Luxury Reader
Current, recommended publications in the field of luxury consumption and management,
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Edited by Benjamin Berghaus, Institute of Marketing, University of St. Gallen

Featured Articles:

Branding Strategy

Assessing Consequences of Component Sharing across Brands in the Vertical Product Line in the Automotive Market

Verhoef, Peter C.; Pauwels, Koen H.; Tuk, Mirjam A.


Component sharing may look great in the boardroom but not in the showroom. Indeed, savings on research and development and production costs could be offset by a plunge in customer brand attractiveness. The central objective of this paper is to investigate consumer and market responses toward component sharing between brands. More specifically, by combining experimental with econometric studies, this paper investigates the impact of component sharing on customer evaluation of luxury, volume, and economy brands offered in a car manufacturer's vertical product line. An experimental study in which component sharing between automotive brands was made explicit aimed to understand the impact of brand combinations and type of sourcing on the evaluations of the two brands sharing components. This experimental study shows that the evaluation of luxury brands sharing with a volume brand suffers more than when a volume brand shares components with an economy brand. This experimental study was executed for two different brand combinations including one luxury, one volume, and one economy brand: (1) Audi, Volkswagen, and Skoda; and (2) Lexus,
Toyota, and Suzuki. The evaluation of an economy brand benefits more from sharing with a volume brand than a volume brand suffers from sharing with an economy brand. The magnitude of these effects depends on several factors, such as component type, the source of the component sharing, and the salience of component sharing to the consumers. One important limitation of the experiment is that component sharing is made rather salient, and no behavioral effects of component sharing are studied. Therefore, a second was executed in which market share data on brands of the Volkswagen company (i.e., Audi, Volkswagen, Seat, and Skoda) were collected, while also data on the component-sharing practices between these brands were gathered. A market share model was estimated in which market shares of the four studied brands were explained by component-sharing practices and some control variables (i.e., price, model changes) in an exploratory fashion. The explorative examination of market share effects confirms that luxury brands may suffer, while economy brands may benefit from component sharing. In sum, this research suggests that component sharing between brands has negative effects for the higher-end, and positive effects for the lower-end brand. However, it also shows that sourcing matters. This study is considered as the first study investigating the phenomenon of component sharing, and it points to multiple future research issues, such as studying this phenomenon in other markets. [ABSTRACT FROM AUTHOR]

PRODUCT lines; PRODUCT management; COMMERCIAL products; RESEARCH; MANAGEMENT science; MARKET penetration; RESEARCH & development; AUTOMOBILE industry; CASE studies; BRAND name products; EVALUATION

DOI: 10.1111/j.1540-5885.2012.00925.x. (AN: 76372993), Database: Business Source Premier

Consumer Behavior

An Examination of the Relationships Between Materialism, Conspicuous Consumption, Impulse Buying, and Brand Loyalty

Podoshen, Jeffrey S.; Andrzejewski, Susan A.


Furthering the understanding of materialism has been of paramount concern to both consumer researchers and policymakers over the past several years. This paper examines the relationships between materialism, conspicuous consumption, impulse buying, and brand loyalty, as examining material-centric behavior is becoming evermore important in a consumption-based economy. This study first examines these constructs in detail and proposes hypotheses, then through the use of structural equation modeling, explores how materialism positively relates to conspicuous consumption, impulse buying, and brand loyalty utilizing survey data from over 500 respondents residing in the Mid-Atlantic region of the United States. Managerial and consumer-oriented implications are discussed as we call for marketing managers to pay closer attention to societal outcomes stemming from the use of traditional marketing strategies. [ABSTRACT FROM AUTHOR]

CONSUMPTION (Economics); IMPULSE buying; BRAND loyalty; INDUSTRIAL surveys; MIDDLE Atlantic States; MATERIALISM; STRUCTURAL equation modeling

AN: 78730849, Database: Business Source Premier
Optimal Advertising and Pricing Strategies for Luxury Fashion Brands With Social Influences

Zheng, Jin-Hui; Chiu, Chun-Hung; Choi, Tsan-Ming


In marketing, it is well known that social needs play an important role in the purchase of conspicuous products such as high-end luxury fashion labels. In this paper, we analytically study the optimal advertising and pricing decisions for luxury fashion brands in a market that consists of two consumer groups with contrasting social needs for fashion products, namely, the leader group (LG) and the follower group (FG). We consider a situation where the LG consumers have the desire to distinguish themselves from the FG consumers, whereas the FG consumers would like to assimilate themselves with the LG consumers. We first develop an original optimization model for this problem. We then explore the optimal solution scheme by separating the problem into tactic-based subproblems and conduct an extensive sensitivity analysis. Our analysis reveals that the optimal strategies follow different scenarios, and it can be optimal for a brand of conspicuous product to do the following: 1) Advertise to only one group while sell to the whole market; 2) advertise and sell to the FG only; and 3) advertise and sell to the LG only. Important insights are also reported. [ABSTRACT FROM PUBLISHER]

DOI: 10.1109/TSMCA.2011.2178828. (AN: 76747204), Database: Computer Source

Direct and vicarious conspicuous consumption: Identification with low-status groups increases the desire for high-status goods

Mazzocco, Philip J. Rucker, Derek D. Galinsky, Adam D. Anderson, Eric T.


The current research examines whether direct and vicarious identification with a low-status group affects consumers’ desire for objects associated with status. Experiment 1 found that individuals who belonged to and identified with a status social category associated with relatively lower status (Blacks) exhibited an enhanced desire for high-status products compared to Blacks who did not identify with their race or individuals who belonged to a social category associated with higher status (Whites). In Experiments 2 and 3, White participants led to vicariously identify through perspective taking with Blacks (Experiment 2), or a low-status occupational group (Experiment 3) exhibited an increased desire for high-status products. Experiment 4 provided meditational evidence for a status based explanation for the relationship between identification with a low-status group and a desire for high-status products. The present work makes new inroads into understanding one factor that might lead minorities to engage in greater conspicuous consumption and provides evidence that conspicuous consumption can be elicited vicariously. (PsycINFO Database Record (c) 2012 APA, all rights reserved)

Database: PsycINFO
Regional: China

The young luxury consumers in China

Ngai, Joann; Cho, Erin


Purpose – The luxury market in China has grown significantly in recent years. One unique characteristic of luxury consumers in China is their youth. While exploratory in nature, this study aims to identify and offer a meaningful understanding of different segments of young luxury consumers in China. Design/methodology/approach – The data were obtained from personal interviews with 28 respondents between 20 and 25 years of age who were recruited via a mall-interception method in three different high-end department stores in Shanghai, China. Findings – Based on key values, motivations, and behavior patterns toward luxury consumption, the authors identify four distinct segments of young luxury consumers: the overseas pack; the self-established cool; the luxury followers; and the spirituals. Research limitations/implications – The study is based on a small sample consisting of 28 individuals. Practical implications – While Chinese youth may share some traits as a collective group, they also have diverse reasons and patterns for luxury consumption. The authors identify at least four distinct segments whose values, motivations and behavior toward luxury are different from one another. Companies must consider the differences that exist within this generation to effectively approach this market. Originality/value – While exploratory, the current study is the first to identify segments in luxury consumers among young generations in China. [ABSTRACT FROM AUTHOR]

YOUNG consumers; MARKET segmentation; CONSUMER behavior; CHINA; LUXURY

DOI: 10.1108/17473611211261656. (AN: 79385686), Database: Business Source Premier

Luxury seafood consumption in China and the intensification of coastal livelihoods in Southeast Asia: The live reef fish for food trade in Balabac, Philippines

Fabinyi, Michael; Pido, Michael; Harani, Babylyn; Caceres, Jennelyn; Uyami-Bitara, Arselene; De las Alas, Aileen; Buenconsejo, Jose; Ponce de Leon, Eva Marie

Asia Pacific Viewpoint, Aug2012, Vol. 53 Issue 2, p118-132

An important contemporary driver of livelihood change in coastal Southeast Asia is the growing demand for luxury seafood in China. Based on fieldwork in the municipality of Balabac in Palawan province, western Philippines, this paper takes stock of this trend, and investigates the implications of the relationship between Chinese patterns of luxury seafood consumption and the intensification of coastal livelihoods in Southeast Asia. The paper focuses mostly on the trade in live reef fish, with reference also to sea cucumber and shark fin. In the light of recent discussions of social and environmental change in Southeast Asia, the paper addresses how the intensification of coastal livelihoods has manifested in important trends, including an increasing reliance on high-value commodity fisheries such as the trade in luxury seafood. Important consequences of this intensification of coastal livelihoods include environmental degradation, and social change due to the development of broader trading networks. The paper argues that the live reef fish for food trade is an important contemporary livelihood that highlights the ways in which Chinese consumption is having
Supply Chain Management

Contract design and supply chain management in the luxury jewelery industry

Brun, Alessandro; Moretto, Antonella


Purpose – The purpose of this paper is to identify the role of contract design in overcoming critical demand management (DM) issues in the luxury jewellery industry. The goals are the identification of the main critical issues of the DM process and the analysis of the contribution of contract re-design to solve them. Design/methodology/approach – The paper follows an exploratory approach using a case-based methodology. Data are collected through a sample composed of four brand-owning companies and 37 multi-brand retailers in the luxury jewellery industry. Findings – The paper offers insights into contract design in the luxury jewellery industry. In particular, the critical issues of the DM process determined by inadequate contract design are identified, thus highlighting their influence on the critical success factors of luxury companies. In addition to the characteristics the contract should have to overcome the critical issues have been proposed. Research limitations/implications – The research provides initial insights into the important role of contract management in jewellery luxury companies. To date, the analysis is predominantly qualitative and not sufficiently statistically significant to generalise the results. Practical implications – This paper raises a number of important issues for jewellery brand owners who are reluctant to consider the retailer’s perspective in a collaborative way during the DM process. Originality/value – This paper is one of the first attempts to study contract design specifically applied to jewellery luxury companies, with a main focus on the DM process.

JEWELRY trade; SUPPLY chain management; INDUSTRIAL management; RETAIL industry; Jewelry Stores; All Other Miscellaneous Store Retailers (except Tobacco Stores); LUXURY

DOI: 10.1108/09590551211245416. (AN: 79385867), Database: Business Source Premier
Historical Perspective

Luxury Product Consumption in Eighteenth-Century Cape Colony Households

Fourie, Johan; Uys, Jolandi


The article discusses the material culture of 18th century settlers of the Cape Colony, part of modern South Africa, takings its data from MOOC probate inventories. These inventories provide information on the growth and distribution of luxury and suggest a slight increase household ownership over the 18th century, despite inequality within the settlers' society. The article concludes that the Cape Colony was integrated in the Western European "consumer revolution," and exceeded average affluence found in North America and Europe.

CAPE of Good Hope (South Africa); CAPE of Good Hope (South Africa) -- History; CAPE of Good Hope (South Africa) -- History -- To 1795; COLONISTS; LUXURY; HOME ownership

AN: 78026005, Database: Historical Abstracts

Veblen effects, political representation, and the reduction in working time over the 20th century

Oh, Seung-Yun; Park, Yongjin; Bowles, Samuel


We explain the substantial decline in work hours over the 20th century by the joint influence of the employees' "pecuniary emulation" of the "conspicuous consumption" of top income earners and the balance of political power of employers and employees in the presence of conflicts of interest over the issue of working time. We present a new labor discipline model incorporating Veblen effects in which hours are determined by employers and subject to complete contracts but employee work effort is not. We show that while Veblen effects increase the hours sought by employees, the hours selected by profit-maximizing employers may exceed that preferred by employees, who may then seek to reduce work hours by means of collective bargaining or governmental intervention. We also identify conditions under which employees will prefer longer hours than offered by employers. Using newly available data on top income shares, and on work hours from 10 major industrial economies and covering the entire past century we test two hypotheses: that increases in the relative incomes of the very rich are associated with increased hours, while increases in the political representation of workers have the opposite effect. The estimated effects are large in economic magnitude, highly significant and robust to alternative econometric specifications, including country and time fixed effects. Using an alternative data set covering the last third of the past century we show that these results are robust to the inclusion of a measure of taxation and find that decentralized trade union bargaining (but not centralized bargaining) may raise working hours. [Copyright &y& Elsevier]

EMPLOYEES; INCOME; CONSUMPTION (Economics); PARAMETER estimation; ECONOMETRICS; REPRESENTATIVE government & representation; TWENTIETH century

DOI: 10.1016/j.jebo.2012.05.006. (AN: 77961563), Database: Business Source Premier
Review

Your High-Net-Worth Clients Cherish Experiences over Goods


The article examines the results of a survey by the Boston Consulting Group (BCG) and the study "Luxe Redux: Raising the Bar for Selling Luxuries," co-authored by Michelle Eirinberg Kluz, which indicates that the very wealthy are spending more on luxury experiences than on luxury goods.

Subjects: LUXURIES; PURCHASING; RESEARCH; RICH people

AN: 78278018, Database: Business Source Premier

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Methodology of composition: On September 7th, 2012, the literature database of EBSCO Publishing (http://search.ebscohost.com) has been searched with scope limitations of publication date in July or August 2012, and publication type "Scholarly (Peer Reviewed) Journal" and application of search terms "luxur* OR prestige* OR conspicuous". The search resulted in 54 hits, of which 44 have not been included in this abstract collection due to lacking any fit with the topic of luxury business and consumer research. Authorship of the listed articles and intellectual property lies with the identified authors. The presentation of a document makes a statement about general topical relevance, not about scientific rigor.

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