

Perception and consequences of conspicuous consumption among rural and urban families of Ludhiana city

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ABSTRACT

Conspicuous consumption is the spending of money on and the acquiring of luxury goods and services to publicly display economic power. The possession of such items which confer a certain amount of social stature is the face of new India. In a country where showing off one's wealth and prosperity is very much a pre-occupation of the emerging middle class; it becomes very relevant to study the conspicuous consumption among middle class families of one the most prospering city of Punjab state. A survey was therefore conducted in rural and urban areas of Ludhiana district to study the perceptions of respondents regarding conspicuous consumption and consequences of conspicuous consumption on families. The data for the study were collected from 120 respondents, 60 each from rural and urban areas. Only those families were selected whose income was Rs. ten lakhs or more per annum. The findings revealed that both the rural as well as urban respondents perceived that conspicuous consumption makes one feel good in their social group and enables them to impress others. Most of the consequences of conspicuous consumption were on positive side for both the categories. However, number of rural respondents reported negative consequences of conspicuous consumption also. There is a need to educate people about negative consequences of this habit and encourage wise spending to ensure financial security for their families.

INTRODUCTION

A good is considered conspicuous when its characteristics and the amount an individual consumes of the good can be publicly observed. Conspicuous consumption is generally regarded as the purchase of expensive "luxury" goods whose functional advantage, if any, over their "non-luxury" counterparts is insufficient to warrant the price premium. The demand for these goods is hard to explain. The pursuit of material goods has been an important part of human life, as has been the display of those goods (Saad, 2007). Conspicuous consumption has been defined as a "lavish" spending on goods and services that are acquired mainly for the purpose of displaying income or wealth.

A conspicuous "good" is a good whose consumption is visible by everyone in the economy. It is the act of

conspicuously consuming and displaying a good purchased at a significantly higher price than the producer's marginal cost. Conspicuous consumption is overspending with the intent of displaying one's wealth and status and the conspicuous consumers derive pleasure from spending in a lavish and flashy manner, both by virtue of the enhanced status and material comforts their possessions provide (Amaldoss and Jain, 2005). The concept of conspicuous consumption means differently to different people. It can affect the individuals, families and the economy in different ways. It can lead to increase in happiness, status, satisfaction etc. or can also lead to decrease in savings, poverty, or even jealousy and stress etc. Conspicuous consumption can have numerous consequences on the families. Keeping in view these facts, a need was felt to examine perceptions of people regarding consequences of this habit. The present study was conducted

with the following specific objectives:

- To study the perceptions of respondents regarding conspicuous consumption.
- To study the consequences of conspicuous consumption on families.

MATERIAL AND METHODS

The study was conducted in rural and urban areas of Ludhiana district of Punjab state. Multistage random sampling technique was followed for selection of respondents required for the study. For the selection of the urban respondents, out of four zones of Ludhiana city, one posh locality was selected purposively from each of the zones. Further, 15 households were selected randomly from each of the selected locality thus making a total urban sample of 60 households. For selection of rural sample, four blocks were randomly selected out of 11 blocks of Ludhiana district. From each of these blocks, one village was randomly selected. Further, 15 households were selected from each of the four selected villages, thus selecting the rural sample of 60 households. The main criterion for selection of households was income. Only those households were selected whose income was Rs. 10 lakhs or more (per annum). The data were collected from rural and urban respondents through personal interview method. The data were analysed using appropriate statistical tools.

OBSERVATIONS AND ANALYSIS

The results obtained from the present investigation as well as relevant discussion have been summarized under following heads :

Respondents perception regarding conspicuous consumption:

Conspicuous consumption is the spending of money on and the acquiring of luxury goods and services to publicly display economic power - either the buyer's income or the buyer's accumulated wealth. Table 1 shows the data regarding the meaning of conspicuous consumption according to the respondents.

As regards the conformity to consumption trend, it may be observed that 'it is a way to impress others', 'eye catching and prominent', 'wasteful and lavish consumption', 'display of discretionary, economic power and luxury goods,' was mentioned by all the rural as well as urban respondents. Coleman (1983) also suggested that consumers tend to use conspicuous consumption products in order to impress others and display their wealth. According to findings of Chaudhuri and Majumdar (2006) also, the word conspicuous conveys a variety of meanings including "eye-catching" and prominent. They further stated that in context of consumption, the word acquires a significantly different meaning that indicates consumers' "wasteful and lavish consumption" in order to

Table 1 : Distribution of respondents according to their perception regarding conspicuous consumption			
Respondents' perception	Respondents category		
	Rural (n=60)	Urban (n=60)	Total (n=120)
Conformity to consumption trend			
It makes one feel good in his/ her social group and impress others	60(100.00)	60(100.00)	120(100.00)
Eye catching and prominent	60(100.00)	60(100.00)	120(100.00)
Wasteful and lavish consumption	60(100.00)	60(100.00)	120(100.00)
Display of discretionary, economic power and luxury goods	60(100.00)	60(100.00)	120(100.00)
It makes one feel closer to contemporary lifestyle	42(70.00)	60(100.00)	102(85.00)
It makes one have the sense of global belongingness	32(53.33)	50(83.33)	82(68.33)
Spending time on leisure activities	32(53.33)	32(53.33)	64(53.33)
Cheap display of one's money	16(26.67)	32(53.33)	48(40.00)
Buying expensive and unnecessary goods	25(41.67)	21(35.00)	46(38.33)
Quality perception			
It is associated with the latest technology	59(98.33)	60(100.00)	119(99.17)
It has a very high level of reliability	42(70.00)	37(61.67)	79(65.83)
It has a very high quality image	23(38.33)	26(43.33)	49(40.83)
Social prestige			
Spending money for social prestige and status	60(100.00)	60(100.00)	120(100.00)
It signifies one's trendy image	48(80.00)	60(100.00)	108(90.00)
It represents the latest life style	10(16.67)	0(0.00)	10(8.33)

Figures in parentheses indicate percentages

*Multiple responses

enhance their social prestige. 'Closer to contemporary lifestyle' was mentioned by all urban respondents as against 70.00 per cent of rural respondents. 'Feeling of global belongingness' was mentioned by 53.33 and 83.33 per cent of rural and urban respondents, respectively. 'Cheap display of one's money' was agreed upon by 53.33 per cent urban and 26.67 per cent of rural respondents. Truglia (2013) had also reported that people consume highly observable goods to signal their wealth to others. 'Buying expensive and unnecessary goods' was the perception of 41.67 per cent rural and 35.00 per cent of urban respondents.

Regarding quality perception, it can be observed from Table 1 that all the urban respondents mentioned 'it is associated with the latest technology' as against 98.33 per cent rural respondents who also agreed with this meaning. Seventy per cent of rural respondents and 61.67 per cent urban respondents mentioned the meaning of conspicuous consumption as 'it has a very high level of reliability'. 'It has a very high quality image' as the meaning of conspicuous consumption was mentioned by 43.33 and 38.33 per cent urban and rural respondents, respectively.

Further, perusal of Table 1 shows that under the category of social perception, all the rural and urban respondents agreed with the meaning 'spending money for social prestige and status'. Mason (1984) also stated that status and prestige considerations play a significant role in products which serve only as a means of displaying wealth and purchasing power. 'Trendy image' was perceived by 90 per cent of the respondents whereas only 8.33 per cent of respondents agreed with the

statement 'latest life style'. The present findings are in line with those of Goldsmith *et al.* (1996) who also found out that an important motivating force influencing a wide range of consumer behaviour is the desire to gain status or social prestige from the acquisition and consumption of goods.

Consequences of conspicuous consumption on families:

Positive consequences :

Regarding the positive consequences of conspicuous consumption namely, 'increase in satisfaction', 'gained popularity among friends and colleagues', 'increase in possessions', 'image enhancement', 'status enhancement', 'development of luxury market', 'comfort goods can help to divert attention', 'creation of more favourable self identify', 'increase in happiness', 'increase in self-esteem', 'family status is high', can be observed that all the rural as well as urban respondents mentioned these consequences which means that all rural as well as urban respondents agreed with these consequences (Table 2). Corneo and Jeanne (1997) also observed that status consumption is in fact beneficial to the economy, and that it exists due to a relatively equal distribution of wealth. It can be further observed that a large number of respondents also mentioned 'gained confidence' (81.67%) and 'increase in employment' (77.50%). Very few respondents *i.e.* 34.17 per cent agreed with the consequences 'family members more happy' and 31.67 per cent mentioned 'increase in number of friends' as positive consequences of conspicuous consumption. 'Enhancement in national income by means of luxury tax' was mentioned by 21.67 per cent of rural respondents

Positive	Rural (n=60)	Urban (n=60)	Total (n=120)
Increase in satisfaction	60(100.00)	60(100.00)	120(100.00)
Gained popularity among friends and colleagues	60(100.00)	60(100.00)	120(100.00)
Increase in possessions	60(100.00)	60(100.00)	120(100.00)
Image enhancement	60(100.00)	60(100.00)	120(100.00)
Status enhancement	60(100.00)	60(100.00)	120(100.00)
Development of luxury market	60(100.00)	60(100.00)	120(100.00)
Creation of more favourable self identify	60(100.00)	60(100.00)	120(100.00)
Increase in happiness	60(100.00)	60(100.00)	120(100.00)
Increase in self-esteem	60(100.00)	60(100.00)	120(100.00)
Gain in family status	60(100.00)	60(100.00)	120(100.00)
Gained confidence	38(63.33)	60(100.00)	98(81.67)
Increase in employment	37(61.67)	56(93.33)	93(77.50)
More success	25(41.67)	11(18.33)	36(30.00)
Moving up on social ladder	11(18.33)	9(15.00)	20(16.67)
Enhancement in national income by means of tax on luxury goods	13(21.67)	0(0.00)	13(10.83)
Helped in career advancement	7(11.67)	0(0.00)	7(5.83)

Figures in parentheses indicate percentages

*Multiple responses

Table 3 : Distribution of rural and urban respondents according to negative consequences of conspicuous consumption mentioned by them

Negative consequences	Rural (n=60)	Urban (n=60)	Total (n=120)
Poverty	60(100.00)	60(100.00)	120(100.00)
Decrease in savings	60(100.00)	60(100.00)	120(100.00)
Stress	60(100.00)	60(100.00)	120(100.00)
Increase in corruption	41(68.33)	33(55.00)	74(61.67)
Suicide by any family member	33(55.00)	37(61.67)	70(58.33)
Drug addiction by any family member	30(50.00)	36(60.00)	66(55.00)
Increase in crime	23(38.33)	40(66.67)	63(52.50)
Jealousy/envy	39(65.00)	14(23.33)	53(44.17)
Indebtedness	27(45.00)	10(16.67)	37(30.83)
Financial difficulties	27(45.00)	10(16.67)	37(30.83)
Debt accumulation	27(45.00)	10(16.67)	37(30.83)
Increase in recurring expenditure	19(31.67)	7(11.67)	26(21.67)
Had to sell property/ house	26(43.33)	0(0.00)	26(21.67)
Due to over sized house			
– Loss or reduction of open space	1(1.67)	60(100.00)	61(50.83)
– Over long commuting time	1(1.67)	37(61.67)	38(31.67)
– Difficulty sustaining that life style into retirement	6(10.00)	27(45.00)	33(27.50)

Figures in parentheses indicate percentages

*Multiple responses

only and 'moving up on social ladder' was mentioned by 18.33 per cent and 15 per cent of rural and urban respondents, respectively. From the thorough perusal of Table 2, it can be concluded that mostly the positive consequences were psychological in nature.

Negative consequences :

Regarding the negative consequences of conspicuous consumption namely, 'poverty', 'decrease in savings' and 'stress', it can be observed that all the rural as well as urban respondents agreed with this consequence (Table 3). 'Increase in corruption' as a consequence was mentioned by 68.33 per cent and 55.00 per cent of rural and urban respondents, respectively. More than sixty per cent (61.67%) urban respondents and more than fifty per cent of rural respondents (55.00%) agreed with the consequence 'suicide by family member'. Half of the rural respondents and 60.00 per cent urban respondents also agreed with the consequence of 'drug addiction by any family member'. 'Increase in crime' as a consequence of conspicuous consumption was mentioned by 66.67 and 38.33 per cent of urban and rural respondents, respectively. All the urban respondents mentioned 'loss or reduction of open space' as a consequence as against 1.67 per cent of their rural counterparts. Less than one fourth (23.33%) urban respondents and 65.00 per cent rural respondents agreed with the consequence of 'jealousy/ envy'.

'Over long commuting time' as a consequence was mentioned by 61.67 per cent and 1.67 per cent of urban and rural respondents, respectively. 'Financial difficulties' 'debt

accumulation' and 'indebtedness' as consequences of conspicuous consumption were mentioned by 45.00 per cent and 16.67 per cent of rural and urban respondents, respectively. 'Difficulty sustaining that life style into retirement' as a consequence was mentioned by 10.00 per cent and 45.00 per cent of rural and urban respondents, respectively. 'Increase in recurring expenditure' was mentioned by 31.67 per cent and 11.67 per cent of rural and urban respondents, respectively. None of the respondents agreed with the negative consequences namely 'basic needs are not fulfilled', 'annoyance of family members', 'domestic violence' and 'spending old age funds'.

Conclusions :

It can be concluded that there was not much difference in the perceptions of respondents from the two categories regarding conspicuous consumption. All the respondents found it to be eye catching, prominent, wasteful and lavish. The respondents further found conspicuous consumption to have more positive consequences in comparison to negative consequences.

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