

AN EXAMINATION OF THE RELATIONSHIPS BETWEEN SELF-PERCEPTIONS, CONSPICUOUS CONSUMPTION, AND SAVING BEHAVIOR

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Abstract: *This paper seeks to examine (1) the effects of social status and the three major components of self-esteem, performance, appearance, and social self-esteem, on conspicuous consumption and (2) the impact of conspicuous consumption on saving behavior. The relationships substantiated in this study are based mainly on the perception-behavior linkage within the social psychology domain. The data used to analyze the proposed relationships in this study were collected through an on-line survey, with a final sample size of 268 consumers. The findings show that only social status and the social dimension of self-esteem significantly affect conspicuous consumption. Surprisingly, we found no relationship between conspicuous consumption and savings. The results are discussed, along with suggestions for future research.*

Keywords: *Social Status, Self-Esteem, Conspicuous, Consumption, Saving*

1. Introduction

People consume products and services to fulfill the needs in their everyday lives. Consumers purchase products or services not only because of their functional benefits but also to gain emotional benefits. One consumption phenomenon that can benefit consumers emotionally is consuming luxury products, which allows them to display their wealth and social status to boost their self-concept (Souiden, M'Saad, & Pons, 2011).

Conspicuous consumption is among the many forms of consumption people use to show off their consumption of luxury products. Now, this kind of consumption

can be found in consumers within all social classes because consumers seek social approval and to boost their self-esteem (Johansson-Stenman & Martinsson, 2006). People of various social statuses can use conspicuous consumption to show the social class to which they belong. Perceived social status, together with one's self-esteem, are important factors in determining one's level of conspicuous consumption. Consumers with low self-esteem are more likely to use conspicuous consumption to maintain their self-esteem and gain social approval (Johansson-et al., 2006; Mason, 1999). While this kind of consumption may benefit luxury brand producers, it may have negative consequences in terms of some consumers' wellbeing because it can lead consumers into deep financial liabilities.

Based on the above-mentioned phenomenon, it is the aim of this study to examine the inter-relationships among some of the key variables that appear to have some strong linkages with conspicuous consumption: social status, self-esteem, and saving behaviors. All of these constructs are linked together based on the general perception-behavior connection within social psychology (Chartrand & Bargh, 1999; Dijksterhuis &

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van Knippenberg, 1998).

By substantiating the inter-relationships among these constructs, we hope to gain insights regarding the specific types of self-perceptions that lead to conspicuous consumption. Managerially speaking, this study will benefit brand managers who seek to influence conspicuous consumption among shoppers and buyers in the market by understanding how consumers' self-perceptions may lead to this particular kind of consumption.

The remainder of this paper is organized as follows. In the next section (Section 2), we provide a review of the literature related to the four key constructs used in this study. The rationale behind our hypothesized relationships is then provided. Section 3 describes the basic characteristics of our data and research methodology. Section 4 presents the findings and discussions. The paper concludes with the implications of this study, along with some suggestions for future research in Section 5.

2. Literature Review

Perceived Social Status

Perceived (subjective) social status is defined, in this study, as a person's belief about his location in a status order (Davis, 1956). In general, the social statuses of individuals are determined by wealth, consumption, or education relative to various reference standards (Tournemaine & Tsoukis, 2008). Driskell (1982) stated that people with higher status are given more chances to perform, initiate more interactions, receive more favorable evaluations of their actions, and are more likely to be influential in cases of disagreement. As a result, people strive to increase their social status, sometimes by using consumption.

Self-Esteem

Self-esteem refers to how one assesses his/her self worth (Porter & Washington, 1993). An increase or

decrease in self-esteem can lead to emotional reactions and certain kinds of behavior (Baumeister, Campbell, Krueger, & Vohs, 2005). Self-esteem can be studied at a group or an individual level (Porter & Washington, 1993). In this study, self-esteem is viewed at an individual level, and it consists of three underlying dimensions: appearance, performance, and social self-esteem (Heatherton & Polivy, 1991).

Conspicuous Consumption

Conspicuous consumption is a type of consumption that takes place when consumers acquire goods not for their inherent objective or subjective value but instead to signal social status (Veblen, 1899). Consumers have information about the value of their assets in their minds, and they attempt to signal their wealth by consuming conspicuous goods (Bagwell & Bernheim, 1996; Amaldoss & Jain, 2005). The extant literature notes that conspicuous consumption takes place among people with various social statuses, regardless of their financial resources (Johansson-Stenman & Martinsson, 2006). People can signal their wealth by displaying products that are surrogates for income (Sivanathan & Pettit, 2010).

Saving Behavior

Consumers can choose to consume now or delay their gratification and consume later. Saving behaviors take place when they choose to consume later in order to benefit from capital gains (Peek, 1983; Swasdpeera & Pandey, 2012). Based on a behavioral perspective, consumers save to respond to their behavioral limitations and incentives. The level of saving usually depends on the level of income (Dyner, Skinner, & Zeldes, 2004). However, some consumers may choose to engage in conspicuous consumption to gain social capital at the cost of losing their savings (Moav and Neeman, 2012).

Hypothesis Development

Conspicuous consumption can be considered a way of maintaining one's perceived social status (Souiden et al., 2011). Consuming products that can portray a certain social status can make people feel more secure in belonging to that particular social class (O'connor & McEwen, 2004). People who display luxury brand labels are usually perceived as being wealthier, and they receive a higher status rating than those who do not display luxury brand labels (Nelissen & Meijers, 2011).

In addition, the study of the conspicuous consumption of branded fashion accessories in Canada has found a significant relationship between perceived social status and conspicuous consumption. People will conspicuously consume a product when they seek to maintain their social status (Souiden et al., 2011).

Based on the aforementioned argument, we formulate the following hypotheses:

H1: There is a relationship between perceived social status and conspicuous consumption.

Pettit and Sivanathan (2010) find that individuals with low self-esteem tend to purchase luxury products on credit to compensate for their self-worth. People attempt to make their self-identifies in line with the attributes deemed favorable within society (Leary & Kowalski, 1990). In addition, some groups of consumers may be more prone to conspicuous consumption. For instance, it is found that teenagers with low self-esteem are more likely to be materialistic and thus may be more engaged in the act of conspicuously consuming products (Chaplin & John, 2007).

In terms of cultural contexts, Souiden et al. (2011) find that the relationship between self-esteem and conspicuous consumption may vary across cultural settings. In some cultures, no significant relationship is found. In this study, we seek to examine such a relationship in the Thai context. Furthermore, we would like to determine

which dimensions of self-esteem play a significant role in explaining conspicuous consumption. As a result, we postulate the following:

H2a: There is a relationship between performance self-esteem and conspicuous consumption.

H2b: There is a relationship between social self-esteem and conspicuous consumption.

H2c: There is a negative relationship between appearance self-esteem and conspicuous consumption.

According to Colarelli and Dettmann (2003), too much conspicuous consumption can lead to excessive spending, which eventually leads to debt. Pettit and Sivanathan (2010) found that conspicuous consumption and its accompanying debt played a critical role in crippling the global financial markets in 2008. Based on this argument, we hypothesize as follows:

H3: There is a relationship between conspicuous consumption and saving behavior.

Figure 1 conceptually links all the hypothesized relationships in this study. All relationships in this study are based mainly on the perception-behavior linkage within social psychology (Chartrand & Bargh, 1999; Dijksterhuis & van Knippenberg, 1998). In this study, perceived social status and self-esteem are considered perceptions that have an impact on conspicuous consumption and saving behaviors.

majority of them (56 percent) hold a college degree.

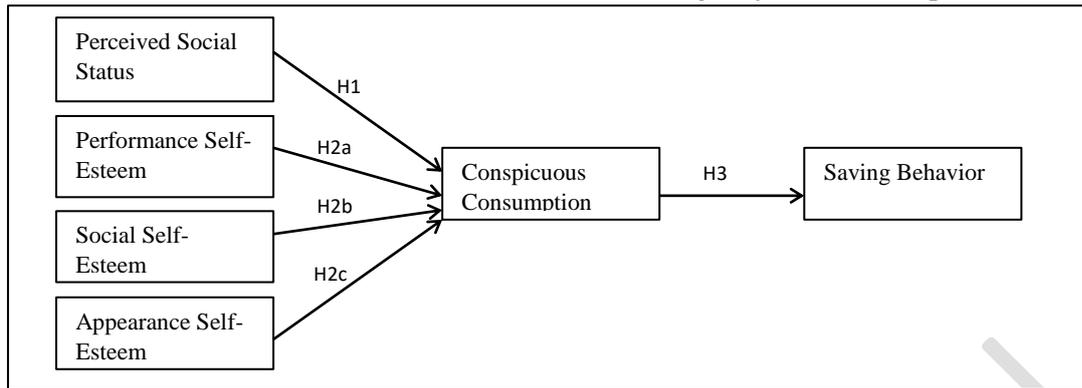


Figure 1: Conceptual Framework

3. Research Methodology

The data in this study were collected using an online survey through the use of convenience sampling technique. The link to complete the online survey was distributed to consumers mostly in Bangkok and its vicinities. The respondents consisted of individuals who consume luxury goods and were aged between 20 and 60. Both men and women were included in this study, even though some studies indicate that woman may conspicuously consume products more often than men do (Stokburger-Sauer & Teichmann, 2013). It is assumed in this study that the target participants engage in the act of shopping of some kind. The venues where shopping can take place could be of any kind, be they department store, mom-and-pop shops, etc. The final sample size in this study is 268. Among respondents, 40.6% were men, and 59.4% were women. Their average age was 48.15, and their average monthly income was in the 50,000 to 150,000 Baht range. The

In this study, perceived social status is measured using Cantril's (1965) 10-point scale item asking the respondents to rank where they stand on the social ladder (see the survey items of all key constructs in Appendix A). The respondents' level of self-esteem is measured using Heatherton and Polivy's (1991) 20-item scale. The measurement of conspicuous consumption is adapted from Chaudhuri, Mazumdar, and Ghoshal's scales published in 2011. Finally, saving behavior is based on the scale developed by the Bureau of Economic Analysis (BEA) (Bureau of Economic Analysis, 2012). Participants are asked to roughly estimate their level of monthly saving from a scale of 1 to 10.

The reliability of all measures, as well as their corresponding means, standard deviations, and correlations, are presented in Table 1. All measures in this study had a satisfactory level of internal consistency and reliability, with alpha coefficients above 0.70.

Table 1: Cronbach's α and Intercorrelations for Key Variables (N = 268)

	1	2	3	4	5	6	Mean	SD	Cronbach's α
1. Perceived Social Status	-						6.28	1.26	-
2. Self-Esteem (Performance)	.425**	-					36.71	5.87	0.81

	1	2	3	4	5	6	Mean	SD	Cronbach's α
3. Self-Esteem (Social)	.265**	.603**	-				32.49	7.35	0.80
4. Self-Esteem (Appearance)	.218**	.436**	.429**	-			28.71	5.55	0.76
5. Conspicuous Consumption	.234**	-.011	-.249**	-.049	-		43.59	18.01	0.93
6. Saving	.214**	.200**	.101	.141*	0.04	-	3.65	1.85	-

* $p < .05$, ** $p < .01$

4. Findings and Discussion

Two regression models are used to test all hypotheses in this study. The first model is employed to test the relationships between perceived social status, self-esteem, and conspicuous consumption (H1, H2a-H2c), while the second model is used to examine the relationship between conspicuous consumption and saving behavior (See the summary in Table 2).

In the first model, all four predictor variables can explain 16.6% of the variance in conspicuous consumption ($R^2 = .166$, $p < .05$). Hypothesis 1 is supported because perceived social status is revealed to have a significant positive effect on conspicuous consumption ($\beta = 0.265$, $t = 4.26$, $p < 0.01$). With regard to the relationships between the three sub-components of self-esteem and conspicuous consumption, only Hypothesis 2b is supported. No relationship is found between the appearance and performance dimensions of self-esteem and conspicuous consumption; only the social dimension of self-esteem is found to negatively affect conspicuous consumption ($\beta = -0.407$, $t = -5.70$, $p < 0.01$).

Here, the relationship between perceived social status and conspicuous consumption is consistent with the existing literature (Cole, Mailath, & Postlewaite, 1992; O'Class & McEwen, 2004; Souiden et al., 2011). This means that people who consider themselves in a higher social

stratification are more likely to use luxury products as a way to show off their social status.

The investigation of the relationship between each of the three sub-components of self-esteem and conspicuous consumption also yields an interesting finding. Thai consumers do not appear to conspicuously consume products because of their performance. They may be able to overcome their low performance esteem in some other way than consuming conspicuously. In terms of appearance self-esteem, the findings in this study show that Thai consumers do not consume conspicuously simply because they think they are not physically attractive. In other words, conspicuous buyers consume conspicuously regardless of how good they think their physical appearance is. The only dimension of self-esteem that has an impact on conspicuous consumption in the Thai setting is the social dimension. This means that Thai people who feel socially inferior have a tendency to boost their social esteem by purchasing conspicuously.

Surprisingly, in the second regression model, we found no significant relationship between conspicuous consumption and saving behavior. It is still unclear why Thai consumers who engage in conspicuous consumption do not show a significantly lower level of saving. Future research should explore this phenomenon in depth.

Table 2: Regression Analysis Summary (N = 268)

Variable	B	SEB	β
Model 1: Testing H1, H2a-H2c Predicting Conspicuous Consumption			
Constant	36.03		
Perceived Social Status	3.871**	0.908	0.265
Performance Self-Esteem	0.325	0.236	0.105
Social Self-Esteem	-0.995**	0.175	-0.407
Appearance Self-Esteem	0.108	0.207	0.033
Note: $R^2 = .166$ ($N = 268$, $p < .05$) $F = 13.09$, * = $p < .05$, ** $p < .01$			
Model 2: Testing H3 Predicting Saving Behavior			
Constant	3.471		
Conspicuous Consumption	0.004	0.006	0.04
Note: $R^2 = .001$ ($N = 268$) $F = 2.75$			

In summary, conspicuous consumption is expected to be employed as a way of making consumers look good (appearance dimension), enhance the perception of their capabilities (performance dimension), allow them to achieve a sense of social belonging (social dimension), and eventually lead to a low level of savings or even debt. Thai consumers only conspicuously consume a product in order to feel that they belong to a particular social group. The appearance and performance dimensions of self-esteem appear to be of less concern among Thai consumers. No direct relationship is found between conspicuous consumption and saving behavior.

5. Conclusion and Suggestions for Future Research

We believe that this study is the very first study to specifically investigate the sub-components of self-esteem and their relationships with conspicuous consumption. In the Thai context, only the social sub-component of self-esteem is found to affect conspicuous consumption. It is suggested that future research treat the self-esteem construct both as an overall construct and as a three-component construct. This will provide a clearer picture of what component is critical in predicting conspicuous consumption among consumers.

This study also provides an important managerial implication because it sheds light on the importance of the sense of group belongingness to Thai consumers in relation to conspicuous consumption. Based on the results of this study, Thai consumers consume conspicuously because they want to communicate their status to others. Companies should thus provide products that loudly proclaim the status of their holders to stimulate conspicuous consumption. The more obviously the product signifies belongingness to a social group, the more appealing such luxury brands become. Because Thai conspicuous consumers buy luxury goods conspicuously to enhance their social esteem, as opposed to gaining performance and appearance benefits from the products, marketers should communicate the social benefits associated with products in a subtle yet convincing manner.

Although the study has provided an overall picture of conspicuous consumption in Thailand, it focused on people who live in Bangkok. Future research should explore a sample from other geographical areas of the country. Future studies should also focus on comparing people with different demographic characteristics (e.g., gender) because these characteristics may affect the way they conspicuously consume.

Additionally, to better understand the relationship between conspicuous consumption and saving behavior, we

should study both saving behavior and spending behavior in greater detail. This will help explain the findings of this study that are not in line with the literature.

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APPENDIX A

Measurement Items

Perceived Social Status (10-point scale, 1= lowest perceived social status; 10 = highest perceived social status)

After given a 10-step ladder representing social stratification, at the top are those people who have highest social status and at the bottom are those people who have lowest social status, where do you think you’re standing in this ladder?

Performance Self-Esteem (7-point Likert scale; 1= strongly disagree, 7 = strongly agree)

I feel confident about my abilities.

I feel as smart as others.
I feel confident that I understand things.
I feel frustrated or rattled about my performance.
I feel that I am having trouble understanding things that I read.
I feel that I have less scholastic ability than others.
I feel like I am not doing well.

Social Self-Esteem (7-point Likert scale; 1= strongly disagree, 7 = strongly agree)

I am worried about whether I am regarded as a success or failure.
I feel self-conscious.
I feel displeased with myself.
I am worried about what other people think of me.
I feel inferior to others at this moment.
I feel concerned about the impression I am making.
I am worried about looking foolish.

Appearance Self-Esteem (7-point Likert scale; 1= strongly disagree, 7 = strongly agree)

I feel satisfied with the way my body looks right now.
I feel that others respect and admire me.
I feel good about myself.
I am pleased with my appearance right now.
I am dissatisfied with my weight.
I feel unattractive.

Conspicuous Consumption (11-point Likert scale; 1= strongly disagree, 11 = strongly agree)

I purchase luxury brand because they make me gain respect.
I purchase luxury brand because they enhance my popularity.
I purchase luxury brand because they make me noticed by others.
I purchase luxury brand in order to show who I am.
I like luxury.
It says something to people around me when I buy a high priced brand.

I would buy an interesting and uncommon version of a product otherwise available with a plain design, to show others that I have an original taste.

I buy some products because I want to show others that I am wealthy.

By choosing a product having an exotic look and design, I show my friends that I am different.

Saving Behavior

Please roughly estimate your monthly saving using the scale of 1 to 10 (1 = 0%; 10 = 90% or more).