

STATUS SIGNALING

GROUP 4:

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April 28, 2025

Introduction

Social classes contribute significantly in shaping consumer behavior , especially when each class has distinct needs and aspirations. There is a clear contrast between the purchasing behaviors and habits of ascribed and achieved status within the upper class. A consumer's buying behaviors and brand preferences are influenced by whether they attained their status through inherited wealth or career success. Although consumers from both groups attain great wealth and are financially secure, their approach to consumption is quite different and is reflected through status signaling, conspicuous consumption and invidious consumption. This paper explores these differences by focusing on these consumer behavior concepts and analyzing primary and secondary sources.

Ascribed status is often associated with old money and consumers from this group exhibit confidence within their social hierarchy. The ascribed wealthy prioritize tradition while the achieved wealthy favor public acknowledgement. Individuals with achieved status from the upper middle class, purchase luxury items to reinforce social boundaries and as a form of envious consumption. Within achieved status is a group of consumers called the nouveau riche, and they often feel the need to affirm their social standing publicly. The consumption of high end products and brands are perceived as a manifestation of status seeking, while the consumption of mass produced brands is viewed as a sign of little interest in status. Understanding the differences between these two groups is crucial for marketers and companies, especially when trying to understand their target audience. There are several psychological driving forces behind consumption among these different upper class groups. The desire to fit into a certain class can influence financial behaviors, and in some cases can lead to debt.

Background

Status signaling, which refers to the expression of one's social position through consumption and behavior, has become a significant area of interest in consumer research across various fields. Fuentes, Vera-Martinez, and Kolbe (2022) expand the conventional perspective on status signaling by highlighting the importance of intangible brand traits such as brand personality, heritage, and user profiles, beyond just conspicuous material displays. Their research indicates that consumers choose luxury brands not only to reinforce their current status but also to elevate their social ranking in order to frame status signaling as a strategic and symbolic social practice. Moyal and Garcia (2023) further complicate the concept of status displays by presenting the "seller's status-signaling fallacy," where they reveal that while sellers often think that showcasing high status will attract buyers, buyers tend to interpret such efforts negatively and view them as ineffective impression management.

The significance of relative economic position is crucial to status signaling behavior. Bricker, Krimmel, and Ramcharan (2021) observe that households with higher incomes are more likely to engage in visible luxury spending, especially in unequal communities and signal superiority by means of high-status items like luxury vehicles. In a similar way, Qattan and Al Khasawneh (2020) find that psychological drivers such as envy, narcissism, materialism, and social comparison have a substantial impact on online conspicuous consumption to emphasize how social media amplifies public displays of status. Cultural factors also influence these behaviors, as demonstrated by Nwankwo, Hamelin, and Khaled (2014), who illustrate that in Islamic societies such as Morocco, the influence of global consumer culture increasingly eclipses traditional religious constraints and encourages luxury consumption as a widespread expression of status signaling.

Amin, Manzoor, and Farid (2020) go beyond the analysis of status signaling to include eco-friendly products and reveal that social class affects purchasing behaviors. Wealthier consumers frequently engage in "green" consumption to display modern status to indicate that even eco-responsibility can serve as a means of signaling prestige. Nelissen and Meijers (2011) utilize costly signaling theory to show that luxury consumption yields actual social and financial

advantages, since individuals presenting high-end brands receive more favorable treatment in social contexts, therefore reinforcing the benefits of conspicuous consumption.

It goes without saying that status signaling is not exclusively linked to indulgence. Jones (2021) finds that the desire for status can also inspire virtuous choices, like exercising greater self-control in buying healthier items, that act as subtle indicators of discipline and elevated social value. Furthermore, parenthood emerges as a new precursor to conspicuous consumption, due to the fact that parents believe their social status will directly affect their children's future prospects. Last but not least, Han, Nunes, and Drèze (2010) introduce the idea of brand prominence and distinguish between "loud" and "quiet" luxury goods. Their investigation reveals that consumers' income levels and desire for status determine their preferences for highly visible or subtly branded products in order to note that lower-income individuals often turn to counterfeit luxury items as aspirational symbols of status.

In general, these studies show that status signaling is a dynamic reality shaped by psychological, cultural, social, and economic influences. Contemporary status displays extend beyond luxury acquisitions to include digital behaviors, eco-friendly consumption, and even exhibitions of self-discipline, reflecting the changing ways individuals navigate and establish their standings within modern social hierarchies.

Primary Research

Study Goal

The main focus of our survey was to examine how people use their purchasing decisions to project social status. We wanted to explore which brands and behaviors are commonly linked to higher status and how these perceptions affect buying habits. Our research also aimed to see if factors like age, income level, or cultural background would influence people's reasons for engaging in status signaling. By spotting trends in status-related consumer behavior, we hoped to gain a stronger understanding of how status signaling plays out in everyday life and what it means for marketing and consumer decision-making.

We focus on the following research questions:

- How important is it for you that others perceive you as successful/wealthy?
- I care about owning products that make me stand out socially?
- Have you ever gone into debt (e.g. credit cards, loans, buy-now-pay-later) to purchase something that enhanced your social status or image?
- I would feel more respected if others thought I am wealthy.

Expected Outcomes:

At the start of our study, we had a few main goals in mind. One of our primary objectives was to examine how status signaling connects to the way people's social value is perceived, understanding that outward appearances can heavily influence how others judge them. We also aimed to look into how status signaling affects decision-making in both business and everyday social situations, especially when choices are motivated by the desire to appear a certain way. Lastly, we set out to identify the most powerful status symbols in today's culture, focusing on the brands, behaviors, and markers that shape how success and prestige are viewed.

Method

Quantitative Method: The study involved 53 participants aged 18 to 65, representing a range of income levels, educational backgrounds, and genders. The participants completed an online survey that used a scale from "strongly agree" to "strongly disagree." This survey focused on how frequently they purchase luxury goods and the importance they place on material possessions for social status.

Survey Questions

- How old are you?
 - Under 18
 - 18-24
 - 25-34
 - 35-44
 - 45-54
 - 55-64

- 65+
- What is your race/ethnicity?
 - American Indian or Alaska Native
 - Asian or Asian American
 - Black or African American
 - Hispanic or Latino
 - Middle Eastern or North African
 - Native Hawaiian or other Pacific Islander
 - White
 - Another race
- Select your favorite Grocery Store
 - Ralphs
 - Trader Joesa
 - Whole Foods
 - Erewhon
 - Walmart
 - Other
- Where do you purchase your clothes?
 - Target
 - Walmart
 - Amazon
 - Nordstrom
 - Bloomingdale's
 - Other
- How important is it for you that others perceive you as successful/wealthy?
 - Not important at all
 - Slightly important
 - Moderately important
 - Very important
 - Extremely important

- Other
- I care about owning products that make me stand out socially.
 - Strongly agree
 - Agree
 - Neither agree nor disagree
 - Disagree
 - Strongly disagree
- Which of the following do you associate with high status? (*Select all that apply*)
 - Luxury cars
 - Designer clothing
 - Exclusive tech products
 - Fine dining
 - Private travel (e.g., business class, private jets)
- If you became wealthy or are considered wealthy, what would you most likely attribute your wealth to?
 - Hard work and dedication
 - Smart financial decisions and investments
 - A high-paying career
 - Starting a successful business
 - Inheritance or family support
 - Luck or being in the right place at the right time
 - Other: _____
- If two products are functionally the same, but one is more recognized or “trendy,” which are you more likely to buy?
 - The more recognized/trendy one
 - The cheaper one
 - The one with better quality (regardless of brand)
 - I don’t know
- Have you ever gone into debt (e.g., credit cards, loans, buy-now-pay-later) to purchase something that enhanced your social status or image?

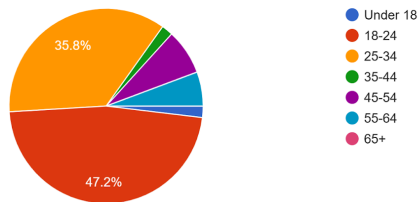
- Yes, frequently
- Yes, occasionally
- I considered it, but didn't go through with it
- No, never
- Prefer not to say
- I would feel more respected if others thought I am wealthy.
 - Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree
- Select your Income
 - 0-50K
 - 50-100K
 - 100-150K
 - 150-200K
 - 200-250K
 - 250K+

Results

Charts and Graphs

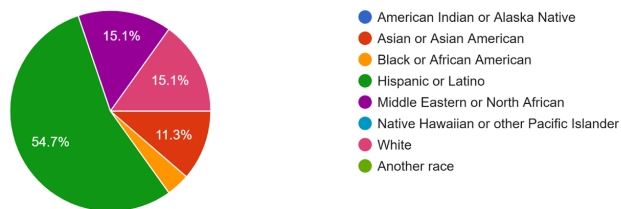
How old are you?

53 responses



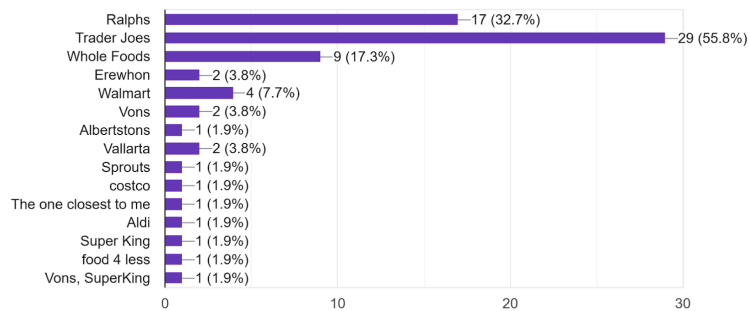
What is your race/ethnicity?

53 responses



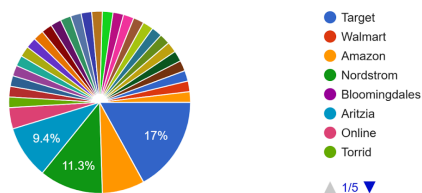
Select your favorite grocery store below.

52 responses



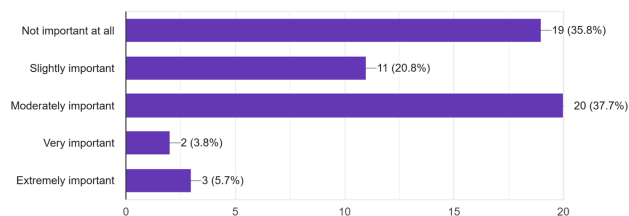
Where do you purchase your clothes?

53 responses



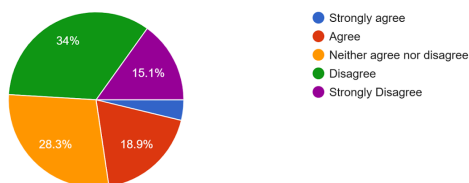
How important is it for you that others perceive you as successful/wealthy?

53 responses



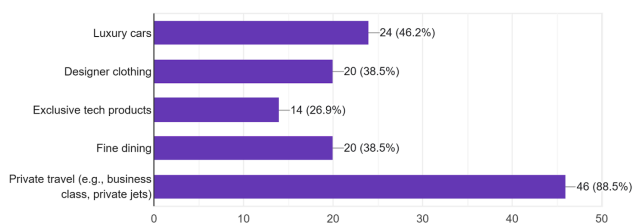
I care about owning products that make me stand out socially.

53 responses



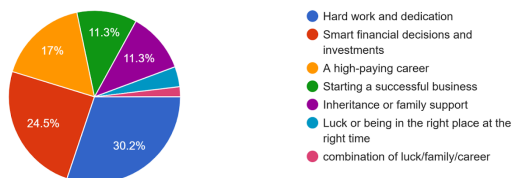
Which of the following do you associate with high status? (Select all that apply)

52 responses



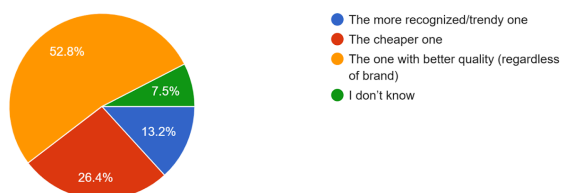
If you became wealthy or are considered wealthy, what would you most likely attribute your wealth to?

53 responses



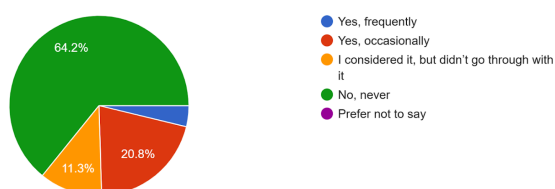
If two products are functionally the same, but one is more recognized or "trendy," which are you more likely to buy?

53 responses



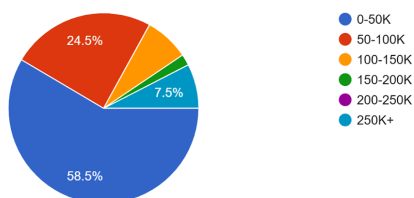
Have you ever gone into debt (e.g., credit cards, loans, buy-now-pay-later) to purchase something that enhanced your social status or image?

53 responses



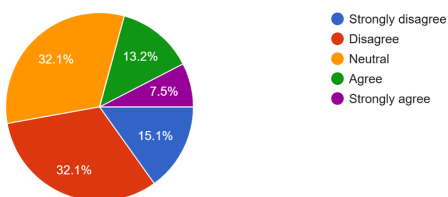
Select your income.

53 responses



I would feel more respected if others thought I am wealthy.

53 responses



Summary and Interpretation

A notable result from our survey was that many participants indicated they had "Yes, occasionally" thought about going into debt to appear wealthy. This finding points to the strong

influence that status signaling has on financial decision-making. It shows that for some individuals, the pressure to project an image of success can sometimes lead them to prioritize social perception over financial security. Overall, this supports the idea that social image remains a powerful motivator in people's choices, even when it comes with personal financial risk.

Our survey revealed that most participants credited their success to hard work and dedication instead of factors like family wealth, luck, or other advantages. This reflects a strong belief in personal achievement and the idea that success is earned through individual effort. Many respondents appeared to embrace a meritocratic view, where determination and persistence are seen as more important than inherited privilege. This attitude also ties into the concept of the *nouveau riche*, referring to those who build their wealth through their own labor rather than relying on generational fortune, showing a sense of pride in self-made accomplishments.

If we were to conduct the study again, we would add more questions specifically about the concept of the *nouveau riche* to better explore how newly acquired wealth influences status signaling. This would give us a deeper understanding of how attitudes and behaviors might differ between those who earned their wealth and those who inherited it. Originally, we had also planned to follow up with interviews, targeting participants based on their survey responses to gain more detailed insights. However, because our survey was anonymous, we were unable to reach back out to individuals, limiting our ability to explore certain findings in greater depth.

Conclusion

Based on the primary research, It can be assumed that most millennials who are middle-class income who identify as Hispanic moderately prioritize being perceived as wealthy with 37.7 percent. Contradictorily, they don't care about standing out socially. Most associate a high status signalling the private travel, jets, and business jets. Somehow they value more diligence above all. Most of them would attribute their wealth-signaling status to primarily hard work and a sequence of smart financial decisions. As a result, the majority of them have gone into financial debt to live their social status lives. Regarding trends, they opt to purchase better high- quality products. However, regarding their self-respect, they would be neutral and disagree, attributing their self-worth to high wealth.

Among the secondary research, it can be assumed that self-confidence and perceived high self-image among high social circles are huge factors in consumer consumption.

Nonetheless a conspicuous societal view among peers can greatly contribute to wealth expenditures among an upper society. The purchase of luxurious and prestigious brands is correlated with self-expression and psychological validation to stand out among the same high social status individuals. Their high standardized position and disposable income makes them less reluctant to purchase conspicuous luxurious brands. High-earned income and diligent individuals value social acknowledgment, cultural status and social acceptance in a wealthy society. The purchase of high-quality brands showcases the current trends they are influenced by as adults in their social class. In an upper society, reputation tends to be the main motivation for consumer consumption among millennials and the generations to come. High values still remain when living a lavish lifestyle in the modern world. Ultimately Social positions and economic status prominently influence conspicuous consumer consumption in luxurious expenditure in status signaling.

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