

LUXURY TRIGGERS COMPENSATORY CONSUMPTION

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Introduction

Luxury consumption often reduces consumers' sense of self-authenticity (Goor et al., 2020).

Consumer research finds that individuals increase consumption as a way of coping with negative emotions (e.g., Rucker & Galinsky, 2008).

Hypothesis

We hypothesize that

luxury consumption drives consumers to behave in ways that enable them restore their feeling of authenticity.

This will be evident in:

- Lower inclination to take any advice, regardless of its content, thereby sticking to one's beliefs and preferences.
- Similar choices made in public and private.
- Choice of more unique options.

Luxury Consumption Manipulation

Luxury consumption manipulation:

You choose to buy an outfit that costs \$150 [\$2,000] for your firm's end-of-the-year black-tie event

Perceived authenticity manipulation check:

Rate the extent that wearing the \$150 [\$2,000] outfit at the party makes you feel authentic, honest, True to myself (reverse-coded), fake, like an imposter (1 = Not at all, 7 = Very much; all α 's > .90).

Wearing a \$150 outfit made Pts feel more authentic than wearing a \$2,000 outfit (all $ps < .001$)

Study 1

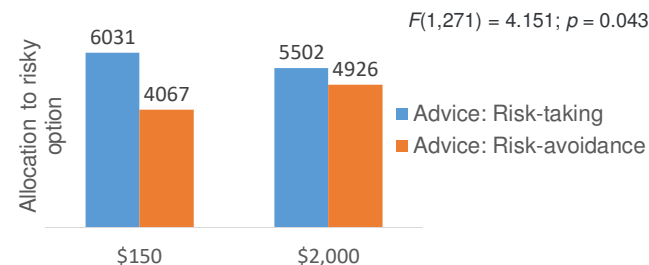
Method:

2 (Luxury consumption: low vs. high) \times 2 (Advice: risk taking vs. risk avoidance) between-subjects design.

Advice manipulation: *You overhear a top executive saying that now is the best time to take [avoid] investment risks.*

Dependent variable: *How would you distribute your end-of-the-year bonus of \$10,000 between risky and conservative investment options (for 5 years)?*

Results:

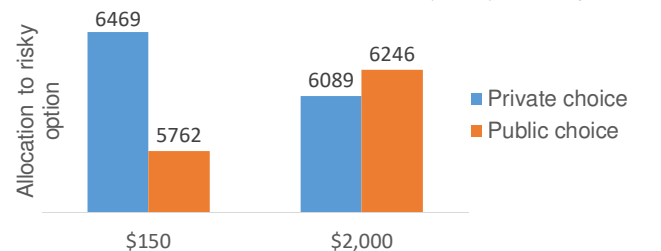


Study 2

Method:

2 (Luxury consumption: low vs. high) \times 2 (private vs. public choice) between-subjects design.

Results:



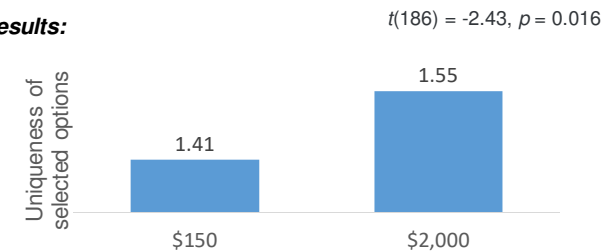
Study 3

Method:

2 (Luxury consumption: low vs. high), between-subjects.

Dependent variable: Average uniqueness score of 12 selected truffles (out of an assortment of 23 flavors). The uniqueness score of each flavor was based on a pretest study.

Results:



Conclusions

Luxury consumption results in reduced perception of self-authenticity. Consumers aim to restore their self-authenticity by adhering to their own beliefs and choices rather than taking others' advice (Study 1), behaving similarly in public as they do in private (Study 2), and choosing more unique options (Study 3)

References

- Goor, D., Ordabayeva, N., Keinan, A., & Crener, S. (2020). The impostor syndrome from luxury consumption. *Journal of Consumer Research, 46*(6), 1031-1051.
- Rucker, D. D. & Galinsky, A. D. (2008). Desire to acquire: Powerless and compensatory consumption. *Journal of Consumer Research, 35*, 257-267.