

## CONSPICUOUS CONSUMPTION AND ALBANIANS: DETERMINANT FACTORS

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### Abstract

Developing post-communist countries may have relatively higher levels of conspicuous consumption, because of extreme inequalities in income, relatively stronger social relationships and traditions and the urge to show off of the nouveaux riches, previously condemned. In spite of this, there is a lack of research concerning this behaviour in Albania. This paper briefly discusses one aspect of the phenomenon, the influencing factors, drawing upon relevant analyses from different viewpoints. The impact that these “global” or “local” factors (gender, age, education, social environment, etc.) have on the level of conspicuous consumption of an Albanian household is analyzed, using data from the 2008 Albanian Living Standards Measurement Survey (LSMS 2008). Among the considered factors, gender and education seem to have the greater impact.

**JEL Classification:** D03, D12, Z13.

**Key words:** Albania, Conspicuous Consumption, Household Expenditures, LSMS 2008

### 1. Introduction

*To be, or to be seen, that is the question...*

The term *conspicuous consumption* is familiar to most economists, marketers, sociologists, psychologists and biologists and it has also become part of everyday language. This term is often used in a vague descriptive sense to refer to any non-utilitarian forms of consumption, or simply to that which is judged extravagant, luxurious, or wasteful. (Campbell, 1995) Nevertheless the number of empirical economic studies conducted in this field is still relatively low, maybe owing to the interdisciplinary character of the topic. Furthermore, individuals tend not to explic-

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itly admit their intention to engage in such “lavish” spending behaviour. (Mason, 1981)

The study of such a phenomenon may be a subject of common interest, especially in a developing post-communist country like Albania. Developing countries may have relatively higher levels of conspicuous consumption, because of extreme inequalities in income, relatively stronger social relationships and traditions and the urge to show off of the *nouveaux riches*, as argued and demonstrated in several studies. (Case *et al.*, 2013; Linssen, Van Kempen & Kraaykamp, 2011; Özpınar, Aldemir & Özpınar, 2010; Van Kempen, 2004; Bonsu & Belk, 2003; Belk, 1988) This kind of consumption surfaced immediately and furiously after the fall of communism in the newly democratic societies, since open displays of wealth and marking social distinction were socially or even legally forbidden by previous regimes and their ideological commitment to equality. (Thompson, 2013; Friehe & Mechtel, 2012; Petre, 2010; Pop-Eleches, 2009; Tse, Belk & Zhou, 1989) It is thus fascinating to investigate reasons, factors and other aspects concerning this behaviour. This may help to better understand the coexistence of the impossibility to fulfil sometimes even the basic needs and the insistence on buying extremely expensive products simply to show off.

The concept studied here has its origins in the work of Thorstein Bunde Veblen, a Norwegian-American economist and sociologist, one of the founders of institutional economics. He wrote his *The Theory of the Leisure Class* more than one hundred years ago (1899), based entirely on observation. It still represents a powerful critique of the neoclassical theory of consumption. It contrasts the neoclassical approach, which assumes the individual's maximization of utility according to exogenous preferences, by developing an evolutionary framework in which there are also social factors. Thus, preferences are determined socially depending on the positions of individuals in the social hierarchy. (Trigg, 2001) Veblen is one of the first theorists who argued that consumption is actually a process of socialization and goods have a function as markers of social class. (Patsiaouras, 2010) He argues that “wealthy individuals often consume highly conspicuous goods and services in order to advertise their wealth, thereby achieving greater social status”. (Bagwell & Bernheim, 1996) Veblen named this kind of unnecessary and unproductive expenditures, as *conspicuous consumption*. Besides the desire for uniqueness, he introduced “pecuniary emulation” as another path leading to conspicuous consumption, which even those from the lowest scales of the social hierarchy can also follow, imitating the consumption habits of other ones, situated in higher positions. (Veblen, 1899)

Therefore, it is a mistake to see conspicuous consumption as the exclusive province of the rich.

Finally, even after a close reading and analysis of the different arguments given in *The Theory of the Leisure Class*, the formulation of Veblen's most famous concept is not sufficiently clear to permit any general agreement on its definition and study. In his well-known critique of Veblen's work Campbell insists that "it would be unreasonable to assume that, just because an individual's conduct succeeds in impressing others, such conduct could be attributed to that person's... manifestation of "pecuniary strength" unless other alternatives have been considered". Moreover, the interpretive approach, which considers conspicuous consumption as the manifestation of specific subjective states within the individual, does not make clear the decisive defining principle and the consumer's consciousness in that regard. This criterion may be an intention (such as "outdoing" others) or a motive (such as "satisfaction" of knowing that one has more than others). Finally, neither subjective nor functionalist approaches clarify the precise feedback processes through which the conspicuous consumer receives the signal to persevere with conspicuous consumption. (Campbell, 1995)

Reformulating arguments given by Veblen, conspicuous consumption can be defined as the consumption of goods and services that is motivated mainly by secondary (conspicuous) utility, i.e. by utility deriving from evidence or social confirmation of the consumer's relative ability to pay. (Basmann, Molina & Slottje, 1988). Consumers make their decisions to buy and consume "conspicuous" goods, paying attention not only to the material needs that these products can satisfy, but also to social needs such as prestige. (Amaldoss & Jain, 2005a; Belk, 1988; Grubb & Grathwohl, 1967) Hence, individuals, not only the rich, but also members of the middle and working class, are involved in a competitive race for gaining status or prestige. Examining modern relevant literature, Scheetz (2004) defines conspicuous consumption as any consumption whose purpose is that of showing off wealth to others when the good is publicly consumed, "ranging from applying an expensive lipstick in public to driving an expensive car". So, the concept created by Veblen, is generally seen by researchers (mainly economists) as a process or means to achieve or maintain status and other social benefits, mainly through the consumption of luxury goods. It is still almost impossible to give an exhaustive definition of it, maybe due to the composite nature of the phenomenon, which requires multidisciplinary analysis combining viewpoints from economics, marketing, sociology, psychology and even biology. "Consumer behaviour is often too complex to be handled by eco-

nomics alone and, if done, may severely limit the scope of findings". (Chaudhuri & Majumdar, 2006)

## **2. Main Determinant Factors of Conspicuous Consumption**

Taking into account the abovementioned intricate nature of the phenomenon, it is practically impossible to give a thorough list of motives and factors to be considered when referring to conspicuous consumption patterns. Hence, only some of these influencing circumstances will be relied on for the following theoretical and empirical analysis.

A study conducted using USA representative data on consumption show that Blacks and Hispanics spend larger shares of their total expenditure on conspicuous goods (clothing, jewellery, and cars) than do comparable Whites (Charles, Hurst & Roussanov, 2009). The observed differences are relatively constant over time and economically large. Another similar study used South African household data and found that non-White households spend relatively more (30 to 50 percent more) on visible consumption than do comparable White ones. (Kaus, 2013) In both cases, this implies lower spending on other consumption categories, especially on health and medical services and education. The reasons for these racial differences can be found in the discrimination and the marginal position of non-White individuals, even in several modern societies. Thus, this is a case of conspicuous consumption playing the role of compensatory consumption for non-White individuals. We expect this to be true in general for marginalized groups.

Gender is another factor that may affect the level of conspicuous consumption, in two different and antagonistic ways. De Fraja (2009) argues that desire for conspicuous consumption was shaped during evolutionary times by a mechanism that biologists define as sexual selection. This occurs when an observable trait (in our case, conspicuous consumption) is used by members of one sex to signal their unobservable characteristics valuable to members of the opposite sex. Tracing the origins of the phenomenon back to the handicap principle, reliable and therefore costly signals (like conspicuous consumption) that signal a man's mate value will be developed, to avoid the risk of deception. (Pollet & Thienpont, 2004) Conducted experiments demonstrate that the motivation to conspicuously consume and display, in a mating context, is evident among men (Janssens *et al.*, 2011). While conspicuous consumption may serve as a mating strategy for men, mating conditions are irrelevant for women (Sundie *et al.*, 2011). Hence, we should find relatively higher

levels of this consumption among men. On the other hand, due to the higher propensity among women toward social and emotional links with others (greater interdependence), conspicuous consumption as a means of social signalling may be more present among them. (Prakash, 1992; Meyers-Levy, 1988) Furthermore, a recent study uses five different experiments to show how women's visible costly possessions serve to signal their romantic partner's devotedness to them. (Wang & Griskevicius, 2013) Thus, the research identifies a novel function of conspicuous consumption, as regards its important role in relationships.

Young individuals are the conspicuous consumers *par excellence*, because of their great attention to others and to mass media. (Sims-Muhammad, 2012; Grant, 2004) Moreover, they also influence their (adult) relatives' spending patterns. (Moshis & Churchill, 1979) They are probably the most studied consumer category in this regard. Shukla (2008) suggests (based mainly on a survey conducted with customers of the BMW, Mercedes Benz and Lexus dealerships) that middle-aged consumers, like the youth segment, are also a significant target group that needs to be studied, in the area of conspicuous consumption. These consumers feel several years younger than their actual age and so there is a difference between their chronological age and their spending habits. (Underhill & Cadwell, 1983) Furthermore, middle-aged individuals have generally relatively higher incomes, a more stable career and a higher access to credit and debit resources, which give them higher capacities to pay for conspicuous consumption (Spero & Stone, 2004). Levels of conspicuous consumption should also be higher among young and middle-aged consumers, due to the higher propensity to engage in sexual signalling, as argued previously.

Even education may have a similar influence on the levels of conspicuous consumption. Higher levels of education generally bring higher access to financial resources and a stronger need to signal the achieved wealth, status, prestige, etc. (Amaldoss & Jain, 2005b; Chao & Schor, 1998; Yoon & Seok, 1996). Examples coming from the cosmetics market confirm this idea, with the demand for conspicuous cosmetics that increases with price for college educated individuals and a normal downward-sloping demand curve for the ones who have not graduated. Thus, we should observe relatively higher levels of conspicuous consumption accompanying higher levels of education.

Being often a society-oriented behaviour, conspicuous consumption patterns depend not only on personal traits of the consumers, but also on the surrounding social environment. Ostentatious consumption may be particularly significant in complex

and dynamic contexts where long-standing social networks do not exist, ergo areas with high labour mobility and big cities rather than small towns and villages (Vikander, 2007; Frank, 1985). We observe a less prevalent role of conspicuous consumption in small towns and rural settings because “through the medium of neighbourhood gossip... everybody’s affairs, especially everybody’s pecuniary status, are known to everybody else”. (Veblen, 1899)

Finally, there is an interesting relationship between advertising and conspicuous consumption. A recent research paper formalizes the idea that advertising creates the possibility of conspicuous consumption, because it is a source of the signalling power of brands. (Krähmer, 2005) Advertisements inform the public of brand names and render them a signalling device. In a price competition framework, the research shows that advertising increases consumer’s willingness to pay for these products. But this can lead the firm selling to the “conspicuous consumer” to increase its spending on advertising. The later serve as an incentive to further increase levels of consumption, and so forth... This is only one of the many studies (Tereyağoğlu & Veeraraghavan, 2012; Sajeesh, 2010; Bagwell & Bernheim, 1996, among others) focusing on the links between conspicuous consumption and firms’ behaviour (advertising, brands, pricing, positioning, etc.). Nonetheless, we adopt a viewpoint focused on consumer behaviour in this research.

Finally, we should mention that the impact of the aforementioned factors on conspicuous consumption patterns may vary from one society to another. This is due to different historical, social, economic, political, or even legal backgrounds. (Memushi, 2013; Patsiaouras & Fitchett, 2012; Bekir, El Harbi & Grolleau, 2011; Anderson, 2003; Eastman *et al.*, 1997; Page, 1992; Tse, Belk & Zhou, 1989) To give an example, conspicuous consumption is found to be higher in individualist cultures than in collectivist ones. (Souiden, M’Saad & Pons, 2011)

### **3. Conspicuous Consumption of Albanian Households**

The last decade of the twentieth century was one of significant socioeconomic changes in Albania. The fall of the communist regime (one of the most violent and isolated in Europe), after nearly fifty years of “war” for a society based on equality and against condemned foreign influences, cleared the way for a new open society, trying to catch up with globalization trends in lifestyle and economy. (Hana & Telo, 2005) Inevitably, the new environment brought to life new consuming patterns in the Albanian society (perceived as rather individualist by locals), similar to the ones

appearing in other developing post-communist countries in Europe, as referred to above. Nowadays, Albania is an upper middle income developing country, where the young population, a great (lately, decreasing) number of emigrants to the European Union and strong economic links with these countries, (World Bank, 2014; Memushi & Kokaveshi, 2011) facilitate the imitation of Western consumerism habits. Nevertheless, to the best of the author's knowledge, except for mass media focus, there is an almost total lack of scientific research concerning conspicuous consumption in the country. This may be due to the availability of only very generic and (for a long period) rather unreliable official data on the consumption of Albanian households, incomes, prices, etc. Hence, this research aims to be only a starting exploratory point for more extended and exhaustive upcoming analyses.

The following study is based on data coming from the Living Standard Measurement Survey Albania 2008 (LSMS 2008), conducted by the Albanian Institute of Statistics (INSTAT). A similar sampling procedure to the one in LSMS 2005 (The World Bank, 2006) was carried out. It was considered a stratified two stage cluster sampling design in which the Primary Sampling Units (PSUs) were represented by the census Enumeration Areas (EAs), while the Second Stage Sampling units (SSUs) were the households (denoted as HUs). The EAs were stratified according to geographic criteria:

- Large geographic areas: "Mountain Area", "Coastal Area" and "Central Area" and their belonging to "Urban" area (big towns), "Other Urban" areas (i.e. small towns) and "Rural" areas.
- Tirana, the capital city, was considered as a separate stratum.

The LSMS final sample consisted of 3,600 households; 8 households selected for each of the 450 EAs selected at the first stage of the sampling. The selection of the EAs within each stratum was carried out by means of a Probability Proportional to Size (PPS) design; the measure of size was represented by the number of households living within each EA. The second stage units were selected by means of systematic sampling. In particular, within each selected PSU, 12 HUs were initially selected, 8 of them formed the base sample while the remaining 4 were considered as available substitutes. The selection of the new sample of 450 EAs has been carried out using the frame of EAs resulting from the Population Census at the end of editing stage. Before selecting the sample of PSUs, EAs from Tirana and Durrës (the second most populated city) have been quickly updated (quick counts) to take into account migration flows.

### 3.1 Estimation of the econometric model

It is rather difficult to find in the relevant literature a clearly specified model showing the impact of different factors on the level of ostentatious consumption. On the other side, drawing upon this literature it is very easy to find theoretical explanations about these factors (some of them mentioned above) and their influence. Trying to include most of these factors as independent variables, the main model upon which the study is based is a model of multiple linear regressions, whose equation is presented below:

$$\begin{aligned} concons = & \beta_1 hsize + \beta_2 stratum + \beta_3 totcons + \beta_4 malehead \\ & + \beta_5 age15_{25} + \beta_6 highdip + \beta_7 malehdip + u \end{aligned}$$

In this equation, *concons* and *totcons* refer respectively to conspicuous consumption of status luxury goods and household total consumption during a month, in Albanian Leks (ALL). Ostentatious consumption is calculated as the sum of consumption in these categories: domestic services (paid staff in private service such as child care, babysitting, cooks, cleaners, drivers, gardeners, etc); pet food, pet supplies and services; entertainment (cinema, theatres, opera houses, concert halls, circuses, amusement parks, sports events, gym or fitness centre admission, etc.); sports and hobby equipment, toys of all kinds, and their repair (including musical instruments, video games, cassettes and CDs, gardening plants and supplies for ornamental gardens and balconies, etc.); excursion and holiday (including travel expenses and lodging), excluding school excursions; gifts/payments to relatives (not living in household) and to nonrelatives; donations to church/mosque/non-profit institution; gambling and lottery losses. Variables named *hsize*, *age 15\_25* and *stratum* respectively show the number of members in the household (household size), the number of members aged 15-25 years and the stratum in which the household is included. The variable *stratum* takes the value 1 (for households included in the coastal area), 2 (for households in the central area), 3 (for the mountain area) and 4 (for Tirana, which is considered a separate stratum). The *malehead* variable is the dummy variable for the gender of the head of the household and *highdip* refers to his highest diploma attained in school. In the case of gender, the variable name illustrates the situation in which it takes the value 1 (the head of the household is a male), while the opposite case is described by the value 0. The *highdip* variable is equal to 0 (no diploma attained), 1 (primary 4 years), 2 (primary 8/9 years), 3 (secondary general), 4 (vocational 2-3 years), 5 (vocational 4/5

years), 6 (university in Albania), 7 (university abroad), 8 (post-graduate in Albania) and 9 (post-graduate abroad). The variable *malehdip* is the interaction term of gender and education of the head of the household (given by *malehead*  $\times$  *highdip*). Finally, the term *u* (error term) includes all other (unobserved) factors which have any kind of influence on the dependent variable.

The level-level form (linear specification) has been used, instead of the log-level form (semi-logarithmic specification). There are several reasons that make this the most appropriate choice. First, when *y* (in our case, conspicuous consumption) does not always have positive values, the models including  $\ln(y)$  (in our case, *lnconcons*) as the dependent variable cannot be used, even though they satisfy the classical linear model assumptions better than models that use the level form of this variable. Secondly, applying the logarithmic or semi-logarithmic specification to these data yields different regressions in which most of the explanatory variables are statistically insignificant.<sup>1</sup> The reader should note the use of a regression through the origin (without the intercept term  $\beta_0$ ). This choice is due to the fact that it is meaningless to have a  $\beta_0 \neq 0$  level of conspicuous consumption in a household whose total consumption is equal to zero! Moreover, it is meaningless to analyze a household with zero members (*hhsiz* = 0). The reader should also note the inclusion of the interaction term of gender and education of the household head (*malehdip*) due to a possible correlative relation between the two characteristics.

Using the household data collected, we estimate the main model for the sample with the OLS method. The result of processing such data is the following regression:

$$\begin{aligned} \text{concons} = & -1161.488 \text{ hhsiz} + 670.014 \text{ stratum} \\ & (262.688) \quad (349.078) \\ & +0.044 \text{ totcons} - 7888.178 \text{ malehead} \\ & (0.002) \quad (1386.195) \\ & +1167.855 \text{ age15\_25} - 1987.396 \text{ highdip} \\ & (444.176) \quad (495.474) \\ & +1716.371 \text{ malehdip} + u(2) \\ & (538.219) \end{aligned}$$

We can use the F-test statistic  $F=143.840$  ( $\text{sig}=0.000 < 0.001$ ) in the corresponding ANOVA table to test the overall statistical significance of the regression. The regression is statistically significant even at very low significance levels (e.g.

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1. See for example Annex 2, illustrating the semi-logarithmic specification.

0.1%). Anyway, the coefficient of determination  $R^2 = 0.228$  in the corresponding Model Summary table shows that only 22.8% of the variance of *concons* is explained by the independent variables (a relatively low proportion).

**Heteroscedasticity testing:** We may use the *Gluser*<sup>2</sup> test and the *Breusch-Pagan*<sup>3</sup> test to search for heteroscedasticity. We cannot reject the null hypothesis of homoscedasticity using any of the mentioned tests (they don't show significant evidences of heteroscedasticity).

### 3.2 Model analysis

Using the data in the Coefficients table in Annex 1, we can interpret the OLS estimators in regression (2) as follows:

*Hhsize* is statistically significant, even at low significance levels. An increase by one unit in *hhsize* leads to a decrease by 1161.488 ALL in the monthly conspicuous consumption level, *ceteris paribus*. Hence, *hhsize* is economically significant (the monetary effect is important), too. In conclusion, larger households spend less (on average) on conspicuous goods, maybe owing to a greater necessity to fulfil more basic needs.

*Age15\_25* is statistically significant, at the conventional significance level of 1%. If *age15\_25* increases by one unit, the conspicuous consumption level increases by 1167.855 ALL, *ceteris paribus*. Thus, *age15\_25* is also economically significant. In accordance with what is said in the relevant literature, households having more young members spend (on average) more on conspicuous goods.

*Stratum* is not statistically significant at a significance level of 5%, but it is significant at the 10% level and also at any other significance level above 5.5%. Figures show that *stratum* is economically significant. Households in Tirana have (on average) higher levels of conspicuous consumption compared to those located elsewhere. So, the level of conspicuous consumption of a household in Tirana (*stratum* = 4) is on average 670.014 ALL higher than the corresponding level of a household in the mountain area (*stratum* = 3), 1340.028 ALL higher than that of a household in the central area (*stratum* = 2) and 2010.042 ALL higher compared to a household in the coastal area (*stratum* = 1), *ceteris paribus*. This is consistent with the theoretical argument that in large urban areas, the surrounding environment promotes a higher level of ostentatious consumption as a signalling tool. What is

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2. See Annex 3.

3. See Annex 3.

surprising is that the data indicate declining levels of conspicuous consumption, moving from mountain areas to the central area and then the coast, which seems rather strange considering the nature of Albanian society (mountain areas are the less developed ones).

*Totcons* is statistically significant, even at low significance levels. An increase by 100 units (ALL) in *totcons* causes an increase by only 4.4 ALL in the monthly conspicuous consumption level, *ceteris paribus*. Hence, *totcons* is not economically significant, because on average only 4.4% of an increase in the total consumption of an Albanian family would go on conspicuously consumption. Such a low value is normal considering the low development level of the country, but contrary to the general perception even among Albanians themselves.

*Malehead* is statistically significant, even at low significance levels. At a given level of *highdip*, the conspicuous consumption level in the households with a male household head (*malehead* = 1) differs on average by  $(-7888.178 + 1716.371 \text{ highdip})$  ALL from that of female-head households, *ceteris paribus*. For example, the monthly consumption of conspicuous goods of a household, the male household head of which has a secondary general diploma attained (*highdip* = 3) is by 2739.065 ALL lower  $(-7888.178 + 1716.371 \times 3 = -2739.065)$ , compared to a household with a female household head who has the same education level, *ceteris paribus*. Hence, *malehead* is also economically significant. It should be noted that higher levels of education lead to smaller differences between the two household types and even to the inversion of such differences at the highest levels. In accordance with the theoretical and empirical literature that emphasizes the relatively stronger social links between women and their higher propensity to conspicuously consume, households headed by a female spend more (on average) on ostentatious goods (at least, at lower levels of education).

*Highdip* is statistically significant, even at low significance levels. An increase by one unit in *highdip* (a diploma located just one degree higher in the 1-9 scale previously explained) causes a 271.025 ALL decrease  $(-1987.396 + 1716.371 = -271.025)$  in the conspicuous consumption level, in the case of a male household head, *ceteris paribus*. In the opposite case, the consequence of the one unit increase in *highdip* is a 1987.396 ALL decrease in conspicuous consumption, *ceteris paribus*. Hence, *highdip* is economically significant and the negative effect of education is stronger for women. It should be noted that the results contradict the theoretical viewpoint which argues that education is an incentive for the “desire for uniqueness” and consequently for ostentatious consumption. This may be attributed

to a greater “consciousness” of the economic situation (on the eve of first consequences of the recent global economic crisis) and a stronger “self-control” among the highly educated individuals, behavioural aspects not previously studied in the relevant referred literature. *Malehdip* is statistically significant at a significance level of 1%. This interaction term is economically significant, too.

Thus, the results of the model analysis are generally in accordance with expectations. An important conclusion is that the consumption of conspicuous goods is a small share of the total consumption of Albanian households. Gender and education of the household head are the factors which have the greater effects on the level of ostentatious consumption, at least among the influencing factors studied here.

#### 4. Conclusions

Conspicuous consumption is generally seen by researchers as a process or means to achieve or maintain status and other social benefits, mainly through the consumption of luxury goods. As the relevant literature suggests, it may be an instrument of signalling. Individuals use it to signal sexual or social relevant characteristics to others. It can also be a matter of self-fulfilment or just serve as a means to fill social voids. It is because of this that marginal groups spend relatively more on conspicuous consumption. Higher levels of education should generally bring higher levels of such consumption, due to a higher access to financial resources and a stronger need to signal social characteristics. Similarly, levels of ostentatious consumption should also be higher among young and middle-aged consumers, owing to the higher propensity to engage in social and sexual signalling. Women play an important role on the stage of conspicuous consumption. It seems that their “presence” is important both for their part as direct consumers and as an incentive for the opposite gender to conspicuously consume. Anyway, conspicuous consumption patterns depend not only on personal traits of the consumers, but also on the surrounding socioeconomic background.

To the best of the author’s knowledge, there is an almost total lack of previous scientific research concerning conspicuous consumption in Albania, due to the availability of only very generic and rather unreliable official data on consumption, incomes, goods’ prices, etc. Hence, this empirical research, based on data from the Living Standard Measurement Survey Albania 2008, aims to be only a starting exploratory point for more extended and exhaustive upcoming analyses.

Our study shows that the consumption of conspicuous goods comprises a small share of the total consumption of Albanian households, in contradiction to the gen-

eral perception among locals themselves. On average, only 4.4% of an increase in the total consumption of an Albanian family would go on conspicuous consumption. Gender and education of the household head are the factors which have the greater effects on the level of ostentatious consumption, at least among the influencing factors studied in our model. Households headed by a female spend more (on average) on ostentatious goods (at least, at lower levels of education). Our work has therefore to be included in the literature stream defending the idea of higher conspicuous spending by women. Their higher propensity toward social and emotional relationships (greater interdependence) and the accompanying social signalling motives may overcome the sexual signalling incentives for men.

Education has a negative impact on conspicuous consumption and its effect is greater among women. This contradicts the theoretical argument of education as an incentive for the “desire for uniqueness” and consequently for ostentatious consumption. Such a result may be attributed to a greater “consciousness” of the new economic situation (the recent global economic crisis) and a stronger “self-control” among the highly educated individuals, behavioural aspects not previously studied in the relevant referred literature.

Larger Albanian households spend less (on average) on ostentatious consumption, maybe due to a greater necessity to fulfil their needs for “normal” products. As expected, households having more young members spend typically more on conspicuous goods, due to the higher propensity of these individuals toward social and sexual signalling. Finally, households in Tirana have relatively higher levels of conspicuous consumption compared to those located elsewhere, confirming the existing idea about the importance of an urban environment in the enhancement of conspicuous consumption habits.

**Limitations and possible paths in upcoming research:** In the presented model, the choice of components of household consumption included in the category of conspicuous consumption is somewhat subjective. This is due to the scarcity of detailed data on consumption and the difficulties of determining what is actually “conspicuous”, since in any case individuals tend not to admit they are involved in such behaviour. In this context, bringing analysis to the level of individual consumption is an interesting problem to be addressed in future research. Conspicuous consumption of marginal groups such as Romani or Ashkali and Balkan Egyptians has also to be studied in comparison with the rest of the population (in the context of expected compensatory consumption patterns among them). In conclusion, in this study we analyze only factors affecting ostentatious consumption,

not examining in detail the reasons behind such behaviour and its consequences, which are important both at a microeconomic and macroeconomic level.

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## ANNEXES

### *Annex 1*

#### Regression

##### Variables Entered/Removed (b,c)

Model	Variables Entered	Variables Removed	Method
1	malehdip, age15_25, stratum, totcons, hhsizе, malehead, highdip(a)	.	Enter

- a All requested variables entered.
- b Dependent Variable: concons.
- c Linear Regression through the Origin.

##### Model Summary (c,d)

Model	R	R Square(a)	Adjusted R Square	Std. Error of the Estimate
1	.478(b)	.228	.226	22151.02715

- a For regression through the origin (the no-intercept model), R Square measures the proportion of the variability in the dependent variable about the origin explained by regression. This CANNOT be compared to R Square for models which include an intercept.
- b Predictors: malehdip, age15\_25, stratum, totcons, hhsizе, malehead, highdip.
- c Dependent Variable: concons.
- d Linear Regression through the Origin.

##### ANOVA (c,d)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	494044624047.601	7	70577803435.372	143.840	.000(a)
	Residual	1672687224355.175	3409	490668003.624		
	Total	2166731848402.776(b)	3416			

- a Predictors: malehdip, age15\_25, stratum, totcons, hhsizе, malehead, highdip.
- b This total sum of squares is not corrected for the constant because the constant is zero for regression through the origin.
- c Dependent Variable: concons.
- d Linear Regression through the Origin.

**Coefficients (a,b)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	hhszise	-1161.488	262.688	-.199	-4.422	.000
	stratum	670.014	349.078	.068	1.919	.055
	totcons	.044	.002	.847	26.523	.000
	malehead	-7888.178	1386.195	-.296	-5.691	.000
	age15_25	1167.855	444.176	.059	2.629	.009
	highdip	-1987.396	495.474	-.265	-4.011	.000
	malehdip	1716.371	538.219	.220	3.189	.001

**a** Dependent Variable: concons.

**b** Linear Regression through the Origin.

**Residuals Statistics (a,b)**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-14867.5449	150031.1719	5992.1918	10428.42846	3416
Residual	-138840.57813	473697.15625	-170.33142	22130.90375	3416
Std. Predicted Value	-2.000	13.812	.000	1.000	3416
Std. Residual	-6.268	21.385	-.008	.999	3416

**a** Dependent Variable: concons.

**b** Linear Regression through the Origin.

*Annex 2***Regression****Variables Entered/Removed (b,c)**

Model	Variables Entered	Variables Removed	Method
1	highdip, age15_25, totcons, stratum, malehead, hhszise, malehdip(a)	.	Enter

**a** All requested variables entered.

**b** Dependent Variable: logconcons.

**c** Linear Regression through the Origin.

**Model Summary**

Model	R	R Square(a)	Adjusted R Square	Std. Error of the Estimate
1	.682(b)	.466	.464	3.90039

- a** For regression through the origin (the no-intercept model), R Square measures the proportion of the variability in the dependent variable about the origin explained by regression. This CANNOT be compared to R Square for models which include an intercept.
- b** Predictors: highdip, age15\_25, totcons, stratum, malehead, hhsiz, malehdip

**ANOVA (c,d)**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45179.363	7	6454.195	424.255	.000(a)
	Residual	51861.130	3409	15.213		
	Total	97040.492(b)	3416			

- a** Predictors: highdip, age15\_25, totcons, stratum, malehead, hhsiz, malehdip.
- b** This total sum of squares is not corrected for the constant because the constant is zero for regression through the origin.
- c** Dependent Variable: logconcons.
- d** Linear Regression through the Origin.

**Coefficients (a,b)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	stratum	-.187	.061	-.090	-3.036	.002
	totcons	4.65E-006	.000	.425	16.005	.000
	hhsiz	.026	.046	.021	.552	.581
	age15_25	.023	.078	.005	.293	.770
	malehead	1.757	.244	.312	7.197	.000
	malehdip	-.483	.095	-.292	-5.093	.000
	highdip	.513	.087	.323	5.875	.000

- a** Dependent Variable: logconcons.
- b** Linear Regression through the Origin.

*Annex 3***Regression 1 (B-P)****Variables Entered/Removed (b,c)**

Model	Variables Entered	Variables Removed	Method
1	malehdip, age15_25, stratum, totcons, hhszize, malehead, highdip(a)	.	Enter

- a** All requested variables entered.  
**b** Dependent Variable: res\_1sq.  
**c** Linear Regression through the Origin.

**Model Summary**

Model	R	R Square(a)	Adjusted R Square	Std. Error of the Estimate
1	.303(b)	.092	.090	5005048950.81514

- a** For regression through the origin (the no-intercept model), R Square measures the proportion of the variability in the dependent variable about the origin explained by regression. This CANNOT be compared to R Square for models which include an intercept.  
**b** Predictors: malehdip, age15\_25, stratum, totcons, hhszize, malehead, highdip.

**ANOVA (c,d)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	864861968514524 0000000.000	7	1235517097877 892000000.000	79.321	.073(a)
	Residual	853972056351901 00000000.000	3409	2505051500005 5770000.000		
	Total	940458253203354 00000000.000(b)	3416			

- a** Predictors: malehdip, age15\_25, stratum, totcons, hhszize, malehead, highdip.  
**b** This total sum of squares is not corrected for the constant because the constant is zero for regression through the origin.  
**c** Dependent Variable: res\_1sq.  
**d** Linear Regression through the Origin.

**Coefficients (a,b)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	hhszise	-172623091.964	59354648.587	-.142	-2.908	.004
	stratum	120474148.074	78874589.065	.059	1.527	.127
	totcons	6362.995	372.471	.591	17.083	.000
	malehead	-1383784017.469	313212378.841	-.250	-4.418	.000
	age15_25	-225491504.935	100362115.877	-.054	-2.247	.025
	highdip	-342520226.631	111952783.293	-.220	-3.060	.002
	malehdip	251801218.216	121611216.289	.155	2.071	.038

a Dependent Variable: res\_1sq.

b Linear Regression through the Origin.

**Regression 2 (Gluser)****Variables Entered/Removed (b,c)**

Model	Variables Entered	Variables Removed	Method
1	malehdip, age15_25, stratum, totcons, hhszise, malehead, highdip(a)	.	Enter

a All requested variables entered.

b Dependent Variable: res\_1abs.

c Linear Regression through the Origin.

**Model Summary**

Model	R	R Square(a)	Adjusted R Square	Std. Error of the Estimate
1	.647(b)	.418	.417	16893.65216

a For regression through the origin (the no-intercept model), R Square measures the proportion of the variability in the dependent variable about the origin explained by regression. This CANNOT be compared to R Square for models which include an intercept.

b Predictors: malehdip, age15\_25, stratum, totcons, hhszise, malehead, highdip.

**ANOVA (c,d)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	699774021461.972	7	99967717351.710	50.278	.077(a)
	Residual	972913202893.204	3409	285395483.395		
	Total	1672687224355.176(b)	3416			

- a** Predictors: malehdip, age15\_25, stratum, totcons, hhszise, malehead, highdip.  
**b** This total sum of squares is not corrected for the constant because the constant is zero for regression through the origin.  
**c** Dependent Variable: res\_1abs.  
**d** Linear Regression through the Origin.

**Coefficients (a,b)**

Model		Unstandardized Coefficients		Standardized Coefficients	t		Sig.
		B	Std. Error	Beta	B	Std. Error	
1	hhszise	-834.842	200.341	-.163	-4.167	.000	
	stratum	744.070	266.227	.086	2.795	.005	
	totcons	.046	.001	1.008	36.396	.000	
	malehead	-7104.550	1057.193	-.304	-6.720	.000	
	age15_25	-979.076	338.754	-.056	-2.890	.004	
	highdip	-1580.487	377.877	-.240	-4.183	.000	
	malehdip	1282.298	410.477	.187	3.124	.002	

- a** Dependent Variable: res\_1abs.  
**b** Linear Regression through the Origin.