

Schumpeter

The status seekers

Consumers are finding new ways to flaunt their status

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KARL MARX began “Das Kapital” by noting that the wealth of capitalist societies presents itself as “an immense accumulation of commodities”. He didn’t know the half of it. These days, supermarkets stock tens of thousands of different products. Established brands breed new variations without cease. The problem for companies is working out which of these products will become a hit and which will gather dust on a shelf. To help them, an entire industry of consumer-watchers has appeared.

These are the people who lurk in supermarkets to see which washing-up liquid you put in your basket, or ask you to fill out a five-page questionnaire in return for a chance to win an upgrade from cattle class. The market for consumer-watchers is as crowded and competitive as any other. Established giants such as Nielsen and Mintel strain to fight off upstarts and niche players such as William Higham of Next Big Thing and Faith Popcorn.

Consumer-watchers of all sizes have several things in common. They constantly coin annoying neologisms, which they would doubtless call “annoyologisms”. Ms Popcorn chirps about “manity” (male vanity) and “brailing the culture” (spotting trends). They hype passing fads as seismic shifts. And their propensity to be spectacularly wrong seems not to damage their business at all. Mark Penn, Hillary Clinton’s campaign manager, argued that the American presidential election of 2008 would be driven by micro-trends (eg, the voting preferences of left-handed vegans) when it was clearly driven by a couple of macro-trends (hope and change).

One of the trendiest trend-watchers is called trendwatching.com. A consultancy based in London and Amsterdam, it is fashionably “networked” and “global”. Five full-time employees pore over acres of data sent in by 700 trend-watchers in more than 120 countries. Trendwatching.com is as irritating as any of its competitors: its reports are littered with references to “nowism” (instant gratification), “maturalism” (consumer sophistication) and “tryvertising” (offering free samples). But the company has also produced a fascinating argument, illustrated with thousands of examples, about the changing ways in which consumers seek to flaunt their status.

Consumption is partly about pleasure: chocolate tastes good, silk feels soft and so on. But it is also about showing off, and what is deemed bragworthy has changed dramatically over time. In the 1950s it was about “keeping up with the Joneses”—amassing as much new stuff as your neighbours. Today everyone in the rich world has a washing machine, so people increasingly seek to advertise their hipness or virtue instead.

Rather than buying their clothes from predictable European fashion houses, they trawl the world for exotic designs from Brazilian *favelas* or South African townships. They customise their purchases to express their personalities. Bike by Me, a Swedish firm, allows you to choose the colour of every part of your bicycle. Trikoton, a German fashion house, allows you to buy clothes that reflect the sound of your voice (a computer turns your speech patterns into knitting patterns).

Possessions are plentiful; time is scarce. So there is cachet in being able to boast about the places you have been to and the things you have done. Savvy companies increasingly offer experiences as a way of hooking customers. For example, Tiger Beer gives loyal drinkers access to concerts and gigs. Dunhill, a luxury firm, promotes 1930s-style exotic travel, including hunting with eagles in Mongolia.

Many people want to make it clear that they are deeply, deeply concerned about the world’s problems, so a growing number of goods are designed to convey this message. Toyota’s Prius hybrid car is not only green; it is also instantly recognisable as such. Bed Stu makes shoes that look as if they are covered with oil from the Gulf oil spill. Mango Radios are hand-crafted in an Indonesian village using sustainable materials. And so on.

Another effective marketing tool is to help customers learn new skills. Kraft’s Triscuit crackers division has distributed 4m cards containing basil and dill seeds, along with guides to gardening. Sheraton’s Nha Trang hotel in Vietnam has opened a purpose-built cooking school for guests. Seattle’s Sorrento hotel has sponsored a night school where guests can gather of an evening to discuss the latest hit book.

Today’s status-conscious consumers have a weapon that their predecessors were denied—the internet. Connectedness is now a crucial social signifier. (Social Printshop, an American

website, lets you create a high-resolution print of your Facebook friends and hang it on your wall, to show how popular you are.) The internet helps you demonstrate your virtue by buying products from the farthest corners of the earth (if you are a fair-trade enthusiast) or from just round the corner (if you are a locavore). Or both, presumably, if you are both. It also helps you make friends with other people whose interests match yours, a fact companies have been quick to exploit. Edelman, a PR firm, finds that 82% of Generation Y have joined brand-sponsored online communities.

The customer is always righteous

In the long run, other trends may shape markets more. The rich world is rapidly ageing. People over 50 will account for two-thirds of all growth in consumer spending in France over the next two decades. Emerging markets are starting to look like America in the 1950s: people are obsessed with acquiring their first fridges and cars. The recession is forcing Western consumers to pay more attention to prices than they used to. But people, like peacocks, will never tire of displaying to friends and potential mates just how wonderful they are. Firms whose offerings scream “status” will never want for customers.