Household Expenditure on Apparel: An Intergenerational Perspective

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Abstract

This paper was presented at the 14th International Conference of the International Trade and Finance Association in San Antonio, Texas, on May 21, 2004.
Housing, food, and clothing are generally perceived as the most basic needs that people have throughout their lives. Demand for them is generally expected to increase over time as consumer incomes increase, and expenditures are expected to increase as income increases. Since 1984, average annual household expenditures increased from $21,975 to $39,518 according to the 1984-2001 Bureau of Labor Statistics Consumer Expenditures Surveys. During that same time period, average annual consumer income before taxes increased from $23,464 to $47,507, while average annual consumer income after taxes rose from $21,237 in 1984 to $44,587 in 2001. From 1984 to 2001, average annual household expenditures on housing grew from $6,674 to $13,011 and average annual household food expenditures grew from $3,290 in the 1984 to $5,321 in the 2001. Average annual household expenditures on apparel and services increased from $1,319 in 1984 to $1,735 in 2001, but the impact of increased discretionary expenditures is uncertain because clothing may be regarded as both a necessity and a luxury.

Some researchers looking at consumer expenditures on apparel have focused on how household life cycle affected the clothing consumption patterns (Wilkes, 1995; Wagner & Hanna, 1983). Abdel-Ghany and Sharpe (1997) compared consumption patterns among the young-old (65-74 years old) and old-old (75 and over) age group. Nelson’s (1989) study focused more on each family member than the household per se. A complete demand system approach has also been used to analyze household expenditures on apparel (Fan, Lee, & Hanna, 1996). Several researchers conducted seasonality studies on household apparel expenditures (Moehrle, 1990; Wagner & Mokhtari, 2000).

Dardis, Derrick, and Lehfeld conducted a major review of this research in 1981. Their paper was mainly based on the Mack (1952) and Ferber (1962) theories. Ferber stated that most household budget studies used a range of socioeconomic characteristics to explain household spending. Dardis, Derrick, and Lehfeld (1981) set up some relations between socio-demographic factors and two dependent variables: disposable income and total household expenditure. Their theoretical suggestions related to the effectiveness of total expenditures as opposed to disposable income in explaining variations in clothing expenditures. Furthermore, they suggested that further study should include the impact of household characteristics on the demand for men’s and boy’s clothing and women’s and girl’s clothing, as well as the demand for specific clothing categories such as sportswear, suits and coats.

Little work has been done to examine intergenerational expenditure patterns for apparel. The purpose of this research is to explore this area by examining
the impact of socio-demographic and economic factors on clothing expenditures of households in the United States. The data analyzed is from the 2001 Consumer Expenditure Survey (interview survey and detailed expenditure files).


