

The Economics of Fashion: Status Motives for Conspicuous Consumption

Rachel A. J. Pownall *

October 9, 2013

Abstract

The current paper reviews the concept of status motives driving conspicuous consumption. In particular we test the famous conjecture of Thorstein Veblen that the ‘objective of being fashionable is to gain status by being rich and powerful’. Using survey data from over 500 US households we find that spending on conspicuous consumption is driven by status-seeking motives. Our results are strong and significant after controlling for various demographics, such as age, gender, education and income. Results also highlight the importance of status motives driving how much consumers also care about others’ (or society’s) beliefs about the utility obtained from fashionable items. This is stronger for more visible fashion items than nonvisible fashion items. Our evidence supports Veblen’s original conjecture and more recent work on the visibility of conspicuous consumption.

*Pownall: Maastricht University and TiasNimbas Business School, Tilburg University, 5000 LE Tilburg, The Netherlands. E-mail: r.a.j.pownall@uvt.nl.

1 Introduction

‘The main point of being fashionable is to gain status by being rich and powerful’, Thorstein Veblen (1899).

Despite consumers spending a large fraction of their annual disposable income on fashion items (on average \$950 per year) the reasons for observed differences in expenditure is not well understood. Differences in tastes for goods are reflected in differences in the income elasticity of demand for those goods, but little research has been done into understanding what drives these differences and the heterogeneity across individuals in their demand for conspicuous consumption. Veblen’s (1899) famous conjecture is that this is to gain status. In this paper we directly test this idea, hypothesising that individuals who strive more for status will spend more on non-necessitous items conforming to the notion of conspicuous consumption. We further hypothesise that the more visible these items, the more these items become synonymous as a signal to reflect status. Hence the more individuals who strive for status care about how others view these items.

Heffetz (2011) uncovers much about how income elasticities vary across consumption goods. He estimates the sociocultural visibility of consumer expenditures by the speed with which members of society notice a household’s expenditure. He finds that items which are more visible have higher income elasticities of demand. However, little is understood in what drives the underlying desire for individuals to signal by consumer a variety of visible consumer goods. In this paper we address how status explains these sociocultural visibility measures. Individuals who strive more for status not only spend significantly more on average on fashion items (conspicuous consumption) and grooming products, but also the more visible the item the greater they care about how others view these items. We also find support for Heffetz’s (2011) visibility results, with those individuals who are more status seeking noticing these visible items on others more quickly than less status striving individuals. Moreover they also care more about how other’s view more visible items, such as clothing and fashion accessories than less visible items such as underwear and artworks. These results are robust when controlling for demographic characteristics,

such as age, gender, marital status, income and education. Some interesting results arise. With supportive evidence of certain stereotypical behaviour; men being more sensitive to how others view their purchases of cars, watches, and computing goods; women more sensitive to clothing, handbags and accessories.

The paper thus provides strong evidence for the finding that expenditure on conspicuous consumption is driven by the desire to signal status, and supports the idea that individuals also engage in consumption for more than just its intrinsic value.

2 Signalling by Consuming

Much writing in both the philosophical and economic literature refers to ideas where visible expenditures may serve as signals. (Adam Smith and Karl Marx). Thorstein Veblen coined the term conspicuous consumption in his 1899 book, the Theory of the Leisure Class. It is apparent that households engage in consumption not only for its intrinsic value but also for non-necessities, such as its value as a signal.

The Economics of fashion is determined largely by changes in taste. How tastes are formed (inspiration and creativity) and how they are transferred (marketing) depends largely on economic forces and the global economy. There are many forces at large. Firstly, as countries obtain greater wealth they spend a larger proportion of their income on fashionable items (conspicuous consumption), and secondly the cultural shift in society towards individualism and freedom of expression has increased the demand for fashion items, such as clothing, accessories, cars and watches. A third force is the extent to which marketing and branding is able to influence society. To belong to a certain group, requires a certain status, which is not only reflected in wealth, but also in owning certain products and commodities. However, it is the choice of which ‘tasteful’ products and goods which mirrors individuals’ willingness to pay for them. The desire to inspire and be different, to belong, and to have taste are basic needs which the fashion industry is able to nurture, or to a certain extent exploit. The demand and supply for fashionable items requires an understanding of the drivers of taste.

Tastes change over time, and changes in taste create new demand for products. Taste is also created through the choice of which products are supplied to the market. This results in an increasingly important dynamic nature in the fashion industry. Not only is the rate of change increasing but also the weight which is put on particular hedonic characteristics belonging to certain products is also changing. How the ‘soft’ characteristics, of branding, quality, fairness, sustainability, ethnicity, and originality, are all valued, is vitally important in explaining product prices for ‘fashionable’ products and services. Using a survey we are able to measure the extent to which many of these soft characteristics are valued relative to each other. We also are able to measure the extent to which individuals care about how society notices fashionable items worn or displayed, and how quickly consumers notice this about other individuals.

3 Model

We follow the model of Ireland (1994) where consumers also care about others’ beliefs about their utility. In doing so, we implicitly assume that the more visible the item the greater the value the consumer puts on others’ beliefs about this utility. Moreover we hypothesise that the more one is driven by status (and potentially power and competitiveness), the greater this value. In Ireland’s model, income is spent on two types of expenditures; one which is visible to society, v , and one which is not, w . Utility is a weighted average, or convex combination of the two items, such that individuals also want everybody to know that they are also doing well.

$$U = (1 - a)f(v, w) + af(V, g(v)). \quad (1)$$

where ($0 < a < 1$), $f(v,w)$ denotes fundamental utility from consuming both v and w . and $f(v,g(v))$ denotes the spectator’s view. This reflects how much others believe one’s fundamental utility is. The weight a is a measure of the extent to which one is sensitivity to society’s view, or social status. It is this variable which we estimate directly using a construct for status-striving. We therefore model this

directly, and estimate this using survey data for US households. When $a = 0$ the model reduces to the standard model of utility.

Heffetz (2011) demonstrates that by adding a signalling-by-consuming motive to a standard Cobb-Douglas utility function can lead to larger income elasticities for more visible goods, relative to nonvisible goods. The advantage of following Heffetz's approach is that as income increase individuals spend an increasing share of their budget on items which are visible to society.

4 Measuring Status-Seeking

Status has long been argued to be a fundamental component of behaviour. Despite being used in the the sociology and psychology literature the construct of status-seeking has largely been absent from efforts to understand consumer behaviour and in particular expenditure on conspicuous consumption. Following the achievement motivation scale of Caddidy and Lyn (1989) we are able to measure the extent to which individuals strive for status. The measure of status-seeking is estimated by asking respondents to what extent they agree with a number of statements. For example, ' I like to be admired for my achievements'; ' I want to be an important person in the community'. The scale ranges from 1 to 5, where 1 indicates ' strongly disagree', implying relatively low status seeking, and 5 indicates 'strongly agree', implying relatively high status seeking.

The actual questions are given in the appendix. We use all three constructs, for status seeking, power, and competitiveness. All of which have been shown to be distinct constructs. Our main focus is on status striving so as to test the Veblen's conjecture that seeking status gives rise to fashionable behaviour.

5 Survey Design and Data Sample

Using a survey of 518 respondents we focus on fashionable items and consumer goods which are conspicuous in nature. We also wish to focus on the extent to which these types of goods are used as an external signal to portray sociocultural status. We appreciate that this is highly dependent on the society investigated and the prevailing norms and values, beliefs and customs of the society at hand.

The survey questions are sent out to US residents only and responses cover the entire US. See Figure 1 for the distribution of the US responses. The survey was sent out in September 2013 through the US company Survey Monkey and yielded 518 responses; with a response rate of 32.5%. 53% of those surveyed were female and 47% male. There is a range of ages, education levels, income levels and marital status, such that we can control for demographic variation in driving the results.

We ask consumers directly about their level of monthly spending in a typical month on fashion items, grooming products and services. Conditional on having children, we also asked how much they spend on fashionable items per child. Summary statistics are given in Table 1. Mean expenditure on fashion items is \$105 per month. Average spending on grooming products and services is \$53 per month. For those individuals with children, the amount spent per child is on average \$78 per month. We also asked respondents to rank their preference for online purchases and shopping with friends. There is a strong preference to purchase online rather than in the high-street, and alone rather than with friends. This is greater for the younger generation, which is indicative that the process and activity of shopping and buying fashionable items has become less conspicuous in nature. Furthermore when asked to rank the importance of soft characteristics for fashionable items, there is a clear preference for value for money over being fashionable. Thereafter, consumers ranked their concern that items are made from sustainable resources over fair trade.

We also introduce other items that ascribe a particular value with fashionable items, such as jewellery and watches, cars and computing goods, as well as artworks. The car industry is relentless in their attention to style and detail and expense which manufactures lavish on tweaking model styles. Even current cell phones are highly

saturated with stylishness, so it is interesting to measure the relevant ranking of a variety of visible and nonvisible consumer goods. To measure the level of visibility we include a question by Heffetz (2011) on how quickly respondents would notice other household' expenditures on different conspicuous consumption categories. Replies were coded 1 (almost immediately) to 5 (almost never). The question was asked for the categories: Clothing, Underwear, Handbag and Accessories, Cellphone, Computing equipment, Jewellery and Watches, Car, and finally Artworks. To quantify the level of sensitivity of the respondent we also asked how 'sensitive they were to how others view their own household expenditures on these different conspicuous consumption categories'. The replies were coded 1 (Highly sensitive) to 5 (Do not care at all).

Hypothesis

We propose and test the following hypotheses:

Motivational drivers

H_1 : Status motives influence spending on fashion items.

H_2 : Power motives influence spending on fashion items.

H_3 : Competition motives influence spending on fashion items.

Demographics

H_1 : Conspicuous consumption is greater for the younger generation.

H_2 : Single people spend a greater proportion of income on fashion items.

Peer effects

H_6 : Individuals who have a high perception of the visibility of clothing spend more than average.

H_7 : Individuals who care a lot about how others view their clothing spend more than average.

Relative spending

We do not just use actual spending on fashion items, but also control for the relative effect. Do those individuals who spend more than average (or in their peer group), H_8 : Individuals who have a high perception of the visibility of clothing spend more than average.

H_9 : Individuals who care a lot about how others view their clothing spend more than average.

We aim to shed light on how preferences are formed and how people make decisions relative to peers.

6 Empirical Results

We transform the consumption variables on fashionable items and the amount spend typically per month on grooming products and services into log variables. The resulting interpretation of the regression coefficient is therefore that an expected change in log of expenditure on fashion items with respect to a one-unit increase in the explanatory variable, holding all other variables at any fixed value constant.

In Table 2 we regress the construct for status striving on log monthly spending on conspicuous consumption. Controlling for a number of demographic variables we find strong positive support for individuals spending a much higher amount on fashionable items (conspicuous consumption) than for individuals who are less concerned about status. Including the variable for status in specification (2) rather than (1) increases the R^2 from 11.6% to 15.1%. Not being in a stable or married relationship and being single also plays a significantly positive role in explaining the amount of expenditure devoted on average to fashion items. So does very high income, which is defined as above \$150,000 per year. Interestingly the effect of income on fashionable spending appears to be U-shaped. For high income households, with an income between \$100,000 and \$150,000 the coefficient is significant at the 1% level, but the coefficient is negative. The coefficients for income groups between \$25,000 and \$100,000 have

coefficients statistically insignificantly different from zero. The group excluded is very low income with a household income of less than \$25,000 p.a. A graduate education also appears to play a significant role in explaining expenditure on conspicuous consumption and fashionable items. Interestingly it is not solely a female trait. The coefficient for the dummy variable on gender, female, is insignificant. Men do not spend significantly less than women on fashion items. Later we turn in detail to the types of items purchased and estimate the probabilities associated with gender differences occurring across product groups.

Re-specifying the regressions with the constructs for competitiveness and power, we obtain similar results with correspondingly high R^2 for model specifications (3) and (4). However, the coefficients are not as great as for status seeking. It appears that those who care about others' beliefs about their position in society are prepared to pay significantly more in a typical month for fashion items than those who care relatively less about status.

In Table 3 we perform a similar set of regressions, conditioning on those households with at least one child living in the household under the age of 18. When the dependent variable is the log of children's fashion expenditure we find that income effects disappear and that age is the crucial variable with explanatory power. Older parents spend more per child. We do not have the age of the children, so we cannot establish if it is simple the case that older children cost more, and older parents are more likely to have older children. Interesting to highlight is the fact that the constructs from the motivational achievement scale are less important for spending on offspring. Status striving is only significant at the 10% level, although those with power show a significant coefficient at the 5% level.

We now turn to log monthly spending on grooming products and services. The regression results are provided in Table 4. Again we find strong significant evidence of status seeking playing a strong role in explaining expenditure on personal grooming. Women also spend a lot more typically than men. Again those not in a relationship spend more, in line with signalling theory. Those under 18 (youth) spend a lot less and those on high incomes spend a significantly greater amount.

7 Status, Visibility and Sensitivity

We first present the results from the extent to which status seeking influences the visibility of the various conspicuous consumption categories, as described in the survey design section earlier. Empirical results are almost in line with the ordering obtained by Heffetz (2011) for the categories surveyed. In his paper he ranks the visibility of a variety of items ranging from cigarettes, cars and clothing at the top of the visibility index, to insurance products and underwear at the bottom of the index. Despite the fact that we only focus on items related to fashion, we find a very similar ranking to his results as to the speed with which these items are observed for items owned by similar households, except that they like to, and do, spend more than average on these items. Car is the highest ranked category, followed by clothing. Almost half the respondents (48%) stated that they would notice the more than average amount spent on a car almost immediately, whilst 41% would notice this when the category was clothing. Third is Cellphone, with 29% of people noticing this almost immediately, followed by Jewellery and watches (27%). We also include handbag and accessories, which is next, 24%. Computer and audio equipment (16%), followed by artworks (14%) and then underwear (less than 3%) take the lowest three rankings. Our responses only differ in the order of cellphone, and jewellery and watches. Taking the top two responses to form rankings again yields the same response ordering.

Asking a similar question on how sensitive people are to how they view these categories of conspicuous consumption, we find a slight difference. The highest ranked category by far is clothing and again the lowest is underwear. Since underwear is a garment which is hardly revealed, this highlights the fact that it is the visual experience which is important in determining the sensitivity people feel. 8% of respondents stated that they would notice clothing almost immediately. The second category that people are highly sensitive too is their cars. Followed by computer and audio equipment, Jewellery and watches, and by handbag and accessories. At the bottom of the ranking are again the less visual categories, artworks, and underwear.

Explaining the cross section of these visibility and sensitivity results for the categories of consumption groups reveals some interesting and stereotypical behaviour.

Regressions are run using ordered logit models, and the results are reported as odds ratios in Table 5. Consistent with our rankings we find that the more visible the good the greater the effect that status has on determining the probability of ranking these goods highly. For example women are more quick to take notice of others clothing. The same holds for those with no children and a very high income also do. Those with a very high income are much more likely to notice the car, and those under 18 more likely to notice the new person's cellphone. Men are over 50% more likely to notice the new person's computing and audio equipment. Interesting those who strive status are much more likely to notice the person who spends more on average on all eight categories of conspicuous consumption.

In Table 6 we perform a similar analysis using the estimate of how sensitive one is to the new person viewing their own items of conspicuous consumption. Again we find strong and consistent evidence for status striving being the dominant factor in explaining the variation in the cross section. The stereotypical results again hold, with women caring over 4 times as much for handbags and accessories, and men more sensitive to how others view their car.

8 Conclusion

We find significant and strong evidence for individuals who strive for status spending a considerable amount more typically per month of fashion items and grooming products, than those who strive less for status. Initial regressions also show that those individuals who care about status not only spend more but also notice more quickly these items when meeting new people and also are more sensitive to how others view these items on them. The results show consistent and strong evidence for status concerns to be a strong determinant of consumer behaviour.

Figure 1: US Location of Survey Respondents

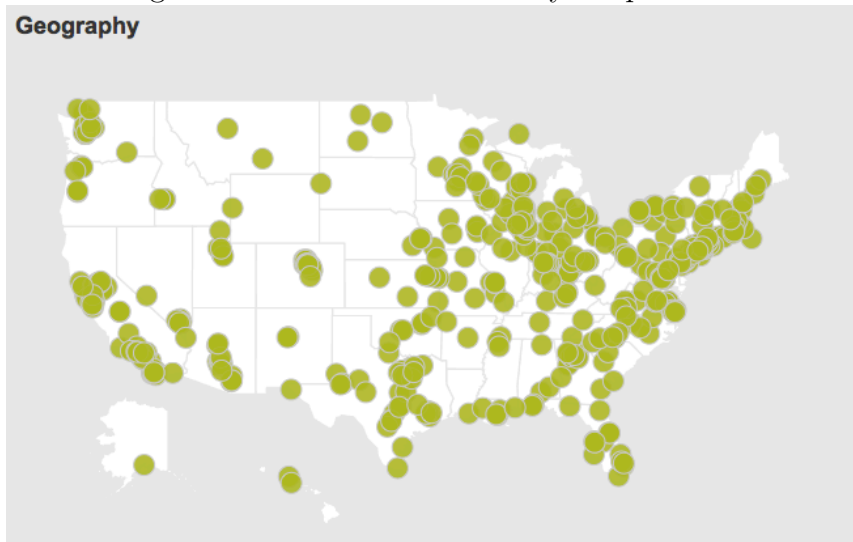


Figure 2: Demographics of Survey Respondents

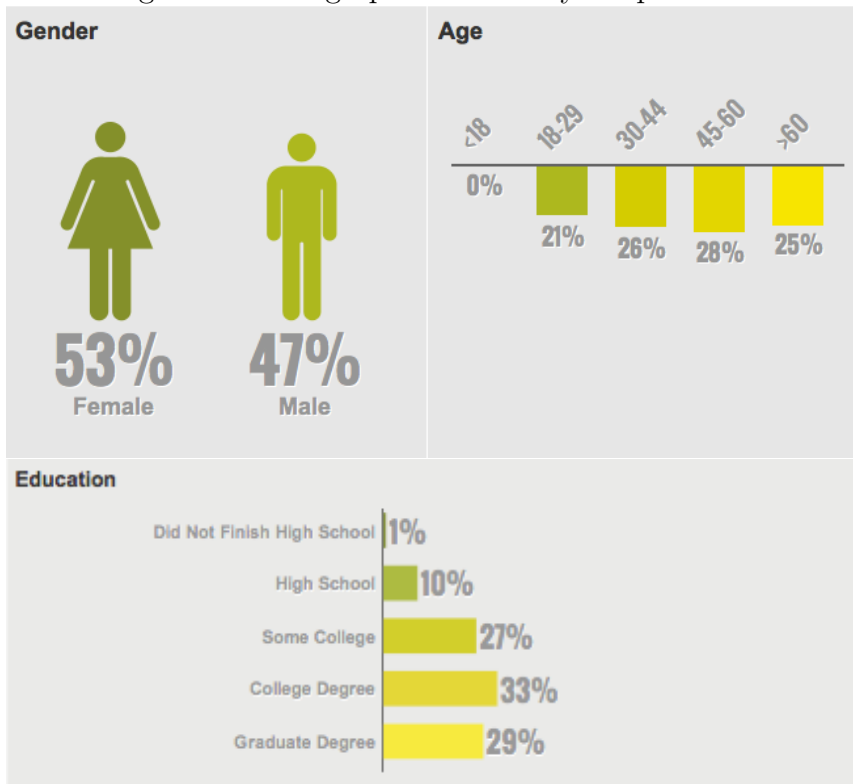


Table 1: Summary statistics

Variable	Mean	Std. Dev.	Min.	Max.	N
Monthly Spending on Fashion Items	104.662	257.734	0	4000	551
Monthly Spending on Grooming	52.528	96.467	0	1500	553
Monthly Spending on Fashion Items per Child	77.753	91.462	0	600	146
Number of Children living at home under 18	0.538	0.96	0	4	507
Preference for Online Purchases	1.75	0.929	1	4	516
Preference for Highstreet Purchases	2.926	1.033	1	4	516
Preference to shop with friends	3.002	0.902	1	4	516
Preference to shop alone	2.322	1.112	1	4	516
Fashionable	2.332	1.058	1	4	518
Sustainable Resources	2.83	0.84	1	4	518
Fairtrade	3.234	0.859	1	4	517
Value for Money	1.602	0.98	1	4	518
Status Striving	3.301	0.631	1	5	494
Competitive	2.823	0.598	1.143	4.571	499
Power	3.276	0.702	1	5	502

Table 2: Log Monthly Spending on Conspicuous Consumption.

	(1)	(2)	(3)	(4)
Status Striving		.367 (.085)***		
Competitive			.255 (.087)***	
Power				.181 (.089)**
Female	.113 (.113)	.198 (.115)*	.165 (.115)	.122 (.116)
No children	.017 (.139)	.034 (.142)	.031 (.139)	.022 (.140)
Single	.712 (.204)***	.641 (.205)***	.751 (.212)***	.619 (.205)***
Dating	.248 (.141)*	.226 (.141)	.225 (.139)	.220 (.143)
Stablepartner	.188 (.153)	.168 (.154)	.188 (.152)	.140 (.154)
V. High Income	.716 (.217)***	.748 (.214)***	.757 (.213)***	.672 (.217)***
High Income	-.523 (.207)**	-.564 (.207)***	-.587 (.207)***	-.459 (.213)**
Average Income	.063 (.180)	.095 (.176)	.103 (.178)	.034 (.186)
Low Income	-.132 (.197)	-.092 (.192)	-.052 (.195)	-.156 (.199)
Youth	-.079 (.176)	-.220 (.178)	-.190 (.174)	-.062 (.181)
Young	.185 (.175)	.178 (.176)	.105 (.176)	.152 (.177)
Middle	.089 (.160)	.107 (.161)	.040 (.162)	.075 (.163)
Associate or bachelor degree	.279 (.148)*	.241 (.145)*	.264 (.146)*	.281 (.151)*
Graduate degree	.442 (.155)***	.418 (.160)***	.468 (.157)***	.461 (.157)***
High school degree	-.017 (.203)	.091 (.195)	-.072 (.198)	.020 (.208)
Less than high school degree	.017 (.411)	.204 (.443)	.070 (.530)	.100 (.422)
Const.	3.853 (.240)***	2.602 (.406)***	3.163 (.355)***	3.244 (.394)***
Obs.	426	412	415	417
R^2	.116	.151	.138	.125

Table 3: Log Monthly Spending on Per Child Fashion Items.

	(1)	(2)	(3)	(4)
Status Striving		.305 (.156)*		
Competitive			.281 (.171)	
Power				.313 (.147)**
Female	-.087 (.179)	-.066 (.188)	-.088 (.180)	-.030 (.176)
Single	.538 (.607)	.346 (.567)	.406 (.633)	.322 (.558)
Dating	.301 (.244)	.326 (.268)	.332 (.246)	.293 (.259)
Stable partner	.693 (.408)*	.703 (.416)*	.733 (.399)*	.674 (.395)*
V. High Income	.774 (.487)	.697 (.474)	.784 (.467)*	.470 (.436)
High income	-.488 (.459)	-.424 (.462)	-.497 (.439)	-.267 (.411)
Average Income	.171 (.460)	.096 (.455)	.086 (.433)	.011 (.414)
Low Income	.435 (.470)	.389 (.463)	.438 (.447)	.274 (.430)
Youth	-1.865 (.519)***	-1.980 (.506)***	-1.919 (.489)***	-1.859 (.477)***
Young	-.869 (.222)***	-.814 (.230)***	-.790 (.246)***	-.764 (.217)***
Middle	-.933 (.221)***	-.869 (.224)***	-.865 (.242)***	-.777 (.229)***
Associate or bachelor degree	.377 (.246)	.396 (.251)	.412 (.244)*	.360 (.240)
Graduate degree	.197 (.247)	.236 (.260)	.282 (.248)	.194 (.240)
High school degree	.468 (.381)	.467 (.368)	.537 (.356)	.475 (.364)
Less than high school degree	1.773 (.478)***	2.120 (.514)***	2.226 (.530)***	2.273 (.539)***
Const.	4.801 (.248)***	3.706 (.624)***	3.904 (.586)***	3.602 (.622)***
Obs.	129	125	129	128
R^2	.183	.209	.205	.221

Table 4: Log Monthly Spending on Grooming.

	(1)	(2)	(3)	(4)
Status Striving		.306 (.075)***		
Competitive			.268 (.078)***	
Power				.187 (.070)***
Female	.624 (.101)***	.677 (.102)***	.664 (.101)***	.648 (.102)***
No children	-.153 (.118)	-.178 (.121)	-.153 (.121)	-.163 (.119)
single	.745 (.232)***	.616 (.232)***	.792 (.235)***	.659 (.233)***
Dating	-.030 (.124)	-.067 (.124)	-.030 (.123)	-.063 (.125)
Stablepartner	.130 (.140)	.087 (.144)	.115 (.142)	.086 (.144)
V. High Income	.632 (.181)***	.575 (.179)***	.625 (.182)***	.538 (.183)***
High Income	-.070 (.174)	-.002 (.175)	-.082 (.174)	.0005 (.178)
Average Income	-.098 (.157)	-.145 (.151)	-.095 (.156)	-.130 (.160)
Low Income	-.089 (.167)	-.129 (.163)	-.093 (.166)	-.144 (.167)
Youth	-.499 (.159)***	-.667 (.156)***	-.594 (.153)***	-.526 (.161)***
Young	.098 (.150)	.038 (.151)	.055 (.152)	.072 (.152)
Middle	-.059 (.140)	-.101 (.141)	-.100 (.143)	-.075 (.142)
Associate or bachelor degree	.095 (.127)	.104 (.125)	.091 (.126)	.090 (.129)
Graduate degree	.258 (.137)*	.251 (.142)*	.276 (.140)**	.254 (.139)*
High school degree	.322 (.166)*	.337 (.164)**	.310 (.169)*	.347 (.170)**
Less than high school degree	.301 (.327)	.373 (.368)	.421 (.401)	.336 (.347)
Const.	3.204 (.204)***	2.216 (.328)***	2.461 (.305)***	2.595 (.305)***
Obs.	415	399	403	406
R ²	.21	.243	.237	.22

Table 5: Cross Section of Visibility: Odds Ratios

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Status Striving	Clothing 2.234*** (5.68)	Underwear 1.550*** (2.88)	Handbag 1.762*** (4.26)	Cell 1.853*** (4.41)	Comp 1.550*** (3.26)	Jewelry 1.991*** (5.09)	Car 1.756*** (3.85)	Artworks 1.498*** (3.04)
Female	1.608** (2.75)	0.742 (-1.57)	4.255*** (8.23)	0.977 (-0.14)	0.491*** (-4.16)	1.880*** (3.73)	0.820 (-1.12)	0.851 (-0.97)
No children	0.549** (-2.70)	0.975 (-0.11)	0.889 (-0.56)	0.680 (-1.80)	0.854 (-0.74)	0.755 (-1.34)	0.838 (-0.78)	1.072 (0.34)
Single	1.088 (0.20)	0.951 (-0.11)	1.329 (0.73)	1.832 (1.46)	1.449 (0.99)	0.703 (-0.94)	0.874 (-0.34)	0.956 (-0.12)
Dating	1.233 (0.94)	0.860 (-0.61)	0.995 (-0.02)	0.858 (-0.71)	0.844 (-0.78)	0.901 (-0.49)	0.779 (-1.10)	1.034 (0.16)
Stable partner	1.083 (0.28)	0.871 (-0.43)	1.197 (0.63)	0.797 (-0.78)	0.778 (-0.87)	0.629 (-1.67)	0.632 (-1.55)	1.560 (1.58)
V. High Income	2.371** (2.72)	0.705 (-1.05)	2.157*** (2.58)	1.951* (2.25)	1.601 (1.61)	2.113* (2.50)	3.780*** (4.12)	1.921* (2.23)
highincome	0.550* (-2.10)	0.990 (-0.03)	0.773 (-0.95)	0.938 (-0.23)	0.790 (-0.86)	0.791 (-0.86)	0.426** (-2.97)	0.789 (-0.89)
Average Income	1.480 (1.55)	0.951 (-0.18)	1.404 (1.36)	1.676* (2.03)	1.336 (1.15)	1.729* (2.17)	3.000*** (4.14)	1.534 (1.74)
Low Income	1.055 (0.19)	1.113 (0.34)	0.759 (-1.00)	1.557 (1.56)	1.070 (0.25)	1.037 (0.13)	1.711 (1.87)	1.117 (0.41)
Youth	0.958 (-0.15)	1.526 (1.34)	1.458 (1.33)	2.596*** (3.35)	2.493** (3.28)	1.144 (0.48)	1.392 (1.12)	0.843 (-0.63)
Young	1.106 (0.37)	1.383 (1.08)	1.501 (1.54)	1.743* (2.09)	1.612 (1.84)	1.073 (0.27)	0.954 (-0.17)	0.815 (-0.79)
Middle	0.889 (-0.49)	0.965 (-0.13)	0.907 (-0.41)	1.010 (0.04)	0.849 (-0.71)	0.729 (-1.33)	0.872 (-0.55)	0.592* (-2.23)
Associate or bachelor degree	0.927 (-0.33)	1.290 (1.05)	1.360 (1.41)	0.864 (-0.66)	0.921 (-0.38)	1.363 (1.40)	1.101 (0.41)	1.510 (1.91)
Graduate degree	0.989 (-0.04)	0.987 (-0.05)	1.563 (1.89)	1.061 (0.25)	0.760 (-1.19)	1.356 (1.30)	0.848 (-0.66)	0.903 (-0.44)
High school degree	0.521* (-2.09)	0.740 (-0.84)	0.910 (-0.31)	0.789 (-0.73)	0.621 (-1.49)	0.797 (-0.72)	0.808 (-0.66)	0.810 (-0.68)
Less than high school degree	1.115 (0.18)	1.553 (0.59)	1.286 (0.36)	1.269 (0.38)	1.363 (0.52)	1.992 (1.05)	2.294 (1.08)	1.957 (1.05)
Observations	491	491	491	491	491	491	491	491

Exponentiated coefficients; t statistics in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 6: Cross Section of Sensitivity for Status: Odds Ratios

	Clothing	Underwear	Handbag	Cell	Comp	Jewelry	Car	Artworks
Status Striving	2.625*** (6.68)	1.793*** (3.52)	1.746*** (3.92)	2.406*** (5.89)	2.291*** (5.51)	2.437*** (6.11)	2.824*** (7.01)	1.605*** (3.26)
Female	1.500* (2.41)	0.763 (-1.35)	4.668*** (8.25)	0.778 (-1.45)	0.553*** (-3.40)	1.691** (3.03)	0.676* (-2.28)	0.984 (-0.09)
No children	0.958 (-0.21)	1.227 (0.83)	1.013 (0.06)	0.935 (-0.31)	0.942 (-0.27)	0.807 (-1.01)	0.673 (-1.84)	1.069 (0.30)
Single	1.281 (0.68)	1.852 (1.42)	1.409 (0.88)	1.089 (0.22)	1.205 (0.47)	0.937 (-0.16)	1.398 (0.86)	1.452 (0.94)
Dating	1.283 (1.15)	0.947 (-0.21)	0.761 (-1.20)	0.775 (-1.13)	0.891 (-0.50)	0.897 (-0.49)	0.757 (-1.24)	0.744 (-1.27)
Stablepartner	1.237 (0.75)	1.872 (1.95)	0.879 (-0.44)	0.788 (-0.81)	1.059 (0.20)	0.791 (-0.82)	1.354 (1.07)	1.236 (0.73)
V. High Income	1.562 (1.50)	0.955 (-0.13)	1.407 (1.09)	1.159 (0.48)	0.949 (-0.17)	1.530 (1.40)	1.943* (2.22)	1.634 (1.55)
High Income	0.569* (-2.01)	1.030 (0.09)	0.652 (-1.49)	0.787 (-0.83)	0.919 (-0.29)	0.711 (-1.20)	0.538* (-2.18)	0.551* (-2.04)
Average Income	1.154 (0.57)	0.990 (-0.03)	1.159 (0.57)	0.929 (-0.28)	0.934 (-0.26)	1.098 (0.36)	1.430 (1.39)	1.568 (1.68)
Low Income	0.657 (-1.46)	0.627 (-1.38)	0.924 (-0.27)	0.881 (-0.43)	0.776 (-0.85)	1.009 (0.03)	1.240 (0.73)	1.112 (0.35)
Youth	1.461 (1.32)	0.814 (-0.61)	1.661 (1.72)	1.492 (1.37)	1.199 (0.61)	0.987 (-0.05)	0.891 (-0.40)	1.060 (0.20)
Young	1.193 (0.67)	1.240 (0.69)	1.196 (0.65)	1.374 (1.16)	1.154 (0.53)	0.842 (-0.64)	0.807 (-0.80)	0.710 (-1.25)
Middle	1.400 (1.42)	0.754 (-0.99)	0.952 (-0.20)	0.962 (-0.16)	0.796 (-0.92)	1.024 (0.10)	0.962 (-0.16)	0.858 (-0.62)
Associate or bachelor degree	1.428 (1.64)	1.173 (0.62)	1.289 (1.13)	1.169 (0.69)	1.235 (0.93)	1.273 (1.08)	1.163 (0.69)	1.628* (2.12)
Graduate degree	1.480 (1.69)	0.671 (-1.42)	1.402 (1.39)	0.871 (-0.57)	1.017 (0.07)	1.462 (1.59)	0.896 (-0.47)	1.123 (0.47)
High school degree	0.851 (-0.50)	1.812 (1.68)	1.174 (0.49)	0.927 (-0.24)	0.912 (-0.28)	1.144 (0.43)	0.942 (-0.19)	0.960 (-0.12)
Less than high school degree	1.868 (0.91)	3.021 (1.50)	4.156* (2.23)	2.353 (1.34)	2.342 (1.27)	2.699 (1.48)	2.639 (1.29)	2.151 (1.26)
Observations	491	491	491	491	491	491	491	491

Exponentiated coefficients; *t* statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

References

- [1] Cassidy, Tony and Lynn, Richard (1989) "A Multifactorial Approach to Achievement Motivation: The Development of a Comprehensive Measure. " *Journal of Occupational Psychology*, 62, 301- 12.
- [2] Heffetz, Ori (2011) "A Test of Conspicuous Consumption: Visibility and Income Elasticities." *The Review of Economics and Statistics*, 93(4): 1101-1117.
- [3] Heffetz, Ori (2012) "Who Sees What? Demographics and the Visibility of Consumer Expenditures." *Journal of Economic Psychology*, 33, 801-818.
- [4] Ireland, Norman, J. (1994) "On Limiting the Market for Status Signals " *Journal of Public Economics* 53, 91-110.
- [5] Pesendorfer, Wolfgang (1995) "Design Innovation and Fashion Cycles " *The American Economic Review* 85(4): 771-792.
- [6] Rucker, Derek D., Adam D. Galinsky and David Dubois (1990) "Power and Consumer Behavior: How power shapes who and what consumers value " *Journal of Consumer Psychology* 22, 352-368.
- [7] Robinson, Dwight E. (1961) "The Economics of Fashion Demand " *The Quarterly Journal of Economics*, 75(3): 376-398.
- [8] Stigler, George J., and Gary S. Becker (1977) "De Gustibus Non Est Disputandum." *The American Economic Review* 80, 38-42.
- [9] Verblen, Thorstein (1899) "The Theory of the Leisure Class " Reprint 1965, MacMillan, New York.

A Achievement Motivational Scale

Below we define the variable constructs to measure the three constructs, status striving, power, and competition. We use the Achievement Motivation Scale from Cassidy and Lynn (1989) to measure these three sub-scales. All have been shown to be distinct constructs.

A.1 Status-Seeking

We measure status-seeking by levels of agreement, on a scale from 1 to 5, with statements derived from the Achievement Motivations Scale of Cassidy and Lynn (1989): “I would really like an important job where people look up to me”. “I like talking to people who are important”. “I want to be an important person in the community”. “I like to be admired for my achievements”. “I dislike being the centre of attention” (This statement is assessed on a reverse scale). “I like to have people come to me for advice”. “I find satisfaction in having influence over others”.

A.2 Power

We measure power by levels of agreement, on a scale from 1 to 5, with statements derived from the Achievement Motivations Scale of Cassidy and Lynn (1989): “I think I would enjoy having authority over people.” “If given the chance, I would make a good leader”. “I think I am usually a leader in my group”. “I enjoy planning things and deciding what other people should do”. “I like to give orders and get things going”. “People take notice of what I say”. “When a group I belong to plans on activity I would rather direct it myself than just have someone else organize it”.

A.3 Competitiveness

We measure competitiveness by levels of agreement, on a scale from 1 to 5, with statements derived from the Achievement Motivations Scale of Cassidy and Lynn (1989): “I try harder when I’m in competition with other people”. “It annoys me when other people perform better than I do”. “I judge my performance on whether I do better than others rather than on just getting good results”. “I would never allow others to get credit for what I have done”. “It is important to me to perform better than others on a task. “If I get good results, it doesn’t matter if others do better” (The last statement is assessed on a reverse scale).