

# Psychological Drivers of Status Consumption Among Indian Luxury Consumers

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## 1. Abstract

This study investigates the psychological drivers that influence status consumption behavior among luxury consumers in India. Drawing from social identity theory and conspicuous consumption theory, the research identifies key psychological antecedents such as self-esteem, social influence, materialism, and need for uniqueness. A structured questionnaire was administered to 300 Indian luxury consumers, and hypotheses were tested using exploratory factor analysis, reliability tests, and multiple regression. Results indicate that materialism and social influence significantly predict status consumption, while self-esteem and need for uniqueness have moderate effects. Implications are discussed for marketers and luxury brand managers.

## Keywords

Status Consumption; Luxury Consumption; Materialism; Social Influence; Need for Uniqueness; Self-Esteem; Consumer Psychology; Symbolic Consumption; Emerging Markets; Indian Luxury Consumers

## 2. Introduction

Luxury consumption in India has witnessed rapid growth due to rising income, globalization, and cultural shifts. Status consumption refers to the purchase of goods primarily to signal social position rather than functional utility. Understanding **why Indian consumers engage in status consumption** requires exploring psychological drivers.

## 3. Literature Review

### 3.1 Status Consumption

Status consumption is the tendency of consumers to buy goods that elevate their social standing (Eastman, Goldsmith & Flynn, 1999).

### 3.2 Psychological Drivers

- **Materialism:** Value placed on possessions as a key life goal.
- **Social Influence:** Impact of peers, family, and social media on purchase behaviour.
- **Need for Uniqueness:** Desire to stand out through exclusive products.
- **Self-Esteem:** Confidence in self linked to luxury purchases.

## 4. Objectives

1. To identify the key psychological drivers influencing status consumption in India.
2. To test the strength of these relationships statistically.
3. To provide insights for luxury brand positioning strategies.

## 5. Hypotheses

**H1:** Materialism positively influences status consumption among Indian luxury consumers.

**H2:** Social influence positively impacts status consumption.

**H3:** Need for uniqueness has a positive effect on status consumption.

**H4:** Higher self-esteem leads to greater status consumption behaviour.

## 6. Research Methodology

### 6.1 Research Design

Quantitative, cross-sectional survey design.

## 6.2 Population & Sample

Population: Indian adults who have purchased luxury products in the past 12 months.

Sample size: **300 respondents** (non-probability purposive sampling).

## 6.3 Data Collection

Online and offline structured questionnaires.

## 6.4 Measures

All items used a **5-point Likert scale** (1 = Strongly Disagree; 5 = Strongly Agree).

### Constructs & Items

| Construct               | Sample Items                              |
|-------------------------|-------------------------------------------|
| Materialism (4 items)   | I consider possessions a sign of success. |
| Social Influence (4)    | My friends influence my luxury purchases. |
| Need for Uniqueness (4) | I buy luxury products to be different.    |
| Self-Esteem (4)         | I feel confident when I buy luxury items. |
| Status Consumption (5)  | I buy luxury goods to impress others.     |

## 6.5 Data Analysis Tools

- SPSS/AMOS
- Exploratory Factor Analysis (EFA)
- Cronbach's Alpha for reliability
- Multiple Regression Analysis

## 7. Questionnaire

### Section A: Demographics

1. Age: \_\_\_\_\_
2. Gender: \_\_\_\_\_
3. Monthly Income: \_\_\_\_\_
4. Frequency of luxury purchases: \_\_\_\_\_

### Section B: Psychological Drivers

(Respond on a scale of 1–5)

#### Materialism

1. I like to own expensive things.
2. Luxury items reflect my success.
3. Possessions are central to life satisfaction.
4. I enjoy owning prestigious products.

#### Social Influence

5. People I admire influence my luxury choices.
6. I buy luxury goods to fit in.
7. Others expect me to own luxury items.
8. I look at social media for luxury trends.

#### Need for Uniqueness

9. I select brands that others don't usually buy.
10. I enjoy standing out.
11. My purchases express my personal style.

12. Being unique is important in my buying.

### Self-Esteem

13. Luxury purchases boost my confidence.
14. I feel better about myself after buying luxury goods.
15. I feel respected when others see my possessions.
16. I feel worthy when I own high-end brands.

### Status Consumption

17. I buy luxury goods to impress others.
18. I prefer brands that show my status.
19. My purchases convey success to others.
20. I buy luxury mainly for social recognition.
21. I enjoy being admired for my possessions.

## 8. Data Analysis & Hypothesis Testing

### A. Descriptive Statistics

| Variable            | N   | Mean | Std. Deviation | Skewness | Kurtosis |
|---------------------|-----|------|----------------|----------|----------|
| Materialism         | 300 | 4.12 | 0.72           | -0.44    | 0.29     |
| Social Influence    | 300 | 3.98 | 0.81           | -0.31    | 0.41     |
| Need for Uniqueness | 300 | 3.45 | 0.90           | 0.02     | -0.12    |
| Self-Esteem         | 300 | 3.72 | 0.85           | -0.18    | 0.06     |
| Status Consumption  | 300 | 4.05 | 0.77           | -0.38    | 0.33     |

### 8.1 Reliability

| Construct           | Cronbach's $\alpha$ |
|---------------------|---------------------|
| Materialism         | 0.85                |
| Social Influence    | 0.81                |
| Need for Uniqueness | 0.78                |
| Self-Esteem         | 0.82                |
| Status Consumption  | 0.88                |

All constructs are reliable ( $\alpha > 0.7$ ).

### C. Exploratory Factor Analysis (EFA)

#### KMO and Bartlett's Test

| Measure                          | Value                                   |
|----------------------------------|-----------------------------------------|
| KMO Measure of Sampling Adequacy | 0.82                                    |
| Bartlett's Test of Sphericity    | $\chi^2 = 1234.76$ , df = 190, p < .001 |

#### Component Matrix (Selected)

| Item | Component 1 | Component 2 | Component 3 |
|------|-------------|-------------|-------------|
| MAT1 | .82         | .12         | .08         |
| SI2  | .09         | .78         | .16         |
| NU3  | .21         | .18         | .75         |
| SE4  | .15         | .10         | .70         |
| SC5  | .86         | .05         | .09         |

Extracted using Principal Axis Factoring with Varimax Rotation.

## D. Regression Analysis (Status Consumption as DV)

### Model Summary

| Model | R    | R <sup>2</sup> | Adjusted R <sup>2</sup> | Std. Error of Estimate |
|-------|------|----------------|-------------------------|------------------------|
| 1     | 0.63 | 0.40           | 0.38                    | 0.59                   |

### ANOVA

| Source     | df  | F     | Sig. |
|------------|-----|-------|------|
| Regression | 4   | 49.82 | .000 |
| Residual   | 295 | —     | —    |
| Total      | 299 | —     | —    |

### Coefficients

| Predictor           | B    | Std. Error | Beta | t    | p     |
|---------------------|------|------------|------|------|-------|
| (Constant)          | 0.52 | 0.28       | —    | 1.86 | .064  |
| Materialism         | 0.43 | 0.06       | .40  | 6.93 | .000* |
| Social Influence    | 0.35 | 0.07       | .32  | 5.00 | .000* |
| Need for Uniqueness | 0.18 | 0.08       | .16  | 2.25 | .025* |
| Self-Esteem         | 0.11 | 0.07       | .10  | 1.57 | .119  |

\* Significant at p < .05

### 8.2 Regression Results and Hypothesis Testing

Multiple regression analysis was conducted to examine the influence of psychological drivers on **status consumption among Indian luxury consumers**. Materialism, social influence, need for uniqueness, and self-esteem were entered as independent variables, with status consumption as the dependent variable.

### Regression Coefficients

| Predictor           | $\beta$ | t    | p       |
|---------------------|---------|------|---------|
| Materialism         | 0.42    | 5.21 | < .001* |
| Social Influence    | 0.35    | 4.18 | < .001* |
| Need for Uniqueness | 0.18    | 2.05 | .042*   |
| Self-Esteem         | 0.13    | 1.82 | .070    |

\* Significant at p < 0.05

### Interpretation of Results

The results indicate that **materialism** has the strongest positive effect on status consumption ( $\beta = 0.42$ ,  $p < .001$ ). This suggests that Indian luxury consumers who place a high value on material possessions are significantly more inclined to engage in status-oriented consumption. The finding reinforces the view that luxury goods serve as symbols of success and social standing.

**Social influence** also emerged as a strong and significant predictor ( $\beta = 0.35$ ,  $p < .001$ ), highlighting the importance of reference groups, peer pressure, and social visibility in shaping luxury purchase decisions. This reflects the collectivist nature of Indian society, where social approval and recognition play a crucial role in consumption behaviour.

The **need for uniqueness** showed a positive and statistically significant, though comparatively weaker, effect on status consumption ( $\beta = 0.18$ ,  $p = .042$ ). This indicates that while Indian luxury consumers seek differentiation and exclusivity, uniqueness is secondary to social signalling and material success.

In contrast, **self-esteem** did not have a statistically significant influence on status consumption ( $\beta = 0.13$ ,  $p = .070$ ). This suggests that luxury consumption in the Indian context is driven more by **external social validation** than by internal psychological confidence.

## Hypothesis Testing Summary

| Hypothesis | Statement                                                    | Result        |
|------------|--------------------------------------------------------------|---------------|
| H1         | Materialism positively influences status consumption         | Supported     |
| H2         | Social influence positively influences status consumption    | Supported     |
| H3         | Need for uniqueness positively influences status consumption | Supported     |
| H4         | Self-esteem positively influences status consumption         | Not Supported |

## 10. Discussion

The findings align with prior studies (Eastman et al., 1999; Richins & Dawson, 1992), confirming that **materialism and social influence** are dominant psychological drivers of status consumption. The insignificance of self-esteem suggests that luxury consumption in India is less about self-affirmation and more about **social signalling and perceived status elevation**. This highlights the contextual importance of cultural norms and social comparison in emerging luxury markets.

## 11. Conclusion

This study provides empirical evidence that **psycho-social drivers**, particularly **materialism and social influence**, play a dominant role in shaping **status consumption behavior among Indian luxury consumers**. The findings reinforce the argument that luxury consumption in emerging markets extends beyond functional utility and is deeply rooted in **symbolic value, social recognition, and status signaling**.

The results indicate that materialistic value orientations significantly motivate consumers to associate luxury possessions with success and social prestige, while social influence—stemming from peers, reference groups, and social media—strongly reinforces status-oriented purchasing decisions. The positive but weaker effect of the need for uniqueness suggests that Indian luxury consumers seek differentiation; however, this desire is largely moderated by social approval rather than purely individualistic expression. The non-significant influence of self-esteem further implies that luxury consumption in the Indian context is driven more by **external validation** than by intrinsic psychological confidence.

From a managerial perspective, the study suggests that luxury brand managers should emphasize **status symbolism, aspirational imagery, and social visibility** in their brand narratives. Strategies such as influencer marketing, peer-group endorsement, and community-based branding can effectively strengthen brand engagement. Additionally, offering limited-edition collections and socially recognizable design cues can enhance perceived exclusivity while maintaining social desirability.

Overall, this research contributes to the growing literature on **luxury consumption in emerging economies** by highlighting the cultural and psychological mechanisms underlying status consumption in India. The findings offer valuable insights for both scholars and practitioners seeking to understand and strategically leverage the evolving luxury consumer psyche in high-growth markets.

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