



# The Signal Mechanism and Status Anxiety of Social Media "Showing off Luxury" Behavior: An Analytical Perspective of Behavioral Economics

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**How to cite this paper:** Yanxi Zhou. (2025). The Signal Mechanism and Status Anxiety of Social Media "Showing off Luxury" Behavior: An Analytical Perspective of Behavioral Economics. *Journal of Psychology and Behavioral Studies*, 1(2), 62-68. DOI: 10.26855/jpbs.2025.12.002

**Received:** September 1, 2025

**Accepted:** September 22, 2025

**Published:** October 13, 2025

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## Abstract

Against the backdrop of the widespread use of social media, the behavior of "showing off luxury" as a new form of conspicuous consumption in the digital age has gradually become a phenomenon of widespread concern in both academic circles and society. Based on the theory of behavioral economics and combined with theories such as signal theory and social comparison, this paper conducts a systematic analysis of the motivations, mechanisms, and social impacts of "showing off luxury" behavior. The study first sorted out the current status of related research at home and abroad, pointing out that the existing achievements mostly remain at the level of offline conspicuous consumption or phenomenon description, lacking in-depth exploration of the symbiotic mechanism between signal transmission and status anxiety, and also ignoring the role of platform differences and feedback loops in promoting the sustainability of "showing off luxury". Based on this, this paper reveals the unique dynamic mechanism of "showing off luxury" behavior in the social media environment: high visibility and strong interactivity amplify the effect of signal transmission, frequent social comparisons intensify status anxiety, and signal investment and comparison pressure form a mutually reinforcing closed loop, driving individuals into an irrational consumption cycle. The framework analysis of behavioral economics shows that signal theory, social comparison, loss aversion, and herd mentality jointly act on the behavior of "showing off luxury", making it continuous and diffusive. Finally, this paper puts forward policy suggestions: On the one hand, education and psychological guidance should be provided to help consumers make rational decisions and express themselves healthily; On the other hand, enterprises and platforms should optimize their strategies, avoid over-pushing luxurious content, and create a diverse and positive online ecosystem. At the same time, the social level needs to reflect on the risks of the "visibility economy" and advocate rational consumption and a healthy culture. The research not only enriches the cross-disciplinary theory of digital consumption and behavioral economics but also provides practical inspiration for building a harmonious and sustainable online consumption culture.

## Keywords

Social media; Showing off luxury behavior; Conspicuous consumption; Behavioral economics

## 1. Introduction

In the era of social media, the behavior of "showing off luxury" has become a phenomenon that attracts social

attention; that is, individuals convey social signals such as wealth and taste by displaying their consumption of luxury goods. Traditional ostentatious consumption theories (such as the Veblen effect) mainly emphasize the status symbol function of luxury goods, while the high visibility and immediate interactivity of social media further amplify their signal value, and at the same time intensify social comparison and status anxiety. This kind of active signal investment and the passive comparative pressure endured may form a symbiotic, reinforcing relationship, driving irrational consumption and having a profound impact on individual psychology and social mentality.

Under the background of "boosting consumption and expanding Chinese demand", how to build a sustainable consumption culture concept through rational consumption and how to provide guarantees for consumption-driven economic growth through a harmonious and healthy online ecological culture not only have significant academic research value but also practical guiding significance. Most of the existing literature focuses on offline conspicuous consumption. However, there is still a lack of in-depth exploration on the interaction mechanism between signal transmission and status anxiety in the social media environment, the moderating role of different platform characteristics, and the feedback loop mechanism of "showing off luxury" behavior.

This study, from the perspective of behavioral economics and in combination with theories such as signal theory and social comparison, attempts to explore the driving factors of "showing off luxury" behavior and its social and psychological impacts. The research will deepen the theoretical understanding of digital consumption behavior and provide practical inspiration for consumers, brands, and platforms, advocating rational consumption and a healthy online cultural ecosystem.

## 2. Current Research Status and Deficiencies

### 2.1 International research status: new explorations from classical theories to the digital age

The behavior of "showing off luxury" originated from the broader research category of "Conspicuous Consumption", and the earliest research on conspicuous consumption can be traced back to Thorstein Veblen's "The Theory of the Leisure Class" (1899). He pointed out that the value of luxury consumption lies in its "wasteful nature", demonstrating social status through non-productive consumption behavior (Veblen, 1899). This theory laid the foundation for subsequent research on luxury consumption and identity construction.

After entering the digital age, the popularity of social media has made the phenomenon of "online conspicuous consumption" prominent. Scholars explore the new characteristics of luxury goods displayed in the online environment by means of concepts such as Signaling Theory, Social Comparison Theory, and Status Anxiety. For instance, Djafarova and Trofimenko (2019) found that the "showing off luxury" behavior on Instagram conveys signals of taste and status through carefully designed content. And it relies on users' likes and comments to achieve social recognition (Djafarova & Trofimenko, 2019). Taylor et al. (2011) pointed out that in the social media environment, conspicuous consumption and advertising effects reinforce each other, further enhancing the brand's communication power (Taylor et al., 2011). In recent years, there have also been studies emphasizing the role of "Fear of Missing Out" (FOMO) in promoting online luxury display and irrational consumption (Przybylski et al., 2013).

### 2.2 Research status in China: localization exploration and platform-based research

While Chinese scholars are discussing the theory of "conspicuous consumption", an increasing number of studies are focusing on the behavior of "showing off luxury" in the context of social media. For instance, Skulsuthavong and Wang (2025) conducted a survey and found that Chinese college students' display of luxury goods on social media is an important way to construct their identity and express their need for "face". This behavior is closely related to cultural capital and impression management mechanisms (Skulsuthavong & Wang, 2025). Furthermore, Wu et al. (2024) pointed out that Xiaohongshu not only has a dual impact on digital health and sustainability, but also its platform recommendation algorithm and user-generated content (UGC) mechanism may unintentionally enhance users' attention to luxury content. This indirectly stimulated the motivation of "showing off luxury" (Wu et al., 2024). These studies have advanced a deeper understanding of the "showing off luxury" phenomenon and highlighted the crucial role of cultural background and platform mechanisms in shaping consumer behavior.

### 2.3 Research gap

Although the existing literature provides research references for understanding "showing off luxury", in the specific and complex space of social media, the application of interdisciplinary theories, especially from the perspective of

behavioral economics, is still insufficient.

First of all, there are fragmented perspectives. Due to the lack of in-depth analysis of the "symbiotic reinforcement" mechanism, existing studies often explore signal transduction (active display motivation) and status anxiety (passive comparative stress) as relatively independent variables (Sundie et al., 2011), or merely explore their correlations. However, it is rarely analyzed from the perspective of behavioral economics how the two interweave and reinforce each other in the behavior of "showing off luxury" on social media.

Secondly, the regulatory role of platform features has been generally overlooked. Different social media platforms vary significantly in terms of relationship strength (such as the strong connection of WeChat and the weak connection of Xiaohongshu), content form (text and images or short videos), privacy (the closed nature of Moments and the public nature of Weibo), user groups, and community norms. Although existing studies have noted the influence of platform algorithms and interaction functions on users' consumption behavior (Wu et al., 2024), there are few cross-platform comparative studies focusing on the psychological mechanism of "showing off luxury".

Thirdly, the empirical chain is relatively weak. Current research mostly remains at the level of phenomenon description, and there is a lack of in-depth exploration in the evaluation of signal validity. How can an individual perceive whether the signal has been successfully transmitted after completing the "showing off luxury"? There is a lack of empirical research on the impact of immediate and quantitative feedback on social media (such as the number of likes, comments, and fan growth) on an individual's sense of status and subsequent behavior (Djafarova & Trofimenko, 2019).

Finally, the positive feedback loop mechanism lacks verification. At present, few studies have systematically examined the positive feedback loop of "showing off luxury - receiving positive feedback - perception of signal validity and status confirmation - motivation reinforcement - showing off luxury again" (Wang & Griskevicius, 2014). This cycle is the key to explaining the persistence and even escalation of the "showing off luxury" behavior, but the existing literature evidence is still insufficient.

## **2.4 Summary and review: supported by symbiotic production, enhance insights into behavioral economics**

The "show-off luxury" behavior in the era of social media is no longer merely a simple material display. Instead, it is a complex behavioral process in which individuals, through luxury consumption on highly visible, real-time, interactive, and algorithm-driven digital platforms, convey identity signals and deal with potential status anxiety. The traditional Veblen theory (1899) revealed the relationship between luxury consumption and social status, but in the context of social media, this logic has been greatly magnified. The visibility, interactivity, and recommendation mechanism of the platform multiply the effect of signal transmission, and at the same time significantly enhance the intensity and breadth of social comparison, thereby leading to the generalization of status anxiety (Kuss & Griffiths, 2017).

Although existing research has confirmed the existence of online conspicuous consumption and clarified its fundamental driving forces, there are still several key flaws. Firstly, no research has systematically analyzed how signal transduction (active investment) and status anxiety (passive stress) interweave and reinforce each other in the context of social media to form the so-called "symbiotic mechanism" (Sundie et al., 2011). Secondly, the differences in relationship strength, privacy, and interaction patterns among different platforms may largely regulate the behavior of "showing off luxury", but there is still insufficient understanding of this at present (Wu et al., 2024). Finally, there is still a lack of solid empirical support in behavioral economics for the core engine that drives the continuous continuation and even upgrading of "showing off luxury" behavior - that is, the positive feedback loop of "social feedback → signal/status perception → subsequent behavior" (Wang & Griskevicius, 2014).

Therefore, it is necessary for the research to further integrate the analytical framework of behavioral economics and intensify the exploration of the behavior of "showing off luxury". On the one hand, it is possible to deeply examine how individuals evaluate the effectiveness of the "showing off luxury" signal, as well as how the characteristics of different platforms (such as strong and weak relationships, private and public domains) regulate users' motivation, anxiety, and behavioral performance. On the other hand, it is also necessary to pay attention to the crucial role of social feedback in shaping a sense of status confirmation and the motivation to continuously "show off luxury", and thereby reveal the positive feedback loop logic behind it. This not only helps fill the gap in existing research but also provides a new research perspective for understanding the interaction mechanism between consumption and psychology in the digital society.

### 3. The Emergence and Theoretical Challenges of the "Showing off Luxury" Phenomenon in the Era of Social Media

Nowadays, social media has evolved from merely a tool for information exchange to a core scope for individuals to present themselves, communicate socially, build their identities, and even display their consumption. For instance, platforms like Instagram, Xiaohongshu, TikTok, and WeChat Moments have become new stages for showcasing luxury consumption. The act of "showing off luxury" has thus transformed into a remarkable social and cultural phenomenon. This behavior transcends the limitations of traditional offline private social circles and places individual consumption choices within a broader and more public online gaze. For instance, on Instagram, influencers have received hundreds of thousands of likes by Posting photos of designer bags with luxury cars, forming a direct connection between luxury goods and social status (Djafarova & Trofimenko, 2019); In China, the "Hermes Unboxing" videos on Xiaohongshu and the "Luxury car pick-up and drop-off" clips on TikTok often become hot topics, triggering imitations and discussions (Wu et al., 2024). These cases show that social media has transformed the display of luxury consumption into a cultural practice visible to the public.

The distinctive attributes of the social media environment have added new and stronger impetus to traditional conspicuous consumption, while also bringing about more complex psychological and social impacts:

Firstly, the unprecedented amplification of signal value. The high visibility, rapid dissemination speed, and strong interactive feedback mechanism demonstrated by social media have significantly strengthened the significance of luxury goods as social signals. A well-designed "showing off luxury" post has a much larger potential audience, wider reach, and the immediate feedback it triggers (likes, comments, words of envy) than in offline scenarios. This enables the function of luxury goods as signal carriers of "unobservable traits" such as wealth, taste, and a sense of belonging to a social circle to be exponentially amplified. For instance, a luxury fashion note on Xiaohongshu received tens of thousands of likes in a short period of time. This not only increased the author's fan base but also further solidified the notion that "luxury equals high taste".

Secondly, the situation of social comparison and the further intensification of status anxiety. Social media is fundamentally a "fertile ground for comparison", where users are constantly exposed to the "highlights" and material achievements carefully selected and presented by others. This kind of frequent, high-intensity, and low-threshold social comparison is very likely to induce or intensify an individual's Status Anxiety, that is, the worry and insecurity about one's position in the social hierarchy. When "showing off luxury" content becomes a common sight on social media, individuals who fail to meet or maintain certain material display standards experience a significant increase in anxiety. For instance, research shows that users who frequently browse "flaunting luxury" content on Instagram tend to experience a significant decline in self-satisfaction and happiness in life (Kuss & Griffiths, 2017).

Thirdly, the synergistic reinforcement of active engagement and passive pressure. In the environment formed by social media, the behavior of "showing off luxury" exhibits a symbiotic reinforcement system of "signal investment - comparative pressure". Individuals actively carry out "signal investment", hoping to convey positive and beneficial identity information through it, gain social approval, and enhance their sense of status recognition. At the same time, individuals are helplessly and passively subjected to the social comparison pressure caused by others' "showing off luxury". This anxiety, in turn, may drive them to embark on a new round of "signal investment" that even exceeds their actual payment capacity. The two encourage each other, generating a cycle that drives irrational consumption behavior. For instance, some young users on TikTok, upon seeing others showing off luxury goods, would "spend ahead of time" to purchase the same items and complete the consumption by paying in installments. However, this behavior further intensifies their financial burden and sense of anxiety.

Finally, significant personal and social impacts. This kind of irrational shopping caused by this cycle, from an individual perspective, may lead to an increase in materialistic tendencies, fluctuating self-esteem with external feedback, and increased financial pressure, among other conditions. From the perspective of social mentality, it will foster a trend of comparison, distort values, overemphasize material success, weaken the fair experience of society, and pose a challenge to the construction of a sustainable consumption culture.

Therefore, in the economic environment of "promoting consumption and expanding Chinese demand", a thorough analysis of the internal driving reasons for the behavior of "showing off luxury" on social media - especially from the perspective of behavioral economics, using the Signaling Theory to explain why individuals are willing to pay a high price (to purchase luxury goods), It is particularly important to convey traits such as wealth and taste through social media display ("showing off"), and thereby reveal their complex interactive relationship with Status-Seeking

Motivation and anxiety.

Specifically, this research will focus on the following aspects: First, expand the application boundaries of behavioral economics in digital consumption and social interaction, and analyze the irrational characteristics of cost-benefit assessment behind "showing off luxury"; Secondly, explore the symbiotic reinforcement mechanism between signal transduction and status anxiety, and explain how active "signal investment" might in turn exacerbate anxiety. Thirdly, examine the regulatory role of platform features by comparing WeChat Moments, Xiaohongshu, TikTok and other platforms in terms of relationship strength, content attributes, and privacy differences. Fourth, explain the positive feedback loop mechanism of "showing off luxury", with a focus on exploring how social feedback (such as likes and comments) shapes an individual's perception of the effectiveness of the signal and their sense of status, and drives continuous or even escalating "showing off luxury" behavior.

#### **4. An Analysis Framework for "Showing off Luxury" Behavior from the Perspective of Behavioral Economics**

Combining the current research status at home and abroad in the previous text with the new characteristics of "showing off luxury" behavior in the context of social media, it can be found that multiple core concepts of behavioral economics can provide an effective analytical framework for understanding this phenomenon. Unlike the consumption logic of traditional economics that assumes "rational people", behavioral economics emphasizes the limited rationality and psychological biases of individuals in decision-making, and the behavior of "showing off luxury" is precisely the concentrated manifestation of these biases in the social media environment.

First of all, the Signaling Theory explains the motivation of "showing off luxury". Individuals convey social attributes that are difficult to observe directly through the display of luxury goods, such as wealth level, aesthetic taste, or social circle affiliation. In the social media environment, the costs (such as purchasing luxury goods and creating refined content) and benefits (getting likes and enhancing status recognition) of this signal are significantly magnified, thus forming a stronger incentive mechanism. Compared with offline, the visibility and feedback speed of online displays make signal transmission more immediate and cyclical, enhancing individuals' sense of belonging to their circles. From the perspective of behavioral economics theory, the sense of belonging within a circle that individuals pursue is precisely the manifestation of their referential dependence path.

Secondly, the Social Comparison Theory explains the intrinsic connection between "showing off luxury" and status anxiety. Social media provides an unprecedented environment for comparison, where users are constantly exposed to the "highlights" carefully selected by others. This asymmetrical comparison is highly likely to trigger status anxiety, causing individuals to choose to continue showing off their luxury under psychological pressure to maintain their dignity and social recognition in competition. Studies show that users who frequently browse "showing off luxury" content often have their self-esteem and sense of happiness negatively affected (Kuss & Griffiths, 2017). That is, when compared with users who "show off luxury", if the reference dependence path cannot be smoothly reached, it will further induce psychological problems such as status anxiety.

Thirdly, Loss Aversion and Status Quo Bias also play a role in driving the behavior of showing off luxury. Individuals are afraid of being "lagging" or "falling behind" in social comparisons, and thus regard maintaining their current social image as a necessary expense. For many young users, not "showing off" actually means losing potential recognition and attention, and thus is regarded as a kind of "loss". Driven by this mentality, even when facing financial pressure, individuals may maintain a luxurious display through installment payments, advanced consumption, and other means.

Finally, the herd mentality and the positive feedback loop further intensify the sustainability of "showing off luxury". Users on social media are not only directly influenced by social comparisons but also imitate the mainstream behaviors of their peers or in the community. When "showing off luxury" becomes a prominent feature of the platform, the herd effect drives more users to get involved. Meanwhile, feedback mechanisms such as likes, comments, and fan growth continuously strengthen individuals' perception of the effectiveness of the signal, forming a cycle of "display - feedback - re-display", which promotes the continuous continuation and even escalation of the "showing off luxury" behavior.

In conclusion, from the perspective of behavioral economics, the behavior of "showing off luxury" is not merely a consumption choice, but a complex behavioral pattern driven by multiple psychological mechanisms such as signal transmission, social comparison, loss aversion, and herd mentality. It not only explains why individuals are willing to invest high costs in luxury displays, but also reveals the inherent logic behind the persistence and spread of

"showing off luxury" in the social media environment. This summary provides a theoretical basis for subsequently proposing reasonable policy suggestions and cultural guidance.

## 5. Summary and Suggestions

### 5.1 Summary

This paper, by reviewing the current research status at home and abroad, summarizes its theoretical challenges and proposes an analytical framework from the perspective of behavioral economics. It emphasizes the mechanism of the role of signal transmission, social comparison, loss aversion, and conformity psychology in the behavior of "showing off luxury". In the era of social media, the behavior of "showing off luxury" is no longer the traditional offline display. Instead, it is a complex act of transmitting identity signals and coping with status anxiety through luxury consumption on digital platforms with high visibility, strong interactivity, and algorithm-driven features. It enriches the content of theoretical research in behavioral economics, expands the connotation of behavioral economics theory, and provides a new theoretical research perspective.

The analysis in this article not only reveals the symbiotic reinforcement and positive feedback loop logic behind "showing off luxury" but also provides a new perspective for understanding how social media reshapes consumer psychology and social mentality. Under the background of "boosting consumption and expanding Chinese demand", promoting rational consumption and the construction of a healthy online culture is of great significance to individual mental health, enterprise strategy optimization, and social and cultural governance.

### 5.2 Suggestions

Against the backdrop of social media driving the display of consumption and the intensification of social comparison, policymakers and all sectors of society need to jointly focus on how to empower consumers to make rational decisions and maintain mental health. First of all, it is necessary to help individuals enhance their self-awareness, enabling consumers to perceive the irrational driving factors behind their "showing off luxury" behavior, such as excessive reliance on social feedback or compensatory consumption tendencies resulting from status anxiety. At the same time, social education and mental health guidance should emphasize the awareness of the risks of comparison mechanisms and help users recognize the negative psychological distress that may be brought about by the high frequency of social comparisons in the social media environment. Furthermore, policy advocacy should encourage consumers to make a rational balance between costs and benefits when engaging in "showing off luxury" behavior, and reflect on whether this behavior is in line with their long-term interests. In addition, the public should also be guided to explore diverse ways of self-expression beyond material things and seek more varied paths of social interaction, so as to alleviate the psychological pressure caused by excessive comparison and maintain positive mental health in the digital environment.

In addition to empowering consumers themselves, enterprises and platforms also need to take on significant responsibilities in optimizing strategies. When designing products, conducting narrative marketing, and maintaining customer relationships, luxury brands and retailers should deeply understand consumers' deep-seated needs in terms of a sense of belonging, uniqueness, and status confirmation, and avoid relying solely on luxury symbols to attract attention. By strengthening emotional connections and social sharing values, enterprises can provide consumers with healthier and more sustainable consumption experiences. At the same time, social media platforms should be more cautious in algorithmic recommendations, community atmosphere, and functional design to avoid excessive push of luxurious content, thereby alleviating status anxiety caused by social comparisons. At the same time, the platform also needs to promote a diverse and positive content ecosystem and create a healthier online environment on the basis of balancing commercial benefits and social responsibilities.

On a more macro level, policy recommendations should focus on the social and cultural reflections triggered by the "visible economy". Social media has become an important force in shaping consumer culture and social values, and the "showing off luxury" landscape is a typical manifestation of this logic. Therefore, it is necessary to guide the public to be aware of the potential risks of consumerism and encourage society to explore its deep-seated problems. These issues not only encompass social division and the disconnection between virtual and real identities, but also involve the distortion of values and the accumulation of psychological disparities. To address this challenge, the government, educational institutions, media, and social organizations should join forces to advocate rational, moderate, and sustainable consumption concepts, and build a harmonious, inclusive, and materialistic comparative pressure

online cultural ecosystem. Through such efforts, social media can not only become a channel for individuals to express themselves but also play a positive role in cultural guidance and social integration.

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