

CONSUMER DISSATISFACTION IN GROWING SENIOR MARKETS

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ABSTRACT

Senior consumers are increasingly vital, interested, and resentful of any patronizing product or message. To satisfy the emerging senior market, current stereotypes must be discarded. Their educations, finances, spending power, health, awareness, and needs are greater and more diverse than generally assumed. Advertising methods that once worked are dated and increasingly perceived as insulting. No industry or category explored in this study is satisfying senior consumers, but the least satisfactory of all are films/movies; TV programming; automobile dealers; spas/ health clubs; fashion clothing; transportation; life insurance; delivery services; and automobiles.

INTRODUCTION

Growing consciousness of the graying of the marketplace has triggered dramatic changes not only in the quality and the duration of life after age 60 but also in the product, service, and communication expectations of senior consumers. The expectations of and perceived entitlements of many of today's younger seniors (aged 60-74) were influenced by the consumer movement.

The U.S. Census Bureau predicts that, within twelve years, the number of Americans 65 and over will rise 22%, because of a continued drop in mortality rates. Today, approximately 33 million people are aged 50 to 64. As many in this age group are responsible for supporting (either all or in part) children and aging parents, their purchasing decisions are multiplied to encompass the needs and requirements of three generations. Another 17 million people are between the ages of 65 and 74. Nine million are between the ages of 75 and 84, and almost three million are aged 85 and over. This last group is anticipated to have the highest growth rate -- 81% (from 1985 to the year 2000). Over 31 million households are headed by someone 55 or older, representing a \$109.2 billion discretionary income market. In addition to having half of the country's discretionary income in total dollars, the 55+ population controls 75% of the nation's wealth. Their per capita income exceeds the national average by more than 25%. These consumers account for 25% of total expenditures, 25% of new domestic car purchases, and 30% of food purchased for home consumption. 80% own their own houses, the overwhelming majority of which are free of mortgages. As a group, they travel and invest more and make purchases for goods and services at a proportion exceeding their actual numbers.

The size and affluence of the new senior market(s) are recognized by marketers because of their explosive growth. Many senior consumers are seeking new products, innovations and services to meet their needs.

METHODOLOGY

A consumer mail survey titled *Special Survey on Marketing to Seniors* was distributed to 600 consumers aged 60 to 85 during the spring and summer of 1988.

The *Special Survey* asked senior consumers whether they thought that manufacturers and retailers were doing a good job in meeting the needs of older consumers. Using a 10 point scale, with 10 being excellent and 1 being completely inadequate, they rated 38 product and service areas. The results can be found in Figure 1.

Responses to the *Special Survey* were received from 440 consumers aged 60+. The response rate of 73% was high -- especially considering that the survey asked personal questions and took 30 to 60 minutes to complete. Several respondents told us that they enjoyed thinking about our questions and thanked us for the chance to participate. These consumers were geographically dispersed supermarket shoppers living throughout the United States who were recruited through "Invitations to Thoughtful Shoppers" distributed through more than 500 supermarkets over a five year period. Input to the *Special Survey* questionnaire was gathered from panel discussions held in Philadelphia between July and October of 1988.

GENERAL FINDINGS

Producers and advertisers with faulty, out-of-date images of the senior market have missed opportunities and shortchanged the market by providing limited purchasing options. "Conventional market wisdom" incorporates the following basic senior myths:

- A saving versus spending mentality
- Loyalty to brand names
- Reluctance to try new products
- Sedentary lifestyle
- Need for security
- Avoidance of challenges

Many products and advertising campaigns traditionally targeted to the senior market (for example, adult diapers, dentures) are a reflection of such stereotypes. Marketplace decisions are similarly based on misconceptions such as the alleged unwavering loyalty, by senior consumers, to national brand name products, thereby eliminating the incentives for adaptations in products, packaging, costs, advertising or promotions for both the name brand company and potential competitors. Many products pitched to younger consumers can be sold to older buyers; many products can be adjusted to the abilities, tastes, and preferences of seniors to gain a whole new market.

The new realities that apply to senior consumers include:

- Growth of financial potency
- New lifestyles
- Diversity
- Increased consumer consciousness

Faulty marketing communications are responsible for much of the dissatisfaction that senior consumers experience. The stereotypes not only offend the seniors themselves; they also seem to interfere with the development of products and services geared to the

evolving senior lifestyles.

- The stereotypes of seniors must change dramatically--forget the shawl and show today's active seniors as the real and active.
- Seniors need honesty, credibility, and most important, respect for their intelligence.
- For the most part, seniors want to be integrated in general advertising and not segregated for products designed just for the aged and infirm. They would like to see the emphasis on youth modified altogether.

AS CONSUMERS, SENIORS ARE MORE DIVERSE AND IN BETTER SHAPE THAN IS FREQUENTLY SUPPOSED

The *Special Questionnaire* asked senior consumers to identify those physical changes associated with problems related to shopping. Only four functional areas were noted: vision problems, limited tolerance to loudness or noise, weight control problems, and lifting/carrying problems. Furthermore, these areas posed only marginal impediments as reflected by their modest ratings (6.8 was the highest).

Typical marketing strategy has consisted in stereotyping these seniors as "sickly or inactive, financially strapped and stingy with what money they do have." ("Marketers Err by Treating Elderly as a Uniform Group, Studies Find," *The Wall Street Journal*, October 31, 1988). Food industry jargon affectionately but pejoratively labels them "gummers". This projected image allowed only for degrees of enfeeblement, beginning with the onset of decline, consolidating and finally, becoming inflexible and permanent at the upper age boundary.

It's important to remedy this "blinder" approach. It is also important to avoid replacing the old images with new stereotypes. Marketers are first advised to open their minds to the diversities and the commonalities of aging and to recognize that seniors are both different and the same. There are as many segments within the senior market as there are within the household formation market: working versus non-working; bored versus busy; living alone versus living in coupled situation (or with children/grandchildren); full versus many degrees of limited health status; social and intellectual needs and wants; active versus inactive lifestyles; relative education levels and differences in identity-forming experiences.

SPECIFIC FINDINGS

Scaled satisfaction ratings of the industries coupled with the respondents' extensive write-in comments indicate a widespread perception of being largely ignored by manufacturers, retailers and advertisers. For consumers 60 to 74, this gap was considered critical for 29% of the product/service areas, serious for 34%, and moderate for 37%. No product/service category received a rating higher than 6.8%.

Our "older" consumers were more lenient in their ratings (this difference will be discussed later). Applying the same categories to those 75 or older, there was critical concern for 8% of the product/service categories, serious

concern for 21%, and moderate concern for 47%. Additionally, 24% were viewed as adequate, although only supermarkets exceeded the 7.5 baseline rating score that signals consumer satisfaction.

While the severity of ratings differed between the two groups (on the average .8 points), there was a patterned agreement or consistency in ranking which areas were most responsive and which were least. This is shown in Figure 1. Figure 1 shows the older seniors (triangles) consistently to the right--expressing more satisfaction--than younger seniors (circles). It also shows widespread dissatisfaction--all but two rankings fall short of the 7.5 satisfaction line.

Ratings by the 75+ group generally follow behind those for the 60-74 subgroup with the exception of convenience stores and catalogs/mail order categories. Higher priority rankings here are linked to the older group's decreased mobility. However, both lines show similar zig-zag patterns indicating a congruence of concerns.

This agreement pattern is underscored by looking at the lowest and highest rated product/service categories for the 60 to 74 and the over-75 aged groups. Nine of the least responsive categories (those with the lowest ratings) appeared in both lists of the 11 "worst" categories--for a remarkable agreement of 82%. These were:

- Films / Movies
- TV Programming
- Automobile Dealers
- Spas/Health Clubs
- Fashion Clothing
- Transportation
- Life Insurance
- Delivery Services
- Automobiles

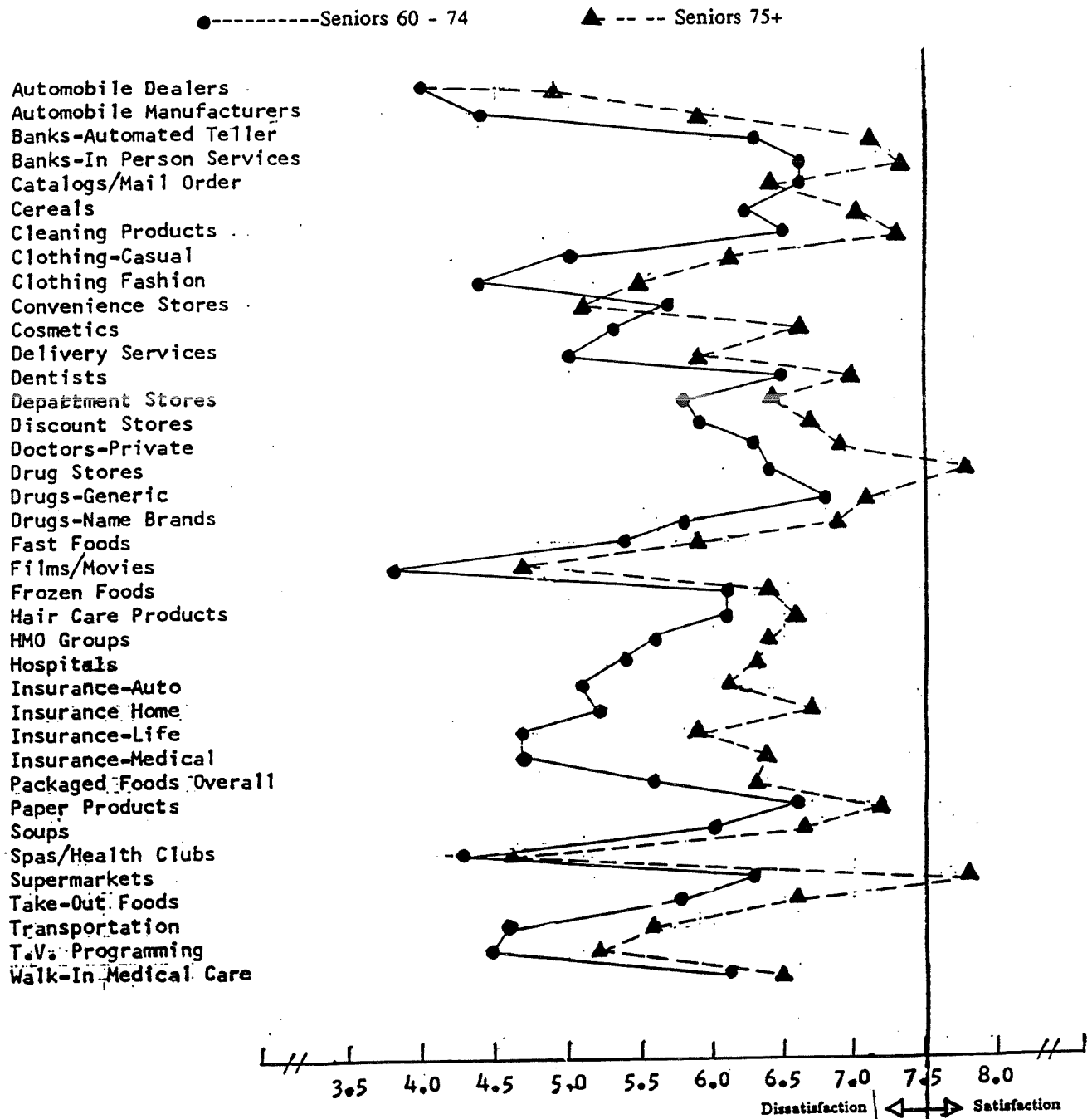
At the other end, the relatively "best services" were also agreed upon by both age groups--a 90% agreement rate. The nine services which appeared on both lists of the ten most adequate products/goods were:

- Generic Drugs
- Bank In-Person Services
- Paper Products
- Cleaning Products
- Dentists
- Drug Stores
- Private Doctors
- Auto Tellers
- Supermarkets

As financial institutions and the drug industry have been forerunners in serving the senior market, it is not surprising that they appear on this "most responsive" list, in that consumers express their relative higher satisfaction with familiar human contacts (physicians, dentists and pharmacists) in the face of increased (imposed) isolation.

The comments that accompanied the low ratings for even the "most responsive" goods/services indicate that while being marginally better, they still have a way to go in meeting seniors' needs. As noted above, respondents aged 75 and over appear less prone to expressions of

Figure 1
Rating Patterns for Marketplace Responsiveness



frustration in meeting their own needs. The diverse educational background as well as differences in their identity-forming experiences can help account for differences in urgency ratings. On the whole, the younger group have taken advantage of educational opportunities and continue to do so. In large numbers they are enrolling in continuing education classes. High education level has been found to be related to the degree of consumer awareness and information, and younger consumers, more active in consumer advocacy leadership, constitute a more savvy consumer population.

On the other hand, older consumers (aged 75+) had fewer educational opportunities while growing up, were less impacted by the activism of the consumer movement and were most affected by the identity-forming experience of the Depression. They experienced the impact of high unemployment and rampant economic dislocations. They feel these were "the worst of times." So, even though their current satisfaction ratings do not indicate they feel today to be "the best of times," they are more lenient in their judgments.

TARGETING THE SENIOR CONSUMERS' NEEDS

The *Marketing to Seniors Study* identified two components of market opportunity related to consumer dissatisfaction with existing services:

- (1) Demand Level: reflects the degree of concern with the responsiveness of existing goods and services by seniors. A poor rating of satisfaction is indicative of a frustration level or perceived need for change. Demand level is divided into three categories: Maximum, High, and Moderate.
- (2) Response Rate: reflects the extent of concern prevalent in the population. The percent of our consumers rating each product/service category is an indicator of how widespread this concern is. Because of the rating discrepancies between the two age groups (60-74, 75+), but similarity in relative importance of these areas, different scales were established for each group.

DIFFERENT RATING SCALES:

Consumers Aged 60-74 Consumers Aged 75+

Demand Levels:

Maximum 5.0 or less	5.8 or less
High 5.1 to 6.0	5.9 to 6.8
Moderate 6.1 or over	6.9 or over

Response Rates: (apply to both age groups)

High: 80% or higher
 Medium: 60-79%
 Low: 59% or lower

Figure 2, combines demand levels with response rates.

MARKET OPPORTUNITY LEVELS

The top left cell in Figure 2 identifies the products/services having the highest market opportunity level (critical demand-high consensus), and the bottom right cell, the lowest (low demand-low consensus). To increase utility, the nine cells have been combined to form five opportunity levels.

- Level 1: IA. Maximum demand-high response rate
- Level 2: IB. Maximum demand-medium response rate
 IIA. High demand-high response rate
- Level 3: IC. Maximum demand-low response rate
 IIB. High demand-medium response rate
 IIIA. Moderate demand-high response rate
- Level 4: IIC. High demand-low response rate
 IIIB. Moderate demand-medium response rate
- Level 5: IIIC. Moderate demand-low response rate

After placing the products and services into the appropriate cells (according to the rating and participation scales) for both age groups, and assigning opportunity levels, the following six distinct marketing clusters emerge:

- (1) High Level Mass Marketing Opportunities for both age categories. Consumers (60-74 and 75+) in large numbers clearly wanted to see improvement in the following areas (Opportunity Levels 1:1 or 2:2):
 - TV Programming (1:1)
 - Films/Movies (2:2)
 - Fashion Clothing (2:2)
 - Department Stores (2:2)
 - Packaged Goods (2:2)
 - Soups (2:2)
- (2) High Level Mass Marketing Opportunities for both age groups, with increased opportunity for older group (75+). Although opportunity for younger group (60-74) is fairly stable, interest can be anticipated to increase with age.
 - Transportation (2:1)
- (3) High Level Mass Marketing Opportunities for both age groups, with increased opportunity for younger group (60-74). Difference in levels reflects, to some extent, lifestyle demands as well as increased likelihood of making certain purchase decisions at age-specific junctures.
 - Casual Clothing (1:2)
 - Medical Insurance (1:2)
- (4) Significant Marketing Opportunity for older Group (75+) with more modest one for younger group (60-74).
 - Convenience Stores (3:2)
 - Frozen Food (3:2)
 - Hospitals (3:2)
 - Home Insurance (3:2)
 - Hair Care Products (4:2)
- (5) Significant Marketing opportunity for older Group (75+) with more modest one for younger group (60-74).
 - Automobile Dealers (2:3)
 - Automobile Manufacturers (2:4)
 - Discount Stores (2:3)

**Figure 2
Market Opportunity Levels**

	MAXIMUM DEMAND	HIGH DEMAND	MODERATE DEMAND
<u>HIGH RESPONSE RATE</u>	Casual Clothing (60-74) T.V. Programming (BOTH) Medical Insurance (60-74) Transportation (75+)	Department Stores (BOTH) Discount Stores (60-74) Packaged Foods (BOTH) Soups (BOTH) Casual Clothing (75+) Frozen Foods (75+) Medical Insur. (75+) Hair Care Prod. (75+) Hospitals (75+) Home Insur. (75+)	Paper Products (75+) Bank-In Person (BOTH) Cereals (BOTH) Private Doctors (BOTH) Drug Stores (BOTH) Frozen Foods (60-74) Supermarkets (BOTH) Cleaning Prod. (75+) Generic Drugs (75+) Dentists (75+)
	Opportunity Level 1	Opportunity Level 2	Opportunity Level 3
<u>MEDIUM RESPONSE RATE</u>	Auto Dealers (60-74) Auto Manufact. (60-74) Fashion Clothing (BOTH) Films/Movies (BOTH) Transportation (60-74) Convenience Stores (75+)	Convenience St. (60-74) Cosmetics (BOTH) Name Brand Drugs (60-74) Fast Foods (BOTH) Hospitals (60-74) Auto Insur. (BOTH) Home Insur. (60-74) Take-Out Food (BOTH) Catalog/Mail Ord. (75+) Delivery Serv. (75+) Discount Stores (75+) Life Insur. (75+)	Catalogs/Mail (60-74) Cleaning Prod. (60-74) Dentists (60-74) Generic Drugs (60-74) Hair Care (60-74) Paper Prod. (60-74) Name Brand Drugs (75+)
	Opportunity Level 2	Opportunity Level 3	Opportunity Level 4
<u>LOW RESPONSE RATE</u>	Delivery Serv. (60-74) Life Insurance (60-74) Spas/Health Clubs (BOTH) Auto Dealers (75+)	HMO Groups (BOTH) Walk-In Medical (75+) Auto Manufact. (75+)	ATMs (BOTH) Walk-In Medical Care (60-74)
	Opportunity Level 3	Opportunity Level 4	Opportunity Level 5

The left top cell identifies the products/services having the highest market opportunity level (maximum demand-highest response rate), and the bottom right cell, the lowest (demand-response rate). To increase utility, these nine cells have been combined to form five opportunity levels.

(6) Demand for Specialized Goods/Services for small segment of the senior market (critical demand/low consensus).

- Delivery Services
- Life Insurance
- Spas/Health Clubs

These marketing clusters account for 20 of the 38 products and services rated by senior consumers in our study. Recommendations to suppliers of products and services with maximum opportunity levels (Levels 1 and 2) are shown below.

**PRIMARY OPPORTUNITY LEVEL
CATEGORIES AND RECOMMENDATIONS
TO PROVIDERS**

TV Programming/Movies/Films:

Market Priority Area (TV Programming-- Cluster 1); Level 1 for both age groups (critical demand, high response rate). Market Priority Area (Movies/Films-- Cluster 1); Level 2 for both age groups (critical demand, medium response rate).

Recommendations:

- The problem is separation of seniors from portrayals of active life. Integrating seniors into plot lines satisfies older consumers with discretionary income.
- Focus on retirement communities and health care

facilities for settings and situations.

Fashion Clothing:

Market Priority Area (Cluster 1); Level 2 for both age groups (critical demand, medium response rate).

Casual Clothing:

Market Priority Area (Cluster 3); Ages 60-74, Level I (critical demand, high response rate), 75+ Level 2 (serious demand, high response rate).

Recommendations:

- Our grandmothers may have liked dowdy styles, but seniors of today want taste, style, and color.
- Complicated styles and fasteners are difficult. Velcro is easy.
- Manufacture stylish and comfortable sportswear for thicker midriffs and less limber limbs.

Department Stores:

Market Priority Area (Cluster 1); Level 2 for both age groups (high demand, high response rate).

Recommendations:

- Provide comfort zones for seniors, chairs.
- Introduce Senior Sportswear departments and pressure manufacturers to develop fashionable but less cumbersome sportswear for thicker-trunked consumers.

Packaged Foods:

Equal, high-level marketing opportunity for both age groups (Cluster 1); Opportunity Level 2 Marketing Priority Area.

Recommendations:

- Packaging should be made easily openable and resealable. - More products should be packaged in smaller portions.
- Informative labeling should be printed in larger type.

Soups:

Market Priority Area (Cluster 1), Level 2 for both age groups (high demand, high response rate).

Recommendations:

- Expand research efforts with ingredient and salt alternatives.
- Using sugar substitute packaging as an analogy, develop quick-hit but low-salt flavor packets that could be added to low-sodium canned products at the point of consumption.
- Develop exotic flavors like Chinese hot-and-sour, borscht, Indian muligatawny, and Japanese miso for taste gratification with less salt.

Transportation:

High level marketing opportunity for both age groups with increased opportunity for older group.

Marketing priority area (Cluster 2). Ages 60-74, Level 2. Age 75+, Level 1.

Recommendations:

- Retail establishments should offer convenient delivery and shop-by-phone service.
- Public transportation should deliver clean, safe, accessible routes - focus should shift from discounted or free rates to safety assurances and comfort.
- Larger shopping malls can provide jitney service to

areas heavily populated with seniors, or other public transportation hubs.

Medical Insurance:

Market Priority Area (Cluster 3); Ages 60-74, Level 1 (maximum demand, high response rate); 75+, Level 2 (high demand, high response rate).

Recommendation:

- Develop informational advertising that helps consumers find information they can trust.

Convenience Stores:

Market Priority Area (Cluster 4); Ages 60-74, Level 3 (high demand, moderate response rate); 75+, Level 2 (maximum demand, medium response rate).

Recommendations:

- Show respect for older consumer.
- Develop a section, product line or feature tag that focuses on senior appeal.
- Install pedestrian walkways or sidewalks from street to store.

Frozen Foods:

Market Priority Area (Cluster 4); Ages 60-74, Level 3 (moderate demand, high response rate); 75+, Level 2 (high demand, high response rate).

Recommendations:

- Develop more frozen multi-packs using the example of Stokely Singles.
- The protein value of many already-available pasta, cheese, bean, and rice-based entrees and side dishes should be communicated.

Hospitals:

Market Priority Area (Cluster 4); Ages 60-74, Level 3 (high demand, medium response rate); 75+, Level 2 (high demand, high response rate).

Recommendations:

- Health care facilities should offer Senior Afternoons, at which the ins-and-outs of the system can be clarified, including: Medicare mysteries; admissions, patient services; changing role of hospitals; and new procedures, tests, technology and equipment available.

Home Insurance:

Market Priority Area (Cluster 4); Ages 60-74, Level 3 (high demand, medium response rate); 75+, Level 2 (high demand, high response rate).

Recommendations:

- Improve service by selling agent; ensure agent is available after commission is collected to answer questions, explain fine print.
- Print the fine print, the whole policy, in larger type.
- Write the policy in layman's language.

SPECIAL QUESTIONNAIRE: MARKETING TO AND FOR CONSUMERS WHO ARE GETTING OLDER

Hello and Greetings. Hope you can use the 1988 date log and that you fill it with good and happy dates.

In case you haven't noticed, older people in the US are getting more important in government, in television, and in the supermarket. More companies are waking up

to the fact that pleasing and satisfying older consumers means more sales. There are many more older consumers in the population than ever. Older consumers are more important to many companies' sales than ever before. People over 50 buy almost half of all toaster ovens, food processors, and American cars.

This is an exploratory questionnaire. The influence of people like Joan Collins and Ronald and Nancy Reagan are having an impact on the American youth culture. It is not necessary to look under 35 to look well. Many companies are more alert to the new power of "older markets." The Consumer Network has a timely opportunity for input, so tell me anything you think we should tell the companies who want to sell to us. In appealing to older consumers, what are marketers doing right? What are they doing wrong? What should they do better?

A - PRODUCT AND SERVICE RESPONSIVENESS TO OLDER CONSUMERS

You are the same person as you were at 19, 29, 39, etc. You are also different. Some products like cereals are developing many special variations for older consumers. Are they doing a good job for older consumers? What about films? Drugs? Etc.

Here, use a high number like 8, 9 or 10 for Excellent, Responsive to Older Consumers, etc. and a 1, 2, 3 for Terrible-Needs Change for Older Consumers. Use a dash (-) for No Opinion.

POOR-NOT RESPONSIVE TO OLDER CONSUMERS 1 2 3 4 5 6 7 8 9 10 GOOD-RESPONSIVE TO OLDER CONSUMERS

- 1()Packaged Foods Overall
- 2()Cereals
- 3()Soups
- 4()Frozen Foods
- 5()Cleaning Products
- 6()Fashion Clothing
- 7()Casual Clothing
- 7()Cosmetics
- 8()Hair Care Products
- 9()Name Brand Drugs
- 10()Generic Drugs
- 11()Paper Products
- 12()Take Out Foods
- 13()Fast Foods
- 14()Automobile Manufacturers
- 15()Automobile Dealers
- 16()TV Programming
- 17()Films/Movies
- 17()Spas/Health Clubs
- 18()Transportation
- 19()Supermarkets
- 20()Convenience Stores
- 21()Drug Stores
- 22()Department Stores
- 23()Discount Stores
- 24()Catalogs/Mail Order
- 25()Delivery Services
- 26()Doctors - private

- 27()HMO groups
- 28()Dentists
- 29()Hospitals
- 30()Walk-In Medical Care
- 31()Banks - In person services
- 32()Automated Teller Services
- 33()Insurance - Medical
- 34()Insurance - Auto
- 35()Insurance - Life
- 36()Insurance - Home

B - NEW IDEAS

1. What kinds of products should be created to meet the needs of aging consumers?

2. What new services should be created to meet the needs of an aging population?

3. What types of services can be developed for elderly consumers who live alone?

4. What products or services should be made available at lower cost versions so as to be more affordable for older consumers?

C - PHYSICAL PROBLEMS AND CHANGES

How much do physical changes associated with aging affect your shopping habits and purchasing decisions? Some aspects of aging-like close-up vision-may have an impact on many considerations-such as small print on labels. Use our 1-10 scale where high numbers like 8, 9, and 10 mean a definite problem or big effect or definitely agreement that this "thing" is a problem that has an impact on you as a consumer and low numbers like 1, 2, 3 mean no problem or no impact or disagreement that this is a problem. Use a dash (-) for no opinion.

NO PROBLEM 1 2 3 4 5 6 7 8 9 10 DEFINITE PROBLEM

- 1()Close-up reading vision
- 2()Distance vision
- 3()Color vision
- 4()Night vision
- 5()Hearing-overall
- 6()Hearing-specific problems
- 7()Noise/loudness tolerance
- 8()Hand strength
- 9()Hand flexibility/dexterity
- 10()Hand pain/arthritis
- 11()Overall energy
- 12()Fatigue/sleepiness
- 13()Foot health/strength
- 14()Back/lower back weakness
- 15()Bladder capacity
- 16()Dental health-general

- 17()Bridge and denture problems
- 18()Slower reaction times
- 19()Slower recovery times
- 20()Reduced sex drive
- 21()Reduced sexuality altogether
- 22()One specific illness
- 23()Multiple illnesses
- 24()Medication needs
- 25()Frailty/vulnerability
- 26()Gain weight easily
- 27()Trouble losing weight
- 29()Lifting, carrying problems

D - PSYCHOLOGICAL AND SOCIAL THINGS

How much do psychological issues sometimes associated with aging affect your shopping habits and purchasing decisions? Use our 1-10 scale where high numbers like 8, 9, and 10 mean a definite issue or concern and low numbers like 1, 2, 3 mean no issue or no problem. Use a dash (-) for no opinion.

NO PROBLEM 1 2 3 4 5 6 7 8 9 10 DEFINITE PROBLEM

- 1()Loneliness
- 2()Boredom
- 3()Concern with aging
- 4()Frustration with aging
- 5()Personal safety
- 6()Health worries
- 7()Financial worries
- 8()Being independent
- 9()Feeling dependent on others
- 10()Personal power
- 11()Being treated with respect
- 12()Getting love from peers
- 13()Getting love from family
- 14()Opportunity to give love
- 15()The psychology of retirement
- 16()Overall Security

E - ADVERTISING

1. What new approaches to advertising should be developed to meet the needs of an aging population?

2. Are there any older celebrities or spokespersons who are being used especially well in advertising today? Who? What makes it good?

3. Are there any celebrities or spokespersons of any age who are being used badly in terms of appealing to older consumers?

4. Are there any kinds of ads, or specific ads that have low or poor credibility for older consumers?

OTHER COMMENTS:

(Don't hesitate to use the back and added sheets if you have more to say.)

STATISTICS (OPTIONAL):

Actual age:
 Age you feel:
 Physical health:
 NO PROBLEM 1 2 3 4 5 6 7 8 9 10 DEFINITE PROBLEM

Mental health:
 NO PROBLEM 1 2 3 4 5 6 7 8 9 10 DEFINITE PROBLEM

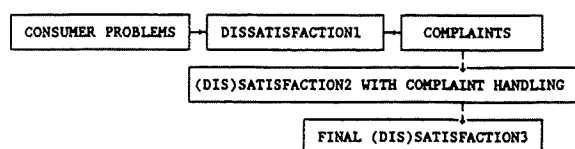
Financial health:
 NO PROBLEM 1 2 3 4 5 6 7 8 9 10 DEFINITE PROBLEM

CONSUMER PROBLEMS AND SATISFACTION IN A RETAIL SETTING

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INTRODUCTION

It is generally accepted, that the (dis)satisfaction of the customers can be seen as an indicator of the functioning of the economic system, of social welfare, and of consumer products and services. In this study, consumer satisfaction in a retail setting is investigated. One should distinguish consumer problems, satisfaction/dissatisfaction (1) before complaining, consumer complaints, satisfaction/dissatisfaction with the complaint handling (2) and final satisfaction/dissatisfaction after complaining (3).



Consumer problems can be defined as the difference between the expected performance of a product or service and the realization of the product performance. The experience of problems with a product or a service often leads to dissatisfaction₁. However, problems attributed to oneself as a buyer will not lead to dissatisfaction.

Consumer complaints are often the result of dissatisfaction₁. A complaint is the uttering of a problem and the resulting dissatisfaction₁ to the retailer or the producer. Dissatisfaction, however, can also lead to some other forms of complaining behavior. The consumer can decide not to buy a good or service again. Another consequence may be negative word-of-mouth. In order to avoid the negative effects of dissatisfaction it is better to prevent the occurrence of problems, especially those problems leading to dissatisfaction₁ and complaining behavior.

Note the difference between dissatisfaction₁, dissatisfaction₂, and dissatisfaction₃. The second kind of satisfaction/dissatisfaction is related to complaint handling. The third type of (dis)satisfaction is the result of the complaining behavior. It is the final satisfaction/dissatisfaction depending on how the complaint was handled by the retailer or producer.

In this study, consumer problem perception, satisfaction/dissatisfaction, and complaining behavior has been investigated for four products in a Dutch chain retail store, HEMA. The purpose of the study performed is twofold. The first purpose is to better understand the relations between problems, satisfaction and complaining behavior. The second purpose is (a) to investigate the satisfaction with four distinct product groups of a retailer, (b) the attributes which are important for the consumer when evaluating the product, and (c) the attributes leading to satisfaction/dissatisfaction.

Products

Four different products were chosen for this study based on the following considerations:

1. Products with a different degree of consumer involvement.
2. Products with a different degree of complexity.
2. Strongly based products of the retailer.
3. Products to be considered for product improvement.

The products that were selected based on these considerations are: (1) cheese; (2) underwear; (3) wristwatches; and (4) vacuum cleaners.

It is assumed that cheese and underwear have low levels of complexity and consumer involvement, whereas watches and vacuum cleaners have higher levels of complexity and involvement. Some of these products were considered by the retailer for improvement.

Research Design

The data were collected by verbal questionnaires. Before the questionnaires were constructed, four focus group discussions were held in the cities of Haarlem and Gouda (in March, 1988). Participants were women in the age group 20-50 years. This was done to obtain necessary information to construct the questionnaires.

- From the focus groups information was generated on:
- important attributes of each product.
 - frequent problems and complaining actions.
 - complaining behavior.
 - buying behavior.

With the help of the obtained information four different questionnaires were constructed; one questionnaire for each product. Each questionnaire contained questions on problems, satisfaction/dissatisfaction, and complaints. First consumers were asked to name the problems they had with the product. Secondly they were asked to rate their satisfaction with the attributes and the product. Thirdly it was asked whether they did undertake some complaining action.

The questionnaire survey was held in the week of October 24-29, 1988, in two different HEMA stores at the cities of Amsterdam-Osdorp and Amersfoort. The sample from in-store customers consisted of 266 respondents. The sample was composed as follows:

Cheese:	81 respondents.
Underwear:	63 respondents.
Watches:	80 respondents.
Vacuum-cleaners:	42 respondents.

RESULTS

Service Related Problems Versus Technical Problems

It appears that the higher the product complexity and the consumer involvement, the more problems were

reported. But not only the number of problems increase when complexity increases, also the kind of the problems is different with high product complexity. For cheese, all problems are service related. Underwear is a product with 16% service related problems, closely followed by watches. The vacuum cleaners have the lowest percentage service related problems.

The number of technical problems is just the other way round. Vacuum cleaners have the most problems relating to the product, whereas cheese has no technical problems (Table 1).

Table 1
Service Problems and Technical Problems With Products

	% Problems		Technical Satisfaction	
	Service	Technical	Satisfaction	
Cheese	5%	100%	0%	6.07
Underwear	30	16	84	6.06
Watches	34	11	89	6.07
Vacuum Cleaners	62	4	96	5.44

Consumers with and without problems are compared on their socio-demographic characteristics. No significant differences were found. However, the groups differed on the reasons they gave why they bought at the retailer HEMA. Consumers without problems gave more often as a reason of their purchase that they pay attention to the product quality. Consumers with problems gave as a reason that they like shopping at HEMA, that HEMA has reasonable prices, and that they appreciate the lenient return policy of HEMA. A conclusion might be that consumers paying attention to the products have more realistic expectations than consumers paying attention to the retailer attributes. Thus, the former group is less dissatisfied.

The attribution of the problems has to do with the kind of problem. The higher the percentage of problems related to service, the more consumers attribute the problem to the retailer. The higher the percentage technical problems, the more consumers attribute the problem to the producer or to themselves. When consumers think the occurrence of the problem is their own fault, they usually say so, because they didn't gather enough information before buying the product.

Problems Versus Satisfaction

Satisfaction with the four products is given in de last column of Table 1. The satisfaction is measured on a 7-point scale. In general consumers are satisfied with the four products, only for vacuum cleaners a lower satisfaction score has been obtained.

In this study the relationship between problems and satisfaction/dissatisfaction was investigated. In another study (Francken, Van Zon and Feenstra, 1985) it was found that the occurrence of problems is a necessary but not sufficient condition for dissatisfaction. In this study, we arrive at the same conclusion. Everyone without a

Table 2
Attribution of Problems

	% Problems				
	Retailer	Producer	Self	Other	
Cheese	5%	100%	-	-	-
Underwear	30	16	79	-	5%
Watches	34	11	59	7%	22
Vacuum Cleaners	62	8	58	31	4

problem was at least fairly satisfied. Of all people with some problem about one-fifth was more or less dissatisfied. See Table 3 for the results, summed over the four products.

Table 3
Relationship Between Problems and (Dis)Satisfaction

	No Problem	Some Problems
Very Satisfied	44%	18%
Satisfied	48	42
Fairly Satisfied	8	19
More or Less Dissatisfied	1	21

$X^2 = 55.59, p < 0.005$

Not only the presence of a problem may lead to dissatisfaction, the number of the problems is also of influence. The more problems are experienced, the more dissatisfied consumers will be.

Table 4
Relationship Between Number of Problems and (Dis)Satisfaction

	One Problem	Two or More Problems
(Very) Satisfied	65%	54%
Fairly Satisfied	26	8
More or Less Dissatisfied	9	38

$X^2 = 10.80, p < 0.005$

Attributes Leading to (Dis)Satisfaction

The direct measure of (dis)satisfaction is to ask consumers how satisfied they are about a product or service. Asking consumers only how satisfied they are with the product or service results in an measure of overall satisfaction. A product can be seen as composed of a set of attributes, marketing attributes as well as product attributes. When one wants to know the satisfaction with a product, it is not sufficient to measure overall satisfaction, but it is necessary to measure satisfaction with the different attributes. This gives rise to a multi-attribute

measure of satisfaction. Knowing the satisfaction with the different attributes, it is important to know the importance of the attributes to the consumer. If an attribute is not important, it doesn't matter much whether the consumer is or isn't satisfied about this attribute.

As mentioned, a part of the research problem was to identify the attributes that contribute most to (dis)satisfaction. In order to find these attributes the following method was employed:

1. Rating the attributes from most to least important.
2. A multiple regression analysis was performed. The dependent variable was overall satisfaction with the product. The independent variables were the satisfaction scores of the attributes.

In general, the satisfaction scores of the attributes which are significant in the regression, are among the five highest rated attributes.

Cheese

There were not many problems with the cheese bought at the retailer. Because of the low rate of problems a large number of customers was (very) satisfied.

One of the purposes of the study was to investigate which attributes contribute most to the overall satisfaction with cheese. The attributes important for buying and evaluating cheese, selected by stepwise multiple regression are the taste of the cheese and the expertise of the sales personnel. These attributes explain 30% of the variance in satisfaction with cheese.

$$y = 0.47 a_1 + 0.15 a_2 + 2.36 \quad R^2 = 0.30$$

(5.05) (2.34) (3.80) $\delta e = 0.54$

y = overall satisfaction with cheese.

a₁ = the taste of the cheese.

a₂ = the expertise of the sales personnel.

Underwear

About one-third of the respondents had one or more problems with underwear. Upon asking which problems were the worst, two problems were mostly named. One problem was that the shape of the underwear wasn't good. The other problem was that the quality durability didn't come up to expectations. These two problems were the problems that give rise to dissatisfaction. Other problems had less impact on the satisfaction with underwear.

This conclusion was confirmed performing a regression analysis. The attributes that explain the greatest part of the overall satisfaction with the underwear are:

$$y = 0.58 a_1 + 0.51 a_2 - 0.40 \quad R^2 = 0.77$$

(6.26) (4.73) (2.10) $\delta e = 0.59$

y = overall satisfaction with underwear.

a₁ = the shape of the underwear.

a₂ = the durability of the underwear.

Watches

About one-third of the consumers had one or more problems with wristwatches. The worst problem the consumers had, was a problem with the watch-string. The problem leading to relative more dissatisfied consumers were poor advice of the sales personnel and the watch going into pieces too soon. It was found by a survey question that wearers of a watch can be divided into two groups. One group are the people that wear a watch primarily as a functional article, i.e. to tell the time. The other group consists of people that wears a watch primarily as an ornament or accessory. We further assume that the attributes of importance for the overall satisfaction are different for both groups. We therefore split the group to perform the regressions. Different attributes were selected by the multiple regression analysis.

Functional watch:

$$y = 0.66 a_1 + 0.68 a_2 - 0.64 \quad R^2 = 0.65$$

(6.78) (5.43) (2.67) $\delta e = 0.58$

y = overall satisfaction with functional watch.

a₁ = the helpfulness of the personnel.

a₂ = the watch should give the right time.

Watch as an accessory:

$$y = 0.44 a_1 + 0.42 a_2 - 0.19 \quad R^2 = 0.80$$

(4.00) (3.50) (0.71) $\delta e = 0.55$

y = overall satisfaction with accessory watch.

a₁ = the choice between different watches.

a₂ = the watch should give the right time.

Vacuum Cleaners

Many consumers had one or more problems with vacuum cleaners. There are three kind of problems named. The worst problem was that the vacuum cleaner has not enough suction. The second problem had to do with handling the vacuum cleaner, e.g. too heavy, no usage directions. The third problem is that the vacuum cleaner breaks down too soon. The problems with the suction and the durability give rise to dissatisfied consumers. It is not surprising that the suction and guarantee proved to have the strongest effect on overall satisfaction.

$$y = 0.67 a_1 + 0.74 a_2 - 0.76 \quad R^2 = 0.60$$

(6.50) (3.80) (1.50) $\delta e = 1.21$

y = overall satisfaction with vacuum cleaner.

a₁ = the suction.

a₂ = the terms of the guarantee.

An overview of the attributes determining the overall satisfaction with the products is given in Table 5.

Herzberg's theory of job satisfaction predicts a discontinuous relationship between dissatisfaction and satisfaction. Attributes when absent lead to dissatisfaction which can't be compensated, are called hygienes. The presence of hygienes is thought to be natural and will not result in a satisfied consumer, but in a not-dissatisfied consumer (Swan and Combs, 1976; Maddox, 1981). Attributes which, given the presence of the hygienes, result in a satisfied consumer, are called the motivators.

The absence of these motivators will not lead to a dissatisfied consumer but to a not-satisfied consumer.

Table 5
Overview of the Determining Attributes

Cheese:	taste	
	knowledge personnel	
Underwear:	shape	*
	durability	*
Functional Watch	helpfulness of personnel	
	right time	
Watch as an Accessory:	choice	
	right time	
Vacuum Cleaner:	suction	*
	guarantee	

For the marked attributes (*) a "Herzberg" effect occurs. The products in question are the underwear and vacuum cleaners. Dissatisfaction with the shape or/and the durability of the underwear always leads to dissatisfied consumers. The dissatisfaction cannot be compensated by satisfaction with other important attributes. On the other hand satisfaction with these attributes leads to higher levels of satisfaction with the underwear and never to dissatisfaction with the product. The same holds for the suction of the vacuum cleaner.

Complaints

One would expect that consumers take more action to complain in case of problems and dissatisfaction with complex products such as the vacuum cleaner. However, most complaining action is done with cheese, next watches and underwear. The frequency of purchase and the purchase interval facilitates complaining about cheese. Problems with cheese are easily demonstrated. Problems with underwear are more difficult to prove. A low suction is difficult to demonstrate. Consumers also have less experience with vacuum cleaners than they have with cheese (Table 6).

Table 6
Complaining Behavior

	<u>% Complaints</u>	<u>Easily Demonstrated</u>
Cheese	75%	100%
Underwear	44	6
Watches	37	53
Vacuum cleaners	12	25

The way the complaint is handled determines the satisfaction/dissatisfaction after complaining. Normally consumers are satisfied with a replaced or repaired product. Otherwise dissatisfaction₂ is often the result.

In Table 7 the relation between satisfaction/dissatisfaction with the complaint handling and the type of compensation is given. Customers who got their money back or received a replacement or had their product

repaired, were (very) satisfied. Customer without compensation are fairly satisfied or dissatisfied.

Table 7
Relationship Between Satisfaction/ Dissatisfaction₂ and Type of Compensation

	<u>No Compensation</u>	<u>Money Back</u>	<u>Replaced/ Repaired Product</u>
(Very) Satisfied		17%	61%
Fairly Satisfied	6%		
More or Less Satisfied	17		
	23	17	61

The satisfaction/dissatisfaction₂ with the complaint handling and the final satisfaction/dissatisfaction₃ are related (Table 8), although in an asymmetrical way. Customers that are satisfied with the handling and outcome of their complaint, are frequently satisfied with the product. Customers that are dissatisfied with the handling and outcome of their complaint, are also dissatisfied with the product.

Table 8
Relationship Between Satisfaction/ Dissatisfaction₂ with the Complaint and the Final Satisfaction/Dissatisfaction₃ with the Product

	<u>Satisfaction/Dissatisfaction₃</u>		
<u>Satisfaction/ Dissatisfaction₂</u>	<u>Very Satisfied</u>	<u>Fairly Satisfied</u>	<u>More or Less Dissatisfied</u>
(Very) Satisfied	53%	7%	13%
Fairly Satisfied			7
More or Less Satisfied			20

Conclusion

The number of the problems as well as the kind of the problems is different for the four distinguished products. The higher the complexity of the product the more problems. Also the higher the complexity the more the problems are product related and not service related. A necessary condition for dissatisfaction is the presence of a problem. However not everybody who has one or more problems, is dissatisfied. Stated in another way, a problem is a necessary but not a sufficient condition for dissatisfaction. Dissatisfaction with a product is the result of dissatisfaction with an attribute. In turn this dissatisfaction with an attribute is the result of a problem relating to this attribute. Dissatisfaction is the result of the discrepancy between expected and realized performance.

To prevent dissatisfaction the retailer therefore has two options. One option is to adapt the expectations to the product so that expected and realized performance agree

with each other. These adaptations in product or in expectation should especially be made in those attributes that contribute most to satisfaction.

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