INTRODUCTION

From early philosophers in Ancient Greece such as Plato (trans. 2000) or Aristotle (trans. 2015) to contemporary social scientists such as Bourdieu (1984) or Baudrillard (1970), the study of luxury consumption has been intrinsically embedded in the social causes or consequences underpinning consumers’ desire for luxury products. Initially, the dominant school of thought – including philosopher Rousseau or economist J.B. Say – focused its attention on the potentially destructive social and moral consequences tied to excessive or abnormal spending habits. With the emergence of capitalism and mass consumption, a second wave of intellectuals, starting with Mandeville (1714) and Smith (1778), began viewing the desire for luxury goods as a pervasive social need with positive economic consequences such as job creation stemming from demand for expensive goods or innovation efforts. This perspective paved the way for seminal works by Veblen (1899) and later Bourdieu or Baudrillard who further embraced the perspective that luxury goods, as status signals, primarily aim to respond to social motives tied to consumers’ actual or desired position in the social hierarchy.

Building on these perspectives, recent academic research efforts have aimed to shed further light on the different types of social motives and consequences that taint the desire and display of luxury products – typically referring to products with a high degree of scarcity and desirability, often communicated through high prices, extreme quality, aesthetic design, heritage, reputation and a reflection of personality (Dubois and Duquesne 1993; for a review of influential theories and papers in luxury consumer behavior, see Gurzki and Woisetschläger 2017). The current chapter draws from a large body of work describing luxury consumption as a social phenomenon (Amaldoss and Jain 2005a; 2005b; Bagwell and Bernheim 1996; Hirschman and Holbrook 1982; Lichtenstein et al. 1993) and places the quest for status – respect and admiration from others (Dubois and Ordabayeva 2015; Magee and Galinsky 2008) – at the heart of consumers’ social motives for luxury. This perspective is consistent with the view that even though luxury goods may serve other motives (for example, self-signaling motives, see Chapter 4 in this volume; but also the search for pleasure, originality, and perfection, Berg 2005; Dubois and Duquesne 1993; Vickers and Renand 2003), status motives are primary in shaping consumers’ desire for luxury and as such occupy a large portion of research efforts to date (Gurzki and Woisetschläger 2017).
In social hierarchies, luxury goods, historically designed and produced for the elite, act both as signals of one’s actual position (for example, owning a Ferrari as a signal of one’s successes and merits) or desired position. Tightly associated with social rank, luxury is simultaneously the ordinary consumption of extraordinary people and the extraordinary consumption of ordinary people (Kapferer and Bastien 2009). By orchestrating signaling games involving both a signaler (a consumer), a sign (a luxury product) and an audience (for example, recipients or by-passers), luxury consumption helps consumers navigate social hierarchies and accompanies their rise and fall in the social hierarchy (Dubois and Ordabayeva 2015). To maintain the social order, powerholders throughout history have frequently resorted to edict sumptuary laws limiting or restricting the luxury goods market, a tendency observed in periods and regimes as varied as Ancient Greece (1200 BC to 323 BC), the Tokugawa shogunate in Japan (1603–1868) and Louis XIII’s reign in France (1629–1633; Berry 1994). For instance, under ancient Greece, the possession of gold or silver was forbidden to the Spartans. This close relationship between luxury consumption and political power highlights perhaps best the importance of social motives tied to rank regulation in the market for luxury goods and services.

Of note, luxury consumption may involve very different signs (for example, color, sound, practice) depending on how a specific social group associates specific objects with status (for example, embroideries in the late seventeenth and eighteenth century in Europe; see Berg and Clifford 1999). For instance, coffee, once a minor luxury import into the English colonies, became popular and lost its luxury moniker following the Boston Tea Party in 1773 as North Americans substituted coffee for tea (Berry 1994). As a result, consumer culture as a social force plays a large role in shaping the emergence of and preference for certain types of luxury goods. For instance, in their study of the contemporary high-end global women footwear market, Bellet et al. (2018) find that attitudes towards gender equality in a given market significantly affect the prevalence of heels in high-end brands’ shoe collections, with higher tolerance for inequality linked to a greater presence of heels. From this perspective, one may view the market for luxury goods as a moving reflection of the slow but significant changes in an elite’s social needs over decades and centuries.

We organize our review as follows: we first briefly define and introduce the notion of social status before summarizing past work pointing to the social benefits associated with luxury consumption. We next introduce the idea that luxury consumption is adaptive – that is, a function of the magnitude and nature of the need for status in a market – before reviewing work that sheds light on a set of distinct strategies through which consumers use luxury goods as instruments to secure and gain social status. To do so, we first build off the seminal work by Leibenstein (1950), who formally separated and empirically investigated three distinct dynamics: snob (distinguishing oneself through differentiation), Veblen (distinguishing oneself through conspicuous consumption), and bandwagon (assimilation through imitation). We propose that across all three luxury dynamics, two main motives are at work – assimilation vs. differentiation – and offer a research panorama of past effort on them. Finally, we turn to the notion of social capital (Bourdieu 1984), distinguish between
luxury consumption with a focus on one’s own position and image (focus on spending on self) and with a focus on others (focus on spending on others; gift-giving) and review how consumers aim to build social capital through luxury gift giving (Bourdieu 1984). We then close with suggestions for future promising opportunities to study the interplay between social needs and novel forms of luxury consumption (for example, experiential consumption, the role of social media in luxury consumption) and new exciting opportunities to collect novel sources of data (for example, social media or search data) and offer greater evidence on when and why social needs may inform the consumption of luxury products.

SOCIAL STATUS

Considered a fundamental human motive (Anderson et al. 2015), social status refers to one’s position in the social hierarchy and typically reflects the amount of respect or admiration by others (for example, Ridgeway and Walker 1995). In addition to the well-known positive relationship between consumers’ need for status and their desire for luxury goods, research efforts have increasingly investigated how people’s views on status – that is, consumers’ lay theories about the nature of social status, how it is distributed and how one can best climb the social ladder – affect luxury consumption. For instance, while some people may hold the belief that social status is ascribed (that is, predetermined), others may favor the view that it is achieved (that is, attained through merit; Dubois and Ordabayeva 2015; see also Linton 1936). The idea that consumers can climb the social ladder – that is, that status can be achieved – opens the possibility that people may engage in conspicuous consumption to trade up and thereby to signal their social progress relative to others (Dubois et al. 2012; Ordabayeva and Chandon 2011; Rucker and Galinsky 2008; Silverstein and Fiske 2003). Importantly, consumers’ views on status have important consequences for luxury brand management as being associated with “unwanted” consumers can harm brand perceptions. For instance, Lee et al. (2018) found that observing luxury brand consumers whose consumption arose from unearned (that is, money or wealth acquired without adequate effort of one’s own, such as hard work) financial resources versus earned financial resources can hinder observers’ brand attitudes when observers place a high value on fairness. Finally, recent work suggests that individuals differ in their beliefs of whether one’s social network – a key source of their social capital and thus social status (Bourdieu 1984; Frank 1985) – is fixed or malleable (Kuwabara et al. 2018). To illustrate, an individual who views his network as fixed may view her social relations as jigsaw puzzles and may judge networking activities aimed at building one’s relations and status as futile and refrain from engaging in them. In contrast, an individual who views her network as muscles that can be grown may judge these same activities as very useful and attractive (Kuwabara et al. 2018).

In addition to varying in their views about social status, consumers may also differ in how they feel they can best achieve status depending on where they are in the social hierarchy. As a recent example, Kim and colleagues (2018) investigate how
political ideology shapes consumers’ desire for luxury brands. Leveraging large car purchases data revealing that compared to democrats, republicans high (but not low) in socio-economic status purchase more luxury cars, the authors suggest that the effect stems from conservatism increasing the importance of the status-maintenance goal (versus the more general goal of improving one’s status). As delineated later, another important distinction lies in the extent to which consumers aim to differentiate from versus assimilate to others through luxury consumption, which may explain variations in desire for inconspicuous versus conspicuous brands (Berger and Ward 2010; Han et al. 2010).

**BENEFITS-DRIVEN SOCIAL MOTIVES**

Why do social motives impregnate luxury consumption to such an extent? While evidence suggests that in the animal kingdom, badges of status can be “costly” and have negative psychological and physiological consequences such as greater stress or health risks (for example, Sapolsky 2005; Johnstone and Norris 1993), burgeoning work in consumer psychology suggests that engaging in luxury consumption tends to be more positive and yields a “status premium” with significant social and financial benefits (Podolny 2008). For instance, a series of experiments showed that individuals wearing luxury clothes (for example, a shirt displaying a logo from a recognized luxury brand) were more likely to get others to give them time or money when requested and were given greater hourly wages than individuals not wearing luxury clothes (Nelissen and Meijers 2011). In addition, Dubois and Anik (2018) had women wear high heels – a known status symbol – versus flats and varied whether participants were in the presence of a female confederate, a male confederate or no one. The results revealed that in the presence of another person, women wearing high heels exhibited greater action-orientation, abstraction, and risk-taking (three measures associated with high power; Huang et al. 2011) compared to women wearing flat shoes. Overall, emerging evidence suggests that luxury consumption can provide two sources of social benefits: greater social currency in the form of money or time, but also greater agility and propensity to act powerfully in interpersonal contexts.

This tendency may stem from the audience’s assumption that individuals displaying their status must be more successful and competent than others. In their study of non-conformity, Bellezza and colleagues (2014) showed that wearing signals of non-conformity such as red sneakers can make the audience view the wearer as more successful and competent (for example, more likely to be invited to present her research at top schools). Overall, the evidence suggests that one reason why social motives are a key driver of luxury consumption stems from luxury goods’ ability to provide tangible psychological, social and economic benefits (see Eastman et al. 1999 for scales measuring the tendency to purchase goods and services for status benefits). Of note, several factors may moderate and even reverse the positive consequences of luxury on others’ perceptions. For example, in a series of experiments, participants ascribed extrinsic motives and unfavorable traits (for example, insecu-
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Focusing on specific aspects of the social context (for a review of the effects of others’ presence, relevance and number of others on luxury consumption, see Dubois and Ordabayeva 2015) as well as their own social needs (for example, romantic goals; see Chapter 3 in this volume; see also Roux et al. (2017) on the role of gender in luxury consumption). In turn, focusing on these aspects shapes their desire for luxury goods and services including brand conspicuousness (see work on brand prominence by Han et al. 2010) or product size (Dubois et al. 2012).

First, consumers’ desire for luxury is a function of their need for status. The mere presence of others is in fact enough to activate rank-related thoughts and increase consumers’ desire for luxury. For example, Griskevicius et al. (2010) asked participants to imagine that they were shopping online (that is, when no one else was present) or in a busy store (that is, when others were present) and found that products believed to yield high status were more frequently preferred in a physical store (versus an online setting). Additional evidence for the paramount role of the social context comes from Pozharliev and colleagues (2015) who found that the mere presence of others when passively viewing luxury pictures of branded products led to greater brain activation and attention to these stimuli. These results are in line with those of Dubois and colleagues (2012) who, in their study of power-induced compensatory consumption, found that low-power individuals’ desire for status-signaling goods was an increasing function of the context, with greater compensatory drive increasing with social presence (no one present, someone present, or with friends). Similarly, Madzharov and colleagues (2015) found that warm (versus cool) scents can increase perceptions of a socially dense environment, which in turn trigger a greater need for power that translates into greater desire for luxury or premium brands. Further highlighting the importance of the social context in shaping luxury consumption, research shows that merely momentarily threatening an individual regarding a social domain (for example, powerlessness; Dubois et al. 2012; Rucker and Galinsky 2008) or administering them a dose of testosterone, a well-known hormone associated with status motives (Nave et al. 2018), can significantly increase preference for luxury brands. For instance, Nave and colleagues (2018) conducted a lab experiment in
which they administered male participants either testosterone or a placebo and then exposed them to a series of pairs of pretested apparel brands that included a luxury (for example, Calvin Klein) and a non-luxury (for example, Levi’s) brand. They found that testosterone increased men’s desire for luxury brands compared to brands that are seen as non-luxury but similar in quality (Nave et al. 2018).

Second, consumers’ desire for luxury goods depends on the magnitude of the social benefits derived from these goods by advancing their position in the strata. Thus, a consumer’s desire for luxury goods may be higher when the hierarchical structure is flat (that is, greater equality, which increases the number of people that a consumer can “leapfrog” by purchasing and exhibiting a rare handbag or a silk scarf) than when the hierarchical structure is steep (that is, greater inequality, which restricts the number of people that one can leapfrog; Ordabayeva and Chandon 2011). For instance, in one study, Ordabayeva and Chandon (2011) showed participants a neighborhood newsletter including a pie chart showing the number of houses in the neighborhood with flower gardens – a source of social status in middle-class neighborhoods. They manipulated the distribution of houses with flowers in the neighborhood (equal and distributed, or unequal and bell-shaped), measured participants’ willingness to spend on flowers, and found that increasing equality increased conspicuous consumption among consumers in the lowest tier of the distribution. Elsewhere, Gao and colleagues (2016) investigated the interactive effect of Power Distance Belief (PDB) and others’ status on consumers’ desire for luxury and found that status consumption depends on others’ status. When others’ status was similar or inferior, high-PDB consumers tended to exhibit greater desire for luxury consumption than low-PDB consumers but when others’ status was superior, high-PDB consumers were less likely to engage in status consumption. And Walasek and colleagues (2018) offered recent evidence that luxury brands such as Vuitton or Rolex (but not everyday brands) are more frequently mentioned in tweets originating from areas with higher levels of income inequality (see also Walasek and Brown 2015; but see Ordabayeva and Chandon (2011) for how increasing equality can increase conspicuous consumption).

Third, consumers’ desire for luxury depends on the magnitude of their own need for status. For instance, while male consumers experience greater competition and thus aim to stand out most when looking for a partner, female consumers experience a need to assert their status most when in a relationship (Chapter 3 in this volume). As a result, male consumers’ desire for luxury may be stronger before they are in a relationship or when looking for one while female consumers’ desire for luxury may be stronger while in a relationship (Wang and Griskevicius 2014).

LUXURY AS AN INSTRUMENT TO ASSIMILATE VERSUS DIFFERENTIATE

Since Leibenstein’s (1950) seminal article separating bandwagon, snob, and Veblen effects in consumers’ demand for luxury goods, significant efforts have further
refined our understanding of these effects and when they are most likely to occur. These research efforts unveil two particularly broad motives accompanying consumers’ desire for and use of luxury goods: the desire to assimilate (typically to a group higher in the social hierarchy) and the desire to differentiate (either from a group lower in the social hierarchy, but also sometimes from a high-status group in the social hierarchy; Kastanakis and Balabanis 2014; Mussweiler et al. 2004). Combined with market characteristics (for example, market competitiveness), these desires bear important for effective branding decisions in the luxury industry (Amaldoss and Jain 2015).

Through this dual lens, bandwagon refers to the tendency to engage in luxury consumption with the goal to “conform with the people they wish to be associated with” (Kastanakis and Balabanis 2012: 1400); to appear to be “one of the boys” (Leibenstein 1950: 189; see also Silverstein and Fiske 2003). Snob refers to the tendency to engage in luxury consumption in order to differentiate oneself from one’s peers and represents “the desire of people to be exclusive; to be different; to dissociate themselves from the ‘common herd’” (Leibenstein 1950: 189). As a result, snobs only value a luxury item when very few own it (see also Amaldoss and Jain 2008; Vigneron and Johnson 1999). Finally, Veblen effects refer to the tendency to engage in luxury consumption with the goal of signaling one’s own position, regardless of the focus (imitate or differentiate; Bagwell and Bernheim 1996; Frank 1985; Veblen 1899). From this standpoint, this effect is closest to costly signaling in animals (Kern and King 1972; Lincoln et al. 1972; Mazur and Booth 1998), and in particular the handicap principle (Zahavi 1975) which explains natural adaptations that wastefully consume physiological resources without yielding immediate survival benefits, such as the stag’s heavy antlers. Specifically, the handicap principle interprets these adaptations as costly signals of male fitness: because only the fittest organisms can afford to waste resources on traits that do not directly increase survival probability, these adaptations serve as reliable indicators of fitness (Nave et al. 2018).

**Assimilation**

The desire to assimilate is particularly prevalent among consumers who are particularly sensitive to their social environment and desire to fit in. For instance, a high-status individual may also choose an inconspicuous brand or a “quiet good” when aiming to associate with peers who will be most likely to know it (Han et al. 2010). A key antecedent to consumers’ tendency to bandwagon lies in their self-concept, with greater interdependence yielding a stronger drive to engage in luxury consumption in order to imitate others and fit in the social context (Kastanakis and Balabanis 2012). The bandwagon effect also helps to explain consumers’ desire for counterfeit luxury brands that hinges on their social motivations, and in particular, their need to fit in (see Chapter 15 in this volume). In particular, these authors show that consumers’ desire for a counterfeit brand and subsequent aversion to the real brand are greater when their luxury brand attitudes serve a social-adjustive (that is, to facilitate self-presentation and fitting) rather than a value-expressive function.
At a macro-level, the tendency of consumers to adopt habits, symbols and practices from the elite is best embodied by Simmel’s (1904) “trickle-down” theory of fashion, describing how styles and status symbols adopted by the upper classes then permeated the masses, who imitated them in an attempt to climb up the social ladder (Blumer 1969; Simmel 1957). As a result, the luxury market has increasingly opened up to non-elite customers and expanded its offerings, blurring the lines between luxury and non-luxury options (for example, masstige, opuluxe, premium, ultra-premium, trading up, hyper-luxury, real or true luxury; Kapferer and Bastien 2008). As early as 2003, Silverstein and Fiske (p. 51) estimated that this “new-luxury goods” market represented “about $350 billion – or 19% – of the combined $1.8 trillion in annual sales of 23 consumer goods categories,” with an annual growth between 10–15 percent.

Importantly, the desire to bandwagon and imitate may sometimes backfire. For instance, a consumer unable to purchase a real luxury good may choose to purchase the counterfeited version and trigger consequences for one’s own behavior (for example, cheating) as well as others’ judgments (Gino et al. 2010). For instance, Gino and colleagues (2010) conducted a series of experiments and found that those wearing fake sunglasses cheated more and expected others would be more likely to engage in unethical behavior than did participants wearing authentic sunglasses. Alternatively, a consumer aiming to fit in may just decide to choose the “wrong” signal (for example, choose a conspicuous or flashy logo from the desired brand), potentially yielding aversive social consequences (for example, Han et al. 2010) such as further social rejection or even hostility from others.

Differentiation

Since the dawn of civilization, consumers have used luxury products to distinguish themselves from lower classes (Mason 1981; Veblen 1899). For instance, a high-status consumer aiming to signal his difference (superiority) vis-à-vis lower class may choose to purchase a conspicuous brand (Han et al. 2010). The desire to differentiate oneself from others through luxury may stem from consumers’ tendency to compare oneself to others – especially if they are similar. As a result, differentiation tends to be stronger in contexts when comparison to similar others is made possible. For example, in a series of studies conducted by Mandel et al. (2006), undergraduate students compared themselves to students enrolled in the same major or to students enrolled in a different major. The results showed that preferences for status-enhancing luxury products were the strongest in the presence of others with the same (versus different) major (see also Dubois et al. 2012; Ordabayeva and Chandon 2011). In the same vein, Griskevicius and colleagues (2012) found that increasing the proportion of men relative to women in social contexts increases men’s desire for luxury from jewelry to dining out. Additional evidence for the drive to be different comes from a seminal paper from Dreze and Nunes (2009) on status tiers. The two authors varied the number of status tiers of a frequent flyer program as well as the size of each tier and found that the members of the top tier felt most special when the
number and size of tiers were maximized. In a recent striking demonstration of consumers’ need for differentiation through luxury consumption, Belleza and colleagues (2014) showed that even luxury store clerks expect non-conforming prospects (for example, a consumer entering in a store “wearing gym clothes and a jacket”) to be more likely to purchase a good at their store than conforming prospects (for example, a consumer entering a store “wearing a dress and a fur coat”). These results suggest that luxury professionals even expect that being a “differentiated individual” – with a unique, non-conforming outfit – may signal an inherent interest in luxury and is thus a good predictor of sales.

A particularly strong antecedent of consumers’ desire to differentiate is their need for uniqueness (Chan et al. 2012; Snyder and Fromkin 1977; Tian et al. 2001), with a stronger need for uniqueness leading to greater desire to differentiate. Importantly, the need for uniqueness does not only determine a consumer’s desire to differentiate but also conditions the extent to which an observer may ascribe status to consumers differentiating themselves through luxury consumption (Belleza et al. 2014). That is, Belleza and colleagues (2014) show that participants with high levels of need for uniqueness tended to attribute more status and competence to non-conforming behaviors than participants with lower needs for uniqueness.

Importantly, consumers may have varying views on what “being different” means and thus engage in luxury consumption with distinct objectives and purchase goals. For instance, consumers may aim to differentiate themselves vertically in the social strata to show their superior social status (Ordabayeva and Chandon 2011; Vignoles et al. 2000) and thus gravitate towards products that signal that they are better than others (Dommer et al. 2013). On the other hand, consumers may aim to differentiate themselves horizontally in the social strata and express their unicity compared to others (Bellezza et al. 2014; Chan et al. 2012). In a recent investigation of when consumers may seek to differentiate vertically versus horizontally, Ordabayeva and Fernandes (2018) suggest that conservatism prompts consumers to differentiate from others vertically, but liberalism prompts consumers to differentiate from others horizontally. As a result, they find that conservative consumers tend to desire products that signal they are better than others (that is, focus on luxury and status) while liberal consumers tend to desire products that signal they are unique from others (that is, focus on non-conformity and uniqueness).

**LUXURY AND SOCIAL CAPITAL: GIFT-GIVING**

So far, we have reviewed evidence separating two broad motives luxury consumers pursue through their consumption of exceptional goods: assimilation and differentiation. Put back in the broader context, assimilation and differentiation represent tools that consumers use to navigate social hierarchies in distinct ways and help consumers to acquire social capital (that is, benefits from being part of a network of social relationships and group membership; Bourdieu 1984) through impression management and relationship building. While the bulk of work has focused on the
interplay between luxury and impression management, luxury can also help consumers form relationships – notably through gifts (see also Chapter 3 in this volume). The gift economy represents a significant market (estimated $122 billion per year; Seidemann et al. 2016). By definition difficult to estimate, in China alone, a recent estimation suggested that personal and business gifts represent 25 percent of the luxury market in China (Holiday 2013; Wen 2012). Gifts establish and maintain social ties (Belk 1984; Belk and Coon 1993; Camerer 1988) and are often referred to directly or indirectly in luxury brands’ tagline. For instance, Patek Phillipe’s iconic tagline “You never actually own a Patek Philippe. You merely look after it for the next generation” invokes the notion of gifting one’s family with one’s prized possession even after one has passed away. To date, only scant research has investigated gift-giving in luxury consumption. Relative to Western consumers, Asian consumers will be more likely to have acquired their luxury goods through gift exchange. For instance, Nitta (1992) reports that the Japanese Beach Press shopping checklist for Japanese travelers in Hawaii contains 19 categories of omiyage (that is, souvenir) recipients, including self, parents, siblings, children, spouses, grandparents, teachers, employer, employees, boss, clients, colleagues, and marriage go-betweens. However, with the exception of Wong and Ahuvia’s (1998) examination of the cultural factors underlying Asian consumers’ greater tendency to engage in luxury gift-giving, more empirical investigations are needed to shed light on the precise role and scope of gift-giving in luxury consumption, such as how gift-giving may nurture relationships by increasing the likelihood to invest in one’s partner (Wang and Griskevicius 2014).

CONCLUSION AND RESEARCH OPPORTUNITIES

As delineated in the empirical evidence summarized in this chapter, consumers’ quest for status is at the heart of luxury consumption. Social status shapes the desire for luxury in two ways: (1) the nature and magnitude of the need for status predicts the extent to which they engage in luxury consumption; (2) consumers’ lay theories about status and social hierarchies influence how they engage in luxury consumption, and the type of products they are drawn to. The effect of social status on luxury consumption builds on two primary motives: assimilation versus differentiation from others in order, notably, to maximize one’s social capital. To close this review, we aim to open up and suggest a few directions for further research unpacking the effects of social needs on luxury consumer behavior. To do so, we build on the two largest shifts in the luxury market of the last two decades: the increasing appetite for experiential luxury goods and services, and the irruption of the digital revolution in luxury consumption.

Social Needs and Experiential Luxury Consumption

According to BCG (2018), the luxury market in 2015 represented 1.5 trillion euros, with personal (material) luxury representing 323 billion euros and experiential luxury...
(such as food and wine, hotel and exclusive vacations) representing 522 billion euros. While material luxury grew by 1.6 percent from 2014 to 2015, the market for experiential luxury grew by 4.2 percent in the same time. With a few exceptions (for example, work by Ferraro et al. (2013) and Van Boven et al. (2010), on perceptions of consumers engaging in experiential luxury consumption; work by McFerran and Argo (2014), who found that experiencing a luxury service with an entourage elevates feelings of status relative to experiencing this service alone because consumers feel more socially connected with their entourage), little is known regarding how consumers’ social aspirations may shape their desire for experiential versus material options. Indeed, past efforts to date mostly examined material luxury options and the role of materialism in luxury consumption (Hudders and Pandelaere 2012; Richins and Dawson 1992). With a fast-growing market for luxury experiences, one may wonder what factors may influence a consumer’s preference for material versus experiential options. On the one hand, experiential options tend to be closer to one’s true self (Carter and Gilovich 2010) and foster social relations (for a review, see Gilovich et al. 2015). On the other hand, material possessions represent strong signals to others of identities they would like to claim (Belk 1988; Elliott and Wattanasuwan 1998; Erdem and Swait 1998; Goffman 1959; Heffetz 2011; Scitovsky 1976). Placing these findings in the context of romantic relationships, they open the possibility that males, facing strong competition in their quest for a partner, may be more likely to engage in material luxury consumption with the hope to project a more favorable self-image, but females may be more likely to engage in experiential luxury consumption when in a relationship. These questions represent exciting research avenues for future research.

Social Needs for Luxury in a Digital World

Digital channels are credited with influencing more than 20 percent of luxury sales (Dauriz et al. 2014) and although online sales only represented 5 percent of total sales as of 2014, some analysts suggest that digital could be “the next China” for the luxury industry, adding $43 billion in sales through 2020 (Okonkwo 2009; for reviews, see Dubois 2016; Chapter 14 in this volume). Digital channels have changed luxury consumer behavior in several key ways. First, consumers are particularly prone to generate word-of-mouth about luxury and prestige brands relative to other brands on social media (for example, Lovett et al. 2013). Second, the increasing uses of visual representations on social media such as Instagram tend to increase the focus of the media and consumers alike on the conspicuous dimension of luxury consumption. Third, in such an interconnected world, influencers play an increasingly important role in trust-building vis-à-vis luxury brands. As an example, consider the example of Arielle Charnas’ Something Navy x Treasure & Bond line that was reported to generate more than $1 million in sales in less than one day (Strugatz 2017). As a testimony to its success, a number of the items from the collection quickly appeared on eBay listed for as much as double as their original price. Recently, both the media (Forbes 2018) and consulting agencies (L2 2017) implemented novel instruments to assess
the effectiveness of online influencers. However, little research to date has examined when and why influencers may affect consumers’ perceptions and desire for luxury brands (but see Lee and Watkins’ (2016) exploration of the influence of YouTube vloggers on luxury brand perceptions and intentions). For instance, past research documented that desirability can increase by creating distance vis-à-vis customers and even sometimes rejecting them (for example, Ward and Dahl 2014). It may thus be worthwhile to further investigate the extent to which influencers modulate the perceived distance between a brand and its customers and potentially enrich the relationship and humanize the brand. Relatedly, given that cohort contexts shape the meaning of luxury, with different generations carrying different meanings of luxury, digital and new forms of sharing certainly helped shape the view of teenagers on what luxury currently means (Gentina et al. 2016; Soh et al. 2017) and will determine the future of what is viewed, seen and thus is luxury in tomorrow’s digital economy.

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