

A Study on the Influence of Demographic and Psycho-social Factors on the Demand for Veblen Goods

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Abstract

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This research explores how demographic and psycho-social factors affect consumer demand for Veblen goods—luxury items whose appeal grows as their price rises. Employing a survey-based approach with 201 consumers from urban and suburban areas, the study investigates how factors like age, gender, education, income, and occupation interact with psychological and cultural influences, including status motivation, prestige, cross-cultural exposure, and views on innovation and quality. Regression analysis indicated that although demographic factors together demonstrated a weak yet significant effect, personal characteristics did not independently forecast luxury consumption. Conversely, psycho-social and cultural elements surfaced as more powerful influencers, with the desire to invest in social standing, intercultural impact, and perceived product advancement and excellence considerably moulding demand. These results support Veblen's concept of conspicuous consumption, emphasising that luxury buying is driven more by identity, symbolic significance, and social signalling than by demographic factors. The research adds to behavioural economics and provides strategic guidance for luxury marketers seeking to comprehend and connect with modern consumers.

Keywords: Veblen good, demographic attributes, psychological, and social factors, conspicuous consumption

❖ Introduction

♦ Demographic factors influencing demand for Veblen goods

Veblen goods are luxurious in nature and are mostly consumed by the rich people. However, today, due to the marketing of these goods through various media, even middle-class people have started consuming these goods. Several demographic factors play an important role in shaping the demand for Veblen goods. Because these goods are not only consumed for utility but also for social prestige. Income is one of the most important factors affecting the consumption of Veblen goods because consumers with high disposable income can only afford these goods, which are highly prized over everyday goods. Today, the demand for these goods is not only limited to the ultra-wealthy families but also the middle or upper middle-class consumers because everyone aspires to purchase certain kinds of luxury goods to signal their status or upward mobility. Age is also a key

factor that determines the consumption of these goods, as young professionals are more likely to buy luxury fashion goods or accessories to express their personality. Another factor that affects the consumption of such goods is education, as highly educated people are more likely to be aware of global luxury brands and desire to use those goods as a cultural marker. Gender is another factor that affects the consumption of Veblen goods. There is always a great demand from women for luxury fashion, jewellery, and cosmetics. High-end watches and luxurious cars are more preferred by men. The geographical location and the cultural background also affect the consumption of these goods, as the urban population living in global cities are more exposed to luxury consumption norms and therefore, they demand such goods.

♦ Psycho-social factors influencing demand for Veblen goods:

The number of psycho-social factors affects the demand

for Veblen goods, including people's thoughts, feelings and social surroundings. The foremost factor affecting the demand for Veblen goods is the status and prestige, because many people buy luxury goods not just for their use but to show others that they are wealthy. The second factor, self-image and identity, also plays an important role as an individual may buy an expensive watch, handbag or car because it makes them feel more confident or because it fits in their lifestyle. Social influence is another factor why people buy Veblen goods because they often copy what their colleagues or celebrities are buying. So they continue to demand luxury items that give them a sense of belonging to those demanding categories. Another factor that affects the demand for Veblen goods is the cultural values, because in some societies showing wealth is openly admired, while in others it may be more subtle. Another factor is psychological satisfaction as people get a sense of happiness, pride or even the feeling of achievement.

❖ Literature Reviews:

Bagwell & Bernheim (1996) showed model consumer demand for luxury as a signalling mechanism by using a game-theoretic economic model and found that the status competition makes consumers prefer higher-priced goods as status signals. **Chakraborty & Shepped (2025)** examined the influence of interpersonal brand and demographic factors on Indian youth's luxury purchase behaviour using survey analysis across various age groups and genders. They found that interpersonal influences are the strongest drivers. **Das & Mukherjee (2021)** explored uniqueness and social comparison in luxury desire by using a conceptual and moderated mediation approach and suggested the need for uniqueness and social comparison that explains luxury consumption motives. **Estman & Flynn (1999)** measured consumer tendency toward status consumption by using survey scale development and validation and developed the status consumption scale, showing that status drives luxury purchase intentions. **Han Nunes & Dreze (2010)** examined how brand visibility affects luxury signalling by conducting experiments with some respondents and market data. They found that the loud and quiet luxury signals differ by consumer status and

wealth. **Islam & Singh (2020)** examined luxury fashion attitude among Korean university students by carrying out a survey and regression analysis. They identified that values, income and brand consciousness significantly influence luxury purchase intent. **Naumova & Bilon (2019)** explored cross-cultural differences in luxury consumer behaviour by using Hofstede cultural dimensions and some literature analysis. They found that in high power distance, collectivist cultures drive luxury consumption in individualistic cultures, driven by emotions. **Veblen (1899)** explained why higher prices increase the desirability of luxury goods through socio-economic analysis. They introduced the concept of 'conspicuous consumption', where people buy luxury goods to display their wealth. **Vigneron & Johnson (2004)** conceptualised luxury brand value perception by using a conceptual measurement framework. They identified five luxury value drivers, such as hedonic, quality, social, unique and conspicuous. **Wang & Tong (2017)** investigated luxury purchasing determinants among the affluent Chinese consumers by using logit regression on a survey. They found that younger, higher-income individuals with international education are more likely to buy luxury goods for life satisfaction.

❖ Objectives of the Study:

1. To examine the relationship between demographic characteristics (age, gender, education, income, and occupation) and consumer demand for Veblen goods.
2. To identify the psycho-social factors that influence consumers' purchasing decisions of Veblen goods.

❖ Hypotheses of the Study:

1. **Hypothesis 01:** There is a significant relationship between demographic variables and the demand for Veblen goods.
2. **Hypothesis 02:** Psycho-social status and prestige motives significantly influence consumers' decisions to purchase Veblen goods.

❖ Significance of the Study

This study is important because it will contribute to understanding the complex behaviour of consumers who prefer wavelength goods at high prices. This study will also be significant for marketers and the luxury brand

managers to understand consumer preferences. The study will be significant for economists to shed light on the pattern of conspicuous consumption, and ultimately, the study will be helpful for academic researchers who want to carry out their research in the area of behavioural economics.

❖ **Methodology of the Study:**

♦ **Research Design**

This study is survey-based and carried out on 201 samples to understand the influence of demographic and psycho-social factors on the likelihood of purchasing Veblen goods. This study is quantitative and cross-sectional in nature.

♦ **Population and Sampling**

The population of the study consists of consumers residing in urban and suburban areas who buy luxury goods. The sampling method used for this is convenience sampling.

♦ **Data Collection Method**

The primary data is collected from a self-administered questionnaire divided into demographics and psycho-social factors to get the desired data.

❖ **Data Analysis Tools:**

- ♦ **Descriptive Statistics** to summarise and describe respondents' demographic profile and perceptions.
- ♦ **Likert Scale Analysis** to measure levels of agreement/disagreement on demographic and psycho-social factors.
- ♦ **Multiple Linear Regression** to test the effect of multiple independent variables (demographic, psycho-social, cultural factors) on demand for Veblen goods.
- ♦ **ANOVA** to test the overall statistical significance of the regression model.

❖ **Data Analysis:**

Objectives- Examine the relationship between demographic variables and demand for Veblen goods. Objective 1 aims to examine the relationship between demographic characteristics, age, gender, education, income, and occupation and consumer demand for Veblen goods (luxury items whose desirability increases with price). This objective tests Hypothesis 1, which posits that these demographic variables significantly influence demand for such goods.

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage (%)
Age	18–25 years	145	72.1
	26–35 years	11	5.5
	36–45 years	24	11.9
	46–55 years	17	8.5
	56 years and above	4	2.0
Gender	Male	122	60.7
	Female	79	39.3
Education	SSC	11	5.5
	HSC	42	20.9
	Undergraduate	99	49.3
	Postgraduate	23	11.4
	Ph.D.	1	0.5
	Other Diploma	25	12.4

Monthly Income	Lower income (<₹10,000)	12	6.0
	Lower middle (₹10,000–₹20,000)	31	15.4
	Middle (₹20,000–₹50,000)	67	33.3
	Upper middle (₹50,000–₹2,00,000)	48	23.9
	High income (₹2,00,000–₹5,00,000)	23	11.4
	Ultrahigh income (>₹5,00,000)	3	1.5
Employment Status	Fulltime employed	71	35.3
	Parttime employed	39	19.4
	Selfemployed	91	45.3

The sample was predominantly young (72.1% aged 18–25) and male (60.7%). Education levels skewed toward undergraduate degrees (49.3%), while income distribution highlighted a majority in middle-income brackets (33.3% earning ₹20,000–₹50,000 monthly). Self-employment was the most common occupation (45.3%). Notably, high-income earners (₹2,00,000+) constituted only 12.9% of respondents, suggesting potential limitations in generalising findings to affluent consumer segments.

Hypotheses: H1:

There is a significant relationship between demographic

Regression Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of Estimate
1	.230	.053	.034	.88866

The model yielded an R² of 0.053, indicating that only 5.3% of the variation in the demand for Veblen goods is

ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	8.641	4	2.160	2.735	.030*
Residual	154.783	196	0.790		
Total	163.423	200			

The regression model was statistically significant, $F(4,196) = 2.735$, $p = 0.030$, suggesting that the

variables (age, income, education, occupation, gender) and the demand for Veblen goods.

To assess the combined influence of demographic variables on the demand for Veblen goods, a multiple linear regression analysis was performed using SPSS. The dependent variable was a composite score derived from participants' responses regarding the influence of demographic factors on their demand for Veblen goods (Section C of the questionnaire). The independent variables included age, gender, education level, and employment status.

explained by the demographic variables.

demographic variables collectively influence the demand for Veblen goods.

Coefficients Table

Predictor	B (Unstandardized)	Std. Error	Beta (Standardised)	t	Sig.
(Constant)	3.354	0.324	–	10.344	.000**
Age	-0.099	0.065	-0.121	-1.515	.131
Gender	0.041	0.129	0.022	0.319	.750
Education	-0.074	0.055	-0.105	-1.332	.184
Employment Status	0.072	0.078	0.071	0.925	.356

Note: *p < .05; **p < .01

Objectives-

Identify psychological, cultural, and social factors influencing the purchase of Veblen goods.

Objective 2 of the present study was to explore the influence of non-demographic factors such as social status aspirations, prestige motives, globalisation, cross-

cultural exposure, marketing strategies, and the perceived uniqueness and quality of Veblen goods. This objective aims to go beyond surface-level predictors and examine the underlying psycho-social and cultural forces shaping luxury consumption behaviour in contemporary consumers.

Table: Psycho-social Factors Influencing Demand for Veblen Goods

Factor	Mean	Std. Deviation	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)
Social Status Motivation ("I can pay a high price for my social status")	2.51	1.101	15.9	44.3	17.9	16.9	5.0
Conspicuous consumption ("I want to show myself economically better")	2.64	1.069	10.9	44.3	19.4	20.9	4.5
Prestige Value ("I buy Veblen goods for their perceived value/prestige")	2.87	1.128	9.5	35.8	19.4	28.9	6.5
Social Shifts / Fashion Trends	2.98	1.157	10.4	28.9	20.4	32.8	7.5
Marketing Influence	3.07	1.157	8.0	29.9	18.4	34.3	9.5
Globalisation Impact	2.85	1.127	11.9	30.8	23.4	28.4	5.5
Cross-Cultural Influence	2.77	1.071	9.5	38.8	20.9	26.9	4.0
Innovation/Quality	3.23	1.187	9.5	21.4	16.9	40.8	11.4

The analysis of psycho-social factors influencing Veblen goods demand revealed that innovation and quality (Mean=3.23) and marketing strategies (Mean=3.07) were the most strongly endorsed motivators, with 52.2% and 43.8% of respondents agreeing or strongly agreeing, respectively. Social status motivation (Mean=2.51) and conspicuous consumption (Mean=2.64) had the lowest agreement, with a majority disagreeing (44.3% each). Prestige value (Mean=2.87), social trends (Mean=2.98), and globalisation (Mean=2.85) showed moderate influence, with neutral responses ranging from 19.4% to 23.4%. Notably, cross-cultural influence (Mean=2.77) had the highest disagreement (38.8%), suggesting it may be a weaker driver. These results support Hypothesis 2, as

prestige and social status played a role. However, functional attributes (innovation/quality) and marketing emerged as equally or more significant factors in shaping demand for Veblen goods.

Hypotheses: H2:
Social status and prestige motives significantly influence consumer decisions to purchase Veblen goods.

A multiple linear regression analysis was performed with Veblen Demand Score as the dependent variable and eight independent variables representing psychological, social, and cultural motivations derived from Section D of the questionnaire.

Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	0.586	0.343	0.316	0.748

The model explains 34.3% of the variance in demand for Veblen goods, with an Adjusted R² of 31.6%, suggesting a moderately strong model fit.

ANOVA Table

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	56.050	8	7.006	12.528	.000**
Residual	107.374	192	0.559		
Total	163.423	200			

The model is statistically significant (F(8,192) = 12.528, p < .001), confirming that the set of psycho-social and cultural factors significantly predicts demand for Veblen goods

Coefficients Table

Predictor	B	Std. Error	Beta	t	Sig.
(Constant)	1.343	0.199	—	6.733	.000**
I can pay a high price for my social status	0.155	0.058	0.189	2.680	.008**
I, too, want to do conspicuous consumption...	-0.025	0.064	-0.030	-0.388	.699
I buy Veblen goods due to their perceived value or prestige	-0.043	0.062	-0.054	-0.698	.486
I demand Veblen goods as a result of a fashion craze/trend	0.099	0.063	0.127	1.582	.115
Marketing strategies influence me	0.071	0.060	0.091	1.187	.237

My demand is due to globalisation	0.016	0.062	0.020	0.262	.794
Cross-cultural influences my demand	0.129	0.062	0.152	2.063	.040*
I demand Veblen goods for quality/innovation	0.219	0.058	0.288	3.773	.000**

Note: *p < .05, **p < .01

The regression model was statistically significant, indicating that psychological, cultural, and social factors meaningfully influence consumers' demand for Veblen goods.

• **Significant Positive Predictors:**

- o Willingness to pay a high price for social status ($\beta = 0.189, p = .008$)
- o Cross-cultural influence ($\beta = 0.152, p = .040$)
- o Perceived innovation, quality, and differentiation ($\beta = 0.288, p < .001$)

These findings support Hypothesis 2, particularly highlighting the roles of status motivation and product differentiation in driving Veblen consumption.

• **Non-significant Predictors:**

- o Conspicuous consumption
- o Prestige perception
- o Fashion trends
- o Marketing
- o Globalisation

These results suggest that while consumers may be influenced by various cultural signals, status appeal and product uniqueness/quality are the primary drivers of Veblen goods demand.

The study confirms that psychological and cultural factors significantly influence consumer behaviour regarding Veblen goods. Among these, social status aspirations, cross-cultural influences, and the perception of product quality and innovation play a decisive role. These findings align with Veblen's theory of conspicuous consumption, emphasising symbolic value over functional utility.

❖ **Major Findings & Inferences**

1. Sample Composition suggests the findings largely reflect the views of youth and early career consumers rather than older, affluent buyers.
2. The Income Profile indicates limited representation of very wealthy consumers, who are typically the main buyers of luxury goods.

3. Occupation reflects entrepreneurial aspirations among younger groups, influencing their spending preferences.
4. Demographic Influence on Demand alone cannot strongly explain luxury consumption.
5. Psycho-social Influence on Demand indicates that they are far stronger predictors than demographics.
6. Non-significant factors suggesting modern consumers value quality, uniqueness, and identity expression more than showing off.

❖ **Conclusion of the Study:**

This study investigated the factors influencing consumer demand for Veblen goods, with a focus on both demographic characteristics and psychological, social, and cultural influences. Two objectives were framed to address this dual perspective, and hypotheses were tested using descriptive statistics and multiple linear regression analyses in SPSS. The findings revealed that while demographic factors collectively had a statistically significant relationship with Veblen demand, none of the individual demographic variables (age, gender, education, or occupation) independently predicted consumption patterns. This suggests that surface-level sociodemographic traits cannot solely explain Veblen consumption. In contrast, a much stronger and significant relationship was demonstrated between psycho-social and cultural variables and the demand for Veblen goods. Notably, factors such as willingness to pay for social status, cross-cultural influences, and perceived innovation and quality emerged as significant predictors. These insights support the central notion of Veblen's theory that consumers often derive value from the prestige and exclusivity associated with high-priced goods.

Overall, the study confirms that luxury consumption is more deeply rooted in identity, symbolic value, and social signalling than in demographic positioning alone.

The findings have important implications for marketers and brand strategists aiming to understand and engage luxury consumers more effectively. Future research may extend this work by examining generational differences, digital influence, or emotional branding in shaping the Veblen effect.

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