



Which consumers believe luxury must be expensive and why? A cross-cultural comparison of motivations

Jean-Noël Kapferer^{a,*}, Pierre Valette-Florence^{b,c}

^a INSEEC U., 27 Avenue Claude Vellefaux, 75010 Paris, France

^b Grenoble-IAE, Université Grenoble Alpes, BP 47, 38040 Grenoble, France

^c CERAG, EA 7521, Université Grenoble Alpes, France

ARTICLE INFO

Keywords:

Luxury
Premium
Price
Conspicuous
Rarity
Exclusivity

ABSTRACT

To pursue growth, luxury brands are expanding their markets, but such expansion puts their exclusivity at risk. To offset this threat, leading luxury brands systematically increase their average prices, such that their profitability depends on luxury consumers' sustained acceptance of high prices. This pricing strategy requires luxury brands to determine why some luxury consumers believe luxury must be expensive, as well as assess the relative weights of their motivations to adopt this belief. A cross-country, covariance-based, causal analysis of the antecedents of the belief reveals the same hierarchy of motivations. Overall, extrinsic motivations dominate intrinsic motivations in both Western and Asian cultures and in mature and emerging countries. Unexpectedly, the pursuit of high quality is *not* a driver. This result creates a dilemma for luxury brand communications, which tend to emphasize high quality and craftsmanship, because of the concerns associated with a strong reliance on extrinsic motivations.

1. Introduction

The most striking achievement of the luxury sector in the past 30 years has been its steady growth (Bain & Co., 2020) (at least until the occurrence of COVID-19). Once limited to the ultra-rich, today's luxury industry has extended its target audience. According to F.H. Pinault, CEO of Kering, the world's second-largest luxury group, "the number of potential customers is now around 3 billion people" (Pinault, 2018, p. 211). Such growth is the result of the widened price spectrum of luxury goods offered on the market, through the multiplication of new brands positioned at affordable prices (De Barnier, Falcu, & Valette-Florence, 2012), the development of off-price channels of distribution, and the emergence of luxury second-hand retailers and luxury rental platforms. Moreover, e-commerce—long taboo in the luxury sector—is attracting large numbers of new clients, even in the absence of physical stores. In turn, consumers seemingly perceive three luxury-level segments in terms of price: inaccessible, intermediate, and accessible (Nuevo & Quelch, 1998). Such extensions of the luxury sector blur the frontiers of the concept of luxury, making it both relative and elusive (Ko, Costello, & Taylor 2019). Some of the attributes that form the classic vision of luxury—excellence, beauty, rarity, history, refinement, elegance, expensiveness (Dubois, Czellar, & Laurent, 2005)—are now considered

neither sufficient nor necessary (Cristini, Kauppinen-Raisänen, Barthod Prothade, & Woodside 2017).

Price—which is the focus of this article—is insufficient to identify where luxury begins (Kapferer & Laurent, 2016). For many consumers, high price is no longer part of the definition of luxury. Similarly, in conceptualizing "unconventional luxury" (e.g., experiencing a moment of total silence in nature, enjoying clean air or water), researchers also assert that expensiveness no longer defines luxury (Mundel, Huddleston, & Vodermeier, 2017; Thomsen, Holmquist, Von Wallpach, Hemetsberger, & Belk, 2020). These new approaches raise theoretical questions: Why do some people still strongly associate luxury with high price? What benefits do they gain from believing that luxury equals expensiveness? Vast literature pertaining to luxury suggests various options, including both extrinsic and intrinsic motivations (Morhart, Wilcox, & Czellar 2020). But what is the precise hierarchy and relative weight of these motivations? Because the global luxury sector features brands seeking to expand internationally, is it also necessary to consider whether the hierarchy of motivations remains the same across countries? The current research aims to address these gaps by answering the related questions.

The questions themselves are not merely theoretical; the answers have major implications for the long-term profitability of luxury brands.

* Corresponding author.

E-mail addresses: jnkapferer@inseec.com (J.-N. Kapferer), pvalette@grenoble-iae.fr (P. Valette-Florence).

Although the luxury market is expanding as newcomers promote more accessible products to wider audiences throughout the world, the leading brands of the luxury sector are pursuing an *opposite* pricing strategy. Year after year, they continue to impose systematic increases in the prices of their iconic luxury items (e.g., Hermès Kelly and Lady Dior bags, Rolex Oyster Perpetual watches), without warning or justification. In 2008, the classic Chanel 2.55 bag was priced at \$1,650 US; it is now \$5,000 US, and its price even increased in May 2020, during the COVID-19 crisis. Such an increase is not totally surprising though: Nunes, Drèze, and Han (2011) note that during the 2009 financial recession, leading brands actually increased their prices.

The long-term profitability of leading brands thus depends on luxury consumers' sustained acceptance of high prices. But as luxury demand grows more heterogeneous, such that luxury providers even segment their consumers according to price, such acceptance cannot be taken for granted. A systematically increasing price strategy requires luxury brands to identify why specific luxury consumers might be prone to believing that luxury must be expensive, as well as to assess the respective weights of consumers' motivations to adopt this belief.

Among the extensive research into consumers' motives for luxury consumption, little attention has focused on the role of price or on consumers who explicitly believe that luxury must be high priced. From a practical standpoint, luxury brand managers need more than just the lists of potential motivations (extrinsic or intrinsic) proposed by prior research; they need integrative studies of the relative, cross-country weights of each motivation that drives these consumers. Marketing communications especially depend on such insights. The website maintained by the luxury Group LVMH currently emphasizes high product quality as its differentiating feature and defines LVMH as the "world leader in high quality products" with 75 *maisons* "keeping an unwavering focus on the exquisite caliber of its products." Market experts, sharing their thoughts in both online and offline media, regularly claim that today's luxury consumers favor intrinsic rather than extrinsic goals—that is, they prefer being to having. But what influences do high quality and intrinsic goals actually exert, compared with the influences of other motivations that drive the specific segment of clients who believe luxury must be expensive? Citing high quality as a motivation represents a socially desirable response (Mick, 2016), so when asked directly, consumers might tend to indicate that high quality drives their behaviors. Only an indirect measure of motives can avoid socially desirable response biases and reveal the actual motivations that lead this specific segment of consumers to embrace expensive luxury.

With extensive cross-cultural investigations (N = 3217) of self-declared luxury consumers spanning six countries (China, Japan, France, Brazil, Germany, and United States), this study establishes five key theoretical contributions. First, it corroborates and provides a large-scale test of hypotheses promoted by prior research, using data gathered from real luxury buyers in six luxury markets. In particular, it reveals why some luxury consumers believe luxury must be expensive, and it provides the relative weights of the motivations that drive people to adopt this belief. Second, this study proposes and tests, for the first time, a nomological network of the antecedents of expensiveness. Third, the cross-country, covariance-based, causal analysis of these antecedents consistently reveals the same hierarchy of motivations: Extrinsic motivations dominate intrinsic motivations in both Western and Asian cultures and in mature and emerging economies. Fourth, the results reveal, surprisingly, that the pursuit of high quality is *not* a critical driver. This finding creates a dilemma for luxury brand communications, which tend to emphasize high quality and craftsmanship. Fifth, contrary to expectations, the results show that demand for greater sustainability does not affect beliefs that luxury must be highly priced.

To begin this study, the next section contains an overview of luxury research related to price and the psychological benefits it provides customers. We then present our main and complementary research hypotheses, describe our methodology, and report the results of our analyses. After outlining the key theoretical and managerial contributions,

we conclude with a discussion of further research avenues that warrant attention.

2. Literature review and hypotheses

According to the functional approach to opinions and attitudes (Katz, 1960), beliefs reflect inner motivations. Noting that leading luxury brands defend their cachet by systematically increasing their average prices, a theoretical and managerial question arises: Why would a luxury buyer believe that expensiveness is a necessary condition of luxury? We know from studies of the minimum price of luxury that many consumers position this price quite low (Kapferer & Laurent, 2016); they adopt an inclusive definition of luxury that does not center on high price. Therefore, considering the trading-up price strategy of leading luxury brands, what are the motivations of consumers who believe luxury must be expensive?

Beyond recognition of the Veblen effect (Fassnacht & Dahm, 2018), price has not been a major focus of academic research on luxury. Even though price is an essential variable for economists, it draws little attention from psychologists. Yet relevant academic literature pertaining to luxury suggests several pertinent price-based motivations, both extrinsic and intrinsic. For this study, we consider the most frequently cited motivations in prior literature (Morhart, Wilcox, & Czellar 2020), in an attempt to integrate these key variables into an overall causal model. Appendix 1 presents the most relevant prior research, selected according to the number of concepts they relied on (at least three), the main purpose of the research and eventually their international focus. Whereas many of the previous research focus on identifying luxury value dimensions and on proposing new scales especially designed to measure these luxury orientations, our approach proposes instead a causal model aimed at specifically explaining expensiveness. In addition, it is one of the few taking into account sustainability as a motivational orientation. Moreover, and more importantly, our research also addresses a gap in such prior research, related to the need for a statistical assessment of the hierarchy of these motives, as well as the potential global nature of this hierarchy across mature and emerging, Asian and Western markets. We thus can assess their relative impacts on whether consumers adopt a price-based definition of luxury, in terms of both their direct impact (H1–H5) and indirect impact (H6–H11), such that we account for mediating effects. To avoid social desirability biases, we do not pose direct questions. The combination of both types of impact produces the conceptual model in Fig. 1. Because luxury marketing is global, we also test whether the hierarchy of motivations remains consistent across six major luxury markets, both Western and Asian and in mature and emerging markets (H12).

In prior studies of luxury prices, the most frequently studies motivations can be categorized as extrinsic or intrinsic motivations, that is, luxury for others versus luxury for oneself. Wiedmann, Hennigs, and Siebels (2007, 2009) propose a four-dimensional structure of luxury value: financial, functional (objectively high quality, uniqueness), individual (seeking hedonism, pleasure of living), and social (highly symbolic brands for conspicuousness). The authors measure financial value using the item "luxury products are inevitably very expensive." However, the status of financial value in their conceptual model is ambiguous, because its wording is not parallel to the wording of the three other functions (reasons to purchase luxury). Perhaps price should be considered a reflection of the global value of luxury, rather than one of the pillars of this value. Shukla and Purani (2012) propose an alternative framework of luxury value, based on five pillars: self-directed symbolic expression (brands and products that reflect one's identity), other-directed symbolic expression (brands and products that project status, such as appearance as a leader), experiential hedonism (brands and products for pleasurable self-reward), utilitarian/functional aspects, and cost sacrifice. They measure cost sacrifice with the item "an item higher in price makes it more desirable to me." However, we question the status of price in this framework: What is the source of this higher

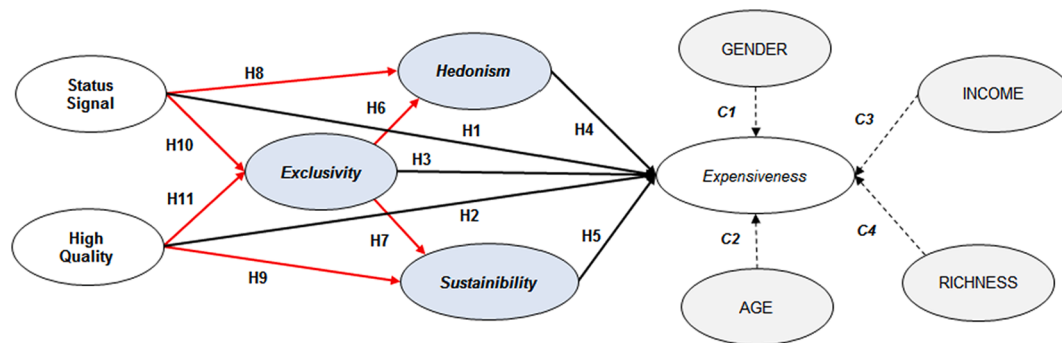


Fig. 1. Conceptual model of luxury expensiveness acceptance. Legend: Black bold arrows related to the main effects H1–H5 indicate **direct** paths of the predictors to *expensiveness*. Red bold arrows correspond to the mediating hypotheses H6–H11, reflecting contingencies among the five predictors of *expensiveness*. Dotted arrows indicate the impacts of four control variables (C1–C4, in capital letters) on *expensiveness*. Concepts in light blue are mediating variables. (For interpretation of the references to colour in this figure legend, the reader is referred to the web version of this article.)

level of desirability, if not the other pillars of the model? For example, high price may mean better quality or experience, or it may symbolize higher wealth, taste, or power. A correlation matrix of these five pillars of value reveals a 0.75 correlation between other-directed symbolic expression and cost sacrifice, suggesting that symbolic value (search for goods to convey status) is a stronger motivation for seeking highly priced items.

In elitist consumption (Berry, 1994), high prices offer symbolic measures of the consumer's own value, achievement, and status (Allsopp, 2005; Bagwell & Bernheim, 1996; Veblen, 1899). Therefore, those with a high need for status search for well-known, expensive brands and prominent logos (Han, Nunes, & Dreze, 2010; Kapferer & Valette-Florence, 2019). Moreover, research on materialism shows that status consumption leads to price insensitivity (Goldsmith, Flynn, & Kim, 2010), such that consumers remain loyal despite price increases. Products and prices can improve social standing, but this benefit disappears if people buy accessible luxury brands, whose relatively moderate prices are well known. Status can be conveyed not only to peers (need for affiliation) and to other people of lower social classes (need for distinction) but also to oneself, in which case the search for status cannot be met by even the most remarkable fakes bought at cheap prices. Accordingly, we derive the following hypothesis:

H1. Consumers' desire to signal their status positively influences their belief that luxury must be expensive.

One of Coco Chanel's most famous remarks is "The best things in life are free, the second best are very expensive," reflecting the luxury industry's desire to present itself as a manufacturer of excellence. Altgamma, the syndicate of Italian luxury brands, promotes its main distinctive features as aesthetics, unique artisanal quality, and cultural heritage. Quality has a high cost, which may explain the prices of products and services. At the production level, many sectors of the luxury industry remain artisanal; they cannot leverage economies of scale. Although Ferraris are now made by robots in an automated plant at Maranello, each Hermès Kelly bag still is made by hand, requiring 17 h of work by a single craftsman. Leather goods, jewels, and couture all are made by unique craftspeople and artists, using rare ingredients and fabrics and applying unique, local, inherited know-how. Luxury offers a specific vision of quality, with primary attention devoted to the human side of manufacturing. Unlike mass-consumption or fashion items that are designed for obsolescence, luxury aims to create long-lasting, if not everlasting, products that can be continually repaired. High price therefore acts as a signal of very superior quality (Schnabel & Storchman, 2010; Yeoman & McMahon-Beattie, 2006; Zeithaml, 1988). Formally,

H2. Consumers' desire for superior quality products and services positively influences their belief that luxury must be expensive.

Price is a barrier to entry that can build desire for luxury products among those who dream of luxury products or services but cannot afford them. The option of luxury rental platforms remain limited in their reach; consumers from emerging countries often value luxury possession explicitly as unique proof of their achievements, because it is so difficult to access. Yet, through channels such as social media, many consumers are exposed to information about luxury products, such that the evident financial sacrifices and effort required to access luxury distinguish "haves" from "have-nots" (Berry, 1994). Amaldoss and Jain (2005a, 2005b), using social comparison theory and the search for uniqueness (Fromkin & Snyder, 1980), offer a mathematical simulation of why—beyond the search for quality—some luxury consumers willingly pay higher prices. The existence of elites prompts a variety of imitators who emulate them by buying the same luxury products or brands, thereby creating a bandwagon effect (Lichtenstein, 1950). In a counter-reaction known as the "snob effect," some elite consumers seek to regain their lost sense of exclusivity. They abandon certain luxury brands and products that have become popular and move on to other brands or higher levels of price to recreate a signal of social distance from imitators (Han et al., 2010). When Hwang, Ko, and Megehee (2014) investigate the effects of low, medium, and high prices on demand, they find no evidence of a Veblen effect (also known as the Giffen goods effect), in which higher prices increase demand but also reveal negative impacts. However, consumers' chronic need for conspicuousness and exclusivity offsets these negative effects. Thus, consumers' search for exclusivity may be a determinant of high price acceptance. Furthermore, few luxury companies are still family firms. They are listed companies or parts of groups or conglomerates, and they largely have abandoned objective rarity, which by definition limits their growth. These firms rather seek to nurture *perceived exclusivity*, using strategies such as high pricing of iconic items, together with artificial forms of rarity such as limited editions (Kapferer, 2015; Solca, 2013). Therefore, we hypothesize:

H3. Consumers' desire for exclusivity positively influences their belief that luxury must be expensive.

Another function of price is to act as a promise of a pleasant hedonistic experience or an ultimate treat. As Ki, Lee, and Kim (2017) reveal, consumers who purchase luxury products or services at higher prices experience greater pleasure—an effect often evident in Michelin-starred restaurants, where the pleasure of the experience derives from the unique know-how of a creative chef, the exquisite attention of the wait staff, and the theatrical elements of the place and its ambiance, as well as the effect of the price paid. Therefore, we propose:

H4. Consumers' desire for highly hedonistic products and experiences positively influences their belief that luxury must be expensive.

Although product sustainability is not itself a determinant of luxury desire, it affects all sectors. For a long time, the luxury sector largely “flew under the radar” of sustainability critics because of its small size, but it increasingly has been scrutinized by non-governmental organizations and social critics (Bendell & Kleanthouse, 2007). Social influencers and opinion leaders are now eager to adopt new brands and products that offer sustainability along their entire value chain (Kapferer & Michaut, 2014). The demand for sustainability thus might affect price expectations in the luxury sector, though no research addresses this question directly. On the one hand, achieving sustainability imposes new costs. Innovative luxury brands cannot sustain high development costs by achieving volume at launch, so they need to charge high prices. For example, the first Tesla Model S, a super-premium, beautiful, fully electric automobile, sold at a retail price of €110,000. Research determined that early buyers of these sustainable cars did not purchase them to save gasoline but rather to make a statement that they had money to lead and be “in advance” of the majority of wealthy consumers who continued to buy thermic-engine Ferraris and Mercedes (Griskevicius, Tybur, & Van den Bergh, 2010). This motivation is known as “green conspicuousness” (Sundie et al., 2011). The high prices of this sector also require it to have an exemplary sustainability record, because consumers' demand for sustainable, ethical luxuries may spur them to integrate the high costs attached to these new alternatives. For example, organic food is more expensive than non-organic food, and in the hospitality sector, ecological five-star lodges are expensive, sometimes reaching €1,000 per night in the Atacama desert (Chile). On the other hand, demands for sustainability could spur lower price expectations, because sustainability is more than just expensive innovation. Stopping the use of fur in *haute couture* is a sustainability measure that leads to the use of alternative raw materials, which in theory are less expensive than real fur. The same cost-saving applies to artificial or non-mined diamonds, the prices of which are quite affordable. However, even after Stella McCartney, an icon of sustainable luxury, banned the use of real leather, the prices of her brand's shoes, boots, and bag remained quite high, such that her brand still likely qualifies as luxurious. The influence of sustainability on the perception that luxury necessarily should be expensive thus is ambivalent, and we hypothesize:

H5. Consumers' desire for sustainable luxury brands and products influences their belief that luxury must be expensive.

These five hypotheses predict the direct effects of five motivations on consumers' belief that luxury must be equated with high price: search for status, search for high quality, search for exclusivity, hedonism, and demand for sustainability. Because we expect mediators beyond these direct effects, we also develop complementary hypotheses, linked to a nomological network of the five antecedents. This network reflects our prediction that the effects are not fully independent, nor at the same level. The dual nature of luxury consumption (experiential/hedonistic and symbolic) is a consequence of two fundamental antecedents: the search for a higher quality of life and the need to express one's status in society. We predict exclusivity, hedonism, and sustainability play significant mediating roles, and we test for the total effects of search for quality and status on expensiveness. We combine both sets of hypotheses (direct effects on expensiveness and mediating roles of exclusivity, hedonism, and sustainability) in the conceptual model represented by Fig. 1.

Academic literature on the values derived from luxury consumption also substantiates six complementary hypotheses that link these antecedents. Luxury buyers of expensive items expect more than rarity; they want exclusivity (Solca, 2013; Yeoman & McMahon-Beattie, 2006). Enjoyment of exclusivity is the fuel of the contemporary art market's sky-high prices for example, in which buyers want to prevent someone

else from possessing masterpieces. Exclusivity also is a reflection of buyers' feelings that they themselves are unique. Those who search for exclusivity should expect highly hedonistic experiences. As Sundie et al. (2011) establish, early-stage buyers of sustainable luxury goods are driven by the search for exclusivity. Accordingly, we derive two additional hypotheses:

H6: Consumers' desire for exclusivity increases their expectations of hedonic emotional pleasure from luxury consumption.

H7. Consumers' desire for exclusivity increases their demand for sustainable luxury products and brands.

Beyond hedonism's direct effect on beliefs about expensiveness, it should positively mediate the effect of status signaling, because consumers with high need for status expect luxury consumption to provide higher hedonic rewards at the level demanded by their status (Han et al., 2010; Sun, Wang, Cheng, Li, & Chen, 2017; Truong, 2010). Therefore, we predict:

H8: Consumers' desire for status signaling increases their expectations of high hedonic and emotional pleasure from luxury consumption.

Sustainability also should positively mediate the effect of the search for superior quality. Sustainability is on the agenda of most luxury groups and brands, in that they claim to offer the incarnation of product and service excellence. On the demand side (Kapferer & Michaut, 2014), the most exacting luxury buyers expect sustainability; they perceive it as an intrinsic element of superior quality and excellence. Brands' high price and luxurious margins also mean they have no cost-based excuse to avoid sustainability. Thus, we propose:

H9: Consumers' desire for superior quality increases their demand for sustainable luxury products and brands.

The impact of the search for both high quality and status should be positively mediated by the search for exclusivity. A higher need for status makes exclusivity even more necessary. Furthermore, increased expectations of superior quality should lead to enhanced requests for exclusivity, because by definition, truly superior quality is not available to everyone. Therefore,

H10: Consumers' desire for status signaling increases their demand for exclusivity.

H11. Consumers' desire for superior quality increases their demand for exclusivity.

Finally, we acknowledge that luxury is a global business. Luxury brands maintain a visible presence in the capital cities of most mature countries, as well as rapidly growing ones (Bain & Co., 2020). Their retail footprints are supplemented by online, e-commerce, and social network channels that expand their global reach (Solca, 2016). However, the social, cultural, and economic differences among countries also structure each local market (Usunier & Lee, 2012). China is not Japan, Germany is not France, and the United States is not Brazil, despite each pair's relative geographic proximity. Yet luxury consumption—especially of highly expensive and famous European brands—is the concern of a rather homogeneous consumer segment, whose members feel and act like world citizens, seemingly spurred by similar motivations to consume luxury goods and experiences (Chadha & Husband, 2004). For example, in Japan, the Western word “luxury” translates as *lu-gu-ju-ri*, which means “Western expensive brands”; another traditional Japanese word refers separately to Japanese refined brands (e.g., of kimonos or foods). Growth in the luxury market also results because it is a new buyer's market (Bain & Co., 2020), not a patrician market (Han et al., 2010). Unlike patricians, newcomers to the

luxury market demand recognition and respect, if not admiration. For them, high price is not a cost but a signal of self-worth, status, and uniqueness. Because this consumer group is relatively homogeneous across countries, we predict that the same hierarchy of motivations drives them:

H12. The hierarchy of motivations to believe that luxury is necessarily expensive is the same across countries, with extrinsic motivations dominating intrinsic motivations.

To compare samples across six countries, we must control for sociodemographic differences (age, gender, declared income). However, we do not offer formal hypotheses related to these characteristics, because we have no foundation to expect particular influences of these three variables on the perception that luxury means high price and expensiveness.

In summary, to determine why some people strongly associate luxury with high prices, we carefully examine the hierarchy of factors that lead consumers to hold this belief. As detailed previously, we identify four main consumer motives from prior literature, reflecting the anticipated benefits of owning or experiencing expensive luxury brands (i.e., conveying status, accessing superior quality, enjoying exclusivity, and hedonism). Then a fifth motive relates to emerging demands for sustainability, which can affect price expectations for luxury products and services. In turn, we make two main research contributions. First, we integrate and establish a hierarchical categorization of each motivation, both extrinsic and intrinsic, within a single causal model. In so doing, we test for their direct effects on expensiveness (H1–H5) but also predict mediating effects of hedonism, exclusivity, and sustainability in six complementary hypotheses (H6–H11). Second, we test the persistent relevance of this hierarchy across six major luxury markets (H12).

3. Methodology

We recruited 3,217 actual luxury buyers from samples of affluent consumers in the United States (501), China (672), Japan (461), Germany (512), Brazil (538), and France (533)—all important luxury markets (Bain & Co., 2020). (Appendix 2 details the sample characteristics.) The United States remains the primary luxury market in terms of value (Bain 2020), but Chinese consumers represent 35% of personal luxury goods buyers in the world, and Japan accounts for 10%. In Europe, France and Germany are important luxury producing countries. The choice of these countries also enables us to contrast mature markets (Japan, United States, European nations) with emerging markets (China, Brazil), as well as Asian cultures with Western cultures. A global research company, BVA, selected comparable samples and interviewed respondents online. This method was unlikely to introduce biases, because affluent consumers in all countries are technologically savvy and highly connected. To meet the recruitment requirements, the interviewees had to declare whether, in the past 12 months, they had bought at least one product from a list of five products, above prices that were the medians of the luxury price threshold for each of the five product categories in each country (Kapferer & Laurent, 2016): a bottle of Champagne, a lipstick, a jacket for men or women, shoes for men or women, and solar eyewear. We purposefully did not include products representing an inaccessible luxury segment (De Barnier et al., 2012), for which the penetration rate is extremely low. The segment of luxury buyers already is difficult to access for research purposes and unlikely to submit to long interviews, so limiting this access further would be impracticable. Moreover, growth in the luxury sector depends on its extension beyond the happy few or inaccessible luxury segments.

The measures of the first four independent variables (status signaling, search for high quality, search for exclusivity, hedonism) include items from existing scales related to luxury values (see Appendix 3; Hennigs, Wiedmann, & Klarmann, 2012; Wiedmann, Hennigs & Siebels, 2007, 2009). For sustainability, we use items such as “Today I tend

to choose ethical and sustainable luxury brands,” and “Today real class is to buy luxury products that respect the environment.” The dependent variable consists of two items: “A luxury product is necessarily an expensive product,” and “It is important for me that a luxury brand be expensive,” reflecting the dictionary definition of expensive as “any item commanding a high price, especially one beyond prospective buyers’ means” (Merriam-Webster). The scales for this measure range from 1 to 10, and a high score (≥ 7) signifies that the respondent believes luxury must be high priced. Participants who offer such scores are the targets of the exponential pricing policy implemented by leading luxury brands. In addition to the scale items, Appendix 3 contains the corresponding loadings, t-values, and Cronbach’s alpha values, all of which satisfy recommended thresholds.

For the international comparisons, we controlled for sociodemographic variables (age, gender, declared income), as well as self-perceived richness, a variable designed to mitigate the risk of too many missing responses to direct questions about actual income. Previous studies indicate that this self-perception of feeling rich drives luxury demand (Kapferer & Valette-Florence, 2019; Solca, 2016), not actual wealth. Our measure of this subjective control variable included three items (e.g., “One can say I am rich”); it did not provoke the same resistance as questions about declared income, because it measured perceptions of the person’s own financial situation, now and in the future (Appendix 3). With this perceptual variable, we can capture how subjective financial assessments affect the definition of luxury as expensive, independent of actual declared income. For example, millionaires who do not feel rich might avoid spending on luxuries (Stanley & Danko, 2010).

4. Data analysis and results

4.1. Descriptive statistics

Half the respondents in our pooled sample of luxury buyers agreed that luxury necessarily means expensive (scoring at least 7 on a 10-point luxury expensiveness scale). This result is significant, because we selected our sample on the basis of respondents’ self-declared purchases of five luxury products above a certain price threshold (Kapferer & Laurent, 2016). It signifies that among luxury buyers, half are ready to consider that accessible luxury is real luxury and not use high price as a marker of true luxury, whereas the other half do not consider that accessible luxury is real luxury. Among this latter group, Chinese luxury buyers are most prone to declaring that luxury means expensiveness (68.5%, z-test = 9.604, $p < .0001$).¹ Since 1979, when President Deng Xiao Ping introduced an economic liberalization initiative, China has transformed into a country of entrepreneurs, where economic success is praised. Newly affluent consumers, who might not be connoisseurs yet, use price as the main marker of luxury (Chadha & Husband, 2004). Their ability to afford luxury’s high prices acts as a measure of their own personal value and success. Japanese luxury buyers are the least prone to believe that luxury necessarily means expensiveness (36.1%, z-test = -6.008, $p < .0001$). Japan is a mature luxury market, and its country culture prioritizes manufacturing perfection, even for simple objects (Chadha & Husband, 2004).

4.2. Overall model fit and validity indices

We measured all latent variables at the first-order level, using a reflective measure. Because of the large sample size, and to reduce common method bias and enhance the generalizability of our results, we randomly divided the entire sample into two subsamples (calibration sample and validation sample). We expected similar results between

¹ Appendix 4 presents the percentages and z-tests for all six countries under study

them. For the two subsamples, we followed the same three-step assessment procedure, checking for (1) overall fit, (2) measurement validity, and (3) path estimate significance.

4.2.1. Model fit

To evaluate model fit, we considered several fit indices according to their usual threshold values: root mean square error of approximation ($RMSEA \leq 0.08$), Tucker–Lewis index ($TLI \geq 0.95$), normed fit index ($NFI \geq 0.90$), comparative fit index ($CFI \geq 0.95$), standard root mean square residual ($SRMR \leq 0.08$), and χ^2/df below 5 (Bagozzi & Yi, 1988; Hu & Bentler, 1999; Kline, 2015; Schumacker & Lomax, 2010). Fit indices of the calibration sample indicated a satisfactory model fit ($\chi^2 = 512.581$; $df = 140$; $\chi^2/df = 3.66$; $p < .000$; $CFI = 0.96$; $TLI = 0.95$; $NFI = 0.93$; $RMSEA = 0.051$; $SRMR = 0.038$). The validation sample provided similarly good results ($\chi^2 = 562.117$; $df = 140$; $\chi^2/df = 4.02$; $p < .000$; $CFI = 0.95$; $TLI = 0.94$; $NFI = 0.92$; $RMSEA = 0.053$; $SRMR = 0.041$). Finally, the estimation of the full sample confirmed that the proposed model provided good model fit with the data ($\chi^2 = 687.841$; $df = 140$; $\chi^2/df = 4.91$; $p < .000$; $CFI = 0.94$; $TLI = 0.93$; $NFI = 0.91$; $RMSEA = 0.055$; $SRMR = 0.042$).

4.2.2. Measurement validity

For both subsamples and the full sample, all measurement variables had statistically significant loadings with high t-values ($p < .0001$; see Appendix 3). Moreover, all average variances extracted (AVEs) exceeded the commonly accepted cut-off value of 0.5 (Fornell & Larcker, 1981). With regard to reliabilities, all values were well above the 0.7 threshold (see Table 1), and the square root of the AVE for each factor was greater than its correlations with other factors (see Table 2), in support of discriminant validity according to Fornell and Larcker (1981) heuristic. As a more stringent test of discriminant validity, we also performed a series of sequential tests in which correlations for pairs of latent variables were either fixed to 1 or freely estimated. In all cases, the chi-square differences were statistically significant, demonstrating that the constrained models in which correlations were fixed to 1 gave the worst fit. In summary, all measurement validity indices were fulfilled in the calibration sample and further confirmed in the validation sample. The same pattern arose in the full sample. Table 1 provides the reliabilities and convergent validity values for the full sample.

4.2.3. Path estimates significance

In a third step, for both subsamples and the entire sample, we estimated the path coefficients with a systematic bootstrap procedure (5,000 replications). Because results of the samples were remarkably similar, we provide the results for the full sample (Table 3).

Table 1
Reliability and Convergent Validity.

CB-SEM Reliability & Convergent Validity		
Latent Variables	Reliability	Convergent Validity (AVE)
Status Signal	0.898	0.745
High Quality	0.871	0.692
Exclusivity	0.863	0.611
Hedonism	0.865	0.616
Sustainability	0.840	0.637
Richness	0.861	0.675
Expensiveness	0.833	0.715

² The larger the sample size (i.e., over 400), the greater the chances of obtaining a statistically significant chi-square. According to usual recommendations (e.g., Schumacker & Lomax, 2010), the χ^2/df ratio should remain below 5.

4.3. Hypotheses tests

A test of the pooled data shows the model provides a relatively high R-squared value of 40.2% for expensiveness. With regard to the four control variables (Table 3, Fig. 2), only age has a significant, if negligible (0.060), positive impact on expensiveness. Declared income, self-perceived richness, and gender have no significant impacts. These findings confirm that expensiveness is a relative notion; the actual price thresholds that consumers consider “expensive” vary according to their financial resources (Kapferer & Laurent, 2016).

4.3.1. Main effects hypotheses

The results in Table 3 and Fig. 2 confirm three of our five main hypotheses. Status signaling (0.393; H1 validated) and search for exclusivity (0.323; H3 validated) have positive impacts on expensiveness, whereas—unexpectedly—search for higher quality has a relatively weak but significant negative impact (-0.130; H2 rejected). Hedonism has a significant but very weak impact on expensiveness (0.045; H4 validated).

The search for sustainable luxury (0.007, NS; H5 rejected) has no impact. This non-significant relationship could result from a cancelling out effect between consumers who expect to pay higher prices for sustainable luxury brands and those who anticipate the opposite, with the prediction that sustainable products should be less expensive if they use less exclusive and less costly raw material. A closer analysis of this plausible dual mechanism warrants further empirical investigation.

Overall, extrinsic motives dominate intrinsic motives. Search for status appears to be the strongest driver of whether people equate luxury and expensiveness; price provides the field for competition in social comparison games, and affluent clients compete by outbidding. People’s declarations that luxury equates with high prices also might arise when they believe it represents the cost of achieving exclusivity. Luxury consumers, aware that luxury products are no longer rare, seek to regain halos of exclusivity through artificial rarity (e.g., few stores, high prices, exclusive club memberships, limited editions). However, the significant negative impact of desire for higher quality seems counterintuitive; it may reflect the recognition that the most expensive products are not always the best. Connoisseurs do not look to price tags to identify truly excellent products; in the wine industry for example, Robert Parker brought unknown but exceptional wines to light (e.g., broke with convention by not giving the most prestigious Bordeaux Châteaux a grade above 95). Similarly, scientific tests that compare the objective qualities of various products show a weak correlation between price and quality (Gerstener 1985; Zeithaml, 1988). New digital applications, such as Yuka in France, offer algorithms that can decipher product labels and reveal the health impacts of food brands and cosmetics, such that in some cases, they have identified some well-known, expensive brands that contain hazardous ingredients.

4.3.2. Complementary and mediating effects hypotheses

All the complementary hypotheses (H6–H11) are validated, in that their corresponding path coefficients are statistically significant and positive (Table 3). Accordingly, we compute the total effects of all predicted latent variables on expensiveness, in line with the nomological network depicted in Fig. 1. The results in Table 4 highlight that search for exclusivity (0.345) and status signaling (0.568) both exert stronger impacts on expensiveness. These results signal the positive, simultaneous, and partial mediating roles of status and exclusivity, as well as hedonism, all of which enhance expensiveness considerations. For example, exclusivity and hedonism reveal a multiple mediation pattern, related to the impact of status signaling on expensiveness beliefs. Sustainability does not exhibit a similar effect; its incidence relative to expensiveness is not significant. This result may stem from the relatively more recent inclusion of sustainability as a motivator of luxury buying behavior.

In addition, the search for high quality no longer exerts a significant

Table 2
Discriminant Validity.

	Status Signal	High Quality	Exclusivity	Hedonism	Richness	Sustainability	Expensiveness	AVE
Status Signal	1	0.245	0.569	0.558	0.422	0.327	0.579	0.745
High Quality	0.060	1	0.525	0.616	0.222	0.384	0.181	0.692
Exclusivity	0.323	0.276	1	0.629	0.274	0.380	0.522	0.611
Hedonism	0.311	0.379	0.395	1	0.287	0.370	0.401	0.616
Richness	0.178	0.049	0.075	0.083	1	0.323	0.270	0.675
Sustainability	0.107	0.148	0.144	0.137	0.104	1	0.238	0.637
Expensiveness	0.336	0.033	0.272	0.161	0.073	0.056	1	0.715

Notes: Numbers above the diagonal are the correlations between the latent variables. Numbers below the diagonal are the squared correlations, which should be less than the AVE to signal discriminant validity (Fornell & Larcker, 1981).

Table 3
Bootstrapped Direct Effects.

CB-SEM Bootstrapped Direct Effects					
From	To (R ²)	Bootstrapped Effects	Pr > t	Lower Confidence interval (95%)	Upper Confidence interval (95%)
Status Signal (H1)	Expensiveness R ² = 40.2%	0.393	0.000	0.356	0.432
High Quality (H2)		−0.130	0.000	−0.163	−0.098
Exclusivity (H3)		0.323	0.000	0.282	0.364
Hedonism (H4)		0.045	0.036	0.012	0.091
Sustainability (H5)		0.007*	0.675	−0.025	0.040
Exclusivity (H6)	Hedonism R ² = 45.6%	0.459	0.000	0.421	0.498
Status Signal (H8)		0.298	0.000	0.262	0.332
Exclusivity (H7)	Sustainability R ² = 30.1%	0.416	0.000	0.386	0.484
High Quality (H9)		0.572	0.000	0.520	0.636
Status Signal (H10)	Expensiveness R ² = 48.2%	0.468	0.000	0.442	0.493
High Quality (H11)		0.410	0.000	0.382	0.437
Gender (C1)		−0.014 (NS)	0.287	−0.036	0.018
Age (C2)		0.060	0.000	0.034	0.086
Income Level (C3)		0.004 (NS)	0.912	−0.023	0.030
Richness (C4)		0.043	0.007	0.012	0.073

*Estimates in italics are not statistically significant

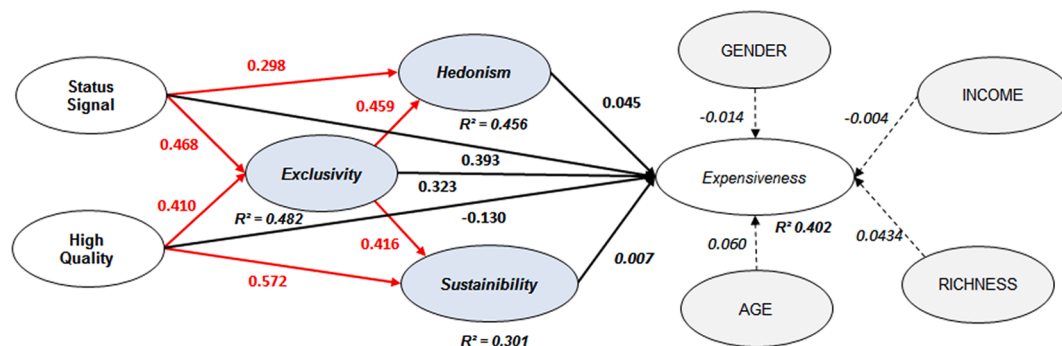


Fig. 2. Hypotheses test results. Legend: Path coefficients in *italics* or ***bold & italics*** indicate non-significant relationships.

impact on expensiveness in this analysis, due to a competing mediation effect. The direct and indirect paths of high quality on expensiveness indicate *opposite* signs (total effect = direct effect + indirect effect or $0.013 = -0.130 + 0.143$). This result implies that our theoretical framework may have omitted another relevant mediator (Zhao, Lynch, & Chen, 2010) between high quality and expensiveness, possibly materialism or connoisseurship. Because materialism implies the belief that possessions are a sure route to happiness (Belk, 1985), equating high quality with price may promise greater happiness. However, connoisseurs know that quality is more relevant than price.

4.4. Country comparisons

Because we compare results from six different countries, we start by establishing their measurement invariance; otherwise, any differences in the structural paths could be misleading. As Steenkamp and Baumgartner (1998) explain, when the purpose of a study is to analyze the

relationships between constructs in a nomological net, full or partial metric invariance must be satisfied, because the measurement of the latent constructs must be the same across countries. Otherwise, any differences between the path coefficients could be the result of disparities in measurement. Therefore, we applied a multigroup structural equation model (SEM) to test whether invariant factor loadings existed for the six countries.³ The results of the unconstrained and fully constrained models⁴ imply good model fit, because the chi-square difference test indicates a non-significant difference between the two models,

³ Configurational invariance was achieved, in that the patterns of salient (nonzero) and nonsalient (zero) loadings are identical across countries, in combination with the good measurement properties and model fit indices.

⁴ $\chi^2 = 3672.24$; $df = 995$; $\chi^2/df = 3.69$; RMSEA = 0.079 [0.077 – 0.082]; $\chi^2_c = 3527.921$; $df = 942$; $\chi^2_c/df = 3.74$; RMSEA = 0.077 [0.075 – 0.080], where f = free and c = constrained.

Table 4

Bootstrapped Total & Indirect Effects.

CB-SEM Bootstrapped Total & Indirect Effects
CB-SEM Model Fit: RMSEA = 0.055; SRMR = 0.043; AGFI = 0.957; CFI = 0.948

	Latent Predictors	Parameter estimates	Pr > t	Low Confidence Intervals (95%)	High Confidence Intervals (95%)
Total Effects on Dependent Variable: Expensiveness ; $R^2 = 0.402$					
Predictors	Status Signal	0.568	0.000	0.539	0.596
	High Quality**	0.013 (NS)	0.312	−0.020	0.045
	Exclusivity	0.345	0.000	0.307	0.383
	Hedonism*	0.045	0.036	0.012	0.091
	Sustainability*	0.007*	0.675	−0.025	0.040
Control Variables	Gender	−0.014 (NS)	0.287	−0.036	0.018
	Age	0.060	0.000	0.034	0.086
	Income Level	0.004 (NS)	0.912	−0.023	0.030
	Richness	0.043	0.007	0.012	0.073
Indirect Effects on Dependent Variable: Expensiveness					
Indirect Predictors	Status Signal	0.175	0.000	0.150	0.202
	High Quality**	0.143	0.000	0.122	0.165
	Exclusivity	0.022 (NS)	0.362	−0.010	0.045

* Total effect = direct effect; ** Competitive mediation since indirect & direct effects don't have the same sign (direct effect = total effect - indirect effect = -0.130).

$\Delta\chi^2(53) = 44.32, p > .05$. With this evidence of full measurement invariance, we decided to fix all factor loadings to remain invariant across the six countries. Another chi-square difference test reveals that freeing the path coefficients between countries provides a better fit⁵ than fixing them to be equal, $\Delta\chi^2(100) = 821.981, p > .000$. The latter model achieves the best fit indices and therefore serves as the basis for the interpretation of the path coefficients. With a systematic bootstrap procedure with 5,000 replications, we compute confidence intervals and assess whether the path coefficients in Table 5 are similar or different between countries. Thus, we can focus on the structural parameter estimates and their differences across countries.

Table 5 shows that most R-squared values are still relatively strong, ranging from 36.6% to 52.4% in relation to the dependent latent variable, expensiveness; this result enhances confidence in our research model. Two control variables (in grey in Table 4) have statistically significant impacts on expensiveness in some countries. That is, age positively affects the dependent variable in China (0.180), where age cohorts strongly reflect differing political and economic phases of development. In particular, Gen Z (born after 2000) and Gen Y (born between 1981 and 2000) resulted from the single-child policy, such that in many cases, four grandparents took care of one child while the parents worked. These affluent “baby kings” who received such treatment often owned a flat even before they started working, and they are very connected to social networks and familiar with luxury brands, such that luxury means being fashionable. In contrast, older Chinese consumers, especially those who lived through the Cultural Revolution and its desperate times, assign more value to hard-earned money. For them, luxury is not a loose concept; it truly means being out of reach (Rambourg, 2014). Table 5 also shows that self-perceived richness marginally influences the dependent variable in the United States (0.102) and has a greater effect in Germany (0.237). Hypothetically, because both cultures prioritize facts and data, those who see themselves as rich really are rich in these countries. For them, dream products (luxury) cannot be accessibly priced; price must imply financial sacrifice, or even self-sacrifice.

With regard to total path coefficient estimates, Table 5 shows that across countries, the hierarchy of levers that make high price a major defining attribute of luxury remains the same: Status signaling always comes first, and search for exclusivity always comes second. Although status signaling and exclusivity consistently have significant, positive impacts on expensiveness, we also find some differences among countries. Status signaling has the greatest impact in the United States (0.616), followed by Brazil (0.583) and France (0.537), Japan (0.528), Germany (0.468) and China (0.428). In China, exclusivity has the

greatest impact (0.469), followed by the United States (0.398) and Brazil (0.337). Surprisingly, China is the only country in which hedonism has a significant positive influence (0.131) on the dependent variable. Search for highest quality has no significant impact in any of the six countries, and sustainability has significant and negative influence on expensiveness only in Germany (−0.078). Germany's powerful green political party has a long tradition of promoting sustainability promotion among youth, for whom the meaning of sustainability is radical and based on what people really need. Thus, clean air and nature may be luxuries, even if they are not priced. Notably, though Japan suffered from the Hiroshima and Fukushima nuclear catastrophes and arguably should be sensitive to sustainability issues, we find that the search for more sustainability does not affect the belief that luxury means high prices in that country.

China is poised to become the primary luxury market (Bain & Co., 2020); as previously noted, the Chinese sample in our study adhered most to the idea that luxury means expensive. Table 5 reveals that it is in China that the search for exclusivity exerts the strongest effect on the idea that luxury is equivalent to high price (0.469). Until recently, in this densely populated communist country, equality and uniformity were the rule. Nothing could be exclusive or indicate self-differentiation; it would be shameful to be the only one to benefit (Rambourg, 2014). In contrast, France and Japan offer similar profiles, such that status signaling has the greatest impact on perceiving luxury as necessarily expensive (0.537 and 0.528, respectively), and exclusivity has the second-greatest impact (0.247 and 0.324). However, compared with China, the United States, and Brazil, the influence of status signaling is less important.

5. Theoretical implications

Economic theory does not integrate luxury pricing easily. After all, luxury consumers' behavior challenges the tenets of classic economics, whereby higher prices should induce lower demand. As a quality cue, the persuasive effect of price should reach a plateau, once a “high-enough” level of quality has been reached, even for the most exacting consumers. The quality of a €100 Bordeaux wine is not 10 times that of a €10 Bordeaux wine. However, if luxury brands must keep their volumes under control to maintain their cachet, how can they grow their profits, unless they increase their prices and still retain or attract clients? The answer comes not from economics but from consumer psychology. Luxury sells; as soon as something (e.g., a brand, a mall, a hotel, a car) is declared to represent luxury, many people perceive more value in it and want to buy it. Luxury transports consumers to another world, far from their day-to-day life, providing access to the dreamed-of lifestyles enjoyed by admired persons or groups. In this sense, luxury cannot be an impartial concept; people define it in ways that best satisfy their

⁵ $\chi^2_f = 2850.26$; df = 842; $\chi^2/df = 3.38$; RMSEA = 0.072 [0.069 – 0.074].

Table 5

. Bootstrapped Total Effects per Country.

CB-SEM Bootstrapped Total Effects per Countries						
Dependent Variable: Expensiveness						
Parameter estimates & R2	France (38.4%)	USA (52.3%)	China (36.6%)	Brazil (42.3%)	Germany (41.7%)	Japan (39.3%)
Status Signal	0.537*	0.616**	0.428	0.583	0.468	0.528
High Quality	<i>0.041***</i>	<i>0.029</i>	<i>0.063</i>	<i>−0.017</i>	<i>0.010</i>	<i>0.050</i>
Exclusivity	0.247*	0.398	0.469	0.337	0.279	0.324
Hedonism	<i>0.059</i>	<i>0.065</i>	0.131	<i>0.041</i>	<i>−0.049</i>	0.116
Sustainability	<i>0.013</i>	<i>0.033</i>	<i>0.036</i>	<i>−0.020</i>	<i>−0.078</i>	<i>0.047</i>
Gender	<i>0.028</i>	<i>−0.033</i>	<i>0.008</i>	<i>0.028</i>	<i>−0.025</i>	<i>−0.022</i>
Age	<i>−0.034</i>	<i>0.062</i>	0.180	<i>0.010</i>	<i>0.047</i>	<i>−0.010</i>
Income Level	<i>0.008</i>	<i>0.031</i>	<i>−0.028</i>	<i>0.060</i>	<i>−0.051</i>	<i>−0.026</i>
Richness	<i>0.054</i>	0.102	<i>−0.015</i>	<i>0.002</i>	0.237	0.033

* Underlined estimates in the same style (either in **bold** or *italics in bold*) are not statistically different between themselves, but different between countries. ** Estimates in plain font are different from all other ones. *** Estimates in italics are non-significant.

psychological and social needs. This point represents the essence of a functional approach to beliefs and attitudes that aims to explain why people hold them (Katz, 1960). If luxury brands need to increase their prices, it is vital that people perceive high price to be a necessary condition for fulfilling these needs; high price must become a core defining attribute of luxury.

The literature review reminds us that price is not simply a cost or quality cue. It also is a source of satisfaction or pride. In consumer research, price is value, determined as much by the value of a product or service as by the value obtained by the buyer in reflecting a personal, financial, and cultural ability to pay a lot for a non-necessity (Allsopp, 2005; Fassnacht & Dahm, 2018; Shipman, 2004). Moreover, price functions as a fee for the right to exhibit the logo of a well-known brand and co-brand oneself (Belk, 1985). Prestigious brands ask people to pay more for this right, just as prestigious clubs have highly discriminatory annual membership fees.

Our research confirms that across widely different cultures, the value of luxury expensiveness rests on the extrinsic benefits it provides. Overall, 10 of our 12 hypotheses, both main and complementary, are validated (Table 6). Our research is corroborative and provides a large-scale test, across real luxury buyers in six major luxury markets, of hypotheses derived from prior luxury research that has used either

laboratory paradigms (Hwang et al., 2014) or mathematical simulations (Amaldoss & Jain, 2005a, 2005b) that required external validity checks, as we performed in six major luxury markets. Moreover, by integrating suggested motivations, this study offers a comparison of their respective weights and assesses their hierarchy, across countries.

Our research also confirms that consumers with strong extrinsic motivations are the most likely to believe luxury necessarily should be expensive. Consumers who embrace this notion seek two main benefits: status and the boosting of feelings of exclusivity. The degree to which this result is consistent across countries is striking; it shows that luxury price psychology applies across borders and cultures. If peers are aware of the high prices of luxury products, such products create respect, admiration, and status for a consumer. For this reason, discreet logos often miss the point (Han et al., 2010), because they do not provide any added value for consumers whose needs require them to demonstrate their upward mobility to the world. Products with such logos cannot be priced as highly as those with conspicuous logos.

Moreover, our results show that the same hierarchy of motivations operates across cultures. In both our global model (Table 4) and the analyses by country (Table 5), search for status is the main motivation for believing that luxury means expensive. Search for exclusivity has the second-greatest impact, so people derive value from owning what others cannot own, experience, or enjoy because of price barriers. In both cases, consumers define and consume luxury to raise their own social position. Intrinsic motivations, such as search for high quality or hedonistic, pleasurable experiences (Wiedmann, Hennigs, & Siebels, 2009), are not strong enough to sustain the notion that luxury must be expensive, so their impact on expensiveness is either non-significant or negligibly significant.

However, a critical and unexpected finding is the negative direct impact of the search for higher quality on perceptions of luxury expensiveness. Premium products cost more than commodities, and super-premium products cost more than premium products (Lyons, Wien, & Altintzoglou, 1996). However, there may be a ceiling effect associated with perceived quality. What level of quality justifies ever-increasing prices? Referring to something as “expensive” represents a value judgment, confirming that the price is beyond most consumers’ reach but also fostering doubt that the price is worth it, in terms of intrinsic quality, because there are worthy alternatives at lower prices. Although Seiko watches might offer better precision than Cartier watches, they are lower in price; people likely could not imagine buying a €1 million Seiko watch, even though such a price would be normal for Cartier. Thus, luxury high price is not about tangible benefits. Finally, contrary to expectations and anecdotal evidence from consumers who declare they are ready to pay more for sustainable luxury, our results show that demand for greater sustainability does not lead to the belief that luxury must be highly priced. Overall, its impact is non-significant, with the exception of Germany, where its impact on luxury expensiveness actually is negative.

Table 6

Summary of Main and Complementary Hypotheses.

Summary of Main and Complementary Hypotheses				
	From	To	Expected sign	Result
Main hypotheses	Status Signal (H1)	Expensiveness	+	Supported
	High Quality (H2)		+	(-) Rejected
	Exclusivity (H3)		+	Supported
	Hedonism (H4)		+	Supported
	Sustainability (H5)		/	(NS) Rejected
Complementary hypotheses	Exclusivity (H6)	Hedonism	+	Supported
	Status Signal (H8)		+	Supported
	Exclusivity (H7)	Sustainability	+	Supported
	High Quality (H9)		+	Supported
	Status Signal (H10)	Exclusivity	+	Supported
	High Quality (H11)		+	Supported
	Cross-cultural hierarchy of luxury motivations similarity (H12)			Supported

This article also contributes to ongoing discussions of the traditional dimensions of luxury (Cristini, Kauppinen-Räsänen, Barthod-Prothade, & Woodside, 2017; Eckhardt, Belk, & Wilson, 2015; Ko, Costello, & Taylor, 2019; Ramadan, 2019). New forms of luxury challenge some key dimensions of the traditional luxury definition, such as exclusivity and high price. Examples of such new forms of luxury are found in the sharing economy (AirBnB luxury; Uber Lux, luxury rental sites) and the experiential luxury segment.

6. Managerial implications

Although marketers refer to the growth of “new luxury” or “accessible luxury” segments, the most profitable luxury companies do not belong in this category (Aubin, 2019; Solca, 2013). Rarely is it a valid business model to aim to sell the most expensive car or watch; if the Volkswagen Group had not saved Bugatti and Bentley, as the result of group synergies, those companies would no longer be in business. Luxury is a high fixed-costs industry, and these costs are too high to be covered by small production volumes. High price naturally reduces demand, such that the challenge for expensive luxury brands is keeping demand high enough to establish a profitable business model, while also increasing prices. Our research confirms that to do so, such brands must (1) leverage social competition, in which consumers compete to outbid one another, and (2) foster the powerful desires associated with luxury, including search for status (respect, admiration, love) and feelings of exclusivity. Other than art exclusivity, real exclusivity does not pay off and instead limits volume. *Perceived* exclusivity is the key. Brands also must target the right consumers: So far, luxury growth has benefited from successive waves of *nouveaux riches* who seek social recognition to dissociate themselves from the crowd (Kapferer & Valette-Florence, 2019). The first wave of *nouveaux riches* arrived in Japan about 40 years ago, then Russia, and now China. China will continue to produce successive waves as its upper middle class grows. In the long term, new waves might come from major African countries (Nigeria, Republic of South Africa).

A major operational implication of this research is that the luxury industry should acknowledge the sustained importance of conspicuous consumption. Because conspicuousness is not a socially desirable motivation, it ranks low in consumer surveys that use direct questioning (declared importance). Even if luxury consumers decline to recognize it though, our results expose the reality that extrinsic motivations are the strongest trigger of the belief that luxury means high price. Luxury needs visibility; “no logo” designs are not appropriate for an industry that requires conspicuous consumption. There is no real luxury if it is not

visible. Luxury is like Janus, with two faces, where one face is oriented to the self, searching for self-reward in the form of high quality, pleasure, hedonism, and great experiences, and the other face is oriented to others, seeking social recognition and exclusivity. Only the latter is nurtured by high prices.

Accordingly, the main operational implication of our research is that the luxury sector must leverage this second face to sustain its policy of ever-rising prices. Even so, today’s luxury-brand websites develop stories that focus on high quality, unique craftsmanship, heritage, and pleasure. But such arguments are not sufficient; they act as rationalizations for oneself and others. Brands’ communication strategies must be subtle. The powerful extrinsic motivations (search for status and exclusivity) often evoke negative connotations if claimed explicitly, so instead, they should be communicated implicitly. That is, brands need to communicate their high quality explicitly, to build cultural images as well as conscious luxury images, but they also must develop high levels of exclusive relationships and conduct private events with their best clients, offering them exclusive rewards, experiences, and services that strongly distinguish these consumers from other luxury clients (Yeoman & McMahon Beattie, 2014).

7. Limitations and further research

As with every study, our work has limitations. First, because it investigates only six countries, additional cross-cultural replication is required. Second, though we used a large sample overall ($n = 3,217$), the sample size per country is limited and should be expanded. Third, the R -squared values are relatively high, but the overall explained variance could be improved by adding supplementary concepts to explain the dependent variable. Construal level theory (e.g., Trope & Liberman, 2010) and the related concept of psychological distance (Liberman, Trope, & Stephan, 2007) could prove useful in this effort. Fourth, although we have relied on *ad hoc* measurement scales with sound psychometric properties, focusing on well-established scales could improve the overall generalization of our results and hence would deserve forthcoming replications. Fifth, the sample of products and prices that we asked respondents to consider represents aspirational luxury. The results arguably might differ if these respondents were to express their perceptions of inaccessible luxury, such as jewelry, automobiles, yachts, or villas. These products are available only to the happy few, ultra-high net worth individuals, and connoisseurs, so the search for status might not be as important, though the search for exclusivity might remain a strong driver. Furthermore, we posit that the search for extraordinary quality would be even more important for this segment.

Appendix 1

Relevant prior research dealing with conceptualisation and identification of consumers’ luxury value perceptions

Authors	Main concepts						Main Focus	
	Hedonism	Prestige & Status Signaling	Exclusivity	Quality & Product Superiority	Sustainability	Price Value	Cross-Cultural Investigation	Research Objectives
Dubois, Laurent and Czellar (2005)**	X	X	X				X [20 countries]	International identification of Consumer Segments Based on Attitudes Toward Luxury - [New scale proposal]
Hennigs et al. (2012).	X	X		X		X	X [10 countries]	Theorizing luxury value perceptions & luxury consumers’ segmentation on an international basis - [New scale proposal]
Kapferer (1998)		X	X	X				Analyzing functions luxury brands fulfil & segmenting luxury brands - [New scale proposal]
		X	X	X				

(continued on next page)

(continued)

Authors	Main concepts						Main Focus	
	Hedonism	Prestige & Status Signaling	Exclusivity	Quality & Product Superiority	Sustainability	Price Value	Cross-Cultural Investigation	Research Objectives
Kapferer and Valette-Florence (2016)								Theorization & test of the paths of luxury desire, beyond physical rarity and high quality - [New scale proposal]
Kapferer and Valette-Florence (2019)	X	X			X	X*	X [6 countries]	Conceptualisation & test of an integrated model of luxury growth and country comparisons
Shukla and Purani (2012)	X	X					X	Conceptualisation of a framework of luxury value perceptions in cross-national contexts - [New scale proposal]
Vigneron and Johnson (2004) **		X	X	X				Theoretical framework of the brand luxury construct & empirical identification - [New scale proposal]
Wiedmann, Hennigs, and Siebels (2007)	X	X		X		X		Theorizing consumers' luxury value perception on a cross-cultural basis
Wiedmann et al. (2009)	X	X		X		X		Conceptualisation & identification of consumers' luxury value perceptions - [New scale proposal]
The present research	X	X		X	X	X*	X [6 countries]	Conceptualisation of a model of luxury expensiveness acceptance & validation on a cross-cultural basis

* Related research are focusing on expensiveness as a dependent variable; ** Refer to De Barnier et al. (2012) for a more recent comparison of the structure of the scales used in these quoted research.

Appendix 2:. Gender, age, and net income characteristics by country (N = 3217)

Gender	Size	COUNTRY						Total
		France	USA	China	Brazil	Germany	Japan	
Men	N	267	313	324	337	292	283	1816
	%	50.1%	62.5%	48.2%	62.6%	57.0%	61.4%	56.5%
Women	N	266	188	348	201	220	178	1401
	%	49.9%	37.5%	51.8%	37.4%	43.0%	38.6%	43.5%
Total	N	533	501	672	538	512	461	3217
Age	Size	COUNTRY						Total
		France	USA	China	Brazil	Germany	Japan	
18– 24	N	74	66	86	107	91	56	480
	%	13.9%	13.2%	12.8%	19.9%	17.8%	12.1%	14.9%
25 – 34	N	106	145	204	196	140	179	970
	%	19.9%	28.9%	30.4%	36.4%	27.3%	38.8%	30.2%
35 – 44	N	117	121	188	124	127	57	734
	%	22.0%	24.2%	28.0%	23.0%	24.8%	12.4%	22.8%
45–54	N	99	99	141	80	121	80	620
	%	18.6%	19.8%	21.0%	14.9%	23.6%	17.4%	19.3%
55–75	N	137	70	53	31	33	89	413
	%	25.7%	14.0%	7.9%	5.8%	6.4%	19.3%	12.8%
Total	N	533	501	672	538	512	461	3217
Net Income per Month	Size	COUNTRY						Total
		France	USA	China	Brazil	Germany	Japan	
< 3600 US dollar \$	N	203	96	206	236	117	106	964
	%	38.1%	19.2%	30.6%	43.9%	22.9%	22.9%	29.9%
3600–6000 US dollar	N	177	142	201	160	188	169	1037
	%	33.2%	36.1%	29.9%	29.7%	36.7%	36.6%	32.2%
6000–12000 US dollar	N	88	181	162	62	144	117	754
	%	16.5%	24.2%	24.1%	11.5%	28.1%	25.4%	23.4%
12000–18000 US dollar	N	18	59	41	18	24	32	192
	%	3.4%	11.8%	6.1%	3.3%	4.7%	6.9%	5.9%
> 18,000 US dollar	N	16	28	15	19	13	19	110
	%	3.0%	5.6%	2.2%	3.5%	2.5%	4.1%	3.4%
Total	N	533	501	672	538	512	461	3217

Appendix 3:. Scales and items

Latent Variables & Measurement Items	Loadings	t-values
Status signal (Cronbach's $\alpha = 0.829$)		
I expect a luxury brand to make me enter a privileged club.	0.862	133.062
I expect a luxury brand to demonstrate my power.	0.854	115.971
I expect a luxury brand to signal my social success.	0.874	158.654
High quality (Cronbach's $\alpha = 0.778$)		
I expect a luxury brand to have a really superior quality.	0.850	118.773
I expect a luxury brand to sell long lasting products.	0.829	84.301
I expect a luxury brand to be a long-term investment. never regretted.	0.816	83.171
Exclusivity (Cronbach's $\alpha = 0.787$)		
I expect a luxury brand to sell rare products.	0.791	85.157
I expect a luxury brand to produce in limited series and small quantities.	0.804	81.227
I expect a luxury brand to be sold selectively rather than everywhere.	0.786	72.474
I expect a luxury brand not to be bought by just anyone.	0.744	56.746
Hedonism (Cronbach's $\alpha = 0.793$)		
I expect a luxury brand to make me dream. take me out of the mundane.	0.791	81.844
I expect a luxury brand to provide me with an intense and emotional pleasure.	0.778	64.148
I expect a luxury brand to endow my life with the pleasure of beautiful objects.	0.814	91.892
I expect a luxury brand to be a reward that I grant to myself.	0.756	64.255
Sustainability (Cronbach's $\alpha = 0.720$)		
Today I tend to choose luxury brands that are ethical. engaged in SD.	0.846	98.910
I could immediately stop buying a luxury brand that is doing wrong for the environment.	0.739	44.581
Today real class is to buy luxury products that respect the environment.	0.805	68.697
Self-Perceived Richness (Cronbach's $\alpha = 0.762$)		
One can say I am rich.	0.783	51.314
I make great money.	0.872	91.808
I am sure my revenues will grow a lot in the future.	0.807	59.004
Expensiveness (Cronbach's $\alpha = 0.716$)		
A luxury product is necessarily an expensive product	0.801	60.372
A luxury brand is necessarily expensive	0.887	114.670

Notes: Ages ranged from 18 to 24/25–34/35–49/50–65/65–75 years. Self-declared income per month, adapted from country's economic development, ranged from less than €3,000; €3,000–€5,000; €5000–€10000; €10000–€15000; more than €15,000.

Appendix 4.: Percentage equal or above 7 (10-point scale) & z-tests (>50%)

Countries	Proportion	z-test	p-value	Confidence Intervals	Groups
CHINA	0.685	9.604	< 0.0001	] 0.648;	A
USA	0.517	0.827	0.408	] 0.474;	
BRAZIL	0.479	−1.035	0.301	] 0.436;	B
FRANCE	0.464	−1.689	0.091	] 0.421;	
GERMANY	0.405	−3.447	0.001	] 0.382;	C
JAPAN	0.361	−6.008	< 0.0001	] 0.318;	

References

- Allsopp, J. (2005). Premium pricing: Understanding the value of premium. *Journal of Revenue and Pricing Management*, 4.
- Amaldoss, W., & Jain, S. (2005a). Pricing of conspicuous goods: A competitive analysis of social effects. *Journal of Marketing Research*, 42(February), 30–42.
- Amaldoss, W., & Jain, S. (2005b). Conspicuous consumption and sophisticated thinking. *Management Science*, 51(10), 1449–1466.
- Aubin, E. (2019). *Profitability analysis of luxury brands*. London: Morgan Stanley Insights.
- Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. *Journal of the Academy of Marketing Science*, 16(1), 74–94.
- Bagwell, L., & Bernheim, D. (1996). Veblen effects in a theory of conspicuous consumption. *American Economic Review*, 86, 349–373.
- Bain & Co. (2020). *World luxury report for Altagamma*. Milano: Italy, February 5th.
- Belk, R. W. (1985). Materialism: Trait aspect of living in the material world. *Journal of Consumer Research*, 12(4), 265–285.
- Bendell, J., & Kleanthous, A. (2007). *Deeper luxury*. www.wwf.org.uk/deeperluxury/downloads/DeeperluxuryReport.pdf Accessed 21 March 2016.
- Berry, C. J. (1994). *The idea of luxury: A conceptual and historical investigation*. Cambridge: Cambridge University Press.
- Chadha, R., & Husband, P. (2004). *The cult of the luxury brand: Inside Asia's love affair with luxury*. London: Nicholas Brealey International.
- Cristini, H., Kauppinen-Räsänen, H., Barthod-Prothade, M., & Woodside, A. (2017). Toward a general theory of luxury: Advancing from workbench definitions and theoretical transformations. *Journal of Business Research*, 70, 101–107.
- De Barnier, V., Falcy, S., & Valette-Florence, P. (2012). Do consumers perceive three levels of luxury? A comparison of accessible, intermediate and inaccessible luxury brands. *Journal of Brand Management*, 19(7), 623–636.
- Dubois, B., Czellar, S., & Laurent, G. (2005). Consumer segments based on attitudes toward luxury: Empirical evidence from twenty countries. *Marketing Letters*, 16, 115–128.
- Eckhardt, G. M., Belk, R. W., & Wilson, J. A. (2015). The rise of inconspicuous consumption. *Journal of Marketing Management*, 31(7–8), 807–826.
- Fassnacht, M., & Dahm, J.-M. (2018). The Veblen effect and (in)conspicuous consumption. *Luxury Research Journal*, 1(4), 343–371.
- Fornell, C., & Larcker, D. F. (1981). Structural equation models with unobservable variables and measurement error: Algebra and statistics. *Journal of Marketing Research*, 18(3), 382–388.
- Fromkin, H., & Snyder, C. (1980). The search for uniqueness and valuation of scarcity. In K. Gergen, & E. Al (Eds.), *Social exchange: Advances in theory and research* (pp. 57–75). New York: Plenum Press.
- Gerstner, E. (1985). Do higher prices signal higher quality? *Journal of Marketing Research*, 22(2), 209–215.
- Goldsmith, R. E., Flynn, L. R., & Kim, D. (2010). Status consumption and price sensitivity. *Journal of Marketing Theory and Practice*, 18(4), 323–338.
- Griskevicius, V., Tybur, J. M., & Van den Bergh, B. (2010). Going green to be seen: Status, reputation and conspicuous conservation. *Journal of Personality and Social Psychology*, 98(3), 392–404.
- Han, J., Nunes, J. C., & Dreze, X. (2010). Signaling status with luxury goods. *Journal of Marketing*, 74(4), 15–30.
- Hennigs, N., Wiedmann, K. P., & Klarmann, A. (2012). What is the value of luxury: A cross cultural perspective. *Psychology & Marketing*, 29(12), 1018–1034.
- Hu, L., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling*, 6(1), 1–55.
- Hwang, Y., Ko, E., & Megehee, C. N. (2014). When higher prices increase sales: How chronic and manipulated desires for conspicuousness and rarity moderate price's impact on choice of luxury brands. *Journal of Business Research*, 67, 1912–1920.
- Kapferer, J.-N. (1998). Why are we seduced by luxury brands? *Journal of Brand Management*, 6(1), 44–49.
- Kapferer, J.-N. (2015). *How luxury brands can grow yet remain rare* ((1st ed.)). London: Kogan Page.

- Kapferer, J.-N., & Laurent, G. (2016). Where do consumers think luxury begins? A perceived minimum price for 21 luxury goods in 7 countries. *Journal of Business Research*, 69, 332–340.
- Kapferer, J.-N., & Michaut, A. (2014). Is luxury compatible with sustainable development? Luxury consumers' viewpoint. *Journal of Brand Management*, 21(1), 1–22.
- Kapferer, J.-N., & Valette-Florence, P. (2019). How self-success drives luxury demand: An integrated model of luxury growth and country comparisons. *Journal of Business Research*, 102(C), 273–287.
- Katz, D. (1960). The functional approach to the study of attitude. *Social Cognition*, 11, 163–204.
- Ki, C., Lee, K., & Kim, Y.-K. (2017). Pleasure and guilt: How do they interplay in luxury consumption? *European Journal of Marketing*, 51(4), 722–747.
- Kline, R. (2015). *Principles and practice of structural equation modeling* (Fourth Edition). Guilford Press.
- Ko, E., Costello, J. P., & Taylor, C. R. (2019). What is a luxury brand? A new definition and review of the literature. *Journal of Business Research*, 99.
- Liberman, N., Trope, Y., & Stephan, E. (2007). Psychological distance. *Social Psychology: Handbook of Basic Principles*, 2, 353–383.
- Lichenstein, H. (1950). Bandwagon, snob and Veblen effects in the theory of consumer demand. *Quarterly Journal of Economics*, 64, 183–207.
- Lyons, S. J., Wien, A. H., & Altintzoglou, T. (1996). Guilt-free pleasures: How premium and luxury influence regret. *Journal of Product & Brand Management*, 28(3), 421–431.
- Mick, D. G. (2016). Are studies of dark side variables confounded by socially desirable responding? The case of materialism. *Journal of Consumer Research*, 23(2), 106–119.
- Morhart, F., Wilcox, K., Feldberg, B., & Czellar, S. (2020). *Research Handbook on Luxury Branding*. UK: Edward Elgar Publishing.
- Mundel, J., Huddleston, P., & Vodermeier, M. (2017). What are affordable luxuries? An exploratory study of consumers' perceptions. *Journal of Retailing and Consumer Services*, 35(1), 68–75.
- Nueno, J. L., & Quelch, J. A. (1998). The mass marketing of luxury. *Business Horizons*, 41(6), 61–68.
- Nunes, J. C., Drèze, X., & Han, Y. J. (2011). Conspicuous consumption in recession: Toning it down or turning it up? *Journal of Consumer Psychology*, 21(2), 199–205.
- Pinault, F.-H. (2018). *Kering vision of luxury. Altagamma: Strategies for Italian excellence*. Milano: Skira editions.
- Ramadan, Z. (2019). The democratization of intangible luxury. *Marketing Intelligence & Planning*, 37(6), 660–673.
- Rambourg, E. (2014). *The bling dynasty*. New York, NY: John Wiley and Sons.
- Schnabel, H., & Storchmann, K. (2010). Prices as quality signals: Evidence from the wine market. *Journal of Agricultural and Food Industrial Organization*, 8(Article 2).
- Schumacker, R. E., & Lomax, R. G. (2010). *A beginner's guide to structural equation modeling* (3rd ed.). New York, NY: Routledge Academic.
- Shipman, A. (2004). Lauding the leisure class. *Review of Social Economy*, 62(3), 277–289.
- Shukla, P. I., & Purani, K. (2012). Comparing the importance of luxury value perceptions in cross-national contexts. *Journal of Business Research*, 65, 1417–1424.
- Solca, L. (2013). *The future of luxury megabrands*. Research Reports, Paris: Exane BNPParibas.
- Solca, L. (2016). *Myths and realities of luxury demand*. Research Reports, Paris: Exane BNPParibas.
- Stanley, T., & Danko, W. (2010). *The millionaire next door*. New York: Harper Collins.
- Steenkamp, J. M., & Baumgartner, H. (1998). Assessing measurement invariance in cross-national consumer research. *Journal of Consumer Research*, 25, 78–90.
- Sun, Wang, Cheng, & Chen. (2017). The intermediate linkage between materialism and luxury consumption: Evidence from the emerging market of China. *Social Indicators Research*, 132, 475–487.
- Sundie, J. M., Kenrick, D. T., Griskevicius, V., Tybur, J. M., Vohs, K. D., & Beal, D. J. (2011). Peacocks, Porsches and Thornstein Veblen: Conspicuous consumption as a sexual signaling system. *Journal of Personality and Social Psychology*, 100(4), 664–680.
- Thomsen, T. U., Holmquist, J., Von Wallpach, S., Hemetsberger, A., & Belk, R. W. (2020). Conceptualizing unconventional luxury. *Journal of Business Research*, 116(August), 441–445.
- Trope, Y., & Liberman, N. (2010). Construal-level theory of psychological distance. *Psychological Review*, 117(2), 440–463.
- Truong, Y. (2010). Personal aspirations and the consumption of luxury goods. *International Journal of Marketing Research*, 52(5), 653–672.
- Usunier, J.-C., & Lee, J.-A. (2012). *Marketing across cultures*. Pearson Eds.
- Veblen, T. (1899). *The theory of leisure class: An economic study of institutions*. London: Unwin Books.
- Vigneron, F., & Johnson, L. W. (2004). Measuring perceptions of brand luxury. *Journal of Brand Management*, 11(6), 484–506.
- Wiedmann, K. P., Hennigs, N., & Siebels, A. (2007). Measuring consumers' luxury value perception: A cross-cultural framework. *Academy of Marketing Science Review*, 7(7), 333–361.
- Wiedmann, K. P., Hennigs, N., & Siebels, A. (2009). Value-based segmentation of luxury consumption behavior. *Psychology & Marketing*, 26(7), 625–651.
- Yeoman, I., & McMahon-Beattie, U. (2006). Luxury markets and premium pricing. *Journal of Revenue and Pricing management*, 4(4), 319–328.
- Zeithaml, V. A. (1988). Consumers' perceptions of price, quality and value. *Journal of Marketing*, July, 52(3), 2–22.
- Zhao, X., Lynch, J. G., & Chen, Q. (2010). Reconsidering Baron and Kenny: Myths and truths about mediation analysis. *Journal of Consumer Research*, 37(2), 197–206.

Professor Jean-Noël Kapferer is a worldwide famous researcher and consultant on luxury branding. He is the author of several books on Branding Management and Luxury Branding and has extensively published in top-seeded scientific journals.

Pierre Valette-Florence is a professor in Marketing and Quantitative Methods. He has published numerous articles in highly recognized scientific journals in the fields of luxury branding, consumer behavior and multivariate data analysis.