

# Socio Demographic Determinants Behind Conspicuous Consumption of Luxury Automobiles in Sri Lanka

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## *Abstract*

Conspicuousness is a phenomenon which is in wide praxis today, and we need not to go far to observe such consumption conducts that are rooted upon the motives to exhibit one's monetary strength, to showcase exclusiveness or belongingness to a specific crowd while gaining prestige, respect and status. Yet, much little attention has been devoted towards this obtrusive consumer desire in Sri Lanka and elsewhere in the world. In the light of this, the purpose of this study was to explore the impact of socio-demographic cohorts on the conspicuousness of luxury automobiles in Sri Lanka. This paper reports the outcomes of an exploratory survey conducted using a sample of 200 luxury automobile owners in Sri Lanka to examine the reflection of conspicuousness under different age groups, gender, religions, educational attainment levels, occupations, and monthly incomes. The results highlighted that; there is a downward trend on conspicuous consumption in luxury automobiles as the owners grow older, males are more conspicuous than females, the level of educational attainment and conspicuousness has a negative relationship, employers are more conspicuous than employees and respondents in the lowest income band are most prone towards conspicuousness when compared to other income groups. In the context of Sri Lanka, all socio-demographic antecedents that were incorporated in the scope of the present study showcased to have a significant impact on conspicuous consumption of luxury automobiles. However, the reasoning behind such behavioral patterns warrant further research.

**Keywords:** *Conspicuous Consumption, Luxury Automobiles, Socio-Demographic Determinants, Sri Lanka*

**JEL Codes:** D11, D12, D90, D91, L62

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## INTRODUCTION

Today, it is a common sight to witness people, clinging on to the luxuriousness and the higher prices of goods in order to demonstrate their purchasing power and social status to others. Moreover, it can be learnt through literature that, people are prone towards purchasing flashy goods not merely for their intrinsic use value <sup>1</sup> but simply, because of the “higher price tags” which reflect much greater values than what is mirrored through their “use values” (Goenka & Thomas, 2019; Murphy, 2018; Sirong, 2016; Kim, 2015). It is in that respect, Conspicuous Consumption, which signifies purchasing of expensive goods to showcase wealth, comes in notion.

It is evident from prevailing literature that, there is an surprise in conspicuous consumption in developing countries owing to income inequality, relatively significant societal relationships & traditions (customs) and owing to the urge of showcasing one’s pecuniary strength (Narayanan, 2014; Memushi, 2013; Vijayakumar & Brezinova, 2012). Conspicuousness is thus, essentially a timeless and a universal construct, which requires in-depth scrutiny in terms of a developing country like Sri Lanka which is stuck in the middle-income trap.

Even though a number of research studies on conspicuousness could be found in literature (for example: Goenka & Thomas, 2019; Hammerl & Kradschnig, 2018; Perera, et al., 2013; Rucker & Galnisky, 2009), none has examined this aspect, rendering special focus on the impact of socio-demographic drivers, taking the case of luxury automobiles. No studies of this nature have so far been conducted pertaining to the Sri Lankan market either. Thus, the present study not only focuses on a timeless topic but also addresses the research gaps.

In the light of the above, this paper examines the impact of socio-demographic cohorts (age, gender, religion, level of educational attainment, occupation and monthly income) on conspicuous consumption of luxury automobiles in Sri Lanka. The case of automobiles was chosen after an in-depth investigation on past research studies conducted in the field of conspicuous consumption as it is proven that, automobiles are highly linked to conspicuous behavior of man-kind (for example Dong & Koo, 2018; Boonyanus, 2017; Memushi, 2013).

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<sup>1</sup> ‘Use value’ signifies the value rendered towards a good/service based on the characteristics inherent to that particular good/service or in other words based on the ‘functionality’ of the good/service

## REVIEW OF LITERATURE

### Theoretical Review

#### Conspicuous Consumption

“Conspicuousness” is a phenomenon that is being extensively discussed and expansively practiced by common populace in today’s society and we need not to go far to observe such consumption conducts which showcase the pecuniary strength engulfed by motives to showcase superfluous wealth, exclusiveness, belongingness to a specific crowd whilst gaining prestige, respect and status. The theory of Conspicuous Consumption is evolving with time and thus, is dynamic. As asserted by Weber (2011), the community seeks for newer, better and more subtle mannerisms of displaying wealth which is repetitive.

Conspicuous Consumption as termed by its begetter, Thorstein Bunde Veblen in his globally renowned man oeuvre, *The Theory of the Leisure Class* is the consumption of expensive goods and services in order to showcase wealth. In accordance with Veblen’s definition Murphy (2018), in his study, theorizes conspicuous consumption as the purchasing of goods or services merely for the purpose of public display of wealth, on top of covering basic needs. As affirmed by Jain & Sharma (2018) conspicuous consumption is the purchasing of luxury goods and services in order to manifest one’s economic power and the accumulated wealth of the buyer publicly. Similarly, Yan in his study on *Luxury Consumption*, claims that consumers conspicuously consume goods which have a higher price tag than a normal one so that they could showcase their wealth and thereby gain social status even though such products might not necessarily hold great quality (Yan, 2004).

While the exhaustive examination on past and prevailing literature suggest that, the term ‘Conspicuousness’ which was originally introduced by Veblen, depicts his lasting influence among notable scholars across many disciplines; it was also revealed that there exists many researchers, theorists and economists who have contradictory views on his theory.

Moving away from Veblen’s theoretical underpinning, in contrast Campbell, on his critique on Veblen’s theorization and formulation of the concept of conspicuous consumption, argues that, Veblen’s most famous concept is not sufficient and clear enough to permit any general agreement on its definition. Instead, he remodels the term conspicuousness to refer to any non-utilitarian form of consummation or simply to that which is judged luxurious, extravagant and wasteful (Campbell, 1995). While agreeing upon the view of Campbell, Tilman in his study, claims that motive to emulate others in terms of being conspicuous is challenging in terms of the trustworthiness of psychological

and sociological research studies as people will be denying the fact that they engage in conspicuous consumption while imitating higher class people (Tilman, 2006).

However, Chaudhuri et al. (2011) define conspicuous consumption as an intended engagement in symbolizing the act of purchasing through procuring visible goods with the motive of exhibiting one's self-image to others. As asserted by Leibenstein in his study, conspicuous consumption is a subset non-functional demand where consumers purchase goods not necessarily for their intrinsic use value but because of external qualities of the goods such as giving the consumer status, prestige and recognition (Leibenstein, 1989). Furthermore, past studies show that to specific groups; conspicuous consumption means not just showcasing how rich they are but also procurement of expensive items to gain social respect, recognition and enhancing their status (Kastanakis & Balabanis, 2014; Chen et al., 2005), high self-concept (Kastanakis & Balabanis 2014; Sirgy, 1982) and uniqueness (Tian et al., 2001). Moreover, one particularly interesting idea, relatively new to conventional economics, stated by Basmann (1956) as cited in Trigg (2001) is the concept that "conspicuousness is the utility provided to the user as a result of being seen consuming the product or service". Furthermore, it can be learnt through contemporary literature that, conspicuous consumption plays a pivotal role even at present in shaping preferences among people in terms of gaining recognition and attention and it is ubiquitous and embraced by community on a mass scale (Goenka & Thomas, 2019; Wu et al., 2019).

### **Luxury Automobiles**

Hanzaee and Fereshteh (2011) have defined luxury automobiles as expensive vehicles which have five specified values namely; conspicuous value, unique value, quality value, social value and a hedonic value. According to Zhang (2017) a luxury automobile is a high-end, expensive, branded product and are for extremely rich individuals for instance, private jets, limited edition cars and branded sports cars. Furthermore, Bergman (2010), in his study, emphasizes that luxury has a strong relationship with the high price and the brand of the vehicle and that is why some people prefer a BMW which signals status over a Volvo which is a cheaper option. However, according to Silverstein et al. (2005), when the new mini cooper was launched with facilities such as; a horse power engine, high speed, air-bags and a six speaker in 2001, back then it was considered to be the best choice of the people who prefer luxury even though the case may not be the same at present.

Past research suggests that, the term 'luxury' is multi-faceted and is very subjective, globally and thus, does not hold a common, single definition. When considering the context of Sri Lanka, an in-depth investigation on past Acts and budgets passed by the respective governing bodies, suggest that, there exists a vagueness in the term 'luxury' and as such it lacks a standard definition similar to the case in elsewhere in the world. For instance, according to the Act No.12 of 2012, Act No.15 of 2011 & Act No.16 of 1995

amended by the Act No.04 of 1999; the degree of luxuriousness of the vehicle and the luxury tax have been defined based on the vehicle's 'engine capacity' (Department of Motor Traffic, 2012). Moving ahead, as revealed by the Finance Act 2018, 'luxury tax' is applicable only for three categories of vehicles <sup>2</sup>. Furthermore, when considering the Budget 2019, the luxuriousness of the vehicle is decided based upon the 'CIF value or the manufacturer's price'<sup>3</sup> (Sri Lanka Budget, 2019).

Above notions prove that the term 'luxury', essentially when it comes to automobiles, is very ambiguous and tends to change quite often.

### **Overview of Empirical Research**

#### **Factors affecting Conspicuous Consumption**

As expressed in many research studies, the antecedents of conspicuous consumption are multi-faceted and there is no single influence that is unanimously agreed upon by researchers. According to Veblen (1899), the factors affecting Conspicuous Consumption are: high price and the ability of the good to showcase wealth and class. According to Leibenstein (1950), any factor rooted upon non-utilitarian aspect of demand could be considered as antecedents of conspicuous consumption for instance, the uniqueness and the popularity of the good. As asserted by Rege (2008), factors of conspicuousness include the ability to showcase one's capabilities and abilities. Furthermore, according to many other economists and sociologists, it constitutes of the factors such as ceremonial, obtrusive, ostentatious display, visibility, brand prominence and explicit signal (Lee & Shrum, 2012; Berger & Ward, 2010; Young et al., 2010). As revealed by Kastanakis & Balabanis (2014), the drivers of conspicuousness are high self-concept, respect, recognition and high status. Therefore, as per the prevailing literature, it is evident that the factors of conspicuous consumption and the root causes of it are a combination of many different variables and it is possible that the extent of influence by aforementioned factors or variables depend on the consumer.

#### **Evolution of Conspicuous Goods**

Moving ahead of various definitions and several theories rendered for conspicuous consumption, it is imperative to note that the term conspicuousness expresses more or less the same perception in contrast to Veblen's contradictory comebacks. Past and

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<sup>2</sup> Petrol vehicles with cylinder capacity more than 1800 cc, Diesel vehicles with cylinder capacity more than 2300 cc and Electric vehicles with more than 200kw power

<sup>3</sup> Valid from the 6th March 2019 onwards only - This includes all Diesel vehicles of which the cost exceeds by Rs.3.5 million, Petrol vehicles of which the cost exceeds by Rs.3.5 million, Hybrid Diesel & Petrol when the cost exceeds by Rs.4 million, Electric vehicles when the cost exceeds by Rs.6 million and for imported vehicles which are locally assembled

contemporary studies on this construct show that the means which people reach to showcase their ability to afford obtrusive or rather pretended goods have transformed with time. It can be learnt through past and most recent literature that many theorists, researchers, economists, sociologists and marketers have attempted to continuously explore the goods that can be categorized as conspicuous (See Table 1).

**Table 1: Most Quoted Conspicuous Goods based on Literature**

Past & Present Literature	LA	J	DC	FW	BH	BW	BHB	P
Wu et al. (2019)				✓				
Goenka & Thomas (2019)	✓		✓					
Dong & Koo (2018)	✓							
Jain & Sharma (2018)	✓	✓	✓			✓	✓	✓
Karunanayake & Gunaruwan (2018)					✓	✓		
Hammerl & Kradischnig (2018)			✓					
Wu et al. (2017)	✓							
Sirong (2016)		✓	✓			✓		✓
Loureiro & Ruediger (2016)	✓							
Kruger & Kruger (2016)	✓							
Okulicz-Kozaryn et al. (2015)	✓							
Narayanan (2014)	✓	✓	✓		✓	✓		✓
Perera et al. (2013)						✓		
Memushi (2013)		✓				✓		✓
Lee & Shrum (2012)			✓					
Souiden et al. (2011)			✓			✓	✓	
Sivanathan & Pettit (2010)						✓		
Patsiaouras & Fitchett (2009)		✓						

**LA:** Luxury Automobiles; **J:** Jewelry; **FW:** Fine Wine; **DC:** Designer Clothes; **BW:** Branded Wristwatches; **BH:** Bigger Houses; **BHB:** Branded Hand Bags; **P:** Perfumes

Source: Compiled by Author based on Literature

As suggested by Hammerl & Kradischnig (2018), using visible goods to display wealth, uniqueness, conformity and social stature have been prevailing, since the time people

started consuming goods and services. According to them, weapons, clothes and musical instruments are a few examples for conspicuous goods. Furthermore, Memushi (2013), in his study, claims that in times of yester years where the emergence of human civilizations emanated, the wealth was displayed through material showcase of power as the upper/elite classes embellished themselves with rare, unusual, exotic jewelry by exceptional hand woven ceremonial wear. For instance, researchers have identified vacations, luxury automobiles, wrist watches, designer clothing, branded hand bags, jewelry, fine wine & champagne, perfume, mobiles phones and furniture as popular conspicuous goods (For example Wu et al., 2019; Dong & Koo, 2018; Miller, 2018 & Krisberg, 2017)

The Table 2 below borrowed from work of Patsiaouras & Fitchett (2009), clearly illustrates the evolution of conspicuous consumption behaviour with time.

**Table 2: A Structural analysis on the evolution of conspicuous consumption during time**

<b>Social Structure</b>	<b>Primary Objects of Consumption</b>	<b>Drivers of Behavior</b>	<b>Consumers</b>	<b>Principal Behavior Dimensions</b>
Pre-Capitalist-Feudal	Slaves, Women, Food	Military and Political Powers	Nobility	Pure Ostentation
Modern-Capitalist	Very Expensive Products e.g. Diamonds	Social Power and Status	Nobility and Upper- middle Class	Ostentation and Signaling and Uniqueness
Post-Modern	Image and Experience	Self-expression and Self- Image	Middle-class and the “Masses”	Uniqueness and Social Conformation

Source: Patsiaouras & Fitchett (2009)

### **Conspicuousness in Luxury Automobile Industry**

In the dearth of research studies conducted on the conspicuousness of automobile industry, some studies lead to the inference that customers of the automobiles are persuaded by the product’s attributes such as functionality, tangibility and visible characteristics or utilitarian necessities (Keller, 1993; Havlena & Holbrook, 1986; McClelland, 1967). In contrary, the research conducted on Consumer Behaviour on Luxury Automobiles based on UK and Thai costumers’ perception by Pacapol et al. (2015) reveals that the buyers will only idolize high priced, high ended cars from any other vehicle. He further asserts that such automobiles are produced in order to enhance owners’ prestige and stature wherever it travels. According to the study conducted by Engel, Blackwell, & Miniard (1990), an impeccable determinant of purchasing a

luxurious automobile is the culture and the influence of society. His study concludes that even a poorer country could have more purchasers for luxury cars than rich countries owing to the perceptivity to social impact. For instance, his study reveals that a less poor country like Thailand could have more buyers for Mercedes than a rich country like the UK. Thus, in a world where majority's wish is to be well-placed in the eyes of others, luxury automobiles play a significant role in enabling consumers, realize their dream of showcasing how rich they are, through engaging in the process, conspicuous consumption.

### **Socio-Demographic Drivers behind Conspicuous Consumption of Luxury Automobiles**

Considering handful of studies conducted on the scope of the present study, it could be identified that there is an impact from socio-demographic factors on the conspicuousness of automobiles. As asserted by Lansley (2016), there is a very solid relationship between socio-demographic characteristics and cars. Similarly, Evans (1959), in his study asserts that each type of car is inevitably likely to be purchased by a particular socio-economic segment owing the prices and marketing strategies.

When considering the socio-demographic factor, age; Shukla (2008) has identified that, middle-aged individuals who are prone to have low spending obligations (such as young children, old dependents) and higher incomes relatively to other age groups are most likely to engage in status-based conspicuous consumption through purchasing luxury automobiles. Furthermore, Boonyanus (2017), in his study on factors affecting purchasing of Porsche determines that older consumers are more prevalent to buying luxury automobiles.

In terms of socio-demographic aspect gender; the findings of the study conducted by Loureiro et al. (2016) reveal that, male consumers are more interested in luxury car purchases in terms of engaging in conspicuous consumption as they have a better know-how on luxury automobile brands and strong affiliation to a given brand (being affiliated to luxury-car consumer 'tribe'). However, in contrast to the findings of Loureiro et al., (2016), the empirical evidence of Boonyanus (2017) focusing on 'The determinants of luxury automobile purchase among consumers in Bangkok, taking the case of Porsche', asserts that there is no significant impact from gender towards the purchasing of luxury car brands. Furthermore, according to the study conducted on demographic characteristics influencing premium car brands by Sharma (2015), it is evident that females are more prone towards the brand of cars than males and they have a higher preference towards luxury cars on top of men (p.24). Moreover, Dunn & Searle (2010), in their study, asserts that women find men who engage in purchasing and driving prestigious and luxurious automobiles to be more attractive.

As per the findings of Charles et al. (2009), black people spend more on luxurious and conspicuous automobiles than whites irrespective of their income patterns. Thus, according to him, race has a significant impact on conspicuousness of automobiles. Moving away from consumers' race, Boonyanus (2017) shows that there is a significant difference between the education levels of the people who have a Bachelor's or a Master's Degree and those who do not possess either when it comes to purchasing luxury automobiles such as; Porsche.

When examining the impact of socio-demographic factor monthly income on the conspicuous consumption of luxury automobiles, it is quite interesting to note that, many researchers have examined the impact of income taking cases such as; Porsche and Mercedes-Benz. For instance, the results of Michman & Mazze (2006) indicate that, consumers in the higher income level are more prone towards purchasing of luxury automobiles such as; Mercedes-Benz. However, in contrary to that, the study by Boonyanus (2017) demonstrates that, consumers in the lower income bands have a relatively significant impact on purchasing luxury automobiles such as; Porsche relatively to that of the high income consumers. Furthermore, Loureiro & Ruediger (2016) suggest that, an individual should be falling into the High-Income category to demonstrate one's conspicuousness in terms of owning luxury automobiles such as; BMW, Audi and Mercedes-Benz.

### **METHODOLOGY**

The present study was conducted within the positivist paradigm in which Remenyi, Williams, Money & Ethné (1998) suggest that "the observer is independent and the world is objective and external". The reason behind the followed philosophy is that the present study adhered to factual knowledge gained through the survey, including measurement. Moreover, since the study involved in focusing on factors that are analyzed statistically which were observable and quantifiable, it further generalizes the chosen philosophy.

In terms of realizing the fundamental objectives of the study, quantitative approach was utilized and the research strategy intended to be carried out in the present study was a survey which was conducted through various channels of social media and other online platforms. This study incorporated primary data collection method owing to its higher reliability, validity, consistency and the ability to gather most updated data that is directly specific to research aims.

Primary data was gathered through questionnaires that were prepared utilizing the online survey tool "Jisc" (formerly, known as BOS) and were sent out, through various modes namely; e-mail, social media and various mobile apps. The questionnaire constituted 23 questions in total with specifically designed questions under each aspect of conspicuous

consumption to make sure that the dominant factors of conspicuous consumption as identified in the literature survey, are captured in the form of questions (i.e. consumption of high priced luxury automobiles in order to showcase wealth, status, exclusiveness, popularity of the brand, self-respect, dignity, prestige, to gain peers' attention and to enhance self-confidence) - Please refer Annexure for the detailed statements of the questionnaire.

The questionnaire was designed carefully with the purpose of collecting information on the impact of socio-demographic factors on the conspicuousness of luxury automobiles. For this course, the study incorporated six (06) independent variables and one (01) dependent variable.

Given the time constraint, present study involved a cross-sectional time horizon in which the data was collected within a certain time obtaining an overall picture as it stands at the time of the study.

Non-probabilistic snow ball sampling technique was deployed in terms of selecting the sample. Snowball sampling technique is generally deployed when the sample is difficult to locate. As explained by Bhat (2018), once the researcher comes across suitable subjects for the study, they are asked for assistance to identify similar subjects to form a considerably an effective sample size. For instance, if the researcher is to do a study about a particular illness such as HIV/AIDS or Cancer or the researcher will have to find people suffering from those diseases as they are the subjects of the research. Another example would be a study on LGBT community. In such case, the researcher will essentially have to find people who fall into the LGBT categories (individuals who are lesbian, gay, bisexual, and transgender) as the study focuses on a specific issue by which random sampling will not provide sufficient evidence. Thus, in such cases, the researcher is forced to follow snow ball sampling even though it could be subjective to some extent. Therefore, since the main focus of the study lies upon the conspicuous consumption of luxury automobile owners, the researcher was compelled to choose this technique, as this was the best option given the unavailability of personal details of the customers. As such, in terms of approaching the expected sample, initial respondents were asked to forward the questionnaire to others that met the sampling criteria. A total of 200 valid questionnaires were used for the analysis.

#### **Steps followed:**

- (1) Contacts were established with two/more initial cases from the sampling (for example: family, friends, colleagues, relatives and etc.).

The questionnaire link was sent through emails, mobile apps and social media to the researcher's contacts.

Questionnaire Link: (<https://uwl.onlinesurveys.ac.uk/drivers-behind-consumption-of-personal-luxury-automobiles-3>).

- (2) After establishing contacts with initial cases, they were requested to identify more cases and new cases were asked to identify further more cases. The procedure was continued until the expected sample size (i.e.200) was met.
- (3) Sampling procedure was concluded with the reach of 200 samples, as pursuing further cases will make the study unmanageable and complex due to the large sample size.

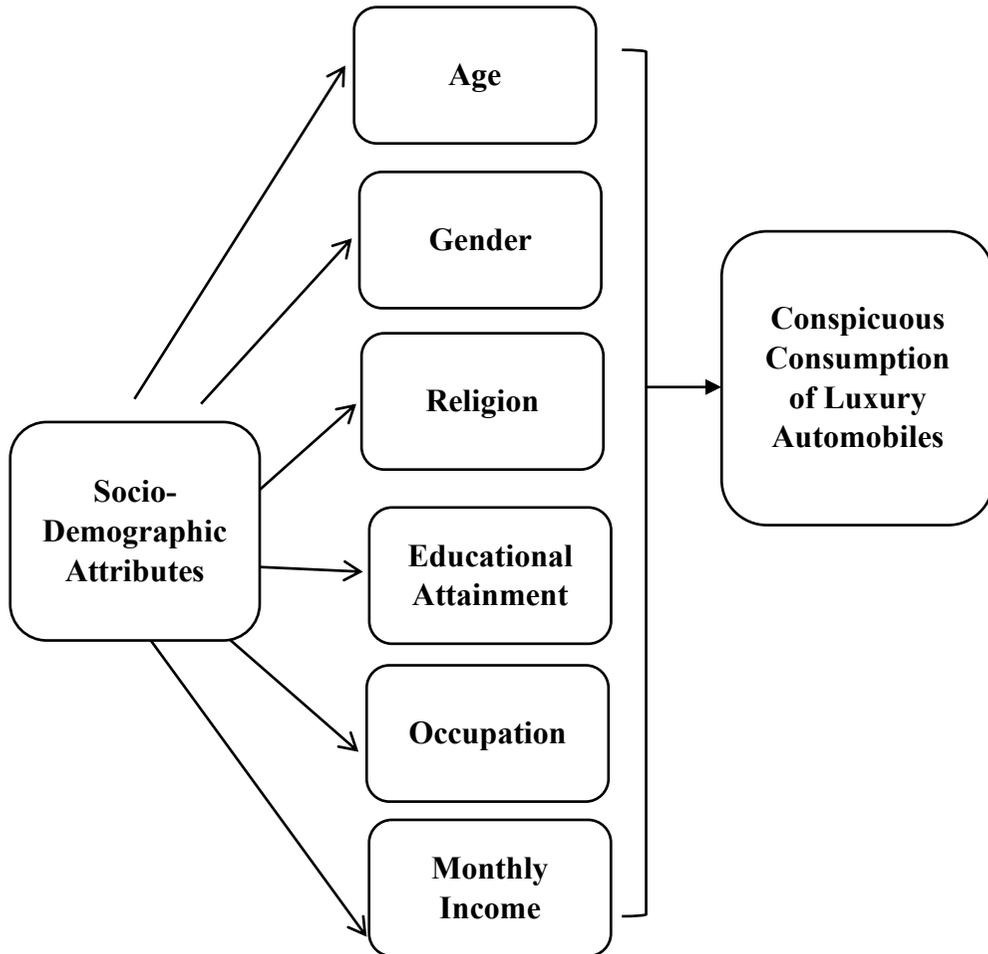
Furthermore, the submission option was made possible only to those who have completely filled out the questionnaire to make sure the purpose of the research is met. Furthermore, submission of more than one questionnaires from a single respondent was restricted by the system, to avoid the same person filling out many questionnaires. All questions were close-ended ones and were based on ranking and rating system.

Since, past literature suggests that there is no standard definition for ‘luxury automobiles’, this study defines luxury automobiles based on expertise advice in the field and the JB Securities’ report, given the ambiguity of the definition. In this paper, automobiles of “Premium Brands” are considered to be those under the category of luxury automobiles and as such, will be the subject of the study. The main reasoning behind the aforementioned classification, is to ensure that the validity of this study remains unchanged and significant irrespective of the changes in laws, acts and governments.

## **CONCEPTUAL FRAMEWORK**

Figure 1 illustrates the conceptual framework on which the analysis of the study is based. As depicted below, the study incorporates six independent variables which fall under socio-demographic attributes in order to test the hypotheses.

**Figure 1: Conceptual Framework of the Study**



Source: Developed by the Author

An “Index” to represent the degree of Conspicuousness of consumption was computed per participant, based on the ‘Decorative Consumption Model’ developed by Gunaruwan & Karunanayake (2017) and the Decorative Consumption Index constructed based on that model by Gunaruwan & Karunanayake (2017) which is as follows:

$$DCI_{ij} = \sum_{k=1}^n \frac{DCV_{jk} + (6 - ADCV_{jk})}{n_j}$$

Where:

DCI<sub>ij</sub> = Decorative Consumption Index for jth dimension for ith person (j = 1, 2 signifying Conspicuousness and Snobbism, respectively)

DCV<sub>jk</sub> signifies Decorative Consumption value for jth dimension and kth question,

ADCV<sub>jk</sub> signifies Anti-Decorative Consumption value for jth dimension and kth question and

n<sub>j</sub> = number of questions (or statements) applicable for the jth dimension

Anti-Conspicuous effects as reflected in the relevant responses, were reciprocated (difference between 6 and the relevant rank given by the respondent for each question was calculated) before averaging the responses to arrive at the index. Descriptive statistics and univariate analysis using SPSS (version 24.0) were deployed as analytical techniques in examining the research aims.

$$CI = \sum_{i=1}^n \frac{CV_i + (6 - ACV_i)}{n_c}$$

Where:

CI = Conspicuous Consumption Index

CV<sub>i</sub> signifies Conspicuous Consumption for ith respondent

ACV<sub>i</sub> signifies Anti-Conspicuous Consumption value for ith respondent

n<sub>c</sub> = number of questions (or statements) applicable for Conspicuous Consumption

### **Pilot Study**

The researcher performed a Pilot Survey on 8 questionnaires, which was filled by voluntary friends and colleagues prior to sending out the questionnaires formerly, in order to make sure the questions are accurate and understandable. Two questions based on ranks, which created confusion among respondents and consequently, misinterpreted by them, were thereby deleted before sending out the questionnaire to the expected sample in order to make sure respondents give their honest opinion in the questionnaires sent.

### **Internal Consistency**

According to Sekaran & Bougie (2010), internal consistency depicts the homogeneity of the indicators and he further affirms that, the most welcomed test of internal consistency is Chronbach's Coefficient Alpha. Furthermore, past research suggests that, generally accepted lower limit of Chronbach Alpha is 0.7 (Warnakulasooriya, 2010).

Mentioned below are the test results:

**Table 3: Measuring Internal Consistency**

Variable	Cronbach's Coefficient Alpha Value
Conspicuous Index	0.875

Source: Survey Results

As depicted in the Table 3 above, Cronbach's Alpha value of the Conspicuous Index (incorporated all 23 questions pertinent to Conspicuousness) is 0.875 which is greater than the bench mark confirmed by previous studies and the consistency among Likert Scales is high.

**Convergent Validity**

Convergent validity refers to the degree of correlation among the scales that are intended to measure the same variable/construct (Malhotra & Dash, 2011). This can be measured by conducting a Factor Analysis. The KMO statistic value and the Bartlett's value are two major outputs derived by SPSS in this regard. According to Kaizer (1974), the KMO statistic value fluctuates between 0 and 1 and KMO statistic above 0.5 is considered acceptable. As affirmed by Field (2005), the Bartlett's value should be significant (i.e. have a significance value less than 0.05)

**Table 4: Statistic and Bartlett's Measure of Sphericity**

Variable	KMO Statistic	Bartlett's Measure of Sphericity (P Value)
Conspicuous Index	0.717	0.000

Source: Survey Results

As depicted in the table 4 above, KMO value of all variables are above 0.5 and Bartlett's test value is significant as p-values are <0.001. Hence, we can conclude that the measurement instrument has partially fulfilled the requirements to achieve convergent validity. Mentioned below is the factor loading of each variable.

**Normality Test**

As reflected in the Central Limit Theorem, if the sample data are approximately normal then the sampling distribution too will be normal (based on the shape) and in quite large samples (n > 30 or 40), the sampling distribution is prone towards being normal irrespective of the shape of data. Furthermore, if samples are sufficiently large (if the study consists at least of 20 elements for each dependent × independent variable combination), then the univariate central limit theorem holds and we can assume the univariate normality assumption holds. However, a normality test was conducted, as

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assessment of the normality of data is a prerequisite for many statistical tests because normal data is an underlying assumption in parametric testing. Since, sample size  $3 \leq n < 2000$ , Shapiro Wilk Test was conducted.

Mentioned below is the hypothesis to measure the normality of the distribution.

Ho: Variables are normally distributed

H1: Variables are not normally distributed

Table 5: Testing the Normality of Variables

<i>Shapiro-Wilk Test</i>		
<b>Variable</b>	<b>Significance</b>	<b>Normality</b>
Conspicuous Index	0.214	Normally Distributed
Age	0.870	Normally Distributed
Gender	0.245	Normally Distributed
Religion	0.324	Normally Distributed
Highest Educational Attainment	0.571	Normally Distributed
Occupation	0.512	Normally Distributed
Monthly Income	0.860	Normally Distributed

Source: Survey Results

Since,  $p > 0.05$ , we fail to reject the Null Hypothesis. As such, for the analysis of data, parametric tests namely; multivariate tests were thus, conducted.

**DISCUSSION ON THE RESEARCH FINDINGS**

The Table 6 below, represents the summary of statistical results of the study.

**Table 6: Summarized Results of the Survey**

<b>Socio-Demographic Cohort</b>		<b>Degree of Conspicuous Consumption <sup>a</sup></b>
Age	18 – 30	3.81
	30 - 45	3.76
	45 - 60	3.56
	60 & Above	2.89
	Significance of Age <sup>b</sup>	0.000***
Gender	Male	3.79
	Female	3.20
	Significance of Gender <sup>b</sup>	0.047*
Religion	Buddhism	3.87
	Christianity	3.43
	Hinduism	2.98
	Islam	3.67
	Significance of Religion <sup>b</sup>	0.005**
Educational Attainment	Ordinary Level/Advanced Level	3.72
	Vocational Diploma	3.63
	Bachelor’s Degree	3.58
	Master’s Degree	3.45
	Doctoral Degree	3.19
	Other	3.72
	Significance of Educational Attainment <sup>b</sup>	0.000***
	Occupation	Employer
Employee		3.51
Significance of Occupation <sup>b</sup>		0.000***
0 - 100,000		3.74

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Monthly	100,000 - 300,000	3.58
Income	300,000 – 400,000	3.37
	400,000 & Above	3.21
	Significance of	0.011*
	Monthly Income <sup>b</sup>	

Source: Compiled by the Author based on Survey Results

When considering the socio-demographic cohort age, the findings reveal that there exists a significant impact from age on conspicuousness of luxury automobiles ( $p < 0.001$ ). Young consumers (between 18 – 30 years) showcased a higher degree of conspicuousness whereas older consumers (60 years & above) showcased the contrary. The results further affirmed that, there is a downward trend towards conspicuous consumption of luxury automobiles as people grow older.

In terms of gender, findings showcased that there is a significant impact on conspicuous consumption of luxury automobiles ( $p < 0.05$ ) and male consumers were more prone towards conspicuousness than females. The revelations of the study, points to a glaring gender difference in conspicuous consumption of luxury automobiles in Sri Lanka. There could exist many reasons that drives males towards such behavior; for instance, past empirical evidence suggest that men are more prone to conspicuousness than women in terms of luxury automobiles as women consider automobiles simply as a way of getting from one place to another while men tend to view them tied to their image and accomplishments (Hennighausen, Hudders, Lange, & Fink, 2016; Kelly Blue Book, 2014). Furthermore, findings of the study conducted by Loureiro et al., (2016) reveal that, male consumers are more interested in luxury car purchases in terms of engaging in conspicuous consumption as they have a better know-how and a wider scope of understanding when it comes to luxury automobile brands and strong affiliation to a given brand (being affiliated to luxury-car consumer ‘tribe’). Another reasoning behind it could be the fact that, females have many other options to showcase wealth through procuring goods such as jewelry, designer clothing and branded hand bags whereas, the options available essentially for males are quite narrow. However, the present study only focused on the impact of socio-demographic factors on conspicuousness of luxury automobiles and as such, the causes for such behavior warrant further in-depth research.

Similar to other socio-demographic cohorts, there existed a significant impact from religion on the conspicuousness of luxury automobiles ( $p < 0.005$ ). Furthermore, the results revealed that, Buddhists and Islamists are more prone towards purchasing luxury automobiles merely for vehicles’ ability to showcase their purchasing power/pecuniary strength, prestige and social stature. At this stage, it is important to note that, the revelations made by the present study in terms of purchasing behavior of those in the aforementioned two religions are quite contrary to what is being advocated by the two

religions in general. For instance, Buddhism encourages mindful consumption, simplicity and middle path and similarly, Islam suggests to lead a simple life rather than acquiring worldly possessions and encourages its followers to adopt modesty, discouraging show-off and vanity (Cherrier et al., 2009). Therefore, according to the findings of the present study, it seems that individuals that belong to Buddhism and Islam do not transform the teachings of their religions into practice, especially, when it comes to luxury automobiles. However, as opposed to Buddhists and Islamists, Hindus showcased a very low tendency towards conspicuousness, signaling that they obey their religion and its' preaching in terms of their consumption patterns. Understanding the reasons for the differences in conspicuousness among different religious groups with regard to luxury automobiles goes beyond the scope of the present study and as such require in-depth research in future.

When considering the level of educational attainment of the respondents, it was evidently proven that education level plays a pivotal role in making the decision, to conspicuously consume and there exists a negative relationship between the two. According to the revelations of the study, consumers holding Ordinary Level / Advanced Level qualification were more conspicuous whereas, the least conspicuous group was the individuals with a Doctorate (PhD). The main reasoning behind it could be the fact that, their broad knowledge and extensive level of understanding have made them realize that spending lavishly on an automobile given that, it is only a piece of steel is an utter waste.

In terms of the occupation of the consumers, unlike the cases of other socio-demographic cohorts, which were previously discussed, conspicuous indices of both employers and employees were relatively high. However, employers had a higher tendency towards conspicuousness than employees with regard to luxury automobiles. Given their position of the job, the people they associate on a daily basis and the meetings they attend, luxury automobiles may facilitate them in maintaining their status and in gaining recognition from others. Therefore, purchasing a luxury automobile could be the best way for them, to demonstrate their background to community. However, these aspects warrant further attention.

Lastly, in terms of monthly income, there was a significant impact on the conspicuous behavior ( $p < 0.005$ ) of luxury automobile owners. Findings suggest that there exists a downward trend in conspicuousness of luxury automobiles as the income increases. There could be many reasons for such tendency. For instance, people who earn more may be spending on goods which are relatively more expensive namely; pent houses, holiday bungalows and luxury apartments in highly developed urban areas. Another reason for this behavior could be the fact that, high income earners already own a status in the society and since the community already knows about their background and as such, they need not to impress anyone by spending extra in a visible manner. In contrary, the reasoning behind the high conspicuousness among low-income earners could be a result of them,

imitating the elites in the society. Since, the automobile could be driven wherever he/she wants. It is much worth for them to purchase such a good rather than purchasing a capital asset which are immobile and comparatively less visible. However, there rises a question on how low income consumers manage finance to get luxury automobiles. They might be taking loans through various channels, for instance, from relatives, unauthorized money lenders and brokers. If that is the case, necessary steps to discourage such consumption through controlling cheap credit sources such as; lease facilities and loans essentially to buy over-priced automobiles which are beyond their purchasing power need to be taken. If not, danger of conspicuous consumers, particularly low income segments, running into debt for wanting to acquire tax-pushed expensive consumables cannot be excluded. However, these aspects warrant further research.

### **CONCLUSION**

The present study examined the impact of socio-demographic cohorts on the conspicuousness of luxury automobiles in Sri Lanka and subsequently explored fundamental behavioral differences among them.

The revelations of the study prove that, there is a negative trend towards conspicuousness, in terms of the age and monthly income of the respondents. However, when considering the gender of the respondents it was revealed that, males are more prone towards using luxury automobiles to engage in conspicuous consumption and as such there is a glaring gender difference in terms of conspicuous consumption of luxury automobiles in Sri Lanka. However, when considering the socio-demographic aspect, findings in terms of religion suggest that, Buddhists are most prone to conspicuously consume whilst the Hindus revealed to be the least conspicuous segment in the case of luxury automobiles. Findings of the present study also evidently prove that, the more educated a person is, the less conspicuous he/she shall be, in terms of luxury automobiles and as such there is a negative relationship in the level of educational attainment of a person and his/her conspicuous consumption. When considering occupation, findings revealed that, employers are more conspicuous than employees regarding luxury automobiles.

The outcome of this analysis indicates that, socio-demographic cohorts namely; age, gender, religion, educational attainment, occupation and monthly income have a significant influence on the conspicuous consumption of luxury automobiles. The present study not only explored a universal and a timely aspect which is certainly the subject of common interest in the contemporary world but also addressed the gaps in existing research by focusing on a previously untouched aspect. As such, the findings of the present research study are beneficial to policy makers & researchers to address prevailing policy gaps on this conduct, and marketers to identify their client based on the demographic cohort they fall into and further understand their behavioral patterns.

It is important to suggest that Sri Lanka follows a standard definition for luxury automobiles that would prevail for a significant period of time, instead of a vague definition that generally changes on a yearly basis. This would avoid room for complexities and confusions in terms of data collection and encourage more researchers to conduct studies in this aspect, as a majority of officials were not aware of what 'luxury' really meant when it comes to automobiles.

Conclusively, it is also recommended that, the reasons behind behavioral differences among different socio-demographic cohorts in terms of conspicuous consumption are identified and examined in depth in future research whilst comparing it with other conspicuous goods which go beyond the present scope of luxury automobiles.

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**ANNEXURE: QUESTIONNAIRE DESIGN**

**Table 1: Statements used on Ranking/Rating Scale to measure the Conspicuousness of luxury Automobiles**

<b>LUXURY AUTOMOBILES</b>	
<b>Question Code</b>	<b>Statement</b>
C1	What does your Automobile mean to you? [A mode of showcasing my pecuniary strength]
C2	What does your Automobile mean to you? [A mode of showcasing exclusiveness]
C3	What does your Automobile mean to you? [A mode of showcasing belongingness to a specific elite crowd]
C4	The purchasing decision of your Automobile was based on: The ability of the Automobile to showcase status
C5	The purchasing decision of your Automobile was based on: Popularity of the Automobile
C6	The purchasing decision of your Automobile was based on: The limited edition/ exclusiveness of the Automobile
C7	Being the owner of your current Automobile: Has helped you immensely to display your social status and wealth
C8	Being the owner of your current Automobile: Has helped you to be the center of attraction among your peers
C9	Being the owner of your current Automobile: Has helped you to enhance your self-confidence as only rich people can afford to buy one

C10	Being the owner of your current Automobile: Has enhanced your self - confidence & uniqueness towards taste as most of your peers cannot afford one
C11	What does being a Luxury Automobile owner in Sri Lanka, mean to you? / How do you feel, being a Luxury Automobile Owner? [The choice of my Automobile has helped me gain dignity and respect in the society]
C12	What does being a Luxury Automobile owner in Sri Lanka, mean to you? / How do you feel, being a Luxury Automobile Owner? [The choice of my Automobile has helped me gain attention in the society]
C13	What does being a Luxury Automobile owner in Sri Lanka, mean to you? / How do you feel, being a Luxury Automobile Owner? [The choice of my Automobile has helped me gain status in the society]
C14	What does being a Luxury Automobile owner in Sri Lanka, mean to you? / How do you feel, being a Luxury Automobile Owner? [The choice of my Automobile has helped me gain acceptance in the society]
C15	Assume that, you can afford another luxury Automobile, which costs more than 10 Million Sri Lankan Rupees. What would be your decision? [I will definitely buy another one so that, I can double the showcasing effect]
C16	Assume that, you can afford another luxury Automobile, which costs more than 10 Million Sri Lankan Rupees. What would be your decision? [I do not need to buy one as I already have a luxurious Automobile which showcases my wealth]
C17	Assume that, you can afford another luxury Automobile, which costs more than 10 Million Sri Lankan Rupees. What would be your decision? [ I will definitely buy as it will add more value to my-self in terms of self-respect, dignity and status]
C18*	What does your Automobile mean to you? [Just another mode of Transport]
C19*	What does your Automobile mean to you? [An asset which can be regarded as a great Investment which is worth for its value]
C20*	The purchasing decision of your Automobile was based on: My purchasing power, higher durability and functions of the Automobile (Speed, Engine Capacity, Mileage
C21*	Being the owner of your current Automobile: This won't make any difference towards your concerns/interests as you only regard its use value

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C22*	What does being a Luxury Automobile owner in Sri Lanka, mean to you? / How do you feel, being a Luxury Automobile Owner? In vain, could have spent that extra money for some other investment like buying a land or investing on education
C23*	Assume that, you can afford another luxury Automobile, which costs more than 10 Million Sri Lankan Rupees. What would be your decision? [I will spend that money for a worthy cause than spending it in vain in just a piece of steel]

Please note that marked with an asterisk mark are the reversed version of the questions (signifies Anti-Conspicuousness).