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Master in Management Program

THE INFLUENCE OF THE PROLETARIAN DRIFT  
ON THE WILLINGNESS TO BUY LUXURY BRAND GOODS

Master's Thesis by the 2<sup>nd</sup> year student  
Concentration — Master in Management

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## ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ

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## АННОТАЦИЯ

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Описание цели, задач и основных результатов:	Целью данного исследования является определения влияния пролетарского дрефта на желание приобрести товары роскоши. Исследовательская часть построена в форме эксперимента с тремя независимыми группами респондентов и количеством опрошенных равному 91. Опрашиваемые группы представляют собой представителей поколения Y в России. Дизайн исследования происходит из обзора литературы и построен с использованием модели оценки влияния факторов, которые уже были протестированы на развивающихся рынках. Результат исследования подтвержден статистически и заключается в подтверждении негативного влияния пролетарского дрефта на желание купить товары роскоши среди представителей поколения Y в России. Результат работы может быть использован во время процесса принятия решений менеджерами брендов роскоши в отношении представления новой продукции.
Ключевые слова:	Предметы роскоши, бренд роскоши, социальные факторы, пролетарский дрефт

## ABSTRACT

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Description of the goal, tasks, and main results:	<p>The purpose of this study is to identify the influence of the proletarian drift on the willingness to buy luxury brand goods. The research part is done in a form of the experiment with 3 independent groups and 91 respondents. The tested group consists of the representatives of the Generation Y in Russia. The experiment design originates from the literature review based on models and frameworks of the factors which were tested already. The result of the study is the statistically proved effect of the proletarian drift on the readiness to buy luxury brand goods among the generation Y representatives in Russia and the elimination of other possible factors procedure. The result of the work could benefit the decision-making process for the brand managers while the analysis of the market.</p>
Keywords:	Luxury products, luxury brand, social factors, proletarian drift

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## **Introduction**

The idea of having something unique and fine is not a new thing to human history. The luxury as phenomenon appeared in the ancient times. Produced from the finest material such items served several goals: satisfaction of having the best, unique thing which signal the society of a high status of the owner. Due to the intense competition on the luxury market in the situation when despite the impressive growth over the past 25 years the companies face the steady growth over the several years coming from the various socio-economic factors. Companies in this situation, both who run their business directly and through the retailers start to make decisions how to remain the profits in the same level as they were years ago. One of the strategy is to creating products under the same brand but this the more accessible price targeting the clients with high level of price sensitivity.

The research on consumer motivations to buy luxury brand goods reveals the various factors lying under the decision-making process and some studies reflect the conspicuous consumption as one of the defining factor across representatives of the medium and lower socio-economic classes – consumption to acquire higher social status of having the luxury goods. The process of diffusing the luxury brand goods from the higher socio-economic class is called Proletarian drift and basically it correlates with the conspicuous consumption.

The various studied was performed to identify the common factors influencing the purchase intentions to buy luxury brand goods and most of them use the values of the luxury consumptions such as perceived high quality, satisfaction from the using, communicating high social image, attribution to a particular group and the need for the uniqueness. The several models and frameworks are built upon these factors and use to evaluate the purchase intentions to buy luxury brand products.

Nowadays the consumer on the luxury market represents the different age groups, income groups and various countries, which results in the classification of the consumers on the several groups. The luxury market itself is not homogeneous representing the absolute luxury goods inaccessible to the majority of the users and the entry and medium levels of the luxury goods which can be accessed by the vast number of potential consumers. The Generation Y representatives are considered to be the leading force of the luxury consumption in the 2020s, so their attitude to the phenomena occurring in the luxury market is necessary to be studied.

Considering the mentioned factors the market of the luxury goods the importance of studying the factors which can prevent the users from buying the particular luxury brand good is relatively high and can be supportive for the decision-making process.

The goal of this research is to identify the potential effect of the proletarian drift on the purchase intentions of the luxury brand goods of the generation Y representatives in the local Russian market. The watch segment of the market was chosen as it demonstrates the same trends as the general market of the luxury goods: introducing of the lower cost models, focusing on the local consumers rather than travelers. On the basis of the defined research gap the next objectives of the work was set:

1. Identify what products can be referred to luxury ones;
2. Identify the existing trends in the luxury market;
3. Study the current approaches to identify the intentions to buy luxury brand goods;
4. Identify the existing models of factors influencing the readiness to buy luxury brand goods;
5. Design an experiment which can allow to identify the influence of the proletarian drift on the willingness to buy luxury brand goods;
6. To run the experiment on the representatives of the Generation Y in Russia;
7. To eliminate the other possible factors influencing the decision to buy luxury brand based on the chosen model of evaluating the intentions to buy luxury brand goods;

The object of the research is the representatives of the generation Y in Russia aged 18-31 years. The subject is the factors influencing their decision to buy luxury brand goods.

Theoretical contribution: the proposed study contributes the theory in the following implications. First, it reveals the influence of the negative social attributions of the prole drift to a willingness to buy luxury brand goods with proper elimination of the external factors. The performed experiment provides an insight in the possible effect of the prole drift on the consumption of the luxury goods. Secondly, the study investigates the Russian generation Y consumers in the Saint-Petersburg luxury watch intentions to buy which was not held before.

Managerial Implication: the performed study arises the further general recommendations which can be useful for the management of the luxury brands both which control the activity directly or represent the retail segment operating more than one brand. The careful examination of the possible prole drift occurring due to the introduction of the new discounted collection aimed at the more price-sensitive consumers. Nowadays not all the brands are considering the possibility of the proletarian drift happened to the goods and launching the lower cost trademarks of the brand can be a harmful respecting the influence of the prole drift to the luxury brand consumption. The careful examination of such a possibility and reacting to it if happens (not discussed under this study) can save company a sales in the particular region, which respecting the slowing pace of the rise of the luxury market can be a key to a future development and remaining the market share at a desired level. The understanding of a possible reaction of the driving force of the generation Y



in the emerging markets to such a phenomenon can bring an additional factor to consider under the process of developing the model portfolio depending on various goals in the market, for instance the understanding that the spread of the brand items down to the types of luxury consumers can lead to a loss of the current users as well as the potential future ones.

The current work consists of introduction, two chapters, conclusion, references and appendix. The first chapter contains information of the luxury definition and the market analysis of the luxury and which values define the luxury brand goods. The second chapter consists the observation of the models which can be used for evaluation the readiness to buy luxury brand goods and the overview of the Russian market and the watch market and the empirical part of the experiment and analysis of the results. In this respect, the influence of the proletarian drift on the willingness to buy luxury brand goods in Russia studied.

# CHAPTER 1. UNDERSTANDING OF LUXURY CONCEPT AND MARKET

## 1.1 Luxury as phenomenon and motivations to buy

### 1.1.1 Introduction to luxury and to proletarian drift

The size of the market of luxury goods was estimated as \$86 bn in the decade of 1990 by McKinsey & Co and it boosted up to \$170 bn in 2008 as per Bain & Company and it is still on the positive way up high.

The global market for personal luxury goods has tripled in size over the past 20 years, to €223 billion in 2014. While that growth has eased a bit in 2014, Bain research shows that the slower pace is likely to be more sustainable over the long term. The luxury sector is also shifting away from geographic markets to a more consumer-oriented perspective, given that people increasingly buy luxury goods when they travel. This shift has large implications for luxury brands, which must now think about product offerings from a global perspective, instead of fitting them into neat categories that adhere to seasonal and national boundaries.

One of the reasons for such a growth researchers see in the economic recovery in most western countries and the unshackled economic growth in South-East Asian nations (Vigneron, Johnson, 1999, 2004); and the increasing number of 'new luxury goods' made available by improving productivity and quality management (Truong, Simmons, McColl, Kitchen, 2008).

As by Twitchell (2002) the new luxury goods are primarily targeted on the younger audience than it used to be with luxury goods, the fact can be described as the democratization of the luxury. Luxury is considered to be one of the most attractive and fast rising segment in the whole world, the reasons lying in the growing number of young customers and older premium customers and rising in net worth individuals. MasterCard claims that high grow of customers with premium cards is expected in 2014-2018 in different countries of Asia and India. Previously the majority of luxury good customers was from Europe and US, but nowadays clients from BRIC countries arrive to a market.

The "proletarian drift" as an issue in the marketing was firstly introduced by Paul Fussell in 1983 in a book *Class: A Guide Through the American Status System*. It was described as – vulgarization of once luxurious products and services as they become affordable to lower class. Author describes such phenomena as brand-damaging as prime users of the luxury good lose the will to use such a good. In *Class: A Guide Through the American Status System* Fussell (1992) give the example of stretch limousines – firstly they were used solely by the high-income person, then it became a symbol for a hen-parties which did not correlate with image of core clients. The author also mentioned the idea of proletarian drift as a component of industrialization and the unavoidable effect of mass production, where company strives to satisfy the biggest audience

available while losing the ex-core clients what demanded better quality and exclusivity (Fussel, 1992, 168). Nowadays the prole drift has a meaning of diffusion of the luxury brand goods from the higher levels of the society down to the lower ones (Weiss, 2000).

The example of the proletarian drift what was the starting point of this study occurred in Burberry brand. Burberry – iconic English luxury brand estimated from 1856 year and famous for its high-end clothes and accessories. In the recent decade brand faced a problem of London “chavs” using their entry-level caps in iconic check of the brand and building a culture around it (Harvard Business Review, 2013). The problem was that the core audience with high income did not want to be associated with such a movement and the reputation of the brand was harmed. The CEO Angela Ahrendts in her position implement a strategy of promoting the more high-cost products to maintain the image of the company (The Economist, 2011).

On the market, there are more examples of how the companies react to such phenomenon, they are reviewed in the theory after examination of what luxury is to understand the issue.

The theme is actual as the luxury consumption in the world is boosted by the emerging markets (Bain and Company, 2015) and the brand image can become vulnerable if a group of clients which is not initially associated by the clients and the company with the luxury products starts to use them.

To discover the issue, it is necessary to define what the luxury is and what are the motives to customers to buy such goods.

### **1.1.2 What is luxury?**

The idea of luxury existed through the vast period of human history. In the most common sense of the world “luxury” is something related to a self-pleasure, but not necessary for a man. Twitchell (2003, 43) reports luxury as “things you have that I think you shouldn't have”. The Economic Journal, 9 (September 1989) suggests to define luxury as a product or service which has a utility more than 1 and necessity less than one, resulting in the understanding the luxury as the thing that is not essential for user, but with exceptional using experience. Merriam-Webster's Learner's Dictionary defines the same word as a condition of an exceptional comfort, ease and wealth; something that is expensive and not necessary; something that is helpful or welcome and that is not usually or always available (Merriam-Webster). Cambridge dictionary determine the same word as something expensive that is pleasant to have but is not necessary (Cambridge Dictionary). The CEO of LVMH describes luxury brands as: timeless, modern, fast-growing and highly profitable. As per the research into the company perspectives for luxury wine brands, Beverland (2004) defines luxury with the following dimensions: value-driven emergence, culture, history, product integrity, marketing and endorsement. Kapferer and Bastien (2009), considerer Luxury as in elusive concept, including various aspects such as “inaccessibility, the lifestyle of the

rich, expensive objects or possessions and costly very personalized service”. A luxury good is generally defined as good at the highest end of the market in terms of quality and price (Wordiq, 2004). The concept of luxury product is perceived to be the extreme end of the prestige brand category where brand identity, awareness and quality are the important components.

All the definitions given observes the non-essential nature of luxury goods, stressing the words “not-essential”, “not-necessary”, “not available for everyone”, “extra”. This states the luxury items as those which person does not really need in the life, but ones making it easier and pleasant to use.

Luxury as a sector of economy usually refer to the questions of the growth and development of this sector. The definition of weather a company can be referred to a luxury market or not has many peculiarities. For instance, where is a special group of companies which have a right to decide whether a company is a luxury brand or not. In European countries, such as Italy, Germany, France this group of companies are the representatives of already established brands on the market. In France, such group contains more than 70 members of luxury houses which vary in the size. To enter such club company must have special values in the strategy and satisfy certain criteria. The indicators of financial activity and the sales of such companies are considered as the whole market performance.

Luxury also exists as a model of making business as studied by Bastien, Kapferer (2012) appeared several centuries ago and are implemented and reshaped by modern luxury houses like LVMH, Chanel, Gucci, etc. The main peculiarities of these brands’ models which allows them to create uniqueness and preserve their values are described by Bastien, Kapferer (2012):

1. The country of origin should remain the constant, as the brand should be strongly associated with the history and cultural values.
2. Advertising aim is not the sales, but creating a vision of a dream in consumers’ mind in long-term.
3. Communication should target all the categories of people both users and non-users, to create additional aspiration to the brand in minds of non-users which can add value to core clients as the product becomes aspired by wider audience.
4. Total control of a value chain to reassure the highest possible quality at all stages of creating and manufacturing the goods.
5. No licensees to be given to anyone to produce and promote the goods, as it can lead to losing the control on the supply chain.

6. The average prices of the goods should constantly be risen though the time to remain the rarity of the goods on the market as the household income of the middle class increase though the time.
7. The direct and personal communication to all the users as a must, as the purpose is to create strong bonds between consumer and the brand.

Also, it is important to distinguish the idea of a luxury brand and the luxury product, as the luxury product can be a segment of the market itself not accessible to everyone as helicopters and yachts, but the luxury brand can be referred to common goods such as clothes, cars, watches, etc which are created of the finest materials and technology and promoted as the luxury ones. The statistics on the luxury market could include luxury goods under luxury brand products, but Deloitte, 2014 stated that market is not limited to them as well as luxury brand products may be not limited to luxury products. The further paper is aimed to luxury brand products primarily.

In attempt to understand why the luxury is attractive to human, the theory of needs by Christopher Berry in *The Idea of Luxury* (1994) was developed. The author identifies two types of need:

- Basic needs: clothing, shelter, money to survive and leisure, all of them are universal ones and considered as necessary features of every human life. For instance, we all need warm clothes to survive a winter, but it is independent from our desire to wear Burberry coat made of fine cloth.
- Volitional or instrumental needs – ones coming from our desire to perform the action and achieve particular result. We need a pen to fulfill our desire to write a letter, or a car to get to other country, this needs are different from the basic ones and arise purely from the desires of people.

Luxury items can be considered as “objects of desire”, which are commonly associated with physical or sensory enjoyment. The Berry provides the following example: “being cold and needing the coat to cover, but desiring a cashmere coat rather than a sheepskin”. For the good to be luxury ones the desire by the majority of people is not enough – the availability to the few is a must as well. This theory provides a view of a luxury consumption as satisfying solely the physical aspect of consumption, not considering the social aspect as a motive to buy these goods.

Personal factors of consumption of luxury goods by the view of Tsai, 2005 reveals the internal self-fulfillment aims, including satisfaction, enjoyment. The study reveals the group of people who consume goods primarily for themselves rather than to the other society. Vigneron and Johnson, 2004 stated what such group of consumers use luxury goods to satisfy inner feelings and aims associated with realization of pleasure and perfection. Markus and Kitayama, 1991

reveals what such individuals try to satisfy the experimental, functional and will to express themselves rather than orient on society expectations.

Further factors are extracted from the studies to be used in this research:

- Quality of materials value
- Self-identity value
- Hedonic value

### **1.1.3 Values of luxury consumption**

#### **Quality of materials value**

Various studies revealed the high quality of materials as the primarily reason for the luxury goods consumption (Dubois, Laurent, Czellar, 2001), Wiedmann, Hennings and Siebels, 2007). These works stated what the products are mainly bought for superior value and quality instead of demonstrating the ownership to society, and quality for such products refer to its functional value rather than communicating symbols. Vigneron and Johnson (1999) and Bastien and Kapferer (2012) studied what users of luxury items consider the finest materials and quality as natural characteristics of all products referred to luxury. In addition, these studies stated what conspicuous consumption is not the only reason to buy luxury goods. Park (2009) discovered what customer's decisions and desire to obtain luxury goods are significantly higher when the quality becomes higher. After examining the works, the conclusion can be made, what a quality is a crucial factor in consumer's motivation to buy luxury products and there is group of people, who are more personal oriented rather than social oriented for which social factors does not play important role in decision making process.

#### **Self-identity value**

The self-identity value reflects the internal personality of a consumer, Jamal and Goode 2003 consider this value as the manner the consumer perceives himself. Vigneron and Johnson 2004, Hirschman (1988, 115-147) state what luxury consumers tend to use these goods to develop their inner self-identity as well as stressing what obtaining and using such items reveals personal identity of human. Such studies as Puntoni (2001) provide a statement what consumers primarily use the luxury goods because they correlate to their personal image rather than the image they would like to communicate society as such customers are more personal oriented than society oriented.

#### **Hedonic value**

The hedonic value means the pleasure which customers get from the experience of consumption. To these customers the primarily reason to buy luxury goods is the emotions they acquire while using the product. Such group of customers is more self-oriented rather than social

oriented. Wiedmann, Henning and Siebels, 2009 stated what such customers may attain emotional value and experience as the most significant values. They look for the reward for themselves while using rather than functional advantage of the good.

Additional view on the luxury consumption provided by economists, which consider luxury as a product for which demand is not always functional and not always depends on money surplus left after satisfying the basic needs.

The three examples of irrational behavior connected to luxury is stated by Leibenstein (1950):

1. Veblen effect: the consumption is higher as the price increases – irrational market behavior when customers obtain the higher-priced goods in the time when low-price substitutes are available on the market. Reasons to such strategy is the belief of the price as a marker for a quality (the higher the price – the higher the quality), or by desire for conspicuous consumption (to obtain status via purchasing the pricy goods);
2. Bandwagon effect: the consumption is higher when other people are consuming the product, so called fashion – a choosing the option with no respect to own beliefs and knowledge but using the opinion of the majority, has variety of implications from the politics to market asset bubbles;
3. Snob effect: the consumption is higher when particular group of people are consuming the particular product due to its higher price not affordable for majority.

Combining the two views on the luxury consumption gives us a deeper insight on the reasons to desire and consume such goods – people tend to buy such goods not only due to its fine materials and satisfaction of needs and desires coming out of them but due to the social reaction to that goods as well. Further, the social aspect of luxury consumption is explored to extract the extra factors which drive the consumers to buy luxury goods.

### **Social aspect of luxury**

Nowadays society in countries talks about the end of social stratification, opening the barriers of society and luxury goods to be accessible to anyone. To define what is the social aspect of using the luxury item the brief history note is needed.

Originally, luxury served for a visible result – conspicuous consumption was a prerogative of kings, nobility and spiritual people), a social stratification was a set of society and everyone had to deal with it. In 18<sup>th</sup> century the Enlightenment philosophy evolved in disappearance of social stratification in the future, when all the existing stratum of kings, nobility as an only consumer of luxury came to the end. Bastien and Kapferer (2012) state what one of the luxury's fundamental function is to recreating the social stratification. Democracy, equality of sexes opens a society for

a larger number of people, but instead it takes away the hierarchy codes, and the luxury is a thing to transfer the message of the owner well-being to other society members.

Luxury is considered to be a marker for a social status of the owner, recreating a type of social stratification where a man can choose a component to define themselves in the society according to their wish. Thus, a luxury can serve as a symbol of desire to belong to upper class. Kapferer mentions the duality of luxury being a hedonistic valued for oneself and in the same time serving as a status symbol for the social stratification. For the second aspect a special index exists Luxury Brand Status Index (LBSI) connected to prestige, social associating of the given brand.

Various researches are done in order to combine and understand the factors influencing the decision to buy luxury good. Vigneron and Johnson (2004) defined to use “brand luxury index” including both personal perception and no-personal one as key aspects of perception of a brand. Wiedmann et al (2007) develop a four-dimensioned field: social, functional, individual and financial value. Berthon et al (2009) suggest three-dimensioned value model: objective (material), subjective (individual) and a social aspect. The research provided stated the idea of complexity of image of luxury with social aspect mentioned in every work provided.

The idea of social aspect was developed by several researches. Further examination on this field is necessary in order to define the motivations of customers to buy luxury goods in terms of social aspect.

First research on intrinsic motivation to obtain luxury goods comes under the theory of conspicuous consumption by Veblen, 1899 – then customers use luxury to show off and communicate their attribution to a higher social class. The theory demonstrates the importance of perception of people using such goods and brands to people buying the goods, concerning the appearance as a factor distinguishing them from the others. Thus, the image of the thing is vital for such customers, who want to be attributed to the wealthier society class.

Berry, 1994; Corneo and Jeanne, 1997, O’Cass and Frost, 2002) name the primary reason for such consumption as an attempt to impress others through obtaining the best of the market items. On the same time, several works state what motivation is a personal oriented as well (Coulter, Linda, 2003, Gentry, Putrevu, 2001). Belk, (1988b) examined a will to gain and signal status and high position in the society is one of the key factor in decision making process to buy such goods. Shukla, 2011 discovered an importance of social pressure, both family and peers and expectation of the society as a part of consumption process. Below is the table 1, aggregating the social factors from the research.



*Table 1. Social factors of luxury consumption*

Intrinsic (social) factors	Status Value	Signal position in society
	Uniqueness value	Signal individualism
	Group attribution value	Attribution to particular stratum

**Status value**

Customers looking for a status obtaining via possessions of the goods used by the group of people with high income and power demand the luxury goods (Vigneron and Johnson, 2004), such group of clients is concerned with using of such brands as a symbol of attribution to a group. Eastman et al. (1999) and O’Cass and Frost (2002) studied that status-oriented customers obtain only the goods, which will attribute them to the group of extra-ordinary people rather than ordinary ones, such costumers tend to value the opinion of members of their social group as well as demonstrating their position in the society. The perception of others is the critical factor for such group of customers, as Lichtenstein, 1993 stated what for the status acquiring group of customers the high price is the signal of luxury communicating to the society of high status of the user.

**Uniqueness value**

Group of customers are motivated to buy luxury goods to acquire the unique image of themselves in the society. Festinger 1954 discovered what “need for uniqueness” is a result of comparison of personal image to a society. Using luxury brands which are not available to general public due to its rarity and high price compared to more democratic ones. Lynn, 1991 stated that uniqueness or rarity positively influence the preference for the luxury product. Shukla 2012, Vigneron and Johnson, 2004 revealed that a uniqueness attribute of luxury brand is a key factor in the buying process. Dubois,1994 and Vigneron, 1999 discovered the uniqueness attribute as exclusivity boosts an individual desire for it. The studies above conclude that the brand which is perceived to be unique can ask the higher price for the product, as it helps to create the rarity and raise prestige of the brand. Hunter 2001, stated what the need of people to be different is a social phenomenon and standing out the crowd called differentiation is a one of a drivers of consumer behavior. The theme of being different on the first look conflicts this the value of the group attribution, but Frost (2002) concludes what it may be connected to will to be attributed to a particular social group with high status and in the same time differentiate oneself from the other groups.

**Group attribution value**

Bourne, 1957 studied the influence of the groups, which potential customer refer to or would like to refer to on the consumption of luxury groups. The influence of the social groups on

the consumption of the luxury brands was discovered by Bearden et al, 1982 providing a view of social environment being a crucial factor for luxury consumption. Czellar, 2003 provide a view where consumers who are more social oriented tend to react better to status products while customers which are not so social oriented consider utilitarian value of the product.

Conformity as a phenomenon is one of the oldest topic in consumer research (Asch 1955, Sherif 1936) and the choice of the similar things as the group members enables the communication of desired social identities (Berger and Heath 2007). In the literature where are two views on differentiation issue. First is the inner desire for being unique and distinguish oneself from the crowd (Lynn and Snyder 2002), and the people with higher self-esteem and higher needs search for the product not available to everyone and rare (Lynn and Harris 1997), in the other hand the differentiation can raise from the undesired identities which can be communicated though the consumption of the particular goods (Berger and Heath 2007).

The undesired values can arise from the theory of tastes as markers of social groups (Douglas and Isherwood, 1978) – the identity people perceive from the other choices depends on the set of people who share these tastes. For instance, the Harley Davidson motorcycles are the transport which chose lots of tough people, thus obtaining this product communicates the society of rugged identity of the owner. But on the same time obtaining of Harley of outsiders such as office workers who would like to use motorcycle to be associated with the group of core clients and been perceived as tough ones can change the communication signal of the brand to “wannabe tough guy”, which can harm the perception of the brand and prevent customers from buying the cycle. Further, (Douglas and Isherwood, 1978) study the effect of trends on the perception of the good and the value it signals. If a person chooses a T-shirt of a scare and unknown brand or style he can be perceived as a hipster status or unique one, but if this brand becomes popular among bigger number of people it may produce a negative social impression. Diverging of consumers from others.

Problem of people who want to diverge from others is not a thing discovered nowadays. For instance, Shanghai residents avoid to buy Volkswagen Santanas because they are on the favorite cars among suburban nouveaux riches (Wonacott, 2004). Berger and Heath, 2007 studied what people tend to adopt the tastes which can demonstrate their uniqueness and in the same time abandon the tastes if too many people inherit or the wrong group of the people use. Snyder and Fromkin, 1980 studied the effect of the diverging of the customers on the theory of constant difference of individuals based of the need to be unique. All the studies considered in the part of Uniqueness value of the luxury goods consumption examined the same issue of people want to create and exploit the unique image in the society. The study held by Berger and Heath discovered

that users decide to differ in the domains which are connected to expressing their identity to others. The core of the issue as the study suggest

Assimilation of people into desired group is also discovered in a number of prior studies. After studying the main motivations of customers to obtain luxury brand goods the classification of luxury goods will be given to identify the possible market sectors of luxury goods.

The several classifications of luxury products as well as the concepts to evaluate the luxury goods. One the most common classification of luxury goods was presented by Alleres, 1990 who define the segments of luxury market by accessibility to socio-economic classes:

- 1<sup>st</sup> level – accessible only by the elite socio-economic class, defined by exceptional prestige and price which are limited to access to all but the top class. As a rule, products of this category are purposely limited to a number of clients to remain the high level of rarity. For instance, the high-end cars produced by Ferrari, which are available to existing owners of several Ferrari cars which are chosen by committee of company.
- 2<sup>nd</sup> level – intermediate luxury accessible by professionals of the chosen socio class, which prefer luxury goods which are more accessible than the 1<sup>st</sup> category. For instance, Porsche cars are available to customers with high income but on the same time company does not create additional barriers but price ones to acquire their goods. On the same time, these goods are not accessible to a wide group of customers as the price barrier is high.
- 3<sup>rd</sup> level – accessible luxury, which is affordable to middle class representatives which strives for a quality materials used in production or would like to communicate the higher status.

The accessibility of the goods is not only limited by the price barriers, but the geographical one as well – Hermes implement the strategy of locating various goods from the same product line in different countries to make the process of buying the wanting thing connected to a journey spirit and limit the potential number of customers to maintain rarity.

The idea of positioning the goods according to the environment of consumption is also developed by La Forge (2004), in the study author suggest to classify the goods by the degree of luxury according to the knowledge how these goods are consumed: publically or in private atmosphere. Vickers and Renand (2003) studied the influence of the publicity of consumption on the degree of luxury goods accessibility. This study also suggests not to simply divide the products into luxury/non-luxury goods according only to their natural qualities such as materials of production, but also by a social-economic context. Authors provide an example of a car as a product: in the United States of America the Audi brand car is simply a car of a luxury brand with good product qualities and positive image, but in a poorer country even a car can be a symbol of luxury without considering it a luxury brand product due to a harsh economic situation in the

country itself. The study is appealing to a Veblen (1899) work, considering luxury product not only by material qualities, but in a context of society, idea was further discussed in a works of Spillman (2002) and Smith (2001), developing a way of evaluating the luxury product by the socio-cultural context and tastes. To sum up, the cultural aspect of a country influence the way product may be referred to luxury one or simply the product of a luxury brand.

Studies discussed above provide a view on luxury products always being associated with the highest quality of materials (Wiedmann, Hennings and Siebels, 2007), status and uniqueness (Vigneron and Johnson, 2004), however to truly define if a product belongs to a luxury good or not the socio-cultural analysis is needed, as in one society the product may appeal to be luxury and in the another society it will be just a product with good quality.

## **1.2 Luxury market overview**

Luxury market includes a range of various products and services such as cars, accessories, home accessories, dining's, holidays, apparel, homes, etc. In this part the size of the market, types of consumers of a luxury products and main companies will be studied.

### **Market size**

The data of the market is provided by different sources such as consulting firms, analytic firms, may be different as the approaches how to define the luxury market vary. For instance, the consulting firm Bain and Company, one of the leader in the segment of luxury market research use the approach including the companies from Altagamma foundation list – special consortium of luxury brands company in Italy – which includes companies from the luxury market worldwide. The information system includes data from more than 240 most successful luxury companies and is called “Luxury Goods Worldwide Market Observatory”. There is another approach to define the luxury companies to gather statistics used by BCG company – the consumer's opinion define the luxury product companies according to the survey and studies. There is a group of companies aimed at gathering statistics from various market like Euromonitor which does not explain the methodology of gathering the data.

Since the 2009 year the luxury market volume increase in 26%, and since the 2015 year by 3% (Euromonitor, 2016) with US market staying as a leader with China following, and signaling the China, Russia and Brazil slower the consumption rate. The agency called the recent and the following year a new era for luxury when conspicuous and status consumption slow the influence of the decision making process giving a road to more material experience oriented client.

Bain and the Company in the recent research on the luxury market stated than estimated €1.08 trillion in retail sales value in 2016 was a statistic for 80% of the market. The market of the personal luxury goods was at €249 billion sales with no significant change in comparison to 2015

year. The America and Asia show a decline of 3%, and the Europe by 1% mainly due to the lack of tourism on the whole continent, but supported by a Great Britain depreciated pound resulted in the rising of the consumption. On the same time China market was affected by the limitation of foreign buying for Chinese citizen to maintain the domestic market official sale, but in a long-term the Chinese middle-class growing in number remains a development force for the luxury segment. The Russian market was affected by a declining exchange rate of a ruble (down 11%), which risen the nominal consumption. After the strong growth in the past 20 years over crisis happened and the devaluation of currency the market by Bain found a new normal of the market with 3% of stable growth in the conditions of stable currency. The agency is also providing an insight on the changing behavior of the customers with currency exchange rate fallen down in Russia, Japan and Brazil, but the forecast from the United States and Europe tend to eliminate the negative effect of consumption in these countries. Another pronounced trend is the shift of preferences among consumers to casual products, especially in categories such as clothing. Luxury jeans and slippers each now amount to 3 billion euros, and down jackets and backpacks - for 2 billion euros. On the contrary, sales in the category of hard luxury, which includes jewelry and watches, fell by 5%, mainly due to continuing difficulties in the category of hours (8% compared to 2015 at the current exchange rate). As for Chinese luxury market, despite the slight slowdown from 31% to 30% of total consumption still remains the force for the future growth. Especially notable growth in the luxury goods market on the Internet was sales of 20 times (from 2003 to 2016) to the current level of 19 billion euros (or 8% of the total). Only in 2016, the online luxury goods market grew by 13%, which far exceeds the rest of the luxury market.

Boston consulting group in the recent report accounts the luxury market up to €1.5 trillion, which is different from the previous reports due to another approach to evaluation. The agency stated the same trends as Bain and Company does: the new normal of the market as the growth slows and shifting the drivers of the consumption. Also, the retail chains slow down the expansion rate to become more organic. United states as a leader of luxury consumption is to continue to be the main contributor to a growth, as the market is established long ago, on the same time Chinese customers becomes more driven to buy quality luxury items and can benefit the accessible luxury market. As the company suggest where is a shift of the key factors to consume luxury goods: the social ones are dominated by the quality, uniqueness and performance, as the client become more demanding. On the same time the changing of the way luxury player interacting to potential clients happens on the market. The luxury sales online become the fastest growing way to sell the goods, furthermore it is a reliable lever to influence the intentions of clients to buy luxury product.

The Bain and Company mainly considers the personal luxury goods in its statistics and states what accessories dominated other sectors of luxury products with 29%, second one is apparel

with 26%, hard luxury with hard luxury 19% and beauty with 22%. Over the long term the accessories were a category number one in terms of the size of the market and growth rate – up to 10% over 5 years from 2010 to 2015 but in 2016 year it declined by 1%. In the category of accessories, leather goods and footwear showed a clear shift in favor of low-price goods, such as backpacks and sneakers. In clothing, the dichotomy between large specialists and smaller, more dynamic brands is growing. Everyday clothes are gaining momentum, which leads to growth in areas such as luxurious jeans, denim jackets and active clothing.

To sum up, luxury market is still growing but the pace of the increase found new normal with average of 3% of annual growth.

### **Types of luxury consumers**

To better understand the market of the luxury goods with the intention and motivations to buy the product the understanding of common types of clients need to be studied. In the most common view – the luxury consumer is a person who consistently over time buy luxury products. The Bain and the Company perform a study, where they discovered the fact that over past 20 years the number of active luxury users grow up to 3 times from 92 million in 1996 to 340 million in 2015. Further they stated the existence of the trend to add 10 million consumers each year.

Bain and Company suggest to distinguish two major groups of client according to Altgamma typology – the true luxury consumers and the premium-to-luxury consumers. What is special about the division is the proportion of the spending on luxury of both group. The True-luxury users in 2016-year account by 17 million users with 250 million euros spending on luxury, while the rest of 398 million user account only for 610 million euros (Bain and Company, 2016). The true users tend to acquire the luxury goods up to 1,350 dollars annually per person basically acquire luxury goods of all kinds and prices, while the second segment of consumers spend only up to 160 dollars (Bain and Company, 2016).

The existence of two large segments of the consumers is the peculiarity of the modern market of luxury, as previously there was only one segment with true only users with mega-affluent people in this sector the only one holders of the wealth. Nowadays the seconds are not only an affluent and wealthy people, but for instance the young customers with high income which just started their career in a well-paid job but do not already make a fortune and are not referred as rich ones. Such group of clients is called HENRY (high earnings not rich yet), and the number of consumers in this group is already accounted for ten times more than top-true users of luxury goods and their number is still growing. Such group is considered to be a future factor of luxury consumption growth and Bain and Company advise to build a proper communication with HENRY to ensure the future ability to develop sustainably.

Boston Consulting Group developed the more detailed classification of luxury customers according to household assets in poses. This study was held in 6 markets both developed and developing ones (US, Brazil, Japan, Europe, China, Russia) to distinguish 5 groups of households according to their income/bank accounts/luxury spending.

- Aspirational mass-market households: annual income in developing markets accounts for 19,500 dollars and 60,000 dollars in the developed markets, the group consists basically of stylish urban citizens. The annually spending on luxury product is 430 dollars.
- Rising middle-class households: people who have roots in middle socio-economic class and obtain well-paid allowing them to take the higher position in a society. Annual income account for 130,000 dollars in matured markets and 40,000 dollars in developing ones.
- New-money households: consists of people basically with the own business started recently and they are the first owners of it, with more than 800,000 dollars in the bank account assets.
- Old-money households: people who benefit from the already established businesses by the ancestors, usually the representatives of the aristocracy, who did not earn the money in possession.
- Beyond-money households: people with similar features as the old-money, but absolutely indifferent to status seeking as they strive to use luxury basically for inner consumption without any demonstration of the consumption.

The Bain and Company developed another classification of luxury users combining their spending on luxury and the demographical factors such as lifestyle, history background and buying behavior, presented in the table 2.

*Table 2. Luxury users' classification by Bain and Company, 2014a*

Segment of consumers	Features	Proportion of sales/sales
The omnivore	<ul style="list-style-type: none"> <li>• New to luxury segment</li> <li>• Typically younger than other segments</li> <li>• Ready for experiments</li> <li>• Prefer brand own shops</li> <li>• Relatively low brand loyalty</li> </ul>	25%, 2500\$ per year
The opinionated	<ul style="list-style-type: none"> <li>• High degree of education</li> <li>• Generation X and Y</li> <li>• Focus on watch and leather</li> </ul>	20%, 2000\$ per year

	<ul style="list-style-type: none"> <li>• Awareness of the brand</li> <li>• Influenced by social nets</li> <li>• Shops in local community</li> </ul>	
The investor	<ul style="list-style-type: none"> <li>• Focus on quality and durability</li> <li>• Leather and watch focus which can be passed through time</li> <li>• Sensitive to opinions of others</li> </ul>	13%, 1600\$ per year
Hedonist	<ul style="list-style-type: none"> <li>• Focus on experience of buying and using luxury goods</li> <li>• Influenced by advertisement</li> </ul>	12%, 1250\$ per year
Conservative	<ul style="list-style-type: none"> <li>• Mature mainstream shoppers</li> <li>• Both men and women</li> <li>• Influence by friends and family recommendations</li> <li>• Shops in the malls</li> </ul>	16%, 1100\$ per year
Disillusioned	<ul style="list-style-type: none"> <li>• Mostly baby-boomers</li> <li>• Focus on leather and beauty</li> <li>• Use products more than one season</li> <li>• Shops if possible online</li> </ul>	9%, 950\$ per year
Wannabe	<ul style="list-style-type: none"> <li>• Primarily female shoppers</li> <li>• Look for entry level models</li> <li>• Influenced by fashion and friends</li> <li>• Little brand loyalty</li> <li>• Value affordability</li> </ul>	5%, 550\$ per year

The distribution of luxury consumers across various age groups is necessary to overview to understand the age which will be a driver force for luxury consumption in the nearest future. According to Bain and Company. Baby boomers, aged 51-60 still represent the biggest share of the clients with 45% of consumers and 43% of total volume on sales, but their spending per capita is not the biggest on the market – 1400\$. Baby boomers in the recent years was a driving force of consumption on the luxury market and affect it in a certain way now, but their share is decreasing as the time pass – the changing of the structure of the spending, the growth of another age groups – resulted in the fact, that this group is no longer the main base for the luxury market (Millennial Marketing 2014), but they still represent an interesting segment for luxury brand companies.



The highest spending on the luxury per capita annually demonstrates the generation X, aged 36-50 years, with spending up to 1750\$ annually on luxury brand goods representing the 31% of a number of a luxury consumers and with 37% of total sales. This age group is now on the peak of the career ladder with the highest earning period, enabling them to be the biggest spenders on the market. The market overview suggests they are brand loyal and desire for high-quality products which make them a desirable auditory to the luxury brands (Luxury daily, 2011). The issue is that generation X is too small to maintain the high sales of luxury brands on the own, so the luxury brands are turn the focus onto the Millennials, so called Generation Y.

Generation Y – the age 15-35 - nowadays accounts for 20% of the number of luxury consumers and 14% of the total sales on the market. The majority of the Millennials are entering the peak of their career and acquire more money to enter to a luxury market. Millennials considered to be the most fast-growing segment of the luxury consumers both in terms of service and products and to be a major buying force of 2018-2020 years. The study revealed 83% of representatives are not ready to stop luxury consumption even in the period of crisis. As this segment of consumers is seen to have a vast influence on the luxury, the companies are to understand their motives to buy luxury brand goods. Representatives of this generation differ from baby boomers in terms of lifestyle and attitudes of consumption and the companies are to acknowledge it in order to build lasting relationship or make the consumers to buy their products.

The important peculiarities of this generation are the following they tend to evaluate themselves through the experience and the achievements rather about what they own. The main values in luxury consumption are the money spent for value of quality and the scarcity of the products (Millennial Marketing, 2014). Representatives of the generation Y are tend to display the high level of the hedonism (Loroz and Helgeson, 2013) with the high level of the self-esteem. Despite the relatively low earnings and savings, Generation Y representatives are willing to keep up with the higher quality and tastes associating this the luxury users. The instant access to the information via the internet channel allows them to quickly evaluate the brands and how they appeal to the tastes and share the opinions and experience of using the goods. So, the information about the inconsistency of the values of the brand it communicates and the users of the brand instantly can be delivered to the masses of users.

### **Conspicuous consumption.**

The literature observed above revealed the close connection of the luxury to conspicuous consumption. Veblen, 1899 define this phenomenon as a wasteful display of wealth via purchasing the luxury goods rather than satisfy the functional and utilitarian needs. The only aim of such type of consumption is to gain the high social status. Originally, wealthier consumers tend to use luxury unaffordable to majority to distinguish themselves from the lower levels of the society. Various

studies were held to justify the sole reason for the luxury existence to be a tool to class theory and status gaining (Brooks, 1981; Dittmar, 1992, 2008). Greater social mobility allowed people to acquire status not only by attribution to a higher stratum by the right of birth, but using social markers which are associated with higher class (Ger and Belk, 1996). Competition of the status was observed in the corporations as well (Podolny, 2005). Traditionally all the innovations in the consumption and the fashion as well as the knowledge how to adopt it to a daily life brings the distinction between the first users of the higher class, such as ABS system in Mercedes Benz S-klasse (Bourdieu, 1984), then it becomes the status market for social stratification (Douglas & Isherwood, 1979) and finally it comes to a mass market Simmel, (1904/2011). Researches states the idea of envy from the lower class to the higher one resulting from the comparison with the top class (Festinger, 1954) leads to the will to mimic to the upper class via obtaining the symbols of the ones use (Belk, 2008, 2011). The process of constant desire to obtain social status by those who lack it resulted in the phenomenon of democratization of the desire when previously affordable only to the wealthiest stratum of society goods becomes reachable by a bigger amount of consumers with ability to buy the entry models of a luxury brand.

The new paradigm of luxury includes the affordable to masses luxury brand goods, which were previously associated by the class only (Thomas, 2007). The concept of the new luxury includes the affordability, mass-market orientation and loss of the connection between status and class and all of the stated features without undermining the luxury brand status. This phenomenon is connected with the proletarian drift as both of them reflect the attribution of previously associated with the higher class only and now can be associated with the aspirational class as well. With this phenomenon happening – the issue of the inconspicuous consumption is rising, when people who use the luxury as a symbol of success tend to change their consumption to the brands with no significantly seen logo. The Chinese consumers, for example, used to acquire brand goods with the prominent logo (Pinheiro-Machado, 2010), but now there is a tendency to hide the consumption, make it subtler (CPP Luxury, 2013). The study of the conspicuous consumption demonstrates the will to signal the wealth through the brands is a distinctive feature of a middle-priced levels, but not in the high-end ones (Berger and Ward's, 2010).

This phenomenon resulted in raising of the inconspicuous luxury positioning this luxury brands which aim to distinguish themselves from the easily recognizable brand to an identified by the high-end users only and make the use of the brands unrecognizable by the masses. The development of inconspicuous brands which use discreet signals that are not apparent or visible to most consumers and use smooth signals in the appearance (Han et al., 2010). For example, Louis Vuitton begin to strive away from the LV logo on the bags introducing the model with hardly

visible logo, but with the same quality of materials for the users who do not want to be recognized as luxury users and demonstrate their status via distinctive logos.

The study of the habits of the consumers of the BRIC countries Postrel (2008) suggest the consumption is driven by the recently become rich consumers in Russia, Brazil, Indian and China, which provide an insight of a possible future shift from the conspicuous consumption to the more inconspicuous one as the nation itself becomes wealthier and will strive away from the image of the developing countries.

The reviewed studies revealed the core issue of the proletarian drift and conspicuous consumption happening in the market – then a luxury brand goods starts to be used by the lower class to gain status from using such items then a market can react to this by changing the willingness to buy such goods, which happened in the developing markets.

#### Research gap

All the studies reviewed deal with the motivations which influence the decision-making process of buying luxury goods concerning the social and personal factors and socio-cultural aspects. Researches were primarily done in attempt to identify the set of factors influencing the purchasing intention to buy luxury goods, but few of them concentrate on the Generation Y motivation to buy and especially in Russian market. The observed literature provides no information about the influence of the negative social signals of the luxury brand happening as the proletarian drift occurs, thus the aim of the study will be to fill this gap by testing the hypothesis about the influence of the proletarian drift to readiness to buy particular luxury brand good.

## Summary of chapter 1

The review of the literature dedicated to luxury revealed several major aspects of this phenomenon: luxury is not the universal concept with accurate borders to define, it has a number of meanings stressing the importance of distinguishing the luxury good from the luxury brand good. Furthermore, the socio-economic context is very important for defining luxury in the particular market, combining with the accessibility of the brand or the product it can be referred to luxurious or not. Further, the luxury brand products can deliver to consumer the values such as hedonic, social and functional.

Analysis of the luxury market demonstrates the stable growth in the recent years in terms of volume, sales and newcomers to it. Top luxury goods make the biggest share of the market in terms of revenue, but affordable luxury is raising the numbers too. Consumers now represent not only the wealthiest and most affluent members of society but the ones which are just entering the luxury market and can be referred to premium-to-luxury users by buying low-end luxury products and entry collections. As for geographical peculiarities of the luxury market USA considered to remain the main buyer of the luxury goods with China following them, but developing markets such as Russia still important for the luxury brands in terms of future possible buying power and currency exchange rate.

Analysis of the companies operating in this market, the high-end ones demonstrate the increase of the sales, but it does not mean they do not face the strong competition from the runners up. As the market is extremely competitive the attraction of the consumers is a vital theme for all the player. As the consumer's profile change over the time and the luxury brands becomes more affordable to new-comers the issue of the brand association is extremely important question as due to newcomers it can start communicating the wrong social signals which can prevent the existing clients from buying it. As the number of Millennials in the luxury market clients grow the investigation of their motivations to buy luxury goods and studying the effect of proletarian drift of them is important for the companies.

The review of the literature on the conspicuous consumption revealed an important conclusion what a process of proletarian drift – the diffusion of the luxury from the higher socio-economic levels to the lower ones lead to the decrease in the will to buy such luxury items, which are exposed to prole drift by the current luxury consumers.

## **CHAPTER 2. CONSUMER PURCHASE FACTORS AND PROLETARIAN DRIFT EFFECT**

The second chapter of the work is dedicated to the study of the influence of the proletarian drift on the readiness to buy particular luxury brand good with respect to factors of acquiring the luxury goods on the Russian market. Basing on the analysis the author identifies the influence of the undesired social signals on the consumers will to get the luxury product.

### **2.1 Factors of purchasing luxury goods.**

In the Chapter 1 the values received though luxury consumption were discovered:

The personal ones:

- Quality of materials value
- Self-Identity value
- Hedonic value

The social ones:

- Status Value
- Uniqueness value
- Group attribution value
- Conspicuous value

To better understand the purchase intentions of the consumers of the luxury brand products the most common frameworks of the luxury brand consumption. One of the frameworks developed in the recent years towards the intentions to buy luxury goods was developed by Hung et al (2011). The author suggests three main factors influencing the purchase intention of a consumer: the personal perception of the brand, social influence and the traits of the vanity. Luxury brand perception is described as the attitude to the brand which was developed through personal experience, internal functional and symbolic values and can be referred to as internal factors. Social influence is an external factor of the consumption developed by a social pressure, the motivation referred to as a social opinion on the luxury brand consumption and willingness to communicate the status and success to the relevant social groups. Trait of vanity is a concern of a person of his/her appearance and personal achievement; this can be seen as an intrinsic factor shaped by a social pressure.

Another model of the purchase intentions framework was developed by Zhan and He (2012) (Image 1). The core of the model according to the study is an attitude to a brand, which directly influences the purchase decision to buy luxury goods. This framework supports the model of the reasoned behavior by Fishbein and Ajzen, 1975. The attitude to the brand is affected by

value consciousness, need for uniqueness, consumer knowledge and susceptibility to normative influence (social one).

1. Value consciousness represent the ratio of benefit/cost sensitivity, clients seek for the best alternative, which allows them to satisfy this value. Even the fact that luxury products usually demonstrate the higher than average prices the benefits in the functional way may be graded as well. The values of the luxury products both personal and social can also be included in this ratio, such as sensory pleasure and experiences of using such products like satisfaction of personal fillings (Sheth et al, 1991).
2. Need for uniqueness is correlated this the uniqueness value and refer to a will to stand out of the society. Even if a person obeys the rules if the society, for instance law and norms, he still has a need to distinguish himself from the others, especially in a case, when a person feel a danger for its identity.
3. Consumer knowledge relates to an inner knowledge of a person considering the particular group of products and categories. The higher the degree of the knowledge – the more brand aware is the consumer.
4. Susceptibility to normative influence means the readiness of the consumer to meet the requirements and expectations of the society and his social group. Correlates with the group attribution value.

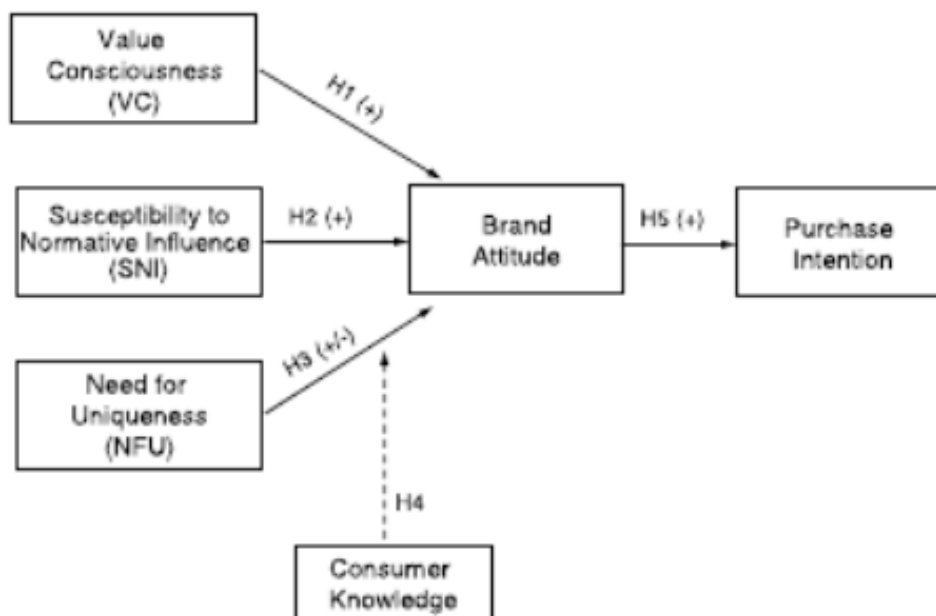


Image 1. Brand attitude and purchase intention model by Zhan and He, 2012

Zhan and He, 2012 stated that mentioned factors can influence the decision to buy luxury goods in various ways, factor 1 and 4 are more likely to influence positively the decision-making process. But factor 2 can influence in both ways – positive one if the brand is prices high or is just

scarce due to its nature the need for uniqueness will drive the consumption in positive way, but if the luxury brand is well known and widely presented in the market – the factor can affect negatively. As for consumer knowledge, according to the author it acts like a moderator between the uniqueness and the attitude towards the brand. If an inner knowledge of the field is high the variety of the brand rises and a consumer has a bigger number of options to choose. If a knowledge is low – the customer tends to choose the most well-known brands. So, if a knowledge is increasing the relationship between the consumer need for uniqueness and his positive attitude to a well-known brand weakens.

Shukla (2011) developed a work on the purchase intentions according to a cultural aspect of the consumption:

1. Brand image – sum of the attitudes, believes, feelings to a particular brand
2. Brand origin – the home-country of the brand is perceived primarily by customers (Thakor and Kohli, 1996) disregarding the true origination of the product, for instance a watch can be originally developed by a Swiss brand, but assembled in China.
3. Normative interpersonal influences – readiness to satisfy and meet the expectations of the society by obeying a set of rules.
4. Informational interpersonal influences – readiness to perceive information from the others and use it as a proof of a reality.

The author suggested that in collectivistic countries such as China, the consumers are to have high level of interpersonal influences, but the brand image and origin tend to have a greater influence on the clients from the developing markets and individualistic societies.

Bian and Forsythe (2012) supports this idea that in USA customers tend to value uniqueness more than the China clients, as the society is more individualistic. The study of the factors lying underneath the consumption of the luxury brand in different cultures was held, the USA market represent the individualistic behavior approach while China market – collectivist one. The USA and China are two major players in the luxury market, which added interest to a research.

The result of the study was a development of a conceptual model (on image 2) of the forming the luxury brand product perceptions to buy – self-expression, self-presentation and affective ones. Self-expression is affected by customers need of uniqueness, self-presentation – by self-monitoring. The issue is that self-expressions appeals to personal factors and the self-presentation to externalized one.

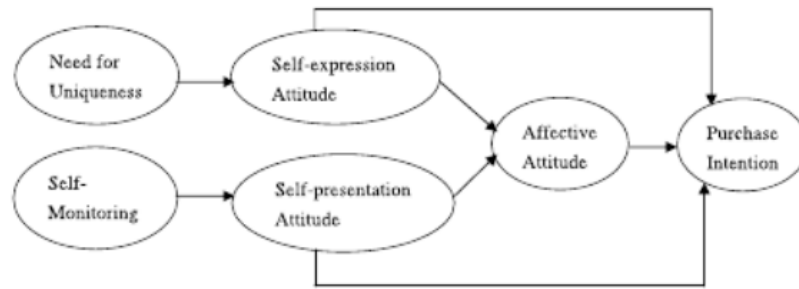


Image 2. Conceptual model by Bian and Forsythe (2012)

Self-expression attitude – the will to orient the consumption to satisfying the identity of the individuals and demonstrating the inner values underlying the decision-making process. Katz, (1960) stated that this attitude is influenced by a need for uniqueness. This phenomenon can be considered as the individual feature to acquire brands and the products to distinguish individual identity from the others. Luxury brand can satisfy this need if the unique image with the scarcity value is achieved (Vigneron and Johnson, 2014). The demand for uniqueness is supposed to have a high esteem in the Western cultures of the individualism than in Eastern collectivists one (Burns and Brady, 1992).

Self-presentation attitude is more oriented on the social aspect of consumption of the luxury brand to meet the desired social image. Snyder, 1985 define it as a degree to which people would like to respond to social expectations and states the ability of the luxury brand to symbolize social stratification and group attribution can emphasize the social image of the brand. As the consumers from the China tend to value interpersonal relationships to define social norms and possible ways to behave in the society, Bain and Forsythe, 2012 suppose that collectivists countries such as Eastern one, China for instance, demonstrate the higher level of self-presentation values than Western.

Both these attitudes considered to positively influence the affective attitude to luxury consumption process. While self-expression attitude answers the inner need to be unique and use pleasant goods raise the emotional reward of using and owning the luxury goods, on the other hand self-presentation support the status in the society and self-esteem, which also can result in the increase of the emotional satisfaction and reward. Consumers with high need for self-presentation tend to acquire the luxury brands as they communicate the prestige, recreate social stratification and signal of an upscale position among others (Nueno and Quelch, 1998), while self-expression clients are to buy luxury goods as they maximize their consistency between how they perceive themselves and their look in the society correlates with their inner motivations and beliefs.



Shukla and Purani, 2012 developed an additional framework of attributing the value of consumption the luxury goods in the context of the cross-cultural differences (Image 3). The proposed model compared the societies with the collectivistic mindset and the individualistic ones. The five values which were examined are the self-driven symbolic and expressive value, others-driven symbolic and expressive value, value gathered from experience and hedonic pleasure of using, utilitarian and functional ones and cost/sacrifice.

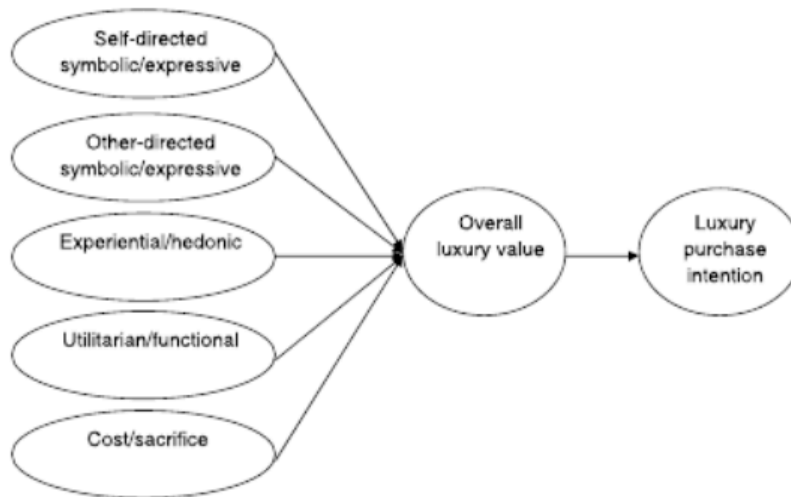


Image 3. Luxury Purchase Intentions by Shukla and Purani 2012

Self-directed value us attached to consumers and demonstrates the psychological image of the product. (Smith, Colgate, 2007) and the feature of the product to create a positive feeling of the user of the owning the good and being ready to use it as a gift to another person (Shukla and Purani, 2012). This type of value according to the authors is more common in the individualistic societies which usually represent the western countries market due to the fact what western individualistic consumers are driven by their own needs (Hofsted, 1991). So, the authors suggest that the self-directed value can vary across the nations with different level of individualism/collectivism. The hedonic value reflects the value connected with multi-sensory and emotional aspects about the luxury brand consumption. The utilitarian one is connected with the usability, highest quality of the materials and the uniqueness value. In addition the overall luxury value of the proposed good is influenced positively on the willingness to buy luxury brand goods.

Additional view on the issue what influence the intentions to buy luxury was provided by Shukla, 2011 in the study of the influence of the values on the intention to buy luxury brand goods. The following values were observed: hedonism value (personal satisfaction), materialism value (quality of the goods), uniqueness value, status value and the conspicuous value, which is closely connected to the group attribution value – the will to demonstrate the owning the item to be

attributed to particular group. This framework was tested on both emerging markets as well as developed ones and demonstrates the good fit of the factors on the model of defining the intentions to buy luxury brand goods. The suggested factors – the values of the luxury consumption were stated in one or another form in several frameworks observed before, which were observed. This allows to conclude what the values perception which are connected with the luxury consumption can influence the willingness to buy luxury brand goods.

For the purpose of this study the factors influencing the readiness to buy luxury brand goods need to be chosen among all others. As the study aim is to evaluate the existence of the proletarian drift on the readiness to buy luxury brand goods, the general factors reflecting the values basically lying underneath the decision-making process of buying luxury brand will be used with no deeper study of the factors consistency.

Table 3. Values influencing the intentions to buy luxury.

	Factors	Framework or model
1.	Perceived high quality of materials	Zhan and Kim, 2013 Factors affecting the purchase intent towards luxury fashion products Shukla and Purani, 2012 Luxury purchase intentions Shukla, 2012 Conceptual framework “The influence of value perceptions”
2.	Hedonic/experiential value	Shukla, 2012 Conceptual framework “The influence of value perceptions” Shukla and Purani, 2012 Luxury purchase intentions Bian and Forsythe, 2012, Conceptual model
3.	High social status	Bian and Forsythe, 2012, Conceptual model Shukla, 2012 Conceptual framework “The influence of value perceptions”
4.	Need for uniqueness	Shukla, 2012 Conceptual framework “The influence of value perceptions”

		Bian and Forsythe, 2012, Conceptual model Zhan and He, 2012, Brand attitude and purchase intention conceptual model
5.	Attribution to a particular group	Shukla, 2012 Conceptual framework “The influence of value perceptions” Zhan and Kim, 2013 Factors affecting the purchase intent towards luxury fashion products
6.	Consumer knowledge	Brand attitude and purchase intention model, Zhan and He, 2012

The chosen factors influencing the decision process of buying corresponds from the reviewed model, accepted to generally influence the readiness to buy luxury brand goods. Although, the set of factors is different across all the frameworks the common are founded in the table №3, and the work of Shukla, 2012 The influence of value perceptions demonstrates, what for evaluating the attitude to a purchase intentions towards luxury products the values shared by the respondents can be used. The purpose of this study is to prove the effect of the prole drift on the willingness to buy luxury brand goods, this leads to the necessity of checking the hypothesis about the difference between several groups observed to eliminate the effect of the particular value perception on a manipulated variable. The hypotheses will be formulated in the section after review of the luxury market in Russia and the watch market in general. Due to the fact the study is performed on the representatives of the generation Y living in the same city and the country, we can assume that among representatives on the close to each other age groups from the same country where will be not significant difference in the value perceptions.

### **Russian luxury market.**

Russia is the largest country geographically and among ones with the biggest population with 143,6 million people living. In recent years economic lost the pace of the development and among the factors is the reduction in the volume of the production output, sanctions put on the financial sector and the uncertain situation in the economy. The luxury market in this situation is demonstrating the slight growth of sales from the retail information based on the general economic growth (Euromonitor, 2017).

Russian market for luxury brand players represented a good opportunity to enter in the last years due to the Olympic Games in Sochi and a number of companies opened their stores in the

Southern area of Russia. Luxury player are also considering the expansion in the cities where the FIFA World Cup 2018 will be held and Saint-Petersburg is on the list of the participants. Russia nowadays demonstrates the different level of the market development of luxury brand goods and Saint-Petersburg, Ekaterinburg and Moscow represent cities with the highest level of development in terms of the brand stores.

Luxury market players are widely present in Russia, but only few of them are manage the brands on the own such as LVMH, Chanel and Hermes prefer not to delegate the control to franchise or the distributors, the aim is to remain the necessary level of control in the hand of the headquarters. On the other hand, there are two main players of luxury retail – Bosco di Ciliegy and Mercury, which acquire more and more brands in the control of the groups operating the largest luxury centers in Saint-Petersburg and Moscow.

As for the preferences of the Russian consumers, they strive for the quality of the products and scarcity and the player of the market respect such an approach and carefully chose the products to be present in the Russian market and sometimes the limited collections are launched to satisfy the demand of the high-end consumers. But in general, the consumers demand the same collections which are presented in a world market and can even react negatively if a special adaptation is made for the Russian market (Euromonitor, 2014). Thus, in the recent years Russian consumers tend to buy luxury brand products abroad due to the trust issue to a things sold in the Russian and the price policy of the Russian retailers, nowadays the retailers change their profit margins to a lower ones and attract new user.

### **The watch market**

Watches represent the part of the personal accessories and basically can be divided in two major groups: mechanical and quartz watches. At present the major players in the watch market are the following:

- Audemars Piguet
- Burberry
- Casio
- Chanel
- Chopard
- Citizen
- Dolce & Gabbana
- Giorgio Armani
- Patek Philippe

- Timex
- Titan
- Seiko

The major producer of the watches in the market is China with 50,33% of total watch produced and with Switzerland on the second place.

The recent market overview (Business of fashion, 2016) provides an insight in the current situation in the luxury watch market. The decline in sales is happening on the Russian, Middle Eastern and Chinese markets, which first two suffering from the effect of the low oil prices and economic decline in some markets, and the corruption investigation and the limitation of buying goods abroad. Also, the brands are providing new categories of watch to the price sensitive group with price below 5,000 euros.

New trend in a luxury watch market is the introduction of the basic steel models, as the precious metals make the cost of production much higher than using steel models. The decline in sales lead companies to explore new ways to communicate the potential users.

The watch market is appropriate to be used in the study, as the introduction of a new lower cost models can lead to new customers, which are more price sensitive and can be used as an example of potential prole drift, and the shift to local consumers rather than travelers demand understanding of the factors, which can influence the intentions to buy such items.

### **Hypothesis statement.**

A number of studies stated the quality of the materials as one of the most affluent reasons for the purchasing the luxury brand goods, such as (Dubois, Laurent, Czellar, 2001), Wiedmann, Hennings and Siebels, 2007). The summary of the works is that consumers, which are most personal-oriented acquire luxury goods for the outstanding value of a materials and quality of the good itself instead of demonstrating the ownership to other people. Vigneron, 1999 provides and insight what intrinsic quality of the luxury goods is the natural feature of the luxury. Bastien and Kapferer, 2012 in addition to Vigneron add what the conspicuous consumption is not the most influencing factor for purchasing luxury brand goods and the intrinsic value of the product means for particular group of consumers. The observed study also revealed a connection of the perceived quality on a readiness to buy luxury brand goods – when a perceived quality become higher the willingness to buy is increasing at the same time.

Studying the works connected to a value Quality of the luxury goods is considered to be one of the factors affecting the readiness to buy luxury brand goods by the previous studies and as

the Millennial marketing, 2014 suggest the Generation Y representatives are influenced tend to value the quality of the luxury brand goods the following hypothesis is stated:

*H1. The Perceived high quality of the luxury goods value will not differ across respondent's groups provided with different information about the good.*

The other value of the luxury consumption is the personal satisfaction of using such goods. Study by Wiedmann, 2009 stated that personal motivation oriented on the consumer's inner self is not well covered by the current researches, while Wong and Ahuvia, 1998 suggested what personal oriented consumers receive enjoyment when the product they use correlates to their inner perception on themselves. Tsai, 2005 developed the idea of gaining pleasure of the consumption is bond to the self-awareness rather than social orientation. Hirshman, Holbrook 1982, defines the hedonism as the aspect of the multisensory emotional aspect of using something and Vigneron, Johnson, 2004 connects to the symbolic attributes of the luxury goods, which provides a perfect combination of various symbols communicating and what such customers may attain emotional value and experience as the most significant values. They look for the reward for themselves while using rather than functional advantage of the good. Wong and Ahuvia, 1998 suggested to use Hedonism as the aspect of the decision making towards the buying the luxury brand goods and Shukla in the various works confirms the significance of adding it to the evaluation model. The representatives of the Generation Y tend to have a high level of the self-esteem (Logan, 2008) and high levels of hedonism (Loroz and Helgeson, 2013). This contributes to the following hypothesis formulation:

*H2. The Hedonism value of the luxury consumption will not differ across the respondent's group provided with different information about the goods.*

The previous two values are commonly attributed to the personal ones. The studies revealed the group of social values which are the base for the decision-making process for social oriented person. Vigneron and Johnson, 2004 states what such group of consumers are conscious about their perception in the society and use the luxury as an attribution to a higher social group. O'Cass and Frost (2002) study reveals the consumption of the goods attributed to the highest stratum of the society by the particular group of consumers, which strive to gain attribution to this group by the possessing the goods using in it. The perception of others is the critical factor for such group of customers, as Lichtenstein, 1993 stated what for the status acquiring group of customers the high price is the signal of luxury communicating to the society of high status of the user. Basically, this value combines both internal will to acquire prestige and to be recognized as the user with a high status. Communicating high social status is connected to a conspicuous consumption which is connected purely on displaying status and wealth (Mason, 1993). Luxury considered to be one of the ways of stating the social position (Belk, 1985, 1999; Shukla, 2011).

For this the widely considered the luxury willingness to buy is risen for such type of users when social status of the luxury item is increasing. As the consumers of the generation Y are still on their way of finding themselves as a person they tend to acquire luxury goods to communicate their personality through the status symbols.

*H3. The High social status value of the luxury consumption will not differ across the respondent's group provided with different information about the goods.*

Across the studies and the frameworks reviewed there are several dedicated to a group of consumers who are primarily motivated to buy luxury brand goods to create a unique image in the society. Festinger, 1954 study a need of uniqueness as a result of comparison of an inner perception or a self-image to the society. Shukla 2012, Vigneron and Johnson, 2004 suggested to use the need for uniqueness as one of the most vital factor influencing the readiness to buy luxury brand goods. Hunter, 2001 suggested the people, who would like to differentiate themselves from the crowd using their own image can be driven by the Uniqueness value to the luxury brand consumption. Ruvio, 2008 and Tian, 2001 discovered what a group of consumers use luxury brand goods to demonstrate their difference from the other consumers. Due to the scarcity of luxury by its nature this value is highly spread among the societies and the groups of people who tend to use the luxury as a remarkable feature of their appearance. The uniqueness value is also well-recognized by the players in the market, who try to lower the likeliness of the annual collections to the previous ones. The proposed value is arguing on the first sight the high social value and group attribution value, but Frost (2002) what it can drive the certain group of consumers which are not influenced by the mentioned above social values. Generation Y representatives said by the Millennial Marketing, 2014 are driven by this value as they seek for the scarcity of the luxury products.

*H4. The Uniqueness value of the luxury consumption will not differ across the respondent's group provided with different information about the goods.*

The group of studies revealed the attribution to a particular group to be one of the influencing factor of the luxury brand goods consumption (Czellar, 2001, 2003). The influence of the social group to which a person would like to be attributed was studied by Bearden et al, 1982, suggesting what a will to be attributed to the group with the higher social status can lead to better reaction to the goods with attribution to a high social status. The choice of the members of the same social group of the things of the same status connected to the desires identities to be communicated (Berger and Heath 2007), more over conformity is studied as a phenomenon by Asch, 1955, Sherif, 1936 suggesting the will to be attributed to the chosen social group can drive the consumption of the goods which are accepted within this social group. The further study was performed by the s (Fernandez, 2009) suggesting the Generation Y representatives are highly influenced by the opinions of the peers – the social group they are in and attributed to.

*H5. The Group attribution value of the luxury consumption will not differ across the respondent's groups provided with different information about the good.*

The reviewed frameworks, models and studies of the luxury brand intentions revealed the following issue: the good with the high perception of the social value can influence the decision to acquire luxury brand goods (O'Casey and Frost, 2002), (Mason, 1993), on the same time the group attribution value importance was studied on the several directions both association with the current social group of user and the desired one (Berger and Heath 2007). The need of uniqueness contributes the idea of a consumer wanting to signal the particular identities to the surrounding and feel consistent with the inner image and the image of the used good – personal satisfaction (Vigneron and Johnson, 2004). On the same time the study of the conspicuous consumption and the prole drift demonstrates the process of the luxury brand products becoming more affordable through the introduction of the lower-cost entry collections and the rising income in the developing markets and the people which were not previously able to acquire such goods due to a money constrain tend to buy them to mimic to a more wealthier class (Belk, 2008, 2011) and (Thomas, 2007). From the observed literature on the conspicuous consumption the following trend was discovered: previous users of the luxury goods give up the consumption of the luxury brand goods, which are used by the lower classes. The reason proposed - they did not want to be attributed to the lower class via obtaining such goods (Berger and Ward's, 2010). The new tendency for the luxury is to make a consumption of it subtler and how this is confirmed by the action of brands like LVMH and several China brands which respond to a will of consumers not to be associated with a lower class, who consume the luxury good to achieve status via them.

In the Generation Y representatives, the main intentions to buy luxury brand goods are stated as the influencing of peers (Group attribution), wanting to keep up with the quality and the tastes of higher classes, and value quality and the symbols communicated by the product. And the Russian consumers in general value the quality and the uniqueness of the luxury.

Based on this information from the reviewed literature the following hypothesis is stated:

*H6. The proletarian drift will have a negative effect on the readiness to buy luxury brand goods.*

Shukla, 2011 proposed to use not only values of the luxury consumption to identify the intention to buy luxury brand good, but the general attraction of the offer – is it attractive to the consumer by the qualities and signals it communicates. Zhan and He, 2012 also states what the luxury brand good might be attractive to the potential consumer on the values it communicates, but the influence of the social pressure can affect the overall decision to buy luxury brand good, moreover he provides the idea of the social influence influencing negatively on the readiness of a person to buy particular item, it means what if the product communicates the signals of attributing to the undesired social group – the attractiveness overall attractiveness of the offer will be lower



and on the same time if the particular good fits the expectations of the social group the consumer is in the attractiveness can be higher, and as the attractiveness predicts the intention to buy particular luxury brand good, the following hypothesis is stated.

*H7. The attractiveness of the offer will be significantly lower if a proletarian drift happens.*

## **2.2 Empirical study**

To study the causation effect of one variable on the other one, the experiment is the proved to be such research method to demonstrate such an effect. The experiment use manipulation and observation to understand the causation. In this research the manipulated variable will be the information about if the proletarian drift happens to this particular luxury brand good in a form of the social attributes of the proposed good. To demonstrate the effect the several versions of the experiment should be performed with the difference only in the manipulated variables.

To make the experiment relevant, the only one variable should be manipulated at one time, this research is designed with the only one manipulated variable to see the difference in the observed variable – readiness to buy luxury brand goods.

### **Empirical Research Procedure**

In order to test the stated hypotheses, 3 structured questionnaires in English were created. The sets of items were chosen from the existing approaches to a buying decision making process. The research was performed on the base of the primary data gathered through the online survey launched in the Google Forms. Data received was put into the IBM SPSS 22.0 and analyzed.

The proposed questions differed for each sample dividing the questionnaire in 3 variants: control, proletarian drift and social status one. The difference is in the provided characteristics of the luxury brand good to evaluate the readiness to buy described brand good. The control version provides the characteristics only referring to a material quality of the luxury watch to minimize the influence of the social factors regarding the choice, the brand was stated as Brand A. The proletarian drift version provides the same material description but with an addition of the fact that this brand is now associated with the symbol of money spending and used by pop and rap singers. The social status version provides the same material description as the control one, but with extra information what this brand is associated with businessmen and actors and signals the success.

The main goals of the research will be: the definition of the relationships of the values to the decision to buy particular luxury item; the definition of the effect of the proletarian drift on the decision to buy the luxury item. The variables which state the values are: the value of a high social status, the value of attribution to a particular group, the value of the quality of the materials, the value of the hedonic pleasure to use luxury goods, the value of the uniqueness.

The research is done in a form of field experiment, where the dependent variables in this survey represent the overall Readiness to buy the luxury brand goods and Attractiveness of the provided information to the asked person. Experiment as a method of research is aimed to identify the influence of the particular variable on the dependent one. The independent variables represent the values which lies underneath the decision-making process of buying luxury brand good and used to identify the dependent variable of readiness to buy particular luxury brand item. Additionally, the questions about the knowledge of the watch field is added to evaluate the knowledge of the respondents. The only one manipulated variable is the social attribution of the typical user of this luxury brand good:

- Control group – this group is only provided with the basic information about the luxury brand good offered to buy: high quality of the materials, the origin of the watch and high accuracy with no social image of the current users.
- Drift group – provided with the same information about the product, but with addition information about the negative social image of the user and values it communicates: item of luxury and money spending.
- Status group –provided with the same information about the product as the Control group with addition of a high social image of the user attributed to success and high income.

Such social attributions are used to demonstrate the effect of the prole drift as the conspicuous consumption rise if the luxury goods start to be consumed by the representatives of the lower socio-economic group.

The experiment aim is to demonstrate the causation of the proletarian drift and the willingness to buy luxury brand goods. To determine it the analysis of the correlation between the dependent variable and the experimental one is needed, time order occurrence, elimination of other possible causal factors, which would be performed. The questionnaire is provided on the appendices 1-3.

To ensure the time order occurrence the information about the social attribution of the suggested luxury brand good was provided before the question to evaluate readiness to buy this particular good.

As the questionnaire was launched in Saint-Petersburg the text was translated to Russian and again to English again.

### **Sample of the empirical research.**

The extensive review of the luxury consumers revealed a particular interest of the luxury companies to focus onto the Generation Y aged 18-31old, primarily from the Saint-Petersburg. The motivation to use the such population is the following:

Millennial Marketing 2014, Bain and company, 2016, Business insider develop the idea of the Millennials being a main force for luxury consumption in the nearest future, as the older generation reduce the consumption in 2020s the representatives of those who are 18-31 right now will shape the consumption market and study of their attitude to proletarian drift is vital to understand to remain the competitive advantage in the future for the players in this market.

City of Saint-Petersburg is chosen as this is one of the main two cities in Russia in the respect of the luxury stores and buying power.

To eliminate the people who are not the luxury consumers the filter-question: “Do you consider yourself as a consumer of the luxury brand goods?” was added. If a person answer the question in a lowest possible score (1), he will be excluded from the sample.

Overall the survey was filled by 101 people, but 10 of them were excluded due to a lack of the answer of one or several questions, or responded to the filter question with the undesirable score for the further study.

The age of respondents was between 18 years old and 31 years old and was divided in two groups: 18-24, 25-31. The distribution of the respondents is demonstrated in the graph below:

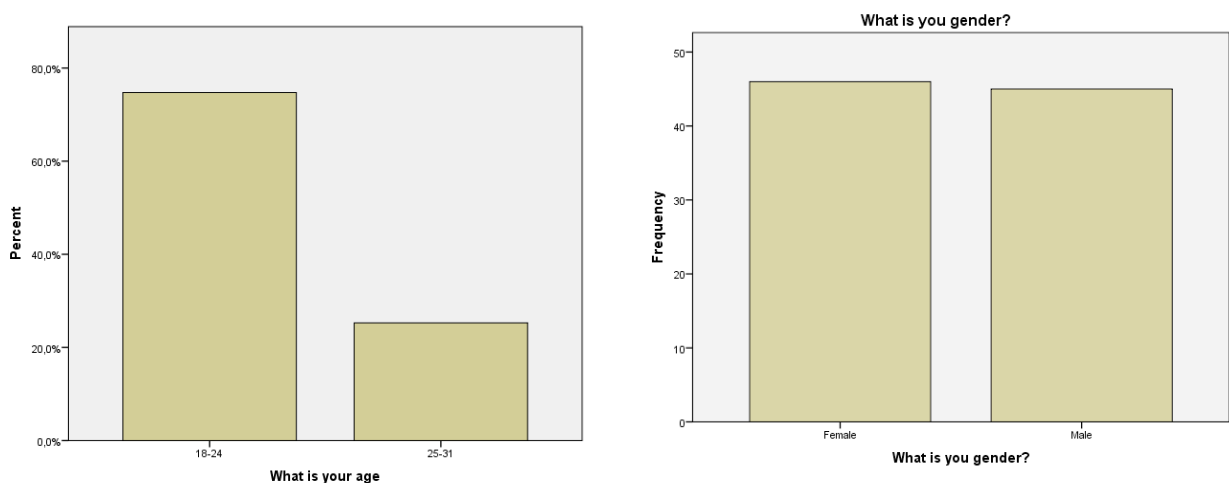


Image 4. Age and gender proportions of respondents

The sex proportion of the respondents was equal among all the respondents.

The additional characteristic of the population was a question to identify the level of knowledge of the respondent of the watch market, luxury watch market and in what scale he perceive himself as a user of the luxury goods as a filter question on image 5.



Image 5. Filter question values. I would consider myself as a consumer of luxury product



Image 6. The knowledge of the field of the respondents.

### Analysis of the samples

The analysis was performed in two stages first is to identify the existence of the influence of the proletarian drift on the consumer's decision to buy luxury good. To test it the Anova test for independent variables will be used – all the samples are independent from each other and the number of observation is relatively low to use parametric test.

*H6. The proletarian drift will have a negative effect on the readiness to buy luxury brand goods.*

The test demonstrates the significant difference between the taken samples on the distribution of the variable Readiness to buy. This observation can give us a preliminary view on the stated research question – if there is an influence of the proletarian drift on the readiness to buy

luxury goods, on the graph there is a significant shift of the median of the Drift observation compare to the Control one.

The observation of the histograms demonstrates that the samples are not all homogeneous and normally distributed, but the number of observations in the samples are close to each other 30-30-31 and the ANOVA test will be robust enough to analyze the variance in the samples.

*H6. The proletarian drift will have a negative effect on the readiness to buy luxury brand goods* is statistically proved using ANOVA SPSS on image 8. (DRIFT<CONTROL sig.0,0<0,05, DRIFT<STATUS sig.0,0<0,05, CONTROL=STATUS, sig.0,375>0,05).

Dependent Variable: Readiness to buy

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	42,686 <sup>a</sup>	2	21,343	15,524	,000
Intercept	965,095	1	965,095	701,981	,000
VAR00001	42,686	2	21,343	15,524	,000
Error	120,984	88	1,375		
Total	1133,000	91			
Corrected Total	163,670	90			

Image 7. ANOVA test of the Readiness to buy variable.

The test demonstrates the samples Control and Status are homogeneous in terms of variable Readiness to buy, the next stage is to check the homogeneity of these samples on the other variables to identify the possibility to state common recommendations for the companies based of the influences of the independent variables on the dependent – Readiness to buy. The tables below demonstrate the difference across the variables' variance.

As the first part of the experiment was to demonstrate the existence of the effect of the proletarian drift on the willingness to buy luxury brand goods, the second part is to eliminate the influence of other variables on the dependent one. Reviewed studies argue, that different perception of the values which lies underneath the buying process of the luxury brand goods can influence the willingness to buy such items and the analysis of the variance demonstrates the difference in such values across Control, Status and Drift samples. Retain means what there is no significant difference across the observed groups of respondents. And reject what there is significant difference in the variance across the observed groups.

Table 4. The variance checking across the groups.

Variable	Status Control	Drift Control	Status Drift
High quality of materials used in production	RETAIN	RETAIN	RETAIN

Personal satisfaction of using the luxury product	RETAIN	RETAIN	RETAIN
Luxury products communicates high social status	RETAIN	RETAIN	RETAIN
To feel a part of a specific group	RETAIN	RETAIN	RETAIN
Allow to distinguish oneself from the crowd	RETAIN	RETAIN	RETAIN
How much do you know about luxury watches?	REJECT	RETAIN	RETAIN
How much do you know about watch category in general?	REJECT	RETAIN	RETAIN

From the results of the pairwise variance test across Control, Status and Drift samples the conclusion that all three samples are the same in terms of the values which typically influence the decision-making process of consumers. All three samples are homogeneous in these variables, and these variables can be eliminated from the factors influencing the dependent variable. So, the H1-H5 all are confirmed to be true.

The elimination of these factors means what the values are shared with the same variance across all the samples, it can be connected with the fact what the samples are from the same population – Generation Y, and their perception of the values does not vary significantly.

The additional analysis of the between-subjects effect was done in order to confirm the idea what no factor but the information about the proletarian drift influence the dependent variable.

**Tests of Between-Subjects Effects**

Dependent Variable: Readiness to buy

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	77,239 <sup>a</sup>	14	5,517	4,851	,000
Intercept	522,460	1	522,460	459,405	,000
VAR00001	20,510	2	10,255	9,017	,000
group	16,428	4	4,107	3,611	,009
VAR00001 * group	23,122	8	2,890	2,541	,017
Error	86,431	76	1,137		
Total	1133,000	91			
Corrected Total	163,670	90			

a. R Squared = ,522 (Adjusted R Squared = ,445)

Image 8. The Between-Subject Effect test of Attribution to a group variable

The Between-Subject Effect test was performed on each of the variables across the experiment design and it demonstrates the only significant results for the Group attribution variable (group)(image 7) and the information about the prole drift happened or not (VAR0001). The rest of the results will be provided in the appendix 4.

Next step is to analyze the effect of the Attractiveness variable on the dependent – Readiness to buy luxury brand goods. Attractiveness value, which was aimed at evaluating the attractiveness of the watch with the given description. The means of the Attractiveness variable differ in the same

manner as the Readiness to buy with the highest in the Status sample, then in Control and Drift sample. Although, it was planned to be a perfect predictor of the dependent variable the Readiness to buy with the coefficient of the regression close to 1, the experiment demonstrates the Attractiveness to be a perfect predictor for the dependent variable only in case of Control (c.=0,78, sig.=0) and in Status (c.=0,89, sig.=0), while in the case of the Drift sample –c.=0,479, sig.=0,17.

The variance test of the Attractiveness value across all the samples demonstrates the significant difference across all the samples (all at p.<0,05), while the dependent variable shows the equality of the variance in the Control and Drift sample. The experiment shows a significantly higher mean in the Status sample, which can be interpreted as the introduction of the higher social attribution of the proposed good can lead to a higher attractiveness than non-introduction of such an aspect and respectfully the attribution to a lower social symbol can lead to a lower attractiveness of the proposed item.

Table 5. Means of the value variables across all samples

High quality of materials used in production	4,352
Personal satisfaction of using the luxury product	4,484
Luxury products communicates high social status	4,242
To feel a part of a specific group	3,418
Allow to distinguish oneself from the crowd	3,780

Observation of the means (table 5) of the variables across all the samples revealed a relatively high score of the personal satisfaction (hedonism), perceived high quality of the materials and communicating the high social status – which corresponds with the observed characteristics of the Generation Y from the literature review.

### **Discussion of the Research results.**

Analysis of the experiment results revealed a statistically significant influence of the proletarian drift on the willingness to buy luxury brand goods in terms of the luxury watch market and representatives of the generation Y of Russian consumers. This study allows prove the necessity of including the possibility of the proletarian drift happening in particular market and considering it as a factor influencing the luxury brand goods consumption among the Russian younger audience of consumers. The study also revealed that respondents were similar in the values driving their consumption according to the chosen model.

The interpretation of the hypothesis stated and tested.

In the work the 7 hypotheses were stated and tested. Only two of them were confirmed absolutely, and two of them need discussion.

The №6 hypothesis *The proletarian drift will have a negative effect on the Readiness to buy luxury brand goods* which was stated as a prime one was tested to find the causation effect of the prole drift and the willingness to buy luxury brand goods. The hypothesis was accepted. It consists of the 3 technical hypothesis measuring the difference between three samples. The significant difference was found only in cases there the Drift sample was used, while there was no difference between Control and Status samples. The reason of no significant difference between two last samples can be the following: when a consumer perceive information about the product luxury features he immediately correspond it to a high social status value and even if no information is given about the signals, which communicates the particular luxury brand good, the consumer attributes the high social status as a given feature. It can be used in the societies where the materialism (high quality) value is one of the leading one as the perceived information only about the quality of the product can benefit the intention to buy luxury brand good. The performed test does not reveal the weight of the proletarian drift on the readiness to buy and this can be used as a limitation of the study and possibility of the future research.

The second hypothesis group H1-H5: *Values of luxury consumption will not significantly differ across all the respondent groups provided with different information about the good.* is stated to be a proof, what all three samples are homogeneous in terms of the perceived values lying underneath the luxury consumption. The result of the hypothesis revealed a consistency of the samples respecting the values which was chosen from the observed literature review. The equal variance across all the examined group in the independent variables which are attributed to values, both personal and social ones can be used as an elimination of the external factors which could influence the readiness to buy in each sample respectfully. If the examined values variables were not homogeneous the factor analysis should be performed with the further study of each value, on the another hand the equal variance can be a signal, what all three samples belongs to a one population which benefits the quality of the experiment held. This hypothesis consists of the 5 hypotheses each hypothesis for one observed value of the model by Shukla's framework of the values influencing the intention to buy luxury brand good. Thus, not all the values have a similar means and some of them have significantly higher scores, they are all fit the literature review, stating what for the Russian generation Y consumers the personal satisfaction and high perceived quality of the materials plays a vital role for the such users.



The last hypothesis H7. *The attractiveness of the offer will be significantly lower if a proletarian drift happens.* While analyzing the correlation and regression of these two variables, in the Control and Status samples it demonstrates the high coefficient of prediction  $>0,8$  in both cases with significance level of 0,00, but in the Drift sample it demonstrates the score up to 0,5 with significance level of 0,17. The lower score for the Drift sample can be explained as the attractiveness is not the only factor with the high significance for this sample and the interpersonal social influences can be higher in this sample, as even if the watch is attractive to the consumer and all other values are on the same level with the other samples, the attractiveness still is not the perfect predictor.

External validity of the research benefits from the tested framework of the values of the luxury consumption. The test of if there are any other external factors influencing the experiment was done – the application of the framework of the values influencing the readiness to buy luxury brand goods is performed in each of three variants of the experiment to see if there are the significant difference across these values. Secondly, the control group is used without any influence of the manipulated variable to compare the results of observation with the Drift and the Status sample. Also, all the respondents were assigned to the groups randomly.

For internal validity of the research the observation of the current literature review is done – in order to eliminate the possible influence of the other factors the model, which includes the factors, which are prove by the previous studies to have a significant effect on the readiness to buy luxury brand goods was included in the research design and the elimination process was done through checking the difference in the variance across the respondent's groups.

### **Theoretical contribution.**

The proposed study contributes the theory in the following implications.

First, it reveals the influence of the negative social attributions of the prole drift to a willingness to buy luxury brand goods with proper elimination of the external factors. The performed experiment provides an insight in the possible effect of the prole drift on the consumption of the luxury goods.

Secondly, the study investigates the Russian generation Y consumers in the Saint-Petersburg luxury watch intentions to buy which was not held before.

### **Managerial Implication**

The performed study arises the further general recommendations which can be useful for the management of the luxury brands both which control the activity directly or represent the retail segment operating more than one brand. The careful examination of the possible prole drift occurring due to the introduction of the new discounted collection aimed at the more price-

sensitive consumers. Nowadays not all the brands are considering the possibility of the proletarian drift happened to the goods and launching the lower cost trademarks of the brand can be a harmful respecting the influence of the prole drift to the luxury brand consumption. The careful examination of such a possibility and reacting to it if happens (not discussed under this study) can save company a sales in the particular region, which respecting the slowing pace of the rise of the luxury market can be a key to a future development and remaining the market share at a desired level.

The understanding of a possible reaction of the driving force of the generation Y in the emerging markets to such a phenomenon can bring an additional factor to consider under the process of developing the model portfolio depending on various goals in the market, for instance the understanding that the spread of the brand items down to the types of luxury consumers can lead to a loss of the current users as well as the potential future ones.

### **Research limitations**

The empirical research has a several limitations regarding to the sample formation. The first, it is highly probable that sample includes a large proportion of leading business school students of Saint-Petersburg and the alumni of that places. This preposition arises from the fact the online survey was distributed across the student groups. But all the people, which are not considering themselves as a luxury consumers were excluded.

Secondly, the sample demonstrates the relatively low score for the knowledge of the field variable, thus the consumers with the higher score can react differently and the influence of the proletarian drift can be lower in that case.

## Summary of chapter 2

The second chapter describes the existing frameworks of the intentions to buy luxury brand goods developed in the recent years. Several frameworks contain brand perception and influence of the society and cultural factors, but the majority of the reviewed as well as the reviewed studies revealed the values lying underneath the luxury brand product consumption as a commonly used factors influencing the decision to buy luxury brand goods.

The Russian market of the luxury brand goods still demonstrates the potential to growth as the future football competitions is on the go and the Saint-Petersburg is among the cities with the most developed cities in terms of the luxury brand markets. Only the several brands use the direct control over the sales in Russia and most of them delegates the control to the retailers.

The watch market demonstrates the same trends as the global luxury market, introducing new low-cost collections to target new users and shift focus to the local community development rather than orienting on the travelers than it was before/.

Values, which was extracted from the observed literature were set as independent variables in the experiment to check the influence of the prole drift on the willingness to buy luxury brand goods. The experiment was chosen as a way of research as it is the only way to check the causation effect between the dependent variable and the independent ones.

The hypothesis for the analysis was stated based on the existing market research of the Russian market, behavior of the Generation Y representatives and the studies revealed that the values such as perceived high quality of the materials, satisfaction of the using luxury, high social status, uniqueness value and the group attribution which was transferred to the hypothesis

The experiment was held in the online form and acquired the 91 relevant responses to be analyzed. The age group were 18-24 and 25-31 which are the representatives of the generation Y, the proportion of male/female were the same. Experiment consists of the three independent groups: Control with no manipulation on the social roles of the user, Drift with the negative image and the Status with the high social status image of the user. The main aim was to identify the effect of the prole drift on the readiness to buy luxury brand goods and it was achieved as the three samples demonstrate the significant difference in the readiness to buy such a good. The main test to be used was the Analysis of Variance as it allows to work with several independent groups

To eliminate the effect of the other variables the check of the three samples was performed. It reveals what there is no significant difference in the perception of the values which are considered to influence the intention to consume luxury. To check this the analysis of the variance was performed.

The received result can be important for the supporting decision making process of product introduction to a particular market and reveal the importance of such an experiment to the potential users.

## **Conclusion.**

The performed research resulted in the prove of the negative effect of the proletarian drift on the willingness to buy luxury brand goods across the representatives of the generation Y in Russia.

1. Luxury is not the concept with exact definition, it includes many meanings and the luxury goods should be distinguished from the luxury brand goods as they reflect not the same things. Luxury is commonly attributed to the goods which are comparably better than the other produced in the markets and created under the famous brands, which belongs to the highest ranks in comparison to all. The important role in defining the product as a luxury is a socio-economic and cultural aspects of consumption and how the it is accessible by the masses.

2. Analysis of the luxury market reveals the steady growth in the recent tears despite the shark increase in the ls 25 years – the crisis of 2008 years lower the pace of this market development. Absolute luxury, which is accessible only by the highest socio-economic classes, still represent the biggest share of the market, but the accessible luxury is gaining popularity due to several factors such as raising income in the emerging markets and the Generation Y representatives, which is considered to be the major leading force of the market consumption in the 2020s. Nowadays the representatives of this age group are not possessing the high income and the impressive bank account but they tend to acquire some basic models and are active users in the luxury market. Moreover, the luxury watch market was chosen as it demonstrates the same trends as the general luxury market and now it decline in the growth and companies look for the possibilities to remain products and introduce the low cost model to target the more price sensitive group of clients.

3. Analysis of the Generation Y peculiarities on behavior in the luxury market revealed the tendency to use Internet to get access to the information about the brand and they can easily check the information about who use this particular luxury brand good. The studies revealed the tendency of millennials to be brand conscious but not-brand loyal possessing the different brands across all price segments. Analysis of the literature on the conspicuous consumption revealed the tendency of the wealthy users to avoid using brands which are used by the representatives of the lower socio-economic class. Moreover, there is the studied hypothesis of the proletarian drift – the diffusion of the luxury brand goods which were previously associated with the highest class only to the lower ones – but the question how the generation Y representatives react to this phenomenon was not presented in the literature.

4. Analysis of the existing concepts of the factors influencing the intentions to buy luxury brand goods demonstrates the variety of the works on this topic, the majority of the works were performed in the previous 10 years, which demonstrates the actuality of such researches. The most

common factors defined were the values which lie underneath the luxury consumption and are fulfilled by acquiring luxury goods. The other factors were referred to the brand perception, but the generation Y representatives said to be non-brand loyal, thus this dimension was not included from the further research.

5. The observation of the methods which allows to demonstrate the causation effect of one variable on another revealed experiment as the one suitable to check this effect. The experiment was designed to have three independent groups of the respondents: first one – Control – which was given information only about the intrinsic qualities of the product, second – Drift – was given the same information but with addition of the low social image of the user who use the watch due to conspicuous consumption, as the studies revealed the rise of conspicuous consumption across representatives of lower socio-economic class. The third group – Status – represents the same information such as Control group but with high social image of the user of such goods.

6. On the basis of the literature review the hypothesis were stated about the values lying under the consumption of the luxury and the influence of the proletarian drift on the willingness to buy luxury brand goods. The experiment revealed the significant difference across all the samples on the willingness to buy luxury brand goods, and to eliminate the possible effect of other factors on it the hypothesis of the difference of the values defining the luxury consumption across all the samples was performed and reveal no significant difference across the samples. As this factors were previously used to define the intentions to buy luxury brand goods the conclusion of the sole effect of the information about the social image of the users was made.

7. The result can be used by the representatives of the companies operating in the luxury market in Russian in the process of decision-making about the positioning the current goods in the market and introducing the new ones in the market, as the shift from the higher class users to the lower ones can prevent the groups of existing and potential client if the product will be associated with the lower socio-economic class.

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# Appendices

## Appendix 1. Control version

Luxury consumption

26.04.17, 19:26

### Luxury consumption

There are 3 sections of the survey, please answer all the questions.

**Imagine you don't have any budget constrains. Please read the description of the luxury watch below and indicate your likelihood to buy it for you or you male friend**

---

1. **Watch of Brand A: high-quality materials used, Swiss-made, pleasant to look, high level of time accuracy.**

*Отметьте только один овал.*

	1	2	3	4	5	
Not at all likely to buy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very likely to buy

2. **I believe the watch above is a really luxury product**

*Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

3. **I believe the watch above is attractive**

*Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**Below, we show you different reasons why people consume luxury products. Please indicate for each factor how likely they would apply to you**

4. **High quality of materials used in production**

*Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

[https://docs.google.com/forms/d/1-DvmijS63L1GM0cmRDLe9\\_3NYREfOKffWG6acS10Cm4/printform](https://docs.google.com/forms/d/1-DvmijS63L1GM0cmRDLe9_3NYREfOKffWG6acS10Cm4/printform)

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**5. Personal satisfaction of using the luxury product***Отметьте только один овал.*

1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**6. Luxury products communicates high social status***Отметьте только один овал.*

1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**7. To feel a part of a specific group***Отметьте только один овал.*

1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**8. Allow to distinguish oneself from the crowd***Отметьте только один овал.*

1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**Below, please answer the questions****9. I would consider myself a consumer of luxury product***Отметьте только один овал.*

1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

**10. How much do you know about luxury watches?***Отметьте только один овал.*

1	2	3	4	5	
Nothing at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	A lot

**11. How much do you know about watch category in general?**

Отметьте только один овал.

1      2      3      4      5

---

Nothing at all                  A lot

---

**12. What is your age**

Отметьте только один овал.

- 18-24
- 25-31
- 32-39
- 40-50
- 50-60
- Above 60

**13. What is your gender?**

Отметьте только один овал.

- Female
- Male

## Appendix 2. Drift version

Luxury consumption

26.04.17, 19:24

### Luxury consumption

There are 3 sections of the survey, please answer all the questions.

**Imagine you don't have any budget constrains. Please read the description of the luxury watch below and indicate your likelihood to buy it**

---

1. **Watch of Brand A: high-quality materials used, Swiss-made, pleasant to look, high level of time accuracy. Fit the the look of a person. Now are associated with a rap and pop singers, symbols of luxury and money spending.**

*Отметьте только один овал.*

	1	2	3	4	5	
Not at all likely to buy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very to buy

2. **I believe the watch above is a really luxury product**

*Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

3. **I believe the watch above is attractive**

*Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**Below, we show you different reasons why people consume luxury products. Please indicate for each factor how likely they would apply to you**

4. **High quality of materials used in production**

*Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

[https://docs.google.com/forms/d/1TDEA\\_0P1EifLC1anFSM7t-FL8-b6p7qBNZkQ48radW0/printform](https://docs.google.com/forms/d/1TDEA_0P1EifLC1anFSM7t-FL8-b6p7qBNZkQ48radW0/printform)

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**5. Personal satisfaction of using the luxury product***Отметьте только один овал.*

1	2	3	4	5		
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**6. Luxury products communicates high social status***Отметьте только один овал.*

1	2	3	4	5		
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**7. To feel a part of a specific group***Отметьте только один овал.*

1	2	3	4	5		
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**8. Allow to distinguish oneself from the crowd***Отметьте только один овал.*

1	2	3	4	5		
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**Below, please answer the questions****9. I would consider myself a consumer of luxury product***Отметьте только один овал.*

1	2	3	4	5		
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

**10. How much do you know about luxury watches?***Отметьте только один овал.*

1	2	3	4	5		
Nothing at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	A lot



**11. How much do you know about watch category in general?**

Отметьте только один овал.

	1	2	3	4	5	
Nothing at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	A lot

**12. What is your age**

Отметьте только один овал.

- 18-24
- 25-31
- 32-39
- 40-50
- 50-60
- Above 60

**13. What is your gender?**

Отметьте только один овал.

- Female
- Male

## Appendix 3. Status version

Luxury consumption

26.04.17, 19:19

### Luxury consumption

There are 3 sections of the survey, please answer all the questions.

1. Imagine you don't have any budget constrains. Please read the description of the luxury watch below and indicate your likelihood to buy it for yourself or your male friend: Watch of Brand A: high-quality materials used, Swiss-made, pleasant to look, high level of time accuracy. Fit to a look of a person. Used primarily by businessman and actors. Signal the image of successful and rich person.

*Отметьте только один овал.*

	1	2	3	4	5	
Not at all likely to buy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very to buy

2. I believe the watch above is a really luxury product

*Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

3. I believe the watch above is attractive

*Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**Below, we show you different reasons why people consume luxury products. Please indicate for each factor how likely they would apply to you**

4. High quality of materials used in production

*Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

[https://docs.google.com/forms/d/1B9F7\\_luNiY30ScpXz-mkw5FJxGPPedxzKNf18AMPF4/printform](https://docs.google.com/forms/d/1B9F7_luNiY30ScpXz-mkw5FJxGPPedxzKNf18AMPF4/printform)

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**5. Personal satisfaction of using the luxury product***Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**6. Luxury products communicates high social status***Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**7. To feel a part of a specific group***Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**8. Allow to distinguish oneself from the crowd***Отметьте только один овал.*

	1	2	3	4	5	
Completely disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Completely agree

**Below, please answer the questions****9. I would consider myself a consumer of luxury product***Отметьте только один овал.*

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

**10. How much do you know about luxury watches?***Отметьте только один овал.*

	1	2	3	4	5	
Nothing at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	A lot

**11. How much do you know about watch category in general?**

*Отметьте только один овал.*

1      2      3      4      5

---

Nothing at all                  A lot

---

**12. What is your age**

*Отметьте только один овал.*

- 18-24
- 25-31
- 32-39
- 40-50
- 50-60
- Above 60

**13. What is your gender?**

*Отметьте только один овал.*

- Female
- Male

## Appendix 4. Between-Subject effect of the values variables

### Tests of Between-Subjects Effects

Dependent Variable: Readiness to buy

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	70,162 <sup>a</sup>	11	6,378	5,389	,000
Intercept	121,550	1	121,550	102,691	,000
VAR00001	14,968	2	7,484	6,323	,003
quality	21,631	4	5,408	4,569	,002
VAR00001 * quality	4,987	5	,997	,843	,524
Error	93,508	79	1,184		
Total	1133,000	91			
Corrected Total	163,670	90			

a. R Squared = ,429 (Adjusted R Squared = ,349)

### Tests of Between-Subjects Effects

Dependent Variable: Readiness to buy

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	47,666 <sup>a</sup>	9	5,296	3,698	,001
Intercept	234,824	1	234,824	163,966	,000
VAR00001	19,612	2	9,806	6,847	,002
satisfaction	1,427	3	,476	,332	,802
VAR00001 * satisfaction	3,297	4	,824	,576	,681
Error	116,004	81	1,432		
Total	1133,000	91			
Corrected Total	163,670	90			

a. R Squared = ,291 (Adjusted R Squared = ,212)

### Tests of Between-Subjects Effects

Dependent Variable: Readiness to buy

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	56,073 <sup>a</sup>	8	7,009	5,342	,000
Intercept	721,539	1	721,539	549,885	,000
VAR00001	34,199	2	17,100	13,032	,000
status	4,285	2	2,143	1,633	,202
VAR00001 * status	10,416	4	2,604	1,984	,105
Error	107,597	82	1,312		
Total	1133,000	91			
Corrected Total	163,670	90			

a. R Squared = ,343 (Adjusted R Squared = ,278)

**Tests of Between-Subjects Effects**

Dependent Variable: Readiness to buy

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	52,201 <sup>a</sup>	13	4,015	2,774	,003
Intercept	511,502	1	511,502	353,333	,000
VAR00001	32,573	2	16,287	11,250	,000
uniqueness	2,139	4	,535	,369	,830
VAR00001 * uniqueness	6,384	7	,912	,630	,730
Error	111,469	77	1,448		
Total	1133,000	91			
Corrected Total	163,670	90			

a. R Squared = ,319 (Adjusted R Squared = ,204)

**Tests of Between-Subjects Effects**

Dependent Variable: Readiness to buy

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	77,239 <sup>a</sup>	14	5,517	4,851	,000
Intercept	522,460	1	522,460	459,405	,000
VAR00001	20,510	2	10,255	9,017	,000
group	16,428	4	4,107	3,611	,009
VAR00001 * group	23,122	8	2,890	2,541	,017
Error	86,431	76	1,137		
Total	1133,000	91			
Corrected Total	163,670	90			

a. R Squared = ,522 (Adjusted R Squared = ,445)