

The Vulnerable Elderly Consumer: Examination of an Actual Victim Profile

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Introduction

Recent years have seen a marked increase in fraudulent business practices targeted primarily at the elderly segment of our society. In 1997, the FBI estimated that fraud against the elderly was among America's largest growth industries—with yearly profits estimated at forty billion dollars (Church, 1997). The negative ramifications of this criminal activity are broad, affecting the financial health and quality of life of the American elderly and their families. Yet identifying elderly consumers that are most vulnerable to fraudulent solicitation continues to pose a major challenge for policymakers and consumer educators.

In order for policymakers and consumer educators to design and implement protection and education initiatives it is critical to address the inconsistencies among existing vulnerable consumer profiles. The purpose of this research is to provide a comprehensive profile of actual fraud victims and compare this knowledge to previous findings. The majority of existing research in this area examines consumer potential for vulnerability (Friedman, 1992; Lee & Geistfeld, 1999). This study provides new insight by examining actual rather than potential victims of fraud. Data from an actual victim sample are used to compare the profile of victims to a sample profile of the United States population. Differences between the actual victims and the census sample are considered in comparison to existing explanations in the literature. Table 1 presents the existing studies that determine the elderly vulnerable consumer profile. This table lists the studies, nature of their respective samples, methods, and dependent variables used. Table 2 explicates the findings of each study for the relevant profiling variables including age, gender, working status, marital status, race/ethnicity, income and education.

Table 1 reflects the limited attention that has been directed at profiling the elderly vulnerable consumer. The table further illustrates that inquiry into elderly vulnerability has been operationalized by a variety of measures. The different measures used include the Vulnerability Index (see Lee & Soberon-Ferrer, 1997 for review), various behaviors that infer telemarketing victimization, and self-reported victimization (Friedman, 1992; 1998; Lee & Geistfeld, 1999; Lee and Soberon-Ferrer, 1997; Titus, Heinzelmann & Boyle, 1995). The results presented in Table 2 are integrated to establish the following profile of the vulnerable consumer:

Table 1. Profiling Variables of Vulnerable Elderly Consumers: A summary of Empirical and Descriptive Findings

Study	Sample	Method	Dependent Variable
Friedman, M. (1992)	National Association of Bunco Investigators, N=391	Mail survey	Likelihood of victimization
Titus, R. M., Heinzelmann, F. & Boyle, J. M. (1995) ¹	Probability sample of the United States population, N=1,246 adults 18>	Telephone survey	Self-reported victims
Lee, J. & Soberon-Ferrer, H. (1997)	Representative sample of the United States population, N=957 adults 18>	Mail survey	Vulnerability Index (VI)
Friedman, M. (1998)	Purposive sample, N=304	Telephone interview & Mail survey	Self-identified as vulnerable
Lee, J. & Geistfeld, L. (1999)	Purposive sample N=661 adults age 50>	Mail survey	Proxy variables

¹This study did not profile only elderly consumers. It considered a range of age groups for a general profile.

Table 2. Profiling Variables of Vulnerable Elderly Consumers: A summary of Empirical and Descriptive Findings

Study	Age	Gender	Status	Working Status	Marital Ethnicity	Race/ Income	Education
Friedman, M. (1992)	Older (65+)	Female	Not employed	Not married	Caucasian	n/a ¹	n/a ¹
Titus, R. M., Heinzelmann, F. & Boyle, J. M. (1995)	Younger (<65)	No Effect	n/a ¹	n/a ¹	No effect ²	No effect ²	More educated (some college>)
Lee, J. & Soberon-Ferrer, H. (1997)	Older (65+)	Female	n/a ¹	Not married	No effect ²	Low income per annum)	Less educated (<\$20,000 (<high school)
Friedman, M. (1998)	n/a ¹	Female	n/a ¹	Married	n/a ¹	n/a ¹	More Educated (some college>)
Lee, J. & Geistfeld, L. (1999)	Older	Male	Not employed	Not Married	Minority	High income	Less Educated

¹Profiling variable(s) were not tested in study.

²Profiling variables were tested in study and found to have no effect on vulnerability.

- ◆ Elderly consumers are more vulnerable to fraud than younger consumers.
- ◆ Elderly female consumers are more vulnerable to fraud than elderly male consumers.
- ◆ Unemployed elderly are more vulnerable to fraud than employed elderly.
- ◆ Single elderly persons are more vulnerable to fraud than married elderly persons.
- ◆ There is no difference in vulnerability among elderly consumers of different races.
- ◆ There is no difference in vulnerability among elderly consumers from different income levels.
- ◆ The difference in vulnerability among elderly consumers with different education levels is unclear.

Methods

The 1996 *Telemarketing Fraud Victimization of Older Americans Survey* commissioned by the American Association of Retired Persons (AARP) provided data for the study. Data collection (N=745) was initiated from April 7th to May 19th, 1995. A sample of recent telemarketing victims was identified through three separate attorneys general across the United States including the San Diego U.S. Attorney, the Denver Colorado District Attorney, and the Florida Attorney General. Victims from 43 states were identified after having sent money to a fraudulent telemarketing scheme. An original list of 3,326 victims was obtained from the three attorney general offices. Of these 3,326 victims, 2,346 were identified as reachable by telephone. Each of these 2,346 victims were mailed a preliminary letter indicating that they would be contacted by a researcher investigating telemarketing fraud in approximately one week. Interviewers reported that respondents were capable and cooperative in answering all survey questions.

Descriptive analysis methods were used to compare the proportion of each profiling variable in the victim sample to the proportion within the general population. General population data were provided by the 1995 Annual Census, which were filtered to correspond directly to the data collection period and age specification (i.e., 50 years and older) of the victim sample. Chi-square analyses were performed on each variable to uncover any significant differences that exist between the two independent samples (i.e., victim and general population).

Table 3. Chi-squares Analysis for Profiling Variables between Victim Sample and Census

	Victim Sample (N=745)	Census (N=16.6M)
Age**		
50-64 Years	40.94	52.11
60-74 Years	35.03	27.64
75 & Older	24.03	20.25
Gender**		
Male	51.95	45.00
Female	48.05	55.00
Employment Status*		
Employed	35.97	39.69
Not Employed	64.03	60.31
Marital Status		
Married	64.03	64.64
Not Married	35.97	35.36
Race		
Caucasian	88.05	87.88
Minority (Black, Hispanic)	11.95	12.12
Income Level (per annum)		
Less than \$10,000	6.04	6.00
\$10,000—\$19,999	15.03	17
\$20,000—\$29,999	17.05	18
\$30,000 and above	61.88	59
Education Level**		
Less than High School Graduate	10.07	27.27
High School Graduate	29.93	35.1
Some College	28.99	14.65
College Graduate	31.01	22.98

**p<.001, *<.05

Findings

The victim sample was older than the general population—with 59% of its population over 60 years of age compared to 48% in the census sample (Table 3). Males represented the majority gender in the victim sample (52%) while they only accounted for 45% of the general population. Working status percentages indicated that more victims were employed (64%) than the general population (60%). Marital status and racial affiliation were approximately equal between the two groups. Household income in the victim sample was comparatively higher with 62% reporting over \$30,000 per annum—and a corresponding 59% reporting the same in the general population. There was a difference in education level—with 60% of victims reporting having some college and/or a college degree compared to 38% in the general population.

Chi-square analysis was performed to test for differences in each profiling variable between the two independent samples (Table 3). Age, gender, and level of education were significantly different between the two samples. No differences were indicated in the proportion of marital status, race, or income level between the victim sample and the general population.

Implications and Conclusions

The gap between vulnerable elderly consumers and actual victims indicated in the current study suggests that emphasis on victim's experiences can provide insight into a more complete profile. Previous studies focus on characteristics that suggest vulnerability among consumer groups stopping short of victimization, which occurs when vulnerable consumers interact with the perpetrators of fraudulent crimes. Researchers need to develop better measures for vulnerability and consider psychographic variables in addition to demographic profiling variables to facilitate inquiry in this area. It is also important to examine the perpetrators of these crimes to more adequately capture the dynamic nature of victimization. Currently, our understanding of perpetrator behavior is limited to anecdotal remarks from FBI investigations. How do these organizations target individuals? What tactics do they use to persuade individuals? Inquiry into this area provides an obvious challenge for researchers. Identification of criminal tactics and methods of persuasion will aid in identifying and inoculating elderly consumers against fraud.

The profiling task remains an essential step for the formulation of policy and development of consumer education programs. To successfully target efforts it is important for academics, policy makers, and educators to work together to connect with the vulnerable elderly segment. Information

sharing between these three groups can generate directions for future research and protection and education efforts.

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