Dishonest Conspicuous Consumption Leads to Social Costs Imposed By Social Equals

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Three experiments show that dishonest conspicuous consumption – signalling more status than one truly has – leads to lower regard by others. Regard is lowest when the dishonest conspicuous consumer can surpass participants on the social ladder, suggesting the lower regard can be understood as a reaction to protect one’s own status.

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EXTENDED ABSTRACT
Conspicuous consumption yields social benefits because people perceive it as a signal of status (Nelissen & Meijers, 2011). Visible products may, however, not always reliably communicate status because consumers may signal more status than they truly have. People could, for example, use borrowed money to buy conspicuous products. We call this behavior — signalling more status than one truly has — dishonest conspicuous consumption. In this paper, we investigate whether people will assign more or less status to conspicuous consumers when they know the conspicuous consumption is dishonest. Research has shown that people working in groups dislike members who overestimate their status within the group (Anderson, Srivastava, Beer, Spataro, & Chatman, 2006). Because dishonest conspicuous consumption can be interpreted as an overestimation of status, people may assign less status to individuals who conspicuously consume dishonestly than to those who do not (H1).

We also investigate why people assign a low status to individuals who conspicuously consume dishonestly. Our hypothesis results from the following reasoning. Status is a zero-sum game (Anderson et al., 2006): Whenever one person gains status, at least one other person loses status. When people risk losing status because someone dishonestly signals a status that is higher than theirs, they could defend their status by bringing down the dishonest signaler. People who are at a similar level on the social ladder as the dishonest conspicuous consumer run a higher risk of being surpassed on the social ladder than people at a higher level than the dishonest conspicuous consumer. People who are lower on the social ladder than the dishonest conspicuous consumer run no risk of being surpassed. Therefore, we predict that negative reactions to dishonest conspicuous consumption are stronger for people at a similar level on the social ladder as the dishonest conspicuous consumer than for people higher or lower on the ladder (H2).

We report three experiments that test these hypotheses. All three experiments show experimentally that that dishonest conspicuous consumption is indeed socially costly (H1). Experiment 1 and Experiment 2 find correlational evidence for the hypothesis that participants at a similar social level as the dishonest conspicuous consumer assign the lowest status to the dishonest conspicuous consumer (H2). Experiment 3 manipulates participants’ status to test H2, finds the same results, and rules out an alternative explanation (discussed below).

Experiment 1a & 1b
Participants (N_rich = 286, N_poor = 313; all participants in this and the following experiments are U.S. citizens from Amazon Mechanical Turk) read a scenario about a man named Mark. Mark’s true status was manipulated by varying his income. Participants were told that Mark earned either $85,000 per year (the rich condition) or minimum wage (poor), or they were not told anything about Mark’s income (control). The status that Mark signalled was manipulated by varying his favorite clothing style. In the high status condition, participants read that Mark “wears stylish business clothes, minimum wage Mark was looked down upon by the poor status participants (at mean + 1 sd = 6.14; 4.47 vs 4.07). When wearing business clothes, minimum wage Mark was looked down upon more by participants at the same (low) social level as him than by participants at a different level than him (higher). These results are in line with H2.

Experiment 2
To rule out that participants looked down upon poor people for overspending on expensive products, in Experiment 2, we held the price of the product constant but manipulated whether it was used for signalling status. Participants (N = 760) read about Mark who had bought $270 headphones. In the public condition, Mark had bought the headphones “because of their markedly trendy design. He wears them mostly when he is out and about”. In the private condition, Mark had bought the headphones “because of their markedly superior sound quality. He only wears them when he is at home, listening to music by himself”. Income was manipulated, and regard and participants’ status were measured in the same way as in Experiment 1.

Results show a (marginally significant) income x status-signalling x self-reported status interaction (F(2,748) = 2.26, p = .10). The effect of status-signalling depended on participants’ status only in the poor condition (poor: t(267) = 2.31, p = .02; control: t(248) = 0.07, p = .95; rich: t(239) = 0.54, p = .59). When publicly (vs. privately)
wearing expensive headphones, minimum-wage earning Mark was regarded lower by low status participants (at mean - 1sd = 2.79; 2.42
vs 3.41, t(267) = 4.65, p < .001, d = .57), but not by high status part-
icipants (at mean + 1sd = 5.95; 2.72 vs 2.99, t(267) = 1.21, p = .23,
d = .15. Buying expensive products to signal a high status (control
and rich condition) lead to low regard, regardless of participants’
own status. However, buying expensive products to signal an ex-
geratedly high status (poor condition), lead to lower regard for
participants who were at the same (low) social level as the dishonest
signaller than for participants at a different level on the ladder (high).
These results show that dishonest conspicuous consumption leads
to lower regard by social equals when the conspicuous products are
used to signal an exaggeratedly high status, not when they are merely
too expensive for the signaller.

**Experiment 3**

Low status people could simply be harsher in their social judg-
ments than high status people (Pitesa & Thau, 2014), which could
also explain the three-way interaction in Experiments 1 and 2. In this
experiment, the dishonest conspicuous consumer’s status was aver-
age (instead of low as in Experiments 1 and 2). According to the al-
ternative explanation, negative reactions should still be stronger for
low status participants than for average or high status participants.
According to H2, however, negative reactions against dishonest
conspicuous consumption are stronger for participants at a similar
level as the dishonest conspicuous consumer than for participants at
a higher or lower level. Hence, according to H2, negative reactions
should now be stronger for average status participants than for low or
high status participants.

Participants (N = 316) were told that people’s monthly incomes
could be divided into seven tiers: $<1000, $1000-$1499, ..., $>3500
(Ordabayeva & Chandon, 2011) and they were shown the favorite
car brand for each tier, e.g., Lexus for tier seven. Participants
were told that their neighbor had an income from tier three (average
status) and drove a tier three Chevrolet (honest signal) or a tier five
BMW (dishonest signal). A pre-test confirmed that, when there is no
mention of whether the cars are honest or dishonest signals, people
have higher regard for people who drive a BMW than for those who
drive a Chevrolet (M_{BMW} = 4.5 vs M_{Chevrolet} = 4.04, t(85) = 1.846,
p = .06, d = .42). Participants’ status was manipulated by asking them
to imagine having an income from tier two, four, or six. Participants
then indicated how highly they regarded their neighbor.

In short, this experiment had a 2 (neighbor’s signal: honest
(Chevrolet) vs dishonest (BMW)) x 3 (participant’s social position:
two vs four vs six) design. We expected lower regard for BMW, a
dishonest signal, than for Chevrolet, an honest signal (H1). Accord-
ing to H2, the dishonesty effect should be strongest for participants
at a similar level as the dishonest conspicuous consumer, i.e., par-
ticipants at position four; according to the alternative hypothesis,
the dishonesty effect should be strongest for low status participants,
i.e., participants at position two. As predicted by H1 and H2, there
was a negative effect of dishonest signalling (BMW vs. Chevrolet)
at each social position and it was greater (t(310) = 2.363, p = .01)
for position four (4.75 vs 3.36, t(78) = 4.67, p < .001, d = 1.04) than
for position two (4.07 vs 3.41, t(123) = 2.79, p = .005, d = .49) and
six (4.62 vs 4.13, t(109) = 1.945, p = .052, d = .36). This shows
experimentally that participants with a similar status as the dishonest
conspicuous consumer react most negatively to him/her (H2).

**Discussion**

Three experiments showed that people have less regard for in-
dividuals who conspicuously consume dishonestly, especially when
it threatens their own position in the social hierarchy. These findings
provide insight into the unanswered question of why people dislike
others who overestimate their status (Anderson et al., 2006). In addi-
tion, this research questions the common comparison of human con-
spicuous consumption to a peacock showing off its tail (Griskevicius
et al., 2007). This metaphor may be ill chosen. The size of a pea-
cock’s tail is a reliable indicator of the quality of its genes because
only healthy peacocks can afford the costs of a large tail, such as
having to invest energy in growing and maintaining the tail. The high
cost of having a large tail precludes the existence of low quality pea-
cocks with large tails, which makes tail size an honest signal of gene
quality. The price of most conspicuous products, however, is not high
enough to prevent low status people from acquiring these prod-
ucts. Therefore, unlike the peacock’s tail, conspicuous consumption
will not always be an honest signal of status.

Conspicuous consumption produces social benefits (Nelissen
& Meijers, 2012), which may entice low status individuals to send
out dishonest signals. Research has indeed shown that lower status
people are attracted to high status consumption (Charles, Hurst, &
Roussanov, 2009; Han, Nunes, & Drèze, 2010). This research shows,
however, that in addition to the monetary cost of visibly expensive
products, conspicuous consumption may not lead to social benefits
but to substantive social costs, if the audience finds out that the con-
spicuous consumption is dishonest.

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