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Review

How social perceptions influence consumption for self, for others, and within the broader system

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Abstract

This article builds an organizing framework for understanding how social perceptions influence consumption at three levels: consumption for self, consumption for others, and consumption within the broader system. At each level, social others play a distinct role in individuals' consumption behaviors, from passive observers to active agents. Importantly, consumption at each of these levels is characterized by common tensions and misperceptions, which sometimes undermine individuals' consumption choices, outcomes, and intent. We describe some of the tensions and explore how individuals navigate them. At the end, we discuss how the proposed framework offers exciting opportunities for future research.

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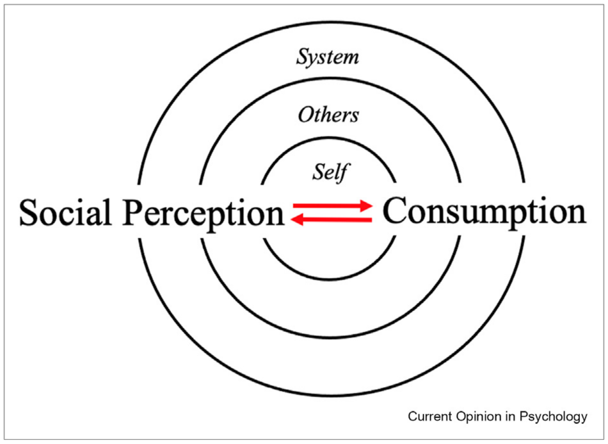
> *"La rue est la musée pour tout!" ("The street is a museum for all!")*
>
> Hergé (Georges Remi)

In his famous line, the prominent Belgian cartoonist and creator of Tintin captured just how ingrained 'people watching' is in everyday life. If the street is a museum to watch others as the quote suggests, then the marketplace is a theater where many consequences of people watching play out. Indeed, our social perceptions of people around us shape our consumption behaviors in powerful ways. The present article draws on recent developments in the literature to propose an organizing framework for understanding how social perceptions influence consumption at three levels (see Figure 1): (a) consumption for self, (b) consumption for others, and (c) consumption within the broader system (i.e., society). The three levels distinguish among the different targets or beneficiaries (self, others, system) of individuals' consumption decisions (our unit of analysis) and among the distinct roles of social others in shaping these decisions.

More specifically, at the micro level of self, people consume to signal to others their actual and desired identities. At this level, others are often a passive audience for an individual's consumption behavior. At the next level, individuals make consumption decisions for others and predict others' consumption preferences and experiences. At this level, others are viewed as active agents with their own preferences, goals, and outcomes. At the macro, system level, people consume to preserve or change the existing social system. In this case, others are viewed as collective contributors to the broader system. Our framework thereby systematically differentiates among the distinct consumption goals and motives (from micro to macro) that watching others induces in individuals as well as the distinct roles (from passive observers to active agents) that social others play in individuals' consumption decisions and outcomes.

To draw out these distinctions, we build on recent findings that highlight pertinent misperceptions or tensions in individuals' consumption decisions and outcomes. For example, individuals may mispredict how their consumption behaviors will be perceived by others; they may misperceive the preferences of others when making consumption decisions for them, or they may hold diverging perceptions of the social system when making consumption decisions to support or oppose it. We discuss the tensions that may arise in individuals' consumption choices and outcomes at each level and explore how individuals may navigate these tensions. Afterward, we highlight how our framework generates fruitful avenues for future research.

Figure 1



Three levels of influence of social perception on consumption.

Level 1: consumption for self

At the micro level of self, individuals often make consumption decisions that seek to signal or communicate their own sense of self to social others and themselves [1]. Under such circumstances, social others are an audience, real or imagined, that observes individuals' consumption. Because consumption may carry distinct signals to social others and self, individuals may mispredict the benefits and perils of their consumption behavior.

For example, recent research has shown that consumption pursued for social signaling purposes may have ironic effects on people's postpurchase experience and sense of self. Goor et al. [2*] show that while people expect that luxury products can yield status-signaling benefits in the eyes of others, these products can actually make people feel inauthentic and prompt them to behave less confidently. Furthermore, studies show that while people expect that products which highlight one's competencies (e.g., a professional suit) may compensate for their insecurities by signaling success to others and self [3,4], consumption of such products may actually remind people of these insecurities, undermining self-repair. To illustrate, participants who received negative feedback on an intelligence test were more likely to purchase intelligence-signaling products [3], yet these products ironically reminded people of their insecurity [5*], leading to lower self-evaluations [6]. Perhaps intuiting such tensions, some individuals pre-emptively forgo self-enhancing consumption signals and instead choose less popular products that verify and communicate their actual self. For example, Stuppy et al. [7] find that, sometimes, individuals with low self-esteem may prefer inferior (vs. superior) products because these products more accurately represent individuals' actual self.

Although consumption of status- and identity-signaling products may sometimes undermine people's sense of self, merely posting about such products on social media without actually purchasing them may sometimes vicariously enhance the self, lowering subsequent purchase and consumption of these products. For example, participants who imagined posting (vs. not) on social media about products that signaled their student identity were subsequently less likely to purchase other products related to this identity [8]. Similarly, people who publicly (vs. privately) displayed a token of support for a cause (e.g., such as wearing a ribbon) were subsequently less likely to donate to the cause [9].

Beyond the described tensions in intrapersonal outcomes, status- and identity-signaling consumption can also create mispredictions at the interpersonal level [10*-13]. Specifically, social others do not always interpret consumption behavior as consumers may desire. To illustrate, individuals often purchase luxury products to improve how others see them, but these products can lead others to conclude that the individual lacks warmth [10*]. In prosocial contexts, individuals may engage in prosocial consumption behavior with the hope that doing so will be well received. However, certain factors—such as whether the individual receives government assistance or is extraordinarily wealthy—may hurt the actual reception of such actions by the intended audience [11,12].

Level 2: consumption for others

At this level, individuals make consumption choices for others, influenced by social perceptions of other people's consumption preferences and experiences. Here, social others are active agents who have their own preferences and desires. Naturally, individuals' perceptions of others can lead to discrepancies between their consumption decisions for others versus for self [14—24]. Specifically, gaps in decision-making strategies, goals, and identities that individuals adopt and emphasize when consuming for others (vs. self) may lead consumers to mispredict others' consumption preferences and behaviors, at times undermining others' and own consumption outcomes and experiences.

First, individuals may adopt distinct decision-making strategies when consuming for others (vs. self). For instance, individuals seek more information when making consumption decisions for others than when making decisions for self. To illustrate, when choosing a restaurant for someone else, individuals may research more alternative options and a broader set of attributes than when choosing for self [16*]. Furthermore, the attributes that individuals prioritize when making consumption choices for others differ from those they prioritize when choosing for themselves [17]. For example, when choosing between a high-value ticket at a distant movie theater and a mid-value ticket at a close movie theater, individuals may prefer the former option for others, but the latter option for themselves [18]. These diverging consumption preferences may be driven by individuals' (mis)perception that others place a greater weight on having the *best* product than they themselves do and by the perceived social cost of selecting an inferior product for someone else.

Second, individuals may misperceive or undervalue others' goals when making consumption decisions for them. For example, a consumer pursuing a health goal may ironically select less healthy products for others who are believed to have the same goal [19*]. By doing so, a consumer advances the perceived progress of their own goal to the detriment of the perceived wants of others. Similarly, a consumer may wish to see themselves as a unique person, which may motivate them to see others as simpler individuals and choose products for others that validate this belief [20]. For example, consumers may select a more basic product for others (e.g., a small bottle of water) than they would for themselves (e.g., a large bottle of water).

Finally, individuals may emphasize different identities when making consumption decisions for others (vs. self). For example, in the gift-giving context, individuals may misperceive and inflate the importance of matching the gift to recipients' identities [21,22]. This might result in suboptimal outcomes both for gift recipients and givers because gifts that match recipients' identities are liked and enjoyed less than some alternatives. Indeed, gift givers prefer to buy gifts that match recipients' specific identities over sentimental gifts that do not match recipients' identities, even though recipients like sentimental gifts more [21]. Similarly, recipients appreciate gifts that match givers' identity more than gifts that match their own identity [22]. Interestingly, gifts that match recipients' identity might also undermine givers' well-being, as they may create an identity threat for givers when the gift is misaligned with givers' own identity [23].

Level 3: consumption within the broader system

At the macro level of the social system, social perceptions influence how individuals consume to cope with, support, or change the system. Here, social others are collective contributors to the system. At this level, how individuals perceive the current versus the ideal system, as well as self and others in the system, may drive consumption choices that may not always achieve an optimal outcome or intended result.

First, individuals' perception of the system influences how they trade off between own versus others' relative social positions and interests when deciding which products to consume. To illustrate, a system with high (vs. low) perceived income inequality increases the salience of individuals' relative rank vis-à-vis others, which, in turn, boosts consumption designed to signal individuals' social status. This often comes at the detriment of individuals' savings and long-term investments [24]. Indeed, geographic areas with high (vs. low) income inequality show greater interest in high-status goods [25]. However, this effect depends on where individuals are positioned within the system. Those who trail others (i.e., are at the bottom of the pyramid) may benefit more from status consumption when the income distribution is actually more (vs. less) equal because such individuals can leapfrog a larger percentage of peers who are within reach and thus attain greater status gains through consumption [26].

Second, the perceived structure of the system may create a mismatch between what individuals expect to signal through consumption versus how these consumption signals are actually received and interpreted by others. Indeed, conspicuous consumption of status symbols such as luxury brands is only accepted as a legitimate signal of status if the system is perceived as meritocratic and inequality as justified [27*,28]. However, such symbols are deemed immoral when the hierarchy and inequality are opposed and deemed unjustified [29].

Third, a tension between how individuals perceive the current social system and how they envision the ideal system motivates consumption that either supports or challenges the system. Specifically, individuals who endorse the hierarchical social system tend to endorse products by established companies and brands (e.g., Coca-Cola), and they quickly forgive such companies' wrongdoings (e.g., BP oil spill) because they believe that these companies preserve the existing system and offer certainty [30–34]. In contrast, individuals who oppose the hierarchical system endorse small and crowdsourced products and brands because they challenge the power imbalance in the system [35*,36]. However, small brands and vendors (e.g., individual vendors who sell services on sharing economy platforms such as Airbnb) can actually gain support from even hierarchy-endorsing consumer segments if they highlight their entrepreneurship and economic independence, which reflect meritocracy in the system [37].

Finally, individuals' misperceptions about the fairness of the system may inspire consumer activism when these misperceptions are exposed. To illustrate, consumers often underestimate the extent of pay gaps that exist among different social groups in the system. As a result, exposure to information about actual pay gaps (e.g., among men vs. women, workers vs. CEOs) perpetuated by companies leads consumers to punish companies by not consuming their products or initiating boycotts [38*,39]. Rising consumer expectations that companies should use their market power to right the system and restore system fairness and justice for different groups, in turn, spurs companies to act. Indeed, most consumers

(66%) expect brands to use their influence on sociopolitical issues which can improve the current system for others and for self [40]. However, corporate activism may produce conflicting outcomes: it may generate praise in some parts of the public and scorn in others, as well as typically a negative reaction from investors [41*]. Furthermore, tthe costs and benefits of addressing systemic issues through brand activism depend on company characteristics. Activism benefits small companies that can gain more customers than they can lose, but it hurts large companies that stand to lose many customers who disagree with the company position [42].

Directions for future research

Conceptualizing the three levels at which social perceptions influence consumption offers a generative framework for identifying fruitful directions for future research. First, future research can explore how different levels of analysis interact by examining how the role others play at one level may shape consumption at other levels. For instance, just like perceptions of others' agentic behaviors and preferences shape consumption for others, such perceptions may shape individuals' own identity-signaling consumption. Indeed, the appeal and consequences of identity-signaling consumption may be exacerbated or attenuated as a function of others' values and behaviors. To illustrate, individuals' interest in consuming self-enhancing products to compensate for their insecurities may depend on how judgmental or benevolent social others are perceived to be and on the feedback that individuals receive from others.

Second, the unprecedented nature of recent events including the COVID-19 pandemic and renewed fight for racial, gender, and economic justice has created a consumption landscape in which novel tensions and misperceptions may arise [43]. For example, in the context of the pandemic, individuals may increasingly mispredict how others will respond to health threats (compared to self), with novel implications for own consumption behavior. To illustrate, skepticism that others will take the COVID-19 health threat seriously and that they will be mindful of collective health outcomes might lead individuals to forgo opportunities to consume in public and to avoid certain (e.g., collective) consumption experiences altogether in favor of safer private and online consumption options. Such tensions may apply beyond the COVID-19 pandemic to consumption behaviors in response to other threats that may arise.

Finally, future work can go beyond the unidirectional link from social perception to consumption examined so far, to explore how consumption may change social perceptions. For instance, exposure to brands' sociopolitical activism intended to improve the system can influence not only individuals' consumption decisions but also their subsequent perceptions of the system (e.g., fairness, defensibility), depending on the type of the activist brand (e.g., large company vs. small challenger), activism issue (e.g., cultural vs. economic), and campaign characteristics (e.g., lobbying, short-term advertising, long-term change in business practice).

Conclusion

The present overview reveals that social perceptions have pervasive effects on consumption decisions that individuals make for themselves, for others, and within the broader society. Furthermore, individuals' attempts to predict, shape, and reconcile social perceptions with their own expectations, experiences, and realities in the marketplace create psychological tensions which shape consumption outcomes and well-being in significant ways. We hope that this novel perspective on the role of social perceptions in consumption will offer new opportunities for future research.

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Conflict of interest statement

Nothing declared.

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