CHAPTER 1
INTRODUCTION

"Cogito ergo sum. I think, therefore I am" - Descartes

By looking into any standard English dictionary for the meaning of the word "conspicuous," one gets a variety of lexicographic entries including "eye catching," and "prominent" but the word acquires a significantly different connotation in the context of "consumption" when it clearly indicates the phenomenon of "wasteful and lavish consumption expenses to enhance social prestige." Based entirely on observation, more than a hundred years ago, Thorstein Veblen (1899) proposed that American rich were spending a significant portion of their time and money on unnecessary and unproductive leisure expenditures and coined the term conspicuous consumption to describe the behaviour; this linguistic construct has been used so widely that it has entered into popular English lexicon only in this particular sense of the term (Oxford English Dictionary). On a more contemporary note, with conspicuous consumption individual consumer's satisfaction is derived from audience reaction not to the positive attribute of the product in question but to the wealth displayed by the purchaser in securing the same for consumption (Mason 1981).

We all live in society and depend on each other for achieving most of our personal goals. These clearly include all goals that are directly related to our place in society and are only meaningful in a social context. For most of us, however, even mere physical survival depends on our ability to function in a social setting. We neither can nor want to live away from society. Our ability to function in a social setting is in turn affected by what others think about us. And since others are unlikely to have perfect information about us, they are constantly watching us, updating their opinions and beliefs about who we are. Consequently, many aspect of our behaviour that is observable by society may be
interpreted as a signal. In the signaling game we call life, and when deciding upon a course of action, we consider not only the direct effects of our choice on our welfare, but also the indirect (or social) effects resulting from society observing our choice (Chaudhuri and Mazumdar 2006). Thus efforts to tout one’s success and social position can be thought to be a fundamental human instinct. Since that time, although the players and what is consumed have changed, the game of display through ownership to “impress” the neighbours has remained essentially the same, with the winners being awarded with status, prestige and honour. Preoccupations with status seeking consumption on the part of the rich and powerful are found even in the earliest societies, and the extravagances and excesses of ruling elites have been well documented—the aristocratic Romans spent outrageous sums of money on expensive gladiator fights (Finlay 1973), lavish spending tendencies have also been noted among the ancient Polynesians (Leach 2003). Thorstein Veblen himself documented a classic example of strategic gifting when he was doing his seminal work on conspicuous consumption about a century ago. He was inspired by anthropological studies of the Kwakiutl Indians, who lived in the Pacific Northwest. At a ceremony called a potlatch, the host showed off his wealth by giving extravagant presents to his guests. The more he gave away, the better he looked to his tribesmen. Sometimes, the host would publicly destroy some of his property just to demonstrate how much he had. And, because guests were expected to reciprocate, a poorer rival could be humiliated by inviting him to a lavish potlatch. The need to give away as much as the host, even though he could not afford it, would essentially force the hapless guest into bankruptcy (Solomon 2003).

Back to the ‘civilised’ world, in the Medieval England sumptuary laws were often introduced to suppress excessive ostentatious display (Hunt 1966), but, for the most part, the conspicuous display of aristocracies in the early modern period was tolerated by the society, at large, as a necessary part of the marriage
between ascribed status and economic power (Mason 2001).

In Europe, social, economic, and political changes after 1600 were to transform the nature and importance of conspicuous consumption. The new consumer societies which emerged in the seventeenth and the eighteenth centuries brought about a significant redistribution of income and wealth which allowed newly-rich merchant classes to seek status and prestige through ostentatious consumption. The Mercantilists, who had dominated economic thought since 1500 A.D., and who continued to see a clear connection between thrift and prosperity, were quick to warn against the evils of excessive luxury expenditure. By the end of the seventeenth century, however, a small but influential group of political economists recognised that consumer preoccupations with status and social position were generating significant levels of economic activity which, if properly managed, could in fact add both to national wealth and to public well-being (Barbon 1690; Locke 1692; North 1691). As the eighteenth century began, these arguments were given greater public exposure in a controversial defense of luxury consumption. Early in the game, only the aristocratic elite could play. Yet as societies became industrialised, players of achieved wealth, or the nouveau rich, followed by those of moderate and even negligible success entered the game. Some argue that flagrant consumption behaviour is the unfortunate result of capitalism (Marx 1848; Galbraith 1984; Toynbee 1973), while others note that material ownership helps us to define who we are (Goffman 1952; Belk 1988; Solomon 1983; McCracken 1987; Levy 1959). In 1714, Bernard Mandeville, a Dutch émigré living in London, argued in his book The Fable of the Bees: or, Private Vices, Publick Benefits that the much-touted economic success of The Netherlands in the seventeenth century owed as much to the conspicuous, luxury consumption of the merchant classes and their emulators as to the country’s productive efficiency and international trade. Luxury expenditure, he claimed, could and did work in the wider public interest. His views scandalised
the economic and clerical establishments of the day and the book was declared a 'public nuisance' by a grand jury in Middlesex, England, in 1723. Nevertheless, Mandeville had raised an issue which demanded a response from contemporary political economists, and had, unknowingly, identified a 'problem' for economic theorists.

The existing literature on conspicuous consumption as a signal for status oriented individuals aims at explaining this behaviour. Ireland (1994, 1998), in particular, has shown how individuals may be tempted to over consume so as to reach a higher social status. This often leads to a suboptimal consumption in a positional good without intrinsic utility. To a purely conspicuous consumer, thus, the satisfaction derived from any particular purchase comes from not its value in use but the audience reaction to the wealth displayed by the purchaser in being able to secure the product for consumption.

Effort in studying the phenomenon of conspicuous consumption can be adequately justified by the concept's near universality and timelessness; McCracken (1987, p. 50) notes that "conspicuous and competitive consumption are especially important to the study of the history of consumption because they play an important role in the growth of a consumer society." However, any analysis of consumer behaviour has to be done in the perspective of changing economic-political-social contexts or even philosophical thoughts, and assessment of the conspicuous consumption construct cannot be an exception.

Veblen had been never happy with the neoclassical approach to consumer theory, and between 1898 and 1900 published a series of articles in the Quarterly Journal of Economics attacking many of the assumptions and perceived lack of realism implicit in much neoclassical theory (Mason 2001). It was not acceptable, in Veblen's view, for economists to declare that they could only concern themselves with outcomes and not with the underlying motives of consumption, and he pressed for greater interest to be shown in the subjectivity of consumer demand.
as a means to a better understanding of consumer behaviour. Veblen was particularly concerned with the importance of interpersonal effects on consumer preference formation, and in his Theory of the Leisure Class (1899) he explored the nature of pecuniary emulation and of conspicuous consumption in both sociological and economic terms. His analysis extended far beyond the Gilded Age excesses of the United States towards a more generalised theory of conspicuous economic display.

The Theory of Veblen presents conspicuous consumption as consumers' deliberate, conscious activity to achieve the objective of status enhancement, a bold distinction from the established neo-classical economics perspective. When first observed, conspicuous consumption's main practitioners were the new tycoons seeking to match the refinement of the longer-established rich. Veblen's account dwells on money being extravagantly spent on materialistic excesses, and purchasing as an act meant purely for display. It took place, primarily, because of marketers' and advertisers' efforts in creating such possession-related imageries (Turner 1965), hence leading to the legitimisation of consumption as a source of social and self-identity. Thus, expenditures that had previously looked extravagant, gained a valid personal and social function and, for consumers, the acts of buying and consuming gradually became the most important end in itself, rather than the use or practical value of the goods themselves.

However, with the increase of the mass consumption phenomenon in societies, where not a few individuals, nor a thin upper class, but the majority of families enjoy the benefits of increased productivity and constantly expand their range of consumer goods, Veblenian form of Conspicuous Consumption (hereafter referred to as CC) can no longer fully explain the process of status attainment, and enhancement. Increase in the phenomenon of mass consumption enables consumption at all levels of the society and status signaling through possession is increasingly becoming blurred. Marketing researchers, however, still focus on
the ‘expensive’ phenomenon and are seemingly oblivious to many other probable antecedents of contemporary CC behaviour. While the idea of CC is often suggested in both academic and popular press (Belk & Pollay 1985; Brooks 1981; Richards 1988), the construct is not adequately addressed in the social science and marketing literature and there is currently no generally accepted conceptualisation of this construct. In fact (as we will see later), there is no clear distinction between CC, status consumption and luxury consumption—each being defined in terms of the other. In marketing literature specifically, while CC is indirectly addressed through related concepts, such as self-concept, product symbolism, materialism, social class, and the non-functional uses of consumer products, no one has defined or measured an individual’s needs to consume for conspicuousness.

In view of this, the present dissertation proposes, validates and tests a fully-articulated model of CC. It goes beyond the realm of only designing a measurement scale and aims at understanding a general model of CC. In elucidating what is the real nature of contemporary CC the present researcher aims at linking diverse theories from sociology, psychology, social psychology, and economics to explain a consumer’s CC motivation. Because it is believed that only by adopting interdisciplinary approach to economic analysis would any real progress be made in developing a consumer theory which could properly describe real-world market behaviour.

To answer these research questions, Chapter II will begin by reviewing the literature ending with the contribution of this dissertation to the field of marketing. Chapter III will present the theoretical model along with the propositions of the dissertation. Chapters IV will portray the socioeconomic and cultural scenario in India and its consequences on the consumption culture on the middle-class consumer of the country. This justifies the selection of the same as subjects for the purpose of the present research. Chapter V will present the
characteristics of the sample, procedures, measures, and methodology. Chapter VI deals with analysis and results including the test of the proposed scale. Finally, in Chapter VII, the researcher will review and discuss the main findings, implications, limitations of this dissertation, future research and conclusion.