

CHAPTER V

DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

This chapter will include a summary of the entire study, the major findings, conclusions, and implications of this study about home repair experiences of some older consumers in Montgomery County, Virginia. Recommendations for further study also will be included.

Purpose of the Research

The purpose of the study was to gain information about home repair experiences that older consumers are having in Montgomery County, Virginia. The researcher wanted to find out if the older consumers were approached at the door, and if they accepted the offer made to them. Also of interest was the type of media that the older consumers used and their preferences for learning new information. Participants also were asked about their knowledge of the consumer protection hotline set up by the Commonwealth of Virginia.

Home repair fraud has not been studied by consumer educators as much as other types of consumer fraud. Friedman (1992) discusses different types of fraud that have plagued older consumers. His study found that home repair fraud was one of the more common types among older consumers. Although it is known that home repair fraud occurs, there are no accurate numbers for how many people are victims of this type of fraud. Since older consumers are the most likely target for home repair fraud, it is especially important to get an understanding of what is occurring in the marketplace. This may be due to the fact that the home is the single largest asset for most older people.

In the popular media more attention is paid to telephone and mail fraud, yet home repair fraud can cost consumers thousands of dollars. Home repair fraud can include services like driveway paving and sealing, roofing, painting, and other services that

occur on the outside of the home. Many of these services can cost a large amount of money. When an older consumer loses money to a scam, the money lost may be especially detrimental if the person is retired and living on a fixed income. Reports have been made that older consumers who are repeat victims of home repair frauds have lost more than \$100,000.

Home repair fraud presents a special problem for older consumers. In this type of fraud, a person, usually male, will come to the door to offer home repair services. For an older consumer who may be living alone, this can be especially dangerous. An older person may feel more vulnerable because of health or physical limitations, and therefore may be more willing to do the things that the person at their door asks them to do.

After the fraud has occurred many older people do not report the crime because of the fear of being deemed incompetent. Independence is a very important thing to older people and they fear losing their independence if family members or other caregivers feel that they can no longer take care of themselves. The home is the single largest asset for most homeowners. This is especially true of older consumers who have finished paying their mortgage. For that reason it is important for them to maintain and care for their home.

Statement of the Problem

Despite the prevalence of home repair fraud in society for many decades, there is little related research on this topic. Accurate statistics for this type of fraud are unknown, although law enforcement officials believe the number to be much greater than the number of reported incidents. Most of what is known about this topic comes from investigators who work directly with home repair fraud and deal with the victims of these crimes.

As indicated in Friedman's (1992) study, home repair fraud is among the most often occurring swindles in the country for

older consumers. The necessity for the dissemination of information that will help older consumers to make wise decisions related to home repair is apparent. If the swindler is not given the money that they demand, it is possible that they may become upset and threaten the victim. This can be devastating for an older person. Encouraging older consumers not to accept offers at the door may be a way to prevent them from becoming a victim of fraud. Most legitimate home repair businesses do not solicit work by going door to door (investigator, personal communication, March 23, 1998). Contractors are often listed in the yellow pages in the telephone book and they may take out ads that list their specialties. The local telephone book also carries a warning that the businesses listed under "Home Improvements" may need to be licensed and that the consumer should ask to see a license before hiring any of those businesses.

Research Design

This study provided data about home repair experiences, as well as media preferences and knowledge about the Virginia consumer protection hotline. Information was gathered about the types of offers for home repair that older consumers were receiving at their door. Also, participants shared the way that they take care of needed home repairs.

The data in this study were gathered using telephone interviews. There were 25 participants who were recruited from senior groups located in Montgomery County, Virginia. Participants were gathered from community and church groups that are attended by older consumers in the community. The interviews were conducted from July to September 1998.

Summary of Research Findings

Home Repair Experiences

The results suggest that some older consumers in this study are being approached at their door by people offering them home repair services. Six of the twenty-five participants were offered home repairs services, and two of them accepted offers for driveway sealing. This supports the knowledge that local law enforcement has about people being approached at their door. Local law enforcement agencies believe that there are a number of people accepting these offers and who are not being satisfied with the outcome. In this study, one of the two women who accepted the offer was not satisfied with the outcome of the offer.

Types of Home Repair Services

The information gathered in this study shows that older consumers in this study were being offered home repairs related to their driveways. The participants in this study reported that driveway paving and sealing were the offers being made to them at the door. This supports the findings of the study by Friedman (1992) in which bunko investigators reported that most home repair fraud involves repairs on the driveway.

Reporting Negative Experiences

One person in this study had a negative experience with the person who came to her door to offer her driveway sealing. The person at her door was insistent that she needed to have the sealing done. She accepted the offer, but later was unhappy about the decision. She told her son about the incident and she learned from him that sealing the driveway had been a mistake. She chose not to report this incident because she felt that she had "just let it go." Even though she did not report this to a

law enforcement agency, she did talk to her son about it. Unlike most older consumers in this situation, she talked to her family about what had happened (Burton & Hennon, 1980; Friedman, 1992).

Information Sources

Older consumers in this study used a wide array of media sources to get information. Most of the participants in this study read the newspaper and watched television. The older consumers in this study showed a wide range of preferences for using the media. Television and newspaper were the most reported response for preference, although magazines, particularly Consumer Reports, also were given as an answer.

Unlike the results from the study by Chafetz et al. (1998) the present study found that about the same number of older consumers read the newspaper and watch television. Of the older consumers in this study with a media preference, most reported that they watch television or read the newspaper for information. This was similar to the findings of the study by Burton and Hennon (1980).

Mundorf and Brownell (1990) found that older consumers read magazines. The magazines that were read by most of the respondents in their study were Reader's Digest, Better Homes & Gardens, and McCalls. These magazines were all listed by the participants in the present study. Reader's Digest was the most popular in both studies.

Learning New Things

Many of the older consumers in this study reported that they read a wide variety of magazines and newspapers. The print media, as evidenced by this study, seems to be a way that older consumers like to learn new things. Consumer Reports, a magazine that provides information to help consumers when buying products

and services, was cited by a number of participants in this study as a way to obtain information.

Decision Making

Most of the older consumers in this study did not have an incident with someone coming to the door to offer home repair services. Of the participants who did, only two accepted the offer and one was satisfied with the outcome. The reasons that the other four did not accept the offer were varied. Two of them had already had the work done on their driveway. Another person said that the offer sounded too inexpensive for what he knew about driveway paving. He used past experience to help him make his decision. The fourth person did not accept the offer because she had read in the paper and seen on television that one should not accept offers at the door. She used information that she had received through the mass media to make her decision.

Information from this study supports the findings of Park and Lessig's (1981) study of microwave ovens and the role of familiarity in decision making. One participant in the current study refused the offer based on information she had seen on television and read in the newspaper. She based her decision on her familiarity with home repair fraud. Another participant used his knowledge of driveway paving to make the decision to refuse the offer that he was offered at the door. He knew from his experiences that the offer was too inexpensive for the work that would need to be done. His familiarity with driveway paving helped him to develop alternatives and make a decision.

The findings of the study by Hyman (1990) were both similar and dissimilar to the results of the current study. Hyman found that one third of the participants in his study reported that they made the decision on their own, while only one third received considerable help. When deciding whether or not to accept the offer made to them at their door, the participants in

the current study used past knowledge about driveway repairs and offers of repairs at the door to make their decision. But the current study found that a majority of the participants consult other people for information about hiring a person or company for needed home repairs.

Evidence to support the use of the decision making process by Deacon and Firebaugh (1988) can be found in the results of this study. For needed home repairs, the participants reported that they did a variety of things to create alternatives in order to make a decision. They recognized that a decision needed to be made (what to do to fix the needed repair). Then they used information that they have as well as information from outside sources to develop alternatives (get recommendations and estimates). Then based on the alternatives, the participants made a decision about the home repair.

Implications

This study provides information about home repair experiences of a sample of older consumers in Montgomery County, Virginia. Six of the participants were approached at their door and offered home repair services related to driveway paving and sealing. Two of the participants accepted the offer for driveway sealing.

Some older consumers in this study were approached at their door by people offering them home repair services. Law enforcement agencies are interested in helping to prevent home repair fraud. They are aware that this type of fraud is occurring, but are unable to gain accurate information because many people do not report it. Even when the fraud is reported, the victims rarely receive their money back. Consumer education programs that discuss ways to hire people to do this repair may prevent older consumers from becoming a victim of this crime.

Some older consumers in this study used sources outside of themselves to make decisions. The participants reported the ways in which they go about getting someone to do needed repairs for their home. Many of them indicated that they consult friends, family or neighbors before making a decision. Others get recommendations from local businesses. Only a few people look in the telephone book before talking to anyone else about who to hire. By consulting someone else, they increase the alternatives that they must consider before making the decision. Also, gaining more information before making a decision can help a person choose between alternatives.

The wide number of media sources used by the older consumers in this study indicates that there are many ways to reach this audience. Television and newspaper were the most often cited source of information. Many of the participants cited that they read the entire newspaper cover to cover. The regional newspaper, The Roanoke Times, has a special "seniors" section every Wednesday in the "New River Current" section. This may be a place to reach this audience.

Zaltman, Srivastava, and Deshpande (1976) indicated from the results of their study that programs should be developed to address unfair business practices and places to go to redress complaints. The current study suggests that the Virginia Consumer Protection Hotline is not being used. Two reasons were given for not using the hotline among the participants in this study. The first reason was that they were unaware of the existence of the hotline. The second one was that they did not have a reason to call. Fifteen of the participants in this study reported that they were likely or very likely to call the consumer protection hotline with a problem. Ten of those participants did not have knowledge of the consumer protection hotline before this study. This indicates that more widespread

knowledge of the hotline may increase the usage by older consumers.

Due to limitations in the research design of this study, the results cannot be generalized to the larger population. The sample is not representative of the entire population of older consumers in this county. This was a convenience sample obtained by the researcher from senior groups in the county.

The results of this study rely on the self-report of the incidents that occurred. As stated earlier, many older consumers who have been victims of home repair fraud are not willing to disclose this information for fear of being deemed incompetent. Therefore, it is possible that any of the older consumers in this group may have been a victim of home repair fraud, but did not report this to the researcher.

Due to the size limitation of the sample, statistical analysis is not reliable for this study. Also, much of the data obtained through this study was anecdotal and contained descriptions of the home repair experiences of the participants.

Conclusions

The following conclusions were drawn from the results of this research study:

1. Older consumers in this study are being approached at their door by people offering home repair services.
2. Older consumers in this study use a variety of media sources to get information, however many of them do read the newspaper and watch television.
3. More than half of the older consumers in the study did not know about the consumer protection hotline set up by the Office of Consumer Affairs.
4. Older consumers in this study asked other people for information before making decisions related to home repairs.

Recommendations

Based upon the findings of this research, the following recommendations are made by the researcher. For policy makers the following recommendations are made:

1. Pass laws that require greater penalties for persons committing crimes against the elderly since such laws may decrease the likelihood that these crimes will happen.
2. Fear is often associated with these frauds, yet it is not considered part of the crime. When fear is incorporated as part of the crime, there should be significant penalties for the criminals who commit frauds.

For law enforcement agencies the following recommendations are made:

1. Be aware that some older consumers are being approached at their door with home repair offers.
2. Encourage people to report these offers to the police so this activity can be monitored.
3. Advertise the necessary license requirements for contractors and encourage people to ask for this information before hiring someone to work for them.
4. Encourage people to actively comparison shop so that they know what constitutes a good offer.

For the Office of Consumer Affairs the following recommendations are made:

1. Conduct further research to determine the usage of the VDACS Consumer Protection Hotline.
2. More widespread advertising of the hotline may increase usage. Not knowing about the hotline was the most often cited reason for not calling for participants in this study.

The following recommendations are made for consumer educators:

1. Some older consumers are being approached at their door by people. Educating older consumers about how to generate alternatives for hiring contractors may help them make more informed decisions.

2. Results of this study should be used for a consumer education program on home repair to help older consumers better understand the dangers in accepting offers at their door.

3. Encourage people to explore alternatives that are not presented at their door. Encourage people to explore other options and then make a decision based on that information.

For researchers the following recommendations are made:

1. Further research should be conducted to find out more about older consumers' decision making choices for home repair.

2. A study comparing older consumers with younger consumers in relation to decision making for home repair could be conducted to determine if there is a difference based on age.

3. A study comparing homeowners in different stages of the life cycle, from first time homebuyers to mid-life homeowners to older consumers with no mortgage would provide information about the differences in decision making through the life cycle.

4. Repetition of this study with a more representative sample would allow for generalizability to the population.

Summary

The results of this study provided information about the home repair experiences of a sample of older consumers for Montgomery County, Virginia. Offers of home repair are being made to the older consumers in this study. Some of the older consumers are accepting the offers with both positive and negative outcomes. The participants in this study used past

knowledge to make decisions about the home repair offers. Most participants reported consulting someone else before making decisions about needed home repairs.