Living in a Material World: the Role of Materialism in Consumer Confidence & Well-Being

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This research is the first to explore the relationships between materialistic values and consumer confidence using data from two large scale surveys of nationally representative consumers. It finds that materialism can contribute to regeneration strategies: hope and materialism interact to increase consumer confidence in the economy and in future spending.

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Creating and Resolving Tensions: Exploring the Different Effects Materialism Has on Consumers and Society

Chairs: Laurel Steinfield, University of Oxford, UK
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Paper #1: Materialism and Well-Being among Consumers of Three Asian Subcultures: The Effects of Religion and Ethnicity
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George P. Moschis, Georgia State University, USA

Paper #2: Social Stratification and the Materialism Label: The Retention of Racial Inequities between Black and White Consumers in South Africa
Laurel Steinfield, University of Oxford, UK
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Paper #3: When the Going Gets Tough the Materialistic Go Shopping: Materialism and Consumption Response to Stress
Ayalla Ruvio, Michigan State University, USA
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Paper #4: Living in a Material World: The Role of Materialism in Consumer Confidence and Well-Being
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SESSION OVERVIEW

Who is materialistic, and why, and whether materialism has positive or negative implications, fluctuates pending the social context. Such fluidity suggests that it may be time to reevaluate the basic concept, which has been formulated as an individual construct, to consider encompassing the social milieu—religious influences, group tensions, and socio-economic context.

This special session creates such an opportunity, allowing researchers to explore the meaning of materialism and to move the construct from a deeply rooted personal value to one shaped by social conditions and tensions. To do so, it demonstrates how the concept can have widely different results even when all the studies pull from the same scale (Richins and Dawson 1992). The studies stretch the concept across diverse geographical regions—Malaysia, South Africa, Israel and America —and across divergent groups of consumers and social settings Some pull at the social tensions and consumer stress associated with materialism, others demonstrate how it can be used as a positive force to rejuvenate the economy. This session would open up the constructed scale to expose its inherent biases, to explain what aspects of the scales give rise to the varied findings and how the social context influences these findings, and ultimately, provide a starting ground where cultural biases that shape our understanding and study of the general concept of materialism can be brought to the fore.

Fon Sim Ong and George P. Moschis open the session with evidence that may help explain the contradictory outcomes that have often plagued materialism and well-being studies. Using a large survey of Malaysians, their study finds adherents of Islam, who tend to place material possessions in direct philosophical conflict with pious living, experience higher levels of stress if they are materialistic, which in turn will lower their level of life satisfaction. In contrast, these results differ from Hindus and Buddhists, who conceptualize the relationship between the material and spiritual in a different way. Consequently, the effects of materialism are strongly moderated by both religion and the level of religiosity.

Laurel Steinfield and Linda Scott similarly build from the moral tensions materialism creates around consumption, but view “materialism” as an epithet that is used in South Africa to protect racial stratifications. They demonstrate that “materialism” is a local racial slur, intended to discredit the consumption behavior of blacks when they purchase goods formerly available only to whites. Hurling an insult about black “materialism” thus acts as a moral restriction to protect the demarcating power of goods.

Ayalla Ruvio, Eli Somer, and Aric Rindfleisch discuss how materialism influences coping in extreme stress situations. When traumatic stress increases, materialistic people react more adversely, often by engaging in maladaptive consumption behaviors such as impulsive buying and shopping escapism.

Dee Warmath and Nancy Wong end by discussing how materialism can help a society navigate economic downturns through triggering consumer spending. They break apart the materialism scale to note how the different sub-categories affect consumer behavior. Two dimensions of materialism (success and centrality) combined with hope bolsters consumer confidence about the economy, while the happiness dimension of materialism combined with hope influences personal confidence and leads to higher spending expectations.

Each of the studies points to a different way of viewing materialism and offers potentially fruitful avenues for future research, yet the sum of these approaches may also help us to imagine how a better understanding of the social dimensions of materialism can guide policies, even in high stress situations and among diverse groups, toward more humane tactics. This session should be of relevance to researchers interested in materialism, cross-cultural studies, consumption and wellbeing, and moral versus immoral consumption.

Materialism and Well-Being among Consumers of Three Asian Subcultures: The Effects of Religion and Ethnicity

EXTENDED ABSTRACT

Studies on the relationship between materialism and life satisfaction have produced contradictory findings across cultural settings. There is little theory to suggest the reason(s) materialism is associated (positively or negatively) with well-being in some countries and not in others, the processes that link materialism to life satisfaction, and the variables that moderate this relationship. Furthermore, it is not clear whether materialism is the cause or the consequence of well-being, whether the two variables are causally related, or even whether the previously reported relationships between them represent the effects of third variables.

This paper explores the impact of the socio-cultural context on materialism. It presents the results of a government funded large-scale study that seeks to explain the relationship between materialism and well-being by assuming that materialism 1) affects well-being, 2) is a consequence of a person’s well-being, or 3) its relationship with well-being is the result of third variables, especially ethnic and religious differences among consumers of a culturally diverse Asian society. By confining the present study to a sample of consumers drawn from Malaysia—a country of diverse subcultures who share similar cultural values (collectivistic), we attempt to control the ef-
fects the other possible reasons that generate these differences, ranging from broad macro-environmental factors (e.g., country-related) to mediating processes, as well as ways people in different countries respond to questions and measurement instruments.

The study involved a survey using face-to-face interviews with 1,025 adult Malaysian consumers who lived in five major cities/towns. Non-probability quota sampling was employed to ensure equal representation of the three ethnic groups, Malays, Chinese, and Indians. All of the respondents were age 20 or older, and the average (mean) age of the sample was 48.08 years old, with a standard deviation of 16.58 years. The percentages of female and male respondents were almost equal: 51.4% of the respondents were female and 48.6% were male. The respondents’ ethnic backgrounds were: 52.9% Malay, 29.4% Chinese, 15.6% Indian, and 2.1% were of other ethnic backgrounds.

The items in the questionnaires were designed to collect data on the variables related to the hypotheses of this study. The constructs: materialism, well-being (measured using life satisfaction and self-esteem), stress, and religiosity were measured by using established scales. All of the scales had a Cronbach’s alpha greater than .70. A measure of social desirability was also used.

In this study, we first assumed that materialism is a causal variable that adversely affects well-being, as this is the implicit assumption of most studies (e.g., Burroughs and Rindfleisch 2002). We then, however, tested a second explanation for the observed negative relationship between well-being and materialism, assuming a reverse causality: well-being leads to materialism. Because well-being is defined by psychologists in several ways, including self-esteem and strength of aversive feelings (e.g., depression, anxiety, stress) (Burroughs and Rindfleisch 2002), it has been shown that materialism helps consumers alleviate negative feelings and low self-worth (e.g. Belk 1988; Chaplin and John 2007). We use structural equations modeling with instrumental variables to decompose the possible reciprocal effects of the two constructs, but our instruments turn out to be weak predictors of their respective variables.

In using conventional methods of data analysis to test our hypotheses, we find that stress mediates the effects of materialism on life satisfaction, and religiosity moderates the relationship between materialism and stress, which has negative effects on well-being. However, this finding holds among the most religious Malays (Muslims). These findings suggest that it is the specific values of the Islam religion that might be in direct conflict with material possessions, not those promoted by Hinduism or Buddhism; and they help clarify the conflicting values perspective (Burroughs and Rindfleisch 2002) because they suggest that religiosity is a necessary but not a sufficient condition (i.e., religious beliefs matter).

In viewing materialism as a consequence of well-being, we find that only lower degree of stress significantly moderates the effects of self-esteem on materialism. These findings suggest that self-esteem is a coping resource, as suggested by Thoits (1995). During stressful times, material possessions may be viewed as means to reducing stress—i.e., medicating one’s adverse emotions, rather than serving as means of enhancing one’s self in the eyes of others. In contrast, in the absence of stress, Malays may value material possessions as a way of “showing face” to others, a motivation commonly noticed in Asian countries (Wong and Ahuvia 1998).

The study findings suggest that consumers in different Asian ethnic subcultures are affected unequally by their religions and religiosity. Religion may constitute one of the main factors that affect each subculture’s belief system regarding life in general and consumption in particular. As shown in this study, religiosity significantly and directly affects the life satisfaction of all three ethnic groups. However, in terms of consumption behavior, other factors may also influence each subculture differently. Specifically, the study findings suggest that because the materialistic values of the Indians cannot be predicted by either religiosity or life satisfaction. When comparing the three ethnic subcultures, the Malays, who are Muslims, appear to be affected by religiosity the most, both in terms of life satisfaction and materialism. Although the Chinese are less religious than the Indians, their levels of religiosity have a greater effect on their life satisfaction and materialism.

These findings could be explained by other factors that relate to different social structures in which these subcultures are embedded. The results, for example, also demonstrate how different ethnic subcultural groups have different predictors of life satisfaction (Diener and Diener, 1995). Diener et al (1998) have found that causes of subjective well-being reflect people’s values. Thus, in a collectivist culture, differences in subjective well-being could be due to culturally defined norms that lead to different emotional reactions depending on what the subculture defines as acceptable (Suh and Koo, 2008).

This study offers evidence to help explain the socio-cultural context and mechanisms that account for the negative relationship between materialism and life satisfaction reported in previous studies conducted in many countries.

Social Stratification and the Materialism Label: The Retention of Racial Inequities between Black and White Consumers in South Africa

EXTENDED ABSTRACT

We begin from the observation that, in English-speaking societies, “materialistic” is an epithet. The moral polarity that results — materialism (sin) versus spirituality (virtue) — is clearly reflected in the early CB literature on the topic (Belk 1983; Pollay 1986). Indeed, the word’s status as an insult is apparent in socially desirable responding (Mick 1996) among research subjects.

In this research, therefore, we focus on the circumstances in which one group labels another “materialistic”: we ask why they are using that particular label and question whether the being thus labeled view themselves as “materialistic.” Using Goffman’s (1951) work on status symbols, we look at how the application of this pejorative protects the demarcating power of goods when a threat of misappropriation occurs. Status symbols hold expressive powers (they express the cultural values, lifestyles, privileges or duties a person holds) and categorical powers (they visibly divide the social world), and so their misappropriation threatens the social distinctions that maintain hierarchy. The accusation that someone is “materialistic” exemplifies a set of interested moral restrictions designed to keep outgroups from acquiring the symbols of the established elite. Such moral restrictions are often guised as “religious scruple, cultural disdain, ethnic and racial loyalty, economic and civic propriety, or undisguised ‘sense of one’s place’” (Goffman 1951: 297). In this study, we consider how materialism acts to restrict consumption by social grouping, as well as the power agenda that the rhetoric of morality conceals.

We look at the social context surrounding the use of materialism, not to discern how the meaning of materialism changes with differing value structures, but to look at whether it acts to produce judgments that protect the hierarch. Using the luxury goods market in South Africa, we show how the term is imbued with power that maintains race-based social stratifications. We assess the reasons “materialistic” people consume and show how personal justifications illuminate stratification.
In South Africa, through government and business initiatives focused on empowerment and wealth creation (such as Black Economic Empowerment (BEE)), there is an emerging black middle class starting to challenge one of the significant legacies of apartheid - the racial segmentation of class and consumption. Studies being conducted on this group, popularly labeled “Black Diamonds,” show an increase in the proportion of black households in the upper quartile income segment. In 2006, 78.8% of white households, compared to only 8.6% of black households, were in the upper quartile (Statistics South Africa 2008). Yet by 2011, black households represented 40% of South Africa’s richest 10%. In demonstrating their new wealth, Black Diamonds often “trade-up” and emulate the respectable life of the elite White through living in White-majority posh areas, sending their children to prominent English or Afrikaans schools, and procuring the status symbols once definitive of the white elites (UCT Unilever Institute 2011).

Our study focuses on luxury consumption in South Africa, focusing on an observable status symbol with expressive potential, but with previously limited availability for blacks. Media coverage and speeches by prominent South Africans were first analyzed to understand the local discourse around luxury consumption and race. Participant observations were conducted at the boutiques where the line under study was sold. We then conducted forty interviews with luxury goods consumers and sales personnel, using pictorial stimuli and adjective checklists. We administered Richins and Dawson’s (1992) scales, but afterward showed respondents their scores and asked them whether they agreed with the outcome.

As we expected, pejorative terms of “ostentatious,” “flashy,” and “materialistic,” were often applied to describe the luxury consumption of blacks, which did not exist to the same extent for whites. Local terms that emerged during interviews to describe “materialistic” consumers, such as “fat BEE cats” and “tenderpreneurs,” are applied only to black people. Our analysis of media and speeches explain how these terms linked the origins of black wealth with corruption and government nepotism, and are used to taint the legitimacy of blacks’ wealth and luxury consumption. Blacks are believed to consume luxury goods for less appropriate reasons than whites: blacks purchased products for status or brand labels, versus the white elite who are believed to purchase and truly appreciate luxury goods for their quality and craftsmanship. These beliefs were accepted and internalized by both blacks and whites, and reflected in their justifications for their own materialistic tendencies. When asked about their own “materialism” scores, blacks would often accept that they could be considered materialistic because they wanted to achieve and demonstrate their new wealth. For them, status symbols were “game changers” in business meetings, in wedding proposals, and for their own personal sense of accomplishment. In contrast, white consumers would downplay the applicability of their materialism scores, saying they merely appreciated the finer things in life.

Thus, we argue that the social dislocations resulting from the post-apartheid power shifts have given rise to moral polarities describing luxury consumption of different races. From this perspective, “materialism” is not a consumer value or trait, but instead a word with a social use: to maintain racial stratifications. These findings suggest that “materialism” is used by people as a moral restriction, and as such, these findings may have relevance for other contexts with intense social dislocations or for other stratifications (gender, class, religion) in which the threat of status deprivation exists.

When the Going Gets Tough the Materialistic Go Shopping: Materialism and Consumption Response to Stress

EXTENDED ABSTRACT

Recent consumer research has examined the influence of existential insecurity on a variety of consumption-related behaviors. Drawing upon Terror Management Theory, this research suggests that in times of upheaval and stress people often seek relief via shopping and consumption (Arndt, et al., 2004; Mathwick, et al. 2001 Rindfleisch et al., 2009). Unfortunately, research indicates that consumption provides little benefit to materialistic individuals (Belk, 1985; Burroughs & Rindfleisch 2002; Richins & Dawson 1992). Thus, it might be the case that materialism may actually make bad events even worse. Our research explores this question. Specifically, we suggest that highly stressful life events (such as a terrorist attack) will generate higher levels of post-traumatic stress (PTS) among materialistic individuals compared to their less materialistic counterparts. Furthermore, we theorize that materialistic individuals will also exhibit higher levels of maladaptive consumption behavior such as compulsive consumption and impulsive buying. In other words, we focus on the moderating effect of materialism on the relationships between PTS and the maladaptive consumption behavior. As such, we extend previous research that largely centers on direct negative outcomes of materialism, by examining the indirect (moderated) effect materialism, which makes negative outcomes even worse.

We conducted a field study that consists of 139 participants in the extreme-stress group who experienced ongoing terrorist attacks and 179 individuals in the low-stress group who were exposed to these events via the media only. Our measures include scales for materialism (Richins and Dawson 1992), PTS Symptom Scale (Foà et al. 1993), compulsive (Babin et al. 1994) and impulsive buying (Beatty & Ferrell 1998).

The results of our hierarchical regressions show that threat condition (0 = non-mortal-threat, 1 = mortal-threat) is positively associated with PTS (b = .44, p < .01). The mean level of stress in the mortal-threat condition was 17.4 (range: 0-51) compared to 6.5 (range: 0-40) in the non-mortal-threat condition (t(310) = -8.30, p = .001), indicating that participants from the mortal-threat threat condition experienced higher PTS than participants from the non-mortal-threat condition. In addition a significant interaction between threat condition and materialism (b = .10; p < .05) was established, which indicates that stress associated with a mortal threat is greater among highly materialistic individuals than their less materialistic counterparts.

We tested the effect of PTS as a mediator of maladaptive consumption, compulsive consumption and impulsive buying, and materialism as a moderator of these relationships.

Compulsive Consumption. Threat condition has a significant effect upon compulsive buying (b = .06; p < .05). In addition, PTS (the mediator) also exhibits a significant effect upon this outcome (b = .21; p < .05). Moreover, when this mediator is accounted for, the effect of the threat condition is reduced to non-significance (b = .02; ns). In addition, the interaction between PTS and materialism (the moderator) is also significant (b = .17; p < .01). These results indicate that PTS mediates the association between threat condition and compulsive buying and that materialism moderates the effect of PTS upon this outcome. Specifically, it appears that the use of compulsive consumption as a means of coping with the stress associated with a mortal threat is much more prominent among individuals high in materialism than those low in materialism.
Impulsive Buying. Threat condition has a significant effect upon impulsive buying ($b = .02; p < .05$). In addition, PTS (the mediator) also exhibits a significant effect upon this outcome ($b = .27; p < .01$). Moreover, when this mediator is accounted for, the effect of the threat condition is reduced to non-significance ($b = -.01; ns$). In addition, the interaction between PTS and materialism (the moderator) is also significant ($b = .13; p < .05$). These findings indicate that PTS mediates the association between threat condition and impulsive buying and that materialism moderates the effect of PTS upon this outcome. Specifically, it appears that the use of impulsive buying as a means of coping with the stress associated with a mortal threat is considerably more prominent among individuals high in materialism than those low in materialism.

Our results reveal that, in addition to its well-documented harmful direct effect on psychological well-being, materialism also exerts an indirect negative effect by making bad events even worse. Our findings contribute to this school of thought by offering a more comprehensive view of the relationship between materialism and stress. Going beyond the simple association between materialism and higher levels of stress (in the form of PTS), our study suggest that materialism also shapes the manner in which individuals cope with this stress. Specifically, our results indicate that, materialistic individuals are more likely to respond to traumatic stress via impulsive and out of control consumption activities. Thus, materialism’s relationship with stress may be even more pernicious than commonly thought.

Living in a Material World: The Role of Materialism in Consumer Confidence & Well-Being

EXTENDED ABSTRACT

In 2008, America entered its worst recession since the Great Depression. Two perspectives were offered as the proper response to lead the country out of that state: the recovery perspective and the reset perspective. The recovery perspective suggests that we awaken the materialism of Americans and get consumers spending again (Posner 2009). In contrast, the reset perspective suggests that materialism is what got us into this mess and that the current circumstances offer a perfect opportunity to seek alternative belief and value systems that promote greater health and well-being (Arndt et al. 2004). These perspectives fundamentally differ in their views on the impact of materialism on well-being, recovery assuming a positive impact and reset assuming a negative one.

Despite our cultural inclination toward materialism, there is meaningful variation in the levels of materialism from one individual to another, due to biological, personal and social circumstances (Giddens, Schermer and Vernon 2009). Numerous studies have examined the relationship between materialism and such consequences as quality of life (Roberts and Clement 2006), life satisfaction (Burroughs and Rindfleisch 2002), pro-social behavior (Briggs et al. 2007), and racism (Roets et al. 2006) and generally find that negative effects of materialism outweigh the positive ones; thus suggesting that we should find ways to reduce our materialistic tendencies.

However, notwithstanding its negative consequences, materialism has also led to increased standard of living, productivity and technological advances (Inglehart and Welzel 2005). More recently, Gardarsottir, Dittmar and Aspinall (2009) suggest that it is not necessarily the pursuit of acquisition, but the motives for that pursuit that determine whether the welfare results are negative. Ingrid, Majda and Dubravka also suggest that “materialistic aspirations will not decrease people’s well-being if they help them to achieve basic financial security of some intrinsic goals” (2009, p. 317). Therefore, motives for acquisition play an important role in determining whether materialistic values produce positive or negative welfare results. “Materialism has often been blamed for consumers’ overspending and excessive debt levels, but there is little understanding of how materialism influences these practices” (Richins 2013).

This study embeds materialism in a broader decision context to examine the process by which materialism triggers consumer spending. Materialism, or possession-defined success and the centrality of acquisition (Richins and Dawson 1992), is shown to bolster general confidence while possession as happiness increases one’s personal level of confidence toward the economy, thus leading to increased expected spending. Another psychological factor, hope (Snyder et al. 1991) provides the motivation, which is conceptualized as “a positive motivational state that is based on an interactively derived sense of successful (1) agency (goal-directed energy) and (2) pathways (planning to meet goals)” (p. 287). Based on this psychological representation, consumers who are more materialistic and who have higher levels of hope will have higher expectations for future consumption.

Past research on consumer confidence indicators has found that consumer attitudes about the future predict future consumption over and above changes in future economic resources (Carroll, Fuhrer and Wilcox 1994; Ludvigson 2004). More recently, researchers are advocating that marketing and psychological variables that bridge the gap between production and consumption (Bovi 2009) could also play a role in predicting consumer spending. For example, Fornell, Rust and DeKimpe (2010) find that aggregate customer satisfaction (ACSI) predicts 23 percent of the variation in future consumer spending growth. However, these studies tend to use time-lagged indices as predictors of current period consumption whereas the current study links individual material values to personal confidence and future consumption behavior.

This paper uses the November and December waves of The Economy Tracker (2009) from The NPD Group, Inc. to provide an empirical assessment of materialism and hope and to observe its combined impact on consumer confidence and buying behavior. We examined the joint effects of materialism (Richins and Dawson 1992) and hope (Snyder et al. 1991) on consumer confidence and purchase intention using structural equations modeling. Confidence/concern regarding the U.S. economy in general and personal economic perception were measured using a weighted score of a series of questions relating to the near-term outlook for the U.S. economy in general. Since all these scales have been extensively validated, they demonstrated strong composite reliabilities (Materialism = .97, Hope = .95, General Confidence = .96, Personal Confidence = .96). Spending behavior was measured by the retail response indicator developed by The NPD Group, Inc.

The results in Study 1 (N=1620) showed that two materialism dimensions (success and centrality) and hope bolsters confidence toward the economy while happiness and hope positively influence personal confidence leading to higher spending expectations. Study 2 (N=1420) replicated the findings from Study 1 at a special time of the year (December, 2009) when consumer confidence was influenced by the Christmas shopping season and consumers became more susceptible to the impact of materialism and hope. Study 3 (monthly surveys from January 2010-September 2011) further explores the relationship between monthly measures of materialism, consumer confidence, purchase intentions and subjective wellbeing (as measured by Diener’s Life Satisfaction scale (Diener et al., 1985)). Findings from this paper will not only explore the role of materialism as a key indicant of consumer confidence and spending during economic uncertainty, but also its impact on consumer wellbeing over time.
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