

Consumer Knowledge: Does Practical Experience Make a Difference?

Karen Fox Folk, University of Illinois at Urbana-Champaign¹
Kim Durum, University of Illinois at Urbana-Champaign²

This study examined the relationship between college students' scores on a national test of consumer knowledge and their actual life experience in areas tested. Currently renting, bearing responsibility for credit card payments and being male were positively related to overall test scores. Experiences with housing and credit were positively related to knowledge of housing and credit while experience with auto purchasing was not related to greater knowledge of automobile purchasing or insurance. Implications for consumer educators are discussed.

The purpose of this study was to investigate the relationship between life experience and consumer knowledge, using a convenience sample of college students with varying degrees of consumer experience. College students gain consumer experience by establishing checking accounts, obtaining credit cards, renting an apartment, and possibly purchasing a car. As beginning consumers they have varying degrees of experience with the above activities.

In 1991, a nationally representative sample of high school seniors taking a test of consumer knowledge scored much lower (mean of 42% correct) than a sample of adult Americans (mean of 62% correct) (Brobeck, 1992). Adults' higher scores could be due to more education, but also to their greater life experience in the areas tested. This study of high school seniors concluded that those with greater consumer experience (measured by monthly spending) had significantly higher test scores. Garman (1979, p. 60) also found that college seniors performed better on the Test of Consumer Competencies in areas in which they were more likely to have had "relevant life experiences."

The American Express and Consumer Federation of America test described above was taken by 110 students during the second class period of consumer economics classes at the University of Illinois spring and fall semesters 1992. To measure life experience, 14 questions were added which measured use of a checking account and credit cards, involvement in car and auto insurance purchase, experience with housing rental and food shopping,

as well as class, major, age, and sex. These college students averaged 68% correct overall with students scoring above average on sections testing knowledge of housing (86%) and car purchase (78%) and below average on credit (57%) and insurance (60%).

The classes tested contained 15% freshmen, 15% sophomores, 28% juniors, and 42% seniors. Half of the students lived in group housing, 45% rented, and 4% lived with parents. Most students had a checking account (93%). Three-fourths had a credit card and 62% made their own payments. Fewer students (61%) had a car and of those with a car, 43% had been moderately or very involved in the car purchase. However, 80% had not been involved in the auto insurance purchase decision.

Scores on test items measuring life experience as well as demographic variables were used to estimate overall test score and test section scores using multiple regression analysis. Currently renting, having a credit card on which the student made payments, and being male significantly increased total score, explaining 32% of the variance. Variables with no significant effect included: business-related or consumer economics major, year in school, having a checking account, balancing the bank statement, having a car, and regularly food shopping.

Analyses of individual test sections found that credit and housing knowledge was significantly related to experiences in those areas. Being male, a business or consumer economics major, and number of years in college were positively associated with scores on car purchasing, but student's extent of involvement in previous car purchase was not significantly related to car purchase test score. Test scores for banking and food shopping were not significantly related to the independent variables and auto insurance scores were related only to being male.

These findings support the hypothesis that students gain some consumer knowledge from life experiences, particularly in the areas of credit and housing. The lack of effect of experience on car purchase and insurance knowledge may be related to the fact that most students have at most one car purchase experience and that parents may oversee

¹Assistant Professor, Division
of Consumer Sciences

²Graduate Student, Division of
Consumer Sciences

the purchase and arrange for auto insurance. A study of Canadian high school students also found that males scored higher than females (Smith, 1987). This may indicate that female students have less exposure to life experiences which increase consumer knowledge.

The relationship of life experience to consumer knowledge suggests that consumer educators should design programs which use experiential techniques or target consumers close to the point of purchase. This will be more difficult for items less frequently purchased such as autos and auto insurance, but these are also the areas in which life experience does not appear to assist consumers. Creative approaches might include videos made available through credit unions and banks for auto loan applicants or consumer education briefs enclosed with yearly auto registration renewals.

References

- Brobeck, S.J. (1992). Student consumer knowledge: The results of a nationwide test. Unpublished report. Washington, D.C.: Consumer Federation of America.
- Garman, E.T. (1979). The cognitive consumer education knowledge of prospective teachers: A national assessment. Journal of Consumer Affairs, 13, 54-63.
- Smith, B.S. (1987). An investigation of consumer knowledge, attitudes and behaviour of Quebec english public CEGEP students as a basis for consumer education curriculum development. Unpublished Ph.D. dissertation. Montreal: McGill University.