

Technische Universität München
Lehrstuhl für Betriebswirtschaftslehre – Strategie und Organisation
Univ.-Prof. Dr. Isabell M. Welpé

***How Companies Can Benefit from Population Aging–
Empirical Essays Investigating Consumers'
Transition to Retirement***

Friedemann Wolf

Vollständiger Abdruck der von der Fakultät für Wirtschaftswissenschaften der Technischen Universität München zur Erlangung des akademischen Grades eines Doktors der Wirtschaftswissenschaften (Dr. rer. pol.) genehmigten Dissertation.

Vorsitzende: Univ.-Prof. Dr. Claudia Peus
Prüferinnen der Dissertation: 1. Univ.-Prof. Dr. Isabell M. Welpé
2. Univ.-Prof. Jutta Roosen, Ph.D.

Die Dissertation wurde am 11.04.2012 bei der Technischen Universität München eingereicht und durch die Fakultät für Wirtschaftswissenschaften am 15.06.2012 angenommen.

Acknowledgements

Many people supported me greatly throughout the time I wrote this thesis. Foremost, I want to express my sincere and deep gratitude to Prof. Dr. Isabell Welpé, who has given me the best support I could have hoped for, guiding my academic progress and influencing my personal development during the time of writing my dissertation. She always knew how to keep me motivated and excited about my research. Her way of building and leading her young and rapidly growing team is unparalleled and deeply impressed me from our first day of collaboration. Furthermore, I would like to thank Prof. Jutta Roosen for her enthusiasm in taking over the role as a second supervisor of my dissertation. She provided very helpful and instructing advice from which my thesis greatly benefited.

I want to thank my colleagues at the Chair for Strategy and Organization for supporting and inspiring me. Most of all, Dr. Philipp Sandner played a key role in the completion of this thesis, from our discussions on how to shape the topic in the very beginning to finalizing the last words of the conclusions. He has been a great thought partner and advisor on the content and methodology of my thesis, and invaluable supported me in diving into the world of academia after several years in practical business. Thank you for your excellent, spot on and pragmatic advice, and for being a great advocate of my work.

I am very fortunate to have received so much personal support from Insa—not only has your first hand advice on how to successfully complete a dissertation supported me tremendously. Even more, your love and care over the many years we have spent together contributed greatly to my personal development and enabled me to grow professionally.

Most of all, I want to express my deepest gratitude to my parents, together with my sisters, for their unconditional love and encouragement. It is impossible to find the right words to thank you for all the support you are continuously giving to me and the way you positively shape my life and personality. You encourage me to pursue my own dreams and you brought me to where I am today.

Table of contents

Acknowledgements.....	II
Abstract.....	IV
Kurzfassung (German abstract).....	VI
I Introduction.....	1
1 The demographic change and research on aging consumers	1
2 The relevance of the transition to retirement for consumer behavior	4
3 Overarching research questions	6
4 Structure of this dissertation, key findings, and contributions.....	11
5 References.....	18
II Essays	
1 Catch them if you can!	
Brand and patronage preference changes during the retirement transition— determinants, mechanisms, and results.....	24
2 Why do responses to age-based marketing stimuli differ?	
The influence of retirees' group identification and changing consumption patterns in retirement.....	25
3 Who wants to be called a "Senior"?	
How the transition to retirement influences the evaluation of age-related labels.....	26
III. Conclusion.....	27
1 Summary of results and discussion.....	27
2 Implications.....	31
3 Outlook	33
4 References.....	36
Appendix.....	39

Abstract

The population of Western economies is aging rapidly, and one of the largest age cohorts, the baby boomers, has recently begun entering retirement and will continue to do so in the upcoming years. It is thus essential for companies to understand how consumers change their behavior during the transition to retirement. Furthermore, marketers need to know how to most effectively address mature consumers. Therefore, this dissertation examines changes in consumer behavior during the transition to retirement in three empirical studies.

The first study shows that brand and patronage preference increasingly change during the transition to retirement compared to the periods before and after. This increase is more pronounced in the cases of resource changes (finances, health, time), high levels of previous work commitment, and involuntary retirement, whereas it is less pronounced when respondents live with a retired spouse. The influence of these determinants is mediated by retirees' need to adjust to changed aspects of life in retirement and general changes in purchase patterns.

The second study analyzes how retired consumers respond to age-based marketing stimuli, such as senior discounts, exclusive offers for seniors, and age-related labels. The data illustrate that retirees who identify stronger with other retirees and generally change their consumption patterns after retirement are more likely to respond positively to age-based marketing stimuli. Cognitive age negatively moderates the influence of retirees' identification with other retirees on their responses to these stimuli. However, the influence of these variables differs substantially across the types of stimuli considered.

The third study enhances these findings by showing which consumers can effectively be addressed by age-related labels. The data indicate that the evaluation of age-related labels depends on the manner in which retirees experience the retirement transition, including their willingness to retire, the changes in their financial resources, the support that they receive

from retired friends and spouses, and their previous work hours. The influence of these variables appears to be indirect through their identification with other retirees. Furthermore, we show which labels marketers should employ (e.g., "60+") and which they should avoid (e.g., "Best Ager") to appeal to retirees.

The findings of this dissertation contribute to the understanding of how an important life event influences consumer behavior. From a practical perspective, the results demonstrate that companies should consider consumers' transition to retirement as a window of opportunity to grow their market share among mature consumers. The dissertation identifies adequate strategies to market to retired consumers and determines the criteria that aid in identifying the most attractive segments of these consumers.

Kurzfassung (German abstract)

Vor dem Hintergrund einer nachhaltig alternden Bevölkerung und dem bevorstehenden Übergang der Baby Boomer-Generation in den Ruhestand ist es essenziell für Unternehmen, ein Verständnis über die Veränderungen von Konsumentenpräferenzen während und nach diesem Übergang zu gewinnen. Darüber hinaus sollten Marketingexperten verstehen, wie Konsumenten im Ruhestand effektiv angesprochen werden können. Die vorliegende Dissertation untersucht daher in drei empirischen Studien Verhaltensänderungen von Konsumenten während und nach dem Übergang in den Ruhestand.

Die erste Studie zeigt, dass sich die Markenpräferenzen von Konsumenten während des Übergangs deutlich häufiger ändern als in vergleichbaren Perioden davor und danach. Diese Präferenzänderungen fallen stärker aus, wenn sich die Ressourcenverfügbarkeit der Respondenten ändert (finanzielle Mittel, Gesundheit, Zeit), sie ein starkes Commitment gegenüber ihrer vorherigen Berufstätigkeit hatten, und wenn der Übergang in den Ruhestand unfreiwillig erfolgt. Die Veränderungen sind dagegen geringer, wenn Respondenten mit einem Partner zusammenleben, der bereits vor ihnen in den Ruhestand gegangen ist. Der Einfluss dieser Determinanten auf die Markenpräferenzen erfolgt indirekt über zwei Mediatoren: den Bedarf, sich persönlich an den Ruhestand anzupassen und generellen Änderungen im Kaufverhalten im Zuge des Übergangs in den Ruhestand.

Die zweite Studie untersucht wie Konsumenten im Ruhestand auf altersbasierte Marketinginstrumente reagieren, z.B. finanzielle Vergünstigungen, exklusive Angebote für Personen im Ruhestand oder altersbasierte Labels. Konsumenten, die sich stärker mit anderen Personen im Ruhestand identifizieren reagieren positiver auf solche Instrumente. Das kognitive Alter der Respondenten moderiert den Einfluss der Identifikation auf die Reaktion auf altersbasierte Instrumente negativ. Die Einflüsse der genannten Variablen unterscheiden sich deutlich je nach untersuchtem Marketinginstrument.

Die dritte Studie vertieft die Ergebnisse der zweiten Studie, in dem sie untersucht, welche Aspekte die Reaktion auf altersbasierte Labels determinieren. Die untersuchten Daten verdeutlichen, dass die Bewertung der Labels davon abhängt, wie Personen den Übergang in den Ruhestand erlebt haben, z.B. ob sie freiwillig in den Ruhestand gegangen sind, wie sich Ihre finanziellen Mittel verändert haben, welche Unterstützung sie aus Ihrem sozialen Umfeld erhalten haben und wie viele Stunden pro Woche sie im Vorwege des Ruhestand gearbeitet haben. Der Einfluss dieser Variablen verläuft indirekt über die Identifikation der Respondenten mit anderen Personen im Ruhestand. Zudem wird gezeigt, welche spezifischen Labels die Zielgruppe im Ruhestand positiv (z.B. "60+") und welche sie eher negativ bewertet (z.B. "Best Ager").

Insgesamt tragen die Ergebnisse der Dissertation zu einem besseren Verständnis der Auswirkungen des Übergangs in den Ruhestand als ein wichtiges Lebensereignis auf das Konsumentenverhalten bei. Aus praktischer Sicht verdeutlicht die Dissertation, dass Unternehmen den Übergang in den Ruhestand nutzen können, ihren Marktanteil bei älteren Konsumenten auszubauen. Sie gibt Hinweise auf adäquate Strategien für das Zielgruppenmarketing gegenüber diesen Konsumenten und erörtert Charakteristika, die helfen die attraktivsten Kunden aus Unternehmenssicht zu identifizieren.

I. Introduction

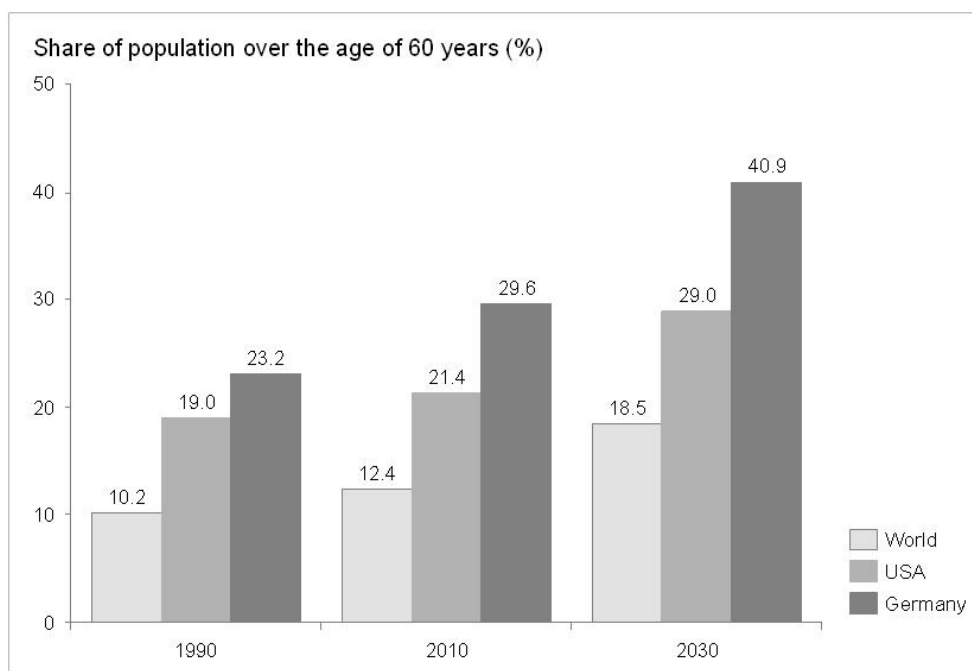
1 The demographic change and research on aging consumers

Most developed economies are undergoing an unprecedented development towards population aging, which will become increasingly visible in the decades to come (United Nations, 2011). For example, as illustrated in Figure 1, the share of people over the age of 60 years in Germany has risen from 23% in 1990 to 30% in 2010 (U.S.: from 19% to 21%), is forecasted to rise further to over 40% in 2030 (U.S.: 29%), and will stay well above 40% in the decades to follow (United Nations, 2011). A major cause of this development is the constant increase of people's physical health and life expectancy over the last decades. At the same time, fewer children are being born in many developed countries. Whereas in the U.S. there are enough children born to result in a constant population (which is in total growing due to immigration), the average number of daughters per woman in Germany has fallen below 0.7 (U.S.: 1.0), resulting in a constant decline of the overall population (United Nations, 2011). And while this increase in the share of mature people is particularly strong in most of the developed countries such as Germany, Spain, or Japan, population aging is also a worldwide phenomenon: although the overall world population is growing, the share of people over the age of 60 years will rise from about 10% in 1990 to over 18% in 2030. The implications of these fundamental demographic changes on the supply of skilled labor (e.g., Börsch-Supan, 2003) as well as necessary adjustments to social security and healthcare systems (e.g., Börsch-Supan & Schnabel, 1998) continued to be a central concern for scholars and politicians over the last decades.

However, companies should not only consider the aging population from a human resource perspective aiming to strategically manage the workforce against a decreasing supply of labor (e.g., Streb, Voelpel, & Leibold, 2008). They should also reevaluate their marketing strategies to accommodate the fact that the group of mature consumers in developed countries

is growing faster than all other consumer groups—indeed even faster than the overall population of most emerging markets (United Nations, 2011). The segment of mature consumers is not only large in size, it also accounts for a substantial part of overall wealth and consumption expenditures. In the U.S., for example, consumers over the age of 50 years account for more than 50% of overall wealth and 46% of overall consumption expenditure (United Nations, 2011; U.S. Census Bureau, 2011). Similarly, in Germany, wealth and consumption of private households peak after the age of 55 years and remain at high levels until very old ages (DIW, 2009). These numbers are expected to further increase with the aging of the baby boomer generation born between 1946 and 1964.

Figure 1: The development of the share of the population over the age of 60 years in the U.S., Germany, and worldwide. Source: United Nations (2011)



Surprisingly, only few consumer industries such as travel and tourism, financial services, and housing began to explicitly address aging consumers over the last decades. As a result, thus far many business opportunities regarding aging consumer are unrealized and most companies fail to adequately consider these consumers in their marketing strategies (e.g., Niemelä-

Nyrhinen, 2007; Szmigin & Carrigan, 2001a, 2001b). Sudbury and Simcock (2009) contended that a primary reason for both the low interest and limited success of companies in targeting mature consumers is the lack of valid and reliable empirical data on the behavior of mature consumers.

The existing research regarding mature consumers can be grouped according to the investigated type of changes that come along with aging and which influence consumer behavior, comprising biological, psychological, and social changes (Moschis, 1994). Biological aging refers to changes in human functional capacity, psychological aging to changes in cognition, personality, and emotions, whereas sociological aging refers to changes in social relationships with groups and new roles that people fulfill in mature age (Moody, 1988; Moschis, 1994). The majority of research has focused on the influence of biological aging and changes in cognition (as part of psychological changes) on mature consumers' behavior (Gregoire, 2003). For example, research on biological aging has shown that changes in the functional capacity of mature consumers lead to predictable changes in their needs for products and services (Lumpkin & Hunt, 1989; Moschis, 1994; Schewe, 1988) and their shopping behavior (Lumpkin & Hunt, 1989). Research on the effects of psychological changes that accompany aging has particularly investigated how mature consumers process information and make decisions (Skurnik, Yoon, Park, & Schwarz, 2005; Yoon, Cole, & Lee, 2009). According to this research, for example, even though some older adults perform as well as their younger adults on several memory tasks, learning and problem-solving capacities of older adults decline in general (Park et al., 2002). As a result, mature people often rely on heuristic processing strategies using less external information (Johnson, 1990); for example, they tend to buy longer-established brands and repeatedly purchase the same brands as before (Furse, Punj, & Stewart, 1984; Lambert-Pandraud, Laurent, & Lapersonne, 2005).

Mature consumers over the age of 50 years increasingly undergo role transitions linked to life status changes such as becoming an empty nester, a grandparent, a widow, or a retiree

(Mathur, Moschis, & Lee, 2008). Research in social psychology has emphasized that these role transitions that occur over the life course of mature people alter their self-concepts and behaviors (Elder, 1995; Elder & Johnson, 2002). As noted by scholars (e.g., Gregoire, 2003), despite the importance of these role transitions for self-concepts and behaviors, much less consumer research has been dedicated to sociological changes that come along with role transitions in later life compared with research on biological and cognitive aging. This is surprising, because life transitions can be expected to affect the behavior of consumers aged 50 to 70 years more than both biological changes and changes in cognition, which become prevalent predominantly for consumers aged well above 70 years. The group of consumers aged 50 to 70 years is not only larger in size, but also accounts for the largest share of consumer expenditures across all age groups, and in contrast to very old consumers who have undergone significant functional changes, still makes consumption decisions independently (Moschis, Lee, & Mathur, 1997; Schewe & Balazs, 1992). A better understanding of changes in consumer behavior related to life status changes in later life is therefore needed.

Among the status changes in later life, entering retirement can be expected to be of particular relevance for consumer behavior, because research in social psychology has demonstrated that entering retirement substantially influences people's self-concepts and lifestyles (Bossé, Aldwin, Levenson, & Workman-Daniels, 1991). This influence is likely to manifest in mature consumers' behavior, because retirement has been characterized as the "consumption-centered" phase in life (Schau, Gilly, & Wolfinbarger, 2009, p. 255).

2 The relevance of the transition to retirement for consumer behavior

The majority of existing studies regarding changes in consumption induced by the act of retirement is based on microeconomic research applying a standard lifecycle model of consumption (Aguiar & Hurst, 2007; Bernheim, Skinner, & Weinberg, 2001; Hamermesh, 1984). Typically using large data sets such as the Consumer Expenditure Survey (CES), these

studies investigated whether overall consumption expenditures drop in retirement and if there are significant changes across broad consumption categories. The results indicate that there is some decrease in overall consumption expenditures following retirement, which is mainly driven by lower food and work-related expenditures, whereas consumption in many other categories remains stable or even increases. The changes in these expenditure categories are explained by declines in financial resources related to the retirement transition and the increase in the availability of time (for example, as a reason for lower food expenditures due to more available time to prepare food at home).

Recent studies in consumer research extended these findings by indicating that changes in consumer behavior after the retirement event go beyond a simple shift of expenditure between consumption categories that result from new needs directly linked to life in retirement. For example, Schau and associates (2009) argued that retirement triggers an “identity renaissance” (p. 260). Respondents in their qualitative study indicated that this process induced changes in consumption activities. As shown by anecdotal evidence, retirees took on new activities to support their identity projects and accordingly altered their consumption activities.

Despite these findings, scholars have recently acknowledged that research regarding changes in consumer behavior related to retirement is scarce (e.g., Stammerjohan, Capella, & Taylor, 2007). Schau et al. (2009) identified this to be a “surprising oversight”, and contended that “by all accounts, retirement, as a life stage defined by the withdrawal from productive domains in favor of leisure and consumption, warrants scholarly examination” (p. 256). From a marketing practitioner’s perspective, generating insights on changes in consumer behavior following retirement is an urgent matter: one of the largest ever birth cohort in the U.S. (the baby boomers who account for almost 80 million members in the U.S. alone) has begun entering retirement in recent years and will continue to do so in the near future (Stammerjohan et al., 2007). This development will occur later in Germany, but in an even

greater relative magnitude: because average retirement age in Germany is currently at approximately 60 years, the largest age cohort in Germany will enter retirement around 2020, when one third of the population will be between 50 and 65 years (United Nations, 2011). Building on existing research, the most important unanswered research questions regarding changes in consumer behavior related to the retirement transition will be derived in the subsequent section and guide this dissertation.

3 Overarching research questions

It can be contended from the research outlined above that retirees are of particular interest for industries in which retirees' consumption expenditures change (e.g., work-related consumption decreases, whereas consumption of travel and tourism services increases). In contrast, there is little research investigating whether the transition to retirement influences consumers' brand and patronage preferences for products and services across other types of categories, including those that are regularly consumed in a comparable magnitude prior and subsequent to the transition to retirement, such as groceries, car dealers, or hairdressers. In other words, although the importance of retirees for some specific industries is widely accepted, research has not yet answered the question whether the transition to retirement influences preferences in more general terms and with regard to a broader set of consumer industries. Building on research in other areas that illustrated the relevance of people's self-concepts (Belk, 1988) or their reference groups (Escalas & Bettman, 2005) on their consumer behavior, the retirement event may also go along with substantial changes in consumer preferences. Furthermore, retirement often leads to changing lifestyles and expenditure patterns. Changing expenditure patterns expose consumers to new brands and service providers and thus lead to changes in their consumer preferences¹ (Andreasen, 1984). The lack of knowledge regarding consumer preference changes is surprising, because consumer

¹ In line with previous research (e.g., Mathur, Moschis, & Lee, 2008), in this research the term consumer preferences is used to denote brand and patronage preferences.

researchers have maintained a long standing interest in understanding continuities and changes in consumer preferences, and first studies regarding life status changes indicate that these changes may indeed influence consumer preferences (Mathur, Moschis, & Lee, 2003; Mathur et al., 2008).² It is very relevant for marketing practitioners to know about specific phases in later life, in which consumers are likely to change their preferences, because generally the probability of changes in preferences tends to decrease with age (Lambert-Pandraud et al., 2005). The retirement transition may thus be a unique opportunity to attract new customers (and meanwhile retain existing ones) and maintain them during subsequent years of higher preference stability. To address this limitation in existing research, this dissertation addresses the overarching research question whether moving into retirement generally increases consumers "readiness to change" (Andreasen, 1984, p. 784) during the transition period.

Research question 1: Are consumers more likely to change their preferences during the transition to retirement compared to periods before and after the transition?

Whereas previous research concentrated on retirement-related changes in expenditure patterns across consumption categories, this dissertation extends the analysis by examining brand preference changes across different product types and patronage preference changes across different types of service providers. These preference changes are not only important for marketers that aim to address retired consumers with their products and services. They also reflect the general readiness to change of consumers in different phases of their lives (Andreasen, 1984).

² Unlike this dissertation, these studies investigate how multiple events that occur in a given period influence consumer preferences due to aggregately evoked stress.

Assuming that the retirement transition leads to discontinuities in consumer preferences, marketers should consider developing strategies to influence the direction of behavior changes. Marketing strategies for a specific consumer segment can be effectively developed if the segment is not only identifiable and attractive in terms of size and purchasing power, but also accessible with specific actions and likely to respond in the desired way to these actions (Wedel & Kamakura, 2000). So, how should marketers address retired consumers? Social identity research suggests that the employment of segmentation cues that explicitly reference membership in a defined social group is a promising way to address consumers, because these segmentation cues may be perceived to be "in-group" and are therefore positively evaluated by consumers (e.g., Forehand, Deshpandé, & Reed, 2002; Reed, 2002; Tajfel & Turner, 1986). Previous research that analyzed consumers responses to segmentation cues that reference mature age or retirement status, such as senior discounts, exclusive offers for retirees, or labels such as "50+" (Tepper, 1994), has come to ambiguous and contradictory findings, ranging from positive evaluations of age-related labels that develop over time of group membership to negative feelings of stigmatization and self-devaluation induced by the presence of senior discounts (Moschis & Mathur, 2006; Moschis, Mathur, & Smith, 1993; Tepper, 1994; Weijters & Geuens, 2006). As a result, the question of whether mature consumers in general and retirees in particular should be addressed by specific marketing offers remains unanswered. Companies are therefore left unsupported with the challenging task to select effective marketing measures to address this segment (Kim, Kang, & Kim, 2005; Moschis & Mathur, 2006; Sherman, Schiffman, & Mathur, 2001; Weijters & Geuens, 2006). This is a very relevant weakness in previous research, because there is evidence that addressing retired consumers the wrong way may have detrimental consequences for businesses, because consumers may ignore or boycott the respective products, services, and even companies in general (Moschis & Mathur, 2006; Tepper, 1994). This dissertation aims to overcome this weakness by addressing the following overarching research question.

Research question 2: Should companies market to retired consumers with specific marketing strategies?

The dissertation compares how retirees respond to different types of age-based marketing stimuli and identifies the key drivers of their responses to explain contradictions in previous research and provide guidance to marketers regarding how to adequately address retired consumers.

Life status changes are often heterogeneously perceived by individuals depending on a variety of contextual factors that characterize transitions (Moschis, 2007; Szinovacz, 2003). In the case of retirement, these contextual factors are of particular importance, because more so than other life status changes, retirement is a transition in which a variety of organizational, financial and family contexts are heterogeneous across retirees and influence how people experience the retirement transition (van Solinge & Henkens, 2008). Research in social psychology has recently identified the most relevant contextual factors such as changes in financial resources, whether retirees voluntarily or involuntarily retire, or whether they live with a retired spouse, by demonstrating that these factors predict psychological outcomes of the retirement transition, e.g., how satisfied retirees are with their life status (Pinquart & Schindler, 2007; Wang, 2007; van Solinge & Henkens, 2008). As noted by scholars (Leventhal, 1997; Moschis, 1992), consumer researchers and marketing practitioners have unfortunately taken a different approach by treating not only retirees, but also mature consumers in general as a homogenous segment, or at best, dividing them into sub-segments based solely on age. Research on other life transitions (e.g., McAlexander, 1991; Noble & Walker, 1997) has also not investigated the individual contexts that determine changes in consumer behavior, thus not allowing a transfer of findings to the case of retirement. Not

knowing about the determinants of changes in consumer behavior during life transitions is a very relevant weakness in research, because averaging across retired consumers is likely to produce results with limited implications and contradictions across studies, as for example the above outlined research regarding responses to age-based marketing stimuli indicates. Marketers should also have a high interest in understanding the individual determinants of changes in consumer behavior, which enable them to develop marketing strategies that specifically address sub-segments of mature consumers that are most likely to change their behavior. In other words, marketers need to know not only whether or not consumers change their behavior in response to the retirement event on average, but also *which* consumers are most likely to do so.

As a similar weakness, previous research provided only limited insights regarding the mechanisms and processes that evoke stability and changes in consumer behavior following life status changes in general as well as specifically for the case of retirement. It is, however, "essential to uncover the underlying mechanisms through which this relationship [between life status changes and consumer behavior changes] operates" (Mathur et al., 2008, p. 235). Also from a practical perspective it is of high importance to understand *why* consumers change their behavior following the retirement event to design offers and marketing messages that effectively appeal to recent retirees.

Taken together, based on the existing literature both the questions of *which* consumers will more likely change their behavior following the transition to retirement than others and *why* they will do so remain unanswered. The third overarching research question of the dissertation therefore is as follows.

Research question 3: Which individual determinants and mechanisms influence the intensity of changes in consumer behavior during the transition to retirement?

This dissertation leverages insights from the life course theory, which emphasizes the importance of individual transition characteristics to explain the outcomes of major life status changes (Elder, 1995; Elder & Johnson, 2002; Szinovacz, 2003), and social identity theory, which emphasizes the importance of identification with social groups to understand people's behavior (Forehand et al., 2002; Reed, 2002; Tajfel & Turner, 1986), to explain differences in consumer behavior among retirees. These theories from social psychology research provide a more nuanced view on differences among retirees than previously considered by consumer research regarding the transition to retirement.

4 Structure of this dissertation, key findings, and contributions

Following this introduction (Chapter I), three distinct essays address the overarching research questions introduced above. Given that all three essays are self-contained academic contributions, each contains its own introduction, literature review, methodology, results, and conclusion sections. The essays build on survey data of consumers over the age of 50 years. Contacts were randomly selected from a list provided by a market research company in proportion to their residence in Germany's federal states. A total of 882 potential respondents were reached by telephone and 34% of this group agreed to participate in a telephone interview. Telephone interviewers obtained 289 questionnaires, and the interviewers recorded the respondents' answers in a computer program. Socioeconomic data suggest that the sample is adequately representative of the overall population of retirees in the analyzed age range (Statistisches Bundesamt, 2010).

Essay 1 (Chapter II.1) addresses the first and third overarching research questions by examining whether retiring consumers are more likely to change their preferences and identifying the determinants of their preference changes. Building on the findings of this study, Essay 2 (Chapter II.2) investigates which marketing offers companies should consider to address retirees and why retirees' responses to these stimuli differ, thus addressing the

second and third overarching research questions. Advancing the findings of this study, Essay 3 (Chapter II.3) analyzes the individual determinants of retirees' group identification that influence the evaluations of age-related labels and specifies the labels that companies should consider for their age-based marketing offers, thus addressing the overarching research questions 2 and 3. Following the three essays, a final chapter (Chapter III) summarizes the results of the dissertation with a focus on the findings related to the overarching research questions. This final section discusses the results in light of previous studies, derives implications for researchers and practitioners, and infers avenues for future research.

Table 1 provides a condensed overview of the key findings presented in the Essays 1 to 3 with regard to the overarching research questions they address and illustrates the link between the chapters of this dissertation. Essay 1 demonstrates that consumers change their brand and patronage preferences across a variety of consumer products and services significantly more during the transition to retirement than before and after that period. Building on the life course theory, the essay shows that the increase in the number of consumer preference changes is higher in cases of stronger resource changes (health, finances, time), high previous work commitment of retired consumers, and in cases when the decision to retire was involuntary. In contrast, retirees who live with a retired spouse during the transition change fewer preferences. The influence of these determinants is mediated by two variables: retirees' need to adjust to the changed aspects of life in retirement and their general changes in consumption patterns across expenditure categories.

The results of Essay 1 provide several contributions to existing research. They extend the knowledge regarding mature consumer behavior by showing how an important life status change significantly influences consumer preferences. The study further contributes to the literature on changes in consumer behavior in light of life status changes by showing which individual contexts indirectly determine the changes in consumer behavior.

Table 1: Overview of Chapters II.1 to II.3 with regard to the addressed research questions, key findings, and their link to the following chapter

Chapter	Research questions	Key findings	Link to following chapter
II.1	1 and 3	<ul style="list-style-type: none"> • Consumers are more likely to change expenditure patterns, brand, and patronage preferences during the retirement transition • The magnitude of preference changes is determined by the transition characteristics^a 	<ul style="list-style-type: none"> • If retirees in transition are more likely to change their preferences, how can they specifically be addressed by marketers that aim to win new consumers and retain existing ones?
II.2	2 and 3	<ul style="list-style-type: none"> • Age-based marketing offers should be considered to address mature consumers, but differences among stimuli need to be considered. • Retirees' that identify with their peers and change their consumption patterns are most likely to respond positively to age-based marketing offers.^b 	<ul style="list-style-type: none"> • If retirees' identification with other retirees is the most important driver of their responses to age-based marketing offers, what are the determinants of retirees' identification? • How should companies that provide specific offers to retired consumers label these offers?
II.3	2 and 3	<ul style="list-style-type: none"> • Most age-related labels are positively evaluated, but significant differences among labels exist • Retirees' identification with their peers is determined by transition characteristics^c, which also indirectly influence the evaluation of age-related labels 	<ul style="list-style-type: none"> • Summarizing Essays 1 to 3, Chapter III concludes that the transition to retirement should be considered as opportunity to win mature customers • To take this opportunity, marketers can consider employing age-based stimuli • Considering differences among retirees is essential to adequately address them

^aRelevant determinants are changes in health, finances, and available time, previous work commitment, the voluntariness of the retirement decision, and the existence of a retired partner. The influence of these determinants is mediated by retirees' adjustment need and changes in consumption patterns.

^cThe study variables (retirees' identification with other retirees, changes in consumption patterns, and cognitive age) exert a varying influence across different types of age-based marketing offers.

^bRelevant determinants are the portion of people's friends who are retired, the existence of a retired partner, changes in financial resource, the voluntariness of the retirement decision, and the number of hours worked prior to retirement.

These individual determinants have not been considered in previous research thereby not allowing a prediction which consumers are most likely to change their preferences. With regard to the mediating mechanisms through which the determinants operate, the

identification of adjustment need and changes in consumption patterns complement findings which mainly attributed preference changes to stress evoked by transitions, which seems to play a limited role in the case of retirement, because only a minority of retirees experiences the transition as stressful (Bossé et al., 1991). Three major practical implications can be drawn from Essay 1. First, the essay shows that recent retirees not only develop new needs, they also switch brand and patronage preferences for categories that satisfy their already existing needs. The retirement transition thus opens up a window of opportunity for marketers to attract new customers, while at the same time evokes the need to actively retain existing customers who undergo the transition. Marketers should thus explicitly address consumers in transitions to increase their market share. Second, the study aids in the development of segmentation schemes for recent retirees by showing which types of individual and contextual variables are useful to identify consumers who are more likely to change their preferences than others. While there are some segmentation schemes with regard to mature consumers in general described in the literature (Moschis, 1992), researchers have previously not specified criteria to identify consumers with a high readiness to change following the retirement event. Third, the understanding of the mediating mechanisms between the identified determinants and consumer preference changes can help to add a behavioral component to segmentation approaches and may support marketing messaging strategies. For example, our study shows that recent retirees that intensely change consumption patterns are also more likely to change their preferred brands and stores. Marketers should thus focus their efforts on recent retirees that engage in new lifestyle activities. Because retirees that feel a higher adjustment need are more likely to change preferences, marketers should align their messaging strategies in a way that addresses retirees' adjustment need, e.g., by providing a footprint for a satisfying role in retirement, referring to meaningful reference groups, or easing possible stress related to retirement adjustment.

While Essay 1 demonstrates that retirees in transition are an interesting segment for companies which aim to address mature consumers, it does not provide explicit advice to companies how they should market to retired consumers. This aspect is taken up by Essay 2 (Chapter II.2). The study shows that retirees who identify with other retirees have higher intentions to accept exclusive offers (e.g., educational classes for seniors) and evaluate age-related labels (e.g., "60+") more positively, whereas identification with other retirees has no influence on intentions to use senior discounts. Cognitive age negatively affects intentions to use senior discounts and negatively moderates the influence of retirees' identification with their peers on responses to exclusive offers. That means that consumers who perceive they are relatively *older* have lower intentions to use senior discounts and to accept exclusive offers for seniors. General changes in consumption patterns increase retirees' intentions to accept exclusive offers and senior discounts, whereas these changes do not influence retirees' evaluations of age-related labels.

Essay 2 contributes to existing research in several ways. The results indicate that it is warranted to appeal to retired consumers by using age-based marketing stimuli, because these stimuli do not evoke across-the-board negative responses as hypothesized by some authors (e.g., Moody & Sood, 2009). However, to understand responses to age-based marketing stimuli, differences in the types of desired responses (e.g., usage intentions versus mere evaluations) as well as the types of stimuli (e.g., senior discounts versus exclusive offers) need to be considered, which has not been done in previous research. The study also extends previous knowledge by establishing the importance of retirees' identification with their social group and changes in consumption patterns to explain their response to age-based marketing stimuli. Finally, the more nuanced view on cognitive age provides the surprising finding that against previous expectations (Moschis & Mathur, 2006; Weijters & Geuens, 2006) cognitive age has a *negative* influence on responses to age-based marketing stimuli and moderates the influence of retirees' group identification on intentions to use age-based marketing offers. Not

considering these findings may be a reason for contradictions in results of previous studies. From a practical perspective, Essay 2 shows that it is essential that marketers do not oversimplify their marketing strategies. Instead, they must consider differences among the retirees they aim to address and the types of stimuli they intend to employ when defining their messaging and targeting approaches. The results regarding cognitive age indicate that there is a segment of consumers who identify with retirement, but who do not perceive they are relatively old. These consumers actively engage in consumption activities and information seeking and can be addressed by age-based marketing offers, which makes them an interesting segment for marketers. The results regarding changes in consumption patterns are insightful for marketers' targeting strategies. These results indicate that age-based marketing stimuli should be employed particularly with regard to consumption categories that are likely to be intensified during the transition to retirement, such as entertainment or recreational activities, because retirees who actively engage in such activities are likely to positively respond to offers aimed at mature consumers. Further practical implications for the specific types of stimuli are provided in the final section of Essay 2.

A main takeaway from Essay 2 is that retirees' identification with other retirees is a major predictor of their responses to age-based marketing offers. This finding suggests a need to understand which determinants facilitate retirees' identification with their peers and whether these determinants also influence responses to age segmentation cues. Furthermore, while Essay 2 shows that the employment of age-based marketing stimuli should be considered by companies that market to retired consumers, it remains unclear which specific labels companies should best employ as age segmentation cues for their offers. These questions are taken up by Essay 3 (Chapter II.3). The study shows that the evaluation of age-related labels (e.g., "Retiree", "60+", "Senior") depends on the way retirees experience the retirement transition, specifically the support they receive from retired friends and spouses, their

previous work hours, their voluntariness to retire, and changes in financial resources they experience. These determinants facilitate the development of retirees' identification with their peers, which in turn leads to more positive evaluations of age-related labels. While most age-based labels appear to be positively evaluated by retirees, there are significant differences among the labels. For example, retirees evaluated the "60+" label significantly positively, whereas "Best Ager" was evaluated negatively.

Essay 3 contributes to the existing literature by establishing that the evaluations of age-related labels do not primarily depend on the time that people have spent as part of the referenced age segment, as proposed by previous studies (e.g., Tepper, 1994; Weijters & Geuens, 2006), but on the way they experience the transition to retirement. By showing which determinants influence the development of an identity as retiree, the essay contributes to research on the development of group identification after significant status changes. According to previous studies, there has been too little research regarding this topic not only in consumer research but in social psychology in general (Amiot et al., 2007). From a practical perspective, the study specifies the labels that companies should use (e.g., "60+") and that they should omit (e.g., "Best Ager") to address retired consumers. The essay furthermore helps to identify consumer segments that have a higher likelihood of positively evaluating age-related labels due to the specific context of their retirement transition and may thus aid marketers in developing segmentation approaches. Further practical implications for the use of each analyzed label are provided in the final section of Essay 3.

Taken together, the Essays 1 to 3 demonstrate that companies should consider consumers' transition to retirement as a window of opportunity to grow their market share among mature consumers. The dissertation furthermore identifies adequate strategies to market to retired consumers and determines the criteria that aid in identifying the most attractive segments of these consumers.

5 References

- Aguiar, M., & Hurst, E. (2007). Life-cycle prices and production. *The American Economic Review*, *97*(5), 1533-1559.
- Amiot, C. E., de la Sablonniere, R., Terry, D. J., & Smith, J. R. (2007). Integration of social identities in the self: Toward a cognitive-developmental model. *Personality and Social Psychology Review*, *11*(4), 364-388.
- Andreasen, A. R. (1984). Life status changes and changes in consumer preferences and satisfaction. *Journal of Consumer Research*, *11*(3), 784-794.
- Belk, R. W. (1988). Possessions and the extended self. *Journal of Consumer Research*, *15*(2), 139-168.
- Bernheim, B. D., Skinner, J., & Weinberg, S. (2001). What accounts for the variation in retirement wealth among U.S. households? *The American Economic Review*, *91*(4), 832-857.
- Bossé, R., Aldwin, C. M., Levenson, M. R., & Workman-Daniels, K. (1991). How stressful is retirement? Findings from the Normative Aging Study. *Journal of Gerontology*, *46*(1), 9-14.
- Börsch-Supan, A. (2003). Labor market effects of population aging. *LABOUR*, *17*, 5-44.
- Börsch-Supan, A., & Schnabel, R. (1998). Social security and declining labor-force participation in Germany. *The American Economic Review*, *88*(2), 173-178.
- DIW. (2009). *Wochenbericht Nr. 4 / 2009*. Berlin, Germany: Deutsches Institut für Wirtschaftsforschung.
- Elder, G. H. (1995). The life course paradigm: Social change and individual development. In P. Moen, G. H. Elder, & K. Luscher (Eds.), *Examining lives in contexts: Perspectives on*

- the ecology of human development* (pp. 101-139). Washington, D.C.: American Psychological Association.
- Elder, G. H., & Johnson, M. K. (2002). The life course and aging: Challenges, lessons, and new directions. In R. A. Settersten (Ed.), *Invitation to the Life Course: Toward New Understandings of Later Life, Part II* (pp. 49-81). New York: Baywood.
- Escalas, J. E., & Bettman, J. R. (2005). Self-construal, reference groups, and brand meaning. *Journal of Consumer Research*, 32(3), 378-389.
- Forehand, M. R., Deshpandé, R., & Reed, A. (2002). Identity salience and the influence of differential activation of the social self-schema on advertising response. *Journal of Applied Psychology*, 87(6), 1086-1099.
- Furse, D. H., Punj, G. N., & Stewart, D. W. (1984). A typology of individual search strategies among purchasers of new automobiles. *Journal of Consumer Research*, 10(4), 417-431.
- Gregoire, Y. (2003). The impact of aging on consumer research: What do we know? *Advances in Consumer Research* (Vol. 30, pp. 19-26). Ann Arbor: Association for Consumer Research.
- Hamermesh, D. S. (1984). Consumption during retirement: The missing link in the life cycle. *The Review of Economics and Statistics*, 66(1), 1-7.
- Johnson, M. M. (1990). Age differences in decision making: a process methodology for examining strategic information processing. *Journal of Gerontology*, 45(2), P75-78.
- Kim, Y., Kang, J., & Kim, M. (2005). The relationships among family and social interaction, loneliness, mall shopping motivation, and mall spending of older consumers. *Psychology & Marketing*, 22(12), 995-1015.
- Lambert-Pandraud, R., Laurent, G., & Lapersonne, E. (2005). Repeat purchasing of new automobiles by older consumers: Empirical evidence and interpretations. *Journal of Marketing*, 69(2), 97-113.

- Leventhal, R. C. (1997). Aging consumers and their effects on the marketplace. *Journal of Consumer Marketing*, 14(4), 276-281.
- Lumpkin, J. R., & Hunt, J. (1989). Mobility as an influence on retail patronage behavior of the elderly: Testing conventional wisdom. *Journal of the Academy of Marketing Science*, 17(1), 1-12.
- Mathur, A., Moschis, G. P., & Lee, E. (2003). Life events and brand preference changes. *Journal of Consumer Behaviour*, 3(2), 129-141.
- Mathur, A., Moschis, G. P., & Lee, E. (2008). A longitudinal study of the effects of life status changes on changes in consumer preferences. *Journal of the Academy of Marketing Science*, 36(2), 234-246.
- McAlexander, J. (1991). Divorce, the disposition of the relationship, and everything. In R. H. Holman & M. R. Solomon (Eds.), *Advances in Consumer Research* (Vol. 18, pp. 43-48).
- Moody, H. R. (1988). Toward a critical gerontology : The contribution of the humanities to theories of aging. In J. E. Birren & V. L. Bengtson (Eds.), *Emergent Theories of Aging*. (pp. 19-40). New York: Springer.
- Moody, H. R., & Sood, S. (2009). Age branding. In A. Drolet, N. Schwarz, & C. Yoon (Eds.), *The aging consumer: perspectives from psychology and economics*. New York: Routledge.
- Moschis, G. P. (1992). Gerontographics: A scientific approach to analyzing and targeting the mature market. *Journal of Services Marketing*, 6(3), 17-26.
- Moschis, G. P. (1994). Consumer behavior in later life: Multidisciplinary contributions and implications for research. *Journal of the Academy of Marketing Science*, 22(3), 195-204.
- Moschis, G. P. (2007). Life course perspectives on consumer behavior. *Journal of the Academy of Marketing Science*, 35(2), 295-307.

- Moschis, G. P., & Mathur, A. (2006). Older consumer responses to marketing stimuli: The power of subjective age. *Journal of Advertising Research, 46*(3), 339.
- Moschis, G. P., Lee, E., & Mathur, A. (1997). Targeting the mature market: Opportunities and challenges. *Journal of Consumer Marketing, 14*(4), 282 - 293.
- Moschis, G. P., Mathur, A., & Smith, R. (1993). Older consumers' orientations toward age-based marketing stimuli. *Journal of the Academy of Marketing Science, 21*(3), 195-205.
- Niemelä-Nyrhinen, J. (2007). Baby boom consumers and technology: shooting down stereotypes. *Journal of Consumer Marketing, 24*(5), 305-312.
- Noble, C. H., & Walker, B. A. (1997). Exploring the relationships among liminal transitions, symbolic consumption, and the extended self. *Psychology & Marketing, 14*(1), 29-47.
- Park, D. C., Lautenschlager, G., Hedden, T., Davidson, N. S., Smith, A. D., & Smith, P. K. (2002). Models of visuospatial and verbal memory across the adult life span. *Psychology and Aging, 17*(2), 299-320.
- Pinquart, M., & Schindler, I. (2007). Changes of life satisfaction in the transition to retirement: a latent-class approach. *Psychology and Aging, 22*(3), 442-455.
- Reed, A. (2002). Social identity as a useful perspective for selfconcept-based consumer research. *Psychology & Marketing, 19*(3), 235-266.
- Schau, H. J., Gilly, M. C., & Wolfinger, M. (2009). Consumer identity renaissance: The resurgence of identity-inspired consumption in retirement. *Journal of Consumer Research, 36*(2), 255-276.
- Schewe, C. D. (1988). Marketing to our aging population: responding to physiological changes. *Journal of Consumer Marketing, 5*(3), 61 - 73.
- Schewe, C. D., & Balazs, A. L. (1992). Role transitions in older adults: A marketing opportunity. *Psychology & Marketing, 9*(2), 85-99.

- Sherman, E., Schiffman, L. G., & Mathur, A. (2001). The influence of gender on the new-age elderly's consumption orientation. *Psychology & Marketing, 18*(10), 1073-1089.
- Skurnik, I., Yoon, C., Park, D. C., & Schwarz, N. (2005). How warnings about false claims become recommendations. *Journal of Consumer Research, 31*(4), 713-724.
- van Solinge, H., & Henkens, K. (2008). Adjustment to and satisfaction with retirement: two of a kind? *Psychology and Aging, 23*(2), 422-434.
- Stammerjohan, C. A., Capella, L. M., & Taylor, R. D. (2007). Retirement and transition phenomena in the family purchase process. *Psychology & Marketing, 24*(3), 225-251.
- Streb, C. K., Voelpel, S. C., & Leibold, M. (2008). Managing the aging workforce:: Status quo and implications for the advancement of theory and practice. *European Management Journal, 26*(1), 1-10.
- Sudbury, L., & Simcock, P. (2009). Understanding older consumers through cognitive age and the list of values: A U.K.-based perspective. *Psychology & Marketing, 26*(1), 22-38.
- Szinovacz, M. E. (2003). Contexts and pathways: Retirement as institution, process, and experience. In G. A. Adams & T. A. Beehr (Eds.), *Retirement: reasons, processes, and results*. New York: Springer.
- Szmigin, I., & Carrigan, M. (2001a). Introduction to special issue on cognitive age and consumption. *Psychology & Marketing, 18*(10), 999-1002.
- Szmigin, I., & Carrigan, M. (2001b). Learning to love the older consumer. *Journal of Consumer Behaviour, 1*(1), 22-34.
- Tajfel, H., & Turner, J. C. (1986). The social identity theory of intergroup behavior. In S. Worchel & W. G. Austin (Eds.), *Psychology of intergroup relations* (pp. 7-24). Chicago, IL: Nelson-Hall.

- Tepper, K. (1994). The role of labeling processes in elderly consumers' responses to age segmentation cues. *Journal of Consumer Research*, 20(4), 503-19.
- U.S. Census Bureau. (2011). Statistical abstract of the United States: 2012. Washington, DC.
- United Nations, Department of Economic and Social Affairs, Population Division. (2011). *World Population Prospects: The 2010 Revision*. CD-ROM Edition.
- Wang, M. (2007). Profiling retirees in the retirement transition and adjustment process: examining the longitudinal change patterns of retirees' psychological well-being. *The Journal of Applied Psychology*, 92(2), 455-474.
- Wedel, M., & Kamakura, W. A. (2000). *Market segmentation: conceptual and methodological foundations*. Springer.
- Weijters, B., & Geuens, M. (2006). Evaluation of age-related labels by senior citizens. *Psychology & Marketing*, 23(9), 783-798.
- Yoon, C., Cole, C. A., & Lee, M. P. (2009). Consumer decision making and aging: Current knowledge and future directions. *Journal of Consumer Psychology*, 19(1), 2-16.

II.1 Essay 1

Catch them if you can!

Brand and patronage preference changes during the retirement transition—determinants, mechanisms, and results

Abstract

As one of the largest age cohorts in Western economies approaches retirement, it is surprising that research has not investigated whether entering retirement evokes substantial changes in consumers' brand and patronage preferences. Furthermore, consumer researchers have not looked at the individual determinants that influence changes in consumer behavior in response to retirement. Using survey data from retired consumers, we identified three major results. First, the number of brand and patronage preference changes increases during the transition to retirement compared to the periods before and after. Second, this increase is more pronounced in the cases of resource changes (finances, health, time), a high level of previous work commitment, or involuntary retirement, whereas it is less pronounced when respondents live with a previously retired spouse. Third, the influence of these determinants is mediated by two variables: retirees' need to adjust to changed aspects of life in retirement and general changes in consumption patterns. Based on these findings, we derived implications for marketing research and practice in aging societies.

Keywords: retirement; life status changes; consumer preference changes; mature consumers; aging society and economy

II.2. Essay 2

Why do responses to age-based marketing stimuli differ? The influence of retirees' group identification and changing consumption patterns in retirement

Abstract

We analyze how retired consumers respond to age-based marketing stimuli using survey data from 235 retirees over the age of 60 years. Specifically, we investigate the factors that influence their intentions to use senior discounts, intentions to accept exclusive offers for seniors (e.g., educational classes for seniors), and their evaluation of age-related labels (e.g., "60+"). We find that retirees who identify stronger with other retirees and generally change their consumption patterns after retirement are more likely to respond positively to age-based marketing stimuli. In addition, our data suggest that cognitive age negatively moderates the influence of retirees' identification with other retirees on their responses to age-based marketing stimuli. However, the influence of these variables differs substantially across the types of stimuli we considered. Our findings help to explain ambiguities in previous studies that did not consider differences among mature consumers beyond age and age-group membership or among types of stimuli. The implications of these findings for effective marketing to retired consumers are discussed.

Keywords: age-based marketing stimuli, age segmentation cues, social identity, cognitive age, senior citizen discounts, aging society and economy.

II.3 Essay 3

Who wants to be called a "Senior"?

How the transition to retirement influences retiree evaluations of age-related labels

Abstract

Given the impending retirement of the baby boomer generation, it is essential for marketers to understand which consumers can effectively be addressed by age-related labels and which specific labels (e.g., "Retiree", "60+", or "Senior") should be employed. Using survey data for 235 retirees, we show that the evaluation of age-related labels depends on the manner in which retirees experience the retirement transition, including their willingness to retire, the changes in their financial resources, the support that they receive from retired friends and spouses, and their previous work hours. The influence of these variables appears to be indirect through their identification with other retirees. Furthermore, we show which labels marketers should employ (e.g., "60+") and which labels they should avoid (e.g., "Best Ager") to appeal to retirees. Our findings contribute to the understanding of how to market to mature consumers and offer contributions to social identity research by explaining the transition characteristics that facilitate identity integration following status changes. We present suggestions for marketing to aging consumers based on these results.

Keywords: retirement transition characteristics, identity integration, life status changes, age-related labels, age segmentation cues, aging society and economy.

III Conclusion

1 Summary of results and discussion

The main purpose of this dissertation was to investigate changes in consumer preferences during the transition to retirement (research question 1, addressed in Essay 1), to understand how companies should address retired consumers (research question 2, addressed in Essay 2 and 3), and to identify the determinants and mechanisms behind changes in consumer behavior following retirement (research question 3, addressed in Essay 1 and 3).

While previous studies have shown that consumers change their expenditure patterns during the retirement transition (Aguiar & Hurst, 2007; Hopkins, Roster, & Wood, 2006), to the best of my knowledge, no study has specifically analyzed whether and why brand and patronage preferences change following retirement. Furthermore, studies on life status changes in general have not examined the individual factors that determine changes in consumer preferences (Andreasen, 1984; Mathur et al., 2008). Essay 1 illustrated that consumers substantially increase their readiness to change during the transition to retirement. In the data presented, the number of consumer preference changes increased by 75% on average during the first year into retirement compared to the preceding year. Building on the life course theory, the study demonstrated that the increase in the number of consumer preference changes is higher in cases of stronger resource changes (finances, health, time), high previous work commitment of retired consumers, and in cases when the decision to retire was involuntary. In contrast, retirees who live with a retired spouse during the transition change fewer preferences. The influence of these determinants is indirect, i.e., it operates through consumers' personal adjustment need and changes in consumption patterns as mediating mechanisms. In summary, Essay 1 thus provides an affirmative answer regarding the first overarching research question: on average consumers are substantially more ready to

change their preferences during the transition to retirement than before or after. With regard to the third overarching research question, the abovementioned determinants help to understand *which* consumers are more likely to do so, whereas the mediating mechanisms provide insights *why* they do so.

Building on the result that retirees are more likely to change their preferences and should thus be a focus of marketers, Essay 2 deals with specific strategies to address retired consumers. Previous studies regarding the effectiveness of age-based marketing stimuli resulted in contradictory findings (e.g., Tepper, 1994; Weijters & Geuens, 2006), leaving companies without advice regarding the challenge to address the segment of retired consumers (Kim, Kang, & Kim, 2005; Moschis & Mathur, 2006). To overcome this limitation in research, Essay 2 investigated why some consumers use senior discounts, accept exclusive offers for seniors, and positively evaluate age-related labels (e.g., "60+"), whereas others reject such age-based marketing stimuli. It showed that on average retired consumers respond rather positively to these stimuli. This result contradicts with earlier results that found a negative evaluation of age-based marketing stimuli (Tepper, 1994), whereas it is in line with more recent findings of positive evaluations of age-related labels (Weijters & Geuens, 2006).

According to the data presented in Essay 2, retirees' intentions to accept exclusive offers and their evaluations of age-related labels depend to a substantial part on consumers' degree of identification with other retirees, whereas this variable does not influence intentions to use senior discounts. Changes in consumption patterns following retirement positively influence intentions to accept exclusive offers and to use senior discounts. Interestingly, cognitive age negatively influences retirees' intentions to use senior discounts and negatively moderates the relationship between retirees' identification with other retirees and their intentions to use exclusive offers. This means that retired consumers who identify with being a retiree, but perceive themselves to be *younger* are most likely to positively respond to age-based

marketing stimuli. This result is surprising given that most previous studies hypothesized that a higher cognitive age would lead to more positive evaluations of age-based marketing stimuli (Moschis & Mathur, 2006; Weijters & Geuens, 2006). The study results indicate that the influence of the study variables differs significantly with regard to the type of response and age-based stimulus considered. For example, the result that consumption patterns and cognitive age influence intentions to accept exclusive offers and to use senior discounts whereas they do not influence the mere evaluation of age-related labels suggests that these variables exert their influence through higher exposure to specific offers. Interestingly, with regard to senior discounts, the financial incentive seems to be the dominant influence on retirees' intentions to use these discounts, because the influence of identification with other retirees was insignificant in our data.

In summary, the results of Essay 2 suggests that the results of previous studies are ambiguous, because these studies focused on age as the main explanatory variable and concentrated on the response to a specific type of marketing stimulus as dependent variable, thus disregarding the effects of the type of stimulus as well as the difference between retirees (Moschis & Mathur, 2006; Moschis, Mathur, & Smith, 1993; Tepper, 1994; Weijters & Geuens, 2006). With regard to the second overarching research question of this dissertation concerning effective marketing strategies to address retired consumers, the results of Essay 2 suggest that companies can consider employing age-based marketing stimuli to specifically address retired consumers. However, companies must thoughtfully consider the type of response they want to achieve (e.g., usage intentions or mere evaluations), the type of stimulus they plan to employ (e.g., senior discounts, exclusive offers, or labels), and the characteristics of the targeted consumers (e.g., their changes in consumption patterns or identification with other retirees) to effectively address retired consumers. These results provide further answers to the third overarching research question of the dissertation by showing *why* retired consumers differ in their behavior following the retirement event.

Despite the importance of identification with social groups (e.g., Forehand, Deshpandé, & Reed, 2002; Reed, 2002; Tajfel & Turner, 1986), the factors that facilitate or impede the development of group identification following a significant status change remain understudied (Amiot et al., 2007). Essay 3 aimed to overcome this lack of knowledge for the case of the transition to retirement, because Essay 2 highlighted the particular importance of retirees' group identification with regard to responses to age-based marketing stimuli. Building on social identity theory, Essay 3 demonstrates that the development of strong group identification depends on the way retirees experience the retirement transition, specifically, whether they are supported by retired friends and spouses, how many hours they worked prior to retirement, how their financial resources changed following retirement, and whether the decision to retire was voluntary. These variables indirectly influence the evaluation of age-related labels through group identification of retirees as a mediating mechanism. The essay thus suggests a need to reconsider the proposition of previous studies, which argued that the evaluation of age-labels is primarily dependent on the time a consumer has belonged to a specific age segment (i.e., the years over a threshold age), thus disregarding the individual factors analyzed in our study (Weijters & Geuens, 2006). Essay 3 also shows that retirees evaluate well-known labels such as "Senior" and "60+" positively, whereas recently increasingly used labels such as "Best Ager" are evaluated negatively. Interestingly, respondents over the age of 60 years evaluated the label "60+" significantly more positively than the label "50+". This result is surprising, because previous research has proposed that the evaluation of an age-related label becomes more positive with the time a consumer has spent above the referenced threshold age (Weijters & Geuens, 2006), suggesting to select age-related labels that reference a substantially younger age than that of the addressed age segment. In contrast, the results of the explorative analysis in Essay 3 indicates that it is

preferable to pointedly address the relevant age segment with a label that references an age that is close to the actual age of the addressed age segment.

2 Implications

This dissertation has demonstrated that the transition to retirement has profound effects on consumer behavior, which go beyond obvious shifts towards new consumption categories. The transition to retirement evokes changes in consumer preferences for brands and service providers and influences how mature consumers respond to marketing stimuli.

From a research perspective, by emphasizing the importance of a significant life status change, the dissertation confirms the validity of a life course perspective (Elder, 1995; Elder & Johnson, 2002), which has only recently become prominent in the field of consumer research (Moschis, 2007). With regard to research on aging consumers, the dissertation establishes the importance of investigating social role changes of mature consumers, which has been sidelined compared to research on biological and psychological changes that come with age. In particular for consumers aged between 50 and 70 years, life status changes may be much more prominent than changes in functional and cognitive capacity. Retirement appeared to be a life status change that is complex and influenced by several interrelated contextual factors and thus warrants the attention of consumer researchers. These findings need to be considered in future research on aging consumers.

From a practical perspective, the demographic change provides a strategic challenge to many companies. By traditionally defining consumers aged 14 to 49 as marketing-relevant consumer segments, marketers address only half of all consumers in many developed countries and especially leave out those consumers with the highest net assets and consumption expenditures. Although an increasing number of companies have started to recognize the relevance of the mature market over the last decades, the transition to retirement has not been considered as a significant marketing opportunity by most companies.

Furthermore, of those companies that explicitly market to retired consumers, most concentrate on few opportunities directly related to the transition to retirement itself, such as financial retirement planning or retirement housing, or offer products essentially dedicated to filling retirees' leisure time. In light of the impending retirement of the baby boomer generation, however, today's core target segments of many companies will enter retirement in the near future. Even companies that market products and services previously not linked to changes in consumer behavior following retirement need to reevaluate their marketing strategies, because as the dissertation shows, consumers substantially change the brands and service providers they prefer and how they respond to marketing stimuli when entering retirement. Marketers should consider the transition to retirement as a critical phase to acquire new customers meanwhile actively retaining existing ones. This finding is particularly interesting given that several studies have shown that in general the likelihood of changes in brand preferences tends to decrease with increasing age (Lambert-Pandraud, Laurent, & Lapersonne, 2005).

When developing their marketing strategies, marketers need to take into consideration that retired consumers differ substantially among each other. For practical reasons, many companies treat consumers aged above 50 years as a homogenous segment (whereas they define a variety of sub-segments of consumers aged below 50 years, although both groups of consumers are of approximately the same size). This dissertation shows that this approach is risky not only because employed mature consumers differ from retired ones, but because the segment of retired consumers itself is very heterogeneous. More so than other age segments, retired consumers differ along a variety of dimensions that should be considered. As mentioned above, more than other life status changes, the transition to retirement is characterized by substantially differing contextual factors, and is very heterogeneously perceived (van Solinge & Henkens, 2008). The dissertation shows that these differences among retirees lead to varying needs and consumption enactments that marketers should consider when developing marketing strategies addressing retired consumers. The recent

increase of access to consumer data that companies have gained over the last decades could be leveraged to optimize marketing strategies to mature consumers. By doing so, strategically adaptive companies will be able to capitalize on the substantial opportunity presented by the aging population and the retiring of a massive number of consumers.

3 Outlook

This section outlines the most relevant challenges regarding marketing to retired consumers and identifies the most interesting avenues for future research.³ While the data presented in this dissertation provide clear evidence that retirees increase their readiness to change preferences and should therefore be addressed by marketers, it also became apparent that retirees differ substantially in the magnitude of changes in consumption patterns and preferences. Thus, a key challenge for marketers will be to differentiate between those consumers who change their preferences substantially and those who display rather stable consumption behavior. Although the determinants investigated in the dissertation provide insights regarding the drivers of differences between retirees with respect to their consumer behavior, a comprehensive segmentation scheme for consumers that enter retirement based on observable characteristics is still needed. Existing segmentation approaches relate to the overall segment of mature consumers not considering *whether* they are retired or not nor *how* they retired (Moschis, 1992). There is also little empirical work supporting these existing segmentation schemes. They are thus not adequately fitted to the specific segment of consumers that transition to retirement.

Furthermore, because the data used in this dissertation demonstrated that the reaction of retirees toward dedicated marketing strategies differs substantially, segmentation schemes should incorporate the expected reaction to dedicated marketing strategies to enhance the

³Limitations regarding methodology and findings of Essays 1-3 are described in the respective sections of each essay.

practical implications of these schemes. Doing so, researchers need to take into consideration that the transition to retirement increasingly varies, with a decreasing number of consumers displaying a previously typical trajectory of work and retirement life (Moen, 2003). Therefore, future research should build on the work regarding the determinants of behavior changes presented in this dissertation to develop an adequate understanding of consumers' later life and derive feasible segmentation criteria for recently retired consumers.

In this dissertation a measure of retirees' general readiness to change was used building on previous research on the influence of life events of brand and patronage preferences (Andreasen, 1984; Mathur et al., 2008). Future research could elucidate further which types of consumption categories, products, and services should be in focus of marketing practitioners to win retired consumers and whether the individual differences of retirees examined in this dissertation exert their influence differently across product and service types. Although the exploratory analysis presented in Essay 1 demonstrated that preferences for all products and services investigated in this study changed, the analysis also indicated that there are likely product and service types that are particularly attractive for companies to focus on.

With regard to marketing strategies dedicated at mature consumers, research should examine whether these age based marketing strategies have unwanted side effects on consumers of other younger age segments. That means, while our results demonstrated that *retired consumers* respond on average positively to age-based marketing stimuli, future research should elucidate if these stimuli evoke negative reactions in *younger consumers*, such as perception of products or brands as not being adequate for young consumers.

Finally, the results of the dissertation should encourage researchers to investigate changes in consumer behavior related to other life transitions. Although retirement marks a particularly significant transition in consumers' lives and introduces a life stage characterized by a focus on consumption activities for many people (Schau et al., 2009), other life transitions such as entering the workforce or becoming a parent for the first time also mark

significant transitions and may be accompanied by changes in preferences as well as different responses to status-related marketing stimuli.

In light of the findings and interesting avenues for future research presented above, the dissertation confirms from a marketing research perspective what social psychologists have concluded earlier—that retirement “has proven to be an interesting yet vexing research topic that should attract the curious, the adventurous, and the concerned” (Adams & Beehr, 2003, p. 298).

4 References

- Adams, G. A., & Beehr, T. A. (2003). *Retirement: reasons, processes, and results*. New York: Springer.
- Aguiar, M., & Hurst, E. (2007). Life-cycle prices and production. *The American Economic Review*, *97*(5), 1533-1559.
- Amiot, C. E., de la Sablonniere, R., Terry, D. J., & Smith, J. R. (2007). Integration of social identities in the self: Toward a cognitive-developmental model. *Personality and Social Psychology Review*, *11*(4), 364-388.
- Andreasen, A. R. (1984). Life status changes and changes in consumer preferences and satisfaction. *Journal of Consumer Research*, *11*(3), 784-794.
- Elder, G. H. (1995). The life course paradigm: Social change and individual development. In P. Moen, G. H. Elder, & K. Luscher (Eds.), *Examining lives in contexts: Perspectives on the ecology of human development* (pp. 101-139). Washington, D.C.: American Psychological Association.
- Elder, G. H., & Johnson, M. K. (2002). The life course and aging: Challenges, lessons, and new directions. In R. A. Settersten (Ed.), *Invitation to the Life Course: Toward New Understandings of Later Life, Part II* (pp. 49-81). New York: Baywood.
- Forehand, M. R., Deshpandé, R., & Reed, A. (2002). Identity salience and the influence of differential activation of the social self-schema on advertising response. *Journal of Applied Psychology*, *87*(6), 1086-1099.
- Hopkins, C. D., Roster, C. A., & Wood, C. M. (2006). Making the transition to retirement: appraisals, post-transition lifestyle, and changes in consumption patterns. *Journal of Consumer Marketing*, *23*(2), 87-99.

-
- Kim, Y., Kang, J., & Kim, M. (2005). The relationships among family and social interaction, loneliness, mall shopping motivation, and mall spending of older consumers. *Psychology & Marketing*, 22(12), 995-1015.
- Lambert-Pandraud, R., Laurent, G., & Lapersonne, E. (2005). Repeat purchasing of new automobiles by older consumers: Empirical evidence and interpretations. *Journal of Marketing*, 69(2), 97-113.
- Mathur, A., Moschis, G. P., & Lee, E. (2008). A longitudinal study of the effects of life status changes on changes in consumer preferences. *Journal of the Academy of Marketing Science*, 36(2), 234-246.
- Moen, P. (2003). Midcourse: Navigating retirement and a new life stage. In J. T. Mortimer & M. J. Shanahan (Eds.), *Handbook of the Life Course* (pp. 269-291). Boston, MA: Springer.
- Moschis, G. P. (1992). Gerontographics: A scientific approach to analyzing and targeting the mature market. *Journal of Services Marketing*, 6(3), 17-26.
- Moschis, G. P. (2007). Life course perspectives on consumer behavior. *Journal of the Academy of Marketing Science*, 35(2), 295-307.
- Moschis, G. P., & Mathur, A. (2006). Older consumer responses to marketing stimuli: The power of subjective age. *Journal of Advertising Research*, 46(3), 339.
- Moschis, G. P., Mathur, A., & Smith, R. (1993). Older consumers' orientations toward age-based marketing stimuli. *Journal of the Academy of Marketing Science*, 21(3), 195-205.
- Reed, A. (2002). Social identity as a useful perspective for selfconcept-based consumer research. *Psychology & Marketing*, 19(3), 235-266.

-
- Schau, H. J., Gilly, M. C., & Wolfinger, M. (2009). Consumer identity renaissance: The resurgence of identity-inspired consumption in retirement. *Journal of Consumer Research*, 36(2), 255-276.
- van Solinge, H., & Henkens, K. (2008). Adjustment to and satisfaction with retirement: two of a kind? *Psychology and Aging*, 23(2), 422-434.
- Tajfel, H., & Turner, J. C. (1986). The social identity theory of intergroup behavior. In S. Worchel & W. G. Austin (Eds.), *Psychology of intergroup relations* (pp. 7-24). Chicago, IL: Nelson-Hall.
- Tepper, K. (1994). The role of labeling processes in elderly consumers' responses to age segmentation cues. *Journal of Consumer Research*, 20(4), 503-19.
- Weijters, B., & Geuens, M. (2006). Evaluation of age-related labels by senior citizens. *Psychology & Marketing*, 23(9), 783-798.

Appendix

Appendix A (Current status of Essay 1)

Wolf, F., Sandner, P., & Welp, I.: Catch them if you can! Brand and patronage preference changes during the retirement transition—determinants, mechanisms, and results. (Under review for publication)

Appendix B (Current status of Essay 2)

Wolf, F., Sandner, P., & Welp, I.: Why do responses to age-based marketing stimuli differ? The influence of retirees' group identification and changing consumption patterns in retirement. (Under review for publication)

Appendix C (Current status of Essay 3)

Wolf, F., Sandner, P., & Welp, I.: Who wants to be called a "Senior"? How the transition to retirement influences retiree evaluations of age-related labels. (Under review for publication)