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**THE IMPACT OF STATUS SEEKING AND PRODUCT TYPE ON THE PURCHASE OF
LUXURY GOODS AND LUXURY EXPERIENTIAL SERVICES**

A Dissertation in
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by
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ABSTRACT

Given the unprecedented growth of the luxury hospitality market in the past decade, gaining a deeper understanding of the differences between luxury goods and luxury experiential services, as well as luxury consumers' buying behaviors in different consumer groups, has become increasingly important. Based on extant studies on luxury consumption and cultural capital theories, this dissertation examines the consumption-related need for status and establishes a negative relationship between cultural capital levels and status consumption motives.

In addition, building on the luxury 4P typology, identity signaling approach, and status consumption theories, this dissertation investigates the joint effects of consumer group and product type on luxury consumers' divergence intentions. Using less affluent mimickers to trigger potential out-group influences, this dissertation reveals that Parvenus are more likely to change their attitudes toward their favorite luxury goods brands than experiential services brands after less affluent mimickers have adopted the same consumption object, whereas Patricians experience equal change toward the two types of product brands.

This dissertation also lends support to the theory of Experience Recommendation and suggests that consumers seeking to advance their happiness prefer luxury experiential services to luxury goods. Moreover, the results of this dissertation reveal that compared to Patricians, Parvenus are less likely to choose luxury experiential services to advance their life happiness.

The results of this dissertation provide several important managerial implications for

luxury practitioners. Knowing that people with higher cultural capital levels tend to be less likely to seek conspicuous products, luxury marketers can use cultural capital indices to segment their luxury markets more precisely and customize their product offerings in different segments. Meanwhile, this dissertation suggests that luxury experiential services are more resistant than luxury goods to affluent consumers' attrition as a result of downward market extension, therefore luxury experiential services companies may find it easier to expand to less affluent markets than their luxury goods competitors. In addition, luxury experiential services companies that mainly attract Parvenus may promote cultural activities among their customers in order to cultivate their cultural capital levels, encouraging their consumers to purchase luxury experiential services.

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CHAPTER I

INTRODUCTION

In the past decade, the luxury travel market has expanded at an unprecedented rate. According to a recent report from International Luxury Travel Market (ILTM Survey Cannes, 2010), the global luxury travel market now accounts for 25% of international tourism spending - approximately US\$180 billion. In a survey conducted by Yankelovich/The Futures Company (2010), 83% of respondents indicate that they are willing to splurge by dining at luxury restaurants.

In spite of this growth, only a few studies have examined consumer behaviors in the luxury experiential services context (Lee & Hwang, 2011; Wall, Okumus, Wang & Kwun, 2011), and little is known about differences in the consumption of luxury goods and experiential services. Why do some consumers choose to spend \$3000 on a Bottega Veneta handbag, whereas others choose to spend an equivalent amount on an exotic trip? Why do some people prefer to stay at a low-key, high end resort hotel such as *Aman Resorts*, whereas others prefer to stay at a high-key, well-known luxury hotel such as *The Ritz-Carlton*?

Han, Nunes and Dreze (2010) propose a taxonomy called "The Luxury 4Ps." This taxonomy categorizes consumers into four groups based on their wealth and consumption-related need for status: Patrician, Parvenu, Poseur and Proletarian. Consumption related need for status refers to a consumer's effort to improve his/her social standing through the consumption of conspicuous products. Both Patricians and Parvenus are wealthy consumers, but the former seek status through consumption where the latter

do not. Poseurs and Proletarians are less affluent consumers; the former value status but purchase counterfeits because they cannot afford authentic luxury goods, while the latter do not value status and therefore are not motivated to purchase either conspicuous or inconspicuous luxury products.

The current study builds on the framework proposed by Han et al. (2010) by comparing the consumption of authentic luxury goods and authentic experiential services. The counterfeit issue is beyond the scope of this paper, and therefore Poseurs and Proletarians, who do not have enough wealth to afford authentic luxury products, are excluded from the current study. In sum, the current study aims to gain a better understanding of both luxury goods consumption and luxury experiential services consumption across the Patricians and Parvenus.

Problem Statement

Han et al. (2010) use consumption-related need for status to categorize Patricians and Parvenus. Although consumers' need for status has been heavily studied in the past decade (Eastman et al. 1999; Scheetz, Dubin, & Carbarino, 2004; O'Cass & McEwen, 2004), the extant studies rely primarily on the use of psychometric measurement and examine the behavioral outcomes of status consumption, rather than exploring the underlying mechanism of consumption-related need for status. What is the antecedent that causes the variation in consumption-related need for status? Holt (1998) and Üstüner and Holt (2010) provide preliminary qualitative evidences and connect consumers' level of cultural capital with their consumption behaviors. This study builds on the results of Holt (1998) and

Üstüner & Holt (2010) and investigates the relationship between consumption-related need for status and the level of cultural capital.

Han et al. (2010) further reveal that Parvenus tend to distance themselves from Poseurs and Proletarians whereas Patricians do not. Based on the existing uniqueness theory and optimal distinction theory, White and Dahl's dissociative reference group theory (2006, 2007) explains these divergence behaviors. However, this dissociative reference group theory fails to explain the underlying difference between Patricians and Parvenus. The current study employs and extends the identity signaling approach (Berger and Heath, 2007, 2008) to investigate the divergence behaviors between Patricians and Parvenus in the luxury consumption context.

The difference in preference between luxury goods and luxury experiential services has also received scant attention in consumer research. Research on experience recommendation suggests that experiential services can generate more happiness than material goods (Van Boven and Gilovich, 2003; Van Boven, 2005; Van Boven, Campbell, & Gilovich, 2010). However, it is not clear whether the experience recommendation holds true in the context of status consumption. This study seeks to answer the question: when consumers use luxury consumption to signal social status, are luxury experiential services a better choice, and more able to generate happiness than luxury goods?

Statement of Purpose and Research Questions

The overall objective of this dissertation is to build on the Luxury 4P taxonomy, extend the experience recommendation and identity signaling approach, and examine status

consumption behaviors in different consumer groups. In sum, this dissertation:

- 1) Studies the relationship between cultural capital level and consumption related need for status;
- 2) Investigates whether divergence intentions vary between Patricians and Parvenus;
- 3) Examines whether preferences for luxury goods and luxury experiences vary between Patricians and Parvenus.

Contribution of the Research

Theoretical Contributions

This dissertation has both valuable theoretical contributions and practical implications for the luxury hospitality industry. First, this dissertation contributes to the body of knowledge on consumption-related need for status. Extant studies on status consumption mainly focus on the behavioral outcomes of status consumption (Eastman et al. 1999; Scheetz, Dubin, & Carbarino, 2004; O’Cass & McEwen, 2004). To the best of the author’s knowledge, this dissertation is the first to explore the antecedent of consumption-related need for status by introducing the concept of cultural capital. Building on the theory of cultural capital and status consumption, the current study examines the relationship between consumption-related need for status and the level of cultural capital.

Second, Han et al. (2010) reveal that dissociation motives vary between Patricians and Parvenus. However, they do not provide explanations of this phenomenon. Extant dissociative reference group literature, which is based on uniqueness theory and optimal distinctiveness theory, falls short of explaining the difference between Patricians and Parvenus. This dissertation employs and extends the identity signaling approach to explain that phenomenon. Berger and Heath (2007, 2008) suggest that consumers are more likely to exhibit dissociative motivations in product domains that are seen as symbolic of identity, and when the mimickers are from dissimilar outgroups. The current study extends the identity signaling approach by introducing the dimension of identity domain in addition to the product domain. Because consumers may perceive an out-group as a dissimilar out-group in terms of different identity domains (e.g. gender, ethnicity, age, wealth), this study argues

that consumers show divergence intentions on identity-relevant product domains, in particular when the mimickers are dissimilar on the specific identity domain that the consumers want to signal.

Third, Van Boven and Gilovich (2003) propose the term “experience recommendation” and argue that consumers will be happier if they spend their money on experiential services, such as travel, rather than on material possessions, such as clothes. Subsequent studies extend the theory of experience recommendation by examining the boundary conditions such as the purchase outcome valence (Nicolao, Irwin, & Goodman, 2008) and individual differences in materialism (Millar & Thomas, 2009). This dissertation examines another boundary condition by extending the experience recommendation to the luxury consumption context. Considering the nature of status consumption and the low visibility feature of experiential services, the current study suggests that the experience recommendation may not hold true for people who engage in luxury consumption to signal wealth and status.

Managerial Contributions

First, the current study attempts to connect cultural capital with status consumption behaviors. Extant studies employ measurements such as consumption-related need for status to capture behavioral differences. However, it is difficult for marketers to collect such psychometric data, and this impedes marketers’ understandings of consumer behaviors. Holt’s (1998) cultural capital measurement composes basic demographic information such as consumers’ education and occupation; therefore, this measurement offers luxury

marketers an easier way to identify their target markets.

In addition, the luxury hospitality industry is competing with the luxury goods industry for consumers' limited discretionary income. Therefore, it is important to understand the differences between luxury experiential services and luxury goods from the consumers' perspective. The results of the current study reveal Patricians' and Parvenus' preferences with respect to these services and goods. Specifically, this study proves that Patricians are more likely to choose luxury experiential services over luxury goods than Parvenus, with the intention of advancing happiness and consumption enjoyment. Understanding consumers' preferences can help luxury hospitality marketers to design more effective marketing strategies.

Meanwhile, more luxury businesses have started using promotional pricing or brand extensions to attract less affluent markets (e.g. Poseurs). It is important to understand the feasibility of such market expansion strategies. For example, the luxury brand Versace launched a collection for the mass brand H&M, and The Four Seasons in Texas list its hotel rooms on bidding websites such as Priceline and Hotwire. These types of promotion or growth strategies may be dangerous, since the less affluent market may contaminate the luxury brand image. However, this dissertation indicates that luxury experiential services are less comparable in nature than tangible goods (Carter & Gilovich, 2010); therefore, it is more difficult for consumers to compare their luxury experiential service consumptions than their luxury goods consumptions. Since the difficulty in comparison will result in a weaker dissociative out-group impact, luxury hospitality companies whose primary customer base is comprised of Parvenus may find it easier to expand to the less affluent markets than their

luxury goods competitors.

Definitions of Key Concepts

A list of key concepts with definitions is provided below.

Patricians: Luxury consumers who possess significant wealth and prefer *inconspicuously*-branded luxury products. They do not seek economic status through luxury consumption.

Parvenus: Luxury consumers who possess significant wealth and prefer *conspicuously*-branded luxury products. They seek economic status through luxury consumption.

Cultural Capital: A type of capital in the social status competition. It refers to a set of socially distinct tastes, skills, knowledge, and practice.

Consumption Related Need for Status: A motivational process that encourages consumers to improve their social standing through conspicuous consumption and ostentatious displays of expensive products.

General Out-Group: A group that an individual does not belong to and is not really concerned about.

Dissociative Out-Group: A group that an individual does not belong to and does not desire to be associated with. It is a special type of general out-group.

Identity Signaling Approach: A theory that focuses on the social process of communication to explain consumers' divergence behaviors. It claims that consumers are more likely to show divergence intentions when they use a product to signal identities and

when the mimickers are from dissimilar groups.

Experience Recommendation: An argument that claims consumers will be happier if they spend their money on experiential services (e.g. travel and concerts) rather than on material possessions (e.g. jewelry and clothes).

CHAPTER II

LITERATURE REVIEW

Overview

This dissertation has three main purposes: 1) to empirically confirm the relationship between the level of cultural capital and consumption-related need for status; 2) to investigate the different divergence intentions between Patricians and Parvenus; 3) to examine whether the preferences for luxury goods and luxury experiential services vary between Patricians and Parvenus.

This chapter provides the theoretical background of the relevant concepts and a discussion of different consumer groups' hypothesized behavioral patterns. The first section briefly summarizes the extant studies on luxury goods consumptions and then introduces the taxonomy of the luxury 4P. The second section reviews the relevant theories pertaining to status consumption and cultural capital, and discusses the relationship between cultural capital and consumption-related need for status. The third section reviews dissociative reference groups, uniqueness theory, and the identity signaling approach, followed by a discussion of proposed different divergence intentions between Patricians and Parvenus. The last section introduces the concept of experience recommendation and investigates the different preferences of luxury goods and luxury experiential services between Patricians and Parvenus.

Extant Studies on Luxury Goods

Extant studies on luxury goods mainly focus on luxury brand value, comparisons between status consumption and conspicuous consumption, and cross-cultural investigations of luxury buying behaviors. Vigneron and Johnson (1999, 2004) developed a theoretical framework for luxury brand values. They argue that luxury buying behaviors can be explained by five value dimensions: conspicuousness, uniqueness, extended self, hedonism and quality. Conspicuousness value identifies the ability of luxury products to display wealth and power. Uniqueness value refers to the value of scarce and exclusive luxury products. Extended self is a consumer's desire to possess prestige brands in order to conform to a desired reference group and distance oneself from less desirable groups. Hedonism refers to the emotional benefits of luxury consumption such as indulgence and pleasure. Quality is related to the utility generated from superior performance of a luxury brand.

Wiedmann, Hennigs, and Siebels (2004, 2007) extend and refine Vigneron and Johnson's (1999, 2004) luxury value framework and propose a new four dimension model. The new model includes four dimensions of luxury value: financial, functional, individual, and social. Vigneron and Johnson's (1999, 2004) quality and uniqueness value are categorized in the functional dimension, hedonic value is categorized in the individual dimension, and conspicuous and extended self value are categorized in the social dimension. The financial dimension is a new dimension created by Wiedmann et al. (2004, 2007) to capture the direct monetary value in a luxury brand such as price, discount, and resale cost.

Adapted from Vigneron and Johnson's (1999, 2004) and Wiedmann et al.'s (2004,

2007) luxury value frameworks, scholars further refined the value dimensions by adding other factors such as relational value (Tynan, Mckechnie, & Chhuon, 2010), status value, and extrinsic/intrinsic aspirations (Truong, 2010). O’Cass and McEwen (2006), and Truong, Simmons, McColl, and Kitchen (2008) focus on the conspicuous value dimension and explore the difference between conspicuous value and status value. Recently, some scholars have started emphasizing the importance of hedonic value in the luxury consumption context (Hagtvedt & Patrick, 2009; Tynan et al. 2010). For example, Hagtvedt and Patrick (2009) demonstrate that the hedonic value heavily impacts consumers’ brand-extension evaluations.

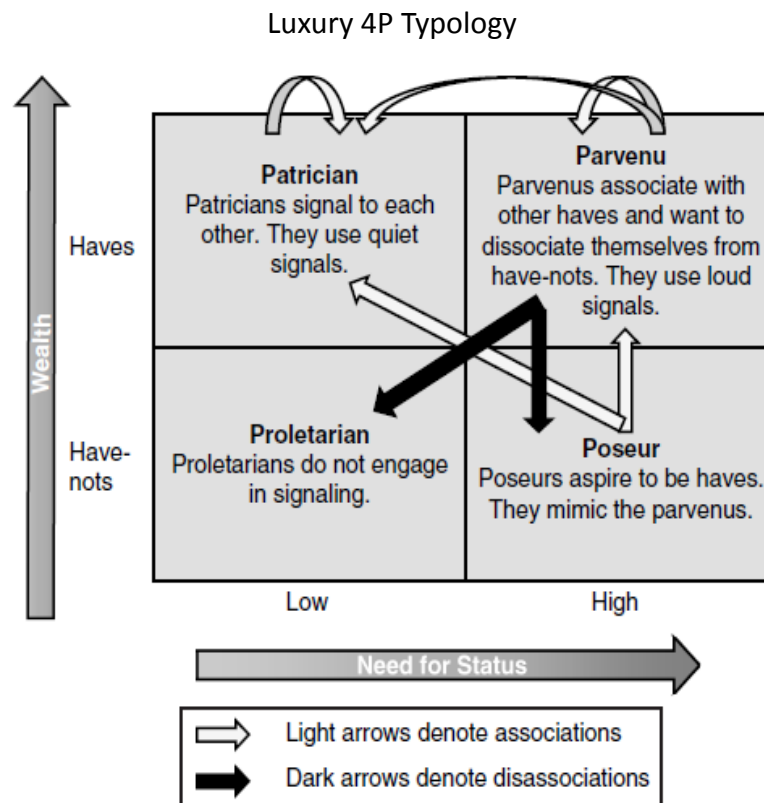
Most luxury perception and segmentation studies are conducted in a Western context (Dubois and Duquesne, 1993; Wiedmann, Hennigs and Siebels, 2009; Vigneron and Johnson, 2004). However, a group of scholars contend that cross-cultural differences may also play a role on consumers’ luxury buying behaviors. Wong and Ahuvia (1998) were the first to provide strong theories to examine cross-cultural luxury consumption behaviors (e.g. interdependent vs. independent self concepts, individual vs. group needs, social hierarchy). They argue that hedonic value primarily gratifies the private self, as opposed to the public self common to East Asian consumers, but they stop short of delivering empirical results regarding the impact of these variable self images. Tsai (2005) and Kastanakis and Balabanis (2012) built on Wong and Ahuvia’s (1998) propositions, though, and demonstrated that people with independent self construal tend to weigh uniqueness value more than conspicuous value, whereas people with interdependent self construal tend to seek conspicuous value more than uniqueness value.

Luxury 4Ps

Han et al. (2010) propose a taxonomy called “The Luxury 4Ps.” They categorize consumers into four groups according to their wealth and consumption-related need for status (See figure 2.1). The “haves” group (wealthy group) is comprised of Patricians and Parvenus. Patricians possess significant wealth and like to purchase inconspicuously branded products. They are low in consumption-related need for status and tend to use subtle signals to associate with their in-groups. Similar to Patricians, Parvenus also possess significant wealth, but they seek status through luxury consumption. They choose to broadcast their luxury consumption by using conspicuous signals, such as prominent brand logos and labels, and their first concern is to dissociate themselves from those who cannot afford luxury products.

The “have-nots” (less affluent) group is composed of Poseurs and Proletarians. Poseurs, like Parvenus, seek status and prefer conspicuous products. However, they do not possess enough wealth to afford authentic luxury goods and tend to purchase counterfeits. Proletarians are less affluent and low in need for status. This group does not have a strong motivation to purchase either conspicuous or inconspicuous luxury products.

Figure 2.1



Han et al. (2010) use a psychometric measurement, consumption related need for status, to differentiate Patricians and Parvenus. However, they do not explore the underlying mechanism of consumers' variations in that psychometric trait. Therefore, the first research question in this dissertation focuses on the consumption related need for status: *What is the antecedent of consumers' consumption related need for status?*

Han et al. (2010) further examine how each group's preference for conspicuous or inconspicuous luxury goods can be predicted by their desire to associate with or dissociate from members of their own group or out-groups. Their results suggest that both Patricians and Parvenus want to associate with their own group members. Since extensive research has consistently demonstrated that in-groups can influence people's intentions, attitudes,

and behaviors (White & Dahl, 2006), this dissertation does not investigate the motivation to associate with in-groups. Furthermore, Han et al.'s (2010) results indicate that Patricians do not attempt to dissociate from other groups whereas Parvenus exhibit a strong desire to dissociate from Poseurs and Proletarians. As Han et al. (2010) point out, the relationship between Parvenus and Poseurs reflects Veblen's theory suggesting that members of a higher class consume conspicuous goods to dissociate themselves from a lower class, while members of a lower class consume conspicuously to be perceived as a member of the higher class. According to Veblen, dissociative motivation should exist in all social groups. However, Han et al. (2010) fail to justify the lack of dissociative desire in Patricians, which leads to the second research question: *Why does dissociative motivation vary between Patricians and Parvenus?*

Finally, in Han et al.'s (2010) study, the term "brand prominence" is introduced to describe the conspicuousness of luxury goods. Brand prominence can be defined as "the extent to which a product has visible markings that help ensure observers recognize the brand" (p. 15). For example, a Gucci handbag can spell out the Gucci name (loud in brand prominence) or use only the brand's subtle bamboo hinges (quiet in brand prominence). Inspired by this brand prominence concept, this dissertation examines whether the intangible nature of experiential services makes them less conspicuous than the luxury goods, and consequently, whether the different conspicuousness levels of luxury experiential services and luxury goods lead to different preferences among Patricians and Parvenus. The third research question is therefore: *Do the preferences for luxury goods and luxury experiences vary between Patricians and Parvenus?*

The following sections will first introduce the related literature and then form the hypotheses to address each research question.

Status Consumption

Veblen (1899)'s theory of the leisure class, which is the foundation of status consumption research, sheds light on how people use wealth and goods to compete with each other and to bolster their social status. In the chapter "Pecuniary Emulation", Veblen (1899) explains the most important premise of his book: *People strive for social status through comparing and competing with each other for material resources*. In other words, people live to show off their wealth. In this pecuniary competition system, people try to distance themselves from people in a lower class, while mimicking the behaviors of people in a higher class. Moreover, people put their wealth on display to demonstrate how wasteful they can afford to be, thereby elevating their social status. This behavior is termed "conspicuous consumption."

Sociologist Georg Simmel (1904) proposed the upper-class theory of fashion. He states that there are two conflicting forces that drive fashion change. First, lower classes adopt the status symbols of the classes above them as they attempt to climb the ladder of social status. Second, the upper classes abandon fashions that are adopted by lower classes as they attempt to distinguish themselves from the lower classes. The theories proposed by Veblen (1899) and Simmel (1904) are jointly termed "trickle-down theory."

Recent studies tend to use the term "need for status" instead of "pecuniary emulation." According to Eastman et al. (1999), status consumption can exist in all

communities, independent of social class membership. It is defined as “the motivational process by which individuals strive to improve their social standing through the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others” (Eastman et al., 1999, p.42). Because possessions are seen as an extension of the self (Belk, 1988), people crave social status by accumulating expensive possessions. In addition, the characteristics of conspicuously displayed consumption objects are key determinants of consumption satisfaction. As claimed by Eastman et al. (1999), the satisfaction of status consumption is derived from audience reaction to the displayed object, rather than from the positive attributes of the object itself.

In Han et al.'s (2010) taxonomy, the major difference between Patricians and Parvenus lies in the consumption-related need for status. However, Han et al. (2010) did not explore the underlying reason of that phenomenon – in other words, what makes Patricians low in consumption-related need for status but Parvenus high in consumption-related need for status. This dissertation contends that the underlying difference lies in the level of cultural capital.

Theory of Cultural Capital

Bourdieu (1984) examines status consumption by introducing a new construct called “cultural capital.” He argues that “the generative mechanism for a model of social organization is competition for various types of capital within social fields” (Holt, 1998, p3). According to Bourdieu (1984), social life can be perceived as a multidimensional status game in which people compete on three types of capital: economic, social and cultural capital.

Economic capital refers to financial resources; social capital describes an individual's organizational affiliations and networks; and cultural capital refers to a set of socially rare and distinctive tastes, skills, knowledge, and practice (Holt, 1998).

Cultural capital belongs solely to cultural elites, and it is fostered through family influence and institutional educations. Usually the cultural elites are well educated and their occupations emphasize culture production (e.g. professors and artists). Moreover, they are raised in families with well-educated parents whose occupations involve cultural skills. Therefore, cultural capital is distinct from the other two types of capital because cultural capital is fostered in an overdetermined manner and can be converted into both social capital and economic capital (Bourdieu, 1984).

Cultural Capital and Status Consumption

Lenski (1954) introduced a concept called status crystallization. Status crystallization refers to the non-vertical dimensions of social status. According to Lenski, social status is a multidimensional system and people locate themselves in a status system based on several dimensions such as education, occupation, income and ethnicity. Some people may possess a "crystallized" status because all their status dimensions have similar values, while others may experience status incongruence because their status dimensions have conflicting values. For example, a person who has high economic capital and low cultural capital will experience status incongruence.

In general, people are inclined to define their status using their favorable capital (Lenski, 1954; Nam, 2008; Schaninger, 1981). For example, if a person has low cultural

capital but high economic capital, he/she tends to define his/her social status by wealth. As a result, he/she will be high in consumption-related need for status and in favor of conspicuous consumption and showy signals, like a Parvenu.

Milner (2004) proposes a theory of status relations that mirrors Lenski's (1954) argument. According to Milner (2004), status symbols can either be material (such as expensive cars and expensive handbags) or symbolic (such as the letters "Ph.D."). The relative weight people put on different status symbols depends on the ease with which the symbol can be obtained. For example, completing a Ph.D. program is more difficult than purchasing a luxury jacket, therefore the two symbols would be weighted differently.

People tend to use harder-to-achieve symbols to signal their social status. By using harder-to-achieve status symbols, people can successfully avoid being confused with those who only possess easier-to-achieve symbols. For example, a person who holds a Ph.D. degree (cultural capital) and also earns high income (economic capital) is more likely to use the Ph.D. rather than expensive products to signal his/her social status. As a result, he/she will be low in consumption-related need for status and not in favor of conspicuous consumption, like a Patrician.

Based on Bourdieu's theory of cultural capital, Lenski's theory of status crystallization, and Milner's theory of status relations, this dissertation argues that the underlying difference between Patricians and Parvenus lies in their level of cultural capital. Patricians are high in both economic capital and cultural capital, whereas Parvenus are high in economic capital but low in cultural capital.

Empirical Evidence of Cultural Capital and Status Consumption

Since Bourdieu's theory of cultural capital is based on the social context in France, the applicability of his theory to the contemporary United States has been questioned for over a decade (Erikson, 1996; Gartman, 1991). For example, Bourdieu emphasizes the importance of arts as a symbol of cultural capital. However, as pointed out by Holt (1998), only a small group of cultural elites are knowledgeable fine arts consumers. Therefore, fine arts expertise is not an accurate criterion of cultural capital in the United States.

To these ends, Holt (1998) conducted a qualitative study in the United States to investigate the application of Bourdieu's cultural capital theory in the United States. The findings from his study mirror Han et al.'s (2010) results. Holt (1998) divides the respondents into High Cultural Capitals (HCCs) and Low Cultural Capitals (LCCs) based on three primary sources of acculturation – family upbringing, formal education, and occupational culture. The interview results reveal that LCCs with higher income consistently express preferences for ostentatious consumption objects that can signal wealth and material abundance. On the contrary, HCCs do not like products that are built to impress. For example, one of the respondents said, "...I don't like clothes that draw attention to themselves... I don't like clothes that are covered with – I call them 'suburban style' ... they look kind of as if they are shouting" (Holt, 1998, p9). These results are in line with Patricians' (HCCs) and Parvenus' (LCCs) consumption behavior patterns in Han et al. (2010)'s study.

One limitation of Holt's (1998) study is the potential conflation of cultural capital and economic capital. Although cultural capital can be converted into economic capital and there is often a positive relationship between cultural capital and economic capital (e.g. people

with old money), certain groups can experience the status incongruence (low cultural capital - high economic capital or high cultural capital-low economic capital).

To control the potential conflation of economic capital and cultural capital, Nam (2008) conducted a study in Korea and categorized the respondents into four groups: high education-high income, low education-high income, high education-low income and low education-low income. The results suggest that the low-education-high income group tends to distinguish itself with conspicuous possessions and ostentatious displays. Since people in this group define social status by wealth, they want to distinguish themselves from both of the low income groups. They seek to compensate for their status incongruence by conspicuously displaying expensive products.

In a later study conducted by Üstüner and Holt (2010) in Turkey, economic capital is held constant. They chose women between 35 and 45 years old from upper-middle economic class as their respondents. The results revealed two different consumption patterns between LCCs and HCCs. LCCs consistently purchase and display conspicuous/expensive goods and services to signal their pecuniary advantages and to distance themselves from less affluent people. Compared to LCCs, HCCs are less interested in conspicuous consumptions. They tend to focus more on cultural sophistication than showy displays. Since Üstüner and Holt (2010) recruited respondents from “upper-middle economic class”, the LCCs and the HCCs group in Üstüner and Holt’s (2010) study can accurately represent Patricians and Parvenus in Han et al.’s (2010) study. Moreover, because the economic capital was held constant, the consumption differences between the HCCs and the LCCs can be attributed to the level of cultural capital. Therefore, the aforementioned

empirical evidence further demonstrates that the differences in consumption-related need for status between Patricians and Parvenus lie at the heart of the variation in the level of cultural capital. This leads to the first hypothesis:

H1: Consumers' consumption related need for status is negatively related to their cultural capital levels.

The next section turns to the second research question: Why does dissociative motivation vary between Patricians and Parvenus? Han et al. (2010) suggest that Patricians do not attempt to dissociate from other groups, whereas Parvenus exhibit a strong desire to dissociate from the have-nots (Poseurs and Proletarians). The relationship between Parvenus and the have-nots indeed reflects Veblen's theory suggesting that members of a higher class purchase showy products to dissociate themselves from the lower class, while members of the lower class consume conspicuously to be perceived as a member of the higher class. According to Veblen, the dissociative motivation should exist in all social groups with vertical social status differences. Therefore, it is valuable to investigate why Patricians do not tend to distance themselves from the have-nots. To explore the second research question, two relevant streams of literature are discussed: dissociative group influences and identity signaling approach. The moderating role of purchase type (luxury goods vs. luxury experiential services) on the dissociative group influences will also be examined.

Dissociative Group Influences

White and Dahl (2006, 2007) differentiate between the “general out-group” and “dissociative out-group.” A general out-group is a group that an individual does not belong to and is not really concerned about. On the other hand, a dissociative group is a specific type of out-group that an individual wishes to *avoid* being associated with (White and Dahl, 2006). For example, a student who views himself as belonging to a particular in-group “business students” may consider “art students” to be an out-group, but is not concerned about them and will not try to avoid being associated with them. However, he may perceive “engineering student” to be a dissociative out-group and try to avoid being associated with them.

White and Dahl (2006, 2007) argue that consumers are more motivated to avoid a product associated with a dissociative out-group rather than a general out-group. This differentiation between general out-group and dissociative out-group is helpful in explaining why Parvenus attempt to dissociate from the “have-nots” (Poseurs and Proletarians) while Patricians do not. In other words, Parvenus tend to perceive the have-nots as a dissociative out-group whereas Patricians tend to perceive the have-nots as a general out-group. However, studies on dissociative group influences cannot explain the underlying mechanism – Why do Patricians tend to perceive the have-nots as a general out-group whereas Parvenus tend to consider the have-nots as a dissociative out-group?

Snyder and Fromkin (1977) propose the uniqueness theory, which argues that people tend to differentiate from others to maintain unique identities. This theory claims that people tend to maintain a moderate level of distinctiveness from others because either

extreme similarity or extreme dissimilarity can generate negative emotional reactions (Snyder & Fromkin, 1980). To cope with the negative feelings, people emphasize aspects that make them different from others (Berger, Heath and Ho 2011). Tian, Beardon, and Hunter (2001) extend this concept into the consumption domain and define Consumers' Need For Uniqueness (CNFU) as "the trait of pursuing differentness relative to others through the acquisition, utilization, and disposition of consumer goods for the purpose of developing and enhancing one's self-image and social image" (p.52). According to uniqueness theory, everyone has a need to be dissimilar to others. However, the strength of this need varies individually (Lynn & Harris 1997; Irmak, Vallen, & Sen, 2010; Tian et al. 2001). People with higher needs for uniqueness behave in ways that make them feel distinct and they prefer products that are rare or unique (Chan, Berger, & Van Boven, 2012).

Optimal distinctiveness theory (ODT) further suggests that people have two opposing needs – assimilation and differentiation (Brewer, 1991; 1999; Brewer & Gardner, 1996; Brewer & Pickett, 1999; 2002; Roccas & Brewer, 2001). The need for affiliation with a social group and the need for differentiation from a social group are independent human motives and work in opposite directions. Studies show that when people feel too dissimilar to others, they feel uncomfortable and isolated. However, when people perceive themselves to be very similar to others, they also experience negative emotions such as anxiety and distress. Therefore, to build a social identity, individuals must maintain an optimal distinctiveness; that is, a distinctiveness defined by inclusion with in-group members and differentiation from out-group members (Brewer, 2003). The implications of ODT have been employed in consumer behavior studies such as new product adoption (Timmer & Katz-Navon, 2008) and

consumers' preference and choice (Kreuzbauer, Lin & Chiu, 2009; Minor, 2010; Papyrina, 2008).

Based on the uniqueness theory and the ODT, White and Argo (2011) examine the condition of dissociative behaviors. They find that when distinctiveness concerns are heightened and the mimickers are *similar* others, greater dissociation responses arise. In other words, although people often want to dissociate from *dissimilar* others (White and Dahl 2006, 2007), *similar* others can generate dissociation motives for people who are high in need for uniqueness. White and Argo's (2010) results therefore demonstrate that consumers with high distinctiveness concerns are more likely to abandon the chosen products when their choices are copied by a similar rather than a dissimilar other.

The work of White and Argo (2010) contributes to the dissociation literature in many ways. However, it falls short of explaining the difference in dissociation motives between Patricians and Parvenus. First of all, White and Argo (2010) focus on an individual level construct "need for uniqueness" rather than considering group level differences. It is unlikely that all Patricians are low in need for uniqueness while all Parvenus are high in need for uniqueness. The dispositional difference in need for uniqueness cannot fully explain the differences in group level. Secondly, White and Argo (2010) find that people express greater dissociation reactions when their choices are mimicked by a similar rather than a dissimilar other. However, the "have-nots" have a lower social and economic status than *both* Patricians and Parvenus. Therefore, both Patricians and Parvenus should perceive them as dissimilar others. In other words, based on White and Argo's (2010) argument, both

Patricians and Parvenus should express dissociation motives when their choices are mimicked by the have-nots. Hence, White and Argo's (2010) results cannot explain why Parvenus tend to distance themselves from the "have-nots" while Patricians do not.

Identity Signaling Approach

The uniqueness theory focuses on an individual's stable traits to explain his/her divergence behavior, and examines the temporary situations that can heighten an individual's concern for distinction. However, the uniqueness theory cannot explain product domain differences; why do divergence behaviors vary by product domain? For example, why do people diverge on their music and car choices, but conform on their dish detergent and toothpaste choices (Berger and Heath 2007)?

Identity signaling approach investigates divergence behaviors from a social perspective (Berger, 2008; Berger, Ho, & Joshi, 2011; Berger and Heath 2007, 2008; Berger and Le Mens, 2009; Berger and Rand, 2008; Berger and Ward 2010; Chan, Berger, & Van Boven, 2012). Rather than focusing on individuals' traits, it focuses on the social process of communication.

Levy (1959) points out that people purchase certain products for not only what they do but also what they symbolize. Sirgy (1982) expanded on this idea by summarizing five theories on how consumers use possessions to signal identity. For example, people tend to prefer a product with an image that congruent with their ideal/actual self image or ideal/actual social self image (Birdwell, 1968; Dolich, 1969; Grubb & Hupp, 1968; Grubb & Stern, 1971; Hughes & Guerrero, 1971; Ross, 1971; Sirgy & Danes, 1981). Belk (1988)

proposes a notion called “extended self” and argues that in modern life, people learn, define, and retain their identities through their consumption objects and, in turn, those possessions contribute to the individual’s extended self. People acquire, use and display their goods and services to enhance their sense of self, to present a certain image in public, and to boost their social status (Ahuvia, 2005; Belk, 1988; 1990; Elliott & Wattanasuwan, 1998; Kleine, Sleine, & Kernan, 1993; Oyserman, 2009; Richins, 1994; Schouten, 1991).

However, the symbolic function varies across product domains. According to the identity-signaling theory, people prefer choices that diverge from those of others to ensure that they can effectively communicate desired identities. A series of studies demonstrate that divergence behavior varies based on the public/private nature of display, the product domain, and the similarity of an adopting out-group (Berger & Heath 2007, 2008; Berger & Rand 2008; Berger & Ward 2010). In other words, people are more likely to exhibit dissociative motivations if they use the product to communicate identity and if the adopters are from dissimilar out-groups. For example, white-collar professionals were the first group to give their children suffixes like Jr. However, after the working class began to imitate it, they soon abandoned this practice because it no longer signaled their white-collar identity (Berger 2008).

These variations mark three major differences between uniqueness theory & ODT and identity signaling approach. First of all, the uniqueness theory and ODT focus on personal traits and internal drives whereas identity signaling approach focuses on social concerns. Uniqueness theory & ODT argue that people diverge to avoid negative emotions caused by too much similarity; therefore, people diverge in both public and private

situations to ease the negative feelings. Identity signaling approach, on the other hand, argues that people diverge to avoid signaling undesired identities; therefore, people diverge only when the behavior is public (Berger 2007; Berger and Heath 2007, 2008; Berger and Rand 2008). For example, Berger and Heath (2008) demonstrated that respondents (undergraduate students) are less likely to choose junk food when doing so is associated with dissimilar others (graduate students) but only when the respondents make food choices in public.

Second, uniqueness theory and ODT contend people who are high in need for uniqueness diverge in all product domains, whereas the identity signaling approach argues that people only diverge in identity-related product domains. The results from Berger and Heath (2007) indicate that people only diverge in product domains that are seen as symbolic of identity. In the identity-relevant product domains such as cars and clothes, people choose to abandon their existing preference if a dissimilar out-group member adopts the product; in identity-irrelevant product domains such as detergent, divergence do not occur.

Third, uniqueness theory & ODT argue that people diverge from similar others to avoid similarity, whereas identity signaling approach claims that people diverge from dissimilar others to avoid misidentification. Both arguments receive empirical support. Berger et al. (2011) and Chan et al. (2011) reconcile the opposing arguments and demonstrate that identity signaling, and uniqueness theory & ODT occur at different levels, but identity signaling can explain the between-group level behaviors whereas uniqueness theory & ODT can describe the within-group level behaviors. Since the in-group members can be perceived as similar others, people seek uniqueness within the group and they use

the distinct choice to differentiate themselves from the rest of the group members.

Meanwhile, out-group members can be perceived as dissimilar others, and people make choices that diverge from those of out-group members.

Identity Signaling and Status Consumption

The current study uses the identity-signaling approach (Berger, 2008; Berger, Ho, & Joshi, 2011; Berger and Heath 2007, 2008; Berger and Le Mens, 2009; Berger and Rand, 2008; Berger and Ward 2010; Chan, Berger, & Van Boven, 2012) to explain the different dissociation motives between Patricians and Parvenus. In Han et al.'s (2010) study, the income levels between Patricians and Parvenus differ significantly. However, as they point out, these are not specified in the original taxonomy and the difference probably occurs as a result of their sample collection process. Thus, the major difference between Patricians and Parvenus should still lie in the level of consumption related need for status.

As discussed above, Parvenus are high in economic capital but low in cultural capital. They tend to mark their social status by financial resources (Lenski, 1954; Nam, 2008; Milner, 2004; Schaninger, 1981) and favor showy displays of material abundance. Therefore, Parvenus are more likely to engage in luxury consumption to seek economic status and signal their wealthy identities. Patricians are high in both economic capital and cultural capital. They tend to mark their social status by cultural sophistication and are less likely to favor ostentatious displays of economic resources. Therefore, Patricians do not tend to engage in luxury consumption to seek economic status or to signal wealth (Han et al. 2010).

According to Veblen and Simmel's trickle-down theory, people in the higher social

class always want to distance themselves from people in the lower social class. However, Berger and Heath (2008) demonstrate that social status alone does not predict divergence behavior. Therefore, even though Patricians have higher social status than the have-nots, that does not necessarily infer that Patricians will diverge from the have-nots. As indicated by the identity signaling approach, people are more likely to diverge in identity-relevant product domains

In fact, besides the product domain, the identity domain may be the major contributing factor to divergence behavior. Consumers can use the same product to seek different identities. For example, Parvenus may purchase an expensive artwork to show that they are rich, whereas Patricians may purchase the same artwork because of their sophisticated tastes. In other words, different consumers can use the same product domain to signal different identity domains. Therefore, the current study extends the identity signaling approach by adding the dimension of identity domain. It argues that consumers are more likely to diverge in the identity-relevant product domains, and in particular when the out-group mimickers are dissimilar on the specific identity domain that the consumers try to signal.

For example, an affluent female consumer purchases a BMW car to signal her wealthy identity. She is less likely to dispose the car if an affluent male customer purchases the same car. Even though they are dissimilar in terms of the gender identity, they both use the luxury car to signal their wealth rather than their gender. Therefore, a dissimilar gender identity is less likely to cause the divergence behavior in the aforementioned example. However, the affluent female customer is more likely to abandon her preference if another

less affluent female customer purchases the same car. Although they share the same gender identity, they are dissimilar in terms of the wealth status that the affluent female customer would like to signal. In this case, the dissimilar identity domain of *wealth* is more likely to cause divergence behavior.

Patricians do not tend to seek economic status and signal wealth-related identities through consumption. Therefore, the dissimilar wealth-identity between Patricians and the have-nots is less likely to impact Patricians' consumption behavior. In other words, Patricians are less likely to perceive people with lower income (have-nots) as dissimilar out-groups in the context of luxury consumption. They tend to perceive the have-nots as general out-groups rather than dissociative groups.

Conversely, Parvenus are high in economic capital but low in cultural capital, and they tend to mark their social status by wealth. Therefore, Parvenus are high in consumption-related need for status and they are more likely to seek wealthy identities through conspicuous consumptions. Consequently, the have-nots become dissociative groups because their lower level income makes them dissimilar from Parvenus in terms of the wealthy identity. If have-nots start adopting the same luxury consumption object, Parvenus tend to perceive the luxury image of that object to be contaminated. Consequently, they are more likely to abandon their original choice in order to avoid the costs of misidentification (Berger & Heath, 2008). Üstüner and Holt's (2010) study supports this hypothesis, indicating that affluent consumers with low cultural capital tend to avoid products that are associated with less affluent people, and they will stop patronizing an establishment that is open to all customers, regardless of social status. Berger & Heath (2008)

examined the divergence intention based on imagined behavior (e.g. imagine you and your friend liked to say a particular catchphrase that no one else was saying) or imagined preference (e.g. imagine that you had a preference in a specific taste domain). Unlike Berger & Heath (2008), however, the current study measures *real* preference of luxury brands, and consequently the variation in divergence behavior change will be small. It is more difficult to change an individual's real behavior than his/her imagined behavior. According to the Theory of Planned Behavior (Ajzen, 1991), attitude is a significant antecedent of behavior intention and is easier to change than real behavior. Therefore, attitude change instead of divergence intention is used to capture the impact of out-group's behaviors on Patricians and Parvenus. This then leads to the second hypothesis:

H2: Parvenus are more likely than Patricians to change their attitudes toward their previously held preferences after knowing the have-nots have adopted the same consumption object.

The Moderating Role of Product Type

The current study further examines the moderating role of product type on the strength of a dissociative out-group's influence on Patricians and Parvenus. A series of studies has addressed the question of whether material possessions or life experiences make people happier (Carter & Gilovich, 2010; Rosenzweig & Gilovich, 2011; Van Boven & Gilovich, 2003; Van Boven, 2005; Van Boven, Campbell, & Gilovich, 2010). Based on their study results, Van Boven and Gilovich (2003) coined the term "*experience recommendation*"

claiming that consumers will be happier if they spend their money on experiential services such as travel rather than material possessions such as clothes.

The experience recommendation enumerates several advantages of experiential purchases. One of the advantages is that experiences tend to be more resistant to comparison than material possessions (Carter & Gilovich, 2010, study 5C). People are more likely to compare their material purchases to the purchases of other individuals. Carter & Gilovich (2010) claim that the more comparative nature of material possessions causes the more disadvantageous comparisons. Structural alignment theory (Gentner & Markman, 1994, 1997) also lends support to this argument.

Specifically, structural alignment theory names three types of attributes: commonalities, alignable attributes, and nonalignable attributes (Gentner & Markman, 1994, 1997; Medin et al., 1995), and proposes that because experiential purchases have more nonalignable attributes, these products cannot be as readily compared. Commonalities are attributes shared equally by all alternatives, and also have the same level across all the alternatives. For example, a continental breakfast is a commonality if both hotel A and hotel B provide complimentary continental breakfasts. Alignable attributes are shared by all alternatives but have different levels across the alternatives. In the previous example, continental breakfasts become an alignable attribute if hotel A provided a complimentary breakfast whereas hotel B charged extra fees. Nonalignable attributes are *not* shared by all alternatives. If hotel A provided complimentary continental breakfast and the information about hotel B was unknown, then continental breakfasts become a nonalignable attribute.

Extant studies suggest that nonalignable attributes are more difficult for consumers

to process than alignable attributes and in turn produce more uncertainties (Chuang, Kao, Cheng, & Chou, 2012; Gunasti and Ross, 2008; Xie, Mattila, & Kerstetter, 2011). Estes and Hasson (2004) argue that consumers weigh nonalignable attributes more than alignable attributes in both similarity and difference judgment decisions. Compared to luxury goods, the intangible and heterogeneous nature of luxury experiential services leads to a larger proportion of nonalignable attributes. For example, a Parvenu who purchases a luxury handbag can easily detect and compare alignable attributes (e.g. style, color, size) when she runs into a Poseur who carries the same brand handbag. However, a Parvenu who books a luxury hotel room and then learns that a Poseur stayed at that same hotel cannot make a clear comparison between their two experiential purchases: there are too many nonalignable attributes (e.g. employee's attitude, interactions with other customers, and availability of special services). For example, the front desk clerk may recognize the Parvenu and upgrade her room because she is a loyal customer, but this information is unknown to the Poseur. Therefore, the abundance of nonalignable attributes makes experiential services more difficult for consumers to process and compare. Taken together, the dissociative group influence on Parvenus should be stronger for luxury goods than for luxury experiential services. On the other hand, since Patricians do not tend to use luxury products to signal their wealth, they are less likely to compare their consumption objects with mimickers' consumption objects (including experiential purchases). The less comparable nature of intangible experiences is not expected to impact Patricians' divergence intentions. This then leads to the third set of hypotheses:

H3a: After knowing the have-nots have adopted the same consumption object, Patricians' attitudes there is no significant difference between Patricians' attitude changes toward their luxury goods and luxury experiential services.

H3b: After knowing the have-nots have adopted the same consumption object, Parvenus are more likely to change their attitudes toward luxury goods than luxury experiential services.

The next section will turn to the third research question: Do the preferences for luxury goods and luxury experiences vary between Patricians and Parvenus? As previously discussed, Van Boven & Gilovich (2003) propose the *experience recommendation* and they argue that people with the intention of advancing life happiness and enjoyment will prefer experiential purchases to material purchases. However, it is not clear whether the experience recommendation will hold true in the context of luxury consumption. Han et al. (2010) introduced the term *brand prominence* to describe the conspicuousness of luxury goods, and they find that Patricians prefer quiet brands but Parvenus prefer loud brands. Building on Han et al.'s brand prominence concept, this dissertation argues that the intangible nature of experiential services makes them less conspicuous than luxury goods.

Luxury Goods versus Luxury Experiential Services

The experience recommendation advocates several advantages of experiential purchases. For example, experiences are more prone to positive reinterpretations and more resistant to disadvantageous comparisons (Van Boven and Gilovich, 2003), and people are

more likely to ruminate about the unchosen material options and more likely to compare their material purchase to the purchases of other individuals (Carter and Gilovich, 2010).

Extant studies have found that conspicuous consumers prefer highly visible status products over less visible ones (Chao and Schor, 1998; Fan & Burton, 2002; Fisman, 2008; Hudders, 2012; Schor, 2007; Truglia, 2012). For example, Chao and Schor (1998) revealed that consumers are more willing to engage in conspicuous consumption of highly visible products (e.g. lipstick) than less visible products (e.g. facial cleansers). Consumers can pull out their luxury lipstick anytime they want a retouch and make their luxury possessions highly visible in public. As opposed to lipstick, facial cleansers are less visible in public. Consumer may attempt to increase the public visibility of their luxury facial cleansers by telling their friends about them or posting pictures of them online. However, they can also make the same efforts to increase the public visibility of the lipstick. Since consumers can initiate Word-of-Mouth on both lipstick (highly visible) and facial cleanser (less visible), the visibility of facial cleanser is still lower than the visibility level of lipstick.

Fisman (2008) examined African-American spending behaviors and explains why this group spends more on expensive sneakers than education. According to Fisman (2008), for people who engage in status consumption, wealth signals need to be easily observed by audiences that they are trying to impress. Usually the audiences include close companions and strangers on the street. Both audiences can easily see expensive sneakers, but the latter would have a harder time inferring how much people are spending on education or other life experiences. In other words, when making a consumption decision, consumption-related status seekers prefer the choices that are highly visible in public.

Heffetz (2012) conducted a national survey on visibility of consumer expenditures. He reveals that in general, “physical objects - durable and nondurable goods - having the highest visibility average (scores), while the less tangible service-related expenditures have the lowest visibility averages (scores)” (pp.21). Therefore, based on the intangible nature of experiential services and Heffetz’s (2012) findings, this dissertation contends that luxury experiential services are less visible to others than luxury goods. As compared to luxury goods, the lack of physical evidence of luxury experiential services makes them more difficult to show off and attain attention from desired audiences. For example, a Parvenu who purchases a Louis Vuitton handbag may carry that handbag every day, ensuring that a large number of people will see the luxury possession and understand it as a status signal. Conversely, a Parvenu who purchases a luxury dining experience may feel frustrated because she does not have any physical evidence to display, making it difficult to convey wealth to others. Even though she can broadcast her dining experience by word-of-mouth or social media, she can use the same strategy in the handbag scenario to attract a wider audience. As mentioned earlier, Parvenus’ satisfaction and happiness related to status consumption mainly depends on the number of audiences and the audiences’ reactions (Eastman et al. 1999). Therefore, compared to luxury goods, the intangible nature of luxury experiential services falls short of satisfying the need of status consumption. In other words, Parvenus may perceive the intangible nature of experiences as a threat and, in turn, they are less likely to choose luxury experiences to advance life happiness.

As opposed to Parvenus, Patricians are high in both economic capital and cultural capital. As stated before, Patricians do not tend to use financial resources to mark their

social status and they are less likely in favor of ostentatious and showy displays. Therefore, they are low in consumption-related need for status and they are not interested in using luxury consumption to send wealthy-status signals. Since Patricians are less likely to have the need to display their luxury consumption conspicuously, the low visibility and intangible nature of luxury experiences will not impact their consumption happiness. Van Boven et al. (2010) also suggest that people view experiential purchases as more intrinsically motivated than material purchases and material purchases as more extrinsically motivated than experiential purchase. According to the self-determination theory, intrinsic motives are defined as engaging in activities for their inherent values such as self-fulfillment and personal enjoyment; extrinsic motives are defined as engaging in activities because of their instrumental value in acquisition of external rewards such as popularity and social status (Deci, 1975; Deci and Ryan, 1985; 2000). This dissertation contends that Patricians seek the former.

Extant studies demonstrated that intrinsic motivations such as self-acceptance, affiliation and personal growth lead to greater happiness and subjective well-being than extrinsic goals such as money and status (Carver & Baird, 1998; Deci & Ryan, 2008; Kasser & Ryan, 1993; 1996; Kasser & Ryan, 1999; Nix, Ryan, Manly & Deci, 1999; Ryan, Huta & Deci, 2008; Ryan & Deci, 2000; 2001; Ryan, Chirkov, Little, Sheldon, Timoshina, & Deci, 1999; Schmuck, Kasser, & Ryan, 2000; Sheldon & Kasser, 1998). Since Patricians do not tend to perceive the low visibility of luxury experiential services as a threat, they should experience more happiness when purchasing luxury experiential services than luxury goods, as suggested by experience recommendation.

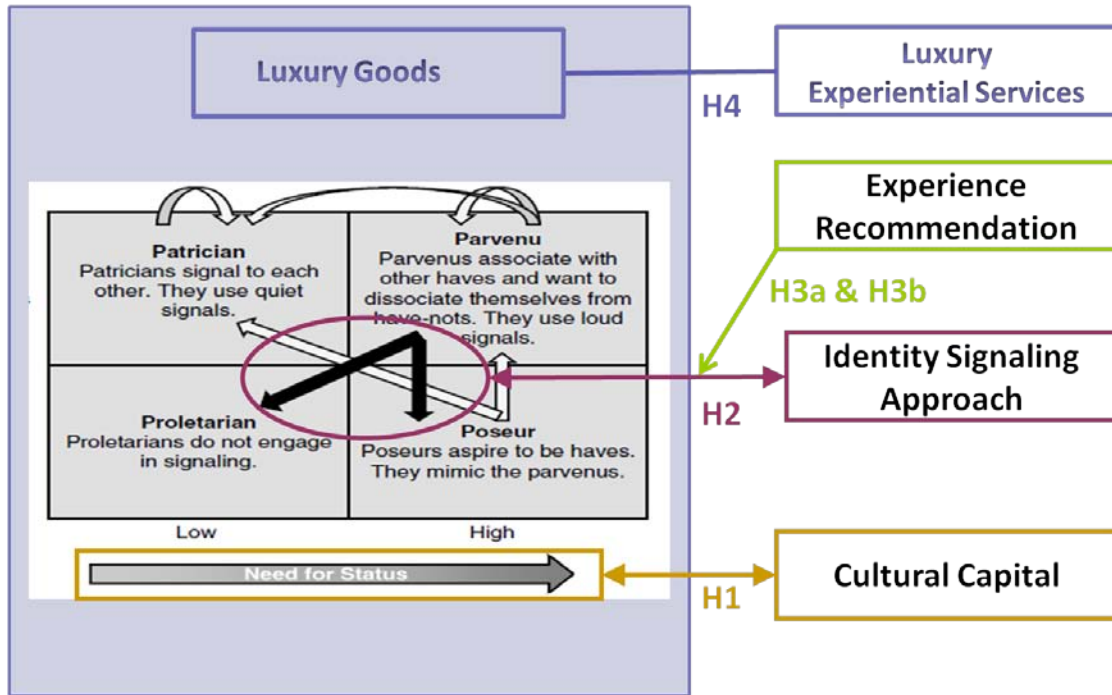
Holt (1998) provides some supplementary evidence to support the above argument. Interviewees who are in both high cultural and economic capitals consistently indicate the importance of self-actualizing life experiences. They value experiential rather than material abundance. They do not use showy products to mark their wealthy status, but rather prefer to accrue cultural tastes and gain satisfaction through learning, achieving, and creating experiences. Holt (1998) and Üstüner and Holt (2010) suggest that HCCs seek intrinsic enjoyment and happiness from experiential services consumption and they would like to achieve competence, knowledge, and self-expression through experiential consumption. Taken together, the following hypothesis is proposed:

H4: Compared to Parvenus, Patricians are more likely to prefer luxury experiential services to luxury goods, with the intention of advancing happiness and consumption enjoyment.

A summary of the conceptual background in this dissertation with corresponding hypotheses is visualized in figure 2.2.

Figure 2.2

Conceptual Model



CHAPTER III

METHODOLOGY

Overview of Method and Design

This dissertation examines 1) the relationship between consumption related need for status and cultural capital level, 2) the effects of out-group adoption on Patricians' and Parvenus' attitude changes toward their favorite brands, and 3) the different preferences for luxury goods and luxury experiential services between Patricians and Parvenus. This chapter describes the experimental design of the study with detailed information about manipulation of the independent variables, as well as measures of the dependent variables and the control variables.

Experimental Design and Instrument

To test H1, H2 and H3, this dissertation adopts a 2 (consumer groups: Patricians and Parvenus) x 2 (product types: luxury goods and luxury experiential services) quasi-experimental between subjects design. Consumer group was determined based on consumption related need for status. Participants in both the Patricians group and the Parvenus group were randomly assigned to the two product type scenarios. At the beginning of the survey, all respondents were asked to choose one of their favorite luxury brands from a provided list. In the luxury goods scenario, luxury goods brands such as Louis Vuitton, Chanel and Rolex were provided. In the luxury experiential services scenario, luxury hotel and restaurant brands such as The Ritz-Carlton, Morton's, and Ruth's Chris Steak House were

given. The luxury brand lists were designed based on Unity Marketing's Quarterly Luxury Tracking Report. For a full list of luxury brands, please refer to Appendix A. After choosing their favorite luxury goods/services brands, respondents' attitudes toward that brand were measured. Next, all participants were instructed to imagine that a certain out-group started copying their preferences. The out-group profile was described as "people with high levels of education such as a bachelor's degree or more, but with incomes that are significantly lower than yours." The out-group profile was designed to present a salient income difference but to be ambiguous on other information. Having read the out-group mimickers' profile, the respondents were asked to indicate their attitudes toward their favorite brands again.

To test H4, all respondents were provided with two choices (luxury goods and luxury experiential services) and were asked to indicate their preferences. Participants are told that the researchers were interested in examining the luxury choices of consumers with limited discretionary income. They were then instructed to imagine that they just received a \$2,000 bonus and were considering one of the two luxury consumption choices given below: 1) A luxury goods such as a Louis Vuitton handbag or an Omega watch; 2) A weekend get-away in a luxury hotel such as The Ritz-Carlton. The respondents were asked to indicate their anticipated satisfaction with each option, and then choose the one they preferred with the intention of advancing their happiness and enjoyment in life.

Participants

Participants were recruited through the Unity Marketing research company. Participation criteria were an annual household income of more than \$100,000, and

previous experiences of luxury consumption. In total, 550 participants filled out the survey. Of these, 35 respondents indicated negative initial brand attitudes toward their favorite luxury brands (less than 4.0 on the seven point scale), and therefore were excluded from the main analysis.

Among the remaining 515 participants, 89 indicated an annual household income higher than \$250,000. As indicated by Danziger (2010), there are two income segments of luxury consumers. The first segment is Ultra-Affluents with an annual household income of more than \$250,000; the other segment is High Earners Not Rich Yet (HENRY) with an annual household income between \$100,000 and \$249,999. According to the luxury tracking report (2010) from Unity Marketing, although a typical Ultra-Affluent spends three to four times more than a HENRY on luxury products, the Ultra Affluents only represent the top two percent of households in the United States. Since Ultra Affluents only represent a very small percentage of the entire population and their definition of "luxury" may vary from the general population, they can be perceived as outliers and will be excluded from the current study. Moreover, as suggested by Han et al. (2011), the fundamental difference between Patricians and Parvenus should be the level of consumption related need for status rather than the level of income. Therefore, it was essential to exclude Ultra-Affluents from the general luxury consumers in this dissertation.

Among the 426 HENRYs, 257 were females (60.3%), 366 were Caucasian (85.9%), and the majority was between the ages of 24 and 70. Table 3.1 summarizes the demographic characteristics of the respondents.

Table 3.1
Demographic Characteristics of HENRY

Demographic Characteristics	Total	Percentage
Gender		
Male	169	39.70
Female	257	60.30
Age		
18-23	1	0.20
24-34	67	15.70
35-44	115	27.00
45-54	114	26.80
55-70	129	30.30
Education		
High School or less	10	2.30
Some College	63	14.80
Bachelor's Degree	186	43.70
Masters/Some graduate school	123	28.90
Doctoral and/or Professional Degree	44	10.30
Household Income (\$)		
100,000 - 149,999	215	50.50
150,000 - 199,999	152	35.70
200,000 - 249,999	59	13.80
Ethnicity		
American Indian Eskimo or Aleut	6	1.40
Asian or Pacific Islander	24	5.60
Black or African-American	20	4.70
White or Caucasian	366	85.90
Hispanic or Latino	21	4.90
Other	7	1.60
Total	426	100.00

Procedures

All potential participants received an invitation email with a survey link. When participants logged on, the implied consent form was the first thing they saw. At the bottom, they could click "I agree" and proceed with the study instrument or click "No, Thank You" and decline. Those who agreed to participate then read the survey instrument, completed the questionnaire, and arrived at a "Thank you for your cooperation" page.

In the first section of the questionnaire, participants were randomly assigned to the two product type scenarios and instructed to choose their favorite brands from either a luxury goods list or a luxury experiential services list. Their attitudes toward that goods/services brand were then measured as their initial attitudes. After filling out some questions that were irrelevant to the current study, the respondents read the out-group profile and were asked to indicate their attitudes toward their chosen brand a second time. This record indicated their attitude change.

In the second section of the questionnaire, participants indicated their anticipated satisfaction with each option (luxury goods and luxury experiential service) and then filled out the choice measurements designed to test H4. In the last section, control variables, cultural capital and social-demographic information were gathered.

Independent Variables

Cultural Capital

According to Bourdieu, cultural capital is accumulated through three primary sources: family upbringing, formal education, and occupation (Holt, 1998). The cultural

capital scale was adapted from Holt's (1998) study, including all three antecedents, equally weighted. Family upbringing was measured in terms of father's education and occupation. Since Bourdieu's cultural capital has been operationalized in different ways (Bennett et al., 2005; Nam, 2008; Holt, 1998; Noble and Davies, 2009; Sullivan, 2001; Üstüner & Holt, 2010), the current study calculated three different cultural capital indicators, guided by previous studies. The first cultural capital indicator strictly followed the formula from Holt's (1998) and Üstüner & Holt's (2010) studies and was calculated as follows:

Index 1: *Cultural Capital = (father's education + occupation / 2) + education + occupation.*

This calculation is shared by Holt (1998), who only uses father's education and occupation to represent family upbringing. However, he does not provide justification for the exclusion of mother's cultural background. Therefore, this study calculated a second cultural capital indicator using both father's and mother's education and occupation to represent family upbringing. It was calculated as follows:

Index 2: *Cultural Capital = (father's education + father's occupation + mother's education + mother's occupation / 4) + education + occupation.*

Other scholars argue that education tends to lead individuals toward class destination, and that it is therefore a distinct and important form of cultural capital (Bennett, Savage, Silva, Warde, Gayo-Cal & Wright, 2005; Noble & Davies, 2009). For example, Nam (2008) uses only education to represent cultural capital. Therefore, the third cultural capital

index in the current study was equal to respondents' education.

Index 3: Cultural Capital = education

Five categories were used for each dimension. Education was rated as 1= high school or less; 2= some college, 3= B.A.; 4= Masters/some graduate school or elite B.A.; 5= Ph.D.

Guided by the work of Peterson & Simkus (1992), Holt (1998), and Üstüner & Holt (2010), occupation was rated as 1= unskilled or skilled manual labor; 2= unskilled or skilled service/clerical; 3= sales, low-level technical, low-level managerial; 4= high-level technical, high-level managerial, and low cultural (e.g. primary/secondary teachers); 5= cultural producers. These categories are summarized in Table 3.2.

Table 3.2

Representative Occupations in Each Occupation Rating Group

Occupation Rating	Occupation Category	Examples
1	Unskilled Or Skilled Manual Labor	Plumbers, carpenters, Farm owners and family, farm managers.
2	Unskilled Or Skilled Service/Clerical	Office assistants, nurses, hair stylists, policemen.
3	Sales	Insurance agents, real estate agents, retail salesclerks.
	Low-Level Technical	Accountants, chiropractors, pharmacists, health technicians.
4	Low-Level Managerial	Owners, managers, administrators, officials, superintendents, with annual income less than \$100,000.
	High-Level Technical	Engineers, computer programmers, actuaries, dentists.
	High-Level Managerial	Owners, managers, administrators, officials, superintendents, with annual income greater than \$100,000.
5	Low Cultural	Teachers below college, social workers, public relations, librarians, religious workers.
	Cultural Producers	Academics, architects, lawyers, physicians, clergymen.
	Artists	Authors, dancers, editors, musicians, painters.

Need for Status

To build a relationship between cultural capital and consumption-related need for status, the measurement of need for status was adapted from Eastman et al. (1999). It included five items, “I would buy a product just because it has status”, “I am interested in new products with status”, “I would pay more for a product if it had status”, “The status of a product is irrelevant to me (negatively worded)”, “A product is more valuable to me if it has some snob appeal.” These questions were answered on a 7-point Likert scale anchored at 1= strongly disagree, and 7= strongly agree.

However, in a later study, Eastman and Eastman (2011) found that the majority of consumers are not highly motivated by consumption related need for status. Only fifteen percent of the respondents could be perceived as status consumers, with scores higher than 3.5 on a seven-point scale. One potential reason is the wording of “need for status measurement”. The word “status” may have a negative connotation. Therefore, respondents may have felt reluctant to reveal their true consumption motivations.

To address this potential threat, this dissertation introduces a concept called “brand consciousness.” Brand consciousness is defined as the extent to which consumers pay attention to well-known brand names. Yasin (2009) finds that brand-conscious consumers use high price as an indicator of high quality; Husic and Cicic (2009) also reveal that those consumers tend to use visible brand marks and high-end brand images to project their own identities. Therefore, although the concept of brand consciousness does not include the word “status”, it conveys a similar meaning of consumption related need for status. Indeed, Eastman and Eastman (2011) establish a significant positive relationship between the two

constructs ($r= 0.327, p<0.01$). Hence, five items of brand consciousness were also included in the current study. The five items were employed from Eastman & Eastman (2011) and included “I usually buy brand name products”, “The more known the brand of a product, the more confident I feel when purchasing”, “I prefer to buy best-known brands, even though they are sometimes more expensive”, “Among similar products, I tend to choose famous brands”, and “The well-known brands are best for me.”

A small pilot study with the above ten items was conducted to ensure the reliability of the new “consumption related need for status” construct. Subjects were recruited from the faculty and staff of a large university. Forty-three respondents returned the survey. Exploratory factor analysis was then employed to examine the factor loadings of the ten items. The KMO measure of sampling adequacy was 0.893. Since the KMO value was greater than 0.5, there were enough common variances in the variables to conduct the exploratory factor analysis. In addition, a significant Bartlett’s test of sphericity (Chi-Square = 330.418, $p<0.001$) warranted the exploratory factor analysis. The results suggested that Eastman et al.’s (1999) original need for status items and Eastman & Eastman (2011)’s brand consciousness items were loaded on the same factor, and all items had factor loadings larger than 0.4 (please refer to table 3.3). To validate the new construct, Cronbach’s Alpha (0.953) was also calculated.

Table 3.3

Exploratory Factor Analysis Results of New Need for Status Construct

		Component
Item		1
Eastman & Eastman, 2011	Brand Consciousness 1	0.810
	Brand Consciousness 2	0.756
	Brand Consciousness 3	0.952
	Brand Consciousness 4	0.874
	Brand Consciousness 5	0.879
Eastman et al., 1999	Need for Status 1	0.865
	Need for Status 2	0.896
	Need for Status 3	0.922
	Need for Status 4	0.794
	Need for Status 5	0.645

Product Type

Adapted from the luxury tracking report from Unity Marketing Company, a list of luxury goods brands and luxury experiential services brands was provided to guide respondents to choose their favorite brands. Luxury goods included brands such as Bottega Veneta, Chanel, Louis Vuitton, and Tiffany. Luxury experiential services included brands such as Aman Resorts, Ritz-Carlton, Morton's, and Ruth's Chris Steak House. In both lists, an option of "None of the above" was provided. Those respondents who chose "None of the above" in the first product list were rotated to the other product type list. If they chose "None of the above" in both lists, they were directed to the choice section in the questionnaire.

Dependent Variables

Attitude Change

The measurement of attitude toward the target brand was adapted from Mattila's (2004) study. After choosing their favorite luxury brand from the brand list, respondents indicated their attitude toward that specific brand via a three-item, seven-point semantic differential scale (Bad/ Good; Unfavorable/Favorable; Negative/Positive). Then they were asked to answer the same three attitude questions again after reading the mimicking out-group's profile. The attitude change was calculated as the difference between the two attitude scores (attitude before reading the out-group profile – attitude after reading the out-group profile). The Cronbach's Alpha was 0.934 for the initial attitude measurement and 0.948 for the post attitude measurement.

Choice

The choice measure was adopted from the studies of Shiv and Huber (2000) and Van Boven and Gilovich (2003). Respondents were asked to imagine that they just received a \$2,000 bonus and they were considering the following two choices to spend the money and reward themselves: Option A was a luxury goods such as a Louis Vuitton handbag, or an Omega watch; Option B was a luxury weekend get-away in a luxury hotel such as the Ritz-Carlton or Four Seasons. After being exposed to the two options, participants first rated their anticipated satisfaction with each of the two alternatives on three 1–7 Likert scales anchored on dissatisfied/satisfied, unhappy/happy, and feel bad/feel good. They then indicated which alternative they would choose with the intention of advancing happiness

and enjoyment in life. The Cronbach's Alpha for anticipated satisfaction measurement was 0.965 for luxury goods and 0.958 for luxury experiential services.

Control Variables

Need for uniqueness

Consumers' Need for Uniqueness (CNFU) is a personality trait defined by relative pursuit of difference through consumption. In consumer psychology, the relationship between consumers' need for uniqueness and divergence is well supported (Chan et al., 2011; Lynn & Harris 1997; Irmak et al., 2010; Tian et al., 2001). To measure CNFU, a shorter version of Tian et al.'s (2001) scale was adopted and measured in 7-point Likert scale (Ruvio, Shoham and Brencic, 2008). There were twelve items such as "I often combine possessions in such a way that I create a personal image that cannot be duplicated" and "I often try to find a more interesting version of run-of-the-mill products because I enjoy being original." The Cronbach's Alpha for the need for uniqueness measurement was 0.948.

Materialism

Millar and Thomas (2009) emphasize the importance of considering individual differences in materialism when examining experience recommendation. Materialism is defined as a system of value and belief that prioritizes obtaining material possessions. According to Richins and Dawson (1992), materialist people tend to acquire material goods because the acquisition of material goods is important to their self-image and life satisfaction. Therefore, it is possible that materialist people prefer the material goods rather

than experiential services to advance happiness and enjoyment in life (Richins, 2004). A short version of materialism was employed from the study of Richins (2004). Six items were measured on 7-point Likert scale including “I admire people who own expensive homes, cars, and clothes”, “The things I own say a lot about how well I’m doing in life”, “Buying things gives me a lot of pleasure”, “I like a lot of luxury in my life”, “My life would be better if I owned certain things I don’t have”, and “I’d be happier if I could afford to buy more things.” The Cronbach’s Alpha for materialism measurement was 0.838.

At the end of the questionnaire, participants were asked to provide their basic sociodemographic information such as gender, age, marital status, number of children under age 18 in the household, and ethnicity.

CHAPTER IV

RESULTS OF THE STUDY

Overview

This chapter presents the results of statistical analyses for this dissertation. First, the relationship between consumption related need for status and cultural capital level (H1) are presented. Second, manipulation checks for out-group profiles are reported. Third, the results of less affluent out-group's impact on consumers' attitude changes (H2 and H3) are reported. Finally, consumers' preferences between luxury experiential services and luxury goods are presented.

Results of Hypothesis Testing on Relationship between Need for Status and Cultural Capital

Hypothesis 1 examines the relationship between cultural capital and consumption related need for status. As discussed in Chapter Three, three cultural capital indicators were first calculated.

Index 1: *Cultural Capital = (father's education + occupation / 2) + education + occupation.*

Index 2: *Cultural Capital = (father's education + father's occupation + mother's education + mother's occupation / 4) + education + occupation.*

Index 3: *Cultural Capital = education*

The Pearson Correlations among the three cultural capital indices and consumption-related need for status were calculated. The results indicated non-significant relationships for all three cultural capital indices ($p > 0.1$). This could be because the relationship between cultural capital and need for status can vary among different generations, as suggested by Nam (2008). For example, young people (e.g. Generation Y) come from households with generally higher parental education levels than older people (e.g. Baby Boomers). Therefore, cultural capital based on family upbringing, education, and occupation may vary less in Generation Y and X than in Baby Boomers. In other words, cultural capital based on Holt's index in younger generations may not significantly contribute to the competition for social status. Hence, it may not impact the younger generation's consumption related need for status.

In fact, Holt (1998) interviewed only Baby Boomers in his study. Therefore, the only qualitative evidence to support the negative relationship between cultural capital and need for status in American population existed in the Baby Boomer generation. Üstüner & Holt (2010) also interviewed Baby Boomers in Turkey. The only study on this topic that recruited younger generations was conducted in Korea (Nam, 2008). Since the impact of national and generational differences on the relationship between sociological traits (cultural capital) and psychological traits (consumption related need for status) are beyond the scope of this dissertation, only Baby Boomers were selected to test the relationship between cultural capital level and consumption related need for status.

After excluding Generation X (N= 115) and Generation Y (N=68), another set of Pearson Correlation was employed to test Hypothesis 1 using Baby Boomers only (N= 243).

The results indicated that there were significant negative relationships between consumption related need for status and all three cultural capital indices (For cultural capital index 1 with father’s education and occupation only: $r = -0.143$, $p = 0.027$; For cultural capital index 2 with both father’s and mother’s education and occupation: $r = -0.173$, $p < 0.01$; For cultural capital index 3 with respondent’s education only: $r = -0.188$, $p < 0.01$). Therefore, Hypothesis 1 was supported in the Baby Boomer generation. Table 4.1 presents the test results.

Table 4.1

Correlation between Consumption Related Need for Status and Cultural Capital

		Need for Status
Cultural Capital Index 1 (Father only)	Pearson Correlation	-.143*
	Sig. (2-tailed)	.027
	N	239
Cultural Capital Index 2 (Both Father & Mother)	Pearson Correlation	-.173**
	Sig. (2-tailed)	.008
	N	238
Cultural Capital Index 3 (Education Only)	Pearson Correlation	-.188**
	Sig. (2-tailed)	.003
	N	243

** . Correlation is significant at the 0.01 level (2-tailed).

Manipulation Checks for Out-Group Profile

To check the efficacy of less affluent out-group (the “have-nots”) profile manipulation, one question item was used: “Please indicate the one factor that makes you most unlike or dissimilar to these people who start buying your favorite brand.” Three

options (education, income, and other) were provided. The results indicated the out-group profile manipulation was successful. 62.4% of respondents (N=266) correctly interpreted the out-group mimickers profile and selected income as the most salient dissimilar trait between themselves and the mimickers. Those who failed the manipulation check were excluded from the following testing on H2 and H3.

Results of Hypothesis Testing on Attitude Change

Respondents' attitude change toward their favorite brands was calculated by subtracting post attitude from initial attitude. Therefore, a larger attitude change score indicated a stronger divergence intention from the "have-nots."

Then a middle score split on the consumption related need for status score was performed to group respondents into Patricians and Parvenus. Since the need for status was measured based on a seven point scale, a middle score, 4, was selected to assign the respondents to the two groups. This practice was in accordance with Han et al.'s (2011) definition and operationalization of Patricians and Parvenus. Participants whose need for status scores were greater or equal to 4.0 were labeled as Parvenus (N=128), while participants whose need for status scores were less than 4.0 were labeled as Patricians (N=138).

To test H2, H3a and H3b, this study performed a two-way ANCOVA with product type (luxury goods vs. luxury experiential services) and consumer group (Patricians vs. Parvenus) as independent variables, and attitude change as a dependent variable. Need for uniqueness was employed as a covariate. Table 4.2 presents the results of the ANCOVA

analysis. The results demonstrated that the main effect of consumer group was insignificant ($F(1, 261) = 1.154, p = 0.284$), while the main effect of product type was significant ($F(1, 261) = 9.521, p = 0.002, \text{partial } \eta^2 = .035$). The product type X consumer group interaction effect was also significant ($F(1, 261) = 3.978, p = 0.047, \text{partial } \eta^2 = .015$). The effect size was small to modest, which means that the product type and consumer group interaction by itself accounted for only 1.5% of the overall variance in consumers' attitude changes. This interaction is visualized in Figure 4.1.

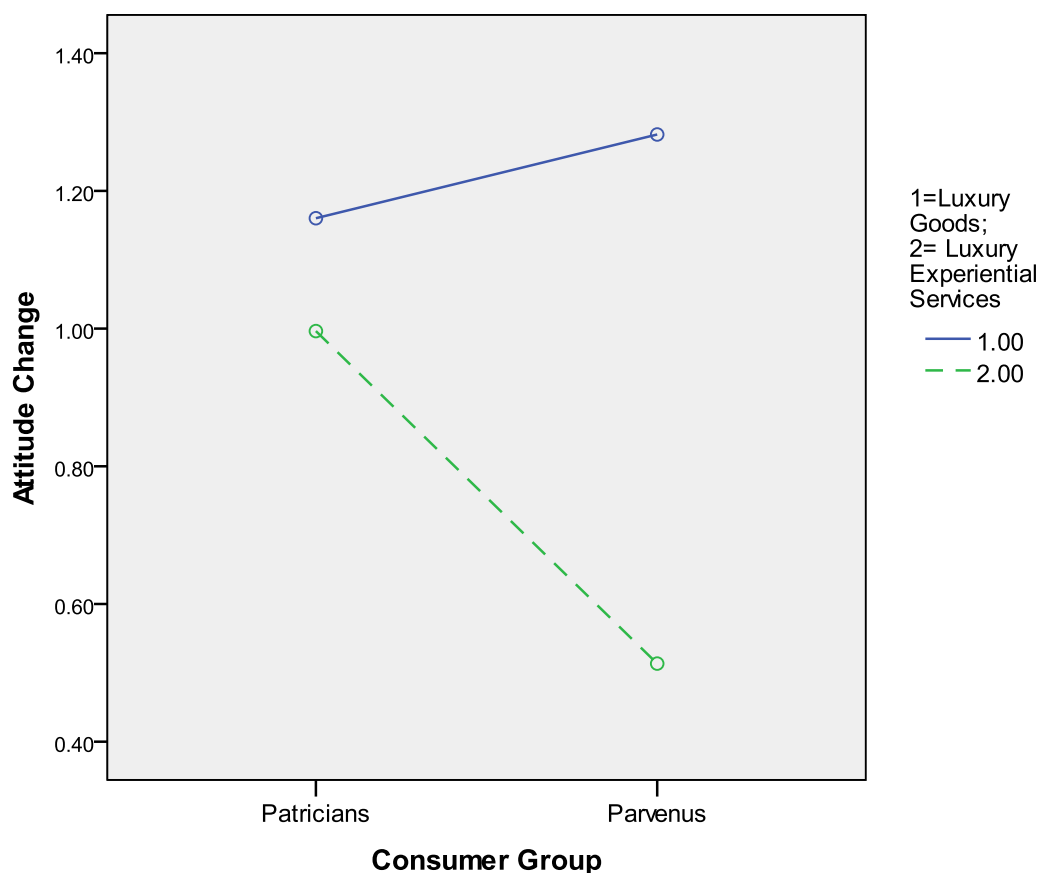
Table 4.2

ANCOVA Results of Effect of Product Type and Consumer Group on Attitude Change

Source	SS	df	MS	F	Sig.	Partial Eta Squared
Corrected Model	19.889 ^a	4	4.972	3.422	.010	.050
Intercept	44.959	1	44.959	30.938	.000	.106
uniqueness	.011	1	.011	.008	.931	.000
Consumer Group	1.678	1	1.678	1.154	.284	.004
Product Type	13.836	1	13.836	9.521	.002	.035
Consumer Group * Product Type	5.781	1	5.781	3.978	.047	.015
Error	379.290	261	1.453			
Total	685.556	266				
Corrected Total	399.180	265				

Figure 4.1

Interaction Effect of Product Type and Consumer Group on Attitude Change



To examine the mean difference of attitude change between luxury goods and luxury experiential services in both Patricians and Parvenus, two planned comparison tests were performed. For Patricians, the means of attitude change between luxury goods and luxury experiential services was insignificant (M luxury goods = 1.15 vs. M luxury experiential services = 0.99, $t(136) = 0.775$, $p = 0.44$), thus supporting H3a. For Parvenus, the means of attitude change regarding luxury experiential services was significantly lower than that regarding luxury goods (M luxury goods = 1.29 vs. M luxury experiential services = 0.51, $t(126) = 3.884$, $p < 0.01$). Therefore, H3b was supported. Table 4.3 exhibits the means and standard deviations of the attitude change in each consumer group.

Table 4.3
Means and Standard Deviations of Attitude Change

Dependent Measure	Patricians		Parvenus	
	Luxury Goods	Luxury Experiential Services	Luxury Goods	Luxury Experiential Services
Attitude Change	1.15 (1.27)	0.99 (1.09)	1.29** (1.37)	0.51** (0.87)

** Means are significantly different between Luxury Goods and Luxury Experiential Services

Results of Hypothesis Testing on Preference and Choice

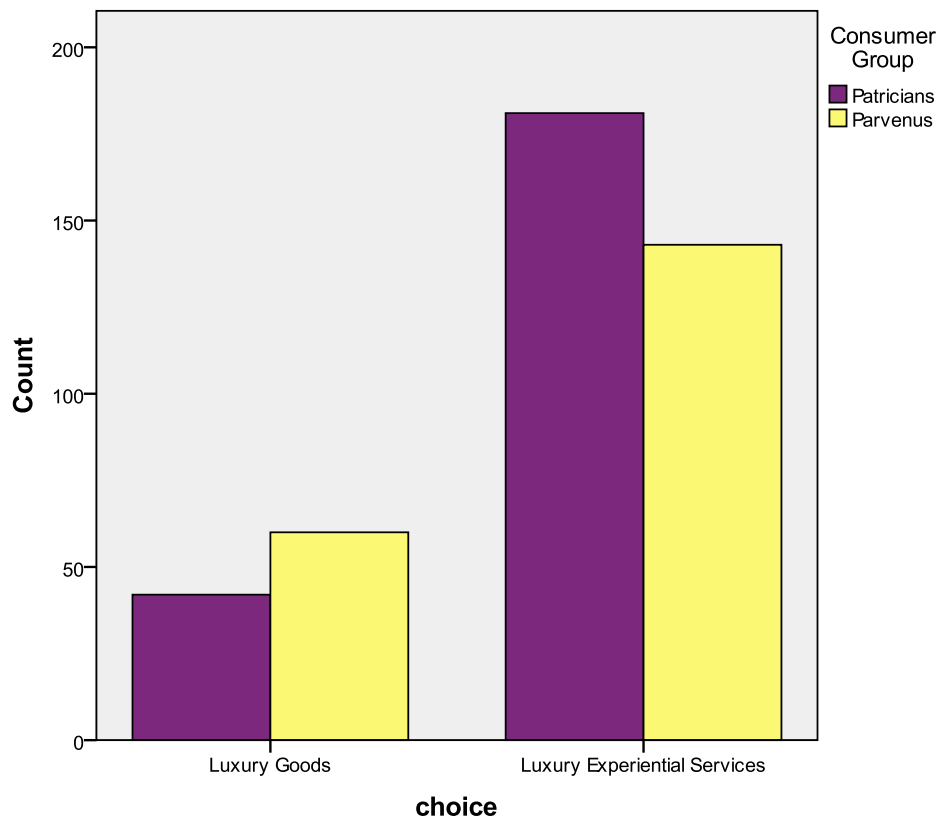
To test H4, a nonparametric independent sample Mann-Whitney U Test was employed to test whether the distribution of revealed preference (“With the intention of increasing happiness and enjoyment in life which option would you choose?”) was the same across Patricians and Parvenus. The results suggested that the distribution of revealed preference in Patricians was significantly different from that in Parvenus (Mann-Whitney U = 20207.5, $p=0.01$). A follow-up cross tabulation was performed to uncover the percentage of each choice across the two consumer groups. Table 4.4 and Figure 4.2 present the cross tabulation results.

Table 4.4

Consumer Group vs. Revealed Preference Cross Tabulation

Revealed Preference (Choice)		Consumer Group		Total
		Patricians	Parvenus	
Luxury Goods	Count	42	60	102
	% within Choice	41.2%	58.8%	100.0%
	% within Consumer Groups	18.8%	29.6%	23.9%
	% of Total	9.9%	14.1%	23.9%
Luxury Experiential Services	Count	181	143	324
	% within Choice	55.9%	44.1%	100.0%
	% within Consumer Groups	81.2%	70.4%	76.1%
	% of Total	42.5%	33.6%	76.1%
Total	Count	223	203	426
	% within Choice	52.3%	47.7%	100.0%
	% within Consumer Groups	100.0%	100.0%	100.0%
	% of Total	52.3%	47.7%	100.0%

Figure 4.2
Bar Chart of Revealed Preference in two consumer groups



In general, both Patricians and Parvenus preferred luxury experiential services to luxury goods to enhance life happiness. For Patricians, 81.2% chose luxury experiential services and 18.8% chose luxury goods (Chi-Square = 86.641, $p < 0.001$). For Parvenus, 70.4% preferred luxury experiential services and 29.6% preferred luxury goods (Chi-square = 33.936, $p < 0.001$). However, compared to Parvenus, Patricians were more likely to choose luxury experiential services over luxury goods. Among the respondents who chose luxury goods, more than half of them were Parvenus (58.8% Parvenus and 41.2% Patricians, Chi-square = 3.176, $p = 0.035$), whereas among the respondents who chose luxury experiential services, more than half of them were Patricians (55.9% Patricians and 44.1% Parvenus, Chi-square = 4.457, $p = 0.017$). Therefore, the results on revealed preference supported H4.

Besides revealed preference, this dissertation captured consumers' anticipated satisfaction with luxury experiential services and luxury goods. Therefore, an anticipated satisfaction difference score was calculated (Shiv & Huber, 2000). This score was created by subtracting the anticipated satisfaction with luxury goods from anticipated satisfaction with luxury experiential services. A higher difference score represents a stronger preference for luxury experiential services.

A one-way ANCOVA with consumer group (Patricians vs. Parvenus) as an independent variable and anticipated satisfaction difference score as a dependent variable was performed to provide further support to H4. Materialism was employed as a covariate. Table 4.5 presents the results of the ANCOVA analysis. The results demonstrated that the main effect of consumer group was significant ($F(1, 423) = 13.03, p < 0.001, \text{partial } \eta^2 = .030$).

As expected, a planned comparison test suggested that Patricians showed a higher anticipated satisfaction difference score than Parvenus ($M_{\text{Patricians}} = 2.02$ vs. $M_{\text{Parvenus}} = 0.96, t(424) = 13.77, p < 0.001$). In other words, compared to Parvenus, Patricians were more likely to prefer luxury experiential services to luxury goods in order to enhance life happiness and satisfaction. Therefore, tests based on anticipated satisfaction difference score also supported H4.

Table 4.5

ANCOVA Results of Effect of Consumer Group on Luxury Product Preference

Source	SS	df	MS	F	Sig.	Partial Eta Squared
Corrected Model	125.593 ^a	2	62.796	13.110	.000	.058
Intercept	126.315	1	126.31	26.370	.000	.059
Materialism	5.681	1	5.681	1.186	.277	.003
Consumer Group	62.418	1	62.418	13.031	.000	.030
Error	2026.182	423	4.790			
Total	3125.333	426				
Corrected Total	2151.775	425				

Table 4.6 exhibits the means and standard deviations of anticipated satisfaction difference scores between luxury experiential services and luxury goods for Patricians and Parvenus.

Table 4.6

Means and Standard Deviations of Anticipated Satisfaction Difference

Dependent Measure	Patricians	Parvenus
Anticipated Satisfaction Difference	2.02** (2.37)	0.96** (1.96)

** Means are significantly different between Patricians and Parvenus

CHAPTER V

DISCUSSION OF THE RESULTS

Chapter V discusses the results of the current study and provides potential explanations for the unsupported hypothesis. This chapter begins with a discussion on the relationship between cultural capital and consumption related need for status, followed by a discussion on the less affluent out-group impacts on Patricians and Parvenus. In the end, this chapter discusses Patricians' and Parvenus' different preferences for luxury experiential services and luxury goods.

The Relationship between Cultural Capital and Consumption Related Need for Status

Based on extant sociological theories (Lenski, 1954; Nam, 2008; Milner, 2004; Schaninger, 1981) and qualitative evidence provided by Holt (1998) and Üstüner & Holt (2010), a significant negative relationship between cultural capital and consumption related need for status was proposed in Hypothesis 1. The results of the current study failed to support H1 using all age groups; however, the results indeed suggested that the cultural capital level and consumption related need for status were significantly correlated in the Baby Boomer generation. Therefore, H1 was partially supported.

There are at least two potential reasons that may explain the failure to fully support H1 across all generations. First, the concept of cultural capital was proposed by French sociologist Bourdieu in 1984. The operationalization of this concept in the contemporary United States may present a challenge. In fact, an argument over how to operationalize

Bourdieu's cultural capital concept in the United States has raged for decades. For example, some scholars measure cultural capital level via cultural activities (Bennett et al., 2005; Noble and Davies, 2009; Sullivan, 2001). Such a questionnaire would include questions regarding how often people go to art galleries or museums, what films they recently watched, what books they recently read, and who their favorite musicians are. However, Noble and Davies (2009) argue that such questionnaires are long and may take up to an hour for respondents to fill out. They argue that "...this reduces the practicability of these instruments, particularly in research which aims to investigate the role of cultural capital in interactions between a number of other variables" (p.594). Therefore, the current dissertation employs Holt's (1998) cultural index, which only captures education and occupation information. Although Holt's (1998) index is concise and has higher practical value in an extensive survey project, it may not fully capture all the important components of respondents' cultural capital levels, and consequently may fail to establish a significant negative relationship in all generations between cultural capital level and consumption related need for status.

Second, the generational difference itself may present a challenge. Although the generational difference is beyond the scope of the current study, it is true that the younger generation (e.g. Generation Y) comes from households with generally higher parental education levels than the older generations (e.g. Baby Boomers). This change in education level may mean cultural capital based on Holt's formula varies less in Generation Y and X than in Baby Boomers, and it may not be an important factor in Generation Y/X's social status competition. Using the same cultural capital index in Generation X and Generation Y

as in Baby Boomers may therefore result in the failure to fully support H1.

The Effect of Consumer Group on Divergence Behavior

Based on Han et al.'s (2010) luxury consumer typology and the extension of Berger's identity signaling approach, the current study predicts that Parvenus are more likely than Patricians to change their attitude toward their favorite brands after knowing that less affluent consumers are mimicking their preferences. However, the results failed to support the effect of consumer group on divergence intentions.

Unlike Berger and Heath's (2008) study which employed an imagined preference, the current study asked the respondents to indicate their real favorite luxury goods brand or luxury experiential services brand. Therefore, there could be other factors besides dissociative motivation that could influence consumers' attitude changes. For example, emotional bonding with a brand may explain the results of the current study. Emotional bonding with a brand is defined as an emotion-laden, target-specific relationship between an individual and a brand (Bowlby, 1979; 1980; Thomson, MacInnis, & Park, 2010). Unlike brand attitudes, emotional bonding usually develops over time and is based on several interactions between a consumer and a brand. In addition, emotional bonding is usually rich in affective memories that link the brand to the self (Thomson et al., 2010). Therefore, consumers can have favorable attitudes toward a brand without any emotional attachment.

Extant studies suggest that customers with high levels of emotional bonds with a brand tend to show more brand loyalty behaviors than consumers with low levels of emotional bonds (Fedorikhin, Park, & Thomson, 2008; Mattila, 2001; 2003; 2006; Pritchard,

Havitz, & Howard, 1999; Thomson et al., 2010). For example, consumers who feel strongly attached to a brand tend to show more favorable brand attitudes and a greater intent to spread positive word-of-mouth (Mattila, 2006). They are also more resistant to the negative impact of service failure (Mattila, 2003), and less likely to switch (Mattila, 2001). In addition, Pritchard et al. (1999) argue that a key indicator of brand loyalty behavior is resistance to change. They demonstrate that consumers with strong emotional bonds are more likely to resist changing their brand preferences than consumers with weak emotional bonds.

To further examine the possibility of the above argument, a follow up ANOVA with emotional bonding with the brand as a dependent variable, consumer group and product type as independent variables was performed. Measurement of emotional bonding with the brand was adapted from Mattila's (2001) study. Three items included "My level of emotional attachment to this brand is...", "The strength of my commitment to this brand is...", "The level of personal relationship between this brand and myself is..." These questions were answered on a 7-point scale anchored at 1= low and 7 = high (Cronbach's Alpha = 0.944). The ANOVA results indicated that the main effect of consumer group was significant ($F(1, 262) = 67.53, p < 0.001$). There was no other significant effect in the ANOVA results. Parvenus indeed had stronger emotional attachment to their favorite brands than Patricians (M Patricians = 3.84 vs. M Parvenus = 5.37, $t(264) = 8.64, p < 0.001$). Therefore, it is plausible to argue that the Parvenus' stronger emotional bonds with their favorite luxury brands leads to a higher resistance to change, and in turn attenuates the impact of less affluent mimickers on Parvenus' divergence intentions.

Although the main effect of consumer group on attitude change toward their favorite brand was not supported, a significant interaction effect between consumer group and product type was revealed. Extant studies suggest that experiential services tend to be less comparable and more resistant to comparison than tangible goods (Carter & Gilovich, 2010; Gentner & Markman, 1994, 1997). Since Patricians are less likely to use luxury consumption to signal their economic status, they do not tend to compare their consumption object with a less affluent mimicker's consumption object. In other words, for Patricians, the less comparable nature of luxury experiential services will not impact their attitude change toward their favorite brands. On the other hand, Parvenus indeed tend to signal their wealthy identity through luxury consumption. When they discover that less affluent mimickers purchase a similar luxury item, they tend to compare the two items. Since experiences are more difficult to compare than tangible goods in nature, Parvenus tend to perceive luxury experiential services brands as less likely to be contaminated by haven-nots than luxury goods brands. In other words, Parvenus are less likely to change their attitudes toward their favorite luxury experiential services brands than their favorite luxury goods brands.

The Effect of Consumer Group on Product Preference

Van Boven & Gilovich (2003) propose the *experience recommendation*, arguing that people with the intention of advancing happiness and enjoyment in life prefer experiential services to material goods. The current study confirms their argument in general. Both Patricians and Parvenus preferred luxury experiential services to luxury goods to enhance

life happiness. However, the results also indicated that the preference patterns varied between Patricians and Parvenus. Parvenus tend to engage in luxury consumptions to signal their wealth, and their consumption happiness heavily depends on the visibility of the consumption objects. Therefore, the intangible nature of luxury experiential services falls short of satisfying Parvenus' consumption happiness. Results based on both anticipated satisfaction and revealed preference suggested that, compared to Patricians, Parvenus are less likely to choose luxury experiential services over luxury goods.

CHAPTER VI

THEORETICAL CONTRIBUTIONS AND MANAGERIAL IMPLICATIONS

This chapter discusses the theoretical contributions and managerial implications of the current study. In addition, several limitations are addressed and suggestions for future research are provided.

Theoretical Contributions

Overview

This dissertation investigates consumers' luxury buying behaviors based on psychometric trait (consumption related need for status) and product type (luxury goods and luxury experiential services). Most extant studies treat luxury consumers as a single market segment and examine their consumption motivations and luxury value perceptions (Lim, 2009; Vigneron & Johnson, 1999; 2004; Wiedmann et al., 2007; 2009). Based on Han et al.'s (2010) "Luxury 4P" typology, this dissertation compares the buying behaviors between the two luxury consumer groups – Patricians and Parvenus, and further reveals the differences in behavior patterns and consumption preferences across the two groups.

Consumption Related Need for Status and Cultural Capital

Extant studies on luxury consumption mainly use the psychometric measurement of consumption related need for status and examine the relationship between consumption related need for status and other psychometric traits such as materialism and

interdependent self (Kastanakis & Balabanis, 2011) or luxury value perceptions (Vigneron & Johnson, 1999; 2004; Wiedmann, et al., 2007; 2009). To the best of the author's knowledge, this dissertation is the first to explore the antecedent of consumption related need for status. Holt (1998) and Üstüner & Holt (2010) provide preliminary qualitative evidence and suggest that people with high cultural capital level tend to prefer inconspicuous consumption and people with low cultural capital level tend to prefer ostentatious displays. Building on Holt's (1998) and Üstüner & Holt's (2010) studies and the theories of cultural capital, status consumption, status relations, and status crystallization, this dissertation establishes a significant negative relationship between cultural capital and consumption related need for status.

Identity Signaling Approach and Consumers' Divergence Intentions

Han et al. (2010) suggest that divergence intentions vary between Patricians and Parvenus, but fail to provide explanations for this variance. This dissertation employs and extends Berger's identity signaling approach and argues that consumers are more likely to show divergence intentions on identity-relevant product domains, especially when the out-group mimickers are dissimilar in the specific identity domain that the consumers want to signal.

Although luxury consumption falls into the identity-relevant product domain for both Patricians and Parvenus, the two consumer groups use luxury consumption to signal different identities. Patricians tend not to use luxury consumption to signal wealth, while Parvenus do. Therefore, the less affluent mimickers will trigger stronger divergence

intentions in Parvenus than in Patricians. This dissertation fails to support the above argument. Since the current study examines consumer's real preference rather than an imagined preference, other uncontrollable factors such as emotional bonding with one's favorite brand may contribute to this failure.

Extant studies on experience recommendation (Van Boven and Gilovich, 2003) and structural alignment theory (Gentner & Markman, 1994; 1997) suggest that experiential services are more difficult to compare and more resistant to comparison than material possessions. Since divergence intention is a result of comparison between consumers themselves and the out-group mimickers, the more difficult to compare the two consumption objects, the less likely consumers are to exhibit divergence intentions. Therefore, if consumers perceived the less affluent consumers as dissimilar outgroups and tried to compare their consumption objects with the ones of out-group mimickers, the different level of comparability between the two product types should impact consumers' divergence intentions. However, since Patricians do not tend to signal wealth-related identities, they are less likely to compare their consumption objects with the less affluent mimickers' consumption objects. In other words, the less comparable nature of luxury experiential services does not impact Patricians divergence intentions.

The results from this dissertation indeed demonstrate that Patricians exhibit a similar amount of attitude changes toward their favorite luxury experiential services brands and luxury goods brands. On the contrary, Parvenus tend to signal their wealth-related identity through luxury consumption, and perceive the less affluent mimickers as dissimilar out-group members. As a result, they tend to compare their consumption objects with those

of the mimickers. Hence, the less comparable nature of experiential services should lead to weaker divergence intentions than material goods. The results from the current study confirm that Parvenus indeed indicate a weaker attitude change toward their favorite luxury experiential services brands than their favorite luxury goods brands.

In fact, the significant interaction effect between consumer group and product type reveals Patricians' and Parvenus' different processes of comparison, and thus indirectly lends support to the underlying argument of H2. Compared to Patricians, Parvenus are more likely to perceive the less affluent mimickers as dissimilar out-groups and are more likely to engage in the comparison process between themselves and the less affluent mimickers. Therefore, if this study were to control other factors such as emotional bonding, the less affluent mimickers should have stronger influences on Parvenus than on Patricians. Taken together, this dissertation extends the identity signaling approach and provides insights into Patricians' and Parvenus' divergence intentions caused by less affluent mimickers.

Consumption Choice and Consumption Happiness

Van Boven and Gilovich (2003) propose the term "experience recommendation" and suggest that consumers are happier with experiential services purchases than with material goods purchases. This dissertation confirms that the experience recommendation holds true in the luxury consumption context. However, the distribution pattern of the preferences varies between Patricians and Parvenus. A majority in both groups preferred luxury experiences, but the size of the majority was larger among Patricians. Considering the nature of status consumption and the low visibility of experiential services, Parvenus are

more likely to choose luxury goods than Patricians because tangible goods are easier to display than intangible experiences. In sum, using both revealed preference and anticipated satisfaction difference scores, the current study suggests that compared to Patricians, Parvenus are less likely to choose luxury experiential services than luxury goods. Therefore, this dissertation supports the experience recommendation in the luxury consumption context, and provides further insights on consumption preferences in different consumer groups.

Summary

Taken together, this dissertation contributes to the body of knowledge regarding luxury consumption behaviors. Based on Han et al.'s (2010) "Luxury 4P" typology, the current study establishes the relationship between consumption related need for status and cultural capital, extends the identity signaling approach to demonstrate the different divergence intentions between the two luxury consumer groups, and further reveals the different preference patterns between luxury experiential services and luxury goods in the two luxury consumer groups.

Managerial Implications

Besides theoretical contributions, this dissertation also provides several important managerial implications for luxury practitioners.

Using Cultural Capital to Capture Different Luxury Consumer Groups

Most luxury practitioners use income as a criterion to segment the luxury market. This dissertation argues that income can predict purchasing power, but not buying behavior patterns. Extant studies suggest that consumption related need for status plays a role in luxury consumers' behaviors. However, considering the difficulty of collecting psychometric data, few marketers employ this construct. This dissertation establishes a significant relationship between consumers' cultural capital level and consumption related need for status. Controlling the economic power (annual income between \$100,000 and \$249,999) and age (Baby Boomers), it can be shown that people with higher cultural capital are less likely to seek economic status through luxury consumption, but people with lower cultural capital are more likely to signal affluence through conspicuous consumption. Although this dissertation suggests that a cultural capital index using family upbringing, education, and occupation has predictive power only in the Baby Boomer generation, practitioners can employ other cultural capital indices, such as type and frequency of cultural activities, to predict the cultural capital level in other generations. Taken together, luxury practitioners can collect cultural capital data using different indices to segment the luxury market more precisely in the future.

Luxury Experiential Services versus Luxury Goods

The luxury experiential services industry is competing with the luxury goods industry for consumers' limited discretionary income, especially in this economic downturn. More luxury brands are expanding to less affluent markets to boost sales. For example, luxury brand Versace launched a collection for mass brand H&M, and high-end designer Jason Wu created a limited collection for Target. Similarly, some fine-dining restaurants use special coupons to attract less affluent consumers, and some luxury hotels list themselves on bidding websites such as Priceline and Hotwire. Whenever a luxury brand extends to a less affluent market, there is a risk of contaminating the brand's luxury image and losing its original consumers (e.g. Burberry's brand was damaged while the company was enjoying a sudden surge in popularity among less affluent consumers in mid-2000). Therefore, it is important to find out whether luxury experiential services are more or less resistant than luxury goods to affluent customer attrition as a result of downward brand extension. This dissertation suggests that the luxury experiential services industry is no more vulnerable than the luxury goods industry to this threat. In fact, the results indicate that Parvenus are less likely to change their attitudes toward their favorite luxury experiential services brands than toward their favorite luxury goods brands.

In addition, as suggested by experience recommendation, both Patricians and Parvenus prefer to choose luxury experiential services over luxury goods with the intention of advancing life happiness. However, this dissertation further reveals that compared to Patricians, Parvenus are less likely to choose luxury experiential services. Parvenus tend to signal their wealth through luxury consumption, but the intangible nature of experiential

services makes services more difficult to display and less likely to attract audiences' attentions. For luxury experiential services companies that mainly attract Parvenus, one suggestion is to organize or promote more cultural activities (e.g. attending concerts, visiting museums, going to the theatre, etc.) through their loyalty programs. Extant studies establish the positive relationship between such cultural activities and an individual's cultural capital level (Bennett et al., 2005; Noble and Davies, 2009; Sullivan, 2001). Therefore, by promoting cultural activities in their consumer groups, luxury experiential services companies can benefit from cultivating their consumers' cultural capital, and consequently their consumers will be more likely to choose luxury experiential services.

Limitations and Suggestions for Future Research

Several limitations of this dissertation need to be recognized. First of all, respondents in this dissertation were asked to imagine that the less affluent mimickers started copying their brand preference, and the mimickers' profile was manipulated by a written description that included information regarding education and annual income. Future studies should employ field studies and present the out-group mimickers through personal interactions or observations. For example, Berger and Heath (2008) distributed wristbands to both participants and out-group members, and allowed the participants to observe the out-groups behaviors through daily observation and communication.

Second, since this dissertation employed a written scenario, it measured consumers' attitude changes toward their favorite brands after reading the out-group mimickers' profile. Future research should consider a longitudinal field study and capture the real behavioral changes such as changes in spending and changes in brand choices.

Third, due the survey length constraint, Holt's (1998) cultural capital index was employed in the current study. Holt's cultural capital index measures family upbringing, education and occupation. The results from this dissertation suggest that cultural capital level accounts for only a small percentage of variations in consumption related need for status. In other words, there are factors other than family upbringing, education and occupation that may contribute to the formation of consumption related need for status. Some scholars suggest that types and frequency of different cultural activities are good indicators of cultural capital (Bennett et al., 2005; Noble and Davies, 2009; Sullivan, 2001). Therefore, future studies should employ other cultural capital indices in order to explore the

best cultural capital measurement in the consumer behavior studies.

Fourth, although Holt's cultural capital index is significantly correlated with consumption related need for status in Baby Boomers, it is not a significant predictor of consumption related need for status in Generation X and Generation Y. Future studies should consider employing qualitative research methods and exploring the major antecedents of consumption related need for status in Generation X and Generation Y.

Fifth, this dissertation examined the role of less affluent mimickers on consumers' attitude changes toward their favorite brands. Other factors that can also impact divergence intentions (e.g. emotional bonding with the brand, personal relationship with the employees) were uncontrollable in the current study. Future studies may consider using unfamiliar luxury brands or luxury brands in consumers' consideration /evoked set instead of their favorite brands to control the aforementioned confounding variables and further reveal how out-group mimickers impact consumers' perceptions toward unfamiliar or indifferent luxury brands.

Sixth, as indicated by Van Boven & Gilovich (2003), the difference between experiential services and material goods is not clear cut. The two product types are, in fact, at the opposite ends of a continuum, and there may be overlap between the two types. For example, some consumers may perceive a beauty spa as an experience (valuing the intangible services and the memories), but others may perceive it as a material purchase (focusing instead on the tangible beauty products). This dissertation selected clothes/jewelry and travel as two extreme examples to represent goods and experiential services. Therefore, findings regarding the difference between luxury experiential services

and luxury goods should be interpreted with caution. Future studies may consider investigating products that sit in the middle of the experience/goods continuum.

Seventh, since the identity domain that Patricians want to signal through luxury consumption is unclear in the extant luxury studies, this dissertation examined only wealth (adopted from conclusions regarding Parvenus' luxury consumption signals). Future studies may consider employing a qualitative research method and explore the identity domain that Patricians would like to signal through luxury consumption. Replication of this dissertation using the identity domain that Patricians tend to signal may reveal valuable findings on Patricians' divergence behaviors.

Lastly, this dissertation was conducted in the United States and 85.90% of the respondents were Caucasians. As discussed in previous chapters, luxury buying behaviors and social status competitions are heavily influenced by culture and social development (Wong & Ahuvia, 1998; Tsai, 2005; Kastanakis & Balabanis, 2012). Future studies using respondents in other countries and with different cultural backgrounds would be fruitful.

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Appendix A: Luxury Brands Lists**Luxury Goods**

1. Bottega Veneta
2. Burberry
3. Bulgari
4. Brietling
5. Chanel
6. Cartier
7. Coach
8. Donna Karan
9. Gucci
10. Hermes
11. Louis Vuitton
12. Marc Jacobs
13. Omega
14. Prada
15. Ralph Lauren
16. Rolex
17. TAG Heuer
18. Tiffany
19. None/Don't know

Luxury Experiential Services

1. Aman Resorts
2. Conrad Hotels
3. Del Frisco's
4. Four Seasons
5. Mandarin Oriental
6. Morton's
7. Oceanaire Seafood Room
8. Orient-Express Hotels
9. Ritz-Carlton
10. Ruth Chris'
11. St. Regis
12. Starwood's Luxury Collection
13. Shula's Steakhouse
14. Smith & Wollensky
15. Sullivan's Steakhouse
16. None/Don't Know

VITA

Wan Yang was born and raised in Beijing, China. She earned a Bachelor of Business Administration in Tourism Management from Fudan University in 2006. After graduating from college, Wan came to the United States and obtained a Master of Science in Hospitality and Tourism Management from the Isenberg School of Management, University of Massachusetts Amherst. Inspired by her mother who is a professor in China, Wan discovered her passion for research and teaching during her Master's Degree. She therefore decided to pursue a doctoral degree in Hospitality Management at The Pennsylvania State University. Throughout her doctoral studies, Wan conducted several research projects focused on consumers' post-purchase behaviors and luxury consumptions. Wan also taught and guest lectured several courses such as Services/Hospitality Marketing, Hospitality Accounting, and International Hospitality Management. Besides her educational interests, Wan also enjoys playing the violin and has performed in several events.

In Fall 2012, Wan Yang will begin her journey as an assistant professor at University of South Florida Sarasota Manatee, where she will teach and continue her research in the College of Hospitality and Technology Leadership.