

Does equality increase status spending?

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People are happier when goods are more equally distributed, but equality makes people want to spend more to get ahead of their neighbors, according to a new study in the *Journal of Consumer Research*.

Authors Nailya Ordabayeva (Erasmus University, The Netherlands) and Pierre Chandon (INSEAD, France) examined the way equality influences the consumption decisions of people in the bottom tiers of [social groups](#). The researchers found that increasing equality decreases bottom-tier consumer envy of what other people have and boosts their satisfaction with their possessions. But increasing equality also raises the possibility of surpassing someone else. "In other words, equality increases the social gain (the boost in one's rank in the distribution) provided by spending," the authors explain.

The authors tested their predictions by asking participants to imagine they were at the bottom of the distribution in their social group. Then they manipulated the distribution so that sometimes it was relatively equal and other times lopsided. Study participants were asked to decide whether to save money or to spend money on purchases that would improve their status by moving them to a higher tier in the distribution.

In one study, the authors created a hypothetical situation where participants vied for status represented by the amount of flower bushes in their yards. "We found that people with no flower bushes were happier with what they had when the distribution was equal and the gap with other people's gardens was not so apparent," the authors write. "But the same happy people were more likely to spend money to beautify

their garden when the gap was low. Thus, equality decreased envy but increased status spending."

The pattern repeated when consumers were spending on branded clothing and flat-screen TVs and when they were in a competitive mindset. However, [equality](#) reduced spending when people sought status-neutral products or when they were in a cooperative [mindset](#).

"People do not only compete with the Joneses because they are envious," the authors write. "Sometimes people compete with the Joneses because it allows them to climb the social distribution in a cost-effective way,"

More information: Nailya Ordabayeva and Pierre Chandon. "Getting Ahead of the Joneses: When Equality Increases Conspicuous Consumption among Bottom-Tier Consumers." *Journal of Consumer Research*: June 2011. Further information: ejcr.org

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