The Post-Material Premium

INTRODUCTION

High-income countries have a different consumption pattern compared to developing countries, just as younger generations spend their money differently than older generations. Post-materialism provides a lens to understand both these differences, and to explain some of the current consumption trends.

OBSERVATIONS

- Millennials in the U.S. are less interested in job perks or the financial security their jobs provide than knowing how the job can help them to develop themselves. Furthermore, they are much more in support of religious and social freedom than other generation.
- We observed elsewhere that the dreams, values, and ambitions of Millennials in emerging and middle-income countries differ from Millennials in the West and in high-income economies.
- According to Erich Fromm, there are two modes of existence: the “being” and “having” mode of existence. The first states that you are what you express, and the second that you are what you have.
- The modern definition of “activity” has turned materialistic: it emphasizes “having” more than “being” (in contrast to, for example, the philosophy of Aristotle or Thomas Aquinas).
- We created a weighted post-materialism index, using the latest (wave 2010-2014) data from the World Value Survey, using the materialist/post-materialist 12-item index.

ANALYSIS

Post-materialism is a sociological theory stating that people’s value set have gradually become less materialistic in industrial countries. In a sense, it reflects the ascension in Maslow’s pyramid with its transformation of material values into post-material values: away from physical and economic security (material values) towards individual freedom and self-realization (post-material values). Our data analysis confirms that in recent years, people have generally become more post-materialist. This can, at least partly, be explained by economic development: we find a strong and significant correlation with GDP per capita (0.454). When we differentiate countries into their respective income level, we find that high-income countries (with GDP per capita between $12,500 and above, measured in current US$) score one-third higher on our weighted post-materialism index.

However, there is another gradient in the post-materialism index: a generational difference. We find that respondents who are 29 years old or younger often have the highest degree of post-materialism and a higher average in our weighted post-materialism index than respondents who are between 30 and 49 years, which on their turn score higher than those who are older than 50 years old. All these results are significant at the 0.05 significance level, and generational differences magnify within high-income countries.

Post-material consumption is not anti-materialist but a transformation of consumption that can help to explain some of the current trends and new forms of consumption that are emerging and gaining momentum. Because (most) material preconditions have, more or less, been realized in high-income economies, the focus shifts away from “material consumption”, which is consumption to show off wealth (“conspicuous consumption”) or consumption in the lowest levels of Maslow’s pyramid (“consumer necessities”), and towards consumption that assists self-actualization or even transformation (“post-material consumption”). For example, organic, green, sustainable, ethical and fair consumption are all growing rapidly and all have a “post-material premium” on their products. Furthermore, younger generations generally have a higher propensity to spend their time and money on activities and experiences that tend to enrich their lives than on material goods (psychological experiments also show that experiences provide more intense and longer-lasting happiness than material goods). A higher preference for sharing goods over owning goods themselves also corresponds to the post-material aspect of Millennial consumption.

Post-material consumption is not only about the act of consuming, consumption-as-such (materialist consumption), but emphasizes the broader meaning and purpose of consumer goods and services (post-material consumption). The pendulum of the post-modern age has, in this sense, also swung in the direction of the post-material value set.

POTENTIAL BENEFICIARIES

- Countries nearing their “demographic dividends”, by having a consumption-savvy middle class with a high propensity to consume.
- Companies that explicitly put their products and services in a broader narrative by articulating the purpose and meaning of their offerings.