



# The majority premium: Competence inferences derived from majority consumption

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## ABSTRACT

Observers infer consumers' values and personality from their consumption behaviors. Recent literature highlights the benefits of minority consumption, typically by comparing several qualitatively different options. In seven studies (total  $N = 1555$ ; one pre-registered), the current research instead compares inferences derived from the acquisition of the same products, framed as either bought by a numerical minority or a numerical majority, which eliminates any potentially different associations of the majority and minority options. Majority consumers (i.e., who purchase products bought by a large majority) are perceived as more competent - but not warmer - than minority consumers. This positive effect of majority consumption on purchasers' perceived competence is mediated by expected product quality, such that the majority options appear to be of higher quality than minority options, which prompts the more favorable competence inferences about buyers. This effect persists for functional products, but not for hedonic products. The data and materials for all studies are available at [osf.io/u6zmn/](https://osf.io/u6zmn/).

## 1. Introduction

Recent research has documented the perks for one's impression on other people of not following the crowd when it comes to consumer behavior. Not buying what most consumers buy serves the goal of expressing a unique identity to others (Berger & Heath, 2007), such that deviating from the norm can signal status (Bellezza, Gino, & Keinan, 2014), coolness (Warren & Campbell, 2014), uniqueness (Ariely & Levav, 2000), and power (Kleef, Gerben, Homan, Finkenauer, & Stamkou, 2011). Buying exclusive products also can cast impressions of wealth or status (Nelissen & Meijers, 2011). Yet conforming to others' consumption behaviors also might offer some benefits. Specifically, consumers may be considered smarter when they buy a more popular brand (i.e., engage in majority consumption) rather than a less popular one (i.e., engage in minority consumption), due to associations of brand popularity with brand quality. For hedonic products, these associations are attenuated, and brand popularity should not lead to similar inferences of a competence premium.

We test these predictions and thus contribute to extant literature in several ways. First, previous studies that suggest one makes a better impression on others through minority (vs. majority) consumption typically compare minority choices with *qualitatively different* majority

choices. That is, the minority and majority options are imbued with different associations, such as wealth, status, or norm defiance. We instead compare *qualitatively similar* options that differ solely in their popularity. Accordingly, in contrast with the prior findings of positive effects of minority behavior on observer impressions (Bellezza et al., 2014; Kleef et al., 2011), we document a negative influence. Second, we contribute to research on observer impressions of competence, such as social psychology investigations (Fiske, Cuddy, Glick, & Xu, 2002), by adding to the scant research on how consumer behavior shapes such inferences (Bellezza et al., 2014; Rick & Schweitzer, 2013). In particular, we find that anticipated product quality informs consumer competence inferences, but not warmth consumer inferences. Third, we investigate the impact of product domains, comparing hedonic and functional products (e.g., Botti & Iyengar, 2004; Dhar & Wertenbroch, 2000; Okada, 2005).

## 2. Minority vs. majority consumption

Consumers engage in minority consumption when they deviate from what most other consumers buy, such as when one member of a group out to lunch chooses a menu option that no one else in the group has tried (Ariely & Levav, 2000). Consumers particularly prefer options that

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are uncommon when they want to express their identity (Berger & Heath, 2007). In addition, feelings of financial deprivation increase considerations of scarce goods (Sharma & Alter, 2012), and consumers also express increased interest in more expensive, less frequently bought items when they feel powerless (Rucker & Galinsky, 2009) or suffer self-esteem threats (Sivanathan & Pettit, 2010). Finally, men who pursue mating goals show a heightened interest in acquiring more expensive products (Griskevicius et al., 2007; Sundie et al., 2011).

This preference for options that few other consumers have stems from their advantages, in that deviating from what other people choose signals uniqueness (Ariely & Levav, 2000), which is considered a desirable trait in Western societies (Burns & Brady, 1992). They also offer diagnostic signals about identity, better than more common options (Berger & Heath, 2007). The visible consumption of expensive items affords status too (Christopher & Schlenker, 2000), which may explain the increased interest in minority goods when people experience states of powerlessness (Rucker & Galinsky, 2009), lowered self-esteem (Sivanathan & Pettit, 2010), and mate goal activation (Griskevicius et al., 2007; Sundie et al., 2011). Among men, the consumption of more expensive, and thus less common, items may increase perceived attractiveness (Dunn & Searle, 2010) and compliance with dating requests (Bernard, Adelman, & Schroeder, 1991). Finally, non-conforming consumption increases perceived autonomy, perceived status, and competence (Bellezza et al., 2014). Therefore, engaging in minority consumption has benefits for conveying favorable images of uniqueness and status.

Deviating from this stream of literature, we propose that buying popular options also may provide benefits though, because it can signal competence. That is, product quality likely serves as a cue of consumer competence, and popular items seemingly should be perceived as offering higher quality. Before we expand on these claims, we note though that this contrast with prior literature may be more seeming than real. Our proposition, associating competence with majority consumption, may be inconsistent with the idea that conspicuous consumption of expensive items affords status (Christopher & Schlenker, 2000), which presumably lead to impressions of competence. We do not contest these findings; rather, we argue that the status and thus the perceived competence acquired from conspicuous consumption depends wholly on the assumed wealth that enables it. In this study, we keep the price of the different options constant and thus exclude the perceived wealth effect as a driver of perceived status and competence.

### 3. Inferring personal features from observed purchases

A host of literature indicates that people are prone to infer the quality of a process on the basis of its outcome (i.e., outcome bias; Baron & Hershey, 1988). For example, people infer that a surgeon is more competent if a recent surgery was successful rather than a failure, even if that surgeon follows the same procedure in both cases. When people entertain the logical proposition  $X \rightarrow Y$  (e.g., competent surgeon  $\rightarrow$  successful surgery), they infer  $Y$  (successful surgery) when they observe  $X$  (competent surgeon), but they also tend to infer  $X$  (competent surgeon) when they observe  $Y$  (successful surgery). That is, people think that a good (bad) process leads to a good (bad) outcome, so they both legitimately infer the quality of an outcome according to the observed process and less legitimately infer the quality of the process on the basis of the outcome.

A similar logical procedure may cause people to reason this way when inferring consumer competence. The inference smarter consumer  $\rightarrow$  better decision is obvious (Frederick, 2005), but we contend that people also routinely make the inference that better decision  $\rightarrow$  smarter consumer. In consumption settings, the outcome of a decision pertains to the quality of the product or service obtained, so when assessing whether a consumer has made a competent decision, observers may judge his or her competence on the basis of the *observed* quality of the option acquired. They even might infer such competence from the

*anticipated* quality of the option, as long as they can predict that quality on the basis of another cue. This mechanism can be understood as leading to -often incorrect- judgments of personal features (Gilbert & Malone, 1995), among which competence has a pre-eminent role (Fiske, Cuddy, & Glick, 2007).

Consumers draw on cues such as the price (Rao & Monroe, 1989), brand name (Aaker & Keller, 1990), and country of origin (Verlegh & Steenkamp, 1999) to infer quality, as well as on popularity and market share (Cialdini, Reno, & Kallgren, 1990; Hellofs & Jacobson, 1999). For example, they are more likely to download songs that have been downloaded many times previously (Salganik, Dodds, & Watts, 2006), buy books that appear on a bestseller list (Bao & Chang, 2014; Sorensen, 2007), order popular dishes in a restaurant (Cai, Chen, & Fang, 2009), and engage in late bidding to increase the chance of winning auctions as the number of viewers and bids increases (Kamins, Noy, Steinhart, & Mazursky, 2011). People also are willing to pay more for apps that appear in a top 100 list (Carare, 2012) and prefer to dine in restaurants with longer queues (Raz & Ert, 2008). Finally, consumers are more likely to buy products when few of them remain on the shelf (i.e., demand-driven scarcity, Verhallen, 1982), though abundant supply also can lead consumers to buy more, presumably because they infer that the product must be popular (Chandon, Wesley Hutchinson, Bradlow, & Young, 2009).

These trends suggest a need to consider if popular products are perceived to offer higher quality or if scarce products and services (e.g., hand-crafted products, high-end restaurants) might be viewed as higher in quality than more popular alternatives. The assumed higher quality of scarce items derives from their higher price or cost (Lynn, 1989). If such factors are held constant, popular items instead are viewed as higher in quality. Steinhart, Kamins, Mazursky, and Noy (2014) show that consumers entertain both the naive beliefs that “popular = good” and that “exclusive = good.” In particular, functional products tend to elicit the former belief, but self-expressive products elicit the latter. The notion of good varies across these two alternative beliefs though, such that exclusive, self-expressive products are “good” in the sense that they can signal identity information (see also Berger & Heath, 2007), but popular and functional products are “good” because their popularity offers a quality signal. Thus, we hypothesize:

**H1.** : Majority consumers (i.e., buyers of high-market share items) appear more competent than minority consumers (i.e., buyers of low-market share items).

**H2.** : Higher expectations of quality for majority products mediate consumers' perceived competence.

People do not always believe that others' opinions offer valid cues, such that they may be more likely to anticipate quality and draw competence inferences on the basis of product popularity in some domains than in others. He and Bond (2015) show that consumers penalize products that generate high word-of-mouth disagreement if the product is *taste-similar* (i.e., consumers believe that people hold similar tastes about it), but not if it is *taste-dissimilar*. Similarly, Berger and Heath (2007) find that consumers are more likely to diverge from others in identity-relevant product domains. Both these streams of research suggest that, when products are functional and must serve an external goal, majority opinion is favored. When they are hedonic and thus terminal, more weight is given to personal tastes. We accordingly expect that observers rely on product popularity to infer product quality and consumer competence for functional products but not for hedonic products. Formally,

**H3.** : Product type (hedonic vs. functional) moderates the impact of relative market share on product quality and consumer competence inferences.

Competence and warmth are the two principal dimensions of impression formation (Abele & Wojciszke, 2007; Fiske et al., 2007) as they

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