When Underdog Narratives Backfire: the Effect of Perceived Market Advantage on Brand Status

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Previous research has documented an “underdog effect,” when consumers prefer brands that have fewer resources with which to compete in the marketplace. We consider how the desire for status motivates a “top dog effect,” leading consumers to prefer brands that have more resources and hold a position of advantage.

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New Perspectives on the Dynamics of Status: from Signaling to Consumption
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Paper #2: When Do Consumers Prefer to Look Like a King vs. Feel Like a King? Power-Induced Preferences for Experiential vs. Material Luxury
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Paper #4: Politics and Status: How Political Ideology Shapes Status Concerns and Preferences
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SESSION PROPOSAL
Despite the lasting financial crisis that put a strain on consumers’ resources, the business of luxury and premium goods has grown tremendously across product categories and geographical areas in recent years (Bain 2013). This trend sparked renewed interest in understanding when and why consumers purchase status products and services as luxury items (e.g., Bellezza et al. 2014; Dubois et al. 2012; Han et al. 2010; Ordabayeva and Chandon 2011; Rucker and Galinsky 2008). The session brings together state of the art research in this area by bridging two important questions: first, how do products, services, people or even behaviors become associated with high or low status? Second, how might such associations affect the way people acquire and consume products and services or interact with high vs. low status people?

The first two papers shed light on conditions under which behaviors or types of products can become associated with status. First Bellezza, Keinan, and Paharia investigate conspicuous consumption related to spending time. In contrast to the theory of the leisure class (Veblen, 1899/1994) suggesting that individuals who conduct idle lives, and spend their time on leisure are perceived to be higher in status, the authors demonstrate across four studies that “being busy” can become a status symbol. Second, Dubois and Ruvio explore the theme of status creation by examining the conditions under which luxury experiences (e.g., a fancy vacation) are preferred over luxury goods (e.g., an expensive car). The authors demonstrate that power (powerlessness) trigger preference for experiential (material) luxury offerings over material luxury offerings and the moderating role of the stability of consumers' power position.

The next two papers focus on the implication of acquiring status through preferences for status products. Specifically, Paharia and Thompson show that brands having a large amount of resources with which to compete in the marketplace can become perceived as “top dog” brands, and are preferred by consumers who have a higher need for status or in a consumer context where status is salient (e.g., a brand that is used publicly rather than privately). Finally, Ordabayeva and Fernandes conclude the session by investigating the relationship between status preferences and political ideology. Throughout five studies conducted inside and outside the lab with inherent measures of ideology as well as ideology primes, the authors show that conservatives and liberals seek status in fundamentally different ways: while conservatives seek status through conspicuous consumption, liberals seek status through sustainable consumption. This happens because liberals and conservatives seek to communicate fundamentally different moral values that they uphold to others.

This session is of interest to a broad swath of consumer researchers and of special interest to those interested in status, conspicuous consumption, power, and political ideology. By providing a series of thought-provoking findings of when status associations are created in the marketplace and their implications for when and why luxury brands might be favored by consumers, this session offers novel insights on status processes and paves the road for future research.

Conspicuous Consumption of Time: When Busyness and Lack of Leisure Time Become a Status Symbol

EXTENDED ABSTRACT
The lavish expenditure of scarce and valuable resources, such as money and time, can act as a signal of status and wealth. While past research has primarily focused on how the expenditure of money has been a vehicle to signal social status, in this research we focus on how the conspicuous expenditure of time can lead to the same end. Veblen (1899/1994) suggests that the wealthy consume time unproductively as demonstrated by their ability to live idle lives. Specifically, leisure is defined as the non-productive consumption of time. Thus we would expect that those who have the ability to waste time, and are not busy, would be perceived to have higher levels of social status. However in modern Western society, hard work, ambition, and busyness are respected admirable traits and appear to be associated with success and wealth. Anecdotal evidence suggests that being busy can evoke pride, and is often made public to others through the process of complaining or bragging (Kreider, 2012). We investigate whether a busy or non-busy lifestyle will indicate higher levels of social status and portray a high aspirational image.

We propose that working hard and busy lifestyles lead to greater inferences of social status in comparison to working less hard and non-busy lifestyles. The underlying paradigm shift for status attribution based on time expenditure may be linked to the development of a highly structured human resources market in advanced economies. In contrast to people who do not work, or work for limited hours, busy individuals might be perceived as highly sought after and desired in the job market. Busyness might speak to the intrinsic qualities and capabilities of the individual who, as a scarce and precious resource herself, is like a rare gemstone and thus perceived to have higher status. Accordingly, we predict that the positive inferences in response to busyness and lack of leisure time are mediated and driven by the perception that a busy person is a scarce resource in high demand. We then consider boundary conditions related to agency, whether working long hours is perceived as a deliberate choice, and find that the positive status attributions associated with busyness at work are muted when an individual is perceived to have no agency in her choice to be busy. We further demonstrate the moderating role of observers' time affluence (Kasser and Sheldon 2009), an individual difference measuring whether one feels pressed for time, and find a
stronger effect of busyness for observers who feel their own time is very limited.

A series of experiments test our conceptual model and explore how busyness conveys status in the eyes of others. We uncover the mediating (perceived scarcity) and moderating processes related to the effect (agency over the decision to be busy and time affluence). We employ various methods to manipulate busyness and products related to busyness with participants representing different countries and cultures.

As a preliminary investigation, we first explore Twitter data categorized as “humblebrags,” which consist of self-deprecating boasts (Alford, 2012), and find that a significant number of them relate to busyness. Inspired by these findings, study 1 uses hypothetical Facebook posts to either communicate a busy lifestyle or a non-busy lifestyle, in addition to considering the role of agency. In studies 2A and 2B, in addition to generalizing the effects from study 1, we also consider the mediating role of scarcity—the degree to which a person is perceived to be scarce and in demand. In study 3, we explore the moderating factor of observers’ time affluence, an individual difference (Kasser & Sheldon, 2009). In this study we also explore perceived ambition as another potential mechanism driving the positive effect of busyness. In studies 4A and 4B, we consider specific marketing implications for brands and products associated with busyness. Specifically in study 4A, we considered two brands: Whole Foods, pretested to be associated with an expensive lifestyle, and Peapod, a service associated with a busy lifestyle. In study 4B, we conducted a similar study but instead of grocery stores, participants considered a person who either wore a Bluetooth ear device (associated with a busy lifestyle) or a pair of gold earrings (associated with an expensive lifestyle). In both studies, we further examine individual level differences in time affluence in the observers. Finally, in study 5 we consider how busyness can be portrayed in advertisements. In a follow-up study, we also explore cross-cultural responses to busyness at work and we demonstrate a reversal of the effect, whereby busyness leads to lower rather than higher inferences of status.

Recent research suggests that high-status individuals tend to avoid blatant and conspicuous displays of wealth or status, and instead seek alternative ways to differentiate themselves from lower-status individuals (Bellezza et al., 2014; Berger and Ward, 2010; Han et al., 2010). For example, sophisticated luxury consumers elect to use less known and less conspicuous luxury brands. We contribute to this literature by investigating the conditions under which busyness can serve as an alternative, nonconventional signaling mechanism and lead to positive inferences of status in the eyes of others. We demonstrate a nuanced kind of conspicuous consumption that operates by shifting the focus from the preciousness and scarcity of goods, to the preciousness and scarcity of individuals. While owning expensive products signals status through the value of these material goods, displaying one’s busyness and lack of leisure signals status through the value of the person.

When Do Consumers Prefer to Look Like a King vs. Feel Like a King? Power-Induced Preferences for Experiential vs. Material Luxury

EXTENDED ABSTRACT

The repeated two-digit growth in the luxury industry (Bain, 2013) has sparked significant efforts to explain such sustained success (Rucker and Galinsky, 2008; Han, Nunes and Drèze, 2010). However, research mostly focused on luxury products in the form of material objects (e.g., handbags) despite luxury’s success largely stemming from experiential offerings—from art performances to unique travel adventures. This type of luxury, in contrast to material objects, offers unique intrinsic (e.g., sensorial) benefits associated with the experience (e.g., an opera). Interestingly, marketers can offer the same item—e.g., a car—as a material object (e.g., by emphasizing the uniqueness of the car’s features) or as an experience (e.g., by emphasizing the uniqueness of the driving experience).

Yet, little theory speaks to when and why luxury managers should frame luxury as an experience or as a material possession. On the one hand, past research proposes that experiences can be more psychologically rewarding than possessions (Van Boven and Gilovich, 2003), suggesting that consumers might prefer experiential luxury to material luxury. In support, work on materialism suggests experiences are more personal and self-defining than material possessions (Carter and Gilovich, 2012). On the other hand, conspicuous and compensatory consumption research argues material luxury might provide a means to alleviate the discomfort associated with a low-ranked position (e.g., Charles et al., 2009). We integrate these findings by offering two novel propositions on how a fundamental feature of society, power (i.e., asymmetric control over valued resources in relationships (Rucker, Galinsky and Dubois, 2012), affects consumers’ aspirations to purchase experiential vs. material luxury goods.

First, building on work showing that power increases the salience of one’s inner feelings and needs (Guinote, 2009) but powerlessness increases the salience of one’s social surroundings (Van Kleef et al., 2008), we theorize that a state of high power might heighten one’s intrinsic aspirations whereas a state of low power might heighten one’s extrinsic aspirations. Intrinsic vs. extrinsic aspiration refers to the extent to which people consider own needs irrespective of social externalities (Kasser and Ryan, 2011). Given that experiences tend to be self-defining (Carter and Gilovich, 2012) but material items increase consumers’ visibility (Han, Nunes and Drèze, 2010), we propose that power might induce people to focus on and weight different aspects of a product; leading the powerful to prefer experiential over material luxury, but the powerless to prefer material over experiential luxury. In short, the powerless might prefer luxury that can make them “look like a king,” but the powerful preferring luxuries that make them “feel like a king.”

Second, we theorize the stability of one’s power can moderate preferences for experiential vs. material luxury. Power stability refers to the sustaining character of a powerful or powerless position (Tajfel, 1984). In consumer settings, power instability might stem from personal and contextual variables, such as variability in one’s role (e.g., variability of one’s job security) or in valuation of one’s own resources (e.g., variability of stock exchange). Because instability might reinforce a power holder’s motivation to signal one’s authority, we propose that in an unstable situation, low-power consumers’ preference for material luxury over experiential luxury will reduce. We conducted two experiments to test these hypotheses and analyzed the data using ANOVAs, regressions and/or t-tests. Across experiments, manipulation checks confirmed all manipulations were successful.

Experiment 1: Power-Induced Preference for Experiential vs. Material Luxury

One hundred and twenty one participants were randomly assigned to a 3 (power: high, control, low) × 2 (offering type: experiential, material) between-subjects design. First, participants recalled a time they had or lacked power (Galinsky et al., 2003).
Baseline participants did not complete any task. During the second task, participants either evaluated an evening at the opera and an exclusive massage (experiential condition) or a pair of luxury glasses and an exclusive pen (material condition). Participants indicated their willingness-to-pay (WTP) in % of the retail price (Rucker and Galinsky, 2008). Results revealed a main effect of power such that low-power participants’ WTP was higher than both that of baseline and high-power participants, replicating classic findings (Rucker and Galinsky, 2008). There was also a main effect of framing reflecting higher WTP for experiential luxury than material luxury (Van Boven and Gilovich, 2003). Most importantly, there was a significant power × offering type interaction, such that low-power participants preferred material luxury to experiential luxury, compared to other conditions. In contrast, high-power participants preferred experiential luxury to material luxury, compared to other conditions.

Experiment 2: Framing Luxury as Experience or Material. One hundred and sixty participants were randomly assigned to a 2 (power: low, high) × 2 (stability: low, high) × 2 (framing: material, experiential) between-subjects design. Participants were assigned to a role of boss or employee (De Dreu and Van Kleef, 2004). Importantly, participants were told that power positions would either remain unchanged (stable condition) or that they might be switched later (unstable condition; Sligte et al., 2011). Next, participants evaluated an ad for a pen either the pen’s experiential benefits or its material benefits. In the stable condition, we replicated experiment 1’s results. In the unstable condition, results revealed a significant power × framing interaction: high-power participants reported a higher WTP for the material luxury than for the experiential luxury, reversing the pattern in the stable condition; in addition, there were no marked preference for either the experiential luxury or the material luxury among low-power participants.

Overall, our results successfully replicated and integrated classic findings from both the power (Rucker and Galinsky 2008; 2009) and materialism (Carter and Gilovich, 2010; Van Boven and Gilovich, 2003) literatures. In addition, we shed light on an important moderator how power informs luxury tendencies – the stability of consumers’ power position. Implications for power and luxury marketing practices will be discussed.

When Underdog Narratives Backfire: The Effect of Perceived Market Advantage on Brand Status

EXTENDED ABSTRACT

As Under Armour – a relatively new athletics apparel company – considers how to expand into new markets across the world, the brand must consider a fundamental question: How should they position themselves relative to their competitors? Being a relatively weaker brand compared to rivals such as Nike and Adidas, Under Armour could capitalize on an “underdog effect,” and position themselves as disadvantaged in the market place, but with the determination to battle the competition. Underdog narratives have been found to enhance consumers’ brand evaluations because people identify with the underdog’s struggles (Paharia, Keinan, Avery & Schor, 2011). Accordingly, consumers may root for the weaker Under Armour as they fight against powerful companies such as Nike.

However, exposing oneself as an underdog also exposes a fundamental weakness, the fact that the brand has fewer resources than their competitors. In interpersonal domains, previous work has shown that one’s ability to attain resources is positively associated with a higher level of social status (Magee and Galinsky, 2008; Marmot, 2004). Similarly, in consumption domains, the ability to signal status is an important driver of consumers’ preferences (Rucker and Galinsky, 2008; Eastman, Goldsmith, and Flynn, 1999). Accordingly, if Under Armour positioned itself as an underdog brand, could they unknowingly alienate consumers who care about status?

In this research we investigate a novel condition under which we find a “top dog effect,” when consumers prefer brands that have more (vs. less) resources to compete in the marketplace. While luxury brands intentionally use scarcity to signal status, we find that having a large amount of resources to compete in the marketplace as a top dog is also associated with status. Controlling for price and quality, we find that for consumers who care more about status (i.e., consistently worry about status when selecting products and services) or purchase contexts that increase the importance of status (e.g., public vs. private consumption experiences), top dog brands are favored. Importantly, we show that preference for top dog brands in high-status contexts: 1) can be observed even when the top dog brand is less unique and less scarce than underdog brands, 2) is not driven by the fact that top dog brands are more well-known, and 3) is mediated by consumers’ perceptions of brand’s power which lead to feelings of higher individual status.

Four experiments tested our hypotheses that top dog brands can signal status, and are therefore preferred in contexts where status is important and by those who have a higher need for status as an individual difference. In study 1, we show that top dog brands are perceived to have more status than underdog brands, and that preference for them is moderated by an individual difference, the importance of status. Experiment 2 was conducted between three distinct groups: undergraduate liberal arts students, Mechanical Turk participants, and undergraduate business school students. Each group significantly varied on their stated importance of status from one another. For the undergraduate business school students, a group who cares about status more, we found a preference for the top dog brand. However for undergraduate liberal arts students and the Mechanical Turk participants, groups who care about status less, we found an underdog effect. Again, these effects were moderated by the importance of status. In experiment 3 rather than consider the individual or the group, we varied the situational context and manipulated whether status was more relevant or less relevant. We found that participants favored the top dog brand more in the high status relevant context, when considered for public use, than in the low status relevant context, when considered for private use. Again, this effect was moderated by an individual difference, the importance of status. Finally in experiment 4, we test the mediating role of being able to signal status. We find that for people who cared about status, the ability to signal status through a top dog brand mediated their preference for the top dog brand, however for the people who care about status less, the ability to communicate status was not relevant. Furthermore, we find that the brand’s power, versus the fact that it may be more well-known, is driving the effect. Finally, we explore demographic segments and find African Americans, who care about status more than Caucasians, like top dog brands more because they better enable them to signal their status.

Taken together, our studies qualify previous research documenting a positive effect of underdog narratives. More specifically, we make four contributions to the literature: 1) we provide evidence of a top dog effect in contexts where status considerations are important, 2) we show that a positive top dog effect can occur despite the fact that consumers tend to more readily identify with underdog brands, 3) we demonstrate that top dog preference is based on the brand’s ability to confer status, controlling for alternative mechanisms related to brand awareness, price, perceived risk, and finally, 4) we find that a position of resource abundance can trump perceptions of uniqueness and scarcity as a signal of status in the marketplace.
Politics and Status: How Political Ideology Shapes Status Concerns and Preferences

EXTENDED ABSTRACT

As political opinions become more polarized, consumers increasingly find themselves at the opposite ends of the political debate (Abramowitz and Saunders 2008). While the majority of adult consumers (upwards of 65%) identify themselves as conservative or liberal (Gallup 2012), little is known about how political ideology influences behaviors that are not ideological in nature. Recent data uncovers interesting differences in the consumer behaviors of conservatives and liberals. Specifically, it seems that conservatives and liberals prefer different brands, restaurants, and entertainment (Duhigg 2012); show different patterns in energy consumption (The Economist 2007); and display different products at home (Carney et al. 2008). However, it is unclear whether these differences are stable, why they arise, and whether they are causally linked to ideology.

In this research, we examine the effect of political ideology on status consumption. Drawing on the moral foundations theory (Haidt 2012; Haidt and Graham 2007; Haidt and Joseph 2004) which suggests that conservatives and liberals prioritize different sets of moral values (Graham et al. 2009; Graham et al. 2011), we hypothesize that conservatives and liberals seek status in systematically different ways because they wish to signal different moral values through their purchases. We predict that conservatives will seek status through conspicuous consumption which signals power and fulfills conservatives’ esteem for authority and in-group loyalty. On the other hand, liberals will seek status through sustainable consumption which signals concern for social welfare and fulfills liberals’ desire to promote fairness and prevent harm. We thereby propose that there is a direct causal link between political ideology and status consumption, that moral values may serve as signals of status, and that political ideology can explain when and why individuals use altruism or power cues to signal status. We test our predictions in five studies conducted inside and outside the lab using well-established scales of ideology as well as a novel prime.

Study 1 examined the effect of inherent political ideology on status-seeking through conspicuous and sustainable consumption. To manipulate the status-seeking motivation, half of participants read a scenario about starting a new job at a very competitive workplace (status prime condition), and the other half read a scenario about losing house keys or concert tickets (control condition, Griskevicius, Tybur and Van Den Bergh 2010). Afterwards, participants indicated their preference between sustainable and conspicuous products in four categories (dishwasher, household cleaner, batteries, car) using three items (product preference and attractiveness on 9-point scales, 1 = definitely conspicuous product, 9 = definitely sustainable product; product choice on a dichotomous scale), followed by a 7-item ideology scale (Nail et al. 2009). To test the role of moral values, we administered a 5-item moral identity internalization scale (Aquino and Reed 2002; Winterich, Zhang and Mittal 2012). Consistent with our predictions, preferences for sustainable (vs. conspicuous) products significantly strengthened with the degree of participants’ liberalism (vs. conservatism), but only when the internalization of moral identity was high and the status motivation was active.

Study 2 tested our theory using the same sustainable and conspicuous descriptions of the dishwasher and cleaner as in Study 1, but with a manipulation of the type of setting (public vs. private) in which the product purchase was taking place (instead of the status prime used in Study 1). Participants in the public (vs. private) condition read that they were purchasing the products in a busy physical (vs. an online) store (Griskevicius et al. 2010). We then measured participants’ political ideology and moral identity internalization. The results revealed that preferences for sustainable (vs. conspicuous) products strengthened with the degree of liberalism (vs. conservatism), but only in public and when the internalization of moral identity was high.

Study 3 tested the mediating role of moral values. All participants were first exposed to the status prime used in Study 1 and then indicated their preferences for dishwasher, cleaner and batteries. Next, they answered 18 questions about the relative importance of binding authority / group loyalty dimensions (“factor 1”) compared to individualizing fairness / harm prevention dimensions (“factor 2”) in moral decisions using 7-point scales, 1 = “factor 1 is definitely more important” to 7 = “factor 2 is definitely more important.” Finally, participants completed a single-item ideology scale, 1 = “extremely liberal” to 9 = “extremely conservative” (Jost et al. 2003). The mediation was significant: there was only a significant indirect effect of ideology on preferences for sustainable (vs. conspicuous) products through the relative strength of individualizing (vs. binding) moral values.

Study 4 tested the causal effect of ideology by priming ideological ideals and the role of inherent status-seeking motivations by measuring individuals’ self-monitoring tendencies. Participants descrambled sentences that communicated conservative or liberal ideals, after which they filled out the product preference items as in Study 1, followed by a 13-item self-monitoring scale (Lennox and Wolfe 1984). As predicted, liberal (vs. conservative) primes strengthened preferences for sustainable (vs. conspicuous) products, but only when individual self-monitoring was high.

Study 5 relied on novel secondary data to test whether the conservatism of US states would influence web search for conspicuous products. We examined the volume of searches for forty conspicuous terms (conspicuous brands, product categories and concepts) on Google in each of fifty US states between 2004 and 2012. We linked the search data to state conservatism (the proportion of individuals from a representative sample of the state population who identified themselves as conservative in the 2012 Gallup state of the state metrics and the number of times the state voted for a republican presidential candidate in 2000, 2004, 2008, and 2012). As predicted, controlling for state GDP and population density, interest in conspicuous products online was stronger in conservative states than in liberal states.

Our findings contribute to research on political ideology, consumer behavior, and moral foundations by uncovering a systematic relationship that links ideology, moral values, and consumer decisions that are devoid of politics. More generally, our findings add to an emerging stream of research which underlines the importance of accounting for consumers’ ideological beliefs as a powerful predictor of consumer behaviors (e.g., Fernandes and Mandel 2013; Kidwell, Farmer, and Hardesty 2013). The results have useful implications for marketers.

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