Influence of Cognitive Age and Socio-Psychographics
in the Purchasing of Luxury Goods by Elderly Consumers

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Abstract

This study compares elderly consumers who consider luxury goods mainly as status symbols – a situation which is known as "externalized luxury" – with elderly consumers who, on the contrary, perceive luxury goods mainly as an expression of individual style – so-called "internalized luxury" (Amatulli and Guido, 2011). Their cognitive age is analyzed and, more in particular, their "youth age" (Barak and Gould, 1985) – i.e., the difference between their objective chronological age and the subjective cognitive age that they perceive when imagining themselves in different circumstances. An online survey with a sample of 619 Italian consumers aged 60 and over revealed that places, contexts and situations significantly influenced the cognitive age declared by participants and also point out the relative differences between the two segments of elderly consumers. Moreover, the socio-psychographic differences between elderly consumers who buy luxury goods mainly for status, or mainly for individual lifestyle, are pointed out. The results provide implications for marketing managers of luxury companies, who need to better understand and reach older consumers. In particular, these findings can help luxury marketing managers in planning specific communication strategies aimed at improving the effectiveness of brand image among elderly consumers.

Keywords Luxury goods, Elderly consumers, Cognitive age, Chronological age, Socio-demographics, Psychographics.

Introduction

Ageing is a global phenomenon, in almost every country the proportion of the elderly population – people aged 60 and older – is growing faster than any other age group, as a result of both longer life expectancy and declining fertility rates. Worldwide, the number of people aged 60 and older is expected to rise to 1,000 million by 2020 (World Health Organization, 1999) and, as highlighted by Lim and Kim (2011), senior consumers continue to control household assets to a greater degree than younger ones (see also Carrigan and Szmigin, 1999). In particular, the impact of demographic ageing within the European Union (EU) is likely to be of major significance in the coming decades. Low birth rates and higher life expectancy

will transform the shape of the age pyramid: the most important change will be the marked transition towards a much older population. For the majority of EU countries, the proportion of persons aged 65 and over is projected to reach the greatest increase within two decades, representing – on average across countries – 27.8% of the EU population in 2050 (Eurostat, 2011). Therefore, the progressive aging of the world population highlights the relevant social role that topics concerning elderly people may have; companies will face a society characterized by an increasing number of older individuals looking for products and services able to satisfy their specific needs. As a consequence, older consumers are receiving increased attention from marketers and many academics are focusing their studies on this group of consumers.

In particular, the demographic evolution expected for the coming decades represents an opportunity for the luxury goods market. Indeed, baby boomers – largely responsible for this increase in the older population, as they begin crossing into this category in 2011 – are now richer and free of financial obligations, and, given their maturity and superior disposable income, they will be leaders in the consumption of high-end products.

Although aging is usually accompanied by an increase in physical and mental issues, older people are often still able to feel young, and, therefore, to perceive a cognitive age that is different from their chronological one – i.e., different from the one that matches the time that has actually passed since the day they were born (Barak and Schiffman, 1981). Therefore, marketers are paying particular attention to cognitive age, since it is considered to be a good predictor of consumer behavior. Mathur and Moschis (2005) pointed out the contention that the biological changes and transitional life-stage changes experienced by a person may influence his or her age-related self-concept or cognitive age. Gwinner and Stephens (2001) demonstrated that cognitive age is a construct that can explain some consumer behaviors as well as or better than some more commonly used variables, such as income, education, health, attitude toward the elderly, and social contacts. Barak *et al.* (2001) found that gender plays no significant role in the age perception of young or middle-aged individuals. Nevertheless, marketing literature tested cognitive age – usually lower than chronological age (e.g., Barak and Schiffman, 1981; Sherman, 1990; Van Auken *et al.*, 1993) – without considering that elderly people may be influenced by contextual conditions (social and internal).

This study examines the external circumstances and contexts – places, social contexts, product categories and branded products – that most influence the perception of cognitive age in older consumers who, on the one hand, identify luxury with social status and those who, on the other hand, identify luxury as a means of expressing their personal style (see Amatulli and

Guido, 2011). Moreover, the study considers the possible influences of the socio-demographic characteristics and psychographic dimensions of elderly consumers.

The main contribution of this study is its specific focus on elderly consumers and their purchasing of luxury goods, which is a relevant topic in terms of managerial implications and is rarely discussed in luxury consumption literature. In addition, the study was conducted in Italy, which is a relevant instance of a mature market for luxury goods and a relevant context in terms of an elderly population, with one out of four citizens – 26% of the total population – being over 60 years old (Istat, 2010).

Literature Review

Cognitive age

Age has always been a central demographic parameter for segmenting and profiling customers in marketing strategies, but limitations of chronological age (biological) age – i.e., the number of years a person has lived – are clear in literature. Ageing does not perfectly coincide with chronological age (Bell, 1972) because a person is as young or as old as she/he feels. Four dimensions of the cognitive age, all expressed in years, can be identified: feel-age, look-age, do-age, and interest-age (Barak and Gould, 1985). This study considers cognitive age in terms of the former of these dimensions – i.e., cognitive age as an individual's actual age-role self-concept, reflecting his/her age-identity – and shows that for elderly consumers it differs from chronological age. Among the first researchers to address the issue of cognitive age, Barak and Schiffman (1981) pointed out that older people perceive an age lower than their real (chronological) age and that this perception inevitably affects their consumption choices. Other studies (e.g., Stephens, 1991) have also confirmed the same thing, demonstrating the absolute validity of the cognitive variable as a predictor of buying behavior. Sherman (1990), in particular, found that older consumers' subjective ages are inversely related to other self perceptions (e.g., including one's self esteem, confidence and feelings of purpose in life). In addition, a few studies have suggested a series of variables which can be used to investigate cognitive age: sexual traits (masculinity/femininity), chronological age, education level, health, occupation status, income class, marital status and family traits, social involvement, self-confidence, self-esteem, life satisfaction (Puglisi, 1983; Barak and Gould, 1985; Sherman *et al*., 1988; Underhill and Cadwell, 1983; Wilkes, 1992).

Luxury goods market and consumption

The global luxury goods market has grown rapidly over the past two decades (Fionda and Moore, 2009; Tynan *et al.*, 2010; Truong *et al.*, 2008), even though it must be noted that in 2008 and 2009 the luxury goods market suffered the effects of the worldwide economic downturn (Spencer Stuart, 2009). In particular, the appetite for luxury goods is growing in emerging economies such as China, India, Latin America and the Middle East; in particular, East Asia is fast becoming the world's largest luxury goods market (Wong and Ahuvia, 1998). Luxury goods are usually divided into four main categories: fashion goods (clothing), perfumes and cosmetics, wines and spirits, watches and jewelry (Fionda and Moore, 2009). This paper focuses on luxury product categories in general.

Despite the number of studies on cognitive age, the relevance of the luxury market in economic terms and the increasing interest in luxury consumption shown by academics, in marketing literature no research was found on elderly consumers in the luxury market and on the influence that cognitive age may have on their purchasing behavior with regards to luxury goods. Certainly, mature consumers are becoming economically stronger (Van Auken and Barry, 1995) and socio-psychographic traits may be successfully applied for segmenting them in the luxury market. In particular, research on older female consumers indicates that their interest in fashion does not necessarily decline with age; they are not especially price conscious, desire to keep up with fashion and gather information from many sources (cf. Banner, 1983; Lumpkin and Greenberg, 1982; Martin, 1976).

Some psychographic studies on fashion consumers have been conducted generating many definitions of segments (see Solomon and Rabolt, 2009); in particular three market groups of fashion consumers are identified: symbolic/instrumental, practical/conservative, and apathetic users of clothing (Shim and Bickle, 1994). However, only a few studies have focused on the socio-psychographic segmentation of luxury consumers. The stereotyped luxury consumer is identified with a cosmopolitan person who travels frequently, speaks more than one language, shops in international department stores and influences the purchasing behavior of other consumers (cf. Wiedmann *et al.*, 2009), but a more precise value-based classification of luxury consumers has been investigated, proposing the following segments: the materialists, the rational functionalists, the extravagant prestige-seekers, and the introvert hedonists (Wiedmann *et al.*, 2009). The first segment refers to consumers that consider important the hedonic value of luxury goods; they wish to have a lot of luxury in their lives and think that their lives would be better if they own a lot of luxury products. The second segment refers to customers that particularly appreciate the functional value and the quality superiority of

luxury goods. The third segment refers to extravagant prestige-seekers that strongly perceive social and prestige values aspects of luxury consumption as very important. The forth segment's members perceive the hedonic value aspects of self-directed pleasure and life enrichment as most important (Wiedmann *et al*., 2009). Although there is no clear consensus on what constitutes luxury and luxury brands (Vigneron and Johnson, 2004; Vickers and Renand, 2003; Dubois and Duquesne, 1993), there is general agreement about the idea that the consumption of luxury goods is based on a substantial dichotomy between luxury as a status symbol (for social statements) and, on the contrary, luxury as individual style (for personal pleasure). Indeed, Bearden and Etzel (1982) have identified two classes of luxury products: 'public' luxury goods, and 'private' luxury goods. Vigneron and Johnson (2004) highlighted that the meaning of luxury is determined by interpersonal and personal perceptions and motives. Kapferer and Bastien (2009) described these two aspects of luxury – the social and the personal – with the definitions of "luxury for others" and "luxury for oneself." More recently, Amatulli and Guido (2011) introduced the conceptualization of "externalized luxury" and "internalized luxury" – the former based on the aim of showing off social position and the latter based on the aim of communicating individual style. Therefore, luxury products can be consumed either for social recognition, social status and desire for elitism or for a personal and hedonic aim. That is, on the one hand, they can be consumed for the need to 'belong to a group' and to be 'socially positioned' (the recognition of value by others becomes a key component) and, on the other hand, for the satisfaction of 'personal needs' (based on a individual scale of priorities: a hierarchy of preferences) – that is a personally-oriented type of consumption (Wiedmann *et al*., 2009) – intended to achieve satisfaction that is precisely subjective. This dichotomy represents a motive-based consumer segmentation, but exploring different socio-psychographic elements that influence the two opposite dimensions is needed. Building on the dichotomy of luxury (externalized *vs.* internalized), this paper thus focuses on the strategic role that cognitive age and socio-psychographic traits may have for luxury marketing in segmenting and reaching elderly consumers who purchase luxury goods mainly for status or, on the contrary, elderly consumers who purchase luxury goods mainly to create an individual style.

Methods

A survey was carried out in Italy in two phases, the first consisting in a preliminary pilot study based on focus groups and in-depth interviews, and the second, regarding two main

studies – Study One on cognitive age, and Study Two on socio-demographic and psychographic traits – based on structured closed-end questionnaires submitted to elderly (age 60 and older) consumers.

Description of the sample

As a part of a larger-scale research project on cognitive age, the study obtained a data set consisting of Italian consumers aged 60 and older who are potential luxury goods consumers. A structured questionnaire was e-mailed to 3,000 selected alumni and enrolled students of major private third age universities in Italy. The first question of the questionnaire regarded chronological age, with only participants aged 60 or older being considered. Moreover, only answers of respondents with a high past luxury goods purchase frequency were selected. Those two screening questions made it possible to reach the desired target customer in terms of age (elderly people) and involvement in luxury shopping (frequent luxury consumers). An effective response rate of about 25% was reached. 758 responses were obtained from the screened survey; out of these 139 were excluded because of at least one missed answer. A dataset of 619 usable responses has been considered for the main analysis. The analysis of the socio-demographic information (see Table 1) revealed that 52.8% of the respondents were female. The majority of the sample (73.7%) was age 60-69, 20.2% were age 70-79, and 6.1% were age 80 or older. As for marital status, 79% were married, 4% were unmarried, and 17% were divorced or widowed. Most of the respondents (63%) indicated that they were not actively employed, held a lower or upper secondary school diploma (55.1%), and enjoyed good health (77.4%).

Table 1 Socio-demographic description of the sample group ($N = 619$)

Traits	Options	%	Traits	Options	%
Gender	Male	47.2	*Occupation status*	Active	37.0
	Female	52.8		Inactive	63.0
Chron. Age	60-69	73.7	*Education level*	University degree	23.1
	70-79	20.2		Secondary school	55.1
	80+	6.1		Elementary school	21.8
Marital status	Married	79.0	*Health*	Good	77.4
	Unmarried	4.0		Average	21.1
	Divorced/Widowed	17.0		Not good	1.5

Measures

The closed-end questionnaire utilized for the study was divided into different sections, each one referring to specific measurements, as follows:

• *Places, social contexts, product categories, and branded products.* Participants indicated the perceived age of users for ten different places (a senior center, a church, a mall or shop, a sports center, a restaurant, a cinema or theater, a dance hall, a park, in the countryside, at a resort), five social contexts (in the company of friends, in the company of their children, in the company of an attractive person, in the company of their grandchildren or other children, in the company of admirers), six product categories (beauty products, luxury products, food items, technology, sports equipment, sportswear), and eleven branded products (Nivea cream, Danone Vitasnella yoghurt, L'Oreal cosmetics, Philips technology products, Armani clothing, Nokia cellphones, Lacoste clothing, Levi's clothing, Nike shoes, Adidas clothing, and Coca-Cola), derived from the pilot study.

• *Luxury goods consumption.* In this section, respondents were asked to select which one of the two opposite luxury consumption motives (i.e., status or individual style) subjectively prevails in their buying. This part of the questionnaire also analyzed the respondents' future purchasing intentions (measured through a 7-point Likert-type scale) regarding luxury goods;

• *Socio-demographic data.* The last part of the questionnaire included a selection of questions on: number of people in the household, number of children, number of grandchildren, gender, chronological age, marital status, occupation status, education level, and health.

Pilot study

In the pilot phase of the study, six focus groups were conducted: the first four in senior centers in the city of Rome, and in the province of Lecce (Southern Italy); the last two in Milan, in golf course club houses. For the first four focus groups the analysis was carried out on a sample group of 25 older people; three groups were made up of six people and one group had seven members. Instead, for the following two focus groups, 14 potential older luxury goods consumers were selected, including entrepreneurs and ex-managers of important companies. The total sample of the six focus groups (39 people) was made up of 25 men (64% of the sample) and 14 women (36% of the sample), who ranged in age between 60 and 77.

The six focus groups each lasted an average of two hours. The questions posed to the participants were those typically used in unstructured focus groups – i.e., open questions designed to encourage free discussion, the exploration of the subject of study and the obtaining of in-depth information. Two researchers moderated the discussions, rarely intervening; they recorded all the respondents' answers and discussions and afterwards analyzed their contents. The results of the pilot study provided the contextual factors (places, social contexts, product categories and branded products) later used to create the questionnaire for the two main studies.

Results

Study One

The objective of the first study was, first of all, to analyze whether the cognitive age perceived by older luxury consumers was consistently lower than their chronological age when taking into consideration different places, social contexts, product categories and branded products. In particular, a second objective was to compare in which of these circumstances the elderly consumers that consider luxury goods mainly as status symbols (externalized luxury), on the one hand, and the elderly consumers that perceive luxury goods mainly as an expression of individual style (internalized luxury), on the other hand (Amatulli and Guido, 2011), are more greatly influenced in their perception of cognitive age.

The results show that chronological and cognitive age are dependent variables. In fact, in all places, in all social contexts of consumption, for all product categories and branded products, the correlation between declared cognitive age and chronological age is significant – the differences between the two ages are always significant ($p < 0,01$). For this analysis, a series of paired-sample t-tests were conducted, in which the average of the chronological age was compared with the cognitive age measured in the different circumstances (Table 2). As already demonstrated by literature (Barak and Schiffman, 1981) for elderly consumers in general, it can be stated that there is a tendency on the part of luxury consumers aged 60 and over to feel younger than their chronological age.

Table 2 Descriptive statistics and correlations between chronological age and cognitive age

Elderly consumers feel younger:	Cognitive age (mean)	Std. Dev.	Correlation with chronological. age
Places			
In a senior center	56.35	14.56	0.33
In church	55.77	14.29	0.30

In a mall or shop	50.49	14.92	0.33
In a sports center	50.49	12.61	0.39
In a restaurant	49.66	12.70	0.38
In a cinema or theater	49.14	12.38	0.38
In a dance hall	48.56	15.24	0.27
In a park	48.39	13.17	0.37
In the countryside	47.29	13.59	0.32
At a resort	45.80	12.94	0.36
Social contexts			
In the company of friends	49.47	12.71	0.36
In the company of their children	47.29	12.26	0.31
In the company of an attractive person	47.28	13.88	0.35
In the company of their grandchildren	47.12	13.81	0.21
In the company of admirers	46.87	14.70	0.38
Product categories			
Using beauty products	50.76	13.91	0.27
Using luxury products	48.87	13.13	0.37
Consuming food items	48.02	14.70	0.32
Using technology	47.94	15.38	0.36
Using sports equipment	47.24	15.62	0.36
Wearing sportswear	44.45	14.24	0.39
Branded products			
Using Nivea cream	50.95	14.41	0.30
Eating Danone Vitasnella yoghurt	50.84	15.13	0.37
Using L'Oreal cosmetics	50.40	14.62	0.29
Using Philips technology products	50.29	14.13	0.34
Wearing Armani clothing	49.65	14.91	0.33
Using Nokia cellphones	49.21	24.01	0.19
Wearing Lacoste clothing	49.03	14.66	0.38
Wearing Levi's clothing	47.24	33.61	0.21
Wearing Nike shoes	46.38	15.62	0.34
Wearing Adidas clothing	45.24	27.21	0.25
Drinking Coca-Cola	45.00	17.18	0.30

Notes: $N = 619$. All correlations are significant at the .01 level.

Thereafter, the sample examined was subdivided into two subsamples on the basis of the two opposing stereotypes of motivators linked to the purchase of luxury products - externalized luxury ($N = 329$) and internalized luxury ($N = 290$) – highlighted in the most recent literature (cf. Amatulli and Guido, 2011). In this way, it was possible to compare the two segments of older people on the basis on cognitive age. In particular, the variable "youth age" – the discrepancy between a respondent's chronological and cognitive age (Barak and Steven, 1985) – has been calculated for each question regarding places, social contexts, product categories, and branded products, making a comparison between the means of the two groups of elderly respondents possible.

From the analysis it emerged that, in terms of places, the highest youth age (which means the lowest cognitive age) is felt, for both segments of the elderly, at a resort (average youth age

for the two segments: 21.48 and 20.62) and in the countryside (means: 19.12 and 19.89). In particular, a strong difference was identified in terms of social contexts; for the elderly who buy luxury for status, the highest youth age (mean: 20.51), was registered in the company of admirers, while for the elderly who buy luxury for personal style, it was highest in the company of their grandchildren (mean: 19.56). Moreover, in terms of product categories, the youth age linked to the consumption of luxury goods was quite high (mean: 19.12) for the elderly respondents who buy luxury for status and low (mean: 16.91) for the elderly respondents who buy luxury for personal style. In addition, branded clothing (Nike, Adidas, Lacoste, and Armani clothing) is associated with a high youth age mainly in older consumers who consider luxury goods as status symbols (see Table 3).

Table 3 Youth age of elderly consumers who consider luxury as status vs. youth age of elderly consumers who consider luxury as individual style

Luxury as status ($N = 329$)		Luxury as individual style ($N = 290$)	
Elderly consumers feel younger:	Mean	Elderly consumers feel younger:	Mean
Places			
At a resort	*21.48*	*At a resort*	*20.62*
In the countryside	*19.12*	*In the countryside*	*19.89*
In a dancehall	*18.87*	*In a park*	*19.04*
In a park	17.74	In a cinema or theater	17.75
In a cinema or theater	17.60	In a dancehall	17.72
In sports center	17.00	In a restaurant	17.38
In a restaurant	16.90	In a mall or shop	16.49
In a mall or shop	16.15	In sports center	15.74
In church	11.44	In a senior center	11.05
In a senior center	9.81	In church	10.71
Social contexts			
In the company of admirers	*20.51*	*In the company of their grandchildren*	*19.56*
In the company of an attractive person	*20.46*	*In the company of admirers*	*19.46*
In the company of their children	*20.04*	*In the company of their children*	*19.08*
In the company of their grandchildren	19.86	In the company of an attractive person	18.72
In the company of friends	17.94	In the company of friends	16.83
Product categories			
Wearing sportswear	*22.88*	*Wearing sportswear*	*21.91*
Using sports equipment	*21.03*	*Using technology*	*19.15*
Using luxury products	*19.12*	*Consuming food items*	*18.93*
Consuming food items	18.65	Using sports equipment	18.30
Using technology	18.57	Using luxury products	16.91
Using beauty products	16.90	Using beauty products	15.32
Branded products			
Drinking Coca-Cola	*22.69*	*Wearing Adidas clothing*	*21.09*
Wearing Nike shoes	*21.28*	*Drinking Coca-Cola*	*21.06*
Wearing Adidas clothing	*21.00*	*Wearing Levi's clothing*	*20.64*
Using Nokia cellphones	19.21	Wearing Nike shoes	19.69

Wearing Lacoste clothing	18.76	Wearing Lacoste clothing	16.94
Wearing Levi's clothing	18.37	Using Philips technology products	16.37
Wearing Armani clothing	18.32	Using Nokia cellphones	16.19
Using L'Oreal cosmetics	17.67	Wearing Armani clothing	16.15
Using Philips technology products	16.72	Eating Danone Vitasnella yoghurt	15.79
Using Nivea cream	16.26	Using Nivea cream	15.53
Eating Danone Vitasnella yoghurt	16.20	Using L'Oreal cosmetics	15.32

The results also point out that in most of the circumstances concerning places, older consumers who consider luxury as a representation of individual style feel younger than the older consumers who consider luxury goods as status symbols, while the contrary happens for the social contexts; in this case, status symbol luxury consumers feel younger in all of the contexts examined. Therefore, in general, places seem to have a stronger influence on the cognitive age of lifestyle luxury elderly consumers, while the presence of other people more strongly influences those who consider luxury as a sign of social status. Moreover, in circumstances that regard both product categories and branded products, the elderly consumers who buy luxury products mainly for personal style appear to have a lower cognitive age than the elderly in the other segment. In particular, elderly consumers who consider luxury goods as status symbols feel younger wearing luxury brand clothing; indeed, the average youth age associated by these respondents to wearing Armani clothing is 18.32 (as compared to the average of 16.15 reported for the other group of elderly consumers). On the contrary, the elderly who consider luxury products as an expression of their individual style feel younger wearing casual-wear and sportswear brands; their average youth age associated to wearing Levi's clothing is 20.64 (as compared to 18.37 of other segment) and their average youth age associated to wearing Adidas is 21.09 (as compared to 21.00 of the other segment). These results emphasize that elderly consumers characterized by an internalized approach to luxury may feel better wearing clothing brands which are not very expensive and prestigious than they do when wearing traditional, expensive and very exclusive brands. Table 4 explains the results discussed in this section.

Table 4 Highest youth ages for each circumstance: comparison between elderly consumers who consider luxury as status and those who consider luxury as an individual expression of style

Luxury as status ($N = 329$)		Luxury as individual style ($N = 290$)	
Places			
At a resort	21.48 (> 20.62)	In the countryside	19.89 (> 19.12)
In a dancehall	18.86 (> 17.72)	In a park	19.04 (> 17.74)

In sports center	17.00 (> 15.74)	In a cinema or theater	17.75 (> 17.60)
In church	11.44 (> 10.71)	In a restaurant	17.38 (> 16.90)
		In a mall or shop	16.49 (> 16.15)
		In a senior center	11.05 (> 9.81)
Social contexts			
In company of admirers	20.51 (> 19.46)		
In the company of an attractive person	20.46 (> 18.72)		
In the company of their children	20.04 (> 19.08)		
In the company of their grandchildren	19.86 (> 19.56)		
In the company of friends	17.94 (> 16.83)		
Product categories			
Wearing sportswear	22.88 (> 21.91)	Using technology	19.15 (> 18.57)
Using sports equipment	21.03 (> 18.30)	Consuming food items	18.93 (> 18.65)
Using luxury products	19.12 (> 16.91)		
Using beauty products	16.90 (> 15.32)		
Branded products			
Drinking Coca-Cola	22.69 (> 21.06)	Wearing Levi's clothing	20.64 (> 18.37)
Wearing Nike shoes	21.28 (> 19.69)	Wearing Adidas clothing	21.09 (> 21.00)
Using Nokia cellphones	19.21 (> 16.19)		
Wearing Lacoste clothing	18.76 (> 16.94)		
Wearing Armani clothing	18.32 (> 16.15)		
Using L'Oreal cosmetics	17.67 (> 15.32)		
Using Philips technology products	16.72 (> 16.37)		
Using Nivea cream	16.26 (> 15.53)		
Eatingt Danone Vitasnella yoghurt	16.20 (> 15.79)		

Notes: In parenthesis the mean of the youth age indicated by the opposite group of consumers (i.e., the column on the left indicates those that see luxury as a personal expression of individual style, while the column on the right shows those that consider luxury goods as status)

Study Two

The objective of the second study was to make a comparison between the older consumers who link luxury to one aim or the other (externalized or internalized luxury consumption) on the basis of socio-psychographic traits and more specifically on the basis of the traits that have a greater influence on their purchasing intentions regarding luxury products.

Therefore, a regression analysis was conducted through a series of one-way analyses of variance (ANOVA), in which purchasing intentions (measured through a 7-point Likert-type scale) regarding luxury goods was considered as a dependent variable and the various socio-demographic traits (number of people in the household, number of children, number of grandchildren, gender, chronological age, marital status, occupation status, education level, and health) were considered individually as variable-factors. The results show statistically significant differences between the two opposing segments of older people. The data demonstrate how the variables which have a greater influence on purchasing intention regarding luxury goods are different for the two groups of older consumers.

The one-way ANOVA revealed that for externalized luxury, meaning luxury interpreted as status (N = 329), the traits that significantly affect older people's intentions to purchase luxury goods are: number of people in the household [F (2, 326) = 5.586, p = .004] and education level [F (2, 326) = 4.072, p = .018]. For internalized luxury, or luxury interpreted as individual style (N = 290), the traits that significantly affect older people's intentions to purchase luxury goods are: occupation status [F (1, 288) = 8.461, p = .004] and marital status [F (3, 286) = 3.238, p = .023] (see Table 5). In particular, for elderly consumers characterized by an externalized approach to luxury, the higher their educational level or the number of people in their household, the more willing they are to buy luxury goods. While, for elderly consumers characterized by an internalized approach to luxury, marriage and an active occupation status positively influence their willingness to buy luxury products.

Moreover, the regression analysis revealed that for luxury as status (N = 329), the traits that significantly affect older people's intentions to purchase luxury goods are: materialism level [F (15, 313) = 20.646, p = .000] and past behavior [F (15, 313) = 20.646, p = .000]. For luxury considered as individual style (N = 290), the traits that significantly affect older people's intentions to purchase luxury goods are: youth age linked to product categories [F (15, 274) = 13.044, p = .011] and frequenting beauty centers [F (15, 274) = 13,044 p = .010] (see Table 5). For elderly consumers characterized by an externalized approach to luxury, the higher their materialism level or the number of luxury goods already purchased, the more willing they are to buy luxury goods. For elderly consumers characterized by an internalized approach to luxury, the cognitive age felt consuming product categories and the attention for body beauty influence their willingness to buy luxury products.

Table 5 Dependence of purchasing intention on Psychographic traits (Externalized vs. Internalized luxury)

Independent Variables	Mean	SD	Df	*F*	*P*
Externalized Luxury (N = 329):					
Number of people in the household			2,326	5.586	.004
1-2 people	2.65	1.73			
3-5 people	3.32	1.90			
5+ people	3.50	2.11			
Education level			2,326	4.072	.018
Elementary school	2.60	1.72			
Secondary school	2.97	1.86			
University degree	3.44	1.88			

Materialism				15,313	20,646	.001
Past behavior				15,313	20,646	.001

<u>Internalized Luxury (N = 290):</u>

Occupation status			1,288	8.461	.004
Inactive	3.82	1.95			
Active	4.51	1.85			
Marital status			2,287	3.238	.023
Divorced/Widowed	3.37	2.09			
Unmarried	3.60	2.17			
Married	4.19	1.88			
Beauty centers			15,274	13.044	.010
Product categories			15,274	13.044	.011

Notes: Only data regarding independent variables significantly influencing (p < .05) purchasing intention are shown. The dependent variable (purchasing intention regarding luxury goods) was measured on a 7-point Likert scale, anchored by "strongly low" (1) and "strongly high" (7).

In addition, the results may prove useful to define the two groups of elderly luxury consumers on the basis of the AIO – i.e., activities, interests, and opinions – and demographics variables (cf. Wells and Tigert, 1971). Through the theoretical framework of the common AIO categories it has been possible to provide a description of the psychographic and demographic dimensions mostly influencing the cognitive age of the two segments of elderly consumers. Results concerning the cognitive age associated by respondents to the different contextual factors have been analyzed from a psychographic point of view, thus allowing a further assessment of the two opposite groups of elderly consumers (elderly that see luxury as status *vs.* elderly that see luxury as individual lifestyle) aimed at providing a detailed socio-psycho-graphic description of them (Table 6).

Table 6 Socio-psycho-graphic dimensions influencing the elderly luxury consumers' youthfulness perception

Segment	Variables	Dimensions	Corresponding contextual factors	Relevance*
Status (N=329)	*Activities*	Vacation	• At a resort	21.48
		Sports	• Wearing sportswear • Wearing Nike shoes • Using sports equipments • In sports center	20.54
		Shopping	• Using luxury products	18.86
		Entertainment	• In a dancehall	19.12
	Interests	Food	• Drinking Coca-Cola • Eating Danone Vitasnella yoghurt	19.44
		Family	• In the company of their children • In the company of their grandch.	19.95

		Fashion	• Wearing Lacoste clothing • Wearing Armani clothing	18.54
		Attractiveness	• In company of admirers • In the comp. of an attractive person • Using L'Oreal cosmetics • Using beauty products • Using Nivea cream	18.36
		Technology	• Using Nokia cellphones • Using Philips technology products	17.96
		Community	• In the company of friends	17.94
	Opinions	Religion	• In church	11.44
	Demograph.	Family size	• Number of people in the household	.004
		Education	• Education level	.018
Lifestyle (N=290)	*Activities*	Sports	• Wearing Adidas clothing	21.09
		Entertainment	• In a cinema or theater	17.75
		Shopping	• In a mall or shopping	16.49
	Interests	Fashion	• Wearing Levi's clothing	20.64
		Recreation	• In the countryside • In a park	19.46
		Technology	• Using technology	19.15
		Food	• In a restaurant • Consuming food items	18.15
	Opinions		None	
	Demograph.	Occupation	• Occupation status	.004
		Stage in life cycle	• Marital status	.023

Notes: The table is based on the classifications made by Wells and Tigert (1971). * It is based on the average youth age (for dimensions related to activities, interests, and opinions) and on the *p* value (for dimensions related to demographics).

Discussion and implications

These findings lend broader support to the argument that the cognitive age of elderly people is usually lower than their chronological age and depends on circumstances, with some differences according to their type of perception of luxury goods – i.e., as status symbols or, on the contrary, expressions of individual style (Study One). Moreover, the results demonstrate that the youth age of the two segments of elderly consumers is also influenced by different socio-psycho-demographic elements (Study Two).

What makes this study original is that it fills in the gaps in the marketing literature which has never before considered reference circumstances in the self-determination of cognitive age for luxury consumers age 60 and older, segmented on the basis of the two opposite luxury consumption approaches (Amatulli and Guido, 2011). Therefore, these results support the thesis that luxury companies should not only consider mere product adaptation (e.g., for

clothes: elastic waists, easily accessible pockets, stretch fabrics, comfortable styling) to reach elderly consumers (cf. Solomon and Rabolt, 2009); they should not only endeavor to offer trendier styles that are in keeping with the changes of ageing bodies. It should be kept in mind that luxury consumers are cognitive young and that they can be captured simply by manipulating the contextual factors used in communication and advertising. Moreover, given the different impact that contextual factors have on the two segments of older luxury consumers, and the socio-psychographic differences between them, it is necessary to manipulate communication contexts differently, according to the customers: using different communication strategies (contextual factors) to target elderly people who belong to the segment of consumers who buy luxury goods mainly for individual style and the segment of consumers who use luxury products mainly to show off their social status.

Theoretical and managerial implications

This study intends to build a potential marketing base for the effective placement of products destined for the market of older consumers. The findings have various implications for luxury marketing managers. Given the limitations of chronological age, the implications of the study on cognitive age are helpful for better understanding the perceptions and behavior in the luxury field of consumers aged 60 and older.

The results confirm that elderly consumers perceive a cognitive age lower than their chronological age: they may be interested in products or brands originally aimed at a younger target and should be considered as potential customers. When carrying out market analysis and brand positioning, marketing managers may want to refer to consumers' cognitive age; the study suggests that communication and advertising contexts developed by luxury companies may be manipulated to present situations in which elderly consumers can feel younger. Results highlight that places are substantially more relevant – in terms of youth age perception – for older consumers who buy luxury goods for individual style; this kind of contextual factor is the only one where this segment of consumers feels younger than the other one. Therefore, advertising messages and images that consider places may prove more attractive for this segment of consumers. Moreover, advertising campaigns oriented to "externalized" elderly luxury consumers must prefer places having contextual factors appropriate to reach older people. It is also notable that both groups of elderly consumers – with the two opposite approaches to luxury consumption – perceive the highest youth age when they imagine themselves at a resort or in the countryside; communication tools, such as

advertising campaigns or company website images, could reflect contexts consistent with these kinds of places.

On the other hand, social contexts seem to have a stronger influence on the cognitive age of externalized luxury elderly consumers; the presence of other people – children, grandchildren, friends, admirers or attractive people – makes this segment of elderly consumers feel particularly young. Awareness of these results might be of particular help to advertisers interested in choosing the appropriate people to feature in advertisements aimed at promoting status luxury products to older consumers. More in detail, as shown in the results, in terms of youth age perceived in social contexts, there were significant differences between the elderly consumers of the two segments; the elderly who buy luxury for status perceive the highest youth age in the company of admirers, while the elderly who buy luxury for personal style perceive the highest youth age in the company of grandchildren. This may mean that individuals belonging to the first group of elderly consumers feel younger in the company of people external to their family (they appear more influenced by social pressure), while individuals belonging to the second group feel younger in the company of relatives (they appear more influenced by family interests). Therefore, the list of values developed and associated to luxury brands by marketing managers should also vary according to the target segment of elderly customers.

Moreover, both circumstances regarding product categories and branded products appear to influence more the cognitive age of elderly consumers who see luxury goods more as status symbols. These results support the idea that this segment of elderly consumers is more positively influenced than the other one by materialistic stimuli (i.e., possessions). The opportunity to use some specific product categories or branded products in co-marketing and co-branding activities may be more effective for promoting luxury goods that need to reach cognitively young elderly consumers and be perceived as status symbols. Also the specific category of luxury goods is associated to higher youth age by elderly consumers who want to show off their social status; this means that in particular those companies specialized in age-sensitive products (e.g., cosmetics, perfumes, and trendy fashion accessories) and willing to reach the elderly luxury goods consumers may develop more effective marketing strategies communicating an externalized approach to luxury. In addition, the elderly who appreciate luxury for status signal feeling younger by wearing the luxury brand clothing (Armani), while the elderly who use luxury to express individual style feel younger wearing casual-wear and sportswear brand clothing (Levi's and Adidas). Therefore, companies with a lifestyle luxury image that want to become more attractive to elderly consumers could focus more on their

casual-wear product characteristics, while luxury companies which focus on the status symbol value should more strictly emphasize their typical prestigious luxury product characteristics.

From a market segmentation point of view, the results regarding the AIO categories may indicate further relevant information about the two distinct market segments for which customized advertising strategies could be implemented. As the study results show, for consumers of externalized luxury some activities (vacation), interests (family, attractiveness, community), and opinions (religion) are particularly important because they make them feel younger. On the other hand other kinds of interests (recreation) are particularly relevant for the feelings of consumers of internalized luxury.

In conclusion, an effective luxury marketing strategy aimed at elderly consumers should rest not only on contextual elements, but also on the socio-psychographic traits that influence their cognitive age and consequently their purchasing intentions. Indeed, the results of this research suggest that, in selecting target customers, luxury brand managers should manipulate variables such as the number of people in a household and educational level if the brand identity focuses on externalized luxury, and variables such as occupation and marital status, if it focuses on internalized luxury. Findings on the socio-psychographic differences between the elderly customers of the two opposite luxury approaches may also help marketing managers in selecting variables to consider in luxury market segmentation.

Limitations and further research

The findings reported in this study are limited to elderly Italian consumers. Therefore, additional cross-cultural studies should be carried out in other mature luxury markets (e.g., France, USA, or the UK). In addition, this study investigates the role played by circumstances on cognitive age without considering the effect of income. Since the participants of this study were limited to elderly people who were thought to be consumers of luxury goods, future research that uses a sample made up of only loyal luxury brand clients would improve the validity of the data. A study on the same topics carried out with different methodologies – e.g., face-to-face interviews conducted in luxury brand points of sales – would add to the strength of the research. Further research could also explore retailing strategies that may be used by retail managers to recreate contexts or situations inside the store aimed at attracting a specific segment of elderly consumers. Finally, further investigation is also needed to examine the psychographic traits of both elderly consumers who buy luxury goods for status and elderly consumers who buy luxury goods for individual style.

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