TABLE IV-12.—PRINCIPAL ITEMS AND LINES OF MERCHANDISE PURCHASED

Merchandise	Number of purchases	Percent of total
Merchandise items:		
Furniture	135	27.8
Cookware	116	23.9
Television sets	60	12.3
Stereophonographs	27	5.6
Linens	23	4.7
Chinaware	21	4.3
Fans	21	4.3
Radios	17	3.5
Watches and clocks	14	2.9
Washing machines	11	2.3
Refrigerators	7	1.4
Other merchandise items	34	7.0
Total	486	100.0
Merchandise lines:		
Household utensils	139	28.6
Furniture	135	27.8
Home entertainment	104	21.4
Home furnishings	29	6.0
Small appliances	29	6.0
Major appliances	23	4.7
Jewelry	19	3.9
Other merchandise	8	1.6
Total	486	100.0

Source: Bureau of Economics, Federal Trade Commission.

Other merchandise purchased included a variety of items in the home furnishings, appliance, and jewelry merchandise lines. Linens, curtains, and slipcovers accounted for 6 percent of total purchases; and fans, irons, and other small appliances, for another 6 percent. Major appliances, including washing machines and refrigerators, represented only 5 percent of total number of purchases. Jewelry merchandise, including watches and rings, made up 4 percent of the total; and other types of merchandise accounted for the remainder of 2 percent.

On the basis of value of merchandise, rather than number of purchases, furniture was by far the most important merchandise line. Second in importance was the home entertainment merchandise line, including television and stereo-phonograph sets. Although the most typical purchase was of merchandise valued at less than $100, the mean average of all purchases was raised to $207 by large-value purchases of furniture and home entertainment merchandise lines.

Examples of Individual Purchases

There were 38 examples of relatively large purchases, of over $300 in value, by customers reporting monthly income of less than $300. These substantial purchases of the lowest income group are summarized in table IV-13. Almost half of these customers (18 out of 38) had a prior balance which was unpaid at the time the substantial additional purchase was made. Payments and length of contract in these instances were based upon the new combined balance.

Customers, in making such purchases, assumed very burdensome financial obligations. For instance, the second example in table IV-13 shows that a family of four purchased a stereo-phonograph for $463, agreeing to pay $32 for 15 months, when their monthly income was only $184. Another example, eleventh in table IV-13, shows that a woman with three persons to support bought furniture for $1,339, agreeing to pay $66 for 21 months, when her monthly income was only $288.

Home entertainment items most frequently appeared among large purchases by low-income members of the sample. Of the 38 examples listed in table IV-13, 21 involved the purchase of television or stereo sets. The prices paid for these items were, without exception, extraordinarily high. The price range of televisions was between $309 and $566. Among the television sets purchased, only one was a color model and it sold for $566. The black and white model price range was between $309 and $412. For stereos the price range was $340 to $505.

A review of television prices reported by general market retailers revealed that in no instance was any high-volume black and white television sold for more than $180. Most popular models were priced between $100 and $150. Although