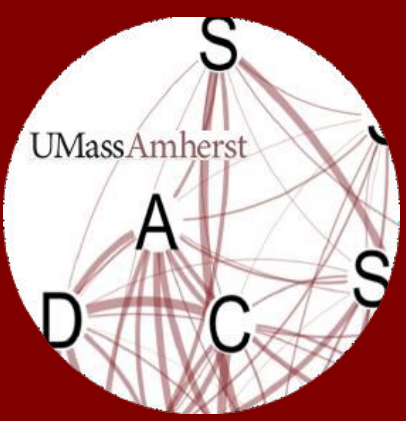




Race, Income, & Consumer Preference

Hispanic vs. Non-Hispanic Consumer Trends Moderated by Ethnicity

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Introduction

1. Rising food prices due to inflation impact consumers' budgets and their ability to afford the same quantity and variety of food items they previously purchased as grocery stores pass on increased costs.
2. Impact on low-income households: Inflation can disproportionately affect low-income households, as they tend to spend a higher proportion of their income on essential items like groceries. When food prices rise, these households may face challenges in meeting their basic nutritional needs, leading to increased food insecurity and a decreased quality of diet.

Hypotheses

1. A 10% increase in income is unlikely to significantly change the consumer's average weekly grocery store spending.
2. A 10% decrease in income is likely to change the consumer's average weekly grocery store spending.
3. After a 10% increase/decrease in income, ethnicity is unlikely to have a significant impact on consumer's average weekly grocery spending, suggesting ethnicity is not a significant moderating effect.

Research Design

Pre-Treatment Questions

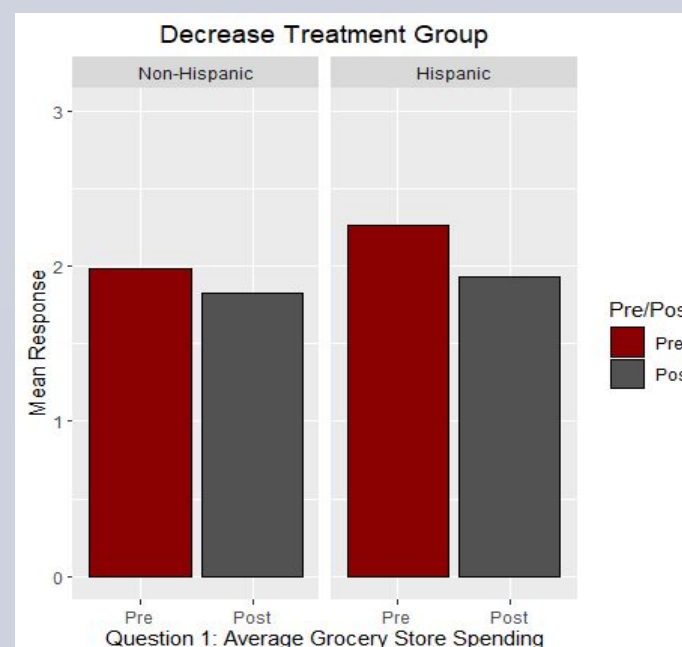
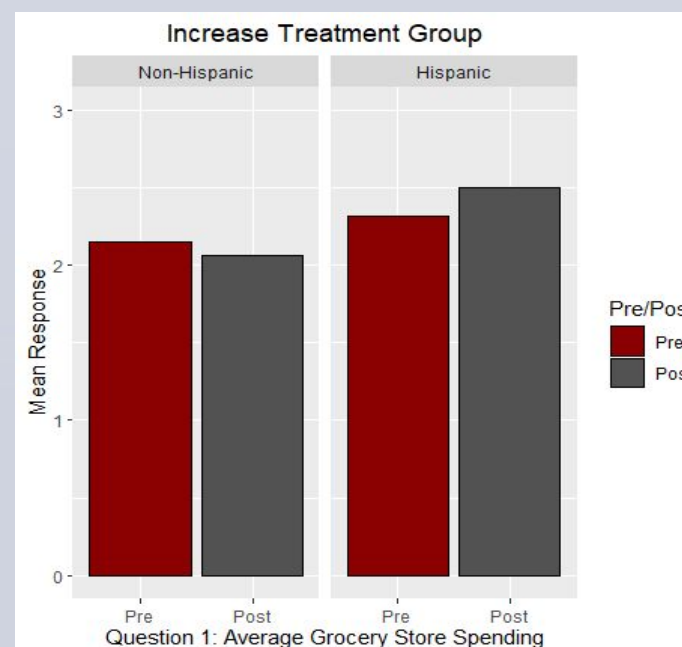
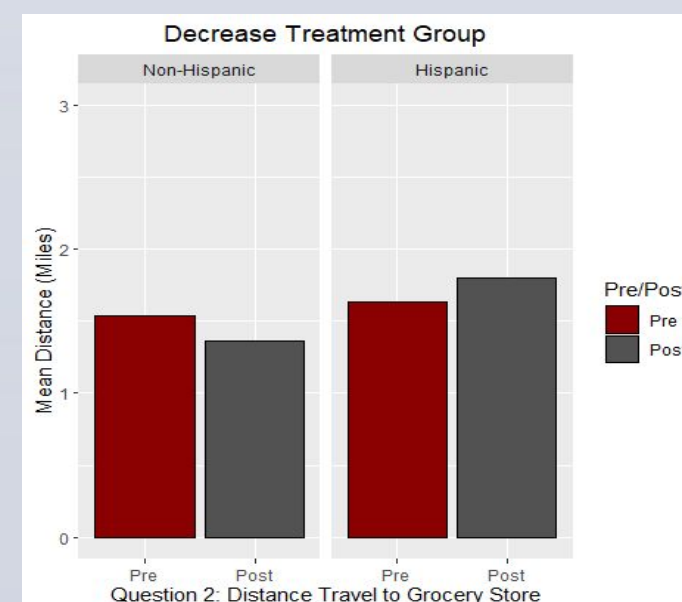
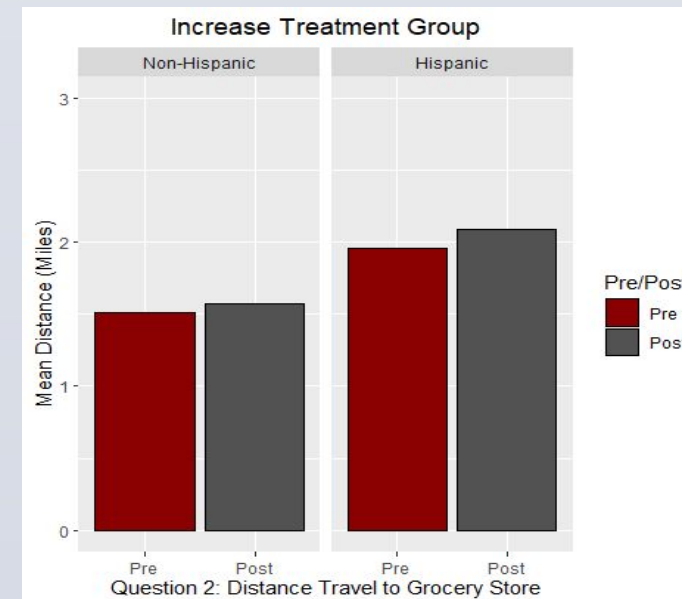
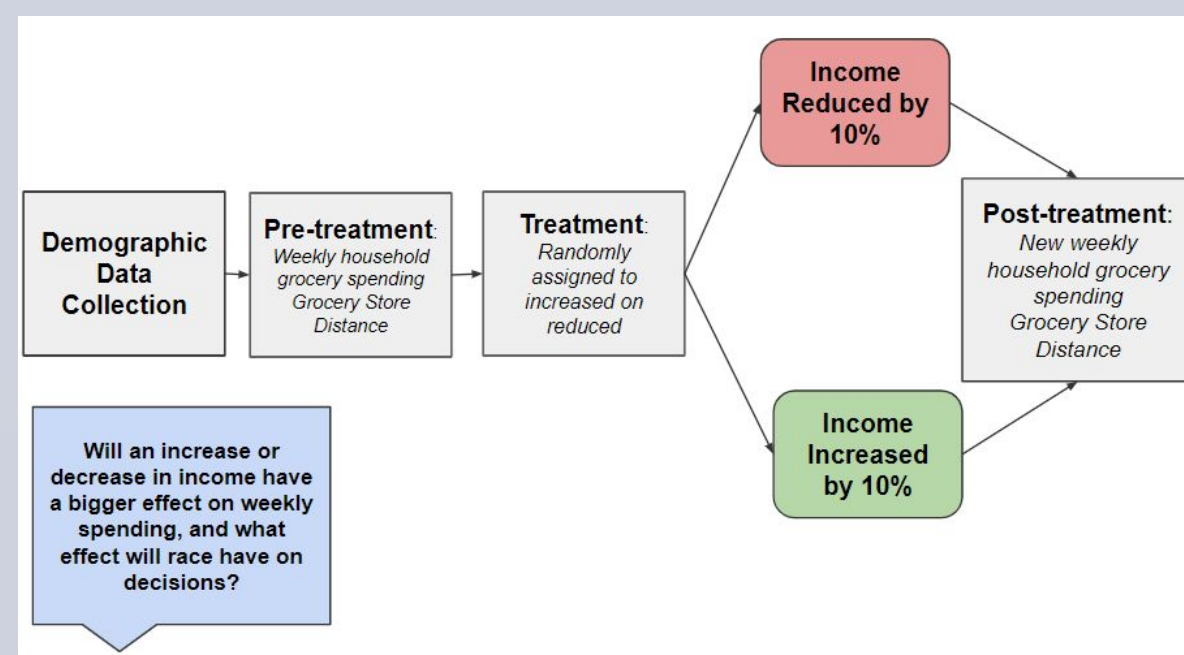
1. How much does your household spend on groceries per week?
2. How far are you willing to travel for groceries?

Treatment

- Increase or Decrease Income by 10%

Post-Treatment Questions

1. How much does your household spend on groceries per week?
2. How far are you willing to travel for groceries?



Sample Statistics & Quality

- Total Participants: n = 171
 - Removed participants that did not receive both pre- and post- treatment
- Hispanic participants: n = 52, Non Hispanic participants = 119

Results

- Statistical Test
 - Non-Parametric Wilcoxon Rank Test shows that while the p-value remains >0.05, we can conclude that the model is not significant and the null hypothesis can be accepted.
 - Due to f-value $\neq 1$, there is a change in value between hispanic and non-hispanic participants.
- Findings
 - Increase Treatment:
 - Hispanic participants would increase grocery spending while non-Hispanic participants would decrease grocery spending
 - Both Hispanic and non-Hispanic participants would increase their travel distance for groceries, but Hispanic participants would travel farther at a greater rate.
 - Decrease Treatment:
 - Both Hispanic and non-Hispanic participants would decrease their grocery spending, but Hispanic participants would decrease their spending at a higher rate.
 - Hispanic participants would increase their travel distance while non-Hispanic participants would decrease their travel distance.

Conclusion/Further Discussion

- No conclusive evidence that ethnicity affects consumer spending preferences to a greater magnitude than income.
- Future alterations to our experimental design & execution
 - Increase in sample size
 - Allow us to expand the scope of our analysis to expand to analyze the effects of not only ethnicity (Hispanic v.s. Non-Hispanic), but race as well.
 - Pursue additional questions to better measure consumer spending
 - Ask participants of the study to identify their grocery store of choice and rank each store in terms of average item price
 - This would better identify how consumers are spending their income.
 - This method would require more effort taken in terms of categorizing grocery store all over the US or Sample location.

References

"Inflation Is Changing the Grocery Shopping Habits of 95% of Americans as They Turn toward Discount Stores, Cheaper Private Labels, and Frozen Foods." The Business Insider (Blogs on Demand), June 2022. EBSCOhost, search.ebscohost.com/login.aspx?direct=true&AuthType=ip,sso&db=edsgao&AN=edsgcl.707488313&site=eds-live&scope=site

Research Design

