

Status with Conspicuous Goods: The Role of Modern Housing

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Introduction

People care about their standing in society and what others think about them. One of the foremost reasons for this is the status consideration. Today, most people invest on luxury houses, which are noticeable to the public for the purpose of demonstrating their status to others. Indeed, acquiring expensive and status goods, such as luxury houses, has been labelled ‘conspicuous consumption’.

Thorstein Veblen (1899) coined the term over a century ago in his classic *Theory of the Leisure Class*, in which he defines the term as lavish spending on goods and services acquired mainly for the purpose of displaying income or wealth. Present-day scholars often quote new, larger and ostentatious houses as conspicuous product that signaling qualities of consumption (Frank, 1999; Jessie and John, 2002; Lloyd, 2005). For example, Lloyd (2005) says that “in the U.S., a trend in 1950s towards large houses began, with the average size of a home about doubling over a period of 50 years....this trend is a symbol of conspicuous consumption”. According to Frank (1999), one’s evaluation of the ‘adequacy’ of one’s own living space involves comparing it with ‘mental images’ of the living spaces of others.

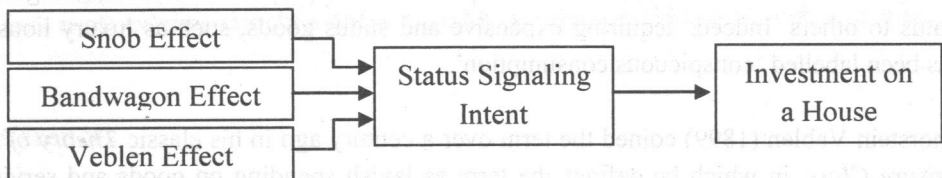
Although the role of modern houses in exhibiting the status of owner has been studied by a number of scholars in elsewhere in the world, a study of conspicuous motivations of modern house owners (MHOs) in Sri Lanka is relatively scarce. On the other hand, postmodern developments are significantly influencing the universal nature of conspicuous consumption, particularly in developing countries like Sri Lanka. Fuelled by increasing purchasing power and high social interactions, individuals’ conspicuous consumption trends are largely persuaded in these countries. In light of this, the purpose

of this study is to examine how MHOs exhibit their status by living in modern, larger and ostentatious houses. It further explores various aspects related to the phenomenon of conspicuous consumption among MHOs in the Kurunegala district.

Methodology

This paper reports the outcome of an exploratory baseline study, which was carried out within the Kurunegala Municipal Council Limits with 120 MHOs (N = 120, 78 men and 42 women; age range 35 – 51 years). A series of MHOs discussions as well as personal interviews with renowned architects supported by an extensive site visits were undertaken to gather firsthand information on housing symbolism. The Five-Point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree, was used to measure the respondents' signaling intent through three principal external effects identified by Leibenstein (1950), i.e. Snob effect (*other's demand reduces own demand*), Bandwagon effect (*other's demand increases own demand*), Veblen effect (*where quantity demanded for a good may increase with price*) (Figure 1).

Figure 01: Research Model



Further, researchers assigned the conspicuousness rating, based on the status consideration of MHOs, from 1 to 5 (1 = 'not at all conspicuous consumption' to 5 = 'definitely conspicuous consumption'). Along with other exploratory data analysis methods, the Statistical Package for Social Sciences (SPSS) [version 17] was utilized to facilitate an objective assessment of data gathered.

Results & Discussion

The results highlight that MHOs are highly influenced by their social status. Not surprisingly, the findings confirm that a consumer perceives both utilitarian function ($\beta=0.654$, $p<0.001$) and expressive or status function ($\beta=0.831$, $p<0.001$) of housing. Further, results confirm that females were more likely than males to purchase or construct status-congruent houses and the higher investments on the status houses are

generally associated with respondents' profession ($r = 0.876$, $p < 0.001$) and the place of living ($r = 0.821$, $p < 0.001$).

As expected, conspicuousness ratings were higher for outer-appearance of house ($M = 4.7$), its size ($M = 4.2$), interior decorations ($M = 4.1$) and lower for number of rooms ($M = 2.9$) and a modern-equipped pantry ($M = 2.7$). Most of the respondents accepted that they have invested on modern, larger and ostentatious houses to displaying their higher status than others ($M = 4.85$), which is followed by to creates social opportunities and social interaction ($M = 4.64$), to distinguish them from others ($M = 4.21$), and to impress upon others that he/she possesses wealth ($M = 3.87$).

Finally, the outcome of analysis shows that MHOs' status signaling are largely persuaded by Veblen effect ($r = 0.781$, $p < 0.001$). The Bandwagon effect ($r = 0.679$, $p < 0.001$) and Snob effect ($r = 0.623$, $p < 0.001$) are also found to be significantly influence. Veblen effect is highly correlated with income, education and profession of the respondents, where as Snob effect was significantly correlated with the place of living, particularly among the urban residents. A significant correlation was found between the respondents' gender and Snob effect.

Conclusions

According to the findings, both status and utilitarian functions of housing are found to be important determinants for MHOs investment decisions in Kurunegala district. Yet, most of them pay more attention on status functions than utilitarian function. Moreover, MHOs struggle to create social opportunities and to distinguish them from others by having a modern and ostentatious house. Impressing upon others that MHOs possess wealth is also an important motivation of conspicuous MHOs. Place of living, profession, and gender are largely influence MHOs' investment decisions.

While, the outer-appearance, size and the interior decorations are extremely important for MHOs, some MHOs increase their demanded for a luxury house with its value and some increase their demand when other increases their demand. The results of the research can be considered useful for marketing of luxury houses in Sri Lanka. When designing a new house the potential added values through the status function are to be concerned by the architects.

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