Investigating Factors Affecting Conspicuous Consumption among Young People

(Case Study: Students of Tehran University)

Manije Haghighi Nasab¹, Vajihe Sadat Shojaee², Fateme Moshkdanian*²

¹Department of Social Science and Economics, Alzahra University, Tehran, Iran
²PhD. Student, Department of Social Science and Economics, Alzahra University, Tehran, Iran

*Corresponding Author Email: f.moshkdanian@yahoo.com

ABSTRACT: The purpose of this study is to investigate the factors affecting conspicuous consumption among students at Tehran University. The statistical population includes 19-40 year old students and the statistical sample includes 370 students of Tehran University according to Morgan table. Random sampling was used to select the sample and data were collected using questionnaire. In this study, hybrid methodology with a qualitative-quantitative approach was used. First, the conceptual model of the research that represents the relationships between variables was formulated based on the theoretical background of the research. Then, a questionnaire was designed based on the opinions of the elites and previous studies and it was distributed among the members of the population. The acceptable value for Cronbach's alpha is 0.7, for composite reliability is 0.7 and for the developed mean-variance is 0.5. All the measures included the appropriate value in the evaluation section of factor loadings. Finally, data were described and explained using statistical software SPSS and PLS and the appropriate statistical methods for measuring variables. The results of this study showed that consumer susceptibility to interpersonal influence (CSII), attention to social comparison information (ATSCI), consumers’ need for uniqueness (CNFU) have a significant positive effect on the conspicuous consumption among the students. This means that the conspicuous consumption among the students increases by increasing each of these parameters.

Keywords: Conspicuous Consumption, Consumer Susceptibility to Interpersonal Influence (CSII), Attention to Social Comparison information (ATSCI), Consumers’ Need for Uniqueness (CNFU).

INTRODUCTION

People have needs in their material life and they are inevitable to meet them for their survival. Material needs are people’s stimulus for economic activity and effort. In other words, people do the activities because of feeling the need and achieve their purposes. Therefore, need and consumption are constantly with people in human history. As we know, consumption is the ultimate goal of the production and increases the human utility but the current trend of consumption and the increasing development of the consuming society intensify the current crisis of the earth planet. Consumption has become a multi-dimensional reality at the end of the twentieth century and has dimensions, the social and economic requirements, and cultural meanings (Bakak, 2002).

In recent years with advances in technology and manufacturing advanced materials and facilities, purchasing luxury and unnecessary goods has become the purpose and wish of many people, especially young people. In fact,
societies are faced with a phenomenon called conspicuous consumption. However, the concept of luxury orientation should not be equated with conspicuous consumption. Luxury orientation in consumption is a motivation process in which people try to improve their social status through the consumption of luxury products because it is considered as a symbol of authority for the individual (Eastman et al., 1999). In fact, people make identity by consuming specific goods and differentiate themselves from other individuals and groups (Bakak, 2002). This concept is very close to the conspicuous consumption. Many researchers often use these two concepts alternatively. But the conspicuous consumption means purchasing products at high prices in order to convey a sense of richness, wealth and prestige to the other (Eastman et al., 1999). In other words, conspicuous consumption refers to showcasing and showing off wealth in order to acquire or maintain social status or prestige and reputation. Luxury products are different with the products that are purchased on a daily basis because these products prepare the individuals to meet their social prestige and people show your personality through the purchase of these products (Prendergast, 2003). This phenomenon was first proposed by Thorstein Veblen in the theory of the Leisure Class in 1899. It can be said with a more macro view, luxury is more common in cultures that have a tendency to materialism. Although there is no problem with the supply of luxury goods in accordance with the general level of social welfare, the problem occurs when the consumption of luxury goods which pass through this level. Many parameters affect conspicuous consumption, including consumer awareness, advertising, lifestyle of people, consumer susceptibility to interpersonal influence, social comparison, economic and social status, age, sex, education, income. In the meantime, it seems, young people are more inclined to consume luxury in order to have a better sense of superiority through satellite communications and increase foreign travels and the flow of money at the high social level (Belk, 1988). Due to the increasing consumption of luxury goods and its widespread phenomenon, is important to discover some of the driving forces behind the increased demand for luxury goods, especially among young and educated people. Investigating the factors affecting the consumption of luxury goods among academics is of far greater importance because prevailing conspicuous consumption among academics strengthens their ability to create social and cultural changes and their life style also changes tangibly due to the biological effects and environmental interactions. Therefore, this study focuses on students to answer the following question: “What are the factors affecting conspicuous consumption among students?” Furthermore, this study measures factors such as consumer susceptibility to interpersonal influence, attention to social comparison information, consumers’ need for uniqueness, lifestyle and the gender of respondents.

Theoretical Principles of the Research

Theories trying to combine the environmental and individual determinants consider the behavior as the result of the effect of these two factors. To some extent behavior determines which one of the potential environmental effects is engaged and to some extent effects determines which behavior can be developed and activated. In this bilateral process, environment and behavior are both influential. Personal and environmental resources are considered as the interdependent determinants rather than discrete determinants. In this section, the variables are examined theoretically. Attention to social comparison information (ATSCI): ATSCI was taken into consideration by Bearden and Rose. Consumers sensitive to social comparative information usually are concerned about the reactions of others. They are extremely sensitive about the attitude of others about themselves. This group of consumers has a strong desire to use social cues about their behavior. ATSCI is correlated with two dimensions of social concern, including fear of negative evaluation (FNE) and neuroticism.

Consumers’ Need for Uniqueness (CNFU): This structure is defined as the tendency to be different and distinct to the others and it is possible through using and displaying goods in order to create and improve personal image and social status. CNFU allows people to enhance their personal and social image. Consumer’s image is enhanced through the use of symbolic products internally and externally (Tian and McKenzie, 2001). This structure includes three dimensions: not following the group by an innovative selection, not following the group by an uncommon selection, not following the group by avoiding the similarity. Not following the group by an innovative selection refers to the person’s overall tendency to choose products and brand names which is incompatible with the norms of the reference group but is still acceptable for the reference group. Not following the group by an uncommon selection refers to the person’s overall tendency to choose products and brand names which is in contrast with group norms and the purpose is to distinguish the person from groups. Not following the group by avoiding the similarity refers to the deliberate tendency of consumers to avoid products and brand names purchased by the reference group.

Consumer susceptibility to interpersonal influence (CSII): CSII refers to the influence of the person’s decision to purchase in a real or subjective way (Kropp et al., 2005). People with high influence are more prone to the influence of others when making purchase decision. But people with low influence are more independent in the
purchase decision process (Lalwani, 2002). The influence has two dimensions, including normative and informational. The informational dimension refers to obtaining information about products and services through direct observation or search (Kropp et al., 2005). The influence of information acts through the internalizing process that occurs when information of others increases a person's knowledge towards the certain aspects of the environment (Bearden and Rose, 1990). Normative dimension of the influence refers to the tendency of individuals to follow others' expectations. This dimension has two components, including the exponential value and the opportunistic effect. The opportunistic effect refers to follow others in order to avoid punishment or receive rewards. The exponential value refers to accepting the opinions of others in order to blend in with a group or another person.

**Lifestyle:** lifestyle is considered as the modern sense. According to Giddens, it is based on the selection and the consumption selection forms its core. Although at first glance it seems that the consumption selection is considered as an individual phenomenon, reflecting on the social consequences of this selection shows that the lifestyle is a social concept because otherwise it cannot be a representation of the social identities in the modern world. Lifestyles are models for action which distinct people from each other. Lifestyles help us with understanding what and why people do something as well as the concept of their action. In general, the lifestyle of a person is the cognitive framework in which the person selects the specific behavior (Azkia and Hosseini Rodbaraki, 2009). These behaviors help the person with dealing with life. Certainly, lifestyles are able to provide frameworks (though flexible and variable) for actions; therefore, consumption actions are emphasized in this regard. According to the implications of the theory of structuration, Giddens believes that lifestyles are the structured patterns of behavior and of individuals as social actors play a role in reproducing and changing them. Although it is possible that the social structure limits creativity of agents or individuals for reproducing or changing lifestyles, agents have the ability to change the structures and act more powerful than the structures.

**Literature Review**

Forasmuch as a specific research has not been done in Iran based on the present study, we refer to the similar literatures and related to the topic of this study. A thesis was conducted by Bakhshizadeh (2010) entitled “determine consumer decisions in the lifestyle”. This study proposed the position for the kinds of consumers' decision making, including broad and limited decision-making, based on loyalty and obligation to purchase in a two-dimensional framework considering two dimensions, including product involvement and intellectual engagement of consumers with purchase and then placed different kinds of VALS lifestyle due to their relationship with each type of decision making in the framework. For this purpose, two questionnaires were designed to determine kinds of VALS lifestyle (mental mapping) and the kind of the consumers' decision making and were distributed among the population of consumers in Tehran. Classified probability sampling was used to determine the population because of the heterogeneity in population of Tehran. The results of this study showed that there is a strong significant relationship between means-oriented groups of consumers and using the wide decision making and loyalty (high involvement product). But two other categories affected by other factors affecting consumers' decision making used four methods equally. Furthermore, regarding two dimensions used in the placement of different kinds of decision making, eight hypotheses were tested and then they were confirmed.

A study conducted by Abdolvand (2010) entitled “The role and effectiveness of the psychological antecedents and brand name on the consumption of luxury goods among young people (case study: luxury watches)”. In this study, quantitative method, the researcher made questionnaire and sampling were used. 525 consumers collected the desired watches in Tehran. Structural equation modeling using LISREL was used to test 16 hypotheses (including, 2 main hypotheses and 14 sub hypotheses). The results of this study showed that antecedents of brand name and psychological antecedents have a significant effect on the behavior of luxury consumption among young people. Furthermore, the effect of each variable was different according to income levels, education and gender. According to the obtained results in this study, we can use better communication strategies for this section of the target market.

A study conducted by Eliasi (2011) entitled “factors affecting the consumption of luxury goods among young people”. This study examines the factors affecting consumption of luxury goods among young people. Methodology of this research is survey. The statistical population includes 18-29 year old young people (96429 people) in Gorgan city. The statistical sample includes 400 young people. For sample selection multi-stage random cluster sampling was used. Data were collected using appropriate statistical methods for measuring variables. The results of this study showed that there is a difference between gender and consumption of cultural goods. Men consume luxury goods more than women. In addition, there is a positive relationship between level of education, age, leisure time, and socio-economic status and the level of consumption of luxury goods.
A thesis was conducted by Fajr (2013) entitled “identification of factors affecting performativity consumption; case study: the citizens of Tehran”. According to the broader vision in search of understanding and motivation of consumers to purchase luxury brands, it is not enough to describe the entire concept of consumption of luxury goods and services based on incentives and motivations of the community orientation and by influencing the others. Although recently in the marketing literature, luxury brands and performativity consumption have attracted great interest and many researches have been done in this area, a few researches could present appropriate results about the selection of the best market.

A study conducted by O’Cass (2001) entitled “the effect of the component of brands on the social status of people and consumption of luxury goods in Australia”. This study focused on 315 young consumers. In this study, luxury consumption was investigated using components such as familiarity with the brand name and symbolism and the emotions resulted from the brand name and brand image. The results of this study showed that market is influenced by the factors such as the brand symbolic characteristics; emotions resulted from the brand and the degree of fit between brand self-image and self-image of using the brand. As the symbolic features increase, positive emotions become stronger and more balance is created between consumers and the brand image.

A study conducted by Ian Yeomana (2010) at the University of New Zealand entitled “the changing behavior of the luxury consumption”. This study showed that how consumers’ behavior is changing when purchasing luxury goods. According the results of this study, despite the global financial crisis, people’s purchasing power is high, especially in the purchase and consumption of luxury goods. There are several reasons for the results, but the main reason is the change in people's lifestyle and socioeconomic class of the consumers of luxury goods.

A study conducted by Husic and Cicic (2013) entitled “Factors affecting the consumption of luxury goods”. The results of this study showed that perception of quality as the determent of the brand name is important in the market for consumers. In addition, among respondents who tended to purchase luxury goods, uniqueness and an attempt to show off are their important motivation. Moreover, comparing the results with other studies in this area indicated that consumers of luxury goods around the world have similar behaviors and also environmental and socioeconomic variables don’t have many effects on the tendency for the consumption of luxury goods.

Women and men have different tendencies and each of them is attracted by luxury goods depending on their motivation. Men are drawn to luxury goods to attract others’ attention, especially the opposite sex. Women are drawn to luxury goods for their home. Type of luxury goods which men and women purchase and consume is different. Men give importance to purchasing luxury cars, watches, and clothes. On the other hand, women give importance to purchasing luxury clothes, especially handbags and shoes. Finally, this study concluded that luxury products and important brands have a decisive role in the relations between men and women.

Conceptual Model

Considering similar patterns and the results of previous researches, the conceptual model of this research is presented in the form of five hypotheses. Figure 1 shows the conceptual model of the research.
Research Hypotheses

1- Consumer susceptibility to interpersonal influence among students has a significant effect on the luxury consumption.
2- Attention to social comparison information has a significant effect on the luxury consumption.
3- Consumers’ Need for Uniqueness among students has a significant effect on the luxury consumption.
4- Students’ lifestyle has a significant effect on the luxury consumption.
5- Students’ gender has a significant effect on the luxury consumption.

METHODOLOGY

This study is a practical research in terms of the purpose and the method of data collection is descriptive-correlation. The methodology of this study includes a mixed method with the qualitative and quantitative approach. First, the conceptual model representing the relationship between variables was formulated based on the theoretical background. Then, the research questionnaire was distributed among the members of the statistical population. The statistical population includes 19-40 year old student's and the statistical sample includes 370 students of Tehran University.

Close ended questionnaire with the 5-point Likert scale, including 48 questions, was used to collect data. 6 questions were designed for demographic characteristics and 42 questions were designed to measure the variables of the research. The variables of the research were measured based on the content and face validity. Convergent validity of the research was developed using the mean-variance. Reliability of the research questions was examined by Cronbach's alpha and the composite reliability. The acceptable value for Cronbach's alpha is 0.7, for composite reliability is 0.7 and for the developed mean-variance is 0.5. All the measures included the appropriate value in the evaluation section of factor loadings. Therefore, the appropriateness of the validity and reliability of the questions of the questionnaire were confirmed (Table 1).

<table>
<thead>
<tr>
<th>Acronym for variables</th>
<th>Research variables</th>
<th>Developed mean-variance</th>
<th>Composite reliability</th>
<th>Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>LC</td>
<td>luxury consumption</td>
<td>0.8937</td>
<td>0.9167</td>
<td>0.9059</td>
</tr>
<tr>
<td>CSII</td>
<td>Consumer susceptibility to interpersonal influence</td>
<td>0.8043</td>
<td>0.8831</td>
<td>0.8925</td>
</tr>
<tr>
<td>ATSCI</td>
<td>Attention to social comparison information</td>
<td>0.8314</td>
<td>0.8819</td>
<td>0.8754</td>
</tr>
<tr>
<td>CNFU</td>
<td>Consumers’ Need for Uniqueness</td>
<td>0.8815</td>
<td>0.9271</td>
<td>0.9158</td>
</tr>
<tr>
<td>LS</td>
<td>lifestyle</td>
<td>0.9056</td>
<td>0.8761</td>
<td>0.8835</td>
</tr>
</tbody>
</table>

RESULTS

Descriptive Statistics: In this section, demographic characteristics of students are summarized in Table 2.

Table 2. Demographic characteristics of students.

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>Category</th>
<th>Percentage</th>
<th>Demographic characteristics</th>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender of respondents</td>
<td>Female</td>
<td>52.48</td>
<td>Field of Study</td>
<td>No response</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>47.4</td>
<td></td>
<td>Single</td>
<td>80.8</td>
</tr>
<tr>
<td>Level of education</td>
<td>PhD</td>
<td>6</td>
<td>Marital status</td>
<td>Married</td>
<td>11.2</td>
</tr>
<tr>
<td></td>
<td>MA/ MSc</td>
<td>38.2</td>
<td></td>
<td>Other</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>BA/ BSc</td>
<td>56.8</td>
<td>Age</td>
<td>19 – 25</td>
<td>75.1</td>
</tr>
<tr>
<td>Field of Study</td>
<td>Human Sciences</td>
<td>65.5</td>
<td>26 – 33</td>
<td>28.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Basic Sciences</td>
<td>8.8</td>
<td>34 - 40</td>
<td>5.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technical</td>
<td>22.4</td>
<td>Employment status</td>
<td>Employed</td>
<td>31.6</td>
</tr>
<tr>
<td></td>
<td>Art</td>
<td>4.1</td>
<td></td>
<td>Unemployed</td>
<td>68.4</td>
</tr>
</tbody>
</table>
Inferential Statistics

Examining the external model or measurement model: In this section, the coefficients of factor loads are considered for each questions related to 5 main variables. As can be seen in the above table, all coefficients of each variable are higher than 0.4, so it is not needed to remove any of the questions in the questionnaire.

Testing the research hypotheses: SPSS software was used to investigate the first four hypotheses. In this software, in addition to the path coefficient, the t-test was used to examine hypotheses. If the t-statistic is more than 1.96 but the path coefficient or standardized coefficient for each hypothesis is minus, the hypothesis will be rejected. To test the fifth hypothesis fifth, independent t-test was used to measure the relationship between gender and consumption.

**Table 3. Independent t-test between gender of respondents and luxury consumption.**

<table>
<thead>
<tr>
<th>Cultural consumption and Gender</th>
<th>Number</th>
<th>Mean</th>
<th>SD</th>
<th>t</th>
<th>df</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>193</td>
<td>18.20</td>
<td>19.05</td>
<td>1.042</td>
<td>398</td>
<td>0.298</td>
</tr>
<tr>
<td>Male</td>
<td>177</td>
<td>27.62</td>
<td>17.79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to Table 4, the results of t-test (t=1.042, Sig=0.298) showed that there is no significant difference between the mean value of two groups (female=18.20, male=27.62). Therefore, both groups are homogenous for the mean of luxury consumption at the 95% confidence level. Hence, this hypothesis is rejected. According to the results presented in Table 5, there is a significant positive relationship between four variables (other than gender) in the model. However, lifestyle does not have appositive effect on the luxury consumption.

**Table 4. Test results of the model.**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path (Acronym in the model)</th>
<th>Path coefficient</th>
<th>t</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1</td>
<td>CSII -&gt; LC</td>
<td>Consumer susceptibility to interpersonal influence -&gt; luxury consumption</td>
<td>0.273</td>
<td>3.7926</td>
</tr>
<tr>
<td>Hypothesis 2</td>
<td>ATSCI -&gt; LC</td>
<td>Attention to social comparison information-&gt; luxury consumption</td>
<td>0.252</td>
<td>3.4226</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>CNFU -&gt; LC</td>
<td>consumers’ need for uniqueness-&gt; luxury consumption</td>
<td>0.305</td>
<td>3.7487</td>
</tr>
<tr>
<td>Hypothesis 4</td>
<td>LS -&gt; LC</td>
<td>Lifestyle -&gt; luxury consumption</td>
<td>0.234</td>
<td>3.2929</td>
</tr>
<tr>
<td>Hypothesis 5</td>
<td>G -&gt; LC</td>
<td>Gender -&gt; luxury consumption</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

According to the obtained results, the fourth and fifth hypothesis, including the effects of lifestyle on luxury consumption and the relationship between gender and luxury consumption, were rejected because the t-statistic in the fourth hypothesis is lower than 1.98 and the t-statistic in the fifth hypothesis (gender) was 1.042.

DISCUSSION AND CONCLUSION

The purpose of this study was to investigate the factors affecting conspicuous consumption among students at Tehran University. For examining hypotheses, descriptive and inferential statistic methods were used and hypotheses were examined in the population at the 95% and 99% confidence level. The results showed that H0 hypothesis is rejected in all hypotheses other than the effects of lifestyle on luxury consumption and the relationship between gender and luxury consumption. In this section, the obtained results are discussed. The results of this study showed that consumer susceptibility to interpersonal influence among students has a significant effect on the luxury consumption. The obtained results for this hypothesis are consistent with the results of the study conducted by Abdolvand (2010). In the theoretical explanation of this result, it must be acknowledged that the influence has two
dimensions, including normative and informational, according to Kropp et al (2005). The informational dimension refers to obtaining information about products and services through direct observation or search. The influence of information acts through the internalizing process that occurs when information of others increases a person's knowledge towards the certain aspects of the environment. Normative dimension of the influence refers to the tendency of individuals to follow others' expectations. It seems that universities have been effective on the students' attitudes and consumption normatively and informational because of their dynamic environment.

The obtained results for the second hypothesis showed that attention to social comparison information has a significant effect on the luxury consumption. The obtained results are consistent with the results of the studies conducted by Abdolvand (2010) and Fajr (2013). For attention to social comparison information, Bearden and Rose (1990) referred to an influential variable in a social system in the selection and use of products. People pay much attention to the thoughts and beliefs of others when selecting and consuming luxury products. Consumer susceptibility to interpersonal influence does not have a significant effect on the luxury consumption. The results of the study conducted by Clarka et al (2007) showed that these two factors have a positive effect on the luxury consumption.

The obtained results for the third hypothesis showed that consumers’ need for uniqueness among students has a significant effect on the luxury consumption. The obtained results are consistent with the results of the studies conducted by Abdolvand (2010) and O’Cass (2000). For the luxury consumption, uniqueness is considered as one of the individual factors affecting the selection of prestige products. In fact, for the luxury consumption, individuals tend to differentiate themselves from others and try to choose products that will help them with this issue. One of the other obtained results showed that students’ lifestyle does not have a significant effect on the luxury consumption. The obtained results for the fourth hypothesis are not consistent with the results of the studies conducted by Bakhshizadeh (2010) and Ian Yeomana (2010). However, the obtained results can be consistent with the results of the study conducted by Husic and Cicic (2013) indicating that consumers of luxury goods around the world have similar behaviors and also environmental and socio-economic variables don’t have many effects on the tendency for the consumption of luxury goods. Styles are able to provide frameworks (though flexible and variable) for actions; therefore, consumption actions are emphasized in this regard. According to Giddens, agents have the ability to change the structures and act more powerful than the structures.

Lack of effectiveness for this variable in the present study is due to the nearly identical social and cultural conditions among the students. Education and the academic environment are nearly identical for both men and women and this issue is effective on the tendency and the consumption of luxury goods. Therefore, there is no significant relationship between men and women in this regard. The purchase and consumption among women and men are not just a phenomenon to meet the needs of desirability orientation. In addition to meeting these needs, people try to meet their hedonistic needs in the consumption of goods.

Conflict of interest
The authors declare no conflict of interest

REFERENCES