

Examination of the market for store cards and their use by consumers: consumer survey

Report prepared for



January 2005

Contact:

Miriam Comber
020 7890 9249

Ref: J152709



TABLE OF CONTENTS

1.0	Introduction	1
2.0	Survey methodology	2
2.1	Sample.....	2
2.2	Pilot exercise	2
2.3	Demographic profile.....	2
2.4	Financial profile and behaviour	5
3.0	Main findings.....	9
3.1	The decision to take out the card.....	9
3.2	The card purchase process	10
3.3	Effect of hypothetical interest rate changes on store card behaviour	12
3.4	Credit management	15
3.5	Payment protection.....	17
4.0	ANNEX 1 – The Interview Script.....	19

TABLE OF CHARTS AND TABLES

Chart 1	Store card bill repayment behaviour by age groups	6
Chart 2:	Claimed credit card bill repayment behaviour among those who pay their store card in full or revolve	7
Chart 3	Change in card usage behaviour if interest rates were to increase 5% or decrease 5%.....	13
Chart 4	Change in card usage behaviour if interest rates were to increase 5% or decrease 5% among store card full payers and revolvers.....	14
Chart 5	Repayment behaviour among store card revolvers if interest rates were to increase 5% or decrease 5%.....	15
Chart 6	Likelihood of considering balance transfer to a credit card by age and sex .	17
Table 1	Age distribution: comparing new store card holders to the national population	3
Table 2	Marital status: comparing new store card holders to the national population .	3
Table 3	Social grade: comparing new store card holders to the national population ..	4
Table 4	Household and personal income of new store card holders.....	4
Table 5	Total household income before tax or other deductions.....	5
Table 6	Main reasons given for taking out a store card.....	9

© NOP World Financial 2005.

All rights in this document are reserved to NOP Financial. No part of this proposal may be reproduced or transmitted, in any form or by any means without written permission of the copyright holder.

1.0 INTRODUCTION

The OFT has the function under the Enterprise Act 2002 of obtaining, compiling and keeping under review information about matters relating to the carrying out of its functions. It is under this function that the OFT wished to examine that part of the market for credit services that involves store cards.

As part of a wider research programme, the OFT conducted a piece of research specifically directed at consumers who had recently acquired such a card, hoping to achieve a candid understanding of the way the card was sold to them and the way they have used the card subsequently.

As the OFT already had information on store cards from a number of sources, the research was designed to fill some of the gaps. The role of the survey was therefore to provide evidence of consumers' experience in obtaining their card at the point of sale in the shop and to find out consumers' views on and experience of a number of particular issues relating to card use including:

- Whether card owners begin with the intention of only using the card to secure discounts but subsequently start using them as a source of credit and
- What level of awareness card owners have about terms and conditions.

The OFT therefore commissioned an independent market research organisation, NOP World, to carry out a consumer survey of store card holders. The OFT drafted the questions and approved the final questionnaire.

NOP World also conducts a study called the Financial Research Survey (FRS), which is a syndicated study. This study was used to estimate the penetration of new store card holders and to establish a demographic profile of store card holders for use in the research. The findings outlined below are, however, solely attributable to the OFT study and not based on any findings from the FRS

Interviews were carried out by telephone from one of NOP's four call centres during late November and early December 2003.

The methodology used by NOP is explained in the next chapter, followed by the main findings. The questionnaire used is at Annex 1.

2.0 SURVEY METHODOLOGY

The interviews were carried out by telephone from one of NOP's four call centres with the questionnaire scripted for use in Computer Aided Telephone Interviewing (CATI).

2.1 Sample

A list provided by Wegener Direct Marketing was used as the basis for screening. This list, generated through a consumer 'lifestyle' questionnaire, provided contact details of people who said that they had store cards. We then screened respondents (see questionnaire) to find those who had taken out a store card within the previous 6 months. This sample source was chosen as it gave a large enough starting sample to find those who had taken out a new card, as NOP estimated, based on NOP's Financial Research Survey (FRS) findings, that only 5% of store card holders would have taken out a new card in any 6 months period. Therefore, in order to achieve 550 interviews, NOP needed a starting list of 50,000 to 80,000 names¹.

2.2 Pilot exercise

A small pilot exercise was used to check that the questionnaire was error free, easily understood by respondents, and to check on our estimates of incidence of new store card holders. Twenty three interviews were completed over two evenings (30th and 31st November) and minor changes made to the questionnaire as a result.

2.3 Demographic profile

Our aim was to achieve a representative sample of new store card holders. Although we had a demographic profile of all store card holders available, we did not know how new card holders would differ from this profile.

The profile of the sample achieved is outlined below with comparisons, where appropriate, with nationally representative demographics for the 12 months ending December 2003. The comparison data is based on the FRS. This, in turn, is weighted using national rims for age, sex, social class, Standard Region and net TV region based on Census data.

Most of those interviewed are women, (73%), reflecting the natural bias of shoppers.. They also tended to be young, with under half aged 44 or under.

¹ 500 interviews @ 5% penetration = 10,000. A ratio of between 5:1 to 8:1 is needed to cover refusals, moved away, unavailable etc.

Table 1 Age distribution: comparing new store card holders to the national population

<i>Age</i>	<i>This survey</i>	<i>Nationally representative sample</i>
	18+ %	16+ %
Under 25	8	12
25 to 34	25	17
35 to 44	22	19
45 to 54	19	17
55 to 64	14	15
65+	11	21
Refused	1	

Base: All (550)

The majority are married or living as married, with 39% having children under 15 at home. There are slightly fewer single people than in the total population, but the percentage of those widowed, divorced or separated is close to the national figure. This suggests a slight skew towards the family life stage within this group.

Table 2 Marital status: comparing new store card holders to the national population

<i>Marital status</i>	<i>This survey</i>	<i>Nationally representative sample</i>
	%	%
Married / living as	68	60
Single	16	23
Widowed / divorced / separated	16	17

Base: All (550)

Nearly half those interviewed were working full time (49%) with a further 21% working part time. As we might expect, men were more likely to be working full time (74% vs 39% of women), while women were more likely to be working part-time (4% of men, 26% of women). As our sample consisted largely of women, this meant that new store card holders, as a group, were less likely to be working full time than the total population and more likely to be working part time.

In addition 18% were retired, 8% taking care of the home, 3% were unemployed and 2% were students (1% other not working).

Table 3 Social grade: comparing new store card holders to the national population

<i>Social grade</i>	<i>This survey</i>	<i>Nationally representative sample</i>
	%	%
A	3	3
B	18	17
C1	43	30
C2	21	33
D	8	14
E	8	15

Base: All (550)

The sample shows a bias towards the C1 social group, with fewer from the C2, D or E groups than would be expected in a nationally representative sample.

The table of personal and household income reflects the fact that many of our respondents were women who were not working or working part time. This means that the total household income for the sample was higher than the personal income of the respondent actually interviewed.

Table 4 Household and personal income of new store card holders

<i>Total income before tax or other deductions</i>	<i>Household</i>	<i>Personal</i>
	%	%
Under £7,000	4	17
£7,001 to £10,000	7	13
£10,001 to £14,000	9	13
£14,001 to £18,000	12	13
£18,001 to £25,000	16	13
£25,001 to £50,000	32	14
£50,001 to £100,000	9	3
£100,000 +	1	-
Don't know	3	6
Refused	7	7

Base: All (550)

Our comparison data for a nationally representative sample is based on different income bands. The table below shows a comparison of roughly equivalent income bands. As we might expect from the distribution of social grades, the new store card

holders are more likely to be in the middle income bands and less likely to be in the lowest income band than the nationally representative sample. However, it is worth noting that the question was asked of everyone in the current survey and that we also had a lower refusal level.

Table 5 Total household income before tax or other deductions

	<i>This survey</i>		<i>Nat Rep sample</i>
	%		%
Under £7,000	4	Under £7,500	11
£7,001 to £14,000	16	£7,500 to £13,499	10
£14,001 to £25,000	28	£13,500 to £25,000	13
£25,001 to £50,000	32	£25,000 to £49,999	15
£50,001 to £100,000	9	£50,000 to £99,999	5
£100,000 +	1	£100,000 +	1
Don't know	3	Don't know	12
Refused	7	Refused	21
	-	Not asked	14

Base: All (550)

2.4 Financial profile and behaviour

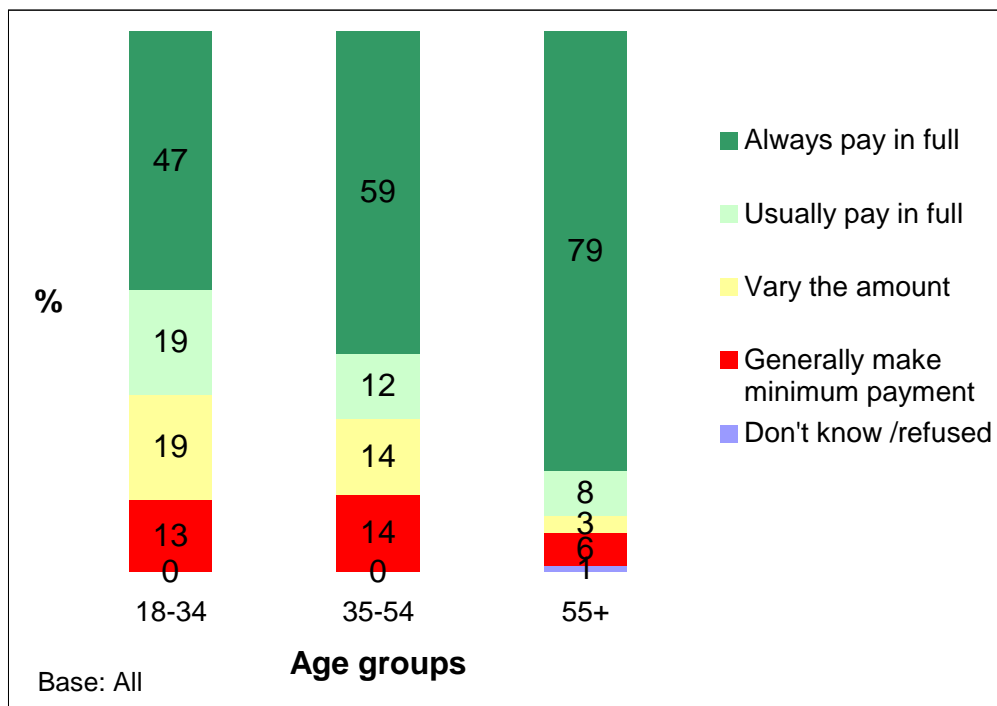
Most of those who took out a card were responsible for paying the bill themselves (89%). The remainder either have joint responsibility (8%) or someone else pays (3%). Those who were working, either full or part time, were more likely to have responsibility for bill payment than those who are not working (working full time 91%, working part time 92%, retired 85%, not working 79%).

Most people said they pay the bill in full each month (60%), 13% said they usually pay in full, 13% said they vary how much they pay and 12% said they usually make the minimum payment. Those who said that they did not always pay the bill in full were counted as 'revolvers' as they are likely to have revolved a balance on the store card at some time.

The level of full payment for store cards is slightly higher than the level found for credit cards, with only 47% of those who also held a credit card saying that they paid that bill in full each month.

There was a distinct age difference in payment behaviour. The oldest age group (55+) were much more likely to say they always pay their store card balance in full, as is shown in the chart below.

Chart 1 Store card bill repayment behaviour by age groups



In addition, those who have been refused credit in the past were less likely to pay in full (refused credit 38%, not refused 64%).

The majority of this sample held both debit and credit cards in addition to their store card, with 96% holding a debit card and 89% a credit card. We found, therefore, that that new store card holders had a much higher level of credit card holding than the population in general (estimated at 48% on the FRS for 2003).

Not all of those with a credit card were in a position to use it when they took out their store card. However, most respondents (82%) said they had a credit card they could have used for the purchase they made at the store at the time they took out their store card. In line with general trends for credit card holding men were more likely to hold a credit card they could have used (men 88%, women 80%) and DE respondents less likely (ABC1C2 85%, DE 69%). Those who were responsible for payment of the store card bill were also more likely to have had a credit card (respondent responsible 83%, other responsible 71%), probably reflecting their greater likelihood of having their own income.

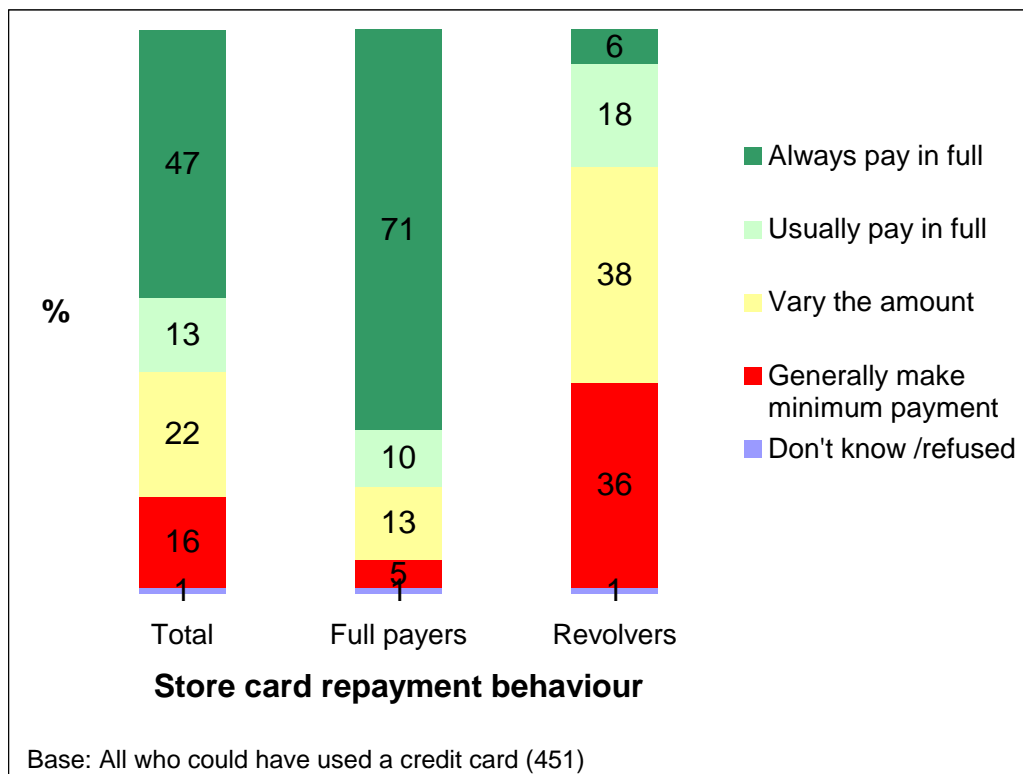
Store card revolvers were slightly less likely to have had a credit card available (22% of revolvers did not, 15% of full payers).

Of those with a credit card they could have used for the purchase (82%), about half (47%) said they pay their credit card bill in full each month, 13% said they usually paid in full. As with store cards, the younger age groups were more likely to revolve on their credit card: 75% of those over 55 said they paid in full each month, compared with only 30% of 18-34 year olds and 44% of 35-54 year olds.

Those who did have a card available to use were more likely to pay their credit card in full each month, compared to the small group who had a card but could not use it (had a card to use 62% said they pay in full, had a card but could not use 46% said they pay in full - 21 out of 46 respondents). This suggests that many of those who could not use their credit card had reached, or were close to, the credit limit on that card.

Following on from this, as the chart below shows, those who tended to revolve on their store card also tended to revolve on their credit card. Indeed, among the small group of 50 respondents who said they pay the minimum on their store card, 70% also said they pay the minimum on their credit card.

Chart 2: Claimed credit card bill repayment behaviour among those who pay their store card in full or revolve



A minority (15%) of our respondents had been refused credit at some point. This was not linked to social grade or income, but younger people (aged 18 to 34) were substantially more likely to have been refused credit than those aged 55+ (25% vs. 6%). Store card revolvers were more likely to have been refused credit than full payers (24% revolvers vs 9% full payers).

Of the 82 people who had been refused credit, the most common refusal was for a credit card (35%) but this was not linked to whether or not the person already held a credit card. If anything, those who held a credit card at the time of the interview were slightly more likely to have been refused one at some time in the past. A fifth (21%) had been refused a store card and 18% a bank or personal loan.

3.0 MAIN FINDINGS

3.1 The decision to take out the card

Respondents were asked why they decided to take out their most recent card. Nearly half (46%) said that it was because they were offered a discount on purchases made that the time. ABC1s are more likely to cite this as a reason than DEs (AB 49%, C1 50%, DE 34%) and those who pay their store card bill in full say this more than revolvers (full payers 52%, revolvers 30%). Other benefits were also available. There were more general comments about discounts (13%) special offers or events (12%), special services (4%) and points systems (2%) and some people also mentioned that they shopped at that store a lot (5%).

Table 6 Main reasons given for taking out a store card

<i>Reasons give by more than 5% of respondents</i>	<i>%</i>
Discount (any mention)	57
Special offers / services (any mention)	17
Prefer to other payment types (any mention)	11
Relationship with store (any mention)	5
It was offered / sent to me	5

Base: All (550)

Fewer people seemed to see the card as a substitute for another way of paying. Just under 1 in 10 (9%) did not want to pay in cash, but only 1% said they did not have a credit card and less than 1% wanted to use the store card instead of a credit card.

Those who went on to revolve on their store card (saying they paid either the minimum or more than the minimum but not the full amount) were less likely to cite discounts as the reason for deciding to take out a card, (revolvers 39%, full payers 52%). They were more likely to cite not wanting to pay in cash (revolvers 14%, full payers 5%) and that it was easy, handy or convenient (revolvers 7%, full payers 3%).

If people did not spontaneously mention a discount when asked for their reason for taking out a store card, they were then asked whether they had been offered a discount. A further 27% said that they were, so that nearly three quarters (73%) of respondents in total were offered a discount. There was no difference between full payers and revolvers in the percentage actually offered a discount, only in the percentage citing this as a reason for choosing to take the card.

The most common level of discount was 6-10%, with 64% of those offered a discount being offered one at this level. A small number (5%) were offered 'money off' rather than a percent discount e.g. £5 or £10 off.

For most people, the decision to take the store card was made without pre-planning. For 10% it was a spur of the moment decision by the respondent themselves. For most, however, it was suggested by staff (73%) with only 16% planning to take the card in advance. However, those who went on to revolve on the card were twice as likely to have planned to get a card (24% of revolvers, 12% of full-payers).

In summary, the majority of those taking a card did so to get a discount or other offers. However, those who subsequently revolved a balance on the card were more likely to mention payment methods as a reason for choice. The card purchase tends to be suggested to shoppers rather than being planned by them in advance.

3.2 The card purchase process

In most cases, the sales staff were involved in the application process: 32% said that sales staff filled in the application form for them and another 41% completed the form jointly. Women were more likely to have the form completed for them (women 34%, men 24%).

Only 23% of respondents said they were offered the option of taking the application form home to think about before signing. However, as the main reason for choosing the card for so many respondents was to get a discount on shopping, this option might have been viewed as counter-productive.

Over half the respondents (58%) said that they were either told the interest rate or that it was shown on the printed information. A quarter (26%) said they were not given this information and a further substantial minority said they didn't know whether they were or not (16%). Men were more likely to say they were given this information (men 67%, women 55%). This may be partly because those who completed the application form themselves were more likely to have the information than those for whom the sales staff completed the form. Where the respondent completed the form themselves, 66% said they were given interest rate information; where sales staff completed the form 50% said they had this information. DEs were less likely than other groups to receive the information (ABC1C2 61%, DE 43%).

Those who went on to revolve on the card were no more likely to have received this information than full payers, but those who had previously been refused credit were

more likely to receive it (refused credit 71%, not refused 56%), suggesting that some applicants may have paid more attention to the information given.

Of those who were not aware of the interest rate at the time of taking the card only 39% said they found it out after purchase, but this rose to 57% of revolvers. Among those not paying interest – the full payers – 70% had not found out the interest rate. This does mean, however, that 43% of revolvers either did not find out the interest rate or were not sure if they had, equivalent to 10% of all revolvers never finding out the interest rate. The level of spend on the cards was not covered in the survey, so it is not possible to say if this is because the amount of interest paid is too low for the respondent to pay attention to the rate.

Over half (57%) of those who did not know the interest rate but found it out after taking the card said they would have gone ahead in any case. The others said they would have used other forms of payment or not made the purchase at all had they had the information at the time. This question was only asked of a small number of respondents (27 full payers and 28 revolvers), but it is clear that knowing the interest rate made less difference to those who said they paid in full, and hence will not have paid interest, than to those who said they paid the minimum, as 20 of the 27 full payers would have gone ahead, compared with only 2 of the 11 who said they make minimum payments.

Fewer people were aware of penalty charges for late payment than were aware of the interest rate. Only 30% said they were told about or that the printed information they were given mentioned penalty charges, a further 50% were not given this information and a further 20% said they did not know.

Nearly all (86%) of those taking out a card said they were given a copy of the application form. Another 4% said they did not know if they had and only 10% said they were not given this. However, people over 55 were less likely to say they had received a copy than younger groups (55+ 15%, 18-54, 8%). Fewer card purchasers received a copy in the post (59%) than were given one in-store.

A minority of respondents said that they felt pressured by sales staff to take the card. 2% said they felt pressurised a lot and a further 12% a little. There were no differences across demographic or behavioural groups, so there is no evidence of sales staff pressurising any particular groups to take a card.

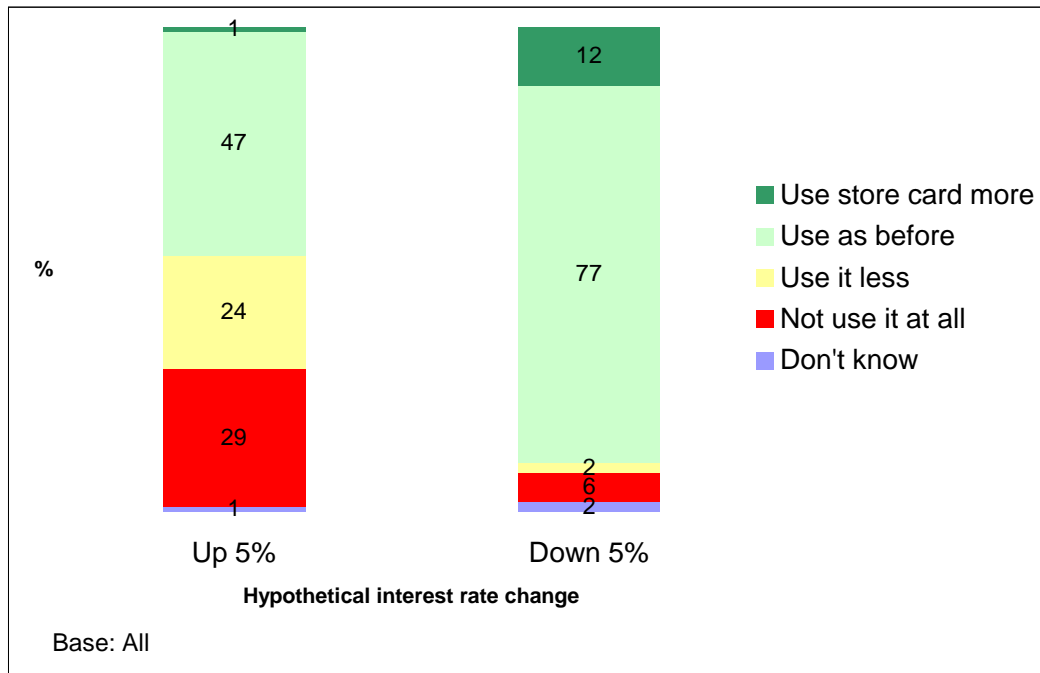
Although the majority of respondents said that having the store card has made no difference to their spending at the store where they took the card (81%) and a further 5% had spent less, a minority said they had spent more (13%). Younger people (18-54) were most likely to have spent more (18-54 16%, 55+ 7%) and those who revolved on their store card, who also tended to be younger, were more likely to have increased their spend (revolvers 17%, full payers 11%).

In summary, sales staff tended to be involved in the application process and, while this did not seem to improve the communication of basic interest rate information about the card, those taking out the cards felt little pressure to do so. More than half those taking a card knew about the interest rate at the time, with fewer being aware of any penalties. Most applicants were, however, given a copy of the application form, so this information may have been available to them. Taking a store card seems to lead to little increase in spending behaviour at the store in question.

3.3 Effect of hypothetical interest rate changes on store card behaviour

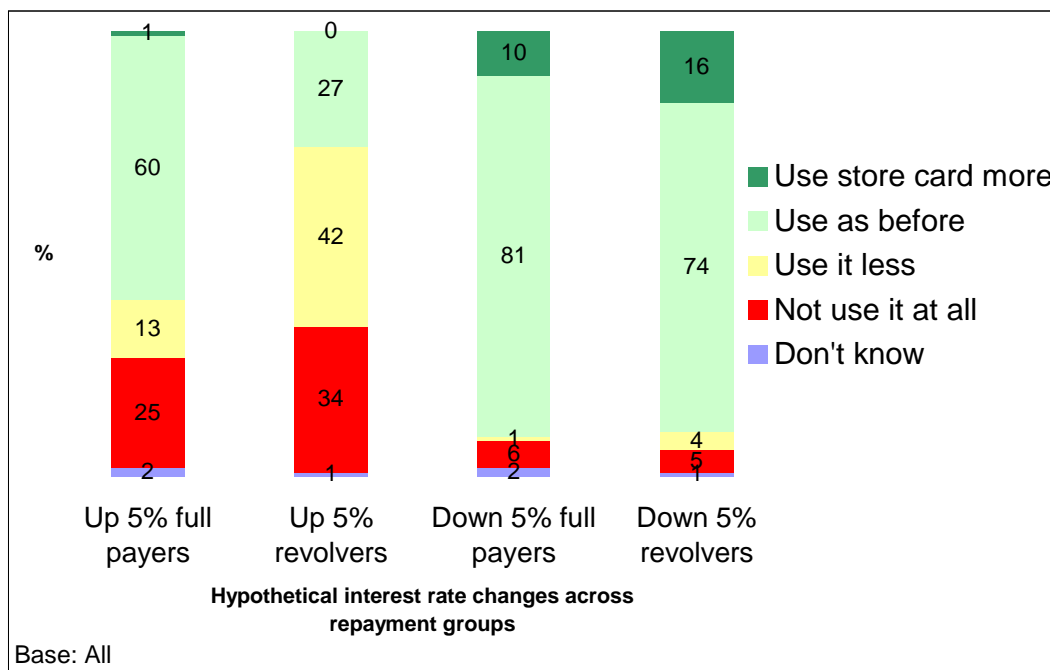
We asked people to tell us what they would do if the interest rate for the store card were to go up 5% or down 5%. In general, an increase of 5% provoked a greater response, with slightly more than half of respondents saying they would use the card less or not at all. Only 12% of respondents felt they would use the card more if rates were to decrease, with the majority saying there would be no change in their card usage.

Chart 3 Change in card usage behaviour if interest rates were to increase 5% or decrease 5%



As the chart below shows, an increase in interest rate was of more concern to those who revolved on their card. Among this group, three quarters (76%) said they would use their card less or not at all with an increase of 5%. In contrast, there was little difference between revolvers and full-payers in their reaction to a decrease in interest rates.

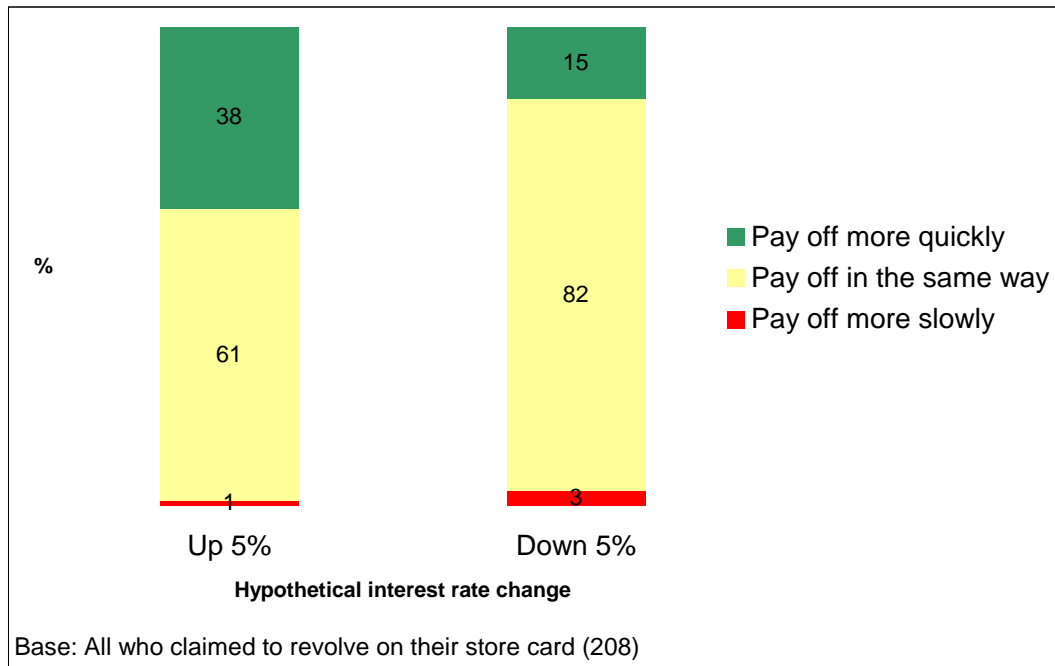
Chart 4 Change in card usage behaviour if interest rates were to increase 5% or decrease 5% among store card full payers and revolvers



It is worth noting at this point that store card holders were not asked if they had ever used the card since they had taken it out. This means that some of those saying they would use the card ‘as before’ may have meant that they would not use it at all.

Those who do not repay in full were asked how they could change their repayment behaviour if interest rates were to go up 5% or down 5%. Just over a third (38%) said they would pay off the amount owing more quickly if interest rates went up. However, 15% said they would pay off more if interest rates were to go down. This suggests that some people felt that their level of repayment was influenced by the amount of interest they were paying in one of two ways – some would take the opportunity of a lowered interest rate to make higher repayments, while a smaller number would seek to lower the amount on which they are paying a higher level of interest.

Chart 5 Repayment behaviour among store card revolvers if interest rates were to increase 5% or decrease 5%



3.4 Credit management

Those who said they revolved on a credit card were asked which they considered a priority when they make repayments, their store card or their credit card. The largest group (44%) said they did not prioritise. Just over a third (36%) made paying their credit card bill a priority and the smallest group (20%) made paying their store card a priority. Those who paid their store card bill in full are more likely to say they make this a priority (full payers 37%, revolvers 11%), while those who revolve a balance place equal emphasis on both store and credit cards (full payers 29%, revolvers 53%). We can speculate that it is the equal emphasis placed on both store and credit cards that leads some respondents to have a balance on their store cards.

As this survey did not include any follow up questions in this survey, it is not possible to tell whether card holders base their priority on the total amount owing, on the interest rate or on some other factor.

Of those with a credit card, 13% had transferred a balance from a store card to a credit card. This rose to 21% of those who revolved on their store card. Interestingly, 8% of those who said they paid in full had transferred a balance, suggesting that they had revolved in the past or that they transferred their spend from the store card to a credit card before any payment was due on the store card.

Of the small group (64 people) who had transferred a balance from their store card to their credit card, the majority (37) had done so once in the last year. A further 10 people had done this twice and 9 had done it three or more times.

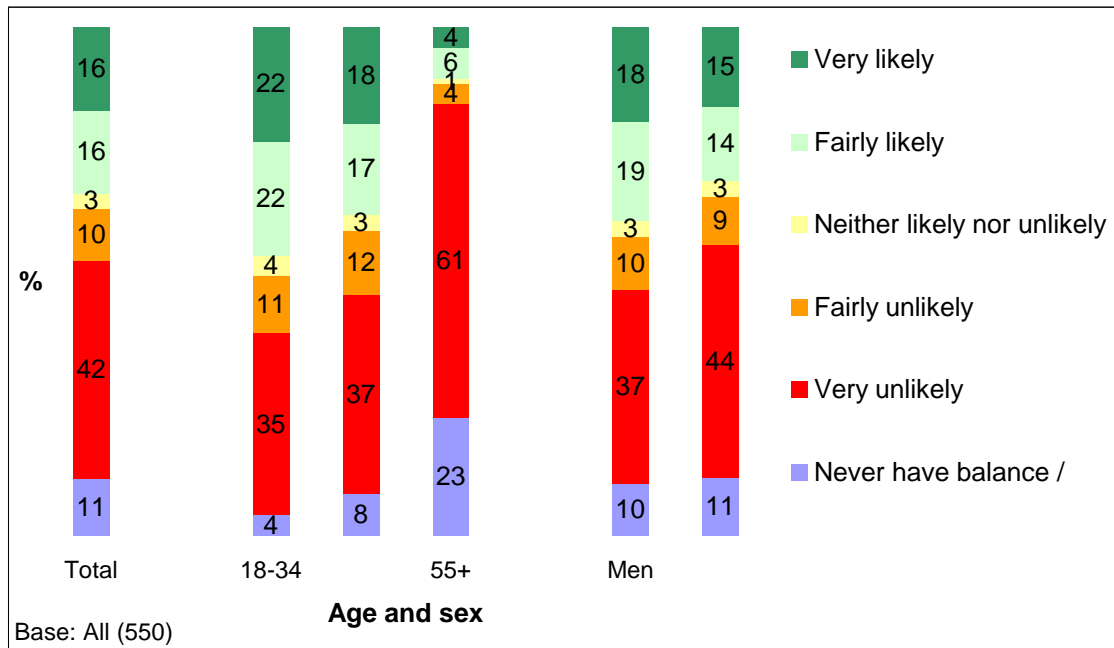
A smaller number (6%) have used a personal loan to pay off their store card, either transferring the balance to a personal loan or taking out a loan specifically to pay off the store card. As with credit card balance transfers, these were more likely to be store card revolvers (9% revolvers, 3% full payers), although the difference was not large in absolute terms. Again, full payers seem to have used the store card as a payment mechanism, but not for credit.

Although relatively few respondents had transferred balances to credit cards, just under a third (31%) said they would do so if they found themselves in the position where they might have trouble paying off the balance on their store card. However, substantially more said they would not (52%), with a further 11% saying the situation would not arise. Younger people were more likely to consider this option (18-34 44%, 35-54 35%, 55+ 10%) as are men (men 38%, women 29%).

Those who revolved on their store card were more likely to consider a balance transfer (38% compared to 28% among full payers), but this difference was not large considering the fact that only revolvers are ever likely to have a balance to transfer.

Again, reflecting actual behaviour, fewer people were willing to consider taking a loan to cover their store card balance (16%). As with credit card transfers, the idea was more appealing to younger people (18-34 22%, 35-54 15%, 55+ 9%) and to men (men 24%, women 13%). Those with higher personal and household incomes were more likely to consider this option, (personal income under £10,000 10%, over £10,000 21%; household income under £10,000 8%, over £10,000 18%) so consideration may have depended on whether the person believed they would have the option of taking out a personal loan. In addition, however, more revolvers were willing to consider a loan (20% vs 13% full payers and those who have been refused credit were also more likely (refused 28%, not refused 14%). This, together with the bias towards younger respondents, suggests that the option was more likely to be considered by those who were not adverse to debt.

Chart 6 Likelihood of considering balance transfer to a credit card by age and sex



Just under a fifth of respondents (18%) had at some point used a store card because they had no other way of paying for something they wanted to buy; 3% said they had done this often and 15% had done if but not often. Those with credit cards were as likely to have done this than those without. Women were more likely to have done this (21% vs men 10%), as were those on lower personal incomes (under £10,000 25% vs over £10,000 16%). Those who generally made the minimum payment on their card were more likely to have done this than either full payers or those who make payments between the minimum and full payment (pay minimum 41%, pay more than minimum 19%, full payer 14%).

3.5 Payment protection

Most of those who took out a store card were offered payment protection (80%). Younger people were more likely to have been offered insurance (89% of 18-34 year olds) as were those who had been refused credit (91%) and those on higher incomes (83%).

The majority of those offered insurance said that it was optional (95% of those offered). Only 3% of those offered insurance said it was not optional. Only just over a quarter (27%) of those offered the payment protection chose to take it, with more of the 18-34 year olds doing so (35%). DEs were also more likely to take out payment protection

insurance than ABs (DE 31%, AB 16%), although they were no more likely to have been offered the product. Those who had been refused credit were also more likely to take insurance (39%) as were those who said they did not pay their card bill in full (36%). This suggests that the insurance was more popular among groups who were more likely to feel they might need it.

When asked why they had taken out payment protection insurance, just over half (52%) said that they thought it was sensible to have insurance “just in case”. Those who went on to revolve on the card were more likely to have mentioned this (60% revolvers vs. 42% full payers). Just over a fifth (22%) expressed other concerns about their ability to make payments.

Other reasons given related to the payment insurance itself: it was free / cheap (9%), it included some kind of warranty (9%). Finally, some people thought it was compulsory (4%) and some took it on the basis that it could be cancelled (3%).

Of those who were offered payment protection insurance, 18% felt pressured by sales staff to take it, 6% a lot and 13% a little. Revolvers were more likely to feel pressured (revolvers 22%, full payers 16%). However, those who felt pressured were no more likely to have bought the insurance than those who did not.

4.0 ANNEX 1 – THE INTERVIEW SCRIPT

INTRODUCTION

Good afternoon / evening. My name is _____ and I'm ringing from NOP, an independent market research company. We've been asked by the Office of Fair Trading to carry out a survey about shopping and credit and we'd really appreciate your help. This will only take about 15 minutes.

IF THE RESPONDENT ASKS HOW YOU GOT THEIR NUMBER SAY "you would have filled out a consumer survey questionnaire, probably one that was dropped through your letterbox"

Continue
Call back
Close

S1 Could if first ask, which of the following you have, even if you don't use them?

MULTICODE

A debit or bank card..... 1
A credit card..... 2
A store card, that is a card issued by a particular shop
or retail chain 3

ALLOW REF

AS S2 ONLY IF S1=3. OTHERS THANK AND CLOSE

S2 You mention that you have a store card. When did you take out that store card, or the most recent card if you have more than one.

Within the last month (October) 1
One month to 3 months ago (July Aug Sept)..... 2
Three months to six months ago (April May June) 3
Six to twelve months ago (Marchback to November) 4 **CLOSE**
More than twelve months ago (Last October or before) 5 **CLOSE**

S3 When it comes to making decision about your store card or cards, do you make those decisions on your own, jointly with someone else, or does someone else makes the decisions.

On own (sole)..... 1
Joint 2
Someone else 3

IF 3 TRY TO RECRUIT MAIN DECISION MAKER. IF THIS IS NOT POSSIBLE THANK AND CLOSE.

Q1a Could you tell me which store cards you have, that is for which shops?

MULTICODE

Q1b And which of those did you take out most recently?

SINGLE CODE

Adams
Alders
Ann Harvey
Arcadia
Argos
Army & Navy
Arnotts
Austin Reed
B & Q TimeCard
Barkers
Bay Trading
Bentalls
Bhs
Binns
Boundary Mills
Burton Menswear
Cavendish House
Comet TimeCard
Country Casuals
Creation or Duet card
Currys
David Evans
Debenhams
Dingles
Dixons
Dolcis
Duet or Creation card
Dorothy Perkins
Etam
Evans
Fenwick
Frasers
Habitat
Hammonds
Harrods
Harvey Nichols
Heals
High & Mighty
Howells
House of Fraser/Fraser Card
Index
Ikea (at home)
Jaeger
JJB Sports / Sports Division
John Lewis Partnership
Kendals
Kwik Fit
Jollys
Laura Ashley
Littlewoods
Mark One

- Marks & Spencer
- Miss Selfridge
- Monsoon
- MothercareNew Look
- Next
- Oasis
- Pilot
- Principles Womenswear
- Rackhams
- River Island
- Russell & Bromley
- Selfridges
- Style Card
- TimeCard
- Top Man
- Top Shop
- Viyella
- Wallis
- Warehouse
- Woolworths TimeCard
- Army & Navy
- Arnotts
- Barkers
- Binns
- Cavendish House
- David Evans
- Dingles
- Fraser
- Hammonds
- Howells
- Kendals
- Jollys
- Rackhams
- Any Other Shop / Store Card (Specify)

ASK IF 1B = MARKS & SPENCER

Q1c You say you took out a Marks & Spencer card. Can I just check that that was a store card rather than a credit card?

If necessary: A credit card could be used to any shop, but you could only use the store card in Marks & Spencer.

Store card 1

Credit card 2

IF Q1C IS 2 AND MARKS & SPENCER IS THE ONLY CARD CHOSEN @ Q1B THANK AND CLOSE

ASK IF 1B = HARRODS

Q1d You say you took out a Harrods card. Can I just check that that was a store card rather than a credit card?

If necessary: A credit card could be used to any shop, but you could only use the store card in Harrods.

Store card 1

Credit card 2

IF Q1C IS 2 AND HARRODS IS THE ONLY CARD CHOSEN @ Q1B THANK AND CLOSE

Q2 Which, if any, those are 'budget' cards, where you pay the same amount each month, whether you've used the card or not.

SHOW ONLY THOSE CODED @ Q1A. MULTICODE.

Adams
Alders
Ann Harvey
Arcadia
Argos
Austin Reed
B & Q TimeCard
Bay Trading
Bentalls
Bhs
Boundary Mills
Burton Menswear
Comet TimeCard
Country Casuals
Creation or Duet card
Currys
Debenhams
Dixons
Dolcis
Duet or Creation card
Dorothy Perkins
Etam
Evans
Fenwick
Habitat
Harrods
Harvey Nichols
Heals
High & Mighty
House of Fraser/Fraser Card
Index
Ikea (at home)
Jaeger
JJB Sports / Sports Division
John Lewis Partnership
Kwik Fit
Laura Ashley
Littlewoods
Mark One
Marks & Spencer
Miss Selfridge
Monsoon
MothercareNew Look
Next
Oasis
Pilot
Principles Womenswear
River Island
Russell & Bromley
Selfridges
Style Card
TimeCard

- Top Man
- Top Shop
- Viyella
- Wallis
- Warehouse
- Woolworths TimeCard
- Army & Navy
- Arnotts
- Barkers
- Binns
- Cavendish House
- David Evans
- Dingles
- Fraser
- Hammonds
- Howells
- Kendals
- Jollys
- Rackhams

ASK ALL

Q3 Thinking now about the card you took out most recently, your (insert card from Q1b) card, I'd like to ask you in more detail about when got that card. Could you tell me why you decided to take out that card?

DO NOT READ OUT. MULTICODE

- Offered discount on purchases made at the time 1
- Didn't want to pay in cash / wanted credit..... 2
- Didn't want to put on credit card..... 3
- Credit card at limit 4
- Don't have a credit card 5
- Offered discounts (general) 6
- Special offers / events for card holders.....
- Special services for card holders
- Other (specify) 6
- Allow DK

ASK ALL

Q4 Were you offered a discount on your purchase if you took out a store card?

- Yes..... 1
- No 2
- Don't know 3

ASK Q4A=1

Q4b How much was that, in percent?

- Type in ____ %
- Other (specify)
- Allow DK

ASK ALL

- Q5a Had you planned to take out the card in advance, or was it suggested to you by the staff in the shop?

DO NOT READ OUT

Planned in advance	1
Suggested by staff	2
Spur of the moment but not suggested by staff (DO NOT READ OUT)	3
Don't know	4

ASK ALL

- Q5 Did the sales staff fill in the application for you, did you do it yourself, or did you do it together?

Shop assistant	1
Respondent.....	2
Both together	3
Allow DK	

ASK ALL

- Q6 Were you offered the option of taking the application form home to think about before you signed it?

Yes.....	1
No	2
Allow DK	

ASK ALL

- Q7 Thinking now about when you were offered the card, were you told or did the printed information show the interest rate that would be applied to any borrowing?

Yes.....	1
No	2
Allow DK	

ASK ALL SAYING NO, Q7=2

- Q8 Have you found out the interest rate since?

Yes.....	1
No	2
Allow DK	

ASK ALL SAYING YES, Q8=1

- Q9 If you had known what the interest rate was when you took out the card, which of the following would you have done?

READ OUT. MULTICODE. ROTATE ORDER

Used a credit card or loan.....	1
Not made the purchase at all	2
Gone ahead but used cash.....	3
Gone ahead and taken the store card	4

ASK ALL

- Q10 When you were taking out the card were you told or did the printed information mention any penalty charges that would be applied to late payments?

Yes.....	1
No	2
Allow DK	

ASK ALL
 Q11 When you signed the application, were you given a copy of that application form?
 Yes..... 1
 No 2
 Allow DK

ASK ALL
 Q12 Did you later receive another copy of the agreement in the post?
 Yes..... 1
 No 2
 Allow DK

ASK ALL
 Q13 When you were taking out the card, to what extent did you feel at pressured by the sales staff to take the card?
 A lot..... 1
 A little 2
 Not at all..... 3
 Allow DK

ASK ALL
 Q14a Thinking now about when you get your monthly statement, Who is responsible for paying the bill for your store card.
 Respondent only 1
 Jointly with someone else 2
 Other person 3

Q14b Which of the following best describes how do you generally handle paying your bill each month for your most recent store card?
READ OUT.
 You generally make the minimum payment each month, but pay more than the minimum when you can 1
 You vary in the amount you pay off - between the minimum and the full amount 2
 You usually pay in full, but sometimes choose to let part of the balance roll over to the next month 3
 You always pay in full 4
 Allow DK
 Allow Ref

ASK ALL
 Q15a If the interest rate for your store card went up 5% would you ...?
READ OUT. MULTICODE
 Use your store card more 1
 Use your store card as before..... 2
 Use it less 3
 Not use it at all. 4
 Allow DK

ASK IF Q14B = 1-3
 Q15b And if the interest rate went up 5% would you ?
READ OUT
 Pay off the amount owing more quickly 1
 Pay off the amount owing more slowly or 2
 Pay of your store card in the same way 3

ASK ALL

Q16a If the interest rate for your store card went down 5% would you ...?

READ OUT

- Use your store card more 1
 Use your store card as before..... 2
 Use it less 3
 Not use it at all. 4
 Allow DK

ASK ALL IF Q14= 1-3

Q15b And, if the interest rate went down 5% would you ?

READ OUT

- Pay off the amount owing more quickly 1
 Pay off the amount owing more slowly or 2
 Pay of your store card in the same way 3

ASK ALL

Q17 Thinking now about the store where you got that card, since you got the card, have you been spending more or less at that store, or has there been no change?

PROBE TO PRECODE

- Spend a lot more..... 1
 Spend a little more 2
 No change..... 3
 Spend a little less..... 4
 Spend a lot less 5

ASK ALL

Q18 Thinking back to when you took out that store card, did you have any credit cards that you could have used for the purchase?

- Yes..... 1
 No 2

ASK IF Q18=1 OR 2

Q19 Which of the following best describes how do you generally handle paying your bill each month for your credit card or cards

READ OUT.

- You generally make the minimum payment each month, but you pay more than the minimum when I can 1
 You vary in the amount you pay off - between the minimum and the full amount 2
 You usually pay in full, but sometimes choose to let part of the balance roll over to the next month 3
 You always pay in full 4
 Allow DK
 Allow Ref

ASK IF Q19=1 OR 2 OR 3

Q20 When you are making payments on your cards, which do you consider a priority, store cards, credit cards or neither ?

- Store card 1
 Credit card 2
 Both equal priority 3

ASK IF Q19=1 OR 2

- Q21 Have you ever transferred your balance from your store card to your credit card?
 Yes..... 1
 No 2

ASK IF Q21=1

- Q22 How often have you done that over the last year?
PROBE TO PRECODE. ACCEPT 'BEST GUESS'
 Once 1
 Twice..... 2
 Three times 3
 Four times 4
 Five times or more 5
 Not done it in the last year 6

ASK ALL

- Q23 Have you transferred balance from your store card to a personal loan, or taken a loan out to pay off your store card ?
 Yes..... 1
 No 2

ASK ALL

- Q24 If you found yourself in the situation where you thought you might have trouble paying off the balance on your store card, how likely would you be to transfer the balance to a credit card?
 Very likely..... 1
 Fairly likely 2
 Neither likely nor unlikely 3
 Fairly unlikely 4
 Very unlikely..... 5
 Never have balance on store card / store card debt will never be a problem (do not read out)..... 6
 Allow DK

ASK ALL

- Q25 And in that situation, how likely would you be to take out a loan to cover the balance on your store card?
 Very likely..... 1
 Fairly likely 2
 Neither likely nor unlikely 3
 Fairly unlikely 4
 Very unlikely..... 5
 Never have balance on store card / store card debt will never be a problem
 Allow DK

ASK ALL

- Q26 Have you ever been refused any other form of credit for any reason?
INTERVIEWER NOTE DO NOT READ OUT BUT CODE AS YES IF RESPONDENT MENTIONS A CREDIT CARD, LOAN, HIRE PURCHASE, OVERDRAFT, MORTGAGE
 Yes..... 1
 No 2
 Allow Ref

- ASK IF Q26 = 1**
- Q27 Could I ask what was it you were refused?
- Credit card 1
 - Bank / personal loan 2
 - Hire purchase..... 3
 - Other (specify) 4
-
- ASK ALL**
- Q28 Have you ever used your store card because you had no other way of paying for something you wanted to buy?
- Yes, often..... 1
 - Yes, but not often..... 2
 - No 3
-
- ASK ALL**
- Q29 Again, thinking back to when you were taking out the store card, were you offered payment protection insurance when you were taking out the card?
- ADD IF NECESSARY**
- Payment protection insurance would make repayments for you if you were unable to do so because you were out of work or ill for a long time.
- Yes..... 1
 - No 2
- Allow DK
-
- ASK Q29=1**
- Q30 And was that insurance optional?
- PROBE TO PRECODE**
- Definitely yes..... 1
 - Probably yes 2
 - Probably not..... 3
 - Definitely not 4
-
- ASK Q29=1**
- Q31 Did you take the payment protection insurance?
- Yes..... 1
 - No 2
-
- ASK IF Q31=1**
- Q32 Why did you decide to take out the insurance?
- DO NOT READ OUT**
- You thought you might not be able to repay what you'd owe on the card 1
 - You thought your circumstances might change so you might not be able to pay 2
 - You thought it was sensible to have insurance just in case 3
 - Other (specify) 4
-
- ASK Q29=1**
- Q33 To what extent did you feel pressured by the sales staff to take the insurance?
- A lot..... 1
 - A little 2
 - Not at all..... 3
- Allow DK
-

	ASK ALL	
C1	What age were you on your last birthday?	
	18 to 24	1
	25 to 34	2
	35 to 44	3
	45 to 54	4
	55 to 64	5
	65+	6

	ASK ALL	
C2	And are you?	
	Married or living as.....	1
	Single	2
	Widowed	3
	Separated / divorced.....	4

	ASK ALL	
C3	Do you have any children under 15 living at home?	
	Yes.....	1
	No	2

	ASK ALL	
C4	And are you ...?	
	Working full time	1
	Working part time	2
	Not working	3
	Retired	4

	ASK ALL	
C4	Social grade?	
	A.....	1
	B.....	2
	C1	3
	C2	4
	D	5
	E.....	6

ASK ALL

C5 Finally, we'd like to get an idea of the incomes of the people we talk to, to ensure that we talk to a good cross-section of the total population. I can assure that this is completely confidential. I'll read out some bands of income, and I'd appreciate if you could tell me in which you would place your total family income form all sources before tax and other reductions?

C6 And what would be your TOTAL PERSONAL INCOME from all sources BEFORE TAX and other deductions?

.....	C5.....	C6
Under -£7000.....	1.....	
£7,001-£10,000.....	2.....	
£10,001-£14,000.....	3.....	
£14,001-£18,000.....	4.....	
£18,001-£25,000.....	5.....	
£25,001-£50,000	6.....	
£50,001-100,000	7.....	
£100,000+.....	8.....	
Don't Know.....	9.....	
Refused.....	10.....	

THANK AND CLOSE

CODE

C5	Gender?	
	Male.....	1
	Female.....	2