

Chapter 4

Inconspicuous Luxury Consumption: Another Form of New Luxury?

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ABSTRACT

With luxury consumption still growing fast despite various challenges such as increasing competition, rise in rental luxuries, and in counterfeits, luxury brands are challenged with an additional and complex development: consumers' interest towards inconspicuous luxury products. Being one of the major characteristics of luxury goods, conspicuousness is losing its value among some luxury shoppers necessitating a new definition for luxury and a new value proposition for luxury brands. This chapter initially provides a review on luxury and on the different motivations that determine luxury consumption. Next, socio-economic changes that trigger the shift from conspicuous to inconspicuous luxury consumption is examined briefly. And finally, a discussion on why inconspicuous consumption is valued by consumers is followed by a theoretical framework on the motivations for inconspicuous luxury brand usage. The chapter then concludes with theoretical and managerial implications.

INTRODUCTION

Even though many major economies are going through tough times and consumer spending is significantly affected worldwide (Bhattarai, 2019), luxury consumption is still steadily growing (Bain & Company, 2019). The wealthy upper segment buys luxury conspicuous goods to be disassociated from the middle class, whilst middle class consumers buy the same products to be associated with the wealthy upper class, creating a luxury market that grew to 1.2 trillion Euros worldwide in 2018 by an increase of 5% and is further expected to grow by 3-5% each year (Bain & Company, 2019). As can be seen by the numbers, the future seems to be promising for most luxury brands; yet they are still challenged by several factors. Apart from the economic challenges and increasing competition, there are other emerging issues such

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as rise in counterfeits (Bian, Wang, Smith, & Yannopoulou, 2016) and in liquid consumption in the form of rental luxuries (Eckhardt & Bardhi, 2019) as well as changing consumer demands and increase in individualisation, that are threatening the sector and call for different strategies to keep up with the changing market. These lead luxury brands to use democratization strategy (Silverstein & Fiske, 2003), to add experiential and customized luxury to their portfolios (Atwal & Williams, 2009; Chatikavanij, 2019) or to develop omni-channel strategies similar to mass-market brands. Particularly, with the rise of democratization, a new form of luxury emerged, which is referred as “new luxury” that targets masses through affordability and reachability (Silverstein & Fiske, 2003). Nonetheless, luxury brands employing this strategy face dilution challenges, as luxury for long has been associated with visibly status signaling goods, in other words with conspicuousness, which a mass consumer cannot effort (Veblen, 1899). According to Phau and Predergast (2000) “luxury brands evoke exclusivity, have a well-known identity, enjoy high brand awareness and perceived quality” (p.123). Therefore, luxury consumption is linked with characteristics such as prestige (Vigneron & Johnson, 1999), rarity (Phau & Predergast, 2000) and with being of high price and quality (Kapferer, 1997), but mostly with being high in conspicuousness to fuel awareness and associations (Berthon, Pitt, Parent, & Berthon, 2009; Truong, Simmons, McColl, & Kitchen, 2008). As a result, being available to a larger group rather than to the privileged elite and therefore not signaling wealth and exclusivity as it used to be, blur the boundaries of luxury (Kapferer & Laurent, 2016). According to Dubois and Laurent (1995) “other’s luxury” may not only trigger negative feelings; but use of counterfeits and democratized luxury by the masses also signals unwanted identification to some regular luxury consumers. In that sense, a rising number of consumers, who are referred as “the insiders” by Eckhardt, Belk, and Wilson (2015), choose to enjoy luxury in a certain unrecognizable way and purposely stay away from conspicuous products. These consumers apparently still choose high quality luxury products to create and signify their selves but follow a more private and “less is more” approach (Berger & Ward, 2010; Eckhardt et al., 2015; Shao, Grace, & Ross, 2019a).

Generating a new way of competitive advantage over other luxury brands, inconspicuous consumption, which is defined as the use of products with subtle signs, that are only appreciated by a small group of individuals rather than the mass (Berger & Ward, 2010) is thus rising as a trend not only in the developed as well as in the developing countries (Shukla, 2012) challenging the traditional view of conspicuousness as a value being strongly associated with luxury (Makkar & Yap, 2018a; Mylan, 2019; Wiedmann, Hennigs, & Siebels, 2009). Although some established luxury brands such as Louis Vuitton or Bottega Veneta targeting “the insiders” are producing product lines without any logo or visible signs yet providing the same up-to-date fashion and handmade quality that is only recognizable by the ones who are in the “know”, others are faced with a strategic crossroads on whether to embrace this new paradigm and to rebrand accordingly or to keep on investing in the conspicuousness, whilst being left with little academic research and practical knowledge on this emerging phenomenon (Eckhardt et al., 2015).

Against this background, inconspicuous luxury consumption deserves more academic and practical attention. Initially, as a growing consumer segment that deviates from the majority due to social and personal reasons, understanding inconspicuous luxury consumers may provide competitive advantage to luxury brands in correlating with the changing market with respect to how these new cohort of consumers perceive luxury, what values they associate with and what they expect from luxury brands. Although as stated in Ko, Costello, & Taylor (2019) that understanding individual differences between luxury consumers is important, a general understanding of inconspicuous luxury consumers will aid luxury brands to decide on their upcoming competitive strategy and positioning. Further, from a theoretical standpoint, inconspicuous luxury consumption operates against the rules and beyond the boundaries of

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