

CONSUMER FOCUS GROUPS ST. LOUIS, MISSOURI

FINANCE >> FORWARD

Purpose of the focus groups: *To understand the challenges that consumers face as a result of income and expense volatility. To explore how consumers cope / make ends meet, and discuss new ways to address the challenge.*

About the Participants

- 12 consumers who experience income and expense volatility
- 5 are parents; 7 don't have children
- 500-599: common credit score range
- \$1000-\$2999: commonly reported for last month's household income
- 6 report >\$35k household income
- 3 report \$35-\$50k household income
- 3 report >\$60k household income
- Income fluctuates between \$100-\$400
- Majority of participants employed hourly, mix of full and part-time, a few salaried or self-employed

REASONS FOR VOLATILITY

Major Money Concerns

- The costs associated with owning a car
- Being able to build up savings
- Spending within means – not spending more than one can afford
- Earning money and having enough time to spend with family

Income Shocks

- Inconsistent work hours / seasonal. (Ex: sent home because it's slow)
- Infrequency of pay: paid at completion of a project
- Reliance on bonuses that were cut
- From one to two incomes in household

"I work in credit card collections... We make hourly but more than 50% of our pay is based on our bonus. It fluctuates depending on how much we can collect."

"My husband got laid off 5 months ago. I don't know what he's doing, temping here and there. He had a good union job before."

Expense Shocks

- Divorce and legal fees
- Unexpected car expenses
- Overspending – going out to eat

“I was saving, but I have depleted my savings now because I’m going through a divorce. The legal fees are just out of this world.

COPING STRATEGIES

- Cutting back or living more simply
- Leave the debit card at home
- Leveraging local nonprofit services
- Discount grocery stores
- Credit cards
- Building up savings
- Gig economy (i.e. Uber, Postmates)
- Informal savings groups
- Sell things at yard sales

“We have a family meeting once a month and we come with \$5 every meeting per adult in the family. There are 86 of us with children, grandchildren. I’m the Co-President.”

INNOVATIONS THEY THINK WOULD HELP

Financial Products / Bill Payments

1. Setting your own due date for bills and debt payments based on when you get paid
2. Insurance that pays you when financial emergencies happen (such as job loss or auto repair)
3. Having bills and debt payments deducted directly from your paycheck so you don’t have to pay them individually later

Employers / Paychecks

1. Being paid more frequently (i.e. weekly)
2. Access to wages you’ve earned before payday
3. Ability to join a labor union
4. Paid sick leave
5. Contributing to savings directly from paycheck
6. Receive work schedule 2 weeks in advance

IN THEIR FREE TIME, THEY ENJOY....

- Spending time with family
- Sports and going to sporting events, i.e. Cardinals games
- Painting
- Reading and writing nonfiction
- Trying to launch new businesses

CONSUMER QUOTES

On Income and Expense Volatility

Seasonal

“In the summertime, the finances are plentiful. During the wintertime, it [landscaping business] dies off. So you kind of got to save, you know, do like the ant do. Work all summer and save for the winter.”

“I can have a steady schedule but if it’s slow, they’ll send us home. Or, sometimes, we’ll work overtime. It depends. The summertime is really slow, but when school gets back, it really picks up all the way until maybe January, February.”

“Well I’m in the service industry, so it just kind of fluctuates depending on the time of the year. So most of the time the schedule stays consistent but the volume of business fluctuates depending on what time of the year it is.”

“I sell comic books and stuff online and so in July, we call it “no-sale” July because I don’t sell. Sometimes I can go a month without a sale. I don’t have a regular amount of money that I can count on.”

From two to one income in family

“My husband got laid off 5 months ago. I don’t know what he’s doing, temping here and there. He had a good union job before.”

No time for overtime

“My big issue is that I’m finishing nursing school in a few months and I can’t [pick up extra hours]. I work full-time... [in] just three days. I barely do that and get my homework done. We do 3 twelve hour shifts.”

Working odd jobs/entrepreneur

“For me if work is slow for me, another hobby is cleaning. I love to clean, trying to accumulate contracts for that. I’ve also learned how to do extensions, eyelashes and stuff like that.”

Paid by the project

“Getting paid project to project, means that I’m living off of whatever I made on my last project and that can be hard.”

Paid monthly

“I used to be an adjunct professor. You just never know from semester to semester, how many students you’re going to have based on enrollment. That’s the reason I got out of being an adjunct, because it was unstable, and you get paid monthly.”

CONSUMER QUOTES

On How Consumers Make Ends Meet

Saving money / living with less

"I'm living the simple life because I'm not spending money. If I make \$80 today, I can save \$50. I don't care what I wear. I'll put on two different kinds of shoes."

Encouraging work ethic of children

"My son [in high school] had a union job. He walked away from it. I walked him right up there and told her that he didn't understand what he was doing and got that job back. He's 17 years old and a Junior in high school. I'm trying to teach him to take responsibility because child support don't go that far."

Pay rent annually

"I'm currently hourly. I actually get paid by project, but what I've been doing for the past four years is paying my rent yearly, that way that's not a constant bill that I have to worry about month to month. During the year, as I do projects, I set aside a small amount of money in savings to pay rent."

Cutbacks and credit cards

"For me, when I see it's getting closer to summertime and the hours are going down, I try to cut back on certain stuff. Or I try to do something on the side like Uber. And credit cards."

Timing bills

"I pay everything on the first of the month. Everything. My house, my car, braces, gymnastics. Everything comes out on the first."

Side gigs, credit cards and savings

"Most of the time with me, it's with savings or credit cards. And I do things on the side sometimes, like I Uber or do Postmates. Those also help. Then I do custom tennis shoes and I'll sell those on Etsy, so it's just other ways of earning income."

Side projects

"When I'm not coding this game that we're doing, I do other coding projects. There are places where you can go where people need a little coding help, or they'll send me a project. I'll do it and send them back the finished product and I get paid by PayPal or MoneyGram."

Sell things

"I do a lot of yard sales. Setting up on the weekend and selling different things."

Set aside money for bills in advance

"What I try to do with the car note is... after I've paid off all of my bills, with what I have left, I try to put \$200 in savings [for the car note]... But stuff does come up."