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When Saying Less Tells More: the Impact of Socio-Economic Status on Justifying Luxury Consumption

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INTRODUCTION

When a person sends a signal by using a luxury brand, another person may acknowledge receiving the signal. Will the signaler then offer a justification? And how will this justification (or lack of) be perceived? The answers depend on the socio-economic status of both the signaler and the receiver.

SOCIO-ECONOMIC STATUS (SES) AND LUXURY JUSTIFICATIONS

Most of the literature on luxury consumption has focused on the signaling function of brands in a typical one-directional format: either from the signaler's perspective, or from the perspective of the target who receives the signal (Connelly et al. 2011). This research has shown that signalers expect receivers to make certain inferences about their identities based on which possessions and brands they choose to display and how they display them (e.g. Belk, Bahn, and Mayer 1982; Berger and Heath 2007; Dubois, Rucker, and Galinsky 2012; Wang and Griskevicius 2014). Furthermore, how receivers interpret such signals is based on a combination of the signal itself and of the signaler's characteristics (e.g. Bellezza, Gino, and Keinan 2014; Shalev and Morwitz 2012; Sirgy 1982).

However, the literature has neglected possible bi-directional effects. If the receiver indicates he or she has received the luxury signal, how does the original signaler respond? Through five studies we examine whether the original signaler offers a justification for the origin of the luxury product, and how this justification (or lack thereof) is received by the recipient. Most research on luxury justification has focused on self-justification. This includes consumers' tendency to construct a pre-purchase internal justification to allow for indulgent spending or consumption (Cheema and Soman 2006, Dubois, Laurent, and Czellar 2001, Kunda 1990, Okada 2005) or consumers' internal post-purchase reasoning aimed at justifying past indulgent expenses to reduce cognitive dissonance (Oxoby 2004, Mitchell and Boustani 1994).

In this research, however, we examine whether the original luxury signaler provides a justification to the person who has acknowledged receiving the signal, and the content of this justification. Given the lack of research on the topic, the five studies presented here offer a first investigation of how the original receiver of the luxury signal reacts to the presence or absence of a justification, and of the form it takes. More specifically, we examine the impact of socio-economic status (SES) on justifications and on the interpretation of justifications.

Research has shown that consumers with high socio-economic status (SES) are less likely to engage during social interactions (Kraus and Keltner 2009) and see less motivational relevance in other people (Dietze and Knowles 2016). Furthermore, high SES people should also be more familiar and experienced with luxury consumption, making a current luxury consumption less exceptional and therefore less noteworthy to them (Adler, Epel, Castellazzo, and Ickovics 2000). Thus, we predict that people with high SES would not justify their luxury consumption to a conversation partner.

There is only limited research on luxury conversations by consumers with lower SES. We do know that people are embarrassed when their identity signal (here, their public consumption of a luxury product) and their beliefs about themselves (here, their low SES) are incongruent (Cavanaugh, Nunes, and Han 2016). To solve this incongruence, people with a lower SES may offer some justification for the ownership of the luxury product. This could be seen as a type of impression management for low SES consumers (Schlenker 1980). Thus, we predict a general main effect of consumer SES, where a lower SES would lead to an increased likelihood of justification. Second, if justifying luxury could indeed be seen as a type of impression management, one could also predict that the social status of the receiver might influence the luxury consumer's justification. In fact, we predict that low SES consumers might feel more incongruence between their own status and their signal with a high-status conversation partner, and this might make them more likely to justify their luxury consumption. We predict the opposite effect with a low-status conversation partner, where the luxury signaler might be less likely to justify to distinguish themselves (Stephens, Markus and Townsend, 2007).

Five studies test the general prediction that a decrease in SES leads to an increase in justification of luxury consumption, due to impression management. In the fifth study we also examine if this main effect indeed depends on the SES of the conversation partner.

STUDY 1 – WHO JUSTIFIES?

A first study examined whether people do in fact justify luxury consumption and what types of justification they use. A sample of 379 Mturkers (132 Men, $M_{age} = 36.7$) participated in a scenario study. They read a scenario in which they attended a social gathering during which an unfamiliar person recognizes their luxury wristwatch and enquires whether it is a specific brand and model. Respondents then saw an open-ended question in which they were prompted to reply to the other person. Afterwards they completed measures on how they thought the other person would perceive them, and answered questions related to materialism (Richins and Dawson 1992), status consumption (Eastman et al. 2015), and social comparison (Gibbons and Buunk 1999). Respondents also indicated their SES both subjectively, with the MacArthur ladder question (Adler et al. 2000), a direct social class question (Jackman 1979), perceived financial security (Mittal and Griskevicius 2016) and perceived status (four items, e.g. "I have high social status") and objectively (measured as annual household income and education level).

Answers to the open-ended scenario question indicated that most respondents merely acknowledged the watch model (60%). Some respondents did justify their ownership of the watch as a gift or bonus (17%), inheritance (2%) or by indicating they borrowed it for the evening (1%). Other responses included claims of big discounts (3%) or counterfeit watches (5%). Logistic regression on these responses indicated that people high in subjective but not objective SES were more likely to purely acknowledge the watch without giving any justification (e.g. effect of perceived status $B = -.260$, $SE = .082$, Wald $\chi^2(1) = 10.192$, $p = .001$). Furthermore, those who gave

no justification for owning the watch believed this to indicate marginally less embarrassment ($M = 2.72, SD = 1.40$ versus $M = 3.00, SD = 1.26, t(337) = -1.735, p = .084$). This effect was reinforced by interactions with individual difference variables: the higher the respondent's materialism ($p = .011$), status consumption ($p = .026$) or social comparison propensity ($p = .057$), the stronger the effect of subjective SES on lack of justification. This is a first indication that impression management might be at play.

STUDY 2 – WHO JUSTIFIES WHEN?

In a second study, we wanted to confirm this lack of justification by high SES people. One reason for the high amount of mere acknowledgements in the first study could have been the lack of knowledge about the origin of the watch. Therefore, this time re-

STUDY 3 – CAN PEOPLE PREDICT THE CONSEQUENCES OF JUSTIFICATION?

In a third study, we examined how luxury consumers predict that their justification (or lack of) will be interpreted. If impression management drives the justification of luxury, consumers should have specific predictions that could lead to a positive impression for a lack of justification. A sample of 184 Mturkers (64 Men, $M_{age} = 39.1$) read a similar scenario as in the previous studies. They were assigned to one of three conditions where they either did not justify wearing the watch (lack of justification condition) or justified it through an inheritance (ascribed condition) or work performance bonus (acquired condition). Afterwards, participants were asked to predict how their conversation partner would perceive their personality

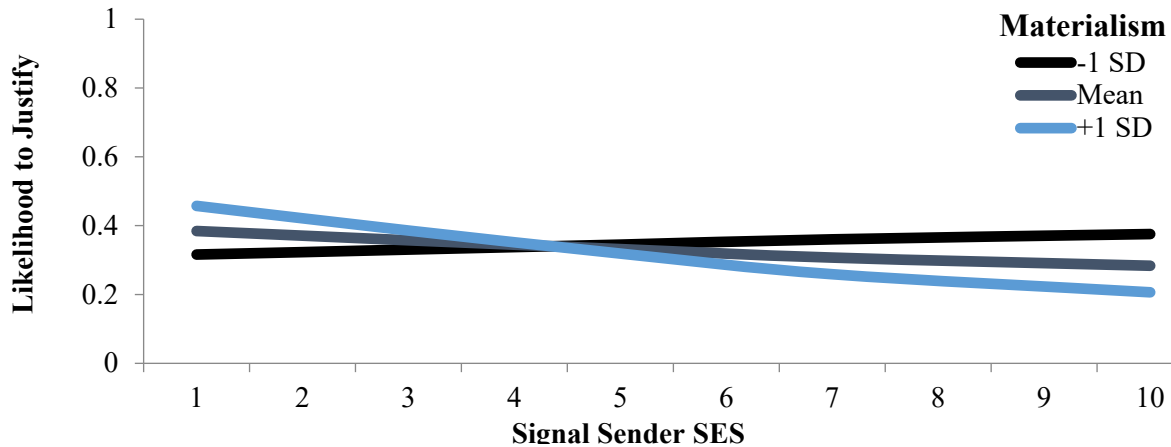


FIGURE 1: Effect of Materialism and SES on the Likelihood to Justify

spondents were given an explicit origin for the luxury watch. A sample of 320 Mturkers (125 Men, $M_{age} = 37.7$) saw the same scenario as in the previous study, but were either told that they received the watch as an inheritance from family (ascribed condition) or as a professional performance bonus at work (acquired condition). After the scenario and purchase manipulation, respondents were asked whether they would justify their ownership of the watch (“Yes, it is indeed this brand. I received a family inheritance/professional performance bonus from my company”) or not justify it but merely acknowledge it (“Yes, it is indeed this brand”). Respondents answered the same personality questions, individual difference measures and SES items as in study 1.

Results indicate that people were more likely to justify their ownership of the luxury watch in the acquired condition than in the ascribed condition ($B = .572, SE = .233, Wald \chi^2(1) = 6.036, p = .014$), in line with impression management. Furthermore, supporting the results from the first study, people scoring high on subjective SES were again less likely to offer a justification, regardless of the condition (e.g. effect of perceived status $B = -.215, SE = .103, Wald \chi^2(1) = 4.312, p = .038$). In both conditions we found that not giving a justification was thought to indicate less embarrassment ($M = 2.70, SD = 1.36$ versus $M = 3.10, SD = 1.34, t(312) = 2.54, p = .012$). Furthermore, the justification (or lack of it) mediated the effect of the subjective SES on embarrassment ($b = .04, 95\% CI .09 - .005, t = 2.21, p < .05$). Thus, in both studies are people with low SES more likely to justify the consumption of a luxury watch in public, and a lack of justification is thought to indicate less embarrassment.

and subjective SES as well as their perceptions of the luxury watch. We also measured their self-image through self-esteem (Rosenberg 1965) and need for power (Anderson, John, and Ketlner 2012).

Respondents who gave a justification for wearing a luxury watch inferred that they would be perceived as having a lower SES (e.g. ladder score $M = 7.06, SD = 1.87$ vs. $M = 5.55, SD = 1.66, t(180) = 3.54, p = .003$) and being more embarrassed ($M = 1.53, SD = .89$ versus $M = 2.30, SD = 1.57, t(183) = 2.71, p < .001$) than those who did not justify. However, interaction effects with individual difference variables showed that justifying the luxury product might also have positive effects. In both justification conditions, a more positive self-image increased predicted status perception (e.g. effect of justification by self-esteem $F(1, 180) = 6.97, p < .05$) and decreased predicted perception of embarrassment (e.g. effect of justification by self-esteem $F(1, 176) = 3.95, p < .05$) to the same level as those in the justification condition. Furthermore, a positive self-image also led to predictions of being perceived as a more agreeable person (e.g., effect of justification by self-esteem on liking $F(3, 178) = 1.499, p < .05$) in the case of a justification.

STUDY 4 – WHAT ARE THE CONSEQUENCES OF A JUSTIFICATION?

A fourth study focused on the other side of the communication dyad: the target who receives first the signal then the justification. In this study we wanted to examine how luxury signalers are judged depending on the justification (or lack of) they offer. If the decision whether to offer a justification is a form of impression management, it is essential that the impression one wants to give is correctly iden-

TABLE 1 Effect of Signal Receiver's Self-esteem and Justification on Product Attitudes

	Beta	SE	T	p
Constant	4.947	1.031	4.800	.000
Justification	1.180	.659	1.789	.797
Self-esteem	.060	.233	.258	.075
Justification * Self-esteem	-.310	.148	2.101	.037
F (df)	11.818 (3, 178)			
R ²	.166			

tified. Thus, instead of signalers predicting how their justification (or lack of) could be perceived, we actually measure how the receiver perceives it. A sample of 187 Mturkers (87 Men, $M_{\text{age}} = 37.3$) read a scenario similar to those in the previous studies, but from the perspective of the person who recognizes the brand and type of the luxury watch of their conversation partner. They saw one of three conditions from the previous study: lack of justification, ascribed condition, and achieved condition. Afterwards, respondents indicated their perception of the signaler's personality and subjective SES as in previous studies as well as their perceptions of the luxury watch and the self-image measures.

Signalers who gave no justification for wearing a luxury watch were perceived as having a higher SES than those who did justify (e.g., status ladder score $M = 8.33$, $SD = 1.00$, vs. $M = 8.05$, $SD = .73$, $t(97.389) = 2.545$, $p = .013$). In line with signalers' expected positive perceptions in the previous study, interaction effects with the individual difference variables showed that justifying the luxury product might have positive effects. Receivers with a more positive self-image (measured through self-esteem and sense of power) indicated more positive product attitudes and better personality impressions in both justification conditions compared to the lack of justification condition (e.g. effect of justification by sense of power $F(3, 178) = 11.818$, $p = .037$).

STUDY 5 – WHO JUSTIFIES TO WHOM?

In the fifth and final study, we examined the impact of the receiver SES on the likelihood of offering a justification. If luxury justification could be a type of impression management, the social status of the receiver should influence signaler's justification. We predict that a lower SES individual might be more likely to offer a justification to reduce their incongruence in the eyes of a high-status receiver, but less likely to offer a justification to a similarly low-ranked individual, to distinguish themselves. A sample of 185 business school students (75 Men, $M_{\text{age}} = 21.4$) read a scenario similar to those in the previous studies, from the perspective of the person wearing the watch. They saw one of two conditions: either their conversation partner was a medical doctor earning a high income, or a sales worker owning a low income. Afterwards, they indicated how likely they were to justify wearing the watch, and indicated their own subjective SES as in previous studies, as well as that of the other person as a successful manipulation check. Finally, they responded to an "impostor syndrome from luxury consumption" scale (Goor et al. 2019) as a measure of incongruence between their luxury signal and their SES.

Results indicated a marginally significant interaction effect between signalers' and receivers' SES on the likelihood of offering a justification ($B = -.242$; $SE = .135$, $t(181) = -1.797$, $p = .074$). Respondents with a low SES were more likely to justify their luxury consumption to a high SES receiver than to a low SES receiver, in

line with our predictions. The likelihood of a high SES respondent offering a justification, however, was independent of the receiver's SES. This interaction was mediated by impostor feelings for low but not high SES consumers (-1SD: $B = .162$, $CI = .016$ to $.187$; +1SD: $B = -.097$, $CI = -.327$ to $.086$; Index = $-.113$, $CI = -.292$ to $-.001$). Thus, it seems that impression management is indeed especially important among low SES luxury consumers.

CONCLUSION

These five studies are the first to examine how a signaler reacts to a receiver's inquiry about a luxury signal, and how this reaction in turn may influence the receiver's perception of the signaler. We show that people low in SES are more likely to justify their consumption of a luxury product in public when asked about it, though they are aware that they might give away their lower social status that way. However, interactions with the signaler's and receiver's personality might lead to positive effects of justifications, resulting in more positive perceptions of product and personality. Furthermore, in line with impression management theories, this justification effect only exists for high SES receivers but disappears for low SES receivers.

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