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Cass Business School
CITY UNIVERSITY LONDON

"EXPLAINING VARIATION IN LUXURY CONSUMPTION"

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Thesis

Submitted to City University for the Degree of Doctor of Philosophy in Management

DEPARTMENT OF MANAGEMENT
CASS BUSINESS SCHOOL

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ABSTRACT

This PhD study extends the existing knowledge on the consumption of luxuries, by bringing together the conspicuous consumption and luxury consumption literature with self-concept and trait theory, in order to develop a conceptual framework that explains the phenomenon of luxury consumption from a consumer behaviour perspective. The model developed in this study describes and explains a) the psychological antecedents of luxury consumption in the form of a general – personal or social – self-concept orientation, as well as in the form of various luxury-specific individual traits, and b) describes and explains a range of different consumption patterns of luxury goods. It is shown how an individual's self-concept impacts a variety of luxury consumption behaviours via these mediating trait mechanisms. This integrative and parsimonious model helps in understanding the behaviour of these consumers and assists managers a) to better segment their markets, and b) predict consumer reactions to changes in their offering or communications, based on the interaction of multiple controllable drivers of luxury product consumption.

This study offers significant theoretical contributions, as well as having important practical implications. It is the first to: a) conceptualize and empirically verify a comprehensive model that explains both the dispositions and the behaviour of the consumers of luxury goods; b) shed more light and detail in an overall proposed personal vs. social orientation to luxury consumption; c) describe and explain in detail the various personality traits of the consumers of luxury goods; and d) delineate and demonstrate empirically the various behavioural patterns of such consumers.

LIST OF ABBREVIATIONS

IND = *Independent* (Self-concept)
INT = *Inter-dependent* (Self-concept)

H = *Hedonism* (trait)
QS = *Quality-seeking or consumer perfectionism* (trait)
NFU = *Need-for-uniquenes* (trait)
AOS = *Avoidance of similarity* (trait – component/sub-dimension of NFU)
CCC = *Creative choice counter-conformity* (trait – component/sub-dimension of NFU)
UCC = *Unpopular choice counter-conformity* (trait – component/sub-dimension of NFU)
V = *Vanity* (trait)
AV = *Achievement view* (trait – component/sub-dimension of vanity)
AC = *Achievement concern* (trait – component/sub-dimension of vanity)
PV = *Physical view* (trait – component/sub-dimension of vanity)
PC = *Physical concern* (trait – component/sub-dimension of vanity)
NR = *Narcissism* (trait)
SS = *Status-seeking* (trait)
CSII = *Consumer susceptibility to inter-personal influence*
NI = *Normative influence* (trait – component/sub-dimension of consumer susceptibility to inter-personal influence)
II = *Informational influence* NI = Normative influence (trait – component/sub-dimension of consumer susceptibility to inter-personal influence)
FC = (novelty) *Fashion-consciousness*

HD = *Hedonic effect* or *hedonic-seeking consumption behaviour*
QU = *Quality effect* or *quality-seeking consumption behaviour*
SN = *Snob effect* or *snob (-bish) consumption behaviour*
VB = *Veblen effect* or veblenian *consumption behaviour*
BW = *Bandwagon effect* or *bandwagon consumption behaviour*

EFA = *Exploratory factor analysis*
CFA = *Confirmatory factor analysis*
CMV = *Common method variance*
SEM = *Structural equation modelling*

1. INTRODUCTION

During the last two decades, luxury consumption and luxury brand management has generated much interest and discussion in both business and academic circles. Among business, the focus has been on managerial concerns regarding the proper management of the unprecedented growth of the luxury sector, especially since luxury became a consolidated economic sector in the early 2000s led by the dynamics of conglomerated groups such as LVMH, Richemont Group and PPR Gucci. Following these market developments, there is a growing concern among scholars as well regarding the management of luxury brands and the understanding of the consumers of luxury goods.

This study will try to address both the academic as well as the pragmatic concerns by offering new theoretical and empirical insights into the questions regarding the drivers of luxury consumption and the behaviour of consumers of luxuries: these will, in turn, be of great practical benefit as they could help managers to better segment their markets and predict consumer reactions to changes in their offering or communications based on the interaction of multiple controllable drivers of luxury product consumption.

1.1 THE GLOBAL LUXURY MARKET: VALUE AND MANAGERIAL CONCERNS

The luxury sector has been steadily and rapidly growing over the last few years from a value of a mere $20 billion in 1985 to a current $180 billion (Okonkwo, 2009) or $190 billion (Chevalier and Mazzalovo, 2008) benefiting from globalization and its financial consequences such as wealth-creation opportunities, new affluent market segments, international travel expansion and cultural convergence. These numbers reflect conservative estimates (Chevalier and Mazzalovo, 2008) and only measure the luxury market in its more limited scope including just the traditional "old luxury" players, mostly French and Italian firms with a long heritage and presence in product categories such as fashion, accessories, leather-goods, cosmetics and fragrances, wine and spirits.

If one, however, takes a broader view to include "new luxury" (that is, contemporary European, US and Asian firms in luxury and premium categories) as well as the service sector, the estimated value of the global luxury market can skyrocket: the B.C.G. has estimated[1] that the market for "new luxury" products and services was $440 billion in 2003 in the U.S. and an additional $400 billion outside the U.S. (primarily in Japan, UK and other Western European countries). Other

[1] Boston Consulting Group, (*Trading Up: Trends, Brands, And Practices - 2004 Research Update*).

estimations point out to even larger market values: the total U.S. luxury market[2] reached a total of $898 billion in 2004 and a total of $1002 billion ($1 trillion) in 2005, a growth of 11.6%. They also report that aggregate results of the 25 leading global luxury brands in 2005 showed an average revenue growth of 10,9%, following an average growth of 14,5% in 2004; while the fastest growing luxury companies in this longitudinal study of the luxury market averaged a growth of 18% or higher in 2005.

Despite the recent cyclical downturn during 2008/2009, the luxury markets are back on healthy growth numbers during the 3rd and last quarter of 2009 and they are expected to fully recover by 2011; while the last estimates for 2010 point out to a global market value of $200 billion for the traditional luxury markets and $1 trillion for the wider premium markets (unpublished financial report 2009, personal communication: Cartier/Richemond Group, November 2009).

From 2000 till 2009 the three dominant trends in the global luxury goods market are globalization, consolidation, and diversification. Globalization is a result of the increased availability of these goods (the "democratization of luxury"), the emergence of new luxury brands, and an increase in tourism. Consolidation involves the growth of big companies and ownership of brands across many segments of luxury products: primary examples include the emergence of conglomerates such as LVMH Group, Richemont Group, and PPR Gucci, which dominate the market in areas ranging from luxury drinks to jewellery, fashion and cosmetics. In addition, leading global consumer companies, such as Procter & Gamble, are also attracted to the industry due to the difficulty of making a profit in the mass consumer goods market, thus, increasing the size of the global market in the premium categories. Finally, even though the top tier of the luxury market is dominated by the "Big Three" corporations mentioned above, there are many smaller operators that have the critical mass to be clearly international and have strong presence in a much diversified - in terms of product/service categories - luxury market (Chevalier and Mazzalovo, 2008). Hence, the annual reports of the large conglomerates as well as those of the smaller global luxury players reflect a common challenge: how to best manage the enormous growth of this market.

As a conclusion, while the big luxury groups have a diversified portfolio of luxury products in several categories and the smaller niche players have a presence in few closely related markets, their

[2] *Luxury Report 2006*; http://www.researchandmarkets.com (accessed: 12/9/07). This includes all luxury purchases by affluent consumers in the four luxury categories Unity Marketing tracks: home luxuries; personal luxuries (fashion, jewelry, wine and spirits, pets); automobiles and luxury experiences (such as travel, dining, entertainment).

basic concern is the same: *How can they understand, approach and attract the increasingly savvy, differentiated and very demanding luxury consumers?* As the luxury markets have become increasingly diversified and the consumers are not anymore a homogenous group of "elite people" (as in the past), *how can they better segment their markets and tailor their product offerings and communications?*

Therefore, from the practical standpoint of view, this study aspires to address these pragmatic concerns by offering managers the tools to better understand, segment and serve their markets.

1.2 ACADEMIC RESEARCH ON CONSUMPTION OF LUXURIES

As a contemporary phenomenon with huge managerial relevance and impact on the business world, the study of luxuries has recently started to attract the attention of academics as well. Once a marginalised field, which received minimal research attention, luxury consumption and the management of luxury is, during the last ten years, witnessing a steady increase of interest among scholars. A brief timeline of the evolution of luxury research is presented in the next two paragraphs, after which the shortcomings and/or gaps of the field will be highlighted together with an explanation of how this study will attempt to contribute from an academic point of view.

An overview of the luxury consumption literature reveals that the main issues revolve around Veblen's (1899) ideas of conspicuous consumption and the symbolic motives of "invidious comparison" and "pecuniary emulation". The ideas of Leibenstein (1950) who identified that different groups of individuals increase their consumption of certain products when their price goes up ("veblen effect") or their quantity in the market is reduced ("snob effect") or increased ("bandwagon effect"), also dominate the field. The purely utilitarian explanations that originally dominated economic thought and consumer calculus are also enhanced by work from the signalling and behavioural research (Keasbey, 1903; Duesenberry, 1949; Corfman, Lehmann, & Narayanan, 1991; Coelho & McClure, 1993; Bagwell & Bernheim, 1996; Chao & Schor, 1998; Corneo & Jeanne, 1997; Frank, 1985): thus, secondary (symbolic) utility explains that - even though consumer don't always value conspicuous goods per se - they compete in a signalling race as a confirmation of their capacity to pay and benefit from this mere confirmation (Jaramillo & Moizeau, 2003; Amaldoss & Jain, 2005; Amaldoss, Jain, & Mina, 2005; Johansson-Stenman & Martinsson, 2006). Sociological research has contributed the concepts of prestige, social interaction on the formation of

attitudes, and cultural capital (Bourdieu, 1984, 1990; Campbell, 1995; Trigg, 2001; Rojek, 2000; Chadhauri & Majumdar, 2006; Hilton, 2004). Research in Psychology expanded the above concepts by examining the influence of personality and self-concept on consumption (Brinberg & Plimpton, 1986; Gould & Barak, 1988; Netemeyer, Burton, & Lichtenstein, 1995; Kwan et al., 2004; Braun & Wicklund, 1989; Tepper, 2001; Tepper & McKenzie, 2001; Marcus & Kitayama, 1991; Singelis, 1994; Triandis, 1989) while consumer behaviour research added the hedonic dimension in the equation of luxuries' consumption (Holbrook & Hirschman, 1982; Dubois & Duquesne, 1993; Vigneron & Johnson, 1999).

Current research - during the last decade - (Hansen, 1998; Wong & Ahuvia, 1998; Vigneron & Johnson, 1999; Wong & Zaichkowsky, 1999; Gentry, Putrevu, Shultz, & Commuri, 2001; Coulter, Price, & Feick, 2003) supports the view that personal motives also drive luxury consumption and that it is not solely a social or interpersonal function as exemplified by the conspicuous consumption literature (Berry, 1994; Dittmar, 1994; Corneo & Jeanne 1997; O'Cass & Frost 2002). The limitation of social motives to fully explain luxury consumption was recognized by research advocating the personal-orientation towards luxury (Tsai, 2005). A distinction between socially-oriented and personally-oriented luxury product consumers has emerged in the literature (Wiedmann, Hennigs, & Siebels, 2007). The origins of these two orientations can be traced in an individual's self concept (Marcus & Kitayama, 1991; Bagozzi & Heathenon, 1994; Ellis & Wittenbaum, 2000; Gudykunst & Lee, 2003). Consumers with primarily independent self-concept show a more personal orientation in the way they consume luxuries whereas consumers with primarily interdependent self-concept care more for the social impact (or signalling) of the consumption (Wong & Ahuvia, 1998; Tsai, 2005; Wiedmann, Hennigs, & Siebels, 2007).

In spite of the growing research on luxuries, especially during the last few years, the empirical academic literature on the topic suffers from shortcomings as it is fragmented and lacks a robust theoretical foundation. This results in a focus on minor unrelated phenomena such as the dream value of luxury products or the need to maintain the perception of exclusivity (rarity principle). This research - while very useful per se - doesn't lead to a full understanding of the phenomenon of luxury consumption. When larger issues - such as the impact of the self concept on the consumption of luxuries - are addressed, the conceptual ground is still not fully understood, explained and/or developed. Finally, there is a lack of robust methodologies that may increase the validity of any empirical findings.

1.3 THE GAP AND THE PRESENT RESEARCH

Having briefly presented the evolution of scholarly research on luxuries, I would like at this section to discuss in more detail the gaps and how the proposed study will attempt to deal with them.

A) The existing empirical studies are mostly small-scale (in terms of sample sizes) attempts to describe some relatively isolated phenomena. While they describe relevant facets of luxury consumption, such as the importance of maintaining the perception of exclusivity or an aura of dream, they fall short when it comes to fully understanding the whole phenomenon of the consumption of such products because they are not based on robust theoretical backgrounds. A few studies (mostly conceptual) focus on the interesting and relevant question of which are the antecedents of such consumption but, in spite of their theoretical appeal, they haven't explained how exactly such antecedents (e.g. attitudes to luxury: Dubois, Czellar and Laurent, 2005; the self concept: Wong and Ahuvia, 1998; and Tsai, 2005; or the notion of the luxury value: Wiedmann, Hennigs and Siebels, 2007) might lead to the consumption of luxuries. Thus, existing conceptual and empirical papers are largely a-theoretic and merely descriptive but without strong explanatory properties. This study will try to introduce a theoretical basis as a foundation upon which a model of luxury consumption can be developed.

B) Another problem is that every empirical paper on the subject has treated the consumption of luxuries as a homogenous behaviour: thus - on the consequences side this time - the dependent (or outcome) variable is always the "consumption of luxury goods" without any further distinctions. But we know already from economics (Leibenstein, 1950) the existence of different effects - veblen, snob and bandwagon - along with the existence of hedonic and utilitarian consumption. This is another gap which I will try to fill with this empirical study - recognizing that the consumers of luxury goods are not homogenous and their behaviour is far from being homogenous as well.

C) Finally, from a methodological perspective, the existing empirical research has been resting on small student samples that are conventionally used in the context of similar research (e.g. Kapferer, 1998; Dubois, Czellar and Laurent, 2005; O'Cass and Frost, 2005; Amaldoss and Jain, 2005a; Amaldoss and Jain, 2005b; Vigneron and Johnson, 2004). This study will make use of a truly

random sample of actual consumers of luxury goods from a large international metropolitan city (London, UK): such a sample approximates more realistically the global luxury consumer(s).

1.4 RESEARCH OBJECTIVES AND QUESTIONS

The core idea underlying this research is that a consumer's self-concept as well as various individual luxury-specific traits are, working together, significant regulators of consumption behaviour(s), especially in a domain of highly symbolic objects such as luxury brands. Therefore I believe that the antecedents of luxury consumption should be examined with reference to self-concept and trait theory, drawing on the relevant research streams from psychology and sociology.

In view of the gaps identified above at (1.3), the key objective of the proposed research is to identify all the factors that cause the consumption of luxury goods, explain why they do so, and how this is manifested in observable consumer behaviour. If this is done successfully, the result will be to construct an integrative, comprehensive, empirically assessed and theoretically grounded model of luxury consumption.

This general objective may be broken down into the following specific research questions:

- Is the self-concept an antecedent of consumption of luxuries and, if yes, how exactly?

- Which are the specific traits of the consumers of luxury goods? Do they lead to various different consumption patterns?

- Is the consumption of luxuries a homogenous behaviour or is it comprised from different behavioural patterns and, if yes, what is behind each one of them?

Hence, from a theoretical point of view now, the present study aspires to address these academic concerns by filling the gaps in scholarly research on luxuries and constructing a conceptually plausible model that explains the phenomenon of luxury consumption.

1.5 CONTRIBUTION OF THE PRESENT STUDY

The present study has important theoretical contribution(s) as well as significant managerial implications.

- Theoretical contribution(s):

As already mentioned above at (1.3), existing research is fragmented (focusing on minor phenomena instead of the totality of the phenomenon of luxury consumption) and weak in terms of theoretical grounding. An issue that hasn't been addressed by existing empirical studies is the identification of the individual antecedents of luxury consumption and the explanation of how they may impact resulting behaviour(s). I believe that the self-concept orientation may be the original antecedent of such behaviour(s); as well as that there are various specific individual traits that can provide the missing link that explains the mechanism of this impact.

Therefore, the main contribution of this study will be the development of a comprehensive, theoretically robust, yet empirically assessed, model that can not only describe but also explain the phenomenon of the (different ways of) consumption of luxury goods from a consumer behaviour perspective. This model should take into account both a) the individual factors that lead to the consumption of luxuries as well as b) the various different behavioural manifestation(s) of such consumption. Overall, this study will provide a new theoretical insight into the whole phenomenon of luxury consumption, thus contributing at both the consumer behaviour literature on luxury consumption as well as to the general psychological literature on self-concept and trait theory.

- Methodological contribution(s)

From a methodological point of view, the present research will address the weaknesses of existing empirical studies that rely on small student samples. This study will draw for the first time a truly random sample of real consumers of luxury goods from a large metropolitan city (London, UK), thus, increasing the validity of the empirical findings.

- Managerial Implications

The main practical implication of this study for luxury product marketers will be an in-depth understanding of luxury consumers: their inner world, the various drivers to luxury consumption as well as the different consumption patterns. Such a psychographic understanding will allow practitioners to a) better segment their markets, b) accurately target the various non-homogenous

consumer populations, and c) position different luxury products to the right consumer segment. As a result of this study, they will be able to better predict consumer reactions to changes in their offering or communications based on the interaction of multiple controllable drivers of luxury product consumption. This is especially relevant today if one considers that the large luxury groups maintain a large portfolio of very different luxury brands that should be promoted in different ways and to different consumers. Taking into account that the aggregate value of global luxury markets has already surpassed the trillion $ level, the need for deeper consumer understanding and more sophisticated and accurate segmentation schemes is self-evident.

1.6 STRUCTURE AND SUMMARY OF THE THESIS

This thesis is structured as follows:

- **Chapter 1: Introduction**

The first chapter has provided an introduction to the topic and highlighted its relevance for the contemporary business. The academic research has been sketched, gaps and/or shortcomings have been identified, and the aims/objectives as well as the expected contribution(s) of this study have been described.

- **Chapter 2: Literature Review**

This chapter starts by presenting in a methodical way the existing knowledge in the areas of luxuries and conspicuous consumption. Then, it brings in additional streams of research to lay the foundations upon which the suggested model will been built: this second part a) introduces the theories that will be used (self-concept and trait theory), b) identifies and presents the relevant variables, and, c) concludes with a synthesis in the form of a model and a formal statement of hypotheses.

- **Chapter 3: Methodology**

The third chapter has two main parts: the first part involves an exploratory qualitative study with senior managers of luxury goods. This initial research was conducted before the main quantitative study with the following objectives in mind: 1) to calibrate the conceptual model and support the relationships identified in the literature; 2) to identify possible missing and/or overlooked (in the literature/model) variables of luxury consumption; 3) to establish the practical relevance of the model; and 4) to offer insights and material to be further used in the

construction of the questionnaire measures for the quantitative study. It should be noted that the results of this first study are presented in this section as well.

The second part involves a large-scale survey of consumers of luxury goods in London, UK. In this part the following methodological aspects are discussed: 1) construction of a survey instrument; 2) choice of survey method; 3) sampling considerations; 4) measures taken to ensure survey quality and; 5) administration/fieldwork.

- **Chapter 4: Results of Main Quantitative Study**

This chapter presents the results of a structural equation modelling analysis based on the previously described survey: the measurement model is first established and, then, the structural model is estimated and discussed.

The chapter has five parts: 1) the statistical assumptions/considerations are discussed; 2) the data screening/preparation process is presented in detail; 3) the establishment of the measurement model is presented, with a detailed discussion of several methodological issues related to model fit measures; 4) the estimation/testing of a large structural model: this part includes an in-depth discussion of the tested relationships; 5) a further testing of five additional smaller models, examining in more detail the mediation or indirect effects (traits mediating the relationship between the self concept and the behavioural effects): each of these models is focusing on a different behaviour of consumers of luxury goods (hedonic effect, quality effect, snob effect, veblen effect, bandwagon effect).

- **Chapter 5: Discussion and Conclusions**

This chapter discusses in detail the overall implications of this study, focusing on the larger picture of the whole phenomenon of luxury consumption (the previous chapter, in addition to presenting the results, included a detailed discussion of the various *specific* relationships/paths). The theoretical as well as the managerial implications are discussed in detail in this chapter.

- **Chapter 6: Limitations and Directions for Future Research**

Finally, the thesis concludes with a discussion of the study's limitations and offers suggestions for future research.

2. LITERATURE REVIEW

According to Boote and Beile (2005), the purpose of the literature review is to *critically examine* the state of a field and the history of a topic, *resolve ambiguities* and, finally, *synthesize it and offer a new perspective*. Following this good advice, I intend to split this chapter in 2 sections: the main review (2.1 and 2.2) and the model development (2.3, 2.4 and 2.5). In order to serve this goal, I will bring into the discussion of the marketing literature on luxuries additional streams of research: a) the literature on conspicuous consumption from economics, sociology and psychology; b) research from psychology on the various individual traits which, I believe, characterize the consumers of luxury goods; and, c) sociological, psychological and marketing research on self-concept theory.

2.1 OVERVIEW

This literature review will be split into two main parts:

a) "A Multidisciplinary Approach to Luxury and Conspicuous Consumption" (2.2): this part will present and critically examine the existing knowledge on the topics of conspicuous consumption and luxuries.

More specifically, this section will start with a) an overview of the research approaches to the topic of luxury/conspicuous consumption from various disciplines (2.2.1); b) some necessary definitions and contextual discussions such as old vs. new luxury (2.2.2); and then, c) the main literature review which will be split into thematic parts (2.2.3).

b) "Developing a Model of Luxury Consumption" (2.3): in this part additional constructs will be brought in the discussion in order to lay the foundations upon which the model and research hypotheses will be built. There will be a detailed discussion of these constructs and a justification for their inclusion. It will be shown that, in order to understand, describe and explain the phenomenon of luxury consumption, we need to resort on self-concept and trait theory and make use of the research on consumption effects, as described by Leibenstein (1950), as well as the streams of hedonic and utilitarian consumption. At the end, everything will be synthesised in a model of luxury consumption and the detailed hypotheses of this study will be presented (2.4).

2.2 A MULTIDISCIPLINARY APPROACH TO LUXURY AND CONSPICUOUS CONSUMPTION

2.2.1 Introduction: an Overview of Research Approaches from Various Disciplines

Luxury has been approached from various disciplinary points of view: Economics, Economic Psychology, Sociology or Socio-Economic research, Psychology and Marketing.

Economists focus on utility and use the term luxury in contrast to necessities (Besley, 1989; Kemp, 1998); for example, McKinsey's consulting (1990) defines luxury brands as those who "have constantly been able to justify a high price, i.e. significantly higher than the price of products with comparable tangible functions". Kapferer (1997), however, remarks that this definition is not enough since it doesn't include the notion of an absolute minimum threshold. Nueno and Quelch (1998), again, define luxury brands as "those whose price and quality ratios are the highest of the market; that is, their price is significantly greater than the price of products with similar tangible features". While indicating too that the price gap measures something intangible, this definition still suffers since it does not delineate the threshold between, for example, real luxuries and premium products or "accessible luxuries". In addition to the definitional problem, the utilitarian perspective, which dominates this stream of research, regards luxuries as oddities and is theoretically insufficient in dealing with the so-called "non-functional" demand[3].

The *Socio-Economic and Economical-Psychological* school, originated in the classic work of Veblen (1899), moves a step further from purely utilitarian explanations and builds on more elaborate hypotheses with the incorporation of the findings from the signalling and behavioural research (Keasbey, 1903; Duesenberry, 1949; Corfman, Lehmann, and Narayanan, 1991; Coelho and McClure, 1993; Bagwell and Bernheim, 1996; Basmann, Molina and Slottje, 1988; Chao and Schor, 1998; Corneo and Jeanne, 1997; Frank, 1985). Leibenstein, for example, examining three consumer effects on demand (1950), was the first to attribute the high prices of luxury goods to "external effects on utility"[4], thereby introducing the well-known today "veblen", "snob" and "bandwagon" effects, that will be discussed later on.

Therefore, another kind of utility (*secondary utility*) explains that - even though agents in a given market don't always value conspicuous goods per se - they compete in a "signalling race" as a confirmation of their capacity to pay; and benefit from this mere confirmation or they benefit from social interactions within a community (Jaramillo and Moizeau, 2003; Amaldoss and Jain, 2005a;

[3] "Non-functional demand" is defined here as "that portion of the demand for a consumers' good which is due to factors other than the qualities inherent in the commodity" (Leibenstein, 1950).

[4] That is, the "utility derived from a commodity is enhanced or decreased owing to the fact that others are purchasing and consuming" it, or "owing to the fact that the commodity bears a higher or lower price tag".

Amaldoss and Jain, 2005b; Amaldoss, Jain and Mina, 2005; Johansson-Stenman and Martinsson, 2006).

Continuing from this point, *Sociological research* has dealt with luxuries in the stream of research dedicated on conspicuous consumption[5] (Bourdieu, 1984, 1990; Campbell, 1995; Trigg, 2001; Rojek, 2000; Chadhauri and Majumdar, 2006; Hilton, 2004; Canterbery, 1999) and with the use of the concept of "prestige" in order to study the effect of group forces on the formation and change of opinions and attitudes. Veblen, originally, (1899) identified two motives behind conspicuous consumption:

a) "Invidious comparison", where consumers try to distinguish themselves from those of lower classes, and

b) "Pecuniary emulation", where consumers try to emulate the behaviour of the classes above them and benefit from status gains.

Within this framework, and continuing from the Veblenian thesis that conspicuous consumption was used by people to signal wealth and, by inference, power and status, the sociological research has expanded to cover in detail the role of public vs. private consumption, the impact of reference groups on consumers, and the role of high prices on consumption.

Going into more depth and in a different direction, *Psychological and Marketing research* builds on the above concepts and goes even further by studying luxury brands' consumption in relation to personality characteristics (Brinberg and Plimpton, 1986; Gould, and Barak, 1988; Netemeyer and Burton, 1995; Kwan, John, Kenny, Bond and Robins, 2004; Braun and Wicklund, 1989; Tepper, 2001; Tepper and McKenzie, 2001), as well as with the research streams on attitudes and behavioural research (Holbrook, and Hirschman, 1982; Fournier, 1998; Bagozzi, Gopinath, and Nyer, 1999). Psychometric research has used, for example, the constructs of involvement, social-compliance and self-monitoring to study their effects on (general) consumption; these findings have subsequently been used in marketing and integrated, specifically, in the luxury literature together with the study of demographic or lifestyle (psychographic) approaches to luxury consumption. In addition to the rich heritage from the previous disciplines, marketing research has, during the last three decades, fertilized the study of luxuries with various concepts such as, amongst others, the self-concept, identity, emotions and hedonic consumption.

[5] However it should be emphasized that the consumption of luxury brands is just "a form of conspicuous consumption" (Phau & Prendergast, 2000); and, therefore, even though ostentation and signalling is still a major motivation, "it only partly explains the perceived values of prestige products, since a vast majority of these products are also consumed in private, for example when a person consumes a fine wine at home" (Vigneron & Johnson, 1999).

2.2.2 Definitions of Terms and Contextual Understanding

2.2.2.1 Luxury

Starting from etymology (Merriam-Webster's Dictionary), a first encounter with the word "luxury" will reveal that it carries several meanings: "a condition of abundance or great ease and comfort; sumptuous environment; something adding to pleasure or comfort but not absolutely necessary; an indulgence in something that provides pleasure, satisfaction, or ease".

According to Dubois, Czellar and Laurent (2005) the English word "luxury" (as well as the French "luxe", the Italian "lusso" and the Spanish and Portuguese "lujo") is derived from the Latin "luxus", which, according to the Oxford Latin Dictionary, signifies "soft or extravagant living, (over-)indulgence" and "sumptuousness, luxuriousness, opulence"; "luxus" also means sensuality, splendor, pomp - and its derivative "luxuria" is extravagance, etc. Merriam-Webster's Dictionary defines "luxuriance" as something characterized by richness and extravagance, often tending to excess; and "luxuriant" is something that is yielding abundantly, fertile, fruitful and profuse.

Semantically - though not etymologically (Kapferer, 2006) - the word "luxury" is also often associated with "lux" the Latin word for light; therefore, luxury carries connotations of brightness; is enlightening and glittering; in addition, it is visible and must be seen, most importantly, by others than the owner[6].

Dubois, Czellar and Laurent (2005) add that "in its contemporary marketing usage, "luxury" refers to a specific tier or offer in almost any product or service category".

2.2.2.2 Luxury Goods

An economic definition of luxury will point out that luxury goods have a comparatively high price-to-quality ratio. For the economist, however, quality means tangible functions; therefore, a luxury good has a significantly higher price than another good with similar tangible functions. On that ground, luxury goods are oddities!

2.2.2.3 Luxury Brands

It is a demanding task to define what exactly constitutes a *luxury brand*; especially so in recent times, after the "mass affluence" or "democratization of luxury" phenomenon has blurred the territory between the dreamed and the affordable brands. Kapferer (2006) believes that no definition can strictly delineate this concept and, rightfully, wonders "where does luxury stop and where does

[6] This, as will be discussed later, is one of the most important characteristics of luxury consumption; although with notable exceptions.

upper range start for instance? Is what has been called "mass-stage products" (a contraction from mass prestige) or "new luxury" still luxury?" The conceptualization of the "luxury brand" in the academic literature[7] is, therefore, arbitrary. Some of the proposed definitions and typologies are presented here:

Nueno and Quelch (1998) identify three types of luxury brands:

-*"Limited Awareness Brands"*, usually run as family business; these are usually boutique stores focused on narrow product lines, often hand-crafted, and targeted to exclusive niche markets through only one or two stores.

-*"Well-Known"* luxury brands (such as Rolls-Royce cars) that are inaccessible to the broader market due to their excessive prices and inability to be sampled before purchase.

-*"Well-Known"* luxury brands that are affordable to a broader audience, such as in categories of accessory items (accessorized luxuries).

While the two first are without doubt luxury brands, the third category, however, is the most problematic, in being distinguished from premium but still mass-market brands.

Silverstein and Fiske (2003) argue that today's consumers accept paying premiums of 20% to 200% for the "well-designed, well-engineered, and well-crafted goods - often possessing the artisan touches of the traditional luxury goods" that were not found before in the mass middle market. Even when these goods address basic needs, they evoke and engage consumers' emotions while at the same time feeding their aspirations for a better life. Such "*new-luxury" goods*, unlike *old-luxury goods*, have the potential to generate high volumes despite their relatively high prices. They offer the following classification of these "new-luxury" (but not "luxury") brands:

-*"Accessible Superpremium":* these products are priced at or near the top of their category, but middle market consumers can still afford them, primarily because they are low-ticket items. As an example, Belvedere Vodka, which undergoes four rounds of distillations for a smoother taste, is able to command about 28$ a bottle, a 75% premium over Absolut at 16$.

-*"Old-Luxury Brand Extensions":* these are lower-priced versions of goods that have been traditionally been affordable only by the rich. BMW 325 sedans, which consumers buy for their advanced technology and their "work-hard, play-hard" image, at a price of 29.000$, had in 2002 a 12% rise in sales; while the non-luxury Chevy Malibu at 19.000$ list price, had a 4% drop over 2001. This is a category that is problematic in its distinction from pure luxuries.

[7] The same misuse of the term is observed in marketing practice as well.

-*"Mass Prestige or 'Masstige'":* these goods occupy "a spot between mass and class": while commanding a premium over conventional products, they are priced well below superpremium or old-luxury goods. An eight-ounce bottle of 'Bath & Body Works' body lotion sells at a premium of 276% of the same product by 'Vaseline Intensive Care', as an example of this category.

Same as with the previous definitions as well, it is up for interpretation where/how to draw a line between the so-called "new luxury" and the traditional; especially the second category of the "old-luxury brand extensions" seems to be blurred with the definition of the '"well-known" luxury brands that are affordable to a broader audience', offered by Nueno and Quelch (1998).

Vigneron and Johnson (1999), following the categorization introduced by Horiuchi (1984), make use of the term "*prestige brands*" and propose three further sub-divisions:

- *"Upmarket brands",*
- *"Premium brands", and*
- *"Luxury brands"*

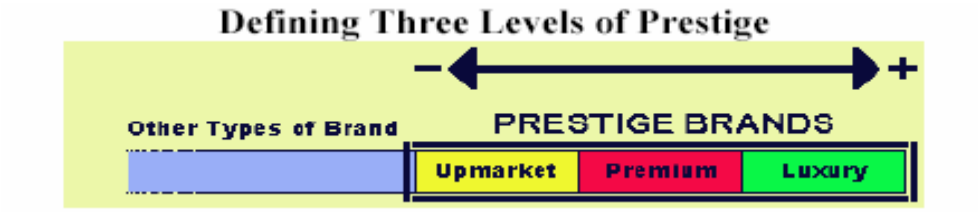


Figure 1. Three Levels of Prestige

Therefore, within the "*prestige*" brand category, the "*luxury brands*" occupy the extreme end. In subsequent research (2004), however, the authors take exactly the opposite view arguing that "*prestige brands*" should be the term to be used when discussing the brands positioned on the extreme end of the "*luxury brand*" category; adding, thus, to the confusion between the two terms and to the whole definitional problem.

The relationship between the concepts of "luxury" and "prestige", as applied to brands, has been explored in a more detailed way by Dubois and Czellar (2002). According to this point of view, the use of these terms as synonyms in the literature (Bagwell and Bernheim, 1996) should be avoided, as they cover different conceptual domains in the customers' eyes. Specifically:

- *At an objective reality level*, prestige requires a "perception of a positive and outstanding accomplishment that can be deferred to". Therefore, the key criterion for a product or service brand

to be judged as prestigious is an inherent, unique know-how, which may either concern a specific attribute or the overall quality and evaluation of the brand. On the other hand, luxury concerns "self-indulgence, be it private or public; luxury is linked to subjective perceptions of comfort, beauty and a sumptuous lifestyle", or "everything that is more than what one needs". This is in accordance with Berry's (1994) definition of luxury as a concept opposite to necessity; consequently, the product and service brands associated with luxury are more restricted, relatively to prestige brands, and are all related to comfort, beauty and refinement. In addition, prestige is "always a positive evaluative judgement, whereas luxury can be negative if it is too ostentatious".

- *At a symbolic level*, prestige can be also acquired by association when consumers interpret prestige symbols (such as a name, person, high prices, events or characters) as being associated with a brand. In this case the two concepts converge since luxury can, among other connotations, emerge "as a type of prestige symbolism" where consumers perceive the high luxury of a brand as a prestige symbol.

Therefore, brands may be prestigious without being luxurious or luxurious without being prestigious, or - in some cases - be both: prestige is a positive evaluative judgement towards the brand, influenced by a unique accomplishment inherent to the brand or by prestige symbols associated with it, while luxury is linked to perceptions of comfort, beauty and a sumptuous lifestyle.

Another important issue, within the domain of definitions, is how *luxury brands* can be distinguished from *regular or normal (non-luxury) brands*. Vigneron and Johnson (2004) argue that brands are of two kinds: either luxurious or non-luxurious and agree with Kapferer (1997) who points out that a luxury brand is a discontinuity vis à vis other types of brands. According to their point of view the degree of luxury contained in a luxury brand can be measured on a continuum within the luxury range; outside this range - but not as an extension of it - lie the rest regular brands. Thus, between premium and luxury brands, in marketing terms, there is a difference of degree; however, a premium, prestige or luxury brand cannot be compared to a regular brand.

If then luxury is a discontinuity - and this view certainly seems to have its merit - then how can luxury brands be distinguished from the common ones? A clear answer is not given in the existing literature[8] and, therefore, this issue remains to be explored.

[8] The only point of agreement on this issue is that luxury products represent high-involvement products in contrast to most regular brands (for more, see later on on this issue); but this of course doesn't answer the problem in question.

2.2.2.4 Typologies of Luxury Brands

Kapferer (2006), while avoiding to add another definition, admits that luxury is a concept with "fuzzy" frontiers and offers instead a classification of two different *models of luxury brands*; while both represent luxuries, they have a different philosophy: one is rooted in "history, rarity and craftsmanship", and in most cases is associated with European luxury brands, and a second model is based "upon stories, image and marketing finesse", and represents the American luxury brands, mostly new and ahistorical.

The European model is represented by a "luxury pyramid"[9], divided in three levels:

c) On the top level is the "griffe", the creator's signature engraved on a unique work, a work that is the pure creation of a single person.

d) This is followed, at the middle level, by luxury brands produced in small series within a workshop or "manufacture" (Hermès, Rolls-Royce, Cartier).

e) Finally, streamlined, mass-production luxuries (Dior and Yves Saint Laurent Cosmetics, DKNY clothes). As the author argues "at this level of industrialization the brand's frame generates an aura of intangible added values for expensive and prime quality products which, nonetheless, gradually tend to look more and more like the rest of the market". At this last level the distinction with upper-range or non-luxury brands tends to become problematic.

The American model (including, however, European brands too; such as Armani and Boss) may be thought of "as a flat, circular, constellation-like model (Kapferer, 2004): at the centre of this constellation is the "brand core", while all manifestations (its extensions, licenses and so on) are around the edge at a more or less equal distance from the centre". As an example, Ralph Lauren has the core brand with clothing, representing the "patrician East Coast" American aristocracy ideal, but has in addition several other manifestations of the same values such as Ralph Lauren's Home Textile extension (bed sheets, blankets, tablecloths, bath towels and so on); superstores are stocking the entire core range and its various collections, each one of them bringing its own expression of the core ideals in a different area.

This distinction has a very important implication that should not be overlooked by researchers trying to decompose the values of luxury brands: it is the possibility that newcomers in the luxury market may be able to tackle effectively the issue of authenticity, heritage and tradition[10]. In an

[9] Nyeck (2004), in a short article on French luxury brands, adopts this view of the "luxury pyramid".

[10] These new luxury brands are mainly of two kinds: some of them are "purely" new (as this American model suggests) and some are what I would call "pseudo-traditional", that is, they invent a "story of history" and "discover" links to the past - while, in reality, their products are commercial artifacts and their claims of authenticity are purely rhetorical; a third case is that of claims that are partly myth and partly truth.

audacious but plausible extension, even a regular (non-luxury) brand could re-invent or reposition and transfer itself from the domain of common brands into the luxury continuum.

Unlike brands such as Cartier, Bentley, Ferrari or Dior, who grew and have benefit from the prestige and fame of a famous person, place or organization, some new brands like Ralph Lauren, Boss and Calvin Clein are pure creations of marketing. They are brands who invented story to compensate for the lack of history. Whether they are luxuries or new luxuries is open to discussion; also, whether this new breed of brands will survive as long as their European-model is something that remains to be seen after time. As Kapferer notes "at some point in time, illusion may not work anymore and authenticity[11] could become the very exclusive benefit of luxury brands".

2.2.2.5 Old vs. New Luxury

While "new luxury" may be a re-naming of traditional upper-range (but still massive) products, researchers and marketers should not ignore the possibility that we are in front of fundamental changes in the way luxury is seen and understood by the meta-millennium consumer. This is an issue that has to be investigated in depth and during time before one attempts to give a definite answer; and is pertinent both with regards to the creation of new luxury brands and the extension of new lines of already established ones.

Yeoman and McMahon (2005), for example, believe that luxury is "incredibly fluid, and changes dramatically across *time* and *culture"*. They argue that nowadays luxury, due to increased affluence, is a blurred genre that is no longer the preserve of the elite; and, as more demand increases the luxury domain, consumers attach less importance to the old values of tradition and nobility. As consumers are enjoying more material comfort compared to previous generations, the result is a cultural shift[12] towards experiences and personal fulfillment; such a shift may have serious implications within the luxury domain. This is also consistent with the view that, increasingly, luxury consumption is seen through the frameworks of hedonic consumption and emotional gratification (Dubois, Laurent and Czellar, 2001; Vigneron and Johnson, 1999 and 2004).

On this "old vs. new" debate, however, the traditional view is still very strong: Dall'Olmo Riley notices (2004) for example that, "although launching brand extensions has proven to be a potentially successful and profitable growth strategy in the luxury sector, such defining factors as

[11] Authenticity becomes more and more important (Beverland, 2005) - whether in luxuries or not: marketers are increasingly turning to brand histories or historical associations as sources of market value (Penaloza, 2000) or as "cultural marker of legitimacy and authenticity" (Brown, Kozinets and Sherry, 2003). Authenticity is considered by many as a core component of successful brands because it forms part of a unique brand identity (Aaker, 1996; Kapferer, 2001; Keller, 1993) and consumers also seek out for authentic brands (Fine, 2003; Holt, 1997; Thompson and Tambyah, 1999). As Brown et al. state, "the search for authenticity is one of the cornerstones of contemporary marketing…".

[12] On this issue, see more below in the reference of the work of P. Bourdieu and his theory of cultural capital (1984, 1990).

high awareness, exclusivity and desirability can be lost as the brand and its luxury appeal becomes diluted". The same argument can be adjusted for the case of totally new luxury brands that may lean dangerously on the experiential or marketing-buzz side without paying attention to more traditional luxury values. Similarly, from the mouth of an expert manager, Bernald Arnault, head of LVMH: "Some brands (…) have slid off the map of prestigious goods to become a sort of mass market of luxury items" (The Economist, 2003).

If this view is correct, true luxury brands that want to retain their luxury status in the minds of consumers may need to retreat from leveraging their prestigious names to launch low-margin "second-tier" lines since uniqueness and exclusivity are qualities that wealthy individuals rate highly when weighing a purchase decision. Pursuing a move down-market might mean that they risk losing their luxury standing among their best customers - wealthy consumers. Luxury brands were always commanding big premiums; therefore the sub-optimal economics are definitely not worth the risk of sacrificing their high-margin business for the thinly profitable move to less prestigious offerings. Allsopp however (2005) believes that in the UK "the search for low prices is endemic" and this impacts luxuries: "luxury in the low price society" faces difficult problems in view of the fact that "today's consumers do not just want low prices, they expect them".

As a conclusion, the proliferation of the term "luxury" in the various markets reflects an intended speculative use, since something "luxurious" is translated into sales more easily; reflecting the academic skepticism on this issue, Dubois and Paternault note that "the path is narrow between the sterility of malthusianism and the excess of mass marketing" (1995).

Finally, referring back to the discussion of European vs. USA typologies, one could propose a link between these typologies and the phenomenon of the "democratization of luxury"[13], drawing an argument from Rémaury (2002): the author, after examining the cultural factors that shape this new trend, argues that the greater democratic process in the USA impacts luxury product marketing; therefore, it is a plausible assumption to argue that Kapferer's American model is akin to "new luxuries" or, more broadly, to the luxuries departing from the traditional expensive, heritage-carrying, aesthetic view of a luxury brand. On the same line, it can be argued that heritage and history is something that is naturally associated with the long history of Europe while the newly created American nation can't, of course, attach such connotations to its brands; therefore "new luxury" is mostly an US-born phenomenon.

[13] It is, in essence, the same issue with "new vs. old" luxury.

Even though the above discussion doesn't offer a precise, clear-cut solution to the classification problems of luxuries, however at this point we can, based on these definitions, debates and typologies, make an important observation regarding luxuries and their relation to regular (non-luxury) brands: their territory is safeguarded by a combination of high price tags and additional quality, aesthetic, hedonic and emotional elements not usually found - *at least altogether* - in non-luxury brands; these elements, together with their enhanced symbolic functions, are the elements that draw the line between the luxury and the non-luxury brand (and partly between the old and new luxuries).

The same view is taken by Dall'Olmo, Lomax and Blunden (2004) where the main distinction seems to be the enhanced symbolism of the luxury brands vs. the emphasis in functionality for the regular brands; that is, "luxury goods are higher in the psychological, social and symbolic dimensions while non-luxury goods score higher in the functional dimension". In addition, they suggest the following differences between luxury brands and regular brands: luxury brands target a niche market (Phau and Prendergast, 2000) and follow an exclusive distribution strategy, while regular brands address the mass market (Dibb et al., 2001) and go for mass distribution; for luxuries the focus is on status and rarity while regular brands focus on price competition (Nueno and Quelch, 1998); finally, the importance of craftsmanship and founder's heritage are noted as important elements of luxury brands (Kapferer, 1998).

2.2.3 Evolution of Research on Conspicuous Consumption and Luxury

Before diving into the domain of luxury, one should get acquainted with the research on conspicuous consumption; as well as the literature from the social, signalling, behavioural and economic psychology. All these streams are interwoven with luxury in such a way that any literature review without it would be incomplete: actually, conspicuous consumption and early economic research on relative spending and signalling is the domain where luxury research originates from.

2.2.3.1 Early Views on Contemporary Conspicuous Consumption

Extravagant consumption has been document since the ancient years and discussions - whether critical or not - date from back then. However, it is the social, economic and political changes in Europe after 1600-1700 that start to transform the nature of conspicuous consumption towards its

contemporary form; and explanations, similar to the proposed by contemporary sociology, psychology or economics start to emerge. Early philosophers such as David Hume (1739), who believed that ostentatious consumption was "innocent luxury" driven by *pride* in ownership and possession, and Adam Smith (1776), who argued that socially visible consumption was totally justified by *conformity* to rules of decency and the need to protect one's *social status* among its peers, were not critical at all to such phenomena. Later on, however, views change: John Rae (1834) rejects ostentatious consumption on moral and religious grounds as it is driven by *vanity*; John Stuart Mill (1848) agrees that such vanity has no place in a civilized society and adds that such *indulgence* should be taxed; and Nassau Senior (1836), preparing the ground for Veblen, holds that the desire for *social distinction* expressed through possession and display of wealth is the most powerful passion among humans.

2.2.3.2 The Marshallian Utilitarian View vs. the Emergence of Secondary Utility

In spite of these early voices that recognized social motivations, mainstream economists such as Alfred Marshall, whose "Principles of Economics" (1890) dominated the field for decades, marginalized the issue of status-driven consumption. Marshall considered it the indulgence of a small minority, implying that it had no place in a theory of consumption; while there were critics to this view - such as Pigou (1903) who argued that the degree to which individual choices could be affected by the opinion of others had been greatly underestimated – however, they found small acceptance during their era.

Among the "contemporary" scientists, it was Thorstein Veblen (1899), with his depiction of consumer motivations as of "invidious comparison" and "pecuniary emulation"[14], who introduced the first non-utilitarian perspective[15] on the issue or, alternatively, the notion of "secondary utility"[16]. Veblen's basic argument is based on the firm belief that, as wealth is increased and spreads over the society, consumer behaviour is driven not by satisfying subsistence needs or comfort but by the attempt to attain "esteem and envy of fellow men". For him, the purpose of acquiring possessions was to be found in the public consumption of esteem, status and anxiety displayed by materialism. His theory - while initially ignored - managed to finally find followers only after the World War II;

[14] "Invidious comparison" is the case where consumers try to distinguish themselves from those of lower classes; and "pecuniary emulation" where consumers try to emulate the behaviour of the classes above them and benefit from status gains.

[15] Utility is herein defined as primary utility (that is, the qualities "inherent" in the product or service).

[16] Secondary utility is herein defined as status gains or psychological benefits from consumption; that is, gains that are external to the product or service itself.

but ever since, these "signalling effects" have dominated the relevant literature, especially after they been further elaborated by Leibenstein into the taxonomy of the "veblen", "snob" and "bandwagon" effects[17] and with the additional help of Duesenberry's influential "relative income hypothesis".

2.2.3.3 Relative Consumption: Bandwagon, Snob, and Veblen Effects in the Theory of Consumers' Demand

Another "great" of the early history of economics, the Harvard economist James Duesenberry introduced (1949) the concept of social comparison through "relative spending" or "relative consumption". As seen, in the economics field - before 1949 - it was assumed, according to the traditional utility theory, that consumers' spending decisions were taken in isolation and independently of those of other actors in the market; economists believed that a demand theory based on the individual was adequate to explain decisions as functions of prices and income alone.

While many economists[18] started to question this assumption during the 40's, Duesenberry was the first to formally attack this individualistic and atomized model of the consumer; he argued that an individual's utility from any given level of consumption depends not only on the absolute level of spending, but also how that spending compares to that of others; households are exposed, through "demonstration effects" to the consumption patterns of those in their reference groups and seek to replicate those patterns[19].

Compared to Veblen, where the utility depends on exceeding the consumption level of others, Duesenberry sees utility on not having lower consumption than others (keeping up); this may be seen as an early conception of the "bandwagon effect". In both cases however, whether consumption is for the purpose of gaining status or relative position, two preconditions must be satisfied: consumers must share some degree of commonality in their ranking of relative desirability or status of products and brands; and their consumption must be socially (publicly) visible[20].

[17] While only the first effect is purely conspicuous, the other two have always been included in the relevant literature; and have fostered research resulting, as mentioned, in a better understanding of the motivations and differences between public versus private consumption, the normative or informational impact of reference groups on consumers, and the role of high prices in consumption curves or in consumer psychology.

[18] Morgenstern (1948) who questioned the assumption of "additivity" in the construction of aggregate demand curves and argued in favor of "non-additivity".

[19] A popular phrase, widely used, to describe this process has been the "keeping up with the Joneses".

[20] The public (visible) aspect of consumption is a cornerstone building block of these theories.

Leibenstein - prompted by Morgenster's paper on non-additivity - building on Veblen and in parallel with Duesenberry[21], attributed the high prices of luxury goods to external effects on utility; in his seminal article "Bandwagon, Snob, and Veblen Effects in the Theory of Consumers' Demand" (1950), he proved formally and demonstrated diagrammatically that the utility derived from any product is enhanced or decreased due to consumer actions - the fact that others are purchasing and consuming it - or, from a different point of view, due to the fact that the product bears a higher or lower price tag. A *veblen effect* arises when consumer preference for buying a good increases as a direct function of its price; a *snob effect*, when preference for a good increases as its rarity increases, or alternatively, preference decreases as the good becomes popular; and a *bandwagon effect* is observed where consumer preference for a good increases as the number of people buying it increases[22].

2.2.3.4 From '50s to '80s: the Marginalisation and Re-Birth of Signalling Economics

The social implications of consumption were developed by other scholars; for example, the ideas contained within Veblen's study of luxury and conspicuous consumption were further developed in the work of John Galbraith, "The Affluent Society". But, eventually, the increased mathematicisation of economics and the belief that the "sociology of consumption" was not the job of economists but of social scientists moved consumer preoccupations dealing with status, symbolism and prestige away from the economists' agenda until the 80's; a time when a new interest in sociological and psychological explanations started to sparkle among economists, as Mason (2001) notes.

Bagwell and Bernheim (1996) incorporated veblen effects in a new theory of conspicuous consumption; and Lea (1980) introduced a "counter-veblen effect", whereby consumers buy cheaper goods than they would actually need in order to avoid "showing-off" or ostentatious behaviour. According to Lea, these "inconspicuous consumers" may have as an underlying motivation the desire not to embarrass others by appearing wealthier or to discourage them from asking financial support.

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[21] Even though Leibenstein's treatment is probably more popular today within the marketing domain of luxuries and conspicuous consumption - maybe because it is directly applicable and more inclusive of specific phenomena - Duesenberry's work preceded Leibenstein's by one year and is more influential among mainstream economists. Leibenstein mentions Duesenberry in his classic article saying that he "considers problems of somewhat similar nature but handles them in quite a different manner" and admits that his "treatment of the problem helps considerably to fill an important gap in the current theory".

[22] Thus, a veblen effect is a function of the good's *price*, while the other two effects are functions of the *quantity* consumed in a given market.

2.2.3.5 From Social Economics to the Individual: Economic Psychology and the Conspicuous Consumer

With Lea, research moves from sociological explanations into the domain of economic psychology; continuing on this route - but unlike Leibenstein, Lea and Duesenberry who used economic variables such as price and supply to explain effects on demand - Braun and Wicklund (1989) offer a psychological explanation of the causes of conspicuous consumption. Within the context of a theory of self-completion, they argue that a basic drive is the need to achieve a complete identity in a chosen area, by means of displaying material prestige symbols associated with the desired identity. The focus here is clearly on the psychological utility of the consumer; this new turn into identity issues and the innate world of the conspicuous/luxury consumers was one more step in moving towards a fully-fledged, holistic view of all the possible influences behind the phenomenon of luxury consumption[23].

Chao and Schor (1998) also provided strong evidence for the impact of status consumption and inter-personal motivations on consumer's preference functions; offering further evidence against the previous applied work in consumer demand theory that continued to treat preference functions independently of motives other than intrinsic product attributes. This current interest of economic psychology in non-functional sources of utility regarding luxury products is further supported by Johansson-Stenman and Martinsson (2006); extending the conventional economic models, they offer empirical evidence adding an individual's self image and identity as an element in the utility function. While the fact that people care about their self-image and they interpret reality (including their own characteristics, their consumption and possessions) in order to maintain or improve this image is considered now days as almost self-evident in social psychology and marketing, this view - together with direct empirical evidence - is, surprisingly, still uncommon in economics (Johansson-Stenman and Martinsson, 2006)!

2.2.3.6 The Emergence of the First Psychological Models

Having said that conspicuous consumption only partly explains the perceived values of luxury/prestige products (since many of these products are privately consumed), it is appropriate to note one more time that this concept should not be used as identical to luxury consumption since it

[23] Influences include economic (primary) utility, social motivations, identity search and psychological needs. Marketing research will also add the hedonic consumption stream and emotional explanations on luxury consumption.

emphasizes the public aspect of consumption (or the visibility or ostentatious consumption) of products which are not necessarily luxuries; hence, while luxuries can be (and usually are) conspicuously consumed, other products are also being used in such a manner: thereby, the focus is on visibility, public expression and externalization or manifestation of the consumption behaviour. As Chaudhuri & Mahumdar (2006) point, "preoccupation with limiting conspicuous consumption to luxury consumption may be all the more incorrect... people could choose to buy and display any product which is different merely for the sake of being different from other consumers".

Regarding, however, the common ground with luxuries, it has been observed that "to the purely conspicuous consumer the satisfaction derived from any particular purchase comes not from its value but from audience reaction to the wealth displayed[24]; consequently, the cost of purchase becomes the only factor of any significance" (Mason, 1984). It is also worth at this point to record Leibenstein's observation that there is a distinction[25] between the "real price" and the "conspicuous price"; the real price being the price the consumer has actually paid, while the conspicuous price "is the price other people think the consumer has paid for the commodity and which therefore determines its conspicuous consumption utility" or "the price that the consumer thinks other people think he paid for the commodity" (Leibenstein, 1950).

It would be an omission to discuss conspicuous consumption, as linked to luxuries, without reference to the work of Mason (1981, 1984); in his 1981 work he identified an important gap in theoretical knowledge: "little research has been carried out directly into the motivations and purchase preference of conspicuous consumers. Evidence of status-linked consumer behaviour is only indirectly available - that is, it tends to occur in research studies which were set up to examine entirely different aspects of product choice and buyer behaviour but which coincidentally produce information which is of value to the conspicuous consumption researcher". To compensate for this lack, in his "Conspicuous Consumption: A Literature Review" (1984), he suggests a composite model in an attempt to offer a theoretically grounded explanation of the social psychology of demand for status goods.

This model is building on previous work of Veblen, Leibenstein, Kotler and Schewe: "at the first stage a range of consumer behaviour ranging from "irrational" (i.e., social psychological) to "rational" (i.e., economic) is given. Whilst the later seems to inspire utilitarian models of consumer decision processes, the social psychological group produces three basic model types, namely Pavlovian, Freudian and Veblenian", based on the respective well-known theories. The author

[24] This applies to luxuries and is, therefore, the link between the two domains - conspicuous consumption and consumption of luxury products.

[25] These subjective perceptions of a good's price, I believe, may have important implications on consumer motivation, behaviour or satisfaction; especially when the two prices, the real and the conspicuous, are not identical.

analyzes, subsequently, each of these models with regards to their relation with status consumption and he concludes that "as far as conspicuous consumption is concerned, the Veblenian model is clearly most appropriate for use." Finally the author - within the domain of the Veblenian model - derives a new composite model form based on different theories, such as achievement motivation theory, role theory, the family of cognition consistency theories (balance theory, congruity theory and the theory of cognitive dissonance) and the theory of social character formation.

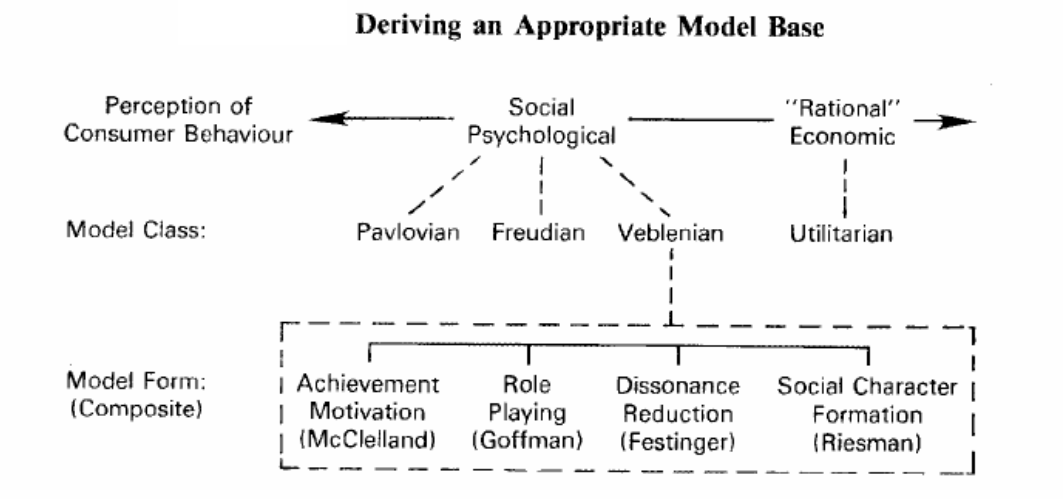


Figure 2. Mason's Conspicuous Consumption Theoretical Base

Mason argues that these theories provide a sufficient theoretical foundation that may form the appropriate basis to explain all possible manifestations of conspicuous consumption. Still, however, he points out the need for more psychological research: "whilst the proposed model base seems consistent with what is known of conspicuous consumption, one significant shortcoming must be noted: the composite omits random or innate personality variables and the influence such personal characteristics (often unique to the individual) may have on propensities to consume conspicuously and on associated buyer behaviours. However we already know that innate personality differences may modify but certainly do not explain conspicuous consumption behaviour and can, consequently, be considered a second order rather than first order model characteristic".

It is important to recognize that a complete model needs to effectively accommodate consumer motivations from such different sources as "external" status gains and also the desire to obtain personal "inner satisfactions" from the products they purchase. Mason's model is a good (although basic, in the sense that it needs additional analysis) step in this direction: it allows an understanding

of both the purely conspicuous consumers[26] as well as those who are preoccupied with their inner motivations; or those who use consumption as a means to communicate both with themselves[27] as much as with other people. It is also consistent with newer findings in the economic psychology field, such as those mentioned (Braun and Wicklund, 1989; Chao and Schor, 1998; Johansson-Stenman and Martinsson, 2006).

2.2.3.7 Pierre Bourdieu: the Importance of Cultural Capital and Transmission of Tastes in Contemporary Society

Finally, this section would be incomplete without reference to the latest academic evolutions in conspicuous consumption research under the influence of the leading French sociologist Pierre Bourdieu (1984, 1990). According to Trigg (2001) "the work of Bourdieu provides a contemporary development of the theory of conspicuous consumption that builds upon some of the more subtle aspects of Veblen's framework". These are mainly the development of the notion of "cultural capital" and the premise that the transmission of tastes is not anymore, as originally conceived, a "top-down" process[28] from the "dominant upper class" to the "middle class" and, from there, to the "dominated working class" but, instead, a round process[29]; this idea rejuvenates the "pecuniary emulation" and "invidious comparison" framework by demonstrating that, in reality, who emulates whom and who compares to whom is a much more complex and dynamic process[30].

Cultural capital can be defined as the accumulated stock of knowledge about the products of artistic and intellectual traditions, which is learned through educational training and - crucially for Bourdieu - social upbringing. Bourdieau, in his "Distinction" (1984), argues that the acquisition of capital is "inscribed as an objective demand, in membership of the bourgeoisie and in the qualifications giving access to its rights and duties". In addition, "the naïve exhibitionism of "conspicuous consumption", which seeks distinction in the crude display of ill-mastered luxury, is nothing compared to the unique capacity of the pure gaze, a quasi-creative power which sets the aesthete apart from the common herd by a radical difference which seems to be inscribed in

[26] According to Mason, the "pure" conspicuous consumer derives satisfaction from entirely external sources; such as the status gains "from being seen to purchase and consume products which are approved and admired - exclusively on the basis of their high price - by the target audience".

[27] For Mason, "many middle and lower-middle class conspicuous consumers fall into this category; in effect, *they are seeking to establish "identities" not only with social groups but with themselves*. It might be very interesting to explore and validate or falsify this "class-driven" hypothesis.

[28] The "trickle-down effect".

[29] The "trickle round" model.

[30] However, "pecuniary emulation" and "invidious comparison" are still valid explanations.

'persons'". Therefore, the idea that luxury and conspicuous consumption are - to some extent - class-driven finds strong support in the work of Bourdieu.

As a consequence, conspicuous consumption should not be anymore conceptualized as pure ostentation by means of exhibiting expensive possessions[31]. Instead, it now has - to a certain extend of course - undergone a socially-driven 'de-materialization' towards symbolic consumption and requires everyone, including the traditional wealth holders, to "redefine privilege in terms of cultural capital"; in this sense "conspicuity shifts from quantity to quality, from the appropriation of materially valued products to the appreciation of culturally valued products… a shift from 'waste' to 'taste'" (Shipman, 2004).

In addition, the "*trickle round" effect* (Figure 3, below) indicates that "pecuniary emulation", where the lower classes try to copy the behaviour and consumption patterns of the classes above them in order to appropriate their status symbols and be accepted as members of that class (Goffman, 1951), has nowadays become two-directional or round: the upper classes with more economic capital are "drawing at times from the tastes and behaviours of the popular culture of the working class and, subsequently, transmit this to the less sophisticated middle class" (Trigg, 2001). Holt (1998), too, remarks that "popular goods become aestheticized and elite goods become 'massified'"[32]. As a consequence, "invidious comparison" is also affected, becoming just one among many possible consumer motivations.

[31] This trend is also reflected in luxuries' advertising where research has shown that "veblen codes" (connotations of status and wealth in advertisements) are occurring in less than 20% of advertisements; something that "may be interpreted as the manifest consequence of luxury companies' understanding of the contrast between the desire to show off that drives some consumers of luxury goods and the pressure for reticence that comes from part of today's society. Luxury brands rarely play on such elements as conspicuous display…" (Brioschi, 2006).

[32] This links back to the discussion regarding the democratization of luxury.

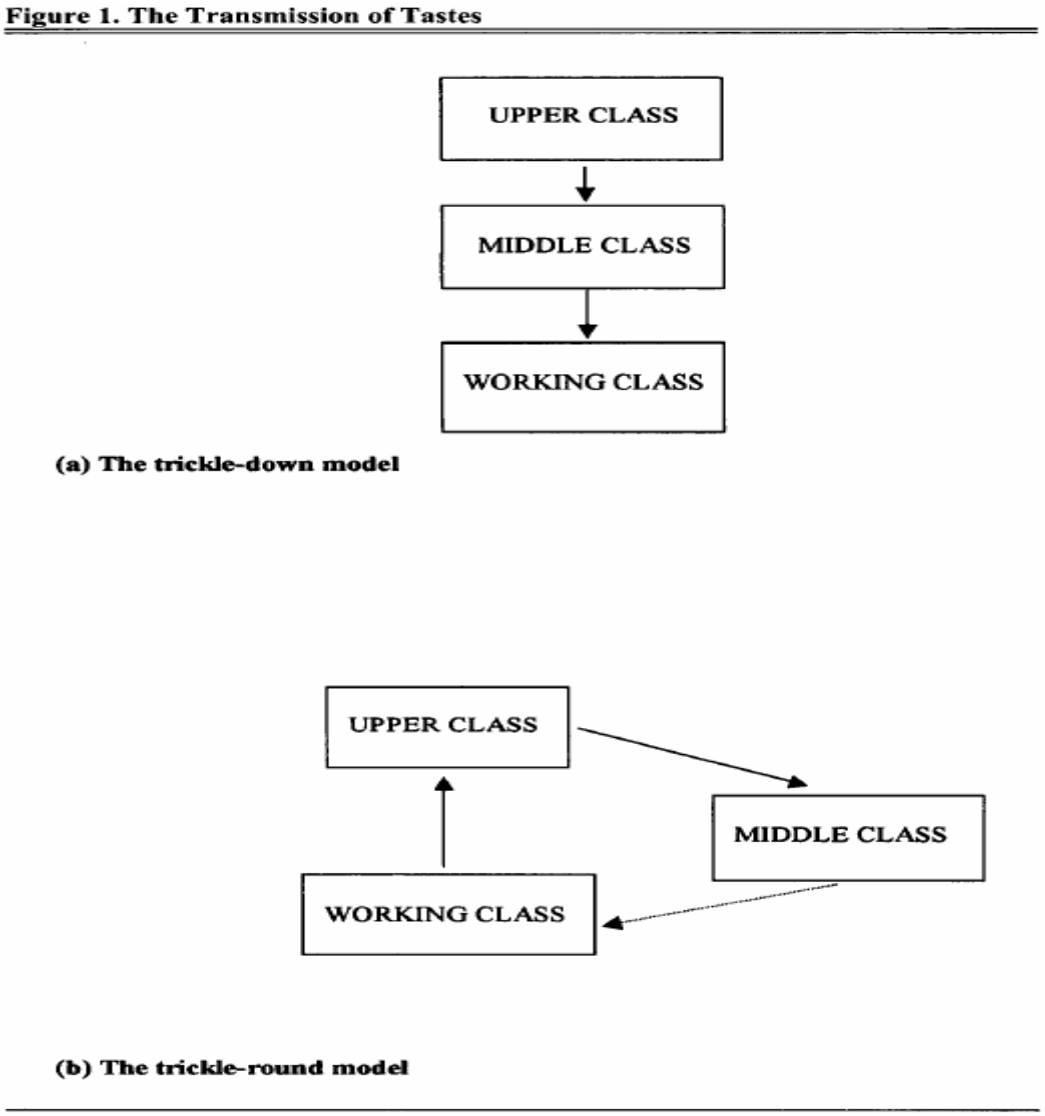


Figure 3. Transmission of Taste Model(s)

These two social developments impact luxury consumption. To talk in marketing terms, they both increase the importance of "culture" or "lifestyle" (and the relevant innate dispositional characteristics such as traits) as predictors of luxury consumption since, inevitably, income alone is not enough as a basis for luxury consumers' segmentation. Even though income as a segmentation variable "will not be abandoned unless strong reasons exist for doing so, on the other hand, the last two or three decades have witnessed an increasing use of psychological criteria such as social class, lifestyle or culture" (Dubois & Duquesne, 1993). In addition - for those who belong to the postmodern tradition (Featherstone, 1991; McIntyre, 1992) - consumer behaviour is not shaped anymore by income and positions of social class but, more importantly, by lifestyles that cut across the social hierarchy.

After this familiarization with conspicuous consumption, behavioural, social and economic research on relative consumption and signalling, one should have acquired strong foundations in order to take with confidence a more thorough look on research directly related to luxury.

This will be the focus of the following section.

2.2.3.8 The First Marketing Studies on the Consumers of Luxury Goods

Dubois and Duquesne (1993) - in an attempt to identify the appropriate segmentation bases in the context of the luxury goods market - describe the luxury market as being divided into two segments: "one of authenticity[33] and the quest for absolute quality, where brands act as standards of excellence; the other of models and social codes in which brands represent symbols". A third case would be a brand positioned "at the intersection of both worlds"; this brand would "draw its fascination for one group from the legitimacy given by the other". In my point of view, this depiction of the luxury market clearly corresponds to and describes the dichotomy between the symbolic and the utilitarian values of luxury brands.

The authors recognize that sources of utility "include product quality, aesthetic design, excellence of service, etc." but - since these are not able on their own to justify the relatively high prices of luxuries - utility alone is not enough of an explanation; therefore, they acknowledge that "many people buy such goods for what they symbolize", adding that "this is consistent with the hedonic consumption and extended self-personality models, according to which purchasing luxury goods represents an extreme form of expressing one's values". This is one of the first marketing papers to recognize that luxury value originates from many diverge sources including[34] quality, aesthetics, service, symbolic and hedonic value; in short primary and secondary utility, symbolism, and emotional reaction or satisfaction. The departure from income alone[35] as a segmentation basis for luxury product consumers and the inclusion of "culture" reflects the growing importance of what the authors call "psychosocial criteria"[36] and is consistent with Bourdieu's theory of cultural capital and the cyclical transmission of tastes among the classes.

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[33] The importance of authenticity and quality for luxury brands is also stressed by Beverland in the context of luxury wines (2005).

[34] But not limited to these only.

[35] Further support on the unreliability of income as a segmentation variable *per se* comes from recent research whereas "increasingly, consumers' buying habits do not always conform to their income levels" (Allsopp, 2005).

[36] The authors mention social class, lifestyle and culture.

2.2.3.9 Marketing Conceptualizations of Luxury Consumers

In another early marketing study on luxury consumers, Kapferer (1998) starts with the point that there is "no single and homogenous vision of what a luxury brand is"; in his view, luxuries can be categorized - and consumers segmented - according to what he calls their "values" or "functions" profile[37]. This study has revealed four types of luxury brands:

a) the first is defined as a segment characterized by the key attributes of "beauty of the object" and "excellence of products".

b) the second is a segment exhibiting the values of "creativity and beauty of the object".

c) the third includes "magic" and "never out of fashion".

d) finally, the last is characterized by the feeling of "belonging to a minority" and a "small club of owners"; (this segment seems to reflect Leibenstein's "snob" consumers).

Although, in my point of view, this classification seems too vague and arbitrary, it should be acknowledged that - as a whole - it captures all these themes[38] that are consistently found in most of the luxury literature: "excellence", "beauty", "magic", "exclusiveness" are commonly found themes that highlight the utilitarian, aesthetic, symbolic or hedonic aspects of luxuries' consumption.

For example, in two recent papers based on an international study of Dubois, Czellar and Laurent (2001, 2005), one can note similar visions of luxury: the facets that emerged from this study (and which - when considered together - help to define and obtain a structure regarding the cognitive domain of the luxury construct) are "excellent quality", "very high price", "scarcity and uniqueness", "aesthetics and polysensuality", "ancestral heritage and personal history" and "superfluousness"[39] (Dubois, Czellar and Laurent, 2001).

Furthermore, the same authors (2005) see the consumers of luxuries as being clustered into three groups: "Elitists" (luxury is appropriate for a small elite[40]), "Democrats" (the more modern view on luxury as open to a larger audience[41]) and "Distant" (not concerned or interested to luxury).

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[37] Kapferer rightly assumes that luxury brands perform certain functions and exhibit certain added values; thus, as a consequence, consumers may be segmented accordingly.

[38] Themes associated with luxury brands in this study include the following: "beauty of the object", "excellence of the product", "magic", "uniqueness", "great creativity", "sensuality", "feeling of exclusiveness", "savoir-faire and respect for tradition", "never out of fashion", "international reputation", "craftsman-like production process", "long history", "creative genius behind the brand", "satisfaction of belonging to a minority", "knowing that few have one", and "being in the forefront of fashion". One can see that these themes, however, are very "European-like"; referring back to the discussion of the European vs. the American typology, one might expect to find quite different values in the USA context.

[39] The same observation on the "European-like" origin of these facets, as in the previous footnote, applies here too.

[40] Obviously the "snobs".

[41] The result of mass affluence, leading to the "democratization of luxury".

This way of seeing luxury consumers is different from their profiling according to their latent motivations or values sought; however, it still captures a useful - although very basic - scheme of attitudes to luxury. In addition, the authors found that - in line with previous research - luxury goods are "systematically perceived as both hedonic and symbolic" (Dubois, Czellar and Laurent, 2005). In addition, it is worth to mention that the segment of the "distant" consumers - apart from not being attracted to luxury and having feelings of estrangement - has a somehow negative vision of luxury: these consumers regard it as either useless or too expensive, they are more likely not to buy such goods or buy replicas, they describe luxury consumers as snobbish or trying to emulate the rich[42], and find luxury old-fashioned and flashy (Dubois, Czellar and Laurent, 2005).

The proposed segmentation of luxury consumers into "Democrats", "Elitists" and "Distant" is also related to a different kind of segmentation based on situational factors (Dubois & Laurent, 1996). Starting from the speculative hypothesis that each luxury product fulfills a certain sets of functions and is, therefore, more appropriate in certain situations than in others, the authors constructed a taxonomical instrument that can be useful in two ways: a) it can be used to compare the "situational determinants" of the consumption of a vast variety of products from various luxury categories; contributing so to a better understanding of the functions of luxury goods, and, b) it could also be used to evaluate the inclination of persons to buy or reject particular luxury products. More specifically, the situational approach to luxury consumption results to a classification of consumers based on their "frequency of accessing the luxury product domain"; the following clusters are identified:

- the "Affluent", who (whether "Old Money" or "Nouveaux Riches") have "…both the desire and the financial ability to make luxury their "art de vivre"…", and clearly can be mapped to the "Elitists" in the former profiling.

- the "Excluded", who correspond to the "Distant" consumers and are these people who once were the vast majority of the population and could not afford any luxuries but - in the new mass affluence era - are simply indifferent to it; something that may happen for a variety of reasons.

- the "Excursionists", who may not be frequent buyers but do have access to the world of luxury in certain situations (e.g. gift giving, self-indulging or self-rewarding, etc.) and, so, their acquisition and consumption of luxuries may be characterized as occasional. These consumers may

[42] Emulation, in general, is an interesting phenomenon: it may be related to the "preference falsification" or "modified self-presentation" issues; these have never been researched in relation to luxury consumption, even though research in this context will probably reveal very interesting insights on latent or not-so-latent motivations of luxury consumers. Kuran (1995) analyzes preference falsification as a means to obtain social acceptance and presents strong evidence that preference falsifications are important for much of human behaviour; self-presentation though (Argyle, 1994), even when modified, is a valid way - often unconscious - in order to obtain social acceptance and fulfill social norms (for overviews: Argyle, 1994; Elster, 1989; Young, 1998).

be thought of as the "Democrats"; even though for them acquiring and consuming luxuries is not "art de vivre" but, rather, a rare moment outside their everyday life - still, however they have the potential and the desire to spend on expensive products when the situation calls for it.

2.2.3.10 The Dilemmas of Luxury Goods' Marketing: Dream vs. Awareness and Difussion vs. Rarity

Another issue that has been explored in the consumer behaviour luxury literature is the process according to which people acquire and consume luxuries and, more specifically, the way that "dreams" of luxury emerge and then materialize into purchase acts; the result is a regression equation, called "the dream formula": this leads to a better understanding of the structural relationship brand awareness, dream value (desire to own) and purchasing behaviour of such products (Dubois & Paternault, 1995). In brief, the results show that:

- As naturally expected, the relationship between awareness and purchase intention is rather strong since few people would buy products which they don't know, especially when high-involvement[43] products such as luxuries are concerned.

- The relationship between awareness and dream is even stronger.

- Interestingly enough, though, the relationship between purchase and dream is quite weak. In order to assess this phenomenon properly, the authors - using partial correlation analysis - have removed the influence of awareness since it contaminates the purchase-dream relationship and came across a very interesting result: that this is actually a negative relationship. Such a result indicates that the level of diffusion of a luxury brand adversely affects its "dream" appeal to potential consumers. This gives empirical support to the "rarity principle", which holds that if a luxury brand becomes over-diffused it may lose its appeal and luxury character.

While this study demonstrates the "paradoxical" nature of marketing of luxury goods[44], another one challenges the "rarity principle" on the basis that it is a culturally determined phenomenon that may hold true in the Western world but not in the East (Phau & Prendergast, 2000). This contradictory study shows that Asian consumers have different perceptions regarding the

[43] As a general rule, luxury products are considered examples of extreme-end cases of high-involvement decision making (Rossiter, Percy & Donovan, 1991); Horiuchi (1984) observes that it makes intuitive sense to classify luxuries as high rather than low-involvement products; on the same issue, Vigneron & Johnson (1999) note that the involvement model is useful in distinguishing "prestige" from "normal" products, although it "does not significantly differentiate the level of prestige among prestige brands.

[44] To quote their exact description of this paradox: "In the world of luxury brands, it therefore looks as if awareness feeds dream but purchase makes dream come true and therefore contributes to destroy it".

ownership of luxury goods in such a way that the over-popularity of a luxury brand will actually "propel the dream value" of this brand instead of damaging it and that "increasing awareness yields higher levels of brand preference, which generates stronger purchase intentions". This is attributed to the inclination of Asians to easily accept those in power, such as the dominant brands and to Confucian values such as the concept of *mien tsu*, which is a concept closely related (but not identical: Li & Su, 2007) to prestige, and is a function of social standing and status; therefore, each person has to conform to the consumption practices of his/her social class and identify to its peers, since a deviance might result in diminishing the *mien tsu*. As a result, there is a "bandwagon effect": the more popular a brand becomes, the more people will buy it.

Additional support on the Phau & Prendergast study with similar conclusions regarding the rarity principle is found in Wong & Ahuvia (1998) where the cultural determinants of luxury products' consumption and the differences between Western and Eastern consumers' self-concepts are analyzed in great detail; and in Li & Su (2007) where the authors analyze the concept of "face"[45] and its impact on luxury consumption in the East: Asian consumers - due to social pressures to enhance, maintain or save the face - are obliged buy popular luxury products in spite of their relatively lower income.

2.2.3.11 The Work of Vigneron and Johnson: a Segmentation Typology of Consumers of Luxury Goods

Vigneron & Johnson (1999 & 2004), building on the previous research on conspicuous consumption, signalling economics, sociology and luxury, make an attempt to integrate into a single framework all the above streams of research. In this work a number of relevant consumer values and motivations[46] are classified in a matrix which aspires to describe the so-called "prestige-seeking consumer behaviour". The dimensions of the matrix are operationalized with the use of the concepts of self-consciousness (public vs. private) and the perception of price as an indicator of prestige (lower importance vs. higher importance). The result is a matrix that classifies the basic values exhibited by luxury brands and, therefore, results in a segmentation scheme of the consumers seeking for these values (Figure 4).

[45] "Face" in Asia has three characteristics: conformity (a person has to mimic the face consumption of its social group), distinctiveness (the product/service has to be distinctive [: out of the ordinary, usual consumption], either as a brand name or in terms of price), and other-orientation (consumption must take into account the influence it has on other peoples' face; since faces are interdependent, thus, similar).

[46] These values (and their corresponding motivations) are: Conspicuous (Veblenian), Unique (Snob), Social (Bandwagon), Emotional (Hedonist) and Quality (Perfectionist).

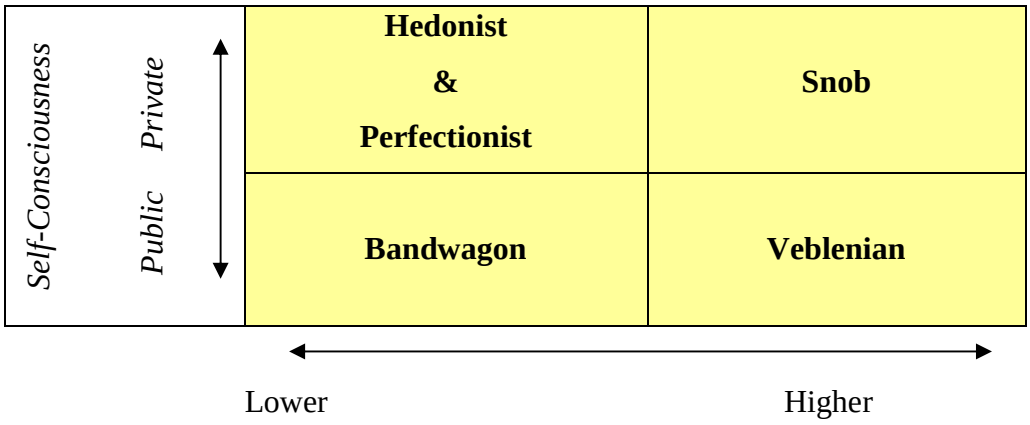


Figure 4: Prestige-Seeking Consumer Behaviours (Vigneron & Johnson)

Even though this taxonomy is not perfect[47] - and may be just one of many possible theoretical ways of picturing the luxury consumers - it integrates very nicely a lot of the work previously done in different fields and results in a "handy" description of the basic possible consumer segments in luxury markets.

However, the development of a scale (Vigneron & Johnson, 2004) for the measurement of the dimensions of brand luxury, based on this model, has not been endorsed by strong support.

It will be useful to comment on this model. Hence, consumers develop meanings for luxury brands based on:

- Interactions with people, reference groups, friends, peers (socially symbolic interactions) such as in the case of veblenian, snob and bandwagon consumption.
- Interaction with the self (affective) such as in the case of hedonist consumers.
- Based on product properties (or utilitarian benefits).

This model suggests a sensible taxonomy of luxury consumers, which is a useful starting point of discussion about luxury consumer segments:

Segment of conspicuous consumers: Veblenian consumers attach a greater importance to price as an indicator of prestige, since their main objective is to impress other people. As already mentioned, this "pure" kind of conspicuous consumer derives satisfaction from entirely external

[47] For example the snob is assumed to be privately self-conscious: in reality, I believe, many snobs are very publicly self-conscious since their snobbism is a form of a strong public statement: "look at me, how very different I am!"

sources such as the status gains from being seen to purchase and consume products which are approved and admired *exclusively on the basis of their high price* by the target audience they want to impress. Even though during the last decades the importance of the ostentation motivation through the display of wealth has been relatively downplayed, and contrary to the postmodernist objections, Chaudhuri and Majumdar (2006) agree that this motive is still strong among certain segments of consumers.

Segment of snob consumers: Snob consumers perceive price as an indicator of exclusivity and avoid using popular brands to experiment with inner-directed consumption. These consumers are using the symbolic uniqueness value of the luxury good in order to achieve differentiation, since for them the utility of a brand is increased when it is perceived as rare. The snob effect may be thought of as the exact opposite of the bandwagon effect[48]. This is consistent with the "Rarity Principle" (Dubois and Paternault, 1995; Phau and Prendergast, 2000) suggesting that an increase of a luxury brand's ownership by other consumers or its over-awareness may decrease the purchasing intention for this brand; naturally, snobs will be the first to decrease consumption of the popularized goods[49]. As mentioned, however, according to research findings in different contexts (Wong and Ahuvia, 1998; Phau and Prendergast, 2000) this seems to be mainly a Westerners' trait.

Segment of Bandwagon consumers: Belk's extended-self theory (1988) can be used to explain the consumption of luxuries as a symbolic marker of group membership. The major motivation of bandwagon consumers is their desire to stay in conformity with their peer groups. Bandwagons, as opposed to snobs, attach less importance to price as an indicator of prestige but place a greater emphasis on the impression they make on others while consuming luxuries - since their primary intention is to use the symbolic value of the luxury good in order to achieve group affiliation. Therefore, the bandwagon effect is the opposite of the snob effect since it involves consumption of popular goods. It is useful to mention that Vigneron and Johnson (1999) argue that this effect

[48] The dynamic interplay between the "bandwagon" and "snob" effect has been well documented and emphasized in all the relevant literature (Leibenstein, 1950 & 1976; Mason, 1992, Roger, 1983; Biddle, 1991; Berry, 1994). Leibenstein in his seminal work (1950) was the first to note that: "we thus have in the snob effect an opposite but completely symmetrical relationship to the bandwagon effect". For an excellent econometric demonstration of this interplay between the two effects see by Yao and Li (2005); the authors explain that "as the signalling value of a superior good disappears because sufficiently more people come to own one, it eventually becomes and 'ordinary good' ".

[49] Vigneron and Johnson (1999) mention one more case - in addition to the rejection of very popular brands by snobs - where the snob effect occurs: this is the launch of new prestige products where the snobs, acting as "early adopters", will adopt the product first in order to take advantage of the limited number of consumers at this point of time. This same argument was developed previously, in a different context, by Rogers (1983) who points out that "when many other members of a system have also adopted the same fashion, the innovation may lose much of its social value to the adopters".

influences the lower-end luxury brand extension; therefore, it is possible that lower-middle or middle class consumers are clustered in this segment. This would also be consistent with Mason's idea that "many middle and lower-middle class conspicuous[50] consumers…are seeking to establish "identities" … with social groups".

Segment of Hedonist consumers: for these consumers the emotional value is in excess of the luxury good's functional utility; therefore, the hedonic effect occurs when consumers value the perceived utility acquired from a luxury brand to arouse feelings and affective states. Hedonic consumers are more interested in their own thoughts and feelings and, thus, place less emphasis on price as indicator of prestige. It has been shown (Cofremca, 1992; Silverstein and Fiske, 2003; Solomon, 2006) that, in line with the general status-seeking motive decline, the "growing self-indulgence trend observed in Western Societies" is a "major force underlying luxury purchases as consumption is shifting from an interpersonal to a personal nature. More and more consumers "seem to buy luxury goods to gratify themselves[51] than to impress others" (Dubois and Laurent, 1996)[52]. Vigneron and Johnson (2004) believe that the hedonic type of consumer is most likely typified by "people who rely on their own personal opinion, and who are not susceptible to interpersonal influence[53] when considering luxury brands".

Segment of quality-seeking or perfectionist consumers: these consumers perceive higher prices as indicators of quality, and are the best examples of the utilitarian perspective[54] on luxuries. Perfectionist consumers rely on their own perception of the product's quality, and may use the price cue as further evidence supporting the quality issue (Aaker, 1991). Quelch (1987) argues that "excellent quality is a sine qua non" in luxury product categories; therefore, it is commonly expected that a luxury brand should exhibit higher levels of quality relatively to non-luxury brands in the same product category. Consumer perfectionism might well be a motive[55] for most luxury consumers. Quality-type characteristics of luxury brands may refer to several dimensions such as engineering, technology, craftsmanship, the "hand-made" value, even aesthetics and sophistication.

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[50] "Conspicuous" here refers to conspicuous consumption in general - including "bandwagon" consumers.

[51] The "pleasure" and "reward" motivations have been consistently used to elicit emotional responses in luxury goods advertising, such as in the case of expensive cars; for example: "Sheer Driving Pleasure" (BMW) and "It's for baby boomers who want to reward themselves" (Mercedes CLK coupe).

[52] Dubois & Laurent (1994) argue that the emotional value is an essential characteristic of the perceived utility acquired from luxury products.

[53] Such as "role-relaxed" consumers (Kahle, 1995) or "inner-directed" consumers.

[54] Primary utility (from the product's functional attributes).

[55] Even as a secondary motivation relatively to another stronger motive.

The preceding analysis doesn't, of course, imply that consumers clearly fit in the above descriptions. In many occasions a consumer will fit, simultaneously, in two or more of these segments; however, in many cases one of these might prevail. Vigneron and Johnson (1999) argue that "although we assume that the five prestige values are independent, we posit that they relate additively and contribute incrementally to brand selection. While consumers may choose to maximize all five prestige values, in practice it seems reasonable to believe that consumers would trade off less salient values for more salient ones. Therefore, we propose that the preference for each alternative value may describe a separate prestige-seeking profile, but also agree that certain consumers may belong to more than one category". This observation is consistent with Leibenstein's observation regarding the existence of "mixed effects": "any real market for semi durable or durable goods will most likely contain consumers that are subject to one or a combination of the effects" [56].

2.2.3.12 The Emerging Distinction between Social and Personal Orientation to Luxury

Vigneron's and Johnson's model made researchers to place the investigation of luxury-brands' consumption into a broader and more structured perspective, incorporating new elements such as personal motives (affective/hedonic or identity related); until then, luxuries' consumption was mostly viewed in its social/interpersonal function, as the large literature on conspicuous consumption suggests.

This development as well as the recognition that social motives alone were not "sufficient to explain the whole picture of luxury consumption", made researchers turn their attention into the personal-orientation of consumers towards luxury. Tsai (2005), based on existing theoretical frameworks (Wong and Ahuvia, 1998), proposed a Personal Orientation towards Luxury-Brand Consumption model (PO-LBC; Figure 5):

[56] Leibenstein, of course, was referring to the three effects only (veblen, snob, bandwagon).

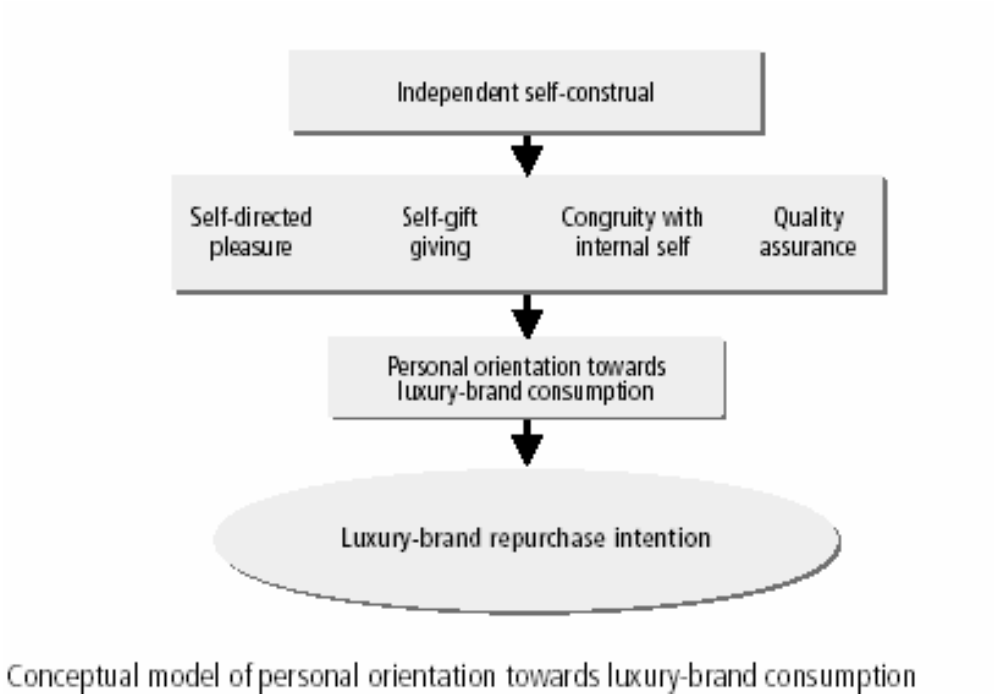


Figure 5. Conceptual Model of Personal Orientation to Luxury

This model specified the antecedents and consequences of *personal orientation towards luxury-brand consumption,* confirming that luxury is also affected by personal goals. It posits that a segment of personally-oriented consumers should be recognized in addition to that of socially-oriented luxury consumers. Specifically, an independent self-construal antecedes four types of personally-directed consumption goals: self-directed pleasure, self-gift giving, congruity with internal self and quality assurance, which, in turn, lead to personal orientation towards luxury-brand consumption; furthermore, this orientation has been found to significantly impact on luxury-brand repurchase intention.

2.2.3.13 Contemporary Research on Luxury Value

Wiedmann, Hennings and Siebels (2007) try to tackle the same core issue as Vigneron and Johnson - from a different perspective: the dimensions that constitute the luxury value in customers' perception of a luxury brand. Drawing on the existing literature on luxury, they present a comprehensive[57] multidimensional conceptualization of luxury value which encompasses four

[57] The authors argue that their model includes all possible relevant dimensions of luxury value, offering an "integrative understanding of the luxury concept".

highly interrelated components: “financial, functional, individual and social value components”. In addition it is acknowledged that situational conditions[58] and subjective individual characteristics may impact on the perception of the luxury brand in a way that “different sets of consumers would have different perceptions of the luxury value for the same brands, and that the overall luxury value of a brand would integrate these perceptions from different perspectives”[59]. A graphical representation of this model is presented in Figure 6.

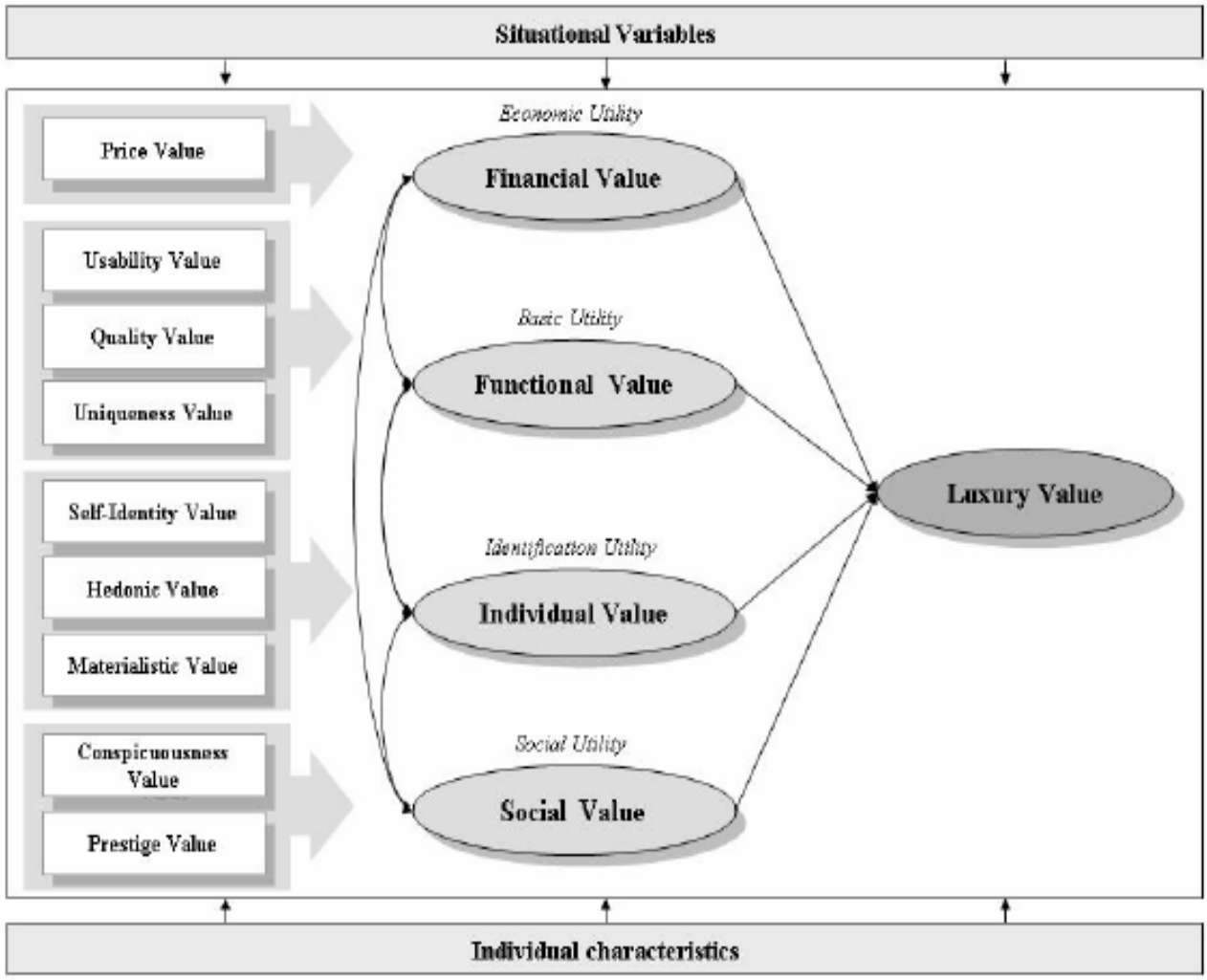


Figure 6. “Luxury Value” Conceptual Model

Specifically, the financial value component includes direct monetary aspects like the price, resale price, discounts, investment or, generally any opportunity costs. The functional value dimension describes the “core benefit and basic utilities” such as quality, uniqueness, reliability,

[58] Such as economic, societal and political factors.

[59] This observation is similar to the discussion of the “mixed effects” - but from the perspective of the luxury brand this time. A mix of different consumer perceptions - from a given consumer population - impacts the overall image of the luxury brand. Such a view leads to the assumption that a luxury brand is such a “subjective and multidimensional construct” that it can never be accurately described; its meanings and frontiers may be infinite! See more on this in the following discussion on Dubois, Laurent, & Czellar (2001) “Consumer rapport to luxury: analyzing complex and ambivalent attitudes”.

usability and durability of a product. The individual value mirrors the customer's personal orientation to luxury consumption including materialism, hedonic value or the value to contribute to the self-identity construction. Finally, the social value component includes the utility from consuming the luxury product in a given social setting - such as the conspicuous value or prestige.

In the same line of reasoning with Vigneron and Johnson's (1999), the authors acknowledge that - even though these dimensions "operate independently - they can interact with each other and have different influences on the individual consumers' luxury value behaviour". Also, the functional, individual and social value relate to the values in Vigneron's and Johnson's model[60]. What is different from the previous model is:

- The inclusion of the "financial value" that has always been assumed as such a self-evident component that it was never proposed before.

- The inclusion of situational variables and individual characteristics that may impact on the perception of luxury.

- This later is a more flexible model. Vigneron's and Johnson's model is, in essence, concerned too with "luxury values"[61]; their values, however, try to match with specific consumer types such as the conspicuous, snob, bandwagon, hedonic, and perfectionist type of consumer. Wiedmann et al's model is more abstract and - while it allows the five (Vigneron and Johnson) luxury consumer types to cohabit into it - it also allows a greater flexibility[62] as it does not try to force the reality of the infinite consumer types into a tight schematic representation.

2.2.3.14 The Rarity Principle

While in Eastern societies the success of a luxury brand - to the extent that it is virtually owned by everyone - will not damage its image (Wong and Ahuvia, 1998; Phau and Prendergast, 2000), in the West it would be detrimental and would reduce consumers' desire to own such a brand (Dubois and Paternault, 1995; Phau and Prendergast, 2000); therefore, in order to maintain their prestige, luxury brands must sustain high levels of awareness while, at the same time, controlling tightly their sales ("luxury paradox").

[60] Functional value relates to Quality value, Individual and Social relate to Hedonic, Social (Bandwagon), Conspicuous and Unique values.
[61] Values in the Vigneron & Johnson model: Conspicuous, Unique, Social, Emotional and Quality value.
[62] Therefore it might accommodate more possible consumer types than the five of the previous model; or their combinations.

This is a really hard task for managers of luxuries; Catry (2003) identifies possible ways so that the expansion of sales into emerging new luxury segments remains compatible with maintaining the desired scarcity. As he points out, "luxury goods companies are not selling rare and exclusive products. But, like magicians, they are adept at pretending to do so by offering an illusion of scarcity".

While, historically, rarity has stemmed from the use of naturally scarce materials such as diamonds, gold or silver, or through the laborious hand-making craftsmanship process (where an item would need weeks or months to be manufactured and would, therefore, be unique), nowadays this is not normally the case[63]; instead - in an effort to reconcile differentiation with high production volumes - companies are adding a virtual dimension to rarity (Kapferer, 2006; Catry, 2003) by using marketing techniques such as artificial shortages and limited series or policies such as selective distribution or an appropriately designed marketing environment.

Catry (2003), therefore, distinguishes between four types of rarity, ranging on a continuum from natural to virtual:

- *Natural rarity*, based on scarcity of ingredients, components, limited production capacity, or rare human expertise. This type of rarity is incompatible with sales expansion and high production volumes due to limits in availability of materials or human or production constraints (e.g. Valmont's use of rare alpine herbs to produce its high-end Swiss Cosmetics; large waiting lists for Mercedes SLK Coupé during its first years of production; an 18 years old whisky that needs 18 years to be made).

- *Techno-rarity*, based on innovations, new products and features (e.g., first fridges or air bags). These products are not compatible with excessive production due to initial cost inefficiencies - though not as much as the naturally rare products; so, they are usually reserved to the top lines, until technology becomes massive or obsolete, when it is passed-down to more the cheaper lines.

- *Limited editions or custom-made products* (handmade products: some exclusive brands of Cuban cigars, originally made for F. Castro himself), and one-to-one relationship (e.g. Vuitton Graffiti bags, painted in hand by Steven Sprouse himself). Here as well a high volume is not attainable due to cost limits or human constraints; in addition a "pseudo-limited edition" strategy is used many times whereas - while there are no actual constraints in mass-production - a marketing hype is artificially created around limitedness.

- *Information-based rarity*, where the information communicated to customers creates the feeling of rarity, through a manipulation of various techniques such as playing with pricing

[63] It may be the case, however, for a small number of ultra-luxurious products.

information[64] or creating distribution rarity[65]. PR communication is especially suited in order to create informational-type of rarity - as opposed to massive advertising. Finally, secrecy (where the ingredients or number of items available are not publicly disclosed) can contribute to an information-based rarity strategy.

Rarity creates the feeling of uniqueness which is essential to luxuries; generates consumer dreaming and an aura of illusion, and - according to its type, as classified above - can be particularly relevant to snobbish, but also, to the veblenian, bandwagon, as well as hedonic or quality-seeking consumers. It may be difficult to reconcile rarity with expanding sales, but not impossible; after all, according to Catry "luxury firms have always been experts in the art of selling illusion".

2.2.3.15 Conclusions

Having by now discussed the consumer behaviour research literature relating to luxury with all its merits, problems, concerns, difficulties and contradictions, it seems that - as a last word - it is appropriate to adopt a quote from Dubois, Laurent, & Czellar (2001)[66]: *"complexity and ambivalence still lie at the heart of consumer attitudes towards luxury"*.

"Complexity, first, as attitude components are numerous and intertwined…the perception of luxury combines several interdependent dimensions; and consumer relations to luxury are also multidimensional. Ambivalence, second, as attitude components may be contradictory, not only across consumers, but more interestingly within consumers: behaviour may be inconsistent with self-reported attitudes, and consumers themselves may have trouble understanding their own contradictions… In such cases, considering an individual consumer as a relatively simple unit following a consistent pattern of behaviour based on unequivocal attitudes will be a misleading oversimplification of reality."[67]

An appendix, summarizing the *empirical research* on luxuries is attached at the end of this document (Appendix A).

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[64] In 2002 Zenith raised 40% its watch prices overnight with no (negative) effect on sales.
[65] For years the Channel No5 perfume could only be bought in the company store at 31 rue Gambon in Paris.
[66] Dubois, Laurent, & Czellar (2001) "Consumer rapport to luxury: analyzing complex and ambivalent attitudes".
[67] The perception of the luxury concept, however, is not a unique case of such ambivalence. The ambivalent nature of attitudes in high-involvement consumption situations is very well documented in the literature (Otnes, Lowrey and Shrum 1997; Prentice and Miller 1993; Sherry, McGrath and Levy 1993).

2.3 DEVELOPING A MODEL OF LUXURY CONSUMPTION

The previous part has outlined all the theoretical and/or empirical studies in the context of conspicuous and luxury consumption. The next part will be building on this literature, as well as in additional research, in order to lay the foundations upon which the investigated model and the research hypotheses will be built. It will be shown that, in order to understand, describe and explain the phenomenon of luxury consumption, we can use self-concept and trait theory along with the existing research on the various consumption effects, hedonic and utilitarian consumption.

The structure of this part will be the following:

a) I will begin (2.3.1) with a short introduction to the model: this will include a description of the variables (self-concept; traits; and effects or behavioural patterns) and their relationships; as well as a brief note on the logic underlying the choice of constructs included. This introduction - although slightly repetitive in view of the detailed explanation later on - will help the reader to understand in advance the material and arguments that will follow.

b) Next (2.3.2), I will present a more detailed account of the theories used, their relationship, and the reasons why these theories and the relevant constructs have the potential to explain the phenomenon of luxury consumption. These include self-concept theory (2.3.2.1) and trait theory (2.3.2.2).

c) At this point (2.3.3) a detailed account of the specific traits of the consumers of luxury goods will be presented.

d) At the end (2.4) everything will be synthesised in a model of luxury consumption and the detailed hypotheses of this study will be presented.

e) Conclusion (2.5).

2.3.1 Introduction to the Model: Variables and Justification for Their Inclusion

Existing research on luxuries has treated the consumption of luxuries as a homogenous behaviour: this means that the outcome variable is always the "consumption of luxury goods" without any further distinctions! The proposed model - building on the work of Leibenstein (1950) as well as on research on hedonic and utilitarian consumption - recognizes the existence of different behavioural patterns (or effects, using the original term as conceived by Leibenstein; in the remaining of this document the terms "effect", "behavioural pattern" or, sometimes, "behaviour" will be used with the same meaning, as will be later discussed) since the consumers of luxury goods are not homogenous and, therefore, their behaviour is not homogenous as well.

In addition, this model assumes that - on the antecedents' side - two levels of constructs exist: at the first level, a consumer's self concept (with a social or personal orientation) and at the second level - mediating the relationship between self-concept and behaviour (or behavioural patterns or effects) - are the various consumers' traits, which provide the causal mechanism via which the self-concept impacts overt behaviour. The existing research on luxuries, as will be shown (2.3.2), has not covered these areas or, where references exist, it has never explained them and their importance in a satisfactory way.

The choice of these types of variables (self-concept and traits) as well as the choice of the luxury-specific individual traits has been based on theory (i.e. their ability to explain behaviour(s)) as well as on a combination of theory, academic discussions and empirical qualitative input from practitioners (e.g. interviews with managers of luxury goods: see qualitative pre-study below).

The Model

Literature synthesis - complemented by qualitative input from practitioners that have lengthy experience in dealing with consumers of luxury products - led to the development of the following model. As can be seen in the next figure, a consumer's self-concept orientation (independent or inter-dependent) can result in five different luxury consumption behaviours (effects or behavioural patterns) via the various mediating traits. The model is briefly introduced and explained in the next sections (the dashed red paths indicate negative relationships):

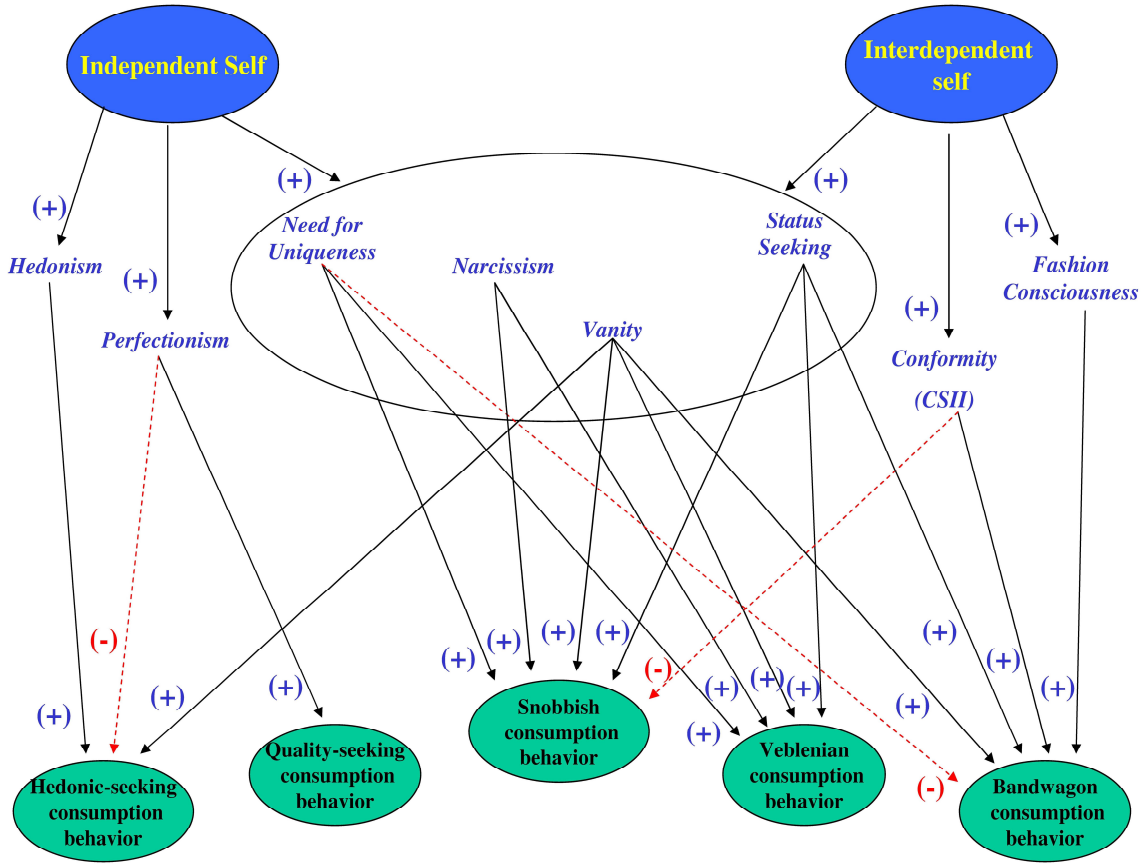


Figure 7. Hypothesized Model of Luxury Consumption Behaviour(s) and Psychological Antecedents

Why Self-concept

The self-concept has a dominant role in the consumption of luxuries. Self-concept research has distinguished between an "independent self" and an "inter-dependent self": as will be shown later, an independent self leads to a "personal orientation" to luxury while an inter-dependent self leads to a "social (or inter-personal) orientation" to luxury consumption.

Current research (Hansen, 1998; Wong & Ahuvia, 1998; Vigneron & Johnson, 1999; Wong & Zaichkowsky, 1999; Gentry, Putrevu, Shultz, & Commuri, 2001; Coulter, Price, & Feick, 2003) supports the view that personal motives also drive luxury consumption and that it is not solely a social or interpersonal function, as exemplified by the conspicuous consumption literature (Berry, 1994; Dittmar, 1994; Corneo & Jeanne 1997; O'Cass & Frost 2002). The limitation of social motives to fully explain luxury consumption was recently recognised by research advocating the existence of a personal-orientation towards luxury (Tsai, 2005). A distinction between socially-oriented and personally-oriented luxury product consumers has emerged in the literature (Wiedmann, Hennigs, & Siebels, 2007). The origins of these two orientations can be traced in an

individual's self-concept (Marcus & Kitayama, 1991; Wong & Ahuvia, 1998; Bagozzi & Heathenon, 1994; Ellis & Wittenbaum, 2000; Gudykunst & Lee, 2003; Tsai, 2005). Each individual has a perceived self-image related to self-concept and attempts to preserve, enhance, alter, or extend this self-concept related image by purchasing and using products that are seen as relevant (Onkvisit & Shaw, 1987; Claiborne & Sirgy, 1990). Consumers with primarily independent self-concept show a more personal orientation in the way they consume luxuries whereas consumers with primarily interdependent self-concept care more for the social impact (or signalling) of their consumption.

Why Traits

The second level in the conceptualization - that mediates the key relationships - encompasses individuals' traits. Traits are useful to delineate differences across individuals in the consumption of luxury products. Traits are relatively stable through an individual's lifespan (Buss, 1988; Funder, 1994), and can serve as a reliable link between a person and certain behaviours regardless of external situational influences (Alston, 1975): Eysenck (1990) sees traits as real structures within the person which are "causal of behaviour".

Consumer behaviour research has identified a number of traits that explain the consumption of luxury products. Traits are directly related to the self concept. Consumers with an independent self-concept are sensitive to stimuli that privilege the self and ignore relations and others' reactions. As such, the independent self-concept is related to self-directed (or non-social) traits such as (consumer) perfectionism, hedonism and the individualistic aspects of need-for uniqueness. In contrast, consumers with an interdependent self-concept are sensitive to information and stimuli that direct attention into their relationship with others and, therefore, develop considerable interest in interpersonal domains and the reaction of others towards them. Their social "persona" is important in regulating their behaviour. The inter-dependent self-concept is linked to socially-directed traits such as status-seeking, the social aspects of need-for-uniqueness (popular choice counter-conformity), vanity, narcissism, susceptibility to interpersonal influence (conformity), and fashion consciousness.

Why Different Behavioural Patterns (Effects)

Specifically, traits are conceptualized as antecedents of various luxury behaviours (effects), recognizing the fact that consumption (purchase and use) of luxuries is not a homogeneous behaviour but, instead, encompasses many distinct consumer behavioural patterns. I keep the term "effect", as originally conceived by Leibenstein (1950), but in this definition I take a broader view meaning a repeated pattern of behaviour (as a consequence of trait theory).

The traits of the Consumers of Luxury Goods

Hedonism, the trait of pleasure-seeking, is the antecedent of a "hedonic effect", where the consumption of a luxury brand is increased as its perceived hedonic value is increased (Vigneron & Johnson, 1999). Luxuries possess emotional value much in excess of their functional utility leading consumers to "subscribe to the hedonic motive" (Dubois & Laurent, 1994; Dubois, Laurent, & Czellar, 2001), a subjective intangible benefit that includes many different kinds of emotional responses: sensory pleasure, excitement, aesthetic beauty, sensuality are all manifestations of the hedonic dimension of luxury consumption (Alleres, 1990; Benarrosh-Dahan, 1991; Roux & Floch, 1996; Holbrook & Hirschman, 1982). Thus, consumers who possess this trait are oriented towards experience of fun, indulgence and pleasure; goals, which they will seek to fulfil when they consume luxuries.

Perfectionism identifies consumers who search for the best quality in products (Sproles & Kendall, 1986). Perfectionist consumers are primarily driven by high quality and they buy a luxury brand because they believe that, relatively to a non-luxury brand with the same tangible functions, the luxury brand exhibits much higher levels of quality. Perfectionism is posited as an antecedent of a "quality effect": the consumption of a luxury brand is increased as its perceived quality is increased (Vigneron & Johnson, 1999). According to the classic economic theory, the primary justification for the acquisition of luxuries is the search of superior quality (primary utility). Quelch (1987) argues that "excellent quality is a sine qua non" in luxury products.

Need-for-uniqueness is "the trait of pursuing differentness relative to others through the acquisition, utilization and disposition of consumer goods for the purpose of developing and enhancing one's self-image and social image" (Tepper, Bearden & Hunter, 2001). It is posited to lead to a "snob effect" type of consumption which arises when consumers' preference for a good is increased as its rarity increases, or in the opposite case, preference decreases as the good becomes popular (Leibenstein, 1950). This trait reflects both self-image and social image enhancement processes (Tepper, Bearden, & Hunter, 2001; Nail, 1986) since it encompasses such different dimensions as "creative choice counter-conformity" (the consumer seeks social differentness from others but still makes selections that are likely to be considered good choices by these others), "unpopular choice counter-conformity" (consumption of products and brands that deviate from group norms and may result in social disapproval) and "avoidance of similarity" (a loss of interest in, or discontinued use of, possessions that become commonplace in order to move away from the norm and re-establish one's differentness). Accordingly, such consumers are attracted to luxury products by scarcity or uniqueness appeals (Leibenstein, 1950; Vigneron & Johnson, 1999, 2004;

Tepper, Bearden, & Hunter, 2001; Catry, 2003; Van Herpen, Pieters, & Zeelenberg, 2005). In addition, since rare luxuries are usually very expensive, the pursuit of differentness via such consumption is posited to contribute to a "veblen effect" as well.

A "veblen effect" arises when consumers' preference for buying a good increases as a direct function of its price (Leibenstein, 1950). It is hypothesized that status-seeking, which has been conceptualized as a trait (Eastman, Goldsmith, & Flynn, 1999), is an antecedent of this type of behaviour. Packard (1959) defined "status-seekers" as those "people who are continually straining to surround themselves with visible evidence of the superior rank they are claiming". Status has been linked to the symbolic uses of products such as luxuries (Goffman, 1959; Belk, 1988; Braun & Wicklund, 1989; Mason, 1981), since consumers acquire, own, use and display them in order to enhance their sense of self, to present an image of what they are like or they would like to be and to bring about the kinds of social relationships they wish to be in. According to Mason (1984), for "the purely conspicuous consumer, the satisfaction derived from any particular purchase comes not from its value but from audiences' reaction to the wealth displayed. Consequently the cost of purchase becomes the only factor of any significance". In addition, since expensive luxuries are sometimes rare items, status-seeking is posited to contribute to the "snob effect". Finally, when consumers seek for affiliation, status-seeking within a particular group can lead to a "bandwagon effect".

Narcissism is another trait that can be associated with the consumption of luxuries, although neglected by the mainstream luxury consumption literature. Sedikides, Gregg, Cisek, and Hart (2007) argue that narcissists - individuals who see themselves, and who want others to see them, as special, superior and entitled and who are prone to exhibitionism and vanity - will strive to purchase "high-prestige" and rare products in order to validate their excessively positive self-views. Narcissists regulate their own esteem by increasing their apparent status and trying to earn others' admiration and envy by means of buying expensive and rare goods in order to sustain and elevate their inflated self-positivity; they can sacrifice necessities at the expense of luxuries. Thus, it is proposed that narcissism is an antecedent of both a "veblen effect" and "snob effect".

Vanity (Netemeyer, Burton, & Lichtenstein, 1995) is posited to influence luxury consumption since luxuries - such as expensive and unique clothing and cosmetics - might enhance outward physical appearance and be a manifestation for achievement (Solomon; 1985, 2006; Watson et al., 1999, Belk 1985) Richins and Dawson (1992). Watson, Rayner, Lysonski, and Durvasula, (1999) and Netemeyer et al. (1995) suggest that conspicuous consumption (in the general sense: all three effects) could be modelled as "behavioural manifestation of vanity". Thus, vanity is an antecedent of a "veblen effect", "snob effect" and a "bandwagon effect". Also, due to its physical dimension, (physical) vanity could be an antecedent of a "hedonic effect" (more detailed analysis below).

Consumer susceptibility to interpersonal influence (CSII or conformity) is the need to "identify with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands" (Bearden, Netemeyer, & Teel, 1989). This trait is posited to lead to "bandwagon effect" type of consumption of luxury products. According to Leibenstein (1950) a "bandwagon effect" is observed where consumer preference for a good is increased as the number of people buying it increases. This trait leads individuals to conform more to referent group norms in order to enhance their self-concept by means of group affiliation (Dubois & Duquesne, 1993; Vigneron & Johnson, 1999). In line with Belk's extended-self theory (1988) the possession of luxury brands is for them a symbolic marker of group membership.

Fashion consciousness is a trait of consumers who want to keep up to date with latest styles (Sproles & Kendall, 1986); I see it as a specific manifestation of CSII. According to Brioschi (2006), fashion conscious consumers are motivated by the search for fashion, style, trends and the "latest" luxuries, convinced that the latest version of a luxury product is not just functional but socially superior to the old (Mason, 1981). Thus, it is proposed that fashion consciousness is an antecedent of a "bandwagon effect" since it involves those luxury goods which are consumed in relatively large quantities.

This was intended to be a brief introduction to the model, in order to facilitate the reader in the comprehension of the next sections. All these will be further analyzed in more detail in the following sub-chapters.

2.3.2 Self-Concept and Trait Theory

This model has two levels of antecedents leading to various luxury consumption behaviours. The first (indirect) antecedent is the self-concept (with its two orientations: independent self, leading to a personal orientation to luxury; and inter-dependent self, leading to a social orientation to luxury). Mediating the relationship between the self-concept and behaviour (or behavioural patterns or effects) are a consumer's individual traits, which provide the causal mechanism via which the self-concept impacts overt behaviour. Hence, the direct antecedents of luxury consumption behaviour(s) are the various individual traits. Finally, these antecedents lead to five distinct consumption patterns (effects): as already noted, the terms consumption behaviours or consumption/behaviour patterns or effects are used in the same way.

2.3.2.1 Self-Concept Theory

a. The Self in Consumer Research: a General Introduction

The view taken in this research is that the self-concept is a significant regulator of behaviour - especially in a domain of highly symbolic goods such as luxury brands. At this section I will present a brief overview of the self-concept theory (-ies), in order to provide a useful foundation for the present study. The self has been understood and/or described in a vast number of conceptualizations. However, what is meant by "self-concept" in theory and research is often ambiguous or arbitrarily defined; and the numerous theoretical paradigms from divergent fields of sociology and psychology make the issue even more complex. In defining the self-concept for the purpose of this research, I will borrow the main perspective from *cultural psychology* research; while - for the sake of completeness and for drawing useful examples and, sometimes, concepts - I will describe as well the very relevant *social cognition* and *social identity* self-concept paradigms. I will start with the two later and I will describe the main perspective afterwards.

Social Cognition and the Self

According to the social cognition school, the self is a "conceptual system processing information about the self" where the self-concept is a conceptual or knowledge structure in memory (Kihlstrom & Klein, 1994); this perspective, instead of a unitary self-concept, recognizes the existence of different "self-schemata" representing distinct areas of knowledge about the self and - in a consumption context - emphasizes how an individual consumer responds to having a particular self-schema "activated" in the correspondent consumption situation. In this sense, behavioural responses of a consumer are a function of the self-schemas activated in particular consumption situations: placing this in the context of luxuries, a consumer with a "conformist"-related or "status-seeking"-related active self-schema could behave in a "bandwagon" or "conspicuous" way.

In addition, Markus and Nurius (1986) argued in favor of the existence of several "possible selves" within a consumer's self-concept, representing different hopes, fears or fantasies that the individual has about herself; relevant is the distinction of Higgins (1987) between "ought" and "ideal" selves regarding various guides that people have regarding how they would like to be or how they think significant others (like reference groups) would expect from them to be.

It becomes evident that - in the highly symbolic context of luxury brands - these constructs are particularly important; this is because "possible selves" provide a conceptual link between cognition

and motivation since they are the cognitive components of hopes, fears, goals, and threats (Markus and Nurius, 1986). These function as incentives for future behaviour (i.e., they are selves to be approached or avoided) and they provide an evaluative and interpretive context for the current view of self. A possible self schema provides the means-ends patterns for future behaviour because an individuals' self-knowledge of what is possible to achieve is, in essence, motivation as it is particularized and individualized; therefore, it serves to frame behaviour, and to guide its course. As Markus and Nurius (1986) note, "possible selves function as the personalized carriers (representations) of general aspirations, motives, and threats and of the associated affective states…they serve to select among future behaviours". Therefore, a consumer's cognitive representations of herself as e.g. "a possibly successful professional" or as "possibly similar to her aspirational reference group" will prompt her towards the consumption of appropriate luxury goods - taking into account that current cultural tastes define expensive luxury goods as socially appropriate in a large number of professional or social situations.

Also, the "extended-self" theory (Belk, 1988) suggests that the self is extended to include objects or experiences that define people and their social roles: these become "extended" parts of the self. Luxury brands' consumption is a fruitful domain for the application of these concepts as luxuries with their symbolic properties and meanings - public and private (Richins, 1994) - are incorporated in consumers' extended identities to reflect their actual, possible or aspirational roles, playing a pivotal role into constructing a coherent identity narrative of the self (Ahuvia, 2005).

The social cognition perspective has the advantage that it can potentially locate the self-concept internally or externally and "leaves a broad interpretation as to what self-schemas might be relevant to a consumer's self-concept" (Reed, 2002); in addition, it can easily operationalize any relevant self-schema into testable propositions via a collection of personality traits that define this schema (Kleine, Kleine and Kernan, 1993).

Social Identity and the Self

The social identity paradigm encompasses many theories, all focusing in the self as a "reflective mirror" born out with the interaction of the individual's social milieu (Cooley, 1902). This view sees the self-concept as an object that arises out of social interaction (Mead, 1934), as an enacted role for a particular audience each time (Goffman, 1959) or recently, as a universe of potential different identities - arising of peoples' membership in different social groups - that guide behaviour (Tajfel, 1978,1982; Tajfel and Turner, 1979). The self is, therefore, the total sum of several "social selves" or "social identities" and its main function is to maintain congruence and

consistency between identities (Tajfel and Turner, 1979) or, sometimes, to engage in self-presentation (Goffman, 1959) and impression management (Schlenker, 1980; 1982; 1985).

Taken together, these theories (the social-identity perspective) hold that each person has a universe of potential social identities that may draw upon: specifically, each person has an infinite number of social categories in its environment that can be part of; some of them may be more permanent (e.g. father, friend or brother) while others may be more transitory (e.g. athlete, student, and salesman). In this way, at any given point of time, an individual has available a number of such social categories that may be part of her/his "working self-concept". Once again, a collection of personality traits exist that may be relevant to each social identity (Kleine, Kleine and Kernan, 1993). Consequently, behaviour is primarily driven by which identity is "activated" or "salient" in a particular situation; in this last aspect (and by using traits too), the social identity perspective is borrowing from social cognition's view of the self but "with more specificity as to what is meant by the various types of selves that may become activated in a particular situation" (Reed, 2002). In addition, the social identity paradigm might accommodate a "strategic" view of the self in terms of its flexibility to purposively respond differently in different sets of situations ("impression management").

Cultural Psychology and the Self

Cultural Psychology research has also a lot to contribute in understanding of self-concept and is particularly relevant in understanding the consumption of luxuries; this will be the main perspective used in the suggested model. While the social cognition view sees the self as clusters of self-relevant knowledge (in the form of self-schemata) and the social identity perspective is focusing on momentary shifts in situations as well as cross-situational differences in salience of personal vs. social role-based identities, *cultural psychology theories place their emphasis on chronic or stable situations* and cross-national differences in salience of personal (internal) vs. social (external) aspects of the self.

Cultural psychologists propose that the "emphasis on the unique nature of the self is much greater in the Western societies" (Solomon, 2006), something that has been conceptualized as "individualism" or "independent self-construal/concept" of the self; in contrast to the Confucian/Eastern cultures where the importance of the "collective self" or an "interdependent self-construal/concept" is stressed, in which case a person derives her/his identity in large from membership of social groups (family, professional, other societal groups: "collectivism").

Regarding their self-schemata, an independent self has a "separateness self-schema" - where one has a sense of self as separate, individuated and autonomous that makes a person "knowing,

expressing or realizing this 'true' or unique inner self, regardless of the constraints of the current social environment". On the other hand, an inter-dependent self has a "connectedness self-schema" - where one has a sense of the self as embedded in or being continuous with others; a self that "is linked with the normative task of being carefully attuned to the immediate social environment" (Markus and Oyserman, 1989).

In this perspective the focus is in between-person and between-cultures chronic differences in the propensity to focus on social connections; and to the extent that others are incorporated in one's self-concept. Research has indicated that, generally, Westerners tend to focus on the personal self, they think of themselves in terms of their unique personal traits and attributes and de-emphasize others (independent self-construal - separateness self-schema); whereas Easterners, generally, tend to focus on the social self and how it is related to other people (interdependent self-construal - connectedness self-schema; Markus and Kitayama 1991; Markus and Oyserman, 1989). Triandis (1989) in addition, also argues that Western individualistic cultures are characterized by more focus on the "private self" and less emphasis on the "collective self", while the opposite holds true for the collectivist cultures. In the context of luxuries' it has been found (Phau and Prendergast, 2000; Wong and Ahuvia, 1998) that there are different attitudes to luxury consumption between West and East.

It should be pointed out that - while a superfluous understanding of the cultural perspective - would suggest a dichotomized perspective where the self is either personal or social, the established view (*and the view taken in this research and the suggested model*) agrees that these two aspects of self can coexist within the individual (Markus and Oyserman, 1989; Aaker and Lee 2001) and may be thought as "extreme loci" on a continuum with most people falling somewhere in-between; therefore, individuals - either Westerners or Easterners - have both independent and inter-dependent aspects of self, which simply may just differ in the relative strength of these aspects on a chronic basis, leading to individual differences in self-construal (Singelis 1994).

In addition, while individuation is stronger within a "separateness self-schema" (through delineation of boundaries between the self and other individuals), a "connectedness self-schema" does not imply a lack of individuation but, instead, individuation or uniqueness is a result of one's configuration of relationships (Markus and Oyserman, 1989); quite similar is the premise of optimal distinctiveness theory, where the need to satisfy simultaneously the needs for both uniqueness and inclusion is recognized as driving the behaviour of all individuals (Brewer, 1991; Brewer and Gardner 1996; Hornsey and Jetten, 2004). In both cases therefore, there will be interplay between the two extremes: some individuals have schemata of themselves as connected against a backdrop of

separateness, while others may view themselves as unique within a context of basic connectedness or interdependence.

The Role of Traits in Defining the Self and as Mediators to Behaviour

On the "internal/personal" vs. "external/social" self distinction it is very important to note that each of these two facets (independent vs. inter-dependent) has its own collection of traits (Oyserman, 2007). Traits, in many cases, have been wrongly assumed to be qualities of the internal self only (in which case the personal part of self is defined by personal beliefs, attitudes and traits and the social self is a product of external influences). However, traits define *the self - whether internal or external* (Oyserman, 2007; Kleine, 1993); and, since there are two levels of self, it makes more sense to argue that there are both *personal and social traits*: so, when the social self or social identities are activated, these traits may be assumed to be those that are in-group defining or socially-related and include, for example, those that come with categories such as gender, profession, social class etc.; such "social traits" (e.g. status-seeking) that *define the position of the individual relatively to social groups* are likely to be accepted as potential self-definitions in describing someone's "inter-dependent" side of self. As Oyserman (2007) notes, "the idea is that traits and attributes that are part of a social identity should become self defining when that social identity is made salient"; Kleine et al. (1993) also agree that traits are components of social identities as well and add, regarding their function, that they "characterize *how someone behaves within an identity" or a self, in general*.

This has implications for the research on luxuries since traits such as "status-seeking", "susceptibility to interpersonal influence", "vanity" and "need for uniqueness" are linked mainly to social phenomena and public consumption that occurs when a consumer's social identity or external self is activated. Alternatively, in the more stable/chronic view of the self used in this study, social traits are present in the context of an inter-dependent self-concept.

Finally, as will be further explained below, traits do not simply define the content of the (independent or inter-dependent self) but, most importantly, they mediate the relationship between self-concept and behaviour; they are, in essence, the causal mechanism via which the self impacts consumer behaviour.

b. Self-Concept Orientation and the Present Model: Why Does It Explain Luxury Consumption Behaviour

In the present study's model the self concept has a dominant role in the consumption of luxuries. This idea is supported by recent research (Wong and Ahuvia, 1998; Vigneron & Johnson,

1999; Tsai, 2005; and Wiedmann, Hennigs, & Siebels, 2007) pointing to an emerging distinction between personally-oriented and socially-oriented luxury product consumers. The origins of these two orientations can be traced in an individual's self concept (Marcus & Kitayama, 1991; Bagozzi & Heathenon, 1994; Ellis & Wittenbaum, 2000; Gudykunst & Lee, 2003) and, more specifically (based on theories from cultural psychology) to the existence of an independent or an inter-dependent self concept. According to this literature (self concept and luxury consumption), which is still in its infancy, consumption of luxuries is not solely a phenomenon of a social or inter-personal nature, as exemplified by the conspicuous consumption literature (Berry, 1994; Dittmar, 1994; Corneo & Jeanne 1997; O'Cass & Frost 2002), but also a function of personal motives, goals or dispositional characteristics (Hansen, 1998; Wong & Ahuvia, 1998; Vigneron & Johnson, 1999; Wong & Zaichkowsky, 1999; Gentry, Putrevu, Shultz, & Commuri, 2001; Coulter, Price, & Feick, 2003).

Each individual has a perceived self-image related to self-concept (the various theories on the self - social cognition, social identity and cultural psychology - can give different meanings/perspectives to this self-image) and attempts to preserve, enhance, alter, or extend this self-concept related image by purchasing and using products that are seen as relevant (Sirgy, 1982; Onkvisit & Shaw, 1987; Claiborne & Sirgy, 1990). The limitation of social motives to fully explain luxury consumption was recognized by research advocating the existence of two broad segments of consumers of luxury goods: thus, consumers with primarily independent self-concept show a more personal orientation in the way they consume luxuries; whereas consumers with primarily inter-dependent self-concept care more for the social impact (or signalling) of the consumption; of course, as already mentioned, the co-existence of these two orientations should be kept in mind (as theorized and shown by empirical research), but - for the sake of simplicity - I will refer to these two orientations as being separate. More analytically:

Wong and Ahuvia (1998) argued first in a conceptual paper that self-concept theory could be integrated in a cross-cultural consumption model of luxuries (this is how the particular cultural psychology perspective of the self has been brought into the luxury literature). In a nutshell, that paper proposed that consumers within an "individualistic tradition" would consume luxuries mostly for their "pleasing properties" whereas consumers within a "Confucian (collectivist) tradition" would conform to hierarchy and social norms, placing their emphasis on visible luxuries' and their "public meanings". Another conceptual paper by Vigneron and Johnson (1999), building on Leibenstein's (1950) effects, has contributed to this theorization by distinguishing between five segments of consumers of luxury goods which could be classified as exhibiting either "personal" or "inter-personal" consumption behaviour (but without any reference to self-concept theory). Tsai

(2005) conducted an empirical study on personally-oriented consumers, showing that an independent self can lead to the consumption of luxuries via a choice of "personal consumption goals": specifically, an independent self concept predicts any of these consumption goals which, in turn, are positively related to a "personal orientation to luxury consumption" that, in turn, antecedes "luxury brand repurchase intention". Wiedmann, Hennigs, and Siebels (2007), who try to tackle the subject from the "luxury value" perspective, also support the view that consumers can be personally or socially oriented (or to some extent - as noted - they combine both approaches). On a related line of argumentation (but without the self-concept theorization) Dubois and Duquesne (1993) see the market for luxury goods as "divided in two segments: one of authenticity and the quest of absolute quality where brands act as standards of excellence; the other of models and social codes in which the brands represent symbols". Similar is the position taken by Dubois and Paternault (1995); while Dubois and Laurent (1996) point out that with the "growing self-indulgence trend" observed in Western societies, the major force underlying luxury purchases and consumption is shifting "from an inter-personal to personal nature. More and more consumers seem to buy luxury goods to gratify themselves than to impress others".

These interesting conceptual or empirical contributions show that we can resort on a large factor (such as the self-concept) as the primary antecedent of luxury consumption but - since the field is relatively new and the conceptualizations not fully developed - they share some shortcomings:

The first is that - in spite of their conceptual appeal - they haven't explained how exactly (via which mechanisms) the self-concept might lead to the consumption of luxuries. Thus, existing conceptual and empirical papers are largely a-theoretic or, at least, weak in theoretical terms; limiting these conceptualizations to a merely descriptive function but without explanatory basis.

The second problem is that - with the exemption of Vigneron and Johnson paper - they consider the consumption of luxuries as a homogenous behaviour; thus, their dependent (or outcome) variable is always "consumption of luxury goods", without any further distinctions. But, as consumers of luxury goods are not homogenous, their behaviour is far from being homogenous as well.

So far, in the domain of luxuries, the choice of the self-concept as the cause of why consumers behave one or another way has been based on ambiguous arguments: for example, Wong and Ahuvia (1998) argue that "for those with independent construal of the self, the inner self (preferences, tastes, abilities, personal values) is most significant in regulating behaviour". Although it seems correct in principle, this proposition doesn't provide a testable hypothesis: is it via "preferences" that the

independent self impacts on behaviour? Or "tastes"? Or is it through people's "abilities" or "values"? Are some of these constructs more important or less important? Do they work together? That is, the exact mechanism seems nebulous, although the general idea seems to be in the right direction. Tsai (2005), on the other hand, says that "…Social psychologists … verify that independent self-construal, in contrast to inter-dependent self-construal, inclines an individual to perceive a clear boundary that separates the self from others and to prioritize personal goals over group goals. Independent self-construal, characteristic of having a separate, unique and de-contextualized sense of self, allows people to participate in the world by expressing their own thoughts, feelings and actions to others. Consequently, particular emphasis is placed on personal goals"; these goals, in turn, are empirically shown to be related to a "personal orientation to luxury" that antecedes "luxury brand repurchase intention" (a homogenous behaviour). Although the logic underlying these arguments is correct, this is still brutal empiricism as the author offers no theoretical explanation linking the self-concept to goals which can, then, be shown to regulate behaviour. In my point of view, these are mere propositions; and propositions (or even phenomenological evidence from empirical studies) should not be confused with fundamental theory.

Then, the question remains: how exactly is the self-concept related to human behaviour? In an attempt to introduce a theoretical background, I will review briefly - just enough for the purposes of the present study - some relevant theories that link the self with behavioural outcomes.

In Psychology, there are several self-concept paradigms, all of which make assumptions that have implications for any researcher's theory that can be formulated within any particular approach. According to Reed (2002) "the self-concept is a rich area studied by numerous investigators with different perspectives that assume different self-concept definitions, primary functions, and motives of the self-concept… Consequently, each approach has its own assumptions as to what is emphasized with regard to studying the self, how it is organized in the individual, and how it might manifest differences in behaviour". What is common in these perspectives is that the self impacts manifest behaviour. For example, Allport (1955) emphasizes the ego-enhancement function and the resulting behaviour to enhance self-image; Catell (1950) argues that the primary function of the self concept is to integrate personality and the behaviour tends to protect and maintain stability of the self. Behaviourists, such as Skinner (1953, 1978), see the self concept as organizer of self-knowledge and focus on the outcome of seeking out positive self reinforces. The information processing perspective (Kleine, 1993) sees the self-concept operating through self-schemata that

organize self-relevant knowledge; and behavioural changes are a function of the effects of certain self-schemata being activated. The phenomenological view (Rogers, 1951) argues that the primary function of the self is to act as a selective filter that interprets a situation at the moment of behaviour. Social perspectives such as the dramaturgical perspective (Goffman, 1959) focus on the presentation of the self and, thus, behaviour is driven by responses to the social surroundings; an alternative is social identity theory (Tajfel, 1978; Tajfel and Turner, 1979) that focuses on identity maintenance and congruence and sees the self as driving behaviour via the activation of particular identities in specific situations. All these perspectives offer various explanations on how and why the self concept can result in overt behaviour.

In Consumer Behaviour, the self-concept has been linked, in a similar manner, to behaviour (as manifested through product purchase and use): consumers are thought to buy products that reflect their personality, thus communicating through objects and symbols who they are or what they stand for (Sirgy, 1982). Tucker (1957) also supports this by saying that consumers' personalities can be defined through product acquirement and use. In their seminal paper, Grubb and Grathwohl (1967) specified that "the purchase, display, and use of goods communicates symbolic meaning to the individual and others", and that "the consuming behaviour of an individual will be directed toward enhancing self-concept through the consumption of goods as symbols". As a conclusion, Sirgy (1982) points out that "knowledge generated from self-concept research can contribute … in explaining, describing and *predicting* social behaviour".

In my point of view - and as posited with the proposed model - it is trait theory (specifically: trait theories of personality or dispositional approaches to personality) that offers a theoretically superior and more robust explanation of the phenomenon under discussion.

The Need for Individual Variables

Regardless of the impact of self-concept on luxury consumption, another stream of literature in both the domains of luxuries and/or conspicuous consumption has also noticed the need to identify the "individual" or "personality variables" that "lead" to the consumption of luxury goods so that we better understand these consumers. Mason (1984), who offered one of the first models on conspicuous consumption, suggested that there is a need to identify "*innate personality variables*" and their influence on "*propensities* to consume conspicuously and on associated buying decisions". Braun and Wicklund (1989), who developed the symbolic self-completion theory, suggest that researchers on conspicuous consumption should not resort on (their suggested) identity incompleteness as a possible explanation; instead, they consider "clear that one can find *other kinds*

of causal elements - quite independent of incompleteness". Dubois, Czellar and Laurent (2005), in an empirical study of attitudes toward luxury, note that "it would be extremely interesting to collect detailed data about not only socio-cultural variables but also *psychological variables* which may play a role in consumer attitudes toward luxury. Such research could lead to a better understanding of the roles of individual differences, social norms, and social expectations in the dynamics of attitude formation toward luxury". Chaudhuri and Majumdar (2006) pointed out as well at the need to involve "additional *psycho-social dimensions*" in an effort to understand conspicuous consumption and luxuries consumption. Recently (2009, forthcoming in JMR), Wilcox, Kim and Sem pointed out to the need for identification of *possible psychographic segments based on social motivations* to consume luxury brands.

This is why, in my proposed model, the second level in the conceptualization that mediates the key relationships (between the self-concept and behaviour(s) of the consumers of luxury goods), encompasses individual variables: these are various personality traits that are specifically related to luxury consumption (as will be shown, these are "narrow" traits - as opposed to global "broad" traits, such as e.g. the big five - that have the ability to explain the various luxury consumption effects). Traits are useful to delineate difference across individuals in the consumption of luxury products, they are causal of behaviour, and - since they are relatively stable through an individual's lifespan (Buss, 1988; Funder, 1994) - they can serve as a reliable link between a person and certain behaviours regardless of external situational influences (Alston, 1975); thus, they can provide the "missing link" between self-concept and behaviour.

In other words, I propose with the investigated model that personality traits can help understand 1) how exactly the (independent and inter-dependent) self-concept is defined in terms of its content, and 2) more importantly, they can help in explaining how the self impacts the consumption of luxury goods.

2.3.2.2 Trait Theory and Luxury brands: from Consumer Traits to Consumption Patterns

Personality and Traits in Consumer Research

Personality is the set of psychological traits and mechanisms within the individual that are organized and relatively enduring and that influence his or her interactions with, and adaptations to,

the intra-psychic, physical and social environments (Larsen and Buss, 2008). Trait theories of personality conceptualize behavioural differences in terms of wide psychological characteristics - traits - which are partly inherited and remain relatively stable through lifespan (Chamorro-Premuzic, T., 2007).

Specifically, trait theory postulates that individuals possess - to a greater or lesser degree - innate psychological characteristics, called traits (e.g., status seeking, need for uniqueness, vanity, narcissism), and that these traits can be measured by specially designed scales or inventories. Because they are simple to use and to score and can be self-administered, personality inventories are the preferred method for many researchers in the assessment of consumer personality. The main reason why traits have been used so much from consumer researchers is - apart from their enduring, stable nature - their apparent link to behaviour. Obviously, marketers are interested in consumers' personalities and traits as long as there is a compelling practical advantage. Products and brands also have personalities; some include "humanlike" traits. These brand personalities help shape consumer responses, preferences, and loyalty. Each individual has a perceived self-image or self-concept (or multiple self-images or self-concepts) as a certain kind of person with certain traits; and attempts to preserve, enhance, alter, or extend this self-image/concept by purchasing and using products that are consistent with this relevant self-concept and trait(s). For this reason the study of traits has been a major preference when it comes to studying consumers' personalities.

Some established definitions of traits and their relationship to behaviour are cited here:

- "A dynamic organization, inside the person, of psychophysical systems that create a person's characteristic *patterns of behaviour*, thoughts and feelings" (Carver and Scheier, 2000).

- "Aggregated measures of *behavioural tendencies* that refer to *typical patterns of behaviour*" (Chamorro-Premuzic, T., 2007).

- "An individual's *characteristic pattern of thought, emotion and behaviour, together with the psychological mechanisms - hidden or not - behind those patterns*" (Funder, 1997).

As one can see from these comprehensive and up-to-date definitions, *traits are internal and causal processes that account for an individual's typical manifestation of behaviour*; in simple words, they are relatively stable and consistent properties of individuals that describe, explain and predict behaviour.

Continuing from the above definitions, the following basic properties of traits are interesting from a marketing segmentation perspective:

- Traits are general descriptions of individuals; thus, they can be used to classify consumers in distinct categories such as e.g. “status-seekers” or “snobs”. According to Larsen and Buss (2008) traits “describe people and help us understand the dimensions of difference between them”.

- Traits are relatively stable; as Buss (1988) reports, “personality traits change over time, but for most traits and for most individuals, the changes are unlikely to be large enough to deny stability”. As Funder (1994) puts it, “the inescapable finding remains that personality assessments (in terms of personality traits) made at one time often can predict independent assessments as well as direct measurements of behaviour years later”. Marketers, clearly, are interested in such stable properties of their consumers; someone who scores high in need-for-uniqueness will probably be a “snob” consumer of luxuries, tending to prefer (over a number of years) luxury products that are rare or distinctive.

- Internal characteristics of the individual; traits are internal in the sense that individuals carry their desires, needs and wants from one situation to another (Alston, 1975). Therefore, they serve to link a person with certain behaviours irrespectively of any other external influences.

- Traits are causal determinants (“psychological mechanisms”) of repetitive behaviour; thus, they explain repetitive behaviour. Larsen and Buss (2008) maintain that “the reasons why people do what they do may be partly a function of their personality traits” and point out that the scientific usefulness of viewing traits as causes of behaviour lies in ruling out other causes. Eysenck (1990) sees traits as real structures within the person which are “causal of behaviour”. Funder (1994) argues that traits are the reason behind “broader patterns” of behaviour; Stagner (1994) explains that “traits operate to determine a behavioural outcome by modifying the way the situation is perceived”. *The fact that the behaviour associated with a trait is repetitive (a “pattern of behaviour” and not a single “ad hoc” behaviour) is valuable for the marketer of e.g. a luxury brand, since an association between the trait of status-seeking and a repeated over time “veblen effect” or a “veblenian consumption pattern” is valuable, if it is proved to indeed exist.*

- Traits explain and predict systematic differences as well as similarities between individuals (Chamorro-Premuzic, T., 2007); according to Funder (1994), “trait measures can be used to predict behaviour, and the degree to which the can do it is practically important (e.g. Rosenthal and Rubin, 1982) ... nobody disputes this anymore”. Consumers may be classified along certain trait dimensions along with similar consumers and be distinguished from other consumer groups, thus, creating a meaningful basis for a segmentation method that predicts preferences over e.g. highly expensive (veblen effect) or rare (snob effect) or popular (bandwagon effect) or hedonic (hedonic effect) luxuries, etc.

*The Situation vs. Disposition Debate; Behaviour = f {Personality * Situations)*

As stated already, traits are able to predict average tendencies to behave in one or another way; however, ad hoc behaviours in a given situation might sometimes deviate from this pattern. For many years psychologists were at odds over this conceptual distinction. The situational perspective emphasized the unique nature of situations as predictors of behaviour and argued against the trait perspective: the debate between traditional trait theorists and situationists peaked in the late 1960s after a publication of a meta-analysis by Mischel (1968) where he reported an aggregated correlation of r = .30 between traits and behaviour (which was later revised to r = .40; Funder, 2001). Mischel suggested that personality psychologists should abandon their efforts to explain behaviour based on trait assessments and proposed, instead, to shift their focus in situations. This debate preoccupied the field of psychology for more than 20 years; where traits psychologists had to formulate new perspectives (see below: situation selection and aggregation; the idea that "narrower traits" predict specific behaviours and "broader traits" are useful in making general predictions: Funder, 1991; the distinction between "temperament traits", "motivational traits" and attitudes: Guilford, 1975) and gather new data to rescue the idea of traits. Although the "dust is still settling" (Larsen and Buss, 2008) from this long-running debate, both traits theorists and situationists had to modify their views: interactionism states that specific behaviours are a function of both internal properties of the individual (traits) and external influences (situations).

Situation Selection and Situation-Specific Personality

A way how interactionism reconciles situationists with trait theorists is by recognizing that people select, create and/or influence their environments (Diener, Larsen and Emmons, 1984; Emmons, Diener and Larsen, 1986; Schneider, 1987; Snyder, 1981). This form of interactionism is called "situation selection": it is the tendency to choose the situations in which one finds oneself (Ickes, Snyder and Garcia, 1997; Snyder and Gangestad, 1982). Allport (1961) was the first to suggest that personality traits are partly defined by a person's "selection of situations". Later, Wachtel (1973) - in his critique against the situationist position - made a similar point and, since then, a major emphasis and research was generated in this direction (Cantor et al., 1984; Furnham, 1981; Gormly, 1982, 1983); it has been found that individuals with genetic personality differences self-select and create different environments (Scarr and McCartney, 1983). As Pervin summarized (1985), "this view of the person as an active participant in life rather than as a passive respondent to evoking and maintaining conditions in the environment has been accepted, indeed championed by social learning theorists such as Bandura and Mischel".

People, therefore, do not find themselves in random situations; instead they select the situations in which they spend their time and life, according to their traits. As Snyder (1983) has stated in a concise way, "quite possibly, one's choice of the settings in which to live one's life may reflect features of one's personality". An even more powerful restatement of the same issue is Murtha et al.'s (1996) theory that individuals have a "situation-specific personality" (who, starting from this point, went on to suggest ways of developing mixed dispositional-situational taxonomies and scale instruments). Even back in 1937, Allport was suggesting that "personality is something and does something", suggesting that personality has a functional significance.

The idea that personality influences the kinds of situations in which people spend their time suggests that personality can be studied by studying the choices individuals make in their life; *it also means that the influence of situations on aggregate or "patterned" behaviour is not really a problem since these situations are generated and influenced by traits*. According to Snyder and Gangestad (1982), people - when given a choice - typically choose situations that fit their personalities: thus, it is plausible to assume that a "prototypical" or "schematic" status-seeker will arrange her life, her choices, her professional and personal affairs in a way that reflects this tendency to seek, establish and project her claims of superior rank in society; what follows logically is that her behaviour will be, to a large extent, congruent with this trait: her consumption behaviour will be "veblenian" (buying and using expensive luxury goods), reflecting this trait.

Levels of Situations (Micro–Meso–Macro); Macro-Behaviour = f {Personality Traits}

At this point it is necessary to introduce an important observation: situations may be conceptualized as existing at several levels. There are proximal, narrow, ad hoc, "there and then", micro-situations - as well as broadly defined, general, macro-level situations. The marketer of luxury goods is interested to get to know consumers at a situational/behavioural level that is more aggregate, consistent and repeated than a single, occasional purchase at a given point of time; in other words, a marketer needs to know *how customers behave over time, what is their pattern of life, what is the place of luxury brands in this pattern and how such products fit in to serve, create and endorse this choice of lifestyle*.

Roberts and Pomerantz (2004), in an interactionist attempt to reconcile the person-situation debate, note that researchers have to be sensitive to the level of analysis: the relative breath of situations (and persons: traits vs. motives, as mentioned, are different conceptual levels of explanations) might be responsible for the seemingly inconsistent results of trait-behaviour correlations. In other words (this has strong conceptual relevance to situation-selection theory) *traits will predict behaviour very well as long as the focus is on a repeated behaviour in a repeated*

*situation (*or situations that are composed of a series of behaviours). In an analogous dimension referring to contexts, Bronfrenbrenner (1979) described different levels of situations that vary from proximal and narrow to broad and pervasive:

- Narrow situations or "Microsystems" define one's immediate context or a specific interaction.

- Middle-level situations or "Mesosystems" are the contexts subsumed in one's social roles such as work and relationships.

- Broad situations or "Macrosystems" that encompass community or cultural level phenomena.

Obviously, narrow situations are more changeable because they "may require only a single mechanism of influence, whereas the broader ones may require a more multifaceted approach to change". Traits with their predictive ability over time - in general or systematic behaviours - would then predict how a consumer acts within such a lasting situation; thus, behaviour may be conceptualized as systematic or as meso/macro-situation for the marketer of luxury goods. In this sense, for example, a veblen effect could be conceptualized as a meso or macro-situation, when a consumer is consistently buying expensive luxury goods.

Ajzen, (2005), on the same issue of aggregated or cross-situationally consistent behaviour, also agrees that "returning to the dispositional prediction of specific actions, we are rarely interested in the lowest level of generality that involves a unique context and specific point of time. As a general rule, we are more concerned in predicting and understanding behavioural tendencies with regularities across occasions": this means, in the case of luxuries, behaviours where the target (a luxury good) and action elements (purchase or use) are constant; the context (situation: meso or macro) is relatively stable; and the time element is broadly generalized.

This behavioural tendency (or "macro-behaviour") is the focus of this study and the use of traits for its prediction is well justified. This is why the terms "effect", "behaviour" and "behavioural pattern" are used interchangeably in this context.

Conclusion: the Use of Traits in Behavioural Predictions

Even though situational factors may be mediating or moderating the relationship between traits and behaviour, consumer research has traditionally used traits to predict - irrespective of the situation - a wide range of behaviours; this is further justified, at a macro perspective, by taking into account situation selection at a broad level (repeated situations) and aggregation. The trait approach now recognizes self-selection of situations (Tett and Guterman, 2000); and, even though traits will not predict every single, "ad hoc", situation-specific consumer behaviour, however, at a level of

aggregate, repetitive behaviour - useful for consumer segmentation purposes - traits have proven value. Hence, in spite of any weaknesses, traits are yet the best possible tool for consumer research on personality and behaviour; as Funder (1994), one of the major personality theorists of our times, has remarked "sometimes their predictive validity is smaller than one might desire. But anybody with a better way to predict behaviour is welcomed to use it. The world will surely beat a path to his or her door".

2.3.3 Traits of the Consumers of Luxury

In this section the specific traits that characterize the consumers of luxury goods are presented, based on a literature review as well as from qualitative input (interviews with managers of luxury goods; for details see below at 3.1).

2.3.3.1 Hedonism

Hedonism (the trait of pleasure-seeking as described above) is the antecedent of a "hedonic effect", where the consumption of a luxury brand is increased as its perceived hedonic value is increased (Vigneron & Johnson, 1999). Consumers who possess this trait are oriented towards experience of fun, indulgence and pleasure; goals, which they will seek to fulfil when they consume luxuries.

Certain goods - such as luxuries - possess emotional value much in excess of their functional utility; therefore, apart from symbolic or instrumental value, many consumers seek and "subscribe to the hedonic motive" (Dubois and Laurent, 1994), a subjective intangible benefit that includes many different kinds of emotional responses: research on the semiotics of luxury has identified the emotional responses that can be classified under the umbrella of hedonic consumption: sensory pleasure, excitement, aesthetic beauty, sensuality[68], etc, are all manifestations of the hedonic dimension of luxury consumption (Alleres 1990; Benarrosh-Dahan 1991; Fauchois and Krieg 1991; Roux and Floch 1996). As Dubois, Laurent and Czellar (2001) put it, "most consumers describe their consumption of luxury as a highly hedonic experience which can touch all the senses. Luxury products not only look beautiful but also are (and should be) pleasant to hear, smell, taste or touch".

Dhar and Wertenbroch (2000) define *hedonic goods* "as ones whose consumption is primarily characterized by an affective and sensory experience of aesthetic or sensual pleasure, fantasy and

[68] It is useful to cite here a "taxonomy" of these very different kinds of hedonic product attributes: there are "concrete/physical" hedonic product attributes such as a nice touch, feel or color and "abstract" hedonic attributes such as "elegance", "beauty" etc. (Snelders and Schoormans, 2001; Lageat et al, 2003)

fun". According to Vigneron and Johnson (1999; 2004), such intrinsically pleasing properties might be the motivation behind the consumption of luxuries for "role-relaxed" or "inner-directed" consumers who value their perceived utility "to arouse feelings and affective states".

Holbrook and Hirschman in their seminal article on the experiential aspects of consumption (1982) have contrasted the rational consumer information processing model with an experiential view that can enhance a lot our understanding of the hedonic dimension of luxury products' consumption: in this view luxury products' consumption may be related to a right-brain, "arousal/reaction to sensory stimuli" (non-cognitive) type of consumer involvement; it might reflect a prone to sensation-seeking, creative consumer personality; selection criteria might include aesthetics and play; cognitive activity is related not to beliefs, knowledge and thought but, instead, on imagery, fantasies and daydreams[69]; there is a strong affective reaction with the generation of various feelings and emotions; and consumer behaviour is oriented towards experience of fun, enjoyment, indulgence and pleasure. With regards to experiences, Danziger (2005) also notes that they "can provide greater hedonic value because they contribute so much more to the construction of the self than material possessions". Indulgence is also a form of hedonic self-communication, usually achieved via self-gift giving (Mick and Demoss, 1990; Tsai, 2005) that satisfies the self's own aspirations, fantasies or dreams. According to mood-regulation theorists, when consumers face bad-mood circumstances, they may resort to consuming luxuries in order to alleviate negative mood. In other situations (e.g. celebrations; Dubois and Laurent, 1996) consumers may just want to indulge in a "heightened emotional state"; in such instances the acquisition of luxuries is the medium via which consumers are able to elicit these feelings (Luce 1998; Lazarus 1991; Luomala 2002).

2.3.3.2 Consumer Perfectionism (Quality-Seeking)

Some individuals are perfectionists: they seek for the highest quality in everything they consume. Thus, the most obvious - at least in the classic economic theory - reason behind the acquisition and use of luxuries is their superior quality: what an economist would call *primary utility*. Vigneron and Johnson (1999) refer to the "quality effect" when consumers value the perceived utility of a luxury brand to suggest superior product characteristics and performance.

Quelch (1987) argues that "excellent quality is a sine qua non" in luxury product categories; therefore, it is commonly expected that a luxury brand should exhibit higher levels of quality

[69] The "dream value" of luxuries and the relevant regression equation ("the dream formula") has already been mentioned (Dubois & Paternault, 1995).

relatively to non-luxury brands in the same product category. Consequently, if a luxury brand suffers from a low level of quality it will damage its perception in consumers' minds.

There is interplay between quality and high price: since high prices are perceived as indicators of quality, perfectionist consumers use the price as a cue inferring the expected/desired quality. In addition to price, according to Dubois, Laurent and Czellar (2001), consumers use two major indicators in order to assess the quality of a luxury good or service: "the perceived exceptional nature of the ingredients or components used in the elaboration process and the perceived delicacy and expertise involved in manufacturing products or delivering services".

It is also interesting to note that, "through a sort of personal and social attribution", some consumers may "transfer the excellent quality factor attached to luxury products and services to the people buying or using them - including themselves". In this way, by "consuming refinement, one becomes a refined person. Luxury is then considered to offer to their adopters an opportunity to feel apart and incorporate into themselves the excellence in quality it suggests, leaving them with a superhuman feeling of distinction and extreme well-being" (Dubois, Laurent and Czellar, 200).

It should also be mentioned that consumer perfectionism can sometimes conflict with hedonic consumption in cases of simultaneous choice. This "beauty dilemma" (Diefenbach and Hassenzahl, 2009) means that, when consumers face a choice situation which requires a trade-off between beauty and usability or quality, and which offers no further way to justify choosing beauty, they will discount beauty - although they value it in general. Okada (2005) has found that relative preferences between hedonic and utilitarian alternatives can reverse, depending on how the immediate purchase situation presents itself; that is, the utilitarian alternative tends to be chosen over the hedonic alternative when the two are presented jointly (Abu-Shalback Zid, 2005) while similar findings have been presented by Dhar and Wertenbroch, (2000) and Rucker and Shih-Lei (2007).

2.3.3.3 Need For Uniqueness

Another trait (Tepper and McKenzie, 2001) that has been linked to luxuries' consumption[70] is need-for-uniqueness (N.F.U.), originated from Snyder and Fromkin's theory of uniqueness (1977). Need-for-uniqueness is both a personal and a social motivation since the individual *is influenced* by the norm behaviour of others but behaves so as to be in noncongruence with the norm[71] (Nail, 1986).

[70] N.F.U. has been associated with the "snob" type of luxury-products consumer.
[71] N.F.U. is distinct from the independence motivation where the individual is not influenced at all by the social norms; however this motivation (as well as other similar motivations behind related types of social responses) has not been associated in the literature with luxuries and snob behaviour.

Consumers' need-for-uniqueness reflects both self-image and social image[72] enhancement processes (Tepper, Bearden and Hunter, 2001).

According to Snyder (1992) material expressions of one's difference from others are particularly valuable since they satisfy the N.F.U. without risking severe social penalties; therefore, consumers may use the symbolic properties of rare material possessions (Belk, 1988; Lynn, 1991) such as luxuries in order to make a publicly demonstrated claim of difference (Tepper and Hoyle, 1996), e.g. with the display of luxuries not yet adopted by the majority of consumers, or scarce luxuries, or very expensive items. It should be noted that, according to research findings, need-for-uniqueness is mainly a Western culture trait (Tepper et al., 2001) opposed to Eastern values (Wong & Ahuvia, 1998).

Specifically, need-for-uniqueness has been conceptualized as subsuming three behavioural manifestations or dimensions:

- *Creative choice counter-conformity*, where a consumer seeks social differentness from most others but still "this consumer makes selections that are likely to be considered good choices by these others" (Tepper et al., 2001); e.g. in the case of luxury consumption this happens when the consumer aspires to elicit positive social evaluations of uniqueness.

- *Unpopular choice counter-conformity*, refers to consumption of products and brands that deviate from group norms and may risk social disapproval[73]; however, initially unpopular choices may gain social acceptance later on and thereby distinguish the consumer as an early adopter or fashion leader (Heckert, 1989).

- *Avoidance of similarity*, where there is a loss of interest in, or discontinued use of, possessions that become commonplace in order to move away from the norm and reestablish one's differentness; within the luxury product consumption domain, this is the case of the interplay between the bandwagon and snob effect, already mentioned.

Lynn (1991) suggests that marketers should emphasize scarcity tactics when targeting consumers with greater than average need-for-uniqueness. As mentioned in the discussion of the "rarity principle" (Catry, 2003) rarity can be distinguished - and manipulated by marketers - as natural rarity, techno-rarity, limited-editions and information-based rarity. Tepper et al. (2001)

[72] Therefore, referring back to the Vigneron and Johnson model, one can disagree with their assumption that the snob consumer is privately self-conscious: according to need-for-uniqueness theory, snobs are also publicly self-conscious since their snobbism is a form of a strong public statement: "look at me, how very different I am!"

[73] In the luxuries context this form is not unlikely to occur such as in the case of expensive fur coats, for example, where social disapproval is almost certain in our days.

endorses this perspective suggesting that individuals with a high consumer N.F.U. would more often consume products for “purposes of classification rather than experience”.

2.3.3.4 Narcissism

Narcissism is another trait that can be associated with the consumption of luxuries, although neglected by the mainstream luxury consumption literature. During the qualitative stage of this research, narcissism received support as a luxury-relevant consumer trait by many interviewed managers of luxury goods. Sedikides, Gregg, Cisek, and Hart (2007) argue that narcissists - individuals who see themselves, and who want others to see them, as special, superior and entitled and who are prone to exhibitionism and vanity - will strive to purchase the “high-prestige” and rare products in order to validate their excessively positive self-views. Narcissists regulate their own esteem by increasing their apparent status and trying to earn others’ admiration and envy by means of buying expensive and rare goods in order to sustain and elevate their inflated self-positivity; they can sacrifice necessities at the expense of luxuries. Thus, it seems that narcissism can be an antecedent of social effects such as the “veblen” and “snob effect”.

2.3.3.5 Vanity

Vanity is another trait that has been discussed in the context of luxuries. The widely accepted definition of vanity comes from Netemeyer, Burton and Lichtenstein (1995) and distinguishes between two primary dimensions of vanity:

-*Physical vanity*: “an excessive concern for, and/or a positive (and perhaps inflated) view of, one’s physical appearance”; physical vanity is linked to luxury consumption since luxuries - especially appearance-related such as expensive clothing and cosmetics - might enhance outward physical appearance (Solomon; 1985, 2006; Watson, Rayner, Lysonski and Durvasula, 1999). Many academic studies have showed that physical attractiveness is positively related to social benefits such as increased popularity, power and increased self-esteem (Adams 1977; Goldman and Lewis 1977; Jackson, Sullivan, and Hymes 1987; Krantz 1987). Feingold (1992) has found that “attractive people are perceived to be more sociable, dominant, sexually warm, mentally healthy, intelligent, and socially skilled than unattractive people”. Given the substantial benefits of attractiveness in contemporary society, it is not surprising that many individuals become highly concerned with their

appearance and pursue greater physical attractiveness; and luxury products have a major role in this pursuit.

-*Achievement vanity*: "an excessive concern for, and/or a positive (and perhaps inflated) view of, one's personal achievements"; in the VALS or LOV typologies, the "achievers" and "emulators" profiles (VALS) and the value of "a sense of accomplishment" (LOV list of values) can been related to luxury consumption. It has been suggested that these groups consume conspicuously in order to convey their success or status (Belk, 1983, 1985; Solomon, 2006). Belk (1985) has argued that conspicuous consumption is a means of some individuals to demonstrate and justify their need for achievement; Hirschman (1990) maintains that the documentation of personal achievement is achieved through the consumption of status products; Richins and Dawson (1992) present evidence that materialism is being used as a symbol of vanity achievement; and Watson, Rayner, Lysonski and Durvasula (1999) have shown that achievement appeals in advertising are positively evaluated from people with high levels of vanity[74]; finally, Netemeyer et al. (1995) suggest that conspicuous consumption could be modelled as "behavioural manifestation of achievement vanity".

Therefore, it can be argued that vanity may be considered as a characteristic to be found in many luxury consumers. It can be an antecedent of a "veblen effect", a "snob effect" and a "bandwagon effect". Also, due to its appearance-related dimension, physical vanity could be an antecedent of a "hedonic effect".

2.3.3.6 Status-Seeking

Status consumption has been defined as "the motivational process by which individuals strive to improve their social standing trough the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others" and has been treated as an individual difference variable (Eastman, Goldsmith, and Flynn, 1999).

Specifically, "status" is the position or rank in a society or within a group awarded to an individual by others (Goffman, 1951; Bierstedt, 1970; Dawson and Cavell, 1986) and is a form of power that consists of respect, consideration and envy. Research has distinguished between different kinds of status such as by assignment; by achievement; and by consumption, that is, status acquired through possession (Brown, 1991). Status has been linked to the symbolic uses of products such as luxuries (Goffman, 1959; Belk, 1988; Braun and Wicklund, 1989; Mason, 1981), since consumers acquire, own, use and display them in order to enhance their sense of self, to present an image of

[74] Achievement appeals are a very common theme in luxuries' advertising (e.g. Rolex).

what they are like or they would like to be and to bring about the kinds of social relationships they wish to be in. As a result of such behaviour, Packard (1959) defined "status-seekers" as those "people who are continually straining to surround themselves with visible evidence of the superior rank they are claiming".

With regards to the consumption of status products[75] it has been noted that it is inaccurate to view it as a habit of the very wealthy (Miller, 1991); Belk (1988) states that "even third world consumers are often attracted to and indulge in aspects of conspicuous consumption before they have secured adequate food, clothing and shelter". That is, status consumption is a phenomenon that occurs independently of social class membership or income; and therefore may be linked to such different luxury consumer profiles as those of conspicuous (audience reaction to wealth displayed), snob and bandwagon consumers ("keeping up with the Joneses").

2.3.3.7 Susceptibility to Interpersonal Influence (Conformity)

Inter-personal influences are a significant explanatory variable in many consumer contexts; social influences such as *conformity* to significant others' opinion or *susceptibility to interpersonal influence* are the reason for the existence of the "bandwagon effect". *Conformity* has been defined in the marketing domain as "a) the tendency of opinions to establish a group norm (i.e., a set of group expectations on how members should behave), and b) the tendency of individuals to comply with the group norm" (Burnkrant and Cousineau; 1975). Specifically in the consumption setting, Lascu and Zinkhan (1999) define conformity as "a change in consumers' product evaluations, purchase intentions, or purchase behaviour as a result of exposure to the evaluations, intentions, or purchase behaviours of referent others".

This tendency to comply - or the change of intentions and behaviour - is a general trait that varies across individuals (it is operationalized and measured with the ATCI - Attention to Social Comparison Information scale that measures the *general tendency to conform;* Lennox and Wolfe, 1984; Bearden and Rose, 1990). Specifically in the consumption domain it is measured with the CSII (Consumer Susceptibility to Interpersonal Influence) scale that measures the "*need to identify with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands, the willingness to conform to the expectations of others regarding purchase*

[75] A distinction is made by O'Cass and McEwen (2004) between status and conspicuous consumption whereas "it appears that status consumption is more a matter of consumers'desires to gain prestige from the acquisition of status-laden products and brands; however conspicuous consumption focuses on the visual display or overt usage of products in the presence of others".

decisions, and/or the tendency to learn about products and services by observing others or seeking information from others" (Bearden, Netemeyer and Teel, 1989).

Conformity has been analyzed with and classified in many typologies[76] but the most widely used distinction - and the one that is adopted for the present analysis - is the one made by Deutch and Gerard (1955) into *normative* and *informational influence*.

Normative influence has been defined as "the tendency to conform to the expectations of others" (Burnkrant and Cousineau; 1975) and has been further elaborated into value-expressive and utilitarian influence (Park and Lessig, 1977): *value-expressive influence* reflects the desire of individuals to enhance their self-image by association with a specific reference group, and operates through the process of *identification* - a behaviour that occurs when the person adopts a behaviour or opinion of another because this is associated with satisfying a self-defining relationship; while *utilitarian influence* is reflected in the attempts of individuals to comply with the expectations of others in order to achieve rewards or avoid punishments, and operates through the process of *compliance* - which occurs when individuals conform to the expectations of others "to gain rewards or avoid punishments mediated by others" (Bearden et al., 1989).

Furthermore, Deutsch and Gerard (1955) defined *informational influence* as the tendency to accept information from others as evidence about reality; informational influence, according to Park and Lessig (1977) may occur as individuals either search for information from knowledgeable others or make inferences by observing the behaviour of others and operates through the process of *internalization* which occurs when information from others increases the individual's knowledge about some aspects of the environment.

All these different kinds of influence, separately or additively, lead consumers to conform to referent group norms in order to enhance their self-concept by means of group affiliation (Dubois and Duquesne, 1993); something that is also congruent with Belk's extended-self theory (1988) where the possession of luxury brands serves as a symbolic marker of group membership. Vigneron and Johnson (1999) proposed that conformity creates the bandwagon effect that influences an individual to conform to prestige groups and/or to be distinguished from non-prestige groups.

Lascu and Zinkhan (1999) have summarized previous research regarding the different factors - personal, group, brand, and task/situation characteristics - that predispose individuals to conform to

[76] Allen (1965) distinguished between *public compliance* and *private acceptance*; Deutch and Gerard (1955) posited that interpersonal influence is manifested as either *normative* or *informational influences*; Park and Lessig (1977) distinguish between *informational influence, utilitarian influence* and value-*expressive influence.*

others' influence. These factors - which could be very useful for managers of luxury goods - are discussed below (and shown in Table 1):

- Personal characteristics:

High need for *cognitive clarity,* combined with the need to resolve ambiguity by seeking clarification, results in attitude change to the induced direction; individuals who are *less intelligent, less original, less assertive or less adaptable* and individuals who are *submissive, compliant and docile* are more susceptible to conformity pressures; individuals with *low self-confidence and low self-esteem* are more likely to conform; individuals *who score high in public self-consciousness* and *high self-monitors* are more careful to their social behaviour, search for cues of appropriate behaviour and, therefore, are more likely to conform than those scoring low in the above measures; type B personality individuals and young persons tend also to conform more.

- Group characteristics:

The group's size: conformity increases in groups of one to four referents, after which probably decreases; high inter-dependence and interaction between group members leads to increased conformity; similarity of group members, goal clarity and group attractiveness increase conformity; the group's power and credibility as well as the group's previous success will lead to increased members' conformity.

- Brand characteristics:

A brand's level of social visibility has been found to affect conformity; therefore, as expected, it has been found that reference group influence on the product ownership decision is very strong in the case of most luxury brands.

- Task/Situation characteristics:

Conformity is higher when consumers perform difficult, ambiguous and/or subjective judgment tasks. This is because conformity results from two opposing forces (Ross et al., 1976): a) the pressure to conform, and b) the restraining pressure to stay independent. The pressure, however, to remain independent is reduced as tasks become more difficult, ambiguous and require subjective judgment - in which cases the individual rests to the group for answers; persons tend also to conform more in public than in private situations; punishment and reward or crisis situations have been found to produce conformity.

FACTORS THAT INFLUENCE CONFORMITY

	Positive (+) Effect	Negative (-) Effect
Task/Situation Characteristics	Difficulty	Objective Standards
	Complexity	Familiar Task
	Ambiguity	Private Situation
	Subjectivity	High Personal/Low Group Importance
	No Information	Different Payoff
	Limited Choice	Different Payoff Values
	Importance to Group or Individual	
	Prior Conformity	
	Group Pressure Situation	
	Crisis/Emergency	
Brand Characteristics	Visibility	Privately Consumed
	Publicly Consumed	Necessity
	Shopping Good	Convenience Good
	Luxury Good	
	Different from Competing Brands	
Group Characteristics	Larger Group Size	Other Dissenters Present
	Similarity of Group to Individual	
	Attractiveness	
	Interdependence of Group within the Group	
	Consensus	
	No Leader	
	Expertise	
	Credibility	
	Clarity of Group Goals	
	Likelihood of Future Interaction with Group	
	Past Success	
	Mutual Self-Esteem	
Personal Characteristics	Task Orientation	Self-Esteem, Self-Confidence
	Tendency to Conform	Adaptability, Innovativeness, Intelligence
	ATSCI	Concern with Being Right
	Self-Monitoring	Perceived Control
	Public Self-Consciousness	Social Independence
	Social Anxiety	Task Competence
	Need for Affiliation	Assertiveness
	Need to be Liked	
	Desire for Control	
	Fear of Negative Evaluation	
	Submissiveness, Docility, Compliance	
	Youth	
	Type B Personality	

Table 1. Factors that influence conformity

Summarizing, conformity pressures can create a bandwagon effect. This is especially relevant in the case of luxury goods since consumers use such goods to mainly: a) signal their aspirational reference groups (value-expressive normative influence), or b) in order to gain social rewards or avoid social punishment from their referent groups (utilitarian normative influence), or c) as consumers search for information from knowledgeable others or make inferences by observing the behaviour of others (informational influence); "keeping up with the Joneses" is, in effect, the bandwagon effect where consumers emulate the purchase, use and display of luxury brands approved by their particular peer group.

2.3.3.8 Fashion Consciousness

Fashion consciousness is a trait of consumers who want to keep up to date with latest styles (Sproles & Kendall, 1986). According to Brioschi (2006), fashion conscious consumers are motivated by the search for fashion, style, trends and the "latest" luxuries, convinced that the latest version of a luxury product is not just functional but socially superior to the old (Mason, 1981).

This trait - a search for the latest fashion and trends - can lead, at the aggregate consumer level, to phenomena such as network externalities and informational cascades. *Network externalities* have been defined as a change in benefit or surplus that an agent derives from a good when the number of other agents consuming the same kind of good changes (Liebowitz and Margolis, accessed 2007). Alternatively, *network effects* relate to "many products for which the utility that a user derives from consumption of the good increases with the number of other agents consuming the good" (Katz and Shapiro, 1985). Much of this argument originates on Leibenstein's work; and the focus of this economic approach is on the number of network members and the resulting (economic) benefit for the rest users. In this line of argumentation, fashion consciousness is a special version of conformity. *Informational cascades* occur when it is "optimal for an individual, having observed the actions of those ahead of him, to follow the behaviour of the preceding individual without regard to his own information" (Bikhchandani, Hirschleifer and Welch, 1992). In this way *localized conformity* can emerge very rapidly on the basis of very little information by simply observing the behaviour of others and assuming that these others held more accurate or valuable information than oneself. In this approach many phenomena such as conformity but also "rapid and short-lived fluctuations such as fads, fashions, booms and crashes" can be explained; in addition, in this approach the fragility of cascades with respect to different kinds of shocks and a possible resulting drastic shift is emphasized. It is also acknowledged that "even behaviour that has been explained by

sanctions, payoff externalities, or conformity preference may often be better understood with an analysis that combines these mechanisms with informational cascades" (Bikhchandani, Hirschleifer and Welch, 1992).

Thus, it is proposed that fashion consciousness is an antecedent of a "bandwagon effect" since it involves those luxury goods which are consumed in relatively large quantities.

2.4 FORMAL STATEMENT OF HYPOTHESES

After the discussion of all the variables that comprise the model, the next section will formally outline the hypothesized relationships. The next figure presents the graphical representation of these relationships:

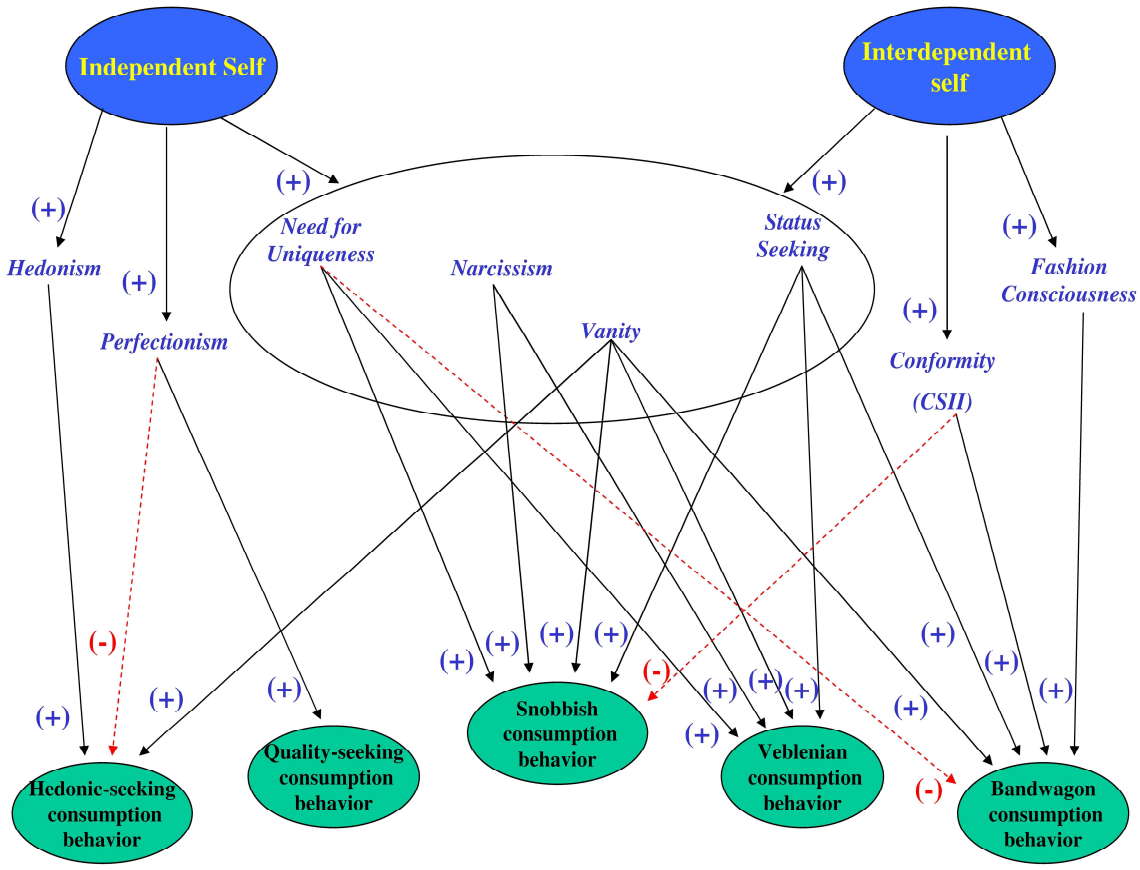


Figure 7 (rep.). Hypothesized Model of Luxury Consumption Behaviour(s) and Psychological Antecedents

Self-Concept to Traits

The first level of this model deals with the relationship between the self-concept and the various luxury-specific individual traits. The hypotheses, before their detailed discussion, are briefly summarized here:

- The independent self-concept is positively associated with the trait of hedonism.
- The independent self-concept is positively associated with the trait of consumer perfectionism.

- Both the independent and the inter-dependent self-concepts are positively associated to the trait of need-for-uniqueness.
- Both the independent and the inter-dependent self-concepts are positively associated to the trait of narcissism.
- Both the independent and the inter-dependent self-concepts are positively associated to the trait of vanity.
- Both the independent and the inter-dependent self-concepts are positively associated to the trait of status-seeking.
- The inter-dependent self-concept is positively associated with the trait of susceptibility to interpersonal influence.
- The inter-dependent self-concept is positively associated with the trait of fashion consciousness.

Traits related to Independent Self

Consumers with a primarily independent self-concept (Markus and Kitayama, 1991) are sensitive to information that contrast their self vs. others and to stimuli that privilege their self and ignore relations (Solomon, 2006; Torelli, 2006; Triandis, 1989); generally, representations of other people are not included in their self-schema (Markus and Oyserman, 1989) while others' reactions are not as important to them (Hornsey and Jetten, 2004; Brewer and Gardner, 1996) since they are more privately self-conscious; as a result, precisely mapping into the interpersonal domain is not their main focus (Oyserman, 2007).

Therefore, for these individuals it is their inner self - in the form of goals, emotions, desires, personal values, memories and impulses - that is more important in regulating their behaviour (Wong and Ahuvia, 1998; Escalas and Bettman, 2005) which appears more consistent across different contexts or "de-contextualized". These individuals may be roughly described as low self-monitors and low in materialism (Wong and Ahuvia, 1998); they appreciate more their private possessions and give priority to their private meanings; they are more analytical and dispositional in how they explain their behaviour (dispositional attribution) since their behaviour expresses mostly their internal self (Oyserman, 2007; Triandis, 1989; Brewer and Gardner, 1996). Even when they are engaged in "impression management" they either express their true self or are aware of their motivation as being strategic (Wong and Ahuvia, 1998).

In summary, for consumers with a primarily independent self-concept it is their inner self (emotions, desires, personal values, memories and impulses) that is more important in regulating their behaviour; relationships and social roles do not mean a lot to them. Hence, the independent

self-concept should be positively associated to those individual traits that are not socially-related. These self-directed (or non-social) traits are hedonism, (consumer) perfectionism, and the individualistic aspects of need-for uniqueness. (Oyserman, 2007; Torelli, 2006). More specifically:

Hedonism (the trait of pleasure-seeking) is the trait of individuals who are oriented towards experience of fun, indulgence and pleasure; when they consume luxuries they will seek to fulfil these goals. According to Vigneron and Johnson (1999; 2004), such intrinsically pleasing properties might be the motivation behind the consumption of luxuries for "role-relaxed" (Kahle; 1995) or "inner-directed" consumers (Riesman, Denney and Glazer; 1950) who value their perceived utility "to arouse feelings and affective states". Referring back to the description of the characteristics associated to an independent self-concept, it becomes evident that such "role-relaxed" and "inner-directed" consumers are those who primarily possess this type self-concept. Accordingly, the trait of hedonism is not directed into fulfilling demands of social roles and it is related to inner-directed (self-pleasing) consumption.

Holbrook and Hirschman in their seminal article on the experiential aspects of consumption (1982) have contrasted the rational consumer information processing model with an experiential view that can enhance a lot our understanding of the hedonic dimension of luxury products' consumption: in this view luxury products' consumption and consumer behaviour is oriented towards experience of fun, enjoyment, indulgence and self-pleasure. Indulgence is a form of hedonic self-communication, usually achieved via self-gift giving (Mick and Demoss, 1990; Tsai, 2005) that satisfies the self's own aspirations, fantasies or dreams. In other situations (e.g. celebrations; Dubois and Laurent, 1996) consumers may just want to self-indulge in a "heightened emotional state" and, in such instances, the acquisition of luxuries becomes the medium in order to elicit such self-directed feelings (Luce 1998; Lazarus 1991; Luomala 2002).

Therefore, hedonic consumers are more interested in their own thoughts and feelings; thus they place less emphasis on societal influences and more to values and motivations that depend more on the individual for fulfillment. It has been shown (Cofremca, 1992; Silverstein and Fiske, 2003; Solomon, 2006) that the growing self-indulgence trend that is observed in Western Societies is a "major force underlying luxury purchases and consumption is shifting from an interpersonal to a personal nature. More and more consumers seem to buy luxury goods more to gratify themselves than to impress others" (Dubois and Laurent, 1996). Such consumers do not take into account the others since they primarily seek self-satisfaction and their behaviour mostly expresses their internal motivations, as with an independent self-concept. Therefore, it is proposed that:

H1: The independent self-concept is positively associated with the trait of hedonism.

The most obvious - at least in the rational of the classic economic theory - reason behind the acquisition and use of luxuries is the search of superior quality; what an economist would call primary utility. Quelch (1987) argues that “excellent quality is a sine qua non” in luxury product categories; therefore, it is commonly expected that a luxury brand should exhibit higher levels of quality relatively to non-luxury brands in the same product category. There is interplay between quality and high price: since high prices are perceived as indicators of quality, perfectionist consumers use the price as a cue inferring the desired quality.

Perfectionist consumers rely on their own perception of the product’s quality, and may use the price cue as further evidence supporting the quality issue (Aaker, 1991). Vigneron and Johnson (1999) refer to the “quality effect” when consumers value the perceived utility of a luxury brand to suggest superior product characteristics and performance. Quality seeking (or consumer perfectionism) is a trait reflecting an individual’s utilitarian attitude towards a luxury brand; that is, it reflects a specific consumer’s individual taste, preferences and attitudes.

As Miquel, Caplliurer and Aldas-Manzano (2002) have found, perfectionist consumers who prioritize the quality issue when buying a certain product prefer to buy branded luxury products over store-brand products when they believe that there is an obvious difference in terms of quality superiority between these two kinds of brands; however, they don’t hesitate buying a store-brand product if there is no perceived quality difference. This shows that such consumers are inclined to buy luxury brands due to quality concerns only - while socially-directed factors (such as ‘buying to impress others’) do not seem to affect their choice behaviour; these findings provide support for the assumption that quality seeking or consumer perfectionism is a self-related trait, stemming from individual motives, goals and values. As a result, consumer perfectionism mostly expresses a consumer’s internal dispositions, in line with the nature of the independent self-concept. Therefore, it is proposed that:

H2: The independent self-concept is positively associated with the trait of consumer perfectionism.

Traits related to Inter-dependent Self

In contrast to an independent self-conception, consumers with a primarily inter-dependent self-concept are more publicly self-conscious and, therefore, sensitive to information and stimuli that direct their attention into their relationship with others (Markus and Kitayama, 1991; Triandis, 1989)

and towards the social environment (Escalas and Bettman, 2005; Wong and Ahuvia, 1998; Brewer and Gardner, 1996). These individuals develop considerable interest and expertise in inter-personal domains; as a consequence, the activation of this (connectedness) self-schema results in a mode of processing information that is very sensitive to the surrounding situations (Markus and Oyserman, 1989).

Their public or external self (that is, their social self and the "persona" presented to others such as their family, friends, social and professional groups) is more important in regulating their behaviour (Wong and Ahuvia, 1998; Triandis, 1989) which appears, in this case, "contextualized" (Oyserman, 2007; Markus and Kitayama, 1991). The inter-dependent individuals may be generally described as high self-monitors, and have been found to score highly in materialism; they have a preference for public or visible possessions and they mostly pay attention to their public meanings. They are more holistic and contextual in attributional style (situational attribution) since they see behaviour as expressing their external self or their position or role in society (Oyserman, 2007; Wong and Ahuvia, 1998; Brewer and Gardner, 1996).

In summary, the consumers with a primarily interdependent self-concept prioritize their social roles, their social identities and they think of themselves in a relational way; thus, their interdependent self-concept should be positively associated to those individual traits that are socially-related or socially directed (Oyserman, 2007; Torelli, 2006). More specifically:

A purely social influence, that is a significant explanatory variable in relation to luxury goods' consumption, is conformity to significant others' opinion; the relevant consumer trait is consumer susceptibility to interpersonal influence. Conformity has been defined in the marketing domain as "a) the tendency of opinions to establish a group norm (i.e., a set of group expectations on how members should behave), and b) the tendency of individuals to comply with the group norm" (Burnkrant and Cousineau; 1975). Specifically in the consumption setting, Lascu and Zinkhan (1999) define conformity as "a change in consumers' product evaluations, purchase intentions, or purchase behaviour as a result of exposure to the evaluations, intentions, or purchase behaviours of referent others". In addition, consumer susceptibility to interpersonal influence has been defined as the "need to identify with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands, the willingness to conform to the expectations of others regarding purchase decisions, and/or the tendency to learn about products and services by observing others or seeking information from others" (Bearden, Netemeyer and Teel, 1989).

Conformity has been analyzed with and classified in many typologies but the most widely used distinction - and the one that is assumed to be useful for the present analysis - is the one made by

Deutch and Gerard (1955) into normative and informational influence as discussed in the section regarding consumer characteristics. Normative influence has been defined as "the tendency to conform to the expectations of others" (Burnkrant and Cousineau; 1975); while Deutsch and Gerard (1955) defined informational influence as the tendency to accept information from others as evidence about reality.

All these different kinds of influence lead consumers to conform to referent group norms in order to enhance their self-concept by means of group affiliation (Dubois and Duquesne, 1993); something that is also congruent with Belk's extended-self theory (1988) where the possession of luxury brands serves as a symbolic marker of group membership. Vigneron and Johnson (1999) proposed that conformity creates the bandwagon effect that influences an individual to conform to prestige groups and/or to be distinguished from non-prestige groups.

Lascu and Zinkhan (1999) have summarized previous research on the different factors that predispose individuals to conform to others' influence. These factors (mentioned at 2.3.3.7) are clearly associated with an inter-dependent self-concept (such as high public self-consciousness and high self-monitoring) and predispose individuals to be more careful to their social behaviour, search for cues of appropriate behaviour and, therefore, make them prone to conformity pressures; also, high inter-dependence and interaction between group members leads to increased conformity; similarity of group members, goal clarity and group attractiveness increase conformity. A brand's level of social visibility has been found to affect conformity; as a result, it has been found that reference group influence on the product ownership decision is very strong in the case of luxury brands. To conclude, susceptibility to interpersonal influence is a socially-directed trait, in line with the nature of the interdependent self-concept. Therefore, it is proposed that:

H3: The inter-dependent self-concept is positively associated with the trait of consumer susceptibility to interpersonal influence.

Fashion consciousness is a trait of consumers who want to keep up to date with latest styles (Sproles & Kendall, 1986) and are motivated by the search for fashion, style, trends and the "latest" luxuries (Brioschi, 2006), convinced that the latest version of a luxury product is not just functional but socially superior to the old (Mason, 1981). This trait - a search for the latest fashion and trends - can lead, at the aggregate consumer level, to phenomena such as network externalities and informational cascades. *Network externalities* have been defined as a change in benefit or surplus that an agent derives from a good when the number of other agents consuming the same kind of good changes (Liebowitz and Margolis, accessed 2007). Alternatively, *network effects* relate to

"many products for which the utility that a user derives from consumption of the good increases with the number of other agents consuming the good" (Katz and Shapiro, 1985). Much of this argument originates on Leibenstein's work; and the focus of this economic approach is on the number of network members and the resulting (economic) benefit for the rest users. In this line of argumentation, fashion consciousness is a special version of conformity. *Informational cascades* occur when it is "optimal for an individual, having observed the actions of those ahead of him, to follow the behaviour of the preceding individual without regard to his own information" (Bikhchandani, Hirschleifer and Welch, 1992). In this way *localized conformity* can emerge very rapidly on the basis of very little information by simply observing the behaviour of others and assuming that these others held more accurate or valuable information than oneself. In this approach many phenomena such as conformity but also "rapid and short-lived fluctuations such as fads, fashions, booms and crashes" can be explained.

Therefore, fashion followers derive value from the consumption of luxuries mainly from the fact that this is the "right thing to do", driven from the social implications or complying with network or informational effects. All these are effects of an inter-personal nature; as a result of the above, fashion consciousness is a socially-directed trait, in line with the nature of the interdependent self-concept. Therefore, it is proposed that:

H4: The inter-dependent self-concept is positively associated with the trait of fashion consciousness.

Traits related to both Independent and Inter-dependent Self

Some traits, however, have elements of both personal and inter-personal nature. Consumers exhibiting such tendencies would try to strike a balance between enhancing their personal identity or serving self-related goals vs. their social persona and signalling goals. This conclusion was reached based on insights from both the available literature (for the traits of status-seeking and need-for-uniqueness) and qualitative exploratory research - in-depth interviews with 6 managers of luxury products (for the traits of vanity and narcissism). Specifically, during the exploratory qualitative research stage (see next chapter) it emerged that some traits, relevant to the consumption of luxury goods, were not included in the initial model (e.g. vanity, narcissism and fashion consciousness). These traits were then incorporated in the model and literature support was sought and added, wherever available, in the present (literature and hypotheses) section. In addition, according to the opinion of some interviewed managers, some of these traits serve both personal and social considerations: this, together with literature-based support/argumentation, has led to the hypothesis

that a group of traits (NFU, status-seeking, vanity and narcissism) are influenced by both independent and inter-dependent selves.

These traits (serving both personal and social goals) are, accordingly, marked in a circle in the model figure. It should be made clear that the model and hypotheses presented (2.4) are the final ones. The initial model is not presented. More specifically:

Another trait (Tepper and McKenzie, 2001) that has been linked to the consumption of luxury products - associated with the "snob" type of consumer - is need-for-uniqueness (N.F.U.), originated from Snyder and Fromkin's theory of uniqueness (1977). According to Snyder (1992) material expressions of one's difference from others are particularly valuable since they satisfy the N.F.U. without risking severe social penalties; therefore, consumers may use the symbolic properties of rare material possessions (Belk, 1988; Lynn, 1991) such as luxuries in order to make a publicly demonstrated claim of difference (Tepper and Hoyle, 1996), e.g. with the display of luxuries not yet adopted by a large numbers of consumers, or scarce, or very expensive items.

Vigneron and Johnson (1999) proposed that snob consumers are privately self-conscious; however, according to need-for-uniqueness theory, snobs may very well be publicly self-conscious too - since their snobbism is a form of a strong public statement: "look at me, how very different I am!" Need-for-uniqueness must, then, be rightfully classified as both a personal and social trait since the individual is influenced by the norm behaviour of others but behaves so as to be in non-congruence with the norm (Nail, 1986). This view is taken by Tepper, Bearden and Hunter (2001) where it is argued that consumers' need-for-uniqueness reflects both self-image and social image enhancement processes: "consumers' need for uniqueness is defined as the trait of pursuing differentness relative to others through the acquisition, utilization and disposition of consumer goods for the purpose of developing and enhancing one's self-image and social image". In addition, Chaudhuri and Majumdar (2006) note that N.F.U. "may be considered as a function of personal, interpersonal, and social effects factors; it takes into consideration personal and emotional desires when purchasing or consuming prestige brands, but it also influences and is influenced by other individuals' behaviours. Hence understanding it is sometimes complex." Mason (1995) too subscribes on the dual nature of this personality characteristic.

According to this argumentation, in the proposed model N.F.U. has been plotted in the middle of the self-concept continuum - in contrast to Vigneron's and Johnson's model who, in their luxury matrix, assume that the snob consumer is privately self-conscious. Need-for-uniqueness should be classified as both a personal and social trait since, as argued, the individual is influenced by the norm behaviour of others but behaves so as to be in non-congruence with the norm (Nail, 1986); therefore,

the view taken here is that snobs - even though leaning more towards the independent side - are publicly self-conscious too. N.F.U. should be, therefore, best understood as reflecting elements from both an independent and an inter-dependent self-concept. As a result of the above, need-for-uniqueness is both a self-related as well as a socially-related trait and is in line with both the nature of the independent as well as the interdependent self-concept. Therefore, it is proposed that:

H5: Both the independent and the interdependent self-concepts are positively associated to the trait of need-for-uniqueness.

Specifically, need-for-uniqueness has been conceptualized as subsuming three behavioural manifestations or dimensions:

- Creative choice counter-conformity, where the consumer seeks social differentness from most others but still "this consumer makes selections that are likely to be considered good choices by these others" (Tepper et al., 2001); this is in the case of luxury consumption where the consumer aspires to elicit positive social evaluations of uniqueness.
- Unpopular choice counter-conformity, refers to consumption of products and brands that deviate from group norms and may risk social disapproval; however initially unpopular choices may gain social acceptance later on and thereby distinguish the consumer as an early adopter or fashion leader (Heckert, 1989).
- Avoidance of similarity, where there is a loss of interest in, or discontinued use of, possessions that become commonplace in order to move away from the norm and reestablish one's differentness; within the luxury product domain, this is exactly the case of the interplay between the bandwagon and snob effect, already mentioned.

Although all three manifestations have both personal and social elements, the avoidance of similarity dimension has been defined as a loss of interest in, or discontinued use of, possessions that become commonplace in order to move away from the norm and re-establish one's differentness (Tepper et al.; 2001); therefore, as this definition suggests, it seems logical to hypothesize that this dimension is the one that mostly stems from an independent self since it is a dimension that operates within consumers' self concepts with such high N.F.U (Tepper et al.; 2001) to the extent that it reflects a more privately self-conscious nature. Consumers who avoid or discontinue using luxury brands that become very popular - in order to express their unique identity - do not take into account any socially-directed motivations and their behaviour mostly reflects an internal motivation, as is the

case with an independent self-concept. As a result, avoidance of similarity is a self-related trait in line with the nature of the independent self-concept. Therefore, it is proposed that:

H5a: The independent self-concept is positively associated with the trait of avoidance of similarity.

Unpopular choice counter-conformity, refers to consumption of products and brands that deviate from group norms and may risk social disapproval (Tepper et al., 2001). This trait may be placed somewhere in the middle of the self-concept continuum since, on the one hand, it does risk an individual's social image (e.g. when using an expensive fur-coat that will elicit unfavorable evaluations of the user being cruel to the animals or environmentally insensitive) and, on the other, it does seek for a positive evaluation of the unpopular choice from others in two possible ways: a) people who break rules risking social disapproval in the service of asserting their differentness often affirm good character and, therefore, enhance their social self-image (Gross, 1977) and, b) when initially unpopular choices may gain social acceptance later on and thereby distinguish the consumer as an early adopter or fashion leader (Heckert, 1989). However it seems logical that it is more a self-directed trait than a socially-directed one. While individuals who consume luxury brands that deviate from group norms and may risk social disapproval are not indifferent towards the social context, however their behaviour mostly reflects their internal disposition and is, therefore, best understood as stemming from an independent rather than an interdependent self-concept. As a result, unpopular choice counter-conformity is a self-related trait in line with the nature of the independent self-concept. Therefore, it is proposed that:

H5b: The independent self-concept is positively associated with the trait of unpopular choice counter-conformity.

Creative choice counter-conformity refers to the case where the consumer seeks social differentness from most others but still this consumer makes selections that are likely to be considered good choices by these others (Tepper et al., 2001); therefore, as this definition suggests, it seems logical to hypothesize that this dimension is the one that mostly stems from an inter-dependent self-concept since such consumers aspire to elicit positive social evaluations of uniqueness; although they may be seen as the "independents of the inter-dependents", still however these individuals are primarily influenced by others - therefore, reflecting a socially-directed motivation. In short, consumers who seek social differentness from the others but still make

selections that are likely to be considered good choices by these others primarily express their social selves, as is the case with an interdependent self-concept. As a result, creative choice counter-conformity is a socially-related trait in line with the nature of the inter-dependent self-concept. Therefore, it is proposed that:

H5c: The inter-dependent self-concept is positively associated with the trait of creative choice counter-conformity.

Narcissism is another trait that can be associated with the consumption of luxuries, although neglected by the mainstream luxury consumption literature. Sedikides, Gregg, Cisek, and Hart (2007) argue that narcissists – individuals who see themselves, and who want others to see them, as special, superior and entitled and who are prone to exhibitionism and vanity – will strive to purchase the "high-prestige" and rare products in order to validate their excessively positive self-views. Narcissists regulate their own esteem by increasing their apparent status and trying to earn others' admiration and envy by means of buying expensive and rare goods in order to sustain and elevate their inflated self-positivity; they can sacrifice necessities at the expense of luxuries. In addition, managers of luxuries consider narcissists to strive for both self-related and social goals. As a result of the above, narcissism is both a self-related as well as a socially-related trait and is in line with both the nature of the independent as well as the interdependent self-concept. Therefore, it is proposed that:

H6: Both the independent and the interdependent self-concepts are positively associated to the trait of narcissism.

Vanity is another trait that can be related to the consumption of luxuries. The widely accepted definition of vanity comes from Netemeyer, Burton and Lichtenstein (1995) and distinguishes between two primary dimensions of vanity:

-*Physical vanity*: "an excessive concern for, and/or a positive (and perhaps inflated) view of, one's physical appearance"; physical vanity is linked to luxury consumption since luxuries - especially appearance-related such as expensive clothing and cosmetics - might enhance outward physical appearance (Solomon; 1985, 2006; Watson, Rayner, Lysonski and Durvasula, 1999). Many academic studies have showed that physical attractiveness is positively related to social benefits (related to an inter-dependent self) such as increased popularity, power and increased self-esteem (Adams 1977; Goldman and Lewis 1977; Jackson, Sullivan, and Hymes 1987; Krantz 1987).

Feingold (1992) has found that attractive people are perceived to be "more sociable, dominant, sexually warm, mentally healthy, intelligent, and socially skilled than unattractive people".

-*Achievement vanity*: "an excessive concern for, and/or a positive (and perhaps inflated) view of, one's personal achievements"; it is mostly achievement vanity that has to demonstrate strong theoretical connections to luxury; in the VALS or LOV typologies, the "achievers" and "emulators" profiles (VALS) and the value of "a sense of accomplishment" (LOV-list of values) can been related to luxury consumption. It has been suggested that these groups consume conspicuously in order to convey their success or status (Belk, 1983, 1985; Solomon, 2006). Belk (1985) has argued that conspicuous consumption is a means of some individuals to demonstrate and justify their need for achievement; Hirschman (1990) maintains that the documentation of personal achievement (related to both the independent and inter-dependent self) is achieved through the consumption of status products; Richins and Dawson (1992) present evidence that materialism is being used as a symbol of vanity achievement; and Watson, Rayner, Lysonski and Durvasula (1999) have shown that achievement appeals in advertising are positively evaluated from people with high levels of vanity; finally, Netemeyer et al. (1995) suggest that conspicuous consumption could be modelled as "behavioural manifestation of achievement vanity". In addition, managers of luxuries consider vain consumers to strive for both self-related and social goals. Therefore, it can be argued that vanity may be considered as a characteristic to be found in many luxury consumers and it is an antecedent of such consumption.

As a result of the above, vanity is both a self-related as well as a socially-related trait and is in line with both the nature of the independent as well as the inter-dependent self-concept. Therefore, it is proposed that:

H7: Both the independent and the interdependent self-concepts are positively associated to the trait of vanity.

Status seeking has been defined as "the motivational process by which individuals strive to improve their social standing trough the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others" (Eastman, Goldsmith, and Flynn, 1999). Specifically, "status" is the position or rank in a society or within a group awarded to an individual by others (Goffman, 1951; Bierstedt, 1970; Dawson and Cavell, 1986) and is a form of power that consists of respect, consideration and envy. Research has distinguished between different kinds of status such as by assignment; by achievement; and by consumption, that is, status acquired through possession (Brown, 1991). Status has been linked to the

symbolic uses of products such as luxuries (Goffman, 1959; Belk, 1988; Braun and Wicklund, 1989; Mason, 1981), since consumers acquire, own, use and display them in order to enhance their sense of self, to present an image of what they are like or they would like to be and to bring about the kinds of social relationships they wish to be in. As a result of such behaviour, Packard (1959) defined "status-seekers" as those "people who are continually straining to surround themselves with visible evidence of the superior rank they are claiming".

Status-seekers are consumers who attach a greater importance to price as an indicator of prestige, since their main objective is to impress other people. According to Mason (1984), for "the purely conspicuous consumer the satisfaction derived from any particular purchase comes not from its value but from audience reaction to the wealth displayed. Consequently the cost of purchase becomes the only factor of any significance". This "pure kind of conspicuous consumer" derives satisfaction from entirely external sources such as the status gains from being seen to purchase and consume products which are approved and admired exclusively on the basis of their high price by the target audience they want to impress; as such, these consumers are socially sensitive and high self-monitors, characteristics associated with an interdependent self-concept.

Based on the above literature-sourced characteristics, status-seekers are persons who care for both the social impact of their consumption (a characteristic of an inter-dependent self) while clearly, at the same time, prioritize their self with some individualistic tendencies (superior rank, etc.); in addition, managers of luxuries consider status-seeking to be a trait of people who strive for both self-related and social goals. In short, consumers who use the prestige power of luxury brands in order to express their superior rank or role in the society do take into account self-directed and socially-directed motivations. As a result of the above, status-seeking is both a self-related as well as a socially-related trait and is in line with both the nature of the independent as well as the interdependent self-concept. Therefore, it is proposed that:

H8: Both the independent and the interdependent self-concepts are positively associated to the trait of status-seeking.

Traits to behavioural patterns (effects)

Having clarified the relationship between the self-concept and the various traits, the second level of this model attempts to deal, in turn, with the relationship of those luxury-specific individual traits to five observable patterns of behaviour. The hypotheses (grouped around each of these behavioural patterns) are briefly summarized here:

- Hedonism should be positively associated to the *hedonic effect*
- Consumer perfectionism should be negatively associated to the *hedonic effect*
- (Physical) Vanity should be positively associated to the *hedonic effect*

- Consumer perfectionism should be positively associated to the *quality effect*

- Need-for-uniqueness should be positively associated to the *snob effect*
- Narcissism should be positively associated to the *snob effect*
- Vanity should be positively associated to the *snob effect*
- Status-seeking should be positively associated to the *snob effect*
- Susceptibility to interpersonal influence should be negatively associated to the *snob effect*

- Need-for-uniqueness should be positively associated to the *veblen effect*
- Narcissism should be positively associated to the *veblen effect*
- Vanity should be positively associated to the *veblen effect*
- Status-seeking should be positively associated to the *veblen effect*

- Need-for-uniqueness should be negatively associated to the *bandwagon effect*
- Vanity should be positively associated to the *bandwagon effect*
- Status-seeking should be positively associated to the *bandwagon effect*
- Susceptibility to interpersonal influence should be positively associated to the *bandwagon effect*
- (Novelty) Fashion-consciousness should be positively associated to the *bandwagon effect*

Analytically:

Vigneron and Johnson (1999) refer to the hedonic effect "when consumers value the perceived utility of the prestige brand to arouse feelings and affective states"; thus, a hedonic effect exists when the consumption of a luxury brand is increased as its perceived hedonic value is increased. The hedonic value may be, according to researchers (Kapferer, 1998; Vigneron and Johnson, 1999 and

2004; Dubois, Laurent and Czellar, 2001) a function of various divergent stimuli resulting in positively valenced or pleasant emotional responses, a heightened affective state or sensory gratification. Therefore, hedonic value may be satisfied by such stimuli as aesthetic beauty, sensory pleasure, excitement, satisfaction, creativity, etc.

Hedonism includes pleasure derived from concrete physical stimuli as well as more abstract feelings of bliss, contentment, and ecstasy for the self. It is a subjective intangible benefit that includes many different kinds of emotional responses: research on the semiotics of luxury has identified the emotional responses that can be classified under the umbrella of hedonic consumption: *sensory pleasure, excitement, aesthetic beauty, sensuality*, etc, are all manifestations of the hedonic dimension of luxury consumption. A "taxonomy" of these very different kinds of hedonic product attributes includes "concrete/physical" hedonic product attributes such as a nice touch, feel or color and "abstract" hedonic attributes such as "elegance", "beauty" etc. (Snelders and Schoormans, 2001; Lageat et al, 2003). Luxury brands that satisfy the need to fulfill affective goals and, thus, offer increased hedonic value are appreciated by these (role-relaxed or inner-directed) consumers who are motivated primarily from emotional motives such as hedonic consumption - as opposed to consumers seeking utility or symbolic value.

In addition to hedonism, the physical dimension of vanity can contribute to a hedonic effect. Physical vanity is a sub-dimension of vanity and refers to "an excessive concern for, and/or a positive (and perhaps inflated) view of, one's physical appearance" (Netemeyer, Burton and Lichtenstein, 1995). Physical vanity could impact hedonic consumption behaviour as it influences people to consume beautiful, elegant, highly aesthetic luxury items that can, by definition of their properties, improve the physical appearance; thus, a consumer with some degree of physical vanity will respond favorably to the hedonic (aesthetic) properties of luxury products and will buy/use such products contributing to a hedonic effect. This can also be found support in the literature as it has been suggested that physical vanity may be linked to luxury consumption as luxuries (especially appearance-related luxuries such as expensive clothing, watches, jewellery and cosmetics) can enhance outward physical appearance (Solomon; 1985, 2006; Watson, Rayner, Lysonski and Durvasula, 1999). In addition, at a deeper philosophical level, one should not forget John Stuart Mill's (1848) belief that vanity, as seen in excessive and lavish consumption, is a kind of indulgence which is, of course, linked to hedonism.

Finally, it is hypothesized that consumer perfectionism (quality seeking) is negatively related to a hedonic effect: some literature suggests that utilitarian consumption (such as in the case of consumer perfectionism) is negatively related with hedonic consumption in cases of simultaneous choice. This has been called the "beauty dilemma" (Diefenbach and Hassenzahl, 2009) and means

that when consumers face a choice situation which requires a trade-off between beauty and usability (or quality) and which offers no further way to justify choosing beauty, they will discount beauty although they value it in general. Okada (2005) has found that relative preferences between hedonic and utilitarian alternatives can reverse, depending on how the immediate purchase situation presents itself; that is, the utilitarian alternative tends to be chosen over the hedonic alternative when the two are presented jointly (Abu-Shalback Zid, 2005) while similar findings have been presented by Dhar and Wertenbroch, (2000) and Rucker and Shih-Lei (2007).

Therefore, it is proposed that:

H9: Hedonism and physical vanity are positively associated to the hedonic effect, while consumer perfectionism is negatively associated to the hedonic effect.

Vigneron and Johnson (1999) refer to the quality effect "when consumers value the perceived utility of a luxury brand to suggest superior product characteristics and performance"; thus, a quality effect exists when the consumption of a luxury brand is increased as its perceived quality is increased.

According to the perspective of the classical economic theory, the primary justification for the acquisition and use of luxuries is the search of superior quality; what economists call primary utility. Quelch (1987) argues that "excellent quality is a sine qua non" in luxury product categories; therefore, it is commonly expected that a luxury brand should exhibit higher levels of quality relatively to non-luxury brands in the same product category.

Even though, as far as luxuries are concerned, symbolic motives are very important, however, the search for superior quality (and, thus, primary utility) is still a basic and valid reason for a certain consumer segment: the perfectionists. Perfectionist consumers are primarily motivated by high quality and will buy a luxury brand because they believe that, relatively to a non-luxury brand with the same tangible functions, the luxury brand exhibits much higher levels of quality. In the case of the perfectionist consumer the quality cue is used in order to evaluate a brand: a low level of quality will play a negative role over the perception of luxury. In contrast - if the consumer perceives the brand as having an excellent level of quality - her quality perception will play a positive role over her perception of luxury on the same brand. Therefore, consumer perfectionism impacts directly the consumption of luxury brands when the brand is perceived as of high quality - as is usually assumed with luxuries. Thus, it is proposed that:

H10: Consumer perfectionism is positively associated to the quality effect.

According to Leibenstein (1950) a snob effect arises when consumers' preference for a good increases as its rarity increases, or alternatively, preference decreases as the good becomes popular; in the context of luxuries, therefore, the Snob effect means that the more rare a luxury good is, the more (snob) consumers will buy it; in contrast, if the good becomes very popular, snobs will stop buying it.

This type of consumer is primarily motivated by need-for-uniqueness (N.F.U). Consumers' N.F.U has been defined as "the trait of pursuing differentness relative to others through the acquisition, utilization and disposition of consumer goods for the purpose of developing and enhancing one's self-image and social image" (Tepper, Bearden and Hunter, 2001). Accordingly, such consumers are attracted into purchasing luxury products by scarcity or uniqueness appeals (Leibenstein, 1950; Vigneron and Johnson, 1999 and 2004; Tepper, Bearden and Hunter, 2001; Catry, 2003; Van Herpen et al., 2005) since their primary motive is to possess luxuries that are scarce and unique. For such consumers with a high need-for uniqueness, a perceived limited supply of products enhances the value and preference for a brand (Verhallen, 1982 and 1994; Lynn, 1991; Pantzalis, 1995). As a result, the trait of NFU results in a preference for rare luxuries; thus, leading directly to a snob effect.

Narcissism is another trait that can be associated with the snob behaviour. Sedikides, Gregg, Cisek, and Hart (2007) argue that narcissists – individuals who see themselves, and who want others to see them, as special, superior and entitled and who are prone to exhibitionism and vanity – will strive to purchase, amongst others, rare products in order to validate their excessively positive self-views. Narcissists regulate their own esteem by increasing their apparent status and trying to earn others' admiration and envy by means of buying, amongst others, rare goods in order to sustain and elevate their inflated self-positivity; they can sacrifice necessities at the expense of luxuries. Thus, it is proposed that narcissism is an antecedent of a snob effect.

Status seeking - "the motivational process by which individuals strive to improve their social standing trough the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others" (Eastman, Goldsmith, and Flynn, 1999) - impacts many different luxury consumption behaviours. Regarding the snobbish consumption behaviour, status-seeking leads to a preference to buy and use rare, different, and new luxury products as consumers can this way enhance their feeling of uniqueness and claim the special "rank" in the society. This view has been confirmed during the interviews with managers of luxury goods.

Last, vanity can impact snobbish consumption behaviour. Netemeyer et al. (1995) suggest that conspicuous consumption (among this, the snob effect) could be modelled as "behavioural

manifestations of achievement vanity". In addition, managers of luxuries consider vain consumers to be prone to consuming scarce luxury goods that are others can't: vain individuals may "feel apart" and experience the desired "feeling of distinction". So, an individual who consumes scarce luxuries (leading to a snob effect) would satisfy her/his vanity.

Finally, susceptibility to interpersonal influence should be negatively related to snobbish consumption behaviour. As it is already known from Leibenstein (1950) the snob and bandwagon effects have an opposite but completely symmetrical relationship as the (snob) signalling value of a superior good disappears when many people come to own one until to the point where it eventually becomes an 'ordinary good'. This trait is positively related to a bandwagon effect because it leads individuals to conform to referent group norms in order to enhance their self-concept (Dubois & Duquesne, 1993) by means of group affiliation. Therefore, it should be negatively related to a snob effect (Leibenstein, 1950). Thus, it is proposed that:

H11: Need-for-uniqueness, narcissism, vanity, and status-seeking are positively associated to the snob effect, while susceptibility to interpersonal influence is negatively associated to the snob effect.

According to Leibenstein (1950) a veblen effect arises when consumers' preference for buying a good is increased as a direct function of its price; in the context of luxuries, therefore, the veblen effect means that the more expensive a luxury good is the more consumers will buy it.

This type of consumer is primarily motivated by the trait of status-seeking; status-seeking has been defined as "the motivational process by which individuals strive to improve their social standing trough the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others" (Eastman, Goldsmith, and Flynn, 1999). Packard (1959) defined "status-seekers" as those "people who are continually straining to surround themselves with visible evidence of the superior rank they are claiming". Status-seekers are consumers who attach a greater importance to price as an indicator of prestige (Vigneron and Johnson; 1999) since their main objective is to impress other people. According to Mason (1984), for "the purely conspicuous consumer, the satisfaction derived from any particular purchase comes not from its value but from audience reaction to the wealth displayed. Consequently the cost of purchase becomes the only factor of any significance". Therefore - all other being equal - status-seeking drives these consumers to increase their spending on luxuries as their prices are increased since what matters to them is to be able to display the most expensive brands to their audience; thereby giving rise to a veblen effect.

It is hypothesized that need-for-uniqueness can also give rise to a veblen effect, since usually expensive luxuries are scarce, hence, appealing to individuals with high N.F.U.; but only to some extent until the demand reaches a point where the good ceases to be attractive to the snob consumer. The logic of this argument is as follows: as a luxury good's price is increased less people are able to buy the good; the good's price - initially - signals scarcity which appeals to the uniqueness motive driving the behaviour of the snob consumer, thereby, making the snob consumer increase her spending and thus contribute to the veblen effect; however, it is the premise of the veblen effect that the more expensive a luxury good is, the more consumers will buy it; thus, if the quantity consumed exceeds the level tolerated by the snob consumer, the snob will stop buying the luxury good since it will not be attractive anymore; however, while the veblen effect does indeed describe a situation where demand is increased as a function of the product's price, this increase on demand will never reach the levels of a bandwagon effect - exactly due to the very expensive price. Therefore, the price increase that the veblen effect suggests should be seen within this context - making plausible the argument that snobs will not be deterred by a (relative) increase in the quantity demanded by the market.

Narcissism is another trait that can be associated with the veblenian behaviour. Sedikides, Gregg, Cisek, and Hart (2007) argue that narcissists - individuals who see themselves, and who want others to see them, as special, superior and entitled and who are prone to exhibitionism and vanity - will strive to purchase "high-prestige" products in order to validate their excessively positive self-views. Narcissists regulate their own esteem by increasing their apparent status and trying to earn others' admiration and envy by means of buying expensive goods in order to sustain and elevate their inflated self-positivity; they can sacrifice necessities at the expense of luxuries. Thus, it is proposed that narcissism is an antecedent of a "veblen effect".

Last, vanity can impact veblenian consumption behaviour. Vanity (Netemeyer, Burton, & Lichtenstein, 1995) has two dimensions: the physical (further split into physical concern and view) and the achievement dimension (achievement concern and view). Netemeyer et al. (1995) suggest that conspicuous consumption - all three effects - could be modelled as "behavioural manifestation of vanity". Vanity can influence veblenian luxury consumption since luxuries, such as "expensive … clothing and cosmetics", are being customarily bought and used by consumers of luxuries (Solomon, 2006; Richins & Dawson, 1992). Therefore, vanity is an antecedent a veblen effect (i.e., expensive luxuries). Thus, it is proposed that:

H12: Status-seeking, narcissism, vanity, and need-for-uniqueness are positively associated to the veblen effect.

According to Leibenstein (1950) a bandwagon effect is observed where consumer preference for a good increases as the number of people buying it increases; in the context of luxuries, therefore, the bandwagon effect means that the more popular a luxury good is, the more (bandwagon or conformist) consumers will buy it. It has to be emphasized, in order to avoid confusions, that the veblen effect is a function of the good's price, while the bandwagon effect is a function of the quantity consumed.

This type of consumer is primarily motivated by a tendency to conform (conformity or consumer susceptibility to interpersonal influence); Conformity - resulting from normative or informational influence - has been defined in the marketing domain as "a) the tendency of opinions to establish a group norm, and b) the tendency of individuals to comply with the group norm" (Burnkrant and Cousineau; 1975). Specifically in the consumption setting, Lascu and Zinkhan (1999) define conformity as "a change in consumers' product evaluations, purchase intentions, or purchase behaviour as a result of exposure to the evaluations, intentions, or purchase behaviours of referent others". Conformity influences lead this type of consumers to conform to referent group norms in order to enhance their self-concept by means of group affiliation (Dubois and Duquesne, 1993); something that is also congruent with Belk's extended-self theory (1988) where the possession of luxury brands serves as a symbolic marker of group membership. Vigneron and Johnson (1999) also proposed that conformity creates the bandwagon effect that influences an individual to conform to prestige groups and/or to be distinguished from non-prestige groups. Accordingly, such consumers are attracted into purchasing luxury products by social approval or recognition (Rossiter and Percy; 1987), success and achievement (Richins, 1994b), imitation of the rich or aspirational groups (Dubois and Laurent, 1994 and 1996; Pantzalis 1995), and personal success (Wong and Ahuvia, 1998) appeals - since their primary motive is to possess luxuries that are convey these messages. For bandwagon consumers such types of marketing appeals enhance the value and preference for a luxury brand. As a result, a conformist motivation results directly in a Bandwagon effect for luxury products.

In addition, vanity can impact bandwagon behaviour. Netemeyer et al. (1995) suggest that conspicuous consumption - all three effects - could be modelled as "behavioural manifestation of vanity". Vanity can influence bandwagon luxury consumption since vain individuals seek social benefits such as increased popularity (Netemeyer et al., 1995). Such benefits can be realized by means of popular luxury products; hence, vanity should be positively related to a bandwagon effect (i.e., through consumption of popular/mass luxuries) as well.

Using the same argumentation line, status-seeking is hypothesized to be an antecedent of the bandwagon effect. According to extant literature (Goffman, 1959; Braun & Wicklund, 1989; Mason, 1981), luxuries are instrumental in realizing the kinds of social relationships people wish to be in (bandwagon effect): status-seeking leads to a preference to buy and use popular luxury products or luxuries that are consumed in (relatively) larger quantities. A luxury good that is popular contributes to realizing social benefits, hence, leading to a bandwagon effect.

Fashion consciousness is a trait of consumers who want to keep up to date with latest styles (Sproles & Kendall, 1986). According to Brioschi (2006), fashion conscious consumers are motivated by the search for fashion, style, trends and the "latest" luxuries, convinced that the latest version of a luxury product is not just functional but socially superior to the old (Mason, 1981). These consumers derive value from the consumption of luxuries mainly from the fact that this is the "right thing to do", driven from the social implications such as being "trendy" or as Leibenstein has put it (1950) being "one of the boys" (bandwagon effect. This trait - a search for the latest fashion and trends - can lead, at the aggregate consumer level, to phenomena such as network externalities and informational cascades. These are "rapid and short-lived fluctuations" such as "fads, fashions, booms and crashes" (Bikhchandani, Hirschleifer and Welch, 1992). Thus, it is proposed that fashion consciousness is an antecedent of a "bandwagon effect" since it involves those luxury goods which are consumed in relatively large quantities.

Finally, need-for-uniqueness should be negatively related to bandwagon consumption behaviour. As it is already known from Leibenstein (1950) the snob and bandwagon effects have an opposite but completely symmetrical relationship as the (snob) signalling value of a superior good disappears when many people come to own one until to the point where it eventually becomes an 'ordinary good'. This trait is positively related to a snob effect because it leads individuals to purchase and use rare/scarce luxuries in order to enhance their self-concept (Dubois & Duquesne, 1993) by means of attaining exclusivity. Therefore, it should be negatively related to a bandwagon effect (Leibenstein, 1950). Thus, it is proposed that:

H13: Susceptibility to interpersonal influence, status-seeking, vanity, and fashion-consciousness are positively associated to the bandwagon effect, while need-for-uniqueness is negatively associated to the bandwagon effect.

2.5 CONCLUSION FROM THE LITERATURE REVIEW AND MODEL DEVELOPMENT

The previous part has concluded with the development of a comprehensive, practically relevant and theoretically robust model based on both theory insights and qualitative research (interviews with managers who have lengthy experience in various luxury markets). This model can describe and also explain the phenomenon of the consumption of luxury goods from a consumer behaviour perspective. During the next chapters, this model will be empirically assessed.

3. METHODOLOGY

The research design of this study involved both inductive and deductive logic in addressing the main research questions. While the deductive approach allows the researcher to develop testable hypotheses and a theoretical structure based on existing accumulated knowledge, the inductive approach allows a richer understanding and the construction of explanations about what is observed in real settings (Bryman and Bell, 2003).

During the course of this study, there has been a constant dialogue between the theory and the data (especially in the initial qualitative study). The process followed can be described by the following stages: (a) developing an initial understating of the study's research questions as well as all the relevant issues based on a literature review (b) developing hypotheses from the relevant consumer behaviour literature on luxury/conspicuous consumption as well as from relevant fields such as economics, psychology and sociology (c) refining these hypotheses by interviewing experienced managers of luxury goods and analysing these interviews (d) developing the final model with a set of testable hypotheses (the model/hypotheses formally presented at section 2.4 is the final one) (e) collecting consumer survey data to test the hypotheses (f) analysing this dataset, and (g) interpreting the results based on the empirical findings and relevant theory. Thus, this study incorporates findings from both the managerial (qualitative study) and the consumers' point of view (main quantitative study). Finally, (e) the limitations of the study are discussed with suggestions for further research. The following figure outlines all the steps of this study:

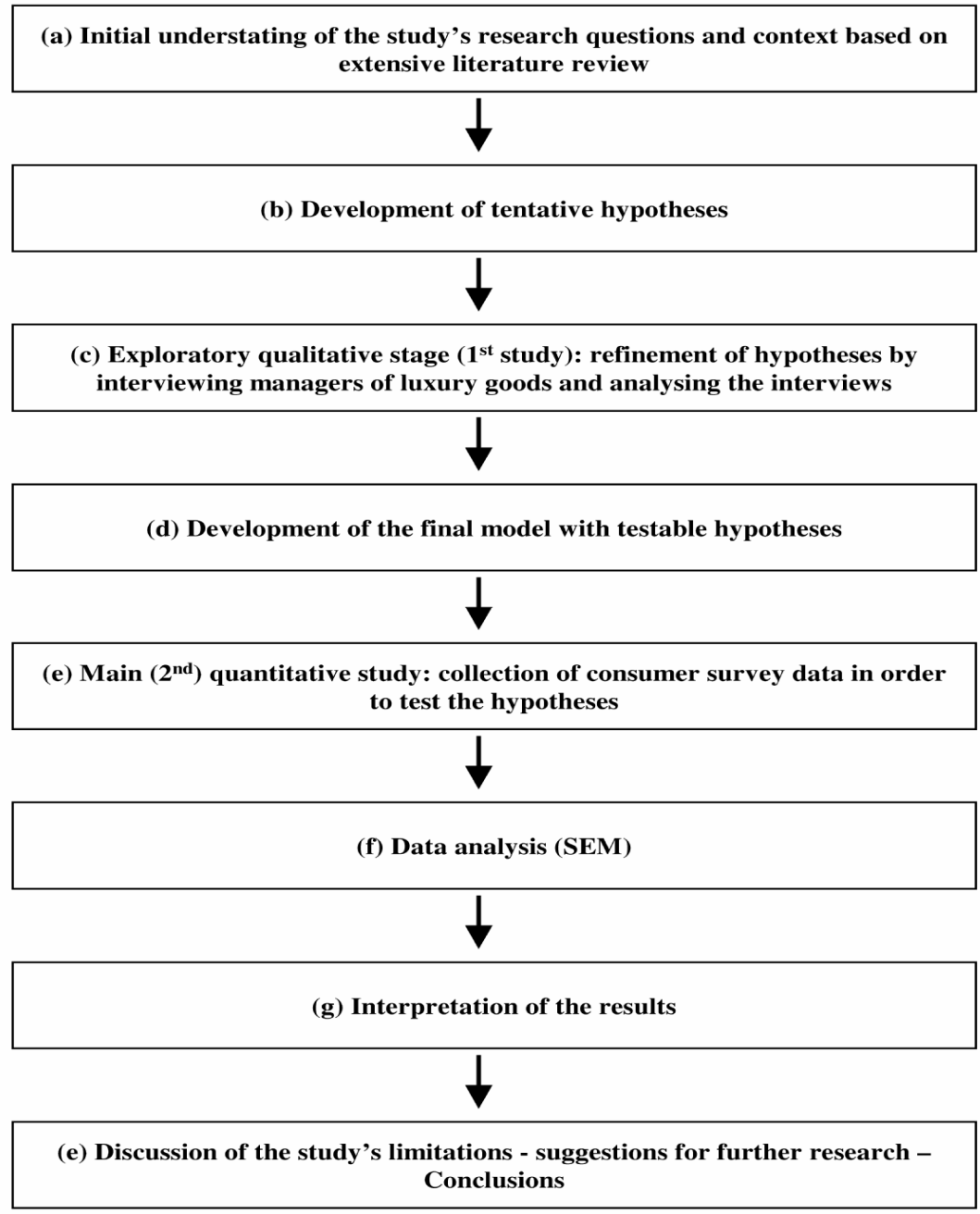


Table 2. Research Process of the Current Study

3.1 QUALITATIVE PRE-STUDY

3.1.1 Overview and Philosophical Bases

The first set of empirical data involved the conduct of a number of interviews with experienced managers of luxury goods. Before the interviews were conducted, a tentative model and a set of hypotheses based on theory had already been developed (the model shown at 2.4 is the final: the initial tentative model did not include the traits of vanity, narcissism and fashion consciousness as

well as the idea that some traits are influenced by both self-concepts). These interviews took place before the collection of the main dataset (in the form of a large-scale consumer survey) in order to calibrate and refine this model: by following this research strategy, I was more confident that the study is moving on the right track as the proposed model has been progressively developed, passing through a qualitative check-up before ending up being quantitatively tested on a large scale survey with consumer data. This triangulation strategy has been strongly recommended as a research strategy that can result in greater confidence in findings: specifically, Bryman and Bell (2003) and Deery, Iverson and Walsh (2002) make note of the two major advantages of using qualitative data in order to facilitate and guide further quantitative research. These are 1) the shaping of more accurate hypotheses, and 2) aiding measurement, in the sense that in-depth knowledge, acquired from interviewing, can help the construction of survey questionnaire items (as has been done for many of the questions in this study: see more in the section for measurement error).

This qualitative element of the current study involved the collection of primary data in the form of semi-structured interviews with six managers of luxury goods in the UK as well as other countries, with substantial previous experience in all major luxury industries (cosmetics, cars, watches, jewellery, bags, accessories and spirits) and in many geographical markets. Yin (2003) argues that interviews allow exploring questions of "how" and "why", providing a contextual understanding of the research question. Saunders, Lewis and Thornhill (2000) emphasize that interviews can be very instrumental during the exploratory stages of a research project in developing an understanding of the "what", "how" and, especially "why". With regards to the consumers of luxury goods, there have been calls for further attention to "how" and "why" research questions contributing to the understanding of the various reasons why individuals engage in such consumption and how they behave as luxury consumers (Mason, 1984; Braun and Wicklund, 1989; Dubois, Czellar and Laurent, 2005). Among the advantages of an interview is its capacity to help in developing intense, detailed and rich knowledge about the topic (Goode & Hatt, 1952), while its main limitations are some narrowness and idiosyncrasy, its tendency to provide equivocal evidences and biased views that may influence the direction of the findings and, thus, lack of generalization (Yin, 2008). However, theoretical generalizability - not on statistical grounds - is possible to claim (Saunders, Lewis and Thornhill, 2000). In this study, the data obtained from six managers of luxury goods were used in order to explore questions of "how" and "why" consumers use luxury brands and, therefore, 1) understand at an initial, exploratory, level the consumption of luxuries, 2) calibrate the model and, 3) to some extent, refine it.

3.1.2 Sampling and Data Collection

For the selection of the interviewees, theoretical sampling techniques were employed (Glaser and Strauss, 1967). This principle implies that the researcher decides what data will be gathered next and where to find them on the basis of provisionary theoretical ideas that emerge during the course of the interviews. In this way it is possible to answer questions that have arisen from the analysis of and reflection on previous data. Such questions may be related to interpretations of phenomena, boundaries of categories, assigning segments or, finally, finding relations between categories. The older data in hand are then analysed again and compared with the new data (constant comparative analysis). The units should be chosen with great care and in a way that enables questions, new or otherwise, to be answered efficiently and effectively, thereby allowing the process of analysis and in particular the comparative process to progress. The cycle of comparison and reflection on 'old' and 'new' material can be repeated several times. It is only when new cases do not bring any new information to light that categories can be described as saturated (see below: theoretical saturation).

The goal of theoretical sampling is not the same as with the probability sampling: the researcher's goal is not the representative capture of all possible variations, but to gain a deeper understanding of analysed cases and facilitate the development of an analytic frame or concepts to be further used in research. Theoretical sampling can be viewed as a technique of data triangulation: using independent pieces of information to get a better fix on something that is only partially known or understood; therefore, it was suitable for the purpose of that initial stage of this study. The criteria used to select the interviewees were that managers should be a) from various luxury industries and b) experienced in different geographical markets, in order to increase the theoretical generalisability of the model (Saunders, Lewis and Thornhill, 2000). In addition, there was a cut-off criterion that they should have at least a minimum of 7 years experience in their respective fields.

The analysis of the interviews (see details below: Results and Discussion) started - according to established and rigorous guidelines (Kassarjian, 1977; Weber, 1990; Neuendorf, 2002; Bryman and Bell, 2003; Krippendorff, 2004; Weston et al., 2001; Dey, 1993) - already from the first interview, leading to an iterative process between analysis, results and further data collection. The reason to mention the analysis here is to further justify the sampling approach and, specifically, the number of interviews conducted. Following advice from faculty members of Cass Business School, as well as established research (Strauss and Corbin, 1997), interviews were conducted until the point of theoretical saturation or informational redundancy. In qualitative research, this is the point in the analysis at which new data fail to generate new themes and new information: this is considered an appropriate stopping point for data collection, especially in exploratory research. According to

Glaser (1992), theoretical saturation is the key factor that determines when data collection can end: saturation is recognisable when the addition of further data yields no extra information to the properties of the categories already developed. More specifically, "a question that always arises is how long a researcher must continue to sample. The general rule ... is to gather data until each category is saturated. This means until (a) no new or relevant data seem to emerge regarding a category, (b) the category is well developed in terms of its properties and dimensions demonstrating variation and, (c) the relationships among categories are well established and validated. Theoretical saturation is of great importance. Unless a researcher gathers data until all categories are saturated, the theory will be unevenly developed and lacking density and precision" (Glaser & Strauss, 1967). During the analysis, this principle was followed and was the criterion that determined finally that six interviews were enough for this stage, as the interviewees seemed to converge with each other. Interviewees seemed to agree on the main issues, offering no deviant cases (see below the discussion on validity) which indicated that the model was sufficiently corroborated and refined or, to put it otherwise, ready for its testing on statistical grounds in the next stage of this research.

The following managers were interviewed:

1. Mrs Elena Fornaro – Marketing Director Lancome, Greece & Italy (Cosmetics)
2. Miss Ioanna Stavrinadou – Marketing & Merchandising Director L'Oreal Paris, Greece; (Cosmetics); with previous experience in Lexus, Germany (Cars)
3. Mr Vangelis Kassotakis – Marketing Director Cartier, UK (Jewellery, Watches and Accessories); with previous experience in Hungary (Jewellery, Watches and Accessories)
4. Mrs Ju Jean Park – Retail Manager Luis Vuitton, UK (Ready to wear)
5. Mrs Liza Leventopoulou – Retail Manager Luis Vuitton, UK (Jewellery)
6. Mrs Christina Alissandraki – Marketing Director Amvyx SA, South and Eastern Europe (Luxury Spirits Industry: Absolut Vodka, Dom Perignon Champagne, Glenfiddich Whiskey, Grand Marnier Liquor, Hennessy Cognac, Moet & Chandon Champagne).

The interviews were semi-structured and conducted in either of two ways: at a physical location (usually the interviewee's office) or by telephone, when the first approach wasn't possible. The use of semi-structured interviews has an advantage of this in comparison to the heavily structured interview which is its ability to be sufficiently open and flexible while at the same time to be improvised in "a careful and theorized way" (Wengraf, 2001) according to this study's already developed theoretical model. For help regarding the operational procedure and the guidance on best practices regarding the practicalities of academic interviews, I have resorted to several established

textbooks, as well Hermanowicz's paper "The great interview: 25 strategies for studying people in bed" (2002).

An interview guide was developed (see Appendix B) aiming at (a) exploring all the dimensions of the theoretical model, while at the same time (b) allowing the flexibility for additional important issues - maybe overlooked during the model's conceptual crafting - to freely emerge from the discussions with the experienced managers. Semi-structured interviewing is more flexible than standardised methods such as the structured interview or survey (Saunders, Lewis and Thornhill, 2000; Bryman and Bell, 2003): although the interviewer in this technique has some established general topics for investigation, this method allows for the exploration of emergent themes and ideas rather than relying only on concepts and questions defined in advance of the interview.

The interviews were conducted by the researcher (I). They lasted between 0.5 (telephone) and 1.5 hours each and in both cases were digitally recorded with the consent of the interviewees but without actually allowing the recording practicalities be too overt in such a way as to create a barrier or interfere with the dynamics of the discussion, in order to avoid bias. Taking into account the interviewees' strict work schedules and their time commitments, the interview guide was emailed to them prior to the meetings or the scheduled telephone calls in order to facilitate the discussion and familiarize them with the topics. There was a standardised interview schedule with set questions or topics which were asked of all respondents in a similar order and format to make a form of comparison between answers possible. However, whenever necessary, I would depart from it, probing for and pursuing novel, relevant information, through additional questions. I have frequently asked impromptu questions in order to follow up leads that were emerging during the interview, according to best practices as detailed in Hermanowicz (2002). I was trying to be engaged and encouraging but careful not being personally involved: my role was more of a facilitator, leaving the interviewees to talk about their views and experiences in depth - while I was maintaining limited reciprocal engagement or disclosure.

There was, in every case, an introduction, I was thanking the interviewed managers for their agreement to participate and I was briefly explaining the purpose of the study, its context as well as the legal and ethical rules governing the discussions (such as anonymity, confidentiality and the right to answer or not any particular questions). Then, the discussion would start with the first introductory questions regarding the phenomenon of luxury consumption, moving on to the more detailed and complex topics: the narrative was allowed to emerge naturally from the general characteristics of the consumers of luxury goods on to the more complex and dynamic processes of the consumption of luxuries and the companies' strategies and marketing tactics, finally ending with some general or clarification questions and thanking again the participants. Wherever necessary, an

adjustment of the questions of the interview guide was done, probing, asking for clarification, elaboration or further reflection on each theme or concept emerging from the managers' narratives. In all cases, participants were encouraged to expand their responses with examples and detailed stories that illustrated their statements. Data concerning body language, tone, and emotional responses (e.g. laughing, reflection or hesitation) were noted to enhance the direct quotations from the recordings. The whole transcribed text of the interviews is attached in Appendix C.

3.1.3 Data Analysis

The main weakness of qualitative analytical methods is usually related to the lack of standardized protocols for analyzing data; as a consequence, the results of qualitative research are sometimes been questioned over the degree of subjective interpretation of the researcher (Golden-Biddke and Locke, 1997). Rodriguez, (1998) summarises this weakness noting that usually qualitative research is merely "an account of some key themes in the data, with brief textual quotes in illustration, and sceptical readers remain unconvinced that qualitative analysis is anything other than journalistic reportage".

The interviews were content-analyzed according to established guidelines (Kassarjian, 1977; Weber, 1990; Neuendorf, 2002; Bryman, 2003; Krippendorff, 2004; Weston et al., 2001; Dey, 1993; Glaser, 1967). As mentioned already, all interviews were tape recorded with the consent of all informants. In addition, wherever necessary, fieldwork notes to help the transcription of the interviews and facilitate the data analysis phase were kept during each of the interviews. For the analysis, each interview was listened and transcribed in paper format. Subsequently, it was listened again several times; while reading the notes that had been kept allowed the researcher to be further familiarized with the data and their original context. At that stage, the hand-notes kept during the interview were incorporated in the transcriptions together with key words, names, ideas that had occurred during the interview and were associated with the actual data. As suggested by Weston et al. (2001), Miles & Huberman (1994) and Glaser (1967), the analysis went through several distinct stages. This process is described below:

Data were analyzed using the constant comparative method of qualitative data analysis Glaser (1967) which is a method of qualitative content analysis. Usually in traditional qualitative research methodology, interviews are conducted without a priori themes or categories for classifying data. Bryman (1988) sums up the arguments of those in favour of this view as follows: "the prior specification of a theory tends to be disfavoured because of the possibility of introducing a premature closure on the issues to be investigated, as well as the possibility of the theoretical constructs departing excessively from the views of participants in a social setting". However, in this

study the theory and a tentative model pre-existed: this shouldn't come as a surprise, though, as this combination has been preferred recently from those who don't want to be trapped in the rigidity of either an inductive or a deductive logic (Bryman and Bell, 2003). In this sense, Kelle (1997) has argued that "the application of a coding paradigm or of theoretical codes to empirical data is based on a logic of discovery which is neither inductive nor deductive". Saunders et al. (2000) also believe that, even in inductive approaches to research, commencing work from a theoretical perspective has many advantages such as linking research to the existing body of knowledge in the area and providing an initial analytical framework. Similar is the position of Yin (1994) who clearly advocates for devising theoretical propositions prior to data collection in qualitative research, especially for inexperienced researchers or when analysing data is based on predicted theoretical explanations. So, this analysis has started with some initial categories in mind that were, however, according to the inductive qualitative tradition, allowed to be changed, combined with others or in any case be modified in a constant dialogue between the theory and the new data emerging from each interview.

3.1.4 Coding

A first task for the qualitative researcher engaging in content analysis and developing a coding system is to establish the unit of analysis (codes). According to Bryman and Bell (2003) and Kassarjian (1977) the unit of analysis may be significant actors, words, subjects, themes, dispositions, paragraphs, meanings, theoretical constructs, characters or anything that constitutes an entity that can be seen as having own existence, a unified meaning and boundaries. Considering a number of possibilities such as words, paragraphs or meaning units, I have decided that the most suitable unit of analysis was the theoretical "construct" existing in the model: thus, for example, "independent self-concept", "status-seeking", "consumer perfectionism" or "bandwagon behaviour" are examples of constructs that were considered as units of analysis ("codes") for the purpose of this research.

The next task was to develop the codebook or sometimes referred as the "content analysis dictionary" or "coding manual" (Bryman and Bell, 2003): this is a "statement of instructions to coders" specifying the categories ("codes") and a set of explicit rules of how the text will be classified in each category. These rules contain the definition of the code, directions of what can be classified under this code, examples, words that belong there, etc. For this purpose, according to the detailed guidelines from Glaser (1967) and the seminal paper of Weston et al. (2001) - and taking into account as well the works of Bryman and Bell (2003), Krippernorff (2004) and Neuendorf (2002) on content analysis and coding - an initial codebook was developed. More analytically, a

codebook is “a tool for the development and evolution of a coding system” (Weston et al., 2001) and is important in documenting the codes and the procedures for applying them (definitions, examples, keywords), thereby increasing validity and reliability. The initial coding system was developed based on the research questions and informed from the theoretical constructs that existed in the initial tentative model.

I have initially started to pursue several constructs that were explicit in the research questions or the model; eventually, through constant revisions, aggregations and code merging, the following codes - all of them at the level of “constructs” - have been finalised: “self-concept” (e.g. independent or inter-dependent), various “personality traits” (e.g. need-for-uniqueness, vanity, hedonism, etc.), as well as the resulting “luxury consumption behaviours” which were termed according to the original conception of Leibenstein as “effects” but were, as seen already, conceptualized as broad behavioural patterns (e.g. bandwagon consumption behaviour). In addition some other codes emerged during the discussions (after the first interviews) such as “who are generally the consumers of luxury goods”, “value source(s) of luxury goods”, “link of luxury-related traits to luxury consumption behaviour”, “marketing of luxury goods in practice” followed by “market necessity for a psychographic consumer model of luxuries”, “impact of demographic factors on luxury consumption” (with three sub-codes: “age”, “income” and “culture”) and, finally, “most important factors in marketing luxury goods”. These additional codes were not part of the model but were very useful in understanding the whole phenomenon better as well as in giving additional conceptual support and material for reflection or even ideas to help with the development of the survey questionnaire items for the next stage. This was the codebook that helped me during the analysis: it is a tool that increases the reliability of this analysis, especially in the form of replicability (Bryman and Bell, 2003). For details see below at the section about Validity and Reliability of Qualitative Data. A concrete example from this process is presented here at the following paragraph and table (table 3):

As noted already, the codebook consisted of initial definitions and rules that helped me with the consistency of coding. For example in the entry of the code “status-seeking” there was the following definition: “the motivational process by which individuals strive to improve their social standing trough the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others” (Eastman, Goldsmith, and Flynn, 1999). Additional rules, definitions, keywords and guidelines would help me (or anyone who would like to replicate the coding) to classify data bits (interview extracts) under this code, such as “status is the position or rank in a society or within a group awarded to an individual by others” (Goffman, 1951; Bierstedt, 1970; Dawson and Cavell, 1986) and “status is a form of power that consists of respect,

consideration and envy"; or "status-seekers" are "people who are continually straining to surround themselves with visible evidence of the superior rank they are claiming" (Packard, 1959). Keywords such as "status", "bling", "show-off", "check-me-out", "posh", "expensive", "high class", "famous", "celebrity", "achieved" would form the initial "status category words".

Code (at the "construct" level)	**Definition** (the definition explains the content of the code "status seeking" and defines its boundaries)	**Key words** (words belonging in the thematic content of the code "status seeking")	**Phrases from transcripts** (these contain words and phrases from the several interviews that - combined - make up the various codes at the level of constructs as represented in the model: in the extracts below one can see the words and phrases that explain/define/belong to the code "status seeking")
"status-seeking" <u>Note:</u> This is a unit of analysis. It is one of the constructs that comprise the model.	*"the motivational process by which individuals strive to improve their social standing trough the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others"*	"status" "bling" "show-off" "check-me-out" "posh" "publicly consumed" "expensive" "high-class" "famous" "celebrity" "achieved" "logos"	*"we have two large groups: one the* ***consumers*** *who are more* ***"show-off" or "blingy"****..."* *"when we organise some* ***special posh events****, our clients all want to* ***appear in public****, to* ***show*** *what they bought, to* ***let others know*** *that they are Cartier customers... we use* ***celebrity endorsement*** *with actors, models, etc.* ***because everyone wants to identify with them****... so,* ***status*** *is a very important factor in luxuries".* *"Usually,* ***status seekers*** *buy an* ***expensive*** *item that has a* ***logo*** *on it or will be very* ***recognizable****..."*

Table 3. Example from Codebook

I have, then, started to review each interview transcript line by line, coding comments and quotations with similar concepts into the list of initial existing conceptually derived codes. During the process of coding, new interview data were constantly compared with previous quotations in the same category (constant comparative method: Glaser, 1967)). Transcripts were reviewed several times to ensure all relevant data were accounted for and properly assembled under defined categories. As is standard in qualitative research, interviews were analyzed soon after each interview was completed and before completing all interviews. As new concepts were identified, probes regarding these concepts were added to future interviews until I have finally reached the point where no new concepts emerged any more (theoretical saturation).

In practice, during the course of comparisons - as I understood better the data and the categories - new codes or sub-codes would emerge. In the list of initial conceptually derived codes new ones were added such as what Glaser and Strauss call “in-vivo codes”: in-vivo codes are the categories used by respondents themselves to organise their world: one example of such a sub-code was when one manager used the term “check-me-outs” to describe the status-seeking individuals who consume conspicuously in public. In addition, some on the keywords would migrate from one code to form new codes: for example, the keywords “achievement”, “celebrity”, “success” and “famous” would be later classified under the code of “conformity/susceptibility to interpersonal influence” which indicates a “bandwagon effect” as opposed to mainstream “status” that indicated mostly a “veblen effect”. In some cases, however, keywords (e.g. “check-me-outs”) were allowed to be shared among similar or related codes as they described common themes and constructs that overlap to some extent (this became more obvious in the later quantitative analysis where the emergence of “veblenian status seekers”, “snob status seekers” and “bandwagon status seekers” is described, based on Structural Equation Modelling results, indicating commonalities that have never been noticed in previous research).

Thus, this constant comparison continued and, wherever I would find deviant or discrepant cases, I would try to get back for additional questions or pursue another interview (see the note on validity, below). Finally, when the codes - after interview six - appeared to be sufficiently robust to capture the whole phenomenon of luxury consumption, the interviews have ended and the analysis was finalised: at this point the new data stopped being illuminating of the concepts/codes as they didn’t add anything new into the depth or width of the codes/constructs and no significantly deviant cases were found (theoretical saturation or informational redundancy). It was then when I have decided that the constructs and the model as a whole received enough support from the interviews - so that the research could move on to the next quantitative phase.

3.1.5 Validity and Reliability of Qualitative Data

Because qualitative researchers have been critical to using the concepts of reliability and validity in qualitative research (Lincoln and Guba, 1985; Weston et al., 2001; Maxwell, 1996; Guba and Lincoln, 1994), alternative criteria for evaluating qualitative research have been devised. These objections are based on the rejection of the basic realist assumption (as in the quantitative tradition) that there is a reality external to our perception of it. Consequently, it doesn't make sense to be concerned with the “truth” or try to "falsify" an observation with respect to an external reality. In the present research, these issues were addressed in relation to Maxwell’s (1996) validity checklist as well as Kassarjian’s (1977) reliability criteria:

- I was constantly searching for discrepant evidence and deviant cases during the dialectical process of developing codes (such was the case for narcissism, where not all managers seemed to agree; finally, it seemed that narcissism may be a trait of a small minority but not necessarily a core trait that characterises the consumers of luxury goods).

- I used triangulation (triangulation can operate within and across research strategies: Bryman and Bell, 2003; in this case it isn’t triangulation between qualitative and quantitative study but, instead, within the interviews) through collecting data from six managers from different luxury companies, different industries, different product categories and different countries.

- I was seeking for “respondent validation” by providing the interviewed managers with an account of the findings and asking for their corroboration on the results based on their experiences from the luxury markets. The managers have agreed unanimously on the findings - with the exception of narcissism, where some managers disagreed (Lancome, Cartier, LVMH); whereas with regards to status they had difficulties to separate status from its components (price status, rarity status, popularity status), something that was confirmed later on with the quantitative study.

- I have used a codebook and produced a comparative matrix table with all the summarised accounts on every code, instead of resorting in the usual strategy of illustrating the categories by means of textual quotes. In addition, the continuous search for negative evidence and theoretical sampling until the point of saturation has ensured the objective meaning of the developed categories or what Kassarjian (1977) calls “category reliability” which means that the meaning of each code has to be “clearly described, defined and re-defined”. This was also achieved by the respondent validation who, in this case, acted as competent judges of the developed categories. In addition, as Weston et al. (2001) note, based on Maxwell’s (1992) notion of “interpretive validity”, reliability was achieved by constant coding checks in order to ensure that data bits were classified in the right categories.

3.1.6 Results and Discussion

The results of the qualitative analysis are presented and discussed in this section (the full transcribed text of the interviews is attached in Appendix C). A matrix table will accompany the discussion in order to present results (and as a quick reference quide to the interviews) and, sometimes, extracts from the actual interviews will be used in order to illustrate some of the key points. The matrix summarizes the findings after the interviews have been analysed: the rows indicate the interview source of data and the columns are the final codes (categories) that emerged at the level of meanings or constructs.

PART I. GENERAL DESCRIPTION OF THE CONSUMERS OF LUXURY GOODS, SELF-CONCEPT AND ORIENTATION TO LUXURY, SOURCE OF LUXURY VALUE

In this section of the analysis the interviewees discuss their views on the two major poles of consumers of luxury consumers as these are defined by their self concept orientation. In addition they give their own general account of these consumers based on their experience or, sometimes, segmentation schemes and try to locate where the value of luxury goods stems from.

The two broad orientations of the framework are supported from the interviews as the independent vs. inter-dependent self-concept distinction emerges clearly. According to their views there are two, broadly speaking, segments with different orientations: one focuses on private consumption, feelings, hedonism and seek “real value” while the other is geared towards public consumption as the main purpose is to be seen and exhibit the products they use in order to present a socially favourable image of themselves. The first segment is attracted to luxuries for emotive (hedonist personalities), self-symbolic (need for uniqueness for a personal unique image) and product-related (quality and utility) reasons; while the second segment consumes luxuries in a way dictated by social dispositions (status-seekers, conformists, fashion followers) ranging from a simple and socially legitimate “self-presentation” to extreme exhibitionism. A couple of interviewees have pointed out that, although in principle this distinction is correct, however, even in the case of independent consumers of a personal orientation, there is still an element of a desired visibility and image construction towards others; this could be the case of vain and narcissistic consumers or a relative mix of any of the model’s personal and social traits.

This distinction is further supported in the managers’ own schemes for segmenting the luxury consumers. There is a mix of demographic and psychographic criteria here but the same two spheres of internal (emotive, product related and self-symbolic) and social presentation reasons are present as well: they see the market as divided into consumers who seek quality or utility (“techno-savvy”),

those who want to "pamper themselves" and get internal satisfaction, and those who want to be different from everybody else; on the other hand we have the "check-me-outs", that is, the individuals who want to "show-off" their capacity to pay or the "conformists" who follow the norms of luxury consumption as set by others, and the "trendy" or "fashion victims".

In addition, further support is given to this scheme from the point of view of the luxury value which can be found on a continuum ranging from product quality or unique features, rarity, aesthetics, and pleasing or emotion generating properties to recognizability, status, fashion and exclusivity. All these are reported here:

	Independent Self Concept And Content	***Inter-dependent Self Concept And Content***	***Value Source(s) Of Luxury Goods***	***Who Are The Consumers Of Luxury Goods***
Interview 1 Lancôme Cosmetics	Independent consumers exist but they usually exhibit an element of show-off as well. There are just a few "extreme independent" consumers who don't engage in social comparison; especially for privately consumed luxuries	Inter-dependent consumers are definitely the majority of consumers of luxury goods	<u>Internal reasons</u> (Independent consumers): -Luxury makes me feel well -Rarity of luxury: for myself only <u>External reasons</u> (Inter-dependent consumers): The brand should be recognized by others	- Young , not rich, but spenders on luxuries -"Rich core" of luxury consumers -"Connoisseurs", not necessarily rich
Interview 2 L'Oreal /Lexus Cosmetics & Cars	Independent consumers exist: -I "deserve" luxury -I want quality	Inter-dependent consumers like showing-off and exhibition	-Objective product attributes such as better quality -Emotional value -Symbolic value	-People with large disposable income who seek quality -Occasional middle class consumers who want to pamper themselves self and feel better; or they seek status and social class "elevation"
Interview 3 Cartier Watches & Jewelry	Independent consumers exist and promotion to them is done in small circle events (art, concerts, dinners) in order to emphasize quality and hedonism	Inter-dependent consumers exist They are "bling" and promotion to them is done with big parties and use of celebrities,	Symbolic value: -show money -show cultivation -show exclusivity -show individual taste	All of them share a common show off feature -"mature consumers" -"show offs"

		things that are visible and ostentatious	Quality is important in some consumer segments but it is taken for granted	(new money, middle class) -young and trendy -techno-savvy -conformists -very rich
Interview 4 & 5 LVMH Bags & Accessories	Independent consumers don't "necessarily" want to be seen However it is likely there is an element of show-off in them as well	Inter-dependent consumers want to be seen by others So visibility is important to them	-Product quality seekers -Fashion victims -Status driven and show-offs	Common: all luxury consumers are well-off financially with small exceptions -quality seekers -status seekers -fashion conscious -sales bargainers
Interview 6 Luxury Spirits	Independent consumers seek "real value" and they are motivated by internal factors	Inter-dependent consumers in this company's segmentation are called "check-me-outs" and they buy and use recognizable luxury brands	-Product attributes -Group symbolic value -Internal factors	The consumers of luxury goods are varied from a demographic point of view However they are quite homogenous from a psychographic point of view as they share some common traits They focus on: -internal satisfaction -recognition -confirmation of capacity to pay

Table 4. Results of Qualitative Study

PART II. PERSONALITY TRAITS OF THE CONSUMERS OF LUXURY GOODS AND CORRESPONDING BEHAVIOUR

In this section of the analysis the interviewees discuss their views on the personality traits of the consumers of luxury goods and how these manifest in luxury usage behaviour. After the managers have discussed the two major "segments", the next level of the discussion requested more detailed information about their content as defined by the model's sketched personality traits. Most

of the model's hypothesized relationships were viewed by the interviewees as relevant. However, this study showed that some traits may serve both personal and social goals (such as in the case of need-for-uniqueness, status-seeking, vanity and narcissism which are, accordingly, marked in a circle) and not a single goal, as identified in literature.

Hedonism was viewed by all the interviewees as an important personality characteristic of most consumers of luxury goods; in some cases (Cartier, L'Oreal) it was argued that it is, probably, the most important disposition and one of the primary reasons why people consume luxuries. It was confirmed that hedonism has both physical-sensory as well as internal emotional dimensions and abstract aspects such as the appreciation of beauty, elegance and aesthetics; all these elements are interwoven and may act jointly.

Consumer perfectionism (quality-seeking) was an interesting topic: everybody confirmed this as being a trait of a major segment of individuals who buy and use luxuries due to their superior quality. However - and this is interesting as we compare the "insiders" (experienced marketing managers) view with the consumers of their products - almost all of them supported that to this consumer segment what really matters is the perception of quality which may differ from the actual quality. This means that perfectionist consumers (or quality-seekers) may be of two kinds: these who seek real quality and know how to recognize it can be called "the connoisseurs"; and these who are either less experienced or simply have a general disposition to use and buy quality in every aspect of their lives and are the quality seekers as such. The implication for marketers is that they should carefully treat this segment as two distinct categories where in one case more superficial (they were called "marketing-driven": Amvyx SA) claims of quality could persuade the consumer but they would be insufficient for the connoisseurs who epitomize the trained consumer in each category of luxuries and who will be by far more demanding.

Need for uniqueness was also confirmed as a significant personality variable in the area of luxury consumption. This is another rich and complex "collection" of consumer sub-segments. To start with, interviewees believe that the extreme form of snobbery (at least as conceptualized by Leibenstein) is a limited case, something that makes sense. Still, need for uniqueness is important, as such consumers may seek for rarity and exclusivity not because the are actually "snobs" but because they may be early adopters (or as managers called them "pioneers" or "confident explorers"): it is true that, in some cases, these consumers will cease consumption once these items become popularised but, still, this is due to their tendency to discover the next new product or brand and not because they will be "put-off" by the mass consumption of what used to be their "own" favourite luxury product. Then, there are consumers who seek for exclusivity in the form of limited editions or collectors or rare luxuries. There are also consumers who share this trait as a means of building their

own personal unique style without any intention of snobbery. Finallly, there are the real snobs who want to buy and use exclusive luxuries as a way to distant themselves from others. The important thing to note down here is that this segment (and all its sub-divisions) are not people who definitely want to disassociate themselves with others - as opposed to bandwagon consumers (in Leibenstein's model) who seek for affiliation with their respective reference groups, aspirational or real: rather, they should be seen as wishing to be different from the mass of consumers but, still, they identify with their own specific chosen group. The implication and challenge for marketers is to very carefully define each of these segments and carefully delineate their boundaries in order to engage in relevant targeting and positioning.

Status-seeking is one of the most important variables in luxury consumption and this was unanimously agreed by all interviewed managers. Several important things have emerged from the interviews. Firstly, status seekers aren't restricted to a certain social class: they may be financially deprived, middle class or extremely wealthy; thus, demographic classification is mostly irrelevant here. Second, however, is the problem that "status" is a relative term; as one of the managers has put it very vividly, "*we must draw a line between normal consumers and people who have lots of money and, therefore, they have other luxury targets....for those who have bypassed they level of luxury accessories or couture....for him it will be status to buy the yacht that no one else has in his own circle. But there will be status seeking, there will always be another level, another product which rare...which is....in every socio-economical class. And it may depend on the personality of each consumer ... for someone status is the expensive and for you it may be that you have something that no one else has"* (Lancome Marketing Director). A third thing, that is also illustrated in the extract above and in many of the interviews is that there are not only different degrees of status based on financially measurable terms but, also, different kinds of status according to the source: some people get status from the very expensive luxuries (veblenian status), some from having rare luxury items ("pseudo-snobs": snob status) and some others from having what is a popular luxury item such as a Luis Vuitton handbag (bandwagon status). The three categories of status (veblenian, snob and bandwagon status) are classifications contributed for the first time in the literature from the present research (on this, see also the results of the structural equation modelling part at the next main study). All these are reported here:

	Hedonism	***Consumer Perfectionism (Quality-Seeking)***	***Need For Uniqueness (sometimes: snobbery)***	***Status-Seeking***
Interview 1 Lancôme Cosmetics	Without doubts some individuals consume pleasure from luxury goods	Some individuals seek quality or, alternatively, there is just the perception of quality that matters	Many consumers seek the feeling of uniqueness However rarity and exclusivity is a relative term They are different from the mass but still they identify with a small elite group	Most people seek status Status however is a relative term Depending on various consumer socio-economic levels there are different degrees of status It also depends on dispositional characteristics: There is status among rich, status among the more exclusive-seekers and status as meant by the mass
Interview 2 L'Oreal /Lexus Cosmetics & Cars	This is probably the most important reason: -aesthetics and elegance -there is however an effect of price on pleasure: if the item was priced 50% lower some consumers wouldn't see it as beautiful This indicates inter-dependence of effects	Quality is taken for granted in luxuries However many consumers will use the quality price premium in order to show off even if they don't believe that the quality justifies the price gap	These consumers seek for distinctive and really unique items such as limited and collectors' editions They re usually rich These items create the "myth" to be passed to more affordable lines	Status seekers aren't restricted to a certain social class Many people spend up to their limits in order to impress (Veblenian status, Snob status, Bandwagon status)
Interview 3 Cartier Watches & Jewelry	First of all, every luxury consumer buys pleasure -sensory pleasure -beauty -self-actualization -satisfaction	A minimum of quality exists but for the consumer it is the perception of quality that really matters	Rarity isn't necessarily snobbery – it may be status – "Snob status" Rarity "intensifies" status However snobs exist and may be connoisseurs or early adopters	Status is important reason in luxuries but it is a relative term (Veblenian status, Snob status, Bandwagon status) Status shows how much you can spend Also shows refinement and connoisseurship

				Price increase may result in increased spending indeed giving rise to a Veblen effect
Interview 4 & 5 LVMH Bags & Accessories	Pleasure and enjoyment of use is where the whole luxury industry is based	Quality is taken for granted and is demanded because of the price premium	This is a small category but not necessarily "snobs" They want to be recognized in their small elite circle of similarly refined people but not outside it Have a lot of money Extreme snobs (those who don't care if anyone will recognize their luxury item) are very few	These consumers believe that luxuries "tell who they are" They are usually logo-oriented and buy recognizable brands
Interview 6 Luxury Spirits	Without doubts some individuals consume pleasure from luxury goods Others are feeling "heightened" and create a "self-imposed perception" of enjoying a special moment out of everyday life In essence this is an emotional experience independent of the products' sensory pleasure	Connoisseurs seek real quality Sometimes a "marketing-driven" perception of quality is created for the less trained quality seekers or for the mass audience However if the connoisseurs discover that quality is a marketing ploy or if the brand becomes very popular they will stop buying it (in this they resemble snobs)	This company calls them "confident explorers" with a more positive view as compared to the term "snobs" They are pioneers: the first to discover a luxury brand and they attract others to consume it but they are the first to abandon it if it becomes massive Link to quality as well	This company calls these status seekers "check-me outs" Large group but decreasing in numbers recently Pseudo-snobs who buy rarity but in reality want to be seen as consuming exclusive luxury may be classified here

Table 4. Results of Qualitative Study (cont.)

Susceptibility to interpersonal influence (conformity) is another personality trait that was considered as important in the context of luxuries by all the interviewed managers; according to them, such consumers would tend to buy the lower range of "accessorized luxury". It emerged, once again, that what can be considered as "popular" is relative. Also, although, generally speaking, conformity to popular trends predisposes consumers to buy massive luxury items which are usually relatively cheaper, sometimes these "followers" buy expensive luxuries as well, resembling to the veblenian status seekers. Another finding was that this segment of consumers will, sometimes, "mix-and-match" luxuries with ordinary goods; which is in line with theoretical views such as the "trickle-round" model of consumption (Trigg, 2001; Holt, 1998) which were presented in the literature review part. Generally, however, this group of consumers wants to be seen by others, follows group norms and is logo-oriented.

Vanity was a bit of a controversial issue. Even though most of the interviewees admitted that it seems logical to hypothesize that vanity is an individual variable that affects the consumption of luxuries, however, it was often related to status-seeking or even to susceptibility to interpersonal influence and narcissism (actually, narcissism was related to vanity). The managers stated that *"status seekers are also vain"* (Marketing & Merchandising Director L'Oreal), *"everyone who shows-off is vain"* (Marketing Director Cartier), and that *"vain consumers ... are the label seekers and status seekers"* (Marketing Director Amvyx SA), clearly relating this trait to the status seeking and conformity. Actually, vanity has similar effects on manifest behaviour where - like all these traits - it can actualize in any of the veblenian, snobbish or bandwagon consumption behaviour. On the other side, one interviewee admitted reluctantly that *"some* consumers of luxury are vain" (Marketing Director Lancome) while another one refuted this hypothesis completely, saying that consumers of luxury goods are *"not necessarily vain.... this guilt of extravagance is not correct"* (Retail Manager Luis Vuitton).

The trait of narcissism, generally, did not receive support from the interviewed managers. Four of them disagreed completely as they found no connection between narcissism and the consumption of luxuries. From the remaining two one was firm that some consumers of luxury goods are narcissists (and they are interested in conspicuous and logo intensive packaging) and constitute an important segment, while the other believed that they are a small group; both of them paralleled the narcissistic consumers to the vain ones. This was the least supported trait from the model.

The last trait, novelty fashion-consciousness was received well: most managers believe that this is a trait of a sizable segment of the consumers of luxury goods, while a couple of them (the Marketing Director of Cartier and the Retail Manager of Luis Vuitton) although they see luxury as "timeless and classic" - thus not so much as a fashion - they leave room for fashion influences on some consumers and believe that classic luxury and fashion "can coexist". In this sense, some consumers are always interested in the latest luxuries that appear in the market every season and, according to the interviews, they can be of two categories: those who are "fashion victims" and buy prompted by advertising and what they see becoming popular every season (bandwagon luxury consumers who support the high sales volume that the mass luxury industry wants to create) and those who "are more limited, have more money and they are a distinct group from the classic luxury consumers". If this assumption is correct, then the challenge for marketers is to very carefully define these two segments and carefully delineate their boundaries in order to engage in relevant targeting and positioning. These findings are reported in the following table:

	Susceptibility To Interpersonal Influence (Conformity)	***Vanity***	***Narcissism***	***(Novelty) Fashion Consciousness***
Interview 1 Lancôme Cosmetics	These are followers that consume massive luxuries which are usually lower priced	Some consumers of luxury are vain	DISAGREE: Luxury consumers are not necessarily narcissists	Some consumers are interested in the latest or novel luxury items every season
Interview 2 L'Oreal /Lexus Cosmetics & Cars	Bandwagon consumers follow what becomes massive However it is a relative term again They may also buy expensive luxuries resembling to those deriving status from the price They seek also "group status" which doesn't necessarily mean buying expensive luxuries (Veblenian status, Snob status, Bandwagon status)	Luxury consumers are definitely vain Status seekers are also vain So, the categories very often overlap	They are a small but sizeable group Narcissism triggers spending in luxuries Narcissists are vain but vain consumers aren't necessarily narcissists	This is a group that buys the latest luxuries every season They are vain too

Interview 3 Cartier Watches & Jewelry	The Marketing Director of Cartier makes the point that the distinction between Snob, Veblen and Bandwagon effects and behaviour, although not known in practicing managers, is not artificial and they can have important implications in luxury marketing practice Popular consumption is a big part of luxury consumers Increased advertising in popular media and product popularity as seen on other consumers may result in increased spending for them as well (bandwagon effect)	Everyone who shows-off is vain So vanity relates to snobbery, status and bandwagon (Veblenian status, Snob status, Bandwagon status and the same is true for vanity) He would expect vanity to impact in all luxury behaviours	He reluctantly endorses the possibility of narcissism in luxury consumers but is not convinced	Luxury is more timeless and classic There are consumers who are interested in novelty fashion luxuries and buy the latest luxury but they are more limited, have more money and they are a distinct group from the classic luxury
Interview 4 & 5 LVMH Bags & Accessories	YES – they exist and they are logo orientated	DISAGREE: Not sure there are vain luxury consumers Luxury shouldn't be connected to "guilt"	DISAGREE: Some luxury consumers may be narcissists BUT not because they buy luxuries	Classic and fashion can coexist A classic item can be modernized Such consumers buy the latest items which can still embody classic features as well as have a modern design
Interview 6 Luxury Spirits	Called "check-me outs" as the status seekers They are followers but don't buy necessarily cheap luxuries They do "mix and match" with cheaper lines or non-luxuries They may also buy expensive luxuries resembling to those deriving status from the	Vain consumers of spirits are the label seekers and status seekers So they overlap with status and bandwagon (Veblenian status, Snob status, Bandwagon status and the same is true for vanity)	Narcissists are important segment They are interested in conspicuous and logo intensive packaging Resemble to status seekers and vain consumers	Novelty fashion conscious consumers are prompted by adverts to buy the latest fashion in order to create volume for the industry Here we have fashion victims and the use of waiting lists

	price They seek also “group status” which doesn’t necessarily mean buying expensive luxuries (Veblenian status, Snob status, Bandwagon status)	He would expect vanity to impact in all luxury behaviours		Resemble to bandwagon

Table 4. Results of Qualitative Study (cont.)

PART III. DO THESE TRAITS IMPACT LUXURY CONSUMPTION BEHAVIOUR IN A WAY THAT SUCH A MODEL IS NECESSARY?
HOW COMPANIES TRY TO DEVELOP OFFERINGS

In this section of the analysis the interviewees discuss the usefulness of using traits to predict luxury buying behaviour and, most importantly for the managerial relevance of this research, whether such a model is necessary for luxury marketing practice including segmentation, targeting and positioning. At the second part of this section, they describe how they appeal to their chosen luxury markets (with reference to the model’s effects) either discussing (above or below the line) communications or referring to the products, distribution channels or pricing: this part will be kept short, as it is further developed in the managerial implications part of this study, where references to this section are made and ideas are taken from the material of this discussion.

It is very important to note here is that practicing marketing managers don’t necessarily see the world as academics do: with clear categories in mind, based on defined personality characteristics that result in a certain way of behaviour. In reality, every market is a complex, sometimes messy, place where segments are mostly based on demographics or, sometimes, simplistic lifestyle assumptions (or a combination of both), or a specific set of criteria as developed by experience of dealing within each of the respective luxury markets, categories and companies; and segmentation schemes can be arbitrary and as many as the luxury companies or the managers themselves. When discussing the proposed model I was careful not to impose the model’s assumptions and I have been trying to let the discussion flow naturally, leaving it to the interviewees to suggest a structure and a framework for these markets: the managers were prompted to think in the proposed terms and asked if the model made sense to them - but not patronised or guided - to see things in any specific way.

The dialogue quotes are very illuminating. Everyone has agreed that these traits can and should be used to make behavioural predictions in the luxury market’s context, even though they wouldn’t

know exactly how they can be used, sometimes because they had never before thought in these terms; having said that, their long experience and instinct has immediately recognised the relevance and usefulness of the suggested traits and they have started to discuss them and draw examples from their markets. There was unanimous agreement on the necessity and usefulness of such a psychographic model which was accepted in a very enthusiastic way because, according to the interviewees, it has important marketing implications. The reality of luxury marketing is presented in the following extracts:

Researcher:

"Am I right to assume ... that all all these things are done in an empirical way? No market research and specific consideration of these personality traits and ... followed up by specific marketing actions?"

Interviewee No 3 (Marketing Director Cartier):

"Yes, look....the truth is that it isn't done like this... the truth is that it doesn't.... and this is for various reasons. First of all, there is no time to do it.... .... if you want to apply all these things....and think deeply about these things... you would need so much time and research and thought that it would be anti-economical and time consuming.... that's why we do them in an empirical way...and that's where lies the experience and the ability of the marketing manager... Surely it would ... and this is something that should firstly be thought in the headquarters, especially during product development, in the design of offerings and the design of products. There at the beginning. Before you create the item, you know for whom you are doing it and how it might impact on his traits and personality. They are supposed to do this."

" ..every company – and we as well – have in our mind some distinctions, some groups ... I mean, don't think that we don't have some typologies ... maybe not exactly the typology you are saying ... but we have the distinctions between the more young and trendy consumers, those who are more technology savvy, we have those who are the more "bling-bling" and like celebrities and fashion and showing off...we have others who are those in their 50s and 60s and have the money and they try to spend among their peers, and those who are very-very rich and they are another category and which we approach differently....that is, we have some consumer categories and, obviously, we have some different ways to reach each category."

"Now, obviously, the more clearly we can see these things the better...and the more interesting it gets; that's why people have to study marketing, otherwise anyone would go into it. I think that your research will be very useful."

Interviewee No 6 (Director Amvyx SA):

"Listen, I must tell you that we don't think as much in your terms.... you have put me in thinking though... (thinking for a while) ... Yes, I suppose, there is a different way to reach them; especially with regards to marketing communications, there is a very big difference."

Interviewee No 2 (Marketing & Merchandising Director L'Oreal):

"...this may be useful as compared to following simple demographic criteria."

Researcher, asking about if luxuries' marketing managers do market segmentation:

Interviewee No 1 (Marketing Director Lancome):

"Well...we do kind of. Well...it is the well-known 80/20. In the 80% of the market who gives only 20% of the revenue, there we go a bit more massive in our approach because we need to have a more solid and generally applicable image....for example in a specific promotion or a launch. But in the 20% of our stores or our consumers – depending on the product or the kind of promotion – who bring the largest part of revenue to our brand – there, we try to make a more tailored-made approach. But we lack the tools...the electronic (IT) tools that would allow an even better fine-tuning ...so we work a lot with paper and pencil cards in order to find the consumers' profiles, etc....I am referring to our market, cosmetics...but we do try, increasingly, to offer different things..."

Researcher:

"Therefore, you have different segments and you follow different approach with each".

Interviewee No 1 (Marketing Director Lancome):

"Yes. But at the moment – as well as happens everywhere I guess, more or less – we work in an "empirical way"..."

Interviewee No 4 (Retail Manager Luis Vuitton):

"Formal marketing models don't exist... we act on empirical grounds..."

The conclusion, unanimously, was that the proposed model will be useful for luxuries' marketing practice as the managers themselves admit that they act empirically without any theoretical frameworks in mind. Even if they keep using different criteria sometimes, this model can be a frame of reference, around which the practitioners could build their own more specific segmentation schemes.

With regards to the practical marketing actions, the next section of this discussion deals with the managers' approach to position their products and target their markets: the discussion was made with reference to each of the "effects" (or, as defined in this research, the five different behavioural patterns of the consumers of luxury goods). Another way to see this is that the interviewees see the segments from the manifest behavioural (or product usage) side instead of the personality side. Once again, the discussion was conducted in such a way as not to impose the model's assumptions. The

interviewees were prompted to think in the proposed terms (hedonic, quality, snob, veblen and bandwagon effect) but not patronised or anyhow guided; the marketing actions were emerging freely from the discussion around each of the effects. Another thing that has to be pointed is that - despite the fact that the interviewed marketers recognise many of these consumer behaviours are as existing (reflecting reality) - they still cannot relate them to specific personality traits (or don't know how or haven't ever thought about it) but, instead, they treat them rather empirically.

With regards to the individuals who exhibit hedonic consumption behaviour, the marketers of luxuries emphasize the sensory pleasure as well as the emotional gains from using their products. The design, aesthetics, materials, as well as the supportive functions of the service and retail environment are all centred on the creation of pleasant emotions as well as sensory gratification. These guidelines are structured around the product, distribution channels and all kinds of promotions.

Moving on to the quality consumption behaviour, the marketers start from offering real high quality. A luxury good justifies its premium by offering higher quality as compared to non-luxuries in the respective category. According to the interviews, such quality should not be only evident at the product itself but should be further supported by excellent pre-sale or after sales service, by salespeople who are trained to communicate the quality to the customer. Wherever possible, technology is used to support claims of top quality with the presentation of scientific test results or testimonials. However, quality is also a matter of perception, thus the promotion and communication aspect of quality is essential. Sometimes the companies will seek and use endorsements from specialists or other experts who are seen as sources of credibility by the consumers.

Regarding the snob consumption behaviour, the interviewed managers are careful in order to maintain the perception of rarity and exclusivity without making the product distant. Generally, the idea of "snobbery" is not accepted as a communication tool. The fact that some consumers do, indeed, seek rare items and increase their consumption as their perceived rarity is increased does not - according to the specialists - justify the used of the archetypical "snob" claim, especially in wider communications. However, in carefully tailored PR events snobbery can be used. The idea of something that is "tailor made" is more preferred. Overall, snob-prone individuals are captured with a careful configuration of offering a relatively or really limited product, limited communications and a lot of PR and below-the-line communications who are more in line with the nature of exclusivity. Again, the element of service can be used to support this approach: personalised service from experiences salespeople who know the names and habits of the customers can enhance the perception of exclusivity for even relatively mass-consumed luxury products. All these findings are summarised here:

	Impact Of Traits On Behaviour / Need For A Model	***Hedonic Effect & Luxury Companies Consumer Offer***	***Quality Effect & & Luxury Companies Consumer Offer***	***Snob Effect & & Luxury Companies Consumer Offer***
Interview 1 Lancôme Cosmetics	Code confirmed: These traits impact behaviour PROBLEM: Marketers act EMPIRICALLY and need sophisticated models such as the suggested one	(Above & Below the line communications) Emphasize the pleasure of using these products and feelings of joy or excitement	(Above & Below the line communications) "Top quality" claims and use of technology to back-up these claims Trained personnel to communicate the quality claims through excellent service	DISAGREE: Snobbery is not used Exclusivity is used but not presented as "snobbery" but as something that is "tailor-made" Use of "word of mouth" as a communication technique is appropriate May conflict with other claims or can make the brand distant and alienate consumers
Interview 2 L'Oreal /Lexus Cosmetics & Cars	Traits impact behaviour Some traits depend on the luxury category PROBLEM: Marketers do generic marketing based on simple demographic criteria (income and location mostly) and would benefit from advanced psychographic segmentation such as this model proposes	(Above & Below the line communications) Emphasize the sensory pleasure of using the products and the experiential aspect	(Above & Below the line communications) Scientific test results, testimonials and technology to back-up top claims and justify premium Expose and present to the consumers the actual manufacturing process	Exclusivity claims are used but wide snob appeal is dangerous (as above) Snobbery can only be used in PR events that are intended for a limited audience
Interview 3 Cartier Watches & Jewelry	These traits impact behaviour PROBLEM: There is "empirical marketing" and there is	Design follows aesthetic trends and adjust it to the changing trends or when there is a decline in a given	Quality is considered evident Still very high levels of pre-sales and after-sales	Not wide use of Snobbery Only used in PR events below the line for limited

	a need for such a model Segmentation in luxury industry so far isn't done like that – everything resorts at the experience of the luxury manager at least in day-to-day operations However this model would have tremendous implications in the Headquarters: during the creation and design of products knowing the personality traits and who would respond to what appeal would make a huge difference as compared to the "instinct practice" that is currently followed "Now, obviously, the more clearly we can see these things the better...and the more interesting it gets; that's why people have to study marketing, otherwise anyone would go into it. I think that your research will be very useful… Surely, the best would be to understand why – with a model like yours – because the customer audience might change one day...tastes evolve over time... and then you lose them! So it would definitely be useful....on the other hand it isn't a compulsory requirement before you do a marketing campaign that you understand 100% your customers so that you succeed.... intuition matters. My former director, who is	category Boutique display emphasizes beauty Beautiful visuals in advertising Beautiful, elegant precious materials	service is a cue of quality because service is incorporated in the consumer's perception of quality That's why in Cartier we control strictly the quality of retails outlets and we have our own boutiques	audience Also word-of-mouth for very limited audience (snob-type status) Limited and very excusive events because snobs want to be seen in their own small elite circle

	62 years old, has done so many marketing actions and he has seen so many results that he surely knows what works or not... he has such experience accumulated that he feels if something will be a success or not – even if he can't analyze it logically as you do. Having said that, a model like this would be great to have".			
Interview 4 & 5 LVMH Bags & Accessories	Traits impact luxury consumption behaviour A deeper understanding would be beneficial Formal marketing models don't exist	Boutique environment Shopping experience and service Beautiful and elegant displays Sensory appeals: scent in the shop, leather smell, touch feeling pleasant	(Above & Below the line communications) Quality infused in both the product and in excellent service Trained salesmen explain the quality source in terms of materials used, hand-made manufacturing, hours spent for an item, variety of stages to end up with a finished product Factory invitation to show hand-made products	(Below the line communications only) Specially tailored PR events Make certain customers feel exclusive, know their names, tastes and habits Sometimes have their "own" personal advisors who know everything about them and can give them truly personalized service Not wide snob claims
Interview 6 Luxury Spirits	I believe that traits impact behaviour A deeper understanding would be beneficial because marketing is empirical: "Listen, I must tell you that we don't think as much in your terms.... you have put me in thinking though…"	"Atmospheric" PR events that will create consumers who will become "ambassadors of the brand" Taste and beauty	Use of "taste-connoisseurs" - journalists to rate the products in magazines or events because the audience trust them as sources of authenticity Tours in production	(Below the line only) PR events in small circles: invite them to see and try the product They rely a lot on their positive word-of-mouth used between the

			facilities to observe quality Also the sales person at the P.O.S. must "train" the consumer to appreciate quality	"confident explorers" (snobs) Limited brand communication

Table 4. Results of Qualitative Study (cont.)

PART III. HOW COMPANIES TRY TO DEVELOP OFFERINGS (continued)
&
PART IV. DEMOGRAPHICS & CRUCIAL FACTORS IN LUXURIES MARKETING

In this section of the analysis the interviewees continue to discuss the last two effects as well as some last useful points regarding some demographic variables (age, culture and income); the interviews conclude with some remarks regarding the most important factors in marketing luxury goods.

The interviewed managers see the veblenian consumption behaviour as, probably, the most relevant for luxury markets. They perceive status to be the main consumer goal here. Having said that, it is however difficult for them to distinguish between the source of status: this can be the very high price (as in theory and as hypothesised here) but also it could stem from the product's exclusivity (snob status) or popularity (bandwagon status). In general, all managers agree that the conspicuous segment of consumers focus on recognizable products and packaging endorsed, in the case of veblenian consumption behaviour, by high (real or perceived) pricing and high status luxury codes and imagery. The use of human endorsers is common: these can be real high-status persons (e.g. Sean Connery or Mikhail Gorbachev in Luis Vuitton advertisements) or status prototypes such as a fictional status character; the use of well known models and status prototypes (such as when Cartier hired the top fashion designer Karl Lagerfeld to photograph top model Eva Herzikova) is widespread technique that gives a spice of ostentation to veblenian prone individuals, as are events with actors, celebrities and, generally, people who are well known for their status - whatever its source: money, fame, artistic or scientific recognition. All these communications make use of premium advertising placements e.g. in status magazines and always in the best magazine pages (that is, the front page, back page, or before the competitors). Apart from the above emphasis on the pricing and communications, it is crucial to communicate status via the deliberate and careful use of expensive and upmarket retail locations as well as with the elegance and luxuriousness of the sales

points, displays and boutique environment. Finally, there is a strong emphasis on PR techniques: extreme personal attention such as personalised delivery at their houses communicates high status to the consumers or when they receive some items in advance of the rest of the market.

Finally, for the consumers who fall in the bandwagon category the focus is more on the luxury product's wide acceptance and popularity rather than the pricing aspect as in the previous behaviour. This is normal: some of the managers mention that here belong some lower priced luxuries. Most managers, though, agree that this category shares some similarities to the previous one and that it is relative what is "high status vs. popular": it looks like the main distinction is the accessible price (although still "premium") and the fact that communication is relying a lot on using trends and fashion. As the audience here is wider, there is a lot to be achieved through the use of mass channels such as magazines or as well via viral marketing through internet forums, advertising banners, bloggers and social media. Promotions rely on current music themes, younger celebrities (vs. high status celebrities in the previous category), massive public parties (vs. exclusive for the previous) and, generally, in creating the impression that the product is a "must have". Sometimes the products used by bandwagons are lower priced versions of the higher lines and, more than their more expensive counterparts, they are visibly logo-oriented and ostentatious. As one of the managers remarked, the promotional element in this category has to keep a fine line between real price status and massification; promotion is often done in the same way as status advertising but after the early status market is saturated: "we don't really target the mass because it is anyway a very expensive product... still, since this is not anymore the launch stage, this product may start to do more intense actions in three-four years. We will go more public, we 'll go to the magazines, as well as do more specific promotions".

The preceding discussion with the interviewees has focused (as was natural for this kind of study) on psychographic characteristics. However, I have considered necessary to leave some space for questions regarding some demographic variables of the relevant markets such as age, culture (mostly the cultural elements pertaining to the investigated model) and, of course, income.

All managers - with only one exception - agree that the age dimension is important in the context of luxury consumption: most of them would agree that, generally, younger consumers are more status-oriented, as well as fashion and trend followers while the older are more hedonist and classic in taste. For some the quality seeking is a dimension that does not vary across age ranges while for others older consumers pay more attention to quality (and younger, presumably, focus more on the symbolic dimensions): as one of the interviewees remarked, "when young consumers acquire the education and taste that is necessary they will shift from conspicuousness to quality". As

this one was a manager from the industry of luxury spirits, it is possible that the age effects depend on the category of the luxury product, especially in such industries where consumer expertise builds up with the years.

Discussing the cultural dimensions of luxuries' consumption, all managers agree that Easterners are more conspicuous, focusing on signalling through visible consumption of logo-oriented items; while Westerners are, generally, more understated (or "mature") luxury consumers, interested in quality and aesthetics. The same distinction was made by one of the interviewed managers with reference to the distinction between "old money" and the "nouveaux riches".

With regards to the role of income the views are mixed. There is however agreement that, generally, the wealth or income level of consumers affects "how much" luxury will be consumed but not "if luxury will be consumed". Thus, some consumers "can starve" in order to acquire those very much desired items, but, will not be able to satisfy this desire beyond a certain "ceiling" level of luxury consumption.

Finally, the interviews conclude with some remarks regarding the most important factors in marketing luxury goods. Each of the interviewees has offered different useful insights, depending on the nature of the market as well as the longevity, culture or the adoption of technology from the luxury brand. The most important and well accepted observation - and the one highlighting the need for such a model as the one developed in this study - was that "luxury companies must know very well the customer segments and their needs and try to develop the right offerings or give the perception of personalization because luxury doesn't have the same meaning for everybody". This remark underlines very vividly the importance of research focusing on the understanding of both the antecedents as well as the consequences (behaviour) of the consumers of luxury goods. As another manager has observed there is a need "to know very well the customer segments and their personalities", while at the same time "we need better models, though, as we act according to experience" (which obviously is not enough); another interviewee said, on the same note, that "there is need for better psychographic understanding of consumers". Of course, "all the factors discussed must be tailored to the luxury product category". Hence, all the managers point out that research studies such as the attempted one are very welcomed as they address crucial gaps in the practical marketing practice of luxury brands. Other observations were that CRM can be an especially useful tool "for reconciling the rarity perception with high sales volume" and, of course, that there is a need for every manager "to know the brand and preserve the "brand's DNA" and brand heritage especially for old brands", as well as that "every company must know how its luxury brand differs from the competition". These last findings are summarised here:

	Veblen Effect & Luxury Companies Consumer Offer	***Bandwagon effect & Luxury Companies Consumer Offer***	***Age / Culture / Income: Implications On Luxury Consumption***	***Most Important Factors For Marketing Luxury Brands***
Interview 1 Lancôme Cosmetics	(Above & Below the line communications) Recognizable products and packaging, high-status luxury codes and imagery	(Above & Below the line communications) Here belong some lower priced luxuries	*Age*: younger consumers seek status while old are more hedonists *Culture*: Easterners have different reasons from Westerners even when buying the same product *Income*: it doesn't play a crucial role because some people can cut spending on even necessities in order to afford luxury. Also there is the phenomenon of "mixing & matching" luxury with cheaper brands	CRM as a tool for reconciling the rarity perception with high sales volume Luxury companies must know very well the customer segments and their needs and try to develop the right offerings or give the perception of personalization because luxury doesn't have the same meaning for everybody
Interview 2 L'Oreal /Lexus Cosmetics & Cars	(Above & Below the line communications) Use of high status real persons or status prototypes (a fictional status character)	Quite similar to status / Trends and fashion used Relative what is "high status vs. popular"	*Age:* No effect on traits or luxury consumption behaviour *Culture:* Easterners are more ostentatious while the West is more quality or aesthetically oriented *Income:* affects the quantity of luxury consumed but not luxury consumption per se as some consumers "will	These traits overlap and co-exist There is need for better psychographic understanding of consumers Also all the factors discussed must be tailored to the luxury product category

			starve" to buy the desired luxury item	
Interview 3 Cartier Watches & Jewelry	(Above & Below the line communications) Event with celebrities & high status people Best magazine pages (front, back, before competitors) Location and elegance of sales points shows status Again differences: (Veblenian status, Snob status, Bandwagon status)	Use of mass channels: Magazines, internet forums and advert banners, bloggers Songs and music Young celebrities Big public parties which aren't exclusive	*Age:* Different promotions, Young more status oriented while older more classic *Culture:* East vs. West as in other interviewees Also: "new" vs. "old" money as related to Bourdieu's cultural capital theory *Income:* affects "how much" but not luxury consumption per se	To know the brand and preserve the "brand's DNA" and brand heritage especially for old brands
Interview 4 & 5 LVMH Bags & Accessories	(Below and above the line communications) PR and personal attention make people feel high status Deliver to their houses Give them certain items in advance of the market Best magazine pages	Make the product look popular, everyone must have it These are lower priced versions of the higher lines and they are logo-oriented	*Age:* young consumers are fashionable and trendy but status and quality is something all ages want *Culture:* Easterners are logo-oriented Westerners are more understated *Income:* affects "how much luxury" only but everybody buys luxury	No data
Interview 6 Luxury Spirits	(Above & Below the line communications) Premium advertising placements in best magazines and best pages	(Above & Below the line communications) Same as status advertising in the left box but after	*Age:* In spirits age is important Young consumers are status driven while older (30-35) are hedonists	To know very well the customer segments and their personalities We need better models - so far we

	Recognizable products and packaging High-status luxury codes and imagery and use of well known models and status prototypes: e.g. for Dom-Perignon "we got Karl Lagerfeld to photograph Eva Herzikova"	the early status market is saturated "We don't really target the mass because it is anyway a very expensive product... still, since this is not the launch phase, this product may start to do more intense actions in three-four years. We will go more public, we 'll go to the magazines, as well as do more specific promotions"	and quality driven So, when young consumers acquire the education and taste that is necessary they will shift from conspicuousness to quality *Culture:* No data *Income:* affects "how much" luxury will be consumed but everyone actually consumes some form of luxury or less quantity	act according to experience Also every company must know how its luxury brand differs from the competition

Table 4. Results of Qualitative Study (cont.)

3.1.7 Conclusion and Contribution of the Qualitative Study

This qualitative study was the first part of larger project: it focused in the further development, refinement and calibration of a tentatively - based on literature - sketched conceptual framework regarding the psychological antecedents and the behavioural patterns of consumers of luxuries.

This pre-stage was useful not only to support the relationships identified in the literature but, most importantly, to identify possible missing and overlooked parts of luxury consumption behaviour. During this exploratory stage it emerged that some traits, relevant to the consumption of luxury goods, were not included in the initial model: vanity, narcissism and fashion consciousness. These traits were then incorporated in the model and literature support was sought and added, wherever available, in the relevant section. In addition, according to the opinion of some interviewed managers, some of these traits - such as vanity and narcissism - serve both personal and social considerations: this, together with literature-based support/argumentation, has led to the hypothesis that a group of traits (NFU, status-seeking, vanity and narcissism) are influenced by both independent and inter-dependent selves. It should be made clear that the model and hypotheses formally presented at (2.4) are the final ones. The initial model (without the mentioned relationships) is not presented.

In addition, this step was important to establish the practical relevance of the framework. The six in-depth interviews with senior managers in luxury product companies from different industries (cosmetics, cars, watches, jewellery, bags, accessories and spirits) highlighted the practical relevance of this study: all interviewees agreed on the necessity and usefulness of the suggested model. The model was accepted in a very enthusiastic way since, according to the interviewees, it has important marketing implications.

Finally, this exploratory stage has offered valuable insights and interview material that was further used in the shaping of some of the questionnaire measures – where established scales did not exist (hedonism and behavioural patterns/effects).

To summarize, most of the initial relationships were viewed by the interviewees as relevant. The two broad orientations of the framework are supported from the interviews and the independent vs. inter-dependent self-conceptions emerged clearly. It was shown that some traits serve both personal and social goals (such as in the case of need-for-uniqueness, status-seeking, vanity and narcissism which are, accordingly, marked in a circle as shown in the model figure) and not a single goal as identified in literature. Finally, there was an agreement on the necessity and usefulness of such a psychographic model; which according to the interviewees has important marketing implications (such as the manipulation of above-the-line or below-the-line activities).

In the next stage, the model has been empirically tested through a large scale quantitative study which has shed more light on its validity and the relative strength of the different drivers to luxury consumption.

3.2 MAIN QUANTITATIVE STUDY

3.2.1 Overview and Philosophical Bases

The second and main set of empirical data involved a cross-sectional design in the form of a survey of consumers of luxury goods in a global metropolitan city (London). This survey took place after the initial qualitative stage - which involved interviews with managers of luxury goods - and has, therefore, benefited from its findings: these were instrumental in 1) the shaping of more accurate hypotheses to be tested with the survey, and 2) aiding measurement, using the in-depth knowledge, acquired from the interviews, in order to construct many of the survey's questionnaire

items. As mentioned, triangulation has been strongly recommended as a research strategy that can result in greater confidence in findings (Bryman and Bell, 2003; Deery, Iverson and Walsh, 2002).

This quantitative element of the current study involved the collection of survey data regarding the personality and consumption patterns of luxury goods from 431 consumers in 6 clusters (postcode areas) in London which were randomly chosen with a multi-stage cluster sampling design during winder 2008-9. This is the first study of this kind which surveys randomly actual consumers of luxury goods in a global cosmopolitan city such as London, as opposed to most previous research using convenience non-random samples (usually students) in various regional areas of the world. I believe that this is particularly important as the context of this research approximates as much as possible the global luxury consumer and has strong generalizability properties beyond the study's population (see more on sampling, below).

Bryman and Bell (2003) define survey research as comprising "a cross-sectional design in which data are collected predominantly by questionnaire on more than one case (usually quite a lot more than one) and at a single point of time in order to collect a body of quantitative or quantifiable data in connection with two or more variables (usually many more than two), which are then examined to detect patterns of association". This definition lays down the basic elements of a survey (many cases, single point in time, quantitative data, patterns of association), while Baker (2003) in relation to a similar definition points out that surveys are concerned with a) fact finding, b) asking questions, c) of persons representative of the population of interest, d) to determine personality characteristics (such as attitudes and opinions, among others) and all these, finally, in order to e) understand and predict behaviour. Krosnick (1999) points out that "these are exciting times for survey research" as recent methodological advances in this field make surveys invaluable in "understanding the workings of the human mind and the dynamics of the social interaction": interpreting this point specifically in relation to the present study, one can see that survey research provides a unique medium to understand the personality patterns (self-conception and traits) and, moreover, the behavioural interactions (luxury effects) of the individuals who are buying and using luxury goods. Overall, based on the above definitions and advantages of survey research, as well as its popularity for decades and up to now (Mayer, 1965 and Baker, 2003 note that survey is the most widely used technique in marketing research with the questionnaire technique being almost synonymous with marketing research), I have concluded that a cross-sectional design was particularly suitable to answer my research questions, with the survey questionnaire technique being the most appropriate (in a substantive sense) and also feasible (in terms of cost) and efficient (in terms of time and logistics) data collection method for the intended context and population.

3.2.2 Measures

Overview and Structure of the Questionnaire

A questionnaire is a formalized schedule for collecting information from respondents, designed in such a way as to generate in an economical and efficient way data that are necessary to accomplish the specific project's research objectives. It standardizes the wording and sequence of questions and imposes uniformity on the data-gathering process, thus leading to a valid basis for comparing respondents answers (Mc Daniel and Gates, 2006).

I began by combining literature-based as well as fieldwork (interviews) insights in order to a) specify the domain of each of the fifteen construct dimensions I had identified for the model, and b) to develop items that could serve as indicators for each construct, where scales were not available.

Specifically, some of my survey items were adopted from the literature while others were original. I have identified existing measurement scales through a review of prior research for the following constructs: independent and inter-dependent self-concept; consumer perfectionism; need-for-uniqueness; vanity; narcissism; status-seeking; susceptibility to interpersonal influence and (novelty) fashion-consciousness. On the other hand, original scales were developed in order to measure the following six constructs: hedonism, hedonic consumption behaviour, quality-seeking consumption behaviour, snobbish consumption behaviour, veblenian consumption behaviour, and bandwagon consumption behaviour. My questionnaire is structured as follows (the full questionnaire is attached in Appendix E):

I started with a short opening statement to share some basic background information with respondents: this included information about the nature and origin of the research (academic study from Cass Business School), the substantive area (consumers of luxury goods), as well as reassurance about the ethical aspects (according to Law and provisions of Codes of Research), anonymity and confidentiality. A sentence with general guidelines was following, indicating the approximate time to complete the questionnaire, making clear that there are no right/wrong answers but just opinions, and thanking the respondents in advance for their participation.

The main part of the questionnaire consisted of 113 measures (statements) in the form of 7-point Likert scales indicating agreement/disagreement or likelihood to purchase and use a luxury product: the first 2 pages consist of 20 statements measuring the dependent (outcome) variables, while the rest 4 pages contain 93 statements measuring the independent (predictor) variables. The dependent variables were placed at the beginning for two reasons: one was to avoid a possible "lead effect" after the respondent had read and answered the personality measures, while another consideration was to get these answers earlier when the respondent was relatively less tired, as

standard good practice in survey research indicates to ask the most important questions as soon as possible. Finally, at the last page a few questions with demographic information (gender, occupation, age, education, and income) were placed at the end.

More specifically, the following measures were used:

A) Dependent (Outcome) Variables

Measurement of Luxury Consumption Behaviours (Effects)

It should be noted that the effects/behaviours were measured before the personality measures - in order to eliminate biases, according to advice from a panel of academics at Cass Business School).

In order to assess these effects, the respondents are asked to make choices between five different categories of luxury products. I have constructed 15 statements describing five different luxury consumption behaviours (3 statements per dimension). Watches are used to operationalize luxuries in general because of their high symbolic properties: the interviews with experts have indicated that luxury watches are the (stereo)-typical luxury goods, when both genders are considered. In line with the conceptualization of effects as behaviours directed to specific categories of luxuries, the choice of each of the luxury goods described in these statements is a behavioural manifestation that indicates a particular effect: for example, the choice of "a very beautiful watch that makes use of precious materials and looks like a piece of art" indicates a hedonic effect or hedonic-behaviour since a hedonic effect exists when the consumption of a luxury brand is increased as its perceived hedonic value is increased. The luxury items in the 15 statements were carefully described in such a way that their choice would reflect each time one with the five hypothesised behaviours: hedonic-seeking luxury consumption behaviour, quality-seeking luxury consumption behaviour, snobbish luxury consumption behaviour, veblenian luxury consumption behaviour and, finally, bandwagon luxury consumption behaviour. The content of each of the five domains was developed on the basis of insights from the literature (e.g. theory, previous scales, etc.) and the results of the interviews with the experts.

The instructions asked respondents to think to what extent the watches described in each of the 15 statements reflected their personality (thus providing the link with their self and traits). Then, respondents were asked to rate (on a 7-point Likert scale) how likely it is that they would "buy and use" the various luxury watches described, "assuming that money is no object"; in addition, after they ranked them, they were asked again to rank (not rate this time) their top 3 preferences (1-3) as a way to double check the choices by comparing the ratings with the rankings. The assumption that money is no object was specified with the intention to create a free-choice environment based on personality effects only and eliminate possible financial bias on the choices (stemming from the

respondents' particular financial situation), as I was interested solely on the effect of personality on behaviour without any other confounding factors; this "dream choice scenario" has been demonstrated successfully in previous research (Dubois and Paternault, 1995).

These 15 items are presented here:

Items measuring the hedonic seeking behaviour:

A very beautiful watch that makes use of precious materials and looks like a piece of art
A watch of such great aesthetic design that it makes someone excited and happy to wear it
An elegant watch that is a pleasure to look at, listen to or just touch it

Items measuring the quality seeking behaviour:

A simple but top quality watch guaranteed to work within the strictest official Swiss Chronometer requirements
A handmade watch rated as the most reliable in the world, able to function under the most averse conditions
A watch that can last for generations with high level after sales service

Items measuring the snobbish consumption behaviour:

A watch that is difficult to find and that only a few people own
A watch of such a limited production that its owners are really distinguished and unique
A watch that has just been launched and is currently recognized and valued by only a small circle of people

Items measuring the veblenian consumption behaviour:

An extremely expensive watch that only the really wealthy own
A watch that is impossible not to be noticed and is a proof that its owner is really rich
An extremely luxurious watch, sold in the most prestigious and expensive boutiques

Items measuring the bandwagon consumption behaviour:

A very popular and currently very fashionable watch that everyone would approve its choice
A watch worn by many celebrities, recognized by many people as a symbol of success
A watch that is chosen and worn by most people as a symbol of achievement

B) Independent (Predictor) Variables (Self-Concept and Personality Traits)

All of these scales - except from the hedonism scale - are taken from existing published research. They are assessed on a 7-point Likert scale from "strongly disagree" to "strongly agree".

1. Measurement of Self-Concept (page 3)

Self-concept was measured using Singelis' scale ("The Measurement of Independent and Interdependent Self-Construals"; 1994) that assesses the extent to which an individual is inclined towards an Independent or Interdependent self-concept:

I have respect for the authority figures with whom I interact
My happiness depends on the happiness of those around me
I will sacrifice my self-interest for the benefit of the group I am in
I often have the feeling that my relationships with others are more important than my own accomplishments
I should take into consideration my family's/friends' advice when making education/career plans
It is important to me to respect decisions made by the group
I will stay in a group if they need me, even when I am not happy with the group
If someone who is close to me fails, I feel responsible
Even when I strongly disagree with group members, I avoid an argument
I'd rather say "No" directly, than risk being misunderstood
Speaking up during a work meeting is not a problem for me
Having a lively imagination is important to me
I am comfortable with being singled out for praise or rewards
Being able to take care of myself is a primary concern for me
I prefer to be direct & forthright when dealing with people I've just met
I enjoy being unique and different from others in many respects
My personal identity independent of others is very important to me

2. Measurement of Status-Seeking (page 3)

Status-seeking was measured with the SCS (Status-Consumption) Scale (Eastman, Goldsmith, and Flynn; 1999):

I would buy a product just because it has status
I am interested in new products with status
I would pay more for a product if it has status
The status of a product is irrelevant to me
A product is more valuable to me if it has some snob appeal

3. Measurement of Consumer Susceptibility to Interpersonal Influence (page 3-4)

Conformity was measured with the CSII (Consumer Susceptibility to Interpersonal Influence) scale. This has two components (normative influence and informative influence) and measures conformity tendencies in the acquisition and use of products and brands (Bearden, Netemeyer and Teel; 1989):

I rarely buy the latest fashion until I am sure my friends approve of them
When buying products, I generally purchase those brands that I think others will approve of
If other people can see me using a product, I often purchase the brand they expect me to buy
I like to know what brands/products make good impression on others
I achieve a sense of belonging by purchasing the same products and brands that others purchase
If I want to be like someone, I often buy the same brands that they buy
I often identify with other people by purchasing the same products and brands they purchase
To make sure I buy the right product or brand, I often observe what others are buying and using
If I have little experience with a product, I often ask my friends about the product
I often consult other people to help choose the best alternative available from a product class
I frequently gather information from friends or family about a product before I buy

4. Measurement of Vanity (page 4)

Vanity has two components (the physical - further split into physical concern and view - and the achievement dimension - achievement concern and view) and was measured with the Vanity scale (Netemeyer et al.; 1995):

The way I look is extremely important to me
I am very concerned about my appearance
I would feel embarrassed if I was around people and didn't look my best
Looking my best is worth the effort
People notice how attractive I am
My looks are very appealing to others
People are envious of my good looks
I am a very good-looking individual
Professional achievements are an obsession with me
I want others to look up to me because of my accomplishments
I am more concerned with professional success than most people I know
Achieving greater success than my peers is important to me
In a professional sense, I am a very successful person

My achievements are highly regarded by others
I am an accomplished person
Others wish they were as successful as me

5. Measurement of Need-for-Uniqueness (page 4-5)

Need-for-Uniqueness (N.F.U) has three components (avoidance of similarity, unpopular choice counter-conformity, and creative choice counter-conformity) and was measured with a shorter version of the Tepper et al. (2001) N.F.U. scale, developed by Ruvio, Shoham and Brencic (2008):

I often combine possessions in such a way that I create a personal image that cannot be duplicated
I often try to find a more interesting version of run-of-the-mill products because I enjoy being original
I actively seek to develop my personal uniqueness by buying special products or brands
Having an eye for products that are interesting and unusual assists me in establishing a distinctive image
When it comes to the products I buy and the situations in which I use them, I have broken customs and rules
I have often violated the understood rules of my social group regarding what to buy or own
I have often gone against the understood rules of my social group regarding when and how certain products are properly used
I enjoy challenging the prevailing taste of people I know by buying something they would not seem to accept
When a product I own becomes popular among the general population, I begin to use it less
I often try to avoid products or brands that I know are bought by the general population
As a rule, I dislike products or brands that are customarily bought by everyone
The more commonplace a product or brand is among the general population, the less interested I am in buying it

6. Measurement of Consumer Perfectionism (page 5)

Consumer Perfectionism was measured with the Sproles and Kendall (1986) Consumer Decision Making Styles Scale:

Getting very good quality is very important to me
When it comes to purchasing products, I try to get the very best or perfect choice
In general, I usually try to buy the best overall quality
I make special effort to choose the very best quality products
I really don't give my purchases much thought or care

7. Measurement of (Novelty) Fashion-Consciousness (page 5)

(Novelty) Fashion-Consciousness was measured with the Sproles and Kendall (1986) Consumer Decision Making Styles Scale:

I usually have one or more outfits of the very newest style
I keep my wardrobe up-to-date with the changing fashions
Fashionable, attractive styling is very important to me
To get variety, I shop different stores and choose different brands

8. Measurement of Hedonism (page 5)

Hedonism was measured with items constructed specifically for this study. This scale, according to literature (Snelders and Schoormans, 2001; Lageat et al, 2003), measures both "concrete/physical" hedonism such as pleasure derived from the senses (a nice touch, feel or colour) and "abstract" hedonism such as "elegance", "beauty" etc.:

I always choose to wear something elegant even if it is less practical
Enjoying the pleasures of life - such as good food, sex or leisure - is very important to me
Being surrounded by beautiful things is very important to me
I prefer buying things that look beautiful and/or feel pleasant to touch, smell or taste – even if they cost more
Art (paintings, sculpture, music, etc.) - as decoration in my house or by visiting a museum, concert, etc. - plays a big role in my life
Always having good time is extremely important to me

9. Measurement of Narcissism (page 6)

Narcissism was measured with the NPI-16 scale, developed by Ames, Rose and Anderson (2006):

I know that I am good because everybody keeps telling me so vs. When people compliment me, I sometimes get embarrassed
I like to be the center of attention vs. I prefer to blend in with the crowd
I think I am a special person vs. I am no better nor worse than most people
I like having authority over people vs. I don't mind following others
I find it easy to manipulate people vs. I don't like it when I find myself manipulating people
I insist on getting the respect that is due me vs. I usually get the respect that I deserve
I am apt to show off if I get the chance vs. I try not to be a show off

I always know what I am doing vs. Sometimes I am not sure of what I am doing
Everybody likes to hear my stories vs. Sometimes I tell good stories
I expect a great deal from other people vs. I like to do things for other people
I really like to be the centre of attention vs. It makes me uncomfortable to be the centre of attention
People always seem to recognize my authority vs. Being an authority doesn't mean that much to me
I am going to be a great person vs. I hope I am going to be successful
I can make anybody believe anything I want them to vs. People sometimes believe what I tell them
I am more capable than other people vs. There is a lot that I can learn from other people
I am an extraordinary person vs. I am much like everybody else

3.2.3 Pre-Testing (Piloting) of the Instrument

The questionnaire presented above is the final product of a long and laborious process that involved many steps, both during the development of the original 1st draft questionnaire as well as during the several subsequent rounds of alterations and improvements (piloting stage) in order to produce the final version that was used to collect the study's dataset.

As Baker (2003) wisely remarks, "ask a silly question and you'll get a silly answer!" Pre-testing, therefore, is a necessary step to ensure that a questionnaire research instrument is ready to be administered. The primary purpose of a pre-testing process is to make sure that the questionnaire presents to the respondents clear, unambiguous and easy-to-answer questions that, in turn, will produce substantially meaningful and easy to record and analyse answers (McDaniel and Gates, 2006). Lovelock, Stiff, Cullwick and Kaufman (1976) note that pretesting the survey instrument is sine-qua-non condition of good survey practice since it leads both at a) improvements on the instrument, as well as b) "the development of an effective set of instructions to the survey takers and hints on how to maximize household participation".

Once the preliminary survey instrument was developed, it was evaluated from three academics specialised in consumer behaviour (Professors at Cass Business School) as well as (for the items regarding the dependent variables: luxury watch descriptions and watch brands) from five managers of luxury goods who served as expert judges to assess face validity. Following this stage, and in order to evaluate 1) individual item content, 2) clarity of instructions, 3) response format, and 4) the overall functionality of the questionnaire, I have pretested the instrument four times with different samples: the first sample (n=23) was consisted from PhD students as well as academics from Cass Business School who mostly commented on the wording, length, functionality and overall appearance. Their feedback was incorporated in the questionnaire and another pilot test was

conducted with student samples from the Master's and MBA programmes at Cass Business School (n=25 and n=30, total n = 55). I got additional feedback which generated improvement in many aspects and, especially, solutions for reducing the length, as the first instrument was too long reaching 9 pages (at that stage the possibility of conducting a study with a split questionnaire survey design was considered but was abandoned due to the many statistical complications of this method as well as from the realization that my instrument could be effectively reduced to a manageable amount of pages after a proper design and testing).

However, as the first two pilot-tests were done with highly educated samples, I had to test the already improved questionnaire with a sample approximating as much as possible the actual study population (Lovelock et al., 1976): hence, a third pilot-test was done with a convenience sample from Central London (Bayswater, W2) of individuals to which I had easy access to (n=25). I have used the two techniques suggested by Krosnick (1999) in his seminal paper on survey research: behaviour coding and cognitive pre-testing. I was monitoring questionnaire completion and noted for events - any indications from the respondents such as reactions, hesitations, questions and other cues - that indicated problems in understanding and deviations from the perfect script of smooth and unproblematic completion (behaviour coding). Questions and/or instructions that elicited frequent deviations were noted down as they were candidates for modification. Moreover, I asked some respondents to "think aloud" while completing the questionnaire, verbalizing whatever came to their mind (cognitive pre-testing), thus getting an insight into the way items were comprehended and answered and, hence, identifying possible sources of confusion and misunderstandings. In addition, out of this sample I have chosen and recruited a focus-group of 6 individuals in order to discuss in depth particular issues as suggested by Clark and Watson (1995) and Krosnick (1999): a debriefing session was conducted where the respondents and I have discussed the problems they encountered such as questions that needed further explanation, questions that were left incomplete due to increased difficulty or inadequate guidelines. This whole process helped identify and correct any wording or guidelines that were not easily comprehensible by the actual population that would complete the survey.

At that stage, following the feedback received, the questionnaire was reduced to its final version of 6 pages, and a last pilot-test with a convenience (snowball) sample of 103 individuals from Central London (Bayswater; W2) was conducted. This last pilot-testing determined that the instrument was ready to be used, as no significant problems were detected.

3.2.4 Sampling

Sampling is the process of obtaining information from a subset of a larger group (the population that is relevant to the research question(s)), and it is a fundamental element of survey research design. This is because it is usually impossible for any research to sample the entire population ("census"): for this reason, a researcher will select units (e.g., people, organizations) from the population of interest so that by studying these units (the "sample") he or she may fairly generalize the results back to the population from which they were chosen (Bryman and Bell, 2003; Baker, 2003). If this sample has been selected in a random way, so that each unit of the population has an equal known chance of being selected, the researcher has a probability sample which can be considered as representative of the population of interest and inferences regarding this population (and only this) can be drawn.

In the case of the present research the population has been defined as "relatively wealthy consumers of luxury goods in London, UK". Thus, it was a deliberate choice that the population will be a) London residents and, b) people who are able to afford luxury items and who are actually buying and using luxury products, at least on an occasional basis. This choice reflects the following reasoning and assumptions: a) London is a cosmopolitan city, probably the most international in the world, which means that if an accurate sampling process is followed, then one can be confident that the sample will approximate the global, travelled, cosmopolitan consumer of luxury goods. Hence - even though on a rigid statistical ground the generalization may not be claimed to extend beyond the study's population - from a theoretical point of view this is a sample that can approximate as much as possible the global luxury consumer; b) the decision that the study's sampled units should be "relatively wealthy consumers of luxury goods" has a practically important and theoretically justified basis: there have been numerous studies on luxuries (Vigneron and Johnson, 2004; Tsai, 2005; Wiedmann, Hennigs, and Siebels, 2009; Phau and Prendergast, 2000; Dubois and Paternault, 1995; Dubois, Czellar, and Laurent, 2005; Kapferer, 1998) that were conducted on a general population (consumers in mall intercepts, students, etc.) which is, however, inappropriate. I firmly believed that the phenomenon of luxury consumption should be studied with actual consumers and this is why the present study was, to the best of my knowledge, the first to sample actual consumers of luxury goods and keep the aspirational element to consume luxuries (found in each person) to a minimum. On the other hand, the phenomenon of the "democratisation of luxury" gives to the researcher the "permission" to sample a wider population than the few "really rich", down to every individual who has been occasionally (Dubois and Laurent, 1996) buying/using luxury items: this

approach has the advantage to sample real, actual consumers of luxury goods which will generate both commercially relevant and theoretically interesting results, not restricted to the level of "super-luxury" such as yachts, jets, unique pieces of jewellery, etc. but applicable to the wider luxury market.

The next decision to be taken was related to the kind of sampling design that should be used: in the case of the present research a probability sampling was chosen because of the objective to be able to conduct a meaningful quantitative analysis and make statistically valid inferences to the population where the sample was drawn from (and, theoretically, even further, as mentioned). Specifically, a multi-stage cluster sampling has been employed due to its travel and cost efficiencies, which limit a PhD research (and virtually every non-sponsored academic research). This process is described in detail in the next paragraphs.

Many high-quality surveys are normally conducted using geographic area probability sampling. Some refer to this as "block sampling", "area sampling" or "cluster sampling" (Saunders, Lewis and Thornhill, 2000; Bryman and Bell, 2003; Baker, 2003). Selecting a sample can be tedious work in order to represent the population a researcher is targeting: the general way it works is referred to as "multi-stage cluster sampling" because of the several stages involved in choosing the clusters and sub-clusters. The sampling frame is first identified by "clusters", where the clusters are mutually exclusive and collectively exhaustive units of geography (i.e. city blocks or postcodes). The researcher randomly chooses a sample of postcodes from within the desired city areas (i.e. "above-average income London areas"), then randomly selects a sample of smaller clusters (i.e. some streets from within the chosen postcodes), and then interviews a random sample of respondents from each cluster. This method dramatically reduces travel time and expense since most interviews are conducted in close proximity to each other. This technique is a probability sampling technique because of the random selection of clusters and respondents within those clusters (McDaniel & Gates, 2006; Saunders et al., 2000; Bryman and Bell, 2003; Baker, 2003).

Following this process, I have first faced the problem of identifying an appropriate sampling frame. The problem, as in many consumer studies, is that most target populations have no convenient frames available. In these cases, more convenient frames that simply approximate the target population may be used, like phone books, mailing lists and city blocks (e.g. postcodes). I have decided to use the complete list of "London postcodes" (or "London postal area" or "inner area of the London postal region", which means that the rest of Greater London or "outer districts" were excluded), obtained from the Greater London Authority (http://www.london.gov.uk/). This list of

mutually exclusive and collectively exhaustive postcodes and the area covered (241 square miles) is presented in the following picture:

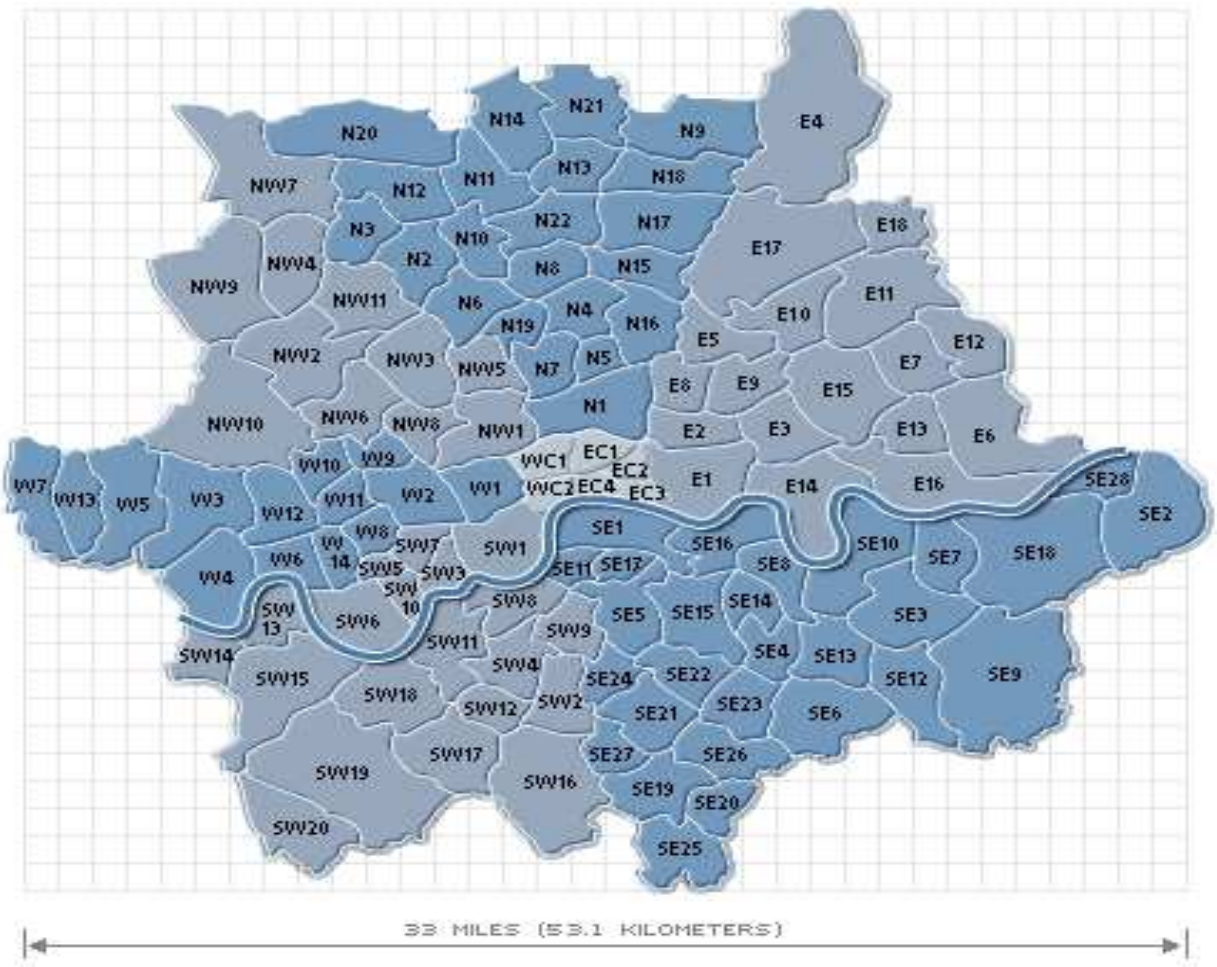


Figure 8. London Postal Area

However, as already mentioned, I wanted my target population not to be comprised by all Londoners but, instead, of "relatively wealthy consumers of luxury goods in London". For this reason, I have resorted to data collected from the Greater London Authority (http://www.london.gov.uk/) and the Office for National Statistics (http://www.statistics.gov.uk) regarding the income and wealth distribution within the above complete list of postcodes. This information has helped me to identify 20 London areas that fulfill the criteria described above: they were either "wealthy" or "relatively wealthy (above average)" based on the average income of the inhabitants as well as the value of the properties and/or levels of rent. As such, they conform to the assumption that individuals who live there have the desired characteristics for this study. These 20 postcodes have been my initial sampling frame and they are presented in the following table:

NW3 Hampstead, Swiss Cottage	SW7 South Kensington
NW8 St John's Wood	W1 Mayfair, Marylebone, Soho
SW1 Westminster, Belgravia, Pimlico	W8 Kensington
SW3 Chelsea, Brompton	W11 Notting Hill, Holland Park
SW5 Earl's Court	W9 Maida Vale, Warwick Avenue
WC1 Bloomsbury, Gray's Inn	WC2 Covent Garden, Holborn, Strand
EC1 Clerkenwell, Finsbury, Barbican	N2 East Finchley
EC2 Moorgate, Liverpool Street	W2 Bayswater, Paddington
EC3 Monument, Tower Hill, Aldgate	W10 Ladbroke Grove, N. Kensington
EC4 Fleet Street, St. Paul's	W14 West Kensington

Table 5. Postcodes Selected for Sampling Frame

Considerations of time and travel costs, have lead me to restrict my list to fewer than the initial 20 postcodes. Each of these postcodes was assigned a number from 1 to 20, and 5 of them were randomly chosen. To ensure the randomness of the sample, I have resorted to RANDOM.ORG, a random number service (random number generator) that has been built and is operated by the School of Computer Science and Statistics at Trinity College, Dublin in Ireland (http://www.random.org/). As opposed to most pseudo-random number generators used in computer programs (generated in a predictable fashion using a mathematical formula) RANDOM.ORG offers true random numbers to anyone on the Internet, better than the pseudo-random number algorithms typically used in computer programs. From the initial 20 areas, the following 5 were chosen: NW8 (St John's Wood), SW7 (South Kensington), W11 (Notting Hill, Holland Park), W9 (Maida Vale, Warwick Avenue) and NW3 (Hampstead, Swiss Cottage).

Then, I have obtained from the Greater London Authority (http://www.london.gov.uk/) the complete list of streets within the 5 postcodes mentioned above. There were 994 streets in NW8 (St John's Wood), 1012 streets in SW7 (South Kensington), 928 streets in W11 (Notting Hill, Holland Park), 748 streets in W9 (Maida Vale, Warwick Avenue) and, finally, 1623 streets in NW3 (Hampstead, Swiss Cottage). I have assigned a number to each of these streets (the lists were already numbered) and, using the same random number generator, I have chosen 5 streets within each of the 5 postcodes: thus, I have ended up with 25 streets (5 in NW8, 5 in SW7, 5 in W11, 5 in W9 and 5 in NW3) from where I would draw my actual sample.

At this stage, a decision had to be made regarding the size of my sample (for details see below the discussion on sampling error). With reference to the sample size, Bryman and Bell (2003) note that it depends on a number of considerations, of which the most important are a) time and b) cost. Invariably such decisions usually represent a compromise between these two constraints, the need for precision and a variety of further practical considerations such as the estimated response rate and the type of the analysis intended. Fowler (1993), however, observes that it is not realistic for survey researchers to be in a position to specify in advance "a desired level of precision".

In the case of the present research, the time frame was not particularly pressing and it was decided that it shouldn't be allowed to compromise the methodology, in order to produce a good quality sample. However, as the study wasn't funded, the cost was taken into account, as in most academic studies. Considering two options (postal and "drop and collect" surveys) and their cost (e.g. paper for questionnaires, cover letters and follow-up letters, envelopes, stamps etc. vs. paper for questionnaires and the cost of an assistant to distribute questionnaires) it was decided that a "drop and collect" survey technique would be used and a target sample size of 625 respondents would be desired. Drop and collect surveys have been claimed in the literature to produce response rates between 70% and up to 90% (Brown, 1987; Lovelock, Stiff, Cullwick and Kaufman, 1976; Baker, 2003); being much more conservative, I have estimated a response rate of 60% that would result at an achieved sample of n = 375 (this was later proved to be a somewhat conservative estimation). This size is considered to give a good level of precision and it is much more above the typical consumer research surveys that average an achieved sample size of 300 individual respondents (especially in the area of luxuries achieved samples have been as low as n = 90 - (Phau and Prendergast, 2000, n = 116; Kapferer, 1998, n = 200; Dubois and Laurent, 1996, n = 330; Dall'Olmo Riley et al., 2004, n = 90) - with the additional drawback that these are convenience non-random samples). In addition, (with the data analysis in mind) in structural equation modeling analyses samples of n = 200 and above are considered adequate. More on sample size below in the section discussing the sampling error.

Since I wanted to distribute 625 questionnaires and I had 25 streets randomly chosen, I should distribute 25 questionnaires in each street. Taking into account that not all streets were large (some had less than 100 houses) it was decided that the distribution would start at number 1 at every street (or the next available number if this wasn't possible for any reason) and would proceed to every 2nd number; thus, we (myself and my assistant) would try to survey number 1, number 3, number 5, 7, 9, 11, 13, 15, 17 and so on. A decision was made that, in case a household would not open the door, we would keep a note and try another day (usually the day specified for the collection from this same street); this meant that, sometimes, we would return as much as 4 times to the same street (anything

more was judged to be impractical). Also, another decision was made that, if in a given household there were more than 2 eligible members, there would be a random choice between these members: for this reason a "lottery" of 5 numbered cards (1,2,3,4,5) was always among our "survey equipment" (e.g. in a household with 3 eligible members who would all agree to participate, they would be assigned a number from 1 to 3 and the interviewer would draw among the 3 lots to chose the respondent); however, in practice, there were few cases where we would have to accept anyone who would agree to complete the questionnaire (this would not be expected, however, to compromise our results taking into account all the careful research design and sampling).

3.2.5 Survey Technique (Drop and Collect) and Operational Procedure

After I had decided on the sampling technique and I had a list of the postcodes and streets, as well as a decision was made regarding how to randomly conduct the survey at the street level, the next stage was to decide on the exact way of data collection (survey technique). Given the decisions described above, the following two modes were considered: "postal survey" and "drop and collect survey". As already mentioned, the second one was chosen as it had several advantages in terms of practical issues (mostly the identification of sampling units), time, cost, and has relatively few drawbacks compared to a traditional postal survey.

Drop and Collect Surveys

The decision about the mode of data collection was one of the most important ones taken during this research. I have chosen to collect data with the "drop and collect" survey technique. This survey method is also known as "drop-off questionnaire delivery"; with the collection done either personally from the person who delivered the questionnaire (the pure "drop-off and collect" survey) or by providing the respondent with stamps and asking to mail the survey back, in which case this is a variation with elements (and weaknesses) from a postal survey. This method involves "the hand delivery and subsequent recovery of self-completion questionnaires" (Brown, 1987). Lovelock, Stiff, Cullwick and Kaufman (1976) mention that "the advantages of personal delivery and collection make it suitable for survey research projects conducted by university researchers".

Therefore, after a careful consideration of all alternatives, I have chosen this technique due to its several advantages over other survey modes and its suitability for my particular questionnaire and research: as Baker (2003) points out, "a significant advantage of personal collection is that it encourages both high response rates (this proved to be true as, during the initial face-to-face interaction, the researcher(s) could motivate the respondent to take part in the survey) and timely completion, with up to 70% of questionnaires being available at the agreed collection time". Drop and collect surveys' response rates reported in the literature range between 70% and up to 90%

(Brown, 1987; Lovelock, Stiff, Cullwick and Kaufman, 1976). In addition, as Brown (1987) estimates, the cost is 20-40% lower than postal surveys and that response rate can be up to 90% which is "equivalent to the best telephone survey returns, and considerably in excess of the response to mail surveys". In the case of this research the achieved response rate was, 75%. Furthermore, "because respondents can complete the questionnaire in their own time it is possible to use longer and more detailed questionnaires than in most face-to-face or telephone surveys" (Brown, 1987); this was very important in the case of the present research as the questionnaire was six pages and, therefore, the quality of the answers was of particular concern. Another advantage (Baker, 2003) is that, because there is limited interaction during the actual completion, the possibility of introducing interviewer bias is limited.

Operational Procedure:

In addition, another factor in favour of this technique (Brown, 1987) is its reliability because of the control it gives over the sample collection process; this is because on delivery the researcher can ensure that the questionnaire is given to a suitable respondent and, in the case of non-response, establish reasons for this (e.g. not at home, unwilling to participate, doesn't meet sample criteria, etc.). In the case of the present survey, in order to be qualified as suitable participants for this survey, respondents had to meet a minimum of certain criteria. Respondents who were at home at the time they were visited, were further screened by ensuring that they were of a minimum age (18 and upwards). The survey was conducted during the period of three months (November 2008 to January 2009) at various times of the weekdays and weekends to obtain as wide a representation of respondents as possible. During the weekdays, the visits were done in the evening between 19:00 and 21:00 in order to reduce non-response error (as before 19:00 many people haven't returned from work). During weekends an afternoon time was chosen for the same reason (as it was found in the piloting stage that during Saturday and Sunday mornings people tended to be absent).

A consistent method was used where the questionnaire was administered in the same way each and every time to every other residence on the street. When a respondent opened the door, the interviewer introduced himself (herself), identified himself (herself) as a researcher from Cass Business School and requested the person to participate in an academic survey. Once a respondent agreed to participate (15% of those contacted refused to participate), the interviewer asked first if he or she had bought any luxury product recently (a timeframe was not defined) and if he or she was generally using luxury products; a description of luxuries was offered to facilitate the respondent (watches, bags, jewellery, clothes, accessories and spirits were mentioned, tailored in a suitable manner for men and women). Given the fact that the survey took place in relatively wealthy areas – as researched in advance with the use of demographic info based on postcodes obtained from the

Greater London Authority (http://www.london.gov.uk/) and the Office for National Statistics (http://www.statistics.gov.uk) – virtually all respondents (with the exception of 37 individuals or 6%) identified themselves as consumers of luxury goods. After this criterion was met, the interviewer explained briefly the purpose of the research, handed in the questionnaire and further explained what was expected from the respondent. Then the interviewer pointed out the confidential, anonymous and academic nature of the survey. Finally, he (or she) would agree with the respondent for a suitable collection time and method; this was usually agreed to be either within a few days or the same day the week following the delivery.

In total, 431 usable surveys were returned; the response rate at the conclusion of the process was 75 % (for further details on response rates and calculations, see below at the section regarding non-response error).

Disadvantages of Drop and Collect Surveys and Treatment:

The drop and collect survey mode, as every method, has a number of drawbacks although much less than other modes: these include (Baker, 2003) a bias towards literate respondents, the possibility that the claimed respondent is not the actual person who completed the questionnaire and the dependence on highly clustered samples due to the personal delivery (travel time, weather effects, unsafe areas) as opposed to mail or telephone surveys.

I should note however that, in common with all self-completion questionnaires, the first bias is inherent to many survey research modes and, in any case, isn't of particular concern in the case of the present research. In addition, the personal delivery and collection (together with the motivational interaction at the delivery) helps minimize the second risk (claimed respondent); while, the dependency on area-clustered samples is actually something that is done deliberately to ensure the sample characteristics (wealthy areas). In addition, with regards to non-response error, I was able to establish the reasons for this (e.g. not at home during delivery or collection, unwilling to participate, doesn't meet sample criteria, etc.). Specifically, these reasons were: non-response bias due to unavailability or they did not return the questionnaire or returned in a non-usable form (n=65, 10% of respondents visited), non-response bias due to refusals (n=92, 15% of respondents visited), and, finally, 6% (n=37) didn't meet the criteria required to participate (they were not luxury consumers or under 18 years old).

Overall, as Baker (2003) mentions and I have confirmed, the drop and collect surveys with their advantages greatly outweigh the disadvantages.

3.2.6 Survey Quality: Survey Errors and Treatment

In this section I will dedicate a few extra paragraphs, in addition to what has been mentioned already, in discussing the steps taken to reduce the various survey errors in order to produce high quality research.

3.2.6.1 Sampling Error

Whenever a sample is drawn, by definition, only that part of the population that is included in the sample is measured; and it is this particular sample that is used to make inferences about the entire population. But the population is one thing and every sample another: hence, there must always be some error in the data, resulting from those members of the population who were not measured. More formally, sampling error is the error caused by variations in the specific chosen sample, as there is always some sample-to-sample variation. These variations in the possible sample values of a statistic can theoretically be expressed as sampling errors. Error will, therefore, be reduced as the sample size is increased, so that, if a census is performed (a 100 percent sample is a census), by definition there will be no sampling error. The likely size of the sampling error can generally be controlled and the quality of the survey increased by taking a 1) large, and 2) random sample from the population of interest.

In the case of the present survey, as described in detail above in the sampling section, I have taken careful steps in order to ensure the random selection of survey participants. Every step during the multi-stage cluster sampling has been designed carefully according to established guidelines so that no members of the population were deliberately excluded. With regards to the sample size, as a general rule, the more people being surveyed the smaller the sampling error will be. However, except for very small populations, where the relationship is more direct, the size of a sample does not increase in proportion to the size of the population; in fact, the population size plays an almost non-existent role as far as large populations are concerned. Also, it is well known among survey practitioners that, a) where it is not straightforward to define a sampling frame representative of the population of interest, it is more important to focus on designing a high-quality study (in such a way as to ensure that all sources of variation are embraced in the selected frame), instead of blindly accepting the sample size generated by a statistical formula, since other errors might be introduced as the sample size is increased (such as non-response error and measurement errors); and b) that, as a

consequence of point (a), a well designed study with n = 200 might have less total error than a study with n = 2000 (Kinnear and Taylor, 1991).

In the literature regarding luxury products sample sizes typically range between 100-300 respondents (Phau and Prendergast, 2000, n = 116; Kapferer, 1998, n = 200; Dubois and Laurent, 1996, n = 330; Dall'Olmo Riley et al., 2004, n = 90) with most of these surveys being non-random however; while the average sample size of academic surveys in consumer behaviour, generally, is around n = 300 cases (Kinnear and Taylor, 1991). In the present study, a sample size of n = 431 participants was achieved which is much higher than the typical academic survey size; hence, ensuring the reduction of sampling error.

Overall, both basic conditions for reducing sampling error were addressed.

3.2.6.2 Non-Coverage Error

If some members of the population are not covered by the sampling frame (i.e. the materials or devices that delimit, identify and allow access to the elements of target population), they have no chance of being selected into the sample: this might introduce non-coverage error which is a function both of 1) the target population that is not covered by the frame, as well as 2) the difference between those covered and those not covered. If complete, up-to-date lists of populations were available, non-coverage error would not exist. However, there are no up-to-date lists that provide complete coverage of all potential sampling frames and it rests with the researchers to be as cautious as possible with their sampling frames.

For this study, I have designed my sampling frame resorting to the latest data obtained from the Greater London Authority (http://www.london.gov.uk/). This included 1) the complete list of "London postcodes" (or "London postal area" or "inner area of the London postal region"), as well as (after the postcodes to be surveyed were randomly chosen) 2) the complete list of streets within the 5 chosen postcodes (994 streets in NW8, 1012 streets in SW7, 928 streets in W11, 748 streets in W9 and 1623 streets in NW3. According to the Greater London Authority this dataset was updated within 2008. This ensures that both potential sources of non-coverage error were identified and treated: by using this updated and full dataset of postcodes and streets, two things were achieved: 1) all the target population was covered, thus 2) there is no difference between those covered and non covered.

3.2.6.3 Non-Response Error

No matter how carefully a sample is selected, some members of the sample simply do not respond to the survey questions. When those who respond to the mail survey differ from those who

don't, non-response error will become a problem. More formally, non-response error is a function of both the response rate and the difference between respondents and non-respondents. A low response rate does not necessarily lead to non-response error; as Krosnick (1999) mentions, "it is not necessarily true that representativeness increases monotonically with increasing response rate". However, whether differences exist between the responding and non-responding segments of the sample is not known when the survey is conducted. Therefore, low response has long been considered the major problem of surveys, and the vast majority of research on improving mail survey methods has focused on response rates. Research studies have successfully identified methods for improving response rates and individual factors associated with improved return rates (Dillman, 1978; 1983; 1991).

In the case of the present research a major advantage against the problem of low response rates comes from the survey mode itself: drop and collect surveys' response rates range between 70% and up to 90% (Brown, 1987; Lovelock, Stiff, Cullwick and Kaufman, 1976) and the response rate achieved finally in this study was 75%. This response rate is much above the benchmarks mentioned in the literature, where a response rate of 50% is considered adequate (Babbie, 1990; Dillman 1978) while others suggest that a 60% is needed (Fowler, 1984); and above my initial conservative estimation of 60%. To achieve this response rate have I have followed recommendations from Dillman's Total Design Method (Dillman, 1978; 1983; 1991) such as 1) reduction of perceived costs (making the questionnaire appear easier and less time consuming to complete), 2) establishing rapport and negotiating completion at the point of first contact (this proved to be the major advantage of drop-and-collect mode as during the initial face-to-face interaction it was possible to motivate the respondent to take part in the survey), as well as 3) increasing perceived rewards: in this case the last point was restricted in intrinsic benefits, making the questionnaire interesting (as Dillman points out) and explaining the purpose of research; more extrinsic benefits such as prizes (e.g. a lottery with a luxury watch as a prize) or monetary rewards were considered but eventually abandoned as they were found to be very expensive, while the pre-testing had already indicated that the response rate should be good.

Another point suggested is to make sure that those who responded aren't different from those who did, especially where the response rate is particularly low. In this case this was not judged to be necessary as the response rate achieved was not in the range below 50%. In addition, I was able to establish the reasons for non-response (e.g. not at home during delivery or collection, unwilling to participate, doesn't meet sample criteria, etc.) which were a) unavailability or they did not return the questionnaire or returned in a non-usable form (n=65, 10% of respondents visited), refusals (n=92,

15% of respondents visited), and, finally, 6% (n=37) didn't meet the criteria required to participate (they were not luxury consumers or under 18 years old).

Response rate (RR) calculation:

There are several variations for calculating the response rate. Some of them are strict and some very lose (e.g. Bryman: [completes/(total sample – unsuitable or un-contactable members of the sample)] * 100). I have chosen to use the following formula which is neither too strict nor too lose (thus, not producing an artificially high response rate):

$$\text{Response Rate} = \frac{\text{Completes}}{\left(\text{Completes}\right) + \left(\frac{\text{Completes}}{\text{Completes + Not Qualified}} \text{ X } \left(\text{Not Contacted + Refused}\right)\right)}$$

Figure 9. Response Rate Formula

Response Rate = *completes / (completes + (completes / (completes + not qualified)) * (not contacted + refused))*

This gives the following results: 431/(431+(431/(431+37))*(65+92)) => RR = 75% (74.88%)

Notes:

Completes (431): completed usable questionnaires

Refusals (92): respondents who were contacted and refused to participate in the survey, regardless of qualification.

Not Qualified (37): respondents who were ineligible to participate in the study based on screening criteria (consumption and usage of luxury goods).

Not Contacted (65): applies to those who were not at home during the questionnaire delivery and not otherwise substituted (also, I have included here those who did not return the questionnaire or returned in a non-usable form).

3.2.6.4 Measurement Error

Unlike sampling error, non-coverage error, and non-response error, which arise from non-observations or non-participation, measurement error results from mistakes made 1) in the questionnaire, (2) by the respondent, and (3) attributed to the mode of data collection (Mc Daniel and Gates, 2006); in addition, Kinnear and Taylor (1991) include in this category 4) the errors done in the processing of data and analysis (coding and tabulation, etc.). Deficiencies of the questionnaire instrument are the most frequent reason that gives rise to measurement errors; thus, the importance

of detailed pre-testing and careful item selection should never be underestimated. Measurement error attributed to respondents (and partly to a bad instrument) occurs when the later do not respond to specific questions, or provide inadequate answers, or fail to follow instructions (e.g., carelessness, acquiescence). Measurement errors can also arise due to the respondents' – interviewers' interaction (social desirability, interviewer bias), although in self-administered questionnaire surveys the absence of an interviewer lessens the likelihood both of respondents' feeling driven to provide socially desirable responses and of interviewers' accidental or purposeful subversion of the purpose of the survey (Dillman, 1978). Thus, in a drop and pick up survey as in this study, one would not expect the respondents to be influenced by the interviewers unless the later help respondents to complete the instrument (Lovelock et al., 1976). Finally, the mode of data collection can cause measurement error (email, internet surveys, etc.).

Overall, measurement error can be systematic or random, that is, error that causes a constant bias in the measurements of all indicators (such as common method variance; see below) or error that influences only specific items and can be attributed to many unrelated factors. Hence, every observed measurement (Om) is composed from the true score (Ts), as well as systematic error (Se) and random error (Re):

$$Om = Ts + Se + Re$$

These errors can impact on a study's reliability and validity: reliability is influenced by random error while validity is influenced by both systematic and random error.

There are several steps, taken in this study, to reduce as much as possible the possibility of measurement errors in order to ensure reliable and valid results.

With regards to the first category (measurement errors due to the survey instrument), I have already extensively discussed the whole pre-testing process, as well as specific remedies taken in advance (cognitive pre-testing, behaviour coding and de-briefing sessions). In addition, the following guidelines (Krosnick, 1999) were also adhered to: the clarity of instructions; well-thought order of questions; effectiveness and good comprehension of closed questions; and use of Likert-type rating scales with words (e.g. "strongly agree", etc.) labelling all the scale points, as this has been found to significantly improve reliability and validity (Krosnick and Berent, 1993; Peters and McCormick, 1966) because of the clarification of the scale points. Moreover, I have ensured that fundamental steps related to reducing measurement error were taken into consideration: 1) each construct was measured with multi-item measures, 2) content validity was further ensured by either

using established scales or (for the scales developed specifically for this study) by making use of established theory to construct them and, in addition, by subjecting them to review from expert judges to ensure face validity. Finally, Cronbach's α coefficient of all constructs was calculated (see more below: establishment of measurement model) in order to assess the reliability of the multi-item measures. All of them were greater than 0.6 (actually the smallest was .71) which is the threshold of the reliability of a measure (Nunnally, 1967). These are reported here:

Variable	Initial Number of Items	Cronbach's α Coefficient
Independent Self Concept	8	.76
Inter-dependent Self Concept	9	.70
Hedonism	6	.71
Consumer Perfectionism	6	.81
Need For Uniqueness	12	.90
Vanity	16	.87
Narcissism	16	.82
Status Seeking	5	.90
Conformity (CSII)	11	.85
Novelty Fashion Consciousness	4	.88
Hedonic Effect	3	.72
Quality Effect	3	.77
Snob Effect	3	.84
Veblen Effect	3	.84
Bandwagon Effect	3	.84

Table 6. Reliability of Measure Instruments (Cronbach's α)

These steps have resulted in a reliable instrument, ensuring that measurement error due to the questionnaire remained at a minimum.

Moving on to the second category (measurement errors due to the respondents), the following points were addressed: a) with regards to a possible bias from the interviewer, as mentioned, there was a limited interaction, just enough to convince the participant to complete the survey: this minimized any possible bias; b) another issue was to anticipate any effects from social desirability, the over-reporting of attitudes and behaviours socially admired and the under-reporting of those not socially respected. Although Krosnick (1999) believes that social desirability in survey research may be less prevalent than has been assumed, I have emphasized the anonymous nature of the research and the fact that there is "not right or wrong answer – just opinions"; c) acquiescence (the tendency of some respondents to endorse any assertion in a statement regardless of its content) was addressed with the occasional (and limited) inclusion of negatively worded items.

With regards to the third category (measurement errors due to the survey mode), it was not deemed necessary to take any special measures as the drop-and-pick-up mode of questionnaire collection is not prone to introducing measurement errors, such as in the case of web and email surveys.

Finally, measurement error could also arise from mistakes done in the processing of data and analysis. This will be discussed later in the analysis section; here it is enough to say that every effort was made to ensure accurate data entry in order to minimize processing errors, resulting from e.g. incorrect transfer of information from the questionnaire to the computer, incorrect coding and tabulation, etc. In addition several procedures to validate data and check for data entry errors were followed such as range edits (to ensure that only the possible codes for each question are used and that no codes outside the valid range have been entered) as well as duplication and omission checks (to ensure that the specific data reported by a respondent has not been recorded more than once or that data reported have not been omitted).

3.2.6.5 Common Method Variance (CMV)

The variance of every measured variable can be partitioned into three components: a) trait variance, b) method variance (systematic error), and c) error variance (random error of measurement, non-systematic influences on measured variables). Common method variance, variance that is attributed to the measurement method rather the constructs of interest, may cause systematic measurement error and further bias the estimates of the true relationship among theoretical constructs. Method variance can either inflate or deflate observed relationships between constructs, thus leading to both Type I and Type II errors.

Generally speaking, the two primary ways to control for method biases are (a) ex-ante, through the design of the study's procedures, and/or (b) ex-post, by means of statistical controls (Podsakoff, Mac Kenzie, Lee, and Podsakoff, 2003). Procedural remedies can minimize, if not totally eliminate, the potential effects of common method variance on the findings of the research. However, in many cases, it may be difficult to finding a procedural remedy that meets all of a given study's needs; in these situations, it is useful to use one of the statistical remedies that are available. In the present research both procedural precautions (appropriate to the nature of the study) as well as statistical remedies were taken:

a) Procedures designed to eliminate common method variance

As Podsakoff et al. (2003) suggest, one procedure is "to allow the respondents' answers to be anonymous" as well as "to assure respondents that there are no right or wrong answers and that they

should answer questions as honestly as possible". Both of these suggestions were made explicit to respondents on two occasions: on the questionnaire instrument and orally when introducing the research. These procedures should reduce people's evaluation apprehension and make them less likely to edit their responses to be more socially desirable, lenient, acquiescent, and consistent with how they think the researcher wants them to respond.

Moving beyond issues of the source and context of measurement, it is also possible to reduce method biases through the careful construction of the items themselves. For example, Tourangeau, Rips, and Rasinski (2000) noted that one of the most common problems in the comprehension stage of the response process is item ambiguity. For this reason, following suggestions from the long body of literature on measurement, questionnaire and scale construction (Clark and Watson, 1995; Krosnick, 1999; Tourangeau et al., 2000; Baker, 2003; Saunders et al., 2000; Bryman and Bell, 2003) I have been very cautious during my questionnaire construction and pre-testing stage to (a) define potentially ambiguous or unfamiliar terms (e.g.: I have not used difficult words or technical jargon); (b) avoid vague concepts and provide examples when such concepts must be used (e.g.: instead of using words such as "susceptibility" or "conformity" in describing "bandwagon-type" luxuries, I would phrase: "very fashionable watch that everyone would approve its choice"); (c) keep questions simple, specific, and concise; (d) avoid double-barrelled questions; (e) decompose questions relating to more than one possibility into simpler, more focused questions; and (f) avoid complicated syntax. I was also cautious in order to eliminate item social desirability and demand characteristics, by being neutral and objective in statement phrasing.

The procedures just described have effectively contributed to reducing CMV, as was revealed in the statistical controls for method variance, presented in the next paragraph.

b) Statistical remedies to detect common method variance

Harman's single-factor test – which, according to Podsakoff et al., (2003) and Malhotra, Kim and Patil (2006), is one of the most widely used techniques addressing the issue of common method variance - was performed. This tests whether or not in a data set exists common method bias by loading all the study's variables (indicators) into an exploratory factor analysis (Andersson & Bateman, 1997; Aulakh & Gencturk, 2000; Greene & Organ, 1973; Organ & Greene, 1981; Schriesheim, 1979) and examining the un-rotated factor solution: if a single common factor emerges, it indicates the existence of common method variance (in the EFA most of the variance is captured by the first factor). The basic assumption of this technique is that if a substantial amount of common method variance is present, either (a) a single factor will emerge from the factor analysis or (b) one general factor will account for the majority of the covariance among the measures.

The test indicated that no single factor of such magnitude exists as to indicate common method variance. Exact guidelines do not exist, however according to Christmann (2004), a single factor accounting for as much as 36% of the variance does not indicate a problematic level of common method variance; whereas, in a literature search, emerging single factors between 22% to 32% are typically seen as unproblematic. In this study results are much easier to interpret: there have been 32 factors with eigenvalues above 1 emerging in the EFA, with the first accounting for as low as 17% of the variance in the data. Therefore, common method variance is not a problem; this is not surprising if one considers this finding in conjunction with all the procedural (ex-ante) precautions taken to reduce the possibility of common method bias, as discussed above. The results of the test can be seen in the scree plot below, as well as in the following table with the factors and their eigenvalues:

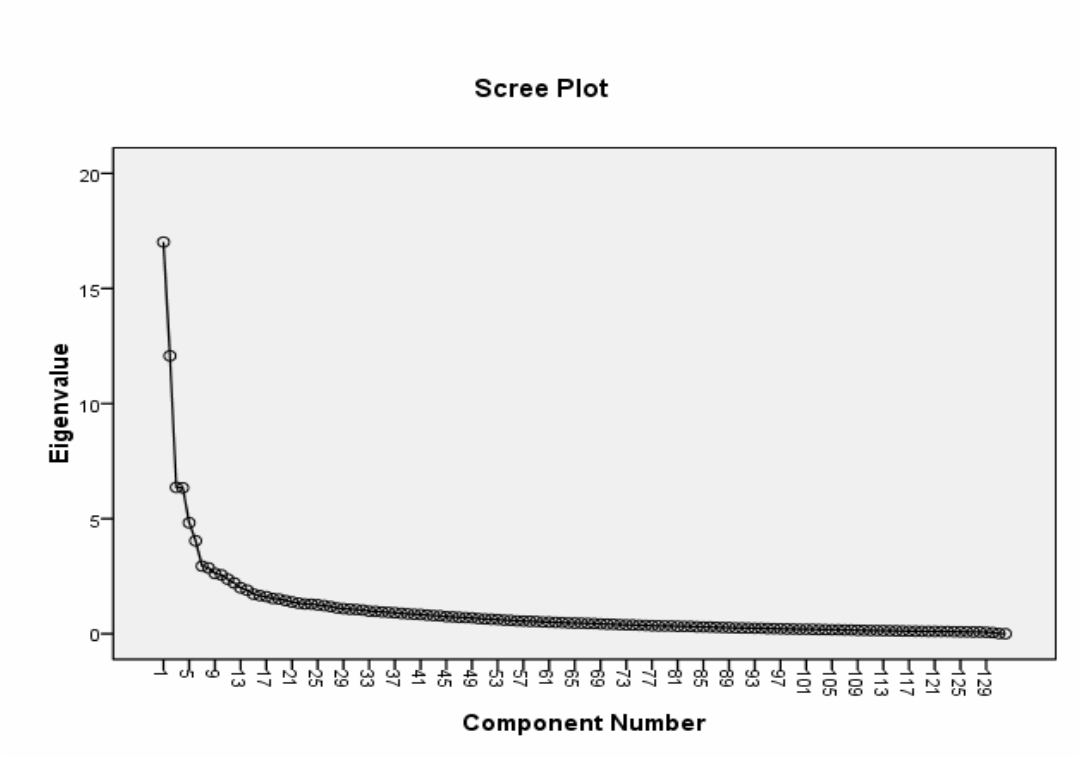


Figure 10. Scree Plot Testing for CMV

Following is the unrotated factor solution, extracted with varimax rotation method.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %

1	17.018	12.893	12.893	17.018	12.893	12.893
2	12.073	9.146	22.039	12.073	9.146	22.039
3	6.362	4.820	26.858	6.362	4.820	26.858
4	6.340	4.803	31.662	6.340	4.803	31.662
5	4.822	3.653	35.315	4.822	3.653	35.315
6	4.040	3.061	38.375	4.040	3.061	38.375
7	2.943	2.230	40.605	2.943	2.230	40.605
8	2.864	2.170	42.775	2.864	2.170	42.775
9	2.623	1.987	44.762	2.623	1.987	44.762
10	2.558	1.938	46.700	2.558	1.938	46.700
11	2.374	1.798	48.499	2.374	1.798	48.499
12	2.209	1.674	50.172	2.209	1.674	50.172
13	1.998	1.513	51.686	1.998	1.513	51.686
14	1.898	1.438	53.123	1.898	1.438	53.123
15	1.725	1.307	54.430	1.725	1.307	54.430
16	1.655	1.253	55.684	1.655	1.253	55.684
17	1.616	1.225	56.908	1.616	1.225	56.908
18	1.532	1.161	58.069	1.532	1.161	58.069
19	1.509	1.144	59.212	1.509	1.144	59.212
20	1.443	1.093	60.305	1.443	1.093	60.305
21	1.382	1.047	61.353	1.382	1.047	61.353
22	1.331	1.008	62.361	1.331	1.008	62.361
23	1.295	.981	63.342	1.295	.981	63.342
24	1.289	.976	64.318	1.289	.976	64.318
25	1.257	.952	65.271	1.257	.952	65.271
26	1.225	.928	66.199	1.225	.928	66.199
27	1.178	.892	67.091	1.178	.892	67.091
28	1.122	.850	67.941	1.122	.850	67.941
29	1.093	.828	68.769	1.093	.828	68.769
30	1.068	.809	69.578	1.068	.809	69.578
31	1.056	.800	70.377	1.056	.800	70.377
32	1.030	.780	71.158	1.030	.780	71.158
33	**.984**	**.746**	**71.904**			

Extraction Method: Principal Component Analysis.

Table 7. Results of Harman's Single Factor Test

3.2.7 Characteristics of the Sample

This last section of the methodology chapter is providing a brief summary of the sample's characteristics (full data attached in appendix D).

- To start with, gender distribution was equal: 47.3% males (n = 204) and 53.7% females (n = 227). Thus, data do not reflect any particular gender effects.
- The age of respondents was in a range between 18 and 82 years old. The mean age value was 36.5 years old; the median was 33 years old; and the mode was 28 years old. Thus, the sample reflects an adult population with a contemporary, active life.
- The majority of the study's respondents have undergone 17 years of full time education since the age of 5 (this is the mean, median and mode value). This is a population with University-level education, mostly reflecting the demographics of the study's areas.
- Professionally, the sample is distributed in wide range of occupations. The larger clusters in the sample include students (15.3%), sales management and other sales-related occupations (7.4), academics and researchers in Universities or other commercial or non-commercial institutions (7.2%), various professions related to arts – design, fashion, painters, actors, dancers, etc. - (7.2%), various managerial positions at director level (6.5%), technical/I.T./engineers (6.3%), professionals – doctors, tax consultants, accountants, lawyers - (6%), bankers (5.3%), various non-director managerial roles (4.6%), professional in marketing/P.R./advertising (4.2%), medical-related professions – nurses, pharmacists – (3.7%), various teaching professions (3.5%, journalists, TV, newspaper, book editors (2.8%), civil servants (2.6%), various consultants (2.1%), retired (2.1%) and the rest from various other professional fields such as businessmen, self-employed, unskilled professionals and manual labour.
- Finally, the average income of the respondents is ranging from £41.000 - £60.000 per year. The exact breakout is: <£20.000 (17.2%); £21.000 – £40.000 (32%); £41.000 - £60.000 (18.3%); £61.000 - £80.000 (10.2%); £81.000 - £100.000 (7%); £101.000 - £120.000 (5.3%); and, finally >£120.000 (9.7%). The relatively high income is a characteristic of the areas where I conducted my research; where mostly wealthy or relatively affluent people live (as was required for this type of study). However the mean income does not reflect an extremely affluent population, thus, making the study's results relevant to most populations.

4. RESULTS OF MAIN QUANTITATIVE STUDY

4.1 DATA ANALYSIS OVERVIEW AND SEM STATISTICAL ASSUMPTIONS

A structural equation modelling (SEM) analysis, with maximum likelihood estimation, was undertaken using AMOS (version 16.0). In addition, for some minor analyses, I have used a general statistical analysis programme (SPSS version 16.0) as well as Excel (MS Office 2003).

I have selected SEM as a statistical methodology because of its several advantages over simpler methods of data analysis such as e.g. regression modelling:

1. More flexible assumptions, particularly allowing interpretation even in the face of multicollinearity; which, however, has not been a problem in this study as will be shown.
2. SEM makes use of confirmatory factor analysis to reduce measurement error by having multiple indicators per latent variable: every latent construct in this study was measured with at least 3 indicators.
3. It allows superior model visualization through its graphical modelling interface (this is one of AMOS' major advantages when compared to all other SEM packages).
4. SEM is testing models overall rather than coefficients individually. For complex models such as this one, this approach is valuable.
5. SEM can test models with multiple dependents, as in the present study which has 5 dependent variables: hedonic, quality, snob, veblen and bandwagon effect(s).
6. SEM has the ability to model mediating variables rather than be restricted to an additive model as in regression. As will be presented later, I have done additional analysis of "mediating effects".
7. SEM can model error terms.
8. And, finally, it can compare alternative models to assess relative model fit.

SEM analyses can be performed with a variety of programme packages, among which the most popular are AMOS, EQS, M-Plus, SEPATH and the older but well-known LISREL. I have selected AMOS 16.0, in particular, as the most suitable program to conduct my structural equation modelling analysis after discussing the relative advantages and disadvantages of all the short-listed packages with my supervisor, other Cass Business School faculty members and following the suggestions from several academic SEM experts (Professor René Algesheimer, University of Zurich; Professor Michael Haenlein, ESCP Europe: personal communication, 2009; also: Haenlein and Kaplan, 2004). Its many advantages include, among others, an extremely user-friendly interface, the possibility to work with two completely different modes of model specification (AMOS Graphics with path

diagrams and AMOS Basic with equation statements), its unique flexibility in making often changes in model specification due to the ease of the graphics environment, the ability to cooperate with SPSS which I was using for some minor analyses, the capacity to handle large amounts of data and complex models, and many others. As Arbuckle and Wothke (1999) note "AMOS can be unbeatable as a workhorse for larger models and batch-oriented estimation results".

A debate whether to use the PLS approach vs. the traditional SEM (variance-based or component-based SEM vs. covariance-based SEM) was resolved by discussions with my supervisor and other academics with substantial expertise in the field: PLS expert Professor Michael Haenlein (Haenlein and Kaplan, 2004) confirmed that, in this case, the use of PLS wasn't necessary (personal communication: "in our paper we show that using PLS only makes sense in special situations, for example when sample size is low or when statistical power is of particular concern. Given that none of these conditions appear to be fulfilled in your case, I do not think that using PLS to estimate your model makes much sense"). In addition as it is shown (Haenlein, Reinartz, and Henseler, "An Empirical Comparison of the Efficacy of Covariance-Based and Variance-Based SEM", International Journal of Research in Marketing; forthcoming 2009), "justifying the choice for PLS due to a lack of assumptions regarding indicator distribution and measurement scale is often inappropriate as covariance-based SEM proves extremely robust with respect to violations of its underlying distributional assumptions. Additionally, covariance-based SEM clearly outperforms PLS in terms of parameter consistency and is preferable in terms of parameter accuracy - as long as the sample size exceeds a certain threshold (250 observations)". Therefore, I have concluded that covariance-based SEM and, in particular, AMOS 16.0 was best suited for this analysis.

Covariance-based SEM is based on certain assumptions which, as suggested by Garson (Structural Equation Modelling; 2009), are reported here:

1. An adequate sample size is necessary: 200 is commonly accepted as sufficient, according to Garson, while according to Haenlein et al. (2004; forthcoming 2009), 250 is enough. In this study the sample size is 431 cases, which is large enough for complex analyses.

2. With regards to the data level, ordinal variables (Likert scales, 1-7) are used but these are typically treated as interval in SEM studies, just as they do in regression procedures. Garson (2009) argues that, as long as the Likert-scale categories are more than 4, they can be treated as interval data without problems. In the present research, like in most academic studies, 7-point Likert scales were used; thus, exceeding the required minimum of 4.

3. Multivariate normality: as a rule of thumb, data may be assumed to be normal if skewness and kurtosis is within the range of +/- 1.0, while some say +/- 1.5 or even 2.0 (Schumacker

and Lomax, 2004; Garson, 2009). Recent studies (Haenlein, Reinartz, and Henseler, "An Empirical Comparison of the Efficacy of Covariance-Based and Variance-Based SEM", International Journal of Research in Marketing; forthcoming 2009) are showing, however, that - contrary to the common belief - traditional covariance-based SEM is extremely robust with respect to violations of its underlying distributional assumptions. In any case, a careful examination of this dataset, has revealed that the vast majority of this study's variables are within the stricter +/- 1.0 limits as long as skewness and kurtosis are concerned, with very few exceeding this range and only a handful of variables being slightly above +/- 2.0. Hence, we can conclude that with regards to distributional normality the data are very good.

4. Multicollinearity: this is a statistical phenomenon in which two or more predictor variables in a multiple regression (or regression-based such as SEM) model are highly correlated. In this situation the coefficient estimates may change erratically in response to small changes in the model or the data. Even though multicollinearity does not reduce the predictive power or reliability of the model as a whole, it affects calculations regarding individual predictors; that is, it impacts the interpretation of the explanatory variables and the estimate results.. Hence, a SEM model with correlated predictors can indicate how well the entire bundle of predictors predicts the outcome variable (s), but it may not give valid results about any individual predictor, or about which predictors are redundant with others. In this study, an examination of the collinearity diagnostics such as condition indexes (C.I.) and variance inflation factors (V.I.F.), as suggested by Belsley, Kuh, and Welsch (1980), has not revealed any problems of multicollinearity. Specifically, an examination of the sets or predictors for each of the five outcome variables (hedonic, quality, snob, veblen, and bandwagon effect) has not detected any signs of multicollinearity such as condition indexes above 30. The highest condition index was the one for the hedonic effect outcome variable at 20.002, while all the others ranged from 10 to 17: 10.921 (Veblen effect), 13.387 (Bandwagon effect), 13.882 (Quality effect), 16.905 (Snob effect). With regards to VIFs, Garson (2009) notes that, as a rule of thumb, when VIF is $\geq$ 4.0, then multicollinearity is a problem (some authors use the more lenient cut-off of VIF $\geq$ 5.0, when multicollinearity is a problem). In this dataset an examination of VIFs has revealed that all of them are around 1.0, with the highest being 1.934 (status-seeking on the snob effect). In addition to collinearity diagnostics, all the standardized regression weights of the latent variables in the model are within the range of $\pm$1 (standardized regression weights greater than +1 and less than -1 indicate multicollinearity problems, since all the latent variables in a SEM model have been assigned a metric of 1). Hence, multicollinearity is not an issue in this study.

5. Maximum likelihood estimation has been used; this estimation method assumes multivariate normality (a condition that was fulfilled in this research) and it is, typically, the standard approach in most SEM studies.

6. Finally, as noted, the latest version of Analysis of Moment Structure SEM program (AMOS 16.0) has been used.

4.2 DATA SCREENING AND PREPARATION

Once the 431 questionnaires were completed, the results were systematically inputted through the data entry mode into a matrix database in SPSS. As mentioned in the measurement error section, a great deal of caution was exercised to ensure that data entry has been very accurate in an effort to minimize processing errors, as even a small imprecision can have large adverse effects on the results. The data have been cross-checked against the completed paper questionnaires twice. I was careful to spot any kind of errors including a) inaccurate data entries, b) various other processing errors resulting from incorrect transfer of information from the questionnaire to the computer, incorrect coding and tabulation, etc. Additional procedures were followed to validate data and check for data entry errors such as: 1) range edits (to ensure that only the possible codes for each question are used and that no codes outside the valid range have been entered), as well as 2) duplication and omission checks (to ensure that the specific data reported by a respondent has not been recorded more than once or that data reported have not been omitted).

In addition, after all these checks revealed that the dataset was error-free, 2 items had to be reversed (which means that on the scale from 1-7, ‘7 became 1’, ‘6 became 2’, ‘5 became 3’ and so on). These items have contributed to check and control for acquiescence (the tendency of some respondents to endorse any assertion in a statement regardless of its content); acquiescence was not found in the data, as the analysis has shown that respondents would indeed read carefully the statement and answer in the expected direction.

When this procedure was finished and I have been sure that my data were free from errors and conformed to all the necessary conditions mentioned above at 4.1 and 4.2, I moved on to the main analysis. As suggested in the SEM literature (McDonald and Ho, 2002; Kline, 2005; Schumacker and Lomax, 2004; Byrne, 2001), there are two main steps in structural equation modelling: a) validating the *Measurement Model* and, then, b) testing the hypotheses by estimating the *Structural Model*. Thus, according to best practices, SEM researchers must test the pure measurement model (underlying a full structural equation model) first, and, if the fit of the measurement model is found acceptable, then proceed to the second step of testing the structural model.

4.3 SEM RESULTS (A): VALIDATING THE MEASUREMENT MODEL

The measurement model is that part of a SEM model which deals with the latent variables and their indicators. In essence, a measurement model is a confirmatory factor analysis (CFA) model in which there is a) unmeasured covariance between each possible pair of latent variables, b) there are straight arrows from the latent variables to their respective indicators, and c) there are straight arrows from the error and disturbance terms to their respective variables; but there are no direct effects (straight arrows) connecting the latent variables. Such a measurement model is evaluated like any other SEM model, using goodness of fit measures (which will be discussed in the next paragraphs). Once a researcher is satisfied that the measurement model is valid, only then he/she can proceed to the estimation of the structural model. Following is the process describing the validation of my measurement model.

I have purified the measures using exploratory factor analyses (EFA) and reliability analyses. I have retained items with high item-to-total correlations, high loadings on the intended factors and not substantial cross-loadings. Following this, I have subjected the set of items to confirmatory factor analysis (CFA) and calculated various fit measures (reported below) in order to verify the hypothesized factor structure; moreover, I have performed some extra calculations to estimate, in addition to Cronbach's α, construct reliability and variance extracted. These statistics based on structure loadings can also be used, according to Garson (2009), to assess the extent to which a latent variable is measured well by its indicators.

SEM authors disagree on which specific FIT indexes to report in a SEM analysis. However, the established opinion according to the majority of SEM experts (Schumacker and Lomax, 2004; Kline, 2005; McDonald and Ho, 2002; Garson, 2009) is suggesting the following measures, which I will report in my analysis (both for the measurement as well as for the structural model):

1) **Chi-square** (**X^2** or "**CMIN**" in AMOS) with **degrees of freedom (DF)** and **significance (p) level**: AMOS outputs model chi-square as "CMIN". Ideally, the chi-square value should not be significant if there is a good model fit (a significant chi-square indicates lack of satisfactory model fit, that is, chi-square is a "badness of fit" measure in that a finding of significance means the given model's covariance structure is significantly different from the observed covariance matrix). In theory, if a model's chi-square $\leq .05$, the researcher's model is rejected by this criterion. However, because the model chi-square is so conservative (prone to Type II error: rejecting something true) and very sensitive to sample size (the larger the sample size, the more likely the rejection of the model; in large samples, even tiny differences between the observed model and the

perfect-fit model may be found significant), researchers typically in SEM literature (Bagozzi and Yi, 1988; Schumacker and Lomax, 2004; Kline, 2005; Morgan, Kaleka and Katsikeas, 2004; Garson, 2009) discount a negative model chi-square finding if the other model fit measures support the model.

2) **Chi-square/degrees of freedom (relative chi-square or normal or normed chi-square)**: AMOS lists relative chi-square as **CMIN/DF**. This is the chi-square fit index divided by degrees of freedom, in an attempt to make it less dependent on sample size. Carmines and McIver (1981) state that relative chi-square should be in the ≤ 2.0 or ≤ 3.0 range for an acceptable model, while Ullman (2001) says ≤ 2.0 or less reflects good fit. Kline (2005) says 3.0 or less is acceptable. Some researchers allow values as high as 5 to consider a model adequate fit (in Schumacker and Lomax, 2004; Bollen, 1989), while others insist relative chi-square be 2 or less.

3) **CFI (Comparative Fit Index)**: the CFI (one of a class of fit statistics known as "incremental" or "comparative fit indexes") compares the existing model fit with a null model which assumes that the latent variables in the model are uncorrelated (the "independence model"). That is, it compares the covariance matrix predicted by the model to the observed covariance matrix, and compares the null model (covariance matrix of 0's) with the observed covariance matrix, to gauge the percent of lack of fit which is accounted for by going from the null model to the researcher's SEM model. The CFI and RMSEA are among the measures least affected by sample size (Fan, Thompson, and Wang, 1999). The CFI varies from 0 to 1 (if outside this range it is reset to 0 or 1): a CFI close to 1 indicates a very good fit, but it is already good if ≥ .90, indicating that 90% of the co-variation in the data can be reproduced by the given model.

4) **RMSEA** (**Root Mean Square of Approximation)** or "discrepancy per degree of freedom" **with 90% confidence intervals**: this is a "parsimony-adjusted index" since its formula includes a built-in function that corrects for model complexity. By convention (in Schumacker and Lomax, 2004) there is good model fit if RMSEA less than or equal to .05 and adequate fit if RMSEA is less than or equal to .08. More recently, Hu and Bentler (1999) have suggested RMSEA ≤ .06 as the cut-off for a good model fit, while Kline (2005) and Browne and Cudeck (1993) note that values ≤ .08 suggest reasonable fit. Garson (2009) mentions that the RMSEA is a popular measure of fit, partly because it does not require comparison with a null model and thus does not require the author posit as plausible a model in which there is complete independence of the latent variables as does, for instance, the CFI. It is one of the fit indexes less affected by sample size, though for smallest sample sizes it overestimates goodness of fit (Fan, Thompson, and Wang, 1999). AMOS reports RMSEA with 90% confidence intervals (LO 90 and HI 90).

In addition, as already mentioned, the following statistics regarding the validity and reliability of the measures will be reported (for the measurement model part only):

5) **Construct reliability**: this statistic should, by convention, be ≥ .70 for the factor loadings. Its formula is given by Garson (2009) as follows: "let sli be the standardized loadings for the indicators for a particular latent variable. Let ei be the corresponding error terms, where error is 1 minus the reliability of the indicator, which is the square of the indicator's standardized loading", then the formula is [(SUM(sli))2]/[(SUM(sli))2 + SUM(ei))]. The calculations to obtain the various construct reliability statistics, reported in the following sections, were done in Excel.

6) **Average variance extracted** (AVE): this statistic should, by convention, be ≥ .50. Its formula is given by Garson (2009) as follows: "its formula is a variation on construct reliability: [(SUM(sli2)]/[(SUM(sli2) + SUM(ei))]. The calculations to obtain the various average variance extracted statistics, reported in the following sections, were done in Excel.

7) **Cronbach's alpha**: this is a commonly used measure testing the extent to which multiple indicators for a latent variable belong together. It varies from 0 to 1.0. A common rule of thumb is that the indicators should have a Cronbach's alpha of ≥ .7 in order to judge the set as reliable. It is possible that a set of items will have a Cronbach's alpha below .7 (alpha may be low because of lack of homogeneity of variances among items, for instance, and it is also lower when there are fewer items in the scale/factor), yet various fit indices in confirmatory factor analysis will be above the cutoff (usually .9) levels. The calculations to obtain Cronbach's α statistics, reported in the following sections (and already in the measurement error section), were done in SPSS.

Presented in the following pages are the final measurement scales used for the structural part of the study with the standardized estimates (figures extracted from AMOS Graphics). Most of the model modification occurs in the measurement stage - because this is where the main source of misspecification can occur (Schumacker and Lomax, 2004) - and because measurement models are the foundations for the subsequent structural models; hence it is crucial that they are correct. The process for establishing each measurement scale is reported, including a short description of any necessary modifications and a discussion of the final fit indexes.

4.3.1 Self-Concept Measurement

Singelis' scale (1994), which measures both the independent and the inter-dependent self-concept, has been used. The scale used in the questionnaire is comprised from 17 items. During the model validation stage some of the items were eliminated; thus, ending up with 11 items. These modifications were necessary for any items with loadings below .40 on the intended factors or for

items with low item-to-total correlations or large cross-loadings. Modification indexes (M.I.s) from Amos output were used during this process, while theoretical judgment was always exercised. Overall, the CFA in AMOS as well as additional calculations with SPSS and Excel have indicated that a measurement scale with 11 items was best suited to measure self-concept, based on the following statistics which indicate that this is, overall, a good measurement model. The retained scale items with their standardized item loadings are shown here (figure extracted from AMOS Graphics):

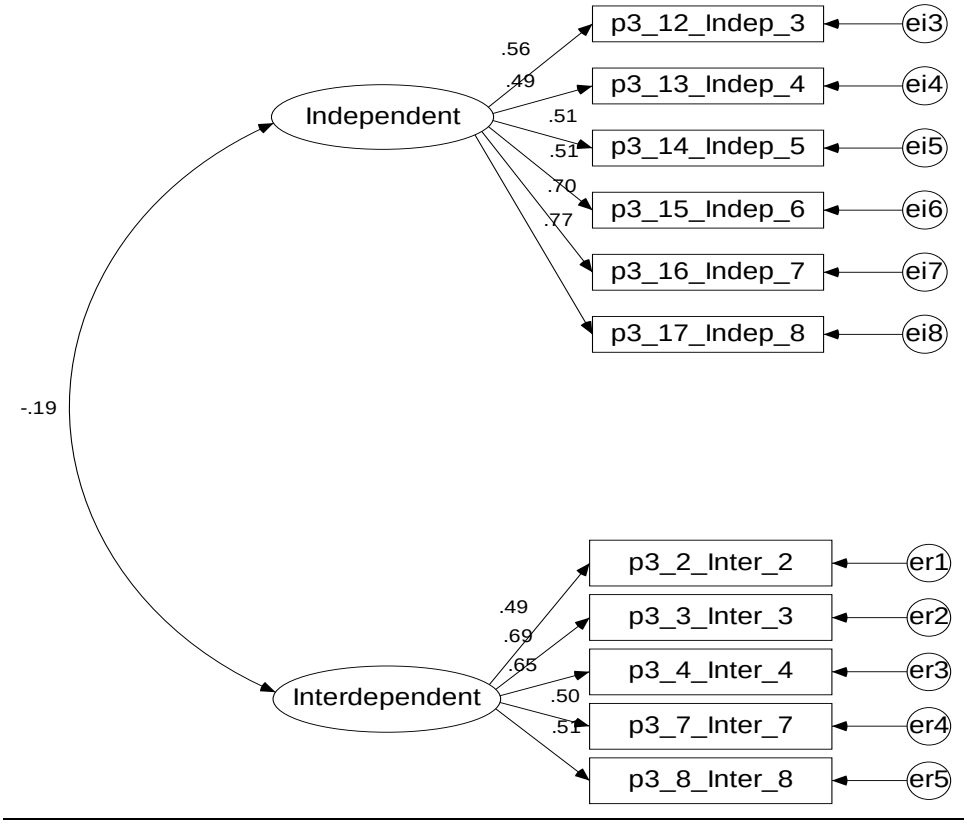


Figure 11. Self-Concept Scale Items with Standardized Loadings (figure from AMOS 16.0)

The X^2 with 43 degrees of freedom is 78.736 (P = .001). Given the known sensitivity of this statistic to the sample size, however, use of X^2 provides little guidance in determining the extent to which the model does not fit; thus, it is more beneficial to rely on the other fit indexes as well as other statistics regarding validity and reliability. The CMIN/DF (X^2/degrees of freedom) is 1.831 which is excellent. Excellent fit - as discussed above at the introduction of (4.3) - is suggested as well from the other indexes such as the GFI (.966), CFI (.959) and RMSEA (.045). Finally, Cronbach's a is (.56), construct reliability is (.849) and variance extracted is (.345). If the two sub-scales are examined separately (independent and inter-dependent self-concept), the last statistics are

even better: Cronbach's a is (.757) and (.697), construct reliability is (.765) and (.704), and variance extracted is (.36) and (.327).

4.3.2 Traits Measurement

4.3.2.1 Hedonism

A scale constructed especially for this study has been used. The scale used in the questionnaire is comprised from 6 items. During the model validation stage two of the items were eliminated; thus, ending up with 4 items. These modifications were necessary for any items with loadings below .40 on the intended factors or for items with low item-to-total correlations or large cross-loadings. Modification indexes (M.I.s) from Amos output were used during this process, while theoretical judgment was always exercised. Overall, the CFA in AMOS as well as additional calculations with SPSS and Excel have indicated that a measurement scale with 4 items was best suited to measure hedonism, based on the following statistics which indicate that this is, overall, a very good measurement model. The retained scale items with their standardized item loadings are shown here (figure extracted from AMOS Graphics):

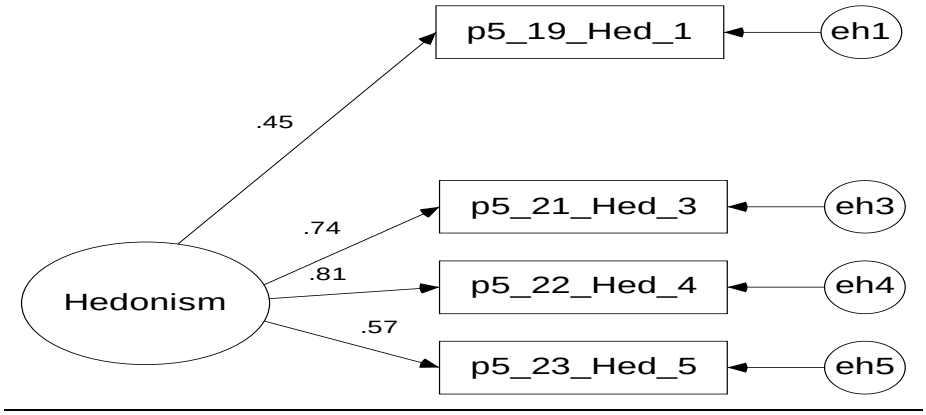


Figure 12. Hedonism Scale Items with Standardized Loadings (figure from AMOS 16.0)

The X^2 with 2 degrees of freedom is 2.240 (p = .326). Given the known sensitivity of this statistic to the sample size, however, use of X^2 provides little guidance in determining the extent to which the model does not fit; thus, it is more beneficial to rely on the other fit indexes as well as other statistics regarding validity and reliability. The CMIN/DF (X^2/degrees of freedom) is 1.120 which is excellent. Excellent fit - as discussed above at the introduction of (4.3) - is suggested as well from the other indexes such as the GFI (.997), CFI (.999) and RMSEA (.017). Finally,

Cronbach's a is very good (.71), construct reliability is very good (.742) and variance extracted is (.429).

4.3.2.2 Consumer Perfectionism (Quality-Seeking)

Consumer perfectionism was measured with the Sproles and Kendall (1986) Consumer Decision Making Styles Scale. The scale used in the questionnaire is comprised from 5 items. During the model validation stage one of the items was eliminated; thus, ending up with 4 items. These modifications were necessary for any items with loadings below .40 on the intended factors or for items with low item-to-total correlations or large cross-loadings. Modification indexes (M.I.s) from Amos output were used during this process, while theoretical judgment was always exercised. Overall, the CFA in AMOS as well as additional calculations with SPSS and Excel have indicated that a measurement scale with 4 items was best suited to measure consumer perfectionism, based on the following statistics which indicate that this is, overall, an excellent measurement model. The retained scale items with their standardized item loadings are shown here (figure extracted from AMOS Graphics):

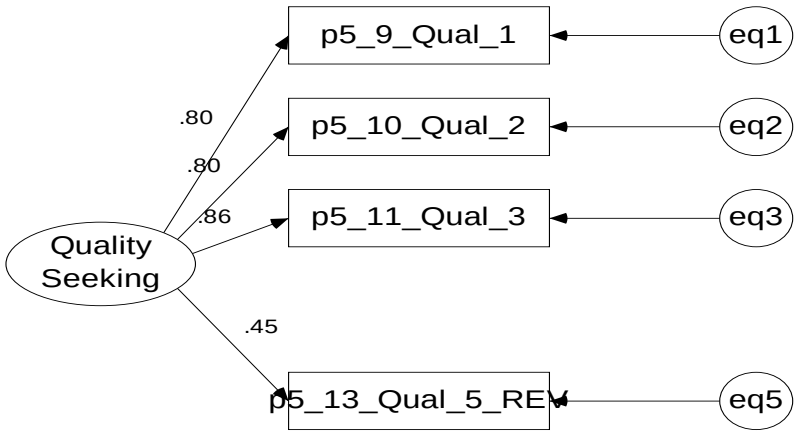


Figure 13. Quality-Seeking Scale Items with Standardized Loadings (figure from AMOS 16.0)

The X^2 with 2 degrees of freedom is 3.951 (p = .139). Given the known sensitivity of this statistic to the sample size, however, use of X^2 provides little guidance in determining the extent to which the model does not fit; thus, it is more beneficial to rely on the other fit indexes as well as other statistics regarding validity and reliability. The CMIN/DF (X^2/degrees of freedom) is 1.976 which is excellent. Excellent fit - as discussed above at the introduction of (4.3) - is suggested as well from the other indexes such as the GFI (.995), CFI (.997) and RMSEA (.048). Finally,

Cronbach's a is excellent (.805), construct reliability is excellent (.825) and variance extracted is very good (.554).

4.3.2.3 Need-For-Uniqueness

Need-for-Uniqueness (N.F.U) was measured with a shorter version of the Tepper et al. (2001) N.F.U. scale, developed by Ruvio, Shoham and Brencic (2008). The scale used in the questionnaire is comprised from 12 items. During the model validation stage one of the items was eliminated; thus, ending up with 11 items. These modifications were necessary for any items with loadings below .40 on the intended factors or for items with low item-to-total correlations or large cross-loadings. Modification indexes (M.I.s) from Amos output were used during this process, while theoretical judgment was always exercised. Overall, the CFA in AMOS as well as additional calculations with SPSS and Excel have indicated that a measurement scale with 11 items was best suited to measure need-for-uniqueness, based on the following statistics which indicate that this is, overall, an excellent measurement model:

The X^2 with 43 degrees of freedom is 104.623 (p = .001). Given the known sensitivity of this statistic to the sample size, however, use of X^2 provides little guidance in determining the extent to which the model does not fit; thus, it is more beneficial to rely on the other fit indexes as well as other statistics regarding validity and reliability. The CMIN/DF (X^2/degrees of freedom) is 2.552 which is excellent. Excellent fit - as discussed above at the introduction of (4.3) - is suggested as well from the other indexes such as the GFI (.958), CFI (.982) and RMSEA which is very good (.061). Finally, Cronbach's a is excellent (.901), construct reliability is excellent (.964) and variance extracted is excellent (.709). The retained scale items with their standardized item loadings are shown here (figure extracted from AMOS Graphics):

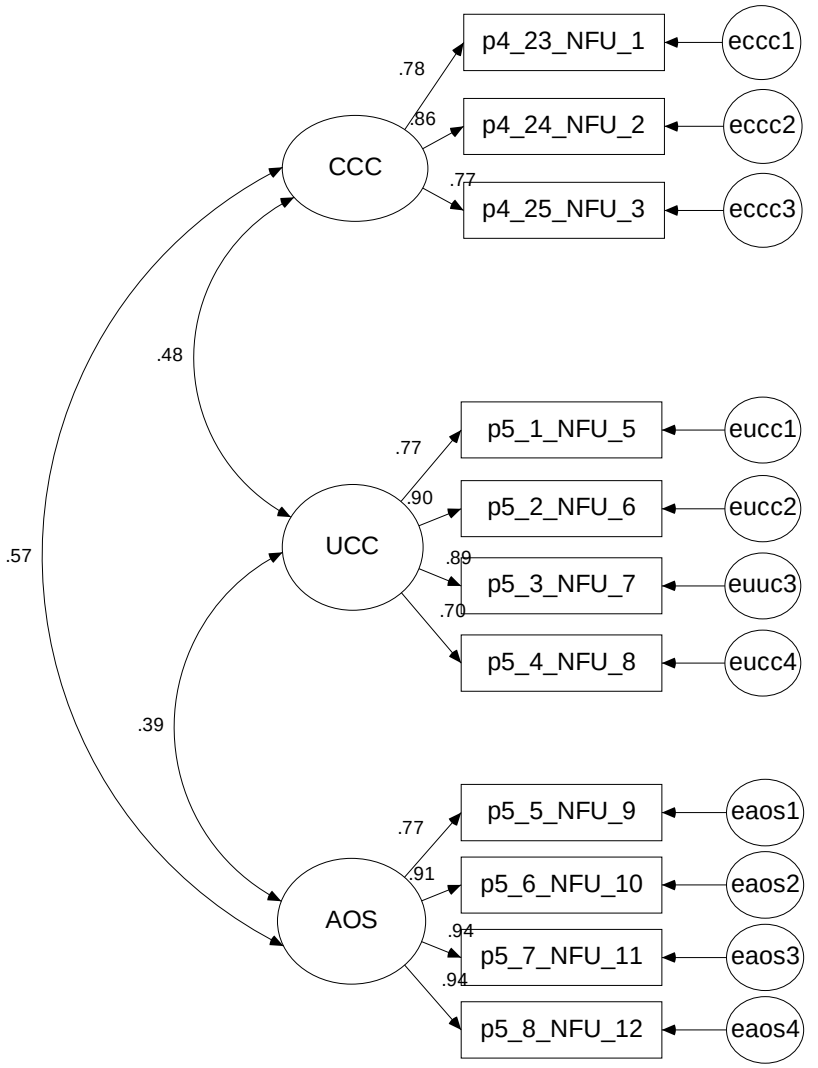


Figure 14. NFU Scale Items with Standardized Loadings (figure from AMOS 16.0)

4.3.2.4 Vanity

Vanity was measured with the Vanity scale (Netemeyer et al.; 1995). The scale used in the questionnaire is comprised from 16 items. During the model validation stage two of the items were eliminated; thus, ending up with 14 items. These modifications were necessary for any items with loadings below .40 on the intended factors or for items with low item-to-total correlations or large cross-loadings. Modification indexes (M.I.s) from Amos output were used during this process, while theoretical judgment was always exercised. Overall, the CFA in AMOS as well as additional calculations with SPSS and Excel have indicated that a measurement scale with 14 items was best suited to measure vanity, based on the following statistics which indicate that this is, overall, an excellent measurement model:

The X^2 with 71 degrees of freedom is 157.233 (p = .001). Given the known sensitivity of this statistic to the sample size, however, use of X^2 provides little guidance in determining the extent to which the model does not fit; thus, it is more beneficial to rely on the other fit indexes as well as other statistics regarding validity and reliability. The CMIN/DF (X^2/degrees of freedom) is 2.215 which is excellent. Excellent fit - as discussed above at the introduction of (4.3) - is suggested as well from the other indexes such as the GFI (.948), CFI (.972) and RMSEA (.054). Finally, Cronbach's a is excellent (.869), construct reliability is excellent (.960) and variance extracted is excellent (.637). The retained scale items with their standardized item loadings are shown here (figure extracted from AMOS Graphics):

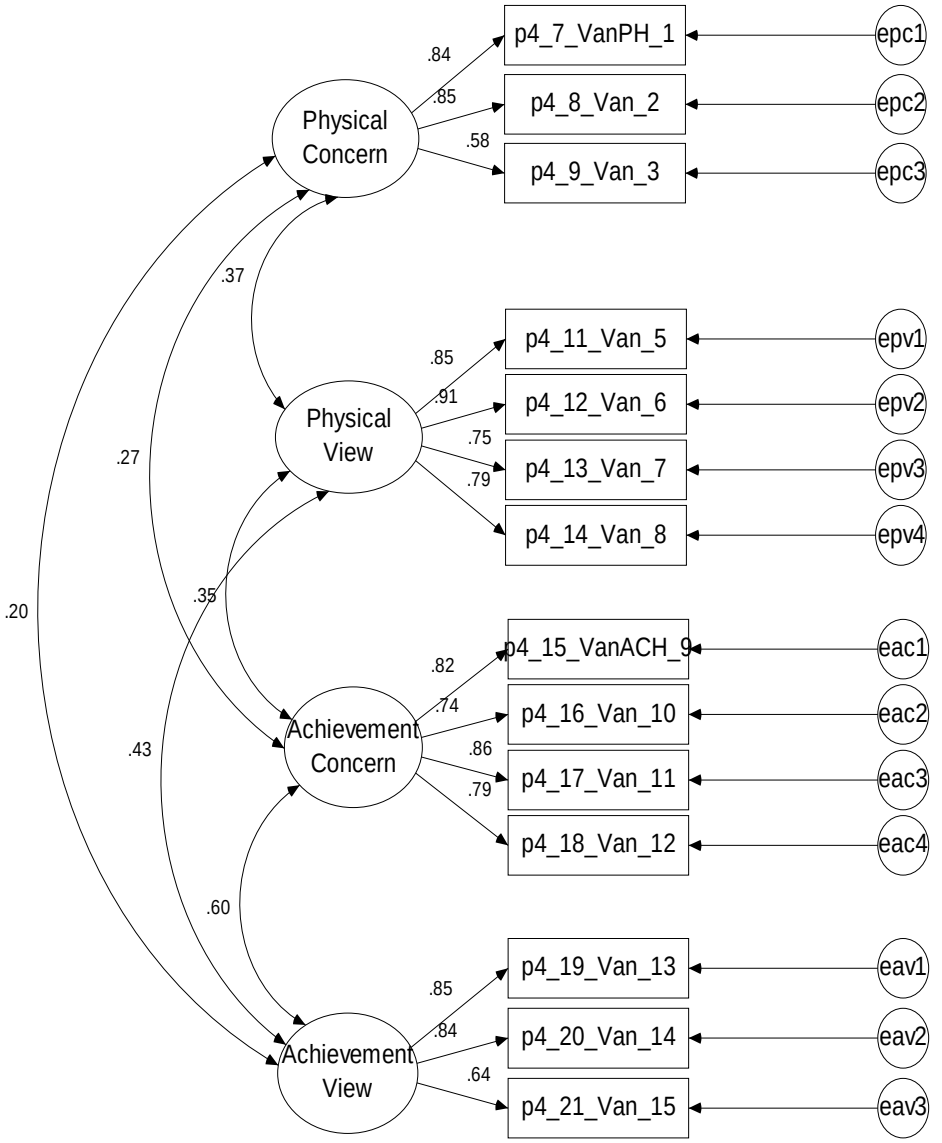


Figure 15. Vanity Scale Items with Standardized Loadings (figure from AMOS 16.0)

4.3.2.5 Narcissism

Narcissism was measured with the NPI-16 scale, developed by Ames, Rose and Anderson (2006). The scale used in the questionnaire is comprised from 16 items. During the model validation stage some of the items were eliminated; thus, ending up with 9 items. These modifications were necessary for any items with loadings below .40 on the intended factors or for items with low item-to-total correlations or large cross-loadings. Modification indexes (M.I.s) from Amos output were used during this process, while theoretical judgment was always exercised. Overall, the CFA in AMOS as well as additional calculations with SPSS and Excel have indicated that a measurement scale with 9 items was best suited to measure narcissism, based on the following statistics which indicate that this is, overall, a good measurement model. The retained scale items with their standardized item loadings are shown here (figure extracted from AMOS Graphics):

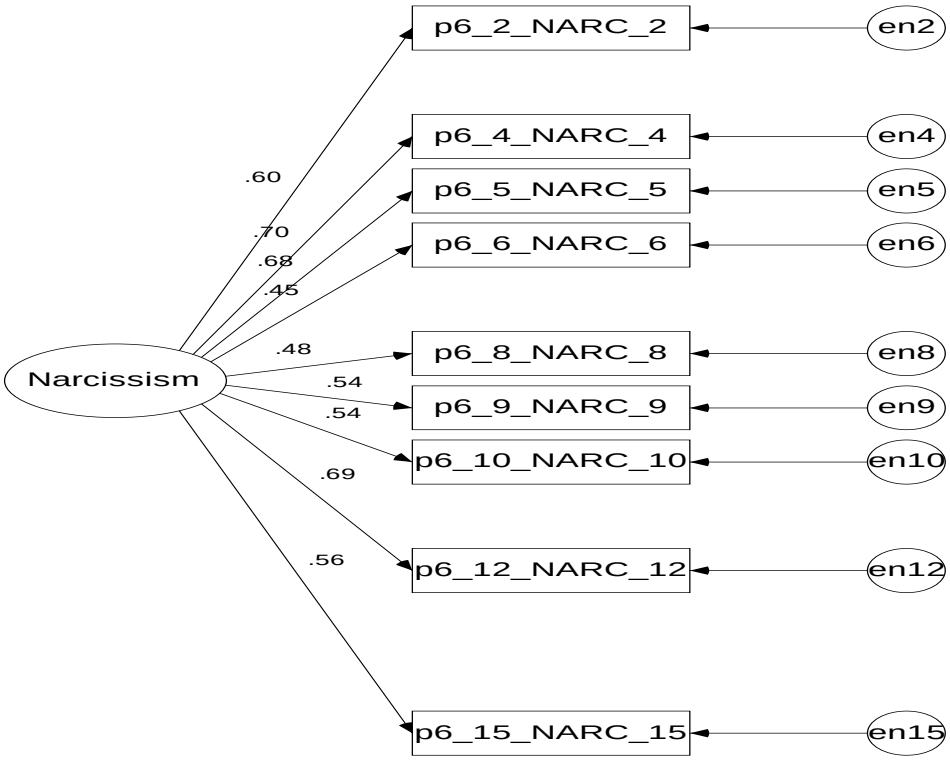


Figure 16. Narcissism Scale Items with Standardized Loadings (figure from AMOS 16.0)

The X^2 with 27 degrees of freedom is 74.513 (p = .001). Given the known sensitivity of this statistic to the sample size, however, use of X^2 provides little guidance in determining the extent to which the model does not fit; thus, it is more beneficial to rely on the other fit indexes as well as other statistics regarding validity and reliability. The CMIN/DF (X^2/degrees of freedom) is 2.760 which is excellent. Excellent fit is suggested as well from the other indexes such as the GFI (.959),

CFI (.949) and RMSEA which is very good (.065). Finally, Cronbach's a (.822), and construct reliability are excellent (.824) and variance extracted is (.347).

4.3.2.6 Status-Seeking

Status-seeking was measured with the SCS (Status-Consumption) Scale (Eastman, Goldsmith, and Flynn; 1999). The scale used in the questionnaire is comprised from 5 items. During the model validation stage one of the items was eliminated; thus, ending up with 4 items. These modifications were necessary for any items with loadings below .40 on the intended factors or for items with low item-to-total correlations or large cross-loadings. Modification indexes (M.I.s) from Amos output were used during this process, while theoretical judgment was always exercised. Overall, the CFA in AMOS as well as additional calculations with SPSS and Excel have indicated that a measurement scale with 4 items was best suited to measure status-seeking, based on the following statistics which indicate that this is, overall, an excellent measurement model. The retained scale items with their standardized item loadings are shown here (figure extracted from AMOS Graphics):

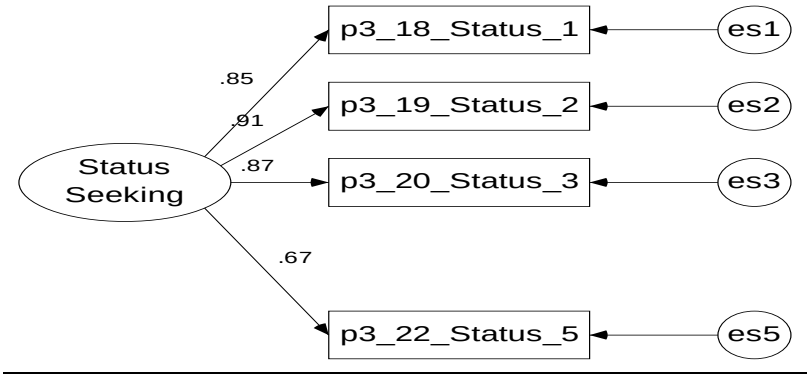


Figure 17. Status-Seeking Scale Items with Standardized Loadings (figure from AMOS 16.0)

The X^2 with 2 degrees of freedom is 1.267 (p = .531). Given the known sensitivity of this statistic to the sample size, however, use of X^2 provides little guidance in determining the extent to which the model does not fit; thus, it is more beneficial to rely on the other fit indexes as well as other statistics regarding validity and reliability. The CMIN/DF (X^2/degrees of freedom) is .634 which is excellent. Excellent fit - as discussed above at the introduction of (4.3) - is suggested as well from the other indexes such as the GFI (.999), CFI (1.000) and RMSEA (.000). Finally, Cronbach's a is excellent (.898), construct reliability is excellent (.890) and variance extracted is excellent (.673).

4.3.2.7 Consumer Susceptibility to Interpersonal Influence (Conformity)

Conformity was measured with the CSII - Consumer Susceptibility to Interpersonal Influence scale (Bearden, Netemeyer and Teel; 1989). The scale used in the questionnaire is comprised from 11 items. During the model validation stage three items were eliminated; thus, ending up with 8 items. These modifications were necessary for any items with loadings below .40 on the intended factors or for items with low item-to-total correlations or large cross-loadings. Modification indexes (M.I.s) from Amos output were used during this process, while theoretical judgment was always exercised. Overall, the CFA in AMOS as well as additional calculations with SPSS and Excel have indicated that a measurement scale with 8 items was best suited to measure consumer susceptibility to interpersonal influence, based on the following statistics which indicate that this is, overall, an excellent measurement model. The retained scale items with their standardized item loadings are shown here (figure extracted from AMOS Graphics):

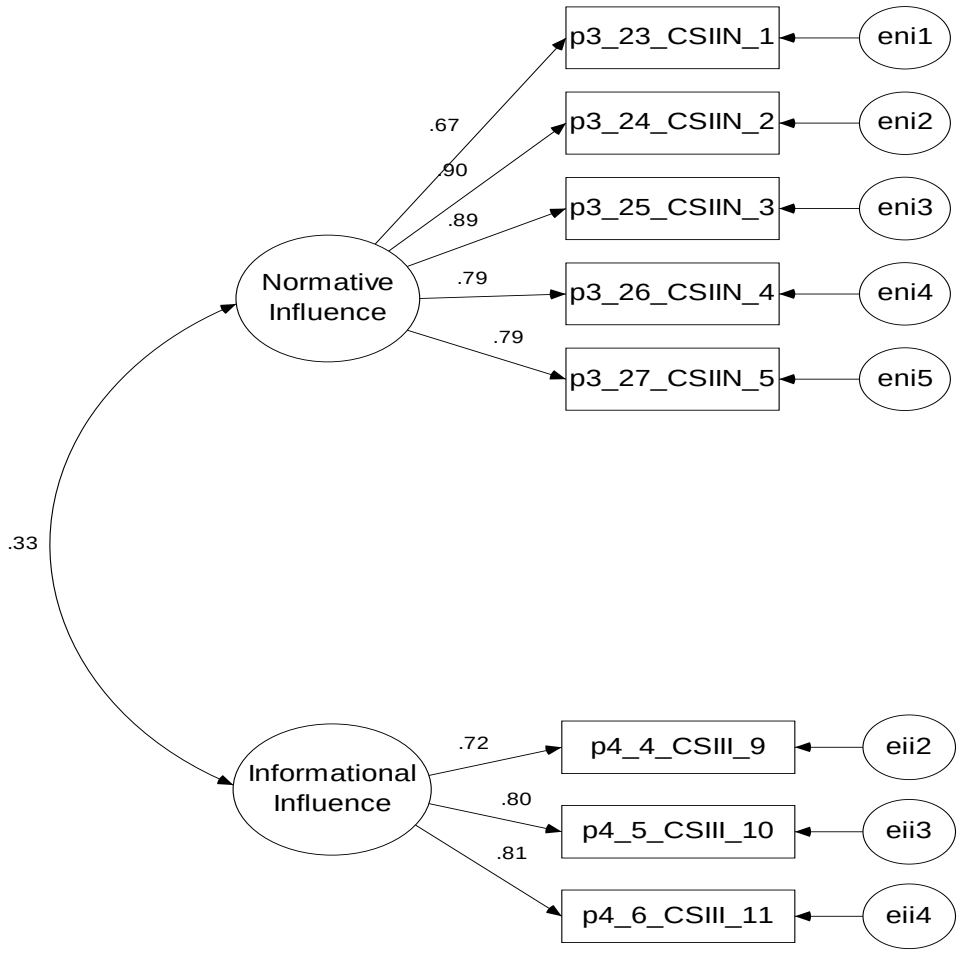


Figure 18. CSII Scale Items with Standardized Loadings (figure from AMOS 16.0)

The X^2 with 19 degrees of freedom is 41.993 (p = .002). Given the known sensitivity of this statistic to the sample size, however, use of X^2 provides little guidance in determining the extent to

which the model does not fit; thus, it is more beneficial to rely on the other fit indexes as well as other statistics regarding validity and reliability. The CMIN/DF (X^2/degrees of freedom) is 2.210 which is excellent. Excellent fit - as discussed above at the introduction of (4.3) - is suggested as well from the other indexes such as the GFI (.976), CFI (.988) and RMSEA (.053). Finally, Cronbach's a is excellent (.845), construct reliability is excellent (.934) and variance extracted is excellent (.640).

4.3.2.8 (Novelty) Fashion-Consciousness

(Novelty) Fashion-Consciousness was measured with the Sproles and Kendall (1986) Consumer Decision Making Styles Scale. The scale used in the questionnaire is comprised from 4 items. During the model validation stage one of the items was eliminated; thus, ending up with 3 items. These modifications were necessary for any items with loadings below .40 on the intended factors or for items with low item-to-total correlations or large cross-loadings. Modification indexes (M.I.s) from Amos output were used during this process, while theoretical judgment was always exercised. Overall, the CFA in AMOS as well as additional calculations with SPSS and Excel have indicated that a measurement scale with 3 items was best suited to measure novelty fashion-consciousness. However, after the CFA in AMOS, I have ended up with using a saturated model with the following statistics:

The X^2 with 0 degrees of freedom is 0 (p = . Probability level cannot be computed). The fit indexes are those of a saturated model, hence: GFI (1.000), CFI (1.000), and RMSEA (.752 for the independence model). Finally, Cronbach's a is excellent (.877), construct reliability is excellent (.882) and variance extracted is excellent (.716). The retained scale items with their standardized item loadings are shown here (figure extracted from AMOS Graphics):

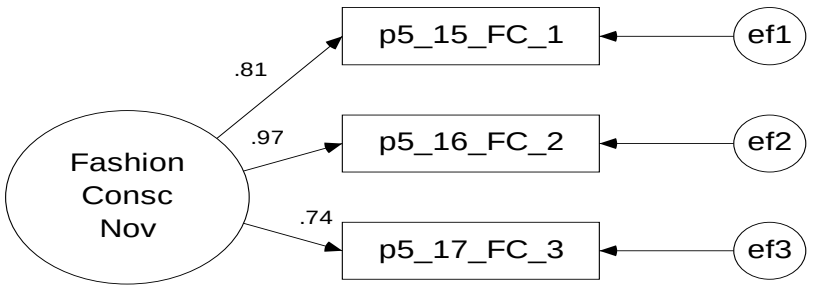


Figure 19. Fashion Consciousness Scale Items with Standardized Loadings (figure from AMOS 16.0)

4.3.3 Behavioural (Effects) Measurement

A composite scale, measuring all the five effects (behavioural patterns), was developed specifically for this study. The scale used in the questionnaire is comprised from 15 items. During the model validation stage two of the items were eliminated; thus, ending up with 13 items. These modifications were necessary for any items with loadings below .40 on the intended factors or for items with low item-to-total correlations or large cross-loadings. Modification indexes (M.I.s) from Amos output were used during this process, while theoretical judgment was always exercised. Overall, the CFA in AMOS as well as additional calculations with SPSS and Excel have indicated that a measurement scale with 13 items was best suited to measure the five effects, based on the reported statistics which indicate that this is, overall, an excellent measurement model. The retained scale items with their standardized item loadings are shown here:

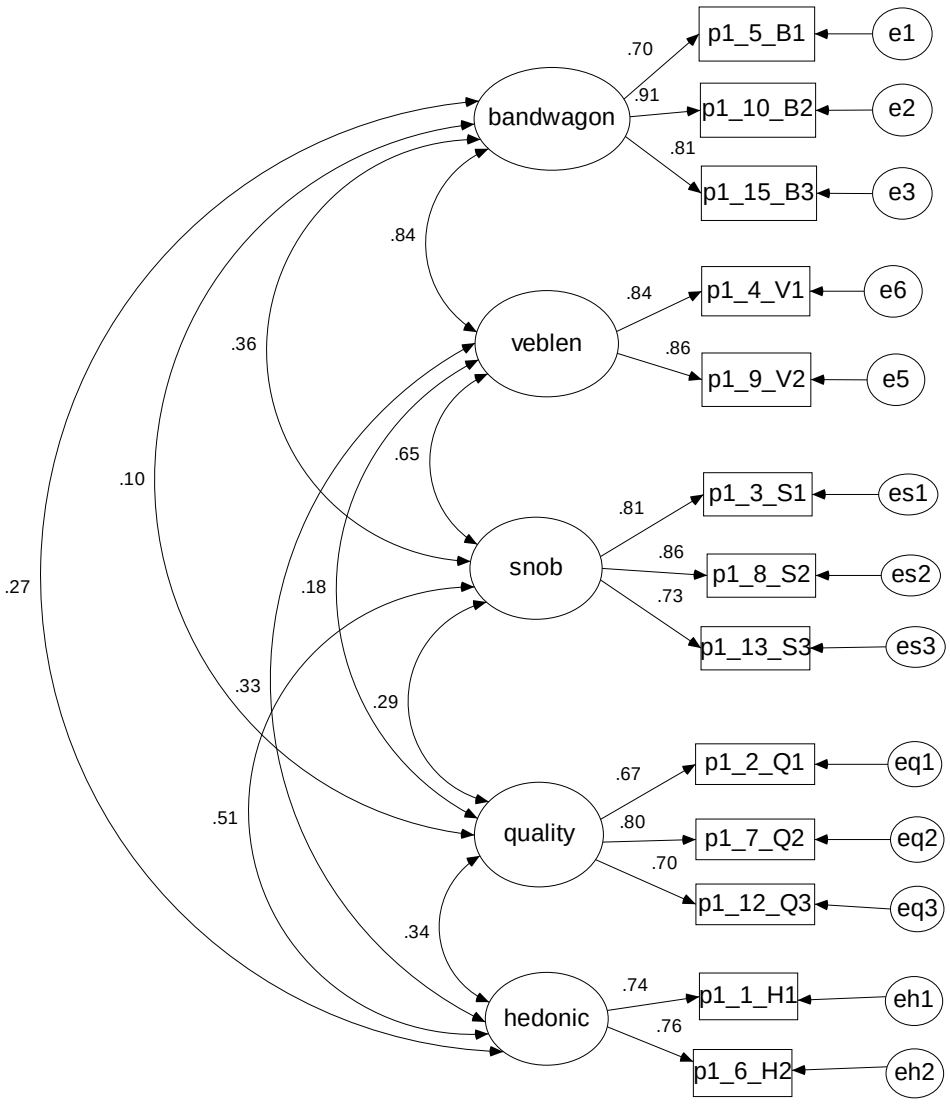


Figure 20. Effects Scale Items with Standardized Loadings (figure from AMOS 16.0)

The X^2 with 55 degrees of freedom is 135.497 (p = .001). Given the known sensitivity of this statistic to the sample size, however, use of X^2 provides little guidance in determining the extent to which the model does not fit; thus, it is more beneficial to rely on the other fit indexes as well as other statistics regarding validity and reliability. The CMIN/DF (X^2/degrees of freedom) is 2.464 which is excellent. Excellent fit - as discussed above at the introduction of (4.3) - is suggested as well from the other indexes such as the GFI (.954), CFI (.969) and RMSEA which is very good (.058). Finally, Cronbach's a is excellent (.844), construct reliability is excellent (.955) and variance extracted is very good (.619).

4.3.4 Conclusions from the Measurement Stage

Overall, the measurement models give very good results that allow with confidence the advancement to the next stage. Hence, after having established my measurement model, I moved on to testing the study's hypotheses by estimating the structural model.

4.4 SEM RESULTS (B): TESTING THE STRUCTURAL MODEL

The structural model is the set of all the (exogenous and endogenous) variables in the model, together with the direct effects (straight arrows) connecting them, any correlations among the exogenous variable or indicators, and the error and disturbance terms for these variables (reflecting the effects of unmeasured variables not in the model). In the following sections I will be presenting the results - regression weights or path estimates; and variance explained or squared multiple correlations - together with the various fit indexes with some necessary comments, before I move on to the next chapter (discussion of the results). More specifically, I will present the R^2, the unstandardized as well as the standardized estimates and, again, the following fit indexes: 1) Chi-square or "CMIN" with degrees of freedom (DF) and significance (p) level; 2) Chi-square divided by degrees of freedom (CMIN/DF); 3) CFI (Comparative Fit Index); and, 4) RMSEA with 90% confidence intervals. Before examining the results of testing the hypothesized structural model, I consider it important to briefly review, as a reminder, the model as well as the status of all factors comprising it:

The primary goal of this study is to develop and test an integrative model that explains in a parsimonious and conceptually appealing way the different twists of luxury consumption behaviour. The model is parsimonious in the sense that it collapses - on the antecedents' side - the numerous

individual differences into two broad orientations, while at the same time - on the behavioural side - it describes the various distinctive consumption patterns of luxury goods:

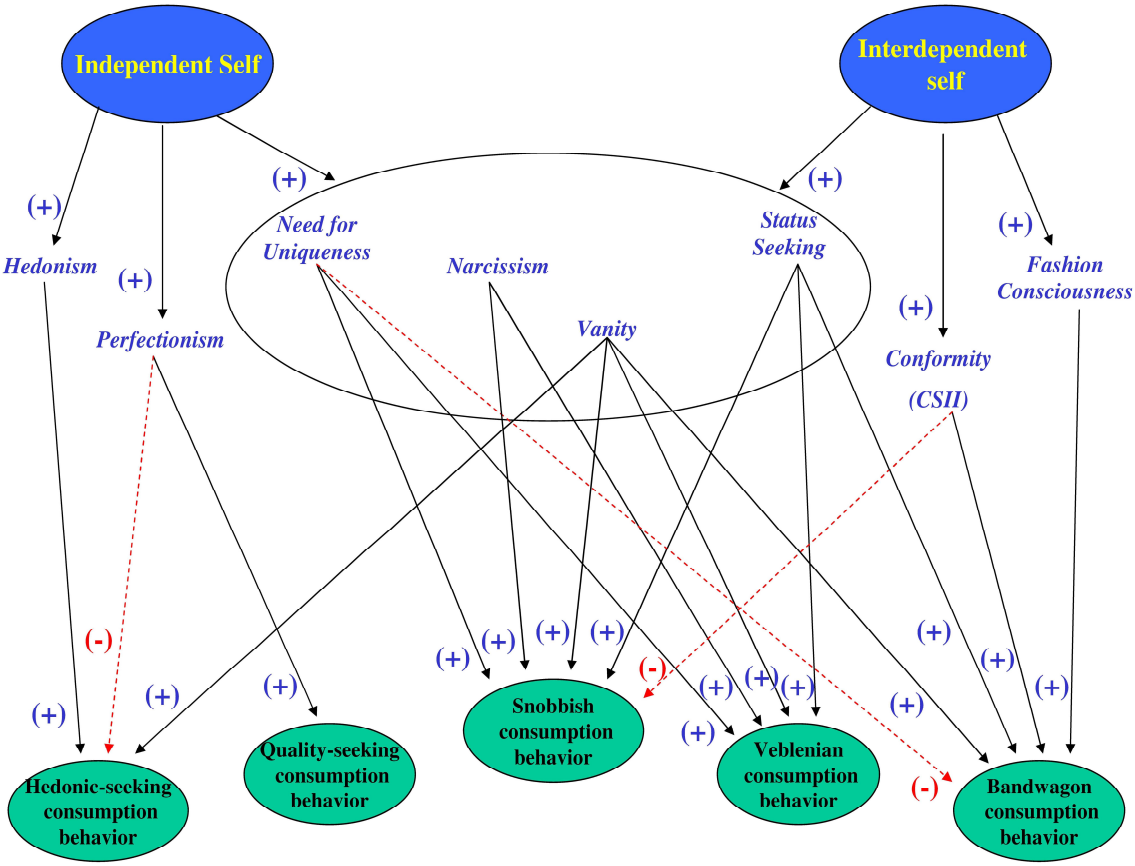


Figure 7. Hypothesized Model of Luxury Consumption Behaviour(s) and Psychological Antecedents

Briefly, this model postulates that an individual's self-concept impacts the way this person consumes luxuries. Consumers with an independent self show a more personal orientation in the way that they consume luxuries (focusing on their hedonic, utilitarian and self-communication goals) whereas consumers with an inter-dependent self care more for the social impact of such consumption. But through which mechanism exactly does the self impact consumption behaviour? The model explains that it is a person's dispositions (traits) that mediate and give a meaning in the relationship between the self concept and luxury consumption behaviour. Thus, the various luxury-specific traits help in explaining how the self-concept impacts the consumption behaviour. Secondly, how is this phenomenon manifested in overt behaviour? Or (to rephrase the question in a different way) what exactly is the outcome of possessing one vs. another orientation (and one or a certain number of different personality traits)? It is inadequate to consider - as in the existing marketing

literature - that the behaviour of such different consumers of luxury goods is homogenous. The model recognises that the behaviour towards luxury goods cannot be exhausted in a mere "purchase/usage of luxury goods" or in just a dual personal vs. social orientation but, instead, it should be conceptualised in the form of five different patterns (effects) with the various personality traits as their direct antecedents. The consumption (purchase and use) of luxuries is not a homogeneous behaviour but, instead, encompasses many distinct consumer behavioural patterns. All these are visualised in the figure above.

Speaking in modelling terms, as seen in the figure, the hypothesized structural model encompasses three levels of variables:

- At the first level there are 2 antecedent constructs (independent and inter-dependent self).
- Following these, there are 8 mediating constructs (luxury-specific individual traits).
- Finally, there are 5 outcome constructs (behavioural patterns of the consumers of luxury goods or effects).

Overall there are 15 theoretical constructs in the model; measured by 81 indicators. The sample finally used to test the structural model was comprised from 378 cases after some of the initial 431 were eliminated due to missing data that AMOS cannot handle well in some calculations. At this stage an important decision had to be made: a question arose as to whether the sample size (statistical power) permits the testing of the overall model or if the model should be broken down and be partially tested.

According to literature on the topic (Schumacker and Lomax, 2004; Kline, 2005; McDonald and Ho, 2002; Garson, 2009; Bentler and Chou, 1987) the sample size should not be small as SEM relies on tests which are sensitive to sample size as well as to the magnitude of differences in covariance matrices. According to Garson (2009), one survey of 72 SEM studies found the median sample size was 198; however, with over ten variables, sample size under 200 generally means parameter estimates are unstable and significance tests lack power. Loehlin (2004) recommends at least 100 cases, preferably 200. Hoyle (1995) also recommends a sample size of at least 100 - 200. Schumacker and Lomax (2004) surveyed the literature and found sample sizes of 250 - 500 to be used in numerous studies that were in agreement that fewer than 100 or 150 subjects was below the minimum. A sample of 150 is considered too small unless the covariance coefficients are relatively large or PLS SEM is used.

Schumacker and Lomax (2004) agree with Bentler and Chou (1987) which allow as few as 5 cases per variable if one has met all data assumptions (data normality) and multiple indicators are

used. Both these conditions have been successfully met in this study. Also, as mentioned, I had several discussions on this issue (regarding the sample size as well as the related issue of whether PLS - variance based - SEM should be used) with academics carrying substantial expertise in the field such as Professors Michael Haenlein and Andreas Kaplan (Haenlein and Kaplan, 2004). Both have agreed that, in this study, the use of PLS wasn't necessary and that the model could be tested with AMOS 16.0 as it is - without the need to break it down. (Personal communication: "in our paper we show that using PLS only makes sense in special situations, for example when sample size is low or when statistical power is of particular concern. Given that none of these conditions appear to be fulfilled in your case, I do not think that using PLS to estimate your model makes much sense").

However, considering the ambiguity on this issue, I have decided to be conservative and I have broken down the model in different parts to be tested separately: thus, there is a separate examination of the first two levels (paths from self-concept to individual traits: at 4.4.1) and, then, the last two levels of constructs (paths from traits to behavioural patterns or effects: at 4.4.2). There is also an additional separate examination of five different mediated models (for each of the five effects), encompassing all three levels altogether; with only one effect each time, the relevant traits and the self-concept(s): self-concept => traits => hedonic/ quality/ snob/ veblen/ bandwagon effect(s) at 4.5.

However, an overall model (not presented in this study) has been tested as well. It is enough to cite here that all the different tested models (partial models, mediated models, and overall model) lead to the same results, increasing confidence to the findings.

4.4.1 Paths from Self-Concept to Traits

In the following section, I test the hypotheses examining the relationship between the self-concept(s) and the individual traits. There are several hypotheses in this section which are summarized here:

- The independent self-concept is positively associated with the trait of hedonism.
- The independent self-concept is positively associated with the trait of consumer perfectionism.
- Both the independent and the inter-dependent self-concepts are positively associated to the trait of need-for-uniqueness.

- Both the independent and the inter-dependent self-concepts are positively associated to the trait of narcissism.
- Both the independent and the inter-dependent self-concepts are positively associated to the trait of vanity.
- Both the independent and the inter-dependent self-concepts are positively associated to the trait of status-seeking.
- The inter-dependent self-concept is positively associated with the trait of susceptibility to interpersonal influence.
- The inter-dependent self-concept is positively associated with the trait of fashion consciousness.

4.4.1.1 Self-Concept to Hedonism

The hypothesis tested here is that an independent self-concept is positively associated with the trait of hedonism. The X^2 with 87 degrees of freedom is 149.049 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 1.713 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.951) and RMSEA (.043). No modifications were made. Hence, the model fits the data very well. The R^2 is 13.2%, meaning that the self-concept explains 13.2% of the variance in hedonism. The unstandardized as well as the standardized estimates are reported here:

Regression Weights:

	Estimate	S.E.	C.R.	P
hedonism <--- Independent	.323	.064	5.074	***
hedonism <--- Interdependent	.165	.082	2.021	.043

Standardized Regression Weights:

	Estimate
hedonism <--- Independent	.364
hedonism <--- Interdependent	.139

The data support the predicted relationship between an independent self concept and the trait of hedonism. As expected, there is a strong positive (standardized path coefficient = .364) and statistically significant (p = ***) relationship between an independent self and hedonism. This confirms the hypothesis that hedonists, people who are pleasure-seekers (seeking concrete physical pleasure or more abstract such as beauty and aesthetics) mostly possess an independent type of self-concept. However, it emerged, in addition, that there is a weaker positive (standardized path

coefficient = .139) and statistically significant (p = .043) relationship between this trait and the interdependent self as well. This was not hypothesized and the implicit assumption would have been that hedonism would be negatively related to the inter-dependent self; however, as data show, although hedonism is lower with inter-dependent people, it doesn't have a negative relationship (as in the case of other traits, below, for example) with this type of self-concept. This finding implies that hedonism is a bipolar trait: it may not be primarily socially-directed but, still, it has elements that can be instrumental in realizing goals related to the inter-personal arena. More research is necessary on this relationship.

4.4.1.2 Self-Concept to Consumer Perfectionism (Quality-Seeking)

The hypothesis tested here is that an independent self-concept is positively associated with the trait of consumer perfectionism. The X^2 with 87 degrees of freedom is 143.013 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 1.644 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.963) and RMSEA (.041). No modifications were made. Hence, the model fits the data very well. The R^2 is 11.6%, meaning that the self-concept explains 11.6% of the variance in consumer perfectionism. The unstandardized as well as the standardized estimates are reported here:

Regression Weights:

		Estimate	S.E.	C.R.	P
Quality_Seeking	<--- Independent	.169	.037	4.564	***
Quality_Seeking	<--- Interdependent	-.036	.044	-.825	.409

Standardized Regression Weights:

		Estimate
Quality_Seeking	<--- Independent	.326
Quality_Seeking	<--- Interdependent	-.052

The data provide support for the predicted relationship between an independent self concept and the trait of consumer perfectionism (quality-seeking) as well. As expected, there is a strong positive (standardized path coefficient = .326) and statistically significant (p = ***) relationship between an independent self and consumer perfectionism; while, as implicitly expected, an inter-dependent self was not found to have any significant effect on this trait (and is negatively related to this trait). Therefore, as hypothesized, perfectionism is a utilitarian trait that mostly expresses a

consumer's internal dispositions and does not relate to concerns about aligning with the social context, as happens with consumers possessing an independent self-concept.

4.4.1.3 Self-Concept to Need-For-Uniqueness

The hypothesis tested here is that both the independent as well as the inter-dependent self-concept are positively associated with the trait of need-for-uniqueness. The X^2 with 199 degrees of freedom is 313.137 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 1.574 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.972) and RMSEA (.039). No modifications were made. Hence, the model fits the data very well. The R^2 for the three subdimensions is 11.8%, 7.4% and 18%; meaning that the self-concept explains 11.2% of the variance in avoidance of similarity, 0.74 of the variance in unpopular choice counter-conformity and 18% of the variance in creative choice counter-conformity. The unstandardized as well as the standardized estimates are reported here:

Regression Weights:

	Estimate	S.E.	C.R.	P
CCC <--- Independent	.608	.093	6.533	***
UCC <--- Independent	.331	.076	4.379	***
AOS <--- Independent	.555	.101	5.510	***
CCC <--- Interdependent	.063	.118	.532	.595
UCC <--- Interdependent	.127	.101	1.255	.210
AOS <--- Interdependent	-.107	.135	-.788	.430

Standardized Regression Weights:

	Estimate
CCC <--- Independent	.429
UCC <--- Independent	.276
AOS <--- Independent	.330
CCC <--- Interdependent	.033
UCC <--- Interdependent	.080
AOS <--- Interdependent	-.048

Data support the predicted relationship between an independent self concept and need for uniqueness, including all three facets of this trait. Specifically, as predicted, there is a quite strong positive (standardized path coefficient = .429) and statistically significant (p = ***) relationship between an independent self and creative choice counter-conformity; a strong positive (standardized

path coefficient = .330) and statistically significant (p = ***) relationship between an independent self and the avoidance of similarity dimension; and a positive (standardized path coefficient = .276) and statistically significant (p = ***) relationship between an independent self and the last dimension of unpopular choice counter-conformity. However, even though it was hypothesized, according to the literature and interviews, that need for uniqueness is a function of both personal and inter-personal factors (thus, it was anticipated that an inter-dependent self has also some influence on this trait), there was no significant effect found between an inter-dependent self and any of its sub-dimensions. Hence, I conclude that the original assumption of Vigneron and Johnson (1999) that N.F.U. is a trait of private self-conscious consumers is correct. Consumers with a high need-for-uniqueness seem not to care about mapping correctly on the inter-personal domain and their behaviour should be de-contextualized. This finding implies that N.F.U. is not a socially-directed trait. However, more research is necessary to clarify the exact orientation of N.F.U.

4.4.1.4 Self-Concept to Narcissism

The hypothesis tested here is that both the independent as well as the inter-dependent self-concept are positively associated with the trait of narcissism. The X^2 with 167 degrees of freedom is 295.835 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 1.771 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.927) and RMSEA (.045). No modifications were made. Hence, the model fits the data very well. The R^2 is 10.3%, meaning that the self-concept explains 10.3% of the variance in narcissism. The unstandardized as well as the standardized estimates are reported here:

Regression Weights:

	Estimate	S.E.	C.R.	P
Narcissism <--- Independent	-.130	.063	-2.073	.038
Narcissism <--- Interdependent	.353	.096	3.663	***

Standardized Regression Weights:

	Estimate
Narcissism <--- Independent	-.132
Narcissism <--- Interdependent	.268

Narcissism was hypothesized to be a function of both personal and inter-personal factors (thus, it was anticipated that there would be a positive effect from both self conceptions); however, data

provide support for a positive relationship between narcissism and an inter-dependent self, while there is a negative relationship between this trait and the independent self concept. Specifically, there is a negative (standardized path coefficient = -.132) and statistically significant (p = .038) relationship between an independent self and narcissism and a positive (standardized path coefficient = .268) and statistically significant (p = ***) relationship between an inter-dependent self and narcissism. These findings suggest that narcissists, "individuals who see themselves, and who want others to see them, as special, superior and entitled and who are prone to exhibitionism and vanity", are mostly concerned about the impression they cause to those around them; their behaviour - even though self-centered - is contextualized as happens with consumers possessing an inter-dependent type of self.

4.4.1.5 Self-Concept to Vanity

The hypothesis tested here is that both the independent as well as the inter-dependent self-concept are positively associated with the trait of vanity. The X^2 with 260 degrees of freedom is 493.415 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 1.898 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.939) and RMSEA (.049). No modifications were made. Hence, the model fits the data very well. The R^2 for the four sub-dimensions is 2.7%, 7.8%, 5.7% and 2.2% meaning that the self-concept explains a mere 2.7% of the variance for physical concern, 7.8% of the variance in achievement view, 5.7% of the variance in achievement concern and 2.2% of the variance in physical view. The unstandardized as well as the standardized estimates are reported here:

Regression Weights:

	Estimate	S.E.	C.R.	P
AV <--- Interdependent	.124	.078	1.602	.109
AC <--- Interdependent	.244	.124	1.964	.049
PV <--- Interdependent	.037	.103	.359	.720
PC <--- Interdependent	.130	.107	1.215	.225
PV <--- Independent	.182	.075	2.422	.015
AC <--- Independent	.323	.090	3.600	***
AV <--- Independent	.246	.058	4.214	***
PC <--- Independent	.191	.077	2.467	.014

Standardized Regression Weights:

	Estimate
AV <--- Interdependent	.107
AC <--- Interdependent	.130
PV <--- Interdependent	.023
PC <--- Interdependent	.081
PV <--- Independent	.150
AC <--- Independent	.228
AV <--- Independent	.280
PC <--- Independent	.158

Another construct that was hypothesized to be a function of both personal and inter-personal factors (thus, it was anticipated that there would be a positive effect from both self conceptions) is the trait of vanity; however, data show that there is no statistically significant relationship between vanity and an inter-dependent self (only marginally for the achievement concern dimension). However, support is found for the predicted relationship between an independent self concept and vanity, including all facets of this trait (physical vanity with two further dimensions and achievement vanity with two further dimensions as well). As expected, there is a positive (standardized path coefficient = .150) and statistically significant (p = .015) relationship between an independent self and the physical view dimension; a positive (standardized path coefficient = .158) and statistically significant (p = .014) relationship between an independent self and physical concern; a stronger positive (standardized path coefficient = .228) and statistically significant (p = ***) relationship between an independent self and achievement concern; and an even stronger positive (standardized path coefficient = .280) and statistically significant (p = ***) relationship between an independent self and the achievement view dimension. These findings suggest that vain individuals, “people with excessive concern and inflated view of their appearance and achievements”, are mostly concerned with satisfying this self-centred need and self related goals. Vain individuals, as the data suggest, don’t care about mapping correctly on the inter-personal domain and their behaviour is de-contextualized, as with an independent self. This finding implies that vanity is not a socially-directed trait. More research is necessary to clarify the exact orientation of vanity.

4.4.1.6 Self-Concept to Status-Seeking

The hypothesis tested here is that both the independent as well as the inter-dependent self-concept are positively associated with the trait of status-seeking. The X^2 with 87 degrees of freedom

is 171.626 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 1.973 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.955) and RMSEA (051). No modifications were made. Hence, the model fits the data very well. The R^2 is 3%, meaning that the self-concept explains only 3% of the variance in status-seeking. The unstandardized as well as the standardized estimates are reported here:

Regression Weights:

	Estimate	S.E.	C.R.	P
Status_Seeking <--- Independent	-.165	.067	-2.452	.014
Status_Seeking <--- Interdependent	.081	.092	.876	.381

Standardized Regression Weights:

	Estimate
Status_Seeking <--- Independent	-.152
Status_Seeking <--- Interdependent	.056

The data do not provide support for any of the predicted relationships between the trait of status-seeking and self-concept(s). There is a weak negative (standardized path coefficient = -.152) and statistically significant (p = .014) relationship between status seeking and the independent self concept (thus, not in the expected direction) and a weak positive (standardized path coefficient = .056) but not statistically significant (p = .361) relationship between an inter-dependent self and this trait. Therefore, “status-seekers” - the “people who are continually straining to surround themselves with visible evidence of the superior rank they are claiming” - are clearly not associated with the independent self (they are negatively associated); this indicates that status-seeking is, in essence, a social trait and status-seekers need the inter-personal domain to operate efficiently and provide evidence of the superior rank they are claiming. However, this is a weak claim in front of the data as the relationship between status-seeking and the inter-dependent self was not found to be statistically significant, although it is in the expected direction. Therefore, more research is necessary to support the social orientation of status-seeking.

4.4.1.7 Self-Concept to Consumer Susceptibility to Interpersonal Influence

The hypothesis tested here is that an inter-dependent self-concept is positively associated with the trait of consumer susceptibility to interpersonal influence. The X^2 with 146 degrees of freedom is 231.101 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 1.583 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.967) and RMSEA (.039). No

modifications were made. Hence, the model fits the data very well. The R^2 for the two sub-dimensions is 3.2% and 15.8% meaning that the self concept explains only 3.2% of the variance in the informative influence dimension while it explains 15.8% of the variance for the normative influence dimension. The unstandardized as well as the standardized estimates are reported here:

Regression Weights:

			Estimate	S.E.	C.R.	P
Informative_Influence	<---	Independent	-.056	.089	-.632	.527
Normative_Influence	<---	Independent	-.406	.080	-5.041	***
Normative_Influence	<---	Interdependent	.349	.113	3.075	.002
Informative_Influence	<---	Interdependent	.307	.128	2.390	.017

Standardized Regression Weights:

			Estimate
Informative_Influence	<---	Independent	-.041
Normative_Influence	<---	Independent	-.307
Normative_Influence	<---	Interdependent	.198
Informative_Influence	<---	Interdependent	.166

Consumer susceptibility to inter-personal influence was hypothesized to be positively related to the inter-dependent self; data prove this hypothesis true with regards to both sub-dimensions of this construct. Specifically, as expected, there is a positive (standardized path coefficient = .198) and statistically significant (p = .002) relationship between an inter-dependent self and normative influence; also, as expected, there is a positive (standardized path coefficient = .166) and statistically significant (p = .017) relationship between an inter-dependent self and informative influence as well. This confirms that susceptibility to inter-personal influence is a socially-directed trait and that the people possessing it are concerned with mapping well in the inter-personal arena (precisely: following the others); their behaviour is contextualized, as is expected from the inter-dependent self-concept. Even though it wasn't hypothesized, it seems consistent with theory (and was implicitly expected), that there is a negative (standardized path coefficient = -.307) and statistically significant (p = ***) relationship between an independent self and normative influence; finally, there is no statistically significant effect between an independent self and informative influence. This confirms that normative influence, as would be expected according to theory, is completely opposite to independence tendencies.

4.4.1.8 Self-Concept to (Novelty) Fashion Consciousness

The hypothesis tested here is that an inter-dependent self-concept is positively associated with the trait of fashion consciousness. The X^2 with 74 degrees of freedom is 114.367 (p = .002). The CMIN/DF (X^2/degrees of freedom) is 1.545 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.973) and RMSEA (.038). No modifications were made. Hence, the model fits the data very well. The R^2 is .5% meaning that the self concept does not account for any of the variance for fashion consciousness. The unstandardized as well as the standardized estimates are reported here:

Regression Weights:

		Estimate	S.E.	C.R.	P
Fashion_Consc	<--- Independent	-.113	.091	-1.247	.212
Fashion_Consc	<--- Interdependent	-.021	.126	-.167	.867

Standardized Regression Weights:

		Estimate
Fashion_Consc	<--- Independent	-.076
Fashion_Consc	<--- Interdependent	-.011

Finally, the last examined relationship is between the self-concept and novelty fashion consciousness has not been confirmed directionally (standardized path coefficient = -.011) and, in addition, is not statistically significant (p = .867). This result should not been seen as conclusive. I believe that more research is necessary in order to clarify the exact orientation of fashion-conscious consumers.

4.4.1.9 Summary of the "Self-concept to Traits" part of the model

Overall, the following table summarizes the results of this part. When a result is "supported", it is both statistically significant and in the expected direction. "Not supported" indicates that the result is not statistically significant (at the .05 level) or in the wrong direction (as commented). "Partially supported" is explained in the table.

An independent self-concept is positively associated with the trait of hedonism.	Supported (in addition, it has also emerged that hedonism is positively associated to the inter-dependent self as well)
An independent self-concept is positively associated with the trait of consumer perfectionism.	Supported
Both the independent and the inter-dependent self-concepts are positively associated to the trait of need-for-uniqueness.	Partially supported (for the independent self; not supported for the inter-dependent self)
Both the independent and the inter-dependent self-concepts are positively associated to the trait of narcissism.	Partially supported (for the inter-dependent self; statistically significant but negative relationship with the independent self)
Both the independent and the inter-dependent self-concepts are positively associated to the trait of vanity.	Partially supported (for the independent self; not supported for the inter-dependent self)
Both the independent and the inter-dependent self-concepts are positively associated to the trait of status-seeking.	Not supported (statistically insignificant for the interdependent self; significant but in the opposite direction for the independent self)
An inter-dependent self-concept is positively associated with the trait of susceptibility to interpersonal influence.	Supported
An inter-dependent self-concept is positively associated with the trait of fashion consciousness.	Not supported (statistically insignificant and the opposite direction)

Table 8. Results (Textual) Summary for the Self => Traits Hypotheses

Most of the initial hypotheses have received support. The idea, however, that some traits have elements of both personal and inter-personal nature did not receive support. More specifically, the

hypothesis made was that a group of traits (NFU, status-seeking, vanity and narcissism) are influenced by both independent and inter-dependent selves. These traits were, accordingly, marked in a circle in the model figure. According to the hypotheses, consumers with these traits would try to strike a balance between enhancing their personal identity and serving self-related goals vs. their social persona and signalling goals. This conclusion was reached based on insights from both the available literature and qualitative exploratory research (in-depth interviews with 6 managers of luxury products). After testing the structural model, it emerged that each of these traits can be associated to either an independent (N.F.U. & vanity) or the inter-dependent self (narcissism) or, in one case (status-seeking) there was no significant association. Hence, a revised model will be offered after all results have been presented.

4.4.2 Paths from Traits to Behaviour (Effects)

4.4.2.1 Initial model

In the following section, I test the hypotheses examining the relationship between the various individual traits and the behavioural patterns (or effects). This is the most interesting part of the study; there are several hypotheses in this section which are summarized here (*grouped in relation to the outcome variable/effect*):

- Hedonism should be positively associated to the *hedonic effect (1)*
- Consumer perfectionism should be negatively associated to the *hedonic effect (2)*
- Vanity should be positively associated to the *hedonic effect (3)*

- Consumer perfectionism should be positively associated to the *quality effect (4)*

- Need-for-uniqueness should be positively associated to the *snob effect (5)*
- Narcissism should be positively associated to the *snob effect (6)*
- Vanity should be positively associated to the *snob effect (7)*
- Status-seeking should be positively associated to the *snob effect (8)*
- Susceptibility to interpersonal influence should be negatively associated to the *snob effect (9)*

- Need-for-uniqueness should be positively associated to the *veblen effect (10)*
- Narcissism should be positively associated to the *veblen effect (11)*
- Vanity should be positively associated to the *veblen effect (12)*
- Status-seeking should be positively associated to the *veblen effect (13)*

- Need-for-uniqueness should be negatively associated to the *bandwagon effect (14)*
- Vanity should be positively associated to the *bandwagon effect (15)*
- Status-seeking should be positively associated to the *bandwagon effect (16)*
- Susceptibility to interpersonal influence should be positively associated to the *bandwagon effect (17)*
- (Novelty) Fashion-consciousness should be positively associated to the *bandwagon effect (18)*

A first model was estimated, specified in accordance to the hypotheses above. I will start with the examination of the overall fit of the model: the X^2 with 2216 degrees of freedom is 3614.731 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 1.631 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.912) and RMSEA (.041). Hence, the model fits the data very well. In addition, the explanatory power of this first model is excellent with 71.7% of the variance for the hedonic effect explained, 45.5% of the variance for the quality effect explained, 72.8% of the variance for the snob effect explained, 65.6% of the variance for the veblen effect explained, and 73.6% of the variance for the bandwagon effect explained.

After the evaluation of the model's overall fit, a SEM researcher should have a closer look at the individual hypothesized paths. These are evaluated by examining the path estimates between the various constructs as well as their statistical significance. What follows is a table with the unstandardised and standardised regression estimates and significance levels (together with standard errors and critical ratios). The results highlighted with bold letters are significant at p = <.05 level while the results in italics are not statistically significant (and will be the candidates for exclusion in the next round of modifications).

A list of abbreviations and their explanation is offered at the beginning of this document (page 10). As can be seen, most of the hypotheses are supported (or partially supported).

			Estimates	S.E.	C.R.	P				Standardized Estimates
HD	**←-**	**H**	**1.044**	**.118**	**8.850**	*******	**HD**	**←-**	**H**	**.797**
HD	**←-**	**QS**	**-.298**	**.125**	**-2.385**	**.017**	**HD**	**←-**	**QS**	**-.133**
HD	**←-**	**PC**	**.213**	**.058**	**3.697**	*******	**HD**	**←-**	**PC**	**.215**
HD	*←-*	*PV*	*-.015*	*.051*	*-.296*	*.767*	*HD*	*←-*	*PV*	*-.016*
QU	**←-**	**QS**	**1.272**	**.180**	**7.051**	*******	**QU**	**←-**	**QS**	**.675**
SN	**←-**	**AOS**	**.284**	**.052**	**5.500**	*******	**SN**	**←-**	**AOS**	**.308**
SN	*←-*	*UCC*	*.089*	*.066*	*1.348*	*.178*	*SN*	*←-*	*UCC*	*.068*
SN	**←-**	**CCC**	**.451**	**.079**	**5.675**	*******	**SN**	**←-**	**CCC**	**.411**
SN	*←-*	*NR*	*-.016*	*.075*	*-.214*	*.830*	*SN*	*←-*	*NR*	*-.010*
SN	**←-**	**PC**	**.134**	**.065**	**2.069**	**.039**	**SN**	**←-**	**PC**	**.104**
SN	*←-*	*PV*	*-.085*	*.061*	*-1.406*	*.160*	*SN*	*←-*	*PV*	*-.069*
SN	*←-*	*AC*	*-.068*	*.066*	*-1.042*	*.298*	*SN*	*←-*	*AC*	*-.065*
SN	*←-*	*AV*	*-.067*	*.107*	*-.622*	*.534*	*SN*	*←-*	*AV*	*-.038*
SN	**←-**	**SS**	**.714**	**.103**	**6.915**	*******	**SN**	**←-**	**SS**	**.524**
SN	**←-**	**NI**	**-.295**	**.077**	**-3.822**	*******	**SN**	**←-**	**NI**	**-.253**
SN	*←-*	*II*	*.090*	*.052*	*1.733*	*.083*	*SN*	*←-*	*II*	*.081*
VB	*←-*	*AOS*	*-.027*	*.052*	*-.523*	*.601*	*VB*	*←-*	*AOS*	*-.030*
VB	*←-*	*UCC*	*-.056*	*.067*	*-.825*	*.409*	*VB*	*←-*	*UCC*	*-.043*
VB	**←-**	**CCC**	**.213**	**.078**	**2.731**	**.006**	**VB**	**←-**	**CCC**	**.198**
VB	*←-*	*NR*	*-.075*	*.079*	*-.954*	*.340*	*VB*	*←-*	*NR*	*-.049*
VB	**←-**	**PC**	**.136**	**.068**	**2.003**	**.045**	**VB**	**←-**	**PC**	**.108**
VB	*←-*	*PV*	*.052*	*.063*	*.828*	*.408*	*VB*	*←-*	*PV*	*.043*
VB	*←-*	*AC*	*.018*	*.067*	*.274*	*.784*	*VB*	*←-*	*AC*	*.018*
VB	*←-*	*AV*	*-.156*	*.111*	*-1.401*	*.161*	*VB*	*←-*	*AV*	*-.090*
VB	**←-**	**SS**	**.903**	**.092**	**9.868**	*******	**VB**	**←-**	**SS**	**.674**
BW	**←-**	**AOS**	**-.141**	**.041**	**-3.466**	*******	**BW**	**←-**	**AOS**	**-.180**
BW	**←-**	**UCC**	**-.114**	**.053**	**-2.169**	**.030**	**BW**	**←-**	**UCC**	**-.104**
BW	*←-*	*CCC*	*.095*	*.060*	*1.576*	*.115*	*BW*	*←-*	*CCC*	*.102*
BW	**←-**	**PC**	**.124**	**.055**	**2.263**	**.024**	**BW**	**←-**	**PC**	**.114**
BW	*←-*	*PV*	*.050*	*.048*	*1.034*	*.301*	*BW*	*←-*	*PV*	*.047*
BW	*←-*	*AC*	*.020*	*.052*	*.390*	*.696*	*BW*	*←-*	*AC*	*.023*
BW	*←-*	*AV*	*-.098*	*.086*	*-1.143*	*.253*	*BW*	*←-*	*AV*	*-.066*
BW	*←-*	*NR*	*-.032*	*.059*	*-.540*	*.589*	*BW*	*←-*	*NR*	*-.024*
BW	**←-**	**SS**	**.616**	**.088**	**7.015**	*******	**BW**	**←-**	**SS**	**.533**
BW	**←-**	**NI**	**.201**	**.062**	**3.247**	**.001**	**BW**	**←-**	**NI**	**.203**
BW	*←-*	*II*	*.023*	*.042*	*.555*	*.579*	*BW*	*←-*	*II*	*.024*
BW	*←-*	*FC*	*.083*	*.048*	*1.728*	*.084*	*BW*	*←-*	*FC*	*.091*

Table 9. Results for the 1st Estimated Structural Model (Traits => Effects)

More specifically, the paths indicated in bold letters are statistically significant paths. In order to make the evaluation visually easier, I will insert a table with the hypotheses and an indication of whether they have been supported, partially supported or disconfirmed. I should point out that an indication that a specific hypothesis has been "partially supported" means that, for constructs with many sub-dimensions (e.g. need-for-uniqueness, vanity, susceptibility to interpersonal influence), some of these dimensions support the relationship with the associated behaviour while others don't or they are statistically non-significant (each subdimension has been treated as a separate statistical entity with separate causal arrows pointing to each outcome variable).

Hedonism should be positively associated to the *hedonic effect (1)*	Supported
Consumer perfectionism should be negatively associated to the *hedonic effect (2)*	Supported
Vanity should be positively associated to the *hedonic effect (3)*	Partially supported
Consumer perfectionism should be positively associated to the *quality effect (4)*	Supported
Need-for-uniqueness should be positively associated to the *snob effect (5)*	Supported
Narcissism should be positively associated to the *snob effect (6)*	Not supported
Vanity should be positively associated to the *snob effect (7)*	Partially supported
Status-seeking should be positively associated to the *snob effect (8)*	Supported
Susceptibility to interpersonal influence should be negatively associated to the *snob effect (9)*	Partially supported
Need-for-uniqueness should be positively associated to the *veblen effect (10)*	Partially supported
Narcissism should be positively associated to the *veblen effect (11)*	Not supported
Vanity should be positively associated to the *veblen effect (12)*	Partially supported
Status-seeking should be positively associated to the *veblen effect (13)*	Supported
Need-for-uniqueness should be negatively associated to the *bandwagon effect (14)*	Supported
Vanity should be positively associated to the *bandwagon effect (15)*	Partially supported
Status-seeking should be positively associated to the *bandwagon effect (16)*	Supported
Susceptibility to interpersonal influence should be positively associated to the *bandwagon effect (17)*	Supported
(Novelty) Fashion-consciousness should be positively associated to the *bandwagon effect (18)*	Not supported

Table 10. Results (Textual) Summary for the 1st Estimated Structural Model (Traits => Effects)

At this stage, however, the evaluation of the model has not finished. Usually, as indicated in the SEM literature (McDonald and Ho, 2002; Kline, 2005; Schumacker and Lomax, 2004; Byrne, 2001), at this point the researchers engage in a process of either model building - the strategy of starting with the null model or a simple model and adding paths one at a time - or model trimming - deleting one path at a time from the initially tested model until a significant chi-square difference indicates trimming has gone too far or, as Garson (2009) suggests, just deleting the insignificant paths, in case no other changes are needed.

4.4.2.2 Modifications of the Initial Model

In the case of the present model, I have decided to follow Garson's (2009) suggestion and delete the insignificant paths. The desired level of significance is a researcher's decision. Following, the conventionally accepted practice, I have chosen the .05 level; thus, I have deleted most (but not all) of the paths that exceed this cut-off value. However, things are not so simple: according to Mc Callum, Roznowski, and Necowitz (1992), in cases of modifications of any initial SEM model (model building or model trimming) based on mechanistic statistical criteria such as fit measures and modification indexes (M.I.s: Lagrange Multipliers for adding paths and Wald W statistics for deleting paths), there is a danger of capitalizating on chance: in such cases, the process of model fitting can become data-driven, thus raising the question whether any model modifications could generalize to other samples or to the population.

According to Mc Callum et al. (1992) as well as Kaplan (1990), there are two strategies in re-specifying a model: a) one can test a priori, theoretically meaningful complications (model building) and simplifications (model trimming) of the model, and b) alternatively, one can use empirical tests (e.g., modification indices and standardized residuals) to re-specify the model. However, all re-specifications should be theoretically meaningful: ideally, this process should have been already though a priori. Too many empirically-based re-specifications could most likely lead to capitalization on chance and overfitting, that is, unnecessary parameters added to a model or trimming meaningful paths. Although a priori hypotheses deserve the initial focus (Kleine et al., 1993), an examination of empirical tests of miss-specification is a usual practice; but, even when model changes are made on the basis of such tests, there still need to be some sort of theoretical rationale for them. The problem with data-driven or statistical-driven modifications, as Vandenberg (2006) has put it, is that "the complexity of SEM means that researchers, possibly overwhelmed by

the apparent sophistication of the underlying mathematics and/or computer program interfaces, may not fully appreciate the implications of the decisions they make".

For this study, there were indications that adding parameters - based on modification indexes as suggested by AMOS 16.0 - could improve model fit: however, none of these parameters had any substantive sense and, for this reason, I have refrained from adding any of these paths. In addition to the fact that such additions would be meaningfulness according to theory, the qualitative stage (interviews) hadn't offered any indications of empirical support to such further additions. Hence, model building - in the form of adding paths - was something I have not considered.

With regards model trimming, as mentioned already, Garson (2009) suggest to delete paths that are not statistically significant. Kline (2005) warns, however, that "a researcher should not feel compelled to drop every path that is not statistically significant" based on modification indexes such as Wald W statistics. For this reason, I have been very cautious during the round of modifications and I have not immediately deleted paths whose estimated did slightly exceed the .05 level of significance - when these paths were theoretically meaningful and had also empirical support from the interviews. For example, if one looks carefully on the table with the parameter estimates for the 1st estimated model above, the path from UCC (unpopular choice counter-conformity: a dimension of need-for-uniqueness) to SN (snob effect) is not statistically significant at the .05 level. However, according to theory, qualitative findings and common sense, this trait could lead to a snob effect: this was an example of an a priori made decision not to delete such paths unless I have very strong indications to do so.

Therefore, I have started a process of model trimming according to established guidelines (Mc Callum et al., 1992; Kaplan, 1990; Byrne, 2001), having in mind a priori established guidelines while at the same time interpreting with caution the various M.I.s and statistical significances for various paths. In addition to someone being guided both by a priori and statistical considerations, Garson (2009) suggests a step-by-step approach in modifications: "the conservative approach calls for adding or dropping one arrow at a time as each change will affect the coefficients". Therefore, I begun to trim the initial model presented above until I arrived to the final version. To demonstrate the significance of a priori established guidelines, I must point out that, in the case of the path from UCC to SN, the final version indicates a statistically significant relationship; thus, justifying my initial hesitation to delete a path that has substantial meaning based on a slight intolerance of significance levels.

The final model (a table with the unstandardised and standardised regression estimates and significance levels together with standard errors and critical ratios) is presented again in the following table. All the paths shown in this table are significant (p <.05 level).

			Estimates	S.E.	C.R.	P				Standardized Estimates
HD	<---	H	1.035	.117	8.814	***	HD	<---	H	.792
HD	<---	QS	-.296	.124	-2.391	.017	HD	<---	QS	-.132
HD	<---	PC	.221	.055	4.021	***	HD	<---	PC	.222
QU	<---	QS	1.265	.179	7.065	***	QU	<---	QS	.674
SN	<---	AOS	.292	.049	5.936	***	SN	<---	AOS	.315
SN	<---	UCC	.130	.063	2.071	.038	SN	<---	UCC	.100
SN	<---	CCC	.361	.074	4.853	***	SN	<---	CCC	.324
SN	<---	PC	.138	.065	2.133	.033	SN	<---	PC	.106
SN	<---	SS	.659	.098	6.709	***	SN	<---	SS	.487
SN	<---	NI	-.275	.071	-3.871	***	SN	<---	NI	-.235
VB	<---	CCC	.140	.050	2.765	.006	VB	<---	CCC	.128
VB	<---	PC	.184	.064	2.866	.004	VB	<---	PC	.144
VB	<---	SS	.923	.087	10.572	***	VB	<---	SS	.694
BW	<---	AOS	-.095	.033	-2.896	.004	BW	<---	AOS	-.121
BW	<---	PC	.207	.049	4.221	***	BW	<---	PC	.188
BW	<---	SS	.673	.086	7.847	***	BW	<---	SS	.587
BW	<---	NI	.213	.057	3.765	***	BW	<---	NI	.215

Table 11. Results for the 2nd - Final - Estimated Structural Model (Traits => Effects)

Same as before, in order to make the evaluation visually easier, I will insert a table with the hypotheses that have been supported or partially supported (no disconfirmed hypotheses are shown here). Again, I should point out that an indication that a specific hypothesis has been "partially supported" means that, for constructs with many sub-dimensions (e.g. need-for-uniqueness, vanity, susceptibility to interpersonal influence), some of these dimensions support the relationship while others don't or they are statistically non-significant (each sub-dimension has been treated as a separate statistical entity with separate causal arrows pointing to each outcome variable).

The confirmed hypotheses are as the following:

Hedonism should be positively associated to the *hedonic effect*	Supported
Consumer perfectionism should be negatively associated to the *hedonic effect*	Supported
Vanity should be positively associated to the *hedonic effect*	Partially supported
Consumer perfectionism should be positively associated to the *quality effect*	Supported
Need-for-uniqueness should be positively associated to the *snob effect*	Supported
Vanity should be positively associated to the *snob effect*	Partially supported
Status-seeking should be positively associated to the *snob effect*	Supported
Susceptibility to interpersonal influence should be negatively associated to the *snob effect*	Partially supported
Need-for-uniqueness should be positively associated to the *veblen effect*	Partially supported
Vanity should be positively associated to the *veblen effect*	Partially supported
Status-seeking should be positively associated to the *veblen effect*	Supported
Need-for-uniqueness should be negatively associated to the *bandwagon effect*	Partially supported
Vanity should be positively associated to the *bandwagon effect*	Partially supported
Status-seeking should be positively associated to the *bandwagon effect*	Supported
Susceptibility to interpersonal influence should be positively associated to the *bandwagon effect*	Supported

Table 12. Results (Textual) Summary for the 2nd - Final - Estimated Structural Model (Traits => Effects)

The hypotheses that did not receive support are the following:

Narcissism should be positively associated to the *snob effect*	Not supported
Narcissism should be positively associated to the *veblen effect*	Not supported
(Novelty) Fashion-consciousness should be positively associated to the *bandwagon effect*	Not supported

Table 13. Results (Textual) Summary for the 2nd - Final - Estimated Structural Model (Traits => Effects)

An examination of the overall fit of the model reveals that the X^2 with 856 degrees of freedom is 1580.131 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 1.846 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.931), which has been improved with respect to the first model, and RMSEA (.047) which has slightly raised but is still excellent.

Hence, at this stage the model fits the data very well based at both statistical considerations as well as having substantive sence. In addition, I have arrived to this final model without extensive modifications that would raise strong concerns that the final model has been data-driven.

In addition, the explanatory power of this last model remains excellent:

- 71.9% of the variance for the hedonic effect is explained by the antecedent traits: hedonism, consumer perfectionism (-), and vanity (physical concern dimension.
- 45.4% of the variance for the quality effect is explained by consumer perfectionism.
- 70.8% of the variance for the snob effect is explained by the antecedent traits: need-for-uniqueness, vanity (physical concern dimension), status-seeking, and the normative influence dimension of susceptibility to interpersonal influence (-).
- 65% of the variance for the veblen effect is explained by the antecedent traits: status-seeking, vanity (physical concern dimension), and need-for-uniqueness (creative choice counter-conformity dimension).
- 72.4% of the variance for the bandwagon effect is explained by the antecedent traits: the normative influence dimension of susceptibility to interpersonal influence, status-seeking, vanity (physical concern dimension), and need-for-uniqueness (avoidance of similarity dimension).

To conclude, I have decided to accept this model at both statistical and substantive grounds. Most of the hypotheses are supported (eight out of eighteen) or partially supported (seven out of eighteen) while a few have been rejected (three out of eighteen). Finally the explanatory power of this model is excellent based on the squared multiple correlations (R^2) presented above.

4.4.2.3 Paths from Traits to Behaviour (Effects): Comments

4.4.2.3.1 Traits Leading to Hedonic-Seeking Behaviour (Hedonic Effect)

It was predicted in the theoretical model that hedonism will have a positive impact on the hedonic consumption behaviour and the data support the predicted relationship. As expected, there is an extremely strong positive (standardized path coefficient = .792) and statistically significant (p = ***) relationship between hedonism and hedonic consumption behaviour; in addition, there is also a weaker positive (standardized path coefficient = .222) statistically significant (p = ***) relationship

between the *physical concern* dimension of *vanity* and hedonic consumption behaviour. Finally, there is a weak negative (standardized path coefficient = -.132) and statistically significant (p = .017) relationship between perfectionism (quality seeking) and hedonic consumption behaviour

The relationship between the trait of hedonism and hedonic consumption behaviour seems straightforward and, as predicted in the conceptual model, is in accordance with the literature on hedonic consumption. Hedonism has been defined in this study as a personality trait which describes these individuals who are seeking to derive physical pleasure from any activity of life (including their consumption behaviour), they prioritize beauty over other things such as practicality or price, and they have an aesthetic view, philosophy or stance in their life. This trait subsumes dimensions such as sensual pleasure, aesthetic appreciation and emotional reactions (such as happiness, thrill, and pleasure fantasies) to different stimuli. Hedonic consumption behaviour is a kind of consumption behaviour that values the perceived utility acquired from a (luxury) product to arouse the senses, feelings or to evoke affective states (hedonic effect).

Luxury products possess an excess of hedonic attributes: these may include concrete or physical hedonic attributes (such as those that stimulate the five senses) and abstract hedonic attributes such as elegance and beauty (Snelders and Schoormans, 2001; Lageat et al, 2003). Then, it is not surprising that some consumers value the perceived utility acquired from a luxury brand to lead to the kind of hedonic effect just described above: it is exactly these consumers – individuals with a developed hedonism as defined above – who recognize that a source of such utility can be found in luxury products' aesthetic design (Dubois and Duquesne, 1993); the consumers who look for sensory gratification (Rossiter and Percy, 1987), who value the hedonic experience (Dubois and Paternault, 1997) and appreciate the sensually pleasing properties of luxuries since such products are designed to look, smell, sound or feel pleasant. This form of consumption has also been described by Holbrook and Hirschman (1982) as reflecting a prone to sensation seeking personality who values, among other things, fantasies and even daydreams; this dream value of luxuries has been already verified by Dubois and Paternault (1997). In addition the finding that a hedonic personality would consume in a hedonic way is also consistent with Bourdieu's theory of cultural capital, whose basic premise is that current consumption is also influenced by a certain appreciation of the products on intellectual and artistic traditions (and luxuries do have a strong artistic element); and Dubois and Duquesne's (1993) argument for the importance of culture, a notion that in their definition includes self-indulgence and gratification. The data confirm, thus, that there is a direct strong link between this type of consumer personality and the relevant resulting behaviour; this link has not been documented empirically within the domain of luxuries up to this date.

The finding that the *physical concern* dimension of vanity impacts hedonic consumption behaviour fits the original hypothesis as well. The physical concern is a sub-dimension of physical vanity and refers to "an excessive concern for one's physical appearance" (Netemeyer, Burton and Lichtenstein, 1995). The effect of physical concern on hedonic consumption behaviour can be explained as it reflects an individual's propensity to consume beautiful, elegant, highly aesthetic luxury items that can, by definition of their properties, improve the physical appearance; thus, a consumer with some degree of physical vanity will respond favourably to the hedonic (aesthetic) properties of luxury products and will use these products driven not by hedonism but, instead, by a concern for appearance. This can also be found support in the literature as it has been suggested that physical vanity may be linked to luxury consumption as luxuries (especially appearance-related luxuries such as expensive clothing, watches, jewellery and cosmetics) can enhance outward physical appearance (Solomon; 1985, 2006; Watson, Rayner, Lysonski and Durvasula, 1999). In addition, at a deeper philosophical level, one should not forget John Stuart Mill's (1848) belief that vanity, as seen in excessive and lavish consumption, is a kind of indulgence which is, of course, linked to hedonism. Thus, this study documents the relationship between physical vanity and hedonic consumption behaviour.

Finally, there is a weak negative relationship between hedonic consumption behaviour and consumer perfectionism; this should be interpreted with caution taking into account the small coefficient. One possible suggestion is that utilitarian consumption (such as in the case of consumer perfectionism which focuses on what economists call primary utility or, in common terms, value for money) is negatively related with hedonic consumption in cases of simultaneous choice. This "beauty dilemma" (Diefenbach and Hassenzahl, 2009) means that when consumers face a choice situation which requires a trade-off between beauty and usability (or quality) and which offers no further way to justify choosing beauty, they will discount beauty although they value it in general. Similarly, Okada (2005) has found that relative preferences between hedonic and utilitarian alternatives can reverse, depending on how the immediate purchase situation presents itself; that is, the utilitarian alternative tends to be chosen over the hedonic alternative when the two are presented jointly (Abu-Shalback Zid, 2005) while similar findings have been presented by Dhar and Wertenbroch, (2000) and Rucker and Shih-Lei (2007).

All these traits together explain 72% ($R^2 = .719$) of hedonic consumption behaviour; indicating the strong explanatory power of this model.

4.4.2.3.2 Traits Leading to Quality-Seeking Behaviour (Quality Effect)

With regards to the second kind of luxury consumption effect, it was predicted in the theoretical model that consumer perfectionism (quality-seeking) will impact positively the quality-seeking consumption behaviour; the data support the predicted relationship. As expected, there is an extremely strong positive (standardized path coefficient = .674) and statistically significant (p = ***) relationship between consumer perfectionism and quality consumption behaviour.

The relationship between the trait of consumer perfectionism (quality-seeking) and quality seeking consumption behaviour seems straightforward and, as predicted in the conceptual model, is in accordance with the literature on mainstream economics. Consumer perfectionism (quality seeking) has been defined in this study as a personality trait identifying these consumers who search for the best quality in products (Sproles & Kendall, 1986). The quality seeking consumption behaviour, in the context of luxury products, is a pattern of repeat purchases and use of high quality luxury items; similar to the "quality effect" where the consumption of a luxury brand is increased as its perceived quality is increased. According to the classic economic theory, the primary justification for the acquisition of luxuries is the search of superior quality (primary utility). Since perfectionist consumers are primarily driven by the search of high quality, they buy a luxury brand because they believe that, relatively to a non-luxury brand with the same tangible functions, the luxury brand exhibits much higher levels of quality. The data confirm that there is a direct strong link between the perfectionist consumer personality and quality seeking consumption behaviour; although self-evident, this link has not been documented empirically within the domain of luxuries up to this date.

Consumer perfectionism explains approximately 46% (R^2 = .454) of quality seeking consumption behaviour; indicating the strong explanatory power of this model as well.

4.4.2.3.3 Traits Leading to Snobbish Behaviour (Snob Effect)

Moving on to the third kind of luxury consumption effect, it was predicted in the theoretical model that need-for-uniquenes (with its three sub-dimensions) primarily, as well as vanity, narcissism and status-seeking will all have a positive impact on the snobbish consumption behaviour; the data, overall, provide strong support to the predicted relationships except from the case of narcissism. More specifically, as expected, there is a positive (standardized path coefficient = .315) and statistically significant (p = ***) relationship between avoidance of similarity and snobbish consumption behaviour, a positive (standardized path coefficient = .324) and statistically significant (p = ***) relationship between creative choice counter-conformity and snobbish consumption behaviour, and a weaker positive (standardized path coefficient = .100) and statistically

significant (p = .038) relationship between unpopular choice counter-conformity and snobbish consumption behaviour. As hypothesized, status seeking was found to impact on this kind of consumption behaviour as well (p = ***); what wasn't expected was the magnitude of the relationship (standardized path coefficient = .487) which was even stronger than the impact of need-for-uniqueness, making this trait the most important determinant for snob behaviour. In addition, as was predicted in the model, vanity was found to impact on snobbish consumption behaviour; but only through its *physical concern* dimension (standardized path coefficient = .106 and p = .033) while the rest dimensions didn't have a significant impact. In addition, it came as no surprise at all (as is described in theory) that there is a negative (standardized path coefficient = -.235) and statistically significant (p = ***) relationship between normative influence and snobbish consumption behaviour.

The relationship between the trait of need-for-uniqueness and snob consumption behaviour was predicted in the conceptual model and data have confirmed this as well. Need-for-uniqueness has been defined in this study as "the trait of pursuing differentness relative to others through the acquisition, utilization and disposition of consumer goods for the purpose of developing and enhancing one's self-image and social image" (Tepper, Bearden & Hunter, 2001). Furthermore, this trait encompasses dimensions such as "creative choice counter-conformity" (the consumer seeks social differentness from others but still makes selections that are likely to be considered good choices by these others), "unpopular choice counter-conformity" (consumption of products and brands that deviate from group norms and may result in social disapproval) and "avoidance of similarity" (a loss of interest in, or discontinued use of, possessions that become commonplace in order to move away from the norm and re-establish one's differentness). In addition, the snobbish consumption behaviour (snob effect) is a kind of consumption behaviour that arises when consumers' preference for a good is increased as its rarity increases, or in the opposite case, preference decreases as the good becomes popular (Leibenstein, 1950). The data have confirmed the hypotheses: creative choice counter-conformity and avoidance of similarity have the strongest impact on snobbish behaviour; followed by unpopular choice counter-conformity. This makes substantive sense as the most important feature of a snob effect is that of being dissimilar to other consumers; a snob effect means, in essence, that the more rare a luxury good is, the more of snob consumers will buy it or - in contrast - when the good becomes very popular, snobs will stop buying it. The core of consumers behind snobbish behaviour, thus, is those who search to be different from others and the use of rare luxuries satisfies this trait. At the same time though, creative choice counter-conformity is a trait that describes a consumer who wants a combination of difference with a feature of approval from others; thus, this is the case of consumers who will behave in a snob way in

order to elicit positive social evaluations as someone who is unique. Finally, the unpopular choice counter-conformity has the weaker impact on the snobbish behaviour as the data reveal; this type of consumer behaves as a snob but the main interest here is not only to be dissimilar to others (as in the first case) or to get positive comments (as in the second dimension) but to break the rules or challenge existing consumer norms. As has been suggested this last type of uniqueness may be the case of innovators or early adopters (Heckert, 1989). All these three categories of consumers are attracted to luxury products by scarcity or uniqueness appeals (Leibenstein, 1950; Vigneron & Johnson, 1999, 2004; Tepper, Bearden, & Hunter, 2001; Catry, 2003; Van Herpen, Pieters, & Zeelenberg, 2005) as these appeals can satisfy their goals by making them simply different, unique in a positive way or challenging innovators.

The impact of status-seeking on snobbish consumption was, also, hypothesized but, in this case, the surprise has come from the magnitude of the effect which was even stronger than the impact of need-for-uniqueness, making this trait the most important determinant for snob behaviour. Status seeking has been defined as "the motivational process by which individuals strive to improve their social standing trough the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others" (Eastman, Goldsmith, and Flynn, 1999) while Packard (1959) defined as "status-seekers" those "people who are continually straining to surround themselves with visible evidence of the superior rank they are claiming". Status-seeking is a very complex construct, as will be discussed over the next sections, with elements pointing towards consumption behaviours that include such different goals as gaining respect, envy, group membership, recognition and distinction; as such, it has been found to impact many different luxury consumption behaviours. With regards to the snobbish consumption behaviour, the issue of interest is the extent to which status-seeking leads to a preference to buy and use rare, different, and new or, generally, not so popular luxury products. As the data suggest, it does; thus, some status seekers will seek to satisfy their need for status gains with preference for luxury goods that belong to one of the categories just mentioned. This can be explained especially by reference to the (Eastman, Goldsmith, and Flynn, 1999) definitions and status consumption scale that includes "new" products with status (thus, items of interest to the early adopters or those who seek dissimilarity; in general, items that a snob consumer would like to buy and use by virtue of their limited quantity in the market) or products with a "some snob appeal"; there is, then, a domain where status-seeking and need-for-uniqueness are meeting each other, especially since - by their nature - expensive products (thus, products conferring status to the owners) are also relatively rare in any given market.

Last, the physical concern dimension of vanity has a very weak impact on snobbish consumption behaviour; and, under this light, this should be interpreted with caution. However, academic studies have showed that physical attractiveness is positively related to social benefits such as power and increased self-esteem (Adams 1977; Goldman and Lewis 1977; Jackson, Sullivan, and Hymes 1987; Krantz 1987), both of which are related to distinction and uniqueness; in addition, a plausible explanation is through attribution theory: that is, vain persons might, through a sort of personal attribution such as the one described by Dubois, Laurent and Czellar (2001), transfer the rarity factor, attached to luxury products, to themselves. By consuming luxury goods that are others don't, vain individuals may "feel apart" and experience a "feeling of distinction"; so, an individual who consumes scarce luxuries would satisfy her/his vanity as these products would help to indirectly enhance physical appearance, as the data suggest.

On the contrary, normative influence has a negative relationship with snobbish consumption behaviour. As it is already known from Leibenstein (1950) the snob and bandwagon effects have an opposite but completely symmetrical relationship as the (snob) signalling value of a superior good disappears when many people come to own one until to the point where it eventually becomes an 'ordinary good'. As the normative influence is one of the main traits leading to a bandwagon effect (see below), it is perfectly logical to find a negative relationship with the snob effect. This was a well known fact in theory (and has been demonstrated diagrammatically in empirical economics) which is documented for the first time in this study from a consumer behaviour or psychological perspective point of view.

All these traits together explain 71% (R^2 = .708) of snobbish consumption behaviour; indicating the strong explanatory power of this model.

4.4.2.3.4 Traits Leading to Veblenian Behaviour (Veblen Effect)

With regards to the fourth kind of luxury consumption behaviour, the veblenian consumption behaviour, it was predicted in the theoretical model that status-seeking first of all, as well as need for uniqueness (with its three sub-dimensions), vanity and narcissism will all have a positive impact on the snobbish consumption behaviour; in this case the data partially support the predicted relationships, except from the case of narcissism. "Partially" refers to vanity and need-for-uniqueness: they impact veblenian behaviour through, respectively, their physical concern and creative choice counter-conformity dimensions.

More specifically, as expected, there is a very strong positive (standardized path coefficient = .694) and statistically significant (p = ***) relationship between status-seeking and veblenian

consumption behaviour; in addition there is a weaker positive (standardized path coefficient = .144) and statistically significant (p = .004) relationship between the *physical concern* dimension of vanity and veblenian consumption behaviour, and a weaker positive (standardized path coefficient = .128) and statistically significant (p = .006) relationship between the *creative choice counter-conformity dimension* of need for uniqueness and veblenian consumption behaviour.

Status-seeking, as hypothesized, has been found to be the main (and a very strong one) determinant behind the veblenian consumption behaviour. As already mentioned, status-seeking has been defined as "the motivational process by which individuals strive to improve their social standing trough the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others" (Eastman, Goldsmith, and Flynn, 1999) while Packard (1959) defined as "status-seekers" those "people who are continually straining to surround themselves with visible evidence of the superior rank they are claiming". A veblenian consumption behaviour is a kind of consumption behaviour where a preference for a good is increased in proportion with the increase at this good's price. Status-seeking is a very complex construct with elements pointing towards consumption behaviours that include such different goals as gaining respect, envy, group membership, recognition and distinction; as such, it has been found to impact on many different luxury consumption behaviours. With regards to the veblenian consumption behaviour, the issue of interest is the extent to which status-seeking leads to a preference to buy and use expensive luxury products. As the data very strongly suggest, it does; thus, status-seekers will seek to satisfy their need for status gains with the purchase and use of very expensive luxuries. Specifically, these consumers seem to get utility (status gains) mostly from the fact that they have paid a very high price and others know about it; as suggested by Mason (1984), for "the purely conspicuous consumer, the satisfaction derived from any particular purchase comes not from its value but from audience reaction to the wealth displayed". These consumers use their income to measure life success and gain recognition or the superior rank they are claiming by spending money; the more expensive the luxury good, the more their goals are satisfied as suggested by the results of the current study. Thus, as hypothesized, the most important determinant of veblenian consumption behaviour is status-seeking.

Vanity has been also found, as hypothesized, to have a weak impact on this behaviour through its physical concern dimension only. Although it would make more sense to see achievement vanity impacting on this behaviour, it isn't strange to see physical vanity as a (minor) determinant of veblenian consumption behaviour. Physical vanity is "an excessive concern for, and/or a positive (and perhaps inflated) view of, one's physical appearance". As the data suggest, physical vanity can be a minor explanation for the consumption of expensive luxuries as these may enhance outward

physical appearance (Solomon; 1985, 2006; Watson, Rayner, Lysonski and Durvasula, 1999), especially in the case of appearance-related goods such as expensive clothing and expensive cosmetics. This suggests that - by paying a higher price tag in order to buy and use a luxury good - consumers feel that they enhance their physical appearance; these individuals seem to transfer the price factor, attached to luxury products, to themselves. By consuming expensive luxury goods vain individuals may relate the qualities of expensive items (specifically the audience reaction to the wealth displayed) to their physical appearance and experience the feeling of a positive audience reaction to themselves; through this psychological mechanism, individuals who consume expensive luxuries can satisfy their vanity since such luxuries would help them to indirectly enhance their physical appearance, as the data suggest. In addition to this, there are many academic studies showing that physical attractiveness is positively related to social benefits such as increased popularity, power and increased self-esteem (Adams 1977; Goldman and Lewis 1977; Jackson, Sullivan, and Hymes 1987; Krantz 1987), constructs that are related to the status dimension and can be indirectly satisfied from engaging in veblenian consumption behaviour.

Need-for-uniqueness was hypothesized to contribute to the veblenian consumption behaviour indirectly since the objects of this trait (rare luxuries) are also expensive. This hypothesis is confirmed, through the creative choice counter-conformity dimension.

All these traits together explain 65% (R^2 = .650) of veblenian consumption behaviour; indicating the strong explanatory power of this model.

4.4.2.3.5 Traits Leading to Bandwagon Behaviour (Bandwagon Effect)

Finally, with regards to the last kind of luxury consumption behaviour, it was predicted in the theoretical model that consumer susceptibility to interpersonal influence (CSII) together with status-seeking, vanity and fashion consciousness will have a positive impact on bandwagon consumption behaviour. The data support the predicted relationships in most cases, fully or partially: full support in the case of status-seeking; partial support in the case of vanity; with regards to CSII, only the normative influence dimension was found to have an effect, while the informative influence has no effect. Fashion consciousness wasn't found to have a statistically significant impact.

More specifically, as expected, there is a positive (standardized path coefficient = .215) and statistically significant (p = ***) relationship between normative influence and bandwagon consumption behaviour as well as a positive (standardized path coefficient = .188) and statistically significant (p = ***) relationship between the physical concern dimension of vanity and bandwagon consumption behaviour. Status-seeking was found to be the premier influence on this consumption

behaviour; specifically, it emerged that there is a quite strong positive (standardized path coefficient = .587) and statistically significant (p = ***) relationship between status seeking and bandwagon consumption behaviour. In addition, it came as no surprise at all (as is described in theory) that there is a negative relationship between the bandwagon effect and need-for-uniqueness, a primarily "snobbish" trait; specifically, there is a weak negative and statistically significant (standardized path coefficient = -.121 and p = .004) relationship between the *avoidance of similarity* dimension of need for uniqueness and the bandwagon consumption behaviour.

As hypothesized, the data confirm that CSII (consumer susceptibility to interpersonal influence), has a positive influence on the bandwagon consumption behaviour through its normative influence dimension. The bandwagon consumption behaviour has been defined in this study as the kind of consumption behaviour that arises when consumers' preference for a good is increased in direct proportion with the number of other consumers who are buying it or, in simple terms, is the kind of consumer behaviour directed to popular goods (bandwagon effect). CSII has been defined as the "*need to identify with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands, the willingness to conform to the expectations of others regarding purchase decisions, and/or the tendency to learn about products and services by observing others or seeking information from others"* (Bearden, Netemeyer and Teel, 1989); and subsumes the normative and informational influence dimensions as defined above. Furthermore, the normative influence dimension has two sub-dimensions: the value-expressive influence (which reflects the desire of individuals to enhance their self-image by association with a specific reference group, and operates through the process of *identification* - a behaviour that occurs when the person adopts a behaviour or opinion of another because this is associated with satisfying a self-defining relationship) and the utilitarian influence (which is reflected in the attempts of individuals to comply with the expectations of others in order to achieve rewards or avoid punishments, and operates through the process of *compliance,* which occurs when individuals conform to the expectations of others to gain rewards or avoid punishments mediated by others). As the data suggest, normative influence has a significant impact on bandwagon consumption: these consumers buy and use the more popular luxury products in order to express similar values in relation to their significant others (the reference groups they wish to identify with) or, alternatively, in order to gain recognition or avoid being labeled as outsiders with regards to these groups. A consumer who is susceptible to normative interpersonal influence seeks actively the environment and identifies these luxury goods that are being used from her/his peers; as these goods spread within the targeted groups, the consumer feels the need to identify with them or to gain recognition as being similar or avoid being dissimilar (such as in the case of Eastern cultures where this effect is really strong due to the large

magnitude of conformity pressures). Thus, the data confirm that consumers who score highly in normative influence will follow the norm and consume in a bandwagon way, which serves as a symbolic marker of group membership.

Deutsch and Gerard (1955) defined *informational influence* as the tendency to accept information from others as evidence about reality; informational influence, according to Park and Lessig (1977) may occur as individuals either search for information from knowledgeable others or make inferences by observing the behaviour of; the data haven't found any significant effect of informational influence on the bandwagon type of behaviour. This finding suggests that, with regards to the bandwagon effect, the only real determinant of behaviour comes from normative pressures; or may reflect the special nature of luxury products where conformity pressures are really centered on the identification/group affiliation issue without any informational component. In other words, while in other categories such as electronics or cars (complex technology products) the informational influence could be a significant one, in luxuries the real issue is not the lack of or search for information but, instead, the "follow the Joneses" normative game which is a form of Veblen's "pecuniary emulation".

Status seeking has been, once more as in the case of the snob and the veblen effect, the major determinant of this consumption behaviour, as the data suggest. With regards to the bandwagon consumption behaviour, the issue of interest is the extent to which status seeking leads to a preference to buy and use popular luxury products or luxuries that are consumed in (relatively) larger quantities. Status, as mentioned, is a very complex construct with elements pointing towards consumption behaviours that include such different goals as gaining respect, envy, group membership, recognition and distinction; as such, it has been found to impact on many different luxury consumption behaviours. In the case of the bandwagon effect, the elements that play the main role are those who relate to respect, group membership and recognition within certain groups; thus, status seeking is not only satisfied by the display of highly priced luxuries (as in the case of the veblenian behaviour) but, in addition, through participation in a consumption that is valued by other members: the bandwagon type of status seekers will seek to satisfy the need for status gains by means of consuming luxuries that others consume as well. Thus, the focus here is not on the price but on the shared taste, use and appreciation of these items which serve as a symbolic marker of group membership. However, this isn't all: the search for status, in this case, goes one step further from mere normative influences: that isn't to say that the bandwagon type of status seeker ignores the normative aspect but, in addition to the search for affiliation, this type of consumer will seek actively to use the luxury product as a visible evidence a of the superior rank they she/he is claiming within the reference group.

Last, as the data suggest, the physical dimension of vanity (physical concern) has a weak impact on the bandwagon consumption behaviour. Physical attractiveness is, according to many academic studies (Adams 1977; Goldman and Lewis 1977; Jackson, Sullivan, and Hymes 1987; Krantz 1987), positively related to social benefits such as increased popularity, power and increased self-esteem; all of which are clearly related to the bandwagon effect. In addition, another plausible explanation is through attribution theory as well: that is, vain persons might, through a sort of personal and social attribution, such as the one described by Dubois, Laurent and Czellar (2001), transfer the popularity factor, attached to this category of luxury products, to themselves. By consuming luxury goods that are very popular among other consumers, vain individuals may feel part of the group and popular themselves to the extent they incorporate this feeling into their appearance; so, with this psychological mechanism, a vain individual will satisfy her/his vanity as these luxury products would help to indirectly enhance physical appearance by association of the popularity factor with the physical appearance dimension.

The data don't confirm the influence of novelty fashion consciousness as the relationship is weak and, in any case, not statistically significant. Further research is necessary to conclude on this result, however.

On the contrary, need-for-uniqueness has a negative relationship with the bandwagon consumption behaviour as the data suggest: specifically, there is a significant negative relationship with the dimension of avoidance of similarity. This isn't surprising: as it is already known from Leibenstein (1950), the snob and bandwagon effects have an opposite but completely symmetrical relationship as the (snob) signalling value of a superior good disappears when many people come to own one until to the point where it eventually becomes an 'ordinary good'. As the need for uniqueness (all sub-dimensions) is one of the main traits leading to a snob effect (see above at the discussion of the snob effect), it is perfectly logical to find a negative relationship with the bandwagon effect. This is a well known fact in theory (and has been demonstrated diagrammatically in empirical economics) which is documented for the first time in this study from a consumer behaviour or psychological perspective point of view.

All these traits together explain more than 72% (R^2 = .724) of bandwagon consumption behaviour; indicating the strong explanatory power of this model.

4.5 SEM RESULTS (C): EXAMINING THE INDIRECT (MEDIATION) EFFECTS (from Self-Concept through Traits to Effects)

In this section I will examine in more detail the effect of self-concept orientation on the behaviour(s) of the consumers of luxury goods. As hypothesized in accordance with recent literature, an individual's self-concept impacts the way this person consumes luxuries; this means that consumers with a primarily independent self-concept show a more personal orientation in the way they consume luxuries (focusing on product quality, or hedonic gains or the unique meaning a luxury good signifies to themselves) whereas consumers with a primarily inter-dependent self-concept care more for the social impact (or signalling) of the consumption.

The innovations of the present model are:

1) *The suggestion that there are specific individual traits that mediate and explain the exact relationship between the self-concept and luxury-seeking behaviour*. As the literature on mediation suggests (Baron and Kenny, 1986; Shrout and Bolger, 2002; MacKinnon, Lockwood, Hoffman, West and Sheets, 2002; Frazier, Baron and Tix, 2004), *a mediator variable is "the mechanism through which a predictor influences an outcome variable"*. In this model the various traits help us explain how (in which different ways) the self-concept impacts the consumption behaviour(s) of consumers of luxury goods.

2) *The recognition that behaviours towards luxury consumption are neither homogenous (consumption of luxury in general) nor exhausted in a mere personal vs. social orientation but, instead, they can be conceptualised into five different behavioural patterns (effects)*. Specifically, traits are conceptualized as antecedents of five distinct luxury behaviours, recognizing the fact that consumption (purchase and use) of luxuries is not a homogeneous behaviour but, instead, encompasses many distinct consumer behavioural patterns.

In order to do this analysis, I will decompose the effects of the predictor variables (the two self-concepts) onto the outcome variables (the five luxury consumption behaviours) into total, direct and indirect effects:

The *total effect is the coefficient in a regression with all of the model's prior but not intervening variables controlled* (there are no variables prior to self-concept in this model; intervening or mediating variables are the traits); this measures the effect of the predictor variable

(self-concept) itself plus the additional effects of the predictor through the mediating variables (traits).

The direct effect is the partial standardized coefficient controlling for all prior variables as well as all intervening variables in the model (thus, in this model, the effect of self-concept(s) - controlling for the mediating traits).

Finally, *the indirect effect is the total effect minus the direct effect*; this measures the effect of the intervening variables (in our case the effect of the self-concept on behaviour(s) through the mechanism of - and because of - the traits).

The five mediated models are described and their implications discussed in the following pages.

4.5.1 Hedonic-Seeking Consumption Behaviour (Hedonic Effect)

In the following model one can see the independent and inter-dependent self-concept(s) (predictor variables), the statistically significant (at $p < .05$ level) and substantively relevant for the hedonic effect mediating trait variables (hedonism, consumer perfectionism, physical concern dimension of vanity) and, finally, the outcome variable (hedonic-seeking consumption behaviour).

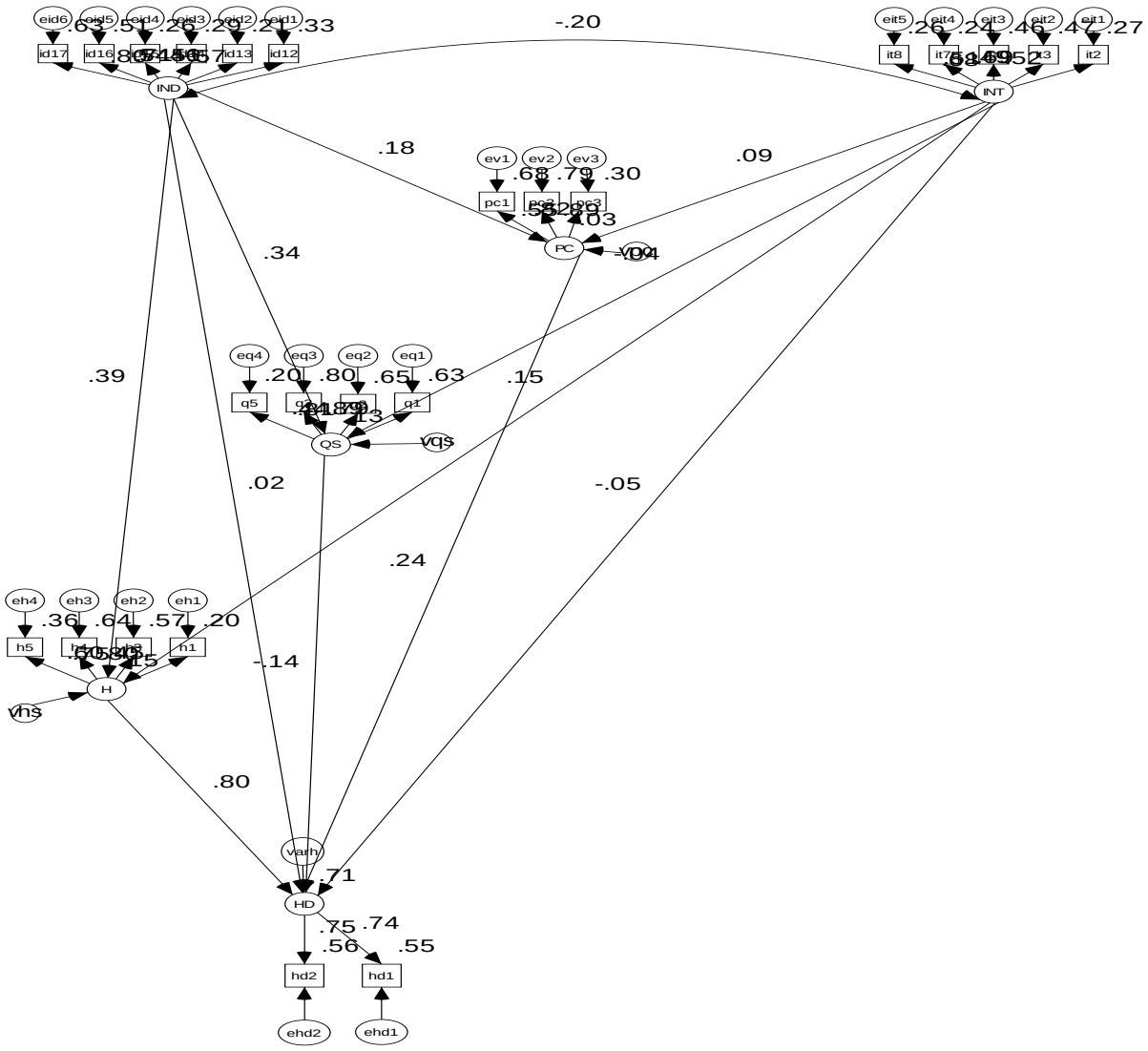


Figure 21. Mediation Effects (Hedonic Behaviour)

The model fits the data very well. The X^2 with 240 degrees of freedom is 388.761 ($p = .000$). The CMIN/DF (X^2/degrees of freedom) is 1.620 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.946) and RMSEA (.041). No further modifications were made. In addition to good fit, this model has excellent explanatory power since it explains 71% of the hedonic seeking consumption behaviour (as indicated by an R^2 of .711). A scaled-down version

of the model - without the mediating traits - was also estimated for comparison: the explanatory power becomes very low (R^2 becomes a mere 8.6%): this indicates that traits mediate the relationship between the self-concept and the hedonic behaviour of the consumers of luxury goods. Hence, a model without the mediating traits is not very useful in explaining behaviour.

In addition, as can be seen from the assessment of the total, direct and indirect effects below, the direct effects from the self-concept(s) on hedonic consumption behaviour are weak, as indicated by their standardized coefficients (.023 from the independent self and -.052 from the inter-dependent self). However, the direct effects from the individual traits (mediators) on hedonic consumption behaviour are, relatively, moderate to very strong, as indicated by their standardized coefficients; thus, when the relationship is mediated by traits, the indirect effect of the self-concept(s) is becoming much stronger - relatively to the non-mediated model (.301 from the independent self and .145 from the interdependent self). The total effect is also becoming stronger, due to the mediation. These results clearly demonstrate the existence of a strong mediation through the traits of hedonism (H), consumer perfectionism (QS) and vanity - physical concern (PC).

Standardized Total Effects

	INT	IND	H	QS	PC	HD
H	.148	.387	.000	.000	.000	.000
QS	-.041	.344	.000	.000	.000	.000
PC	.090	.179	.000	.000	.000	.000
HD	.093	.324	.795	-.141	.236	.000

Standardized Direct Effects

	INT	IND	H	QS	PC	HD
H	.148	.387	.000	.000	.000	.000
QS	-.041	.344	.000	.000	.000	.000
PC	.090	.179	.000	.000	.000	.000
HD	-.052	.023	.795	-.141	.236	.000

Standardized Indirect Effects

	INT	IND	H	QS	PC	HD
H	.000	.000	.000	.000	.000	.000
QS	.000	.000	.000	.000	.000	.000
PC	.000	.000	.000	.000	.000	.000
HD	.145	.301	.000	.000	.000	.000

Table 14. Standardized Total, Direct & Indirect Estimates for a Mediated Model on Hedonic Effects

Thus, on a more substantive note regarding the influence of self-concept, the conclusion is that the hedonic consumption behaviour is mostly influenced by the independent self-concept orientation (indirect effect = .301 and total effect = . 324) and less by the inter-dependent self-concept orientation (indirect effect = .145 and total effect = .093). It is, therefore, a personally relevant and not socially-directed behaviour.

4.5.2 Quality-Seeking Consumption Behaviour (Quality Effect)

In the following model one can see the independent and inter-dependent self-concept(s) (predictor variables), the statistically significant (at $p < .05$ level) and substantively relevant for the quality effect mediating trait variable (consumer perfectionism) and, finally, the outcome variable (quality-seeking consumption behaviour).

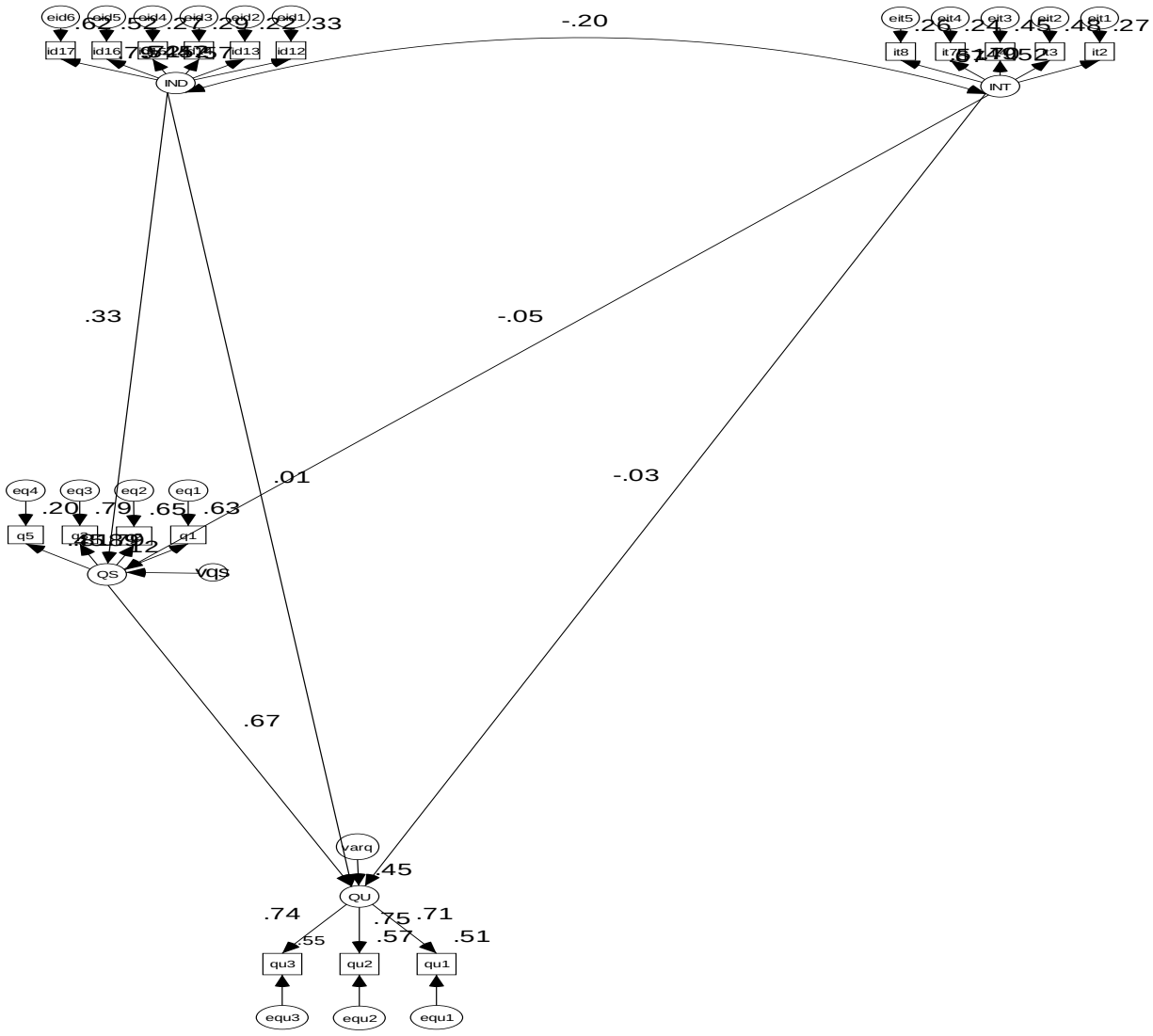


Figure 22. Mediation Effects (Quality-Seeking Behaviour)

The model fits the data very well. The X^2 with 129 degrees of freedom is 195.115 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 1.513 which is excellent. Excellent fit is suggested as well from the other indexes such as the CFI (.967) and RMSEA (.037). No further modifications were made. In addition to good fit, this model has excellent explanatory power since it explains 45.5% of the quality seeking consumption behaviour (as indicated by an R^2 of .455). A scaled-down version of the model - without the mediating trait - was also estimated for comparison: the explanatory power becomes very low (R^2 becomes a mere 5.8%), something that indicates that consumer perfectionism mediates the relationship between the self-concept and the quality-seeking behaviour of the consumers of luxury goods. Hence, a model without the mediating trait of consumer perfectionism is not very useful in explaining this behaviour.

As can be seen from the assessment of the total, direct and indirect effects, the direct effects from the self-concept(s) on quality-seeking behaviour are weak, as indicated by their standardized coefficients (-.009 from the independent self and -.027 from the inter-dependent self). However, the direct effect from the mediating trait on quality seeking consumption behaviour is strong as indicated by its standardized coefficient; as a result, when the relationship is mediated, the indirect effect of the independent (only) self-concept is becoming much stronger - relatively to the non-mediated model (.219 from the independent self; and a mere -.035 from the inter-dependent self). The total effect is also becoming stronger, due to the mediation. These results clearly demonstrate the existence of a strong mediation through the trait of consumer perfectionism (QS).

Standardized Total Effects

	INT	IND	QS	QU
QS	-.052	.327	.000	.000
QU	-.062	.228	.667	.000

Standardized Direct Effects

	INT	IND	QS	QU
QS	-.052	.327	.000	.000
QU	-.027	.009	.667	.000

Standardized Indirect Effects

	INT	IND	QS	QU
QS	.000	.000	.000	.000
QU	-.035	.219	.000	.000

Table 15. Standardized Total, Direct & Indirect Estimates for a Mediated Model on Quality Effects

Thus, on a more substantive note regarding the influence of self-concept, the conclusion is that the quality-seeking consumption behaviour is influenced by the independent self-concept orientation (indirect effect = .219 and total effect = . 228) and not by the inter-dependent self-concept orientation (indirect effect = -.035 and total effect = -.062). It is, therefore, a personally relevant and not socially-directed behaviour.

4.5.3 Snobbish Consumption Behaviour (Snob Effect)

In the next model one can see the self concept(s) - predictor(s), the statistically significant (at p < .05 level) and substantively relevant for the snob effect mediating trait variables (NFU, status-seeking, normative influence dimension of susceptibility to interpersonal influence, and physical concern dimension of vanity) and, finally, the outcome variable (snobbish consumption behaviour).

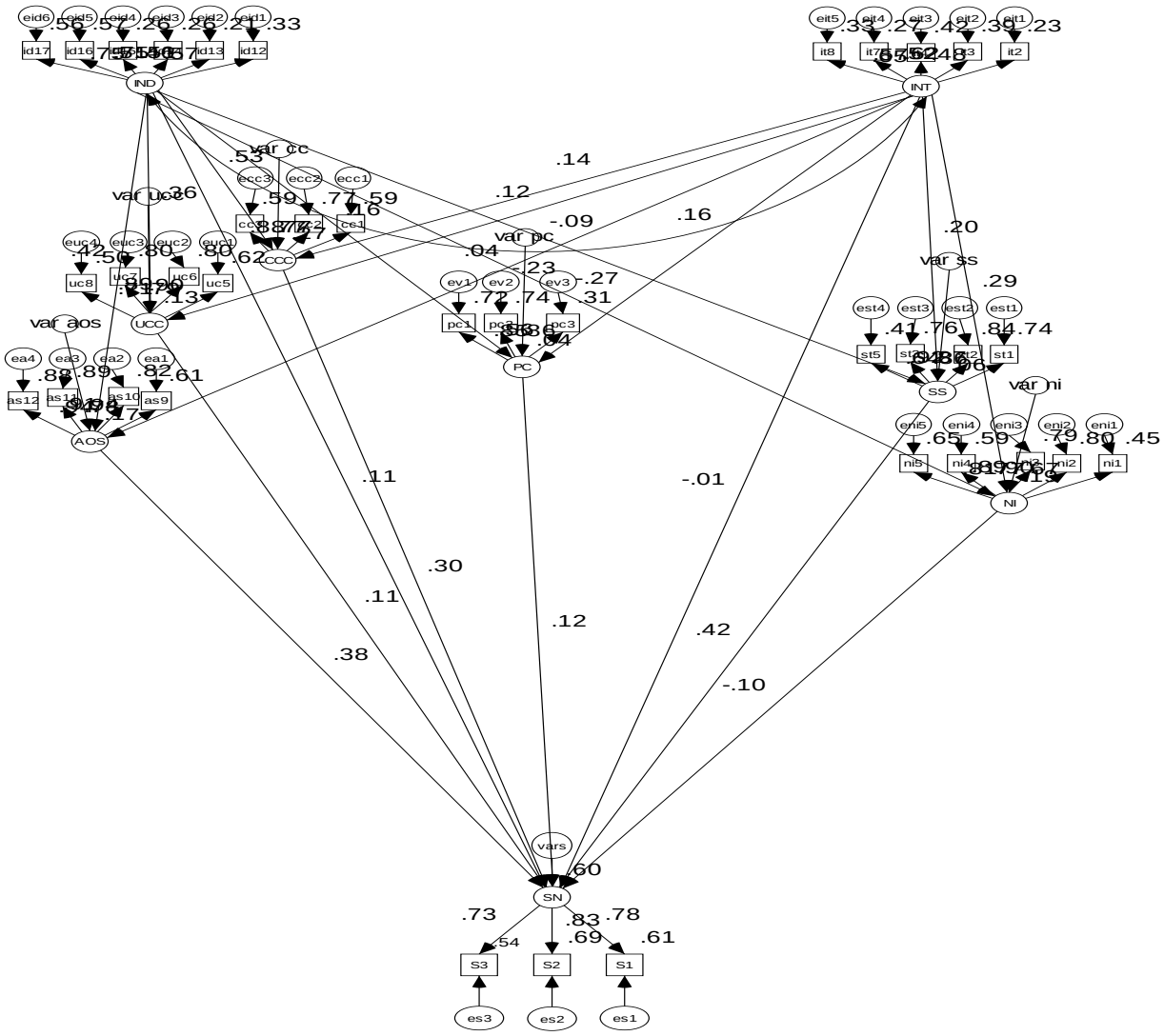


Figure 23. Mediation Effects (Snob Behaviour)

The model fits the data very well. The X^2 with 608 degrees of freedom is 1366.361 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 2.247 which is very good. Very good fit is suggested as well from the other indexes such as the CFI (.904) and RMSEA (.058). No further modifications were made. In addition to good fit, this model has excellent explanatory power since it explains 60.1% of the snobbish consumption behaviour (as indicated by an R^2 of .601). A scaled-down version of the model - without the mediating traits - was also estimated for comparison: the explanatory power becomes very low (R^2 becomes a mere 12.3%), something that indicates that traits mediate the relationship between the self-concept and the snobbish behaviour of the consumers of luxury goods. Hence, a model without these mediating traits is not very useful in explaining snobbish behaviour.

As can be seen from the assessment of the total, direct and indirect effects (in the next 3 tables), the direct effects from the self concept(s) on snobbish consumption behaviour are weak, as indicated by their standardized coefficients (.105 from the independent self and -.013 from the inter-dependent self). However, the direct effects from the individual traits (mediators) on snobbish consumption behaviour are, relatively, moderate to very strong as indicated by their standardized coefficients; as a result, when the relationship is mediated by traits, the indirect effect of the self-concept(s) is becoming much stronger - relatively to the non-mediated model (.369 from the independent self and .147 from the inter-dependent self). The total effect is also becoming stronger, due to the mediation. These results clearly demonstrate the existence of a strong mediation through the traits of status seeking (SS), normative influence (NI), creative choice counter-conformity (CCC), unpopular choice counter-conformity (UCC), avoidance of similarity (AOS), and vanity - physical concern (PC).

Standardized Total Effects

	INT	IND	SS	NI	CCC	UCC	AOS	PC	SN
SS	.203	-.091	.000	.000	.000	.000	.000	.000	.000
NI	.288	-.268	.000	.000	.000	.000	.000	.000	.000
CCC	.143	.531	.000	.000	.000	.000	.000	.000	.000
UCC	.123	.364	.000	.000	.000	.000	.000	.000	.000
AOS	.037	.424	.000	.000	.000	.000	.000	.000	.000
PC	.164	.163	.000	.000	.000	.000	.000	.000	.000
SN	.133	.475	.424	-.103	.299	.111	.379	.121	.000

Standardized Direct Effects

	INT	IND	SS	NI	CCC	UCC	AOS	PC	SN
SS	.203	-.091	.000	.000	.000	.000	.000	.000	.000

	INT	IND	SS	NI	CCC	UCC	AOS	PC	SN
NI	.288	-.268	.000	.000	.000	.000	.000	.000	.000
CCC	.143	.531	.000	.000	.000	.000	.000	.000	.000
UCC	.123	.364	.000	.000	.000	.000	.000	.000	.000
AOS	.037	.424	.000	.000	.000	.000	.000	.000	.000
PC	.164	.163	.000	.000	.000	.000	.000	.000	.000
SN	-.013	.105	.424	-.103	.299	.111	.379	.121	.000

Standardized Indirect Effects

	INT	IND	SS	NI	CCC	UCC	AOS	PC	SN
SS	.000	.000	.000	.000	.000	.000	.000	.000	.000
NI	.000	.000	.000	.000	.000	.000	.000	.000	.000
CCC	.000	.000	.000	.000	.000	.000	.000	.000	.000
UCC	.000	.000	.000	.000	.000	.000	.000	.000	.000
AOS	.000	.000	.000	.000	.000	.000	.000	.000	.000
PC	.000	.000	.000	.000	.000	.000	.000	.000	.000
SN	.147	.369	.000	.000	.000	.000	.000	.000	.000

Table 16. Standardized Total, Direct & Indirect Estimates for a Mediated Model on Snob Effects

Thus, on a more substantive note regarding the influence of self-concept, the conclusion is that the snobbish consumption behaviour is mostly influenced by the independent self-concept orientation (indirect effect = .369 and total effect = .475) and less by the inter-dependent self-concept orientation (indirect effect = .147 and total effect = .133). Hence, once again, the snob effect is more of a personally meaningful than a socially-directed behaviour.

4.5.4 Veblenian Consumption Behaviour (Veblen Effect)

In the following model one can see the independent and inter-dependent self concept(s) (predictor variables), the statistically significant (at $p < .05$ level) and substantively relevant for the veblen effect mediating trait variables (status-seeking, the creative choice counter-conformity dimension of need-for-uniqueness, and the physical concern dimension of vanity) and, finally, the outcome variable (veblenian consumption behaviour).

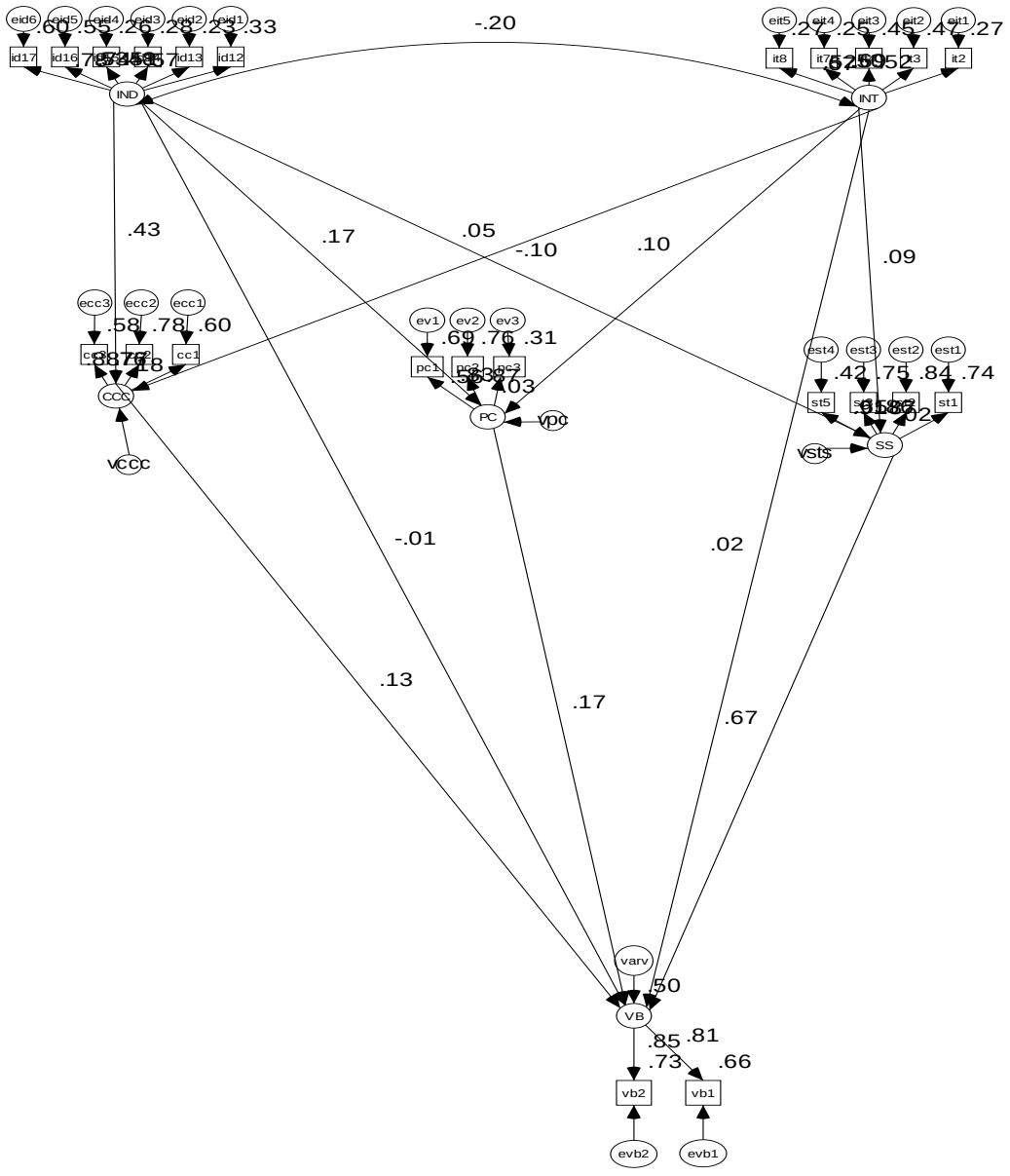


Figure 24. Mediation Effects (Veblenian Behaviour)

The model fits the data very well. The X^2 with 218 degrees of freedom is 490.759 ($p = .000$). The CMIN/DF (X^2/degrees of freedom) is 2.251 which is very good. Very good fit is suggested as

well from the other indexes such as the CFI (.921) and RMSEA (.058). No further modifications were made. In addition to good fit, this model has excellent explanatory power since it explains 50% of the veblenian consumption behaviour (as indicated by an R^2 of .498). A scaled-down version of the model - without the mediating traits - was also estimated for comparison: the explanatory power becomes negligible (R^2 becomes a mere 0.6%), something that strongly indicates that the mentioned traits mediate the relationship between the self-concept and the veblenian behaviour of the consumers of luxury goods. Hence, a model without the mediating traits is not useful in explaining this behaviour.

As can be seen from the assessment of the total, direct and indirect effects (in the next 3 tables), the direct effects from the self-concept(s) on veblenian consumption behaviour are weak, as indicated by their standardized coefficients (-.008 from the independent self and .015 from the inter-dependent self). However, the direct effects from the individual traits (mediators) on veblenian consumption behaviour are, relatively, moderate to very strong as indicated by their standardized coefficients. Surpirizingly, when the relationship is mediated by traits, the indirect effect of the self-concept(s) are such that still maintain the same weak and mixed picture relatively to the non-mediated model (.019 from the independent self and .083 from the interdependent self). The same happens with the total effects. These results clearly demonstrate the existence of a strong influence of the traits of status-seeking (SS), vanity - physical concern (PC) and creative choice counter-conformity, but don't give any big advantage to the full mediated model.

Standardized Total Effects

	INT	IND	SS	CCC	PC	VB
SS	.087	-.102	.000	.000	.000	.000
CCC	.053	.434	.000	.000	.000	.000
PC	.100	.171	.000	.000	.000	.000
VB	.098	.011	.675	.134	.172	.000

Standardized Direct Effects

	INT	IND	SS	CCC	PC	VB
SS	.087	-.102	.000	.000	.000	.000
CCC	.053	.434	.000	.000	.000	.000
PC	.100	.171	.000	.000	.000	.000
VB	.015	-.008	.675	.134	.172	.000

Standardized Indirect Effects

	INT	IND	SS	CCC	PC	VB

	INT	IND	SS	CCC	PC	VB
SS	.000	.000	.000	.000	.000	.000
CCC	.000	.000	.000	.000	.000	.000
PC	.000	.000	.000	.000	.000	.000
VB	.083	.019	.000	.000	.000	.000

Table 17. Standardized Total, Direct & Indirect Estimates for a Mediated Model on Veblen Effects

Thus, on a more substantive note regarding the influence of self-concept, the conclusion is that the veblenian consumption behaviour is better explained by the mediating traits alone; since the effects of the full model are weak. In any case, if we disregard the magnitude of coefficients and take into account only the relative values, the veblenian behaviour is mostly influenced from the inter-dependent self-concept orientation (indirect effect =.083 and total effect = .098) and less by the independent self-concept orientation (indirect effect = .019 and total effect = .011); in any case, it is more a socially-directed behaviour.

4.5.5 Bandwagon Consumption Behaviour (Bandwagon Effect)

In the following model one can see the independent and inter-dependent self concept(s) (predictor variables), the statistically significant (at $p < .05$ level) and substantively relevant for the bandwagon effect mediating trait variables (status-seeking, normative influence dimension of susceptibility to interpersonal influence, avoidance of similarity dimension of need-for-uniqueness, and physical concern dimension of vanity) and, finally, the outcome variable (bandwagon consumption behaviour).

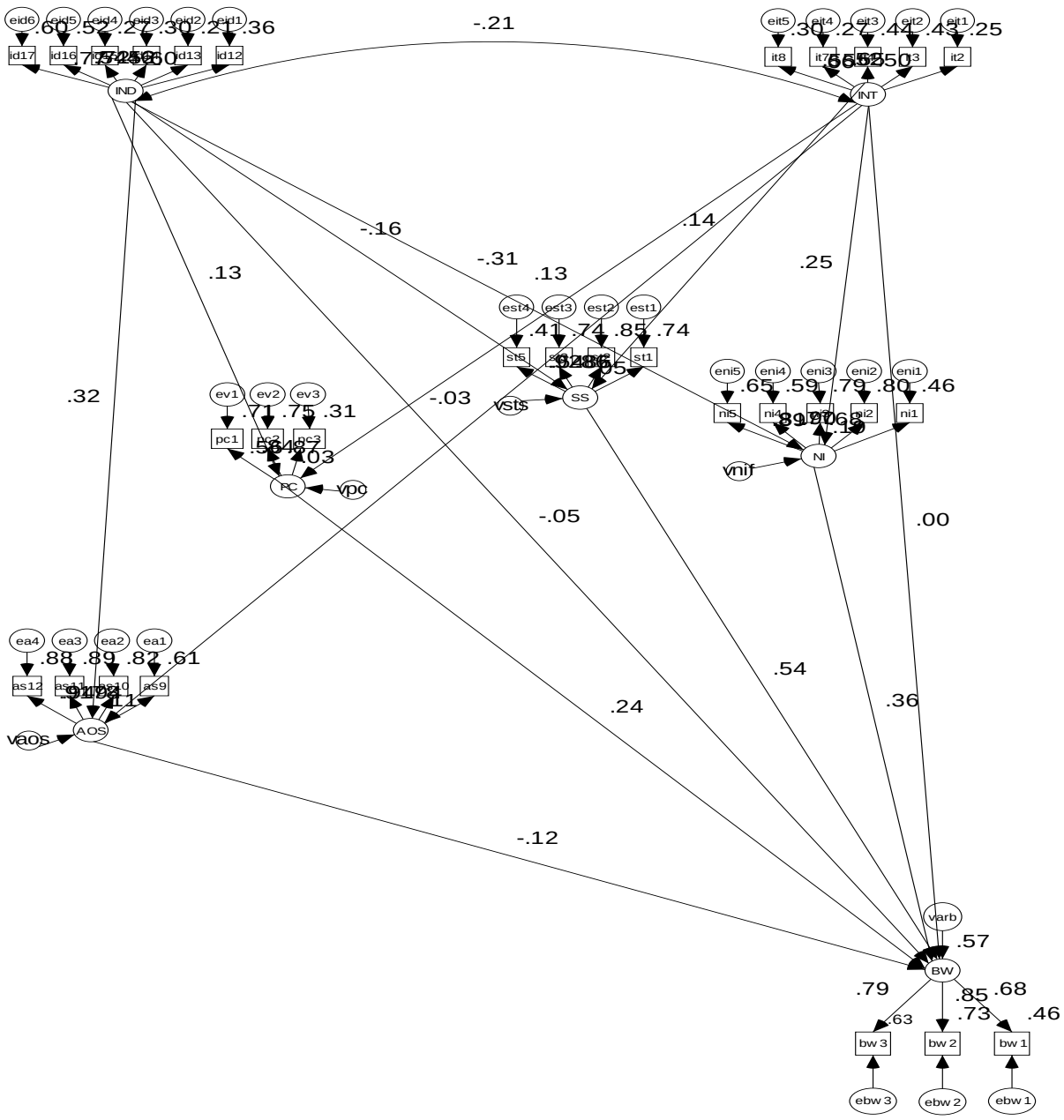


Figure 25. Mediation Effects (Bandwagon Behaviour)

The model fits the data very well. The X^2 with 390 degrees of freedom is 879.470 (p = .000). The CMIN/DF (X^2/degrees of freedom) is 2.255 which is very good. Very good fit is suggested as well from the other indexes such as the CFI (.921) and RMSEA (.058). No further modifications were made. In addition to good fit, this model has excellent explanatory power since it explains 57% of the bandwagon seeking consumption behaviour (as indicated by an R^2 of .571). A scaled-down version of the model - without the mediating traits - was also estimated for comparison: the explanatory power becomes very low (R^2 becomes a mere 6.9%): this indicates that traits mediate the relationship between the self-concept and the bandwagon behaviour of the consumers of luxury goods. Hence, a model without the mediating traits is not very useful in explaining thus behaviour.

As can be seen from the assessment of the total, direct and indirect effects (in the next 3 tables), the direct effects from the self concept(s) on bandwagon consumption behaviour are weak, as indicated by their standardized coefficients (-.052 from the independent self and -.003 from the inter-dependent self). However, the direct effects from the individual traits (mediators) on bandwagon consumption behaviour are, relatively, moderate to very strong as indicated by their standardized coefficients; hence, when the relationship is mediated by traits, the indirect effect of the self-concept(s) is becoming much stronger - relatively to the non-mediated model (-.201 from the independent self and .201 from the inter-dependent self). The total effect is also becoming stronger, due to the mediation. These results clearly demonstrate the existence of a strong mediation through the traits of status seeking (SS), normative influence (NI), avoidance of similarity (AOS), and vanity - physical concern (PC).

Standardized Total Effects

	INT	IND	SS	NI	AOS	PC	BW
SS	.142	-.158	.000	.000	.000	.000	.000
NI	.248	-.307	.000	.000	.000	.000	.000
AOS	-.034	.318	.000	.000	.000	.000	.000
PC	.128	.129	.000	.000	.000	.000	.000
BW	.198	-.253	.535	.361	-.117	.243	.000

Standardized Direct Effects

	INT	IND	SS	NI	AOS	PC	BW
SS	.142	-.158	.000	.000	.000	.000	.000
NI	.248	-.307	.000	.000	.000	.000	.000
AOS	-.034	.318	.000	.000	.000	.000	.000
PC	.128	.129	.000	.000	.000	.000	.000
BW	-.003	-.052	.535	.361	-.117	.243	.000

Standardized Indirect Effects

	INT	IND	SS	NI	AOS	PC	BW
SS	.000	.000	.000	.000	.000	.000	.000
NI	.000	.000	.000	.000	.000	.000	.000
AOS	.000	.000	.000	.000	.000	.000	.000
PC	.000	.000	.000	.000	.000	.000	.000
BW	.201	-.201	.000	.000	.000	.000	.000

Table 18. Standardized Total, Direct & Indirect Estimates for a Mediated Model on Bandwagon Effects

Thus, on a more substantive note regarding the influence of self-concept, the conclusion is that the bandwagon consumption behaviour is mostly influenced by the inter-dependent self-concept orientation (indirect effect = .201 and total effect = .198) and, negatively, by the independent self-concept orientation (indirect effect = -.201 and total effect = -.253). Thus, the bandwagon behaviour is a strongly socially-directed behaviour; in addition, it is clearly negatively related to the non-social independent orientation.

4.5.6 Conclusions from the Examination of Indirect (Mediation) Effects

Concluding this section, after decomposing the effects into direct, indirect and total, it becomes evident that the self-concept orientation (independent vs. inter-dependent) does indeed influence the five distinct usage behaviours of the consumers of luxury goods; but only if one takes into account (that this works through) the mediating mechanism of the intervening luxury-specific personality traits. This is a contribution documented for the first time in the relevant literature (where the assumption of the personal vs. social orientation under the influence of the self-concept has never been explained in a satisfactory way).

5. DISCUSSION AND CONCLUSIONS

After the detailed presentation and interpretation of the results in the previous chapter, I will now turn to discuss the important theoretical and managerial implications of this study. Even though slightly repetitive, I will start with a table of the hypotheses and an indication of whether they were/were not empirically supported.

Hypotheses from the Self-Concept to Traits

An independent self-concept is positively associated with the trait of hedonism.	Supported (it has also emerged that hedonism is positively associated to the inter-dependent self as well)
An independent self-concept is positively associated with the trait of consumer perfectionism.	Supported
Both the independent and the inter-dependent self-concepts are positively associated to the trait of need-for-uniqueness.	Partially supported (for the independent self; not supported for the inter-dependent self)
Both the independent and the inter-dependent self-concepts are positively associated to the trait of narcissism.	Partially supported (for the inter-dependent self; statistically significant but negative relationship with the independent self)
Both the independent and the inter-dependent self-concepts are positively associated to the trait of vanity.	Partially supported (for the independent self; not supported for the inter-dependent self)
Both the independent and the inter-dependent self-concepts are positively associated to the trait of status-seeking.	Not supported (statistically insignificant for the interdependent self; significant but in the opposite direction for the independent self)
An inter-dependent self-concept is positively associated with the trait of susceptibility to interpersonal influence.	Supported
An inter-dependent self-concept is positively associated with the trait of fashion consciousness.	Not supported (statistically insignificant and the opposite direction)

Table 19 a.

Hypotheses from Traits to Effects (Behavioural Patterns)

Hedonism should be positively associated to the hedonic effect	Supported
Consumer perfectionism should be negatively associated to the hedonic effect	Supported
Vanity should be positively associated to the hedonic effect	Partially supported
Consumer perfectionism should be positively associated to the quality effect	Supported

Need-for-uniqueness should be positively associated to the snob effect	Supported
Vanity should be positively associated to the snob effect	Partially supported
Status-seeking should be positively associated to the snob effect	Supported
Susceptibility to interpersonal influence should be negatively associated to the snob effect	Partially supported
Need-for-uniqueness should be positively associated to the veblen effect	Partially supported
Vanity should be positively associated to the veblen effect	Partially supported
Status-seeking should be positively associated to the veblen effect	Supported
Need-for-uniqueness should be negatively associated to the bandwagon effect	Partially supported
Vanity should be positively associated to the bandwagon effect	Partially supported
Status-seeking should be positively associated to the bandwagon effect	Supported
Susceptibility to interpersonal influence should be positively associated to the bandwagon effect	Supported

Table 19 b.

The hypotheses that did not receive support are the following:

Narcissism should be positively associated to the snob effect	Not supported
Narcissism should be positively associated to the veblen effect	Not supported
(Novelty) Fashion-consciousness should be positively associated to the bandwagon effect	Not supported

Table 19 c.

Table(s) 19 a, b, c. Summary of the Study's Results (Hypotheses: Supported/Not Supported)

As a conclusion, most of the initial hypotheses have received full or partial support. According to the results of the survey, a revised model is presented here (figure 26) - representing the phenomenon of luxury consumption: the behavioural patterns (effects) of the consumers of luxury goods, as well as their psychological antecedents (self-concept orientation and narrow, luxury-related, personality traits):

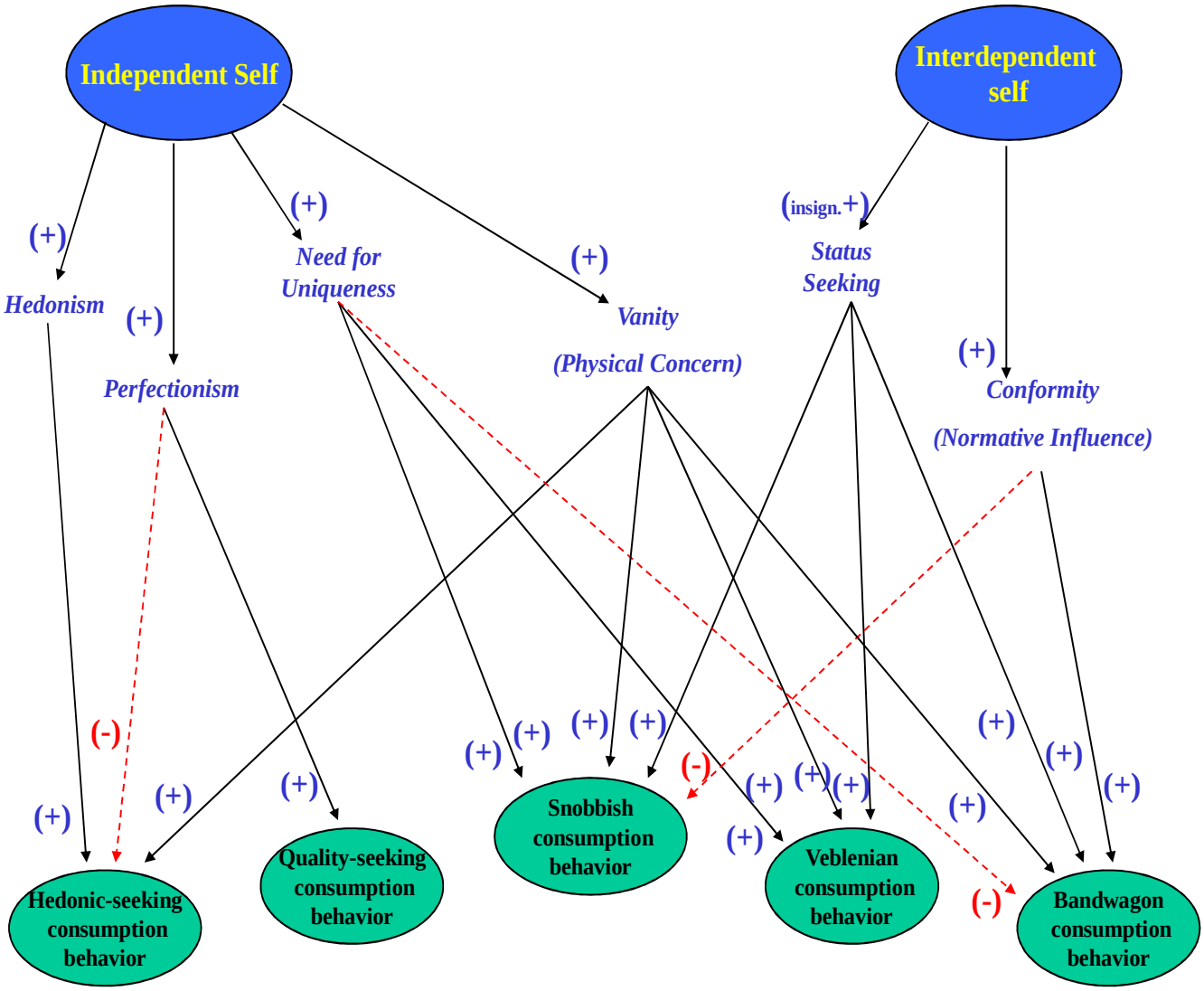


Figure 26. Revised Empirically Verified Model of Luxury Consumption Behaviour(s) and Psychological Antecedents

On the antecedents' side, the idea that some traits have elements of both personal and inter-personal nature did not receive support. More specifically, the original hypothesis was that a group of traits (NFU, status-seeking, vanity and narcissism) are influenced by both the independent and inter-dependent self-concepts. These traits were, accordingly, marked in a circle in the original model figure. According to the hypotheses, consumers with these traits would try to strike a balance between enhancing their personal identity and serving self-related goals vs. their social persona and signalling goals. This conclusion was reached based on insights from both the available literature and qualitative exploratory research (in-depth interviews with 6 managers of luxury products). After testing the structural model, however, it emerged that each of these traits can be associated to either

an independent (N.F.U. & vanity) or the inter-dependent self (narcissism) or, in one case (status-seeking) there was no significant association.

Also, the traits of narcissism and fashion-consciousness were not found to impact luxury consumption behaviour. Therefore they were made redundant from the final revised model. The traits of vanity and susceptibility to inter-personal influence were found to impact luxury consumption, respectively, through their physical concern and normative influence dimensions. All the other traits were found to impact luxury consumption as hypothesized.

5.1 THEORETICAL IMPLICATIONS

As noted already, the existing research on the consumers of luxury goods has some limitations: the first is that, a comprehensive and, still, parsimonious model explaining the antecedents as well as their exact consequences on luxury consumption is still lacking. In addition, it is not clear how exactly (via which mechanisms) the self-concept might - if at all - end up influencing the consumption of luxuries. Hence, the existing conceptual and empirical studies are largely a-theoretic and merely descriptive without explanatory basis. The second problem is that the few empirical studies as well as the conceptual papers on the topic consider the consumption of luxuries as a homogenous behaviour; thus their "dependent" or "outcome variable" is always "consumption of luxury goods" without any further distinctions. But, as mentioned, the consumers of luxury goods are not homogenous and their behaviour is far from being homogenous as well.

This study is the first in the consumer behaviour literature that focuses on the consumers of luxury goods and manages to address these problems: it develops and empirically assesses a comprehensive theory of luxury consumption. It makes several contributions to knowledge in this increasingly important domain of consumer and marketing activity:

- First, it integrates self-concept and trait theories into a cohesive model as antecedents of luxury consumption. It shows how these theories together can explain the phenomenon of the consumption of luxury goods. It presents strong empirical evidence for the mediating role of various individual traits that define the content of the personal and social orientation to luxury consumption and, at the same time, explain how the self (independent or inter-dependent) can influence luxury consumption behaviour. This is a contribution documented for the first time in the relevant literature (where the assumption of the personal vs. social orientation under the influence of the self-concept has never been explained in a satisfactory way).

- Second, the present study describes and explains a wide range of very different behavioural patterns of the consumers of luxury goods. In contrast to existing empirical and conceptual research - that has always treated the consumption of luxuries as a homogenous phenomenon - this research builds on: 1) the previous two theories, as well as on 2) Leibenstein's (1950) theory of "Veblen, Snob and Bandwagon effects", together with 3) research on quality and hedonic effects from the economic psychology and marketing literature, in order to explain and to provide empirical support to a conceptualization of luxury consumption as being composed of five very different behavioural patterns (effects). Up to this date, consumption of luxuries has been understood as one-dimensional behaviour towards luxury; whereas, in reality, it encompasses many distinct behavioural patterns. This study has described and empirically documented these five behavioural patterns (effects) and, also, has explained and empirically documented their antecedents (in the form of an overall self-concept orientation and, most importantly, in the form of intervening personality traits).

To summarise, this study is:

- The first of its kind to conceptualize and demonstrate empirically in an overarching model both the dispositions and the behaviour of the consumers of luxury goods.
- The first to describe and explain in detail the various personality traits of the consumers of luxury goods.
- The first to delineate and demonstrate empirically the various behavioural patterns of these consumers.
- And, finally, the first to shed more light and detail in the proposed personal vs. social orientation to luxury consumption.

On the antecedents' side, empirical support was obtained for most of the hypothesized relationships between an independent or inter-dependent self-concept and the various personality traits. The data confirm that an independent self-concept is positively related to the traits of hedonism, consumer perfectionism (quality-seeking), need-for-uniqueness (including all three facets of this trait: creative choice counter-conformity, avoidance of similarity and unpopular choice counter-conformity), and vanity. In addition, the data confirm that an inter-dependent self-concept is positively related to narcissism, status-seeking (although insignificant relationship), consumer susceptibility to interpersonal influence, while the relationship with fashion-consciousness remained unsupported. It was also hypothesized that need for uniqueness, and vanity would be positively related to the inter-dependent self-concept too; but the data do not confirm this relationship.

Overall, strong support was obtained for the core relationships between the self-concept and the various personality traits. Thus, we can conclude that the independent self, as a construct influencing luxury consumption, is 1) positively related to the traits of hedonism, consumer perfectionism, need-for-uniqueness, and vanity; and 2) impacts the various related luxury consumption behaviours via the appropriate configuration of these trait(s) for each behaviour. On the other hand, we can conclude that the inter-dependent self, as a construct influencing luxury consumption is 1) positively related to the traits of status-seeking, consumer susceptibility to interpersonal influence and, unexpectedly, hedonism as well; and 2) impacts the various related luxury consumption behaviours via the appropriate configuration of these trait(s) for each behaviour.

On the consequences' side, empirical support was also obtained for most of the hypothesized relationships between the various personality traits and the various distinct behavioural patterns, conceptualized in our model as effects. More specifically, the data confirm that, as hypothesized:

1. Hedonism and the physical concern dimension of vanity are positively related to hedonic consumption behaviour, while consumer perfectionism is negatively related to this effect.
2. Consumer perfectionism is positively related to quality-seeking consumption behaviour.
3. Need-for-uniqueness (including all three facets of this trait: creative choice counter-conformity, avoidance of similarity and unpopular choice counter-conformity), status-seeking and the physical concern dimension of vanity are positively related to snobbish consumption behaviour, while normative influence is negatively related to this effect.
4. Status-seeking, the creative choice counter-conformity dimension of need-for-uniqueness, and the physical concern dimension of vanity are positively related to veblenian consumption behaviour.
5. Status-seeking, the normative influence dimension of consumer susceptibility to interpersonal influence, and the physical concern dimension of vanity are positively related to bandwagon consumption behaviour, while the avoidance of similarity dimension of need-for-uniqueness is negatively related to this effect.
6. A few of the hypothesized relationships between personality traits and behaviours remained unsupported: narcissism, fashion-consciousness and some sub-dimensions of vanity (achievement view, achievement concern, physical view) and susceptibility to interpersonal influence (informational influence) were not found to impact any of the luxury consumers' behaviours. These were eliminated from the final model presented above.

Overall, strong support was obtained for the core relationships between the various personality traits and the luxury consumption behaviours. Thus, we can conclude that the various personality traits mediate the relationship between the self and behaviour and are the direct antecedents of the different consumption behaviours. Specifically:

- The personality traits of hedonism, physical concern and consumer perfectionism (negatively) explain in our model 72% of hedonic seeking consumption behaviour (71% in the mediated model).
- The personality trait of consumer perfectionism explains in our model more than 45% of quality seeking consumption behaviour (46% in the mediated model).
- The personality traits of need for uniqueness (including all three facets of this trait: creative choice counter-conformity, avoidance of similarity dimension and unpopular choice counter-conformity), status-seeking, physical concern and normative influence (negatively) explain in our model 71% of snobbish consumption behaviour (60% in the mediated model).
- The personality traits of status-seeking, creative choice counter-conformity and physical concern explain in our model 65% of veblenian consumption behaviour (50% in the mediated model).
- The personality traits of status-seeking, normative influence, physical concern and avoidance of similarity (negatively) explain in our model more than 72% of bandwagon consumption behaviour (57% in the mediated model).

Overall, this study provides an important new theoretical base into the whole phenomenon of luxury goods consumption, thus contributing at both a) the consumer behaviour literature on luxury consumption, as well as b) to the general psychological literature on self-concept and personality. More specifically:

The contribution to the consumer behaviour literature on luxury consumption lies at the development and empirical assessment of a comprehensive theory of luxury consumption by integrating self-concept and personality theory into a cohesive model of the antecedents of luxury consumption while, at the same time, it describes and explains a wide range of very different behavioural patterns of the consumers of luxury goods. By integrating self-concept and personality theory, this research explains and empirically demonstrates how exactly (via which causal mechanism) the self leads to a personal (hedonic-seeking and quality-seeking consumption behaviour) or a mix of personal and social orientation (snobbish, veblenian and bandwagon) to

luxury consumption. This is done via the mediating personality traits that define the content of the self-concept orientation and, at the same time, explain how the self (independent or inter-dependent) influences consumption behaviour. In this way, this research not only offers a good theoretical grounding and explanation of the self-concept's impact on luxury consumption but, in addition, it defines more accurately what is the content of this social and personal orientation to luxury; in addition, it shows how these two orientations manifest themselves as overt behaviour in the form of five distinct consumption effects.

Thus, the exact meaning of "personal orientation" and "social orientation" to luxury is now apparent through the mediating traits that direct consumers towards either a more "personally-oriented behaviour" or a more "socially-oriented behaviour". In addition, the findings that three of the consumption behaviours (snobbish, veblenian, bandwagon) have elements of both a personal and social orientation (even though, in the veblenian and bandwagon behaviours, the social orientation prevails) show that, to some extent, the "personal vs. social orientation" distinction becomes artificial.

In addition to advancing our theoretical understanding on the consumer research on luxuries, this research also contributes to the general psychology literature on personality and self-concept theory. With regards to the first domain, this research represents a resolving step at the ongoing debate (Chamorro-Premuzic, T., 2007; Larsen and Buss, 2008) between situational and dispositional theories of personality, as it clearly demonstrates the strong link between personality traits and behaviour (Mischel, 1968; Funder, 2001). Specifically, the importance of this finding is underscored by its potential to inform theoretical inquiry along the new perspectives on trait psychology such as a) the idea that "narrower traits" predict specific behaviours and "broader traits" are useful in making general predictions (Funder, 1991), or b) the idea of situation selection (Diener, Larsen and Emmons, 1984; Emmons, Diener and Larsen, 1986; Schneider, 1987; Snyder, 1981; Ickes, Snyder and Garcia, 1997) and, c) Murtha et al.'s theory of situation-specific personality (1996), discussed at the section of traits. This study offers some supporting evidence to the contention that people - when given a choice - typically choose situations that fit their personalities (Snyder and Gangestad, 1982).

Regarding the second domain, this study also contributes to self-concept theory in two ways. First, it supports the idea that the self can be defined in terms of various personality traits. For example, specific configurations of traits can define various different self-conceptions - taking into account the plurality of self-concept paradigms: real-self, ideal-self, possible-self, multiple-selves, extended-self, ought-self, avoided-self. The same happens in the case of the more stable self definitions from cultural psychology: independent and inter-dependent self. Second, it provides

empirical evidence on the contention that the way the self-concept manifests itself on behaviour is via such self-defining traits (which are the causal mechanism behind this influence of a large overall construct as the self on various behavioural patterns).

Overall, I believe that this study satisfies some of the prerequisites for a serious theoretical contribution as documented in the theory-building literature, such as the seminal paper "What constitutes a theoretical contribution?" (Whetten, 1989). As this paper points out, a good theory or theoretical model should be: 1) comprehensive yet parsimonious, 2) with a strong explanatory power and, in addition, 3) it should be offering new insights; 4) it should ideally lead to some changes in theory and/or practice; and 5) it must be of interest to some contemporary audience(s).

This study has empirically verified a proposed theoretical model which includes all the factors relevant to the phenomenon of luxury consumption: at the (antecedent) levels, the self-concept orientation(s) and the mediating traits, and, at the level of (consequences), several overt behaviour(s). The inclusion is *comprehensive* because - in contrast to existing research - it includes all relevant factors to understand this phenomenon, based on an exhaustive literature review supplemented by qualitative input from practitioners in the field of luxuries. In addition, it is *parsimonious* because it only includes those luxury-specific constructs that add value to our understanding of the examined phenomenon. The addition of value-adding constructs only is demonstrated by both a) literature support (thus, substantive reasoning), and b) empirical evidence such as qualitative verification from experts together with substantial quantitative *explanatory power* (as indicated by R^2 - variance explained). Where additional constructs (in the various tested structural models) would result in a marginal increase of R^2, these were not considered useful and, thus, not added.

Moreover, this study offers some totally *new insights* as it clarifies the meaning of "personal vs. social" orientation to luxury consumption, explains the causal and mediating role of various personality traits, and delineates for the first time the differences between various distinct luxury consumption behaviours: all these signify a departure from the existing simplified, static, and merely descriptive views of the luxury consumers - towards an enriched understanding of this complex phenomenon.

In addition - as the next section (5.2) demonstrates in detail - this study has very important *managerial implications*, thus satisfying the "so what?" element. Specifically, this model has the *potential to significantly alter managerial practices* in the luxury sector by shedding light in both a) the complex internal world of the luxury consumer(s), as well as at b) their overt behaviour; hence, offering new segmentation bases. These can assist managers not only to better segment their markets

but, in addition, to predict consumer reactions to changes in their offering(s) or communications, based on the interaction of multiple controllable drivers of luxury product consumption. It should be emphasized, at this point, that such potential implications were very well received and anticipated during the qualitative calibration of this model.

What is more, this study comes in the *right time*: we are recently witnessing an increased academic interest in the consumption and management of luxuries - evident from the rising number of publications, following the market developments of the last decade (emergence of large luxury groups, substantial increase of market value for the luxury sector, globalization and emergence of the "global" luxury consumer, etc.). As a consequence, there is an *audience* eager to follow such theoretical and managerially relevant developments, as this model is: a) the scholars in the fields of marketing, consumer behaviour, and psychology; as well as b) the managers of the multi-billion luxury companies. After having documented the theory implications, the next part moves on to discuss the implications - and offer a number of practical suggestions - for this later group.

5.2 MANAGERIAL IMPLICATIONS

5.2.1 Overview of Managerial Relevance

In addition to the contributions in theory, this study makes a substantial contribution to the managers in the field of luxury goods. It was already evident during the qualitative stage (interviews) of this research that practitioners rely on general, vague notions of "status" or "prestige" or simple demographic variables in order to understand and attack their markets (see below on segmentation section); as a result, their expectations from and reactions towards the potential implications of a systematic psychographic analysis of their consumers and their behavioural patterns were extremely encouraging.

Overall, this model can offer useful guidance to managers of luxury goods in a) segmenting their markets based on personality and behavioural criteria, as well as b) helping them to better target their marketing efforts with the effective manipulation of multiple controllable drivers of luxury products' consumption (such as e.g. product design or communications that match the overall self-orientation as well as various personality traits). In a nutshell, this model describes how an individual's self-concept orientation impacts the way this person consumes luxuries and explains that it is a person's traits that mediate and give a meaning in the relationship between the self-concept and luxury seeking behaviour; thus, the various traits are the generative mechanism via which the self-concept impacts the consumption behaviour of consumers of luxury goods.

In addition to understanding the internal world of their consumers, managers can benefit from realizing what is the practical effect (resulting in a consumption - purchase or usage - behaviour) of possessing a certain combination of an independent/inter-dependent self-concept and traits: this is an extremely useful tool since - even in contemporary practice, as the interviews have revealed - most marketing practitioners rely on an inadequate understanding of the behaviour of consumers of luxury goods as being homogenous (= purchase of luxuries, without further distinctions); or, in the best case, they merely rely on simplified demographic segmentation schemes. This model can help managers understand that consumption behaviour towards luxury goods isn't exhausted in the quest of a vague "status" grail or in a mere personal vs. social orientation but, instead, it can be distinguished into five different behavioural patterns (effects) with the various personality traits as their antecedents.

Finally, armed with this knowledge of the internal world and the resulting behavioural manifestations of their consumers, managers of luxury goods will be in a superior position to enhance their brand positioning as well as their targeting efforts both at the strategic, planning and tactical level (e.g. whether a new luxury product is being created with the view of the "right" type of consumer in mind; or when an existing product is being repositioned in the actual battlefield of the demanding contemporary luxury market). Especially for the large luxury groups (such as LVMH, PPR, Richemont) which possess, in different product categories, a vast array of luxury brands with diverse "personalities", the need to engage in highly sophisticated segmentation/positioning strategies (instead of treating luxury consumers as a big homogenous mass or as a few income strata) is an objective demand that cannot be anymore ignored if they want to gain and maintain a competitive edge in their respective markets. This is one of the main ambitions of this project and the next paragraphs are dedicated in showing how this study contributes to this goal.

5.2.2 Understanding the Consumers of Luxury Goods: a Three-Level Perspective

This model can help managers of luxury goods enhance their understanding of their consumers at three different levels:

First, there is the level of the self-concept. Consumers may possess a mix of characteristics, as described in the literature section, which indicate a more personal or more social orientation to luxury. Managers should of course keep in mind that this is a conceptual typology and that, in reality, these two aspects of self can co-exist within the individual (Markus and Oyserman, 1989; Aaker and Lee 2001): they may be thought as "extreme loci" on a continuum - with most people falling somewhere in-between. Most consumers - either Westerners or Easterners - have both

independent and inter-dependent aspects of self which simply may just differ in the relative strength of these aspects on a chronic basis, leading to individual differences in self-concept (Singelis, 1994). In spite of this however, for most people one of the two orientations may be stronger leading to a more personal or, instead, a signalling approach to luxury consumption. This means that, as suggested in the literature (Tsai, 2005; Wiedmann et al., 2007) and as found during the interviews' stage of this project, managers can start understanding these consumers by sketching two broad segments: the personally-oriented consumers (interested more for the intrinsic benefits such as the pleasure, the product's quality, as well as the individualistic aspects of what a luxury product signifies to themselves) and the socially-oriented consumers (who care more for the visible symbolic dimensions of what these products signify to others around them, as well as for their impression management function). At this point, self-concept measuring can provide an initial tentative segmentation basis. This is useful as a first point of contact with the consumers of luxuries, until one comes to question how exactly these functions operate within the consumer and how they appear in manifest behaviour. How can a "grosso-modo" dual segmentation be used effectively?

Therefore, the next step is to understand and measure consumers' personality traits: their hedonism, consumer perfectionism, need-for-uniqueness, vanity, status-seeking, and susceptibility to interpersonal influence. This is crucial for managers - as a deep understanding of the consumers on such trait dimensions serves a dual purpose: a) first, it allows them to understand exactly what is the detailed content and meaning of a "personal" or a "social" orientation to luxury and, b) secondly, it makes it possible to predict how these orientations (which seen now at the level of traits aren't two anymore but, instead, detailed and multiple orientations) will actualize in consumption behaviour(s). A note: this isn't shopping behaviour but, instead, a broader usage behaviour although it includes and impacts shopping behaviour as well. This is due to the fact that traits predict broad behavioural patterns which, as noted in the model development part, are much more useful for segmentation purposes. For example, a vain/status-seeker is interested on the audience's reaction to price (veblenian behaviour: primarily social orientation); in addition, a status-seeker with strong avoidance-of-similarity tendencies might, instead, exhibit a snobbish behaviour (snob behaviour: primarily personal orientation).

This is the last step and the most crucial one for the practitioner (the most important contribution from the managerial point of view): to predict a luxury buying/usage behaviour (behavioural pattern). This study has described and demonstrated the existence of five consumer behaviours related to luxury consumption: a hedonic-seeking behaviour, a quality-seeking behaviour, a snobbish consumption behaviour, a veblenian consumption behaviour and a bandwagon consumption behaviour. A manager armed with this knowledge has, for the first time, a typology

that doesn't simply assume a status-seeking (status-seeking, after this study, seems very vague and inadequate on its own to explain luxury consumption) approach to luxury but, instead, much more: 1) it categorizes consumers along distinct behavioural typologies and, 2) explains how to reach each type of these consumers by understanding and appealing to the personality traits that antecede them. Thus, some consumers will buy more of a luxury good when its hedonic properties are increased; others will be swayed by the quality or service aspects; some minority will increase consumption of goods that are rare (or perceived as such!); while others, in contrast, will be attracted to consumption by the popularity factor and will react negatively in a perceived exclusivity; finally, others will mostly pay attention to the price/financial value and will consume more of a luxury brand if it is very expensive or when its price is relatively higher than competing brands. Most importantly, though, managers can use this model as a guide that can help them to develop effective appeal(s) to each of these behaviourally-defined segments (e.g. product offerings or pricing strategies or communications that will match specific traits).

Concluding, the consumers of luxury goods can be understood, approached and served based on:

1) An, overall, dual orientation to luxury.

2) Next, based on a detailed psychographic (trait) analysis.

3) Finally, based on usage behaviour (the five consumption effects).

At the same time managers can understand how all these levels inform and feed from each other; thus, achieving a deep understanding of these consumers - instead of relying on simplified typologies or outdated income-based segmentation schemes.

5.2.3 The Market for Luxury Goods: Psychographic and Behavioural Perspectives on Segmentation, Targeting and Positioning

Psychographic segmentation is the practice of dividing groups via particular psychological traits for the purpose of targeting, positioning and, more generally, marketing to these segments. Specifically, psychographic segmentation is concerned with identifying personality traits and other distinguishing characteristics in groups of the population. Examples are young and outgoing (for the sale of new forms of music) or grey and conservative (for classical and 60s music). On the other hand, *behavioural segmentation* is a form of psychographic approach that specifically looks at consumer behaviour patterns and requires marketers to identify and understand the main benefits

consumers look for in a product. After a very brief look into the current segmentation practices in various luxury companies/industries (as revealed during the interviews with managers of luxury brands), I will discuss how the market for luxury goods can be segmented and how consumers of luxuries can be targeted and luxury products positioned, based on the model and the findings of this study. This discussion will be primarily centered on the examined personality traits (5.2.3.1). A short (in order to avoid repetition) note from the behavioural point of view (effects) will also be added after the examination of the trait-based segmentation/targeting/positioning (5.2.3.2).

As the interviews have revealed, segmentation in the field of luxury goods is done in an empirical way. The various "segments" of the consumers of luxuries are mostly based on demographic (mainly income and, sometimes, age) criteria; while, occasionally, a more "psychological" perspective simply assumes a common "show-off" or status-seeking feature. As a consequence, targeting and positioning lack sophistication and depth. Examples of these practices in contemporary luxury markets are indicative of the current state of affairs (2008-2009) and point out to the necessity of a systematic approach such as the one based on the model developed with this study. The following quotes illustrate these practices:

- "*There is a rich core of consumers but the rest consumers of luxury cosmetics are young, not rich, but spenders on luxuries"; "they are connoisseurs but not necessarily rich*" (Lancome).

- "*The consumers are people with large disposable income who seek quality"; "occasional middle class consumers*"; (L'Oreal).

- "*They seek status and social class show off*" (Lexus).

- "*They have a common show-off feature"; "there are mature consumers, show-offs (new money, middle class); "some young and trendy or techno-savvy*" (Cartier).

- "*A common factor is that they are all well-off financially*" (LVMH).

- "*They are varied demographically but have some common traits: they seek for satisfaction, recognition and re-assurance*" (AMVYX, luxury spirits).

Continuing from this, all the interviewees agree that the current approaches in the luxury sector are, generally, over-simplified and that there is a strong need for more detailed, rigorous and sophisticated approaches, especially those that would rely on psychographic criteria:

- "*Marketers act empirically and need more sophisticated models*" (Lancome).
- "*Marketers do generic marketing and would benefit from better segmentation*" (L'Oreal; Lexus).
- "*Marketing is empirical and there is a need for a psychographic model*" (Cartier).

The next sections will offer some suggestions (mostly describing the various consumer types and incl. segmentation, targeting and positioning) on how contemporary marketing to consumers of luxury goods can be improved - based on the results of present study and using the revised model.

5.2.3.1 Trait-Based Segmentation, Targeting and Positioning of Luxuries

As seen, there is unanimous agreement regarding the usefulness of segmenting the demanding and fragmented contemporary luxury markets based on psychological variables such as the ones identified and measured in this study. Therefore, I will discuss these traits as well as their consequences for the marketers one by one and I will try to demonstrate how knowledge of these psychological antecedents of consumption can be used effectively from practitioners.

The purpose of using a trait-based analysis lies, as mentioned, in that it helps managers understand what exactly is the meaning of a personal or social orientation to luxury; that these are not homogenous approaches but, rather, overarching clusters encompassing various more detailed orientations based on the particular traits. Moreover, traits help to predict how these general orientations to luxury will actualize in one or another form of consumption behaviour (effect). In addition, clustering groups according to their primary traits (since most consumers will possess a combination of traits with some being more developed and others less salient) may reveal further psychographic groupings which may even better represent these consumers. Using such combinations may be utilized as a basis for developing several profiles of luxury consumers which indicate distinct market segments to which different products appeal or advertising strategies could be implemented (e.g. snob status-seekers vs. bandwagon status-seekers - since status has been found to impact both behaviours).

Therefore, the emphasis in the following analysis is on the various individual traits rather than on the (overall) more general - personal or social - orientation to luxury.

The Hedonist Consumer

The hedonist individual is someone who is seeking to derive physical pleasure from any activity of life (including consumption behaviour), prioritizes beauty over other things such as practicality or price, and has an overall aesthetic view, philosophy or stance in life. A hedonist wants sensual pleasure, aesthetic appreciation and seeks for emotional reactions (such as happiness, thrill, and pleasure fantasies) to different stimuli. This type of consumer values the perceived utility acquired from a (luxury) product to arouse the senses, feelings or to evoke affective states (hedonic effect or hedonic-seeking behaviour).

It is then straightforward to suggest that a luxury product targeted to this consumer needs to be built mainly around these pillars: a beautiful design that resembles a work of art and, probably, makes use of precious materials while at the same time all the rest products' physical stimuli (sounds, touch and possibly scent or taste - especially for food or drinks) must enhance the physical experience and support the pleasure dimension; all these will, in turn, generate an overall emotional reaction that will further elevate the physical dimension(s) of pleasure into a heightened affective state. Thus, while the physical stimuli will depend on the product's category (e.g. a car will need to have a beautiful design, the sound of the engine must be a pleasant sporty one for a roadster or a quiet accurate rhythm for a limousine, the leather seats should feel nice to touch and smell with a elegant leather odour; a champagne, on the other hand, will mainly focus on taste, smell and colour and possibly engineer the sound of sparkles, etc.), they will altogether work in harmony to make sure that the experience transcends the senses and breaks into a deeper affective universe.

Since the hedonist consumer is not driven by monetary influences, the price dimension is not especially relevant in this case. With regards to retail channels it would be useful to add that the shopping environment should be aesthetically appealing and physically pleasant to all five senses. And, finally, the promotion to this segment should be built around elegance, high aesthetics (such as references to art, etc.) and project the pleasure that the consumer will get by owing and using the luxury product. Above the line activities such as TV, radio, magazine advertisements, billboards and even the internet should make heavy use of all techniques (visuals, sound, etc.) that can effectively transform communication into a hedonic experience and draw the consumer into a world of emotional reaction; while below the line communication should focus on bringing the consumer in contact with the product in a way that, both, emphasizes the pleasure content from the product's use as well as doing this in a hedonically stimulating way (thus, it is an issue of "form vs. content").

The Perfectionist Consumer

Perfectionist consumers (or quality-seekers) buy luxury products because of the (real or perceived) higher quality they incorporate - relative to non-luxuries in the product category. These consumers will increase their consumption of a luxury brand as its perceived quality is increased ("quality effect"). Experienced consumers focus and are able to make evaluative judgements on the actual quality, while inexperienced quality-seekers rely on and seek for perceived quality cues. Although it is taken for granted that "excellent quality is a sine qua non" in luxury products, there is still a need to carefully built in the product and communicate this quality.

The quality issue with regards to the luxury product has been discussed extensively in the literature; thus, here I will only add the this quality needs to be both evident at the surface level to

the consumer who evaluates its physical quality aspects (or the credence qualities of luxury services) as well as to withstand a stricter examination; it should also extend into pre-sales and after-sales service (which are aspects of quality) and be interwoven, wherever appropriate, with technological innovation. In addition it is a well known fact that a high price signifies quality: managers should, therefore, keep in mind that - in the consumers' point of view - quality is expensive and, thus, they must never engage under any pressurizing market conditions (such as the recent 2007-2009 crisis) in any kind of low-price signalling (e.g. sales and other heavy promotions) as this would damage the perceived quality.

The retail environment should be engineered in such a way as to reinforce the consumers' perception of quality (e.g. using exceptional materials, salespeople with deep knowledge and credibility): quality is a concept that needs not only be proven by the product/service itself but should extend at all stages and points of a consumer's contact with the brand. Finally, the communication of quality is a very tricky issue: the product better speaks for itself and through excellent service. As Dubois et al. (2001) have observed, "messages about quality have to be understated in order to be inferred by the public" (rather than being directly claimed in advertising, which would be too direct an approach and could be seen as over-selling); for example, focusing on the details of the hand-made production, on state-of-the-art technological innovations or on the excellent delivery process may be a powerful way of obtaining the desired result. Explaining that it takes several years to train a craftsman capable of assembling suitcases or making watches (which are, thus, implicitly described as hand-made) can achieve the desired result much better that more direct approaches that overstate the level of quality. Quality standards can also be accredited by industry best practices or independent authorities such as quality assurance bodies or even-better non-advertising editorials and articles (another indirect approach).

Finally, a note of caution has to be made: according to the theory and the results of this study, the archetypical perfectionist consumer might - under certain conditions - be negatively predisposed to beauty (the beauty dilemma). Managers should be careful when marketing to this segment as an excessive hedonic appeal might be, sometimes, perceived as a sign of lower quality!

The Consumer with high Need-For-Uniqueness

Consumers with a high need-for-uniqueness are not a homogenous group but, as we have seen, they are made up from three distinct personality sub-segments: "CCC- creative choice counter-conformity" (the consumer seeks social differentness from others but still makes selections that are likely to be considered good choices by these others), "UCC - unpopular choice counter-conformity" (consumption of products and brands that deviate from group norms and may result in social

disapproval) and “AOS - avoidance of similarity” (a loss of interest in, or discontinued use of, possessions that become commonplace in order to move away from the norm and re-establish one’s differentness). Overall, need-for-uniqueness (NFU) is “the trait of pursuing differentness relative to others through the acquisition, utilization and disposition of consumer goods for the purpose of developing and enhancing one’s self-image and social image” and leads, as our data have verified, to a “snob effect” type of consumption, which arises when consumers’ preference for a good is increased as its rarity increases, or in the opposite case, preference decreases as the good becomes popular (Leibenstein, 1950).

Accordingly, such consumers will be attracted to luxury products by scarcity or uniqueness appeals: one must distinguish, however, between the three subcategories and stress accordingly the dissimilarity factor (AOS segment of consumers), the perceived lack of popularity (UCC segment of consumers) or the creative difference of the product or service (CCC segment of consumers). A note of caution to managers, however, is that there is a fine line between using the exclusivity factor and alienating consumers: in the qualitative stage of this research, I have found that very few brands can or want to play effectively with real snobbery; a remedy to this can be a “virtual rarity” type of appeal - as Catry (2003) has conceptualised the notion of four different distinctions of virtual rarity: natural rarity, techno rarity, limited editions and information-rarity (discussed in the literature review) - which is less dangerous and can, in fact, add value to every luxury brand. Nevertheless, for the consumer belonging in one of the three NFU sub-segments, the luxury product or service must really be exclusive in some way: it should be scarce or, at least, be perceived as rare. This signal can be further supported by a high price, since, usually, rare items are expensive (scarcity increases value).

In addition a rare item, by definition, cannot and should not be easily obtained everywhere: using the right - very exclusive - channel is a crucial choice that a marketer has to make. This type of consumer will not be deterred by time and information search costs as long as the end-goal of exclusivity is effectively satisfied: for years the only place (in the world) where someone could buy a Channel No. 5 perfume was in 31 rue Cambon - the address of Chanel's first Paris home and boutique. Initially, it was given to preferred clients for free at her boutique, while the fitting rooms in her boutique were also scented with No. 5. Now days, this would be an extreme strategy but it conveys the archetypical “exclusivity” idea very well. Finally, the promotions targeting consumers with high NFU should portray exclusivity: whether real (such as the Channel example) or perceived (such as Catry’s natural rarity, techno rarity, limited editions and information-rarity) scarcity techniques should be the core element of the communication to high NFU consumers. In addition, while the use of mass media should not necessarily be completely ruled-out, however, their selection

should be very carefully done. More appropriate, however, would be the use of PR events which are targeted to a more limited and highly selective audience (as opposed to traditional mass advertising, that is better suited to give a "sense of exclusivity" to mass luxuries): e.g. a small, almost "cryptic", PR event for the "really few", such as a limited wine-tasting/promotion dinner at a Castle with a narrow circle of carefully "hand-picked" guests; what follows is, of course, word of mouth, which is probably the best promotional tool for this segment (as the interviews have revealed).

The Vain Consumer

Physical vanity is a major influence behind luxury consumption via its physical concern dimension; physical vanity is "an excessive concern for, and/or a positive, and perhaps inflated, view of one's physical appearance". As the data show, the physical concern aspect of vanity impacts the consumption of luxuries in several different ways because these products - especially appearance-related items such as e.g. expensive clothing, jewellery and cosmetics - might enhance outward physical appearance (leading to a hedonic effect: consuming beauty); or - through a sort of personal attribution such as the one described by Dubois, Laurent and Czellar (2001) - when consumers "transfer" the excellent "rarity", "expensive price" and "popularity" factor, attached to luxury products, to themselves; hence contributing, respectively, to a snob, veblen and bandwagon effect. This view can be further supported by many academic studies that have showed physical attractiveness to be positively related to social benefits, relevant to these conspicuous effects, such as increased popularity, power and increased self-esteem; and that attractive people are perceived to be more sociable, dominant, sexually warm, mentally healthy, intelligent, and socially skilled than unattractive people (Adams, 1977; Goldman and Lewis, 1977; Jackson, Sullivan, and Hymes, 1987; Krantz, 1987; Feingold, 1992). It is relatively straightforward then - in view of the data as well - to argue that physically vain consumers seek for the abovementioned benefits and engage in consumption practices leading to most of the luxury behaviours (effects) such as the hedonic, snobbish, veblenian and bandwagon behaviour.

Therefore, managers of luxury goods should not disregard the fact that the physically vain individuals consume luxuries because - amongst other benefits - they are seeking for 1) hedonic reinforcement 2) exclusivity reinforcement 3) veblenian reinforcement, and 4) bandwagon (popularity) reinforcement. In this sense - according to each of these end-goals - it would probably made sense to distinguish between "hedonic vanity", "snob vanity", "veblenian vanity" and "bandwagon vanity" as different behavioural manifestations of physical vanity. The luxury product or service targeting the physically vain consumer segment should satisfy, to some extent, all of these dimensions. Above all, it should be perceived to enhance outward physical appearance; e.g. in the

case of a luxury service such as a luxury gym, spa, etc.: it does affect appearance and makes the consumer feel elevated, exclusive, rich etc. - even if these are just perceived situations and not real. The pricing and the channel choice should match the targeted audience (hedonists, snob, veblenian, and bandwagon consumers). Finally, promotion to the physically vain consumers' segment should be via appeals relevant to the physical concern dimension (e.g. by showing how the luxury product or service can enhance attractiveness, sex-appeal, make someone different and popular, etc.).

The Three Types of Status-Seeker(s)

Status-seeking, as the data suggest, is the most important influence in the consumption of luxuries. It impacts three different luxury consumption behaviours: the snob, the veblenian and the bandwagon consumption behaviour. Status is the position or rank in a society or within a group awarded to an individual by others (Goffman, 1951; Bierstedt, 1970; Dawson and Cavell, 1986) and, thus, status consumption appears in the case of individuals who strive to improve this social standing through the conspicuous consumption of consumer products that confer and symbolize status both for themselves and surrounding significant others. Consumers acquire, own, use and display them in order to enhance their sense of self, to present an image of what they are like (membership groups) or they would like to be (aspirational groups) and to bring about the kinds of social relationships they wish to be in. The definition of "status-seekers" describes them as those people who are continually straining to surround themselves with visible evidence of the superior rank they are claiming. With regards to the consumption of status products it has been noted that it is inaccurate to view it as a habit of the very wealthy (Miller, 1991); Belk (1988) states that "even third world consumers are often attracted to and indulge in aspects of conspicuous consumption before they have secured adequate food, clothing and shelter". Marketers of luxuries should, therefore, know that status consumption is a phenomenon that occurs independently of social class membership or income; thus, it is linked to such different luxury consumer profiles as those of conspicuous (audience reaction to wealth displayed), bandwagon (keeping up with the Joneses) and snob consumers.

Apart from the theory, this is exactly what data suggest: it becomes evident - and in accordance to the mentioned definitions - that status-seeking is a very complex construct that incorporates diverse traits and goals leading to a vast range of behaviours. For example, the scale instrument, used to measure status-seeking, makes direct references to (a) wealth/reactions to price, (b) susceptibility to interpersonal influence, and (c) snob appeal. Consumers who are status-driven seek not only the audience's reaction to price of the product (veblenian behaviour) but also to "keep up with the Joneses" (bandwagon behaviour) and distinction (snob behaviour), as theory has tried to

suggest (Eastman et al., 1999; O'Cass and McEwen, 2004) but never explicitly explained in terms of specific behavioural outcomes, such as - for the first time - the results of this study.

This has important implications: I propose a conceptualization and distinction between "veblenian status-seekers", "snob-type status-seekers" and "bandwagon status-seekers". Managers can use appropriately differentiated status references in order to appeal to each of these segments; they can start with a general status orientation as background but they should prioritize specific manipulations relevant to the segment being targeted: e.g. references to wealth or to audience's reaction to price are the most appropriate for veblenian consumers; for the other two effects, they can "play" with the quantity element: status derived from the popularity factor (everyone must have this product: a Luiss Vuitton handbag) is the strategy to emphasize for the bandwagon audience; while status derived from a product's or service's scarcity is the appeal to be used when they want to lure the snobs.

To sum it all up for the managers: 1) a status product/service that is extremely pricey (product, price), sold only through boutiques in expensive locations or channels that signal wealth (place) and shown - through placements in upmarket mediums (lifestyle magazines; conservative newspapers; pages on investment websites, billboards in wealthy areas, etc.) - to be a part of the affluent's lifestyle (promotion) is targeting those who respond positively to price (veblen effect); 2) a product/service that is expensive and rare at the same time (product, price), sold in very few exclusive boutiques or restricted channels (place), and promoted at exclusive mediums or through below-the-line small events (promotion) is a product that confers status via the rarity dimension and is mainly tailored to the snobs; 3) finally, a mass-status and less expensive product that focus more on the wide social acceptance, conveys success and popularity (product, price), sold in major, not so exclusive but, still, well-regarded outlets (place), and promoted through mass mediums as a status product, that everyone should have, is targeting the bandwagon segment of consumers.

The Conformist Consumer

Consumer susceptibility to interpersonal influence (CSII or, generally, conformity) is the need to "identify with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands" (Bearden, Netemeyer, & Teel, 1989). CSII makes individuals to conform to referent group norms in order to enhance their self-concept by means of group affiliation (Dubois & Duquesne, 1993; Vigneron & Johnson, 1999) since - in line with Belk's extended-self theory (1988) - the possession of some luxury brands is for them a symbolic marker of group membership.

The data show that CSII is an antecedent of bandwagon consumption behaviour, a type of behaviour that occurs when consumer preference for a good is increased as the number of people buying it increases. It should be noted however that - as the data suggest - it is only the normative influence component of CSII that has a significant influence on consumers. Normative influence is the tendency to conform to the expectations of others (Burnkrant and Cousineau; 1975) and may be further distinguished into value-expressive and utilitarian influence (Park and Lessig, 1977): value-expressive influence reflects the desire of individuals to enhance their self-image by association with a specific reference group, and operates through the process of identification which occurs when the person adopts a behaviour or opinion of another because this is associated with satisfying a self-defining relationship; while utilitarian influence is reflected in the attempts of individuals to comply with the expectations of others in order to achieve rewards or avoid punishments, and operates through the process of compliance - which occurs when individuals conform to the expectations of others "to gain rewards or avoid punishments mediated by others" (Bearden et al., 1989). Thus, what matters for these consumers is the opposite of snobs: they want to buy and use luxuries that are very popular and are used by the big mass of luxury consumers, since this "extreme visibility" guarantees and reinforces their higher than average inter-dependency with other people.

Managers of luxury goods - especially those targeted to the lower luxury tier, which are sold in larger quantities - must select, as candidates to be promoted to bandwagon consumers, their luxury product lines that are "massively" sold ("massively" relatively to other more expensive luxuries but not as compared to a mass non-luxury market); or they can create accessorized versions of their more high-end luxuries; or draw from the legitimacy of a more expensive brand. Such luxury products (or services) should be moderately priced as this is (a) an economic reality for mass luxuries, and (b) the massive nature of this type of luxury indicates that the main factor of importance here is not the price: what really matters is not the audience's reaction to price but the affiliation created by the shared values of possessing/consuming such a luxury good or service. The channels where these luxuries can be sold may vary from expensive boutiques (where they will be positioned as "lower luxury tier" or entry-level luxuries to a very prestigious brand) to more massive but well-regarded outlets or department stores (where they will represent the more luxurious brands for this type of channel); in any case, these luxuries should be easily accessible as they are made for everyone who can afford this "democratized" version of luxury.

Promotion to this segment can be via mass mediums such as TV, radio, internet and mass press and magazines. The communicated message should emphasize the product's normative function (either the value-expressive or the utilitarian function; or a combination). For example, a value expressive message will operate by assisting the consumer to identify with a specific group such as,

e.g., in the case of young consumers of luxuries with a strong need to be liked: the use of conformity messages by a “normative source” (a popular celebrity or young idol actress); on the other hand, a “normative source” can focus on delivering an utilitarian influence, such as the benefits associated with using the new popular luxury i-phone. Finally, I believe that the difference of this type of personality with bandwagon type status-seekers is merely a matter of degree: the emphasis here is not so much on status but on affiliation. Status can assist to achieve a desired group membership but at the same time it reflects an expectation to be ranked above other group members; whereas normative influence is mostly a tendency indicating a desire to join a group, without seeking any particular in-group rank.

5.2.3.2 A Short Note on Behaviour-Based (or Effect-Based) Segmentation, Targeting and Positioning of Luxuries

The previous section (5.2.3.1) has examined in detail how the market for luxury goods can be segmented and how consumers of luxuries can be targeted and luxury products positioned, from the point of view of the model’s empirically verified consumer personality traits (5.2.3.1). In this section, I will only add a short (in order to avoid repetition) note from the perspective of the examined effects.

The behaviour patterns of the consumers of luxury goods can also be used effectively from practitioners for segmentation/targeting/positioning purposes. This is another way to look at the consumers: instead of depicting the market (consumers) in terms of isolated individual traits, marketers can think of it in the slightly more complex form of aggregate behaviours (effects) and work backwards, de-composing these behaviours into their antecedents: a) self-concept orientation, and b) the various consumer traits. The purpose of using a behaviour-based analysis for segmentation purposes lies in the fact that it recognizes the existence of some real effects in luxury consumer markets and, then, works backwards to identify their antecedents in order to build marketing suggestions upon them. Hence, managers can apply the same suggestions analyzed in the preceding (5.2.3.1) section, as long as they keep in mind that each effect is composed by several traits:

Hedonic effect: as seen, in the analysis of mediation (indirect) effects, the hedonic consumption behaviour is mostly influenced by the independent self-concept orientation and less by the inter-dependent self concept orientation. It is mainly, therefore, a personally relevant and not so

much a socially-directed behaviour. This type of consumption is mostly influenced by the traits of hedonism, physical concern and, negatively, by consumer perfectionism (with this order). Managers, in order to target this usage-defined segment, should apply the suggestions for these specific traits, as analyzed at (5.2.3.1).

Quality effect: as seen, in the analysis of mediation (indirect) effects, the quality-seeking consumption behaviour is influenced by the independent self-concept orientation and not by the inter-dependent self-concept orientation. It is, therefore, a personally relevant and not socially-directed behaviour. This type of utilitarian consumption is influenced by the trait of consumer perfectionism. Managers, in order to target this usage-defined segment, should apply the suggestions for this specific trait, as analysed at (5.2.3.1).

Snob effect: as seen, in the analysis of mediation (indirect) effects, the snobbish consumption behaviour is mostly influenced by the independent self-concept orientation and, to a small degree, by the inter-dependent self-concept orientation. Hence, the snob effect is more of a personally meaningful than a socially-directed behaviour and is influenced by the traits of status-seeking, avoidance of similarity, creative choice counter-conformity, physical concern, unpopular choice counter-conformity, and, negatively, by consumer susceptibility to inter-personal influence (with this order). Managers, in order to target this usage-defined segment, should apply the suggestions for these specific traits, as analysed at (5.2.3.1).

Veblen effect: as seen, in the analysis of mediation (indirect) effects, the veblenian consumption behaviour is better explained by the mediating traits alone; without significant value added from the self-concept orientation. In any case - as explained in the relevant section of mediation effects - the veblenian behaviour is mostly influenced by the inter-dependent self-concept orientation and less by the independent self-concept orientation; this type of behaviour is mostly socially-directed. As such, veblenian behaviour is mostly influenced by the traits of status-seeking, physical concern, and creative choice counter-conformity (with this order). Managers, in order to target this usage-defined segment, should apply the suggestions for these specific traits, as analysed at (5.2.3.1).

Bandwagon effect: as seen, in the analysis of mediation (indirect) effects, the bandwagon consumption behaviour is mostly influenced by the inter-dependent self-concept orientation and, negatively, by the independent self-concept orientation. Thus, the bandwagon behaviour is a strongly

socially-directed behaviour and, at the same time, negatively related to the independent orientation. This last type of consumption is mostly influenced by the traits of status-seeking, normative influence, physical concern and, negatively, by avoidance of similarity (with this order). Managers of luxuries, in order to target this usage-defined segment, should apply the suggestions for these specific traits, as analysed at (5.2.3.1).

In addition, other combinations are possible, such as what Leibenstein (1950) had called "mixed effects": e.g. a combined veblen-snob effect (a function of high price and limited quantity of a luxury good in a given market). Marketers can use their creativity and superior knowledge of their specific luxury markets - where they operate - in order to develop their own segmentation schemes. This model can guide them or act as an initial frame of understanding their consumers.

5.3 CONCLUSIONS

The core idea underlying this research is that a consumer's self-concept orientation impacts luxury consumption behaviour(s) through various mediating individual traits. More specifically, the key objective was is to identify all the individual factors that antecede the consumption of luxury goods, explain why they do so, and demonstrate how these are manifested in observable consumer behaviour(s). This general objective was broken down into the following specific research questions:

• *Is the self-concept an antecedent of consumption of luxuries and, if yes, how exactly?*

The answer to this question is positive. The self impacts luxury consumption; unlike previous research, however, that has touched this topic - but left it vaguely defined on weak theoretical grounds - this study has proposed, theorized, and empirically verified that the self-concept orientation is the original antecedent and that, in addition, there are various mediating consumer traits that explain the mechanism of this impact. Self-concept orientation (independent vs. inter-dependent) impacts the five distinct usage behaviours of the consumers of luxury goods: this works through the mediating mechanism of some luxury-specific personality traits. This finding, documented for the first time, provides a new theoretical insight into the whole phenomenon of luxury consumption, contributing to both the consumer behaviour literature on luxury consumption as well as to the general psychological literature on self-concept and trait theory.

• *Which are the specific traits of the consumers of luxury goods? Do they lead to various different consumption patterns?*

This study has identified and empirically demonstrated the existence of five different consumption behaviours (or effects): hedonic consumption behaviour, quality-seeking consumption

behaviour, snob consumption behaviour, veblenian consumption behaviour and bandwagon consumption behaviour. These are preceded originally from a (personal or social) self-concept orientation and mediated by (combinations) of the traits of hedonism, consumer perfectionism, need-for-uniqueness, vanity (physical concern), status-seeking, and susceptibility to inter-personal influence (normative influence).

• *Is the consumption of luxuries a homogenous behaviour or is it comprised from different behavioural patterns and, if yes, what is behind each one of them?*

This study described, explained and empirically verified a wide range of very different behavioural patterns of the consumers of luxury goods. In contrast to existing empirical and conceptual research - that has always treated the consumption of luxuries as a homogenous phenomenon - this study shows that luxury consumption behaviour can be further distinguished into five very different behavioural patterns (effects) and has uncovered and explained two levels of individual antecedent constructs that lead to these behavioural patterns (self-concept orientation and individual traits specific to luxury consumption).

From a methodological point of view, the present research - unlike other empirical studies that rely on small student samples - has used a robust random sample of actual consumers of luxury goods from a large metropolitan city (London, UK), thus, increasing the validity of the empirical findings.

Finally, the main practical implication of this study is relevant to luxury product marketers: it offers a) an in-depth understanding of luxury consumers and their inner world, b) explains what drives them to luxury consumption, as well as c) describes and explains their different ways of consuming luxuries (consumption patterns or effects). This psychographic understanding will allow practitioners to better segment their markets, target accurately the various non-homogenous consumer populations, and position different luxury products to the right consumer segment. Based on the results of this study, marketers will be able to better predict consumer reactions to changes in their offering or communications, based on the interaction of multiple controllable drivers of luxury product consumption. This is especially relevant today if one considers that the large luxury groups maintain a large portfolio of very different luxury brands that must be promoted in different ways and to different consumers.

6. LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

The empirical assessment of this model should be interpreted with caution and seen as just a first step in understanding the complex processes that underlie the consumption of luxury goods. Specifically, the suggested structural relationships should be tested with additional samples in different parts of the world in order to confirm the model's application in other contexts. This study, as described in the methodology section, has taken all the necessary measures to ensure ecological validity; the sampling process has been carefully designed in order to maximise the generalizability of the model and differs substantially from the conventional student samples that are typically used in the context of similar research (e.g. Kapferer, 1998; Dubois, Czellar and Laurent, 2005; O'Cass and Frost, 2005; Amaldoss and Jain, 2005a; Amaldoss and Jain, 2005b; Vigneron and Johnson, 2004). In addition, London is a multicultural and cosmopolitan city and, therefore, the mix of participants in the sample ensures a fair degree of variability among respondents which is not easy to achieve in other parts of the world. Having said that however, it is prudent to say that the results from this study apply mainly to the more "cosmopolitan" population of consumers of luxury goods and, in any case, the generalizability beyond the context of UK should be further tested. Continuing from this point, an interesting avenue for further research would be to try to replicate the findings in "extreme" individualistic (e.g. USA) and collectivist (e.g. Asia) environments and test for differences. Thus, it remains to be seen if there are moderating effects due to cultural differences.

Additionally, the respondents' behaviour (effects) was measured by focusing on the usage/choice of the specific category of luxury watches only, as the number of constructs that had to be examined did not permit a larger questionnaire with additional luxury categories: therefore, the results obtained in this study should be seen under this light. However, using the specific category reflects a deliberate choice with good reason: as managers from various luxury industries have confirmed, luxuries are mostly symbolic goods and, among them, watches are probably the most symbolic luxury category; in addition they are mechanical instruments, meaning that the utilitarian aspect is important; moreover, they are highly artistic objects, meaning that the hedonic dimension is very important as well. Overall, watches are one of the most archetypical categories among luxuries and, thus, the results obtained here can be seen as fairly representative of luxury consumption in general - as confirmed during the qualitative part of the study. Having said that, an exploration with different dependent variables such as luxury cars, leather goods or spirits could provide additional validity to the model. Especially if such a study is replicated in a more naturalistic research environment with data on actual luxury brands in a real marketing context, marketers could be much more confident in implementing lessons from the current research. In addition, with the recent rise of experiential consumption it would be interesting to investigate the relative importance of symbolic

antecedents on the consumption of experiential luxuries (holidays, spas, leisure and hospitality). Generally, expanding the notion of luxury to include the service and experiential luxury industries could open fruitful avenues for further research.

Finally, another issue stems from the survey method used. Even though, typically, SEM researchers are making claims of causality, an experimental replication of the study would solidify the causal directions sketched here and provide additional triangulation support. Still, the present study has been strongly endorsed by triangulation methods involving both qualitative and quantitative research from both the managerial as well as the consumer perspective.

In spite of these limitations, this study - in a theoretically and managerially significant domain - contributes in advancing contemporary understanding of a) the antecedents of luxury consumption, as well as b) the different ways that individuals consume such goods. Having said that, and taking into account that this is the first study of this kind, it is fair to point out that it should be seen as a starting point that articulates the reasons why people buy luxuries and the ways they are consumed. Future research could examine the influence of different (less specific to luxury or more peripheral) personality traits on luxury consumption (such as, e.g., the influence of conservatism or traditionalism on new vs. old luxuries); or try to cluster consumer into new segments based on combinations of these (or additional traits) and other demographic variables. In addition, the significant impact of status and vanity (physical concern dimension) on many of the examined luxury behaviours is a finding that deserves further research. This study suggested the distinction between veblenian status-seekers, snob status-seekers and bandwagon status-seekers: this is a contention that should be further investigated as it could greatly enhance our understanding of a construct (status-seeking) that constitutes, on its own I believe, a whole domain of study (and not just in the context of luxuries). In addition, the impact of physical concern in most of the behavioural manifestations of luxury consumption suggests that the link between luxury and the physical (material and bodily or appearance-related) self is also another domain that deserves further attention from both a theoretical as well as a practical marketing perspective.

APPENDIX A (Table of Empirical Research on Luxuries)

Author / Date / Title / Journal	*Type/Design*	*Context*	*Hypotheses*	*Findings*	*Comments*
Dubois, B. & Duquesne, P. **1993** "The Market for Luxury Goods: Income Versus Culture" *European Journal of Marketing*	Exploratory Survey Quota sample (sex, age, profession, location, income) of 7600 Europeans Response rate = "extremely high" (?) Self-administered questionnaires	5 European Luxury Markets: Great Britain, West Germany, France, Italy, Spain	H1: The higher the income of the individual, the higher the propensity to buy luxury goods H2: The more positive the attitude towards cultural change, the higher the propensity to buy luxury goods	H1: Confirmed – explains 49.4% of luxury acquisition H2: Confirmed – explains 31.7% of luxury acquisition H1 & H2 combined explain 77.8% of luxury acquisition	
Dubois, B. & Paternault, C. **1995** *"Observations: Understanding the World of International Luxury Brands: The 'Dream Formula'"* *Journal of Advertising Research*	Survey Probability sampling n=3000	U.S.A. age: 15 +	No formal Hs Aim: to understand the structural relationship between awareness, dream and purchase of luxury products	"Dream Formula": Dream = 0.58 * Awareness – 0.59 Purchase – 8.6	U.S. population as a whole Same analysis could be done for each segment / subsegment
Dubois, B. & Laurent, G. **1996** *"The Functions of Luxury: A Situational Approach to Excursionism"* *Advances in Consumer Research*	Exploratory Survey Quota sample (age, location) n=330	French female consumers Lower incomes under - represented	No formal Hs Situations: individual vs. social & planned vs. impulse	Developed "situational profile" for specific luxury products – a "taxonomical instrument"	Small sample Subjective choice of just few luxury products and few situations Impact of consumer differences in associating products to situations not accounted for (e.g. age, income,

					gender, cultural background)
Kapferer, J. N. **1998** *"Why Are We Seduced by Luxury Brands?"* *Journal of Brand Management*	Phase 1: Interviews with 20 students to establish a list of 16 facets of luxury brand characteristics Phase 2: Descriptive (perceptions of 76 luxury brands) & Explanatory (fuctions – values) Survey n=200	France – HEC Business School students	No formal Hs	Cluster analysis identified 4 types of luxury brands according to functions / values	Sample limited to specific curriculum (Business School) and country
Phau, I. & Prendergast, G. **2000** *"Consuming Luxury Brands: The Relevance of the Rarity Principle"* *Journal of Brand Management*	Survey Random sampling n=116	Singapore – Orchard Road (= a major commercial street with luxury brands)	No formal Hs Aim: to replicate the study of Dubois et al. on the structural relationship between awareness, dream and purchase of luxury products in an Asian country	The "rarity principle" is not relevant in Confucian cultures	Genralization is not possible until data from other Asian countries are collected
Dall'Olmo Riley, F., Lomax, W. &. Verwiel, M. **2004** *"Consumer Evaluation of Luxury Brand Extensions: Exploring The Mediating Effects of Expertise and Self-monitoring"*	Exploratory Focus groups filtered from a convenience sample of 90 female consumers – filtering: for self-monitoring, for expertise and a split between 20-34 and 35-54 for age Completion of a written Critical Incident Technique (CIT) account	90 female consumers (UK)	P1: Higher consumer expertise leads to a greater role for product-related brand associations versus non-product-related brand associations in the perception of fit. P2: Non-product-related associations have a greater	All propositions supported	Further research is needed to confirm the general/bility and validity of these findings. An explicit contrast between luxury and non-luxury brands is planned. Survey research based on the findings of this exploratory, qualitative study is also planned.

Academy of Marketing Conference, Cheltenham, July 2004			effect on fit perception for high self-monitors than for low self-monitors. P3: Non-product-related associations of the parent brand/extension category are transferred more easily to the extensions for high self-monitors than for low self-monitors.		
Vigneron, F. & Johnson, L. W. **2004** *"Measuring Perceptions of Brand Luxury"* *Journal of Brand Management*	Scale development Item generation n=77 (experts = managers) Reliability n=1060 Validity n=1322	Data collected from University faculties using responses obtained from student samples in Australia	No formal Hs Aim: development of a scale capable of measuring the dimentions of luxury brands	A semantic differential scale is developed measuring the luxury of a brand	Further replication and extention needed: -Additional samples (non-students) -Comparison with other scales -Replication in other countries
Dubois, B., Czellar, S. and Laurent, G. **2005** *"Consumer Segments based on Attitudes towards Luxury: Empirical Evidence from Twenty Countries"* *Marketing Letters*	2 Stage: - Exploratory: 16 in-depth interviews (age: 17-70) to develop a 33-item questionaire (attitudes towards luxury) - Exploratory Survey using the scale developed in the 1st stage n=1848 (students)	Management students from 20 countries (19 Western individ/stic & 1 Eastern collect/stic: Hong-Kong)	No formal Hs due to the fact that segments were a priori unknown	Factor analysis failed to summarize items in a small number of factors A mixture clustering method revealed 3 latent consumer segments (Elitists, Democrats, Distant) based on attitudes towards luxury	Only the effect of national culture considered Only Western context Would be useful to collect data about other socio – cultural variables (religion, age, social class, education, income) and psychological variables (social compliance, desirability, self

					monitoring)
Brioschi, A. **2006** *"Selling Dreams: the Role of Advertising in Shaping Luxury Brand Meaning"* *Chapter in "Brand Culture", eds. Schroeder, J. E. and Salzer-Mörling, M., Routledge: Oxon*	Content analysis & statistical cluster analysis of luxury ads n=198	Magazine ads from 8 popular consumer magazines (e.g. Vogue, Elle, Marie Claire, Arch/ral Digest, Elle Décor etc.)	No formal Hs	Emergence of several "luxury codes" used in current advertising and emergence of 4 clusters of advertising strategies as used in advertising practice	Luxury brand meaning is seen from the perspective of the message itself without taking account of the interpretant (= the luxury conumer)
Braun, O., L. & Wicklund, R. A. **1989** *"Psychological Antecedents of Conspicuous Consumption"* *Journal of Economic Psychology*	6 studies examining the relation between one's insecurity and vis a vis a striven-for identity and the tendency to lay claim to material prestige symbols associated with that identity: 4 surveys & 2 combinations of survey / experiment Different analytical methods for each specific study	Respondents from such diverse areas such as athletics, law and business in a U.S. context (both students and already employed)	H1: People who are commited to an identity and who evidence incompleteness with respect to that identity will tend to lay claim to prestige symbols H2: People who are commited to an identity and who feel complete should behave in a modest manner H3: In the case of uncommitted subjects there should be no such relation between experienced incompleteness and conspicuous consumption	All 3 Hs confirmed: In all 6 studies there was a *compensatory* Relation between exparience, expertise or experimentally induced competence and the resulting laying claim to material indicators or symbols – particularly among respondents who were strongly commited to their identity areas. These results were explained in the context of a theory of self-completion	The analysis is done with a specific purpose: starting from incompl/ness and working forward to examine how certain forms of conspicuous consumption can stem out of this; in any other case research could start from the dependent variable itself (conspicuous consumption) and work backwards to find other causal elements – totally different from incompl/ness in identity commited individuals
Chao, A. & Schor, J. B.	Economical analysis	U.S. context:	H1: The correlation	All 3 hypotheses	Social visibility has been used as

1998 *"Empirical Tests of Status Consumption: Evidence from Women's Cosmetics* *Journal of Economic Psychology*	challenging the classic theory of consumer demand; attempts to establish evidence for existence of secondary utility (status consumption) Secondary data used (consumer reports) A number of correlation tables and regression equations have been used for the analysis	Women buyers of cosmetics	between price and intricic quality varies negatively with social visibility H2: The likelihood of purchasing expensive brands varies positively with social visibility H3: The variables income, education, being a non-Hispanic Caucasian , and living in an urban or suburban area are all positively associated with the propensity to engage in status consumption	confirmed	a proxy for status in this study; due to the absense of directly measured status motives, this methodology is open to alternative interpretations
Johansson-Stenman, O. & Martinsson, P. **2006** "Honestly, Why Are You Driving a BMW?" Journal of Economic Behaviour and Organization	Economical analysis challenging the classic theory of consumer demand; an extention to conventional theory where an individual's self-image is added as an argument in the utility function A paper combining theoretical and empirical aspects Empirical part: Survey n=1300 Probit - regression analysis	Swedish purchasers of cars aged 18-65 during 2001	No formal Hs	Status motives are found in conumer decision making for buying a car; self-image is an element of the utility function	Though the survey was anonymous, self-presentation effects (through preference falsification) cannot be exluded
Johansson-Stenman, O. &	Economical analysis	Swedish purchasers of	No formal Hs	Status motives are found in	Though the survey was

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APPENDIX B (Interviews Guide)



Interview Guide on Luxury Consumer Personality Traits and Behaviour

(Semi-structured / In-depth Interview)

Minas N. Kastanakis

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Topics

(Exact phrasing indicated with Bold Letters)

1. Please give your own description of consumers of luxury goods and, if applicable, different segments in any way you may wish to define them. Feel free to include any characteristic you may consider important in this context.

   "Who are the people who consume luxury brands? Are they homogenous? Are there any differences?"

2. Source of value for consumers of luxury goods - might wish to consider:
   - Product attributes and/or a-personal things (I explain if necessary)
   - Personal factors, self-communication & meanings (I explain if necessary)
   - Interpersonal/Relational factors & meanings (I explain if necessary)

   "Why do they buy luxury brands? What do they value most in them?"

3. Self-Concept: academic research has uncovered two extreme poles of consumer orientation regarding the usage of luxury goods: consumers may range on a continuum from "self-orientation" to "other-orientation". Luxuries may be used and be valued in different ways from consumers in different points on this range.
   Please comment on the above.

   "Do these consumers buy such luxury brands to impress others or do they do it for themselves, for their own self- important reasons?"

4. Luxury products as
   - performing a function
   - sources of pleasure
   - symbols for the self (the consumer)
   - symbols for others (the consumer's audience)

"Some more discussion, if necessary on (and clarification of) the reasons for purchasing luxury brands" (related to q.2)"

5. Luxury consumers' traits
   - Consuming pleasure (hedonists)
   - Quality seekers
   - Seeking for uniqueness (3 manifestations)
   - Narcissists (ADDED IN THE COURSE OF INTERVIEWS)
   - Vanity (physical & achievement) (ADDED IN THE COURSE OF INTERVIEWS)
   - Status seeking
   - Conformity & fit-in
   - Fashion conscious consumers (ADDED IN THE COURSE OF INTERVIEWS)

   "What is common in people who buy luxury brands? Which different segments would you recognize?"
   Prompt questions on personality traits above.

6. Do the above traits impact on consumer behaviour & how?

   "Do these consumers act differently (buy from different channels, sensitive to different prices, product variations, promotions)?"

7. Does behaviour/lifestyle develop/increase these traits?

   "Are these differences observed in specific types of consumes as discussed above?"

8. Does company X capitalise/appeal to these traits and how (general question)?

   "Do you find these differences useful in the development of your marketing strategies (communications, branding, advertising, product design, promotions, pricing, and distribution)?"

"What is the relationship between the overall brand and the different sub-categories identified?" (if applicable)

9. Discussion on the effects and their impact (positive/negative) on different consumers
   - How does X, if applicable, build "hedonic" appeal and which consumers might increase consumption and why? Which not, which might decrease consumption & why?
   - How does X, if applicable, build "quality" appeal and which consumers might increase consumption and why? Which not, which might decrease consumption & why?
   - How does X, if applicable, build "snob" appeal and which consumers might increase consumption and why? Which not, which might decrease consumption & why?
   - How does X, if applicable, build "status" appeal and which consumers might increase consumption and why? Which not, which might decrease consumption & why?
   - How does X, if applicable, build "fit-in/conformity/popularity" appeal and which consumers might increase consumption and why? Which not, which might decrease consumption & why?
   - Interplay and/or conflicts between the above effects

More prompting questions on these consumers and how the brand takes advantage of / reaches / appeals to them.

10. At a more general level, does company X differentiate marketing messages between the two extreme consumer orientation poles? (e.g. de-contextualized communication focusing on product attributes/usage and communication aiming at placing the product and the individual in a societal/relational symbolic context; further: symbolism for the consumer him/herself vs. symbolism directed to the others/audience)

"Does your marketing, generally, distinguish between consumers who buy for "themselves" vs. consumers who buy to impress others?"

11. The (moderating?) factor of product category

"Are there any differences between different consumer responses to different categories of luxury products? If yes why?"

12. The (moderating?) role of demographics

- Age
- Culture / Geography
- Income

"Are consumers of different age different? Are consumers from different background/country or region/ income level/ education level different?"

13. Please comment and/or add anything you might consider important regarding the topics discussed.

"From your experience, which are the most important factors in promoting luxuries to different types of consumers?"

Thank you for your cooperation!



Cass Business School
CITY UNIVERSITY LONDON

APPENDIX C (Transcriptions of Interviews)

Interview 1
(Luxury Cosmetics)

Elena Fornaro: Marketing Director **Lancome**

(Introduction, etc.)

Q: Generally speaking, who are the people who consume luxury products? Do you believe that they are a homogenous group or there are differences?

A: Very big differences...(thinking)

Q: Could you elaborate on this?

A: Ok...there is a core group that might be a bit homogenous – mainly from a financial point of view homogenous – but from that point I consider that there are – according to the kind of luxury we are talking about – different categories of people.

We have the young – who may not generally live in a luxurious way – but who may need certain attributes who exist in luxury goods and a certain lifestyle, in which case they may go and spend the 1000 euro that a Hermes bag costs or maybe much more so that they can "buy" a part of the image they want to project to others....eehmm....We have the "core" of consumers – as I have said – who are well-off and, generally, their whole life is within products or services – because luxury can be also services, depending what one buys – that are beyond the "mass"....eehmm...and there are those people who are the "connoisseurs" who again may not necessarily be financially "well-off" but, still, choose the product based on the quality since very often luxury and quality meet.

...but, no, I can't say that they are a homogenous group...and they are not necessarily the "35 plus" who work and have reached a considerable salary, there are also many quite young people who "deposit" whatever savings they have or even their whole small salary so that they can buy "pieces of image".

Q: So, what do you think is the source of value for these people?

A: Ehmm...it lies in the recognisability that the object has for their peers...that my friend will see me holding the bag X – and, of course this brand is highly recognizable – immediately it "raises" me in the eyes of others, so the value is in the perception this group for me...eehmm...very often the value is within themselves – because you must work with psychological profiles, the inside of people – often when you buy something that is luxurious, which is often expensive, by definition, you must

justify it to yourself, you must have very big reasons to buy it and you must usually “explain” this purchase to yourself ... and these explanations are usually psychological, I want to feel better, it is something that others don’t have it and I do this for myself, that is rarity, and I do it to feel well....(stops)...

Q: Thank you, all this is great stuff...Is it possible that there are, generally, two broad consumer groups that differ in that some of them buy a luxury good for themselves exclusively, ignoring the reaction of others, and on the other hand others who obviously purchase a luxury good in order to show it off?

A: (thinking)...Yes....eehmm....but I think that even he who buys something for himself – unless it is a service in which case it is consumed by the person alone itself immediately – if it is a product I think that, at the end of the day, there is still a part that has to be shown to others....(thinking)...unless it is something that he consumes really a lot and completely in private...(stops)

Q: Like, say, an expensive cognac or Cuban cigar?

A: Yes. Even though I think that even the cigar and the cognac might be shown off...or a woman will be very, very happy when her best friend will come to her house and will enter her bathroom and see the expensive cream or she will serve him the expensive cognac...so the first though or step in purchasing might be on the personal side but at the end of the day I think that there has to exist an element of “confirmation” or “reassurance” from the others...(stops)

Q: Fantastic! So there is a core of luxury consumers as well as different factors that play a role around this...

A: Exactly.

Q: Let’s talk in terms of their personalities....do you believe that consumers of luxury goods have some differences from other consumers?

A: Like what...you mean...

Q: Ok, would you like to comment – from your experience – on some words that might be associated with consumers of luxury goods?

A: Sure, I‘d love to.

Q: Hedonists and hedonic consumption.

A: Yes, of course. Without doubt people consume pleasure with luxury goods. (stops)

Q: Quality, quality seekers.

A: Eehhm...yes – but not necessarily. Not necessarily. That is, mmmm....for example, talking of clothing, you can buy an expensive dress: there is a different quality in haute couture from an old house like Balenciaga or Yves Saint Laurent but there are also many “comets” who might present

something that isn't quality but is very recognisable, fashionable, trendy but not really a quality item. That's why I said "not always". (stops)

Q: A need for uniqueness, to feel unique and different...

A: Yes, very much, some consumers buy luxuries to feel different from the crowd. (stops)

Q: But isn't it contradicting with the fact that some people buy something to feel different from the others while at the same time they are the same with those who buy this product, that is, instead of being different they conform to another group of consumers?

A: Yes, but how many are they who own the same? Even if they are a group of connoisseurs, still compared to the rest of the population, it is just a small group...it is simply a relative term what we call "massive" or "rare". For example...eehhm...90% of all women use mascara [my note: Mascara is a cosmetic used to darken, thicken and define eyelashes]. Only 30% of those buy an expensive mascara and 50% (of the 30%) buy Lancome. So out of the 90 women, about 25 buy expensive and 12 buy Lancome. So they are few compared to the mass, still they buy the quality as well as the brand name.

And this is actually a "small luxury", I mean it is expensive within the category, but it isn't one of the expensive things in life....that is, it is – of course – a decision whether to buy a mascara that costs 40 Euros instead of one that costs 20 Euros but it is not the same as buying a bag – I am coming back to the bag example – for 1500 Euros or 2000 Euros instead of one for 100 Euros. It doesn't have the same impact on the average consumer – I don't refer to those people who don't ever think of the financial side of a purchase.

So while they are different from the mass, they still identify with a group...actually they do so with many groups because I think that – especially in our times and for those of us who live in the cities – there are more than one reference groups depending on the time of the day and the way we interact with others.....I mean, we can consume in a different way according to the specific role we are into during that time of the day – and this is more valid regarding women. (stops)

Q: What about vanity and narcissism?

A: Vanity, yes… vain people are selfish but not indifferent to the reaction of others... narcissism is probably a bit restricting – at least in cosmetics that have a function to play – I don't find it necessary.

Q: I see. What is the role of status, are these people status-seekers?

A: Definitely! But we must draw a line between normal consumers and people who have lots of money and, therefore, they have other luxury targets....for those who have bypassed they level of luxury accessories or couture....for him it will be status to buy the yacht that no one else has in his own circle. But there will be status seeking, there will always be another level, another product

which rare...which is....in every socio-economical class. And it may depend on the personality of each consumer ... for someone status is the expensive and for you it may be that you have something that no one else has.

Also, I am not saying that status-seeking is the only purchase criterion....there may be others along, like quality for instance...it is just – in luxuries – a big factor in the decision making, and not always a conscious one.

Q: What about the different channels or price levels that luxuries are sold? Are they targeted to different people?

A: Are you talking about cosmetics only or luxuries generally?

Q: Anything luxurious, actually.

A: Well...I think that the consumer "travels" a lot from one price-range to another...and from product to product...depends on the moment....for example, a luxury consumer who will be found at the airport and has forgetter her eye cleaning lotion...eehhm...this time she will not necessarily go in the duty free to buy her own preferred brand...she may – due to convenience – buy one from the mass market....or even from the pharmacy channel. And she will actually keep and consume the product, she will not throw it away until it is finished....I think. Also, many of our female consumers – when we run a pouch-promotion [my note: a small pouch/purse where the company places many, a bunch of its products for many different uses, like eye cleaner, mascara, lipstick, anything a woman needs, and this is sold altogether to promote the whole cosmetics range] – inside the pouch they may have premium products which may actually co-exist with the eye shadow that they bought the other day from Maybelline [my note: a lower priced brand for the mass young female market – as compared to Lancome]. (stops)

Q: What about the price factor? Do these people buy always the most expensive or they will sometimes buy a cheaper product?

A: I think that anyone might buy cheaper....I think our days...I mean this is influenced very much from the fashion trends and the magazines...you can say – in brackets – that our time is more "democratic" and there is a lot of "mix and match", so that every consumer "plays2 with the prices...I mean, I think it is a very small circle the circle of people who belong exclusively in one product category or brand...and who will only buy from one category or brand what they consider to be the most rare or luxurious... (stops)

Q: What about the influences of fashion on luxuries?

A: It influences a lot. [My note: in cosmetics of course – luxuries or not – the fashion circle is very fast and follows the seasons and couture].

Q: I mean, luxuries used to be classic and timeless but are the same still in our days?

A: What happens is that fashion creates the need to consume more luxury ... because lux has become a huge industry nowdays it needs volume in order to survive as an industry. So, in order to create to the consumer the need to consume luxury, luxury needs fashion. (stops)

Q: Speaking of marketing communications – broadly, in any form and way – do you as a marketing manager of luxuries take a segmentation approach or do a generally "luxurious" branding, whatever that means, showing something flashy and nice and expensive for example?

A: Well...we do kind of. Well...it is the well-known 80/20. In the 80% of the market who gives only 20% of the revenue, there we go a bit more massive in our approach because we need to have a more solid and generally applicable image....for example in a specific promotion or a launch. But in the 20% of our stores or our consumers – depending on the product or the kind of promotion – who bring the largest part of revenue to our brand – there, we try to make a more tailored-made approach. But we lack the tools...the electronic (IT) tools that would allow an even better fine-tuning ...so we work a lot with paper and pencil cards in order to find the consumers' profiles, etc....I am referring to our market, cosmetics...but we do try, increasingly, to offer different things – even a different pouch. For example the pouch that you will find in a luxurious multi store in the city centre isn't the same that you will find in the suburbs – even if one buys the same products; for instance, the "gift-with-purchase" that we might give, we try that it is not the same everywhere. Within the same brand – Lancome – if you spend the same money, you will get different things inside the pouch if you are in Peristeri [Note: a relatively working class or lower-middle class suburb] than if you buy it in Attica Store [Note: a very luxurious multi-store in the expensive part of city centre] who is considered the "image driver" of these kind of stores in Greece at the moment...so you will not get the same present with your purchase: in this case it will be something more luxurious, more rare while in the other case it will be something "massive" like a pouch with many "demonstration items". Even when we are not talking of "combos", we can still differentiate and give certain products to certain stores only...to very few "doors to the market" as we call them; but we try not to make a system out of it because this creates certain commercial-policy kind of problems. The same happens in a bit more sophisticated way abroad.

Q: Therefore, you have different segment and you follow different approach with each.

A: Yes. But at the moment – as well as happens everywhere I guess, more or less – we work in an "empirical way"...

Q: Moving on to the practical side....how do you build "hedonic appeal" in your brand?

A: Yes. This has very much to do with the emphasis we place – in our communications – to the pleasure of using our products, that is, we talk a lot about the feel and the texture of our products and generally of the "joy" – within brackets – that one can get by using our products...(stops)

Q: How do you build “quality appeal” in your brand?

A: Ehhmm...this is standard! Especially for our products it is one of the top claims, I mean, it is a de facto thing....Lancome means quality, means technology....and, I want to say, this is a part of communication that passes also through service: we have all the beauty advisors and with the way the sell, the whole quality thing is not negotiable; we take it for granted, it is granted for a brand like Lancome.

Q: What about snob appeal?

A: Hmmm....well, specifically for Lancome – this is exceptional case – Lancome doesn’t use, we don’t work with snob appeal...it is something that isn’t within the brand’s values and we don’t work in this direction. (stops)

Q: Status appeal?

A: Yes, status, there is. This has to do more with...eehmm...depending on the products; for example, we will communicate this differently with a perfume, I mean with perfumes we come closer to the status thing, because it has to do with image, with lifestyle that is included in a perfume’s image....also with the products themselves we take care of their design and form, for example powders, anything that the consumer carries with her...and when she will open her bag and take the product out it is very important that the product is recognizable what she gets out of her bag...eehmm....and for products that stay in her bathroom we take care that what we use in packaging is solid materials whose codes are recognizable as being luxurious and high status. (stops)

Q: Do you use “fit-in” appeals, references to peer groups...that I belong somewhere, that I must because everyone else is buying this?

A: Yes, but this depends on whom you are comparing yourself to; our product is highly priced, so I would say status appeal...maybe the massive luxury brand L’Oreal is positioned there. (stops)

Q: Is there conflict between all these messages or segments?

A: I think only the snob thing is what could conflict with “fit-in”, I mean a snob consumer wouldn’t fit-in even if he does among the other snobs, I mean the others would see him fitting but he would never think of himself like this.

Q: Is it possible that high quality would sell so much that it would deter buyers from the snob or even the status segments?

A: Yes. I can compare two brands, we have Lancome and Kiehl’s in the group; Lancome for us is mass deluxe, we must open it as much as possible....you know, we are democratic and give to each consumer the piece of luxury that belongs to her and which she deserves; all this at a price appropriate for this part of the market, of course. Kiehl’s, on the other hand, in terms of price is cheaper than Lancome; however it is a characteristic example of a brand that has been

communicated exclusively through word of mouth....and only the happy few know about it and they know that they could buy it – until recently – only in New York and now in 200 stores in the whole world. Thus it is very rare; however, I am not sure whether it is "snob" or it is about rarity that makes me – as a consumer – fit-in with the other group, those who don't use generally luxury cosmetics but, instead, those who are more knowledgeable, more connoisseurs. (stops)

Q: However, am I right to assume that you don't want a product to be perceived as something that anyone can buy it....I mean it has to be a bit rare or special, something that is for exclusive customers....?

A: Yes. Definitely. (stops)

Q: So, how is it possible to reconcile the high sales volume that you would like to achieve with the image of the exclusive product?

A: Well....this is a bit problematic, but the only solution is CRM...I mean, the way we can reach consumers in addition to advertising – because one can't substitute the other approach –.... so that you can reach your customer with a "vehicle" that he or she thinks that is "tailor-made" for him or herself...and the service she will receive during the purchase must be so that it will be perceived as very personalized. This is what we call creating a virtual exclusivity....

What I don't believe into – even though it is the "big trend" recently, generally – is to create virtual environments in internet...that is, I think....I am not sure, I might be wrong....

A: Please, tell me.

Q: To "travel" in a virtual Gucci boutique in the internet – even though it may be perfect because it will be exactly as Gucci himself had visualized it – at least at the moment, the way things are, it will not have on me the right impact, it will not be as great as an experience as it will be if I go into an, even older, Gucci boutique in the city centre of a city.

A: What about the different product categories? How can they feed in the above discussion about segments, are there any differences like category-specific effects? Are there products that are more hedonic or carry more status?

Q: Yes, it is what we have said before...the same consumer who might have chosen for her personal use mass-market cosmetics, on the other hand, for a watch might spend all her money because she will be – in this case – a status-seeker. It is the same person but not the same persona....and I think that with regards to what we were discussing before, how mass or how rare a product is, I think that consumers are quite "trained" to understand that certain product categories are, by definition, de facto, more massive than some others. And I am not sure that, when for example, there are big fragrance houses where you have to go to Paris and pay 1000 Euros so that they can make in front of you – for you only – a tiny bottle of perfume...I am not sure that this is luxury or the epitome of the

category that simply helps to create a myth...and even for us that we are competitors, it help us talk to consumers from a different status, or level, about perfumes – even though we are massive perfumers. That is, there are some products that their sole purpose of existence is to create an image at the category level and so on...(stops).

Q: Speaking now about factors that differentiate consumers, what do you think of demographic variables like age? Age and status-seeking for example, or hedonism?

A: Well....yes, it might sound a bit cliché...but, I think that the younger you are, the less quality orientated you are....I mean you are more looking towards symbolic things like status or rarity or fitting in a group...or also, this may have to do with how socially oriented you are as a person, I mean if you are not sociable then you may not be impressed by status; but quality still counts for you.....but, yes, certainly, as a young, you shop not as much for quality or you haven't learned yet to seek quality....now about status-seeking, I think that this has nothing to do with age, and this is everywhere with luxuries...it may be in things like, I went to hairdresser X to make my hair like this or like that, and this is something that gives status.....and I can spend the little money I have to do this because this counts so much for me in front of my peers and I can brag about it....so everyone has many ways and many different products to show off his status to his peers.

With regards to hedonism, I think that age is relevant.....because as you grow and you get to know yourself better you tend to search more for pleasure, I mean personal pleasure.

Also regarding conformity, I think this has nothing to do with age. (stops)

Q: What about geography or culture, does it differentiates luxury consumers?

A: Yes, this is obvious. Asians are different that Westerners. Also the social upbringing, the way you grow and learn about things makes someone see things differently. Ok, I mean, this is obvious. On the other hand....eehmm...let's take the Hermes brand. It is equally luxurious for a French person for some reasons and it is also luxurious for a Japanese for completely different reasons....I mean there are brands that may – with the same products – be perceived differently at different corners of the planet but, still be luxurious for completely different reasons. (stops)

Q: And, finally, the role of income?

A: Yes. It definitely plays a role....however, I can see around people who carry luxury products that equal their monthly income...or even two-monthly income.....which means that they have chosen to lower down their other standards.....I mean, so that they can buy expensive products – because lux is expensive, it is good to have money – but there are increasingly more people who may cover with different ways some of their basic needs and chose to spend their more money into status – because that's how I see it, status – to high status-orientated products.

Q: So are these people exclusively status seekers?

A: Well, we can’t tell this for sure....because if they buy some services for themselves then the rest of us will not see it....but from what is publicly visible, yes they are; I see this from colleagues who I know that, ok, they are not Vardinogiannides [note: an outstandingly rich Greek family] but the choice of the shoe who is the latest Prada model and I know that it costed to her six months’ salary points to this direction [note: status seeking] and it is necessary at that moment for her. (stops)

Q: Finishing then and summarizing, which are the most important factors in promoting luxury products?

A: In our times it is to find out how we can talk to the personal needs of every consumer typology; just because luxury is not anymore the same for everybody, we must present – even the same product – in a different way and do even better segmentation and personalization to different categories of consumers. (stops)

Q: Thank you (closing the interview).

Interview 2
(Luxury Cosmetics)
(Luxury Cars)

Ioanna Stavrinadou: Marketing & Merchandising Director **L'Oreal Paris**
(at the time of the interview)

Marketing Communications **Lexus**
(in the past)

(Introduction, etc.)

Q: Generally speaking, who are the people who consume luxury products? Do you believe that they are a homogenous group or there are differences?

A: I believe they are more than one group; first, these who have a very large disposable income and they spent them on luxuries because they believe that they are superior products ... and then we have the rest who may be middle class and who may purchase one or two expensive things once in a while and who, with this purchase, they feel that they pamper themselves or changing social class or just feel better with the purchase of a luxury ... (stops)

Q: So, what do you think is the source of value for these people?

A: A part lies in the objective features of the product, for example an expensive car, a Ferrari has great gearing and a better engine, and it has luxury inside ... or a good face cream may have caviar inside which may be great for the skin.... a second part has to do with the emotional or symbolic features ... like when it feels great to see and touch a luxury product; or when you are driving an expensive car you feel important, like you know, the people are looking at you and it transfers status to you ... so we have objective and emotional or symbolic features that give the value to a luxury... (stops)

Q: Is it possible that there are, generally, two broad consumer groups that differ in that some of them buy a luxury good for themselves exclusively, ignoring the reaction of others, and on the other hand others who obviously purchase a luxury good in order to show it off?

A: Yes. Some people pay a premium because they either believe they deserve to have such an expensive product or because it is of higher quality and others pay these money because they want to show to others they have paid these money....exhibitionism actually. (stops)

Q: Let's talk in terms of their personalities....what can you tell me about people who buy luxuries in order to consume pleasure?

A: Well, if there is a single product category where people consume pleasure, then, this is the one...luxuries. I think this is the most important reason, the first and the last. And I am not talking only of cosmetics, for example, a man can feel pleasure in a purchase and use of a Rolex ... a woman who buys a pair of shoes that cost 300 euro feels heightened...but this is not only the time of the purchase....every time a consumers uses a luxury good has the same feeling of pleasure, it is something unique. And it is not about the consumer's feelings only, it has to do also with the product, expensive products are aesthetically beautiful and pleasing...but one more thing is that the more expensive a luxury product is the more beautiful you see it ... had the product been sold at half the price, the consumer wouldn't "see" it as beautiful! But it is true in most cases that expensive brands are more elegant. And this usually justifies the price tag....(stops)

Q: Great. Are there people who buy lux because they are quality seekers?

A: Hmmmm....yes. Quality seeking, yes. For example I can buy a face cream from Nivea and I can buy La Prairie....well, clearly (laughing), one of the reasons will be so that I put in in my bathroom and my friends will see it...if I have two of the same kind I will put the cheap in my drawer and place the expensive where it will be seen....byt, yes, I wouldn't buy it for 500 euro just in order to "exhibit" it in my bathroom and show it and feel great every time others see it if I didn't believe that it is worth of the money....superior quality ... however, I don't emphasize it that much cause, you know, we must take it for granted in luxuries. (stops)

Q: Are there people who are looking for exclusivity, call it rarity, whatever...anything a bit out of the usual? Snobs, maybe....

A: Yes, you know there was a Mercedes sold in Russia recently, dressed with diamonds (laughs)....Seriously this segment exists. There are these people who really feel like distinguishing themselves from others and look to purchase something unique....that's why all luxury brands issue limited or collectors' editions of their products. Such products also create a myth to be then "passed" down to more affordable lines. (stops)

Q: Ok...is this similar to "status seeking"?

A: No there is a difference....I think that a status seeker – to start with this – might belong to any social economical class....this consumer will reach the limits of his spending capacity just to show the product to others....the snob, I believe, has already provided for all his needs, has money you know, possesses high status already....but he wants to show that – between those who have status – he has something that others don't ...

Q: But he is interested that others see it?

A: Yes, in most cases. I mean he wants not what money can buy, because he can buy most things, but something more, and this is rarity, something that all others – capable of spending the same money – don't have.

Q: Are luxury consumers vain? Vanity in luxuries?

A: Oh, definitely yes. It is mostly a vain person who will need to buy luxuries....I mean you can do the same job with a nice white bag that costs 50 euro and in addition is beautifully designed...but, then, the consumer might not like it because next shop has a similar white bag that costs 1000 euro; but this later one is a Luis Vuitton. Or you walk into a Hermes shop and you buy a 500 euro belt that has an "H" engraved on it, ok? I mean why take a 500 euro belt? You use it, wear it and walk around and others see you and you satisfy your vanity, you are vain, that's why, there is no other reason....(stops)

Q: As we are discussing, I get this feeling that all these categories overlap a bit – is it so? I mean can you really separate all these things?

A: No you can't they co-exist. A status seeker is also vain. But might be looking for quality and of course the pleasure of using things like luxuries. But everybody has something that counts more among all these factors.

Q: Close to vanity....narcissism? Is there narcissism among luxury consumers?

A: Yes. Well they are different things, a narcissism might be vain...a vain consumer is not necessarily a narcissist. Narcissists will seek for these products that will make them look more beautiful...or special, unique.... (thinks) or she loves herself and wants to exhibition herself....she will go and buy an Oscar de la Renta dress not just in order to show it but in order to appear more handsome and more impressive or whatever. And this will pull people to considerable spending, I might want a dress for a special event where I want to look like a goddess – and I might not have 4000 euro to throw like that – but I will do it. Or a young man who thinks that he is so handsome in his Ferrari and others admire and envy him – and then that has nothing to do with the Ferrari engine and speed. And this is a sizeable group among luxury consumers...it is not very big but it exists and, you know, this is not necessarily in the upper social class...

Q: Are there luxury consumers who buy whatever is popular, whatever others buy?

A: (Laughs) ... Oh, yes, like this new "little canvas bag" (possibly: a bit contemptuously or at least with condescension) by Longchamp that everyone (reference to female consumers) has got it....which is not cheap exactly...and because lots of women buy it, there are more and more who follow this trend...or even something quite expensive, you can just go and buy it because your friend has the same. But you know (thinking) ... everything is relative....what is popular and what is status, for me it is but for you it isn't, depending on my social level or income...luxury itself is a very

relative thing....for me it is an Audi and for Onassis a special order handmade from the factory for him only...(stops)

Q: What about the influences of fashion on luxuries? It used to be timeless but it now looks that fashion cycles take over in luxury markets too? Are luxury consumers, thus, are influenced by fashion?

A: Yes, what has happened is that everything nowdays – even luxuries – are consumable; there is greater affluence and we constantly as consumers change our preferences....and this is part of luxury markets too. There are consumers who don't buy once a Luis Vuitton bag – but every season they need to buy the new line. And, I think, this might be connected to vanity we were talking about...that is, I want to show that not only I have a LV bag....instead I have the last model which I bought again this year – and I also have last year's and the year's before. So, fashion, yes is embedded in today's luxury consumers' needs.

Q: Do these different personality traits cause consumers to behave in many different ways? Like responding differently to price or quality levels, distribution differences, different ways of promotion and different concepts of advertising? In a meaningful way for marketing purposes?

A: I believe yes. As I said before, these things might exist altogether sometimes but certain people pick up certain of these things and are interested more in one of these factors. For example, a vain person will not look at the quality! And this may be useful as compared to following simple demographic criteria – like different channel targeting for those at Kolonaki vs. those at Kypseli – is not necessarily right...But you don't necessarily have to do a different communication for everybody again...you can incorporate one or three of these things in one...(stops)

Q: Following from this point....how do you build "hedonic appeal" in a luxury brand?

A: Ok, for example, with a car ... you can emphasize and promote test-drive events...you give people the opportunity to feel the pleasure of driving it; and without it, you just emphasize the pleasure and excitement of driving and listening to the engine...or, with a cream, a marketer will point to the stunning smell or awesome texture....you can give samples to the consumers and buy them before they buy it.

Going back to our discussion....I mean, these different consumer types will respond to different marketing actions, this is correct.

Q: Quality appeal and who responds favourably?

A: What I do is that I prove my quality claims with highlighting test results...I mean scientific tests. Or we use testimonials. In cars, luxury cars, one main thing is usually technology that backs up the quality claim. In clothes it may be the way, the process, by which it has been manufactured or that

you will have it for the next ten years ...I mean there are many perspectives that quality can be seen as stemming from. And there are people who will pay the premium to get this quality. (stops)

Q: What about rarity and a bit of snobbery?

A: Snobbery exists in some companies or specific lines....but it has a trap: it can position a product to look so distant that consumers won't buy it. I mean, to buy something you must identify with this product. If you position something as really a snob thing, immediately you push away a huge part of potential customers. It depends of course whom you want to attract....ok (thinking) all luxuries have an aura of exclusivity, but snobbery is a limited case for few products. For example you can do a special event with a tailored invitiation – like a presentation in a very exclusive circle – e.g. Cristian Dior's new collection to be showed to exclusive customers from a tiny guestlist ... and this might draw others to the brand, to cheaper lines. But you will not do it when you aspire selling a high volume. Or you know, the circle migh not be so closed and exceptional actually, but you can present it like that – and then you compromise contrary things like sales with snobbery.

Q: Don't luxuries, generally, carry an air of exclusivity? At least when compared to other non luxury products in the category?

A: Of course! In order to justify the price tag.... a luxury has to be mainly exclusive and a quality item at the same time.

Q: How do you infuse status appeal and who responds favourably?

A: Status. It is so important in luxuries. A nice example is Rolex, you know, they take all these people with high status – in their respective fields, musicians, athletes, pilots, explorers, artists, etc. – and they wear their watches. Or you can do it with indirect ways, like Channel or every luxury brand, give their couture to famous people and they wear it in the magazines. You have to connect your product with high status people or status prototypes.

Q: Is it similar to wider appeals like something, you know, that is very popular & everyone has to buy it?

A: May look similar yes....but I think that these consumers would purchase something that is very popular and is determined by fashion or trends and everyone is using it – not because a high status or famous person is wearing it... and again as we said all these are relative issues, I mean, depends whom you are comparing yourself to. This goes maybe to cheaper luxuries like accessorised things with a luxury tag. But I do see fashion and trends playing a major role in this group.

Q: Speaking now about factors that differentiate consumers, what do you think of demographic variables like age?

A: I think that age is irrelevant, it plays no role...at least speaking in terms of income; when there is enough income, age is not that important. It is mostly psychological factors that count in luxuries. So

will do a 19 year old student who might “starve” in order to get the luxury she likes, so will do a mother who is suffering from life commitments and she thinks she deserves some luxury, and the same goes for a 50 year old woman who is approaching retirement.

Q: Aren’t symbolic properties of luxuries more important for younger people?

A: I don’t think so. Unless we are talking of very old people – but still...and, I mean, if you see the growth and sales patterns of luxuries, you will see that they are not products who are targeting a specific age group.

Q: What about geography or culture, does it differentiates luxury consumers?

A: I think that those societies who are culturally more advanced...just have more subtle and elegant ways to use luxury – the others might be more conspicuous...ostentatious. Or it has to do with quality, maybe quality is appreciated more in an advanced society, or more elegant and better designed – while in another market it might be more vanity or status that does the job. (stops)

Q: And, finally, the role of income?

A: In relation to what? If income makes consumer consume luxuries or how much they consume?

Q: Both comments would actually be very interesting.

A: Ok....regarding the question if people consume luxuries...here income doesn’t play a big role, at least from a minimum level and above...if you can cover your basic needs then you can consume luxuries...any person of average income can buy a luxury item for any of the reasons we discussed before.

But when it comes to how much a person consumes, yes, income does the difference. A person with high income will purchase most of his products from the luxury category instead of the normal brand and will, actually, need more and more. But someone who has not covered all his needs will be happy even with one luxury item in a category he likes...and there will be lots of time passed before he attempts to buy something luxurious again.

Q: Finishing then and summarizing, which are the most important factors in promoting luxury products?

A: It surely depends on the category we are talking about. It is different for luxury cosmetics, cars and apparel. In cosmetics I would say that you have to emphasize – with this order – quality which means it must do the job, then is status. Oh, yes, and – of course – the pleasure from using it. In luxury apparel you must first emphasize the fashion part and quality...following things like pamper one’s vanity or narcissism...in luxury cars there will be different things according the type of luxury car. Every factor from the factors we have discussed must be adjusted to the product category.

Q: Thank you very much (closing the interview).

Interview 3
(Luxury Jewellery, Watches, Accessories, Leather Goods, Perfumes)

Vangelis Kassotakis: Marketing Director **Cartier**

(Introduction, etc.)

Q: How do you define a luxury watch in Cartier and in the luxury watch industry generally?

A: There are a few segments in horology – high and low luxuries. Generally in Europe we are talking of a retail price of 2000 euro and above; and that's where the luxury segment starts. But you can hear numbers such as 1500, 1800, 2500 euro – so, generally 2000 euro is the usually accepted threshold. All these definitions are relative. For example in UK some people use the £2500 threshold that equates with 0, 5% of watch volume sales in the UK; others use the £500 limit which is not really luxury...you could call this "upmarket" or "premium" watches segment and this one equates with 3% of watch volume sales in the UK...but, you know, this 3% in volume is 55% in value of the total watch market! So you can understand why the luxury market is important! But we are not interested in volume....only in value shares.

Q: Generally speaking, who are the people who consume luxury products? Do you believe that they are a homogenous group or there are differences?

A: Obviously they are not a homogenous group. But you cannot classify that easily....you must define your market each time. What do you mean? Things we are wearing? Because a luxury good might be an expensive car, a yacht. You must define each time what you mean.

Q: Ok, what many people can buy – not extreme things like a yacht! Expensive watches, apparel, jewellery, spirits and cigars, bags, even cars.

A: When we are talking generally of luxuries....we are surely talking about self-actualization, about pleasure....for example one buys an art painting and he sits there looking at it ...and this might be considered a luxury. In reality though, when we are talking of luxury we mostly mean objects we are wearing and we show them to others. And, in our days, luxury items show so many things about the consumer....they show how much power you have, they are a status symbol, prestige...a power symbol. So, everyone can show with such an object how refined he is but in addition he shows what he can buy. Luxuries are open to few and desirable to many...but only a few can buy – and when we say "can" we mean that few have the money. So, when you have a luxury item you show you are somebody, you have money. That is, luxury consumers have a common "show off" characteristic, together with the fact that they belong to an exclusive club.

Q: This is a nice overview. Can we further distinguish some more precise groups?

A: Look ... Generally, in our days we have two large groups: one the consumers who are more "show off" or "blingy" [note: Bling-bling (or simply bling) is a slang term in recent years culture that refers to show off conspicuously jewellery and other accoutrements] and may be the "new money" or those who are close to this – because we have this "democratization of luxury" thing and greater affluence – and there are also the more mature consumers who are usually more like "old money". This is general. The later want, for example, a watch they really like it for any reason as a watch, with a culture, something refined ... and the others who want to buy a watch that everyone will recognise what it is, what may be the last model of that brand, etc...so they can boast about it.

[ADDED – he said these things later in the interview but I place it again here: .....]

Q: So, what do you think is the source of value for these people?

A: Look. In essence, the consumer pays a premium not because of the product....because it tells the time...obviously this has to do with the brand's image. Also these objects show that he has the money to buy them and they classify him in a category with certain characteristics: money, exclusivity and people who share a common culture. When you buy a Ferrari or a Bentley, you have the money first. But if you buy a Ferrari you show you are sportier whereas if you get the Bentley you show you are classier. Or you have a watch, it may be more classic or modern....even when I have a classic I can put a trendy bracelet, a red one...and this combination tells about the consumer's personality and character. You show you have money but you also show how you want to spent this money. A luxury item is, in essence, the only object that carries the most symbolism of all items, it reveals who you are. Because it is important to show you have money but also is important to show what exactly you decide to do with this money. They are image building blocks. The fact that you give a lot of money for an item means that you give this money for something that is extremely important for you.

Q: Great! What about quality though and the product's attributes? I mean aren't they a source of value, that you hand in this money to get something of higher quality?

A: To a small degree. It is mostly the consumer's perception of quality that matters. Of course the quality gives an added value.... if you have a Cartier watch or a pen that is constantly broke down and can't write, then it is a big negative. But the consumer who pays the premium considers that the quality exists – this is not questioned. And again, it depends what you are talking about....we are now talking of watches or jewellery....if we talk of luxury shoes then obviously a 500 euro pair will last more and you buy quality...and, very importantly, quality means service in sale and after sales service. But in any case when the consumer buys a Cartier or Rolex watch the consumer considers that the higher quality is there....and the purchase is a matter of image. Even when Rolex says that the Submariner or Sea-Dweller has been to thousands of metres deep or the Explorer has been to

Everest with Sir Edmund Hillary or the Omega Speed-master has been to the moon, in essence, all these give added value to the image – even if on the surface they are quality claims. When you buy a Cartier jewellery you buy the beauty, the value of the brand's name, not because it is a better jewellery....of course, at the end, you as a consumer have a level of quality guaranteed because you know that the diamond on the ring are of the highest quality....it is a safe choice. This is true... (thinking)....now in cars, of course, quality is more important.

Q: Let's talk in terms of their personalities....we talked of quality seeking....do people buy luxuries in order to consume pleasure?

A: That belongs to personal features....not how others see it....

Q: Yes...

A: Yes.... obviously. Luxury definitely gives this pleasure to every consumer....to some this feature matters more, to others less....to the consumers that the societal approval is the main thing, then, this is less important....to those for which what matters is self-actualization is more important, then, pleasure is more important. But surely every luxury consumer gets pleasure. And we have also – similar to this – the aesthetic value of a luxury item....and because a consumer buys something he likes then he buys beauty....then everyone buys beauty and, thus, pleasure.

Q: Is there status-seeking among buyers of luxury goods?

A: Obviously, this is something that is very important in luxuries; and you can see that, when we organise some special posh events, our clients all want to attend; they want to appear in public, to show what they bought, to let others know that they are Cartier customers. In advertising, for example: we use celebrity endorsement with actors, models, etc. because everyone wants to identify with them...and then the product is identified with them; so, status is a very important factor in luxuries. Because the luxury item shows that you have the capacity to spend money, that you can get something expensive and that you have the necessary refinement to spend them in a certain way as well as the interest to dedicate time to acquiring connoisseurship luxury.

Q: Isn't the whole status thing very relative? I mean what is a status symbol for me as a middle class isn't the same for someone above me?

A: Obviously. There is always something more expensive and better to buy. I buy a BMW 3 and the other guy has a BMW 5....or I get a Porsche....but the guy with the Porsche feels jealous in front of the guy with a Ferrari....and this one feels inferior next to the guy with a private jet plane. For me that I work with Cartier, luxury is a certain thing....for another who works with Gucci luxury is something else....and the same goes for our customers.

Q: What about status in lower lever luxuries, premium products that everyone buys? Is it another category of consumers? And what about rarity and snobs? I mean, there are some fine small differences between status products and snobbery with rare products and just popular luxuries?

A: Listen, wait, rarity is not always snob...it isn't exactly like this....a limited edition may be more rare but resembles to status as well because nobody will buy a limited edition that no one else will understand what it is about... [My note: Creative choice counter conformity gives status] ...those who buy limited edition buy it partly to show status, that they have bought something rare...rarity isn't different to status....what you can say is that it intensifies status. When we issue a limited edition in Cartier, this has a great impact as well to those who want to show status....don't see it as something different. To a lesser degree you can say that those who are more connoisseurs will be the ones who buy more the limited editions ...but it is not exclusively the later who will buy the limited edition.

Q: Nevertheless, is there the notion of the "snob consumer" who doesn't buy what the others do? Doesn't buy what is popular?

A: Yes definitely. It happens....Everyone who buys luxury buys to be in a group. So if there are many people who eventually buy a luxury item to get into this group then this consumer will feel that he doesn't belong there and will not buy it anymore, he wants something more exclusive. Luxury incorporates exclusivity.

Note: At this point I have explained to the interviewee the meaning of Veblen (price function), Snob and Bandwagon effects (quantity functions) - he holds a BSc in Economics and an MBA in Marketing – and veblenian/status-seeking consumers, snobs and conformists and I asked his opinion on these very finest distinctions.

Continuing:

Q: Are these artificial distinctions? Theoretical?

A: No, not at all actually. I see a meaning in all these things... (thinking) ...

Q: ...Do you, as Cartier, see any practical significance?

A: I think these distinctions are very important.... (thinking) ...it depends on what kind of luxury company and what category and which products we are talking about. For example: there are certain Cartier watch models that the more the consumers see them the more they buy them...in advertising ... or magazine editorials....this is the reality, that the more they are advertised or worn by celebrities, the more certain consumers buy them, sales are increased. This attracts them....these are what you called bandwagon consumers....a big part of consumers are like that. There are now some others – for other lines of our products – that may be less in quantity and more expensive, more exclusive, etc. ....and the fact that they are more expensive attracts them.

Q: If you increase the price will the later buy more?

A: Yes, they exist some of these consumers....but the truth is that they are not such a big group though...they may be significant in sales value. They are not the majority. Usually when we increase the price the demand falls. To achieve this [Veblen effect] we must find an attribute of the product and give value to it...increase the value perception of this attribute to consumer's eyes. For example, we issue a new watch and we make a complication that it counts a second time zone (GMT)... if we increase the price at 5% then maybe some people will not like it, not value it....they don't want a second time, they don't like the design, whatever....they don't buy it. Now, if we suppose that we position this at 100% up, double price, and we advertise it so that the consumer believes that the second time is a very important feature, then, some will buy it....of course I am not sure that it will be because of the price....it will surely be more show-off, more exclusive....yes. Now the other category....

Q: The snobs... (I explain again the quantity market function)

A: Yes, this happens quite often....and these are the more....ehm....early adopters for example, and these who really feel they belong to a more exclusive club and don't want others to be like them....and when others imitate them and they get into the club, then, they stop identify with the certain category [My note: Avoidance of Similarity here]. And this certainly happens, such consumers exist, in search of exclusivity.

Q: Practically speaking, does this matter, does it have marketing implications? With reference to all these three distinct groups...do you identify them, try to segment? And take it then into consideration when targeting and positioning the products?

A: Yes, they do matter....of course, it depends what approach or medium we use....to be honest, when we use mass market magazines with wide readership, we try to approach the big mass and the more they see the product the more they buy it.... if we want to approach those who want exclusivity, we might organize a small circle event, with very top exclusive food and there we will show some very exclusive and unique items....I remember, last year, when we launched a watch which we never advertised; it was a pre-launch; and we brought it to the Cartier boutique and we called a few customers....we said that it was a pre-launch and that it will only appear in the market in six months and nobody had seen it yet; and they bought it just because it was the new one, because very few will have one, because they want to have one before the others and the belong to a certain group....and due to the small quantity in the market we chose not to advertise it and promote it with word of mouth and give an image of exclusivity. And those who buy it were those that you said.... they were early adopters, exclusive, snobs maybe....they didn't care of the opinion of the big audience but they were interested in the opinion of the very small elite club they belong, a circle that

was unique....these products were not bought by those who want to show it off around....they wanted to show off – but inside their own small circle. So, in practice these distinctions matter.

Q: Am I right to assume – from my own brand marketing experience and from what I read and talk with people – that all these things are done in an empirical way? No market research and specific consideration of these personality traits and psychographics - and then all these being followed up by specific marketing actions?

A: Yes, look....the truth is that it isn't done like this... the truth is that it doesn't.... and this is for various reasons. First of all, there is no time to do it....

Q: .....Would it be important if there was a model, a marketing tool to help here?

A: ....I mean, there are so many products, different quantities.... if you want to apply all these things....and think deeply about these things... you would need so much time and research and thought that it would be anti-economical and time consuming.... that's why we do them in an empirical way...and that's where lies the experience and the ability of the marketing manager...I have to take decisions very quickly and I am bombarded by information; for example I have a product and I know that I must channel this product through a specific boutique and not to all boutiques....or to two specific ones....or other products I will distribute them through the whole retail network. In essence, all these things that you are telling me are things that – to some extent – I come across them every day and I take some decisions maybe by living into and diving into and by sensing these situations in practice through doing things....but I will not really philosophize things – in the essence of using a model. Do you understand what I mean? Every manager in the field of luxuries understands some of these things and he feels them as trends inside him....but he might have not distinguished things so much as you have done yourself.

Q: Ok, I am doing a PhD and have the time and resources to think on a topic for three years. You have to act every day and if you are late you come second.... However if you had a model, simple, easy and useful as a guide that would allow you to identify these personalities and act upon their characteristics with the right marketing actions – by raising prices for this segment, emphasising rarity for the others, popularity for another market or quality or aesthetic properties and art and pleasure for others; and if you knew how to combine them and how they interact – would this be useful to you?

A: Surely it would ... and this is something that should firstly be thought in the headquarters, especially during product development, in the design of offerings and the design of products. There at the beginning. Before you create the item, you know for whom you are doing it and how it might impact on his traits and personality. They are supposed to do this, they tell me we create this for that

type of consumer and that for another and they give me some guidelines; they tell me that I should advertise there or here etc. ...and then of course I add the local factor.

What I want to tell you is that – I want to believe that – there are some people in the headquarters who dedicate more time into these things because I spend my time with operational things that run at the same time. Also, every company – and we as well – have in our mind some distinctions, some groups ... that is, don't think that we don't have some typologies ... maybe not exactly the typology you are saying ... but we have the distinctions between the more young and trendy consumers, those who are more technology savvy, we have those who are the more "bling-bling" and like celebrities and fashion and showing off...we have others who are those in their 50s and 60s and have the money and they try to spend among their peers, and those who are very-very rich and they are another category and which we approach differently....that is, we have some consumer categories and, obviously, we have some different ways to reach each category.

For example, look, we are now launching the "LOVE" collection and we believe that this is targeted to the more young and trendy 20-25 years old – where Cartier's image is not so strong – and we promote this collection mostly at this audience with editorials that are very fresh and youngish, using many events where we use various models and celebrities that they like – especially young celebrities ... and now we are promoting these products form internet sites; we do try to identify this collection with music, we asked 12 well-known singers to write songs about "how far you would go for love"...and we identify this with our "LOVE" collection....; also we have communicated with top bloggers and we promote this collection through blogs to young crowds, etc. ... we approached them, we've sent them press kits and gave them information about our collection, we also do advertising through the blogs...and, generally, internet plays a major role for us now-days...

... so, we targeted this collection to that specific audience, do you understand? And the adverts we make, the campaigns and the magazines we select to place these adverts are specifically for them....so, I mean, we do these distinctions to some extent. If we make a new product that costs hundreds of thousands, then we know that this is for the very-very rich and we do target them in a specific way...what I mean is that surely we do such things, just that we do them more empirically.

Now, obviously, the more clearly we can see these things the better...and the more interesting it gets; that's why people have to study marketing, otherwise anyone would go into it. I think that your research will be very useful. (stops)

Q: Thank you. Do you believe that consumers of luxury goods have the feature of vanity?

A: Ah, yes, obviously there is vanity. All these who want to show off are vain, surely. Even these consumers who want to stress that they are conscious of societal problems – because we have this charity thing now, and you know, we help others, etc, or we care about where the diamonds come

from – if they are black or not, remember the movie? – even these don't really care deep inside them. Show off and vanity is very strong. (stops)

Q: Is there an element of narcissism in some consumers of luxuries? [I explained the definition of consumer narcissism: narcissists, individuals who see themselves, and who want others to see themselves, as special, superior, and entitled, and who are prone to exhibitionism and vanity]

A: Eehmm... all these characteristics exist in consumers of luxury goods, I believe, yes. Obviously, there are consumers of luxuries who are narcissists, in this sense, these all are within the issues we have discussed, yes. I believe there is narcissism. (stops)

Q: What about the influences of fashion on luxuries? It used to be timeless but it now looks that fashion cycles take over in luxury markets too? Are luxury consumers, thus, are influenced by fashion?

A: Fashion is a bit different than luxury....the fact that a luxury brand is more timeless, older and with a heritage is important...on the other hand, again, it depends which consumer we are talking about – because there are different consumers...take Rolex, for example: Rolex doesn't follow that often the fashion cycle...they sell the same basic models with minimal changes for 40-50 years and they have the same style...the same with Cartier, we have some models that are very classic; these models sell very well and for many years. These lines are targeted to consumers that want to get a watch that they will keep for many years and, of course, can show off as well because everyone will recognize this watch. Now the fashion-conscious are probably a level above, because in order to be able to follow fashion – especially in luxuries – you must be able to spend more money...for example a woman can buy a dress that is a classic, like a black one that she will wear many times here and there ...but if she can buy the new collection every semester then she will be able to follow the fashion and, in addition, not just follow trends but – even more – show that she has more money to spend every so and so.

So, I believe that it depends for which kind of consumer we are talking about. Take Cartier for example....you know, whatever watch model we launch – anything, even if it is horrible – at the beginning, the first six months, it will sell a lot because there are these consumers you are talking about – fashion conscious – who will buy it just because it is the new Cartier.....or those ones who will look at the press and see it and they will be impressed and then buy it ...but, yes, some will buy it because it is the new hottest item of our brand. Now if this item can later on become a classic...it depends...how people really like it in the long term. But it is impossible not to sell the new Cartier watch at the beginning...however it isn't unlikely that after six months it will eventually decline....but if it has the qualities to stay, it will.

(...thinking and goes back to previous topic)

Also, I want to tell you that all these characteristics we are talking about.... it is supposed that a luxury brand has dealt with them since decades already. It is likely that Cartier – either because some people sat down and thought about all these or because they noticed which marketing actions in the past had an impact and which not, empirically – so, Cartier has acquired an implicit learning and has crystallized some best practices that she knows they have a positive impact on her audience...in this way – instead of Cartier taking the time each time to think what to do and to whom Cartier addresses her products – in essence, during the last decades, has acquired an empirical knowledge of these issues...so, all these things you are telling me have been incorporated into the company's culture; so, each time Cartier knows that each time she has to do this or that and promote this product this way and the other that way... all these may incorporate the knowledge that the majority of Cartier's customers have these characteristics and, thus, there is a specific way to capture these customers ... but they may have not analysed things the way you have done here... maybe, the marketing actions could be a result of a survey like this one but, maybe on the other hand, Cartier has just learned some things on the way, through trial and error, and they may be incorporated into the philosophy and the functioning of the brand. Take, for example, the advertisements ... there are various kinds of visuals you could use... Rolex is photographing some personalities as brand ambassadors, and they tell you that X person is wearing a Rolex and so on.... another luxury brand might use some visuals connected with moments of life and they show a certain way of life.... there other ways, like Cartier's, where the product itself is the protagonist and you don't identify it with certain people...

Q: ...But the visual may imply status or quality or uniqueness somehow...

A: Oh, yes... it may do it, yes, without people... So Cartier has used countless campaigns over the years; and, then, they did research to see which campaign was effective or no – or they test campaigns before they go public... so they see that the specific campaign with this colour and this product in a given combination works well and that's why they are using it.... but, maybe, if yourself... if you would analyse the various campaigns and the customers who like Cartier with a model like this one ...maybe you would come to the same conclusion without testing in practice all the campaigns – what was successful, etc....what I mean is that you can come up to the same conclusion with many ways! Usually companies have done these things and they know them more empirically and then they conclude that "this is the Cartier way" or "the Rolex way"... and empirically they conclude that this is what their audience respond well at.

Now, surely, the best would be to understand why – with a model like yours – because the customer audience might change one day...tastes evolve over time... and then you lose them! So it would definitely be useful....on the other hand it isn't a compulsory requirement before you do a marketing campaign that you understand 100% your customers so that you succeed.... intuition matters. My

former director, who is 62 years old, has done so many marketing actions and he has seen so many results that he surely knows what works or not... he has such experience accumulated that he feels if something will be a success or not – even if he can't analyze it logically as you do. Having said that, a model like this would be great to have... (stops)

Q: Let's move on to marketing actions: describe me how in various ways you can build status appeals in your actions – above or below the line...

A: Status appeal.... if you are organizing an event in a boutique without celebrities then it isn't the same as if you bring some famous people...

Q: Above the line? In advertising?

A: Advertisements.... status may mean that we get the best pages.... we take the back cover or we go in pages before your competitors... I don't accept to place an ad after our competition! We must be before... now with regards to the visual... it depends on the company's objectives.... Cartier doesn't want to identify the product with certain customers as Rolex does... another, when we are talking about sales points.... this matters a lot – the more centrally the boutique, in an elegant neighbourhood the better the status for the brand... the bigger the display the better....

Q: Quality, we discussed...?

A: Yes, but listen... in this case quality has to do with the service here – very important! Everybody wants to give quality and consumers expect it – but what you call "product quality" is taken for granted... but what also adds a lot of value is the quality of the service itself; when somebody is coming to buy our products who are so luxurious, expensive and full of status, if he comes in the boutique and the service he gets is not at the level he wants, then, the product loses its image... that is, service and the way you sell it has to do with the value proposition of the object itself...that's why we control our sale points and not only our own Cartier boutiques but also, more importantly, the independents ... we want them to have very high standards because their bad service will harm our brand's image. So quality is service now. Even the after sales service, how well and how quickly and politely it will be done: for the consumer all these are incorporated in the watches' quality as an object! Mechanics don't matter as much... there are connoisseurs who care a lot and others who don't... and others who care because they think they should care because they do it to show off!

Q: What about the aesthetic and whole hedonic appeal? Do you emphasise and do consumers care?

A: Look... aesthetics... these counts to some extent.... this is a product that you see it and choose it accordingly. It has to do with the designers... You know, a few years ago Cartier was not so strong in the male segment.... our watches were small and, thus, not so masculine... no way to sell them to men... so we took steps and redesigned some old models or introduce some new that are larger, quite large, and now men buy Cartier! And we take care of the visuals and display, how nice it will look in

the advertisement or in the boutique is surely important – but, at the end, the watch itself must be nice... we use precious metals and new materials, also diamonds... and how the mechanism sounds when the consumer winds it... all these are pleasure for consumers.

Q: What we said about two consumer groups, those who buy for themselves – their own internal reasons – and those who buy to feel connected, social, popular... does this distinction has marketing implications?

A: Yes, I surely believe that. I will give you an example... I want to do a promotion even... to catch the "show-off" customers... I will do a party with models and celebrities and will photograph them and show them in "Hello" and the likes... and this is enough to get the conspicuous segment. If you want to appeal to someone on the other side of spectrum, more mature [my note: my independents] you can do something that has to do with art... invite them to a concert or organize an exhibition ...and the way we'll promote it is different, we'll do it in a more closed circle, maybe somewhere where people are like him, something more exclusive... the whole things less "bling" and more elegant and mature... such people like art and they have such concerns, something with culture .... the others who want to show off need different things. If you do a huge event with fireworks etc, then, those who buy for themselves and like art, will not be impressed and they might laugh at this... (stops)

Q: What is the role of the product category? Do these things differ according to the product, whether fashion item or watches or champagne? Will you emphasise differently, quality, status, etc?

A: Look... for a company like Cartier, we are interested to be successful in many audiences and target groups.... some smaller companies may have more focused target groups... for me the Omega customers or Tag Heuer's ...or, even, Rolex have an audience that is much more alike and homogenous... because Cartier has watches and jewellery and accessories and, even, many different types of watches... on the other hand, IWC makes large mechanical men's watches, that's it. Cartier on the other hand has many different audiences....thus, the way we'll promote each line or sub-brand or category will be different according to each target group. I told you how we promote "LOVE"...now if we launch a new tourbillion mechanism, we 'll promote it differently to men. Even the magazines we choose are different.

Q: What about the age? Any differences and different approach?

A: Different approach... you mean at the product itself or the product's promotion to different ages?

Q: Both.

A: Yes.... this happens. Because the older the consumer, the more classic product he wants.... then surely there are differences. The more classical the design - the older our audience. Now, with regards to the promotion, yes again... for example we use a lot internet for the young mostly...

magazines for the young, more press for the older.... different events, parties for the young and more boring for the old. Different characteristics have to do with age.... (stops)

Q: Status seeking, has it to do with age?

A: The young people may search more for status and they show off more ...because for the older their status is more proven – while the young are now trying to establish it and feel the need to show it more... and for them, the audience they must show status is maybe larger... so, I think that for the youngest audience this need is bigger... while for the older they need to self-actualize.... I am not telling that older don't need to show off, just that this feature is more intense for the young.

Q: What about geography or culture, does it differentiates luxury consumers?

A: Yes... show off is more obvious to new money...and this can be seen in Russia and in all Asian economies and in developing countries all over the world. It is different in more mature economies. And this can be seen in jewellery as well. Even when people in the Western world show-off, they do it more subtly, in a more elegant and hidden way. In Middle East where people where these clothes that hide the body, then, belts are less important... glasses and watches are important there.

Q: And, finally, the role of income?

A: Look, because Cartier is a super-luxury company, income matters a lot. Now if we are talking for a watch that costs 1000 or 2000 euro, then, anyone might save and buy two and three... but if a jewellery costs millions, you must have money. Income is a very important variable the higher we go in the luxuries' ladder.

Q: Finishing then and summarizing, which are the most important factors in promoting luxury products?

A: For us the most important is the brand's image. What we do must not harm the image; it must add positively to this. If I want to build awareness I can't just do anything to build awareness... I must take care of the image first and keep it high.... I cannot make a magazine insert that is not of the best quality paper and just throw it in a magazine... all actions I take must be "deserved" and correspond to the high image of the product. Every action must be within this context. And, finally, the most important for a marketer is to be able to feel, sense, understand what it the DNA of the brand. All actions must incorporate and be in line with the DNA of the brand otherwise we may have problems... I may do something that will temporarily increase sales but it may long-term harm the brand's heritage... this is our equity: the DNA of the brand.... that's why a luxury manager must know and understand the brand's history and do all the marketing actions in line with these limits, within the code of the brand's DNA. But after a moment you learn to feel such things. When I see a new watch I know where and how much it will sell. This is experience... and I must protect the brand's image and understand the characteristics of the brand. If you want your brand to show the

brand values which are innovation, force, elegance – then your marketing actions must show are innovation, force, and elegance.

Q: Thank you very much (closing the interview).

Interview 4 & 5
(LUXURIES RETAILING:
Handbags, Jewellery, Accessories, Leather Goods, Ready to wear)

Ju Jean Park: Retail Manager (Ready to wear, Accessories, Leather Goods,) **Luis Vuitton**
&
Liza Leventopoulou: Retail Manager (Jewellery, Handbags) **Luis Vuitton**

(Introduction, etc.)

Q: Generally speaking, who are the people who consume luxury products? Do you believe that they are a homogenous group or there are differences?

A: There are certainly different categories of consumers. The common denominator is that they are all well-off financially – to different degrees and with just few exceptions – because luxury goods are something that can be consumed after you have solved some basic financial problems in life. And there is the category of people who follow closely the latest fashion and want at the same time something that is good, but, still, these are people who have money...(stops)

Q: Aren't there people who sacrifice other things in order to be able to afford some luxury?

A: Yes, this category exists and these are people who wait for the sales season or respond to offers; but they are not the mainstream consumers of luxury goods. I don't know if they are a category by themselves... However you can't tell easily who is who because we've learned – or at least try to – not to judge consumers from their appearance.

Q: So, what do you think is the source of value for these people? Is it the product itself, something in themselves or it has to do with their social life and other people?

A: All these three. Continuing the first question you have asked, there are different categories of consumers.... first, there are the people who want and buy quality.... and they consider, rightly, that quality is more expensive to buy; there are the people who buy classic items that will last and who will not buy something fancy or trendy but, instead, will buy each item from where it is best made: scarves from Hermes, suits from Armani, bags and luggage from Luis Vuitton. These are good customers, steady customers whom we can retain for years and they demand service; then, we have the customers who are at the other extreme: the fashion victims... they will come and buy the last t-shirt that might cost £500 – but this doesn't disturb them because they need to have the latest ... the age in this group is younger... Now the first group is buying for themselves and they want to get what they appreciate irrespectively of being seen by others; the second category is made up from those who buy in order to go to the club, etc., generally in order to be seen... And we have a third

category, the people who buy for status because luxury goods can tell who you are and how much money you have... and they use luxuries to show off.

Q: What is their attitude to pleasure, aesthetics and quality? Is quality really better, is it taken for granted?

A: Well, the first thing is pleasure, that's why they buy. The whole luxury industry is based on this; luxuries make people feel well, otherwise they wouldn't be spending so much money on an item... so, pleasure and enjoyment is a very important part of luxuries. Quality is also very important because – even if you are a person who can't appreciate or care for quality – you demand it because of the premium you pay.

Q: What about vanity and narcissism? So consumers have these traits?

A: Not necessarily vain.... this guilt of extravagance is not correct... because they buy quality; luxuries are levels above other products... and consumers buy beauty, quality, and aesthetics... no vanity. About narcissism, there may exist consumers of luxuries who are narcissists... but not necessarily because they buy luxuries.

Q: What about status seeking?

A: Yes, consumers of luxuries are status seekers because luxuries tell things about them. Usually, status seekers buy an item that has a logo on it or will be very recognizable.... they buy popular and recognizable brands...

Q: And who buys the more discreet things? Mostly...

A: (interrupts) ...the first category we were talking? Yes. Or they can be status seekers but their peers can anyway recognise what things they are buying.

Q: What about those who buy rare and limited luxuries? What most of the others don't have?

A: We have such customers. A feature of luxury goods is that the more limited the item the more desirable it is. And because more and more people have enough money to support this lifestyle....so, in their circle, they start trying to differentiate themselves – because everyone has Luis Vuitton bags and Hermes scarves... so they start searching for something more unique, a different bag, a unique pen, something that is in very few items... still, you know, this is within the mainstream buyers...

...but if you are talking for people who really searches for something strange and unique ...yes, you can say this is a category, but this category is small.

Q: This last category is not interested in other's reaction?

A: They are interested in other's reaction... but you know, the people who are so refined to buy luxuries and know what is new and so on, they do know what is rare and more unique... so they know that their item will be recognised as limited.... (thinking)

... and some of them belong to the first category: those who are not interested to show-off... they can buy such a limited edition that nobody – even the fashion conscious – will recognise. But this is a tiny category. Because most people know what is rare and what not.

Q: Could we say that these are snobs? And they will refrain from buying the popular items that other consumers buy? Because I assume you have some popular lines that make big volume and most people buy...

A: I wouldn't necessarily call them snobs... I mean these are people who live in circles where there is really a lot of money... and they don't want to buy what all the others have. They want something very special, something that will distinguish them. Or there are people who come and place special orders, which we prepare for them... like a special suitcase that nobody else has... and this will be paid very expensively. Or a watch strap from a material and colour that nobody has.

Now about the popular lines, yes, they exist but you know there is also customization there because everyone wants to feel a bit special.

Q: What about the influences of fashion on luxuries? It used to be timeless but it now looks that fashion cycles take over in luxury markets too? Are luxury consumers, thus, are influenced by fashion?

A: You mean how these two connect? ... Look... classic is not only something that was made once and will never appear again... classic items too can be renewed within the demands of the fashion... keep the original shape or features but add small details to make it more contemporary. And it will still be classic. The classic black Yves Saint Laurent female tuxedo... it can be found in so many variations from very strict lines to very fancy designs... Classic doesn't mean old fashioned...

Q: Let's move on to marketing in practice: describe me how in various ways you can build pleasure, in the shop and on the product...

A: Formal marketing models don't exist... we act on empirical grounds...

Q: Ok, I will ask you some prompt questions and, if you can do so, answer me: describe me how in various ways you can build pleasure, in the shop and on the product...

A: Pleasure is infused everywhere, display, service, in the boutique... it isn't only that the customer will feel happy to buy something nice, pleasure is in the whole experience... a beautiful, comfortable, nice smelling shop where you feel happy to be inside and relaxed... a polite, not pushing, but instead caring salesman who will bring you coffee and who also knows what they sell and know their job...this is pleasure. This is not offered to everyone though, not on the first occasional customer... the larger the investment a customer makes, the larger the shop's investment to her...he will be on a list, will receive invitations for events, and will get a personal sales person who will learn his habits... eventually he will get all what he asks...

Q: What about quality appeal and who responds favourably?

A: This has very much to do with service, apart from a quality product. Sales people must know the product they are selling very well.. it isn't enough to say that this is very good stuff... you must explain the procedure it was made, the material, etc... you explain that he will pay £1000 but what he gets is something that has been hand sewed, painted with a special paint in the hand and then there is a separate procedure to dry it... if he feels involved into all this, this is quality. And pleasure. And for very high customers, Luis Vuitton used to invite customers in the manufacture work shop to see how things were made! This is done by all houses.

Q: How do you infuse status appeal and who responds favourably?

A: In many ways... again this has to do with experience [My note: the whole interview is geared towards a retail environment] ... If the customer walks in and you have kept his name in the records and welcome with his name in front of his friends..., generally, when he gets an attention that is a bit more than others.... he gets the catalogues, sales people locate the items that he asks before her friends get them, he gets invitations to events... status is to get your things delivered at your house, what is happening a lot recently.

Q: Are luxury customers of different ages different? With regards the traits we were discussing above? Pleasure, quality, status, fashion and so on?

A: Yes... a young person will buy brands that are more trendy and fashionable... many brands create sub-brands... for example, Armani & Emporio Armani, Boss & Boss Orange. It is the same luxury, same quality but at a more trendy and youngish lines... so, this is one.... a second things is that people who have money know the quality from very young, they grow in it... so quality is expected by all because they all know it... I think that, status, hmmm... everyone looks for this.

Q: What about geography or culture does it differentiates luxury consumers? Are Wsterners different from Asians for example?

A: Yes, every culture has different features... Asia is a new market. We see Chinese customers for only the last 3,5 years.... Japanese, a lot of them... you know, in Japan Luis Vuitton is 40% more expansive. What many luxury houses do for their boutiques is that they offer salespeople cultural training so that they know how to behave! A Japanese is very quiet and wants the same... he will look the bag in detail for 15 minutes before buying... he will show it to his whole family and then he will ask for a new one (from the plastic)... so we bring them the bags wrapped in the plastic and open them in front of them. Another thing is that Asians are very orientated to logos and brand visibility... while North Europeans are more understated... you could say they are in the first group...

Q: Thank you very much (closing the interview).

Interview 6
(LUXURY SPIRITS & BEVERAGES)

Christina Alissandraki: Marketing Director **Amvyx SA**

(Absolut Vodka, Dom Perignon Champagne, Glenfiddich Whiskey, Grand Marnier Liquor, Hennessy Cognac, Moet & Chandon Champagne)

(Introduction, etc.)

Q: Generally speaking, who are the people who consume luxury products? Do you believe that they are a homogenous group or there are differences?

A: I believe they are quite homogenous group from a psychographics' perspective –in the sense that they possess certain common qualities – and quite non-homogenous from a demographics' point of view; I mean, there are consumers from many income levels and not only from the highest – as it would be probably expected – because some consumers might purchase something for just a special occasion; and also men, women, younger, older as well as different in education. However they share a common psychological view, a view that makes them recognise the specificity of luxury products; search for it as a way of confirmation; but also as a way of internal satisfaction; and these are reasons that drive them to invest a part of their budget in such products.

Q: So, what do you think is the source of value for these people? Why do they pay such a premium?

A: Here there are many different reasons that explain why; there is a big part of the population – whose we have seen in segmentations studies we have done; and whose we call "check-me-outs" – these consumers take confirmation through the brands they consume; so their motive is that the people around them – or the group they influence or influences them – recognise that this is a luxury brand. So, it is very important that the luxury brand is recognisable from the public. There is though another group of people who are more sensitive to new trends and customs and who seek for the real value of what they pay and not the recognisability. It may be a brand of a new designer who isn't well known yet and in whom they recognise something special; it may be a specific taste they haven't tried yet; however, this has to do with internal motives and not with external recognition.

Q: I see... so, is it possible that there are, generally, two broad consumer groups that differ in that some of them buy a luxury good for themselves exclusively, ignoring the reaction of others, and on the other hand others who obviously purchase a luxury good in order to show it off?

A: Yes, this is what I mean. I mean some people may not really understand why a luxury brand is a luxury brand...not really feel it distinctive nature as a luxury brand; but, still, they are attracted from the shine of the brand and what it adds to them within their social setting.

Q: And consumers may buy luxuries for either their product attributes or internal reasons, or due to social motives?

A: Yes.

Q: You've said that they are quite homogenous group from a psychographics' perspective –in the sense that they possess certain common qualities; aren't there any differences?

A: Yes, there are two broad groups as I said...

Q: If we want to dig a bit deeper, would I assume correctly that – starting from the internal reasons – there are consumers who seek for the experience and pleasure through consumption of luxury brands?

A: It depends on the product; I don't think that there is always the issue of the experience...I think this is a self-imposed perception....that luxury creates a very different experience. In reality this has to do with the pleasure of consumption; the feeling that – at this moment – they do something different, both with regards to the others and regarding themselves...as compared with another moment when they don't consume a luxury brand, that's what I mean. So, there is a special meaning at the moment of consuming (my note: spirits) or using a luxury brand, and that's what they seek... I would say that there is a sense of adrenaline heightening at such moments. This is it. But it doesn't always have to do with the product attributes that cause the experience...it has to do sometimes even with the thrill of purchasing something. This is a very important thing in luxury consumption and I believe that such consumers form the majority of purchasers of luxury brands. The minority is, I think, people who seek the quality and the total satisfaction they get by a product, they see a luxury product as an investment, they recognise its distinctive features ... they are not easily persuaded about this difference, and this group is more difficult and more loyal.

Q: So, we are now talking of quality...

A: Quality yes, or whatever quality means... like a difference in the product's attributes...

Q: And this is a group that is not oriented towards others, they have personal reasons...

A: Yes.

Q: This quality...is it always real?

A: No. It may be perception or marketing-driven, but – in this case – the group of quality seekers will understand it very quickly. And, you know, because these are the connoisseurs the rest of the consumers see them as examples...if they reject a brand the rest of the people will also reject it. To give you an example: in US – about four years ago – there was a new trend with a super premium vodka brand, Grey Goose; this vodka was priced at $35 while these days a vodka would sell maximum at $15. This quickly created a trend... there was a difference in quality, like the way of distilling it ...however, because this thing grew up very quickly and became a whole movement this

first group who had discovered it has now left because they stared to regard it very “mass”; even though nothing has changed in the quality. So now we see that – because these consumers left – the people follow them. These are the people who discover a brand first and the first who abandon it if it becomes too massive or loses its distinctiveness.

Q: Are these the snobs? Those who don’t buy what is or becomes very popular? Such a group really exists?

A: Yes. We call them otherwise: we call them “confident explorers” ... we have a more positive reaction about them; we consider these people explorers of the better, they constantly seek for the best being motivated always due to internal motives, and they are confident enough to consume something that no one else knows yet. The result is that these people, who are early adopters, become exemplars as pioneers and pull others towards such consumption... it is them who – as we say – open the market.

Q: You said that these consumers are internally motivated...don’t these people seek for others to see them as either owing a rare brand or discontinuing it?

A: Such consumers exist but I think that the people who do this belong to the other category, their motives are external. So, they do exist as you said, but their behaviour has to do with how the others around see them. For me, the real “confident explorer” is not interested in others’ reactions. This person consumes for his own, internal reasons and, even if someone tells him that he doesn’t know the brand, he doesn’t care. We see this category in products that are “niche”; products that aren’t advertised, people don’t know about them. I’ll give you another example: “Hennessy” Cognac; most people don’t know what is either “Hennessy” or cognac; it is a very small category and has never been advertised. Thos who consume it have a very specific attitude to this; they don’t care at all what other people will say... they care about real substance and quality.

Q: Let me insist however... if there comes a moment when they discontinue using a really good brand, this doesn’t mean that they are not always influenced by internal dispositions or reasons... and they take into consideration the market reaction?

A: They may not switch to another brand; they may use the same for many years and if they switch they will do this for completely different reasons...maybe they have tried something else and they liked it. Another example: Luis Vuitton, this is a brand very recognizable with an extreme customer loyalty. They may buy it from their 25 years till they are old. But there are consumers who may buy a brand that you may not know and which is the trend right now and next moment they will buy another and so on. So, I believe the audience we are talking about, don’t leave so easily, they leave if you disappoint them, if they happen to try something new they like or if – in different cases like cars – they seek for a technological evolution... or in cosmetics that improve substances... in such case

they leave because the product attributes do matter. A bag however doesn't have a really different attribute; it will always be made from the same materials.

Q: Is this the same group that responds positively to limited editions and rare products?

A: If they discover the product in the right way, yes...and what I mean is that a limited edition must have a certain way of being discovered: when it is over-promoted, these consumers understand that in reality this is about a massive promotion, marketing gimmick... there are many "limited" who are not really limited at all; they are seasonal but not limited.

Q: What about the status seekers? Does this group exist and is it large?

A: It exists, it is a large group; but, according to our point of view it is decreasing. I think that "status" as meant during the 90s isn't the same anymore. Status was defined by an accumulation of consumer goods that used to transfer status to their owners; but this has been recently outstripped from its myth and search for different things to satisfy them in luxuries. An example: a young executive a few years ago would like to have a company car; this was a status symbol... now they ask for it but as a necessity more, not really a status symbol, just a way to save money.

Q: That is, the role of luxuries as status symbols is changing?

A: No, what I really meant isn't that the role of luxuries as status symbols for specific groups has been less important; just, generally, what is decreasing is the fixation of people with accumulating consumption....they don't look anymore on quantity – but, instead, search for quality. The same person who used to wish for the perfect house, the perfect car, the perfect coffee machine, etc, now realise that this isn't possible anymore and can accept to forgone some things in order to go, for instance, a trip to Maldives. The psychology of people is changing since not everything we wish can be acquired... we live in an era of recession. So these people make some sacrifice and they may, for example, go out less and drink less but when they do they drink better drinks and consume more luxury. The category of standard scotch – the largest one – has a huge decline in market share; while the premium category – while small in absolute terms – has a huge growth. The standard category – 50% of total spirits consumption – is losing market share because people don't go out that much. The person who used to go out four times a week and drink two glasses each time – 8 in total – now may go out twice and drink one glass of very good scotch; so we lose 8 glasses in the standard category and gain 2 in another.

Q: Doesn't consuming more expensive mean that status seeking increases?

A: What is increased is the need for more special moments. It isn't about status, it is about having a better time [my note: we talk about a hedonic category here]. You go out less and you want to compensate for this with a better product.

Q: Is there a consumer group that follows their reference groups, whatever is popular?

A: Yes, of course. Definitely yes.

Q: Does this happen to lower priced luxuries?

A: Not necessarily. I think these “followers”, as you call them, go also after expensive brands. The smallest Luis Vuitton purse costs 200 euros and is constantly in lack... it isn’t strange for a young girl to save the Christmas and Easter presents and buy it. It follows where she can, but at an expensive brand, even thought the same person might dress from Zara at the same time. And when she goes out she’ll drink a glass of Moet & Chandon. So, the trend is very strongly a “mix and match”. You can see that the dominating trend is to combine one or two luxury items with more affordable lines; it is extremely rare to see someone who is totally “luxurious”.

Q: In the category of “show offs”, are there consumers of luxury goods who are vain?

A: Yes, they have this trait. They do because – de facto – the label seekers and status seekers and all these who show off are very-very vain. It is a very superficial motive for living – like that.

Q: What about narcissism (I explain the definition)? Is it possible to talk of the narcissist luxury consumer?

A: Yes. They definitely exist. And there are many luxury items that are based on them. And – in luxuries – this is very evident in packaging codes. As you said, “they see themselves and want others to see them”; in these cases, truly, it doesn’t matter what they feel, what counts is what one sees. There are luxury brands which target exactly this group of consumers: there is packaging with intensive and clear luxury codes, with shine and Swarovski crystals, etc.; you must see it and it must be obvious that it is a luxury. And there is also another large category of luxuries which don’t need this and they target the other pole of consumers; those who have the opposite behaviour: if they see something very flashy, they dislike it, it is too “bling” for them and they will not buy it; as simple as this.

Q: What you tell me refers only to packaging? Packaging lasts for a few minutes or hours...then the consumers opens it and has to live with the product...

A: Not necessarily ... but this depends on the product category as well. There are mobile phones from Motorola who have been designed by D&G and they are gold, etc.; there are two trends; the recognisable logos and the more discreet. The former trend is very obvious in some societies – like Japan for example – who want to show off. There the packaging is crucial, it must be central, clear, and obvious; it must be visible under any circumstances; and there are other societies – like North Europe, Germany, and Scandinavia – where they want luxury packaging to be minimalistic in order to convince them that it is really luxury.

Q: What about the influences of fashion on luxuries? It used to be timeless but it now looks that fashion cycles take over in luxury markets too? Are luxury consumers, thus, are influenced by fashion?

A: Yes they exist. In older times – due to the specificities of luxuries' production, who were not so marketing-made – luxuries were hand-made; and they were so well made that they used to last for a lifetime. And that was luxury. On the other hand, this didn't help the brands, because the consumers for such luxuries were very few. Until 10 years ago a Burberrys trench-coat was made so that it could last for 20 years; you bought one and that was it; but it was not profitable to sell one coat every 20 years! They wanted to sell one every couple of years. So, there marketing stepped in and they started to appeal to more people; they made the point that there is nothing eternal and that things have to change ... they have kept – to some extent – the quality and, from that point, luxuries entered into the world of fashion so that they could increase their sales...and this is what happened - with all luxury brands. Luis Vuitton used to have 10 bags; not they have a new collection every winter and summer. This immediately has increased the consumer base. And this group of consumers is fashion conscious; they want to get the new luxury line every time it comes to the market and even before it does; there is a big trend towards waiting lists in luxuries.

Q: Do these traits impact on buyers behaviour? Are these segments treated different from the luxury marketer?

A: Listen, I must tell you that we don't think as much in your terms.... you have put me in thinking though... (thinking for a while)

Yes, I suppose, there is a different way to reach them; especially with regards to marketing communications, there is a very big difference. A big part of consumers – fashion seekers or narcissists for example – are approached with recognisable logos, and the use of celebrity persons; another big part of consumers are negative to this approach, and they consider this vain... so, what they need to be convinced is to focus on product attributes; and, in these cases, the word-of-mouth is more important... and also PR and indirect communications because they like to discover themselves the products and they want to be the only ones who know about them; so, there is a very big difference in the way we approach each group. And there are brands who prefer not to communicate at all and to have, instead, a very small audience who are their "ambassadors"; and it is them who, in essence, advertise them. So, depending where a luxury brand is positioned (product-driven or image-driven; or normal luxury price-range or extravagant uber-luxury), the marketer has to approach consumers very differently; and – if this is not done correctly – it can be very dangerous. If we talk of a very expensive luxury brand... if is advertised very much and there is huge visibility, it might create the impression that it is for everyone.

Q: How do you create an appealing offering to those who seek for a special experience and pleasure?
A: For our company, I believe that the basic way to do this is via PR events; I mean our own events – we don't sponsor other events, but create our own. We create experiences for a specific target group, very small, very exclusive...and we try to make this experience and contact with the product so unique, special and atmospheric that, eventually, it will push these people to consume more; and them, in their turn, will become the ambassadors of the product; so, when we are refereeing to some very highly priced products, this is the initial approach. After a certain point – months – we might do some very selective advertisement in specific magazine titles or even take some direct marketing actions; but we try to give this audience a certain timeframe before publicity so that this experience is unique for them.
Q: How do you appeal to quality-seekers?
A: This is done – when we talk about spirits – from the journalists who are taste-specialists; these are the people who really know and, in addition, they have the credibility and persuasiveness with regards to other people; they are the most difficult audience to persuade, they are not paid for this and you can do nothing about it. But when you know that you have a superior product and you give them to try it, you take them for a tour in the production facility so that they see how it is made etc., then these are the people who can suggest it to the consumers.
Q: Aren't there quality cues on the product itself?
A: In some products yes, in some you can't tell. To give you an example, for a Dom-Perignon where one can see the year of production, ok, you can see it; but in a Moet & Chandon – if you don't know from champagne – I can't tell you why it is the best. You will not understand it from the packaging... it is, of course, a good packaging but it will not tell you that it is better from other champagnes – although it will tell you that it is better from a simple sparkling wine. You must learn how to appreciate it; that's why the person at the point of sale is very important, so that he can tell you everything about it.
Q: What about the confident explorers? How do you reach this target group?
A: When a product is targeted to them – because not all products start for or from them – but, when so, we usually start indeed from a limited edition, something that is very special; and we invite them to see it, to have a feeling about it, to know where they can find it...in very limited pieces, like three or four items only ...it has very much to do with the price, I mean, price still plays a role here; and, after this point, the most important tool is the word-of-mouth and the press coverage we might get.
Q: What about the status seekers?
A: For them it is different; in these cases we are talking of premium advertising placements – in the front pages of magazines, saloons [salonia; explain], very impressive visuals, photographs from

famous artists with very well known models; for example, for Dom-Perignon we got Karl Lagerfeld to photograph Eva Herzikova ...it is such an advertisement that is directed mostly to status seekers.
It doesn't exclude other audiences ... but other audiences know this brand and they consume it anyway; now we have passed to another stage where we try to make it widely known, we educate people about it.
Q: Is it now the conformists, the mass who has to learn about it?
A: In a sense yes, but not really the mass because it is anyway a very expensive product... still, since this is not the launch phase, this product has started to do more intense actions the last three-four years. Until then, all marketing actions were very focused to the intitial set of target audience... for example we did private dinners. Now we go more public, we go to the magazines as well as do more specific promotions.
We also raised the price, which is important...anyway, we are now talking to a wider audience, those who manly want to show off.
Q: Does the age of a consumer differentiate them? With regards to the segments and personality traits discussed previously?
A: In spirits it does [ex contrario?]. Because it is a process of discovery and it isn't something that someone does when he is young. People do this after the University, they start there more casually, with a beer or so, and then one's taste and education about the area takes many years to develop... and they do this by watching the older – I mean the 30s-35s – which for a young person are the "role-models", where they want to get... what it this that the 30 years old manager drinks, you know? ...Or the pretty young woman who has her own money, etc. So, slowly, there is a discovery process... and many of the very expensive drinks are very difficult to be appreciated – in terms of taste – by inexperienced consumers. Your taste must be very developed and educated. And this needs training.
In other luxuries – like clothes – the age doesn't count. You can see a young girl actually wearing very luxurious items.
Q: What about the role of income? It may be a bit obvious, but I'd like a comment.
A: To me, it isn't obvious at all...not at all actually... I remember – when I was working at another luxury company – the most important retail point was in a lower-middle class area. Because the girls who lived there couldn't afford a Channel bag, but they could afford a Channel cosmetic. And it was very important for them to own even one luxury item. Even if you are poor, if you have no income, it matters to you to own one luxury item.
Q: So these girls are the show-offs?

A: Yes. For these girls, the moment when they used – in the toilet of the club they went out – the Channel mascara was very important for them; they wanted the other girls to see them that they use a Channel item. Maybe their clothes were Zara.

The income has to do with how much luxury you consume, however, and this is the most basic factor. But from a mindset, personality perspective, income never prohibits people to purchase and use luxury goods – unless we are talking of really low income levels.

Q: Finishing then and summarizing, which are the most important factors in promoting luxury products?

A: To know very well our audience and their motives and personality; because based on them we will adjust our own strategy. For me, this is the first. If their motives are external, vain, we must give them the certain set of triggers. If their motives are internal, this is more difficult; we'll have to persuade them that for what they ask – I emphasise to persuade them and not advertise... it is different. We need better models though as we act according to experience...

The second things is to know very well the difference of your product from that of the competition ...even if it is just about image, even if it is a marketing thing, Very often many products make the mistake to think they are luxury brands – just because they have a nice package – and then they fail, because they don't have the background to persuade consumers for it. These are the two most important things.

Q: Thank you very much (closing the interview).

APPENDIX D (Sample characteristics)

Gender

p6_Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	204	47.3	47.3	47.3
	Female	227	52.7	52.7	100.0
	Total	431	100.0	100.0	

Age

Statistics

p6_Age

N	Valid	429
	Missing	2
Mean		36.5338
Median		33.0000
Mode		28.00
Std. Deviation		13.22953
Range		64.00
Minimum		18.00
Maximum		82.00

Occupation

p6_Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	6	1.4	1.4	1.4
	2.00	16	3.7	3.8	5.3
	3.00	7	1.6	1.7	6.9
	4.00	28	6.5	6.7	13.6
	5.00	66	15.3	15.8	29.4
	6.00	23	5.3	5.5	34.8
	7.00	4	.9	1.0	35.8
	8.00	15	3.5	3.6	39.4
	9.00	32	7.4	7.6	47.0
	10.00	18	4.2	4.3	51.3
	11.00	27	6.3	6.4	57.8
	12.00	31	7.2	7.4	65.2
	13.00	4	.9	1.0	66.1
	14.00	4	.9	1.0	67.1
	15.00	11	2.6	2.6	69.7
	16.00	9	2.1	2.1	71.8
	17.00	6	1.4	1.4	73.3
	18.00	1	.2	.2	73.5
	19.00	31	7.2	7.4	80.9
	20.00	1	.2	.2	81.1
	21.00	20	4.6	4.8	85.9
	22.00	10	2.3	2.4	88.3
	23.00	12	2.8	2.9	91.2
	24.00	26	6.0	6.2	97.4
	25.00	9	2.1	2.1	99.5
	26.00	2	.5	.5	100.0
	Total	419	97.2	100.0	
Missing	System	12	2.8		

p6_Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	6	1.4	1.4	1.4
	2.00	16	3.7	3.8	5.3
	3.00	7	1.6	1.7	6.9
	4.00	28	6.5	6.7	13.6
	5.00	66	15.3	15.8	29.4
	6.00	23	5.3	5.5	34.8
	7.00	4	.9	1.0	35.8
	8.00	15	3.5	3.6	39.4
	9.00	32	7.4	7.6	47.0
	10.00	18	4.2	4.3	51.3
	11.00	27	6.3	6.4	57.8
	12.00	31	7.2	7.4	65.2
	13.00	4	.9	1.0	66.1
	14.00	4	.9	1.0	67.1
	15.00	11	2.6	2.6	69.7
	16.00	9	2.1	2.1	71.8
	17.00	6	1.4	1.4	73.3
	18.00	1	.2	.2	73.5
	19.00	31	7.2	7.4	80.9
	20.00	1	.2	.2	81.1
	21.00	20	4.6	4.8	85.9
	22.00	10	2.3	2.4	88.3
	23.00	12	2.8	2.9	91.2
	24.00	26	6.0	6.2	97.4
	25.00	9	2.1	2.1	99.5
	26.00	2	.5	.5	100.0
	Total	419	97.2	100.0	
Missing	System	12	2.8		
Total		431	100.0		

Education

Statistics

p6_Education

N	Valid	418
	Missing	13
Mean		16.9378
Median		17.0000
Mode		17.00
Std. Deviation		2.96113
Range		21.00
Minimum		7.00
Maximum		28.00

p6_Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	7.00	1	.2	.2	.2
	8.00	2	.5	.5	.7
	10.00	6	1.4	1.4	2.2
	11.00	7	1.6	1.7	3.8
	12.00	11	2.6	2.6	6.5
	13.00	33	7.7	7.9	14.4
	14.00	18	4.2	4.3	18.7
	15.00	32	7.4	7.7	26.3
	16.00	62	14.4	14.8	41.1
	17.00	75	17.4	17.9	59.1
	18.00	54	12.5	12.9	72.0
	19.00	29	6.7	6.9	78.9
	20.00	54	12.5	12.9	91.9
	21.00	11	2.6	2.6	94.5
	22.00	16	3.7	3.8	98.3
	23.00	3	.7	.7	99.0

	24.00	1	.2	.2	99.3
	25.00	1	.2	.2	99.5
	28.00	2	.5	.5	100.0
	Total	418	97.0	100.0	
Missing	System	13	3.0		
Total		431	100.0		

Income

Statistics

p6_Income

N	Valid	430
	Missing	1
Mean		3.1279
Median		3.0000
Mode		2.00
Std. Deviation		1.85108
Range		6.00
Minimum		1.00
Maximum		7.00

p6_Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 20k £	74	17.2	17.2	17.2
	£21 - 40k £	138	32.0	32.1	49.3
	£41 - 60k £	79	18.3	18.4	67.7
	£61 - 80k £	44	10.2	10.2	77.9
	£81 - 100k £	30	7.0	7.0	84.9
	£101 - 120k £	23	5.3	5.3	90.2
	> 120k £	42	9.7	9.8	100.0
	Total	430	99.8	100.0	
Missing	System	1	.2		
Total		431	100.0		

APPENDIX E (Measurement instrument)

Note: the actual layout is slightly different on the printed / distributed questionnaire



Cass Business School
CITY UNIVERSITY LONDON

Dear Respondent – Madam or Sir,

This questionnaire is part of a PhD project at Cass Business School, City University, regarding the consumption of luxury goods. There are no sensitive questions, but you may still be assured that your answers – under provisions of Law and Codes of Research Ethics – are **ANONYMOUS and CONFIDENTIAL**.

GENERAL GUIDELINES: Completion of this questionnaire will take **approximately 15 minutes**. There is **no right or wrong answer to these questions – what really matters is your opinion**. We are grateful for your help!

1) *Below is a list of 15 watch descriptions that differ from each other on some aspects. Think to what extent they reflect your personality and answer:*

How likely is it that you would buy and use each of the described items – assuming that money is no object?

Circle *the appropriate answer in the 1-7 point scale on the right*

		Definitely Not	Very unlikely	Probably Not	Undecided	Probably Yes	Very likely	Definitely Yes
	A very beautiful watch that makes use of precious materials and looks like a piece of art	1	2	3	4	5	6	7
	A simple but top-quality watch guaranteed to work within the strictest official Swiss Chronometer requirements	1	2	3	4	5	6	7
	A watch that is difficult to find and that only a few people own	1	2	3	4	5	6	7
	An extremely expensive watch that only the really wealthy own	1	2	3	4	5	6	7
	A very popular and currently very fashionable watch that everyone would approve its choice	1	2	3	4	5	6	7
	A watch of such great aesthetic design that it makes someone excited and happy to wear it	1	2	3	4	5	6	7
	A hand-made watch rated as the most reliable in the world, able to function under the most averse conditions	1	2	3	4	5	6	7
	A watch of such a limited production that its owners are really distinguished and unique	1	2	3	4	5	6	7
	A watch that is impossible not to be noticed and is a proof that its owner is really rich	1	2	3	4	5	6	7
	A watch worn by many celebrities, recognized by many people as a symbol of success	1	2	3	4	5	6	7
	An elegant watch that is a pleasure to look at, listen to or just touch it	1	2	3	4	5	6	7
	A watch that can last for generations with high level after-sales service	1	2	3	4	5	6	7
	A watch that has just been launched and is currently recognized and valued by only a small circle of people	1	2	3	4	5	6	7
	An extremely luxurious watch, sold in the most prestigious and expensive boutiques	1	2	3	4	5	6	7
	A watch that is chosen and worn by most people as a symbol of achievement	1	2	3	4	5	6	7

2) *Please, go* ***back*** *and* ***choose ONLY 3*** *of the described watches that you would most likely buy and use – because they reflect your personality and suit your lifestyle.* ***RANK these 3 choices on a scale from 1-3 (1=most preferred, 3=least preferred)*** *in the boxes before each description (on the left side).*

3) *Please, rate **how strongly you agree or disagree** with each of the following statements by circling the appropriate number*

(NOTE: 1=strongly disagree / 7=strongly agree)

	Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly Agree
I have respect for the authority figures with whom I interact	1	2	3	4	5	6	7
My happiness depends on the happiness of those around me	1	2	3	4	5	6	7
I will sacrifice my self-interest for the benefit of the group I am in	1	2	3	4	5	6	7
I often have the feeling that my relationships with others are more important than my own accomplishments	1	2	3	4	5	6	7
I should take into consideration my family's/friends' advice when making education/career plans	1	2	3	4	5	6	7
It is important to me to respect decisions made by the group	1	2	3	4	5	6	7
I will stay in a group if they need me, even when I am not happy with the group	1	2	3	4	5	6	7
If someone who is close to me fails, I feel responsible	1	2	3	4	5	6	7
Even when I strongly disagree with group members, I avoid an argument	1	2	3	4	5	6	7
I'd rather say "No" directly, than risk being misunderstood	1	2	3	4	5	6	7
Speaking up during a work meeting is not a problem for me	1	2	3	4	5	6	7
Having a lively imagination is important to me	1	2	3	4	5	6	7
I am comfortable with being singled out for praise or rewards	1	2	3	4	5	6	7
Being able to take care of myself is a primary concern for me	1	2	3	4	5	6	7
I prefer to be direct & forthright when dealing with people I've just met	1	2	3	4	5	6	7
I enjoy being unique and different from others in many respects	1	2	3	4	5	6	7
My personal identity independent of others is very important to me	1	2	3	4	5	6	7
I would buy a product just because it has status	1	2	3	4	5	6	7
I am interested in new products with status	1	2	3	4	5	6	7
I would pay more for a product if it has status	1	2	3	4	5	6	7
The status of a product is irrelevant to me	1	2	3	4	5	6	7
A product is more valuable to me if it has some snob appeal	1	2	3	4	5	6	7
I rarely buy the latest fashion until I am sure my friends approve of them	1	2	3	4	5	6	7
When buying products, I generally purchase those brands that I think others will approve of	1	2	3	4	5	6	7
If other people can see me using a product, I often purchase the brand they expect me to buy	1	2	3	4	5	6	7

I like to know what brands/products make good impression on others	1	2	3	4	5	6	7
I achieve a sense of belonging by purchasing the same products and brands that others purchase	1	2	3	4	5	6	7

(continue as in previous page)

	Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly Agree
If I want to be like someone, I often buy the same brands that they buy	1	2	3	4	5	6	7
I often identify with other people by purchasing the same products and brands they purchase	1	2	3	4	5	6	7
To make sure I buy the right product or brand, I often observe what others are buying and using	1	2	3	4	5	6	7
If I have little experience with a product, I often ask my friends about the product	1	2	3	4	5	6	7
I often consult other people to help choose the best alternative available from a product class	1	2	3	4	5	6	7
I frequently gather information from friends or family about a product before I buy	1	2	3	4	5	6	7
The way I look is extremely important to me	1	2	3	4	5	6	7
I am very concerned about my appearance	1	2	3	4	5	6	7
I would feel embarrassed if I was around people and didn't look my best	1	2	3	4	5	6	7
Looking my best is worth the effort	1	2	3	4	5	6	7
People notice how attractive I am	1	2	3	4	5	6	7
My looks are very appealing to others	1	2	3	4	5	6	7
People are envious of my good looks	1	2	3	4	5	6	7
I am a very good-looking individual	1	2	3	4	5	6	7
Professional achievements are an obsession with me	1	2	3	4	5	6	7
I want others to look up to me because of my accomplishments	1	2	3	4	5	6	7
I am more concerned with professional success than most people I know	1	2	3	4	5	6	7
Achieving greater success than my peers is important to me	1	2	3	4	5	6	7
In a professional sense, I am a very successful person	1	2	3	4	5	6	7
My achievements are highly regarded by others	1	2	3	4	5	6	7
I am an accomplished person	1	2	3	4	5	6	7

Others wish they were as successful as me	1	2	3	4	5	6	7
I often combine possessions in such a way that I create a personal image that cannot be duplicated	1	2	3	4	5	6	7
I often try to find a more interesting version of run-of-the-mill products because I enjoy being original	1	2	3	4	5	6	7
I actively seek to develop my personal uniqueness by buying special products or brands	1	2	3	4	5	6	7
Having an eye for products that are interesting and unusual assists me in establishing a distinctive image	1	2	3	4	5	6	7

(continue as in previous page)

	Strongly Disagree	**Disagree**	**Slightly Disagree**	**Undecided**	**Slightly Agree**	**Agree**	**Strongly Agree**
When it comes to the products I buy and the situations in which I use them, I have broken customs and rules	1	2	3	4	5	6	7
I have often violated the understood rules of my social group regarding what to buy or own	1	2	3	4	5	6	7
I have often gone against the understood rules of my social group regarding when and how certain products are properly used	1	2	3	4	5	6	7
I enjoy challenging the prevailing taste of people I know by buying something they would not seem to accept	1	2	3	4	5	6	7
When a product I own becomes popular among the general population, I begin to use it less	1	2	3	4	5	6	7
I often try to avoid products or brands that I know are bought by the general population	1	2	3	4	5	6	7
As a rule, I dislike products or brands that are customarily bought by everyone	1	2	3	4	5	6	7
The more commonplace a product or brand is among the general population, the less interested I am in buying it	1	2	3	4	5	6	7
Getting very good quality is very important to me	1	2	3	4	5	6	7
When it comes to purchasing products, I try to get the very best or perfect choice	1	2	3	4	5	6	7
In general, I usually try to buy the best overall quality	1	2	3	4	5	6	7
I make special effort to choose the very best quality products	1	2	3	4	5	6	7
I really don’t give my purchases much thought or care	1	2	3	4	5	6	7
My standards and expectations for products I buy are very high	1	2	3	4	5	6	7

I usually have one or more outfits of the very newest style	1	2	3	4	5	6	7
I keep my wardrobe up-to-date with the changing fashions	1	2	3	4	5	6	7
Fashionable, attractive styling is very important to me	1	2	3	4	5	6	7
To get variety, I shop different stores and choose different brands	1	2	3	4	5	6	7
I always choose to wear something elegant even if it is less practical	1	2	3	4	5	6	7
Enjoying the pleasures of life - such as good food, sex or leisure - is very important to me	1	2	3	4	5	6	7
Being surrounded by beautiful things is very important to me	1	2	3	4	5	6	7
I prefer buying things that look beautiful and/or feel pleasant to touch, smell or taste – even if they cost more	1	2	3	4	5	6	7
Art (paintings, sculpture, music, etc.) – as decoration in my house or by visiting a museum, concert, etc. – plays a big role in my life	1	2	3	4	5	6	7
Always having good time is extremely important to me	1	2	3	4	5	6	7

4) *Please, read each pair of the following statements and indicate which of the two (left or right) and to what extent mostly expresses you using the 7-point scale between them*

EXAMPLE**: **1,2 or 3** indicate that **you agree more with the statement on the left; 4 = undecided or both statements equally apply to me; 5,6 or 7** indicate that you **agree more with the statement on the right

I know that I am good because everybody keeps telling me so	1	2	3	4	5	6	7	When people compliment me, I sometimes get embarrassed
I like to be the center of attention	1	2	3	4	5	6	7	I prefer to blend in with the crowd
I think I am a special person	1	2	3	4	5	6	7	I am no better nor worse than most people
I like having authority over people	1	2	3	4	5	6	7	I don't mind following others
I find it easy to manipulate people	1	2	3	4	5	6	7	I don't like it when I find myself manipulating people
I insist on getting the respect that is due me	1	2	3	4	5	6	7	I usually get the respect that I deserve
I am apt to show off if I get the chance	1	2	3	4	5	6	7	I try not to be a show off
I always know what I am doing	1	2	3	4	5	6	7	Sometimes I am not sure of what I am doing
Everybody likes to hear my stories	1	2	3	4	5	6	7	Sometimes I tell good stories
I expect a great deal from other people	1	2	3	4	5	6	7	I like to do things for other people
I really like to be the center of attention	1	2	3	4	5	6	7	It makes me uncomfortable to be the center of attention

People always seem to recognize my authority	1	2	3	4	5	6	7	Being an authority doesn't mean that much to me
I am going to be a great person	1	2	3	4	5	6	7	I hope I am going to be successful
I can make anybody believe anything I want them to	1	2	3	4	5	6	7	People sometimes believe what I tell them
I am more capable than other people	1	2	3	4	5	6	7	There is a lot that I can learn from other people
I am an extraordinary person	1	2	3	4	5	6	7	I am much like everybody else

5) DEMOGRAPHIC INFORMATION

A. Gender: ☐ **Male** ☐ **Female**

B. Your occupation: _____

C. Your age: _____

D. How many years have you been in full-time education (as student) since the age of 5?

_____

E. What is your own yearly income?

☐ **Less than £20k** ☐ **£21-£40k** ☐ **£41-£60k** ☐ **£61-£80k** ☐ **£81-£100k** ☐ **£101-£120k**

☐ **£121k or more**

THANK YOU VERY MUCH!

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