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# Gestalt-Switch of Luxury Products: Exploring Pitfalls of Inconsistent Value Expressions in Conspicuous Consumption

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**ABSTRACT** This study explores the ethicality of displaying luxury items in social interactions, integrating conspicuous consumption theory and functional theories of attitudes. We conceptualize the phenomenon of changing ethical perceptions (*gestalt-switch*) toward conspicuous consumption, building on data from two quantitative studies (N = 280). Study 1 employs ‘functional theories of attitudes’ (value-expressive and social-adjustive) to explore the link

between social attitude functions and peoples' ethical perception of luxury watch display. Informed by study 1, study 2 investigates how social attitude functions explain the ethical perception of wearing a luxury watch in specific interpersonal contexts. Using regression analysis, the study indicates a link between peoples' ethical perception of conspicuously consuming luxury watches in social interactions and social attitude functions. Surprisingly, attitude functions cannot explain peoples' ethical perceptions in social interactions with a transactional character. The results highlight that the attitude toward a luxury watch can change from desirable to undesirable (gestalt-switch), such that the bearer perceives the watch ostentation as unethical. Theorizing on this attitudinal change, we offer a contribution by emphasizing the conspicuous consumers striving for a harmonious gestalt or context-value-consistency when expressing personal values through a luxury watch.

KEYWORDS: luxury watches, conspicuous consumption, functional theories of attitudes, mixed methods, ethical perception, gestalt-switch

## Introduction

"Did you see him? With the timepiece?."<sup>1</sup>

The above quote highlights that both audience and bearer play crucial roles in conspicuous luxury consumption. Luxury watches may be worn with different intentions in mind when it comes to social interactions. In an ethnographic study, Spence<sup>2</sup> describes how a luxury watch may function as an expression of wealth that stands at the beginning of a client-seller relationship of superyacht purchases. "The rarity of the luxury watch meant that it easily went unnoticed by the untrained eye. Items such as the luxury watch function as subtle wealth indicators to those who share and/or understand the same values, appreciation, and knowledge of such products."<sup>3</sup> However, a luxury watch may also be displayed in more day-to-day interactions. As little is known about luxury watch display in rather daily social interactions, our study strives to explore this uncharted territory drawing on the lenses of conspicuous consumption theory and functional theories of attitudes.

Conspicuous consumption can be defined as "attaining and exhibiting costly items to impress upon others that one possesses wealth or status."<sup>4</sup> Whereas intrinsic or personal consumption is generally self-directed and draws benefits from the luxury item's perfection or high quality, extrinsic luxury consumption is directed toward interpersonal interactions.<sup>5</sup> Externalized conspicuous consumption is defined as "attaining and exhibiting costly items to impress upon

others that one possesses wealth or status”<sup>6</sup> and relates to social interactions and the social benefits people derive from the display of luxuries.<sup>7</sup> These extrinsic motivations are linked to the personal identity and play an important role in the interaction with others, where conspicuous consumption also helps people to express themselves (value-expressive) and or to fit into a social setting (social-adjustive).<sup>8</sup> Recent research employs functional theories of attitudes to explore conspicuous consumption concerning these value-expressive and social-adjustive attitudinal functions and the psychological benefits, which can derive from them.<sup>9</sup> Whereas much of this literature has focused on the functional benefits that individuals might draw from conspicuous consumption, little is known about potential ethical pitfalls that the display of luxuries in interpersonal interactions may bring along – a notion that goes beyond feelings of envy.<sup>10</sup>

Attitudes as evaluative judgments and their underlying social functions play a crucial role whether an object in a given situation is seen as favorable or unfavorable, and may therefore also precede the ethical perception of the luxury ostentation.<sup>11</sup> In this manuscript, we develop a set of two quantitative studies with a focus on individual’s social attitude functions VEF (value-expressive) and SAF (social-adjustive) toward luxury timepieces, investigating: the general perceived ethicality of wearing a luxury watch (Study 1); and whether different interpersonal contexts may play a role in the importance of each attitude function concerning the perceived ethicality of the luxury display (Study 2). The findings suggest that the ethical perception of wearing a luxury watch in social interactions may hinge on attitudinal pre-dispositions in the form of salient attitude functions: “to fit in” or “to express the self-identity.” Surprisingly, the results show that previously positive attitudes toward conspicuous watch consumption can change in social interactions with transactional nature. Theorizing on this attitudinal change informed by gestalt theory, we offer a contribution to current functional theories and conspicuous consumption literature.<sup>12</sup> We argue that the salient attitude function is distorted by conflicting values, such as demanding a salary increase while the luxury item conveys the impression that the watch bearer already possess ample resources. To avoid a change of the favorable appearance (gestalt-switch), a person might refrain from wearing the luxury item in a transactional social context, where values might collide. Consequently, value expressive attitudes toward conspicuous consumption may relate to a harmonious gestalt or context-value-consistency, such that a luxury consumer strives for an alignment of expressed values to avoid being perceived as unethical.<sup>13</sup>

## **Theoretical background**

### ***External conspicuous consumption***

This manuscript focuses on externalized forms of conspicuous luxury consumption where consumption motives are primarily linked to

interpersonal or social factors motivating people to display luxury items in social interactions.<sup>14</sup> In this regard, the luxury item, respectively, the luxury watch, may serve as a social marker and or a demonstration of success.<sup>15</sup> Thus, underlining the belonging to a specific group (social fit) or serving as a means of self-expression.<sup>16</sup> Functional theories of attitudes help to explain externalized conspicuous consumption forms and the psychological benefits people seek to derive from them.<sup>17</sup> In this regard, past research shows that the display of luxuries in interpersonal contexts can yield substantial gains for the wearer, along with beneficial treatment from others. Nelissen and Meijers<sup>18</sup> highlight that conspicuous consumption can increase individual's social capital, which may manifest as increased protection through alliance formation, care, and cooperation. In addition, Sundie et al.<sup>19</sup> show that conspicuous consumption can even increase mating opportunities.

In contrast to previous studies mainly focusing on potential benefits for the conspicuously consuming individual, in this article, we set out to explore potential pitfalls of luxury display in interpersonal contexts. Although rich anecdotal evidence suggests that ethical perception of wearing luxury watches in social interactions may substantially vary, little is known about this phenomenon and what might trigger a favorable or unfavorable ethical perception in a given situation.<sup>20</sup> The article's objective is to analyze ethical perceptions in relation to attitude functions, going beyond previously explored feelings of envy or notions of wasteful spending.<sup>21</sup>

### ***Ethical perception and functional theories of attitudes***

In business and marketing ethics, ethical perception is recognized as a central factor referred to as "the degree to which an individual is able to recognize an issue as a moral one."<sup>22</sup> In this sense, ethical perception deals with a particular situation that people recognize as morally relevant, containing an ethical component.<sup>23</sup> According to Blum,<sup>24</sup> "[m]oral perception is formed and informed by our general values and principles, and the converse is true as well." Thus, ethical perception is concerned with a situation or aspect that may be perceived differently by different observers based on their underlying attitudes.<sup>25</sup> As evaluative predispositions toward an object or aspect (such as luxury items), attitudes play a crucial role in this regard and can trigger a particular ethical perception.<sup>26</sup> An attitude can be defined as a "predisposition of the individual to evaluate some symbol or object or aspect of his world in a favorable or unfavorable manner."<sup>27</sup> Thus, attitudes precede ethical perception.<sup>28</sup>

Functional theories of attitudes advocate that peoples' possession of attitudes are due to the psychological benefits that derive from them.<sup>29</sup> Thus, functional theories focus on motivations that stand behind attitudes and outline the role of diverse functions: through attitudes, people can organize and structure their environment (knowledge function), attain rewards and avoid punishments

(utilitarian function), or maintain their self-esteem (ego-defense function).<sup>30</sup> Moreover, attitudes serve important social functions, which can be distinguished according to value-expressive and social-adjustive,<sup>31</sup> particularly relevant for conspicuous consumption in interpersonal contexts.<sup>32</sup>

Functional theories stress the importance of attitude functions in organizing and simplifying human perceptions in complex environments.<sup>33</sup> In this regard, value-expressive functions facilitate self-expression. A person can communicate intrinsic values or beliefs to other societal members.<sup>34</sup> Value expressive attitudes are mainly linked to status consumption.<sup>35</sup> From this perspective, luxury products serve as a means to communicate particular values to the audience irrespective of the social situation or context in which the luxury item is worn.<sup>36</sup>

In contrast, social-adjustive functions allow for self-presentation to facilitate social interaction.<sup>37</sup> When social-adjustive concerns are salient, people are motivated to fit in, conform to their social environment, and gain approval from the social setting.<sup>38</sup> Wilcox<sup>39</sup> outlines that in the case of social-adjustive functions, peoples' attitudes toward luxury products may relate to attaining social goals, maintaining relationships, and gaining approval from the social setting.

Overall, an individual's ethical perception of a situation in which a luxury item is on display may stem from attitudinal predispositions, which serve as evaluative judgments of the luxury object.<sup>40</sup> In social interactions, an individual's attitudes toward luxury watches may serve a value-expressive or a social-adjustive function, or both. Attitudes can thereby precede the ethical judgment of whether the ostentation of a luxury item in an interpersonal situation is perceived as ethical or unethical. Thus, in this article, we set out to explore this potential link, focusing on peoples' ethical perception of conspicuous consumption in societal interactions and whether this perception may hinge on social motivations toward luxury watches, i.e. to express themselves and/or to fit in. This leads to the following question: Does ethical perception of conspicuous consumption in societal interactions hinge on social motivations towards luxury watches?

## Methods

### ***Study 1: the influence of attitude functions on the ethical perception of luxury watches***

The purpose of Study 1 was to explore the potential link between the social attitude functions toward luxury watches (value-expressive and social-adjustive) and to measure peoples' ethical perception of their display (generally wearing a luxury watch, regardless of societal contexts). We measured peoples' social attitude functions underlying their attitudes toward luxury watches and investigated the relationship of these functions with respect to the ethical perception about wearing them (RQ1).

### *Sampling and participants*

We conducted a quantitative survey, sampling 89 U.S. respondents on Amazon Mechanical Turk (AMT) in September 2019. AMT was deemed appropriate, given the access to many participants with diverse demographic backgrounds.<sup>41</sup> In the past, ethical and practical concerns have been raised about using AMT as a data source.<sup>42</sup> By taking these concerns into account, we particularly paid attention to compensating respondents appropriately for completing the survey. Further, regarding practical concerns of AMT samples, we specifically recruited respondents who had previously completed over 5000 approved ‘human intelligence tasks’ (HITS) on AMT and had a HIT approval rating above 98%. These settings were chosen according to previous research to account for respondents with a high reputation.<sup>43</sup>

### *Measures*

The questionnaire started with a brief description of the research project’s purpose. Additionally, participants were assured about the confidential treatment of their data. At the beginning of the survey, a short description of luxury watches was provided (“Luxury watches can be thought of as pieces of jewelry or as ornaments subject to the influence of fashion. Due to their high production costs and the way they are marketed, luxury watches are exclusive products with a high price tag. For this survey, please assume that the price for a luxury watch starts at approximately US\$3,000 and upwards”). Following Grewal Mehta and Kardes,<sup>44</sup> and Wilcox, Kim, and Sen,<sup>45</sup> we used a multi-item measure adjusted to luxury watches to ask participants for agreement or disagreement (1 = “Strongly disagree” to 7 = “Strongly agree”) with a four-item measure of the value-expressive function ( $M=3.19$   $\alpha=0.96$ ) and a four-item measure for the social-adjustive function ( $M=3.74$   $\alpha=0.85$ ). The items for both measures were presented in one block and in a counterbalanced order. To measure participants’ ethical perception ( $M=3.59$   $\alpha=0.85$ ) about wearing a luxury watch, we used a three-item, 7-point semantic differential scale adopted from Wilcox et al.<sup>46</sup> (“Please state your opinion to the following sentence. Wearing a luxury watch is as follows: 1 = “immoral,” and 7 = “moral”; 1 = “unethical,” 7 = “ethical”; 1 = “insincere,” 7 = “sincere”). An overview of all scale items is provided in Table 1. Given that all multi-item measures were reliable, we averaged the items to form a composite measure for each construct. For all analyses (incl. Study 2), the standard statistical package SPSS (version 25) was employed.

### *Results: Study 1*

The measure for the value-expressive function and the measure for the social adjustive function correlated .86 ( $p < .05$ ). The correlation

**Table 1** Scale items Study 1.

<i>Scale items</i>	$\alpha$	<i>M</i>	<i>SD</i>
Value-expressive function (VEF), (see Wilcox et al.) <sup>a</sup>	0.96	3.19	1.82
1. A luxury watch would reflect the kind of person I see myself to be.			
2. A luxury watch would help me communicate my self-identity.			
3. A luxury watch would help me express myself.			
4. A luxury watch would help me define myself.			
Social-adjustive function (SAF), (see Wilcox et al.) <sup>b</sup>	0.85	3.74	1.53
1. A luxury watch would be a symbol of social status.			
2. Wearing a luxury watch would help me fit into important social situations.			
3. I would like to be seen wearing a luxury watch.			
4. I would enjoy it if people knew I was wearing a luxury watch.			
Ethical perception (EP), (adapted from Wilcox et al.) <sup>c</sup>	0.85	3.59	1.05
1. Immoral–moral			
2. Unethical–ethical			
3. Insincere–sincere			

Note. N=89. VEF and SAF on measured on a seven-point likert scale: 1 = strongly disagree; 7 = strongly agree. EP measured on a 7-point semantic differential scale.

<sup>a</sup>“Why Do Consumers Buy Counterfeit Luxury Brands?”

<sup>b</sup>(2009).

<sup>c</sup>(2009).

between the ethical perception measure and the measure for the value-expressive function was .45 ( $p < .05$ ). The correlation between the ethical perception measure and the measure for the social-adjustive function .40 ( $p < .05$ ). Given these salient relations between the social functions and ethical perception, we ran a regression analysis. We regressed the ethical perception on the value-expressive function and social-adjustive function.  $F(2,86) = 10.89$ ,  $p < .05$ ,  $R^2 = .20$ ). The value-expressive function was a significant, positive predictor of the ethical perception ( $b = .23$ ;  $t = 2.01$ ,  $p < .05$ ), whereas the social adjustive function was not ( $b = .04$ ;  $t = .30$ , n.s.). In addition, a simple linear regression was calculated to predict the ethical perception based on the value-expressive function, a significant regression equation was found  $F(1,87) = 21.93$ ,  $p < .001$ ,  $R^2 = .20$ ,  $b = .26$ ;  $t = 4.68$ ,  $p < .001$ . We probed another simple linear regression model, for to predict the ethical perception based on the social-adjustive function  $F(1,87) = 16.75$ ,  $p < .05$ ,  $R^2 = .16$ ) ( $b = .28$ ;  $t = 4.09$ ,  $p < .05$ ). Overall, these results show that participants ethical



perception towards wearing luxury watches vary predictably with the social functions served by their luxury watch attitudes.

### ***Study 2: the ethical perception of wearing a luxury watch in different social situations***

Building on the insights gained from Study 1, the objective of Study 2 was to investigate how the social attitude functions may explain the ethical perception of wearing a luxury watch, given differing interpersonal contexts. We used different scenarios to reflect everyday societal interactions in which a luxury watch may be on display. Thus, the scenarios are also aimed at exploring potential attitudinal changes and how they are ethically perceived.

#### ***Sampling and participants***

Similar to Study 1, we conducted a quantitative survey, sampling 191 U.S. respondents on AMT in September 2019, applying the same strict measures for approved HITS, approval rating, and high reputation. In contrast, to the previous study, we asked participants to picture themselves in different situations wearing a luxury watch.

#### ***Measures and procedure***

The questionnaire started with the same introductory description of luxury watches as in Study 1. We used multi-item measure adapted from Grewal Mehta and Kardes,<sup>47</sup> and Wilcox, Kim and Sen<sup>48</sup> to ask participants agreement or disagreement (1 = “Strongly disagree” to 7 = “Strongly agree”) with a four-item measure of the value-expressive function ( $M=3.18$ ,  $\alpha=0.96$ ) and a four-item measure for the social-adjustive function ( $M=3.84$ ,  $\alpha=0.89$ ). The items for both measures were presented in a block with a randomized order for each item. We then used five brief scenarios that appeared in a randomized order to elicit participants’ ethical perceptions. In line with previous research,<sup>49</sup> we chose this scenario-based approach to trigger ethical thinking. Participants were required to picture themselves in a specific situation wearing a luxury watch (Table 2). The five scenarios presented in the questionnaire were as follows:

1. Scenario one: Imagine yourself wearing a luxury watch when being interviewed for a new job.
2. Scenario two: Imagine yourself wearing a luxury watch when meeting new colleagues at a dinner party.
3. Scenario three: Imagine yourself wearing a luxury watch when asking for a pay raise.
4. Scenario four: Imagine yourself wearing a luxury watch when speaking in front of a class.
5. Scenario five: Imagine yourself wearing a luxury watch when asking someone out for a first date.

**Table 2** Scenarios and scale items Study 2.

<i>Scenarios:</i>		
Scenario (1): Imagine yourself wearing a luxury watch when being interviewed for a new job.		
Scenario (2): Imagine yourself wearing a luxury watch when wearing a luxury watch when meeting new colleagues at a dinner party		
Scenario (3): Imagine yourself wearing a luxury watch when asking for a pay raise.		
Scenario (4): Imagine yourself wearing a luxury watch when speaking in front of a class.		
Scenario (5): Imagine yourself wearing a luxury watch when asking someone out for a first date.		
Ethical perception (EP), (adapted from Grougiou et al. (2018) <sup>a</sup> and Reidenbach and Robin (1990) <sup>b</sup> ):	$\alpha$	M
Inappropriate – appropriate	0.91	4.87
Unfair–fair		
Not morally right–morally right		
Unacceptable–acceptable		

Note. N = 191. EP measured on a 7-point semantic differential scale.

<sup>a</sup>Grougiou, Vassiliki, George Balabanis, and Danae Manika. 2018. "Does Humour Influence Perceptions of the Ethicality of Female-Disparaging Advertising?" *Journal of Business Ethics* 164: 1–16. <https://doi.org/10.1007/s10551-018-4032-x>.

<sup>b</sup>Reidenbach, RE, and DP Robin. 1990. "Toward the Development of a Multidimensional Scale for Improving Evaluations of Business Ethics." *Journal of Business Ethics* 9 (8): 639–53. <https://doi.org/10.1007/BF00383391>.

To measure participants ethical perception (M = 4.87,  $\alpha = 0.91$ ) about wearing the luxury watch, we used a four-item, seven-point semantic differential scale adapted from Grougiou et al.<sup>50</sup> and Reidenbach and Robin<sup>51</sup> ("Please state your opinion to the following sentence. Wearing a luxury watch in this situation is: 1 = "inappropriate," and 7 = "appropriate"; 1 = "unfair," 7 = "fair"; 1 = "not morally right," 7 = "morally right"; 1 = "unacceptable," 7 = "acceptable"). We then asked participants to indicate on a seven-point Likert-type scale if they would wear the luxury watch again in the same situation ("How likely are you to wear the luxury watch in the same situation again?": 1 = "extremely unlikely," 7 = "extremely likely"). The remaining measures were about demographics and identical to Study 1. Further, we included two attention checks in the survey. In totale, a sample of 191 responded (62.30% male, 37.70% female). Table 3 provides an overview of the sample demographics.

**Results: Study 2**

The five scenarios were perceived differently by the respondents with respect to the ethicality of wearing a luxury watch in the situation: (1)

**Table 3** Sample demographics for Study 2.

	<i>N</i>	<i>Percent of total</i>	<i>M</i>	<i>Median</i>
Gender	191	100.00		
Male	119	62.30		
Female	72	37.7		
Age	191	100.00	35.59	35.00
Education	191	100.00	4.16	5.00
High school diploma (or similar)	28	14.70		
Some college but no degree	38	19.90		
2-year bachelor's degree	24	12.60		
4-year bachelor's degree	85	44.50		
Master's degree	11	5.80		
Doctoral degree	2	1.00		
Professional degree	3	1.60		
Employment status	191	100.00	1.32	1.00
Working (paid employee)	154	80.60		
Working (self-employed)	31	16.20		
Not working (looking for work)	2	1.00		
Not working (disabled)	2	1.00		
Not working (other)	2	1.00		
Prefer not to answer	2	1.00		
Gross salary	191	100.00	4.81	4.00
Less than \$10,000	13	6.80		
\$10,000–\$19,999	28	14.70		
\$20,000–\$29,999	25	13.10		
\$30,000–\$39,999	32	16.80		
\$40,000–\$49,999	29	15.20		
\$50,000–\$59,999	22	11.50		
\$60,000–\$69,999	12	6.30		
\$70,000–\$79,999	10	5.20		
\$80,000–\$89,999	5	2.60		
\$90,000–\$99,999	6	3.10		
\$100,000–\$149,999	7	3.70		
More than \$150,000	2	1.00		

job interview ( $M=4.85$ ,  $SD = 1.50$ ), scenario (2) dinner party with colleagues ( $M=5.41$ ,  $SD = 1.29$ ), (3) pay raise ( $M=3.78$ ,  $SD = 1.68$ ), scenario (4) speaking in front of a class ( $M=4.92$ ,  $SD = 1.41$ ), scenario (5) asking for a date ( $M=5.37$ ,  $SD = 1.22$ ). From the five scenarios presented to the participants, scenario (3) pay raise ( $M=3.78$ ,  $SD = 1.68$ ) elicited the most extreme responses in this regard. A Kruskal-Wallis H test revealed that there was a statistically significant difference in the ethicality score between the different scenarios,  $\chi^2(4) = 123.75$ ,  $p = .001$ , with a mean rank ethicality score of 573.83 for scenario (2), 562.97 for scenario (5), 480.92 for scenario (4), 474.56 for scenario (1), and 297.72 for scenario (3). Pairwise comparison showed that the perceived level of ethicality differed according to three subsets (set 1: scenarios (2) and (5); set 2: scenarios (1) and (4); and set 3: scenario (3)). The scenarios (2) dinner party and (5) date were significantly higher compared to

scenarios (1) job interview and (4) speaking in front of a class and compared to scenario (3) pay raise (between sets  $p < .05$ ). Across all scenarios, the correlation between the ethical perception and the likelihood of wearing a luxury watch in the same situation again was highly significant, ranging from .65 to .72 (see Table 4). From the five scenarios, respondents indicated for scenario (5) that they were most likely and in scenario (3) that they were least likely to wear a luxury watch in the same situation again.

All scales had a high internal consistency, with Cronbach's alpha for the scale measuring the value-expressive function being  $\alpha = 0.96$ , the scale measuring the social-adjustive function being  $\alpha = 0.89$ , and the scale measuring ethical perception being  $\alpha = 0.91$  for the overall sample. Given that all multi-item measures were reliable, we averaged the items to form a composite measure for each construct. To find potential relationships between the central variables, Pearson correlation was used. Table 4 summarizes the descriptive statistics and correlations of the focal variables. The correlations show that the value-expressive and social-adjustive functions are positively related to the ethical perception of wearing a watch in each scenario. A hierarchical multiple regression analysis was used to examine the ability of the value-expressive function (VEF) and the social adjustive function (SAF) to predict perceived ethicality in each scenario. Before the analysis was performed, the independent variables were examined for collinearity. The variance inflation factor of less than 3.3 indicates that the estimated  $\beta$ s are well established in the following regression models. Covariates included in the first step were gender, age, and gross salary. In step 2, the VEF and SAF variables entered.

Scenario 1. In the first step of the hierarchical multiple regression, gender, age, and gross salary entered. This model was not statistically significant  $F(3, 187) = 1.96; p > .05$ . After entry of the VEF and SAF variables at step 2, the total variance explained by the model as a whole was 7.4%  $F(5, 185) = 2.96; p < .05$ . The introduction of VEF and SAF explained additional 4.4% variance in the ethical perception, after controlling for gender, age, and gross salary ( $R^2$  change = .04;  $F(2, 185) = 4.36; p < .05$ ). Only SAF as a predictor variable was statistically significant in the final model, with ( $\beta = .26, p < .05$ ).

Scenario 2. In the first step of the hierarchical multiple regression, gender, age, and gross salary entered. This model was not statistically significant  $F(3, 187) = 2.58; p > .05$ . After entry of the VEF and SAF variables at step 2, the total variance explained by the model was 16.1%  $F(5, 185) = 7.11; p < .001$ . The introduction of VEF and SAF explained additional 12.1% variance in the ethical perception, after controlling for gender, age, and gross salary ( $R^2$  change = .12;  $F(2, 185) = 13.39; p < .001$ ). Only SAF as a predictor variable was statistically significant in the final model, with ( $\beta = .34, p < .05$ ).

**Table 4** Descriptive statistics, correlations among variables, and Cronbach's alphas, Study 2.

Construct	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Value-expressive function	3.18	1.88	(.96)														
2. Social-adjustive function	3.84	1.72	.83**	(.89)													
3. SC 1 EP	4.85	1.50	.19**	.24**	(.92)												
4. SC 1 intention wear again	4.15	2.05	.38**	.39**	.72**	–											
5. SC 2 EP	5.41	1.29	.31**	.36**	.62**	.45**	(.92)										
6. SC 2 intention wear again	4.78	1.96	.50**	.51**	.44**	.65**	.70**	–									
7. SC 3 EP	3.78	1.68	.17*	.16*	.55**	.37**	.39**	.22**	(.93)								
8. SC 3 intention wear again	2.88	2.01	.37**	.34**	.40**	.56**	.23**	.40**	.68**	–							
9. SC 4 EP	4.92	1.41	.35**	.31**	.55**	.40**	.72**	.56**	.44**	.31**	(.91)						
10. SC 4 intention wear again	4.31	1.93	.45**	.41**	.43**	.58**	.55**	.76**	.26**	.41**	.70**	–					
11. SC 5 EP	5.37	1.22	.36**	.42**	.50**	.38**	.75**	.57**	.34**	.23**	.65**	.55**	(.88)				
12. SC 5 intention wear again	4.82	1.91	.48**	.48**	.32**	.57**	.51**	.82**	.16*	.37**	.49**	.73**	.65**	–			
13. Gender	1.38	.486	–.12	–.09	–.12	–.12	–.09	–.05	–.25**	–.20**	–.10	–.07	–.17*	–.10	–		
14. Age	35.59	8.82	–.17*	–.18*	–.13	–.17*	.04	.00	–.19**	–.26**	–.03	–.11	–.07	–.05	.21**	–	
15. Gross salary	4.81	2.64	.22**	.18*	.09	.17*	.17*	.14*	.06	.13	.14	.11	.15*	.14	–.10	–.08	–

Note. SC = scenario. EP = ethical perception. Cronbach's alpha coefficients are on the diagonal in parentheses. Gender: 1 = male, 2 = female. N = 191. \*  $p < .05$ . \*\*  $p < .01$ .

Scenario 3. In the first step of the hierarchical multiple regression, gender, age, and gross salary entered. This model was statistically significant  $F(3,187) = 5.62; p < .001$ . and explained 8.3% of the variance in ethical perception. After entry of the VEF and SAF at step 2, the total variance explained by the model was 7.3%  $F(5, 185) = 3.98; p < .05$ . The introduction of VEF and SAF explained additional 1.5% variance in the ethical perception, after controlling for gender, age, and gross salary ( $R^2$  change = .01;  $F(2, 185) = 1.49; p > .05$ ). In the final model, only the predictor variable gender ( $\beta = -.21, p < .05$ ) was statistically significant.

Scenario 4. In the first step of the hierarchical multiple regression, gender, age, and gross salary entered. This model was not statistically significant  $F(3,187) = 1.65; p > .05$ . and explained 2.6% of the variance in ethical perception. After entry of the VEF and SAF at step 2, the total variance explained by the model was 13.1%  $F(5, 185) = 5.59; p < .001$ . The introduction of VEF and SAF explained additional 10.6% variance in the ethical perception, after controlling for gender, age, and gross salary ( $R^2$  change = .11;  $F(2, 185) = 11.24; p > .001$ ). In the final model only the predictor variable VEF ( $\beta = .26, p < .05$ ) was statistically significant.

Scenario 5. In the first step of the hierarchical multiple regression, gender, age, and gross salary entered. This model was statistically significant  $F(3,187) = 3.17; p < .05$ . and explained 4.8% of the variance in ethical perception. After entry of the VEF and SAF at step 2, the total variance explained by the model was 20.20%  $F(5, 185) = 11.462; p < .001$ . The introduction of VEF and SAF explained additional 15.4% variance in the ethical perception, after controlling for gender, age, and gross salary ( $R^2$  change = .15;  $F(2, 185) = 17.87; p > .001$ ). In the final model only the predictor variable SAF ( $\beta = .42, p < .001$ ) was statistically significant.

Overall, the results show that participants' ethical perception of wearing luxury watches varies predictably with the social functions of their luxury watch attitudes across the different scenarios. In scenarios (1) job interview, (2) dinner party with new colleagues, and (5) asking for a date, the social-adjustive function remained as a statistically significant predictor. Thus, these scenarios reflect situations in which self-presentation appears to be central, and people are motivated to fit or conform with their social environment and gain approval. In contrast, when speaking in front of a class (scenario 4), a person can communicate intrinsic values to other societal members rather than trying to fit in. Scenario (3) could not be explained by the independent predictor variables VEF or SAF; however, the covariate gender served as a significant predictor. Showing that particularly male participants had a statistically higher level of perceived

ethicality toward wearing a luxury watch when asking for a pay raise compared to female participants ( $M_{\text{male}} = 4.11$ ;  $M_{\text{female}} = 3.24$ )

### **Discussion and contribution**

In this article, we investigated the ethicality of conspicuous consumption when it comes to displaying luxury watches in social interactions building on the functional theories of attitudes.<sup>52</sup> Specifically, we investigated whether the ethical perception of displaying a luxury watch in social interactions is linked to social functions of attitudes toward luxury watches VEF and SAF.<sup>53</sup> Through two quantitative studies, we found evidence that the ethical perception of displaying luxury watches in social interactions hinges on the individuals' salient social attitude functions, influencing whether wearing a luxury watch is perceived as ethical in a specific context.

In this regard, Study 1 highlights that individuals' ethical perception of wearing a luxury watch is directly linked to value-expressive and social-adjustive attitude functions, which serve as evaluative judgments of the luxury item, preceding the ethical perception. The extent to which the attitudinal functions were salient also influenced the extent to which wearing a luxury watch was perceived as ethical. Going beyond a neutral base-line setting, in Study 2, the different scenarios exposed that diverse societal interactions correspond with salient attitude functions: Whereas the job interview (scenario 1), the dinner party with new colleagues (scenario 2), and asking for a date (scenario 5) corresponded to the social-adjustive function, speaking in front of a class (scenario 4) was linked to the value-expressive function. Accordingly, in each scenario (except for scenario 3), the ethical perception of displaying a luxury watch was linked to one of the two social motivations toward luxury watches (to express oneself or to fit in). Surprisingly – and contrary to the other scenarios – “asking for a pay raise” could not be explained by the attitude functions. In the scenario, the attitude toward the luxury watch was overall negative. In other words, the ethical perception of wearing the watch in this situation was the lowest ( $M = 3.78$ ) compared to the other scenarios. This was also shown by 63.9% of the participants indicating that they would not wear a luxury watch in the same situation again.

Overall, the two studies provide empirical evidence that social attitude functions (value-expressive and social adjustive) toward luxury watches are underlying elements of the individual's ethical perception. Consequently, in light of the research question, we found a link between peoples' ethical perception of conspicuously consuming luxury watches in social interactions and social attitude functions, except for social interactions as described in scenario 3.

### ***Luxury watches and the ethical perception of wearing them in interpersonal contexts***

In light of the findings, we offer a contribution to existing research by providing new insights into the ethicality of conspicuous consumption

in social interactions. Our study suggests that the ethical perception of a situation in which a person is wearing a luxury watch depends on the salient attitude functions and situational parameters. Attitudes are evaluative judgments of objects retrieved from prior experience interacting with context-depend information, in which an evaluation happens.<sup>54</sup> The ethical perception of wearing a luxury watch in a given context is thereby connected to whether the luxury watch may serve as a means to communicate self-identity or fit into the social setting. From the perspective of functional theories, these results are plausible, given that our scenarios 1, 2, and 5 (job interview, dinner party, and asking for a date) represent contexts in which the individual might have the tendency to meet the expectations in the social setting, and or gain approval from peers.<sup>55</sup> Thus, the social-adjustive function is highly predictive in explaining the perceived ethicality of wearing a luxury watch in these social interactions. In contrast, speaking in front of a class represents a context where a person might tend to use the luxury watch as a means to communicate the self-identity (personal belief and values) to others, even if this may run contrary to the social expectations.<sup>56</sup> Hence, the value-expressive function is of high predictive value, explaining the perceived ethicality of wearing a luxury watch in a setting where the individual strives to express himself.

The attitude toward a luxury watch hinges on the notion that it may serve as a social marker to demonstrate success in social interactions.<sup>57</sup> Thus, underlining the belonging to an aspirational group (social-fit) or serving as a means of self-expression.<sup>58</sup> On a more general level, these results suggest that human attitudes play an essential role in whether a luxury good is judged favorably or unfavorably and whether its display in social interactions is perceived as ethical or not. Individual attitudes toward the luxury item play a key role and differ according to the personal background and experiences that contributed to the formation of the salient attitude functions.<sup>59</sup>

### ***Ethical pitfalls of luxury display and the gestalt-switch***

Contrary to the other scenarios, functional theories of attitudes cannot explain the results of third scenario. In this scenario, respondents were requested to imagine themselves asking for a pay raise while wearing a luxury watch. Respondents perceived the luxury watch display as undesirable here, and ethical perceptions of wearing it in this situation were the lowest compared to all other scenarios. Most participants further underlined this, indicating that they would not wear a luxury watch in the same situation again. This unexpected finding shows how a desirable item, such as a luxury watch, may turn into an undesirable object under certain conditions. However, these results cannot readily be accounted for by neither the value-expressive nor the social-adjustive attitude function. Consequently, by providing a preliminary interpretation of these findings, we offer a contribution to existing luxury research extending current theorizing



on conspicuous consumption and functional theories of attitudes with a gestalt-theory perspective.

Previous luxury research points out that the display of a luxury item may trigger a value inconsistency, in the sense that a favorable appearance (gestalt) of person can switch into an unfavorable one, with the luxury item becoming an unwanted object.<sup>60</sup> We argue that such a gestalt-switch may also arise when a person expresses conflicting values. As highlighted by functional theories, the display of a luxury watch in social interactions may hinge on the notion that it serves as a value expression, a signal of accomplishment aimed at an observing audience.<sup>61</sup> In this sense, the luxury watch implies a certain wealthiness or status of the watch bearer, which goes along with the aspect that s/he possesses (abundant) resources to afford the luxury item.<sup>62</sup> However, the value expression stands in conflict with the request for additional resources (a pay raise). Thus, the watch bearer communicates asymmetrical values, demanding a salary increase while the luxury item conveys the impression that s/he already possess ample resources. To avoid a gestalt-switch, a person would refrain from wearing the luxury item in the situation. Consequently, value expressive attitudes toward conspicuous consumption relate to a harmonious gestalt or context-value-consistency.<sup>63</sup> In other words, a luxury consumer strives for an alignment of expressed values to avoid being perceived as unethical in transactional situations.

### **Outlook limitations**

The results of this study can be seen as a first step toward a better understanding of the ethical perception of conspicuous consumption of luxury watches when it comes to social interactions. The theoretical analysis provides novel insights into the ethicality of luxury watches worn in everyday situations. Thus, the findings illustrate important aspects of the ethical perception of luxury goods and, therefore, may serve as a starting point for future research to explore the ethicality of other luxury goods, such as jewelry, fashion, or travel, just to name a few. This study focused on the two social attitude functions (value-expressive and social-adjustive). Future research may go beyond these two functions and explore the other functions outlined by the Functional theories (e.g. knowledge function, utilitarian function, defense function).<sup>64</sup> A particular starting point for future research lies also in the finding that the only significant predictor variable for the ethical perception for the pay raise scenario was gender. Compared to female, male respondents had a significantly higher ethicality rating and were more likely to wear a luxury watch in the same situation again. Thus, future research may further explore the reasons for this difference, and whether it may depend on aspects, such as an increased willingness to express conflicting values, or even a form of hubris.<sup>65</sup> The quantitative data collection is limited to US AMT participants and thus reflects the specific country

conditions. Past research has shown that cultural differences concerning social attitude functions exist.<sup>66</sup> Therefore, future research could go beyond the US and compare different cultural or country contexts.

### Disclosure statement

No potential conflict of interest was reported by the author(s)

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