



## CONSPICUOUS CONSUMPTION

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### ABSTRACT

Conspicuous consumption is the purchase of goods and services where individuals signal their social prestige rather than to satisfy their basic needs. Consumers in emerging markets such as China, Russia and United Arab Emirates are continuing to drive luxury market growth and have increased their spending stood at 70 percent. Affluent Chinese consumers are expected to contribute 44 percent of the global luxury purchases by 2025 with one trillion yuan. The conspicuous consumption of luxury goods has created opportunities for luxury brands and retailers. As the luxury market continues to roar due to the increased international travel and the emergence of the millennial luxury consumers, therefore, this paper aims to review the past studies related to the conspicuous consumption and identify new research agenda of conspicuous consumption in Malaysia.

**Key words: Conspicuous Consumption, Luxury, Malaysia**

### INTRODUCTION

Consumers in emerging markets such as China, Russia and United Arab Emirates are continuing to drive luxury market growth and have increased their spending stood at 70 percent (Deloitte, 2017). Affluent Chinese consumers are expected to contribute 44 percent of the global luxury purchases by 2025 with one trillion yuan (McKinsey & Company, 2017). The conspicuous consumption of luxury goods has created opportunities for luxury brands and retailers.

Consumption is a defying phenomena occurring in a social context which people purchase goods or services beyond their obvious use-value. Conspicuous consumption is one of the main categories to defined distinctive consumption styles (Firat et al., 2013). As defined by Wu et al. (2017), conspicuous consumption is the purchase of goods where individuals signal their social prestige, rather than to satisfy their basic needs. Likewise, individuals conspicuously spend to display their wealth (Sivanathan and Pettit, 2010). According to Patsiaouras and Fitchett (2012), conspicuous consumption refers to an individual who aims

to access to a higher social class using excessive and competitive spending as well as luxury leisure activities. Clearly, conspicuous consumption is commonly perceived as a means to show ones social status through the lavish or wasteful spending of luxury goods. However, there are individuals who use conspicuous consumption to signal sexual or social relevant characteristics to others (Memushi, 2013). As the luxury market continues to roar due to the increased international travel and the emergence of the millennial luxury consumers (Deloitte, 2017), therefore, this paper aims to review the past studies related to the conspicuous consumption and identify new research agenda of conspicuous consumption in Malaysia.

## **LITERATURE REVIEW**

According to Patsiaouras and Fitchett (2012), marketing and consumer behaviour literature found that conspicuous consumption relates to purchase of luxury brands to signal social status, upward social mobility and interpersonal relations. Also, O’Cass and McEwen (2004) found that consumption of publicly visible goods is affected by interpersonal influences. In support, as highlighted by Nasab, Shojaee and Moshkdanian (2016), consumers’ need for uniqueness, consumer susceptibility to interpersonal influence and attention to social comparison information are closely related to conspicuous consumption among students. Besides, individuals in a low-power state desire for luxury products when they are in social exclusion (Liang, Chang and Wang, 2017).

There are many studies investigate the factors affecting conspicuous consumption and the studies found that materialism is the dominant factor for conspicuous consumption (Podoshen and Andrzejewski, 2014; Velov, Gojković and Đurić 2014). Drawing upon existing relevant literature, several studies compare conspicuous consumption in different cultures, races and context factors. Charles, Hurst and Roussanov (2009) found that Blacks and Hispanics spend more money to acquire luxury goods such as clothing, jewelry, and cars than Whites. On the other hand, Souiden, M’Saad and Pons (2011) tested conspicuous behaviour in two different cultures (individualist versus collectivist) and the study found that conspicuous consumption is higher in individualist cultures. In addition, Wijnen (2017) concluded that context factors including urban areas and areas with high inequality a relatively higher portion of the income are related to conspicuous consumption.

However, there are studies provide evidence from new angles. For examples, Bellezza, Paharia and Keinan (2017) investigated conspicuous consumption in relation to time. Sundie et al. (2011) found that showy spending is one of the social signals for potential mates. It is proved that males spend on publicly observable goods to attract females (Collins, Baer and Weber, 2015). In fact, women are especially important to the conspicuous consumption. With the significant improvement of the material standard-of-living of societies, woman who possess the discretionary income have the economic power to buy expensive items. Meanwhile, woman could play as an incentive for the opposite gender to conspicuously consume (Memushi, 2013).

## CONCLUSION

Based on the extant literature, people spend lavishly to enhance social prestige and display wealth rather than to cover basic needs. Millennials are found to reshape the luxury market. According to a survey done by Bain & Company (2017), by 2025, Millennials and Generation Z will be the key players with 45% of the global luxury personal goods consumption. Therefore, future works could make new inroads into understanding factors that lead Millennials and Generation Z to engage in conspicuous consumption in Malaysia.

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