

The Effect of Self-Perception on Consumers' Conspicuous Consumption of Luxury Lifestyle Products and Services

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Abstract

Creating a solid identity through conspicuous expenditure on luxury things have escalated thanks to rising income and shifts in aspirations among north-Indian consumers. Thus, the current study explores the effect of Self-perception (both collectivistic and individualistic) on Conspicuous Consumption tendencies of north-Indian consumers.

A self-administered questionnaire, using pre-existing scales, was designed to collect data from 382 respondents through Snowball sampling and mall intercepts from north-India especially Delhi, Punjab and Haryana. Collected data was analyzed using Structural Equation Modelling (SEM) with the help of SPSS and AMOS.

The results confirmed that there exists a positive relationship between Collectivistic self and Conspicuous consumption tendencies. Thus, it can be effectively categorized as an antecedent triggering practice of conspicuous consumption among consumers of luxury lifestyle products and services. However, the story is in contrast with no significant relationship found between Individualistic self and Conspicuous consumption.

Conspicuous consumers can be targeted by both international and national luxury lifestyle brands by conforming to their interdependent/collectivistic self. They can ignite sense of personal achievement, personality, individuality and alike through their offerings.

Key Words

Self-Perception, Individualistic Self, Collectivistic Self, Conspicuous Consumption, Lifestyle, Structural Equation Modelling (SEM).

INTRODUCTION

Human beings try to define themselves regularly. There can be many ways of giving oneself meaning via expressions, behavior, personality, attitude and most importantly by their purchase choices they make. Perceptions about self can help influence behavior as to how and why consumers purchase certain items to project their image to others (O’Cass & Frost 2002). Human beings try to define themselves regularly. There can be many ways of giving oneself meaning via expressions, behavior, personality, attitude and most importantly by their purchase choices they made. Perceptions about self can help influence behavior as to how and why consumers purchase certain items to project their image to others (O’Cass & Frost 2002).

The works of Bem (1972) have effectively tried to bring self-perception into light for many researchers. According to him, people try to form a view of their own self through observation of one’s own behavior. He also pioneered in the works of introducing Self-perception theory, which states that people depend upon some external factors, which help to interpret their inner states. Self-perception has been an integral part of many studies, which means the way in which a person attempts to explicit his behavioral meaning not only to self but also to others (Scott, C. A. 1978). In addition, lately, it has been observed that individuals are constantly seeking for distinction (Sharda and Bhat, 2018). They want to paint themselves as being above than the rest. For them their behavior should project meaning that they are socially distinct. All these motives can be achieved through effective conspicuous consumption of luxury lifestyle products. The phrase “Conspicuous Consumption,” created by Veblen in 1918, refers to the purchase of high-end goods only to demonstrate riches to one’s peers. Thus, a fine line can be observed between the willingness to paint one’s perception as being flamboyant through the practice of conspicuous consumption. The patterns of such consumption and Self-perception can be observed to strike a similarity chord. However, no solid evidence in the available literature has been found, as per the best knowledge of researchers, which might link conspicuous consumption due to creation of a particular perception of oneself.

Moreover, when income is spent on luxury (status or conspicuous consumption) in large amounts, just to draw meaning of self to oneself and others, other avenues of channelizing income like investments, etc. can face a hard hit, especially in developing countries. Moav and Neeman,(2010) also pointed out that huge amounts of conspicuous consumption can lead to

poverty traps since lower and middle class tend to spend on these just to be able to get social acceptance and be able to match the social status of the higher class. Associated Chambers of Commerce and Industry of India (ASSOCHAM 2018) indicated that economic growth has led to urbanization and increased disposable income among Indians and thus, this will propel the luxury consumption in the country. According to the chamber, Indian luxury market is expected to expand five folds by the end of 2021 and the number of millionaires will increase threefold in next two years (assochem.org).

This fuels the practice of luxury consumption either in the form of conspicuous or status. Thus, the aim of this study is to probe the motivations behind this soaring practice (of luxury consumption) with exponential potential. The researchers hypothesize that luxury expenditure may be accompanied by unique short-term gains that act as positive reinforcements. In particular, the study argues that acquiring a premium brand might (temporarily) supplement one's self-perception. Because such desires resurface after a brief period of enhanced self-perception, it serves to foster the pursuit of expensive items by continuously rewarding it. Thus, it makes an utmost need for a studying the relationship between self-perception and conspicuous consumption of luxury lifestyle practice.

The structure of this study is as follows. Next section will cover the reviews done to gain theoretical background of the components of study, which are Self-perception and Conspicuous consumption. Along with that hypothesis are developed to study the objectives of the study. In the third section, Methodology is discussed to pave way on how study will be conducted. Then, empirical study is conducted to examine the luxury consumption practices of the consumers of fashion products, which discusses the results of the research. The last section concludes the research with explained results and managerial implications along with contributions.

THEORETICAL FRAMEWORK AND HYPOTHESIS

Conspicuous Consumption

Veblen (1918) was the first to coin this term. The term conspicuous consumption comes under the umbrella of luxury consumption. There are thin but significant differences between other forms of luxury consumption (status) and conspicuous consumption. So thin, that in the past these terms were used as synonyms of each other. It was later on that Eastman *et al.* (1999) stated that these two constructs are different from each other. He even stated status consumption as an aspect of conspicuous consumption but totally different.

According to Trigg, A. (2001) suggests conspicuous consumption as a behavioral aspect that triggers a person's propensity to spend on consumption of such goods and services that can display their wealth to others. Roy Chaudhuri, H., Mazumdar, S., & Ghoshal, A. (2011) gave another definition of the concept of conspicuous consumption as : "deliberate engagement in symbolic and visible purchase, possession and usage of products and services imbued with scarce cultural and economic capital with a motivation to communicate a distinctive self-image to others". The bottom line of these definitions suggests that any expenditure, which is incurred just for others to notice you, is covered in the guise of conspicuous consumption.

Self-Perception

Luciana *et al.* (2012) argued that self-perception and personal characteristics encapsulates one's Self-Concept. According to him, self-perception is how a person perceives himself. Self-concept clarity, which is the degree of consistency with which an individual views himself, may be used to measure the stability of self-perception (Campbell, J. D. 1990). External influences have less of an impact on a well-developed self-concept. Individuals that have a clear self-concept cope with stress better and engage in healthy activities such as positive self-talk and improved mental abilities (Campbell, J. D. (1990) and Campbell *et al.*, (1990). Kernis *et al.*, (2000) suggested that a poorly constructed self-perception forces an individual to rely on such as materialistic consumption which not only influences an individual's attitude but also buying decision making process.

The individualism-collectivism component is a commonly acknowledged notion among the different theoretical configurations of the self. Everyone possesses some acreage of individual and collective self (Singelis 1994). Individuals, on the other hand, are more likely to steer their conduct using one dimension of self-construal than the other (Markus, H. R. & Kitayama, S. 1991). Though it was also maintained that in people, two elements of the self, the independent and interdependent selves (self-constructs), could and did coexist. Individualistic and collectivistic self-concepts are two different ways of looking at yourself (Ahuvia & Wong, 1998). It is also suggested that in transitioning economies like Vietnam and alike both individualistic and collectivistic perceptions can coexist (Nguyen *et al.*, 2003).

Consumer behavior is influenced by self-perception, which explains why people use items to transmit their image to others (O'Cass & Frost 2002). The studies relating to relationship between self-perception and

conspicuous consumption are rare but works like Kumar *et al.*, (2009) and Sharda and Bhat, (2018) have suggested that in India, self-perception has an indirect beneficial impact on non-luxury product purchasing intentions. By knowing the core of customers, marketers may gain valuable information from self-perception. Marketers may predict and analyze customer behavior in this way (Scott, 1978).

Independent or individualistic self-perception is the one in which one constructs himself as an individual who is made up of his own meanings, thoughts and references. Thus, it can be said that individuals with independent self, have their internal feelings, thoughts and values determine their behavior. Clark, R. A. (2006) in his study concluded that US students having high independent self negatively correlates with social consumption. They focus more on their internal experiences rather than getting susceptible to external forces (consumption for others). Similar results were seen in the study of Luciana *et al.*, (2012) when the author concluded that independent self, among teenagers, has negative relation with others as motivator for a particular consumption. Wong (1997) argued that the values of individualism correspond to the goal of SC while the reverse relationship is suggested for collectivism. However, status consumption is practice for oneself while conspicuous consumption is a practice for others. Hence, the authors in the current study hypothesized contrasting relationship with conspicuous consumption.

H1 : The individualistic self is negatively related to Conspicuous consumption.

Markus, H. R. & Kitayama, S. (1991) recognized that collective self, also called the interdependent self, entails one's behavior is determined or is contingent by interdependent social group of people. Thoughts, feelings, actions of others in relationship determines one's behavioral actions. Individuals with elevated interdependent self, try to mix in with their relationship groups. For that, they try to match up their actions with others in the group. As a result, persons with a strong interdependent self's conduct is a reaction to those with whom they are interconnected.

Previous studies like Clark, R. A. (2006) have argued that interdependent self is positively correlated with social consumptions. People with high interdependent self, consider living in relations to others and they believe themselves to be intertwined with others. For that the indulge in visible consumption. Interdependent self, unlike independent self-construal, refers to a vision of the self, defined by acculturation with others rather than differentiating oneself from others. Similar results were seen in the study of Luciana *et al.*,

(2012) when the author concluded that interdependent self, among teenagers, has positive relation with others as motivator for a particular consumption.

H2 : The collectivistic self is positively related to Conspicuous consumption.

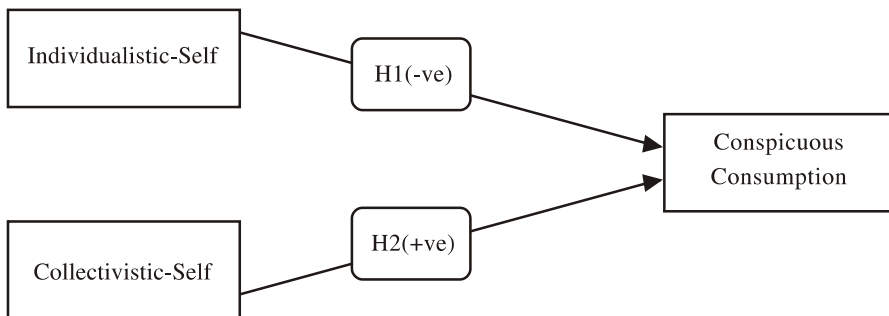


Figure 1 : Conceptual Model Proposed

METHODOLOGY

Sample

All people who are consumers of luxury lifestyle products or services between the ages of 18 and 50 and who live in India's north-urban districts will be included in the study. The study was carried out in the North of India, namely in the cities of Delhi (including the whole NCR region), Punjab, and Haryana, to better grasp this notion. North India is the largest contributor to luxury expenditure in the area, accounting for 40% of total spending. Furthermore, the largest consumption was seen in Delhi/NCR, followed by Punjab and Haryana in North India (BusinessToday, 2017 and Bahal. S., Dave. K. 2018).

The product category-lifestyle products include electronic, cars, bikes, fashion products and accessories, restaurants, hotels and alike. This category was chosen since it has a cheap price point and a high rate of repeat purchases. When a person's discretionary income reaches a certain level, they prefer to purchase items from these categories first (O'cass, A. & Frost, H. 2002 and Roy, S., et al. 2018).

Snowball and mall and luxury store intercept were employed as a combination of two non-probability sampling approaches to collect 382 replies.

Measures

The questionnaire was created using pre-existing measures. The Self-

perception scale was adapted from the works of Singelis (1994) and Singelis *et al.* (1995) and Conspicuous consumption scale adapted from the works of Marcoux (1997). Likert's five scales ranging from 1 (strongly disagree) to 5 (strongly agree) were used to administer responses.

RESULTS

EFA (Exploratory Factor Analysis) : The researchers used Principal Component Analysis with the Varimax rotation approach, and several enhancements to get their results. 32-items scale was reduced to 19-items scale, the results of which are shown in Table 1.

Table 1

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.925
Bartlett's Test of Sphericity	Approx. Chi-Square	5799.970
	df	171
	Sig.	.000

The KMO value is higher than the standard of .50, specified by Hair Jr. *et al.* 2017. This showed that the 19-item scale was found to be adequate. As evidence of Convergent reliability, we have all the loading in the pattern matrix to be above .50 and as part of Discriminant reliability, there are no cross loading (as shown in the Table 2). The four-factor model explained 67.552% of the total variance explained. The Cronbach alpha for each of the revised factors is also mentioned in the Table 2.

Confirmatory Factor Analysis (CFA) : The value above .90 is considered appropriate for CFI (Hair *et al.*, 2010 and Byrne, B. M. 2010). According to Hu, L. T., & Bentler, P. M. (1999) and Hair *et al.*, (2010) the RMSEA value should be less than .08. As per Barrett, P. (2007), Chi-Square divided to degree of freedom, ideally should be less than 5.0 and PCLOSE value greater than .05 (Hair *et al.*, 2010) indicates a better model fit. The fit measures (shown in table 3) show that the hypothesized model is a good fit to the data.

Table 2
Pattern Matrix

	Factors		
	Conspicuous Consumption (CC)	Collectivistic Self (CS)	Individualistic-Self (IS)
Cronbach's Alpha	0.940	0.912	0.934
Mean	3.56	2.90	2.29
S.D.	0.76	0.732	0.80
CC_17	.893		
CC_11	.871		
CC_7	.855		
CC_3	.844		
CC_14	.819		
CC_16	.794		
CC_1	.711		
CS_6		.919	
CS_5		.906	
CS_2		.852	
CS_3		.722	
CS_4		.686	
CS_7		.636	
CS_1		.584	
IS_4			.913
IS_5			.871
IS_6			.867
IS_2			.859
IS_1			.769

Table 3
Model Fit Indices

Model Fit Indices	CMIN/DF	GFI	AGFI	RMR	CFI	TLI	RMSEA	PCLOSE
	2.252	.917	.893	.031	.968	.963	.057	.071

All the standardized regression weights were well above the 0.5 value and all the factor loadings stand significant at $p < 0.001$ (as shown in Table 4).

Table 4
Convergent validity and Reliability

Constructs	Items	Standardized Regression Weights	Cronbach's Alpha	Composite Reliability	Average Variance Explained
Individualistic Self	IS_1	0.81	0.934	0.934	0.740
	IS_2	0.85			
	IS_4	0.90			
	IS_5	0.87			
	IS_6	0.86			
Collectivistic Self	CS_1	0.85	0.912	0.911	0.596
	CS_2	0.89			
	CS_3	0.91			
	CS_4	0.93			
	CS_5	0.84			
	CS_6	0.76			
	CS_7	0.70			
Conspicuous Consumption	CC_1	0.85	0.940	0.938	0.684
	CC_3	0.89			
	CC_7	0.91			
	CC_11	0.93			
	CC_14	0.84			
	CC_16	0.76			
	CC_17	0.70			

Further, the convergent validity as evidenced by AVE (Average Variance Explained) is all above .50 (Fornell, 1981). The CR (Composite Reliability) are greater than .70 (Kline, 2004) (as shown in Table 4).

Discriminant Validity was achieved as evidenced by square root of AVE for respective constructs being greater than values in their columns and rows (as shown in Table 5). (Hair *et al.*, 2010 and Hair Jr. *et al.* 2017).

Table 5
Discriminant Validity

	Individualistic-self	Collectivistic-self	Conspicuous Consumption
Individualistic-self	0.860		
Collectivistic-self	0.411	0.772	
Conspicuous Consumption	0.231	0.546	0.827

Common Method Bias

Further, Harman's Single Factor test for detecting the presence of common method bias was conducted using SPSS version 23. Factor analysis constrained to extract single factor as the extraction procedure showed 38.377% of variance, which is below the threshold limit of 50% (Kock, N., 2015).

Structural Model and Hypothesis Testing

The results of hypothesis testing of this original proposed model are summarized in the Table 6. The path diagram for the same is given in Figure 2.

Table 6
Path Analysis using Structural Equation Modelling

Structural Path	Standardized Regression Weights	P value	Hypotheses (95% confidence level)
Collectivistic-Self to Conspicuous Consumption	0.495	0.00	Significant Relation (Accepted)
Individualistic-Self to Conspicuous Consumption	0.021	0.643	No Significant Relation (Rejected)

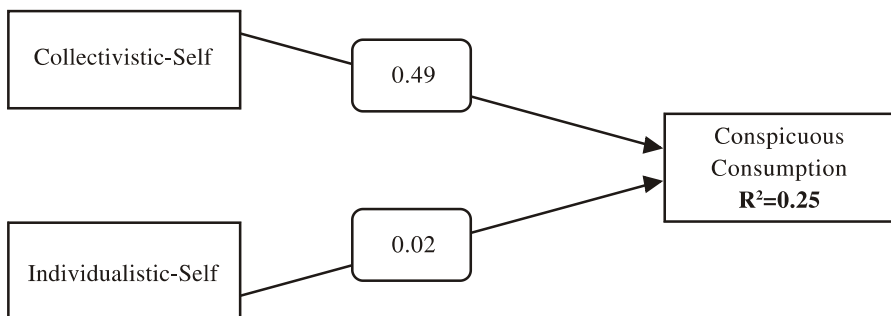


Figure 2 : Path Diagram Showing Structural Model Results