

Fake It Until You Make It? Negative Effects of Status

Consumption in Personal Selling Roles

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***Abstract:** Consumption of luxury goods is often used to signify status, but research has not addressed how status consumption on the part of the salesperson will affect important sales/customer relationship elements. This working paper is a study that utilizes both qualitative and quantitative research methods to establish a framework for visible consumption on the part of the sales representative. Personal interviews reveal that because of the current economic downturn, customers want to pay the lowest price possible. Customers felt that salespeople engaging in high status consumption would not give them the lowest price. An experiment is being conducted to explore these findings and will be followed by a cross-cultural study in Costa Rica to uncover international implications.*

Keywords: Status consumption, conspicuous consumption, personal selling, sales, salespeople, salesperson

Fake It Until You Make It? Negative Effects of Status Consumption in Personal Selling Roles

Introduction

The consumption of luxury goods is often used to signify status and success. Research suggests that salespeople frequently engage in this consumption. Much research has been done on the thoughts and motivations of luxury consumers, but very little research has included the consequences of this consumption on interpersonal relationships. Specifically, minimal literature proposes how consumption of luxury goods by the salesperson will affect consumer reactions. The purpose of this research is to investigate the effect of salesperson consumption of luxury goods on the attitudes and intentions of the customer. First, an investigatory, qualitative approach was taken involving in-depth interviews to uncover and confirm relevant variables affected by luxury consumption of the salesperson. Second, an empirical study is proposed to test the findings of the interviews. Finally, cross-cultural research is proposed to translate the results to a global sales setting because the literature indicates luxury consumption contexts differ across cultures.

Theoretical Background

Salespeople are inherently narcissistic and have a need to achieve (Soyer, Rovenpor, and Kopelman 1999). This need plays a part in many aspects of the sales role, even down to how salespeople are compensated. Narcissists fantasize about status and power (Raskin and Novacek 1991), accentuate status themes in self-reports, and consider themselves better than others on status-related characteristics (Campbell, Rudich, and Sedikides 2002). This infatuation with status may lead salespeople to attempt to raise their status. Indeed, narcissists are more likely than non-narcissists to engage in status consumption (Sedikides et.al. 2007; Vazire et al, 2008).

Status consumption, also referred to in the literature as conspicuous consumption, can be defined as the “conspicuous consumption of consumer goods that represent status in an effort to improve social standing” (Eastman, Goldsmith, and Flynn 1999). Moreover, luxury good consumption may also be related to the pleasure of ownership, rather than the societal positioning it brings (Truong 2010). Luxury goods are defined as products such that the mere use or visibility of a certain product brings the owner prestige aside from purposeful utility (Grossman and Shapiro 1988). Therefore, it is reasonable to believe salespeople often consume luxury items to increase their status in society.

Each of these aforementioned constructs deals with the motivation behind the consumption of luxury consumer goods, rather than the reactions by others to status consumption. However, of particular concern is the effect that the visibility and perception of status consumption has on the salesperson/consumer dyad in sales transactions. Personalities can be correctly judged during first impressions from physical appearance (Naumann et al. 2009). A communicator’s appearance sends a message above and beyond verbal information relayed to the recipient (Rafaelli and Pratt 1993).

Therefore, the way a sales representative appears to the customer has an impact on the sales relationship.

There is conflict in the literature regarding the impression a customer will have to a status consuming salesperson. One stream of research indicates that customers will be drawn to salespeople who exude status and success. However, another body of literature implies that customers seek similarity in their sales representatives. These customers may be turned off by inequality in perceived status.

Status consumption by the salesperson might communicate success to the customer, which may lead to increased purchases by the customer. The attractiveness of salespeople is found to enhance their sales (Ahearne et al. 1999; Shavitt et al. 1994). However, the literature also suggests that this attractiveness loses its effect on purchase intention when the salesperson is perceived as being self-serving (Reinhard, Messner, and Sporer 2006). People make presumptions about others based upon their possessions (Belk, Bahn, and Mayer 1982; Burroughs, Drews, and Hallman 1991; Richins 1994a, b). People tend to gauge the success of others by evaluating their belongings (Richins 1994a). Success is often symbolized by relatively expensive, high priced objects (Fournier and Richins 1991). Information delivered by people of high-status is more likely to be persuasive than those of low status (Petty and Wegener 1998; Pittam 1990). Therefore, salespeople with luxury items may appear successful and attract customers.

In contrast, status consumption by the salesperson may also damage the relationship with the customer. Everything else being equal, customers would rather do business with salespeople whom they perceive as similar to themselves (Wiener and Mowen 1986). Satisfaction with the relationship is influenced by similarity (Byrne 1969, Tan 1981). Attitude similarity is thought of as an indicator of believing the other party has your best interest at heart (Johnson and Johnson 1972). When the customer perceives the salesperson as being cooperative, the customer believes the sales person wants to invest in the sales relationship. Whereas, a customer who senses competitive intentions of the salesperson believes the salesperson intends to take from the relationship in a self-serving manor (Crosby et al. 1990). A salesperson with more luxury items than the customer may have difficulty achieving success in that account due to dissimilarities with the customer.

Given the inconsistency in the literature, the present study seeks to identify and explain how luxury item consumption by salespeople affects customer attitudes and intentions. Because of the lack of research about client reactions to visible status symbols, a grounded theory approach was employed and conducted according the delineated modus operandi (Glaser and Strauss 1967). This began with qualitative interviews to further explore these items and uncover any additional relative constructs.

Study 1

To obtain a variety of responses, in-depth face-to-face interviews were conducted with 19 decision makers and gatekeepers who deal with sales representatives on a daily basis. The participants represent a broad cross-section of industries with both B2B and B2C

perspectives, including construction, medical, county utilities and hospitality. The sample is also representative of a variety of positions within the firm, both decision makers and gatekeepers, including owners, managers, frontline employees and behind the scenes staff. Interviews were continued until theoretical saturation transpired (Glaser and Strauss 1967). The interviews and focus groups were conducted from December 2010 to March 2011 at locations convenient for the respondents, mostly their place of employment. Participants were ensured anonymity. Interviews were recorded and later transcribed.

The interviews for study 1 were centered around the following set of questions: (1) Compare and contrast different levels of salesperson possessions. (2) How do you perceive sales representatives with above average visible possessions? (3) How do you feel others perceive them? (4) Describe how this makes you feel about the representative, yourself, and the company. (5) Explain any effect this might have on your purchase intentions. Respondents were advised to recall and describe specific examples to support their positions when relevant.

There were various stages to the analysis of the interviews. Each interview recording was played back 2-3 times followed by multiple reviews of the transcripts. Outstanding or significant remarks were noted. The next phase involved grouping the ways interviewees described how the status symbols of sales representatives were perceived. These descriptions were categorized according to theme similarities. Two distinct categories emerged from the interviews.

One idea thread was congruent with the literature on similarity. However, the term most frequently used by the participants was “relatable.” Each of the participants classified themselves as infrequent consumers of luxury goods and stated that they would best relate to a salesperson with minimal visible luxury items. However, it was commonly noted that a salesperson must have luxury items to relate to clients in different geography (the example given was Beverly Hills, CA) or in a different industry (the example given was elective plastic surgery) where they presumed other luxury consumers would be making the purchases.

Secondly, and more surprisingly, an overwhelming number of responses indicated that client would feel that a salesperson with visible luxury items would look out for themselves instead of the client. Customers in today’s economy want to do business with the representative who will get them the best deals. The current economic hardships were mentioned by every one of the respondents in the study. It was found that customers feel the role of the sales representative is to be their liaison with the company and negotiate the lowest possible prices. Clients made inferences about salespeople with luxury items such as, “They want to sell me things just to support their lifestyle,” “The higher prices I pay, the more commission they make, they won’t work for me,” and “They probably come from money and don’t need this job so they will do it haphazardly.”

Each of these statements assumes that the representative has some power over the price the client pays. While a portion of industries does allow sales representatives to have some power over pricing, other firms do not allow for this. When pressed about this issue one respondent rebutted, "Every rep has the power to make a deal. It might not always be in the number on the invoice, but they can work side deals or give credits or something."

These findings lead to the formation of the hypotheses:

H1a: *Visible consumption of luxury goods by the salesperson has a negative impact on purchase intent when the customer perceives the sales representative is not similar to the customer.*

H1b: *Visible consumption of luxury goods by the salesperson has a negative impact on attitude toward the salesperson when the customer perceives the sales representative is not similar to the customer.*

H2: *Visible consumption of luxury goods by the salesperson has a negative impact on purchase intent when the customer believes the salesperson has the power to change the price the customer will pay.*

Study 2

The second study is proposed as an experiment aimed to test the hypothesis that the visible consumption of luxury goods by a salesperson has a negative impact on purchase intent moderated by perceived similarity and by perceived power over price.

Design and participants

The experiment will employ a two by two between subjects independent ANOVA (low vs. high visible consumption of a salesperson x low vs. high salesperson power over price). The participants will be students at Florida State University in an undergraduate Marketing class and will receive extra credit for their participation.

Procedure

Upon commencement of the online study, participants will be exposed to a photo of a salesperson. After this stimulus, participants will complete a questionnaire to measure the dependent variables (purchase intent, attitude toward the brand, attitude toward the salesperson)

Status Consumption

Status consumption will be operationalized by visual cues including an expensive car and expensive looking, flashy jewelry. A manipulation check will be employed in the questionnaire following exposure to the stimuli to verify the respondents identified the presence of the consumption of luxury goods. A pilot test will be conducted on a separate sample of participants prior to the administration of the main study.

Power over price

Power over price will be explicitly stated in the instructions for each group. One group will be informed that the salesperson has total control over price while the second group will be notified that the salesperson has no control over price.

Dependent Variables

Purchase intent, attitude toward the salesperson, and attitude toward the brand will both be measured with a validated, self-report survey to be administered following exposure to the stimuli.

Study 3

Important status consumption dimensions differ across cultures and countries (Shukla 2010). Visible status consumption by international sales representatives can have an influence on global sales relationships. In order to posit the implications of status consumption by international salespeople, study 3 proposes cross-cultural research. The same survey employed in study 2 will be translated to the native language and then back translated by a different translator to ensure accuracy and invariance between instruments. Following translation, a pilot study will be deployed to students at a Costa Rican University to ensure appropriate manipulations. Upon confirmation of the manipulations and translations, the full study will be conducted on a different set of respondents at the same Costa Rican University. A Latin American country is considered a good choice for an appropriate sample because Hispanics are thought to frequently engage in conspicuous consumption (Charles 2009). Following collection of the data, cross-cultural comparisons of the results will be performed and reported.

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