

The third person effect in perceptions of effectiveness of conspicuous consumption on perceived status

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Cite as:

Franssens Samuel, Dewitte Siegfried (2020), The third person effect in perceptions of effectiveness of conspicuous consumption on perceived status. *Proceedings of the European Marketing Academy*, 49th, (64016)

Paper from the 49th Annual EMAC Conference, Budapest, May 26-29, 2020.



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Abstract:

This paper investigates people's perceptions of the effectiveness of conspicuous consumption for gaining status. Based on research on the third person effect, we hypothesize that people think that others are more positively impressed by conspicuous consumption than they themselves report to be. Five scenario experiments, with differing manipulations and measures, find evidence for this hypothesis. These findings raise the question of whether conspicuous consumption rests on a collective illusion where people report not to be impressed by conspicuous consumption themselves but mistakenly perceive others to be, or whether people correctly estimate the effectiveness of conspicuous consumption on others and underestimate the effect of conspicuous consumption on their own behavior.

Keywords: conspicuous consumption, perceived status, third person effect

Track: Consumer Behaviour

1. Introduction

Conspicuous consumption is the acquiring and displaying of expensive products to show off one's wealth. People are motivated to show off their wealth because wealth leads to social status, which is the respect, admiration, and high regard one receives from others (Anderson, Srivastava, Beer, Spataro, & Chatman, 2006; Cheng, Tracy, & Anderson, 2014; Fragale, Overbeck, & Neale, 2011). Conspicuous consumption appears to be a quite effective strategy for gaining status. For example, people perceive a job candidate wearing a luxury brand shirt as being of higher status than the same candidate wearing a brandless shirt (Nelissen & Meijers, 2011). In this paper, we investigate people's perceptions of the effectiveness of conspicuous consumption for gaining status. More specifically, we ask participants to estimate the degree to which they think *others* will assign status to people who engage in conspicuous consumption and compare it to the degree to which participants *themselves* assign status to people who engage in conspicuous consumption. This question is interesting because the answer may suggest that conspicuous consumption rests on a collective illusion: It is possible that a majority of people thinks that conspicuous consumption will positively impress others, even though the same majority may report being not that impressed by conspicuous consumption.

Communication research has found that people perceive that persuasive communication such as advertising exerts a stronger influence on others than on themselves, especially when susceptibility to such persuasion is considered as socially undesirable (Davison, 1996; Meirick, 2005; Perloff, 1993). A recent demonstration of this "third person" effect has, for example, shown that people think others are more inclined to believe fake news than they themselves are (Jang & Kim, 2018). Because a fascination by wealth is generally considered as socially undesirable, we propose that a third person effect will occur when it comes to the effectiveness of conspicuous consumption for gaining status. More specifically, we propose that people will think that others will assign more status to people who engage in conspicuous consumption than they themselves do (H1). In the following, we report five experiments that test this hypothesis.

2. Experiment 1

A first online scenario experiment tested the prediction that people think that others will assign more status to people who engage in conspicuous consumption than they themselves do (H1). We

recruited 469 U.S. citizens from mturk.com. Participants read a description of a 28-year old man named Mark who engaged in conspicuous consumption or not, manipulated between-subjects. In the *conspicuous consumption* condition, Mark was someone who *spends a good deal of money on clothes. In the weekend, Mark likes to go out. When he goes out, Mark usually wears a suit and a tie. His clothing style can best be described as 'business'*. In the *inconspicuous consumption* condition, Mark was someone who *does not spend a lot of money on clothes. Mark usually wears jeans and a t-shirt. His clothing style can best be described as 'casual'*. Participants then indicated how much status they assigned to Mark by responding to the following question: “How much do you hold Mark in high regard?”. They also indicated how much status they thought other people assigned to Mark by responding to “How much do you think that other people hold Mark in high regard?”. Both questions had a response scale ranging from 1: not at all to 7: very much. In short, this experiment measured perceived status and had one between-subjects independent variable (conspicuous consumption vs. not) and one within-subjects independent variable (perceived status: self vs. others).

Figure 1 shows that participants in the *conspicuous consumption* condition indeed thought that others would have higher regard for Mark ($M = 5.21, SD = 1.05$) than they themselves did ($M = 4.7, SD = 1.2, t(630.5) = 5.71, p < .001, d = 0.43$). In the *inconspicuous consumption* condition, on the other hand, participants thought that others would have lower regard for Mark ($M = 4.07, SD = 1.13$) than they themselves did ($M = 4.28, SD = 1.14, t(630.5) = -2.23, p < .001, d = -0.18$).

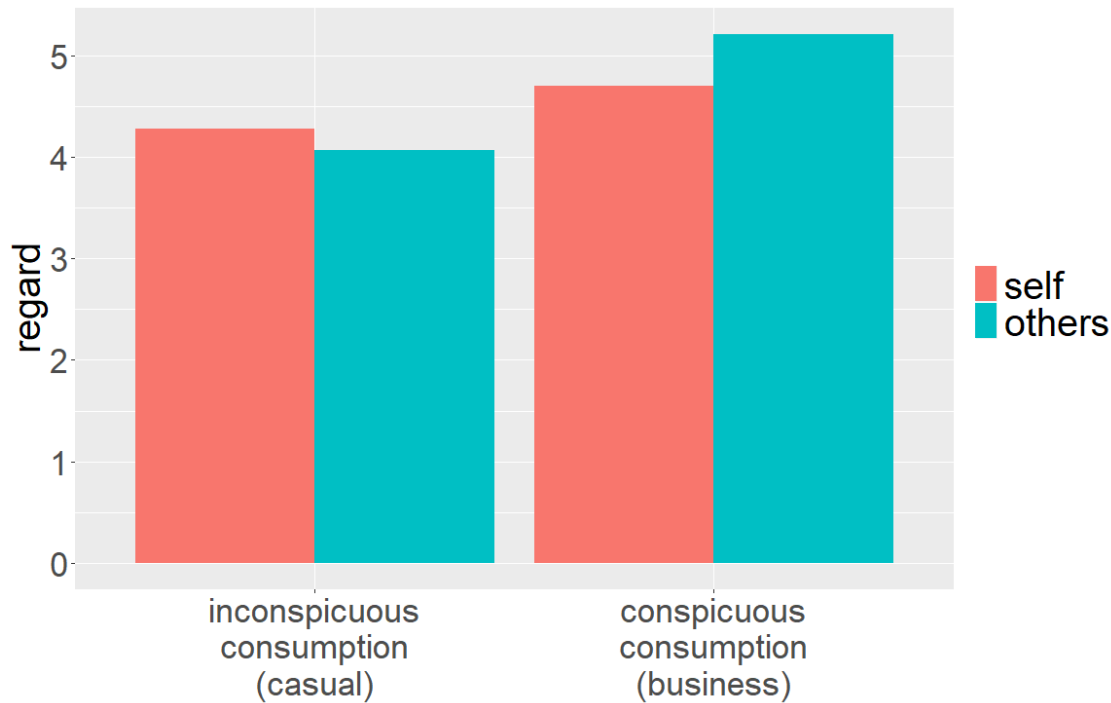


Figure 1. Results of Experiment 1.

3. Experiments 2, 3, and 4

Experiments 2, 3, and 4 were conceptual replications of Experiment 1. All experiments were online scenario experiments in which participants read about a fictitious person who engaged in conspicuous consumption versus not (manipulated between-subjects). Participants then indicated how much status they assigned to this person and how much status they thought others would assign to this person by responding to the same questions as those asked in Experiment 1 (“how much do you [think other people] hold this person in high regard”, manipulated within-subjects). All participants were U.K. citizens, recruited from Prolific Academic. In the following, we’ll present the details of the conspicuous consumption manipulation of each experiment and afterwards we’ll present a meta-analysis of the results.

In Experiment 2, participants were asked to “imagine you’re in a pub one evening and you’re waiting on a friend. A man of about the same age as you walks in and starts talking with the bartender.”. Participants in the *conspicuous consumption* condition read “He’s wearing expensive looking clothes”, whereas participants in the *inconspicuous consumption* condition read “He’s

wearing inexpensive looking clothes”. All participants further read that “He seems to get along well with the bartender. You cannot help overhearing the conversation and you understand that the man’s name is Chris. You also understand that today, he has a day off and he is going out”.

In Experiment 3, participants read about a 28-year old man named Chris who lived in a small town and had a job at a local company. Participants in the *conspicuous consumption* condition read that “Chris cares about his appearance. His watch, for instance, is an expensive Rolex”, whereas participants in the *inconspicuous consumption* condition read that “Chris does not care a lot about his appearance. His watch, for instance, is a cheap Timex”.

In Experiment 4, participants were asked to “Imagine that one of your neighbours is about thirty years old. His name is Chris. He works during the week and in his free time he enjoys working out at the gym. He has recently bought a new car, a BMW (*conspicuous consumption* condition) vs. a Ford (*inconspicuous consumption* condition).”

Figure 2 shows the results of the four experiments and the results of all experiments pooled together (controlled for main effects of experiment). All experiments except the fourth support H1: participants thought that others would hold a person who engaged in conspicuous consumption in higher regard than they themselves did. All experiments also show that the reverse is the case for a person who did not engage in conspicuous consumption: participants thought that others would hold that person in lower regard than they themselves did (this is a phenomenon that is also referred to as the “first-person” effect). The meta-analysis, finally, finds the same interaction between conspicuous consumption and own vs. others’ perceived status. We do not have an explanation for why the results of Experiment 4 differed from that of other experiments, but we include it here to not leave studies in the file drawer.

The meta-analysis also shows that the actual effect of conspicuous consumption on perceived status (i.e., the difference between *conspicuous consumption* vs. *inconspicuous consumption* in the *self* condition) was not always positive (i.e., in Experiment 3 and 4), even though the estimated effect on others (i.e., *conspicuous consumption* vs. not in the *others* condition) was always strongly positive. This provides further evidence for the possibility that conspicuous consumption rests on a collective illusion: a majority of people thinks it will lead to status in the eyes of others, but that same majority reports it actually does not.

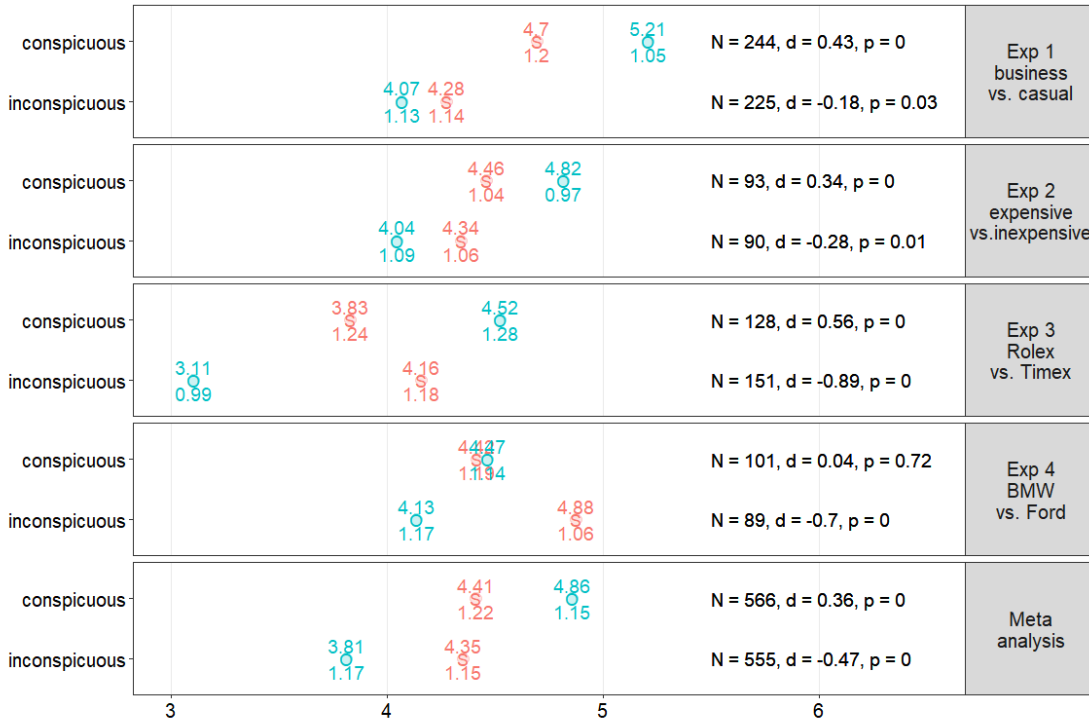


Figure 2. Meta-analysis of the results of Experiments 1-4. Each dot refers to an experimental cell mean of regard of self (S, red) or others (O, blue). Means are printed above the dots, standard deviations are printed below the dots.

4. Experiment 5

Experiment 5 was another online scenario experiment that manipulated two factors: conspicuous consumption vs. not and perceived status: self vs. others. Unlike in previous experiments, both factors were manipulated within-subjects. Participants were asked to “imagine you’re in a bar one evening and you’re waiting on a friend. A man of about the same age as you walks in. He’s wearing expensive (*conspicuous consumption*) vs. inexpensive (*inconspicuous consumption*) looking clothes”. To measure perceived status, participants responded to: “To what extent do YOU” (*self*) vs. “To what extent do you think that OTHER PEOPLE” (*others*) “respect this person”, “hold this person in high regard”, “admire this person”, all on a scale from 1: not at all to 7: very much.

Additionally, participants were asked to “estimate [the percentage of] people [who] would have more respect / higher regard / more admiration for the person in expensive looking clothes than

for the person in inexpensive looking clothes.” The comparison of the average estimated percentage with the actual percentage of participants who assigned more status to the person in expensive (vs. inexpensive) looking clothes provides another test of the hypothesis that people think that others assign more status to people who engage in conspicuous consumption than they themselves do (H1).

Finally, for exploratory reasons, we measured the degree to which participants engaged in conspicuous consumption in their daily life (Souiden, M’Saad, & Pons, 2011) and the degree to which they envied others who engage in conspicuous consumption (“When I see others with expensive looking clothes, it makes me a little envious”), but neither of these measures correlated with the dependent variables so these measures are not discussed further.

One hundred and twenty U.K. citizens, recruited from Prolific Academic, participated in this experiment. The respect, regard, and admire questions were highly intercorrelated for each combination of conspicuous consumption vs. not and perceived status: self vs. others (the lowest Cronbach’s α was 0.81) and are therefore averaged into one measure of perceived status.

Figure 3 shows that participants in the *conspicuous consumption* condition indeed thought that others would assign more status to the person in expensive looking clothes ($M = 5$, $SD = 0.9$) than they themselves did ($M = 4.09$, $SD = 1.02$, $t(357) = 9.17$, $p < .001$, $d = 0.89$). In the *inconspicuous consumption* condition, on the other hand, participants thought that others would assign less status to the person in inexpensive looking clothes ($M = 3.46$, $SD = 1.04$) than they themselves did ($M = 4.03$, $SD = 0.91$, $t(357) = -5.85$, $p < .001$, $d = -0.64$).

The average estimated percentage of participants who would assign more status to the person in expensive looking clothes than to the person in inexpensive looking clothes ($M = 61.23$, $SD = 19.28$) was higher ($t(119) = 34.64$, $p < .001$) than the actual percentage ($M = 0.28$, $SD = 0.45$), again providing evidence for H1 (the percentage of people who had lower regard for someone in expensive vs. inexpensive looking clothes was also equal to 0.28%).

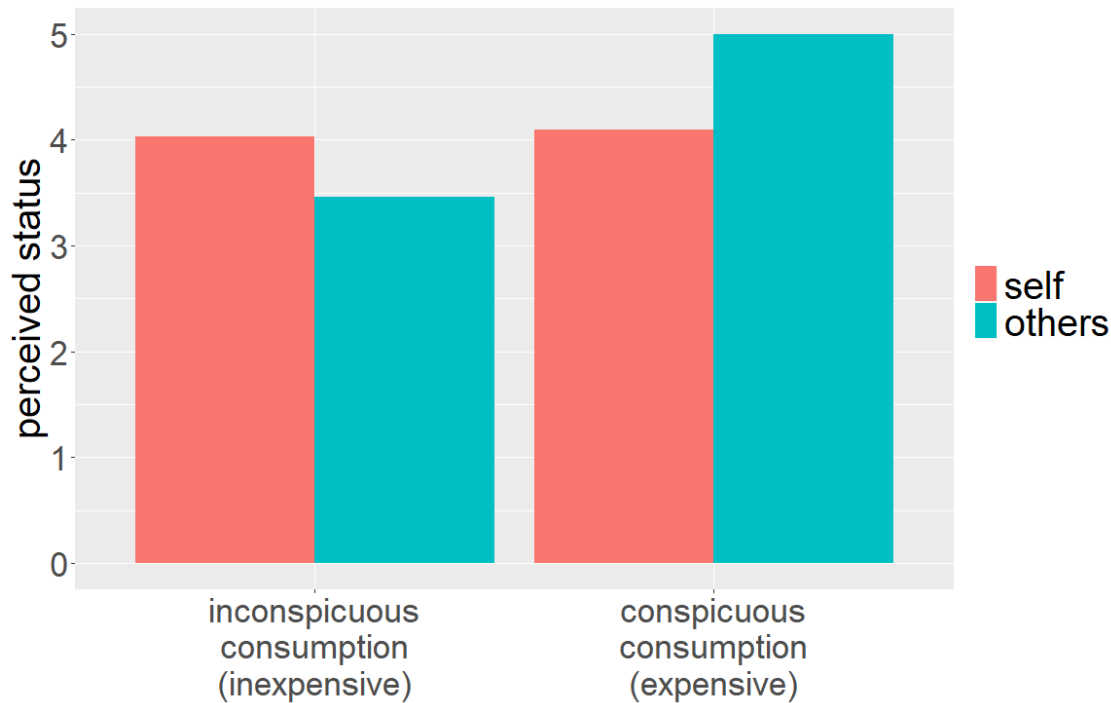


Figure 3. Results of Experiment 5.

5. Discussion

Five experiments found evidence for the hypothesis that people perceive that others assign more status to people who engage in conspicuous consumption than they themselves do. This raises the possibility that conspicuous consumption relies on a collective illusion: Most people think it is effective for gaining status, but in reality it is not. This assumes, however, that people correctly perceive their own behavior. Relaxing this assumption leads to another interpretation: People correctly estimate the effect that conspicuous consumption has on others, but underestimate the degree to which it affects their own behavior. We are currently designing experiments to pit these two interpretations against each other. If behavioral measures show that conspicuous consumption leads to fewer social benefits than is assumed among the general population, this could be informative for efforts to reduce consumer spending on conspicuous consumption.

6. References

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