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# Consumer Expectations, Plans, and Purchases: a Progress Report

F. THOMAS JUSTER

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## PREFACE

This report covers the first phase of a study of the role played by consumer intentions, expectations, and attitudes in the formation of spending decisions. The study is designed to advance knowledge of relationships between these "forward looking" variables and purchases of major durable goods, especially of the way in which contingent actions (intentions) depend for their fulfillment on contingent events (for example, income developments). The present report is confined to an intensive examination of relationships of both household intentions and purchases to a large number of financial, demographic, and expectational variables, and to presentation of other basic information on the historical behavior of the rather special sample of families used by us. The information is of sufficient interest and importance to warrant making it available to research workers and the general public, even though our conclusions are still tentative and quantitatively imprecise. Information on the fulfillment of individual purchase intentions is not yet available. A subsequent report will deal with this problem, and with the associated problem of relationships between the fulfillment of expectations and the fulfillment of purchase intentions.

This study has been aided by generous grants to the National Bureau by the Reim Foundation of Ann Arbor, Michigan; Consumers Union of the United States; the Automobile Manufacturers Association, and other sources. It was begun when the writer was a Carnegie Research Associate at the National Bureau.

The project would not have been possible without the continuing cooperation of the staff and the Board of Directors of Consumers Union of the United States, especially Colston E. Warne, Dexter Masters, George Goss, Arthur Kallet, and Jean Whitehill. Special thanks are due the many thousands of Consumers Union subscribers whose responses to several long and complicated questionnaires gave us the detailed information for analysis.

It is a pleasure to acknowledge my indebtedness also to Geoffrey H. Moore for his constant supervision, constructive criticism, and demand for clarity; to Albert G. Hart for arousing my interest in expectational economics and for his continued guidance and counsel; to Andrew Court for

visualizing the potentialities in the rather unique body of data used for the analysis; to Solomon Fabricant, Ruth P. Mack and Gary S. Becker, for helpful comments on sections of the report; to James Morgan, George Katona, and Eva Mueller of the Survey Research Center at the University of Michigan for their useful comments on the manuscript; to the members of the Project Advisory Committee, Milton Friedman, Millard Hastay, and Homer Jones, as well as Hart and Mack; and to William J. Carson for smoothing the way through many problems. Acknowledgement is also due a small army of research assistants—Stanley Besen, Cora Diamond, Anne Picker, and George Stein—who served at various stages of the report; Martha Jones, who prepared the tabulations on which the results are based; H. Irving Forman who drew the charts; and Margaret T. Edgar for editorial assistance.