

THE VULNERABLE CONSUMER

Beyond the Poor and the Elderly

Editor-in-Chief Naresh K. Malhotra

Edited by Angela Y. Lee

REVIEW OF MARKETING
RESEARCH

VOLUME 21

THE VULNERABLE CONSUMER

REVIEW OF MARKETING RESEARCH

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REVIEW OF MARKETING RESEARCH VOLUME 21

**THE VULNERABLE
CONSUMER:
BEYOND THE POOR AND
THE ELDERLY**

EDITED BY

ANGELA Y. LEE
Northwestern University, USA



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INVESTOR IN PEOPLE

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INTRODUCTION

OVERVIEW

Review of Marketing Research, now in its 21st volume, is a publication covering the important areas of marketing research with a more comprehensive state-of-the-art orientation. The chapters in this publication review the literature in a particular area, offer a critical commentary, develop an innovative framework, and discuss future developments, as well as present specific empirical studies. The first 20 volumes have featured some of the top researchers and scholars in our discipline who have reviewed an array of important topics. The response to the first 20 volumes has been truly gratifying, and we look forward to the impact of the 21st volume with great anticipation.

PUBLICATION MISSION

The purpose of this series is to provide current, comprehensive, state-of-the-art articles in review of marketing research. Wide-ranging paradigmatic or theoretical or substantive agendas are appropriate for this publication. This includes a wide range of theoretical perspectives, paradigms, data (qualitative, survey, experimental, ethnographic, secondary, etc.), and topics related to the study and explanation of marketing-related phenomenon. We reflect an eclectic mixture of theory, data, and research methods that is indicative of a publication driven by important theoretical and substantive problems. We seek studies that make important theoretical, substantive, empirical, methodological, measurement, and modeling contributions. Any topic that fits under the broad area of “marketing research” is relevant. In short, our mission is to publish the best reviews in the discipline.

Thus, this publication bridges the gap left by current marketing research publications. Current marketing research publications publish academic articles with a major constraint on the length. In contrast, *Review of Marketing Research* can publish much longer articles that are not only theoretically rigorous but also more expository, with a focus on implementing new marketing research concepts and procedures.

Articles in *Review of Marketing Research* should address the following issues.

- Critically review the existing literature.
- Summarize what we know about the subject – key findings.
- Present the main theories and frameworks.
- Review and give an exposition of key methodologies.

- Identify the gaps in literature.
- Present empirical studies (for empirical papers only).
- Discuss emerging trends and issues.
- Focus on international developments.
- Suggest directions for future theory development and testing.
- Recommend guidelines for implementing new procedures and concepts.

A FOCUS ON SPECIAL ISSUES

Since volume 8 published in 2011, *Review of Marketing Research* has a focus on special issues realizing that this is one of best ways to impact marketing scholarship in a specific area. The volume editors of all of the special issues have been top scholars. These special issues have focused on the following topics.

Volume, Year	Topic	Volume Editors
8, 2011	Marketing Legends	Naresh K. Malhotra
9, 2012	Toward a Better Understanding of the Role of Value in Markets and Marketing	Stephen L. Vargo and Robert F. Lusch
10, 2013	Regular Volume	Naresh K. Malhotra
11, 2014	Shopper Marketing and the Role of in-Store Marketing	Dhruv Grewal, Anne L. Roggeveen, and Jens Nordfält
12, 2015	Brand Meaning Management	Deborah J. Macinnis and C. Whan Park
13, 2016	Marketing in and for a Sustainable Society	Naresh K. Malhotra
14, 2017	Qualitative Consumer Research	Russell W. Belk
15, 2018	Innovation and Strategy	Rajan Varadarajan and Satish Jayachandran
16, 2019	Marketing in a Digital World	Aric Rindfleisch and Alan J. Malter
17, 2020	Continuing to Broaden the Marketing Concept: Making the World a Better Place	Dawn Iacobucci
18, 2021	Marketing Accountability for Marketing and Non-marketing Outcomes	V. Kumar and David W. Stewart
19, 2022	Measurement in Marketing	Hans Baumgartner and Bert Weijters
20, 2023	Artificial Intelligence and Marketing	K. Sudhir and Olivier Toubia

THIS VOLUME

This special issue focuses on the current state of the art of the literature on vulnerable consumers and thus provides a road map and agenda for future research in the field. Consumer vulnerabilities are defined very broadly to include not only scarcity of financial assets and materialistic resources but also a scarcity mindset, a lack of mental resources and self-knowledge, as well as the nonfulfillment of motivational needs. Together, the chapters in this volume lead to new insights, approaches, and directions for research on various aspects of the vulnerability of the consumer. It is hoped that collectively these chapters will substantially aid our efforts to theoretically conceptualize the constructs, collect data to empirically examine the measures, and formulate appropriate models to provide a broader arsenal of research methods as well as fertile areas for future research. I thank Angela Y. Lee for editing such an outstanding volume. The *Review of Marketing Research* continues its mission of systematically analyzing and presenting accumulated knowledge in the field of marketing as well as influencing future research by identifying areas that merit the attention of researchers.

Naresh K. Malhotra, Editor-in-Chief

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THE VULNERABLE CONSUMER: BEYOND THE POOR AND THE ELDERLY

Angela Y. Lee

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People experience obstacles and challenges on a daily basis. Some of these obstacles and challenges threaten our well-being and remind us of our vulnerability. The goal of this issue is to provide novel insights into the threats that consumers experience and how experiencing these threats shapes consumers' cognition, emotions, and behavior. Prior to the Great Recession, scant academic research in marketing directly examined the role(s) of threats in consumers' lives. The financial crises in the last two decades motivated some research that centered on threats emerging from micro-level socioeconomic factors, such as poverty, social class, and/or power. The nine articles in this issue on "The Vulnerable Consumer" adopt a wide lens to examine different types of consumer vulnerability that are the result of a range of factors such as poverty, low literacy, aging, underdeveloped cognitive or emotional systems, the lack of a clear sense of the self, and goal pursuit failures. Whereas some of the threats that consumers face are temporary, some are more persistent. Prominent scholars in the fields of marketing, management, and psychology have reviewed relevant literature, offered valuable insights into the risk factors and consequences of different types of consumer vulnerabilities, and provided directions for future research. I highlight some of their insights below.

Most people would agree that being poor puts people in a disadvantaged position. Several papers in this issue take a deeper dive to discuss how poverty disadvantages consumers. Starting with the paper titled "Vulnerability and Consumer Poverty," Hill and Ramani break down the various dimensions of consumption adequacy poor consumers are deprived of – potable water for drinking and sanitation, healthful foods for nourishment, proper shelter to shield and protect, appropriate clothing, preventative and remedial health care, education and training – and show how each dimension may compound the hardship

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of inadequacy in the other dimensions and further expose the poor consumers to deeper vulnerabilities. The authors call for more research in consumption adequacy measurement to enable governments, nongovernmental organizations (NGOs), and businesses big and small to more effectively allocate resources to enhance the well-being of all.

Cheek and Shafir adopt a more micro approach to examine sources of vulnerability. In particular, they examine how individuals with low socio-economical status (SES) are disadvantaged. Their paper “From Stigma to Scarcity” highlights how the unfortunate phenomenon of “the rich gets richer and the poor gets poorer” is due largely to the negative stereotype many people have of low-SES individuals. In particular, many people have a “thick skin bias” – the belief that lower SES individuals are less harmed by negative life events, presumably because they experience so much more hardship that they are “toughened” by it. Hence, negative life events from domestic abuse to a flooded apartment to poor service at restaurants should be less upsetting to low-SES consumers. Not only do low-SES consumers receive less help when in need (“because they don’t need it as much”), they also receive harsher punishment when they commit a transgression (“because it is necessary to achieve the same disciplinary effect”). In response, low-SES consumers often allocate their precious scarce resource to cope with the discrimination, such as paying a “safety tax” or making consumption choices such as cigarettes and alcohol that might work against their well-being just for the sake of building connections with others. Ironically, one potential upside is that low-SES consumers may be more vigilant and pay more attention to prices and hidden costs and hence are less prone to common financial decision biases.

But the constant worrying about one’s finances does have profound impact on decision-making. In fact, just the thought of not having enough is known to exert systematic bias on judgments and behaviors. In their article “Yin and Yang of Hard Times,” Goldsmith, Roux, Cannon, and Tezer identify the interesting dual effect of not-having-enough. In particular, they argue that while people who experience resource scarcity are often observed to conserve consumption, they at the same time are strategically considering how to invest in themselves to ensure future consumption adequacy. In fact, consumers who experience scarcity, even if only figuratively, are more willing to pay for products and services that offer self-improvement benefits. That is, people don’t really have to experience actual consumption inadequacy – simply thinking or feeling that they do not have enough is sufficient to cause a shift in people’s attention and behavior to become more self-focused. The authors report the results of an experiment whereby research participants who wrote about times when they “didn’t have enough of something” or “when resources were scarce” (vs wrote about something they did during the past week) paid more for Post-it Notes featured as “Sticky Notes for Effective Knowledge Retention! The Secret Weapon of those Wishing to Improve,” but not more for Post-it Notes simply featured as “Sticky Notes.” Presumably, investments on the self is more justified in times of scarce resources so one could be in a better position to handle scarcity in future.

And what does life look like for those who experience actual resource scarcity? Crockett, David, and Carder-Rockwell provide a different perspective on one aspect of consumption inadequacy – housing – by describing the lack of protection that renters who cannot afford to pay rent experience. In particular, the authors examine how eviction happens in the United States. In “A Consumer Vulnerability Perspective on Eviction,” Crockett and his colleagues review how the rental market in Arkansas is regulated and find existing legislation to be more favorable to landlords, leaving renters more vulnerable to eviction threat. When assessed against national guidelines, the probusiness regulatory environment in Arkansas provides landlords with favorable provisions but little tenant protections. Interestingly, Arkansas reports one of the lowest displacement rates in the country despite high poverty rate and high rent burden, which leads to a rich set of research questions waiting to be explored – how do these low-income renters understand their rental obligations, and what strategies do they use to mitigate the unfavorable rental conditions?

Viswanathan, Chase, and Jones focus on a very different group of vulnerable consumers. In their paper “I Do Not Think of Myself as a Customer,” the authors describe how a low-literate, low-income woman may experience vulnerability not just from poverty but from being at the bottom of the social hierarchy both inside as well as outside the home. Further, her low literacy makes her more vulnerable because it constrains her ability to think, exposes her to shame, and limits her ability to cope with life’s challenges. The authors describe how a marketplace literacy education program could make a difference by helping to address these vulnerabilities that low-income, low-literacy consumers face. The program provides these individuals with not just the capacity to read but, more importantly, the social contexts that help them navigate the marketplace as customers and as entrepreneurs, and in turn instill in them the sense of self-confidence that completely transforms their lives.

These five papers make it very clear how the lack of financial and materialistic resources deprives consumers of many consumption adequacies and places them in vulnerable positions. However, vulnerability does not stop with not having enough material resources. Lacking the mental facilities to handle information or emotions also exposes consumers to vulnerabilities. The elderly (those age 65 and over) fall under this category. In their article “Aging and Vulnerabilities in Consumer Information Processing,” Drolet, Bergstrom, and Brody review research on the effects of aging on how, and how much, aging consumers engage in sensory, cognitive, and emotional functioning. The authors find that for the elderly consumers, their working memory slows down, their sensory processing (i.e., vision, hearing, tasting, smelling, touching) is less sharp, and they attend more to emotions and emotional information. Thus, as many would suspect or even observe, elderly consumers more readily fall prey to misleading advertisements, illusionary truth effects, and even financial scams. But the authors also point out that the wisdom that elderly consumers possess through their lifelong experience offers them an edge. Wisdom development reflects a process of cognitive-affective integration that allows the elderly to optimize positive emotion and tolerate discomfort from the cognitive-affective complexity such as

feeling happy and sad at the same time. More importantly, their accumulated experience may partially compensate for their age-related decline in cognitive functioning.

Impaired processing capabilities seem to happen to young people as well! In “Leaves in the Wind,” Rahinel, Ahluwalia, and Otto identify a little-known segment of consumers with underdeveloped thinking systems. Many dual process models identify two systems that people draw on to process information – a system that relies on feelings and intuition (the experiential system) and another that relies on systematic, rational thinking (the rational system). These two systems are sometimes referred to as System 1 versus System 2, heuristic versus systematic processing, or central versus peripheral processing. The authors point out that the propensities of relying on one’s experiential and rational systems are orthogonal. The implication is that there are people who chronically rely more on one system, or both systems equally, or neither system. The last group, referred to by the authors as low system thinkers, lack the motivation and/or the ability to access their experiential and their rational system for information processing and decision-making. Alarming, studies show that up to 35% of adolescents and 25% of young adults belong to this group of low system thinkers. As a result, these consumers often feel confused and overwhelmed, and they rely on whatever is most accessible or salient in the environment as the basis of their judgment and decisions. Their over-reliance on external cues regardless of their diagnostic values often leads to suboptimal consumption outcomes.

Yet another source of vulnerability may come from people feeling unsure of who they are, independent of their financial wealth or their age or their processing capabilities. In “Not Knowing Who I Am,” Richins explains that people with high self-concept clarity (SCC) are certain in their beliefs about themselves; they perceive their traits to be generally consistent with each other, and that their self-perceptions are stable from day to day. A clear self-concept allows people to function and make decisions with confidence. In contrast, low SCC is a source of vulnerability that often leads to overspending, product dissatisfaction, and even self-harm. Richins reviews the literature to discuss how low SCC consumers rely on symbolic self-completion and social comparison to deal with their daily uncertainty about the self. This unfortunately leads to feelings of deficiency and reduced self-regulation and makes them more susceptible to external influences, which partially explains their materialistic behaviors. In the paper, Richins describes risk factors for low SCC and explains its association with materialism and proposes interventions and future research directions to help these consumers better cope with their vulnerabilities.

Does that mean that for the rest of the consumers – those not in the low SES segment, younger than 65, with a clear self-concept, and have access to either rational or experiential or both systems – are in the clear? Unfortunately, even for these consumers, there are situations when they may feel vulnerable. As argued by Goldsmith and her colleagues, whenever people find themselves in need of something, such as not having enough eggs to bake a cake, the printer runs out of paper, or forgot their credit cards at home. . . ., they feel threatened and go into resource conservation and self-preservation mode. In their paper “Marketplace

Solutions to Motivational Threats,” Nakkawita and Higgins propose a 2 (promotion vs prevention value) x 2 (control vs truth) framework to describe people’s fundamental motivational drivers. Promotion value is about achieving growth and accomplishments, whereas prevention value is about attaining safety and security. When people pursue truth (i.e., effectively establishing what is real or right), they may engage in prevention-truth activities such as scrutinizing and verifying or promotion-truth activities such as wondering and discovering to understand the world. And when they seek control (i.e., having a good handle on life), they may engage in prevention-control activities such as defending and protecting or promotion-control activities such as launching and accelerating. They further propose that people become vulnerable when they fall short of attaining some desired outcomes, establishing truth, or losing control. These setbacks render consumers feeling confused, incompetent and insecure. The authors identify different marketplace offerings that can provide effective relief to these vulnerable consumers. For example, Wirecutter’s analysis and recommendations for different products and services can offer comforting reassurances to consumers failing to meet their goals of prevention value and truth; while browsing on Pinterest to discover new fashions and home goods can satisfy those feeling vulnerable when they fail to attain promotion value and truth.

The goal of this issue is to enhance the awareness and understanding of consumer vulnerabilities so that consumers, marketers, policymakers, and society can exercise precautions and implement interventions to promote consumer and societal well-being. The nine papers collectively present a complex profile of the vulnerable consumer. Scarcity plays a dominant role as the key source of vulnerability. To be sure, scarcity is a lack of financial assets and materialistic resources (see Cheek & Shafir; Crockett et al.; Hill & Ramani; Viswanathan et al., in this volume), but scarcity threats also come from the mindset of not having enough (Goldsmith et al., in this volume), a lack of mental resources (see Drolet et al.; Rahinel et al., in this volume) and self-knowledge (Richins, in this volume), as well as the non-fulfillment of motivational needs (Nakkawita & Higgins, in this volume). That is, consumers do not have to be financially poor to be vulnerable. Also, there are many other sources of threats that are not covered in this issue – the climate crisis, the global food and water insecurity, pandemics, international conflicts, accelerating political polarization, crime, social and marketplace discrimination... the list goes on. My hope is that this issue will serve to inform and motivate researchers to consider other forms of vulnerabilities and explore ways to help improve the livelihoods of people around the world.

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AGING AND VULNERABILITIES IN CONSUMER INFORMATION PROCESSING

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ABSTRACT

This chapter reviews research on age-related differences in how consumers process information. Specifically, it discusses many of the effects of aging on the quality and quantity of consumers' sensory, cognitive, and emotional functioning. Some studies suggest that the manner in which elderly (age 65 and over) consumers process information may render them more vulnerable than young and middle-aged consumers to malign persuasion attempts. This chapter reveals that age has selective effects on information processing such that elderly consumers are sometimes more susceptible to marketing influence and sometimes they are less susceptible.

Keywords: Aging; information processing; vulnerability; elderly; sensory functioning; memory; emotional functioning

INTRODUCTION

Adults aged 65 and over now comprise the largest consumer segment of the US population. Indeed, nearly one out of six Americans are over the age of 65.¹ These consumers also represent the wealthiest segment of the US population. Their median net worth is more than double that of the average US adult (\$266,400 vs \$121,700; [Federal Reserve Board, 2020](#)). Accordingly, marketing researchers (and practitioners) have become increasingly interested in understanding the psychology and behavior of elderly consumers.

¹“Fact Sheet: Aging in the United States,” *Population Reference Bureau* (www.prb.org), 7/15/19.

The Vulnerable Consumer

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Recent studies have focused mainly on changes due to aging in how consumers process information. These studies reveal that the manner in which elderly consumers process marketing communications makes them more vulnerable than young adult consumers to malign persuasion attempts (for a recent review, see [Bonifeld & Cole, 2021](#)). For example, elderly consumers are more susceptible to misleading advertisements ([Gaeth & Heath, 1987](#)) and the truth-inflating effects of repetition ([Skurnik et al., 2005](#)). Not surprisingly, elderly consumers are frequent targets of financial scams.²

In this chapter, we review research on age-related differences in how consumers process information. Specifically, we review numerous effects of aging on the quality and quantity of consumers' sensory, cognitive, and emotional functioning. This review reveals that age has selective effects on mental processes which can make elderly consumers more vulnerable to marketing influence in some instances but not all. For example, age-related losses in fluid intelligence (e.g., working memory) occur alongside gains in crystallized intelligence (e.g., long-term memory) and the ability to regulate emotions. So, elderly consumers can be wiser.

OVERVIEW

In this chapter, we describe changes due to aging in consumers' sensory, cognitive, and emotional functioning. As we proceed, we describe how some, but not all, of these age-related changes make elderly consumers more vulnerable to certain kinds of marketing influence. Alternatively, some age-related changes may be protective.

Firstly, we discuss older consumers' increased vulnerability due to the harmful effects of aging on sensory functioning. Aging is associated with predictable declines in consumers' five senses (vision, hearing, smell, taste, and touch). These declines have widespread implications for consumers' mental processes and behavior. For example, degraded sensory inputs can affect consumers' understanding of and responsiveness to advertising, as well as their interactions with product design and service providers (e.g., [Charness & Jastrzembski, 2009](#); [Cole & Gaeth, 1990](#); [Fisk et al., 2004](#)).

Secondly, we review age-related changes in the cognitive system. In general, the impact of aging on cognition is detrimental but selective. Aging affects some aspects of memory and information processing (e.g., speed of processing), but not others (knowledge-based memory). Aging also affects some consumers (e.g., the uneducated) more than others.

Thirdly, we review age-related changes to the emotional system. Studies have shown that elderly (vs young) adults are more motivated to attend to emotions and emotional information ([Carstensen et al., 1999](#)) and as a result are better able to acknowledge and manage their emotions ([Gross et al., 1997](#)). We briefly review

²<https://www.marketplace.org/2019/05/16/brains-losses-aging-fraud-financial-scams-seniors/>