

Older Adults and Telemarketing Fraud

Katie Lancaster
Emily Boal



Victimization of Telemarketing Fraud

- Every year, people lose \$40 billion to telemarketing fraud (Alves, & Wilson 2008, p. 64).
- 56% of older adults are victims of telemarketing fraud (AARP, 1996).



Preventive Methods

- National Do Not Call Registry. Registry prevents listed telemarketers to not call a phone number (Link, Mokdad, Kulp, & Hyon, 2006).
- Telemarketing Fraud and Abuse Prevention Act of 1998
 - The perpetrator gives up any property gained by the fraudulent operation.
 - 5 years of imprisonment is attached to the initial sentence (Lee 1999).

Literature Review

- Vulnerability of the older adult population is increasing.
- In 2000 U.S. Census, there was 35.9 million people 65 and older (U.S. Census Bureau, 2000).
- By 2030, 70 million adults will be 65 and older (Bernstein, 2008, p. 23).
- Seniors who have active social lives are more vulnerable because of increased exposure to the marketplace.
- Older adults are targets for fraud because they have money to invest.



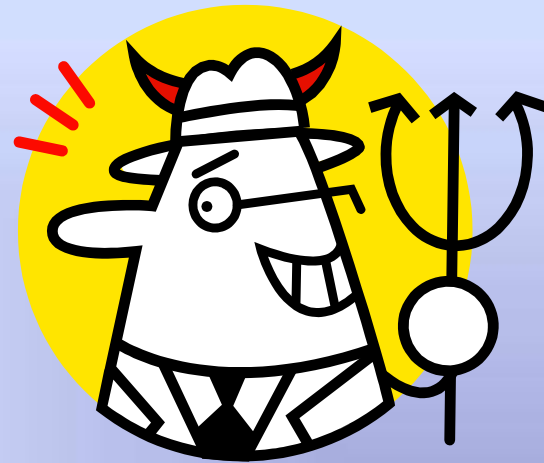
Literature Review Continued

- Older adults are more likely to trust the salesperson (Alves & Wilson, 2008, p. 68).
- Telemarketing fraud is a form of elder abuse called elder financial exploitation (Payne, 2002)
- Ageism
- Older adults are more unable to recover financially, and psychologically from telemarketing fraud than other cohorts (Reiboldt, & Vogel 2003, p. 22).



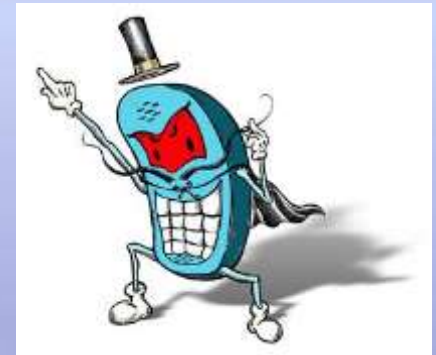
Telemarketing Fraud Strategies

- Gain confidence and trust through charisma.
- Telemarketers take advantage of older adults being at home during day hours.
- Urgency
- Winner of sweepstakes
- Needs to keep transaction secret.
- Persuades to send money to pay for tax, shipping and processing fees for prize (Johnson, 2004, p.4).



Telemarketing Fraud Strategies Continued

- Usually these prizes and sweepstakes are never sent out
- If there is a prize the older adult will usually pay far more than the product is actually worth
- Often telemarketers will offer investments including stocks or bonds since older adults usually live on fixed incomes
- Usually these stocks or bonds are nonexistent
- A final tactic includes collecting donations for nonexistent charities or other religious organizations (Johnson, 2004, p.2).



Theory



- Information-Processing Stage Model of Persuasion (McGuire, W. J. (1968) ;
- Includes two levels reception and yielding
- Reception relates to a persons exposure, understanding and attending of the message
- Yielding is the overall attitude and behavioral response of the person
- The reception level affects the yielding level
- Self-esteem, intelligence and age affect reception level

Theory Continued

- High or low amount of self-esteem, intelligence and age can result in low yielding
- If a person has high self esteem they have no need to yield or respond to others.
- A person is most likely to be persuaded if they have moderate levels of self-esteem or age



Theory Continued

- Persuasion Knowledge Model (Friestad, M., & Wright, P. (1994) ;
- 3 key components: Target, agent and interpretation of persuasion attempt
- More persuasion knowledge someone has the more power they have over



Methods

- *Hypothesis:* The OATFA will have significant correlation with the SKEP, Social Vulnerability Scale, and the Rosenberg is expected to have no correlation.
- *Design:* Cross Sectional Design



- *Participants:*

- A total of 69 participants.

- The surveys that had 4 or more questions not completed were thrown out.

- Six of the surveys had 1-3 questions not filled out.

- A median value was calculated for the missing items and put in as a replacement number. A total of 52 surveys were analyzed.

- There were only seven missing values

- Laramie County Senior Services

- Central Wyoming Senior Services





Instruments

- Social Vulnerability Scale: Measures older adults social vulnerability (Pinsker, Stone, Pachana, & Greenspan, 2006)
- SKEP Scale: Measure a persons skepticism towards advertising. (Obermiller, & Spangenberg, 1998)
- Rosenberg Self Esteem Scale: Measures a person's self esteem. (Rosenberg,1965).

Procedure

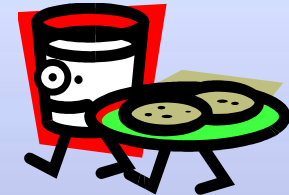
- Surveys are handed out to participants as they walked in senior services diner. Participants read and fill out the survey.
- Researchers answer any questions. During the three hours researchers collect the surveys.



Procedures Continued

-If participants wanted more time they could be turn in as late a week after distribution of survey.

-The Center Wyoming Senior Services offered free lunches, and researchers at Laramie Senior Services offer cookies and juice.



Results

Correlations			
		Total Skep Score	TOTAL OATFA
Total Skep Score	Pearson Correlation	1	.021
	Sig. (2-tailed)		.892
	N	52	46
TOTAL OATFA	Pearson Correlation	.021	1
	Sig. (2-tailed)	.892	
	N	46	46

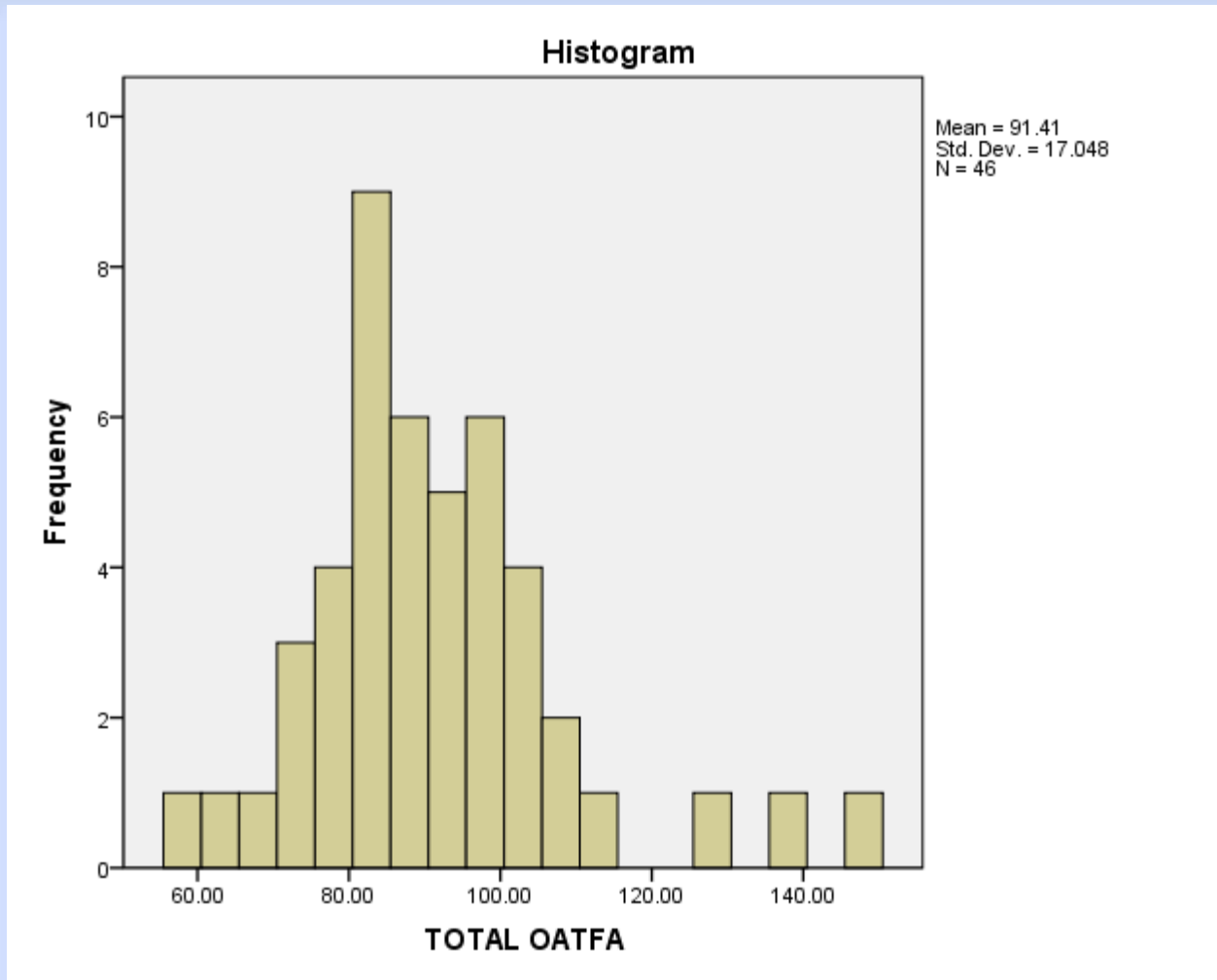
Results Continued

Correlations			
		TOTAL OATFA	Rosenberg Self Esteem Score total
TOTAL OATFA	Pearson Correlation	1	-.069
	Sig. (2-tailed)		.649
	N	46	46
Rosenberg Self Esteem Score total	Pearson Correlation	-.069	1
	Sig. (2-tailed)	.649	
	N	46	52

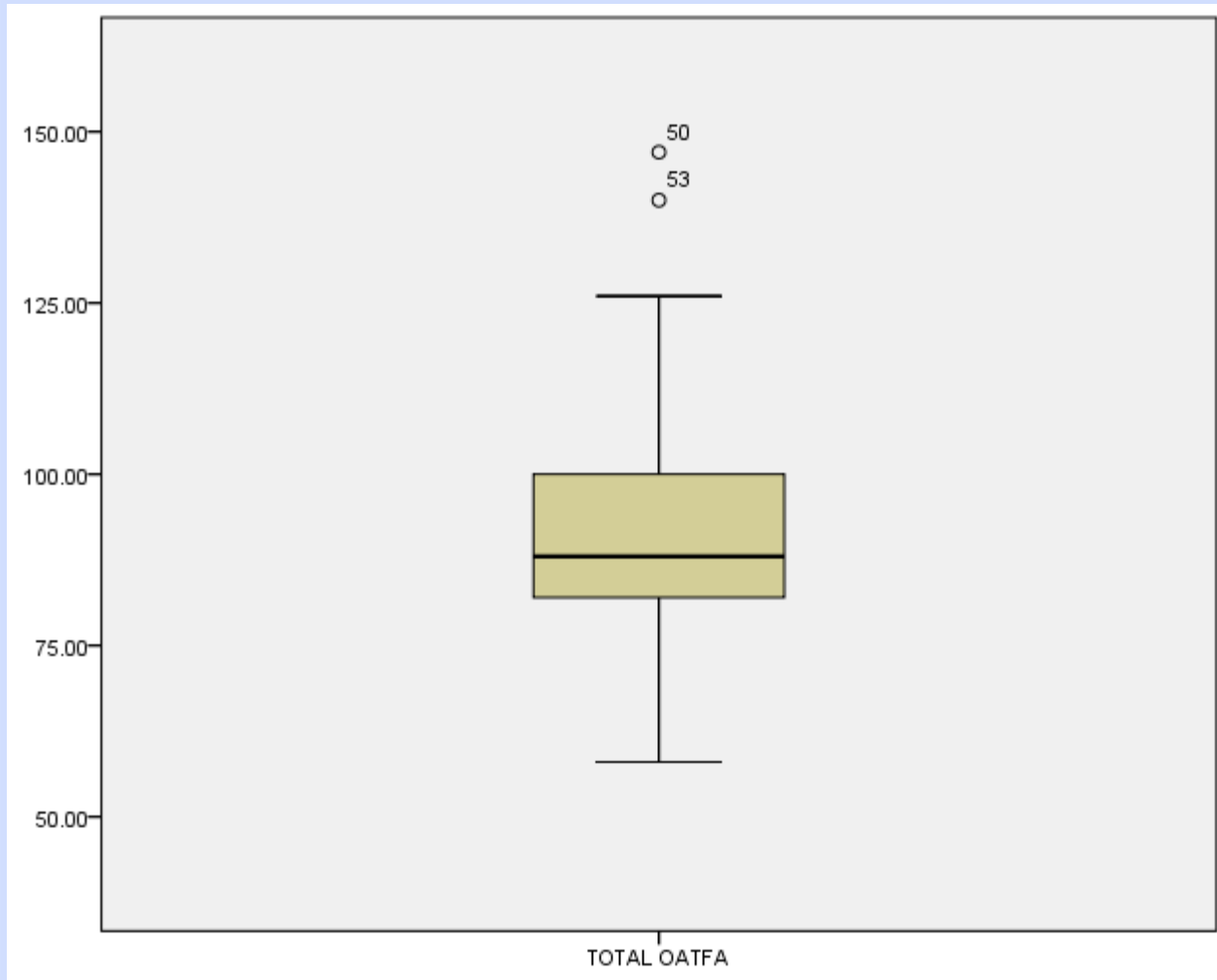
Correlations			
		TOTAL OATFA	Tot SVS
TOTAL OATFA	Pearson Correlation	1	-.055
	Sig. (2-tailed)		.717
	N	46	46
Tot SVS	Pearson Correlation	-.055	1
	Sig. (2-tailed)	.717	
	N	46	52



Results Continued



Results Continued



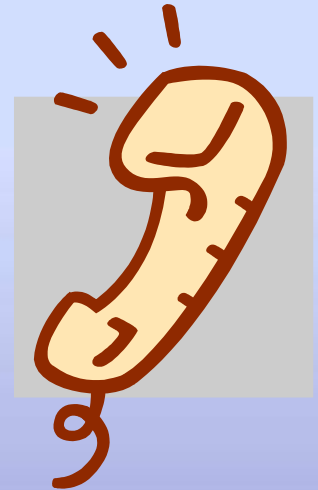
Discussion

- To prevent telemarketing fraud among this age group programs and interventions need to be tested for effectiveness.
- There is a need for psychometrically sound instruments,
- Specific organizations such as the AARP, and the National Consumer League will benefit from this study.



Limitations

- No demographics
- No other measures exist of telemarketing fraud
- Rural Community
- Limited time and resources
- Incomplete Surveys
- SVS content was wordy, and format was confusing.
- Tricky to survey on a 1-7 scale.



Conclusion:

- Assessing telemarketing knowledge deserves further investigation.
- Telemarketing fraud is an increasing concern because of the growing population of older adults.
- It is necessary to have a valid measure to assess effective interventions against telemarketing fraud.



References

- Alves, L., Wilson, S., (2008) The Effects of Loneliness on Telemarketing Fraud Vulnerability Among Older Adults. *Journal of Elder Abuse & Neglect*, 20(1), 63-85. Retrieved from Retrieved from Academic Search Premier database
- American Association of Retired Persons (1996). *Telemarketing fraud victimization of older American : An AARP survey*. Washington , DC: Author
- Bernstein, R. (March 10, 2004). Census Bureau estimates number of adults, older people and school-age children in states. Retrieved from <http://www.census.gov/Press-Release/www/releases/archives/population/001703.html>
- Bernstein, A., (2008) Elder Financial Exploitation: Cracking the Nest Egg. *Aging Well*, 1(1), 22-27.
- Friestad, M., & Wright, P. (1994). The Persuasion Knowledge Model: How People Cope with Persuasion Attempts. *Journal of Consumer Research* 21 (1), 1-31. Retrieved from Academic Search Premier database.
- Johnson, K., (2004). *Financial Crimes Against the Elderly*. Washington D.C. Diane Publishing Company.
- Lee, J., & Geistfeld, L. (1999). Elderly Consumers' Receptiveness to Telemarketing Fraud. *Journal of Public Policy & Marketing*, 18(2), 208-217. Retrieved from Business Source Premier database.
- Link, M., Mokdad, A., Kulp, D., & Hyon, A. (2006). HAS THE NATIONAL DO NOT CALL REGISTRY HELPED OR HURT STATE-LEVEL RESPONSE RATES? *Public Opinion Quarterly*, 70(5), 794-809. Retrieved from Communication & Mass Media Complete database.

References

- Link, M., Mokdad, A., Kulp, D., & Hyon, A. (2006). HAS THE NATIONAL DO NOT CALL REGISTRY HELPED OR HURT STATE-LEVEL RESPONSE RATES? *Public Opinion Quarterly*, 70(5), 794-809. Retrieved from Communication & Mass Media Complete database.
- McGuire, W. J. (1968) Personality and susceptibility to social influence. In E. F. Borgatta & W. W. Lambert (Eds). *Handbook of personality theory and research* (pp. 171-196) Chicago Rand McNally
- Payne, B. K. (2002). An integrated understanding of elder abuse and neglect . *Journal of Criminal Justice*, 30(6). doi:10.1016/S0047-2352(02)00175-7
- Pinsker, D., Stone, V., Pachana, N. & Greenspan, S. (2006). Social Vulnerability Scale for older adults: Validation study. *Clinical Psychologist*, 10 (3), 109-119.
- Rosenberg, M. (1965). *Society and the adolescent self-image*. Princeton, NJ: Princeton University Press.
- Reiboldt, W., Vogel, W., (2003). A critical Analysis of Telemarketing Fraud in a Gated Senior Community. *Journal of Elder Abuse & Neglect*, 13(4), 21-38. Retrieved from Academic Search Premier database.