

Consumer Buying Intentions

ABOUT THE SAME PROPORTION of consumers this July as a year ago said they were planning to buy new automobiles and any of three major household appliances—washing machines, refrigerators, and television sets—during the following six months. In January and April of this year the proportions of consumers reporting plans to buy these items had been moderately higher than in the same months in 1959, as the chart on the following page shows. Plans to buy used cars, on the other hand, were below year-earlier levels in July after having been close to year-earlier levels in both January and April.

These are among the findings from an experimental Quarterly Survey of Consumer Buying Intentions. The Bureau of the Census has conducted this Survey for the Board of Governors of the Federal Reserve System beginning in January 1959.

Changes in consumer buying plans from the first half of 1959 to the first half of 1960 appear in general to have foreshadowed the changes that occurred in purchases of both new and used automobiles and the three major household appliances covered. Questions were also asked about purchases actually made. In April and July 1960 it was found that a larger proportion of families had bought new cars in the first half of the year as compared with the first half of 1959, but that the proportion purchasing used cars had changed little. The findings for automobiles are in accord with estimates of automobile sales based on other information.

Survey data for the first half of 1960

showed some increase from a year earlier in purchases of washing machines, refrigerators, and television sets taken as a group, but the increase was on the margin of statistical significance. Other available data, however, indicate a moderate increase in sales of these three appliances from the first half of 1959 to the first half of 1960.

DESCRIPTION OF THE SURVEY

The purpose of the Quarterly Survey of Consumer Buying Intentions is to provide more adequate data on consumers' intentions and attitudes regarding purchases of durable goods and to make such information available more frequently than our previous annual series. The Survey was undertaken because of the public interest in the regular availability of information that might help to foreshadow trends in consumer spending and because of the usefulness such information might have for public policy. Arrangements for the Survey were worked out with the Bureau of the Census with the advice and assistance of members of the staffs of the Bureau of the Budget and the Council of Economic Advisers.

To provide the information required for the Survey, the Bureau of the Census added a short supplemental questionnaire to its monthly Current Population Survey in the first month of each calendar quarter. The supplemental questionnaire is used for one-half of the Current Population Survey sample. Interviews on plans and purchases are conducted with about 17,000 households each quarter, which is a reporting

sample sufficiently large that sampling error should not obscure actual changes in plans indicated by the Survey.

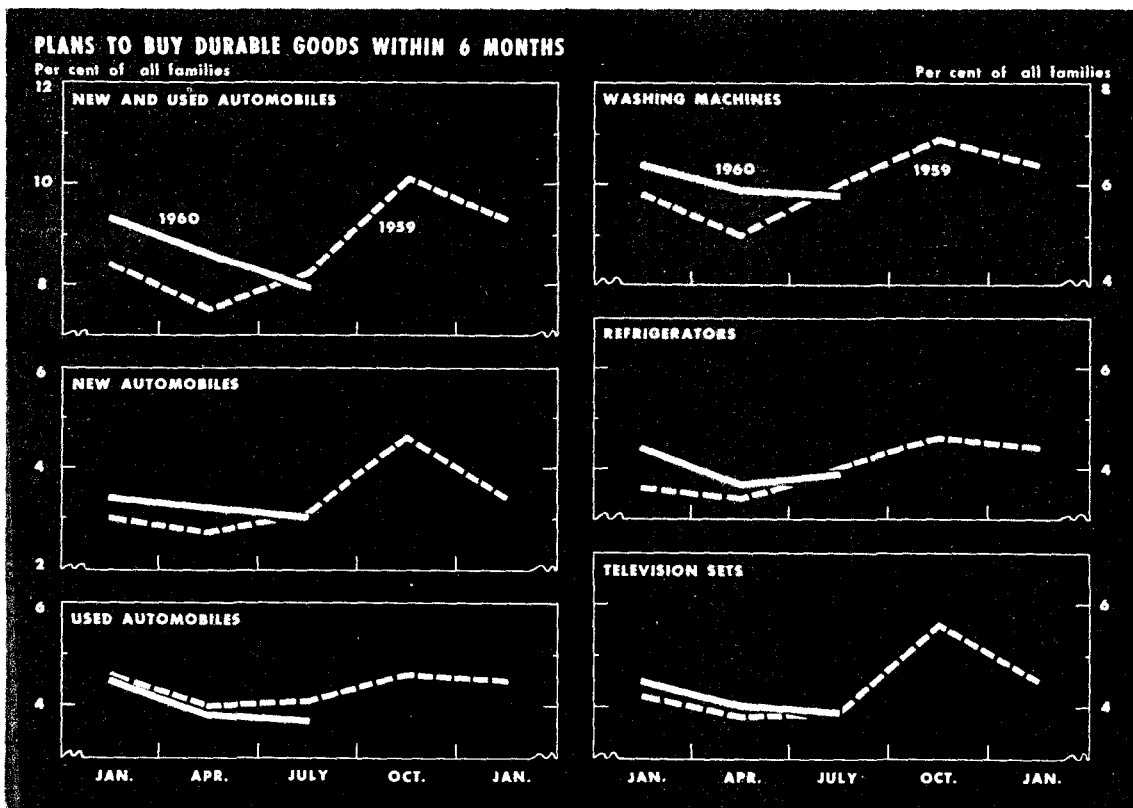
Interviewers visit each household address in the sample four times over the course of a 15-month period. At any given time, about one-fourth of the sample is being interviewed for the first time. The three re-interviews provide a check of purchases against the buying plans previously expressed by the family.

During the first year of the Survey the questions asked covered intentions to purchase as well as actual purchases of new and used automobiles, washing machines, refrigerators, and television sets. The three household appliances selected were chosen because they account for about one-fifth

of consumer expenditures for furniture and household equipment, and as a group they have generally shown cyclical fluctuations that are similar to those of the larger group. The questionnaire also covered past and expected changes in income and some experimental questions designed to probe more deeply into plans to purchase automobiles.

The primary time interval for which consumers were asked to express buying intentions was 6 months. Respondents who reported plans to buy within this period were also asked whether they planned to buy within 3 months. For automobiles, consumers who reported no plans to buy in 6 months were asked about their plans for 12 months.

In 1960 the Survey was expanded to cover plans to purchase and actual purchases



NOTE.—Plans for new and used automobiles combined include plans of families undecided between new and used.

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of phonograph and radio equipment costing \$100 or more, air conditioners, clothes dryers, and dishwashers. Demand for these items is less likely to be for replacement purposes than it is in the case of refrigerators, washing machines, and television sets. Questions about ownership of houses and plans to purchase houses were also added. No information on these items is presented in this article since data are not available to permit year-to-year comparisons.

SURVEY RESULTS

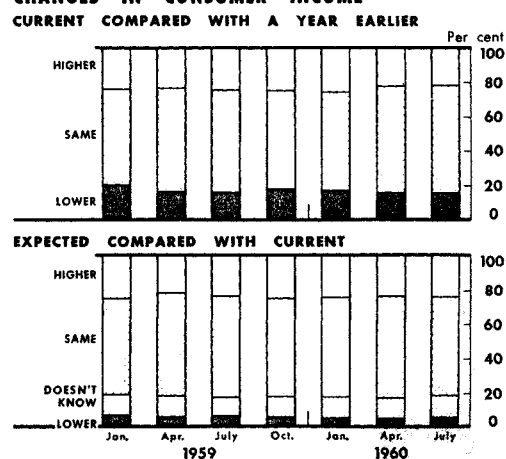
The period since January 1959, when the Quarterly Survey began, has been one of relatively strong demand for consumer durable goods, following the low levels reached in the 1958 recession. In this period there has been no marked shift in consumer spending, although demand for new cars was stronger in the first half of this year than in the comparable period of 1959.

Over the period covered by the Survey, the proportions of consumers reporting increases or decreases in income during the preceding year have been relatively stable, as the chart shows. The proportion reporting lower incomes declined from January to July 1959 as employment and income rose. After increasing moderately in October, during the latter part of the steel strike, reports of lower income declined again in January and April of this year and remained unchanged in July.

Family expectations of future changes in income have been even more stable than reports of past changes. The proportion of families expecting lower incomes in the coming year declined somewhat from January to April 1959. Since then there has been little change in this proportion.

The proportions of consumers with plans to buy in 6 months have generally moved in

CHANGES IN CONSUMER INCOME



NOTE.—Those for whom past income change was not ascertained excluded from distribution. Expected income refers to expectation a year hence.

the same direction, from one quarter to the next, for most or all of the items covered. In 1959 the lowest level of buying plans reported was in April and the highest in October for all types of durable goods.

The decline in plans from January to April for both 1959 and 1960 and the sharp rise in October 1959 suggests that there may be a seasonal variation in buying plans. Quarterly movements in plans to buy, however, did not usually correspond to seasonal movements in sales, for which the seasonal pattern differs among the several items. More experience with Survey data is necessary for an adequate interpretation of quarterly changes in these data.

As a statistical check, it may be noted that purchases as reported in the Survey did follow the seasonal pattern shown by sales data. Sales of new and used automobiles are generally highest in the second quarter of the year, of refrigerators and washing machines in the third quarter, and of television sets in the fourth quarter.

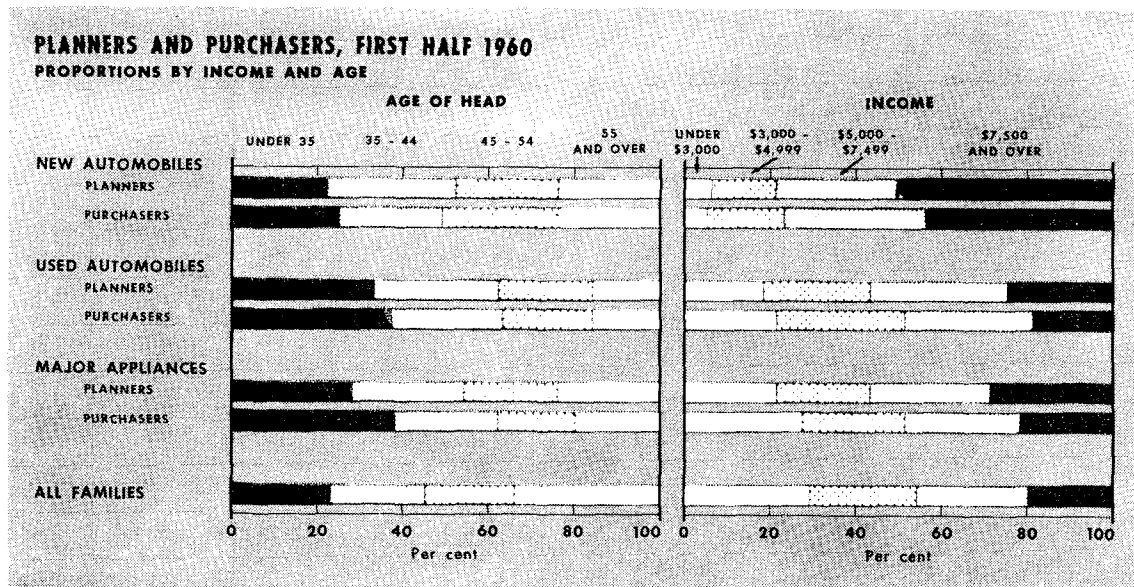
People in different income and age groups express buying plans and make purchases

at different rates. Upper income groups buy a larger than proportionate share of new automobiles. Younger families account for a larger proportion of used car and appliance sales than older families, as shown by the accompanying chart.

Nevertheless, changes in buying plans and purchase rates have been generally similar for the various income and age groups. Declines in buying plans from January to April in both years and the increases in

October 1959 occurred in most age and income groups. The low level of buying plans in April and the high level in October of last year were fairly general throughout the country and among different occupations. Whatever factors were responsible for the shifts, they appeared to be affecting all segments of the population.

Additional information on Survey findings appears in the article immediately following in this BULLETIN.



NOTE.—Income refers to total money income of family in 1959. Planners include those expressing plans in January 1960 to buy within 6 months.