

The psychology of consumer detriment

A conceptual review

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Prepared for the Office of Fair Trading by Dr Peter Lunt, with Laura Miller, Johanna Körting and Joseph Ungemah, University College London

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There is a companion document to this report, also published this month by the OFT, called 'Focus group research on consumer detriment.'

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Authors of this report

Dr Peter Lunt with Laura Miller, Johanna Körting and Joseph Ungemah

Department of Psychology
University College London
Gower Street, London

email p.lunt@ucl.ac.uk

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FOREWORD

The role of the Office of Fair Trading (OFT) is to ensure markets work well for consumers by promoting and maintaining effective competition and fair markets.

The OFT seeks to safeguard consumers' interests by enforcing competition and protection rules, investigating markets and educating and informing consumers. However, the OFT needs continuously to improve its understanding of how consumers behave in different markets, their priorities and how to best employ its power to minimise consumer detriment.

The consumer detriment project is designed to gain a better understanding of financial and non-financial detriment and to produce an operational tool to inform overall OFT priorities and casework. The project, in essence, sought to develop a methodology which could be used to identify the causes and effects of consumer detriment and who was susceptible. It builds on past research – for example the OFT's Consumer Detriment Report of 2000 but is quite deliberately geared to the ultimate objective of using this insight to target resources to areas that will have most impact for consumers.

As part of this broader ranging study into consumer detriment by the OFT, Dr Peter Lunt was commissioned to conduct a wide-ranging literature review of the concept.

Any views expressed in this paper are those of the authors and they do not necessarily reflect the views of the Office of Fair Trading.

Christine Wade
Director Consumer Regulation and Enforcement
Office of Fair Trading

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1 INTRODUCTION

Overview

- 1.1 Consumption is a major influence on people's identities. They spend time thinking about it, participating in it and enjoying it; it is expected to be pleasurable, rewarding and life-affirming. However, this is often not the case, and as with all complex social activities, it has its costs and limitations. This report presents a conceptual review of consumer **psychological** detriment.
- 1.2 To date, consumer detriment has been defined economically: a variety of OFT reports have outlined the need to develop a method for calculating the **financial** costs to consumers and to the economy as a whole when problems occur. One indication of the extent of the detriment experienced by consumers is the vast number of complaints made by consumers and documented by the OFT in their previous work on consumer detriment.
- 1.3 It is reasonable to suppose that these sources of financial detriment carry potential psychological consequences: the experience of dealing with faulty goods and services or feeling ripped off or uncertain of our consumer rights can feel, by turns, frustrating, stressful or debilitating and worrying. This is acknowledged in some of the economic models of detriment; particularly those that recognise that one of the 'costs' is time and effort that could be spent doing other things. However, there are psychological correlates of and effects of problematic experiences in consumption that are not directly related to cost. Feeling **frustrated** or **angry** with faulty goods or poor services, **putting up with** imperfections, being **confused** about choices or **worried about risks** are psychological experiences that we can all recognise – but how do we put a value on them? Is there a way of recognising their **cumulative effect** (on both individual and social levels)?
- 1.4 Such **psychological effects** are widely reported in the press and mass media and acknowledged by consumer representatives, regulators and government offices. There has been much discussion of negative brand image in press and marketing literature in recent years: this is allied to

growing discussions of 'corporate responsibility.' If the potential significance of negative psychological experience is difficult to quantify for the individual, these broader social effects of problems in consumption are even more intractable.

1.5 Despite this, the belief that by improving the experience of consumption and quality of service companies will experience positive benefits (such as improved competitiveness and increased consumer loyalty) means that the topic of the psychological costs of poor practice is one that cannot be easily ignored. Indeed, these psychological dimensions of consumption are acknowledged by the retailing sector which makes considerable efforts to manage their relationship with customers: the establishment of complaint handling procedures and after sales policies and returns policies is evidence of this increased attention to 'customer satisfaction.'

1.6 This report reviews a wide range of literature that discusses potentially problematic psychological effects of consumption (when it goes wrong) to provide reflection on the agenda of the OFT, which seeks to achieve:

- Point 1) a better understanding of what it is about consumer transactions that can be classified as 'detriment'
- Point 2) a classification of what causes the detriment
- Point 3) an analysis of which groups of people are susceptible and in what circumstances – i.e. how they are targeted
- Point 4) an analysis of the likelihood of particular types or groups of business being more likely to cause the detriment or be affected by other businesses inflicting detriment
- Point 5) an assessment of how far detriment is relative to age (which will have an effect on experience, education or vulnerability), disability, what an individual can afford to lose, and ability to withstand certain sales techniques or stress, lifestyle

- Point 6) an analysis of whether detriment is a problem if a complaint/complainant is dealt with quickly and the 'victim' is not left out of pocket or with damage to health
- Point 7) a risk/detriment rating model - high risk of detriment may not result in an effect by which consumers are most affected and low risk may result in high impact e.g. a faulty unsafe product/personal injury.

1.7 We have interpreted these aims in the following way.

- To address the first two points, we have identified the variety of negative psychological phenomena associated with problematic consumption. Our work has included the identification of specific psychological processes that underlie (cause) 'detriment,' which has been defined in psychological terms. This broad ranging concept review forms the core of this report.
- Points 3) and 5) deal with questions of vulnerability: to attend to it, we will review some of the theories, concepts and findings in the psychology of vulnerability.
- Point 6) is included in a broad review of the psychological dimensions of consumer complaints.
- Point 7) is addressed by identifying a wide range of dimensions of consumer detriment.
- Point 4) has given us some difficulty. The psychological literature on consumption has not systematically studied different products, industries and sectors crossed by the range of identified variables in psychological detriment. That is not how areas of applied research in the social sciences work. Often the choice of a particular product or issue or sector follows the personal interest of the researcher or serendipity. Consequently while a range of products, services and sectors are studied it is difficult to come to make comparisons across studies characterised by different theories, methods and empirical focus.

- 1.8 Related to this is the point that, whilst it is intuitively clear that certain practices are evidently causes of psychological detriment (door-stepping and telephone scams), they have not been of great interest to the research community. Consequently, the main work of this report has been a translation exercise whereby research conducted to answer questions that fascinate the research psychologist or marketing specialist are translated into questions of detriment.
- 1.9 Another issue that we faced related to the meaning of the term 'psychological detriment'. The concept of consumer detriment has emerged recently in the policy community and seems to be spreading rapidly through it. However, it is not a concept that has yet filtered into academic research. When we did our initial searches on the concept of 'consumer detriment' we found ourselves directed to the OFT website and other regulators around the world but the links to academic research were thin. This is probably due to the fact that concepts of 'consumer detriment' and 'psychological detriment' are not favoured in psychological and consumer psychology research.
- 1.10 An extensive rather than intensive approach has been taken to the review with the aim to identify the variety of psychological dimensions of consumer detriment focusing on diverse points in the consumption chain (such as marketing, action at the Point of Sale (POS), complaint making and post-purchase reactions).
- 1.11 These constraints have structured the review, both in terms of methodology and writing, so that it is primarily conceptual in approach, tackling each of the questions posed by the OFT in turn. These are, to identify the psychological factors that:
- primarily influence purchasing decisions
 - make consumers susceptible to exploitation
 - make consumers buy even where they cannot be sure of a satisfactory experience
 - cause consumers to fall repeatedly for the same tricks

- engender false trust in consumers
- prevent consumers from shopping around.

1.12 And to examine the psychological dimensions related to:

- when things have gone wrong, render them unable to achieve acceptable 'redress', in the widest sense, which gives them a feeling of a fair and balance outcome
- what effects different types of detriment cause and whether they differ depending on the type (e.g. does being 'scammed' have vastly different effects - either immediate or longer term or both - to having a legitimate transaction which goes wrong and is difficult to resolve)
- whether different types of consumer respond in a standard or varied way to detriment and why
- whether financial detriment is the same in terms of psychological effects as non-financial detriment (e.g. does embarrassment, humiliation, sense of stupidity damage some more than lost money?)
- the main immediate, short-term, medium term and long term types of detriment by type of detriment and type of consumer, and the main effects of these on the same basis (immediate, short-term, medium term and long term).

1.13 As with the broader aims established above and the concept of 'consumer detriment' itself we have not found direct answers to these questions in the research literature. Our approach has been to conduct the review with the aim of identifying the psychological dimensions of consumer detriment with these specific questions in mind.

Recent trends in consumer research

1.14 Consumer psychology has moved away from a focus on cognitive accounts of decision-making towards an understanding of consumer **behaviour**: Research also attends to psychological dimensions of consumer experience and focuses on the emotional consequences of

consumer involvement. This development reflects broader changes in psychology as a discipline which has moved towards an appreciation of context and emotion. This disciplinary shift is visible in applied areas of study, which are partially responding to a changing sensibility to the non-cognitive dimensions of everyday life. For example, having reviewed recent studies in consumer behaviour, East (1997) offers the following observations, reinforcing the importance of the context and diversity of psychological processes. These observations suggest that consumers:

- often do not know the price of the goods they are buying
- leave money in investment accounts that offer low returns
- do not claim tax rebates to which they are entitled
- do not take into account available information about products and services from consumer organisations or the media
- remain loyal to brands that have lost appeal or competitiveness
- are influenced by other people's views and opinions
- often do not complain when they receive poor goods or services
- are open to framing effects that influence their decisions
- are enticed by adverts that give them little information about products or services.

1.15 These are particular behaviours that indicate the variety of potential sources of detriment resulting from beliefs, decisions and feelings. The aim of this review is to identify the underlying psychological processes and effects implicated in consumer detriment.

1.16 There is an underlying debate about the psychological consequences of consumer detriment. Economic policy suggests that increased competition and the removal of structural constraints in consumer markets will free the consumer to make their choices and to act in their own interest. Much of the research that we draw upon for this review

makes very different assumptions, seeing human beings as psycho-social agents whose entry into the market, behaviour in it and so on are influenced by less 'rational' processes. The implications of this research are that consumers lose out financially as a consequence of their decision-making and can suffer psychological detriment as a result of the interaction between their emotions, aspirations and identities and the behaviour/performance of the market.

1.17 Moving from considerations of financial detriment using economic models towards psychological detriment using psychological theory and evidence has many implications.

- Psychological detriment is unlikely to be tractable (unlike economic cost). It has many facets, so the report will start by identifying and mapping them.
- Psychological research and explanations differ from economics in important ways. There is no overarching agreement concerning theoretical framework, approach to data collection and analysis. The previous economic work on consumer detriment makes a set of normative assumptions and tests those assumptions in a model applied at the aggregate level. As a discipline psychology encompasses radically different theories and methods deployed in a variety of very different sub-disciplines (e.g. cognition, clinical psychology, social psychology). Paradigms in psychology are middle range theories tested using many small-scale empirical studies at the individual level. Consequently any phenomena, such as psychological detriment in consumption will, attract a wide variety of research including qualitative studies of the experience of consumption, surveys of beliefs and attitudes, experimental studies of information processing and behavioural manipulations. Consequently, it is difficult to conceive of a unified, 'psychological' approach to the phenomena under discussion.
- The range of putative variables implicated in studies of psychological detriment is rather daunting: the list includes aspects of information processing, motivation, emotional dimensions of consumer experience, aspects of personality, beliefs and behaviour.

- Psychological theories and models are established in relation to highly delineated psychological phenomena that can be distant from the particular experiences of consumers. The relation between these theories and applied social issues is not direct. Indeed psychological research in consumer psychology involves a range of studies that focus on specific phenomena (like gift giving, social support, anger in consumers) and some studies that take a specific effect or theory from academic psychology and apply it to an empirical study related to a social problem (e.g. information processing in consumption decisions, learned helplessness in the face of choice, framing effects in decisions under uncertainty).
- These points make it unlikely that a review of psychological detriment will deliver a unitary conception of deficit from which simple and direct policy implications can be drawn.

1.18 The findings of the literature review and the subsequent conceptual analysis will be organised into the following sections reflecting the different moments in the consumption process:

- psychological dimensions of vulnerability
- psychological factors at the point of sale
- psychological aspects of the post-purchase phase
- longer-term psychological detriment in consumption.

1.19 In each of these moments of the process of consumption, a review of the relevant theories and findings will be presented with potential implications for consumer psychological detriment. Specific exemplar studies will be presented to illustrate issues and to bear down further on the issues involved in consumer detriment.

2 VULNERABILITY

- 2.1 Previous OFT work on detriment has concentrated on specifying the incidence of problems with goods and services, breaking this down by product categories and markets and estimating the financial costs to the consumer of dealing with such problems.
- 2.2 **Vulnerability** has been an important dimension of this analysis, as key groups within society lack the financial resources to deal with the problems that they encounter: the relative cost to low income groups is greater than for high wage-earners. The recommendations of previous OFT reports have focused on issues of regulation and product provision for those on low incomes. For example, they have suggested that the FSA place more emphasis on the delivery of financial services to low-income groups and have urged commerce to develop products that meet the needs of vulnerable groups. This review starts where the previous work of the OFT on vulnerable consumers ends and reviews psychological dimensions of consumption.
- 2.3 Although the OFT review of vulnerability in financial services takes into account the historical changes in exposure to risk of low income groups, it looks at this in terms of traditional socio-economic categories (handling the vulnerable consumer in terms of their economic resources and access to products). The idea motivating the present review is to extend the concept of consumer detriment and associated vulnerability to include psychological detriment.
- 2.4 There has been much debate within the social sciences concerning the nature of the **risk society** and the growing salience of what Beck (1992) terms **institutional individualism**. The argument is that contemporary social arrangements (including the shift from collective to individual forms of insurance) are making **forceful demands** upon individuals for **self-determination** and **participation**. These have important economic and social psychological dimensions: in practice, they result in the persistence (or even increase) of social inequality, despite appearing to provide an increase in opportunities.
- 2.5 This contradiction is neatly summarised by Beck and Beck-Gernsheim:

'On the one hand, stratification theorists (and Marxist class theorists) may consider that nothing essential has changed, for distances in the income hierarchy and fundamental coordinates of wage labour have remained much the same. But on the other hand, ties to social class (in Max Weber's sense) have typically been pushed into the background. A tendency to individualised lifestyles and life situations forces people – for the sake of material survival – to make themselves the centre of their own life plans and conduct' (Beck and Beck-Gernsheim, 2003).

- 2.6 The 'risk society' places far greater emphasis on **individuals' resources** (including their psychological resources) against a background of **anxiety** and increasing **self-reflection**. Consequently, the question of psychological vulnerability and detriment obtains a new purchase and there is a new imperative to identify the psychological dimensions of vulnerability.

Vulnerable groups

- 2.7 The OFT Research Paper 15 *Vulnerable Consumer Groups: Quantification and Analysis* offers the following categories of vulnerable consumers:
- the unemployed
 - those suffering from long-term disability
 - those with low levels of educational attainment
 - members of ethnic minorities
 - older people
 - the young.
- 2.8 This list is compatible with the groups identified in the literature studied for this project and there seems to be good agreement about who is vulnerable. However, there is no clear understanding of why they are vulnerable. This is the question addressed by this section of the report: what are the possible psychological factors that make these groups particularly vulnerable? A caveat to this question must concern the level

to which these groups are the target of those wishing to defraud, scam or deceive. Their designation as 'vulnerable' is based upon their perceived psychological vulnerability beyond issues related to the availability of security and protection.

Psychological correlates of social economic status

2.9 There have been a number of recent studies that have identified psychological correlates of social class. Using a framework derived from studies of coping with life hassles and stressors, Henry (2004) classifies these studies as demonstrating a number of effects:

- perceived control over one's environment and fate
- actual self-control
- emotional control
- task persistence
- time orientation
- optimism/pessimism
- reported stress
- reported self-esteem
- achievement motivation
- preference for stability
- avoidance of stressful challenge
- degree of open mindedness
- concrete versus abstract thinking.

2.10 A distinctive feature of these studies is that there is both a waxing and waning of interest in social class amongst psychologists in general and

consumer psychologists in particular yet there is a remarkable persistence to the findings over time and region – indeed this has been confirmed by recent cross national studies (Inglehart, 1990; Kohn et al 1990). Although it should be noted that many of these more recent studies have concentrated on the psychological correlates of health outcomes rather than directly on material outcomes.

- 2.11 Yet, as Henry (2004) suggests, although there is an intuitive connection between these items the area remains a mosaic of various research findings. He suggests a framework for integrating these manifold psychological effects in the context of material consumption. Based on his review of the literature, Henry (2000) identifies six specific modes of thought that appear to vary systematically with social class and age.

Time horizons/confidence

- 2.12 The first of the six specific modes of thought is time horizons/confidence:

- instant gratification
- focus on present
- educational and nutritional concerns
- responses to advertising (short and long term rewards)
- pessimism concerning future material resources
- older less confident
- higher social class more confident.

Values

- 2.13 The second of the six specific modes of thought is values:

- higher social class value accomplishment and achievement
- greater self-direction and sense of possibilities

- greater expectations amongst children of higher SES.

Preference for stability

2.14 The third of the six specific modes of thought is preference for stability:

- higher in lower SES groups (maybe reflecting lack of control among lower SES groups)
- preference for greater choice among higher SES groups
- greater conformity amongst lower SES (realistic hope for maintaining security).

Stress and challenge avoidance

2.15 The fourth of the six specific modes of thought is stress and challenge avoidance:

- lower SES groups express greater preference for avoiding stressful, challenging tasks (linked to self-confidence and salience of personal weakness)
- lower SES groups report more things going wrong with their lives and more distress for the same amount of stress (linked to preference for stability)
- higher SES have greater problem solving resources.

Social withdrawal

2.16 The fifth of the six specific modes of thought is social withdrawal:

- social capital effects
- decline of social network with age

Altruistic tendency

2.17 The sixth of the six specific modes of thought is altruistic tendency:

- higher SES and elderly have higher altruistic motivations.

Theoretical background

2.18 The background theory of social class in such work draws on sociological theories that broadly define social differences as a relatively open stratification system with 'systematically unequal allocation of resources and constraints. Two influential sociological theories inform this view – that of Bourdieu (1984) who suggested a move from thinking of social class as a strict hierarchy to an analogue of a multidimensional field where the position of an individual is influenced by their levels of a range of different capitals. Bourdieu distinguished between sets of capitals, which he termed cultural capital and social capital. Cultural capital refers to the accumulated knowledge and practices that enable consumption to express social class position. Social capital captures the variety of social contacts and networks available to the individual to support and enhance their options and experiences of consumption. Bourdieu's theories do not presuppose a specific psychology but rather indicate what psychological orientation is implicated in acting from a particular social class position.

2.19 The second set of sociological theories relevant to this background is reflexive modernity theories. These theories also suggest that the resources available to individuals have become critical in the face of increased demands for self-management and participation. The two key ideas that move psychological studies away from documenting correlates of hierarchical class position are the shift to the idea of diverse resources deployed in practice and that the ability to reflect and manage risk are important competencies of the individual in contemporary society complementing the availability of material resources that traditionally define social class position.

2.20 Slater (1997) summarises the impact of these social and economic changes on contemporary consumer culture as follows:

- non-material goods play an ever greater role in the economy and consumption
 - consumption involves information, advice and expertise, leisure
- material goods have a greater non-material component
 - marketing and advertising
 - product experiences
- increasing mediation of goods
 - simulation
- increasing importance on non-material dimensions of production
 - knowledge, science, expertise, systems, planning, cybernetic skills.

2.21 We can see from this small example of findings linking vulnerability to psychological phenomena that there are a wide variety of psychological processes underpinning or constituting vulnerability. We will now examine in more detail attempts to develop theories and models of psychological vulnerability in consumption.

The psychology of deception

2.22 Reviewing the psychological dimensions of deception in the US context, Aditya (2001) makes a strong case that contemporary marketing practices employ complex technologies and strategies. On the surface, there is no reason why sophisticated telecommunications and electronic monitoring devices should not keep pace with this but this is not only a technical matter: a proper understanding of the psychological strategies of persuasion deployed in marketing is needed to understand the psychological vulnerability of consumers.

2.23 In the context of the present review this is an important point. The suggestion is that the use of economic accounts of deception may be missing the complexity and sophistication of current marketing practices; deception is subtle and psychological.

'the FTC's policy on deception and unfair practices focuses on economic perspectives to the neglect of psychological variables' (Aditya, 2001: 736).

2.24 Aditya admits, as is reflected in this review, that there is a lack of direct evidence to guide regulation and enforcement policy and that this supports the emphasis on economic policy, where such 'evidence' is more available. This is clearly reflected in the existing approach to consumer detriment in the OFT. Aditya suggests a two-step strategy to dealing with psychological deception. This requires us to:

- identify and classify situations that lend themselves to deceptive and unfair practices
- identify psychological processes in consumer behaviour exploited in such practices.

2.25 Aditya's aim is to provide a framework for policy making in relation to the psychological dimensions of deception in consumption. Aditya demonstrates that most useful definitions of **deception** and **unfair practice** presuppose a psychological effect on the recipient who develops beliefs that are demonstrably false. These approaches emphasise ethical, psychological and social perspectives: these contrast sharply with the assumptions behind FTC policy that emphasise material (financial) harm as the measure of deception.

2.26 Aditya discusses the difference between economic and legal definitions of deception and the social and psychological notions of susceptibility. The former are based upon assumptions about intent and reasonable claims in information and the latter emphasise individual and group differences in interpretation. The critical issue here is what evidence counts in evaluating the reasonableness of a marketing communication or Point of Sale Strategy. The legal and economic perspectives suggest that reasonableness can be decided on the basis of principle, through reviewing the information presented. In contrast the social and psychological perspective implies the identification of the interpretations and actions of the recipient of misleading information.

- 2.27 The shift in communications and marketing strategies from mass communication to contemporary diversified modes of communication is the focus of Aditya's argument. He suggests that in mass communication, the legal and economic perspectives of reasonableness fit the notion of a 'rational' population. In the contemporary scene – with the increasing use of targeting and relationship marketing criteria – the question shifts to identifying the specific vulnerability of particular groups or individuals. The latter requires a more concrete specification of vulnerability based on social and psychological considerations rather than the principles of rationality fore-grounded in the economic/legal definitions.
- 2.28 To meet the challenge of mapping the social and psychological dimensions of deception, Aditya suggests a more inclusive definition of deception in marketing:
- 'any act, claim, or message that (a) causes at least some consumers acting reasonably to make decisions that they would not otherwise make; (b) leads at least some consumers acting reasonably to believe something about the product, brand, or manufacturer that is not verifiably true; or (c) has the potential to foster distrust of any kind, general or specific, or in other ways cause an erosion of ethical values deemed desirable in society'
(Aditya, 2001: 743).
- 2.29 Aditya then reviews the various techniques for persuasion in advertising including disguising the advertising intent, use of celebrity endorsement, the use of advertising campaigns, and so on. One problem with his definition is the lack of distinction between persuasion, manipulation and deception. He describes the use of new technologies in deception such as personalisation, interactive marketing and pyramid selling schemes. Aditya makes a useful distinction between individual and societal consequences of persuasion and deception – the latter being the danger of widespread scepticism and mistrust. In this regard Aditya points to the paradox between consumer education that aims to increase scepticism amongst consumers which might protect individual consumers against fraud and deception but which might also result in new forms that bypass scrutiny?

2.30 The paper then identifies antecedent conditions of deception as follows:

- product characteristics
 - service goods more than manufactured goods
 - goods that are linked to deep psychological needs (e.g. health related)
 - consumable goods rather than durable goods (because of relatively low impact)
 - low value goods
- consumer characteristics
 - being in the market for goods leading to **arousal** and product salience
 - retention of **implied meanings** in advertising
 - **knowledge gaps** (review of technical information and critical thinking)
 - personality factors (**shyness** and **introversion**)
- psychological processes in deception
 - **mood** experiences (induced by advertising)
 - **halo effects** (undue emphasis on positive characteristic of product)
 - **framing effects** and **loss aversion**
 - **reference dependence**
 - **fear of retribution.**

2.31 We can see that there is a contingent relation between variables that pick out product characteristics, consumer characteristics and psychological processes in deception. In effect any combination of the above factors would lead to vulnerability, suggesting that there are multiple roots to psychological detriment in consumption. This kind of

work indicates that psychological detriment is not just an 'effect' of having problems with consumption (of buying faulty goods or services, not getting goods prices, feeling swamped etc) but can lead to potential financial loss.

- 2.32 This links to an issue that we will examine when we look at consumer complaints: it suggests a reason why consumer dissatisfaction might not lead to complaints and may result in high levels of acceptance of problems. According to Aditya, because they are already psychologically implicated in the process – consumption is a voluntary activity that people engage in because of its positive potentiality – they might blame themselves when a problem occurs.

Vulnerability to scams, swindles and fraud

- 2.33 Langenderfer and Shimp (2001) review consumer vulnerability to scams, swindles, and fraud and offer a theory of **visceral influences on persuasion**. The authors used experimental methods to support a theory of psychological vulnerability to scams, swindles and fraud. They review some of the literature on the elderly as a particularly vulnerable group and cite general statistics on the incidence of consumer scams and fraud which echo many of the findings above. They report a number of studies on the elderly that have been conducted by the American Association of Retired People (AARP). These suggest:

- older people score higher than younger people on a vulnerability index which measured consumer knowledge and openness to appeals
- victims of fraud were found to be unable to distinguish fraudulent from truthful claims, were more likely to live alone and less likely to seek advice
- based on focus group discussions with victims and non-victims, three types of fraud victims were identified (those who were repeatedly victimised and could not distinguish false from true

claims, those who were unable to control the POS, those who became excessively cautious consumers as a result of fraud

- telemarketers regularly target older people.

2.34 The findings concerning the inability to put the 'phone down are interesting: they suggest that marketers exploit politeness rules in social interaction which may be particularly problematic for the elderly. This suggests that deception goes beyond exploiting individual psychological characteristics of vulnerability and capitalises on 'the rules' of social interaction. Appreciating this is vital in developing an understanding the psychology of vulnerability.

2.35 Indeed, Langenderfer and Shimp (2001) outline the process of 'swindling and deception' as a **persuasive social interaction**. Their definition is based on accounts given by those who commit fraud, according to which there are certain patterns that are discernable:

- 'locate the mark'
- assess the vulnerability of the target
- establish pre-commitment (e.g. by asking for response to letter or to call to claim prize)
- initiate deception (focus on potential rewards, give plausible account of provide plausible story for payment in advance).

2.36 Langenderfer and Shimp (2001) distinguish a cascading series of psychological factors in vulnerability to fraud:

- the **inability to distinguish** scams from reasonable claims (**confusion**)
- low **motivation** because the amounts involved are small
- under conditions of high motivation – distraction by **visceral influence**
 - **greed** (as a result of the salience of reward)
 - **loneliness**.

- 2.37 The notion of **visceral influence in persuasion** is derived from the work of Lowenstein (1996):
- Attention is focused on the object or activity as potentially satisfying the visceral need. Consequently...
 - decisions are stripped of **cognitive deliberation**
 - accompanying feelings of being **out of control**.
 - Lowenstein suggests that such visceral influences subside quickly and are perhaps best understood as peripheral processes in persuasion. This is important in understanding the repetition of negative consumer experiences because there is a lack of deliberation during and after the event.
- 2.38 These findings suggest that visceral influences might work by mediating the potentiality and effects of **Elaboration Likelihood Model**.
- 2.39 The **Elaboration Likelihood Model**, proposed by Petty and Cacioppo (1981) suggests that motivation is a key factor in eliciting cognitive appraisal (particularly cognitive elaboration of arguments). We would expect that when a person has a direct interest in opposing a particular communication (particularly a communication with persuasive intent) and provided that they have the **ability** to decode the message and the **opportunity** to do so, that they will evaluate the arguments presented in favour of the product or the service by generating counterfactual arguments to weigh against those presented.
- 2.40 Why then do people find this difficult to do in a consumer context so that they **regret** their decisions and later feel that they were carried away by the sales technique or marketing context and did not evaluate the product or service adequately? Langenderfer and Shimp argue that **visceral influence** crowds out or distracts the subject from cognitive elaboration.
- 2.41 If visceral cues can distract cognitive elaboration under conditions of high motivation then it is important to understand the determinants of

the degree of visceral influence. Langenderfer and Shimp identify the following based on two of Kahneman and Tversky's (1984) heuristics:

- reward proximity
- vividness.

2.42 The salience of the reward and the vividness of the descriptions **arouse** the recipient and **distract** them from **cognitive appraisal** of the qualities of the goods and services and of the **arguments** presented in their favour.

2.43 In contrast, when visceral influence is high **self-control** is a moderator of the impact of persuasive cues. Linking to the findings above on Age and SES differences in psychological vulnerability we can see that self-control is linked to both demographic variables, offering another potential psychological explanation of vulnerability.

2.44 These moderating effects are in operation when there are high levels of motivation and involvement in consumer decisions – but we know that vulnerability also occurs when there are low levels of motivation; for example when the price of goods is reduced. When visceral influence is low there are different moderators of the impact on vulnerability on cognitive appraisal:

- social isolation
- cognitive impairment
- gullibility
- susceptibility to interpersonal information
- scepticism
- scam knowledge.

2.45 This is important because it suggests social influences and cultural awareness are part of the individual's decision making process? These

considerations lead to an alternative characterisation of psychologically vulnerable consumers (Langenderfer and Shimp, 2001):

- elderly
- low or fixed income
- lonely or socially isolated
- trusting
- limited education
- young
- greedy
- financially desperate
- gullible
- single mothers
- fantasy prone.

2.46 Based on ratings of officials of the Better Business Bureau, a psychological profile of those vulnerable to scams was developed. This is presented as a bipolar list of vulnerability factors:

- trusting nature
- gullibility
- fantasy prone
- age
- greed
- social isolation

- honesty
- physical impairment
- intelligence (-)
- wealth (-)
- self-control (-)
- financial comfort (-)
- education (-)
- scam knowledge (-)
- logical decision making (-).

2.47 These factors can be organised as:

- demographics
 - wealth
 - education
 - age related factors (age, social isolation)
 - physical impairment
 - financial comfort
- cognitive factors
 - logical decision-making
 - scam knowledge
 - intelligence
- personality factors
 - gullibility

- consumer susceptibility to interpersonal influence
- scepticism
- fantasy prone.

temperament characteristics

- greed
- self-control
- honesty
- trusting nature.

The social psychology of social influence

- 2.48 The above findings suggest that one important way that vulnerability is expressed in consumption is in the management and control of the point of sale as a social interaction.
- 2.49 Social influence is an important psychological part of persuasion that operates through **pre-commitment** and the use of a **graduated persuasion strategy** (foot in the door technique) that is enhanced by a variety of binding factors that are developed in social interactions. Social psychological experiments have established that individuals are prone to go along with what they perceive to be the accepted norms in social situations - they tend to be lead by what they see as the authoritative view.
- 2.50 The argument is that socialisation leads us to be only relatively autonomous and that when cues of appropriate behaviour are provided, people tend to follow them. Often, avoiding consumer detriment requires the individual to go against the grain of the situation and to express their opposition or disagreement (something that contravenes the interactive principles of 'politeness' discussed earlier). Such apparently non-coercive forms of social influence have been demonstrated repeatedly in social psychology: they have a potentially strong impact on social behaviour.

The consumption exchange as social interaction

- 2.51 Analysis of social interaction highlights the fact that it is an accomplishment managed through the subtle interplay of competencies of the parties concerned (Argyle, 1992). This opens up a variety of potential sources of exploitation and vulnerability in consumption exchanges.
- 2.52 Here we must distinguish between scripted and unscripted conversations in formal versus informal social situations. It is notable that many of the examples of complaints about service refer to aspects of the social interaction between supplier and consumer. This is made clear in the anecdotes presented in the report of the OFT focus groups. The ability to manage the interaction with the supplier, particularly when things go wrong relies on having developed interpersonal interaction skills. Conversely it is also clear that the supplier will be able to dominate the complaints processes by exploiting the consumer's desire to seem 'polite.'
- 2.53 This may well explain the relative lack of psychological detriment in goods where the service component is relatively small especially where consumers are dealing with firms that have established **routines** for returning goods and complaint handling.
- 2.54 In contrast, where there is a greater service component to the product, there may be more psychological detriment because consumers anticipate that interaction with the supplier will bring about resolution (instead of confounding the situation).
- 2.55 What does the **social psychology of social interaction** tell us about such matters? Much of the research on social interaction attempts to identify the features of the 'ideal speech situation': this is envisaged as a conversation between two equals that is aimed at achieving a mutual understanding. Such expectations form the basis upon which people judge their experience of social interactions.

Synchronising utterances

- 2.56 Conversations seem to happen easily most of the time – yet this is due to people possessing the necessary complex skills to ensure the smooth running of a conversation. Participants in a conversation have to manage their **turn-taking** and they do this chunking their contributions into recognizable units so that the person they are interacting with gets a clear signal when it is their turn to speak.
- 2.57 Underlying this is an idea that there are quite strong **politeness rules** that deter **interruptions** in conversations. Attempts to control social interaction can take the form of breaking the rules on chunking of interactional turns. Also, there are features of the ending of turns that are open to strategic manipulation. For example, if a turn is ended with a question, then this structures the response of the co-participant as an answer (question and answer are termed **adjacency pairs** by analysts of social interaction). In telephone marketing, the turns of the marketer are often scripted to end with a question. This has the function of tying the participant into the conversation but structuring their contribution along the lines preferred by the telephone marketer.
- 2.58 If a particular participant in a social interaction is dominating turn taking in conversation, then in face-to-face conversation the other participant(s) will use a variety of cues to signal that they want a turn. These involve non-verbal cues of arousal (head nodding, hand waving, saying 'yes-yes'). Clearly in a telephone conversation there is a dearth of nonverbal signalling (apart from prosodic forms) and so it is more difficult to subtly signal an opening. This places the participant in the difficult position of having to break the normal rules of turn-taking to gain parity in the conversation (i.e., they are forced to jettison 'politeness' and to engage in interruptions).
- 2.59 Clearly an important dimension to control of the social interaction in marketing contexts is **politeness**. Politeness has a number of psychological dimensions:

- friendliness
 - making the encounter enjoyable, warm, characterised by acceptance
- bolster the other's self esteem
 - avoid damage to 'face' of the other interactant
- avoid constraining the other parties to social interaction
 - do not give direct requests
- avoid saying 'no'
 - There is strong social pressure in social interaction to offer a positive response and to avoid putting the other in the position to say 'no'.
- recover and repair social interactions that are going wrong
 - This is an obligation to keep a social interaction polite and smooth and not to create difficulties for other participants.
- avoid rule-breaking
 - interrupting
 - not answering questions
 - talking too much.

2.60 If we combine these subtle normative rules for social interaction with the evidence that consumers find it difficult to put the telephone down and that there are age and SES status factors in vulnerability we can see that some of this detriment is the result of the lack of ability to manage interaction particularly in persuasive communication in marketing.

2.61 Why should the groups identified as vulnerable in consumption be open to exploitation because of their psychology when faced with these subtleties of the context of persuasion in social interaction?

- 2.62 **Loneliness:** the presentation of the interaction as a responsive, informal social situation – the vulnerability here comes from the difficulty of ending a social interaction. This relates to the visceral cues discussed above and to the idea that they will overwhelm the more judicious and 'rational' motivational aspects of the individual's behaviour: the illusion of company wins over the discomfort of coercion.
- 2.63 **Politeness:** telephone scammers exploit **politeness rules** in conversation using a variety of means including not offering mutual endings to conversations – one of the main predictors of vulnerability to telephone scams is the inability to put the telephone down. **Endings** in conversations are managed through mutual agreement: it is as though we need the **permission** of the other party to agree to end the conversation.
- 2.64 **Pre-commitment** in social interaction: saying hello to someone creates a form of obligation on the other participant. There are **pragmatic rules** of social interaction that determine that the contributions of participants in informal conversation establish a rapport between them.
- 2.65 **Age:** although there is no direct literature on this it seems reasonable to assume that the elderly find it more difficult to contravene social etiquette (of politeness and so on).
- 2.66 **Social skill:** some of the dimensions of consumer vulnerability are associated with a profile of various skills, dispositions and behaviours – so that the ability to manage the social situation so as to resist the persuasive intent and assert the consumer's own needs and desires is constrained.
- 2.67 This gives another interpretation of **disappointment** and **dissatisfaction**. There are three important dimensions to the way that politeness rules and interaction rules bind participants to social situations:
- getting out of such situations requires the participant to break the rules of the situation

- there is a power dimension to social situations (who is defining the situation) indicating an asymmetry whereby the suppliers establish the rules and trajectory of social situations
- there are identity issues at stake in such interactions (am I the kind of person who puts the phone down on people?).

Further research on psychological aspects of consumer vulnerability

2.68 There has been considerable and diverse work looking at a variety of psychological dimensions to consumer vulnerability. We present here a review of some typical findings in the literature.

2.69 It is reasonable to assume that negative social exchanges have the potential to detract from well-being in later life, but the factors that influence older adults' vulnerability to such exchanges remain poorly understood (Rook, 2004). Two dimensions of vulnerability, exposure and reactivity, were investigated using daily diary data collected at two time-points from a sample of community-residing older adults ($N = 129$). Three categories of predictors were examined: individual characteristics, life stress, and social network characteristics.

- Greater exposure to negative social exchanges was related to greater life stress and to less supportive networks.
- An increased psychological reaction negative event was related to lower self-esteem, less supportive networks, less satisfying friendships and family relationships, and to less life stress.
- Longitudinal changes in exposure and reactivity were related to changes in friendship satisfaction, the positive functions performed by the network, and health status.
- The findings suggest that personal characteristics and life circumstances play a role in influencing older adults' vulnerability to negative social exchanges (Rook, 2004).

- 2.70 These findings suggest that underlying the observed vulnerability of older consumers, there are a combination of social psychological factors related to diminished cognitive competence, increasing emotional vulnerability and greater social isolation.
- 2.71 There is also evidence of the vulnerability of individuals with **visual impairment** in the marketplace. These individuals are likely to not notice or misunderstand product information and warnings, which is a concern for social policy (an example of **similarity confusion** that will be discussed in the section on emotions and consumer detriment). Colour-deficient vision has been found to have negative influences on **consumer emotions, enjoyment, efficiency, and safety**, both during the shopping experience and after (Kaufman Scarborough, 2000).
- 2.72 There is a section of society that Williams and Windebank (2002) terms the 'excluded customer,' members of which define themselves as outside normal consumption practices. Williams and Windebank (2002) suggest that exclusion can be based upon income or the use of alternative retail channels (i.e. boot sales or charity shops). Interviews were carried out with 400 households in lower income urban neighbourhoods in England. Unlike previous research that considered exclusion arising only from unemployment, the current research defines the term by the possession of necessary items. Due to their reliance on second-hand sources for major goods (i.e. autos and fridges), excluded consumers are vulnerable and without recourse if something goes wrong.
- 2.73 Yinger (1998) reviews evidence on discrimination for minority individuals in the US. The paper reports that discrimination is common for housing and auto purchases (which together account for 1/5 of consumption expenditures). In turn, the discrimination experienced by minorities can help widen the economic gap between social groups. With these themes in mind, the author provides a literature review of economics' contribution to the measure of discriminatory barriers and their causes.
- 2.74 Three main areas of discrimination were focused upon: those of the housing sector, automobile industry, and fast food companies. National (US) and most other studies demonstrate large and significant amounts

of discrimination in housing, ranging from rental exclusion to the provision of services by estate agents. Due to the discrimination experienced by minorities, search costs are increased and poorer outcomes are realised (trends have not changed over the last 20 years). Regarding autos, profits are higher for dealers when transacting with minority men and women; however national (US) data has challenged this finding. For fast food, prices for food are higher in areas dominated by minorities, even when controlling for costs and income (5 per cent-50 per cent swing on price). Three motivations were identified for discrimination, those of (1) providers are prejudiced themselves (not supported in research), (2) providers are protecting business with prejudiced white households (more support, especially for housing), and (3) providers are attempting to maximise returns by relying on stereotypes (more support, but questionable results for housing).

- 2.75 Van-Wyk and Mason (2001) investigated vulnerability and reporting behaviour for consumer fraud victims. Their analysis highlighted the factors of **opportunity, socialisation, risk-taking behaviour, and age** with regards to vulnerability and reporting behaviour for consumer fraud. **Age** was found to be the greatest predictor of victimisation. However, the study also discovered that younger respondents socialised to a greater extent and took greater financial risks than their older peers-- characteristics that indirectly contributed to the age difference.
- 2.76 Cohen (1998) examined consumer fraud and confusion amongst vulnerable older people in the community through a single case study with adult females backed by a literature review. Their research distinguishes between a variety of fraud types, including telemarketing, banking, and renovation scams. Older people were determined as more vulnerable to fraud due to a **lack of consumer education, diminished sensory acuity, low levels of caution** in commercial relations, **isolation, low self-confidence, and greater dependency** on products and services.
- 2.77 Laufer and Gillespie (2004) examined the role of consumer attributions of blame highlighting gender differences: their experiments showed that perceptions of vulnerability and empathetic concerns affected the types of explanations that individuals would use to account for vulnerability. According to both studies, **women are more likely (than men) to blame**

companies for a product harm crisis as a result of **feeling more vulnerable**. A product harm crisis was defined as a discrete, well-publicised occurrence where a product is known to cause harm (conceptually different from product failure due to its highly publicised nature).

- 2.78 Vulnerability is also related to consumers' **market knowledge** and **awareness of business practices**. Fraud is estimated to cost \$100 billion per year in monetary losses alone (not counting the psychological cost). It is usually a targeted activity against specific groups (e.g. elderly, women, minorities, less educated, or poor), broadly categorised as involving either **cognitive deficiency or problems in social interaction**. Social exchange theory unites these two categories, in that individual asymmetries (e.g. cognitive, physical, etc.) result from different levels of social power, which lead to asymmetric exchange relationships. A consumer's ability to deal in the marketplace is one such form of social power (ability to spot fraud). Telephone interviews with 957 US adults found that consumers were more susceptible if they were older, poor, less educated, and single/widowed/divorced. Gender and 'race' were not found to be as important in determining vulnerability. Lee and Soberon Ferrer (1997).
- 2.79 Lyon, Kinney and Colquhoun (2002) suggest that although both older and younger consumers experience poor services or product failure, older consumers are distinguishable in terms of the **social and financial context** in which they make decisions and attempt to redress problems. Previous research called for increased fraud-awareness education of older consumers and although a greater amount of information is available, problems still persist concerning how it is presented and accessed. As transactions become more **complex and complicated** in the private and public transaction environments, a revision in how education is approached is called for.

Conclusions

2.80 Potential dimensions of psychological detriment identified here are:

- consumer knowledge and understanding
 - of economy
 - of business practice
 - of scam, fraud and deception strategies
- cognitive factors
 - in recognising differences between products
 - in recognising scams, fraud and deception
 - in attending to public educational material
- social capital issues
 - social isolation
 - available networks of friends
 - level of social interaction
- skills and competencies
 - interaction skills
 - confidence in social interaction
- personality factors
 - risk taking
 - susceptibility
 - optimism/pessimism.

3 DECISION-MAKING

Cognitive dimensions of consumer detriment

- 3.1 The study of consumer psychology has been dominated by cognitive approaches that focus on decision-making. Contemporary theories of decision making explicate the rules of real world decision making rather than identifying biases in reasoning compared to normative theories of rationality. This approach is typified by the development of concepts of bounded rationality and heuristics; this has recently developed into a very influential model of decision-making in **Prospect Theory**. This has established that decisions take place over time and that the process involves a variety of elements.
- 3.2 A process model of decision making (From Barry Schwartz The Paradox of Choice) stresses the following elements:
- establish goals
 - evaluate relative importance of goals
 - perceive the options
 - evaluate how likely options are to achieve goals
 - pick the winning option
 - evaluate the consequences of choice.
- 3.3 Prospect Theory deals with the judgement and decision process once goals have been established and evaluated and after options have been assessed. This suggests that people cope with the complexity of choice by adopting rules of thumb or heuristics grounded in our cognitive capacities; these are not well fitted to the complexity of contemporary choice. They help us to make decisions quickly — even if the choices we make are open to a number of restrictions and biases. These are:
- availability: we give too much emphasis to anecdotal or experienced patterns compared to probabilities or other statistics

- anchoring: our sense of value is influenced by the variety of products available
- framing: reference price for goods; mental accounting.

3.4 Examples of Reference Price Framing (from Schwartz, 2004)

- You are a doctor
- Six hundred people have contracted a life-threatening disease
 - Two treatments exist – you have to chose one
 - A – will save 200 people
 - B – one-third chance of saving all 600 people, two-thirds chance of saving nobody
- Six hundred people have contracted a life-threatening disease
 - Two treatments exist – you have to chose one
 - C – 400 people will die
 - D – one-third chance that nobody will die, two-thirds chance that everybody will die.

3.5 People are risk averse on gains and risk seeking on losses so we tend to chose A for question 1 and D for question 2 even though the probabilities are the same for both; we are simply compelled by the ways they are expressed.

- 3.6 Another application of decision theory to consumer behaviour is the analysis of mental accounts whereby people separate out their assets and obligations into incommensurate 'accounts' to simplify financial decision-making. To illustrate with another example from Schwartz:
- You are going to a play
 - You are going to buy a ticket on the door. When you look in your purse/wallet you find that you have lost £20.
 - Do you still buy a ticket (for £20) and see the play?
 - You are going to a play
 - You have already bought a ticket for £20. When you get to the theatre you find that you have lost the ticket.
 - Do you buy another ticket and see the play?
- 3.7 The different responses (90 per cent for the first choice and less than 50 per cent for the second choice) indicate that the losses are credited to different accounts.
- 3.8 These examples suggest that in their decisions about consumption, people do not act 'rationally' (exhaustively searching out and considering every alternative before coming to a decision). This is too daunting a task especially given the sheer volume of choices available and the limits on our time. Instead people are 'satisficers' who settle for services and products that are 'good enough.'
- 3.9 The models discussed so far portray two extreme forms of consumer behaviour: according to them, we either a) rationalise and weigh-up every decision (maximisers) or b) we take the first satisfactory choice available (satisficers).
- 3.10 More likely, we tend **towards** one or other of the styles but do not practice one completely; nor are they in as extreme an opposition as it sounds from the earlier discussion. Satisficers take care over their decisions, and they often ensure that the product or service that they chose meets their expectations and needs, even though they stop the

search process when they find an acceptable product or service (Schwartz, 2004).

3.11 Indeed, Herbert Simons who first developed the notions of bounded rationality and 'satisficing' suggests that maximising is not the optimal decision strategy given the constraints of real-world decisions in real time. Schwartz (2004) developed a survey to identify which consumers had a propensity to maximising and which had more satisficing decision-making strategies. This included questions such as:

- Whenever I'm faced with a choice I try to imagine what all the other possibilities are, even ones that aren't present at the moment.
- I often find it difficult to shop for a gift for a friend.
- No matter what I do I always have the highest standards for myself.

3.12 Compared to satisficers, maximisers (Schwartz, 2004, p. 83):

- engage in more product comparisons both before and after decision making
- take longer to decide on purchases
- spend more time comparing their decisions to those of others
- are more likely to regret their purchases
- are more likely to think about hypothetical alternatives to their purchase
- feel less positive about their purchase decisions.

3.13 Schwartz (2004) identifies important dimensions of psychological detriment that are associated with adopting maximising strategies:

- Maximisers do not get as much **pleasure** from positive events
- Maximisers do not **cope** with negative events as well

- Maximisers are slower to recover their sense of **well-being** after negative events
 - Maximisers tend to **brood** or **ruminates** on negative outcomes.
- 3.14 These negative psychological outcomes are at the heart of what Schwartz (2004) calls the 'paradox of choice'. The detriments (above) are short-term reactions to negative outcomes in consumption. Schwartz also reports that there are correlates with indicators of longer-term psychological detriment.
- 3.15 Compared to satisficers, maximisers:
- have lower **life satisfaction**
 - give lower **happiness** ratings
 - are more **pessimistic**
 - get higher **depression** scores.
- 3.16 Schwartz (2004) also reports that maximisers are more inclined to **regret choices**.
- 3.17 It appears that there are many potential psychological detriments associated with adopting maximising strategies as an ideal in consumer decision-making especially in the context of expanded consumer choice. It should be remembered that the polar opposites of maximising and satisficing are best understood as ideals, as basic orientations towards consumer decision making, rather than descriptions of real types of decision makers. Nonetheless, the research indicates that satisficing strategies are beneficial to one's psychological health.
- 3.18 This begs the question of why anyone would adopt a maximising strategy that neither improves outcome nor psychological wellbeing. Schwartz (2004) suggests that a number of factors combine to influence the adoption of maximising strategies in consumption despite these potential personal disadvantages.

- People may not be conscious that they are influenced by maximising ideals in their consumption decisions
- Decision making style is influenced by motivations that are grounded in values of **material success** and **personal competition**
- Economic growth has created conditions where more people are exposed to **higher needs** rather than basic needs. For increasing numbers of people, affluence means that consumption is an important dimension of their personal identity rather than a means to satisfying their basic needs.

3.19 A critical issue here is that maximising decision-making strategies are linked to shifts in the meaning of **social status**. To quote Schwartz:

'People have undoubtedly cared about status for as long as they have lived in groups, but status concern has taken on a new form in our time. In an era of global telecommunications and global awareness, only 'the best' assures success in a competition against everybody else' (Schwartz, 2004, p. 94).

3.20 Schwartz (2004) suggests that there are important systemic pressures on consumers that result in a level of acquisitiveness that leads to the paradox of choice (and the requirement to be maximisers). Schwartz's thesis of **status** highlights the influence of economic, social and cultural environments on psychological wellbeing. Striving for status in a contemporary socio-economic context leads to maximising strategies, which in turn result in psychological detriment as, inevitably, disappointment occurs.

3.21 The cultural emphasis on **individualism, competition and acquisition** of material goods influences perceptions of 'status' in this socio-economic context. It also leads to a change in the standards by which consumers judge goods, which moves them in the direction of maximising strategies which result in a cycle of **disappointment** and **regret**. The subjective standards by which consumers frame expectations, judge the quality of goods and services are not developed inductively but are shaped by the profusion of goods in the market.

Consumer choice and values

3.22 So what of the relationship between the notion of consumer choice and other cultural values?

- Choice reflects the values of acquisitiveness and competition.
- Goods are expressions of identity and status rather than as an instrumental value.
- Rational decision-making loses its salience, since it is only ever relevant in cases where instrumental values are in operation.
- Autonomy is valued in a way that reflects commodification in contemporary culture.

3.23 Schwartz, as with many psychologists, points in the direction of background social, economic and cultural conditions but focuses on the psychological system. There is the suggestion that these changes in the social environment are critical to the psychological sense of well-being.

3.24 Giddens' work on '**the contours of** modernity' (1991) suggests that these background social factors have led to an increase in individualisation and commodification; the combination of these two trends has led to some of the patterns that we have seen in this section of the report.

3.25 There are three trends that emerge from this review of studies of decision-making and consumer detriment:

- that the way that people make financial decisions exposes them to risks
- that the adoption of decision making style affects their sense of wellbeing
- that in the context of consumption in everyday life it is not possible to separate motivations, value orientations and emotions from decision-making.

- 3.26 In this sense, the issues surrounding thought processes in consumption suggest that they are both potential causes of financial and psychological detriment – they may lead people to make disadvantageous decisions and to have psychological consequences.
- 3.27 We will explore the links between emotions and decision-making in the context of a broader discussion of emotional dimensions of consumer experience later in this report.

4 SATISFACTION AND DISSATISFACTION

The post-purchase phase and consumer detriment

4.1 We now turn to the post consumption phase, drawing on research into the psychological dimensions of post purchase evaluation by Day and Perkins (1992). The literature has focused on three aspects of consumer behaviour:

- satisfaction
- dissatisfaction
- complaining.

4.2 Although there is an extensive literature on all of these areas of consumer psychology, there is considerable debate about the meaning of all of these terms and the relations between them. This is confounded by ongoing discussions about the role of the broader context in determining consumer satisfaction and the structure of the 'retail offer' (Giese & Cote, 2000). However, there is broad consensus at a general level that consumer satisfaction:

- is a response (emotional or cognitive), varying in intensity
- that pertains to a particular focus (expectations, product, consumption experience, etc.)
- and occurs at a particular time (after consumption, after choice, based on accumulated experience, etc).

Consumer satisfaction, dissatisfaction and complaining

4.3 There has been a massive research effort into understanding the evaluative response of consumers in the time after consumption. Perkins (1993) identified 3,000 research publications by 1992. According to Erevelles & Leavitt (1992), satisfaction is a core concept in marketing, generating a number of different models. There are several paradigms, as follows:

- The **Expectations Disconfirmation Model**, which hypothesises that prior to purchasing an object, the consumer has particular expectations: these are challenged when the reality of the product is experienced. 'Positive disconfirmation' results in satisfaction; 'negative disconfirmation' results in dissatisfaction; simple confirmation arises when expectations have been met.
- The **Perceived Performance Model** differentiates between durable and non-durable goods. Whereas for non-durables, consumer expectation affects satisfaction (as discussed in the Expectation Disconfirmation Model), performance determines happiness with a purchase for durables.
- The **Norms in Models of Consumer Satisfaction** perspective brings attention to the role cultural values play in setting a reference point for brands. The product is compared to these norms: a 'zone of indifference' occurs when a brand meets expectations: disconfirmation occurs when it doesn't.
- A number of **Multiple Process Models** suggest that various factors combine to affect satisfaction.
- **Attribution Models** assume that we are rational: we seek to find reasons for product failure; these guide our decision about whether to complain if we are dissatisfied.
- **Affective Models** contend that independent, emotional states influence satisfaction judgements and complaint behaviour.
- **Equity Models** provide a utilitarian account: consumers are thought to engage in a cost / benefit analysis when deciding about whether to complain. The notion of fairness is related to a range of factors, including price, benefits, time, effort, and experience.

4.4 Post purchase research focuses on the evaluation that consumers make of goods and services that are part of their daily lives. When a product or service disappoints a consumer, they experience an **emotional reaction** (which can range from mild disappointment to anger). This influences how and whether they complain.

Retail-led research into customer satisfaction

4.5 East (1997) suggests the following characterisation of the changing consumption environment:

- the concept of 100 per cent reliability developed by NASA and applied to production of consumer goods
- the impact of Japanese goods and production methods
- new technologies (e.g. computing and robotics)
- the growing relative importance of services over goods
- the development of total quality management in production and service delivery.

4.6 These structural changes are reflected in marketing strategies that draw on two key ideas (which, in turn, have generated retail-led 'customer satisfaction' surveys):

- That quality is essential in developed consumer markets for increasing both market share and profitability (Buzzell and Gale, 1987).
- That retention of existing customers is less expensive than attracting new ones and that the investment in encouraging customer loyalty is therefore an imperative.

4.7 The notion of quality has therefore extended from being a feature of production to encompass consumption. Relationships with consumers are becoming a salient concern for producers, who are 'managing' it through providing 'enhanced services': in addition to the advantages (discussed above), such approaches enable businesses to gather information about other goods and services being offered and to evaluate trends in consumer expectations. These forms of information would be lost if the consumer **exited without voice**.

Goods and services

- 4.8 Economic theory typically distinguishes between goods and services. However, as discussed above, producers and suppliers are now providing services to maximise satisfaction. This trend has had two effects: it has led to the increased reliability of goods (and, in turn, increased satisfaction); in some cases, the management of the service dimension has varied **systematically** with the class of products or market sector. **Consumer expectations** and **perceptions of quality in service** are important in determining the success of this trend. Consequently:
- there **are** reasonable levels of satisfaction with production standards of goods and returns policies;
 - there are more complaints over service issues.
- 4.9 These trends suggest that a number of factors determine satisfaction in an age of 'quality' enhancement and 'customer satisfaction'. These can be identified by comparing what happens where such strategies are not in existence (e.g., sectors with predominantly small firms that have less developed service quality) with what happens where they are:
- No Customer Satisfaction Schemes: trade operates around traditional ideas about the relationship between supplier and customer (reputation and product are more important than service and communication techniques).
 - Customer Satisfaction Schemes: the supplier expects a negotiated settlement in the case of dissatisfaction; the consumer experiences a 'no questions asked' response to complaints.
- 4.10 Consequently, some consumer expectations may be affected by the expansion of call centre services: communications are scripted and protocols followed – a form of managed communication develops, and becomes the 'norm' for consumers. As a result of this, small firms working in the domestic context lose out by not living up to their expectations that such communication occurs.

4.11 These issues are under-researched at present – the focus has been on understanding the general factors that influence satisfaction without focusing on the changing practices in the market and the way that these affect customer satisfaction (with spill-over effects from one sector to another). A set of norms concerning the handling of problems with goods may be established in sectors that adopt quality principles: backed up with a no questions asked approach to replacement. A problem may then occur if the standards of proactive communication and professional management of complaints is generalised from these sectors to those with more informal relations between suppliers and customers. This norm is then assumed to be operating in the context of, for example, having building works done in the home – whereas it may be that the building firm is operating with a very different view of the service relationship

4.12 In companies that are used to dealing with returns and complaints by pressing the production and supply side and taking the pressure off consumers, complaints procedures are handled proactively. The customer doesn't need to:

- calculate an appropriate discount
- handle the embarrassment of the call
- develop an exit strategy for the negotiation (this being offered up from as a full replacement of goods service)
- take time over this (after the 'facts' of the case are taken by the mediator the customer's telephone number is taken and they then process the complaint
- be 'distant' in the complaints procedure - the process is conducted by specialist, trained personnel who understand the protocol and the system is likely to be more efficient.

4.13 Such a service offers a combination of:

- managed communication

- a structure of care (an emotional climate that takes the pressure off the consumer and defuses their anxiety)
- proactive management of the service (the consumer does not feel that they have to drive the process – once they have made their complaint the process is driven by the supplier or their representative).

4.14 Such services overcome **conflict aversion** in the consumer, whose expectations of the communication framework in consumption and the producer's obligations will change. There have been various attempts in the literature to classify and refine the dimensions of service delivery. Rust and Oliver (1994) suggest three components:

- service environment: physical setting (cleanliness, layout, decoration)
- service product: the management of the POS and consumption experience
- service delivery: the 'manner' and style of the operatives

4.15 Clearly different consumption contexts vary in their delivery of these dimensions of service. So, variations in the delivery of service are a potential source of dissatisfaction.

Complaints about service

4.16 There is a fragility to service delivery. It has to be delivered in real time. Whereas goods can be worked on over time, the service aspects of selling and buying are fleeting and context specific; they depend upon the management of a subtle process involving complex lines of communication and the management of emotions.

4.17 All this makes certain aspects of service delivery difficult to standardise and may explain the increase in complaints over services as these dimensions of delivery are made more elaborate and salient in the added value of goods.

The confirmation model of satisfaction

- 4.18 The basic idea behind this theory is that there are both positive and negative expectations in consumption: if either are confirmed then a low level state of **arousal** results. When there are relatively low levels of service delivery (e.g. when buying a sound system from a generic electrical retailer rather than a specialist supplier) there will not necessarily be heightened emotion and complaining because consumers become **habituated** to negative experiences. In other words, consumers may tolerate a certain level of dissatisfaction, provided they are within the range of their expectations, depending on the nature of the supplier. Such discontent will not manifest itself in overt behaviour
- 4.19 **Adaptation theory** (Helson, 1964) gives a psychological explanation for the **toleration of product deficiencies** in such cases (East, 1997), and has been extended by Oliver (1981) to suggest that people develop reference standards for consumer goods and services based on their normal experience. When deviations from these standards are small, there are low levels of arousal and dissatisfaction, but when there are more significant gaps between expectations and standards of goods and services, high levels of dissatisfaction occur, increasing the chances of complaint. These theories emphasise the importance of emotions in customer satisfaction: later in this report, we will see how they represent a key aspect of 'psychological detriment.'
- 4.20 However, the theories reviewed in this section are limited by the fact that the reference standards are viewed as being an individual matter, borne out of personal experience of consumption. Given the significance of cultural and social norms and marketing strategies (discussed earlier), it is important to understand the influence of company communications and social values on consumers' reference standards. To date, there has been insufficient research into these aspects of consumer expectation, although there is some theoretical work in the sociology of consumption that does examine these themes.

Sociological perspectives on consumption

- 4.21 Recent sociological work in consumption explores the effect of the rationalisation of and routinisation (or 'management') of relations between supplier and consumer. The most extensive study is Ritzer's (1996) study of McDonaldisation—defined as a model of a rationalised organisation of niche retail markets. There are a number of dimensions to this organisation:
- the internal ordering of the process of production
 - the routinisation of the offer to the consumer
 - the development of techniques for managing the point of sale and consumption experience
 - techniques for publicising, advertising and placing of restaurants in visible locations.
- 4.22 These structural patterns are complemented by the development of the business as a franchising operation. McDonalds has, over a long period, honed the delivery of their product, developing new methods and technologies, trying new ideas in marketing and so on. The spread of the fast food industry has brought about novel and critical developments in production, distribution, marketing, specialisation and customer relations: these are exemplary in terms of the issues facing businesses in general.
- 4.23 For this reason, Ritzer argues that McDonalds has provided a model for other businesses (hence the term 'McDonaldisation') and is emblematic of 'Americanisation' and 'globalisation' in general: both phenomena affect consumer expectations. Such rationalisation has, according to Ritzer, spread beyond the commercial sphere to become a model for administrative organisations such as education and informal social institutions such as the family.
- 4.24 McDonald's strategy of opening outlets in schools and on campuses, and their high profile advertising campaigns, are viewed by Ritzer as an attempt to sell a product through the culture of consumption rather than product development. He links this to broader changes in family

lifestyles: the increase in dual careers has led to a greater emphasis on convenience in consumption so that even when food is prepared in the home it is based upon the McDonald's model. Here Ritzer is grappling with the conundrum presented by the popularity of McDonalds: the significance of such a simple product lies in the marketing strategies used to promote it and the culture that is associated with consumption. McDonaldisation combines a tightly controlled rational process of production linked to a highly managed mode of consumption, which nevertheless provides a satisfying and meaningful experience and has a formative place in the culture of consumption. There is a paradox between the cold, rational organisation of production and the welcoming warm glow of the consumption experience (mixing hot and cold, mixing culture and rationalisation).

- 4.25 Ritzer also suggests that there is a gap between the image that is portrayed in adverts—clean restaurants with well-managed, young and enthusiastic staff, providing a fun filled dining experience—and the mere facts of the delivery of a standardised product in predictable circumstances by people on relatively low wages and doing menial jobs. He argues that the juxtaposition of processes of rationalisation and the culture of consumption works because the process of rationalisation delivers efficiency, calculability, predictability and control: this provides the background to a relatively undemanding form of public consumption.
- 4.26 Ritzer's arguments capture an important feature of the service oriented styles of retail in contemporary society—one which complicates questions of consumer satisfaction. 'McDonaldisation' means that satisfaction is now managed by the organisation of the point of sale, whereas once it was mediated by the experience of consumption. These changes shift the meaning of 'dissatisfaction' and what we regard as psychological detriment in consumption.

The disconfirmation model

- 4.27 The confirmation model above deals with situations where there are relatively low levels of arousal but most of the research in consumer psychology on satisfaction/dissatisfaction has focused on analysing situations that lead to high levels of arousal. The link to the confirmation

model is that **delight** or **dissatisfaction** arises if features of goods or services are outside the zone of acceptance in reference values.

4.28 The disconfirmation model asserts that there are three determinants of dissatisfaction:

- magnitude of surprise
- the importance or value of the product/service
- perceived performance of the product/service.

Perceptions of product and service quality

4.29 Work on satisfaction/dissatisfaction deals primarily with examples of particular consumption experiences. However, it is clear that people accumulate experience and that they formulate general **attitudes** towards consumption. An attempt to measure the dimensions of perceptions and evaluations of the service performance of firms was pioneered by Parasuraman et al (1985) who elaborated initial ideas by Grönroos (1984) to develop a survey measuring different dimensions of perceived service quality (**SERQUAL**). The main categories of questions on the survey were:

- tangibles
- reliability
- responsiveness
- assurance
- empathy.

4.30 This approach has come under a good deal of criticism, since it is too general and not reliable as a measure. Nonetheless, it gives us an insight into the expectations of consumers in service contexts: this is important since not meeting expectations is a primary cause of dissatisfaction.

Consumer satisfaction and dissatisfaction: examples of studies of emotion in consumption

Attitudes

- 4.31 Westbrook (1980) studied the impact of attitudes on customer satisfaction: the latter was defined as a subjective evaluation that reflected the comparison made between expectations and experience. Various factors were seen to influence customer satisfaction, including personality (optimism and life satisfaction), mood, attitudes towards consumption and temporary sentiments. These factors were thought to interact with attitude to affect evaluation, regardless of expectations about the product.

Regret

- 4.32 Taylor (1997) suggests that consumers compare their purchases to products not ultimately chosen—especially at times of dissatisfaction. Thus, as well as price and quality, consumers weigh up their choices in terms of alternatives and may come to regret their decisions on the basis of such comparisons.

Social capital

- 4.33 DiMaggio and Lulch (1998) report that people are happier to exchange products with friends and family than with strangers if there is an element of risk involved in consumption (i.e., when there is no guarantee of satisfaction).

Loyalty

- 4.34 Bloemer and Kasper (1995) investigated the connection between two types of satisfaction (manifest and latent) and true brand loyalty (as separated from repeat purchasing or spurious brand loyalty). True loyalty and manifest satisfaction are envisaged to be a product of psychological processes (decision making and evaluations; high elaboration). They are therefore intimately related: consumers commit to a product with which they are satisfied (following rigorous evaluation). Although motivation

indirectly heightens loyalty, increased cognitive capacity led to a decrease in loyalty by permitting the consideration of other brands. The issue of 'loyalty' is also explored by Buttle and Burton (2002) who argue that its existence depends upon consumer attitudes and the level of trust and commitment they place on their relationship with the producer. Satisfaction with a product is obviously integral to this process; if there are post-consumption problems, consumers will only remain committed if they feel that their complaints are adequately attended to.

Locus of control

- 4.35 Foxman et al (1990) investigated how consumers' sense of control in a complaints procedure affected the way they handled the process. Those who were fatalistic (believing they had no control) were unlikely to complain or criticise; nor would they seek legal recourse. Foxman et al also found differences in the way this sense of control became manifest when dealing with durables and non-durables or services.
- 4.36 These five themes highlight the importance of customer expectations, feelings, attitudes, thoughts and beliefs in shaping satisfaction with a product. Like other 'emotional' or 'affective' studies (mentioned earlier) they don't really incorporate structural or cultural changes. However, in most cases, it seems clear that the outcome of satisfaction is more likely when 'quality' of service becomes a priority for the producer (particularly with regards issues like loyalty and locus of control).

5 CONSUMER COMPLAINTS

The importance of complaining

- 5.1 The literature on consumer psychology suggests that people are frequently unhappy with the quality of products or services, but 'live with' low levels of dissatisfaction rather than seeking to fix the problem. Evidence suggests that perceptions influence feelings (and the growth) of dissatisfaction. These are, in part, a product of raised expectations: complaints are not necessarily based on a realistic appraisal of faults.
- 5.2 In recent years, producers and retailers have come to see complaints as a valuable source of information, enabling them to overcome service failures, salvage their reputation and provide detailed feedback on products and services (Stephens and Gwinner, 1998). In such cases, it is more of a problem that people do not complain. Lack of feedback is a concern for other reasons: often linked to consumer vulnerability, the failure to complain means that certain groups are not represented in feedback to producers, so they have an unbalanced view of the market. To deal with this, some have tried to find ways of increasing participation in the feedback process (i.e., customer satisfaction surveys); their intention is to develop a more symmetric view of consumer perspectives. Such strategies are borne out of increased awareness that some customers don't simply switch brands when they're dissatisfied, they become **passive**, just living with dissatisfaction rather than participating in consumption.
- 5.3 The benefits of receiving complaints (for firms) are summarised as follows:
- reducing negative **word of mouth** communication between consumers
 - successful complaint handling resulting in repurchasing and increased loyalty
 - gaining valuable marketing information

5.4 Despite these potential benefits, it seems that numbers of complaints are relatively small compared to the reported levels of dissatisfaction amongst consumers. This section of the report examines the psychological factors that may inhibit consumers in the complaints process. This will be followed by review of some of the psychological dimensions of the experience of making complaints and finally by a review of the consequences of complaint making for consumers.

Antecedents and determinants of complaining

5.5 Schoefer and Ennew (2003) review the literature on complaining and non-complaining, and identify the following consumer-related factors:

- social economic status
 - Higher income, education, and social involvement give consumers the **knowledge**, **confidence**, and **motivation** to speak up when they feel wronged. In contrast, customers who do not speak up when they are dissatisfied may be located at lower socio-economic levels and may, in fact, be members of particularly vulnerable groups in the marketplace, such as the poor or immigrants.

- consumers' **beliefs** and **attitudes** influence their complaining behaviour:
 - People who believe that complaining will make a difference are more likely to try it.
 - Those who perceived **unfairness** in marketing practices are more likely to complain.
 - Those who believe the problem was caused by someone else and not themselves are more likely to complain, particularly if they think the company has control over the situation (**Attribution of responsibility**)
 - If buyers **attribute** the problem to themselves, they are less likely to speak up

- Personality factors may also be involved in consumer complaining:
 - Assertive people are more likely to complain, whereas **submissive** persons are more likely to keep quiet.
- Consumers' **emotions** also influence their complaining or non-complaining:
 - Dissatisfied consumers may feel three different types of negative emotions. The specific feelings are based on their attributions about who is to blame for the problem -
 - Blaming the supplier may lead to feelings of **anger, disgust, or contempt**. These negative emotions increase the likelihood of making a complaint and negative word-of-mouth.
 - Consumers who see the cause of the problem as **situational** tend to feel **distress** or **fear**. These emotions probably reduce the likelihood of complaining and are associated with feeling powerless in relation to the supplier.
 - **Social fear or politeness rules** may also lead some dissatisfied buyers not to complain because they fear the consequences of being rude, bothering someone, or hurting someone's feelings.

5.6 Singh and Wilkes (1996) suggest the following hypotheses concerning the psychological factors that turn dissatisfaction into complaint:

- third party complaints are associated with increased **voice** and private complaints
- positive **attitudes** towards complaint would result in increased voice, private, and third party complaints
- expectations of actions (e.g. to gain compensation) would be related to the choice of complaint behaviour, with **voice** and private complaints as polar opposites
- blaming **the provider** would increase **expectations** of actions

- alienation of the consumer would **lower expectations** of actions and **attitudes** towards complaining
- **prior experience** with complaining would **increase expectations of actions, positive attitudes** towards complaint, and **complaint behaviour** itself
- dissatisfaction **intensity** strengthens **complaint behaviour** and aligns it with **positive attitudes** towards complaining and **expectations** of actions.

Predicting intention to complain

5.7 One psychological determinant of complaining is the **attitude** of the consumer. The gap between dissatisfaction and complaining can be viewed as an example of the more general inconsistency between **attitudes** and **behaviour**. The basic theory in this area, the **theory of planned behaviour**, was developed by Fishbein and Ajzen (1975). This aims to predict **behavioural intentions** (in this case the intention to complain) and suggests that there are two critical influences on forming the intention.

- Attitudes
 - Evaluation of perceived positive and negative consequences of the behaviour.
- Subjective **norms**
 - Evaluations of perceived judgements of appropriateness by significant others.

5.8 This theory was later supplemented by the addition of **habits** and perceived **behavioural control** to deal with the fact that much, apparently voluntary, behaviour is repetition of previous behaviours or not under the control of the agent. The question of how these factors influence peoples' (complaining) behaviour has been interpreted as follows:

5.9 The **attitudinal component** consists of a cost-benefit analysis of expected outcomes. This would take into account economic factors such as time

and opportunity costs but would also consider the possible emotional impact of participating in a complaint process. Hirschman (1970) describes how complaints are more likely if the consumer feels that the effort made in seeking redress will meet with an appropriate response. In other words, the **perceived likelihood of success** is the key determinant in the formation of the intention to complain (Day and Landon, 1976; Richins, 1983).

- 5.10 The **subjective norm component** is made up of evaluations of the importance of others' views of the target behaviour. There has been little systematic study of **normative influences** on the intention to complain. This is an important limitation as it could well be that the moral tone that is presented to consumers in response to their enquiries about a product or service might well influence their view of what is 'appropriate' in complaining behaviour. This is also an important issue for regulators – how do people form their opinions of what is normal and acceptable complaining behaviour? One way that they do this is by making a judgement about the **perceived importance of the product** (Richins, 1985).
- 5.11 This links to the research on the **perceived fairness** of both reporting faulty goods and services and the complaint handling processes, which is found to influence whether someone complains. If there is a perception of **behavioural control** (i.e., there are believed to be adequate incentives and enabling factors), people are more likely to complain.
- 5.12 There have been a number of studies of **perceived behavioural control** in the formation of the intention to complain.
- Consumer characteristics
 - understanding **of their rights**
 - understanding **the complaints process**
 - **fatalistic beliefs** (Warland, Herrman and Willits, 1975).
 - Supplier characteristics
 - visibility/availability of complaint procedures

- **ease** of making a complain
- **speed** of response to complaints (e.g. Yi, 1990)

Values and complaining

5.13 Complaining also varies with **personal values (materialism)** and **value commitment** (i.e., whether the person is motivated by personal or social concerns).

5.14 According to research, group oriented people resorted to private action with complaint, whereas self-oriented individuals prefer public actions. There are several **values** that have been identified by psychologists. For example:

- self-oriented values:
 - self respect
 - being well respected,
 - self fulfilment
 - sense of accomplishment
 - enjoyment of life
 - excitement
 - security
 - sense of belonging
 - warm relationships with others
- collectively oriented values.

5.15 Values are divided into those which are individual vs collectively oriented, suggesting that the motivation to complain might be different for these groups and the expected outcomes of the complaint may correspondingly be different (Kau and Serene, 1997).

Cognitive appraisal and complaints

5.16 Stephens and Gwinner (1998) apply **cognitive appraisal theory** to explain why people don't complain. The following factors are thought to stop people from complaining:

- personal: commitments, beliefs, experience, and education
- situational: novelty, predictability, imminence, duration, and ambiguity
- product related: dissatisfying marketplace experience.

5.17 However, on their own, these factors aren't inhibiting. After an appraisal, individuals may decide that the experience was:

- stressful
- irrelevant
- benign/positive.

5.18 This in turn elicit **emotions** (anger, shyness, or shame). Three types of **coping strategies** were identified as the outcome of this process:

- problem focused (direct action and plans)
- emotion focused (self blame, seeking control or support, and denial)
- avoidance (physically removing oneself).

5.19 In short, there is a process that mediates between evaluation and coping.

Psychological and emotional dimensions of the experience of complaining

5.20 We have identified a range of psychological factors that inhibit people from entering the complaint process. One is the anticipation of difficulties: this has a psychological component that we will now

examine. Bennett (2004) investigated the emotions that are present in complaint behaviour, through focus groups which discussed what affective states were present in third party complaint behaviour.

5.21 Positive, negative and neutral emotions include:

- **neutral emotions**
 - surprise
 - disbelief
- **positive basic emotions**
 - love
 - joy
 - caring/protection of family
 - protective towards society
 - altruism, which could be classified as a philial type of love
 - calm (the most mentioned emotion)
- **negative emotions**
 - aggression
 - anger
 - frustration
 - anxiety
 - shame
 - guilt.

5.22 Issues of **emotion management** or **coping** were also salient with many respondents indicating the importance of **being in control** in order to

obtain their desired outcome—especially as intense emotional responses (**anger**) towards the service-provider could be counter-productive.

5.23 From this research, it seems that emotional displays in complaint (and the feelings that give rise to them) are perceived as **out of the ordinary**, and **unusual**. People also indicate that they give a particular framing to the complaint process expressed as emotional oppositions such as:

- triumph – defeat
- joy – sadness.

5.24 These emotions indicate that consumers experience the complaint process as an **adversarial process** (Bennett, 2004) and suggest the reason why **anger** and **vengefulness** were common reactions of those making complaints. There were also indications of **identity involvement** whereby people saw their personal **face** or reputation was at stake. Further, **surprise, amazement, shock and disbelief** are also expressed indicating that people were unprepared for the problem and fearful of entering the process.

5.25 There were indications that even when there was not a lot of value in the product or service being complained about there was a tendency to feel **out of control** in the complaint process. This is linked to feelings of **stress, anxiety and depressive mood**. Bennett (2004) suggests that typically, emotions in the context of consumer complaints are elicited by a breach of trust or credibility, and are characterised as being unusual and counter to the normal way that people live their lives. Consequently they experience a sense of **moral outrage**, feeling that they have been **wronged**: their reaction encapsulates this, and is framed in terms of the **moral principle** at stake, rather than a pragmatic economic exchange.

- An implication of this is that the emotions associated with complaining are likely to be long-lived compared to episodic (belief – driven emotions rather than episodic), which is what makes them seem 'unusual.'. Consumers talk of the feelings of frustration, anger and indignation as being long lasting – leading to **ruminatio**n with associated **negative thoughts and mood** as evidenced by the

counterfactual discourse used by consumers who have made complaints ('could', 'should').

- 5.26 Bennett et al (2002) propose that emotions play a central role in complaint behaviour, because these deep feelings are an example of psychological detriment in their own right and potentially have longer term negative impacts on consumers affecting their health and psychological well-being. Such considerations duly enter their 'cost-benefit' analysis regarding whether or not to complain. These findings also explain why there are relatively low levels of complaint given the high levels of dissatisfaction: in such cases, people are avoiding the potentially **negative psychological effects** of complaining.

Conclusions

- 5.27 There is an issue of how to define 'detriment' in relation to this gap between levels of dissatisfaction and levels of complaint. Since there is a putative link to the level of disconfirmation as a source of dissatisfaction and complaining then the simple conclusion might be to say that the complaint process successfully filters out trivial or unimportant problems and focuses on the most informative information about serious product or service failures. However, there are a number of potential problems with relying on complaints as indicators of psychological detriment in consumption.

- High incidence of low levels of dissatisfaction will not be recorded.
- Unequal distribution of complaining across social groups means that certain preferences will not feed into product and service improvement.
- There are increasing attempts to manage complaints by making it easier for consumers to report problems with goods and services and to speed up the quality of response which aim to reduce complaints – which means a reduction in complaints.

6 EMOTIONS AND CONSUMER DETRIMENT

The importance of emotions

6.1 We have seen that consumption elicits a range of emotions: for example, consumers may be susceptible to confusion and vulnerability—emotions that are influential in consumer decision-making and become an important facet of satisfaction/ dissatisfaction and complaining. Bogozzi et al (1999) neatly express this ubiquity of emotional reactions within consumption:

'[Emotions] influence information processing, mediate responses to persuasive appeals, measure the effect of marketing stimuli, initiate goal setting, enact goal-directed behaviours. Yet, we are only beginning to understand the role of emotions in marketing' (Bagozzi et al 1999, p. 202).

6.2 Despite the increasingly recognised role of emotions across the range of consumption experiences, there is such a variety of experience (reflected in the range of theories on affect) that it is difficult to be precise about what constitutes a negative emotional response in consumption. These theoretical and conceptual issues also complicate the business of measuring affect. We will review various attempts to refine the definition and measurement of emotions below.

6.3 As is increasingly recognised, emotions play an important role in consumption, shaping experience and giving it meaning. However, positive emotions can lead to detriment as a result of their impact on information processing and commitment before and during the point of sale. Negative emotions are easier to understand and define in the context of consumer detriment. However, even these are not straightforward because the relationship between problems in consumption and emotional states are highly contingent on circumstances, individual differences and other psychological resources available to the consumer. In this section we examine emotions both as a potential consumer detriment in their own right and as a precursor to the examination of the longer-term psychological dimensions of consumer detriment.

Theories of emotion in psychology

6.4 There is much debate in psychology concerning the nature and measurement of the emotions (see Parkinson, 1995, for a review). Discussions with psychology centre on:

- the balance between biological and social aspects of emotion;
- the relationship between individual and social explanations of emotion;
- the distinction between emotion from mood;
- measurement issues.

6.5 Bagozzi et al (1999) offer a definition that reflects a common approach to the emotions in the psychological literature drawing on the work of Lazarus (1991) and Oatley (1992):

'By emotion, we mean a mental state of readiness that arises from cognitive appraisals of events or thoughts; has a phenomenal tone; is accompanied by physiological processes; is often expressed physically (e.g. in gestures, posture, facial features); and may result in specific actions to affirm or cope with the emotion' (Bagozzi et al 1999, p 184).

6.6 The distinction between **emotion** and **mood** is generally understood to be a function of:

- **intensity** (emotions are more intense)
- **time** (emotions are shorter lived)
- **focus** (emotions are oriented to an object; moods are more diffuse)
- **link to behaviour** (emotions more linked to specific behaviours).

6.7 Emotions are also an important part of the **attitude** concept in social psychology.

Emotional dimensions of consumer experience

6.8 Hirschman and Holbrook (1982) have been innovative in their explorations of the emotional aspects of consumption—which they termed 'hedonic consumption,' They view hedonic consumption as being 'those facets of consumer behaviour that relate to the multi-sensory, fantasy, and emotive aspects of one's experience with products.' (p.92). Based on a review of the previous literature they argue that emotions play a role in a variety of the dimensions of consumer culture and behaviour in the following ways:

- in some instances emotional desires dominate utilitarian motives in the choice of products
- consumers imbue a product with a certain meaning that supplements the concrete attributes it possesses (which is reinforced through advertisement)
- hedonic consumption is tied to imaginative constructions of reality (i.e. what consumers desire reality to be)
- sensory-emotive information seeking is different to cognitive information seeking, and consumers might seek sensory-emotional **and/or** cognitive stimulation in products.

6.9 In hedonic consumption, products are related to emotionally: they often are of profound importance to the consumer. Consequently hedonic consumption generates and requires substantial mental activity on the part of the consumer. Decisions to buy are based primarily on the symbolic elements of the products rather than their tangible features. This is important for understanding consumer involvement and motivation, as it challenges the belief that greater involvement in consumption will necessarily result in rational consumption.

6.10 Hirschman and Holbrook (1982) argue that hedonic consumption creates a dynamic interaction between consumer and product, which is why consumers choose to use (or avoid) certain products because they wish (or refuse) to make an investment of their imaginal-emotional resources. Authors suggest that a pattern of emotional arousal develops over time;

the desire and capacity to expend emotional resources varies accordingly.

- 6.11 Differences in responses to products are closely tied to subcultural differences (i.e. they vary across cultural groups). Subcultures vary in their beliefs about the amount of involvement (e.g. emotionality or fantasy) that is appropriate. They also have different perceptions about what products are appropriate for hedonic consumption (e.g. social class acts as a subcultural socialisation agent, channelling consumers into those hedonic activities that are 'appropriate' to their social positions).

Emotions and consumer decision-making

- 6.12 There has recently been an attempt to conceptualise the potential impacts of emotional dimensions on consumer decision-making. In the general psychological literature there are three areas of study on emotional influences on information processing (Huber et al 2004):

- mood-state dependencies in memory
- emotional influences on core information tasks
- emotional influences on information processing styles.

- 6.13 The first of these has not attracted much work in relation to consumer psychology and so will not be reviewed here but the other two approaches have attracted attention and are relevant to questions of psychological detriment. The study of emotional influences on core information tasks suggests that people use heuristics when making inferences—partially based on their actual or anticipated emotional reactions to the product or service. One implication is that mood effects in advertising and marketing could influence purchase by manipulating the emotional state of the consumer.

- 6.14 The study of the impact of affective states on motivation (to process information) is relevant here because it suggests that the inducement of a positive mood results in less intensive cognitive evaluation on the part of the consumer – and that negative emotional states are taken as a

signal that more care should be taken in processing information relevant to the purchase.

6.15 Bagozzi et al (1999) review the variety of influences that emotions have on cognitive processes in consumer decisions making:

- **emotion/mood effects on memory**
 - retrieval effects
 - positively valued information is retrieved more readily in positive mood
 - encoding effects
 - information congruent with mood at time of encoding has higher recall
 - state-dependent learning effects
 - congruence between mood at retrieval and encoding increases memory
 - asymmetries between positive and negative moods
 - positive moods have more effects
- **mood, categorisation and creativity**
 - positive moods are associated with creative thinking and schematic thinking
- **mood effects on evaluation**
 - people in a positive mood evaluate stimuli more positively than those in neutral or negative moods
 - feelings as information model
- **mood effects on information processing**

- People in a good mood avoid processing information with potentially negative content or implications in order to maintain their positive mood.
 - In contrast, those in a negative mood will attend to potentially positive information to rectify their mood
- People use general, abstract or schematic knowledge structures when in a positive mood and more specific or concrete representations when in a bad mood
 - e.g., 'when I am in a positive mood I represent processes as unproblematic (riding a bike) but when I am in a bad mood I represent the same processes at a lower level of abstraction (e.g placing feet properly on the pedals, balancing my weight, etc.).'

6.16 Huber et al (2004) examined the impact of affective states on information processing style, focusing on the motivation to process information. According to this work, there are several implications of understanding marketing and the point of sale in terms of mood management. In particular, the ability of the consumer to evaluate critically the information presented to them or the quality of the characteristics of goods will be affected in the following ways.

- If they are made comfortable then they will process information schematically.
- If they are presented with potentially negative information (as for example in the presentation of information about the risk characteristics of financial service products) then they will tend to try to move away from focusing on the detail and if they can maintain a positive mood will not be motivated to process the information in detail.
- When trying to balance assessment of product attributes (i.e., the costs and benefits of a purchase) there is a tendency, when in positive moods, to integrate information into an existing schema of understanding. This contrasts with the more time and effort intensive processing associated with more negative mood and focusing on detailed information (Huber et al).

- Emotions provide a basic source of information to consumers in decision making rather than a secondary evaluative reaction:
 - The 'how do I feel about it?' heuristic.

6.17 In the context of people buying goods to satisfy emotional needs, rather than more instrumental consumption, then affect will be an important cue in the purchase decision (Pham, 1998).

Personality mood and evaluation

6.18 Using mood **induction** studies Forgas and Ciarrochi (2001) found that being in a positive mood lead to more positive evaluations of desired goods and possessions.

6.19 People who were more **open to feelings** were more influenced by mood in their evaluations of desired goods and possessions.

Appraisal theory

6.20 In this approach, emotions arise in response to events or situations that challenge the wellbeing of the individual, in that it undermines an intention or desire that they have (**goal relevance**). This can happen with more or less **conscious awareness**.

6.21 Bagozzi et al (1999) adapt Roseman's (1991) proposal to link circumstances or events with appraisal and specific emotions. Since, in relation to psychological detriment, we are concerned primarily with negative emotions, the following connections are suggested:

- **anger**: strong reaction to perceiving a problem or harm to be caused by another person
- **dislike**: weak reaction to harm perceived as due to another
- **regret**: strong reaction when one's own actions are the cause of the problem
- **shame/guilt**: weak reaction when one is the cause of the problem;

- **frustration:** strong reaction to problems attributable to circumstances
- **fear:** weak reaction when circumstances causing the problem are uncertain
- **sadness:** weak reaction to circumstances causing problems leading to the loss of a reward
- **distress/disgust:** weak reaction to circumstances causing problems that cause punishment (detriment)
- **surprise:** response to unexpected circumstances.

Emotions and consumer satisfaction

6.22 Oliver and Westbrook (1993). identified emotional responses experienced by consumers during car ownership and consumption. Consumer responses were categorised according to six emotion-labels (delight, contentment, tentativeness, un-emotion, guilt/shame and anger). They found that:

- extremely low satisfaction scores were registered by the angry group
- extremely high scores were obtained by the delighted group
- surprise functions as an 'amplifier' of the underlying favourableness or unfavourableness of outcome experiences when these are translated into satisfaction evaluations.

6.23 Various groups of consumer were identified in terms of their emotional response and its relation to satisfaction:

- The 'contented' group (registered moderate levels of joy and interest and low levels of surprise). This is perhaps typical of many object relationships where the product was expected to perform well, or to render desirable properties, and did in fact do so.
- The 'tentative' group whose major concern is the product's continued ability to provide the desired benefits, free of interruption.

- The 'unemotional' group revealed no appreciable extremes of emotion in response to their purchase, perhaps suggesting a lack of personal involvement.
- The 'guilty/ashamed' group consists of persons whose feelings about the product and/or its performance create a sense of shame or embarrassment. While the negativity which accompanies these feelings clearly indicates that the purchase decision was unfortunate, and that the individual has attributed personal responsibility for this outcome, the accompanying shame dimension suggests a correspondingly strong unwillingness to seek redress.
- The hostile/upset cluster member tends to have one car which, being an older model, probably does break down more often.
- The guilt/shame group tends to drive an even older, cheaper car.
- The delighted group apparently owns imported subcompacts, where reliability has historically been high.
- Contented owners drive high-priced domestic cars while tentative owners have newer cars, which probably have unproven reliability.
- The unemotional driver owns multiple cars suggesting a family-centred orientation.

6.24 Bougie, Pieters and Zeelenberg (2003) distinguish between anger and dissatisfaction and investigate whether there is empirical and theoretical reason to treat the two as distinctive emotions by concentrating on their experiential content.

- **Anger** is associated with:
 - feelings – 'as if they would explode'/'of being overwhelmed by their emotions'
 - thoughts – 'thinking of how unfair something is'/'thinking of violence towards others'

- action tendencies – 'feel like behaving aggressively'/ 'letting go'; actions – 'saying something nasty' / 'complaining'
- motivational goals – 'wanting to hurt someone' / 'wanting to get back at someone'.
- Dissatisfaction is associated with:
 - feelings – 'of unfulfilment' / 'having an undecided feeling'
 - thoughts 'of what they had missed out on' / 'think about how to act upon the situation'
 - action 'feel like waiting for the right moment to take action'
 - motivational goal of 'wanting to find out who is responsible'.

6.25 Evrard and Aurier (1994) examined the Influence of emotions on satisfaction with movie consumption. They suggest that the links between emotions felt during the consumption process and subsequent evaluation judgements are particularly important in the area of aesthetic products and for experiential products. For both, motivation goes well beyond utilitarian dimensions: the products generate emotional reactions **during** consumption. The case of aesthetic and experiential products makes clear that there is a strong influence of emotions on the level of satisfaction experienced by the consumer.

6.26 Gardial, Flint and Woodruff (1996) explore the critical events and triggers that cause evaluation processes to occur and change. Two main causes of triggers are:

- an attributional source (internal attributions led to less complaints)
- abruptness or suddenness (leads to a questioning of why something occurred).

6.27 Trigger events include:

- non-response by a vendor
- warnings by friends

- sales person interaction
- product use.

Measuring emotions

6.28 We have seen that a variety of emotions are implicated in consumption and that emotions are therefore an important dimension of consumer detriment evaluation. Yet we have also seen that there have been a great variety of terms used to describe emotions (frustration, anger, fear, stress, dissatisfaction etc.). This is quite characteristic of psychological theories of emotion. There are many theories and definitions—something that has to be confronted if the evaluation of emotional dimensions of consumer detriment are to be considered.

Defining categories of emotion

6.29 In a review of approaches to emotions within psychology, Plutchik (1980) discovered 28 definitions, between which there was little consistency, specificity or validity. Psychologists have undertaken a variety of studies aiming at constructing an agreed classification of emotions. One approach has been to attempt to define 'basic,' biologically based, universal emotions. Plutchik offers the following list:

- fear
- anger
- joy
- sadness
- acceptance
- disgust
- expectancy
- surprise.

6.30 Plutchik developed a scale to measure these different basic emotions: The Emotions Profile Index (EPI). Izard (1977) based his classification of basic emotions on universal facial expression of emotion:

- interest
- enjoyment
- surprise
- distress (sadness)
- anger
- disgust
- contempt
- fear
- shame/shyness
- guilt.

6.31 Izard (1977) developed the Differential Emotions Scale (DES) to measure these basic emotions. Richins (1997) argues that these categories of emotions are too general as measures of emotion in consumption and she developed a scale of basic emotions relevant to consumption experiences, which included the following list of emotions:

- anger
- discontent
- worry
- sadness
- fear
- shame

- envy
- loneliness
- romantic love
- love
- peacefulness
- contentment
- optimism
- joy
- excitement
- surprise.

6.32 Richins (1997) called her measure The Consumption Emotion Set (CES). Bagozzi et al review issues in the measurement of emotions. They criticise the measures above on the basis that:

- there is a predominance of self-report measures
- there is a tendency to isolate emotions from contexts/consequences
- there is a lack of physiological measures
- there is a tendency to cluster between positive and negative emotions
- emotions in context are mixtures or complex sequences
- it is unclear whether it is better to use unipolar or bipolar response scales
- there is uncertainty about whether emotions are basic or context/culturally specific

- there are cultural variations in emotions
- emotions play different roles in consumption
 - as markers
 - as mediators
 - as moderators.

Stress and coping

- 6.33 Henry (2004) proposes a framework for understanding the importance of cognitive capital in consumption that is derived from the psychology of **coping**. There is a considerable body of psychological research on the relation between **stress** and **coping**. Much of this research draws on the work of Lazarus (1993).
- 6.34 The basic idea is that, following appraisal of potential harm, the individual develops coping strategies. Some coping styles, as well as dealing with the threat, offer the potential for positive psychological outcomes (growth). Alternatively, often-repeated defence mechanisms may lead to psychological detriment in the form of lack of confidence and esteem and negative evaluations by others. Indeed an important aspect of this model is that it predicts cumulative psychological reward or detriment according to the coping style adopted.
- 6.35 Under this view, individuals can be distinguished in terms of their **coping style**: the strategy adopted has knock-on effects in terms of their ability to survive adversity (**resilience**), to benefit from challenge and to flourish. Healthy coping strategies are defined as the potentially flexible and dynamic application of psychological resources to deal with the challenges that everyday life inevitably presents. According to Lazarus, coping combines an emotional-management component with a goal-directed action element. The management component involves maintaining a balanced and positive emotional response to stressful events; and the goal-directed element involves a range of cognitive skills

of analysis, problem solving and monitoring. There is some evidence that individuals vary in relation to preparedness for potentially stressful events.

6.36 Emotional and cognitive dimensions of coping interact: emotional coping creates the conditions under which flexible cognitive strategies can be deployed and the application of a successful coping strategy improves emotional well-being. Excessive focus on either emotional or cognitive strategies leads to problems. If the focus is too much on emotional coping this can result in **avoidance**: if it is too much on cognitive strategies this can result in **emotional burnout**. But the worst scenario is when there is sub optimal deployment of both emotional and cognitive coping strategies which can result in **emotional distress** and **succumbing and sliding into adverse experiences**.

6.37 Although there are many schemes for classifying coping strategies (and a general point is that those who cope well tend to deploy a greater range of coping strategies) there is general consensus that there are three types of **coping strategy**:

- **task oriented, rational/active coping**
 - developing a considered action plan
 - moving deliberately through the steps of the plan
 - learning and readjusting
 - avoiding rash steps/taking care
 - maintaining focus on task at hand
- **emotional coping**
 - seeking social support
 - venting emotions
 - advice seeking

- **avoidance**
 - denial of the negative situation
 - disengagement.

6.38 These categories give us clues as to the responses of individuals to stressful encounters and events in consumption. They also anticipate long-term effects of coping style to the psychological phenomena of **hopelessness** and **hope** which we will review later in the report.

Conclusions

6.39 We have seen that:

- emotions often over-ride or guide decision making in consumption
- that positive emotions can be a cause of detriment as well as negative emotions
- that there are a complex array of emotions that play different roles in consumer psychology
- that coping is central to managing the emotional dimensions of potentially detrimental consumption experiences.

7 LONGER-TERM PSYCHOLOGICAL DETRIMENT

7.1 Most of the material we have reviewed thus far has concerned short term psychological reactions to consumption in context. However, we have noted in passing that many of the psychological phenomena have potentially longer term consequences. These will be examined in this section.

7.2 There is a variety of theoretical, conceptual and measurement issues associated with exploring the various kinds of potential psychological detriment involved in consumption. These can be summarised as follows:

- sources of vulnerability can be identified in general but are subject to many potential contingencies
- satisfaction is subject to a variety of definitional and measurement problems
- complaints are subject to many antecedent influences making them a partial and problematic indicator of psychological detriment
- emotional response in consumption is emerging in importance but has many remaining conceptual and measurement issues.

7.3 It is important to emphasise that, as we move to explore longer term psychological detriment and psychological issues related to more abstract social and cultural aspects of consumption, then measurement issues are compounded.

Confusion

7.4 We have seen a variety of indications of complexity, uncertainty and deceit in consumption that are all linked to the possibility of **consumer confusion**.

7.5 Mitchell et al (2004) reviewed findings and theories of consumer confusion. As consumers are provided with ever-increasing amounts of information from more products sold through diverse channels and

promoted in various ways, the idea of confusion is becoming increasingly important. Confusion is a subjective experience (i.e., the unpleasant state of mental discomfiture) relating to an object that affects the overall evaluation of that object.

7.6 Three different types of consumer confusion have been proposed:

- **Brand similarity confusion**, which the authors define as 'A lack of understanding and potential alteration of a consumer's choice or an incorrect brand evaluation caused by the perceived physical similarity of products or services.' (p. 5).
- **Confusion from information overload**, which they define as 'A lack of understanding caused by the consumer being confronted with an overly information rich environment than cannot be processed in the time available to fully understand, and be confident in, the purchase environment.' (p. 7).
- **Unclarity confusion**, which they define as 'A lack of understanding during which consumers are forced to re-evaluate and revise current beliefs or assumptions about products or purchasing environment.' (p. 9).

7.7 The authors argue that consumer confusion has behavioural, cognitive, and affective consequences; the latter has the longest-lasting consequences. They suggest that confused consumers are likely to experience unpleasant emotions which may include; frustration, irritation, anxiety, or anger. Consumer confusion makes consumers feel vulnerable and somewhat inadequate, and it can occur at any point before, during, and after the purchase.

Mediators of confusion

7.8 **Individual characteristics:** older, less educated, consumers are more likely to misunderstand information than younger, well-educated, consumers. They are more prone to overload confusion. Less educated and less intelligent consumers tend not to be analytical, adopting fact-orientated learning styles, which have been found to be positively correlated with

overload confusion. This group is unlikely fully to comprehend information and is more prone to overload and confusion.

- 7.9 **Gender:** women are more prone to advertisement clutter, miscomprehension and confusion in the mobile phone market (indicating an interaction between product category and gender). Females tend to be more prone to persuasion by marketing practices, are more field dependent, are less likely to make a buying decision after consulting a sales clerk when confronted with an abundance of information, are more involved in shopping and are more likely to engage in compulsive shopping.

Longer-term consequences of consumer confusion

Similarity confusion

- 7.10 The longer-term consequences of similarity confusion are as listed below.
- Feeling **ashamed** about being unable to differentiate between brands results in less likelihood of sharing negative experience
 - If the consumer cannot, or does not, determine which alternative is the authentic one and buys a product that turns out to be the wrong one, the consumer is likely to feel **dissonance**. (If it's a lookalike brand as good as the original, they feel dissonance because they think they have been paying too much in the past. Even if they buy the original brand, dissonance may arise due to the extra effort in assessing both alternatives).
 - Instances of consumers misusing a product and suffering **physical harm** have been reported (Fletcher and Wald, 1987).
 - When consumers **repeatedly experience** similarity confusion and buy the wrong brand it is likely to have a detrimental effect on their shopping-related **self-confidence**—at least in instances when consumers blame themselves for the mistake.

Overload confusion

7.11 The longer-term consequences of overload confusion are as listed below.

- **Stress and dissatisfaction** (Wiedmann, Walsh and Polotzek, 2000)
- **Dissonance, frustration and tiredness** associated with going shopping
- Repeatedly experience reduces **shopping-related self-confidence**
- **Perceptual blocking** to avoid acquiring more information lead them to neglect information that is crucial for an optimal product use.

Unclarity confusion

7.12 The longer-term consequences of unclarity confusion are listed below:

- Unclear information can lead to **product misuse** (e.g. when a consumer buys a drug and miscomprehends the instruction leaflet).
- Prevents consumers from fully evaluating product attributes and information that are difficult to gauge, such as 'healthy' or 'nutritious' (Golodner, 1993).
- Depending on who consumers blame for the confusion, unclarity confusion can have a negative impact on their **shopping-related self-confidence** if they blame themselves.

7.13 Many of these effects are **cumulative** and seem to combine a **loss of trust** with **feelings of insecurity** and **loss of confidence**. We will review these effects again when we consider the issue of **trust**.

Intertia/inactivity

- Why do people not act on the basis of their feelings, beliefs and judgements?
- Why do some people feel more dissatisfaction than others?
- Why do some complain more than other?

- Why do some people adopt **avoidant coping** leading to passivity and inertia?

7.14 Behind these issues of consumer passivity are deeper questions of the **autonomy of the critical** consumer. There is evidence that inaction in consumption is habitual and cumulative and domain specific (Tykocinski and Pittman, 1998).

- Inertia is linked to **regret** as people think about alternative scenarios that would have produced better outcomes. Consequently people take **safer options** in order to avoid future **regret** and to overcome the unpleasant psychological experience of regret. This can be overcome through awareness of the pattern of behaviour: as this occurs, willingness to take the subsequent opportunities increases.
- Inaction as an avoidance tactic was likely to be relinquished when avoidance costs became too high. Avoidance loses its appeal when its benefits are pitted against the costs of continued avoidance.
- The effect was attenuated with the reduction in magnitude of anticipated regret. If the 'loss' is not significant, less regret is anticipated and continued inaction as a means of escape or avoidance of anticipated regret becomes unnecessary (Tykocinski and Pittman, 1998).

7.15 These findings suggest an opposition between **inaction/avoidance** and **regret**.

7.16 There is evidence that in the short term, **regret** is more salient but that over time the salience of **inaction/avoidance** increases. This suggests that avoidance as a response to anticipated or experienced regret leads to psychological detriment in the longer term (Avni-Babad, 2003). These findings were particularly relevant for **severe events** whereas for less serious outcomes the effects of regret dissipate over time.

Learned helplessness

7.17 Repeated patterns of inertia or inactivity may be the result of **learned helplessness**. The Theory of Learned Helplessness was developed by

Abramson, Seligman and Teasdale (1978). The theory suggests that people who employ a **negative attributional style** are more likely to experience a sense of hopelessness when faced with stressful circumstances. Negative attributional style refers to individual differences in explaining positive and negative events and has three dimensions:

- who to blame (self/others)
- perceived stability of the problem (stable/unstable)
- the perceived universality of the problem (global/local).

7.18 The basic idea is that someone who is self blaming or believes that a problem is stable and universal is more likely to have negative emotional responses to stressful life events which will influence their coping style (they will tend towards avoidance or emotional coping). This leads to feelings of vulnerability that will increase with future stressful events if the same attributions are maintained. Notions of **locus of control** (discussed previously) operate in a similar way: both suggest that the less 'in control' a person feels, the more negative their reactions to stress and uncertainty.

7.19 There is a considerable body of evidence suggesting that there are a number of negative outcomes associated with helplessness and avoidant coping, although there is little direct evidence in relation to consumption; the work has mainly been on health outcomes such as mortality, excess weight and cardiovascular risk, stress and perceived physical well-being (Henry, 2004). The main result of avoidant coping strategies is that they lead to inertia in the face of stress. This idea may go some way to explaining three important psychological detriments in consumption:

- inertia
- repeated patterns in the face of dissatisfaction/exploitation
- inability to cope with the cognitive demands of consumer decision-making.

- 7.20 There are a number of **personality** variables that are related to these issues of **activity/passivity and autonomy/agency**. If people believe that they can achieve **acceptable outcome goals** in a given situation and to work out the **means to achieve these goals**, then they are more likely to adopt good coping strategies in the face of uncertainty. These are two dimensions of **self-efficacy** that are related to **optimism/pessimism**.
- 7.21 According to Bandura's (1997) theory of self-efficacy, overcoming **negative attributional styles** and **coping strategies** associated with **helplessness** leads to positive/optimistic motivation that is conducive to problem-focused coping.
- 7.22 In contrast, those characterised by hope are also found to be more persistent in efforts to succeed over adversity.
- 7.23 In consumption contexts, responses to stressful/challenging/threatening circumstances range from a preference for familiarity or stability (linked to **dysphoria** and **avoidant coping strategies**) to an approach that recognises the **challenge** and **growth potential** of the uncertain or threatening circumstance.

Regret

- 7.24 Regret was examined earlier as an emotional response that has a long term effect in terms of psychological detriment through mechanisms related to **learned** helplessness and **self-efficacy**. There is some evidence that **regret** and its associated emotional dimensions can lead to post-hoc feelings of dissatisfaction. It also seems to increase the preference for taking the **safer option** in consumption. When people find out that there is a better option, they readjust their satisfaction levels (i.e. become more dissatisfied) (Tsiros and Mittal, 2000).
- 7.25 There has also been some discussion in the literature concerning the diffusion of **regret** in the consumption experience. Lucas, M. (2004) examined the idea of **existential regret** which links to the cycle of **expectation** and **dissatisfaction** in consumption and the feelings of **anxiety** and **confusion** associated with complexity and the proliferation of choice. This regret combines anxiety and guilt; it is often expressed in

terms of a desire to go back and change a past experience. In other words, the **anxiety** stems from an inability to accept existential givens: regret accrues because of the inability to go back in time and change it. **Guilt** in this context stems from a sense of having abandoned and betrayed the self when making a choice in a moment of bad faith. Existential regrets can also stem from moments when one chooses what's easiest, rather than following inner values, beliefs, integrity, potentials, and knowledge: such choices are seen as 'running away from one's potentialities and responsibilities'.

Responses to existential regret

- 7.26 Paralysis, lost perspective, not accepting the finality of the present situation, and wanting to undo the past follow the same pattern as existential regret. Sometimes even future perspectives are lost, and choices that can be made regarding the future are not seen. The idea is that repeated experiences of regret and dissatisfaction lead to long term emotional consequences that have specific behavioural effects.
- 7.27 Zeelenberg and Pieters (1999) argue that scoring customer dissatisfaction as a combination of regret and disappointment (as researchers have done in the past) is disadvantageous, as both are different constructs with different emotional contents and different behavioural consequences (as we discussed previously in terms of emotions, generally).

Measures of quality of life, subjective well-being, stress and distress

- 7.28 **Positive psychology** is a relatively recent development in the field, which theorises that **well being** correlates with a number of social and psychological factors. Proponents of this approach suggest that: Measures of happiness are varied; they use happiness scales to measure each (Argyle, 1992). Measurements of **satisfaction** are useful in gauging happiness, while measurements of **subjective well being** are relevant to understanding peoples' experience of happiness.

7.29 Psychologists using this paradigm have devised ways of employing general measures of happiness to understand patterns of consumption; in particular, they have explored links between affluence, choice and positive well being. Their findings are summarised as follows:

- When measures of subjective well-being are compared across cultures, a clear trend is identified, whereby people in richer countries have higher subjective well-being (SWB) scores. However, when scores are examined **within** a country, income has very little relation to SWB - especially amongst those who are beyond the levels of meeting basic needs through consumption. Ahuvia (2002) suggests a reason for this: beyond the levels of meeting basic needs wealth may enable satisfaction of personal needs but does so at the cost of the loss of meaning of personal honour and the meeting of social obligations (Ahuvia, 2002). Acquisition of wealth and material goods does not enable the individual to fulfil these more social and cultural values and so there is a countervailing source of dissatisfaction that swamps out the achievement of personal goals related to material success.
- This research highlights the relationship between lifestyle and values: in particular, **materialism**. Materialism places emphasis on achieving personal goals through acquisition and the possession of goods and services. Previous research has focused on values such as 'individualism,' exploring the **life satisfaction** that develops if this value is upheld. A negative relationship is envisaged between life-satisfaction and materialism (this is borne out in empirical research). Although most of these studies have been conducted in the US there have been some recent cross cultural replications of these and similar findings (Dziurawiec, S., 2001).
- There is evidence that this relationship between values and happiness spills over into general life satisfaction rather than being limited to happiness with choices in consumption (Sirgy, 1998). Materialists experience greater dissatisfaction than do those who are not preoccupied with acquisition. One reason for this is that materialists set themselves unreasonably high expectations. This is part of the **motivational** dimension of holding materialist values. Furthermore

there is evidence that such expectations are associated with notions of selfhood: failure to accumulate is taken personally; acquisition is thought to be deserved, reinforcing an **ideal sense of self** and **fulfilling a need**.

- Cognitive factors, such as the ability to make predictions and evaluate on the basis of past events play little or no role in materialist decision-making (Sirgy, 1998). Instead, materialists tend to make **social comparisons** with remote others (rather than those in their more immediate social environment). They tend to disregard social comparisons with neighbours, friends and colleagues in favour of comparisons at the regional or national level, based upon presumptions about abstract social categories or modelled on cultural and media representations of 'the successful.' This may explain the propensity to develop inflated and value-laden expectations of their standard of living (Sirgy, 1998). There is also evidence that materialists tend to compare themselves with others who have more income and wealth than themselves the result of such comparisons leading to feelings such as inequality, injustice, anger and envy. This might explain the psychological deficit they experience.

7.30 These findings are interesting because they illustrate the danger of using measures of dissatisfaction as indicators of **psychological detriment** without taking into account the broader context of the psychology of **motivation** and **values**.

7.31 So acquisition of material resources does not, of itself improve **satisfaction** and there is a complicated relation between motivations. We will return to these issues in more detail when we review some of the more direct work on **consumer satisfaction** and **complaining**.

7.32 If we assume that access to material resources leads to an increase in consumer choice then it appears that there is not a simple and direct relation between the availability of choice and consumer satisfaction and well being. But if positive psychology is relatively neutral with respect to the effect of exposure to choice what of the potentially negative psychological responses to increasing choice?

Summary of research

- 7.33 Research has shown that leisure activity plays an important role in overall quality of life. Based on models from consumer satisfaction and life satisfaction, Neal et al (1999) suggest that overall life satisfaction is functionally related to contentment within other domains (not just limited to the consumer domain). Further, they argue that satisfaction with a given domain is influenced by the conditions/concerns that make up that domain. According to this research, satisfaction with leisure activities (in particular leisure activities at home) and non-leisure activities significantly predicted overall life satisfaction. Also, satisfaction with travel/tourism services was highly predictive of satisfaction with the service aspects of the travel tourism phase. However, although there was a relationship between satisfaction with service aspects of travelling and general life satisfaction it was not very strong.
- 7.34 Krause, N. et al (1984) analysed data from the *National Longitudinal Survey of Middle-Aged Men* to assess the mediating effects of locus of control beliefs in the relationship between stressful jobs and economic events and psycho-physiological well-being. Men with internal locus of control orientations respond more adequately to stress than do those with external locus of control beliefs. A more detailed examination of the data revealed that men with moderately internal locus of control orientations cope more effectively with stress than those whose locus of control beliefs may be classified as extreme internal, extreme external or moderately external.
- 7.35 Lee, Sirgy, Larsen and Wright (2002) developed a subjective measure of consumer well-being. Their research focused on the idea that materialism is now a core **value** in people's lives and that their **identities** are closely aligned to material possession and achievements in the domain of material consumption. It is for this reason that consumption plays such a central role in people's lives, becoming central to their **subjective well-being**, their **happiness** and sense of accomplishment. Lee et al (2002) argue that previous one-dimensional or two-dimensional approaches to

consumer well-being over-simplify the construct. They developed and tested the following items as **measures of consumer well-being**:

- acquisition
- possession
- consumption
- maintenance
- disposition.

7.36 They investigated whether satisfaction in the consumer life domain was an important source of **life satisfaction**. The results showed that **all** aspects of the **consumption process** were significantly correlated with overall life satisfaction.

7.37 Satisfaction with product acquisition, possession, and consumption (but not maintenance and disposition) independently **predicted** overall life satisfaction.

Emotional reactions and physical well being

7.38 We have seen that strong emotional reactions such as **anger** as well as states of **anxiety** are part of the negative psychological reactions to consumption. We know from general work in psychology that these two experiences are hazardous to **health**.

7.39 Suinn (2001) reviews the literature of studies about the influence of stress, anger, and anxiety on health:

Stress

7.40 In a group of adolescent girls, those with higher stress levels were more likely to develop a minor illness over the time-span of a few months (Siegel and Brown, 1988).

- 7.41 Other researchers have concluded that stress is especially associated with an increase in upper respiratory infections (Kiecolt-Glaser, Dura, Speicher, Trask, & Glaser, 1991)
- 7.42 In a sample of older men (mean age 60 yrs), those with higher stress levels had significantly higher levels of prostate-specific antigen, indicative of prostate cancer. (Stone, Mezzacappa, Donatone, and Gonder, 1999)
- 7.43 Anger and stress increase cholesterol levels, which is a proven threat to health. Stoney, Bausserman, Niaura, Marcus, and Flynn (1999a) measured cholesterol levels of 127 male and female pilots under acute and chronic stress. In both stress conditions, cholesterol levels increased over baseline.

Anxiety

- 7.44 Anxiety can be hazardous for one's health as it decreases pain tolerance. Participants with induced anxiety had diminished pain threshold compared with baseline levels and when anxious participants were compared with control participants (Rhudy and Meagher, 2000).
- 7.45 From a database of 913 studies about patients suffering from back or neck pain, Linton (2000) reviewed 37 between 1991 and 1999 where he focused on studies that met the criterion of involving prospective longitudinal designs. On the basis of his own grading system, Linton concluded that 'stress, distress, or anxiety as well as mood and emotions ... were found to be significant factors' influencing pain (p. 1148).
- 7.46 It should be emphasised that these are **general findings** and only suggest possible risks involved in psychological detriment in consumption. There is a dearth of direct research linking negative experiences in consumption and these more general consequences for **subjective well-being** and **health**. Most of the research in consumer studies has focused on shorter term effects and general beliefs/values and has not examined the connection to longer term detriment in any detail.

Psychological responses to being a victim and fear of crime

- 7.47 We have seen that being the victim of scams, frauds and deceptions is something that exercises consumers. There is a dearth of research into the psychological distress caused by such victimisation in consumption (partly because of the definitional problems that similarly beset research into emotions). The most relevant work to this study has been undertaken around experiences of crime and **fear of crime**. For example, Norris and Kaniasty (1994) studied psychological distress following criminal victimisation in the general population using cross-sectional, longitudinal, and prospective analyses. Samples of 105 violent crime victims, 227 property crime victims, and 190 non-victims provided data regarding levels of psychological distress following criminal victimisation.
- 7.48 At points approximately three months, nine months, and 15 months post crime, the following symptoms were found amongst victims of crime:
- depression
 - somatisation
 - hostility
 - anxiety
 - phobic anxiety
 - fear of crime
 - avoidance.
- 7.49 The results showed:
- crime victims showed substantial improvement between three and nine months but not thereafter
 - violent crime victims remained more distressed than property crime victims who, in turn, remained more distressed than non-victims

- these effects of crime were not accounted for by differences between victims and non-victims in either social status or psychological functioning
- however, lasting effects were often contingent on the occurrence of subsequent crimes.

7.50 Another area of study that is well developed in other areas of study, that of the **fear of crime**, has not been evaluated specifically and directly in consumption.

Trust and risk

7.51 Goods and services are delivered to consumers by complex systems of production, distribution and marketing. However, in contemporary retail, the consumer has access to these systems only through the point of sale (this is in stark contrast to more traditional forms of the delivery of goods and services, where the process of production and consumption were closer and potentially more visible). These processes are a result of the changes in production that have occurred in late modernity and they raises complex issues of **trust** and **risk**.

7.52 Tulloch and Lupton (2003) examine these issues in relation to food consumption and argue that central to controversies about food products, in relation to issues such as GM food and BSE, are the questions 'what is food' and 'who can we trust'. Sociologists (e.g. Beck, 1992; Giddens, 1991) emphasise the social nature of risk in a period of 'risk immersion' in a 'risk society'. Beck argues that contemporary risks evade perception and are localised invisibly in the sphere of chemical and physical formulas, determinable only by 'experts'. As a consequence, uncertainty is everywhere, which deeply disturbs people's ontological grounding, creating a sense of 'ontological insecurity'. Beck has suggested that such risks are **ubiquitous** and **democratic** in that they affect everybody equally.

7.53 Risks are regarded as unexpected outcomes of the 'natural' collusion of science and commerce in extending profit further and wider within society. For Beck, citizenship is embedded in the uncertainty, risk, and

plurality of choice in all sectors of the private and public sphere that determine the market. Against this background, Tulloch and Lupton (2003) focused on perceptions of risks, in particular regarding safety of GM food. Individual interviews were conducted with highly educated, affluent, and 'scientifically literate' participants, who were able to make considered assessments of GM food related risks, based on their use of informed knowledge. A second group of participants came from a less educated background.

- 7.54 The first group regarded themselves as being capable of controlling most risks, and being able to draw on their superior education and access information to reduce risks. Nevertheless, despite their educational background and despite being 'experts', (or maybe precisely because of this), they tended to be deeply **suspicious** of the very same businesses they worked for. This was related to **distrust** in the **government**, in particular with relation to the previous BSE crisis.
- 7.55 Nevertheless, there was a difference in responses between them and the less privileged group of participants regarding the circuit of available information from which they could make their judgements (i.e. more information available to the 'privileged' group). In addition, respondents distinguished between the 'haves' (themselves) and the 'others'. The more privileged group felt concerned about the 'other', who they saw as being part of a transient, dependent and fragmented culture. It seemed that, rather than society being a 'democracy of fear', as suggested by Beck, it is (in the view of participants) a distribution conflict society that generates a 'two nations' disunity.
- 7.56 This raises the important idea of **vulnerability** to risks that has been further developed by Dowling and Staelin (1994), who propose the following model for perceived risk. Overall perceived risk (OPR) in a purchase situation is determined by:
- attributes of the product
 - relevant factors of the usage situation relative to their purchase goals
 - what consumers know about products of this type, as well as consumer involvement.

- 7.57 Focus on these aspects of risk is determined by consumer involvement:
- ego-involvement, determined by the relationship between a product and a consumer's self-concept
 - product and purchase involvement, determined by a product category
 - the specific purchase occasion.
- 7.58 Dowling and Staelin (1994) suggest that OPR is further partitioned into two components:
- product category risk (PCR), i.e. a person's perception of the risk inherent in purchasing a good of a specific category
 - product-specific risk (SR), i.e. a particular product considered in a given product category.
- 7.59 PCR and SR are further influenced by acceptable risk (AR) levels, i.e. the point at which the perceived risk associated with a given category or specific product is higher than the level of AR. The model also includes the assumption that, if consumers are in a state of uncertainty, they try to engage in problem-solving activities (information seeking, altering of purchase intentions, or insuring about adverse consequences) in order to reduce levels of perceived risk and lower their feelings of being uncomfortable. The authors test their model empirically and conclude that:
- SR strongly influences the intensity of risk-modification intentions
 - participants had no trouble mapping potential positive/negative outcomes into ratings of perceived risk
 - SR but not PCR had an influence on OPR when participants were looking for a specific product
 - the inability to absorb monetary loss associated with a purchase was a strong predictor for risk reduction activities.

- 7.60 The asymmetries between suppliers and consumers in relation to risk perceptions are explored by Singh and Sirdeshmukh (2000). They propose a model for satisfaction and loyalty in ongoing consumer exchanges, through a review of the literature. The model utilises **agency theory** (relational exchanges) and **trust research**. Agency theory holds that information asymmetry and opportunism create dilemmas for service exchanges (with power usually retained by the service provider). In a context of ubiquitous exposure to risk and time/space distantiation in the organisation of production, distribution and marketing, consumers may suspect opportunistic behaviour by the provider, but may be unable to detect it, due to information asymmetry, resulting in moral hazard.
- 7.61 In an attempt to overcome moral hazard, high quality providers signal their distinctiveness to their consumers in a way that cannot be duplicated, or they offer to share risks (including by offering services related to after-sales service). However, neither option solves the information asymmetry because it fixes the symptom, but not the cause, leaving the consumer with a sense of insecurity about the risks involved in consumption.
- 7.62 Agency theory does not enable us to identify the necessary conditions under which exchanges take place without such insecurity developing. Filling this theoretical gap, trust (socially embedded and built on social relations) is thought to counterbalance opportunism. Trust relies on positive expectations about the intentions/behaviour of others and an acceptance of personal vulnerability. In the model, the agency mechanisms of objective signalling and pricing encourages either trust and distrust (separate concepts) through a consideration of competence and benevolence. This judgement influences satisfaction with the consumer exchange, a reconsideration of trust, and ultimately loyalty. Halliday (2003) distinguishes between two types of trust.
- **Placed trust** is based on general accepted rules governing society, such as social norms and communally understood competences
 - Enables ascription of sufficient competence in the service provided / alliance partner / other in face of a certain amount of ignorance of the other's competence, such that service can commence.

- **Trust as response** is a relationship building process and involves different levels from fragile to high
 - Enables the customer to develop a sense of commitment from the demonstration of trustworthiness.

Reputation

7.63 Einwiller, S. (2003) explores the relationship between reputation and trust in electronic commerce. Trust is viewed as a multi-dimensional concept involving attitudes towards the vendor, system, and self. The paper included a survey of 473 German Internet users and demonstrated a person's trusting intention was most strongly influenced by the trusting attitudes of the vendor. Generally, the more trusting a person's attitude was towards the system, the greater the trust they exhibited towards any aspect of the system. Moreover, if one believes that they are knowledgeable about the online marketplace, trust is more easily provided.

Summary

7.64 This section of the report highlights how confusion around consumption has been exacerbated by the increasing complexity of consumption. There are individual differences amongst consumers regarding the ways that they cope with fear and uncertainty. However, part of the problem in understanding psychological deficit and its origins is that emotions are difficult to define and measure. Nor is there adequate research into the long-term affect of psychological detriment, although psychological theory has been used in this section to identify the ways in which negative styles of coping with adversity can lead to the accumulation of psychological detriment.

7.65 However, the increased sophistication of the market has resulted in the ubiquity of complexity in consumption. The more sociological research cited towards the end of this chapter highlights the role of education and status in being able to respond to the risks inherent in consumption. This ties in with psychological research into the fear of crime, which

highlights how it is an adaptive behaviour in the face of serious threats to personal integrity. Finally, the notion of psychological detriment can be understood to be existential: in being unable to make positive choices, people's self-esteem wanes and so a cycle of negative expectations and consequences develops.

8 CONCLUSIONS

8.1 We will lay out our conclusions initially as responses to the requirements set by the OFT for this piece of work, before going on to draw out new questions and issues relevant to psychological detriment that have emerged during the research.

- A better understanding of what it is about consumer transactions that can be classified as 'detriment'.
- A classification of what causes the detriment.
- An analysis of which groups of people are susceptible and in what circumstances - how are they targeted?
- An analysis of the likelihood of particular types or groups of business being more likely to cause the detriment or be affected by other businesses inflicting detriment.
- An assessment of how far detriment is relative to age (which will have an effect on experience, education or vulnerability), disability, what an individual can afford to lose, and ability to withstand certain sales techniques or stress, lifestyle.
- An analysis of whether detriment is a problem if a complaint/complainant is dealt with quickly and the 'victim' is not left out of pocket or with damage to health.
- A risk/detriment rating model – a high risk of detriment may not result in an effect by which consumers are most affected and low risk may result in high impact e.g. a faulty unsafe product/personal injury.

Understanding of psychological detrimental

8.2 There are various psychological phenomena that can reasonably be defined as detriment. In this, a clear distinction has to be drawn between financial detriment and psychological detriment.

- 8.3 It is apparent that the dimensions of variability of individual and group differences in psychological detriment are far greater than is the case for financial detriment where the distinctions can be framed in terms of the differential effect of financial loss on income groups.
- 8.4 The kinds of effects, phenomena and processes that have been picked out in this review have a complex role in and relation to processes of consumption. They can be part of a decision process, part of consumption experience, part of communication and the social relations in consumption exchanges, part of a response to acquiring goods or using services or part of a person's worldview, basic motivations or values.
- 8.5 Detriment has a temporal dimension – some psychological detriments are clearly identified with specific moments in the consumption process.
- 8.6 Psychological detriment plays different roles in consumption. Sometimes, as in the example of vulnerability, psychological factors are potential causes of detriment (maybe of financial detriment due to its impact on decision making or openness to persuasion), sometimes they are vulnerability factors or potential buffer factors that are missing for some people. Sometimes it is part of the value that can be gained in consumption, sometimes it is an effect of problems in consumption and sometimes it related to higher order beliefs and attitudes that affect orientation towards consumption.
- 8.7 The implication of these points for the potential to determine psychological detriment are profound – except in extreme circumstances psychological detriment is the outcome of a process that includes many divergent aspects of the psychology of the consumer interacting with the communicative and marketing strategy of the firm and a variety of circumstantial factors.

Psychological correlates of consumer detriment

- 8.8 A number of psychological processes and experiences have been implicated in consumer detriment in this review including:

- aspects of decision-making and emotional influences on decision making
- the consequences of the interplay between emotions and decision-making
- personality factors (e.g. assertiveness, self-control)
- psychological correlates of social economic status
- satisfaction/dissatisfaction
- emotions
- coping strategies
- social cognitive variables such as attribution.

8.9 A wide range of specific and idiosyncratic potential psychological detriments in consumption have been identified but it is not possible, on the basis of the literature to draw solid conclusions about either the **incidence** or the **severity** of these psychological conditions.

8.10 This is partly because of the nature of psychological detriment as diverse range of different phenomena and partly because of the lack of systematic definition across studies, which employ a wide range of methods (from experiments to qualitative methods).

8.11 This would indicate the need for an approach based on more detailed studies of identified areas of risk on the basis of complaints, rather than developing a generic psychological model of psychological detriment.

Vulnerability and psychological detriment – an analysis of which groups of people are susceptible and in what circumstances - how are they targeted?

8.12 In this report a number of approaches to psychological vulnerability to consumer detriment were examined:

- psychological correlates of social economic status (SES) relevant to detriment were reviewed identifying a wide variety of personality, decision making style, and emotional coping related variables that indicate some of the reasons for this potential link between SES and vulnerability
- an analysis of the psychology of deception was presented
- aspects of the relation between supplier and consumer analysed as a persuasive social situation were outlined
- the specific example of predatory lending was presented.

8.13 The review confirmed the identification of vulnerable groups as those with less financial resources and the elderly and suggested a psychological profile of vulnerability related to these social demographics related to short time horizons, lack of cynicism, pessimism, lack of confidence, lack of goal direction and expectations of consumption, higher preference for stability and lower choice and greater conformity, avoidant approach to stress and challenge.

8.14 Lower levels of social capital and support reinforce vulnerability related to these SES differences.

8.15 Psychological dimensions of susceptibility to deception was linked to being motivated to obtain the product, being influenced by advertising having relatively lower understanding and critical reflections on consumption and personality factors such as shyness and introversion.

- 8.16 Various psychological effects in deception exacerbate these vulnerability factors. These include: mood, halo effects, loss aversion and fear of retribution. Distraction, focus on potential rewards the vividness of the potential value of the goods or service and social isolation also influence susceptibility.
- 8.17 The psychological vulnerability of the elderly is grounded in their greater openness to appeals and lack of consumer knowledge. They are unable to distinguish between fraudulent and bone fide claims, unable to control the point of sale and were often targeted by telemarketers.
- 8.18 The psychological profile of vulnerability to scams involved a range of demographics, cognitive factors, personality factors and aspects of temperament.
- 8.19 These analyses were supplemented by an analysis of deception as a social interaction that binds the consumer to the sale using a variety of techniques for managing social interaction.

Decision making and psychological detriment

- 8.20 The early part of this section reviewed research on decision-making, which indicates the typical heuristics that people apply in consumer decisions. These are subject to a variety of limitations but accepting these limitations seems the only option in the face of uncertainty and unlimited choice.
- 8.21 What was interesting was the way that these propensities in decision-making strategy had psychological outcomes related to a potential cycle of dissatisfaction and unhappiness. These aspects of subjective well-being were revisited in the section on longer term psychological effects and the potential impacts of the emotions on decision making in the section on the emotions.
- 8.22 Choice of decision-making strategy was linked to values and perceived social status.

Satisfaction and dissatisfaction

- 8.23 Consumer satisfaction has been intensively researched in consumer psychology and marketing research. It appears a potentially useful candidate as a measure of consumer detriment.
- 8.24 However, even a cursory look at the literature reveals an area with many competing theories, explanations and models, which are briefly outlined in this report.
- 8.25 There is no doubt that many retailers have moved to take consumer satisfaction seriously especially in the context the increasing importance of adding value through service.
- 8.26 It was suggested that the 'service culture' is changing consumers' expectations with regard to the ease with which their concerns will be treated seriously and that they may expect firms to deal with potential complaints proactively, taking the strain from the consumer and reducing the demands upon the consumer in managing the exchange relationship. This may be shifting expectations in more informal markets to the detriment of consumers.
- 8.27 This theme is elaborated in the section on emotions when the emotional tone and strain of complaints is considered.
- 8.28 These themes of the management and routinisation of relations of consumption was considered in relation to Ritzer's analysis of the rationalisation of the fast food industry.
- 8.29 A variety of other psychological correlates of satisfaction were reviewed (attitudes, regret, social capital, loyalty and locus of control) indicating the interconnection between satisfaction and a range of other psychological variables.
- 8.30 All of this leads to questions as to the validity of satisfaction as an indicator of consumer detriment. Instead it appears that 'satisfaction' has been a convenient fiction for what are in fact a variety of psychological experiences and process. Recent consumer psychology

and marketing research has begun to pick out the details of these phenomena rather than relying on satisfaction.

Complaints and psychological detriment

- 8.31 Perhaps complaints could act as an indicator of psychological detriment. After all they do result in behaviour, which is open to public scrutiny and therefore open to measurement. The material reviewed in this report challenges this position.
- 8.32 What encourages complaints and what constrains them? There are correlations with Social Economic Status, characteristic beliefs and attitudes related to complaining (perceived effectiveness, fairness, blame), personality factors (assertiveness) and emotions (dissatisfaction, anger, fear as an inhibitor).
- 8.33 Attitude theory has been applied to understanding the gap between dissatisfaction and complaining. The main influence appears to be beliefs about the consequences of complaining. There is insufficient work on the influence of normative beliefs on complaining although there has been some work on the perceived fairness of complaints and the response of firms to complaints.
- 8.34 There are some links between values, appraisal, coping and complaining.
- 8.35 We next examined the psychological dimensions of the experience of making complaints. What emerged is a picture that complaining is an emotionally demanding activity (although this seems particularly so for those who have no experience of complaining). Being able to cope with these emotions in a face-to-face interaction is critical to making a complaint. This was reinforced by findings that people often feel out of control in the complaint process.

Emotions and consumer detriment

- 8.36 If satisfaction and complaint are crude and problematic indicators of psychological detriment in consumption then perhaps a more detailed look at specific emotional responses in consumption would give a clearer picture?

- 8.37 The outlook is not promising given the variety of differing psychological theories of emotion that are briefly introduced in this report.
- 8.38 Nevertheless there has been much research effort into the emotions in general psychology, consumer psychology and marketing in recent years with the aim of better understanding the dynamics of people's psychological engagement with consumption. Examples of this research are reviewed in this report.
- 8.39 We examined the potential detriment arising from the influence of emotions on consumer decision-making. Some of these results are counter intuitive – particularly the subtle findings related to the effects of positive emotions on memory and cognitive evaluation. It appears that being in a happy mood can seriously damage the ability to make a balanced appraisal. A particularly interesting findings was that information is processed more schematically in a positive mood and that there is a tendency to not attend to negative information in order to repair the mood state.
- 8.40 Emotions seem to polarise satisfaction ratings and consumers seem to be identifiable with a particular emotional response pattern. Anger was the emotion that seems to have attracted a lot of research attention in consumer psychology.
- 8.41 The issues around measuring emotions were reviewed, with various category schemes for emotions considered. The feeling is that this is still an area of study that is in its infancy.
- 8.42 The links between stress and coping was reviewed – emotional coping is one of the identified methods for dealing with problems. One of the interesting problems identified in coping research is the tendency towards avoidance and its emotional consequences.

Longer-term psychological detriment in consumption

- 8.43 We next reviewed some of the potentially longer lasting psychological detriments in consumption.

- 8.44 Consumer confusion was examined the work of Mitchell et al (2004) produced a rounded picture of the many factors that influence confusion in consumption. These reflect the factors of vulnerability in this report. What was interesting about this work was the suggestion of accumulating, long term effects of exposure to consumer confusion – these included feelings of shame, dissonance reactions, and self-confidence (particularly in relation to shopping), stress, frustration and avoidance. The result can also make consumers less inclined to be critical as well as less involved in consumption.
- 8.45 These themes of consumer passivity were then taken up. There is a subtle relation between regret and inertia whereby anticipated regret can lead to passivity, which has more detrimental effects in the long term. These issues were related to learned helplessness which links beliefs about the causes of negative events to feelings of hopelessness which in turn is linked to problems in physical and psychological well-being. The contrast with self-efficacy is drawn.
- 8.46 There is then a review of measures of long-term subjective well-being and the relations between positive psychology and well being. Some of the trends in large-scale surveys of subjective well-being and consumption are reviewed and the well known pattern of findings of wealth effects on subjective well-being across cultures but not within cultures.
- 8.47 A range of research findings exploring these aspects of consumer detriment link to a variety of variables are reviewed followed by an analysis of the impact of issues of trust and risk. The application of this kind of analysis of risks related to natural hazards in a risk society have not been explored in any detail in relation to issues of risk and trust in consumer society although it is an emergent theme of this review.

An analysis of specific sources of detriment

- 8.48 The issue of psychological detriment in different markets or sectors has not been systematically studied. Studies in consumer psychology are often of small scale, often use opportunity samples and often do not provide an in depth analysis of the context of consumption.

- 8.49 On the basis of the literature, therefore it is not possible to argue that specific psychological detriments are associated with particular industries or consumption contexts. The variation that is discernable in the psychological literature is reflected in the organisation of this report and is more to do with separating psychological factors in vulnerability, those related to short-term detriment at the point of sale and in the post purchase phase.
- 8.50 However, a variety of different consumption contexts have been studied in the literature and a more focused review of the broader literature documenting the different consumption contexts that have been studied and the different effects that have been noted would make a valuable contribution to this question but was beyond the scope of this review.

Psychological dimensions of complaining is dealt with quickly and the 'victim' is not left out of pocket or with damage to health

- 8.51 This question asks if psychological detriment can be handled as a harm that can be compensated for by rapid and efficient complaint handling and adequate compensation.
- 8.52 We did see that rapid and efficient complaint handling and adequate compensation have a positive impact on long-term psychological detriment. In line with the focus group findings, there appears to be a growing set of expectations about the handling of consumer communications and complaints – basically a no-fuss/no questions asked replacement or refund policy.
- 8.53 Some of the psychological reasons for this were identified as related. This raises an interesting counter intuitive possible cause of detriment – the OFT brief suggests that rogue traders might have the effect of creating lack of trust in the market – but there is some evidence of the reverse: that people over generalise their experience in areas where they have little problem, due to the responsiveness of firms to areas where they need to be more proactive and circumspect.

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