

Inconspicuous consumption: Insiders vs. outsiders

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Why would a consumer spend \$10,000 on a handbag that doesn't identify the brand, when most observers would confuse it with a \$50 alternative? A new study in the *Journal of Consumer Research* finds that high-end consumers don't always want their consumption to be conspicuous.

"[Consumers](#) often spend lavishly to communicate wealth and status to those around them and explicit branding facilitates this process," write authors Jonah Berger (Wharton School, University of Pennsylvania) and Morgan Ward (Southern Methodist University). "Handbags with Gucci written across them in large letters, or ties covered in Burberry plaid make it easy for observers to know what brand someone purchased and that they had money to burn."

But many high-end products do not display brand names or logos. In an analysis of handbags and sunglasses, the authors found that while only 21 percent of sunglasses under \$50 contained a brand name or logo, this increased to 84 percent among sunglasses that cost between \$100 and \$300. However, among [sunglasses](#) priced above \$500, only 30 percent displayed their [brand](#).

While it's clear why some consumers might want to not broadcast that they bought clothing at Walmart, the study's authors looked at why consumers are willing to spend money on products that are easily misidentified as cheaper brands.

"We argue that some consumers prefer products with subtle signals because they provide differentiation," the authors write. "Consider two groups of individuals: regular consumers and insiders in a particular domain. If being thought of as an insider carries value among the masses, then some regular consumers may attempt to poach or borrow insider symbols."

"Accountants might start riding Harleys, for example, to seem tough, and the geeks might start wearing Abercrombie and Fitch in the hopes that other students will think they are similar to popular jocks," the authors write. "Consequently, insiders might start adopting more subtle signals that are only recognizable to people in the know."

More information: Jonah Berger and Morgan Ward. "Subtle Signals of Inconspicuous Consumption." *Journal of Consumer Research*: December 2010.

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