



Explaining variation in conspicuous luxury consumption: An individual differences' perspective [☆]



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ABSTRACT

This article examines the impact of various individual differences on consumers' propensity to engage in two distinct forms of conspicuous (publicly observable) luxury consumption behavior. Status seeking is an established driver, but other managerially relevant drivers can also explain conspicuous consumption of luxuries. The study develops and empirically confirms a conceptual model that shows that bandwagon and snobbish buying patterns underlie the more generic conspicuous consumption of luxuries. In addition to status seeking, the self-concept orientation regulates which of these two patterns is more prominent. Both susceptibility to normative influence and need for uniqueness mediate the influence of self-concept. The modeled psychological constructs explain a large part of the variance in conspicuous luxury consumption patterns and can be used as input in the development of marketing strategies.

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1. Introduction

Acquiring and conspicuously displaying luxuries is an important part of many modern lifestyles in both affluent Western societies and the developing world (Bian & Forsythe, 2010; Ko & Megehee, 2010; Li, Li, & Kambele, 2010; Zhan & Yanqun, 2010). Luxury consumers include a new base of younger, well-paid, and spendthrift people claiming their stake in the high life (Silverstein & Fiske, 2003). Luxury brands' evolutionary trajectory in the marketplace mirrors these changes. The once elitist luxury consumption is now available to the masses, adding complexity to its public aspects (Bearden & Etzel, 1982). Such complexity challenges not only the adequacy of the status-seeking motive (Han, Nunes, & Drèze, 2010; Nelissen & Meijers, 2011; Rucker & Galinsky, 2008) in explaining luxury consumption but also the perpetuated view that luxury consumption is a homogeneous behavior.

Empirical observations from practitioner-oriented research confirm these developments by suggesting that consumers of luxury pursue a diversity of goals. For example, some consumers “rather than signal [ing] their wealth with the latest Rolex or Prada bag, ... seek a one-off, custom-made product that no one else will ever own” (Reddy, 2008, p. 64). However, for the majority of luxury brands, “the bulk of their

business lies in the mass market demand” (Reddy, 2008, p. 67), creating new segments of luxuries and consumers.

Consequently, luxury markets are more heterogeneous than the status-driven literature suggests. This notion has important repercussions for scholars and practitioners. Indeed, research on conspicuous consumption calls for deeper examination of the characteristics of luxury consumers (Wilcox, Kim, & Sen, 2009). Focusing exclusively on status as a motivation for conspicuous luxury consumption leaves out a substantial amount of status-conferring capacity luxury products, including both highly exclusive luxuries (Van Gorp, Hoffmann, & Coste-Maniere, 2012; Woodside, 2012) and widely available, popular luxuries. These are reflective of the variation in buyers' motives and consumption patterns. Therefore, examining the conspicuous consumption of luxuries more holistically is imperative.

The purpose of this research is to empirically identify and test two types of conspicuous luxury consumption—namely, bandwagon and snob—and the antecedents underlying consumers' engagement in the bandwagon or snobbish type of luxury buying behavior. In particular, the focus is on luxury consumption not as homogeneous behavior but as multi-dimensional heterogeneous behavior. This study also identifies the individual-level characteristics that encourage these consumption behavior variants. From this standpoint, the study conceptualizes and tests a model of conspicuous luxury consumption on survey data.

The findings reveal that consumption of luxury is a multi-faceted behavior, driven by a wide variety of factors, in addition to the long-established motivation of status attainment. This research makes several contributions. First, by jointly testing two ostensibly antithetical

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facets of conspicuous luxury consumption and their shared antecedents, this study extends the evolving literature on luxury and conspicuous consumption by moving away from a monolithic conception of luxury to include sub-variants. Second, it helps managers develop elaborate strategies to suit each of the snobbish and bandwagon consumption patterns.

2. Theoretical background

Research in economics conceptualizes distinct conspicuous consumption patterns depending on a good's quantity in a market. Extending Veblen's (1899) *invidious comparison* and *pecuniary emulation*, Leibenstein (1950) develops a mathematical explanation for *external effects on utility* of any general product. Leibenstein (1950, p. 189) defines the bandwagon effect as "the extent to which the demand for a commodity is increased due to the fact that others are also consuming the same commodity" and describes the snob effect as "the extent to which the demand for a consumer's good is decreased owing to the fact that others are also consuming the same commodity." Not explicitly mentioned in this definition is that the demand decreases among snobs but not among overall consumers. Leibenstein mentions associative and dissociative motives but does not propose specific antecedents and his analysis does not move beyond the mathematics.

Recent work consists of mostly conceptual or mathematical modeling and focuses on snobbish and conformist patterns in the demand for luxuries (Amaldoss & Jain, 2008; Corneo & Jeanne, 1997; Ireland, 1994). However, none of these studies examine individual consumers and their proclivity toward conspicuous consumption. Thus, although economic models are useful in modeling such phenomena, they offer limited guidance for managers because they do not identify specific, controllable variables related to individual consumers.

Conversely, the consumer behavior literature generally views luxury consumption as a homogeneous behavior where the key driver is the status symbolism. Accordingly, research defines luxuries as goods such that their mere use or display confers prestige or status to the owner apart from any functional utility (Grossman & Shapiro, 1988; Han et al., 2010) and provides insightful analyses of the relationship between status and luxury under several different conditions (Han et al., 2010; Nelissen & Meijers, 2011; Nunes, Drèze, & Han, 2011; Rucker & Galinsky, 2008). Nevertheless, extant research tends both to overemphasize the status antecedent and to assume homogeneity in consumption behavior, thus overlooking theoretical work in economics and empirically oriented market reports that suggest a more complex phenomenon. Enhancing this perspective, the next section presents arguments for re-conceptualizing luxury consumption as a broader behavior.

3. Re-conceptualizing luxury consumption

The traditional luxury sector's value (i.e., European firms with a long heritage) is \$302 billion worldwide and expected to reach \$376 billion

by 2017 (King, 2013), up from a mere \$20 billion in 1985 (Barry, 2010). Including new luxury products from contemporary firms in various premium categories raises the value of the global luxury market to \$1 trillion (Truong, 2010). Reflective of this variation is the emergence of conglomerate groups (LVMH, Richemont, PPR, Gucci) with stretched portfolios of different brands in both scarcer and mass-luxury markets. For example, the LVMH group owns exclusive brands, such as Berluti (founded in 1895), and popular ones, such as Mark Jacobs (founded in 1984).

This variation between traditional and new luxuries leads scholars to disagree on a precise typology of luxury brands (Dion & Arnould, 2011). In view of the difficulty in concretely classifying luxuries, the focus here is on how and why people buy and consume different types of luxuries. In addition to their utility in conferring status (Nelissen & Meijers, 2011), some luxury brands are valued for their scarcity, while others are preferred because of their popularity (Amaldoss & Jain, 2008). Going beyond mathematical or product-centered marketing studies, this study analyzes the influence of the self and other antecedent traits on luxury consumption. The main focus is on luxury brands' capability of creating assimilation to (i.e., bandwagon consumption) or contrast with (i.e., snob consumption) other consumers (Mussweiler, Rüter, & Epstude, 2004). In addition, the study moves from a monolithic conception of luxury to include sub-variants, such as snobbish and conformist consumption patterns. Owing to their highly symbolic properties (Wiedmann, Hennigs, & Siebels, 2009), luxuries can create a sense of affiliation to or differentiation from other consumers. Consumers use the vast assortment of luxury brands on the market in *relational patterns*, creating assimilation to the kinds of people who display them. A minority uses scarce, new, or unknown luxuries in *contrast-creating patterns*, creating distance from other consumers.

Individual differences play a major role in determining consumer preferences for relational versus contrast-creating brands. Relational traits, such as an inter-dependent self-concept and susceptibility to normative influence, drive bandwagon luxury consumption and promote an assimilation goal. Conversely, dissociative traits, such as an independent self-concept and need for uniqueness, drive snob luxury consumption and promote a contrast goal. As more people gain access to luxury, understanding the subtle individual differences that differentiate consumers is imperative. Such insights can inform the existing socio-economic analyses (leaders vs. followers, snobs vs. conformists) revolving around status. Table 1 summarizes these ideas that contribute to the literature by integrating several previously unconnected streams of research and by adding new elements. The ensuing analysis adds depth by shedding new light on the complexity of previous research.

4. Model development

A two-step iterative process served to identify the most relevant antecedents of conspicuous luxury consumption. First, a synthesis of the pertinent literature helped determine a set of antecedents to bandwagon and snob consumption. Second, in-depth interviews with

Table 1
Two conspicuous luxury consumption behaviors.

Form of conspicuous luxury consumption	Goal	Utility source	Antecedent individual differences
Bandwagon	(1) Association with the majority of luxury consumers (majority's "affluent lifestyle"). This also creates dissociation from the less affluent. (2) Acquire status (membership status from being part of the "affluent lifestyle")	Popularity (e.g., majority groups, celebrities, fashions, conformity) Status from assimilation	Inter-dependent self-concept, CSNI, SS, CNFU (negative)
Snob	(1) Dissociation from the majority of luxury consumers to establish uniqueness (2) Acquire status (dissociative status by being different from the majority of luxury consumers)	Uniqueness (e.g., supply scarcity, novelty, differentness) Status from contrast	Independent self-concept, CNFU, SS, CSNI (negative)

Note: CSNI = consumer susceptibility to normative influence, CNFU = consumer need for uniqueness, SS = status seeking.

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