

The high cost of low status

June 26 2008

Feeling powerless can trigger strong desires to purchase products that convey high status, according to new research in the *Journal of Consumer Research*.

In a study that may explain why so many Americans who are deeply in debt still spend beyond their means, authors Derek D. Rucker and Adam D. Galinsky (both Kellogg School of Management at Northwestern University) found that research subjects who were asked to recall times when someone else had power over them were willing to pay higher prices for status-symbol items.

"This increased willingness to pay for status-related objects stems from the belief that obtaining such objects will indeed restore a lost sense of power," write the authors.

In three experiments, the authors asked participants to either describe a situation where they had power over another person or one in which someone had power over them. Then the researchers showed them items and asked how much they would be willing to pay.

After recalling situations where they were powerless, participants were willing to pay more for items that signal status, like silk ties and fur coats, but not products like minivans and dryers. They also agreed to pay more for a framed picture of their university if it was portrayed as rare and exclusive.

"As an analogy, consider two individuals, one a successful millionaire

and the other a recently demoted banker," write the authors, "Both might view a Rolex watch as a clear status symbol. However for the millionaire, wearing the watch might not make the millionaire feel any more powerful than he/she normally feels. In contrast, for our demoted banker, wearing the same watch might make the banker feel significantly more powerful."

In a society with a plummeting savings rate and skyrocketing debt levels, this research has broad implications. "It suggests that in contemporary America, people use consumer purchases to compensate for psychological states of insecurity," write the authors.

"Spending beyond one's means in obtaining status-related items is a costly coping strategy for dealing with psychological threats such as feeling powerless."

Source: University of Chicago

Citation: The high cost of low status (2008, June 26) retrieved 24 April 2024 from <https://phys.org/news/2008-06-high-status.html>

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