

# **A seller's conspicuous consumption may undermine bond with consumers**

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(Phys.org) —What kind of judgments do buyers make based on the way a sellers present themselves? How do these judgments impact buyers' willingness to close a sale? Penn State Smeal College of Business researcher Lisa Bolton and her colleagues from the University of Kentucky addressed these questions in a recent study, specifically examining the effects of sellers' conspicuous consumption—or obvious displays of wealth in personal appearance and environment—on the buyer-seller relationship.

"Interpersonal buyer-seller interactions are among the most important elements in market-based societies, and understanding how to make these encounters more effective is essential for marketers," the researchers wrote.

Bolton and her colleagues first examined buyers' reactions to [conspicuous consumption](#) in [sellers](#). They found that buyers had decreased perceptions of warmth toward sellers who displayed wealth signals, but their impression of those sellers' competence increased.

The researchers then examined how the norms of the particular buyer-seller relationship moderate buyers' reactions.

"Norms in a buyer-seller relationship can be characterized as having a relatively more communal orientation (emphasizing a nurturing, caring relationship), or a relatively more exchange orientation (emphasizing efficiency and value for money)," the researchers wrote.

Communal relationships are characterized by the expectation of kindness and genuine concern for one's well-being and not necessarily motivated by profit. For example, people have an expectation of communal relationships with their physicians. Conspicuous consumption on the part of a seller undermines these communal relationships, because consumers relate such display as indicative of the pursuit of self-promotion.

Exchange relationships endorse self-interest and lead consumers to emphasize seller competence over warmth. Exchange relationships are typical between consumers and, for instance, their [financial advisers](#).

So in a more communal orientation, a seller should try to evoke the warmth perception from [buyers](#) by downplaying any conspicuous signals of wealth. In a more exchange orientation, these same signals of wealth may be helpful in communicating the seller's competence and intelligence.

"Conspicuous consumption by sellers increases behavioral intentions under exchange norms and decreases behavioral intentions under communal norms, driven by consumers' respective inferences of competence and (lack of) warmth," the researchers wrote.

This is not to say that either the communal or exchange dimension consistently dominates.

"Rather, both warmth and competence matter, in terms of a mediating role, but their relative importance varies with the norm guiding the buyer-seller relationship," according to the researchers.

Their paper, "Judging the Book By Its Cover? How [Consumers](#) Decode Conspicuous Consumption Cues in Buyer-Seller Relationships," is forthcoming in the *Journal of Marketing Research*.

Provided by Pennsylvania State University

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