



Motivational drivers for status consumption: A study of Generation Y consumers



DongHee Kim¹, SooCheong (Shawn) Jang*

School of Hospitality and Tourism Management, Purdue University, Marriott Hall, 900 W. State Street, West Lafayette, IN 47907, USA

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ABSTRACT

The younger generation is more open to new concepts of conspicuous products/services, such as luxury restaurants/café, as a means of self-expression or symbols of their desired lifestyle. This study addressed why Generation Y pursues status consumption lifestyles despite the fact that many young adults still rely on parental financial support and limited incomes. This study presents an interdisciplinary bridge between research on the psychology of status consumption, economic mental accounting, and evolutionary biology by testing hypotheses assessed in an upscale foodservice setting. Notably, we found that “income source accounting” actually impacts attitudes toward status consumption when people are highly materialistic, their social comparison goals are activated, or their desire for prestige is strong. Furthermore, we examined gender-based consumption patterns using conspicuous signaling theory. Specifically, costly-signaling displays of status consumption by Gen Y women lead them to spend more money on luxurious and publicly consumed purchases. Finally, this study confirmed the moderating role of Gen Y's income source.

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1. Introduction

Status and prestige considerations are currently regarded as significantly shaping consumption behaviors (Goldsmith et al., 2010; O'Cass and McEwen, 2004). In particular, Generation Y (hereafter referred to as Gen Y), born between 1977 and 1994 (Paul, 2001), has been socialized in a materialistic society (Bakewell and Mitchell, 2003). Thus, they are more driven to use status seeking consumption as a means of displaying wealth and purchasing power (O'Cass and Frost, 2002). Eastman et al. (1999, p. 310) described status consumption as “the motivational process by which individuals strive to improve their social standing through status consumption of consumer products that confer or symbolize status for both the individual and surrounding others.”

For modern consumers conspicuous products are no longer limited to the upper classes. As the average level of discretionary income has increased, a larger number of people have access to conspicuous products and services (Kastanakis and Balabanis, 2012). Conspicuous products have become more sophisticated and subtle, not only in terms of ostentation but also symbolic meaning

(Trigg, 2001). The younger generation is more open to new concepts of conspicuous products/services, such as luxury restaurants/café, as a means of self-expression or symbols of their desired lifestyle (Phau and Cheong, 2009; O'Cass and Siahtiri, 2013). For example, young urban consumers see coffee drinking habits as sophisticated and trendy (Danziger, 2005). In the highly specialized coffee market in South Korea, consumers pay more than 10,000 won (equivalent to about \$8) to 40,000 won (equivalent to about \$34) for high quality coffee in Seoul (Kim, 2011). Those upscale cafés offer luxurious and trendy venues to experience high quality specialty coffee and social pleasure. Consequently, premium foodservices are in demand due to their emotional connotations and the desire to differentiate oneself from others (McCarthy et al., 2001). By the same logic, Gen Y consumers go to upscale cafés not only for the high quality of coffee but are also motivated by social standing.

Gen Y's formative experiences can give marketers valuable cues for status seeking consumption. Generation Y was raised by “helicopter parents” who hovered with a greater degree of financial support (Fingerman et al., 2009). Gen Y relies on significant discretionary, disposable income from indulgent parents and grandparents (Fingerman et al., 2009; Gronbach, 2000). At the same time, compared to Gen X or Baby boomers the Gen Y cohort has the highest level of motivation to consume for status (Eastman and Liu, 2012). Although Generation Y's status consumption appears to be an interesting empirical phenomenon, questions of why Gen Y engage in status consumption and how mental accounts are formed have not been adequately investigated. This study asks why Gen Y pursues status consumption lifestyles despite the fact that many

* Corresponding author at: School of Hospitality and Tourism Management, Purdue University, Marriott Hall, Room 245, 900 W. State Street, West Lafayette, IN 47907, USA. Tel.: +1 765 496 3610; fax: +1 765 494 0327.

E-mail addresses: kim1116@purdue.edu (D. Kim), jang12@purdue.edu (S. (Shawn) Jang).

¹ Tel.: +1 765 413 6634.

of them still rely on parental financial support. What are the individual psychological preconditions that drive Gen Y toward status consumption?

There is a growing body of literature about status consumption, but we know far less about the motivations driving young consumers to pursue conspicuous upscale foodservices despite their limited incomes. Accordingly, we utilized an interdisciplinary combination of the psychology of status consumption, economic behavior, and evolutionary biology to test hypotheses assessed in an upscale foodservice setting. First, in terms of psychological values this study included materialism, reference group influence, and prestige sensitivity, which has been noted in Gen Y's response to the global "possession obsession" (Pinto et al., 2000). We assumed that Gen Y wants to display their consumption behaviors in terms of both individual and social signal values (Howe and Strauss, 2009). Second, we adopted mental accounting as a type of status consumption framing that depends on where the discretionary income comes from; personally earned income or pocket money. Income source is relevant in explaining expenditure patterns. According to "mental accounting," consumers typically track their spending by labeling where their money was obtained (Thaler, 1985). In this sense, one possible explanation for why young adults tend to seek status consumption is that attentive financial support from parents affects their financial activities. Consumers that receive pocket money (easy money) are more likely to spend on status consumption compared to those who earn their own money (O'Curry and Strahilevitz, 2001). It is possible that Gen Y prefers to spend easy money on status conscious spending. Lastly, we show gender differences that may relate to conspicuous spending styles. Beyond gender differences, we added romantic motivations to further examine Gen Y's status consumption (Buss, 2003; Sundie et al., 2011).

Understanding the status consumption tendencies of Gen Y consumers is a critical issue in creating relationships between consumers who possess such characteristics and specific types of services and products that yield status. Thus, the authors find it both academically interesting and useful for marketers to better understand why Gen Y consumers pursue status consumption in foodservice settings, especially purchases for the sake of status, and how those behaviors affect marketing systems. Therefore, this study is unique in the sense that it examines Gen Y consumer's desires and the influence of income source on their behavioral intentions in a foodservice setting. More specifically, the objectives of this study were (1) to examine the motivational drivers of individual, social, and price schema related to status consumption at luxury cafés, (2) to investigate the moderating effect of income source on the relationship between status consumption and its drivers, and (3) to examine the possible connection between gender effect and status consumption.

2. Literature review and hypotheses

2.1. Materialism

A materialistic lifestyle appears to be an integral part of modern living for young consumers. Gen Y consumers, indulged by Baby boomer parents with high disposable incomes, have more opportunities and reasons to spend (Fingerman et al., 2009). In addition, Gen Y is more consumption oriented than other generations as a result of the proliferation of communication technologies, mass media and Internet (Bakewell and Mitchell, 2003). This exposure to consumerism via media has reinforced Gen Y's belief that material goods and wealth are worthwhile and desirable (O'Guinn and Faber, 1989). These developments may help to explain the fact that the importance of having lots of money has steadily increased

with each generation (Richins and Dawson, 1992). Each generation seems to pursue extrinsic goals, such as materialism and status, rather than intrinsic goals (Twenge, 2010). Gen Y tends to look for new ways to continue this experiment with consumerism and define themselves by their purchases or experiences. Luxury café services may be especially appealing to materialistic Gen Y consumers. More specifically, materialists may see spending time in luxury cafés as a way to enhance their self-concept by integrating the symbolic meanings of these luxuries into their identity (Richins, 1994; Vigneron and Johnson, 2004). Thus, we expect that materialistic consumers visit luxury cafés to signal success and wealth.

H1. People with higher levels of materialism are more likely to be motivated to consume for status than those with lower levels of materialism.

2.2. Reference group influence

An important force shaping an individual's status consumption is the influence of significant others (Vigneron and Johnson, 2004; Mason, 1992; Lertwannawit and Mandhachitara, 2012). Scholars have defined an individual's susceptibility to interpersonal influence as "the need to identify with, or enhance one's image in the opinion of, significant others through the acquisition and use of products and brands, and the willingness to conform to the expectations of others regarding purchase decisions" (Bearden et al., 1989, p. 473).

Consumers' food consumption choices are shaped by social and interpersonal influences as well (Herman et al., 2003). Herman et al. (2003) argued that food choice is influenced by a desire to convey a certain impression or adhere to social norms. Gen Y consumers are sensitive to reference groups (Howe and Strauss, 2009). We assumed that Gen Y consumers want to display their consumption behaviors to their reference group to signal that they belong. There are strong theoretical reasons for suggesting that an individual's perception of a reference group is likely to influence consumption. Social comparison theory (Festinger and Carlsmith, 1959) explains that people compare themselves with others to show they are trendy or keeping up with their reference group. Reference group influences can lead to status driven luxury products (Lea et al., 1995). Leibenstein (1950) introduced 'bandwagon effect' in order to describe a demand increase due to a higher percentage of purchasers, potentially resulting from a desire to identify with a particular reference group (Vigneron and Johnson, 2004).

We regard Gen Y as engaging in status consumption via luxury cafés because spending time in a luxury café serves as a symbolic marker of group membership. Consumers feel varying degrees of pressure to conform depending on their "individual predisposition to acquiesce to social norms prescribed by salient reference groups (Goldsmith et al., 2010)." Therefore, the more consumers are susceptible to interpersonal influence, the more they will engage in status consumption. In this sense, we proposed that reference groups could trigger Gen Y's status consumption in luxury cafés.

H2. People with higher levels of reference group influence are more likely to be motivated to consume for status than those with lower levels of reference group influence.

2.3. Prestige sensitivity

For status consumers, price is commonly used as an indicator of quality and exclusivity (Dubois and Duquesne, 1993). Prestige sensitivity is related to favorable perceptions of the price cue based on the status or prominence higher-priced products signal to others (Lichtenstein et al., 1993). Furthermore, Leibenstein (1950) coined the term 'Snob effect' to explain an individual who desires to make purchases based on high prices or uniqueness in order to

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