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# Power Shapes Who and What Consumers Value



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**The buying behaviour of the rich and the poor is determined by the power they feel they have.**

Consider, if you will, the stark contrast between two Christmas tales.

Scrooge, the wealthy character in Charles Dickens's *A Christmas Carol* has become a stereotype of the wealthy the world over. Hoarding his cash and scoffing at the notion of sharing it with others, "Scrooge" is vilified by the mainstream media and has even become an adjective to describe the rich, increasingly seen as well-to-do tax dodgers, ensuring their wealth is passed down to future generations.

Less known are Jim and Della, an impoverished couple portrayed in William Sydney Porter's *The Gift of the Magi*, in which Jim sells his prized pocket watch to purchase combs for Della's beautiful hair, only to learn that she has cut and sold her hair to buy a gold chain for his watch.

While the notion that the rich look after themselves and the poor look after each other may not be new, it is increasing in importance as the story of the widening gap between rich and poor seems to make the front pages on an

almost daily basis somewhere in the world. There's no question that the issue is becoming a policy priority to be addressed with urgency.

The widening wealth gap has many symptoms, and numerous studies demonstrate how it is affecting the health of rich and poor and even how the extent of a person's material resources shapes the way they feel toward others. This is important for the policy makers and businesses now communicating and interacting with an increasingly unequal population.

### **Self-oriented vs. other-oriented consumption**

This reminded me of my previous work, Generous Paupers and Stingy Princes from 2011 where my colleagues and I showed that the feeling of power changes how people consume by affecting the psychological worth they give to themselves and to others.

The impact of momentary power changes on consumers is such that those with a high feeling of self-importance (power) felt more inclined to buy things for themselves than for others, like Scrooge. On the other hand, like Jim and Della, those with a lower feeling of power felt more inclined to buy for others, demonstrating that a lack of power is associated with a dependence on one's social environment.

To research this, we took a two-pronged approach with 673 consumers to validate our hypotheses. In our tests, we varied the feeling of power among the consumers in multiple ways using well-established procedures: Making them play the role of employee (weak feeling of power) or the boss (strong feeling of power); making them re-visualise a situation where they had a strong or weak feeling of power; and directly varying their attention on their level of power. Other tests confirmed the results by measuring the consumers' socio-economic status in field studies. Throughout these tests, we used different product categories (food, clothing, etc) and buying indicators (e.g. purchase, bids at auctions).

For example in one of our tests, we asked the consumers to evaluate two objects (a cup and a T-shirt) that they were considering buying for themselves or a person of their choice. The consumers with a strong feeling of power said they were ready to spend on average \$12.08 when they were buying it for themselves, and \$7.10 when they were buying it for someone else. On the other hand, the consumers with a weak feeling of power said they were ready to spend on average \$10.81 when they were buying it for

someone else and \$6.49 when they were buying it for themselves. In another test, the consumers had to create a box of chocolates for themselves and for someone of their choice, The consumers who had a strong feeling of power bought more chocolates when they were buying for themselves (on average, 31 chocolates) compared to when the box of chocolates was destined for someone else (on average 11 chocolates). The opposite was true for consumers with a weak feeling of power who bought more chocolates when the box was destined for someone else (on average, 36 chocolates) rather than when they were buying for themselves (on average, 14 chocolates).

A series of test confirmed that these differences are due to the changes in perception of social value: feelings of power increase the importance we give to ourselves; low feelings of power increase the feeling of dependence on others, and as a consequence, the value given to them.

### **Communication strategies for different power segments**

So to what extent does this feeling of power affect the type of information a consumer will be responsive to and, how can managers and governments be more effective in their communications with these audiences?

It is important to stress that managers and governments as *architects of communication*, can vary the emphasis they put in their communication either onto the individual or onto the social environment of the target audience/the buying context.

For example, in one of our tests we simply modified the message, changing the focus from “Be good to yourself! Discover the new chocolates from brand X” versus the focus on others: “Give others a treat! Discover the new chocolates from brand X”. For governments, our research can provide valuable insights. In so far as the feeling of power is strongly correlated to socio-economic variables, public campaigns aiming to encourage a virtuous behaviour or discourage a bad habit among individuals can be more effective if they emphasise the consequences of the action/habit on others or the target individual.

For example, a message whose purpose is to encourage people from well-off socio-economic backgrounds to buy “green” cars would be more effective if the emphasis was put on the harmful consequences of not buying a green car or the benefits to the individual associated with buying a green car (for example, “have you thought that when buying yourself a green car you’re

offering *yourself* a new planet”). On the other hand, a message aimed at encouraging those from modest socio-economic backgrounds would be more effective if it emphasises the harmful consequences of not buying a green car or the benefits associated with buying a green car *for others* (for example, “have you thought about how buying a green car offers a new planet *to all of those around you*”).

The effectiveness of communications aimed at today’s consumers will have different results depending on the socio-economic backgrounds of its recipients. By keeping in mind that generous paupers and stingy princes need to be addressed differently, brands, companies and governments will be able to optimise their strategic communication for maximum impact.



David Dubois is an Assistant Professor of Marketing at INSEAD. Follow David on Twitter [@d1dubois](https://twitter.com/d1dubois). His paper, [\*\*Generous Paupers and Stingy Princes: Power Drives Consumer Spending on Self versus Others\*\*](#), written during his time at **HEC Paris**, was a finalist of the **2014 Prix**

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