

Consumer Well-being in Later Life: Conceptual Foundations and Preliminary Empirical Evidence

Florian Kohlbacher
German Institute for Japanese Studies (DIJ) Tokyo

International Workshop

Well-being in Ageing Societies: Perspectives from China, Germany and Japan

German Institute for Japanese Studies (DIJ) Tokyo, Japan

German Centre of Gerontology (DZA), Germany

Institute of Population and Labor Economics (IPLE), Chinese Academy of Social Sciences (CASS), PR China

Beijing, 24 October 2013

Consumer Sovereignty

(Nelson 1970)



Beijing Capital Airport, October 2013

The marketer's dilemma

“The dilemma for the marketer [. . .] is that he cannot go on giving the consumer only what pleases him without considering the effect on the consumer's and society's well-being.”

Philip Kotler (1972, p. 54)

Who is the silver consumer?

'If we talk about the two billion older people that will inhabit this planet by 2050, it still means that these two billion are composed of individuals, a diverse group who contribute to society in many, many different ways.'

Professor Dr. Ilona Kickbusch
Chairperson of the World Ageing & Generations Congress

Background

- **Demographic change and its business implications** (Drucker 2002; Dychtwald 2000; Kohlbacher & Herstatt 2011)
- **Growing importance of the 50+ population, but:**
 - Older consumers are still routinely neglected by many marketing and advertising practitioners/researchers (Szmigin & Carrigan 2001; Sudbury & Simcock 2009)
 - Companies generally acknowledge importance but hardly every take concrete (marketing) action (Kohlbacher 2011; Kohlbacher et al. 2013)
- **Rising interest in consumer well-being** (Pancer & Handelman 2012 for a historical review)
 - *Institutional approach* at the University of Wisconsin since 1892
 - *Macromarketing* school of thought since the late 1970s
 - ‘*Transformative consumer research*’ movement (Mick 2006; 2008; Mick et al. 2011)
 - Related special issues in: Journal of Macromarketing (December 2007), Journal of Consumer Research (October 2008), Journal of Public Policy and Marketing (Spring 2011), Journal of Business Research (August 2013)
- **Dearth of research on consumer well-being in later life**
 - Despite the fact that in gerontology, the subjective well-being of older people is one of the most studied areas (Carstensen 2009; George 2010)

Consumer Well-being (CWB)

The Concept

- The effect of marketing on consumers' quality of life has interested many scholars (Sirgy 2001; Sirgy & Lee 2008; Sirgy et al. 2008b)
- Marketing influences consumers' quality of life in large part because it directly affects satisfaction in the consumer life domain and indirectly in other life domains such as work life, family life, leisure life, financial life, among others (Day 1978; 1987; Day & Walters 1991; Leelakulthanit et al. 1991; Lee & Sirgy 1995; Sirgy et al. 2001; Samli et al. 1987)
- All aspects of the consumption process are affected by the macromarketing system (Lee & Sirgy 1995; Rook 1985)
- "...the psychosocial phenomenon of consumer well-being should be measured in terms of satisfaction and dissatisfaction stemming from one's aggregate experience of consumer goods and services within a given macromarketing system." (Lee et al. 2002: 158)

Consumer Well-being (CWB)

Measures

- CWB is different from consumer/ customer satisfaction (Fornell et al. 1996; Oliver 2009; Szymanski & Henard 2001) in that CWB is inherently guided by a different meta-level concept: the link to quality of life (Lee & Sirgy 2012)
- Many different conceptualizations and measures of CWB, e.g. (see review by Lee & Sirgy 2012)
 - Satisfaction with shopping (Meadow & Sirgy 2008)
 - Satisfaction with possessions (Nakano et al. 1995)
 - Both of the above (Day 1987; Leelakulthanit et al. 1991)
 - Satisfaction with various dimensions of marketplace experiences ranging from shopping to disposal of consumer goods (Lee et al. 2002)
- Community-based CWB measure (Sirgy et al. 2008, based on Lee et al. 2002)
 - captures consumer satisfaction experiences related to all six types of consumer experiences in the marketplace:
 - acquisition, preparation, consumption, ownership, maintenance, and disposal₇ of a variety of consumer goods and services

Consumer Well-being (CWB)

Measures

The Research Model



Note: e = error.

Consumer Well-being (CWB)

Empirical findings

- Spending money increases happiness, when money is spent on/for
 - Charitable donations (Aknin et al. 2013; Dunn et al. 2008)
 - Things which help foster social relationships (Lyubomirsky 2007)
 - Experiences as opposed to physical objects (Van Boven & Gilovich 2003), so long as the experience was purchased with the primary goal of acquiring a life experience (Ahuvia et al. 2010)
- Product ownership and/or use can increase life satisfaction/
happiness (Cockrill 2012; Hsee et al. 2009; Hudders & Pandelaere 2012; Nicolao et al. 2009; Zhong & Mitchell 2010)
- Consumption → Happiness OR Happiness → Consumption? (Güven 2012)
- Materialism's negative impact on happiness/ life satisfaction (Ahuvia & Wong 2002; Wright & Larsen 1993; Richins & Dawson 1992; Sirgy 1998)
 - TV viewing and TV advertising increase materialism and decrease well-being (Sirgy et al. 1998a,b; 2011a,b; Frey et al. 2007)
 - Prevalence of luxury cars in the municipality of residence has negative impact on own income satisfaction (Winkelmann 2012; cf. also Linssen et al. 2012, conspicuous consumption)
 - Too much choice can produce a paralyzing uncertainty, depression, and selfishness (Markus & Schwartz 2010)

Consumer Well-being in Later Life

Issues

- Older people included in “at-risk consumers” (Pechmann et al. 2011)
- Vulnerability of older consumers (Moschis et al. 2011)
- Necessity to study the well-being of older consumers in a business context (Moschis & Pettigrew 2011a,b)
- Research has begun to discuss this issue both directly (e.g. Moschis & Mathur 2008; Moschis & Pettigrew 2011a) and indirectly in terms of how new products and services can contribute to the quality of life of older consumers (e.g. Kohlbacher & Hang 2011; Zhang & Umemuro 2012)
- Technology impacts on a variety of aspects of older people’s life and can subsequently affect their well-being and quality of life (Czaja & Schulz 2006; Mellor et al. 2008; Kohlbacher & Hang 2011; Kohlbacher 2013; Thompson 1996; Zhang & Umemuro 2012)
 - But state-of-the-field not fully conclusive (see review by van der Wardt et al. 2012)

Consumer Well-being in Later Life



Empirical findings: HRS

- Wealth at retirement age a significant predictor of overall well-being for the recently retired (Bearden & Wilder 2007, HRS data)
 - Significant lifecycle effects of marital status and number of children on consumer wealth (after controlling for education, race, gender, and health)
- Only one component of consumption positively related to happiness: leisure consumption (DeLeire & Kalil 2010, HRS data)
 - In contrast, consumption of durables, charity, personal care, food, health care, vehicles, and housing not significantly associated with happiness
 - Leisure consumption associated with higher levels of happiness partially through its effect on social connectedness

Consumer Well-being in Later Life

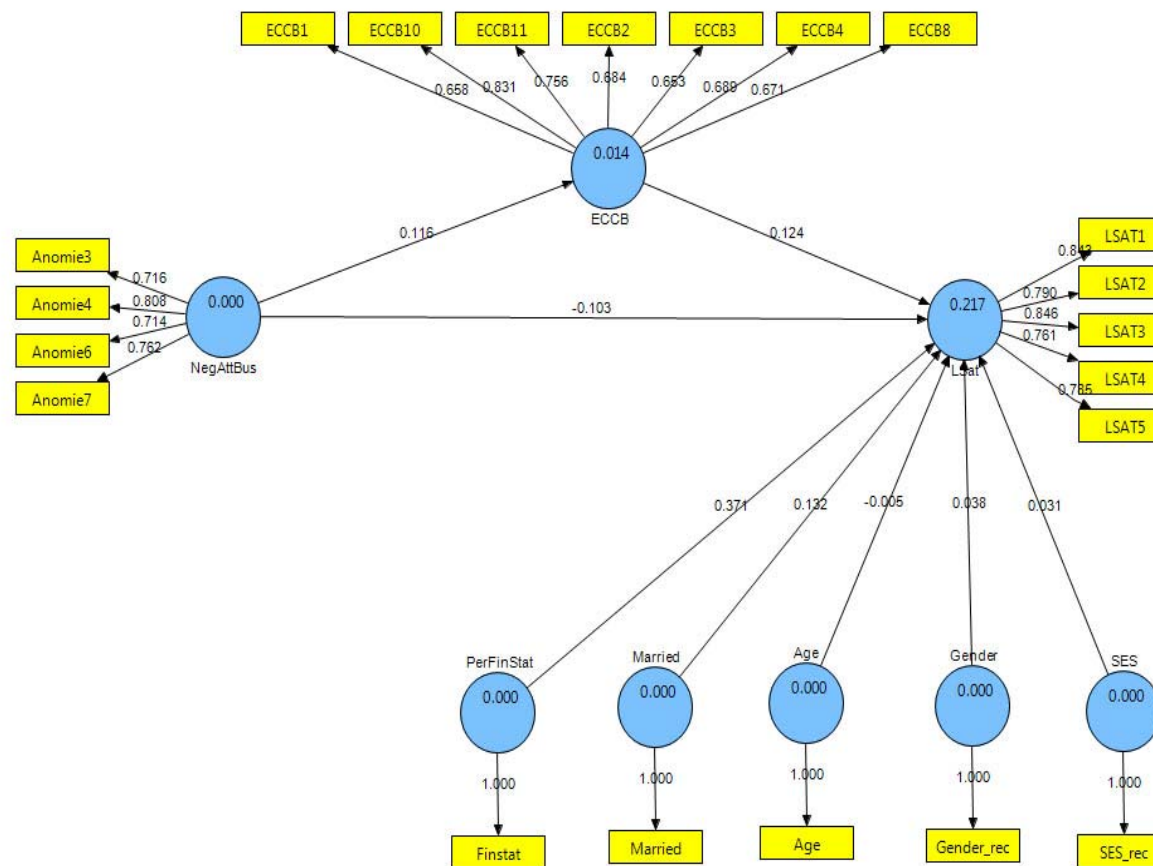


Empirical findings: Others

- **Overall Consumer Satisfaction-Composite** (Meadow & Sirgy 2008)
 - Life satisfaction (or subjective quality of life) can be predicted significantly from satisfaction with a variety of retail establishments in the local area for a sample of 249 elderly consumers
- **Acquisition/Possession Satisfaction Model** (Leelakulthanit et al. 1991)
 - Significant relationship between possession satisfaction and life satisfaction
 - The finding was more pronounced for *older* and low-income people than counterpart segments
- **Bottom-Up Spillover Model** (Rathz & Sirgy 2000; Rahtz et al. 2004; Sirgy et al. 2004)
 - Bottom-up spillover from community QOL to life satisfaction is greater for those with low personal health satisfaction, lower income, and *old age*

Preliminary Empirical Evidence

Negative Attitudes towards Business and Ecological Consumption



- Negative attitudes towards business have negative impact on Lsat
 - But not in 50+ sub-sample!
- Ecological consumption has positive impact on Lsat (see also Welsch & Kühling 2010; Xiao & Li 2011)
- Age, gender, SES have no significant impact
- Impact of perceived financial status very strong

Preliminary Empirical Evidence

Attitudes towards Advertising and TV and Ad Consumption

50+ sub-sample
N=911
Mean age=62.27

a,b

| Model | DV: LSat | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|-------|---|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | .696 | .321 | | 2.165 | .031 | | |
| | Age | .009 | .003 | .086 | 2.773 | .006 | .906 | 1.104 |
| | Gender | -.077 | .051 | -.047 | -1.506 | .132 | .895 | 1.117 |
| | Education | .037 | .026 | .047 | 1.445 | .149 | .827 | 1.209 |
| | Financial Situation (reverse coded) | .414 | .030 | .422 | 14.025 | .000 | .953 | 1.049 |
| | TV Consumption multiplied 2 (geometric mean of h/day * days/week) | .045 | .035 | .043 | 1.300 | .194 | .789 | 1.268 |
| | In the past several years, did the amount of time you watch TV increase or decrease? | .014 | .029 | .015 | .475 | .635 | .819 | 1.221 |
| | Overall, I consider advertising a good thing. | -.008 | .034 | -.008 | -.250 | .803 | .822 | 1.217 |
| | Ad Use summated scale (5 items) | .114 | .037 | .101 | 3.081 | .002 | .802 | 1.247 |
| | FAQ_anti-aged-bias score | -.425 | .146 | -.087 | -2.907 | .004 | .972 | 1.028 |

Age Group (< 50 and >= 50) = >= 50

Dependent Variable: Life Satisfaction summated scales (Q21 all 5 items)

F(9)= 28.401, p < 0.001
R2 = .221

Preliminary Empirical Evidence

Adoption of Innovations and Materialism

| DV: Quality-of-Life (CASP) | 40-64 years (N=961) | | | | 65plus years (N=614) | | | |
|----------------------------|---------------------|------|---------|------|----------------------|------|---------|------|
| | B | SE B | β | p | B | SE B | β | p |
| (Constant) | 3.039 | .282 | | .000 | 3.757 | .528 | | .000 |
| Age | .001 | .003 | .007 | .797 | -.008 | .005 | -.062 | .116 |
| Gender | .057 | .046 | .033 | .215 | -.115 | .062 | -.072 | .064 |
| SES | .065 | .020 | .085 | .001 | .019 | .025 | .029 | .450 |
| Subjective health | .114 | .020 | .153 | .000 | .139 | .027 | .217 | .000 |
| Loneliness | -.278 | .032 | -.287 | .000 | -.261 | .049 | -.263 | .000 |
| Aging anxiety | -.052 | .021 | -.066 | .013 | -.020 | .026 | -.033 | .426 |
| Self-esteem | .261 | .019 | .377 | .000 | .241 | .029 | .336 | .000 |
| Social interaction | .086 | .022 | .115 | .000 | .098 | .031 | .149 | .002 |
| Technology adoption | .016 | .011 | .038 | .149 | .038 | .016 | .093 | .019 |
| R2-square | 0.506 | | | | 0.495 | | | |

Japan, 2011; N=1575; age 40-96 (M=61.03)

F(9)= 91.476, p < 0.001

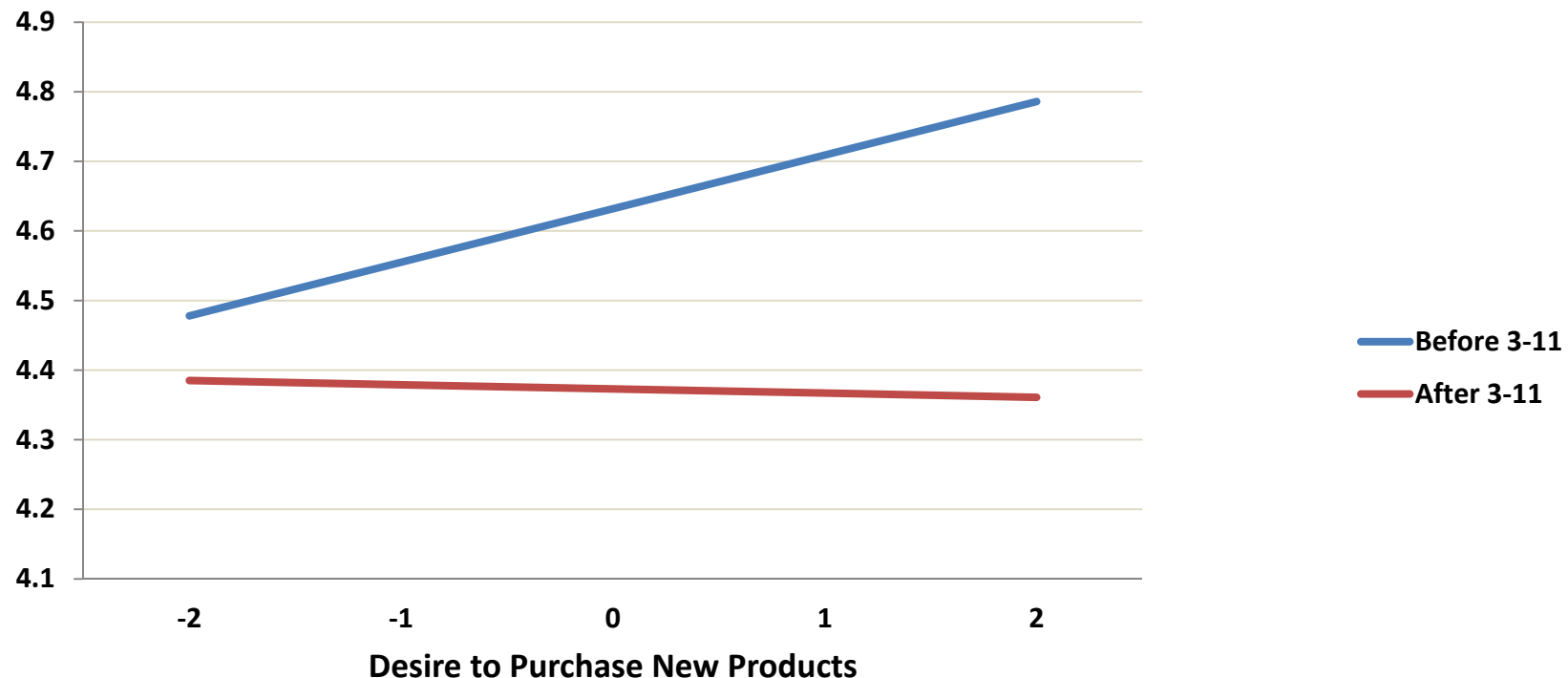
F(9)= 40.448, p < 0.001

- Materialism negatively related to QoL and Lsat (bivariate and when controlling for socio-demographics)
- Relationship turns non-significant when controlling for psycho-social measures

Preliminary Empirical Evidence

Desire to purchase new products and impact of 3-11

Life Satisfaction Now



Japan, 2011; N=1575; age 40-96 (M=61.03)

Controls: conscientiousness, extraversion, openness to experiences, marital status, age, gender, education, household income

After 3-11, respondents also evaluated their past LSat more negatively than before

Source: Oishi, Kohlbacher, Yagi, Komiya 2013

Conclusions & Questions

- Consumer well-being is an important issue
 - But the concept needs to be refined and clarified
- There is a relation between consumption and happiness
 - But the nature of it is complex needs clarification
- Marketing activities have an impact on consumer well-being
 - But the relationships are complex and need clarification
- What are the main issues pertaining to consumer well-being in the ageing society? What is the role of consumer education?
- What are the main drivers of consumer well-being?
- What is the role of businesses, NPOs, NGOs, policy makers and other stakeholders in influencing consumer well-being?
- Is there a corporate social responsibility regarding the ageing society/ older consumers? If so, what is it exactly?

Pursuing Consumer Happiness



Beijing Sanyuanqiao, October 2013

Q&A



Thank you very much!

Contact:

kohlbacher@dijtokyo.org