



2016 Monaco Symposium on Luxury
Academic Sessions
With Abstracts

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Academic Session N°1, Thursday, 10:00-11:30, Track A**Corporate Social Responsibility in Luxury****Janssen (IESEG, France), Vanhamme (Edhec, France) & Leblanc (Richmont, Germany)****“Should luxury brands say it out loud? Brand conspicuousness and consumer perceptions of responsible luxury”**

Recent literature suggests that consumers do not necessarily perceive luxury and corporate social responsibility (CSR) as compatible, which might result in unfavorable consumer responses toward responsible luxury. The present study addresses this issue by investigating the effects of an important aspect of luxury brands’ branding strategy, namely, relative brand conspicuousness, on consumers’ attitudes toward responsible luxury brands. A dual mediation process underlies these effects. Specifically, brand conspicuousness influences (1) the extent to which consumers perceive a responsible luxury brand as socially responsible and (2) consumers’ perceptions of self-congruity with the brand. Both perceptions in turn affect consumers’ attitudes toward the brand. The current research thereby stresses the need for luxury brand managers to evaluate how their strategies affect consumers’ evaluations of their luxury brands when promoting responsible luxury; this article also provides important guidelines for effectively managing CSR and branding strategies together.

De Angelis, Adigüzel & Amatulli (all from LUISS, Roma, Italy)**“Similar to Myself or to the Green? The Effect of Introducing Different Types of Green New Products on Luxury Brand Evaluation and Purchase Intention”**

Luxury companies’ increasing commitment toward sustainability, alongside luxury consumers’ growing attention toward environmental issues, substantiate the notion that luxury and sustainability are compatible concepts. However, academic research suggests that sustainable luxury is still perceived by consumers as a contradiction. This article thus investigates the type of environmental sustainability practices that luxury companies should adopt in order to galvanize consumers’ interest in sustainable versions of their products. In particular, we analyze the differential effectiveness of two strategies that luxury companies might adopt when introducing green new products: First, the green product might be similar in design to a luxury company’s established, non-green products. Second, the green product might be similar in design to models made by non-luxury companies specializing in green products. The results from three experiments show that these two strategies can be differentially effective depending on both consumer-related and product-related factors.

Petersen (ESMT, Germany) & Wilcox (Columbia, USA)**“Education, Liberalism and Consumers’ Response to Luxury Brands”**

This research examines the relationship between education and consumers’ response to luxury brands.

We predict that consumers with higher education will perceive luxury brands to be less socially conscious compared to those with less education (H1); that liberalism mediates this relationship (H2); that consumers with higher education will perceive a socially responsible luxury brand to be more socially conscious compared to those with less education (H3) and that liberalism mediates this relationship (H4).

We test these hypotheses through four empirical studies.

Academic Session N°1, Thursday, 10:00-11:30, Track B**Status and Luxury****Nguyen & Balabanis (both from Cass, UK)****“How social status pursuit is linked to the level of luxuriousness of product purchased”**

The present paper examines how social status affirmation and the desire for social status ascendance is materialised through the consumption of luxury brands. Luxury is not treated as a singular concept but as a graded one where brands are ranked to different levels of luxuriousness. A set of hypotheses were developed that examine the effect of social status identification, desire for social status, cultural capital and economic resources on the consumption of different levels of luxuriousness. Empirical data from a survey of US consumers were used to test the hypotheses. The result shows that the level of luxuriousness consumed is related to cultural capital and desire for status.

Dubois & Godart (both from Insead, France)**“How Can Luxury Companies Induce Status Perceptions? The Role of Product Portfolio in the Luxury Watchmaking Industry”**

This research examines how luxury companies can enhance their prestige relative to competitors (hereafter, their status perception) by altering their product portfolio. Focusing on the seldom studied luxury watchmaking industry, we use a multi-dimensional database comprising of 1) a list of features for every model of watch produced (2002-2010), 2) a score of consumers' perception for each feature tied to three facets of status (performance, conspicuousness and scarcity) and 3) a comprehensive list of awards granted to every brand by industry experts over the same period (a measure of the status ordering in the luxury watchmaking industry). We assess the extent to which the relative proportion of features signaling different aspects of status in a brand's product portfolio alters the likelihood to receive awards. Our results reveal three critical findings. First, changes in brands' product portfolio do affect their place in the luxury watchmaking industry. Second, only conspicuousness predict an increase in status. Performance has a negative impact and scarcity a U-shaped effect on brands' status. Third, we find no effect of the price range. Overall these results suggest that companies can tune their status perceptions by altering the composition of features in their product portfolio to boost their status perceptions.

Scharwey & Fassnacht (both from WHU, Germany)**“The effects of social status distance in a customer-service employee relationship: a luxury vs. non-luxury comparison”**

Social distance is commonly seen to harm personal relationships across all areas. In the selling context, it is supposed to negatively affect sales related outcomes. The luxury selling context is especially endangered to have social status distance between its customers and their service employees. However, here it does not seem to disturb the customer relationship management. Using an online experiment, this research examines the effects of social status distance between customers and service employees in dependency of the brand context. Results show that social distance negatively affects customer's attitude toward the brand and their perceived brand exclusivity in a non-luxury brand context, while these negative effects diminish in a luxury brand context. This research sets a starting point for further work on the impact of social distance in the luxury brand context and how this initially negative afflicted condition might be turned into beneficial outcomes for the luxury practice.

Academic Session N°1, Thursday, 10:00-11:30, Track C**Counterfeits and Synthetic Luxury****Marticotte (UQAM, Canada)****“Schadenfreude and the counterfeit luxury brands”**

Luxury brand counterfeiting is illegal. The harmful effects of counterfeiting for the genuine brands, as well as for the society as a whole, is a well-known fact. Nonetheless, this has not refrained consumers to buy copies. Cheaper prices and greater availability are two main reasons. Consumers want to reap the benefits of the prestige brands without having to pay the price. This study adds to our current knowledge by proposing the introduction of a new variable, Schadenfreude, that teaches us how consumers feel about the misfortune incurred by the original brand. An online questionnaire was completed by 446 actual and potential consumers of a fake Louis Vuitton product. The aim was to explore six potential relationships between Schadenfreude and variables commonly used to assess the buying process of counterfeited luxury brands. Major findings show that Schadenfreude is closely related to (1) the intention to buy (2) the attitude towards counterfeiting (3) the identification of the responsible for the counterfeit and (4) the fact that the consumer is already a buyer of counterfeits. Luxury firms should be aware of the potential negative effects of Schadenfreude.

Mourad (ISCAE, Morocco)**“Consumer’s resistance to counterfeiting of luxury products: Some antecedents and consequences on brand loyalty in a Moroccan setting”**

A large number of studies on counterfeiting explore consumer’s behavior in the consumption of counterfeit articles. But few of them consider luxury brand consumers and their resistance to counterfeiting. More precisely, this research demonstrates that counterfeiting resistance has a favorable impact on brand loyalty and plays an important role as a mediator of the influence of need for uniqueness, integrity and price-quality inference on luxury brand loyalty. In addition, there are also additional positive mediating effects of attitude toward the brand and word-of-mouth on luxury brand loyalty. Concerning the methodological facet, we first suggest the measure of consumer’s reaction toward counterfeiting, namely resistance to counterfeiting. Then, a structural equation modeling approach (PLS) that includes some antecedents of counterfeiting resistance (need for uniqueness, integrity and price-quality inference), attitude toward the brand, word-of-mouth and brand loyalty is tested on a convenience sample of 643 consumers of luxury products in Morocco. From a managerial perspective, we suggest to counter counterfeiting by focusing on the luxury brand itself. A favorable word-to-mouth seems to be an effective tool to enhance consumer’s loyalty, despite the presence of counterfeiting.

Keech & Morrin (both from Temple, USA)**“The Effects of Materialism and Luxury Branding on Consumer Acceptance of Lab-Grown Diamonds”**

The market has seen an influx of synthetic products over the past few years including such products as lab-grown meat and leather. This research explores the perception and acceptance of a novel luxury product – lab-grown diamonds. We examine the impact luxury brands have on the attractiveness of such diamonds. We also analyze the effectiveness of different positioning strategies for this synthetic luxury product among high versus low materialism consumers. Findings suggest that a positioning strategy stressing product indistinguishability is more effective for high materialism consumers, especially for luxury brands, whereas a strategy stressing ethicality reduces acceptance of lab-grown diamonds. Implications for both practice and theory are discussed.

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Academic Session N°2, Thursday, 11:50-12:50, Track A**Brand Heritage in Luxury****Hudson (Boston College, USA), Pecot (Aix-Marseille, France), Mir (Navarra, Spain) & De Barnier (Aix-Marseille, France)****“Managing Temporality to Enhance Luxury: Brand Heritage at Dom Pérignon”**

The role of brand heritage in luxury remains unclear. Empirical observation suggests that many luxury brands emphasize their heritage, and yet there are many successful brands that do not. Similarly, some existing literature mentions heritage as a dimension of luxury positioning, but many scholars do not. Building on existing literature in luxury and brand heritage, this paper employs historical and case methodologies to examine the interplay of heritage and luxury for the champagne brand Dom Pérignon. The authors conclude that, although heritage is not compulsory in luxury, it may be considered a strategic asset that enhances the luxury level of a brand.

Dion (Essec, France) & Mazzalovo (Dauphine, France)**“Heritage-ation: Reviving sleeping beauties through the crafting of heritage”**

Moynat, a company founded in 1849, used to be one of the leading names in the luxury leather goods industry. The brand ceased operations in 1976 but Bernard Arnault, President of LVMH, acquired it in 2010. After 35 years of inactivity, Moynat opened a new store in 2011 and has since opened others in London, New York, Hong Kong, and Tokyo. Other investors have also been trying to revive luxury brands from the past: examples include Roger Vivier in 2003, the Citroën DS in 2010, and the Orient Express, due back on the tracks in 2020.

Managers refer to these dormant brands as “sleeping beauties”, a term that highlights their potential. Sleeping beauties are no longer active on the market, but retain potential brand equity that can be conjured up in the minds of consumers by re-articulating the brand’s heritage through a new product offering.

Behind the revival of sleeping beauties lies the question of how to manage heritage brands (Urde, Greyser, and Balmer, 2007; Merchant and Rose, 2013; Rose, Merchant, Orth, Horstmann, 2016). This question also resonates with broader concerns about retro branding aiming to revive brands from a prior historical period (Brown, Kozinets and Sherry, 2003). In this study, we draw on cultural branding theory to address the question of how to revive sleeping beauties. We follow research in cultural branding, which considers brand meaning as a cultural construct (Holt 2004). We focus on the way the meaning of heritage is co-constructed by various marketplace participants. Consequently, we study the revival of sleeping beauties by looking at how various marketplace participants collectively engage in the process of reactivating the brand heritage.

A primary contribution of our paper is a better understanding of heritage brand management. We introduce the concept of sleeping beauty. We provide a typology of sleeping beauties based on their pre-revival characteristics and the branding strategies applied to reawaken them. We highlight the process of co-construction of the meaning of heritage, which transforms the physical and symbolic elements linked to a brand history into a heritage brand. The heritage is a cultural entity and as such is experienced, shaped, and changed inside and outside the marketplace. A range of participants collectively engage in the process of constructing, reactivating and authenticating a heritage brand. We outline managerial implications for managing sleeping beauties and heritage brands, and suggest how to strategically manage a heritage brand.

Academic Session N°2, Thursday, 11:50-12:50, Track B**Consumer Rapport to Luxury****Sekhon, Bickart, Trudel & Fournier (all from Boston University, USA)****“It’s OK; they do it out of love: How brand attachment moderates the negative effects of bragging about luxury brands”**

The use of social media to brag about consumption experiences is pervasive, and luxury brands offer the status credentials that grant bragging rights. For communicators, however, bragging about luxury brand purchases leads to tradeoffs in terms of greater perceived competence, but lower perceived warmth. Likewise, for the luxury brands themselves, bragging can increase the brand’s visibility but can convey negative brand-user imagery that detracts from the equity of the brand. Our research shows how the negative effects of brand-related bragging can be mitigated. We show that mentioning a high status brand in social media communications does not lead to negative evaluations if the communicator is seen as attached to the brand. Conveying brand attachment leads the audience to infer that the communicator talks about the status brand because of intrinsic motives such as personal enjoyment versus extrinsic motives such as status-signaling, resulting in favorable communicator impressions and brand-user imagery. In addition, our findings suggest that the positive effect of conveying brand attachment while bragging depends on the diagnosticity of attachment for decoding motivations. This research develops a theoretical framework for brand-related bragging and suggests practical ways to manage the tradeoffs involved for both communicators as well as luxury brands.

Pueschel, Chamaret (both from Paris Sorbonne University Abu Dhabi, United Arab Emirates) & Parguel (Dauphine, France)**“Coping with copies! A study of risk perception and coping strategies in luxury counterfeit consumption among affluent consumers”**

This research explores why affluent Emiratis would consume counterfeit luxury products. A first exploratory quantitative study confirms that Emiratis do purchase counterfeit luxury products and shows that they associate important performance and psychosocial risks with counterfeit consumption. Based on 19 in-depth interviews, a follow-up qualitative study confirms the perception of performance and psychosocial risks and identifies strategies Emiratis apply to cope with the cognitive dissonance that occurs from the perception of these risks. The findings are of major interest for local public policy makers fighting counterfeiting.

Academic Session N°2, Thursday, 11:50-12:50, Track C**Luxury Research Landscape and Luxury Frontiers****Gurzki & Woisetschläger (both from Braunschweig, Germany)****“Mapping the luxury research landscape: A bibliometric citation analysis”**

The academic, managerial and consumer interest in luxury has grown in recent years. Yet, despite the growing interest, the research field itself remains largely unstudied and fragmented across a wide range of scientific disciplines ranging from marketing and management to the social sciences and cultural studies. To date, no study has yet investigated the interdisciplinary luxury research field using a science of science approach to gain a holistic understanding of the luxury domain and its different schools of thought.

This paper provides a systematic review of the current state of luxury research by mapping the research landscape to identify key research clusters, publications and journals with relevance to the luxury subject across disciplines. Thereby, it contributes to the literature by providing a state-of-the-art review of the broader research field. This study conducts a document co-citation analysis of the 49,139 cited references from 1,315 publications that study luxury accessible via the ISI Web of Knowledge Core collection. The bibliometric method allows this study to overcome barriers of traditional literature reviews by integrating a large set of publications across various disciplines and leveraging the insights of the larger scientific community. It identifies ten major research clusters that characterize the different research streams in the luxury field and discusses their intellectual foundations.

Chandon, Kapferer & Laurent (all from INSEEC, France)**“Is the Price Frontier of Luxury Invariant across Countries -- Configural, Metric but not Scalar Invariance”**

Being expensive is a central characteristic of luxury. But expensiveness is a subjective notion. For example, when consumers are asked what is the minimum price for a watch to be considered as a luxury watch, answers vary widely across consumers and countries. This lower price frontier of luxury for watches is subjective, idiosyncratic, and distributed lognormal across consumers in each country. Now, when a consumer is asked this question about different products belonging to the same family, e.g., a necklace, a bracelet, a ring, etc., can we say that observed answers result from a single underlying factor, a “Frontier of Luxury” (FL) for jewelry? Further, can we say that the pattern of relationships between the factor and the observed answers is invariant across countries, i.e. that the structure of the consumer vision of the frontier of luxury is invariant? We rely on the methods developed to analyze measurement invariance for attitudes to analyze the degree of invariance in this subjective vision of the frontier of luxury. For three separate product families (jewelry, leather goods, and clothes), we diagnose configural and metric invariance across seven countries but we show there is no scalar invariance. This allows us to analyze differences across countries and differences associated with consumer demographics.

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Academic Session N°3, Thursday, 15:45-16:45, Track A**Luxury Value****Bachmann, Walsh & Hammes (all from Jena, Germany)****“Dimensions and behavioral consequences of luxury value: An owner-based perspective”**

To deepen theoretical and practical understanding of what constitutes a luxury brand for consumers, prior marketing literature investigates financial, functional, individual, and social dimensions of the luxury value construct. However, insufficient research considers owners of luxury brands and details the effects of luxury value on related and critical behavioral consequences. To address this gap, the present research offers a reconceptualization of luxury value and a conceptual model of the behavioral consequences of luxury value, in terms of brand loyalty, brand attachment, brand community behavior, and brand engagement. Unique data from 452 actual owners of three luxury brands (Cartier, Louis Vuitton, and Prada) confirm the predicted behavioral consequences of owner-based luxury value (OBLV) and reveal moderating effects of both counterfeit knowledge and smart-luxury knowledge. These findings provide new insights and implications for both luxury brand research and management.

Lu (Fudan, China), Zhao (Cambridge, UK) & Shi (Cambridge, UK)**“Value Chain of Luxury Industry -- Brand as an Interdependent Value Creation Step”**

Increasing attention has been paid to marketing and consumer behavior of luxury industry but research into value creation network and operational mechanisms is very limited. This study focuses on two aspects of the luxury industry: luxury brand and value chain, to inform a comprehensive understanding of the value creation process for high value added brands. A combined approach of case study and secondary data collection is pursued by investigating the design of whole value chain, from brand identity to product design through production as well as distribution and retail. A conceptual framework of luxury value chain is established with discussions of its elements, structures and processes. Last, it is suggested that the widely adopted luxury strategy invented mainly by French and Italian companies employs fundamentally different rules from those of fast-moving consumer goods in mass market. In short, a luxury strategy is different in nature, not in level.

Academic Session N°3, Thursday, 15:45-16:45, Track B**A Legacy of Luxury****Lacroix (UQAM, Canada) & Jolibert (Inseec, France)****“Relationship between generative consumers and attitudes and buying intentions toward luxury brands: the mediator role of perceived value of luxury brands”**

This study evaluates two luxury brands of different luxury intensity according to their perceived values with a special attention to the personal legacy perceived value. It uses generativity as a segmentation variable of luxury brands. Discriminant analysis first shows the superiority of the high-luxury brand versus the lower luxury brand on all evaluated perceived values, including personal legacy. Results also revealed that highly agentic generative consumers have more favorable attitudes and buying intentions towards the luxury brands than consumers with lower agentic generativity. Structural equation modeling shows an indirect-only mediation effect between agentic generative consumers and attitudes and buying intentions towards both luxury brands. Implications in marketing literature and industry practices highlight the important role of luxury brand’s perceived values, and specially the added value of personal legacy that help either to discriminate luxury brands according to luxury intensity or evaluate luxury brand identities. It also demonstrates the relevance of targeting agentic generative consumers in a luxury consumption context.

Kessous (Aix-Marseille, France), Valette-Florence (Grenoble, France) & De Barnier (Aix-Marseille, France)**“Luxury watch possession and dispossession from father to son: A poisoned gift?”**

This research investigates the feelings linked to the transmission of luxury watches from father to son. Three qualitative studies on father-son dyads are conducted to investigate the three stages of the gift-giving process (Sherry, 1983). Study 1 investigates the gestation stage through the discourse of 15 fathers who offered their luxury watch to their son. Study 2 examines the prestation stage *via* the technique called “Album On Line” on 48 owners. Study 3 explores the reformulation stage through the discourse of 15 sons who received the luxury watch from their father. Results show that the deeper we dig into the stages, the more mixed feelings respondents feel. The first stage is characterized by positive feelings linked to freedom, accomplishment, tradition or legacy. In the second stage, negative feelings linked to family finitude, contempt or resistance, add on to positive feelings. Finally, the last stage triggers comparison logic and social pressure and leads to mixed feelings both positive and negative among the sons. Assimilation and contrast effects are identified as high stakes in the individuation-separation process.

Academic Session N°3, Thursday, 15:45-16:45, Track C**Foreign vs. Local Luxury****Karpova & Balabanis (both from Cass, UK)****“Why Italian luxury brands’ personalities are perceived as more aggressive than other brands: The influence of the country personality on luxury brand personality”**

This paper examines the differences in the personalities of luxury brands coming from different countries. It is hypothesised that luxury brands’ personalities obtain elements from the aggregate personalities or character of the countries they originate from. The study is based on the analysis of the personalities of luxury brands from 5 countries as measured on Aaker’s (1997) and Geuens, Weijters, and Wulf’s (2009) scales. Results confirm the existence of statistically significant country differences in some of the brand personality dimensions. Some of the differences are partially attributed to the aggregate personality and national stereotypes of the country of origin as well as the perceiver’s country.

Shukla (Glasgow Caledonian, UK), Singh (Kingston, UK), Dall’Olmo Riley (Kingston, UK) & Moore (Glasgow Caledonian, USA)**“ ‘It’s a matter of aesthetics:’ Exploring the influence of local versus foreign visual aesthetics on consumers’ luxury purchase intentions”**

Visual aesthetics play a crucial role in the development and marketing of luxury goods. With rapidly increasing sales of Western luxury goods in Eastern emerging markets, a pivotal question that the managers are grappling with relates to the type of aesthetics usage in brand development and promotion across these markets. It is well-established that there are significant differences in aesthetics philosophies across West and East. However, an important theoretical and managerially relevant question that should a luxury firm from Western markets employ local Eastern aesthetics to cater to these rapidly growing markets, or should they stay true to their origins and follow the Western aesthetics, remains unanswered. The present research examines the interaction of local vs. foreign visual aesthetic usage and highly relevant consumer personality traits relating to luxury goods (i.e. need for uniqueness, materialism, hedonism and quality consciousness) on Chinese consumers’ purchase intentions. The results show differential effects of local and foreign aesthetics wherein consumers seeking need for uniqueness and materialism prefer luxury goods that use foreign aesthetics, while quality conscious consumers show significant purchase preference towards luxury goods using local aesthetics. The research re-affirms the ubiquity of pleasure and self-gratification derived through the purchase of luxury goods.

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Academic Session N°4, Thursday, 16:50-17:50, Track A**De-Luxurisation or Still Creating Dreams?****Adekanmbi & Balabanis (both from Cass, UK)****“Societisation of luxury: The ultimate weapon of mass seduction and class destruction”**

This conceptual paper builds on Veblen’s concept of dual social forces to explore luxury consumption as a socially-contingent behaviour. It explores how the evolution of luxury meaning can be explained as a dynamic interplay of the social action of the high-income segment and the commensurate reaction of the medium to low-income segment. It uses Veblen’s two motives—pecuniary emulation and invidious distinction—as two co-existing dominant forces to profile four distinct evolutionary milestones that define stages of a “luxurised” society. The paper introduces *societisation of luxury* to describe how luxury consumption has transitioned from being a high-income social marker to a source of social pressure for the low-class individuals. It proposes the concept of *de-luxurisation* and *re-luxurisation* to explain the downward and upward changes in luxury meaning respectively.

Kapferer (Inseec, France) & Valette-Florence (Grenoble, France)**“The impact of increased brand penetration on the luxury dream: a dual effect”**

A striking feature of modern luxury is its steady growth worldwide. One determinant of this growth is that luxury brands do not sell just function or performance but also dreams of a privileged exclusive life, through the ownership or consumption of hedonistic products and services marked by well-known brands with high symbolic capital. But aren’t their ever-growing sales diluting the desirability of luxury brands? Using the perceptions of 1,286 affluent Western consumers of 60 luxury brands, a partial least squares structural equation modeling analysis unveils a dual effect of increased brand penetration on the luxury dream: it empowers the perceived intrinsic luxuriousness of the brand but endangers the external facet of luxury, the one that makes the brand the institution of an exclusive luxury world. This study recommends some solutions to rebuild the eroded desirability of luxury brands.

Academic Session N°4, Thursday, 16:50-17:50, Track B**Luxury Consumption: Guilty or Not Guilty?**

Lu (Fudan, China), Pras (Dauphine & Essec, France) & Darpy (Dauphine, France)
“Virtues, Ambivalence, and Postpurchase Guilt: Luxury Goods in China”

This article examines postpurchase guilt and its determinants among Chinese luxury goods buyers in an environment focused on ethical buying conduct. Based upon the literature on luxury goods consumption, virtues, ambivalence and guilt, a study conducted among 315 luxury goods customers features potential influences on postpurchase guilt, including social harmony and self-restraint virtues as independent variables, potential and felt ambivalence as mediators, and conspicuousness as a moderator. The model hypothesizes and the results show that (1) social harmony virtue only influences potential ambivalence (and not felt ambivalence) while self-restraint has an impact on both potential and felt ambivalence; (3) a lack of self-restraint has an influence on potential ambivalence only for more conspicuous customers and an impact on felt ambivalence only for less conspicuous customers. The effects on post-purchase guilt are higher for more conspicuous than less conspicuous customers. Two counterintuitive results, departing from common sense, are on one hand the pivotal role of potential ambivalence in the route to post-purchase guilt, and on the other hand the null effect of felt ambivalence on postpurchase guilt for conspicuous customers. These findings have important public policy and managerial implications since conspicuous luxury goods customers and virtuous conduct are under scrutiny in China.

Morhart (Lausanne, Switzerland), Hofstetter (Lugano, Switzerland) & Ramanathan (Texas A&M, USA)

“Sinful consumers, saintly brands: Why decadently wasteful consumption makes luxury brands seem more precious”

In this research, we examine the effect of decadent consumer behavior on observers' perceptions of the luxury brand or the product (mis)used in the decadent act. We define decadent consumer behavior as morally (but not legally) transgressive and wasteful consumption acts which are engaged in for the sake of pleasure. In two experiments, we show that decadent consumer behavior increases the perceived exclusivity of the luxury brand misused in the decadent act and at the same time reduces usage of the misused product. We show two different serial mediation processes: First, we show that decadent behavior increases observers' perception of the brand's exclusivity through perceived superior status of the focal actor which is inferred from the excessive hedonism of his decadent act. The hedonism-status-mediation also explains observers' increased willingness to consume the misused product together with the focal actor. Second, we show that decadent behavior also increases observers' perception of the brand's exclusivity through an increase in societal death perception triggered by the moral transgression of the decadent actor. However, the moral transgression aspect of the decadent behavior decreases observers' willingness to consume the misused product together with the focal actor, and this effect outweighs the opposite status-driven effect.

Academic Session N°4, Thursday, 16:50-17:50, Track C**Luxury Retailing: Pop-ups vs. Loyalty?****Gatignon (Insead, France) & Robertson (Wharton, USA)****“Luxury Pop-Ups: A Conceptual Framework”**

The focus of this paper is the concept of “pop-ups” in the luxury goods space—that is, stores or display centers that appear and disappear soon thereafter; sometimes weeks and sometimes months later. There are a good number of examples of this recent phenomenon, including Chanel, Prada, Dior and Louis Vuitton in cities such as London, Paris, Beijing and the Island of Mykonos. The questions to be addressed are twofold. First, what is the rationale behind such luxury pop-ups and secondly, what factors account for the potential effectiveness of such stores. We offer a view of consumer and brand owner benefits and propose a conceptual framework to explain effectiveness.

Stathopoulou (University of London, UK), Balabanis (Cass, UK) & Katsikeas (Leeds)**“The relational value of loyalty programs in luxury retailing”**

In the last decade loyalty programs have gained popularity across various industries. However and until recently, it was debatable if loyalty programs can be effective and appropriate in luxury retailing. If loyalty programs were to succeed in the luxury sector they had to deliver the kind of recognition and rewards that make luxury shoppers feel remarkable. Thus, this study examines how the utilitarian, hedonic and symbolic perceived benefits from loyalty programs can influence the satisfaction and trust with the program and consequently store loyalty. These relationships are compared between luxury and ordinary retailers through data collected from a sample of 984 consumers from an online panel in US, using a structured questionnaire. Findings support that the effectiveness of loyalty programs is important to both settings but the strength of this effectiveness varies across the two settings. Specifically, hedonic and symbolic benefits found to be more important in the luxury context and utilitarian benefits in the conventional retailing setting. The results of this research address an important research gap and help to better understand customers' perceptions of loyalty program benefits. Finally, findings provide clear guidelines for managers in luxury retailing on how to design effectively their loyalty program rewards.

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Academic Session N°5, Friday, 11:00-12:00, Track A**Extending Luxury?****Kapferer (Inseec, France) & Valette-Florence (Grenoble, France)****“Does luxury brand growth dilute the luxury dream: A cross-cultural analysis of the relevance of the ‘rarity principle’ ”**

The global market for luxury brands has witnessed sustained growth in recent decades, mostly driven by purchases from emerging economies such as China. Because luxury is associated with rarity and exclusivity, fears arise about whether such growth might dilute luxury brands’ desirability and the concept of luxury itself. Prior studies offer conflicting results about the effect of greater market penetration on luxury brands’ desirability; it appeared negative in the West but not in the East. To determine if this discrepancy is real or due to methodological details, this research analyzes 3200 consumers’ perceptions of 60 brands across six Eastern and Western countries, both emerging and mature. The overall effect of increased purchases on luxury desirability remains negative. This confirmation of the “rarity principle” has notable implications for marketing luxury brands that seek to sustain their dream value.

Arda & Eren-Erdoğan (both from Marmara University İngilizce İşletme, Turkey)**“Analyzing the factors that affect the luxury brand extension attitude”**

Brand extension is quite popular and fundamental to the business model of most luxury brands. Many traditional luxury brands such as Chanel, Armani, Prada have expanded their operations beyond their core business even to nonadjacent categories. Thus it is important to understand the success factors of brands’ extendibility as a distinctive marketing strategy in the luxury context. Surprisingly, few researches have addressed brand extension strategies for luxury brands in comparison to non-luxury brands. Thus, the current research aims to illuminate the factors that affect the success of luxury brand extensions by incorporating the key dimensions of luxury value perceptions, parent brand attitude, fit perceptions and consumer specific variables, namely, consumer’s product category involvement and consumer innovativeness simultaneously. The research, additionally, examine the effects of these variables on the attitude toward the luxury brand extension through three hypothetical brand extensions; the context of complement, substitute and transfer product extensions as conceptualized by Aaker & Keller (1990). Results of a structural equation model based on a survey among 790 participants show that the most influential driver of brand extension success for both three luxury extension scenario is overall extension fit, followed by the consumer’s involvement in to the extension category.

Academic Session N°5, Friday, 11:00-12:00, Track B**Consumers as Actors of Luxury****Woodside (Boston College), Muniz (Parana, Brazil) & Sood (Technology Sydney, Australia)****“Storytelling research on how luxury brands enable consumers to enact archetypes”**

Luxury brands are “modern myths” and the rise of a brand “icon” describes the much sought highest level of differentiation in the market. Consumer-brand relationships also include non-conscious processes, in addition to cognitive evaluations and affective responses. Consumers tell stories that connect to the collective unconscious, which bring personal meanings and fit into cultural contexts. Using this reasoning, archetypes (i.e., primal non-conscious forces) operate as a universal language. Archetypes are roles to which people aspire to experience and repeat unconsciously and consciously—a form of seeking pleasure and achievement. Some brand and marketing executives adopt this platform of archetypes to enact brands as role-players in archetypes. Therefore, monitoring the presence of archetypal patterns in consumer narratives can help to improve understanding of the roles brands enact or how they can potentially fit into consumers’ lives. In order to access these patterns, analysis must examine the verbal vehicles consumers use to transmit this archetypal theme: their own stories. This study probes the perspectives that consumers use luxury brands (LBs) as actors that play roles in the consumers’ lives. LBs can serve as help entities to support consumers acting in roles as protagonists to accomplish archetype experiences. The experiences result in feelings of achievement, well-being, and/or excitement. The research approach documents explicitly how archetypes serve as non-conscious forces occurring in consumers’ lives. With a view to test this perspective, the study employs two techniques: the use of degrees-of-freedom-analysis (DFA) to test whether or consumer stories fit a given archetypal theme and Jungian visual narrative art (VNA) to confirm whether or the consumer report adopts a specific archetype and the processes/actions to accomplish archetypal outcomes. Thus, the study offers Jungian-based methods for auditing consumer-brand relationships; the study highlights the importance of narratives in consumer behavior and the use of archetypes as universal themes that aid understanding of a diamond relationship model. The study provides a brief description of the DFA and the VNA with two examples of the use of the techniques. Both consumer stories analyzed in the study involve the same brand: the first story involves buying a Gucci bag and the second is about experiencing a Gucci café in Tokyo. But the archetypes that arise in the stories are different. The Gucci bag serves as a reward for the heroine, while the Gucci Café is a playful place that provides a fun environment. Managerially, this non-conscious theory-method approach adds to the efforts of marketing professionals for accurately and rigorously gauging the role of brands in the lives of consumers, all the while recognizing the subjective nature of the object under study. The paradigm of co-creation of brand-consumer meaning permits tracking the presence of a brand in a story told by the consumer; such tracking provides valuable insights regarding what is happening in consumer practice and the symbolic value of brand related actions for the consumer.

Humphreys & Carpenter (both from Northwestern, USA)**“Status games in the U.S. wine industry: Achieving market oriented outcomes without market oriented behavior”****This scheduled talk has been cancelled by the authors.**

Academic Session N°5, Friday, 11:00-12:00, Track C**Luxury Strategies in China****Liu (Manchester, UK) & Perry (Manchester, UK)****“Positioning digitalization within luxury branding strategy A study of international luxury fashion brands use of WeChat in China”**

This study explores the implications of luxury fashion retailers’ digital marketing strategies in China, with a focus on the WeChat Chinese social media and e-commerce platform. The democratization of information and distribution enabled by the rise of online retail and social media adoption by consumers provides opportunities for brands to foster closer connections with their target market, but may also jeopardize the rarity and exclusivity principles of luxury branding strategy, which is traditionally characterized by high levels of control and centralization. A qualitative multiple case study of 15 international luxury fashion brands operating in China was conducted in 2015. Findings suggest that digitalization in China influenced luxury fashion retailers’ international branding strategy towards a much more decentralized managerial approach in the Chinese market and a focus on providing a seamless multichannel communication strategy, led by WeChat. Chinese luxury consumers welcomed the enhanced service potential from digitalization of luxury retail and marketing communications. They did not perceive e-commerce and social media marketing to conflict with the exclusivity of luxury brands’ image. From a marketing perspective, luxury fashion retailers are moving towards becoming hybrid media companies as well as retailers. The insights may be strategically useful for luxury fashion retailers’ digital and overall marketing development in China for now and the foreseeable future, and could be useful to incorporate into their international luxury brand management strategies.

Bartikowski (Kedge, France) & Cleveland (Western Ontario, Canada)**“ ‘Seeing is Being:’ Consumer Culture and the Positioning of Premium Cars in China”**

Researchers recognize the vital role of consumers’ identity dispositions as predictors of attitudes toward brands that are positioned as either local or global brands. The extant literature proposes symmetrical assimilative identity effects, meaning that consumers high on an ethnic identity tend to favor brands with a local (vs. global) consumer culture positioning, and vice-versa for consumers high on a global identity. Building on Brewer’s (1991) optimal distinctiveness theory, we submit that these identity effects are respectively shaped and affected by particular consumption context. Using an experimental approach and a sample of 223 Chinese consumers, we focus on the individual trait of need for uniqueness (Tian et al., 2001) as applied to the premium car market in China. Challenging previous findings reported in the literature we report both assimilative and contrastive identity effects. Implications for marketing theory and practice are discussed.

Academic Session N°6, Friday, 12:00-13:00, Track A**Luxury Online (1)****Albrecht and Häger (Mannheim, Germany)****“Luxury brands: Whether and what to sell on the internet”**

The questions ‘*whether* and ‘*what to sell on the internet*’ pose fundamental challenges in today’s brand management of luxury brands. Prior empirical research that assesses these questions in relation to brand equity is yet scarce. The purpose of this study thus is to develop and empirically test a conceptual model that explains how an online purchase option and the contemporariness as well as the accessibility of the product assortment offered on the websites of luxury brands affect specific brand equity dimensions of luxury brands. Data of a 2x2x2-online scenario experiment with 407 participants were analyzed, showing that prestige and uniqueness values are non-significantly affected by offering an online purchase option, while functional value increases significantly. Regarding the displayed product assortment, the brand equity dimensions of functionality, prestige, and uniqueness are found to be significantly affected by the inaccessibility of the products, while their contemporariness elicits significant changes in uniqueness value. The study also assesses the mediating role of the brand attributes of availability, price premium, aesthetics, and innovativeness, as well as the moderating role of consumers’ prior brand ownership for these effects.

Ordabayeva (Boston College), Cavanaugh (USC) & Dahl (UBC, Canada)**“Social Distance in Luxury Product Reviews”**

Online reviews pose a challenge for luxury products because, unlike offline environments in which luxury companies command control over in-store messaging and advertising, the content and the source of online reviews are exceedingly difficult to control. We study how negative product reviews originating from likely (high-status) and unlikely (low-status) sources influence the perceived attractiveness of luxury products.

We find that negative reviews can actually be good for luxury brands. In three studies, we show how a negative product review motivates consumers to distance themselves from the source of the review, particularly if the source is low-status and hence inherently distant from the luxury product. Therefore, the consequences of a negative review are less detrimental if the review comes from a low- (vs. a high-) status source because consumers distance themselves more from a low- (vs. high-) status reviewer following exposure to a negative (but not a positive) review. This effect only emerges when the product is identity relevant, and it is moderated by consumers’ own status: high-status consumers distance themselves more from the negative comments of low-status reviewers, but low-status consumers distance themselves more from the negative comments of high-status reviewers.

The results have important implications for managing negative word-of-mouth online and for understanding the curious effects of negative reviews.

Academic Session N°6, Friday, 12:00-13:00, Track B**Luxury: Power and the Powerless****Dubois (Insead, France) & Anik (Virginia, USA)****“From Status to Power: When and Why Do Heels Make Women Feel Powerful?”**

From Roman citizens to prominent businessmen and politicians in contemporary China, luxury products have been closely intertwined with power and status dynamics in social groups. This research empirically examines the hydraulic relation between status and power by investigating how a product associated with status – *high heels* – can both (1) gain desirability among consumers who lack power (i.e., act as a *badge of status*) and (2) enhance feelings of power when worn (i.e., act as a *vector of power*). Building on an initial study establishing that ownership of high heels is associated with status, subsequent studies test two correlates of power and status’ hydraulic relation. First, lacking power (relative to power and baseline conditions) increases consumers’ preference for high heels. Second, wearing high heels (vs. flat shoes) increases power-driven behaviors such as action-orientation and abstract thinking, but only in a social (vs. private) setting. Implications for our understanding of status signals in embodied cognition, power and luxury consumption are discussed.

AlBalooshi, Moeini-Jazani (both from BI, Norway), Fennis (Groningen, The Netherlands) & Warlop (Leuven, Belgium & BI, Norway)**“Virtue in Vice: Benefits of Conspicuous Consumption for the Powerless”**

Research has shown that lack of power motivates people to consume products that signal status, i.e. conspicuous consumption. However, the examination of the benefits of conspicuous consumption, beyond compensating for self-deficits, have not been examined. In this ongoing research, we contend that the powerless’ acquired status through conspicuous consumption enhances their cognitive abilities. In the test of our initial hypothesis, evidence suggests that among those who lack power, mentally consuming a high-status product enhances performance on Stroop task, a task designed to assess how easily an individual can control overlearned automatic responding.

Academic Session N°6, Friday, 12:00-13:00, Track C**Luxury, Fashion and Masstige****Pham (Parker, Switzerland)****“Are you in or are you out? How fashion equity and luxury brand desirability are impacting consumers’ commitment towards luxury brands?”**

As competition is getting more and more aggressive in the luxury industry, it has come to our attention that new marketing tools needed to be developed to optimize strategies. By studying fashion, it has been highlighted that this term has a double meaning, mostly used as a synonym of apparel brands, and rarely as a concept defining the degree of fashionability of a brand. Therefore, fashion equity is proposed as a new and complementary approach to brand equity, to help marketers strengthen their strategies. This research develops and empirically confirms a conceptual model built around the influence of luxury apparel’s brand equity on consumer’s commitment. It also evaluates the moderating effects of fashion equity and luxury brand desirability on this relationship, as well as the implications on commitment. A study 1 with quantitative survey data proposes to validate the structure of fashion equity with eight dimensions. A study 2 with quantitative survey data on luxury apparel brands confirms (1) the structure of fashion equity, (2) the catalyzing effect of fashion equity and luxury brand desirability on brand equity and (3) the influence of commitment on word-of-mouth and the willingness to pay a premium price. This study also discusses research and managerial implications.

Kaswengi (Orléans, France), Diallo (Lille, France), Akrouf (Insec, France) & Valette-Florence (Grenoble, France)**“Effects of marketing variables and consumer characteristics on masstige brand choice under turbulence: Evidence from panel data”**

Many brands are stretching the boundaries of access to luxury, selling massive amounts of products. The tough economic situation has also led to changes in consumer attitudes and behaviors toward brands in general. Consequently, companies such as L’Oréal, are trying to adjust their brand strategies by offering more products at an affordable price (e.g. masstige brand products). This study investigates how price, promotion and consumer characteristics affect consumer choice of masstige brands over close and distant competitors under different macroeconomic conditions (low, moderate and deep recession). Based on a large set of panel data (2,149 households; 22,000 observations), the authors develop multinomial logit models to assess consumer choice of masstige brands. Results indicate that regular price and relative brand price increase masstige brand choice over both close and distant competitive brands while category price decreases it. They also underline a positive effect of brand feature promotion activity and joint promotion on masstige brand choice. However, display promotions decrease masstige brand choice. Furthermore, macro-economic conditions moderate the effect of regular price on masstige brand choice such as it decreases over a worsening economy. In contrast, the effect of relative brand price on masstige brand choice decreases between low and moderate contraction periods, but increases between moderate and high contraction times. Feature promotion is efficient on masstige brand choice only when the contraction is moderate while the negative effect of display promotion is stable over time. These results demonstrate the importance of recession in brand choice and enrich the literature on masstige brands. Several managerial implications can also be derived from this research.

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Academic Session N°7, Friday, 14:20-15:20, Track A**Luxury Online (2)****Beal, Romaniuk & Patrick (all from University of South Australia, Australia)****“Reaching luxury brand buyers and driving desire: Are Advertising and Word-of-Mouth partners or substitutes?”**

This research examines exposure to luxury brand advertising in different media (magazine, online, television), word of mouth (WOM) and subsequent brand desire. The study spans the fashion, watch and Champagne categories in USA, China and Russia, sampling the top 25% of income earners. Results show that now online is the second most common medium in which people have seen advertising for luxury brands, following magazines. Further, while, advertising reaches two to four times more people than WOM, the reach of WOM and advertising overall correlates highly. Classifying respondents by exposure reveals that WOM only exposure is the least common category, with advertising alone the most common classification; following both is dual advertising and WOM exposure. Therefore if luxury brand marketers wish to stimulate desire from the masses, then it is very risky to rely on WOM alone to do this. There is evidence that both advertising and WOM can build desire amongst non-brand buyers with some tentative evidence that WOM exposure, without advertising, is more powerful. Finally the results highlight online advertising effectiveness and strategies to implement multi-platform campaigns that include WOM as important areas for future advertising and media research.

Mosca, Casalegno & Rosso (all from Turin, Italy)**“Social commerce and luxury brands: an empirical study across different product categories”**

The purpose of this exploratory research is to investigate the current positioning of different luxury markets in the social commerce arena from both a theoretical and an empirical point of view. Our research process is built on two objectives. The first step is to define a model to aid in the classification of the degree of social commerce adoption. In doing so, we draw a scoring grid based on previous studies that classify the use of various social media strategies. Secondly, we empirically examine 100 luxury brands’ social media accounts across five different platforms – i.e., Facebook, Twitter, Instagram, YouTube, and Pinterest – in order to score brands’ postings content and to classify social commerce strategies into a two-variable matrix and a scatter plot. Based on the two dimensions that are considered – namely, “promotional content percentage” and “social commerce score” – four strategies are identified and named as follows: *Social brand ambassadors*, *Social showcases*, *Social infotainers*, and *Social sellers*.

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Academic Session N°7, Friday, 14:20-15:20, Track B**Abstract vs. Multisensory Luxury?****Cervellon, Mars (both from Edhec, France) & De Barnier (Aix-Marseille, France)
“Should luxury be described in concrete language? The influence of online product description on purchase behaviors in contexts of psychological distance”**

This research uses the Construal Level Theory framework (Trope & Liberman, 2010) to understand the influence of product description on purchasing luxury vs. accessible products online. In a field experiment, French participants ($n = 368$) were recruited online, three weeks or three days before Christmas 2014, as they were shopping for a gift. Results show that the nearer the goal (Christmas), the nearer the gift recipient (similar other), and the more distal the product category (luxury), the higher the intention to purchase the product based on detailed product description. In a second experiment, students ($n = 353$) had to make a choice between two hotels described similarly side-by-side in concrete or abstract language. The chances to choose the concrete description are enhanced the more distal the product category (luxury), the more likely the trip and the more experienced the respondent with booking online luxury hotels. Although luxury brands might enhance brand desirability using allusive or abstract description, our results indicate that detailed and concrete product descriptions might be a stronger factor of sales conversion online.

**Wiedmann, Haase, Labenz & Hennigs (all from Leibniz, Hannover, Germany)
“Multisensory Marketing in the Luxury Industry Effects on Brand Experience and Customer Perceived Value”**

In the luxury industry, multisensory marketing as a basis for value creation and unique experiences is increasingly gaining in importance. Especially luxury hotels can apply various sensory stimuli in order to stand out from competition and to provide memorable stays. The purpose of this study is to analyze the direct effects of multisensory marketing on brand experience and customer perceived value as well as resulting indirect effects on brand perception and consumer behavior. The data analysis using partial least squares structural equation modeling confirms the entire conceptual model. In detail, the results reveal visual and olfactory perception as most effective sensory drivers and financial aspects as most relevant value driver. The study further detects partial mediator effects. Accordingly, multisensory marketing is most effective in creating experiences when linked to relevant values. Moreover, brand experience and customer perceived value are most powerful in affecting consumer behavior via the establishment of a positive brand perception. Consequently, luxury hotel brands can set sensory stimuli (e.g., signature colors or scent) putting emphasis on crucial qualities (e.g., high-end standard or status) to convince guests of their offerings and finally to gain a competitive advantage.

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Academic Session N°7, Friday, 14:20-15:20, Track C
Luxury Pricing Strategies

Fraccaro & Macé (both from ESCP Europe, France)

“Odd and even pricing applied to luxury goods: effects on brand image”

Drawing from existing literature on odd pricing and luxury, we highlight the potential paradox of adopting odd pricing for luxury goods, for which, intuitively, prices should mostly be round numbers. First results show that connotations might differ from those consumers have in FMCG and that therefore it might be reasonable to use odd prices for certain segments of consumers of luxury goods.

Aiello, Donvito & Vannucci (all from Florence, Italy)

“Price Lining and Odd Even Price Strategy in the Luxury Fashion Market: The Results of an Exploratory Research”

Price has always had a key role in the luxury fashion market, because high prices are linked to the uniqueness and the prestige of a luxury products and brands. Because of this direct contribution of price to the luxury essence, scholars have partially under analysed the eventual existence of “active” pricing strategies followed by luxury firms. This article deals with this literature gap, particularly analysing two pricing strategies that appear very interesting in the luxury market because they apparently seem in contrast with the nature of luxury pricing: price lining and odd even price. With the direct observation of 22 luxury shops, this research tries to understand if there are observable pricing strategy patterns and to propose an interpretative taxonomy model.

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