

A study on factors leading to conspicuous consumption in Ludhiana district of Punjab

■ VINEETA JAIN, RUPA BAKHSHI AND SURINDERJIT KAUR

Received: 22.01.2014; Accepted: 17.05.2014

See end of the paper for authors' affiliations

RUPA BAKHSHI
Department of Family Resource Management, Punjab Agricultural University, LUDHIANA (PUNJAB) INDIA

■ **ABSTRACT** : The present study was conducted in rural and urban areas of Ludhiana district to investigate the factors leading to conspicuous consumption and to examine the association between selected socio-economic factors and conspicuous consumption. The factors included were: psychological, sociological, economic and brand association. 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 urban respondents were indulging more in conspicuous consumption to show off. A significant difference was also observed among rural and urban respondents for economic factors like growth in disposable personal income, internet shopping and lower price for luxury items. The results further revealed that education and occupation had significant correlation between majority of factors of conspicuous consumption.

■ **KEY WORDS**: Conspicuous consumption, Brand association, Socio-economic factors

■ **HOW TO CITE THIS PAPER** : Jain, Vineeta, Bakhshi, Rupa and Kaur, Surinderjit (2014). A study on factors leading to conspicuous consumption in Ludhiana district of Punjab. *Asian J. Home Sci.*, 9 (1) : 295-299.

People consume goods and services primarily in order to meet their physiological needs (food, drink, shelter, etc.) and safety needs (safety of life and property). However, some individuals in every society make consumption apart from these kinds of needs in order to show off and influence others. 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. There are many factors which influence people's spending on luxury goods. Many people buy luxury goods to improve their image and show off their status with the symbolic value of the products they carry. Various factors namely; psychological, brand association, social and economic are very important in this regard. The present study was conducted with the following specific

objectives:

- To investigate the factors leading to conspicuous consumption.
- To examine the association between selected socio-economic factors and conspicuous consumption.

■ RESEARCH 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 '10 lakhs or more than '10 lakhs per annum. The data were collected from rural and urban respondents through personal interview. Mean scores for questions asked on three point scale were calculated by assigning 3, 2 and 1 scores for agree, neutral and disagree, respectively for various factors leading to conspicuous consumption.

■ RESEARCH FINDINGS AND DISCUSSION

The results of the present study as well as relevant discussions have been presented under following sub heads:

Factors leading to conspicuous consumption:

As earlier stated, many people buy luxury goods to improve their image and show off their status with the symbolic value of the products they carry because of psychological, social and economic reasons. Which of these factors has major impact on conspicuous consumption was studied in the present paper.

Psychological factors:

People sometimes purchase, use and own certain goods and services to enhance their self-respect and status and also due to peer group pressure. As regards the psychological factors, which lead to conspicuous consumption, it is evident from the data presented in Table 1 that factors like 'respect and popularity', 'self-respect, self-confidence and self esteem', 'satisfaction', 'indicating wealth and status' 'to be in lime light', 'enhancing image and group acceptance'

were stated by all the rural and urban respondents (mean score= 3), which showed that all the rural as well as urban respondents agreed with these factors. This may be because buying a conspicuous good has emotional effects on one's psychology. These emotional benefits may be caused by the fact that everybody cannot afford luxury goods so the consumers think they belong to an exclusive group of people who can afford these expensive things. Edginton *et al.* (1995) found out that conspicuous leisure can help adolescents develop concept of adequacy, self-respect and self-confidence. The factor 'success symbol', obtained a mean score of 2.68 and 2.61 in case of rural and urban respondents, respectively which means that the respondents agreed with this. Factor, 'show off' obtained a mean score of 2.73 according to rural respondents whereas, urban respondents gave it a score of 2.25. The t-value was highly significant (5.53**) indicating a statistically significant difference between the replies of rural and urban respondents. 'Selling oneself to others' received the lowest scores for rural (mean score= 1.45) as well as urban (mean score= 1.86) respondents, which indicated that it was the least important psychological factor leading to conspicuous consumption and the rural respondents did not agree with this and the urban respondents were neutral towards this factor. The t-value was significant at 1 per cent which means there was statistically significant difference between the replies of respondents from the two categories.

Social factors:

Social factors play significant role in conspicuous consumption. Consumers' desire for conspicuous goods is

Table 1: Mean scores for psychological factors leading to conspicuous consumption

Psychological factors	Mean score			t value
	Rural	Urban	Total	
Respect and popularity	3.00	3.00	3.00	NA
Self-respect, self-confidence and self-esteem	3.00	3.00	3.00	NA
Satisfaction	3.00	3.00	3.00	NA
Indicating wealth and status	3.00	3.00	3.00	NA
To be in lime light	3.00	3.00	3.00	NA
Enhancing image and group acceptance	3.00	3.00	3.00	NA
Success symbol	2.68	2.61	2.64	.76
Show off	2.73	2.25	2.49	5.53**
Proving oneself	2.55	2.36	2.45	1.75
Indicates achievements	1.95	1.90	1.92	0.32
Peer group pressure	1.91	1.85	1.88	0.30
Jealousy/ envy of others	2.13	1.36	1.74	5.57**
Masquerading oneself as richer	1.86	1.46	1.66	2.76**
Selling oneself to others	1.45	1.86	1.66	5.31**

** indicate significance of value at P=0.01, 3-Agree, 2- neutral, 1- disagree

largely determined by their social networks, interpersonal influence and social status. As regards social factors namely, 'social prestige', 'symbolizes one's social status', 'social identity' and 'impress others', it can be observed that a mean score of 3.00 was obtained by all these factors which means that all the rural as well as urban respondents agreed that these factors lead to conspicuous consumption (Table 2). Reason for it may be the society where a person lives because everyone wants attention by people or gain respect. Amaldoss and Jain (2005) also found out that consumers purchase conspicuous goods to satisfy not only material needs but also social needs such as prestige. Mason (1983) also stated that conspicuous consumption is "motivated by a desire to impress others with the ability to pay particularly high prices for prestige products, it is a form of consumption which is inspired by the social rather than by the economic or physiological utility of products." O'Cass and McEwen (2004) also found out that social factors and social network play significant role in conspicuous consumption. Souiden *et al.* (2011) also found out that conspicuous consumption was directly and positively influenced by social status display. Goldsmith *et al.* (1996) stated that "one important motivating force that influences a wide range of consumer behaviour is the desire to gain status or social prestige from the acquisition and consumption of goods".

The factor, 'signifies one's trendy image' obtained the mean score of 2.80 and 3.00 in case of rural and urban respondents, respectively. The scores showed that both the groups of respondents agreed with this factor. The t-value for this factor was highly significant ($t=3.840^{**}$) which means there was statistically significant difference between the replies of respondents from two categories. Reason for a high score for this may be because people want a particular image or identity in the society. In case of factor

'advertisement and public influence' it was found that there was statistically significant difference ($t=3.343^{**}$) in the responses of rural and urban categories and the mean scores of urban respondents was 2.58 and it was 2.10 for rural respondents. The factor 'representing latest life style' obtained a low mean score of 1.53 and 1.38 in case of rural and urban respondents, respectively. This indicated that rural and urban respondents disagreed with this factor.

Economic factors:

The factors namely, 'credit card facility, 'global marketing' and 'installment buying' were found to have maximum effect on conspicuous consumption as shown in Table 3. All these three factors obtained the mean scores of 3.00 by respondents from both the categories. With the help of credit cards, it is easy to do shopping because one need not to carry money with him and people can buy whatever they want and because of global marketing all things are easily available at every place and installment buying has made shopping very easy as you don't have to pay lump sum. The financing plans offered by suppliers of expensive goods such as cars, jewelry, furniture, and electronic goods etc. allure people to buy products which are otherwise beyond their reach. Even medical providers offer an alternative to paying a large amount all at once in the form of a monthly payment plan. This eases the financial burden of the consumer and increases willingness to consume these goods. Paying a little at once instead of a large lump sum makes the consumer feel like he is paying a smaller amount for the good in question. Kenawy (2013) also found out that installment selling was an important factor which leads to increase in conspicuous consumption phenomenon in Egypt. As regards economic factor 'internet shopping' it may be observed that it has more effect on urban respondents (mean score= 3.00)

Table 2: Mean scores for social factors leading to conspicuous consumption

Social factors	Mean score			t value
	Rural	Urban	Total	
Social prestige	3.00	3.00	3.00	NA
Symbolizes one's social status	3.00	3.00	3.00	NA
Social identity	3.00	3.00	3.00	NA
Impress others	3.00	3.00	3.00	NA
Signifies one's trendy image	2.80	3.00	2.90	3.84**
Makes one feel good in social group	2.51	2.83	2.67	3.90**
Richer references	2.60	2.51	2.55	NS
Advertisement and public influence	2.10	2.58	2.34	3.34**
Imitating others	1.76	1.60	1.68	NS
Non existence of long-standing worth (people don't know you)	1.95	1.00	1.47	10.17**
Representing latest life style	1.53	1.38	1.45	NS
Aggressive ostentation due to social alienation	1.30	1.00	1.15	4.13**

** indicate significance of value at $P=0.01$, 3 - Agree, 2 - neutral, 1 - disagree, NS=Non-significant

than rural respondents (mean score= 2.83). There was statistically significant difference between the replies of respondents from two categories. This may be because internet shopping is high in urban area because more people in cities have access to internet as compared to villages. The factor 'growth in disposable personal income' was given mean scores of 2.65 and 2.91 by rural and urban respondents, respectively. The difference in responses of the two categories was found to be statistically significant as shown by t-value (Table 3).

Brand association:

Brands are important in creating an identity, as sense of achievement and higher status. Branding signals quality and many people buy brands because they want high quality. However, some people buy brands because they give them status. The factor 'brand status prestige' was given a mean score of 2.16 and 2.20 by rural and urban respondents, respectively which showed that the respondents were neutral about this factor. For the factor 'brand symbolism' it was found that there was statistically significant difference ($t= 4.820^{**}$) and the mean score of urban category was 1.00 and it was 1.45 for rural category. Significant difference ($t= 3.511^{**}$) was also observed for the factor 'brand aroused feelings'. The mean score was 1.58 for rural respondents and 1.20 for urban respondents. Shipman (2004) also observed that buying branded products can show not only consumers' taste, but also their richness. "Specific brands are used by people to maintain exclusivity, to communicate prestige and the social position of the brand user" (Table 4).

Association between socio - economic factors and conspicuous consumption:

Association was worked out for various factors affecting conspicuous consumption with education, income and occupation. Association between 'education' and psychological factors namely 'jealous/ envy of others', was found to be statistically significant for rural respondents. 'Selling oneself to others' factor also showed significant association with education in case of both rural and urban respondents. For the factor 'indicates achievement', a statistically significant association was observed in case of urban respondents. 'Peer group pressure' was also found to be statistically significantly associated with education for urban respondents. It may be concluded that education has a statistically significant association with a number of psychological factors affecting conspicuous consumption.

'Signifies one's trendy image' factor showed statistically significant association with education for the rural respondents. For the factors 'imitating others' and 'advertisement and public influence', statistically significant association was observed in case of urban respondents. The factor, 'richer references' was found to be statistically significantly associated with education for urban respondents. While for economic factor namely, 'lower price for luxury items' a statistically significant association was observed in the category of rural respondents. For the factor, 'Growth in disposable personal income' also a statistically significant association was observed with education for the urban respondents. For the economic factor, 'internet shopping', a significant association in urban respondents was observed. Charles *et al.* (2009) also found that college educated

Table 3 : Mean scores for economic factors leading to conspicuous consumption

Economic factors	Mean score			t value
	Rural	Urban	Total	
Credit card facility	3.00	3.00	3.00	NA
Global marketing	3.00	3.00	3.00	NA
Installment buying	3.00	3.00	3.00	NA
Internet shopping	2.83	3.00	2.91	3.43**
Growth in disposable personal income	2.65	2.91	2.78	3.71**
Lower price for luxury items	1.93	1.33	1.63	3.70**
Education	1.46	1.18	1.32	3.08**

** indicate significance of value at P=0.01, 3- Agree, 2 - neutral, 1 - disagree

Table 4: Mean scores for brand association factors leading to conspicuous consumption

Brand association factors	Mean score			t-value
	Rural	Urban	Total	
Brand status prestige	2.16	2.20	2.18	.29
Self-image and brand image congruency	2.15	1.90	2.02	2.00**
Brand aroused feelings	1.58	1.20	1.39	3.51**
Brand symbolism	1.45	1.00	1.22	4.82**

** indicate significance of value at P=0.01, 3 - Agree, 2 - neutral, 1 - disagree

individuals spend less on 'visible goods' than their high school educated counterparts. They further stated that education was associated with conspicuous consumption.

As regards association between 'income' and the factor 'Selling oneself to others' a statistically significant association was observed in case of urban respondents. For the factor 'show off', a significant association was observed with income in rural respondents. 'Representing latest life style' factor showed statistically significant association with income in case of urban respondents. As regards the association of the economic factor namely, 'lower price for luxury items', with income, a statistically significant association was observed in rural respondents. Van Kempen (2003) reported with a field experiment in low income neighborhoods that the poor were not only willing to pay a premium on designer goods, but sometimes preferred conspicuous goods over basic needs. Moav and Neeman (2010) also found association of income with conspicuous consumption. They reported that poor families around the world spend a large fraction of their income on goods which do not alleviate poverty but lead to lower rates of savings. 'Self-image and brand image congruency' were found to be statistically significantly associated with income in case of urban respondents which means that this factor is affected by income.

Association was worked out for various factors affecting conspicuous consumption with occupation of the respondents. It was observed that various psychological factors namely 'jealousy/ envy of others', 'proving oneself', 'selling oneself to others' and 'show off' had statistically significant association with occupation. This shows that occupation affects these factors. The social factor 'non-existence of long-standing worth (people don't know you)' was found to be statistically significantly associated with occupation in case of rural respondents. Whereas, the factor, 'aggressive ostentation, due to social alienation' was found to be significantly associated with occupation in case of urban respondents. A significant association between occupation and economic factor 'internet shopping' was also observed.

Conclusion:

It can thus, be concluded that urban consumers were

more involved in conspicuous consumption as compared to their rural counterparts. Education level and occupation were the main associated factors affecting the conspicuous consumption.

Authors' affiliations:

VINEETA JAIN AND SURINDERJIT KAUR, Department of Family Resource Management, Punjab Agricultural University, LUDHIANA (PUNJAB) INDIA

■ REFERENCES

- Amaldoss, W. and Jain, S.** (2005). Pricing of conspicuous goods: A competitive analysis of social effects. *J Mktg. Res.*, **42**: 30–42.
- Charles, K.K., Hurst, E. and Roussanov, N.** (2009). Conspicuous consumption and race. *J. Econ.*, **124**: 425-467.
- Edginton, C.R., Jordan, D.J., DeGraaf, D.G. and Edginton, S.R.** (1995). *Leisure and life satisfaction: Foundational perspectives*. pp. 3-29. Brown and Benchmark Publishers. ISBN 0-697,13232-33.
- Goldsmith, R.E., Flynn, L.R. and Eastman, J.K.** (1996). Status consumption and fashion behaviour: An exploratory study. *J. Fashion Mktg. Mgmt.*, **12**: 308–322.
- Kenawy, M. E.** (2013). The conspicuous consumption phenomenon in Egypt: A field study. *Internat. J. Business & Mgmt. & Res.*, **3**: 85-100.
- Mason, R.S.** (1983). The economic theory of conspicuous. *Internat. J. Soc. Econ.*, **10**: 3-17.
- Moav, O. and Neeman, Z.** (2010). Saving rates and poverty: The role of conspicuous consumption and human capital. Proc. Internat. Conf. Econ. Policy, pp. 85-97. *Center of Econ. Policy Res.*, NEW DELHI, INDIA .
- O'cass, A. and McEwen, H.** (2004). Exploring consumer status and conspicuous consumption. *J. Consum. Behav.*, **4**: 25-39.
- Shipman, A.** (2004). Lauding the leisure class: Symbolic content and conspicuous consumption. *Rev. Soc. Econ.*, **62**: 277-289.
- Souiden, N., M'Saad, B. and Pons, F.** (2011). A cross-culture analysis of consumer's conspicuous consumption of branded fashion accessories. *J. Internat. Consum. Mktg.*, **23**: 329-343.
- Van Kempen, L.** (2003). Fooling the eye of the beholder: Deceptive status signaling among the poor in developing countries. *J. Internat. Develop.*, **15**:157-177.

9th
Year
★★★★★ of Excellence ★★★★★