisions with their spouse, friends, neighbors, and/or family members.

Consumer Behavior

Approximately 71 percent of the sample rarely or never used a sales person's advice when making a purchase decision. Some rarely or never used the Better Business Bureau or a consumer protection agency (66.6%), product ratings from consumer magazines (61.9%), articles or books about a product or service (42.8%), advertising (33.3%), family or friends (28.7%), point-of-purchase information (23.8%), and past buying experience (4.7%).

The majority of the respondents (80.9%) made major purchase decisions by themselves; only 4.7 percent made purchase decisions with their spouse. Fourteen percent made these decisions with their children. Only 33.3 percent made major purchases when they just wanted a new or different type of product. Nineteen percent would make a major purchase via the rent-to-own industry, and 42.8 percent would use some form of credit.

Only 28.5 percent of the sample previously had a problem with a major purchase, and 33.3 percent of the ones who had a problem did nothing to correct it. Reasons given for doing nothing included did not think it was worth the time, not sure of consumer rights, and thought it would be embarrassing.

This research serves as a base for researchers

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interested in further exploring this population and helps consumer educators determine where educational efforts should be focused.

References

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