

# Signaling Status with Luxury Goods: The Role of Brand Prominence

This research introduces “brand prominence,” a construct reflecting the conspicuousness of a brand’s mark or logo on a product. The authors propose a taxonomy that assigns consumers to one of four groups according to their wealth and need for status, and they demonstrate how each group’s preference for conspicuously or inconspicuously branded luxury goods corresponds predictably with their desire to associate or dissociate with members of their own and other groups. Wealthy consumers low in need for status want to associate with their own kind and pay a premium for quiet goods only they can recognize. Wealthy consumers high in need for status use loud luxury goods to signal to the less affluent that they are not one of them. Those who are high in need for status but cannot afford true luxury use loud counterfeits to emulate those they recognize to be wealthy. Field experiments along with analysis of market data (including counterfeits) support the proposed model of status signaling using brand prominence.

**Keywords:** luxury, status, conspicuous consumption, brand prominence, branding, reference groups, associative/dissociative motives, counterfeit goods

The basis on which good repute in any highly organized industrial community ultimately rests is pecuniary strength; and the means of showing pecuniary strength, and so of gaining or retaining a good name, are leisure and a conspicuous consumption of goods.

—Thorstein Veblen, *The Theory of the Leisure Class* (1899, p. 51)

In the middle ages, sumptuary laws specified in minute detail what each social class was permitted and forbidden to wear, including the maximum price an article of clothing could cost. For example, grooms could not wear cloth that exceeded two marks, and knights could wear apparel up to six marks’ value but were forbidden from wearing gold, ermine, or jeweled embroidery (Berry 1994). The rationale was to reserve particular fabrics and ornamentation for certain social classes to distinguish them and uphold order within the social hierarchy. A case in point was the extravagant wardrobe of Elizabeth I (1533–1603), which provided visible proof of her divinity and signaled her special place in society (McKendrick, Brewer, and Plumb 1983, p. 76). By the eighteenth century, a blurring of partitions in social classes led to the demise of all sumptuary laws (Berry 1994, p. 82); yet the use of personal effects as markers of status persists.

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Today, anyone can own a purse, a watch, or a pair of shoes, but specific brands of purses, watches, and shoes are a distinguishing feature for certain classes of consumers. A woman who sports a Gucci “new britt” hobo bag (\$695) signals something much different about her social standing than a woman carrying a Coach “ali signature” hobo (\$268). The brand, displayed prominently on both, says it all. Coach, known for introducing “accessible luxury” to the masses, does not compare in most people’s minds in price and prestige with Italian fashion house Gucci. But what inferences are made regarding a woman seen carrying a Bottega Veneta hobo bag (\$2,450)? Bottega Veneta’s explicit “no logo” strategy (bags have the brand badge on the inside) makes the purse unrecognizable to the casual observer and identifiable only to those “in the know.”

It is not uncommon for brands to mark their products differently to be more or less visible. For example, Volvo wanted its newly introduced XC60 crossover “to be recognizable as a Volvo from twice the normal distance of 300 feet, so [the firm] added a larger insignia” (Vella 2008, p. 17) (see Figure 1). We introduce a new construct, “brand prominence,” to reflect this variation in conspicuousness. We define brand prominence as the extent to which a product has visible markings that help ensure observers recognize the brand. Manufacturers can produce a product with “loud” or conspicuous branding or tone it down to “quiet” or discreet branding to appeal to different types of consumers. Compare the Gucci sunglasses in Figure 2. The first literally spells out the Gucci brand, while the second is far less explicit, using only the brand’s subtle but distinctive bamboo hinges.

This research identifies the types of consumers who prefer loud versus quiet products and offers an explanation for these differences. Although a great deal of research exists on the critical elements constituting a brand, from symbols

**FIGURE 1**  
**Volvo XC60 and Volvo XC90**



**FIGURE 2**  
**Loud and Quiet Gucci Sunglasses**



and slogans (Aaker 1992) to the distinctiveness of a brand's physique (Kapferer 1992), little work (of which we are aware) has examined the prominence of a brand's identifying marks on the product. An exception is Wilcox, Kim, and Sen (2009), who find that products without logos are less apt to serve the social functions of self-expression and self-presentation. The construct of brand prominence clarifies how the relative conspicuousness of a brand's mark or logo reflects different signaling intentions of the owner. In short, different consumers prefer quiet versus loud branding because they want to associate themselves with and/or dissociate themselves from different groups of consumers.

We begin by proposing a taxonomy that assigns consumers to one of four groups on the basis of two distinct and measurable characteristics: wealth and need for status. According to the Pew Center for Research (Allen and Dimock 2007), almost half of all Americans view their country as being divided into two classes: the haves and the have-nots. Thus, first we divide consumers into the relatively well-to-do and everyone else. Dubois and Duquesne (1993) find that the higher a person's income, the greater is that person's propensity to purchase luxury goods; thus, luxury goods manufacturers are most concerned with how preferences vary among those who have more.

Second, luxury goods are traditionally defined as goods such that the mere use or display of a particular branded product brings the owner prestige apart from any functional utility (Grossman and Shapiro 1988). Therefore, we account for individual differences in consumption-related need for status, defined as a "tendency to purchase goods and services for the status or social prestige value that they confer on their owners" (Eastman, Goldsmith, and Flynn 1999, p. 41). As such, we further divide consumers according to the extent to which they seek to gain prestige by consuming luxury goods. In summary, the taxonomy divides consumers into four groups according to their financial means and the degree to which status consumption is a motivating force in their behavior.

An essential insight that emerges from the taxonomy is how the four groups differ with respect to whom they seek to associate with or dissociate from, which corresponds predictably to their preferences for conspicuously or inconspicuously branded luxury goods. Consumers often choose brands as a result of their desire to associate with or resemble the typical brand user (Escalas and Bettman 2003, 2005). Furthermore, self-presentation concerns lead consumers to avoid choosing a product associated with a dissociative reference group (White and Dahl 2006, 2007). Associative and dissociative motives are not necessarily opposite

sides of the same coin; a desire to associate with one group does not imply a desire to dissociate from opposing groups. For example, a Harley-Davidson Riders Club member need not abhor Suzuki or Kawasaki motorcycles or want to distance him- or herself from their owners. We proceed by labeling each of the four classes of consumers created by the taxonomy and describing their signaling motives on the basis of their desire to associate with and/or dissociate from their own and the other three groups.

For mnemonic reasons, we label the four groups as the four Ps of luxury: patricians, parvenus, poseurs, and proletarians. We label the first category “patricians,” after the elites in ancient Roman times. Patricians possess significant wealth and pay a premium for inconspicuously branded products that serve as a *horizontal* signal to other patricians. Feltovich, Harbaugh, and To (2002) use game theory to argue that “high types” (i.e., those who are high in wealth, productivity, or some other valued attribute) sometimes avoid obvious signals that should separate them from low types because they are concerned with separating themselves from medium types who use such signals. In our model, however, patricians are principally concerned with associating with other patricians rather than dissociating themselves from other classes of consumers. They use subtle signals because only other patricians can interpret them, a byproduct of which is that they avoid being misconstrued as someone who uses luxury brands to differentiate themselves from the masses. In summary, patricians are high in financial means, low in their need to consume for prestige’s sake, and keen to associate with other patricians.

We label the second category “parvenus” (from the Latin *pervenio*, meaning “arrive” or “reach”). Parvenus possess significant wealth but not the connoisseurship necessary to interpret subtle signals, an element of which Bourdieu (1984) refers to as the “cultural capital” typically associated with their station. To parvenus, Louis Vuitton’s distinctive “LV” monogram or the popular Damier canvas pattern is synonymous with luxury because these markings make it transparent that the handbag is beyond the reach of those below them. However, they are unlikely to recognize the subtle details of a Hermès bag or Vacheron Constantin watch or know their respective prices. Parvenus are affluent—it is not that they cannot afford quieter goods—but they crave status. They are concerned first and foremost with separating or dissociating themselves from the have-nots while associating themselves with other haves, both patricians and other parvenus.

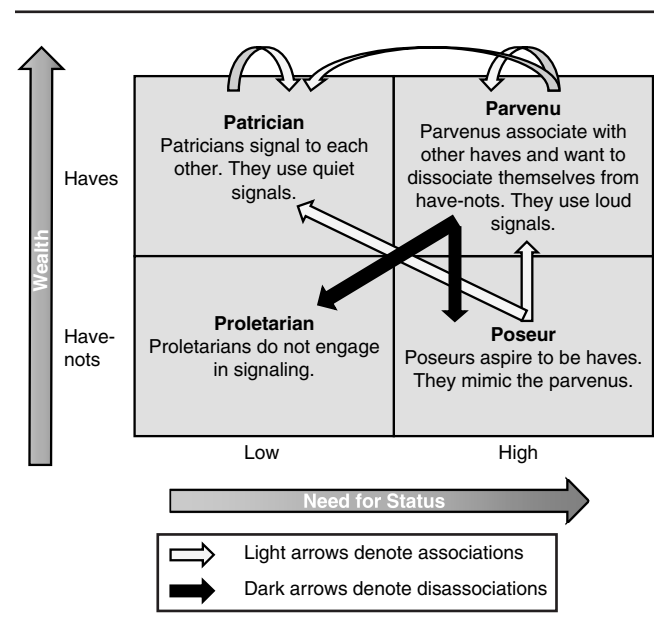
We call the third class of consumers “poseurs,” from the French word for a “person who pretends to be what he or she is not.” Like the parvenus, they are highly motivated to consume for the sake of status. However, poseurs do not possess the financial means to readily afford authentic luxury goods. Yet they want to associate themselves with those they observe and recognize as having the financial means (the parvenus) and dissociate themselves from other less affluent people. Thus, they are especially prone to buying counterfeit luxury goods. If brand status is important to a person, as it is with poseurs, but is unattainable, a person is likely to turn to counterfeit products as cheap substitutes for the originals (Wee, Tan, and Cheok 1995). This implies, and

we subsequently show, that fake handbags should disproportionately be copies of luxury handbags that are conspicuous or loud in displaying the brand—the kinds of goods the parvenus favor—but because of their discounted price are especially appealing to poseurs.

We label the fourth class of consumer “proletarians,” a term commonly used to identify those from a lower social or economic class, though we use it more narrowly to distinguish less affluent consumers who are also less status conscious. For the purposes of this study, proletarians are simply not driven to consume for the sake of status and either cannot or will not concern themselves with signaling by using status goods. They seek neither to associate with the upper crust nor to dissociate themselves from others of similarly humble means and neither favor nor spurn loud luxury. Figure 3 provides a pictorial representation of the complete framework.

We organize the remainder of this article follows: First, we briefly summarize the relevant literature on status goods, signaling, and branding. In Study 1, the analysis of market data reveals that, on average, inconspicuously branded luxury goods cost more than the same manufacturer’s goods with more conspicuous branding. This is consistent with patricians paying a premium for understatement. In Study 2, we use market data again to show that counterfeiters tend to copy the lower-priced, louder, luxury variants within the product line of the brands they knock off, which appeal to poseurs seeking to emulate parvenus. Study 3 is a field study; it demonstrates that only patricians can read subtle brand cues correctly. Together with Study 1, Study 3 shows that patricians pay a premium for signals that only other patricians can decipher. Study 4 shows that preferences between loud and quiet luxury goods differ predictably among the four groups, corresponding to their social motives (i.e., the people each group wants to associ-

**FIGURE 3**  
**Signal Preference and Taxonomy Based on Wealth and Need for Status**



ate themselves with and disassociate themselves from). Furthermore, when provided the opportunity, poseurs tend to be far more likely than parvenus to buy counterfeits, the loud bags that appeal to these two groups. We conclude by discussing implications for managers and suggesting avenues for further research.

## Status, Signaling, and Branding

Status has its roots in ancient society, in which every person had a “place” in the social hierarchy. Historically, this place was attained either through birth (e.g., born into nobility or an upper class in the caste system) or by ordainment (e.g., knighted by the king). This changed during the Age of Enlightenment (roughly the beginning of the eighteenth century) as a person’s worth began to be judged according to his or her achievements, which frequently brought great wealth (De Botton 2004). A reliable connection was made between merit and worldly success; well-paid jobs were secured primarily through intelligence and ability. The rich were not just wealthier; they were “better.” They merited their success, and as such, affluence increasingly became a marker of social status. Wealth and social status have been inextricably linked ever since.

In his classic treatise *The Theory of the Leisure Class* (1899), economist and sociologist Thorstein Veblen argues that the accumulation of wealth is not really what confers status. Rather, what confers status is the evidence of wealth, which requires its wasteful exhibition—behavior he describes as “conspicuous consumption.” As examples, Veblen notes that the leisure class used silverware, hand-painted china, and high-priced table linens at meals when less expensive substitutes could work as well or better. Members of this class bought fine silverware not to convey food into their mouths but to display that they could afford such things. Veblen notes that the examples he put forth, including manicured lawns, the latest fashions, and exotic dog breeds, confer prestige to owners because of the items’ lofty price tags.

Contemporary research in marketing recognizes the symbolic role of possessions in consumers’ lives (Belk 1988; Levy 1959; Solomon 1983). It is widely accepted that people make inferences about others on the basis of their possessions (Belk, Bahn, and Mayer 1982; Burroughs, Drews, and Hallman 1991; Richins 1994a, b). Furthermore, Richins (1994a) points out that those inferences can reflect others’ success, measured by the things someone owns. The objects that symbolize success tend to be high priced in absolute terms or expensive relative to the average cost of items in the product category (see also Fournier and Richins 1991). Charles, Hurst, and Roussanov (2007) argue that status goods surface in highly visible categories in which greater expenditures are generally associated with higher income, such as cars (e.g., Bentley), fashion (e.g., Dior), and jewelry (e.g., Tiffany & Co.).

Marketers understand that a common way to add “snob appeal” to an otherwise pedestrian product is to attach a high price (Eastman, Goldsmith, and Flynn 1999; O’Cass and Frost 2002). Consumers will pay a higher price for a functionally equivalent good because they crave the status

brought about by such material displays of wealth (Bagwell and Bernheim 1996). In some ways, higher prices themselves make consumers feel superior as one of the few who can afford to buy the product (Garfein 1989). In this research, we take the view that a product’s or brand’s potential to signal status through the use of a luxury good depends in large part on the observer’s ability to decipher the signal correctly, which, as we demonstrate in Study 3, equates to assessing the relative price of the good with some degree of accuracy.

Although price connotes status, price itself does not determine the desirability of a status brand. Brand choice can send meaningful social signals to other consumers about the type of person using that brand (Wernerfelt 1990). The symbolic meaning consumers derive from a particular brand is often based on associations between the brand and its users or the “type” of consumer who buys that brand (Muniz and O’Guinn 2001). Consumers are influenced by their own group (Bearden and Etzel 1982; Whittler and Spira 2002), those they aspire to be like (Escalas and Bettman 2003, 2005), and those with whom they want to avoid being associated (White and Dahl 2006, 2007). In other words, who uses a brand is integral to the brand image and helps explain why consumers are attracted to certain brands and shy away from others (Sirgy 1982).

The relationship between parvenus and poseurs reflects Veblen’s (1899) classic argument that members of a higher class consume conspicuous goods to dissociate themselves from the lower class (“invidious comparison”), while members of the lower class consume conspicuously to associate themselves with and be perceived as a member of the higher class (“pecuniary emulation”). Poseurs favor loud signals to mimic parvenus; they may stretch to buy a loud good, but in contrast to parvenus, they are prone to buy fake luxury goods. We suggest that there is a group of haves who are less concerned with dissociation and more concerned with associating with their own kind. They are the patricians, who pay a premium for subtly branded products only other patricians recognize. We test this indirectly in Study 1 by offering empirical support for the notion that, on average, less conspicuously branded luxury goods offered by the same brand cost more.

## Study 1: The Relationship Between Brand Prominence and Price

In Study 1, we examine the relationship between price and brand prominence for three categories of luxury goods: designer handbags, luxury cars, and men’s shoes. We focus first on designer handbags. We chose this category in part because “handbags are the engine that drives luxury brands today” (Thomas 2007, p. 168). Handbags had estimated sales of \$7 billion in the United States alone in 2007 (Wilson 2007), with the average American woman purchasing four handbags per year (Thomas 2007). In addition, purses do not require sizing, as do shoes or prêt-à-porter (ready-to-wear fashion). The absence of sizes suggests that women have far more choices, and consequently handbags are a category in which manufacturers carry a large number of stockkeeping units. For example, at any given time, Louis

Vuitton (hereinafter we use LV) typically offers more than 200 different handbags but fewer than 20 different pairs of men's shoes. Thus, we focus the analysis on the handbag category but replicate the results using data in the men's shoe market (LV) and the car market (Mercedes-Benz), albeit with much smaller data sets.

If our premise is correct, we expect to observe a quieter, more subtle brand identification on the more expensive products and a louder, more conspicuous brand identification on the relatively less expensive products. Thus, we predict a negative correlation between price and brand prominence—the extent to which the product advertises the brand by displaying the mark in a more visible or conspicuous manner (e.g., larger logos, repeat prints). We hypothesize that for luxury goods, on average, as the price goes up, brand prominence goes down.

In January 2008, we downloaded information on all the handbags offered by both LV and Gucci from the companies' respective Web sites. Louis Vuitton (\$21.6 billion) and Gucci (\$8.2 billion) are first and second, respectively, in Interbrand's (2009) ranking of the leading luxury brands of 2008, and they are rated second and third, respectively, on the Luxury Institute's list of the most familiar luxury handbag brands (see [www.luxuryinstitute.com](http://www.luxuryinstitute.com)). The data include pictures, price information, and product descriptions for 236 bags from LV and 229 from Gucci that were available online at the time. The average price for an LV handbag was \$1,240 (Mdn = \$1,090), and the average price for a Gucci handbag was \$1,448 (Mdn = \$1,150). The range spanned from \$225 to \$3,850 for LV and from \$295 to \$9,690 for Gucci. The data set does not include all purses sold by LV or Gucci historically, but it is representative of what was being sold by these firms in early 2008. Personal discussions with Gucci and LV managers support our belief that bags sold online do not constitute a skewed sample.

Louis Vuitton's selection online was reported to be identical to what is sold in its stores (special offerings excluded). Gucci's selection online is nearly identical, with the exception of a few unique items offered through each channel.

### Method

We coded each handbag according to brand prominence and several control variables, such as the bags' material and size. Three categories of primary material were used to construct the purses: (1) fabric (e.g., denim, canvas), (2) leather, and (3) exotic hide (e.g., ostrich). We relied on the manufacturers' dimensions of the bag as a proxy for surface area or the amount of material necessary to manufacture the bag.

Our notion of brand prominence was intended to capture how the different stockkeeping units varied in the extent to which they displayed the brand logo or identifying marks conspicuously to observers. To this end, three independent judges rated each bag on a seven-point scale (anchored at the extremes by "not at all" and "a great deal") on the following criteria:

1. How prominently does this bag display its trademark? (A trademark is a distinctive name, symbol, motto, or emblem that identifies a product, service, or firm.)
2. To what extent would this bag be recognizable as a Gucci (LV) product?

Each judge was trained to recognize the standard identifying marks of the two brands (e.g., the classic green and red striped pattern originated by Guccio Gucci signifies Gucci). Intrarater reliability was high (for all three judges, Cronbach's  $\alpha > .97$ ). Interrater reliability was also high (across all pairs of raters,  $\alpha > .9$ ). Therefore, we combined the judges' ratings into a composite measure of brand prominence ranging from "quiet" (1) to "loud" (7) (for an example, see Figure 4).

**FIGURE 4**  
**Quiet and Loud Gucci Bags**



Gucci Handbag No. 170  
Average Loudness Rating = 1  
Price: \$1,150



Gucci Handbag No. 120  
Average Loudness Rating = 7  
Price: \$640

## Results

The results appear in Table 1. Consistent with our predictions, the most important findings are those for the variable “prominence” ( $\beta = -122.26$ ,  $p < .01$ ) and for the interaction between prominence and brand ( $\beta = 95.89$ ,  $p < .01$ ), such that the slope for Gucci is  $-122.26$  and that for LV is  $-26.37$  (i.e.,  $-122.26 + 95.89$ ). The significant interaction indicates that these slopes are different from each other. The interpretation is that, on average, an increase in brand prominence of 1.0 on the seven-point scale equates to a \$122.26 decrease in price for Gucci and a \$26.27 decrease for LV (\$856 and \$185, respectively, when going from one extreme to the other). In addition, as we expected, the grade of the material matters. There is also an interaction between “surface” and “canvas,” such that large canvas bags are more expensive than small ones, while this is not true for leather and exotic bags.

We replicated these results by examining the size of the Mercedes emblem (i.e., the Mercedes “star”) on available cars and sport-utility vehicles. Assessing brand prominence was straightforward; we used the size in centimeters of the tri-star Mercedes logo displayed on the grill of the vehicles. We collected the data in January 2009, at which time Mercedes offered 47 different models of vehicles, ranging from two-door coupes to sport-utility vehicles (we did not include the SLR in the analysis because it is cobranded with McLaren). The vehicles ranged in price from \$33,775 to \$199,825, and the emblem size ranged from 7.6 centimeters to 18.5 centimeters.

As in the study of handbags, the dependent variable was the price of the car. The independent variables included brand prominence and a set of seven body-type dummies (e.g., coupe, sedan, wagon) included to account for different vehicles having different grill sizes and price points. The results reveal a significant overall effect of body type ( $F = 3.51$ ,  $p < .01$ ) and a significant main effect of emblem size ( $\beta = -5215.58$ ,  $F = 8.72$ ,  $p < .01$ ), such that an increase in emblem size of one centimeter is associated with a decrease in price of the car of slightly more than \$5,000. In summary, if we control for body type, less expensive Mercedes vehicles in the United States tend to boast a larger emblem.

To support the generalizability of these results, it was important to replicate the findings in a category catering exclusively to men. To this end, we used LV’s 2009 men’s

shoe collection. The collection comprises 13 different pairs of shoes ranging in price from \$485 to \$1,170. Using photos drawn from the company’s catalog and using the same scales, the same trained judges who rated the handbags rated brand prominence. Price remained the dependent variable, while brand prominence and leather quality (three levels: calf, patent, and python) served as independent variables. The results reveal a significant effect of leather quality ( $F = 10.48$ ,  $p < .01$ ) and a main effect of brand prominence ( $\beta = -43.90$ ,  $F = 5.57$ ,  $p < .05$ ), such that when we controlled for leather quality, an increase in brand prominence of 1 on the scale is associated with a decrease in price of \$43.90.

## Discussion

The data support the hypothesis that, on average, luxury brands Gucci and LV charge more for quieter handbags and shoes (i.e., those that display the brand less prominently). Similarly, Mercedes places larger emblems on its lower-priced cars, which is de facto evidence to suggest that people who purchase different classes of automobiles value brand prominence differently. These results support the idea that there is a class of consumers that is willing to pay a premium for luxury goods that display the brand name less conspicuously (i.e., patricians). The policy of lowering price while making the brand name more prominent seems to apply regardless of gender (men’s shoes, women’s handbags) and whether the category is considered more faddish (fashion goods) or durable (vehicles). In Study 2, we expand the scope of the investigation of marketplace phenomena by examining how the market for counterfeit luxury goods compares in terms of brand prominence.

## Study 2: Brand Prominence and Counterfeit Goods

Counterfeits allow consumers to unbundle the status and quality attributes of luxury goods by paying less to acquire the status while not having to pay for the quality (Grossman and Shapiro 1988). Counterfeiters serve customers who aspire to own luxury goods but are unable or unwilling to pay for the real thing. Among those of limited means in the framework, poseurs rather than proletarians crave the status associated with prestigious brands. Furthermore, poseurs take their cues from the parvenus, who use signals that are easily decipherable, even to the uninitiated. This implies that the counterfeit market should consist primarily of the louder handbags parvenus carry rather than the quieter handbags patricians carry. Although there is no reason that counterfeiters cannot copy the pricier, quieter handbags as cheaply or easily as others in the manufacturer’s product line, we hypothesize that counterfeit goods tend to be copies of lower-priced, louder luxury goods because they are what poseurs demand.

## Method

To test the hypothesis, we combine the data collected on authentic handbags in Study 1 (handbags offered by LV and Gucci online in January 2008) with additional data from

**TABLE 1**  
**Study 1: Statistics for Relationship Between Brand Prominence and Price**

Variable	Parameter	t-Statistic	p-Value
Intercept	4401.83	15.34	<.01
Surface	-.24	-.50	.61
Canvas	-3039.76	-9.83	<.01
Leather	-2534.13	-8.38	<.01
Surface $\times$ canvas	1.10	2.15	.03
Surface $\times$ leather	.90	1.74	.08
LV	-481.60	-3.20	<.01
Prominence	-122.26	-4.95	<.01
Prominence $\times$ LV	95.89	3.44	<.01
N = 417, R <sup>2</sup> = .54, F = 60.05			

two distinct sources. First, we acquired a data set from intellectual property enforcement officials who confiscated counterfeit goods locally produced and sold in Thailand. Thailand is a manufacturing and distribution hub for fake goods and, consequently, has been on the U.S. Trade Representative's watch list for more than ten years. The data set contains pictures of 254 individual items that were confiscated as part of a raid on a manufacturer and seller of counterfeit Gucci goods. Therefore, the data are representative of the Gucci knockoffs that an Asian counterfeiter would produce and distribute to U.S. resellers (their Gucci knockoff product line). Second, because these data contain information only on Gucci, we augmented them with data from a Web site specializing in the sale of counterfeit handbags called knockoffbag.com. From that Web site, we collected data on all the handbags offered that were replicas of Gucci and LV products. There were 428 data points, 287 copies of LV bags offered for sale, and 141 copies of Gucci bags offered at the time we collected the data (April 2008). From the Web site, we collected pictures of the goods offered online, the price at which these counterfeit bags were offered, and any other information the seller posted about the goods. Together, we have 682 data points representing counterfeits of both Gucci and LV handbags. The data include the entire selection from a single producer and distributor (the Thai data) as well as individual items deemed to be desirable and thus offered for sale on a popular Web site. This provides perspectives from both the producer's and the consumer's vantage point.

Not all the bags in the data on counterfeits are copies of actual bags in the data set from Study 1; some are original designs created by the counterfeiters to look like Gucci or LV products. Because these are fake bags with fake designs, we refer to these as "fake-fakes." Thus, the data can be broken down into different classes, as we show in Table 2. Counterfeiters copied 211 of the 465 existing styles (45% of handbags were knocked off at least once). Counterfeiters were responsible for another 386 fake-fakes (original creations). Therefore, there were 851 different styles of bags in

the data set (211 copies of current bags and 386 fake-fakes; the remaining 254 bags from LV and Gucci were not copied). Judges coded all the fake-fake bags in the exact same way as the authentic bags in Study 1 (correlation across judges for the composite measure was greater than .8).

## Results

Table 3 summarizes the brand prominence (average rating) for the data in Studies 1 and 2. We analyzed the data using a 3 (type: original not copied, original copied, fake-fakes)  $\times$  2 (brand: LV, Gucci) analysis of variance. We find significant main effects of bag type ( $F = 53.48, p < .01$ ) and brand ( $F = 4.37, p < .05$ ) but no interaction between the two ( $F = .53, p = .59$ ). The analysis shows that counterfeiters choose to copy bags that are significantly louder than the ones they do not copy ( $M_{LV\_Copied} = 5.41$  versus  $M_{LV\_Not\ Copied} = 3.79, p < .01$ ;  $M_{Gucci\_Copied} = 5.50$  versus  $M_{Gucci\ Not\ Copied} = 4.08, p < .01$ ). Furthermore, when the counterfeiters create their own variety of LV or Gucci bags (i.e., fake-fakes), their creations are also loud—on average, just as loud as the ones they copy ( $M_{LV\_Copied} = 5.41$  versus  $M_{LV\_Fake\_Fake} = 5.31, p = .71$ ;  $M_{Gucci\_Copied} = 5.50$  versus  $M_{Gucci\ Fake\_Fake} = 5.79, p = .30$ ). These results support our hypothesis that counterfeit handbags tend to be copies of the lower-priced, louder items in a luxury brand's product portfolio.

In Study 1, we found that brand prominence is negatively correlated with price. Therefore, it might be argued that counterfeiters pick the products to counterfeit on the basis of price, not brand prominence. To test whether brand prominence is the factor that drives counterfeiters' decisions about which styles to copy, we examined the probability of original handbags being copied as a function of price, brand, and brand prominence. In a first logistic regression (Columns 2 and 3 of Table 4), we include price and brand information but omit brand prominence. In a second regression (Columns 4 and 5 of Table 4), we include brand prominence information. The results show that when price is taken alone, the parameter is only marginally significant ( $p = .09$ ),

**TABLE 2**  
Study 2: Data Counts for Real and Counterfeit Gucci and LV Handbags

Brand	Originals		Counterfeits	
	Not Copied by Counterfeiters	Copied by Counterfeiters	Copies of Current Original Handbags	Fake-Fakes
LV	97	139	175	112
Gucci	157	72	121	274
Total	254	211	296	386

**TABLE 3**  
Study 2: Brand Prominence for Real and Counterfeit Bags

Brand	Originals			Counterfeits		
	Not Copied	Copied	Overall	Copies <sup>a</sup>	Fake-Fakes	Overall
LV	3.79	5.41	4.75	5.48	5.31	5.42
Gucci	4.08	5.50	4.53	5.71	5.79	5.76

<sup>a</sup>The average rating of "Copies" does not equal the average rating of the copied bags, because some bags were copied multiple times.

**TABLE 4**  
**Study 2: Brand Prominence Versus Price for Counterfeit Goods**

Parameter	Price Only		Price and Prominence	
	Estimate	p-Value	Estimate	p-Value
Intercept	.10	.63	-1.52	<.01
Price	-.0002	.09	-.0002	.56
LV	.50	.01	.62	.20
LV × price	.00004	.75	-.00002	.94
Prominence			.20	.03
Prominence × price			.0001	.13
Prominence × LV			-.004	.96
Prominence × LV × price			1.2E-6	.99
N = 465	LR $\chi^2$ = 39.86, $p$ < .01		LR $\chi^2$ = 87.03, $p$ < .01	

Notes: LR = likelihood ratio.

and when brand prominence is added, the parameter for price becomes nonsignificant ( $p > .5$ ), while the parameter for brand prominence is significant ( $p = .03$ ). Furthermore, there are no significant interactions between brand prominence and price. The results suggest that price is not the decision variable for counterfeiters when deciding which styles to copy. With no discernible reference to price, counterfeiters seem to produce and sell louder handbags. As this analysis indicates, the louder an original handbag, the more likely it is to be knocked off by counterfeiters.

The data we collected from knockoffbags.com included price information for the counterfeit bags (we did not obtain any price information on the confiscated bags from the producer in Thailand). To examine how counterfeiters set prices, we examined the relationship between the price of counterfeit goods from knockoffbags.com and the price of the bag as listed by the original manufacturer, the brand prominence measure, and the brand (LV or Gucci). The results (see Table 5) show that when counterfeiters choose which styles of handbags to copy, they determine the price of their offerings on the basis of the price charged by the original manufacturer ( $\beta = .03$ ,  $p < .01$ ). In other words, counterfeiters price their knockoffs higher for bags that sell at higher prices by the original manufacturers regardless of how loud the bag is ( $\beta = -.84$ , not significant). Although counterfeiters limit themselves to selling relatively loud bags, they subsequently set prices in accordance with the original manufacturer's product line.

### Discussion

In Study 2, we show that the handbags counterfeiters choose to copy are the loud ones (i.e., their product line is driven by brand prominence). These are the bags that par-

venus favor. It appears that poseurs, who are the most inclined to buy the fakes, demand what the parvenus are showing off—namely, the loud handbags—in line with a desire to prominently associate themselves with this group.

## Study 3: Recognizing Subtle Brand Cues

Our theorizing presumes that patricians are more attuned to the distinguishing traits of luxury goods and therefore can recognize products and their prices without the need for conspicuous brand displays. In contrast, nonpatricians (parvenus, poseurs, and proletarians) cannot recognize the subtle cues and require loud signals to recognize a brand and the connotations of status. If this is the case, patricians can use subtle cues to signal each other, while parvenus must use loud cues to dissociate from the poseurs and proletarians.

In Study 3, we test this directly by studying the impact of brand and brand prominence on signal recognition in relation to brand recognition and price knowledge among patricians and nonpatricians. Patricians are expected to be more likely to recognize subtle brand cues than members of the other groups and therefore are less reliant on prominent brand placement to infer the relative price of a luxury handbag. We expect nonpatricians to view prestige bags with prominent branding as more expensive than similar bags (i.e., same manufacturers costing as much or more) with subtle and, thus, unrecognizable brand cues. Conversely, we expect patricians to correctly recognize these similar but subtly marked bags for the brand they are and, thus, to properly assess their relative prices.

### Method

**Respondents.** Participants in this study were 120 consumers, comprising two groups of 60 survey respondents. The first group was selected on the basis of the likelihood that members would qualify as patricians. The marketing research firm Claritas (a division of ACNielsen) classifies zip codes according to demographic traits, lifestyle preferences, and consumer behaviors. The use of these Claritas profiles enabled us to select residents of the Palos Verdes Peninsula in Los Angeles County in Southern California to survey consumers. Zip code 90274 had the highest concentration (95.42%) of segments that the firm identifies as

**TABLE 5**  
**Study 2: Original Manufacturer's Price and the Price of Counterfeit Bags**

Parameter	Estimate	F	p-Value
Intercept	193.35		
LV	-1.58	.16	.69
Brand volume	-.83	1.12	.29
Price of the original product	.03	130.30	<.01
N = 228, R <sup>2</sup> = .48, F = 54.38			

“Upper Crusts,” “Blue Bloods,” and “Movers & Shakers”—segments that best represent patricians (see Appendix A). These segments comprised three of the highest-income groups (the top 4.12% of U.S. households) among the 66 segments Claritas uses to categorize consumers. We recognize that Movers & Shakers might straddle the boundary between patricians and parvenus, but even if we ignore this group, zip code 90274 still provides one of the highest concentrations of Upper Crusts and Blue Bloods nationally. If patricians want to associate with patricians, we would expect to find them living close to each other as well.

The second group was selected on the basis of members’ geographic proximity to the first group (thus, we controlled for factors such as weather, local fashion trends, and so on) and the likelihood that they would not qualify as patricians and thus could be considered parvenus, poseurs, or proletarians. They consisted of 60 people in Los Angeles County from zip codes 91371 (Woodland Hills), 91601 (North Hollywood), and 91607 (Valley Village), areas determined by means of the Claritas data to include negligible concentrations of the aforementioned groups (Upper Crusts, Blue Bloods, and Movers & Shakers). Residents in these zip codes were diverse and ranged from Money & Brains (educated, well-to-do, and sophisticated) to Bohemian Mix (upper-middle income, ethnically diverse, early adopters) to Big City Blues (lower-middle income, modest educations, ethnically diverse). Relying on respondents who reside in these zip codes provided us a sample of consumers who would stand little chance of qualifying as patricians but were affluent enough to qualify as parvenus.

Researchers who were blind to our theorizing were contracted to survey residents from each selected area. This included, for example, visiting the upscale shopping district known as the Promenade on the Peninsula, which services four cities on the Palos Verdes Peninsula: Rolling Hills Estates, Palos Verdes Estates, Rancho Palos Verdes, and Rolling Hills. Shoppers were prescreened to ensure that they were residents of zip code 90274. Of those surveyed, 60 met the thresholds for age, education, and household income regarding the segments that Claritas provided and thus were included in the analysis as patricians. The researchers also went to a variety of shopping malls in the San Fernando Valley area of Los Angeles (e.g., Westfield Promenade in Woodland Hills) and collected similar data from residents of zip codes 91371, 91601, and 91607.

*Stimuli and design.* Respondents were shown nine designer handbags, six of which were the focal bags of interest. These six included three pairs of bags from the individual luxury brands Chanel (most expensive), LV, and Coach (least expensive). For each brand, we selected a bag that was pretested to rate at the high end on the prominence scale and one rated at the low end. The remaining three bags were inexpensive fillers (one Ralph Lauren, one Kipling, and one Longchamp). For both LV and Coach, the quiet handbag was more expensive than the loud handbag. For Chanel, the loud bag was more expensive and the most expensive one in the set. Although Coach’s position as a luxury brand is hotly debated, we included this brand because, at the time of the study, it was by far the market

leader in handbags and leather accessories in the United States (Hass 2008) and ranked first in the Luxury Institute’s “Handbag Brands 2008” report that analyzed which of 26 brands luxury consumers are most familiar (Hall 2008).

In the first condition, pictures of these nine handbags were shown with the respective brand names printed below each image. In the second condition, the brand names were removed, and the bags were shown without any additional information. As mentioned previously, we ran this study on two distinct populations described as patricians and nonpatricians. As such, the design was a 2 (class: patricians versus nonpatricians)  $\times$  2 (brand prominence: loud versus quiet)  $\times$  2 (identification: brand names provided, brand names not provided). Class and identification varied between subjects, and brand prominence varied within subjects. Respondents were asked to rank the nine handbags from most to least expensive.

We predicted a three-way interaction such that brand prominence would elevate price perceptions (i.e., rankings) but only when the brand name was absent and respondents were not patricians. Patricians should recognize the quieter prestige bags (the quiet Chanel, LV, and Coach purses in the set) for what they are even without the brand name present. However, the brand serves as a cue regarding price to the nonpatricians. Only when the brand names were present were the nonpatricians expected to recognize the quiet luxury bags for what they were and rank them appropriately. Therefore, we expected the presence or absence of brand names to affect price rankings only for nonpatricians, who rely on overt branding as a signal.

Recall that patricians are characterized by the typology according to their financial means (high) and need for status (low). In terms of a manipulation check, we expected the patricians to have a lower consumption-related need for status than the nonpatricians because patricians are not as concerned with differentiating themselves vertically from lower groups. Respondents completed Eastman, Goldsmith, and Flynn’s (1999) need-for-status scale, which comprises statements such as “The status of a product is irrelevant to me” and “I would pay more for a product if it had status,” to which respondents indicated their level of agreement on a seven-point Likert scale. With respect to financial means, we relied on income as a proxy, asking respondents to report their annual household income on a six-item scale (i.e., under \$59,999, \$60,000–\$99,999, \$100,000–\$139,999, \$140,000–\$179,999, \$180,000–\$209,999, and \$210,000+). We also collected other demographic variables, such as age, race, and gender.

## Results

To test whether the screening of the sample of Palos Verdes Peninsula residents was effective, we first compared their need for status with the San Fernando Valley population. As we expected, those surveyed from zip code 90274 (i.e., patricians) had a lower need for status on the Eastman, Goldsmith, and Flynn (1999) scale ( $M_{\text{Patricians}} = 3.59$  versus  $M_{\text{Nonpatricians}} = 4.51$ ;  $F = 63.27$ ,  $p < .01$ ). For income, we compared the average rank on the six-tiered scale across the two groups, such that a higher number corresponded to a higher income bracket (e.g., 6 = \$210,000+). Patricians

reported higher annual household incomes than nonpatricians ( $M_{\text{Patricians}} = 4.12$  versus  $M_{\text{Nonpatricians}} = 2.15$ ;  $F = 45.91$ ,  $p < .01$ ). Taken together, differences in need for status and income enable us to contrast distinct groups of consumers classified according to the typology as patricians and nonpatricians.

We analyzed the data using three separate analyses of variance (one for each brand) with main effects for the type of purse (quiet versus loud), the condition (brands versus no brands), and the respondent type (patrician versus nonpatricians) with the three two-way interactions and the three three-way interactions. The three-way interactions for LV and Chanel were significant ( $p_{\text{LV}} < .01$ ,  $p_{\text{Chanel}} < .01$ ); for Coach, it was not significant ( $p_{\text{Coach}} = .44$ ). Most two-way interactions (six of nine) were significant at  $p < .01$ ; two others were marginally significant ( $p = .07$ ,  $p = .09$ ). The mean scores by population appear in Figure 5. In this graph, the loud bags are depicted with bold lines, and the quiet bags are depicted with thin lines.

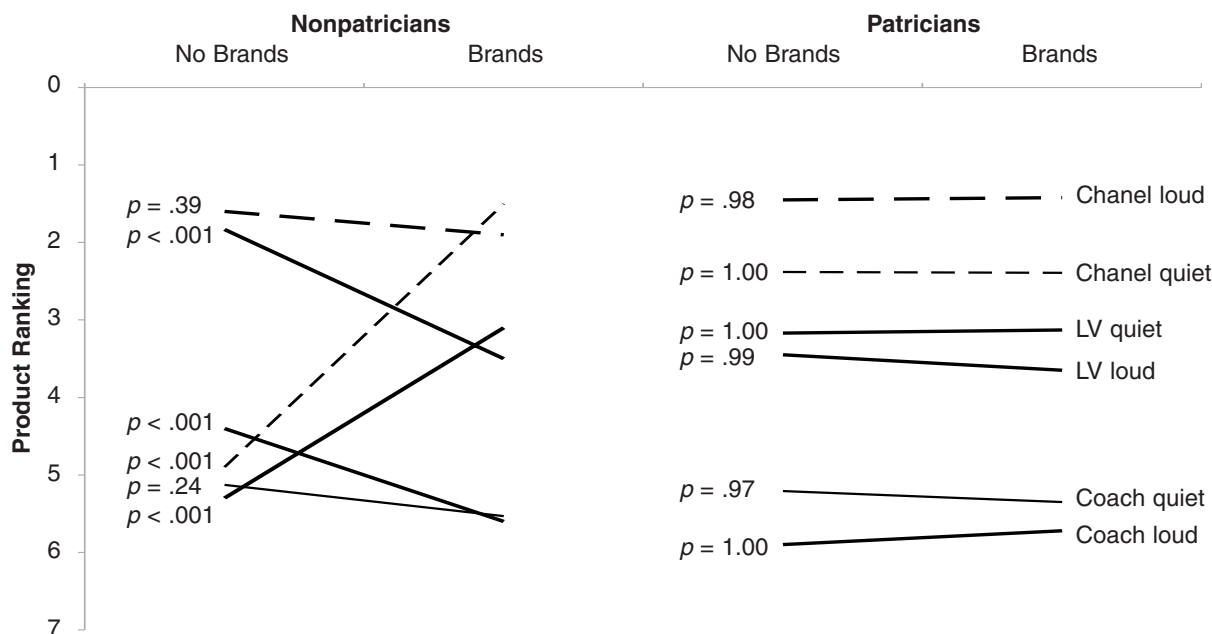
The pattern of results reveals that patricians are more apt to recognize the true value of the bags we tested. They correctly rank-ordered the bags from most expensive to least expensive and did so with or without explicit brand names (none of the rankings differed significantly when brand names were present or absent; for all bags,  $p > .3$ ). They even recognized correctly that the loud Chanel bag was more expensive than the quiet one and that, for the LV and Coach handbags, it was the opposite. Thus, they were not misled by the prominence of the brand names.

In contrast, nonpatricians ranked all three loud bags higher than the quiet bags when no brand names were present. When brand names were present, the quiet LV and Chanel bags received a boost in rating, and the loud LV and

Coach bags fell in the ranking (all changes are significant at  $p < .01$ ), such that the quiet bags were rated higher than their loud counterpart (for LV and Chanel, differences are significant at  $p < .01$ ; for Coach,  $p = .06$ ). These results are substantively identical if we separate the wealthy respondents (income  $> \$99,000$ ) of the nonpatrician sample (21 respondents) from the other nonpatricians. With a significantly higher need for status than the patricians ( $M_{\text{Patricians}} = 3.59$  versus  $M_{\text{High-Income Nonpatricians}} = 4.46$ ;  $F = 26.9$ ,  $p < .01$ ), this group qualifies as parvenus. Their rank-ordering of the handbags is the same as the other nonpatricians (for all six brands,  $p > .05$ ), while it is different from the rankings of the patricians. Notably, the nonpatricians erroneously rated the quiet Chanel bag as being more expensive than the loud one, while the patricians correctly rated the loud bag in this instance as more expensive.

Given that the dependent variable was ordinal (rank) rather than interval and that the rank given to a bag by one person is not independent of the ranks he or she gives to the other bags (no two bags can be ranked first by the same person), we checked the robustness of the results using a series of Kolmogorov–Smirnov tests. We use these tests to compare the distribution of rankings for a single bag for a single group (i.e., within patricians or within nonpatricians) in the no-brand versus brand-provided conditions. The  $p$ -values for each pairing appear in Figure 5. As expected, we find no change among patricians (their rankings did not change when the brand was present versus when it was not), while four of six change significantly when the brands were present for the nonpatricians. This confirms that patricians do not need to be told the brand names of the bags to know their relative prices, while the nonpatricians significantly change their ordering when the brand names are revealed.

**FIGURE 5**  
Signal Recognition Among Patricians and Nonpatricians



Notes:  $p$ -values are derived from Kolmogorov–Smirnov tests between no brands and brands for each product.

## Discussion

Study 3 demonstrates that patricians do not require prominent brand markings to judge the value of a bag. They can recognize bags from the subtle design features of each of the manufacturers and accurately judge their relative price. During interview debriefings, patricians told us about these subtle cues, including the shape of LV's handle base, leather reinforced corners, and removable key bell, as well as Chanel's Mademoiselle turn lock, interlaced chains, and quilted stitching. These details are often lost on nonpatricians, who need to see the brand prominently displayed to recognize a bag as an expensive luxury brand. Recall the discussion of the Bottega Veneta brand, which turned its back on being easily recognizable to the masses by putting its logo discreetly inside its creations. It would appear that this brand caters to patricians.

This differential ability to recognize signals is essential for explaining the difference in behavior between patricians and other classes of consumers. Patricians can read the subtle signals and thus can use quiet products to signal horizontally. In contrast, parvenus, poseurs, and proletarians require coarser signals. Thus, parvenus use loud products to signal to the groups below them that they are distinct. They want to indicate to the have-nots that they are elite and to the haves that they are part of their group. The irony is that while many parvenus believe they are saying to the world that they are not have-nots, in reality, they may also be signaling to patricians, the group they want to associate with, that they are not one of them.

## Study 4: Associative/Dissociative Motives and Brand Prominence

In this study, we set out to test several predictions that emerge from the model. First, we predict that patricians prefer relatively quiet bags, and parvenus and poseurs prefer relatively loud bags. Second, we propose that this preference is due, in part, to whom they intend to signal, which would be reflected by different associative/dissociative motives. We expect patricians to report that they want to associate with other patricians but do not have a specific desire to dissociate from the other three groups. In contrast, we expect that parvenus will display a desire to dissociate from poseurs and proletarians (the have-nots) while associating with parvenus and patricians (the haves). Similar to the parvenus, poseurs will seek the company of the haves but are not expected to display the same desire to dissociate from the have-nots as the parvenus. Finally, we do not expect the proletarians to display any strong associative/dissociative tendencies.

## Method

Participants in Study 4 were 120 survey respondents initially screened in a manner identical to that in Study 3. In this study, however, we collected a proportionally larger sample of nonpatricians with the hope of ensuring a significant representation from each of the three other classes of consumers. The zip codes, along with these measures of income and need for status, enabled us to classify respon-

dents as patricians, parvenus, poseurs, or proletarians. In addition, we pretested four separate descriptions of individuals such that each was viewed as distinctly representing someone from one of the four classes of consumers defined by our taxonomy (see Appendix B). As a further check, respondents were asked to read each portrayal and to rank them in terms of how similar they were to the person being described. We expected their self-categorization to be consistent with the classification made based on wealth and need for status.

Next, respondents were asked to indicate their desire to associate with or dissociate from each of the four classes of consumers in the taxonomy using graphical images to measure the relationship between the self and the groups developed by Schubert and Otten (2002). The OSIO (overlap of self, in-group, and out-group) self-categorization scale includes seven pictures, each displaying a small circle (labeled "self") in various stages of overlap with a larger circle (labeled "they") such that a seven-point scale is created on the basis of the distance between the midpoints of the two circles ranging from a long distance (coded as 1) to a medium distance (4) to zero distance (7). The scale draws on the technique for measuring interpersonal closeness that Aron, Aron, and Smollan (1992) developed and research demonstrating that group identification can be measured by the degree to which a group is included in the self (Coats et al. 2000; Tropp and Wright 2001).

Finally, respondents chose their preferred handbag among three pairs of purses, such that a picture of a loud luxury bag was coupled with a quiet handbag that was virtually identical except for the degree of brand prominence. The use of "twin" bags was intended to control for influence of factors other than how loudly or quietly the brand was displayed, such as idiosyncratic preferences based on a specific bag's aesthetics. Although the bags were chosen to minimize any difference in price, respondents were instructed to make their choice assuming that either bag could be acquired for the same price. Survey participants then completed measures similar to those collected in Study 3, including Eastman, Goldsmith, and Flynn's (1999) need-for-status scale, as well as a series of demographic questions, including income, race, and gender, before being debriefed regarding the true intent of the study.

A subsample of 65 respondents in the San Fernando Valley were surveyed separately in much the same way, except that they indicated their preference between a loud and a quiet handbag for only a single pair before being asked the following:

Assume your friend is traveling abroad and can purchase a counterfeit of your preferred handbag. It would be indistinguishable from the authentic handbag to observers on the street. How likely would you be to ask your friend to secure you a knockoff?

Respondents indicated the likelihood on a seven-point scale ranging from "not at all" (1) to "extremely" (7). They were also asked if they owned any fake handbags and, if so, to indicate how many they owned. They, too, completed Eastman, Goldsmith, and Flynn's (1999) need-for-status scale and indicated their income, age, and gender.

## Results

Table 6 presents basic statistics about the 120 respondents. The statistics are broken down according to a classification of respondents into the four classes given a median split on income ( $\leq \$99,000$  a year versus  $> \$99,000$ ) and need for status ( $\leq 4.2$  on a seven-point scale versus  $> 4.2$ ). The results are substantively identical when we use the self-classification into the four groups rather than the classification based on the median split: 72% of the participants self-classified themselves in line with the median split.

Self-report measures of income indicate that those who would be classified as patricians have the highest income, followed by parvenus, poseurs, and proletarians. The differences in income between poseurs and proletarians is not significant ( $p = .18$ ), while the difference between patricians and parvenus is ( $p < .05$ ), as is the difference between parvenus and poseurs or proletarians (for both,  $p < .05$ ). Although the taxonomy does not specify an income difference between patricians and parvenus, we suspect that this difference occurred as a result of the collection methodology that sought out patricians from a zip code where incomes are some of the highest in the country. In terms of need for status, consistent with our theorizing, we observe two groups: Patricians and proletarians possess a lower need for status, and parvenus and poseurs possess a higher need for status. Individual contrasts between high and low need for status groups are significant at  $p < .01$ , while contrasts within high or low need for status groups are not significant at  $p = .05$ .

In terms of each group's desire to associate with and dissociate from their own and the other three groups (see Table 7 and Figure 5), as expected, we find that patricians want to associate with other patricians but do not attempt to dissociate from the other groups. Parvenus want to associate with both patricians and parvenus (the haves) and exhibit a

strong desire to dissociate from poseurs and proletarians (the have-nots). Akin to the parvenus, the poseurs seek the company of the haves, but they do not show a meaningful desire to dissociate from the have-nots. Finally, the proletarians seem happy to associate with all four groups without any significant differences.

## Preference Between Loud and Quiet Luxury

The purpose of the study was to determine whether the likelihood of purchasing a loud rather than quiet bag varied by group. We predicted that patricians would prefer quieter bags, while parvenus and poseurs would prefer louder bags. We did not make a prediction about proletarians. To test these predictions, we ran a logit regression using each respondent's selection when offered a choice between loud and quiet twin bags (three choices per respondent) as the dependent variable and the respondents' self-classification into one of the four groups as the independent variable. We found no difference based on order (the handbags appeared in the same order, so we originally included dummies to account for order), so we collapsed the data. Again, the results are substantively identical if we use self-categorizations instead of median splits to classify respondents into the four groups.

We find that the least likely group to buy a loud bag is the patricians ( $\beta = -1.82$ ,  $p < .01$ ,  $P[\text{Buy Loud}] = .14$ ). Proletarians are indifferent between loud and quiet bags ( $\beta = .01$ ,  $p = .93$ ,  $P[\text{Buy Loud}] = .50$ ). The other two groups show a likelihood significantly larger than 50% of purchasing a loud bag, with the parvenus exhibiting a likelihood of a loud purchase at 71.60% ( $\beta = .93$ ,  $p < .01$ ) and the poseurs a likelihood of 74.71% ( $\beta = 1.08$ ,  $p < .01$ ). The difference between the parvenus and the poseurs is not significant ( $p = .65$ ). These results provide support for the model, demonstrating the usefulness of using the taxonomy to classify consumers and how this classification is indicative of social motives and, thus, preferences between quiet and loud luxury goods.

Finally, the subsample of respondents asked about their likelihood of purchasing a counterfeit bag was categorized in accordance with the same methodology described previously. This revealed a relatively small sample of patricians and proletarians (five of each group), who we excluded from the analysis, given our focus on the difference between poseurs (33) and parvenus (22). First, as we expected, these parvenus and poseurs exhibited a distinct preference for loud handbags (84%), which makes them the prime market for counterfeit bags. Second, poseurs expressed a significantly greater intent to purchase a counterfeit bag than parvenus (88% versus 18%, respectively; Wald  $\chi^2 = 18.90$ ,  $p < .01$ ). In addition, they were more likely to own a counterfeit bag (88% versus 23%, respectively; Wald  $\chi^2 = 20.58$ ,  $p < .01$ ) and reported owning more counterfeit bags on average ( $\mu_{\text{poseurs}} = 1.72$  versus  $\mu_{\text{parvenus}} = .23$ ,  $t_{21} = 4.53$ ,  $p < .01$ ).

## Discussion

In Study 4, we demonstrate the usefulness of our taxonomy for classifying consumers both in predicting their social

TABLE 6

Study 3: Summary Statistics for Income and Need for Status Based on Median Split

Class	N	Income	Need for Status
Patrician	25	4.48 <sup>a</sup>	3.25 <sup>a</sup>
Parvenu	31	4.11 <sup>a</sup>	5.08 <sup>b</sup>
Poseur	32	1.41 <sup>b</sup>	4.99 <sup>b</sup>
Proletarian	32	1.36 <sup>b</sup>	3.65 <sup>c</sup>

Notes: Numbers with the same superscript column-wise are not statistically different from each other.

TABLE 7

Study 3: Class and Associative/Dissociative Preferences Based on Median Split

Class	Patrician	Parvenu	Poseur	Proletarian
	Ms. K	Ms. A	Mr. L	Mr. T
Patrician	5.69 <sup>a</sup>	3.76 <sup>b</sup>	3.83 <sup>b</sup>	3.72 <sup>b</sup>
Parvenu	5.19 <sup>a</sup>	4.78 <sup>a</sup>	3.22 <sup>b</sup>	3.00 <sup>b</sup>
Poseur	5.20 <sup>a</sup>	4.90 <sup>a</sup>	3.77 <sup>b</sup>	3.52 <sup>b</sup>
Proletarian	4.13 <sup>a</sup>	4.00 <sup>a</sup>	4.17 <sup>a</sup>	3.90 <sup>a</sup>

Notes: Numbers with the same superscript row-wise are not statistically different from each other.

motives (associative and dissociative) and, more important for marketers, in predicting their preferences between loud and quiet products. Furthermore, we show that poseurs are significantly more likely to buy counterfeits than parvenus. Intuitively, this follows from their high need for status and their low financial means. Note that though the sample was small, not one of the five patricians surveyed was inclined to buy a counterfeit. Recent work by Commuri (2009) has documented how, because of a proliferation of counterfeiting, the social elite in India and Thailand gravitate preemptively toward brands that lower-income consumers find difficult to detect. Although this is not the primary motive here, the findings suggest that patricians stick with the brand but favor items that are least likely to be copied—namely, the quiet ones.

## General Discussion

Veblen's (1899) view of conspicuous consumption assumes the prevalence of a need for status. Savvy luxury goods manufacturers apparently find enormous support for this idea, as a more than \$200 billion global luxury industry has developed in part because of traditional luxury houses such as Dior, Cartier, and Chanel moving down-market (Gumbel 2007). This recent large-scale foray of luxury brands into mass marketing has transformed Veblen's two-tier society (the haves and the have-nots) into a more complex array of consumers who use luxury to signal in many different ways and for many different reasons. A better understanding of the luxury goods market requires a variety of discriminate methods designed to capture the many motivations for conspicuous consumption. We propose a classification of consumers into four groups based on their wealth and need for status.

Note that though we speak of four classes as if consumers behave strictly according to our rules, in actuality, behavior may vary depending on the product category and the usage occasion. A patrician might wear a Rolex (a classic parvenu brand) while sailing because the Yacht-Master II is a dependable, indestructible watch. Functionality prevails, though a signaling motivation might be mistakenly inferred. A proletarian might splurge once on an LV bag that she has seen a celebrity carry, indulging in what Dubois and Laurent (1995) call an excursion into luxury. Certainly, there are finer gradations of consumers that could be explored. However, our model speaks to the empirical generalities observed in real-world data and distinct affiliation desires as well as varied product and price knowledge revealed by the field studies.

Although branding experts typically advise marketers to ensure that their brand is clearly and prominently displayed on products, this prescription may not hold for some luxury goods, particularly those at the high end of the product line. With the handbag and shoe data, consumers could buy a functionally equivalent good in either a loud or a quiet version. Indeed, many of the purses and shoes in Study 1 included twins or triplets—bags or shoes that were otherwise identical but differed in their exterior design and, thus, brand prominence. A strength of this research is that we demonstrate how less expensive, louder products are geared

to a different class of customer than subtler, more expensive goods. We show how luxury goods manufacturers can target two types of customers simultaneously by making their brands more or less prominent and varying price accordingly across products within a single line.

## Managerial Implications

The findings have numerous implications for managers in the luxury space. First, the findings suggest that managers need to develop a *griffe* (from the French word for “scratch”), or a set of special signatures, for their brand. They need to develop the subtle cues that identify their products as their own even in the absence of an explicit logo or brand name. Remove the emblem and a Porsche is still recognizable as a Porsche; it will not be confused with a Maserati or Lexus. Even the Cayenne sport-utility vehicle looks like a Porsche. In contrast, remove the star from its hood and a Mercedes might be mistaken in passing for a Lexus. Consider how Gucci uses its distinctive bamboo as hinges on sunglasses, handles on purses, and bands on watches. The *griffe* allows patricians to signal associative desires to each other without sending the dissociative message that parvenus do when they signal using loud products. Along with developing a *griffe*, firms should educate certain target customers about these subtle but recognizable details. For example, watchmaker Breguet informs its clientele about “the discreet decorative details that constitute the Breguet style,” including the Breguet cursive numerals and engine-turned silver dials.

Second, a luxury goods manufacturer may want to resist the urge to leverage its brand by popularizing its trademark. Short-term sales can be increased by establishing a lower-priced line or extending the brand to multiple categories; these products are likely to sell well if they are advertised with the prestigious labels of their high-priced forebears. However, if too many people sport the brand's logo, the mark loses its value as a dissociative status signal. This was a problem that Burberry faced in the 1990s when its trademark checked plaid became ubiquitous and was fashioned into everything from bikinis to umbrellas. Conversely, reining the brand in too tightly may make it irrelevant and limit its value as a signal to the lower classes, required for the parvenus. A delicate balance must be struck, which is what Burberry attempted to do when it vastly reduced its number of loud products and began taking its signature check “undercover” (e.g., putting it subtly under a shirt collar and inside pockets). Our work suggests that a mixture of quiet items known for their quality, aesthetics, and other attributes with loud items that allow parvenus to satisfy their consumption-related need for status has helped LV and Gucci become the world's first and third “most powerful” luxury brands, respectively (Sherman 2008).

Third, although marketers traditionally recommend that firms focus their advertising on their target market, luxury goods manufacturers must consider advertising to everybody. Parvenus should believe that proletarians and poseurs know the brand and will recognize them as wealthy when they display it. If the brand were unknown to the general public, it would not serve as a dissociative signal. In addition, when advertising to the masses, the message must be

aspirational rather than functional. Consider LV's 2008 foray into television advertising. The campaign promoted the brand, not any specific product, and a handbag made only one fleeting appearance. Focusing on its travel heritage with a collage of moody images from France, Spain, India, and Japan, the advertisement was intended to tell consumers that LV is something "éphémère, but also something that stays" (Pfanner 2008).

Finally, it may prove useful for luxury goods manufacturers to reassess the traditional pyramid approach to luxury. Conventional wisdom depicts a "trickle-down" theory of status. For example, haute couture is notoriously unprofitable for design houses but a necessity in appealing to those who aspire to have \$100,000 custom-made dresses with more moderately priced designs. The notion is that luxury brands must appeal to the *crème de la crème* of clientele for less sophisticated consumers to find their wares attractive. This may not always be the case. Indeed, it seems that label-conscious parvenus cannot recognize, and thus may not be aware of, much of what the patricians are buying, whether it is their \$3,500 bottles of Krug Clos d'Ambonnay champagne (not \$125 Dom Perignon) or \$1,350 Bottega Veneta wedge-heel shoes (not \$200 Betsey Johnson wedges).

### **Limitations and Further Research**

This work is not without its limitations. First, the counterfeit data are based on what is offered by Asian producers and resellers. Much of what is known about consumer attitudes toward counterfeits and why they buy is presumed to generalize across borders (see Commuri 2009). However, it would be useful if, in the future, researchers could document what is brought into or sold more directly in the United States to better understand the trends among local consumers. Future work could explore cultural differences involving false signaling using counterfeit luxury goods.

Second, we based this investigation of brand prominence on what firms such as LV, Gucci, and Mercedes-Benz offer in their product line and not what sells. Further research could track sales, perhaps identifying undocumented reasons consumers buy particular styles or designs. To this end, we explore what signals are recognizable and which types of designs are favored, but we do not delve deeper into the aesthetic and emotional components of the decision. This is a topic we plan to explore in the future as we examine the emotional responses involved in signaling and counter-signaling using luxury goods. This promises to be a fruitful avenue for future work.

A strength of this research is the documentation of how price and brand prominence vary within a single brand's product line. However, a question for further research might be how firms that market more conspicuously branded goods than those we presented here might affect their status by introducing quieter goods. For example, we would predict that Coach, renowned as "affordable luxury," would cost less and offer a louder line of handbags on average than LV. Indeed, the average bag at the Coach Allentown, Penn., store costs \$300, and the firm produces only a small number of expensive items (Hass 2008). Would introducing a line of quieter products help elevate Coach's status? Coach is plan-

ning to offer higher-priced, toned-down products, including a \$2,100 ostrich version of its Hamptons bag at its boutique store on Bleecker Street in Manhattan, as an experiment in appealing to more affluent consumers (Hass 2008). It is yet to be found whether the products offered at this new boutiques will elevate the store's status among New Yorkers to the levels of Gucci or LV.

## **Appendix A Selected Claritas Segments**

### ***Code 01: Upper Crust: Wealthy, Older Without Kids***

The nation's most exclusive address, Upper Crust is the wealthiest lifestyle in America—a haven for empty-nesting couples between the ages of 45 and 64. No segment has a higher concentration of residents earning over \$100,000 a year or possessing a postgraduate degree. And none has a more opulent standard of living.

#### *2007 Statistics*

- Households: 1,733,015
- Proportion of population: 1.52%
- Median income: \$111,546
- Age ranges: 45–64

### ***Code 02: Blue Blood Estates: Wealthy, Older With Kids***

Blue Blood Estates is a family portrait of suburban wealth, a place of million-dollar homes and manicured lawns, high-end cars, and exclusive private clubs. The nation's second-wealthiest lifestyle is characterized by married couples with children, graduate degrees, a significant percentage of Asian Americans, and six-figure incomes earned by business executives, managers, and professionals.

#### *2007 Statistics*

- Households: 1,113,569
- Proportion of population: .98%
- Median income: \$116,546
- Age ranges: 45–64

### ***Code 03: Movers & Shakers: Wealthy, Middle Age Without Kids***

Movers & Shakers is home to America's up-and-coming business class: a wealthy suburban world of dual-income couples who are highly educated, typically between the ages of 35 and 54. Given its high percentage of executives and white-collar professionals, there's a decided business bent to this segment: members of Movers & Shakers rank number one for owning a small business and having a home office.

#### *2007 Statistics*

- Households: 1,836,308
- Proportion of population: 1.62%
- Median income: \$100,275
- Age ranges: 35–54

## Appendix B

### Descriptions of Prototypes of the Four Classes of Consumers

#### Ms. K (Patrician)

Ms. K lives in Boston. She is a lawyer and partner at a firm begun by her great grandfather. She cut her hair short after she became tired of the knots and tangles caused by driving with the top down in her convertible. She likes to take ski vacations whenever she gets a chance and owns a chalet in Aspen. Her favorite brand is Chanel and her favorite purse is the iconic Chanel 2.55 bag, which was introduced in 1955. She collects modern art and sits on the board of directors for several museums and galleries. She finds ostentatious products that have the brand plastered on them offensive and the nouveaux riches completely gauche.

#### Ms. A (Parvenu)

Ms. A owns a family-run restaurant in Chicago. She started as a prep cook at a small local restaurant and worked as a waitress, bartender, and manager. With her experience in local restaurants, she started up her own contract catering business, which was a big success and led to opening her own restaurant. She now lives in Oak Park, Illinois, where she remodeled her house to look as if it were designed by Frank Lloyd Wright. She often shops at Bloomingdale's and drives a Lexus ES. She loves Prada but only wishes the emblems on the products were bigger so everyone could see she wears Prada.

#### Mr. L (Poseur)

Mr. L works as an accountant for an independent CPA office in Indianapolis. He likes to work on cars and has customized his 2004 Lancer. He is now considering buying a convertible and restoring it. He loves barbecue and has several different kinds of grills and smokers. He likes Ed Hardy and Affliction and has become a big fan of mixed martial arts. He resents paying more than \$50 for a T-shirt so he buys knock-offs in downtown LA. He has a sneaker collection, with more than 70 pairs of shoes including classic Nike and Adidas designs from the 1980s. He loves premium brands but thinks the companies make too much money on them and thus has no problem with counterfeits—including a fake gold Rolex his friends admire.

#### Mr. T (Proletarian)

Mr. T is a cashier at a supermarket in Los Angeles. He works a minimum of 30 hours a week and he spends the rest of his week auditioning for roles. He drives a used Hyundai because it's cheap and reliable, and he doesn't pay much attention to all the hype about fancy cars. He eats a lot of Baja Fresh and has driven into Tijuana and down to Rosarita Beach, where his favorite Mexican restaurant is located. He is a big fan of Patron tequila. He likes Sketchers shoes and has several pairs, although he does not pay much attention to brands.

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