

# CONSUMER DECISION-MAKING AND PSYCHO-SOCIAL WELL-BEING: EXPLORING THE ASSOCIATION IN THE SOUTH AFRICAN URBAN CONTEXT

**Neoline Le Roux, Daleen van der Merwe, & Marié Wissing**

*Africa Unit for Transdisciplinary Health Research, North-West University (South Africa)*

## Abstract

Urban populations' significant growth results in larger market environments and complex decision-making. Various factors influence decisions, of which the social environment is an important role player. Informed decision-making is essential for good overall well-being; however, whether a relationship exists between consumer decision-making and psycho-social well-being is questioned. Correlational research with an online survey determined South African urban respondents' decision-making styles and consideration for future consequences of medium to high-risk products such as household equipment. These consumer decision-making components were brought into association with psycho-social well-being variables as operationalized with the Mental Health Continuum – Short Form and the Satisfaction With Life Scale. Results revealed associations between consumer decision-making and psycho-social well-being indicators, which can inform scientists and practitioners about client profiles that may be considered in future planning. The association of decision-making regarding certain products with the quality of and satisfaction with life provide new insights through this multi-disciplinary research study.

**Keywords:** *Consumer decision-making, immediate and future consequences, mental health continuum, psycho-social well-being, satisfaction with life.*

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## 1. Introduction and objectives of study

Consumers migrating to urban environments are increasing as they search for work opportunities with the hope of an increased income, better lifestyles, ideally better quality of life, and improved well-being (Selod & Shilpi, 2021). Consequently, urban populations are growing significantly and are predicted to continue growing (Shaker, 2015), resulting in larger market environments and complex decision-making. Increasingly research focuses on urban environments to understand better the well-being of urban consumers – an integral part of a country's workforce (Le Roux, Van der Merwe, Wilders, & Wissing, 2017). A growth in population in a particular environment can pose various social, emotional and environmental challenges, which, if not managed, can be detrimental to consumers' well-being (Vearey, 2017). Therefore, the social environment is an important role player during decision-making. Informed decision-making is crucial for good overall well-being; however, whether a relationship exists between consumer decision-making (CDM) and psycho-social well-being is questioned.

## 2. Method

Correlational cross-sectional research with an online survey explored South African urban respondents' decision-making styles and consideration for future consequences of medium to high-risk products, such as household equipment, considered medium to higher risk products due to the substantial social, functional, and financial aspects of this type of decision-making. Consumer decision-making styles (DMS), measured using the Consumer Style Inventory scale (CSI) and Consideration of future consequences (CFC) scale (Joireman et al., 2012; Potgieter et al., 2013), were brought into association with psycho-social well-being variables as operationalized with the Mental Health Continuum – Short Form (MHC-SF) and the Satisfaction With Life Scale (SWLS) to explore and describe the extent of association between CDM and psycho-social well-being among South African urban sample groups (N=391).

Data were analyzed using IBM®SPSS® Version 24. Exploratory factor analysis (EFA) ensured construct validity. Principal component analysis (PCA) was employed using Oblimin rotation with Kaiser Normalization for the scales and reported a good KMO above .7 (Field, 2013). Using Kaiser's criterion, factors with eigenvalues higher than one were extracted, and the lowest percentage variance explained was more than 57%, which is higher than the acceptable minimum of 50% (Field, 2013). Cronbach alpha values for the extracted items on the CSI scale ranged between  $\alpha=.74$  and  $\alpha=.87$  and for the CFC scale, between  $\alpha=.85$  and  $\alpha=.88$ , confirming internal reliability (Field, 2013). The mean inter-item correlations for the EFA's of two CDM instruments were reported to be between .343 and .534, within the required margins of .15 and .55 (Clark & Watson, 1995).

The psycho-social instruments were interpreted according to the authors' guidelines. Both scales reported excellent internal reliability (SWLS:  $\alpha=.909$ ; MHC-SF:  $\alpha=.802$ ). The different subscales of the MHC-SF were as follows: emotional well-being (EWB)  $\alpha=.876$ , social well-being (SWB)  $\alpha=.907$  and psychological well-being (PSW)  $\alpha=.919$ . The total score of all items gave a good overall indication of respondents' total well-being (Keyes et al., 2008). The SWLS was analyzed by determining the total score of items. Spearman's rank order correlations were determined between the CDM and the respondents' psycho-social well-being. Only medium ( $r=.3$ ) and large ( $r=.5$ ) effect sizes will be reported. Ethical approval was obtained from the institutional ethics committee (NWU-0091-15-A1), and the study was accordingly conducted within the ethical guidelines.

### 3. Findings

Different races in South Africa relatively equally represented the sample, mainly aged between 18 and 59 years, and the majority female. Seven factors describing the DMS of respondents were extracted with EFA (Le Roux, 2018) and further categorized as either hedonic (i.e., being the more emotional with greater emphasis on the value gained from the shopping experience, personal gratification and self-expression) or utilitarian (i.e., influence performance, more task-oriented, cognitive and non-emotional) DMS (Gilovich & Gallo, 2019; Zhou et al., 2010). Hedonic DMS include "image and brand consciousness", "recreational / novelty", and "habitual" DMS. Utilitarian DMS include "impulsive purchases", "confused by over-choice", "value for money", and "perfectionistic/high-quality products". The CFC scale determined respondents' extent of thinking about the consequences of current decisions. Two factors emerged: "immediate-oriented" and "future-oriented" consumers.

Results from the MHC-SF revealed that respondents have moderate to upper levels of emotional ( $11.54\pm 2.91$ ), social ( $15.67\pm 6.01$ ) and psychological ( $23.25\pm 5.68$ ) well-being. The mental health of the entire group indicates a generally high level of well-being, as 63.4% ( $n=246$ ) of participants were flourishing. These urban respondents seemed to experience positive emotions, good psychological functioning, independence, and functioning well in their social environment, contributing and being an essential part of it. The SWLS revealed that respondents experienced high satisfaction with life ( $26.25\pm 6.50$ ). Thus, on average, this group of respondents was satisfied with their lives and experienced good psycho-social well-being.

#### 3.1. Correlations between CDM and psycho-social well-being

SWL correlated (Table 1) with "image and brand consciousness" ( $r=.420$ ), "recreational / novelty" ( $r=.277$ ), "habitual" ( $r=.290$ ), "perfectionistic/high quality" ( $r=.290$ ), and "immediate oriented" ( $r=.355$ ) and "future-oriented" ( $r=.352$ ). SWB also correlated with "image and brand consciousness" ( $r=.330$ ), "recreational and novelty" ( $r=.319$ ), "habitual" ( $r=.288$ ), "perfectionistic and high-quality products" ( $r=.337$ ), "immediate-oriented" ( $r=.342$ ) and "future-oriented" ( $r=.369$ ). Correlations were shown between PWB and "value for money" ( $r=.274$ ), "perfectionistic/high quality" ( $r=.325$ ) and "future-oriented" ( $r=.318$ ). Regarding total mental well-being, correlations were reported with "image and brand consciousness" ( $r=.306$ ), "recreational and novelty" ( $r=.295$ ), "value for money" ( $r=.296$ ), "perfectionistic/high quality" ( $r=.356$ ) as well as with "future-oriented" ( $r=.372$ ). No correlations were noted between the MHC-SF variables and "impulsive purchases" or "confused by over-choice" as a DMS of higher-risk household equipment.

Table 1. Spearman's rank order correlations (r) between CDM (DMS and immediate and future consequences) and psycho-social well-being (MHC-SF and SWLS).

	Consumer decision-making components (r)								
	Decision-making styles (H = Hedonistic oriented style; U = Utilitarian oriented style)							Consideration of immediate and future consequences	
	Image/brand consciousness (H)	Impulsive purchases (U)	Confused (U)	Recreational / Novelty (H)	Habitual (H)	Value for money (U)	Perfectionistic / High quality (U)	Immediate oriented	Future-oriented
Subjective psycho-social well-being									
SWLS (n=388)	.420**	.207**	.212**	.277**	.290**	.139**	.290**	.355**	.352**
MHC-SF – emotional well-being (n=389)	.247**	.069	.131**	.190**	.217**	.257**	.262**	.153**	.267**
MHC-SF – social well-being (n=389)	.330**	.168**	.252**	.319**	.288**	.260**	.337**	.342**	.369**
MHC-SF – psychological well-being (n=389)	.214**	.008	.045	.241**	.166**	.274**	.325**	.108*	.318**
MHC-SF – Total (n=389)	.306**	.096	.177**	.295**	.252**	.296**	.356**	.248**	.372**

SWLS= Satisfaction with life scale

MHC-SF = Mental health continuum – Short form;

Interpretation of approximate effect sizes for Spearman's two-tailed correlation coefficients:  $r \geq 0.3$  = medium effect or tendency and  $r \geq 0.5$  = large effect – indicated by bolded values.

\*\* Statistically significant at  $P \leq .05$ ; \* Statistically significant at  $P \leq .01$

#### 4. Conclusion

This study aimed to determine associations between urban consumers' decision-making and psycho-social well-being. Results indicated that most respondents flourished regarding overall mental health with high emotional and social well-being levels, with psychological well-being the highest. Respondents also reported reasonable satisfaction with life and emotional well-being.

##### 4.1. The association between CDM and psycho-social well-being

Psychological and decision-making differences emerged between respondents experiencing high levels of well-being and those experiencing low mental well-being. Respondents, showing higher levels of mental well-being, found the image and brands of household equipment important. Also, respondents with better well-being resorted to recreational DMS and novel household equipment products. These respondents also found it more critical than respondents with lower well-being that the purchase should be perfect and high-quality, keeping future consequences in mind. This indicates that respondents who experienced high total mental health may place much value on image and brand during these purchases. They make well-informed decisions while still enjoying the shopping experience of new products (Lysonski & Durvasula, 2013).

Hedonic DMS correlated with psycho-social well-being variables. Image and brand, recreational and novelty, and habitual DMS reflect shopping behaviour not necessarily product-related but personal gratification, desire, and self-expression (Zhou et al., 2010). These DMS showed correlations with respondents' satisfaction with life and their SWB. SWB, being eudaimonic, reflects the extent of social contribution, acceptance, actualization and coherence in the social environment (Keyes et al., 2008). Therefore, hedonic DMS may contribute to respondents' satisfaction with life, adding to their experience of social acceptance.

Conversely, not all utilitarian-oriented DMS correlated with psycho-social well-being variables. Value for money -significant for household equipment due to their expensiveness (Danziger, 2004) - correlated on a psychological and total well-being level. Moreover, perfectionistic and high-quality DMS correlated with SWLS and the total MHC-SF. This finding may confirm that household equipment is often purchased to increase consumers' perception of well-being (e.g. Nakazato et al., 2011).

Impulsive purchases and confused by over-choice, regarded as unfavourable due to negative emotions or stress, might not contribute positively to psycho-social well-being. Correlations indicated that future-oriented decision-making might influence aspects of one's psycho-social well-being. These findings imply that being future-oriented may benefit one's psycho-social well-being by addressing social, emotional and psychological well-being and satisfaction in life.

Previous research indicated that decision-making is often driven by one's social environment and a desire for social acceptance and integration (Schiffman & Wissenblit, 2019). This research contributes by indicating a relationship between CDM and psycho-social well-being.

#### 4.2. Concluding remarks and implications

This study approached consumer decision-making through two disciplinary lenses: consumer behaviour and positive psychology. Hence, we provide a unique perspective on the association between decision-making and psycho-social well-being on a multi-disciplinary level. This knowledge can be valuable to consumer scientists, marketers and policymakers studying the behaviour and decision-making of consumers. Medical professionals and occupational therapists concerned with stress and the psycho-social well-being of individuals in urban corporate settings may use this knowledge to understand and assist patients experiencing low mental health. Despite population and locational restrictions, these findings add to CDM literature. It would be insightful to determine if similar results will be obtained in other contexts.

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