Consumer Welfare Considerations ACROSS Literacy and Resource Barriers

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Our research on low-literate, low-income consumers in the U.S. and India finds a variety of behaviors indicative of concrete thinking (e.g., buying based on a single attribute, often price, buying based on immediate need), often resulting in poor marketplace decisions (e.g., buying incorrect items, buying items with higher unit prices, foregoing substitute items). However, some low-literate consumers exhibit consumer expertise, a seemingly surprising result, given extant expertise perspectives. Our experience with educational interventions also suggests some counter-intuitive results, given our understanding of literacy. Thus, aspects of consumer welfare (e.g., consumer education, communication of product information) should be reconsidered for low-literate consumers.

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**SYMPOSIUM SUMMARY**

**Multifaceted Consumer Welfare: Broadening the Perspective**

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**SESSION OVERVIEW**

Current Perspectives on Consumer Welfare: In his ACR presidential address in 2006, David Glen Mick stresses that “transformative consumer research is not something new, nor has it been dormant” (page 2). Yet, the proliferation of scholarly studies and special session journals indicates consumer behavior scholars’ growing interests on the topic. To date, existing consumer welfare studies have primarily examined whether a particular consumption practice enhances or impairs consumer welfare. Consumer welfare has generally been treated as a dependent variable in association with consumption practices such as eating habits (Moore 2007, Chandon and Wansink 2007), alcohol consumption (Creyer et al 2002), gambling (Wijnholds and Little 2002), and consumption of product information (Balasubramanian and Cole 2002, Wansink and Chandon 2006), Balasubramanian and Cole (2002), for example, have tested how consumers benefit from product labels that include more negative attributes (such as sodium and fat where less is better). Reiterating the product labels-consumer welfare relationship, Wansink and Chandon (2006) pointed out the negative role of ‘low-fat’ nutrition labels for consumers. These welfare studies in relation to consumption have largely been guided by the question ‘how does consumer behavior impact consumer welfare?’ The Journal of Consumer Research’s Call for Papers for Transformative Consumer Research Special Issue also summarizes the scope of these studies as: “consumption that has positive or negative externalities is a way to study consumer welfare”.

Broadening the Construct of Consumer Welfare: Consumer behavior scholars have learned substantially from these previous consumer welfare accounts. While these prior elaborations are most relevant to our understanding of the consumer welfare concept in association with different consumption practices, they are limited in their scope and insufficient in their elaboration of what consumer welfare is and how broadly it could be studied. Consumer welfare analysis is limited to the one-step and somewhat deterministic assessment of the concept—as a dependent variable. Also, the consumer welfare concept is used interchangeably with other consumer behavior constructs such as subjective well being, consumer satisfaction, and quality of life and is also equated with higher levels of quality of life, overall happiness with life, absence of ill being, and greater social welfare (Sirgy, Lee, and Rahtz 2007). However, accepting the face-value of consumption practices for their consumer welfare implications, consumer researchers inevitably fail to notice the complex and profound layers of the consumer welfare concept.

The session builds on existing consumer welfare studies by exploring multiple faces of this complex and multi-layered concept. The session papers do not deem consumer welfare only as a dependent variable that is directly associated with a consumption practice but rather try to address the amorphous nature of consumer welfare that might be compromised and enriched at the same time for the same practice. The session also extends existing scholarship by pointing at some boundary conditions where the existing consumer welfare frameworks fall short of offering elaborate explanations and understandings. Assumptions about consumers, contexts, and units of analysis are challenged by the session papers to broaden the frameworks. Thus, the session has been designed to contribute to an attempt to theory development of consumer welfare by furthering the existing frameworks and identifying their limits.

**Papers:** The three papers are united in their exploratory perspective as each of them seeks to broaden the existing consumer welfare frameworks and challenge at least one assumption related to existing discussions on the topic.

Ilhan and Tumbat attempt to extend the existing studies on consumer welfare by introducing an alternative consumer choice prospect. To challenge the face value of counterfeit consumption as lessening consumer welfare, they introduce a context that offers new choice scenarios where the consumer choice is between having a counterfeit product versus not having anything. They argue that the choice dichotomy of having an ‘authentic’ versus a ‘counterfeit (inauthentic)’ product–imposed by the existing Western lenses–is an impediment to explore possible positive consumer welfare implications of counterfeit consumption. Their findings challenge the anti-counterfeit consumption discourse and propose a novel conceptualization of consumer welfare based on this alternative choice prospect.

Askegaard and Kjeldgaard, in their study of consumption of personal coaching, challenge the validity of the assumption underlying the coaching phenomenon: that it is possible to perform oneself to better consumer welfare. Starting at the self-actualization level, they formulate a framework for investigating consumption of self-improvement therapy, exemplified by personal coaching. They then, discuss both the potential, negative macro-level consequences of the self-actualization and coaching techniques for consumer welfare in spite of the positive phenomenological experience and also the legitimacy of such macro-level critiques in the face of positive consumer experiences.

Finally, adopting a different theoretical perspective, Gau and Viswanathan re-examine the concept of consumer expertise and discuss counterintuitive implications on traditional notions of consumer welfare. Using problem solving frameworks, they suggest that traditional notions of consumer welfare should be reconsidered in light of the unique cognitive tendencies observed in low-literate consumers. Challenging the assumptions about consumer expertise, they assert that a more complete understanding of the low-literate consumer experience would include a more complete incorporation of context and macro considerations, as well as the further distinctions of literacy, perhaps into individual components of literacy and numeracy. In their paper, they iterate how this greater understanding would reveal a clearer picture of what consumer welfare could be.

This special session is very up to date with the recent transformative consumer research direction that guides the consumer behavior field. As it seeks to build on, challenge, and extend prior consumer welfare frameworks and literature, this symposium appealed to a broad cross-section of ACR attendees, particularly to the ones who are interested in and in search for new and broader directions on consumer welfare. David Glen Mick, as one of the initiators of transformative consumer direction in the field and expert in the area, was the ideal discussion leader who is well positioned to comment on research that seeks to broaden the existing frameworks.
ABSTRACTS

“Counterfeit Consumption: Consumer Welfare Perspective”
Behice Ece Ilhan, University of Illinois at Urbana-Champaign
Gulnur Tumbat, San Francisco State University

Previous studies suggest that counterfeit consumption, regarded as an illegal and unethical practice, has undesirable consequences for markets, firms, and also for consumers. The focus of consumer studies on the topic is limited to the motivations for or symbolic meanings of counterfeit consumption. Yet, the potential positive consequences of counterfeit consumption on consumer’s welfare haven’t been explored. We argue that the Western contexts used in existing studies bring in a specific choice dichotomy—between having an ‘authentic’ versus a ‘counterfeit (inauthentic)’ product—that acts as an impediment to explore possible consumer welfare implications of counterfeit consumption. We use an alternative context where the consumer choice may be between having a counterfeit product versus none to explore consumer welfare implications of counterfeit consumption. Our findings challenge the anti-counterfeit consumption discourse and propose a novel conceptualization of consumer welfare.

“Coaching for Capacity or Incapacity? Self-Actualization and Consumer Welfare”
Søren Askegaard, University of Southern Denmark, Odense
Dannie Kjeldgaard, University of Southern Denmark, Odense

Consumption of personal coaching is growing rapidly. Based on a utopian and a dystopian vision on the contemporary culture of self-actualization, we formulate a framework for investigating consumption of self-improvement therapy, exemplified by personal coaching. Sixteen consumers were interviewed about their motivations for engaging in as well as their experiences of personal coaching and its consequences for their lives before, during and after the therapy. We analysed the results of the interviews in the light of its contribution to consumer welfare using insights from positional economy, the ideology of performance, and critical perspectives on the self-help ideology and industry.

“Consumer Welfare Considerations Across Literacy and Resource Barriers”
Roland Gau, University of Illinois at Urbana-Champaign
Madhu Viswanathan, University of Illinois at Urbana-Champaign

Our research on low-literate, low-income consumers in the U.S. and India finds a variety of behaviors indicative of concrete thinking (e.g., buying based on a single attribute, often price, buying based on immediate need), often resulting in poor marketplace decisions (e.g., buying incorrect items, buying items with higher unit prices, foregoing substitute items). However, some low-literate consumers exhibit consumer expertise, a seemingly surprising result, given extant expertise perspectives. Our experience with educational interventions also suggests some counter-intuitive results, given our understanding of literacy. Thus, aspects of consumer welfare (e.g., consumer education, communication of product information) should be reconsidered for low-literate consumers.

References available upon request