

Vehicle Acquisitions: Leasing or Financing?

JESSIE X. FAN, JOHN R. BURTON

First published: 01 September 2005

<https://doi.org/10.1111/j.1745-6606.2005.00013.x>

Jessie X. Fan (fan@fcs.utah.edu) and ² John R. Burton (burton@fcs.utah.edu) are associate professors of consumer and community studies in the Department of Family and Consumer Studies at the University of Utah, Salt Lake City.

This research was partly funded by a Consumer Research and Education Fund grant from the Department of Family and Consumer Studies at the University of Utah. The authors wish to thank Marie Hafey for her excellent research support.

Abstract

In this study, we investigate household vehicle leasing versus financing behavior using the Interview Survey Portions of the 2001 Consumer Expenditure Survey. Two research questions are addressed in this study: (1) What are the demographics of those who lease as opposed to those who finance, and (2) What are the major factors affecting a consumer's probability of leasing versus financing when acquiring vehicles? Findings show that among income and demographic characteristics, being older, Caucasian or Hispanic, college educated, living in urban Northeast and Midwest, living in large Metropolitan Statistical Areas (MSAs), not having teenagers in the family, and having a higher income increase a consumer's probability to lease a vehicle. Most of these income and demographic effects either become smaller or disappear after the vehicle characteristics are controlled for. Among vehicle characteristics, being newer, Japanese or European made, luxury brand, with more cylinders, with power brakes, sunroof, and four-wheel drive increase the probability of leasing. Purchasing the vehicle new instead of used, having a lower down payment and monthly payments, and having a smaller number of contracted payments also increase the probability of leasing.

×

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Fan, Jessie X. and John R. Burton. 2002. Students' Perception of Status-Conveying Goods. *Financial Counseling and Planning*, 13 (1): 35-46.

 | [Google Scholar](#)  |

Federal Reserve Board. 2004. Keys to Vehicle Leasing. <http://www.federalreserve.gov/pubs/leasing/default.htm#difference>.

 | [Google Scholar](#)  |

Maddala, G.S. 1983. *Limited-Dependent and Qualitative Variables in Econometrics*. Cambridge, UK: Cambridge University Press.

 | [Google Scholar](#)  |

Mannering, Fred, Clifford Winston, and William Starkey. 2002. An Exploratory Analysis of Automobile Leasing by US Households. *Journal of Urban Economics*, 52 (1): 154-176.

 | [Web of Science®](#)  | [Google Scholar](#)  |

Miller, Stephen. 1995. The Economics of Automobile Leasing: The Call Option. *The Journal of Consumer Affairs*, 29 (Summer): 199-218.

 | [Web of Science®](#)  | [Google Scholar](#)  |

Nunnally, Bennie H. and D. Anthony Plath. 1989. Leasing versus Borrowing: Evaluating the Alternative Forms of Consumer Credit. *The Journal of Consumer Affairs*, 23 (Winter): 383-392.

 | [Web of Science®](#)  | [Google Scholar](#)  |

Patrick, Thomas M. 1984. A Proposed Procedure for Facilitating the Analysis of Lease-Purchase Decisions by Consumers. *The Journal of Consumer Affairs*, 19 (Winter): 355-365.

 | [Google Scholar](#)  |

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

U.S. Department of Labor, Bureau of Labor Statistics. 2003. *Consumer Expenditure Survey 2001: Interview Survey and EXPN Files*. Ann Arbor, MI: Inter-University Consortium of Political Science Research.

 [Google Scholar](#) 

Citing Literature



[Download PDF](#)

ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)

[Terms of Use](#)

[About Cookies](#)

[Manage Cookies](#)

[Accessibility](#)

[Wiley Research DE&I Statement and Publishing Policies](#)

HELP & SUPPORT

[Contact Us](#)

[Training and Support](#)

[DMCA & Reporting Piracy](#)

[Sitemap](#)

OPPORTUNITIES

[Subscription Agents](#)

[Advertisers & Corporate Partners](#)

CONNECT WITH WILEY

[The Wiley Network](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)



[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)



Manage Preferences

Accept All

Reject Non-Essential