

INCONSPICUOUS CONSUMPTION OF LUXURY PRODUCTS: A LITERATURE REVIEW

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Abstract:

The concept of conspicuous consumption, which was introduced by American economist Thorstein Veblen, has evolved over the years to include all material and immaterial objects and experiences that are showcased to indicate wealth. Several developing studies have found that consumerism is increasingly inclining towards the inconspicuous or low-key consumption of luxury products. The concept of "inconspicuous consumption" refers to a type of consumption behaviour that reflects consumers who avoid products with explicit brand identifiers or employ subtle signals that are only obvious to people with the imperative familiarity to decipher their meaning. This type of consumption habit could arise from various personal and social motives. This study aims to evaluate the literature in the area of inconspicuous consumption. The findings of this study will provide an insight into the scope of inconspicuous consumption for future research; and will also help in understanding a few underlying theories behind inconspicuous consumption.

Keywords: Inconspicuous consumption, luxury marketing, materialism

INTRODUCTION:

Rolls Royce Cars, Rolex Watches and Louis Vuitton Handbags. There was a time in history when such items were considered to be the ultimate symbols of wealth and luxury. Although the aforementioned brands are still well loved by the wealthy, the

consumption of such luxury products has seen a radical change in the past three to four decades. Luxury products are still sought after; however, it is safe to say that the method of consuming such products and presenting them to society has changed over time. For the purpose of this study, luxury products are all those goods that are not necessarily required to survive but are considered to be desired by all consumers in the society due to their assumed ability to enhance social status.

When Thorstein Veblen first introduced the concept of "conspicuous consumption" to the public in his 1899 discourse "The Theory of the Leisure Class", he accurately observed that material objects were often used by people to showcase their wealth. He attributed this type of consumer behaviour to the beginning of the Second Industrial Revolution during the late nineteenth century, when the concept of "social classes" had become prominent. This era was also known as "the Gilded Age" in America as it saw swift growth in individual wealth and the overall economy. Veblen further stated that consumers during this period used status signals of that generation such as corsets, silver spoons, high-quality beverages, and glitzy ceremonies to display wealth. Veblen theorised that the human behaviour of "conspicuous consumption" arose from the norm of social stratification and the need for consumers to fit into a particular social class, preferably a higher one (*Thorstein Veblen, 1899*). Veblen's contribution towards the concept enabled the coining of the term "Veblen Good", which refers to a luxury product that defies the normal Law of Demand as when the price increases, the demand increases.

However, modern research work has discerned that since the 1970s, the consumption behaviour of consumers changed from conspicuous consumption to inconspicuous consumption. The world has seen rapid transformation since the 1970s: the rise of electronics and technologies such as computers and the internet, the advent of globalised emerging countries and liberalised developing economies such as India, the subsequent digital revolution, the emergence of social media and more. These factors have definitely played a pivotal role in changing consumer habits. With the opening up of emerging economies such as India in the 1980s-90s, luxury products have become

easily accessible to various classes of consumers. Moreover, the production of luxury products has also undergone mass production in low-cost production countries such as China, thus boosting the availability of luxury products to the mass market.

Thus, various social, economic and psychological forces have caused the shift of consumerism towards low-key consumption. Factors such as the need for differentiation and uniqueness, the need to fit in, self-identity, and social presentation could also play an essential role in fostering a change in modern luxury consumption habits.

LITERATURE REVIEW:

The literature review aims to further study the concept of inconspicuous consumption with the existing secondary data research at hand.

Emergence of Inconspicuous Consumption:

As mentioned earlier, the behaviour of inconspicuous consumption was often traced back to the 1970s by researchers in the field. The 1970s saw a drastic change in lifestyles and social values and could be attributed to the emergence of such behaviour. An article by Amitai Etzioni (1977) titled "Redefining the Good Life" delved into the shift of the Industrial Revolution's focus on the number of goods produced and consumed to the quality of life offered by the goods. Etzioni suggested that the concept of society was moving away from social stratification based on wealth to projects and endeavours that require collective action towards a common goal. Etzioni, in the article, also presented a few polls conducted in America by the analytics company, The Harris Poll. The polls found that 66% of the respondents favoured "humanised" living, and 79% of the respondents preferred to work towards the purpose of making the most out of basic essentials. This article was one of the first to begin a talking point on the concept. As definitive social classes based on nobility and hierarchy began to crumble, the consumption of articles such as corsets, as mentioned by Veblen (*Thorstein Veblen, 1899*), was slowly becoming less popular signals of wealth. Social stratification began to be based on the income a person earned and the wealth the person owned. This

stratification is still existent in the society today. However, the methods of consumption and the social presentation of the purchased luxury products have changed.

When emerging countries such as India and China opened their doors to foreign trade, they began to emulate developed nations such as the United States and the United Kingdom. Developed countries were seen as the ultimate model of wealth and luxury. Moreover, businesses in developed countries began to take advantage of the low-cost labour and production techniques present in the emerging countries, thus boosting mass production. It became easier for the emerging countries to access the same luxuries as those consumed in the developed countries. The lines between social classes seemed to be blurring. It could be said that when it became easier for consumers belonging to "lower social classes" to fake affluence, the consumers who were actually wealthy wanted to differentiate themselves as "upper class" again. This differentiation shifted from the extravagant display of wealth and luxury to conservative frugality. The book titled "The Millionaire Next Door: The Surprising Secrets of America's Wealthy", written by Thomas J Stanley (1996), showcased the presence of such a consumption differentiation wherein American millionaires were reported to indulge in low-key consumption habits and were likely to be more economical while spending.

A study conducted by University of Chicago economists further threw light upon the same concept. When the researchers were analysing the wealth gap between various racial groups present in America, it was found that those racial groups that were low-income earners tended to consume more visible luxury commodities than the racial groups belonging to higher income levels. To be more specific, Black and Hispanic Americans conspicuously consumed extravagant products while White Americans preferred to remain frugal in their display of wealth. This type of consumer behaviour is also heavily shown in pop culture, wherein hip-hop music videos by Black artists usually featured heavy bling and material objects, thus creating a stereotype around the community as well. The researchers concluded that racial groups with lower income levels often used material objects to showcase a higher amount of wealth, as they

thought that they were emulating a higher income group. The opposite of this behaviour was seen in wealthier White Americans who may have wanted to signal their wealth in a minimalistic manner (*Charles, Hurst, Roussanov, 2009*).

Inconspicuous Consumption as a Means of Self-Identity:

Since then, research and literature studies surrounding the concept of inconspicuous consumption have grown exponentially. A few studies in the field conceptualise the consumer's common need for uniqueness. Everybody wants to be different, and the most visible method of showcasing uniqueness is through the presentation of one's consumption habits. This need for uniqueness is often translated into the inconspicuous consumption of luxury products, as products that are low-key consumed are more difficult to imitate by the general public. The studies also discussed that the "signalling ability" of luxury products had been diluted as consumers are increasingly seeking to differentiate their identities through discreet consumption (*Kastanakis, 2010; Eckhardt, 2015; Yaru Wang, 2019*). It can be inferred from the studies that when the mass public cannot decipher the product being consumed in a low-key manner, the inconspicuous consumer is perceived as being more unique and wealthier, as they are thought to have access to exclusive luxury products.

Overall Shift of Consumerism towards Inconspicuous Consumption:

Nonetheless, during the mid 2000s, when minimalism became mainstream, inconspicuous consumption finally caught up with the "middle" and "lower" class social groups and "mass consumers" as well. The behaviour is now seen not only in the "upper" affluent classes of consumers. A Chinese study found that "consumerism" is increasingly leaning towards the low-key consumption of luxury products. Consumers from various socioeconomic groups are increasingly seeking products with subtle signals of luxury that could only be easily recognisable by consumers with requisite knowledge about the product (*Wu et al., 2017*).

Additionally, luxury brands have also accurately identified this consumption behaviour and have reflected their market research in their products. Louis Vuitton, which used to splash its "LV" brand logo all over its products, has now resorted to using its iconic plain

and bold colours of brown and gold on most of their bags, while portraying their logo in a discreet manner. By using the colours that Louis Vuitton is synonymous with, it is ensuring that the brand's handbags are easily identifiable by fashion connoisseurs while maintaining the "aura" of minimalism.

Another example involves Apple's iPhones. When smartphones first entered the market, they were pretty sturdy. The entrance and further evolution of iPhone's in the market changed the way smartphones are designed in the current era. One of the main reasons iPhones are seen as luxury products is due to their minimalistic design. The brand also turned the colour grey from "dull" to "sleek". Moreover, consumers have moved away from using the Apple logo as a status signal. The focus is now on other subtle features such as the dual and tri-camera design, space-grey coloured products, phone edge design and more. Thus, brands have resorted to using colours and technical designs that can mainly be recognised by people with requisite knowledge about the brand and product to minimally showcase the luxury aspect of a product.

Current Practices of Consuming Luxury and Showcasing Wealth:

After reviewing the aforementioned literature, a question may arise: if the wealthy are not theatrically showcasing their wealth, how else are they conveying their status and affluence? A 2018 article published on Business Insider indicated that the rich are spending or investing their money in services such as education and health care instead of purchasing "flashy" luxury goods. The article stated that in doing so, the wealthy increase their social mobility and privilege and have an opportunity to boost their image within the society, as people assume that they are helping the society on the whole (*Hilary Hoffower, 2018*). Moreover, Elizabeth Currid-Halkett's book, "The Sum of Small Things: A Theory of an Aspirational Class", discusses how the wealthy invest most of their money in educational, healthcare, fitness, parenting and retirement-related services that increase the overall quality of life. The book even states that since 2007, the wealthiest 1% of Americans have been consuming fewer material products (*Elizabeth Currid-Halkett, 2018*). Such observations hold true, as several billionaires such as Warren Buffet, Mark Zuckerberg, and Steve Jobs have often been seen in

simple outfits and second-hand cars. Many billionaires avoid ostentatiously displaying their wealth as they choose to consume those products and services that enrich their quality of life and provide them with good results. Another practice is “conspicuous conservation”, in which wealthy consumers are increasingly purchasing environmentally sustainable products that are usually expensive to express high social status and wealth, as well as to keep a conscious image.

Inconspicuous Consumption and Online Social Image:

It could also be argued that most billionaires do not show off their wealth to avoid negative comments from other consumers who may be envious of their wealth. With the current world being heavily invested in social media, consumers often portray their life on such platforms. As social media usually showcases only the cherry-picked aspects of the user's life and, at the same time, can conceal the true identity of users, it is more common for one to receive negative comments online than offline. A study found that millennial Chinese consumers endorsed inconspicuous consumption in a bid to avoid negative comments on social media and maintain a high self-presentation. In the study, it was discussed that Chinese consumers used implicit ways of showcasing their luxury purchases. Instead of directly showing and talking about the luxury product with its logo, consumers are now placing the luxury products in a subtle manner and are using captions that are irrelevant to the luxury product being displayed in the social media image post. Consumers are seeking external identification of their low-key displays of wealth instead of directly portraying it themselves. Moreover, consumers also maintain the image of humility and modesty to improve their self-image and their presentation in the society (*Mingliang Chen et al., 2020*). This type of behaviour is constantly seen in the lives of celebrities as well. Wealthy reality TV stars such as the Kardashian family often get trolled with negative comments for their pretentious display of wealth as they flamboyantly endorse their recent luxury purchases. However, celebrities such as Angelina Jolie often receive positive comments and are praised on social media for their humility while showcasing their wealth, which they often invest in education, healthcare and activism-related activities.

Underlying Theories of Inconspicuous Consumption:

After analysing the various sources of literature present, it could be inferred that the following theories and models have an underlying presence in influencing inconspicuous consumption:

1. *Theories of the Snob and the Bandwagon Effect:* The theory of the snob effect refers to the behaviour of consumers to evade purchasing an object because several other people are buying it. The concept of this theory could be seen in the initial stages of the rise of inconspicuous consumption when wealthier consumers would not explicitly display their wealth as the other “mass market” consumers were doing the same. Once inconspicuous consumption was on its way to become the norm, the bandwagon effect came into play. Inconspicuous consumption is on its way to become the new normal as consumers from all sub-groups are changing their consumption habits.
2. *Theory of Impression Management:* Erving Goffman’s theory (1956) postulated that individuals often tried to influence the way others perceived them. Individuals would do so by trying to control the environment that involves social interaction. This theory is intrinsic in conspicuous and inconspicuous consumption. Initially, individuals would control others’ perception of them by flamboyantly flaunting luxury products to signal their class. Nowadays, individuals want people to perceive them as humble and modest in their consumption habits and hence, use inconspicuous consumption as a means to achieve this goal.
3. *Social Identity Theory (Self-concept):* Henri Tajfel’s theory (2001) proposed that the self-concept of an individual consisted of two components: the personal identity (independent), which often dealt with uniqueness, and the social identity (interdependent), which often dealt with one’s reference groups. Inconspicuous consumption could be attributed to the need for uniqueness as consumers no longer wanted luxury products sold in the mass market. Moreover, once inconspicuous consumption became a common habit in one’s reference groups,

the consumer could have eventually shifted to this type of behaviour to fit in and avoid negative comments on the extravagant display of wealth.

CONCLUSION:

Inconspicuous consumption is substantially being practised by consumers belonging to various socioeconomic groups. The prevalent literature in the field demonstrates that forces such as social differentiation, unique self-identity, and social presentation are portrayed quite commonly in most research studies. The studies mentioned above also showcase the pattern of luxury consumption in consumers belonging to different income levels and social groups and how they have diverged and converged over time. Inconspicuous consumer groups tend to pursue social status validation discreetly. Consumers are progressively consuming luxury goods inconspicuously, as they are placing the emphasis of purchasing luxury products on their individuality and preference, rather than just a means of ostentatiously displaying their wealth. All in all, the rise of this behaviour is mainly attributed to the psychological make-up of consumers, as presented in the theories mentioned above. The scope of this concept is very limited in the Indian context. Thus, with the existing literature, it would be significantly suitable to conduct research in this field on Indian luxury consumers.

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