

Chapter 83

Socio–Economic Effects on Mobile Phone Adoption Behavior among Older Consumers

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INTRODUCTION

Aging is one of the major trends that is about to change the structure of consumer markets. As people age, they face changes in their health and functioning, that make them differ from their younger counterparts. Retiring is one of the changes that people face when they age, it clearly gives them more opportunities to make choices and more time for decision-making, and therefore their consuming power shouldn't be overlooked. As electronic services are continuously developed, it is important to analyze aging people and identify the typical characteristics that affect their mobile phone usage.

The present chapter pursues to evaluate what influences the usage of mobile phones among the aging consumers. It is important to take a look at the

typical characteristics related to aging. Technology itself may be strange to people that have retired a decade ago, when the diffusion of mobile phones was accelerating, and it is therefore considered important that technology related fears aren't overlooked. Technology related perceptions have been found to be important determinants of technology usage, and they should also be assessed when the aging consumers are analyzed. For the purposes of identifying relevant future users for mobile services, it is essential to analyze the effects of socio-economic characteristics on mobile phone adoption.

BACKGROUND

Aging has psychological, biological, social and economic influences on consumers (Pak & Kambil, 2006). For marketers the biological issues create

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challenges for product and service designs and communication methods. Changes in memory and information processing result in declining rate of learning and avoiding situations that aren't familiar. Economic situations change due to retirement, but it is considered that elderly have high discretionary income (Lunsford & Burnett, 1992). People age differently and aging itself is a multidimensional process, therefore differences in consumer responses among older people are not likely to be the result of any specific factor (Moschis, 1992), it is thus necessary to become familiar with aging related characteristics. Health has been considered important, when aging consumers have been segmented. Perceptions of health vary among different social groups and depend very much on age and experience and thus self-assessments can be very individual and eccentric (Blaxter, 1990). According to Leinonen (2002), self-rated health is determined by the existence or absence of chronic diseases, level of functioning, way of living, psychological well-being, socio-demographic and socio-economic factors and adaptation to changes emerging through aging.

According to Czaja and Lee (2007), age-related changes in cognition have important implications for the design of technical systems, because human-technology interaction is an information-processing task. Learning is closely tied to memory functioning and even a normal decline of memory through aging renders difficulties in learning (Suutama, 2004). Cognitive abilities are thus related to technology adoption, because new technology requires new learning, which relies heavily on component cognitive abilities underlying fluid intelligence (Czaja & Lee, 2007). Fluid intelligence includes abstract thinking, reasoning, some of the memory functions and quick problem solving capacity in new situations (Suutama, 2004). This is why the complexity of innovation becomes important for aging consumers decision-making. Theory of planned behavior suggests that perceived behavioral control influences behavioral intentions and refers to people's

perception of the ease or difficulty of performing the behavior of interest (Ajzen, 1985, 1991). The effort expected to bring a course of behavior to a successful conclusion is likely to increase with perceived behavioral control (Ajzen, 1991). The greater the perceived behavioral control the stronger should be the intention to perform the behavior and it will more likely occur. The harder the person tries, and the greater is his control over personal and external factors that may interfere, the greater is the likelihood that he will attain his behavioral goal (Ajzen, 1985).

Typical for elderly adopting innovations is the fear that it will not perform as desired (Lunsford & Burnett, 1992). Among older consumers and technology, a common issue under research is the fear for technology, i.e. technology anxiety. According to Meuter, Ostrom, Bitner and Roundtree (2003), technology anxiety focuses on the user's state of mind regarding their ability and willingness to use technology-related tools. Anxiety related to technology originates from computer anxiety, which has been studied rather widely (see Brosnan, 1998). Computer anxiety has been defined as emotional fear, apprehension and phobia felt by the individuals towards interactions with computers or when they think about using computers (Chua, Chen, & Wong, 1999), i.e. anxiety refers to the negative attitudes toward using the computer. It is a kind of state anxiety, which can be changed and measured along multiple dimensions (Chua et al., 1999). Likely the anxiety rises from the inability or lack of self-confidence in effectively managing or controlling the technology (Oyedele & Simpson, 2007). According to Moschis (2003) older consumers prefer avoiding complexity when buying services or products, and also when using them. Offerings are accepted if they are beneficial and they need to match the expectations of the consumer in functioning and quality. Consuming is risk averse and the decisions are mainly based on previous experiences.

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