Conspicuous Consumption, its Implications and Marketing Implementation

-An Approach-

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Contemporary Consumer
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Introduction
The following essay should outline why consumers like to engage in conspicuous consumption and exploit the marketing implications. The biggest implications refer to modified marketing implementations; therefore models will be implemented and modified to track the contemporary conspicuous consumer –further implications will not be outlined so sharply. To describe the reasons for conspicuous consumption a common psychological background argumentation will be done. To give the argumentation evidence an approach to this by the Maslow’s hierarchy of needs will be examined. Then conspicuous consumption in the past and in the present will be discussed, hereby “The Theory of the Leisure Class” will be confronted by the Neuro-Linguistic Programming approach (NLP). The NLP will then help to identify today’s conspicuous consumption customers, such as a part of a matrix from the “Home Hybridicus”. At the next stage the marketing implementation tool the 4Ps are used for an approach of implementation using other marketing tools within those. The last point contains of other marketing models which are or can be used for targeting the conspicuous consumer.

The reader should have background knowledge in the field of marketing, consumers and consumerism, because this will be a professional generic approach of the implications on marketing implementation.

Psychological background –an argumentation
Imagine we would be in the times where humans still lived in caves –the hunter-gatherer approach. The human, that kills the biggest animals best, the one that is better then the others, the one with the most effective weapon will survive best. He, his strength and his weapon are the media to survive best –which is an instinct. Furthermore everyone tries to be best to be beloved, to give security to his partner and to show that he is the best –the alpha-“male”. Today strength and weapons have changed into education, knowledge, money, outward appearance and symbols of status. Humans still want to be ahead of others, resulting from their instincts.
Maslow’s hierarchy of needs

Abraham Maslow published his hierarchy of needs in 1943. It can be used to exploit customers’ wants and needs. The first three stages are considered to be needed to achieve the stage of esteem and self-actualization can only be achieved by having esteem. The pyramid is logical in itself having no air to breathe you wouldn’t think about your employment; to achieve employment is considered to be more important than having friends (without employment you got no food/water); who are you going to show your self-esteem not being in an social network (e.g. friends); self-actualization is the step ahead of the human itself, now he has the ability to make judgements about certain things, can be creative because this process he went through. There are many discussions around the interpretation of this pyramid—others say that the first three stages must be of equal importance and so on.

However, the conspicuous consumption is in the stage of Esteem, because these needs differentiate humans from each other and at least make them think that through a certain product he is more respected. “These (needs) involve needs for both self-esteem and for the esteem a person gets from others. Humans have a need for a stable, firmly based, high level of self-respect, and respect from others. When these needs are satisfied, the person feels self-confident and valuable as a person in the world. When these needs are frustrated, the person feels inferior, weak, helpless and worthless.” (Simons, J., Irwin, D. Drinnien, B. 1987)

Figure 1: Maslow’s hierarchy of needs

Both, the argumentation and the interpretations of Maslow’s hierarchy from Janet A. Simons, Donald B. Irwin and Beverly A. Drinnien lead to the result that consumers like to engage in conspicuous consumption, which has mainly to deal with being better than others which are on your equal stage, which is a humans environment (e.g. peer-group, social network, social surrounding).

**Hypothesis:** Humans try to show that they are better, then others in their social background. The key of today to this is conspicuous consumption.

**Conspicuous Consumption**

Thorstein Veblen introduced the term conspicuous consumption in 1899 in his book the “The Theory of the Leisure Class”. This term is described as displaying wealth through spending unusual high prices of one product type or service (e.g. Dolce Gabbana jeans for EUR 800,-). Furthermore, this term described the nouveau riche, which is a new class that developed during the industrialization in the 19th century. This upper class earned much more money than the normal classes and could afford much more money spending for a product. Since human want to express that they are better than others, better than their social environment they consume conspicuous. (According to: Veblen 1899)

**Conspicuous Consumption in the 21st Century**

But there have been developments in humans’ psychology so this approach is not wrong but doesn’t fit every consumer anymore. Today's humans expect a longer and safer life. The anonymity in major cities is even bigger. People start looking at other people (e.g. conspicuous consumers) and don’t want to be like them. Individuality grows its importance to the human psyche, the expression to be individually and to be individual for your own (e.g. certain sports). A lot of variables and influences hit the humans’ psychology.

In the model of Neuro-Linguistic Programming (NLP) consumers are divided into three main categories - brain stem (green), diencephalon (red) and cerebrum (blue) orientated customers.
<table>
<thead>
<tr>
<th>Level</th>
<th>Green component</th>
<th>Red component</th>
<th>Blue component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task</td>
<td>Tendency to self-preservation</td>
<td>Tendency to self-assertion</td>
<td>Tendency to self-determination</td>
</tr>
<tr>
<td>Time relation</td>
<td>Past</td>
<td>Present</td>
<td>Future</td>
</tr>
<tr>
<td>Claim</td>
<td>Territory (own space)</td>
<td>Status (acceptance)</td>
<td>Knowledge (own competences)</td>
</tr>
<tr>
<td>Social connection</td>
<td>Desideratum is contact</td>
<td>Desideratum is contact and dominance</td>
<td>Desideratum is distance</td>
</tr>
</tbody>
</table>

Table 1: NLP classifications

Translated from: [http://www.it-infothek.de/fhtw/semester_4/bwl_4_02.html](http://www.it-infothek.de/fhtw/semester_4/bwl_4_02.html)

The conspicuous consumer can be put into the red component, because his claim is status, his desideratum is contact and dominance, his time relation the present and he tends to have self-assertion. For an implementation the customers’ limits should be outlined, such as who the customer is. Red customers:

- want to positioning them-self really clear
- there is whether a positive and a negative and nothing in between
- their percipience’s are emotional and spontaneous
- their behaviour is between anxiety, aggression, attack or escape
- their time relation is the present
- their are able to take risks
- they need activity
- they try new products
- they want to dominate groups
- they don’t give up so early
- in critical situations they are ask for an advice
- they think straight forward and don’t change their minds
- they love symbols of status
- they want that their status will be appreciated
- they like to have nice cars, love nice cloth, trappings and everything that shines to the outside.
Behaviour at buying decisions for red customers:

- don’t want to be bored with details
- want the newest, best and biggest
- the aspect of prestige is very important
- want to be first that have something new
- can’t use theory that good; it has to be realistic
- can re-call a decision easily
- decide now and want to own it in the same second
- buy by outward appearance and price rather than functional usage

Furthermore are the green customers might be the followers of the red customers. Some green
customers know that the red customer know what is good –some follow the blue customers.
In this process the red customers can be described with the marketing term “snob” (sob effect)
and the green customers get attracted by the band-wagon effect. However to reach the band-
wagon effect, we’ll have to attract snobs. For that reason green customers will not be outlined
any further. (According to: Mueller 2004)

In addition -related to strong brands- there are in total three characteristics and causes of
motivation, which give brands prestige. Thereby it is differentiated between three
interpersonal and two personal effects:
- Veblen effect (e.g. remarkable / conspicuous / with ostentation / swank / ostentation)
- Snob effect (e.g. unique / exclusively / non-conformance)
- Bandwagon effect (e.g. social / conformance / accordance)
- Hedonism (emotional / self-actualization)
- Perfectionism (quality-approach / pacification / doubled insurance)
(According to: Vigneron & Johnson 1999)

Shoham (2003) states that today’s marketing considers the income as the major effect on
buying behaviour, which is obvious –no money at the end of a month no conspicuous
consumption possible. In Muellers (2004) opinion the dependencies for a buying decision are
manly based the parts of consumers’ brains they use manly. There are classes of income that
between those that have to money to survive and those which have much money. They are an
important field for conspicuous consumption marketing/selling as well. They are red
customers and want to be just like them. They want to stimulate their belongings as well (S-O-R approach). According to Woodruffe-Burton (1998) relating to the Compensatory Consumption theory customers will save money to buy something conspicuous, sink other costs or even take a credit to achieving the status and the respect they want to have “driven by their brain” -their attitude of life. For those customers its is like a psychological disorganization, but they can satisfy their “thirst” by buying imitations. Through the development of conspicuous consumption black markets (or fake market) have developed as well. Those markets sell products of the same design and almost equal quality (e.g. cloth branch), just a few little differences can be realized by a consumer. This is satisfying those consumers as well. The marketing must be careful with saving intellectual properties and built in certain labels which are only hard to imitate –even though some branches like exotic leather handbags (e.g. made of ostrich) can not be imitated.

In cultural aspects there have been no adoptions, the Rolex is the Rolex and is everywhere the same, just like for the issue of family.

**Implications on marketing –Perspective of implementation**

Now that we know the conspicuous consumer more closely we can adjust the marketing tools. These tools must focus on the target group of the conspicuous consumer. Therefore it would not be useful to focus on the “Home Hybridicus”, because we need them only at his stage of him being conspicuous, but we can use its models to get more information at the stage of him being conspicuous to tackle the marketing mix of conspicuous consumers. In the theory the mindset of the “Home Hybridicus” looks like figure 2, according to Brockelmann (2001).
The red customer should represent the conspicuous consumer, which has the belongings of: vitality, new & cool, beauty, thrill & fun, clannery, carefree and passion. For the special case of our consumer we could add *exclusives, prestige and status*. Assuredly this consumer is paying attention to quality, service and other considerations as well, but mainly on the facts of his matrix area in this mindset portfolio.

(conspicuous consumer compared with: Gentsch 2002)

**Implementing 4Ps**

Now we are able to implement the marketing mix. The models outlined give us enough information to run this process. It is necessary to point out the marketing mix very sharply to reach our target-group. The implementation valuations will be compared to the normal product –middle segmented products. Further more this implementation will put its attention to the consumer related strategies.
Place

The products are not recommended to be in common shops. They should be in special stores, in retail-stores only run by your own company (direct or indirect) and the internet. The customer wants to have a special feeling walking in this store; he wants to go where others don’t go to, to feel special. He needs to see the newest products in the display window (effort in display window policy).

Furthermore a distribution channel should include an outlet-centre. Smart shopper will be waiting to feel better as well.
Product

To reach the conspicuous consumer the product policy –arising from the matrix area “Stimulation – Emotional” from “Home Hybridicus”, the result from Maslow “to be better then the equal” in the stage of Esteem and the set of the “red consumer” to be ahead and try new things- needs to point its focus on the exterior design aspect, in this aspect the product segmentation should be carried out very exclusively, innovative, pretty, cool, new, better then others of the same kind, conspicuous and eye catching. The packaging should be carried out in the same way. The product quality and services can be almost put to middle segmented products –e.g. jeans-quality-difference between Levis and Dolce & Gabbana is not an issue for the buying decision.

The following matrix shows our product policy strategy in relation to our middle class competitors. These competitors are assumed position their strategy in the middle of this matrix.

![Product policy strategy matrix for conspicuous products](image-url)
Price

The pricing policy in the sourcing process can be of equal importance like the competitor, with the exception products, which require a certain material, to give a certain look – e.g. an alligator belt. The customer related pricing strategy on the other side needs to be very high related to competitors. It depends on the branch whether the price is 3 times or maybe 50 times higher than those of the competitors. It will be necessary to put a huge effort into the retail pricing strategy, if this will be misevaluated the whole product can flop. Our customer wants to pay a high price and he wants to display wealth – expressing he can afford which others can’t.

The following matrix shows our pricing policy strategy in relation to our middle class competitors. These competitors are assumed to position their strategy in the middle of this matrix.

Pricing policy strategy matrix for conspicuous products
Promotion

The communication policy should carry out a corporate design. The customer wants to play in a certain league and this first league needs to be remembered. The communication (e.g. commercials) should focus on exclusiveness, “betterness” and “conspicuousness”, the communication itself must be exclusive to –e.g. a never-seen high quality TV-spot. It should be communicated who it doesn’t refer to –e.g. Boss TV-spot “separates the man from the boys”. The S-O-R system at this point can be used as well, to activate stimuli a specialized statements are important. The conspicuous consumer doesn’t want to be bored with details. He wants to know the amazing things and how this product can represent his wealth –e.g. Dolce & Gabbana even write on the product their exclusiveness “We Have Been Working For You To Give Maximum Quality And Original Design” (this slogan is printed onto jeans). Furthermore a strong and high-price brand should be communicated. Therefore communication within the marketing areas has to be done. Furthermore the customer communication at the point of sales (POS) should be done, by using the NLP-Model – outlining what should be said and what not (negative example: We already sold 20,000 of these products / positive example: Your are the first and this edition is limited!). Further communication can be done by the tool of Emotional Selling using Pacing and the NLP.

The following matrix shows our promotion policy strategy in relation to our middle class competitors. These competitors are assumed to position their strategy in the middle of this matrix.

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Relative costs to competitors

POS

Customer-Communication

Corporate Design

Competitors

Effort in promotion

Promotion policy strategy matrix for conspicuous products
Other marketing models
The classical marketing mix has been expanded by 3 Ps (People / Process / Physical evidence). Furthermore, the problem-based marketing considers 10 Ps consisting of: Purpose, Problems, Positioning, Process, Products, Packaging, Promotion, Persuasion, Pricing, and Performance (According to: Nesbitt 2006). The 7 or 10 Ps of the marketing mix would help market products even better. Other tools for the implementations are: a media response system, the S-O-R system, the Fishbein-Model, Product Life Cycle (PLC) Marketing, Portfolio Marketing and even Whittington’s strategic tension the “Systemic Perspective”, which have to be modified to meet these particular implications.

Conclusion
The conspicuous consumers arise from a human will of wanting to be better than others. They must display to others that they are well off, to feel better than themselves. They show that they are well off, whether they are or not. When they are not, they will save money or take a credit. Their thirst can also be satisfied by buying fakes as well. In Maslow’s hierarchy of needs, this behaviour refers to the stage of esteem. In the NLP - approach, they appear as red customers, furthermore as green customers, which are the followers. The world of marketing is affected by this. There have been huge developments in marketing implementations to track the contemporary conspicuous consumer. The customer behaviour has an impact through the whole company, especially in the consumer-marketing related perspective. Furthermore, this approach showed exemplary the implications for marketing, especially from the marketing implementations point of view.

Words: 2711
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