



Cash is the king: Conspicuous consumption and preference for cash payment in restaurants

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ABSTRACT

Consumers are gradually losing interest in paying for their purchases in cash, although many hospitality establishments still favor cash payments. This research introduces a novel effect suggesting that conspicuous consumption could increase patrons' preference for cash payment in restaurants. The results of two studies demonstrate this effect in both field and laboratory settings. Study 1, conducted in a restaurant in Slovakia, offers empirical support for the predicted effect in a naturalistic setting. Study 2, conducted at a large U.S. university, replicates the predicted effect in a controlled laboratory setting. Together, this research constitutes a first step in exploring the relationship between conspicuous consumption and payment method while exemplifying how restaurants might nudge their patrons toward more frequent use of cash.

1. Introduction

With the increased popularity of credit cards, debit cards, and mobile payment apps, only 14% of consumers consider cash to be their most preferred payment method (TSYS, 2019). This might not be good news for certain—especially small—hospitality establishments, such as family-owned restaurants or bed and breakfasts. These establishments often favor cash payment because of shorter processing times, faster access to the funds, and lower processing fees and transaction costs (Myers, 2017). In some countries, such as Slovakia, cash is also favored because noncash payments generate little or no tipping. This is largely due to local hospitality establishments' inability to list tip as a separate item on the bill (Gálišová, 2016). As such, it is important to explore strategies that could help these establishments nudge their patrons toward greater use of cash payment. In this research, we introduce one such strategy: conspicuous consumption. Apart from offering practical implications for small hospitality establishments, this research contributes to the growing literature on payment method (Chen et al., 2022; Khanra et al., 2021) and conspicuous consumption (Hung, 2018; Kim & Jang, 2014; Wu et al., 2019) in the hospitality industry.

2. Theoretical foundations

Conspicuous consumption is about the *visibility* of consuming fancy

products or services with the intention of elevating one's social standing not only in the eyes of observers but also in the conspicuous consumer's own mind (Eastman et al., 1999; Veblen, 1899/1994; Wang et al., 2021). The extant hospitality and tourism literature has studied conspicuous consumption in a variety of contexts, including hotels (Hung, 2018) and restaurants (Jang, 2017). Prior studies have explored, for instance, conspicuous motivations underlying Generation Y's frequenting of high-end cafés (Kim & Jang, 2014), the impact of conspicuous consumption on patrons' reactions to service failures in the context of luxury dining (Wu et al., 2019), and how social media posts documenting conspicuous travel experiences shape tourists' intentions to engage in impulsive travel (Yao et al., 2021).

Despite the growing importance of studying conspicuous consumption in service and hospitality settings (Hung, 2018; Jang, 2017; Kim & Jang, 2014; Wu et al., 2019), the existing research has not addressed the role of conspicuous consumption in consumers' payment preference. This is in contrast with the economics literature, in which conspicuous consumption has been studied predominantly in connection with credit usage, with research suggesting that the purchase of conspicuous goods may fuel consumer borrowing and credit card debt (Christen & Morgan, 2005). This is because those most prone to engage in conspicuous consumption are low-income consumers (Sivanathan & Pettit, 2010). Since these consumers tend to buy conspicuous goods that they cannot afford, they often end up making such purchases on credit, thereby increasing

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their credit card debt.

In contrast, we study the effect of conspicuous consumption on the use of cash in hospitality settings, beyond the issue of affordability. Counterintuitively, we demonstrate that conspicuous consumption leads to a greater preference for cash payment. Specifically, we control for affordability and demonstrate that engaging in conspicuous (vs. inconspicuous) consumption in a restaurant increases patrons' likelihood of paying for their meals in cash. We operationalize conspicuous consumption through the use of decorative plates while keeping everything else (including prices) constant, thereby controlling for affordability and other extraneous variables. The choice of plates is an aspect over which a restaurant tends to have full control. According to our findings, restaurant managers might be able to increase cash payments by upgrading their dinnerware, a simple tactic that would be enough to influence consumers' method of payment.

The effect of conspicuous consumption on the preference for cash payment might be attributed to several factors. First, a crucial aspect of conspicuous consumption is visibility (Veblen, 1899/1994). This is because conspicuous consumers engage in the consumption of eye-catching products, such as cuff links (Rucker & Galinsky, 2008) or large-screen televisions (Ordabayeva & Chandon, 2011), to ostentatiously signal their social status (Veblen, 1899/1994). At the same time, cash is a "visible" payment method since it involves using actual banknotes and coins, as opposed to noncash payment methods, which include transactions of "invisible" funds (Soman, 2003). The congruence between visible conspicuous consumption and visible cash payment might thus drive the predicted effect. Second, this effect might be influenced by consumers' level of mental construal triggered by conspicuous consumption. Consumers can construe information in either an abstract or a concrete manner (Trope & Liberman, 2010). Due to its visibility aspect (Veblen, 1899/1994), conspicuous consumption might be perceived as a rather tangible experience, such that consumers might construe conspicuous consumption on a more concrete level. At the same time, prior research has supported the link between the payment method and mental construal level, with cash being viewed as more concrete than a credit card (Chen et al., 2017). The congruence between concrete conspicuous consumption and concrete cash payment might underlie the effect of conspicuous consumption on the preference for cash payment. Third, conspicuous consumption has the ability to empower consumers (Klucarova & He, 2022) by increasing their intrinsic motivation to accomplish particular tasks (Conger & Kanungo, 1988). At the same time, there is a positive association between cash and empowerment, as documented in recent studies of women in Tanzania and Pakistan (Wamoyi et al., 2020; Waqas & Awan, 2019). As a result, congruence through empowerment might lead to a greater use of cash payment in association with conspicuous consumption.

Next, we report two studies that provide preliminary support for the effect of conspicuous consumption on the preference for cash payment in the hospitality industry. Study 1 provides evidence in a naturalistic setting involving actual conspicuous (vs. inconspicuous) consumption and actual payment in a restaurant. Study 2 replicates the results from the field in a controlled laboratory setting.

3. Study 1

This field study was conducted in a small, family-owned restaurant in Slovakia over a period of 10 days (i.e., Monday through Friday over two weeks), during which a total of 453 customers visited the restaurant. Consumption type was manipulated through the use of two different sets of plates, a visible or conspicuous aspect of the dining experience. During the first five days of the study, all restaurant meals were served on decorative plates with ornaments and a golden lining (conspicuous consumption condition), while during the last five days, all the meals were served on plain white plates (inconspicuous consumption condition; see Appendix).

Manipulating consumption type through plates enabled us to control

for the food quality and the cost of meals. The prices of the meals were held constant throughout the study. Since only two people—a chef and a server—worked in this restaurant, it is reasonable to expect that the quality of meals and the quality of service did not fluctuate throughout the study. Cash, card, and meal vouchers were the only payment methods accepted in this restaurant. At the end of each of the 10 days (our unit of analysis), we received the following data from the restaurant:

- Total daily revenue in € = Revenue received in cash + Revenue received from noncash payments (i.e., debit card, credit card, and meal vouchers)
- Total number of customers = Number of customers who paid in cash + Number of customers who used noncash payments
- Total amount of tips in €

Our first dependent variable was the percentage of daily revenue received in cash, which we calculated as $(\text{Revenue received in cash} \div \text{Total daily revenue in €}) \times 100$. We conducted a *t*-test to compare the percentage of daily revenue received in cash between conspicuous and inconspicuous consumption conditions. The results showed a significant effect of consumption type, with a greater percentage of daily revenue received in cash during the period when all the meals were served on decorative plates (conspicuous consumption condition; $M_{\text{conspicuous}} = 74.35$) than when they were served on plain white plates (inconspicuous consumption condition; $M_{\text{inconspicuous}} = 60.99$; $t = 2.89$, $p = .020$). To examine the amount of tips as a potential confound, we reran the above analysis with the total amount of tips included as a covariate. The effect of consumption type remained statistically significant ($t = 2.52$, $p = .040$), while the effect of tips was nonsignificant ($t = 0.24$, $p = .820$).

Our second dependent variable was the percentage of customers who paid in cash, calculated as $(\text{Number of customers who paid in cash} \div \text{Total number of customers}) \times 100$. Similarly, we observed that a significantly greater percentage of customers paid for their meals using cash when decorative plates were in use (conspicuous consumption condition; $M_{\text{conspicuous}} = 73.86$) than when plain white plates were in use (inconspicuous consumption condition; $M_{\text{inconspicuous}} = 58.87$; $t = 3.31$, $p = .011$). Controlling for the total amount of tips, the effect of consumption type remained significant ($t = 2.91$, $p = .023$), whereas the effect of tips was nonsignificant ($t = 0.31$, $p = .769$).

4. Study 2

Since the first study was a field experiment, one challenge was to control for every extraneous variable in a naturalistic setting. To remedy this potential limitation, we aimed to replicate the above results in a controlled setting, including random assignment.

We conducted Study 2 in a behavioral lab at a large U.S. university. One hundred eighteen undergraduate students (62 females, $M_{\text{age}} = 22.19$) imagined coming to a restaurant and ordering a soup and an entrée. They then saw a photo of either decorative plates (conspicuous consumption condition) or plain white plates (inconspicuous consumption condition) on which their meals were served. The photos featured the same plates we had used in Study 1 (see Appendix). All study participants then imagined that they finished eating and were ready to pay their \$30 restaurant bill. As our dependent variable, we measured participants' payment method preference on a 7-point bipolar scale anchored by *noncash* (e.g., *credit card*, *debit card*, *mobile payment*) and *cash*. As a manipulation check, participants assessed the degree of the plates' conspicuousness on three 7-point bipolar scales (*nonvisible/visible*, *unnoticeable/noticeable*, *inconspicuous/conspicuous*; $\alpha = 0.87$; Rucker & Galinsky, 2009). We also captured a number of additional measures, including participants' subjective wealth (three 7-point bipolar scales: *poor/rich*, *destitute/affluent*, *impoverished/wealthy*; $\alpha = 0.93$; Klucarova & He, 2022), perceived quality of the plates (1 = *low*, 7 = *high*), and typical frequency of using cash when paying for products or services (7-point bipolar scale anchored by *never/frequently*). Finally, we

captured participants' age, gender, and annual household income (using eight income brackets; Klucarova & He, 2022).

In terms of the manipulation check, participants indeed perceived the decorative plates as more conspicuous than the plain white plates ($M_{\text{conspicuous}} = 5.39$ vs. $M_{\text{inconspicuous}} = 4.57$; $t = 3.56$, $p = .001$). Replicating the results of Study 1, participants were more inclined to pay for their meal with cash in the conspicuous consumption condition ($M_{\text{conspicuous}} = 3.57$) than in the inconspicuous consumption condition ($M_{\text{inconspicuous}} = 2.65$; $t = 2.22$, $p = .028$). To test the robustness of this effect, we reran the analysis including subjective wealth, perceived quality of the plates, cash payment frequency, and income as covariates. While cash payment frequency had a significant effect on participants' payment method preference ($t = 6.84$, $p < .001$), the remaining three covariates were all nonsignificant ($|ts| < 1$). Importantly, controlling for subjective wealth, perceived quality of the plates, cash payment frequency, and income, the effect of consumption type on the payment method preference remained unabated ($t = 2.07$, $p = .041$).

5. Discussion

Numerous hospitality establishments incessantly prefer that their patrons pay in cash. Yet, the use of cash as a payment method is on the decline (TSYS, 2019). The present research introduces conspicuous consumption (i.e., visible consumption of status-elevating products or services; Veblen, 1899/1994) as one way of increasing the use of cash in a restaurant setting. We predicted that restaurant patrons who engage in conspicuous (vs. inconspicuous) consumption should be more likely to pay for their meals in cash. This prediction was supported across two studies conducted in a small restaurant in Slovakia (Study 1) and at a large university in the United States (Study 2), respectively.

Importantly, our findings contribute to the hospitality literature on conspicuous consumption (Hung, 2018; Kim & Jang, 2014; Wu et al., 2019) and payment method (Chen et al., 2022; Khanra et al., 2021). While the existing hospitality research examined each of these topics separately, we investigated the connection between these two and manifested the positive impact of conspicuous consumption on patrons' preference for cash payment in restaurants. Furthermore, our work contributes to the economics literature. Unlike the existing research which examined conspicuous consumption in association with borrowing and credit usage (Christen & Morgan, 2005), we highlighted the connection between conspicuous consumption and the use of cash in hospitality settings.

Appendix

Conspicuous consumption:



While our studies employed an experimental approach which involved manipulation of the consumption type, future studies might use a nonexperimental method, such as a survey, to further explore the predicted effect. Furthermore, consumption is a multifaceted concept. While we manipulated consumption type through different sets of plates, future studies could operationalize conspicuous consumption through other visible aspects of the dining experience and examine how those aspects might affect consumers' cash payment preference.

Since a cultural context can notably alter consumers' preferences and behaviors (Henrich et al., 2010), future research could explore the predicted effect in different countries. It would be particularly interesting to examine our effect in countries that are almost cashless (e.g., Sweden, Finland, Norway; England, 2022) versus in countries whose citizens rely heavily on cash (e.g., Morocco, Egypt, Bulgaria; Merchant Machine, 2022). The potential effect of conspicuous consumption on the preference for cash payment beyond the restaurant context, such as in lodging establishments or hair salons, also warrants further investigation. While we proposed that congruence through visibility, concrete mental construal, or empowerment could underlie our effect on a theoretical level, these potential drivers have yet to be empirically tested. To do so, future studies could feature measures capturing all three proposed mechanisms and determine the dominant driver among the three.

In conclusion, this research furthers our understanding of conspicuous consumption and its implications in the hospitality industry. From a practical perspective, our findings offer restaurant managers actionable insights on how to nudge their customers toward more frequent use of cash as a payment method.

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N/A.

Declaration of competing interest

The authors declare that they have no conflict of interest.

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Inconspicuous consumption:



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