



UNIVERSITEIT VAN PRETORIA
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Gordon Institute of Business Science

University of Pretoria

**The relationship between status- and conspicuous consumption in luxury
brands in the South African emerging market.**

Student name: Riette Visser

Student number: 438102

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ABSTRACT

The major theme of this research is the manner in which luxury good companies enter an emerging market economy, such as South Africa. The study thoroughly analyses how the emerging middle class of the country perceive luxury brands in term of being either status-giving or conspicuous.

The study used a scale to measure luxury brands' status and conspicuousness by analysing well-established international luxury brands that have a large footprint in South Africa as a reference point.

The dimensions of luxury brand perception were measured when the scale between status and conspicuousness was utilised.

This study employed a Factor Analysis as well as Perceptual Mapping in order to determine the relationship between conspicuous- and status consumption in the South African emerging market. The data was collected from 120 consumers who were owners of luxury products, but were deemed to be part of the upper middle class.

Status and conspicuousness were revealed as two separate but related constructs, yet the South African emerging consumer does not discern between these two aspects. Strategic marketing implications for marketing managers were identified and discussed within the five brands that were selected, and their relevant product categories.

Keywords

Status consumption, conspicuous consumption, luxury goods strategy, emerging market

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Name: Riette Visser

Signature:

Date:

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CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Research title

The relationship between status- and conspicuous consumption in luxury brands in the South African emerging market.

1.2 Introduction

The luxury goods industry is a rapidly growing, profitable industry, yet social influences associated with luxury brands are still poorly understood and under investigated (Shukla, 2012). The luxury goods industry has historically been focussed on Western cultures, with a recent slant towards the Chinese market in terms of communication and product offering (Shukla, 2012). There is a strong desire for these goods by non-Western societies, and 85% of all new luxury stores will be opening in emerging market countries in the coming decade (Shukla, 2012). There have been differing patterns in consumption amid the emerging markets, not only due to their size, but also due to the growth in aspirations amongst consumers in such countries, and researchers have not yet determined the exact reasons for this phenomenon (Truong *et al.*, 2010). The world market continuously changes at a rapid rate, and marketers of luxury goods have to maintain these global trends. Mature markets are saturated, which has caused luxury brands and industries to consider emerging markets for new business and continued growth (Euromonitor International, 2014). Therefore, there is a need for research that is targeted on emerging markets and their attitudes about luxury goods, and there is an increased necessity to determine the factors that influence these markets. Luxury brand managers need an inclusive comprehension of their brands in the context of globalisation, heightened competition and the increasing need for differentiation (O'Cass & McEwen, 2006). Emerging markets' consumer groups are becoming one of the most important target markets for luxury goods companies to focus on, and hence provides the justification for this study (Shukla, 2012).

1.3 Research problem

Research on emerging market conspicuous and status consumption is still rather limited, as the majority of studies have been performed in the United States and Europe (Chipp *et al.*, 2011), and relatively few studies have aimed to determine how conspicuous and status consumption manifest and what the influencers are in emerging markets (Chaudhuri & Madjundar, 2006, cited in Chipp *et al.*, 2011). An increasing number of consumers in developing markets are seeking to express themselves through acts of conspicuous consumption (Chipp *et al.*, 2011). These actions of status consumption are present despite the growing scarcity of global resources and the pressure on consumers to be more ethical and frugal, coupled with the growing intensity of consumer debt. It is important to determine why conspicuous consumption is taking place and to define how consumers can be guided to consume more in order to grow market share (Chipp *et al.*, 2011).

Consumers in emerging markets such as South Africa will eventually emulate models that are part of the developed world, as products within the luxury sector have become increasingly desirable and attainable (Chipp *et al.*, 2011). Consumers from typically emerging markets have also become more politically empowered and are therefore in a better position to demand products and services that are particular to their needs (Chipp *et al.*, 2011). These consumers are known to be unapologetic for their desires, and this pattern is evident in countries where there are large gaps between the affluent and the poor, such as South Africa (Chipp *et al.*, 2011). A large portion of aspirational buying can be categorised as impression management, where consumers tend to buy luxury items to portray a favourable image of themselves to the world (Shukla, 2012).

The aim of this study was to evaluate the current state of conspicuous consumption and status consumption within the luxury goods market in South Africa. There are many consumers who want a proverbial *piece of the (luxury) pie*, and will go to great lengths to buy these goods (Moorad, 2012). Some consumers are unable to afford such items, while others will buy entry-level pieces, like a pair of sunglasses or a perfume to gain status in order to feel like they are part of an elite clientele and are able to associate themselves with a high-level brand name (Moorad, 2012).

This study analysed determiners behind buying behaviour, within the six constructs of status and conspicuousness, and ascertained the factors that keep these consumers coming back for more (Moorad, 2012). The global market for luxury goods is growing at

a rapid rate and is estimated to be worth around 217 billion Euros (Truong, Simmons, McColl & Kitchen, 2008). One of the factors that contributed to this is the fact that emerging countries are now contributing to the market, especially the South-East Asian countries (Truong et al., 2008). Another factor contributing to the size of the luxury goods market is the increasing number of “new luxury goods” that have become more affordable and accessible to a new target market (Truong et al., 2008). Consumers are starting to earn more money at a younger age, which opens up this market to those who previously did not have access to it (Twitchel, 2002 cited in Truong et al., 2008).

There are currently a number of international luxury retail brands that have entered the South African market, and there will expectedly be more to enter in years to come (Euromonitor International, 2013). Companies such as Cartier, Louis Vuitton, Burberry, Gucci, Fendi and Salvatore Ferragamo have all opened stores in South Africa within the last 20 years (Moorad, 2013). Interest is fuelled by a growing aspirational consumer market, which will become increasingly important for these retailers to access, as there are merely a few that are currently able to afford hard luxury goods such as jewellery and watches, as the market is currently driven by soft luxury goods such as clothing and accessories (Euromonitor International, 2013). People tend to strive for money, popularity or self-satisfaction in order to fulfil their psychological needs (Maslow, 1954 cited in Kasser & Ryan, 1996) and in social psychology these needs are known as aspirations or life goals (Kasser & Ryan, 1993, 1996).

Between 2008 and 2013 sales of luxury goods in South Africa grew by almost 35% in current value terms and the forecast is for these sales to increase by a further 33% in the next five years, according to Euromonitor International (2013). Rising disposable incomes and increased availability are the important determiners of luxury goods in South Africa; even though there is a large income disparity within the South African market, the number of elite consumers with high disposable incomes is increasing. South African consumers increasingly view luxury goods as a sign of status and success due to the international presence of these products in the market, and therefore these products have increase awareness with the consumers. With 60%, or approximately 71,000 of Africa’s millionaires in South Africa, the country has the continent’s most developed luxury retail sector, which further substantiates the importance of this research topic (Moorad, 2013). However, there is currently a dearth of information regarding how the luxury retail sector functions in emerging markets like South Africa.

1.4 Research objectives

The objective of this research was similar to the objectives of Truong, Simmons, McColl and Kitchen (2008), namely to investigate whether status and conspicuousness are actually two different although related constructs in branding, utilising the South African luxury market as a reference point. One of the major components of this study was to determine the strategic implications for marketers of luxury products within the South African market. Another component was to provide a new body of knowledge for strategic marketing concerns that marketers deal with in relation to the relationship between status and conspicuousness in the luxury goods market, especially when dealing with complex emerging markets such as South Africa.

The overarching research question of this study was: *What is the relationship between status- and conspicuous consumption in luxury brands in the South African emerging market?*

The main objectives of this research were as follows:

- Objective 1: Is there a relationship between status consumption and conspicuous consumption?
- Objective 2: Does the relationship between status consumption and conspicuous consumption differ among product categories of luxury brands in the South African market?
- Objective 3: What are the strategic implications of the relationship between status and conspicuousness for marketing managers in the South African luxury market?

1.5 Research aim

For some it may be intuitive to contemplate that certain brands are more conspicuous than others due to the fact that they are more materialistic in value or are more fashionable, but this is not always the case. For this reason it would be inaccurate to assume that a brand's prestige can be measured by blending perceived status with perceived conspicuousness as these appear to be two different constructs, defining two different dimensions of prestige (Truong *et al.*, 2008).

The research sought to determine whether or not a relationship exists between status

and conspicuousness within the South African luxury goods market, and whether or not there is a visible difference when comparing status and conspicuousness to different product categories of different brands. This study also proposed to determine whether South African consumers are able to differentiate between the perceived status and perceived conspicuousness of different brands in three product categories, namely eyewear, fragrances and small leather goods. The final component of the study evaluated the strategic implications for luxury goods marketing managers within the South African context.

This research study is an extension of the work investigated by O’Cass and Frost (2004) followed by Truong *et al.*, (2008) using Confirmatory Factor Analysis and Perceptual Mapping as methods to measure status and conspicuousness of the three product categories within five different international luxury brands available to the South African market. Implications for luxury marketers within the South African market were identified and examined in relation to the findings of the research, contributing to the current body of knowledge in order to assist current practitioners in the market as well as to inspire additional or further research in this area.

1.6 Conclusion

In order to outline this research, the research problem was discussed, as well as what the current state of the environment for luxury goods is. The research objectives were outlined in order to answer the research questions, as well as what the main aim of this study is. The following section will discuss literature on conspicuous consumption and status consumption, as well as the surrounding South African luxury goods environment.

CHAPTER 2: LITERATURE REVIEW

2.1 Conspicuous and status consumption

2.1.1 Current Conspicuous Consumption Theory

Conspicuous consumption theory states that people who are wealthy tend to consume highly conspicuous goods in order to promote their wealth, thereby gaining social status (Bagwell & Berneim, 1996). Conspicuous consumption has been defined as “an ostentatious display of wealth for the purpose of acquiring or maintaining status or prestige” (Page, 1992 cited in Chipp, Kleyn, & Manzi, 2001, p. 118). The term has also been used interchangeably with status consumption (O’Cass & Frost, 2002, cited in Chipp *et al.*, 2001).

Status consumption can be defined as “the motivational process by which individuals strive to improve their social standing through the conspicuous consumption of consumer products that confer and symbolise status both for the individual and surrounding significant others” (Kilsheimer, 1993 cited in O’Cass & McEwen, 2006, p. 26). Conspicuous consumption is different to status consumption in that it involves the expenditure made for the purposes of inflating the ego, while status consumption actually refers to products acquired for the purpose of gaining status (Chipp *et al.*, 2001). In the case of conspicuous consumption, consumers are willing to pay a price premium when a product is perceived to be more prestigious (Bagwell & Berneim, 1996). Consumers who partake in conspicuous consumption also rival the group in which they operate. The tendency to copy or replicate reflects consumers’ desire to gain higher social status, and this continuously evolves as they move up the social status ladder (Truong *et al.*, 2010). Conspicuous consumption occurs when the aim of consumption is to demonstrate one’s economic position relative to others (Veblen, 1934 cited in Chipp *et al.*, 2011).

2.1.2 Veblen: The history of conspicuous consumption

Veblen (1899) is regarded as the father of conspicuous consumption. He stated that people consciously display wealth by what they buy, rather than it being an unconscious action. According to Veblen’s theory, individuals rival the consumption patterns of others who are higher up in the hierarchy than them. South Africa has had a history of social hierarchies (Chipp *et al.*, 2011), resulting in consumers rivaling desired

consumption patterns. Veblen continued that hierarchies are created through the fact that there is surplus and therefore status becomes important, making consumption indispensable in order to retain one's good name (Veblen, 1899 cited in Trigg, 2001). For the first time in the South African economy, Surplus is an aspect that is present in many South African consumers, due to the overall increase in disposable income (Euromonitor, 2013) making consumption more prevalent. Veblen (1899) argued that surplus changes as the economy and its social fabric evolves, which occurs over time (Trigg, 2001). He stated that there are two main ways in which someone is able to display wealth. One of them is through "extensive leisure activities and the other through lavish expenditure on consumption and services," and that the idea of "waste" is common in both (Trigg, 2011, p. 101), which has been observed within the South African context (Chipp *et al.*, 2011). Veblen argued that conspicuous consumption is the most important factor in consumer behaviour, not just for the rich but for all social classes, and that there are ideals within each consumer level that are attempted to emulate the class above it (Trigg, 2001), which serves as motivation for this study.

Criticism of Veblen includes that the approach is too restrictive in relying on the "trickle down" effect of consumption patterns; this is highly applicable to luxury goods. The trickle-down effect is the diffusion of economic gain from rich to poor, and in this case the term is used to describe the fact that consumption patterns of the wealthy diffuse down to the middle income consumer (Owyong, 2000). Another criticism is that society has developed since Veblen's initial postulation of conspicuous consumption, as people no longer display their wealth conspicuously, and that status has become more sophisticated and subtle. This is mostly evident in developed markets, although it has recently been observed in the South African context, as some consumers could favour subtleness and sophistication for security reasons. It has been confirmed that there are gangs that operate within the country that follow customers home from luxury goods stores, and hi-jack them, which could cause consumers value discretion (News24, 2009). The final criticism of Veblen is that consumer behaviour is no longer shaped by positions of social class but rather by lifestyles. The lifestyle factor severs the social hierarchy, and is a point that requires more investigation within the South African context (Trigg, 2001).

Conspicuous consumption is a construct by which people consume products to demonstrate a superior level of status, both to themselves and friends (Packard, 1959, cited in Eastman *et al.*, 1997). Packard (1959) described status seekers as people who continuously strain to surround themselves with visible evidence of the superior rank

they are claiming. Currently, status is seen more as the ownership of status products rather than through personal, occupational or familial reputation (Dawson & Cavell, 1986 cited in Eastman *et al.*, 1997). Status consumption is not exclusively evident by the rich, but it has been suggested that people in developing countries, such as South Africa have consumers who are attracted to and indulge in aspects of conspicuous consumption even before they have secured adequate food, clothing and shelter (Mason, 1992 cited in Eastman *et al.*, 1997).

2.1.3 Factors influencing conspicuous consumption

The roles of psychological and social influences within cultures also influence conspicuous consumption (Piron, 2000, cited in Chipp *et al.*, 2011). Materialism, competitiveness and powerlessness are psychological aspects that can be associated with conspicuous consumption (Chipp *et al.*, 2011). Social network exposure, reference group influence and social compliance are also factors related to conspicuous consumption (Chipp *et al.*, 2011). Parenting style and parent's consumption patterns have also demonstrated an influence on conspicuous consumption (Carlson, Grossbart & Stuenkel, 1992, cited in Chipp *et al.*, 2011). Relative deprivation has further been determined by individual (egoistic) or group comparison (fraternal) with a reference group (Webber, 2007 cited in Chipp *et al.*, 2011). Individual comparison results in individualistic feelings of deprivation, and group comparison results in in-group deficit (Webber, 2007 cited in Chipp *et al.*, 2011). Feelings of relative deprivation have also been related to responses such as emotional stress, negative impacts on well-being and poor physical en mental health (Chipp *et al.*, 2011). Other responses include individuals trying harder to succeed to improve the quality of life, which may include the pursuit of material resources and lifestyle changes, which are all related to status and consuming conspicuously (Lopez Turley, 2002 cited in Chipp *et al.*, 2011).

This research study employed the following method to examine whether a consumer views a product as conspicuous or not: The extent to which a product is a symbol of prestige; the extent to which the brand attracts attention; whether or not the product is able to impress other people (Truong *et al.*, 2008).

2.1.4 Factors influencing status consumption

Another definition for status is the “position or rank in society awarded to an individual by others,” and in the context of consumption is viewed as ownership of status products rather than reputation (Dawson & Cavell, 1987 cited in Heaney, Goldsmith, &

Jusoh, 2005, p. 85). Status is therefore based on conspicuous consumption, and conspicuous consumption is therefore based on status portrayal (Veblen, 1934 cited in O’Cass & Frost, 2002). Some individuals communicate their position in the social hierarchy through lavish expenditure on consumption (Veblen, 1934 cited in Chipp *et al.*, 2011). “Status consumption is the process of gaining status or social prestige from the acquisition and consumption of goods that the individual and significant others perceive to be high in status” (O’Cass & Frost, 2002, p. 68). Research has also confirmed that there is an element of peer and societal pressure that represents progression to the consumer’s own success and eligibility as a member of his or her group to which they aspire to belong (Chipp *et al.*, 2011). It is important also to distinguish between status and conspicuousness, in that status consumption refers to consumption of status-laden possessions that are not necessarily displayed. Conspicuous consumption refers to the evident display of expensive possessions (Truong *et al.*, 2008). Status brands have a recognised high-perceived quality, luxury or prestige, which could serve as the reason for the entrance of many luxury goods into the South African market (O’Cass & Frost, 2002).

In this research study, status consumption was tested by determining the extent to which consumers are able to evaluate the product in terms of the following: The extent to which the product is able to indicate a person’s social status; the extent to which the product is a symbol of achievement; and the extent to which the product is a symbol of wealth (Truong *et al.*, 2008).

There seems to be no greater issue that dominates the modern psyche as much as fashion and consumption, and it forms part of all daily lives (O’Cass & McEwen, 2006). Clothing is more than simply functional and it is used to display the importance of the individual and denotes the amount of status the individual has, and implies the characteristics and personality of the individual (O’Cass & Frost, 2002). The more a “consumer seeks status the more they will engage in behaviours such as consumption of status symbols in order to increase their status” (Eastman, Fredenberger, Campbell & Calvert, 1997 cited in O’Cass & McEwen, 2006, p. 26). Luxury brands are often consumed to indicate status and therefore they displayed in a conspicuous manner in order to create a visual representation of status (O’Cass & McEwen, 2006, p. 26). According to Goldsmith, Flynn and Eastman (1996, cited in O’Cass & McEwen, 2006, p. 26) the fact will always remain that a large part of consumer behaviour is the “desire to gain status or social prestige from the acquisition or consumption of goods”.

Status is a form of power that consists of respect, consideration and envy from others,

which represents the goals of culture (Csikszentmihalyi and Rochberg – Halton, 1981, cited in Eastman *et al.*, 1997). It is also a position or rank in society or group awarded to an individual by others (Dawson & Cavell, 1986 cited in Eastman *et al.*, 1997). The desire for status also motivates much of consumer behaviour.

Traditionally consumers in emerging markets do not consume luxury goods for status. Luxury goods are relatively new in most emerging markets, especially in South Africa, where luxury goods have only become available in the last twenty years. Consumers tend to lack brand knowledge and product heritage, and therefore are more likely to consume these products for status instead of the experience surrounding it (Smith, 2009).

2.1.5 The relationship between status consumption and conspicuous consumption

The concept of conspicuous consumption as previously mentioned was established in Veblen's (1899) Theory of the leisure class where he recognised the foundations of conspicuous consumption, which can today be applied to luxury products and brands. The conspicuous consumption theory connects luxury goods with the mere function of the ostentatious display of wealth to indicate status (Mason, 1998). Conversely, status today is conveyed in more sophisticated and subtle ways, creating a shift from "waste to taste," which is different to conspicuous consumption (Truong *et al.*, 2008).

Status and conspicuousness are two of the most important dimensions of brand luxury. Status-laden brands contain a high level of perceived luxury, quality and class (Vigneron & Johnson, 2004). It has been argued that status-laden brands are either purchased for internal (self-reward) or external (signal wealth) and they may or may not be displayed publically (O'Cass & Frost, 2002). Conspicuous brands are those that are only consumed for external reasons, namely for signalling wealth (Amaldoss & Jain, 2005).

With new luxury goods becoming more affordable and accessible to the more modest consumer, these consumers are now able to imitate and emulate the rich and affluent by consuming the same products and services (Truong *et al.*, 2008). The rich typically consume luxury goods to assert status and membership of this elite class, while the more modest consumer consumes the same goods for status, together with conspicuous intention (Truong *et al.*, 2008).

The purely conspicuous consumer derives satisfaction from the audience's reaction to the wealth being displayed and not from the value of the product itself (Truong *et al.*, 2008). Status and conspicuousness therefore seem to be two separate constructs in consumer behaviour literature. According to O'Cass and Frost (2004), status consumption is the personal nature of owning a status-laden product, which may or may not be publically displayed. According to O'Cass and McEwen (2006), previous literature has always defined the two constructs as inherently the same phenomena, in that one construct defines the other, and that these have significant overlap, and that the terms are often used interchangeably. This represents theoretical and empirical problems, and creates difficulty for marketers to understand their consumers in terms of these two consumer behavioural concepts. Conspicuous consumption is viewed to be more orientated toward the evident display of expensive products. In most branding literature the two concepts are intertwined into a single, one-dimensional construct. The literature reviewed therefore contrasts these two constructs, namely status and conspicuousness, within consumer behaviour. Conversely, luxury branding literature affirms that the two constructs as being both single and intertwined. It is therefore important to clarify the stance of these two constructs. This clarification is necessary for both academic literature as well as marketing practitioners, as it assists in comprehending the luxury goods market and could aid in formulating and successfully implementing targeting strategies.

Studies by *Truong et al.* (2008) and O'Cass and Frost (2002) have indicated that a relationship between the two constructs does exist. This research study sought to investigate if this is true within the South African luxury market and whether that relationship differs between different product categories in the emerging market context.

2.2 Other aspects relating to status and conspicuous consumption

2.2.1 Aspirations defined

Aspirations form part of self-determination theory, which forms part of the development and functioning of the personality within social contexts (Ryan & Deci, 2000). There is a close relationship between psychological needs and goal pursuits in that individuals pursue the goals that are most important to them. Human beings have two classes of goals that are extrinsic and intrinsic (Truong, McColl & Kitchen, 2010). Extrinsic goals

include financial success, social recognition and appealing appearance, whereas intrinsic goals consist of self-acceptance, affiliation, sense of community, as well as physical health (Kasser & Ryan, 1993, 1996). Intrinsic goals are related to personal satisfaction, whereas extrinsic goals are more related to the perceptions of society of the person (Kasser & Ryan, 1996).

2.2.2 Fundamental psychological needs

Aspirations are related to fundamental psychological needs, which serve as motivators behind actions taken by individuals that are reflected in behaviour (Sheldon, 2004). The role of aspirations in consumer behaviour of luxury consumers is important as these consumers tend to buy luxury goods for the goods' symbolic content, which includes status and prestige, rather than functionality (Truong *et al.*, 2010). There seems to be an eternal ambition in these consumers to persistently elevate themselves to those immediately above them, which could possibly be the main cause of the mass popularity of luxury goods consumption (Truong *et al.*, 2010).

2.2.3 Self-esteem

Self-esteem is an essential part of the human ego and most individuals continuously aspire to enhance their self-esteem (Truong *et al.*, 2010). Self-esteem is also part of the fundamental set of needs, which can be aligned with goal pursuit and can therefore be viewed as part of aspiration. Self-esteem is therefore able to explain the relationship between aspiration and luxury brand preference, which relates to status and conspicuous consumption (Truong *et al.*, 2010).

2.2.4 New luxury goods

New luxury brands go beyond the traditional scope of luxury brands, which previously consisted only of high price tags (Truong *et al.*, 2008). Luxury brands are traditionally divided into hard and soft luxury, hard being items for more expensive price tags, and soft being those with less expensive price tags as previously mentioned. New luxury goods are more affordable and can be found in most shopping destinations in South Africa. New luxury goods have allowed more consumers to be part to the luxury market (Truong *et al.*, 2008).

There are several reasons for the emergence of new luxury goods.

- Consumers' purchasing power has increased over the last number of years, and there has been a growing middle class that is now able to afford to buy luxury goods at lower prices. In South Africa, this has also been the case, as the country has a growing market of affluent consumers as well as a growing middle class, all with increased domestic spending (Taylor & Moahloli, 2014).
- An increase in productivity has allowed mass production of high quality products at a low cost, especially in countries such as China, where many of the goods are manufactured, due to the fact that labour costs are low.
- Consumers are becoming more educated, culturally inclined and have developed a desire for personalised products.
- Consumers are becoming more materialistic and place great value on status possessions (Truong, Simmons, McColl, & Kitchen, 2008).

It is for these reasons that consumers are increasingly willing and able to pay a premium price for luxury goods (Truong *et al.*, 2008).

In support of this market of consumers, luxury goods companies have adapted their strategies and have started offering these consumers new luxury goods. Due to the increased scale of mass production and cheaper labour costs, luxury goods companies are now able to offer their clients the same premium product, but at a lower price in order to satisfy this new customer's needs. Many luxury manufacturers have therefore extended their brands to offer the middle class consumer lower entry-level prices (Truong *et al.*, 2008).

There is an increasing desire for social emulation, which appears to be intrinsic to human nature, and is evident in even the most modest consumer in the world. Today, more than ever, consumers emulate the elite by acquiring new luxury goods that are now more affordable and accessible by the mass market, especially in emerging markets such as South Africa (Truong *et al.*, 2008).

2.2.5 Traditional luxury goods

A luxury good is an ephemeral status symbol and is often perceived as an investment; and it is not merely a premium priced product. Luxury goods have consistent delivery of premium quality across all product ranges. They also mostly have a heritage of craftsmanship, with roots in the original designer. These products have a recognisable style or design, and are limited in productions to ensure exclusivity. Marketing programmes of luxury goods support emotional appeal from consumers and combines

it with product excellence. The brand generally has a global presence, with a strict association with its country of origin, and typically exhibits longevity (Nueno & Quelch 1998). These factors of luxury goods are contrasted against new luxury goods, as consumers desire different products than before. The landscape for luxury goods is changing and consumers are moving away from traditional luxury brands to what they currently desire.

2.2.6 Ostentatious behaviour

The very nature of many luxury brand products denote that these are consumed in an ostentatious manner, which is related to status and conspicuous consumption. Regular competitions between the upwardly mobile are held to affirm their premium products; in many cases individuals place their luxury watches in glasses of French Champagne to prove the authenticity of the timepiece to their friends, refuting the thought that their watches might be counterfeit, as the watches continue to work even when placed in Champagne. It has also been observed that a large part of the emerging market for luxury goods is associated with ostentation when consuming these items and that it is often focussed on display of wealth (Shukla, 2012). The need to express this lifestyle creates desires for particular consumer goods and a proportionate level of income. The increased income levels among affluent black South African consumers have manifested through increased consumption of both practical and self-indulgent goods (Chipp *et al.*, 2011). The excessiveness of consumption increases as consumers earn more money when compared to those who have similar lifestyles and social standing (McCracken, 1987 cited in Chipp *et al.*, 2011). As South Africa becomes a more consumption-based society, conspicuous consumption will increase (Chipp *et al.*, 2011).

2.2.7 Relative deprivation

Relative deprivation theory is described as the “human tendency to create hierarchies that relegate groups to the bottom of social and economic ladders” (Chipp *et al.*, 2011, p. 119). This theory suggests that a person feels relatively deprived if he or she lacks an object, desires it, sees some other person with that object, and then assumes that it is feasible to obtain that object (Lopez Turley, 2002 cited in Chipp *et al.*, 2011). These consumers compare themselves with others, which often results in dissatisfaction, entitlement and fear of future consequences (Chipp *et al.*, 2011).

2.2.8 Materialism

Studies of the correlation between status consumption and materialism have also been completed. Little formal academic work has been done on the conceptualisation and the operationalisation of status consumption (Eastman, Fredenberger, Campbell, & Calvert, 1997). Materialism can be viewed within the framework that materialism is the “importance a consumer attaches to worldly possessions,” and materialists judge their own and others’ success by the number and quality of possessions accumulated” (Richins and Rudmin 1994, p. 219, cited in Eastman *et al.*, 1997). Materialism is also closely related to “the satisfaction one derives from the acquisition and possession of goods” (Richins and Rudmin 1994, p. 218 cited in Eastman *et al.*, 1997). Materialism is also a state of mind that is argued to be harmful to society as it accentuates class differences; advertising can create the assumption by materialists that consumption is the route to happiness and the solution to personal problems (Eastman *et al.*, 1997). Status is a component of materialism, but it differs in the sense that materialism could exist even when the good is not a luxury product, and that materialistic people value possessions that convey both status and those that do not (Eastman *et al.*, 1997), and therefore the two are distinct from one another.

2.2.9 Status products

Traditionally luxury companies in Europe were the only companies that truly thrived, when compared to other luxury goods companies, with France owning the largest market share (Eastman *et al.*, 1997). Status products are also often recognised by their characteristics of being exclusive or being part of a limited edition, and thereby creating waiting lists for the products that further creates a perception of value of the products within consumers’ eyes (Amaldoss & Jain, 2005). A status product that is too widely available therefore eventually dilutes within the eyes of the consumers but the reverse can also be seen in that the more people consume the product, the more credible it becomes in the eyes of the consumers, even though this is not often the case with luxury products (Amaldoss & Jain, 2005).

Status products have also lead to the increased consumption of counterfeit luxury products, due to the increased pursuit of sending a message to others about the consumer’s wealth (Phau & Teah, 2009). Exhibiting status through the consumption of luxury brands is a well-established behaviour. Such consumers are extremely

conscious of this visible display of accomplishment, so status-seeking consumers are likely to have positive attitudes towards luxury brand imitations (Phau & Teah, 2009).

2.2.10 Consumer reinforcement

Conspicuous consumption is a form of informal reinforcement which is part of consumption (Nicholson & Xiao, 2010). Informal reinforcement is more indirect in character and represents the third-party feedback from another consumer received on the individual's performance as a consumer (Nicholson & Xiao, 2010). An example of this would be when an individual receives positive feedback from someone on the purchase of their new designer handbag. Informal reinforcement, in terms of conspicuous consumption, encompasses all purchase activities that publically displays one's membership of a privileged social grouping. In the sphere of consumer reinforcement, conspicuous consumption signals fitness potential through the public display of status symbols and can be seen through the consumption of designer goods, prestige motorcars and the latest technological innovations (Nicholson & Xiao, 2010). Many consumers desiring upward mobility have been seen placing items from discount shops in high-end shopping bags, merely to display their status. Some have even been found shopping at high-end supermarkets during peak hours of the day, only to abandon their shopping trolley later. This phenomenon is known as deceptive signalling, and is also evident in the consumption of counterfeit goods (Nicholson & Xiao, 2010).

2.2.11 Social rejection

Social rejection motivates people to conform, obey and change their attitudes, work harder and generally try to change themselves in order to gain acceptance (Ward & Dahl, 2014). Social rejection may take place in luxury good stores, where a salesperson will reject the client when they are not wearing the correct accessories. Salespersons then reject potential clients who are not perceived to be spenders. Negative customer service experiences have therefore been turned into an increasing desire for the brand (Ward & Dahl, 2014).

This has led to the development of strategic consumption where individuals consume in a manner through which they are able to affiliate with desirable groups after rejection has occurred. They typically choose products that are symbolic of their rejecters in an

effort to affiliate (Ward & Dahl, 2014). These products are generally very recognisable and are generally the flagship products of the brand. There is also a relationship between the reaction towards rejection and the aspiration of the individual towards the brand. Luxury brands such as Prada and Louis Vuitton are more aspirational to consumers who have been rejected by the brand and are therefore likely to react more conspicuously when rejected (Ward & Dahl, 2014). This theory therefore supports the manner in which luxury goods are consumed in a conspicuous manner in order to avoid rejection.

2.2.12 Brand dilution

Brand dilution occurs when consumers no longer think that a brand holds the same value as previously. This means that the brand has deteriorated in the eyes of the consumers, and exclusivity is deteriorated (Majic & Majic, 2011). Many marketers therefore oppose the strategy of making cheaper options available in order for the aspiring customer to consumer for status or conspicuousness. A Vertical Differentiation Strategy suggested by Barnett (2008, as cited in Majic & Majic, 2011), is often recommended in order to include the middle class in luxury markets. This theory suggests that brands should keep producing goods for the leisure class, as well as produce goods that resemble the more expensive goods at a cheaper price in order to include the middle class. There are two conflicting arguments for the Vertical Differentiation Strategy in that either it could lead to brand dilution and the brand loses its core consumers, or it could lead to growing the market by maintaining a middle class market segment (Majic & Majic, 2011).

2.3 The emerging market for luxury goods and the case for South Africa

2.3.1 Financial implications for consumers

According to research done on the impact of indebtedness of South African consumers, there is great pressure on them to spend and therefore they increase their debt levels (Euromonitor International, 2014). There is a certain fear of failure and loss of self-respect that drives these consumers to gain more affluence to enable to afford them this lifestyle. They often have unsustainable finance schemes caused by a lack of financial education and unfamiliarity with wealth, which leads to credit abuse (Chipp et

al., 2011).

Veblen (1899) was mostly focussed on the concept of costly signalling; the acceptance of price premium to display status is sometimes described as the Veblen Effect, and describes the economics of price increases that are coupled with increased demand. Therefore the good is not viewed in the normal, global sense of supply-and-demand (Nicholson & Xiao, 2010).

2.3.2 The expansion of the South African luxury market

The market for luxury goods is continuously experiencing double digit growth, and one of the main reasons for this has been emphasised as the fact that more middle and lower income markets purchase luxury products (Truong *et al.*, 2010). The luxury market in developing BRICS countries (Brazil, Russia, India, China and South Africa) is growing at between 20% and 30%, and is expected to increase to 36% in coming years; this market has not been as harshly affected as other countries by the Global Financial Crisis (Som, 2011). These are also the countries where status and conspicuous consumption are likely to take place as they are emergent and consumers are seeking to catch-up (Chipp *et al.*, 2011). Luxury brands provide these aspirational consumers status and aspirational value irrespective of their financial situation (Vickers & Renand, 2003).

The world is currently considering Africa to determine the type of growth that the continent is able to deliver, especially due to the fact that China's growth is reducing (Moorad, 2013). South African consumers have not previously been exposed to a variety of luxury brands as most brand houses have only entered the market in recent years, which contributes to the likelihood of shoppers consuming conspicuously or to gain status (Euromonitor International, 2013). A large portion of the South African market has been deprived of financial resources, due to being previously disadvantaged within South Africa. This heritage makes consumers open to status and conspicuous consumption as the market segment now has more access to financial resources (Chipp *et al.*, 2011). Another reason for the likelihood of status and conspicuous consumption in the South African context is attributed to "new luxury goods," that have made luxury goods more accessible to the mass market and in this case, the emerging market (Truong *et al.*, 2008).

The emergence of a new middle class within many African countries has created "large-scale first-time buyers" of all product categories, and they have moved from

buying unbranded products to branded products due to the fact that they now have access to these goods (Sheth, 2011, p. 167). The new black middle class in South Africa has more than doubled in size over the past decade. The number of black South Africans classified as middle class rose to 4.2 million people from 1.7 million in 2004, within an overall population of 51.8 million people. The emerging middle class is becoming more influential and powerful within the country, creating a secondary market for the luxury goods industry if one considers high-end consumers to be their base (Fletcher, 2013). The emerging black middle class is characterised by the fact that they have a household income of between R15 000 and R50 000 per month that is spent on personal transportation, tertiary education, employment in a white collar job, owning or renting a home for more than R4000 per month in a city or town and these individuals are 15 years of age or older (Unilever Institute of Strategic Marketing, 2013 cited in Fletcher, 2013). This has also contributed to the overall expansion of the luxury consumer group within the country.

The overall landscape of emerging markets has changed, and the implication is that marketers need to now determine the important factors within this new arena. There has been tremendous growth within emerging markets and it is estimated that by 2035 the gross domestic product of emerging markets will surpass that of all developed markets (Wilson & Purushothaman, 2003, cited in Sheth, 2011). The purchasing power parity of consumers within emerging markets have increased, and that of China has even exceeded the market power of the United States (Sheth, 2011), making it vital for luxury goods firms to focus on these markets. Policy makers have previously limited emerging markets, but due to economic reforms within some of these countries new markets for branded products and services have evolved, where developed markets are aging (Sheth, 2011). People living in emerging countries such as South Africa, now also have more access to information, communication and technology, which has given rise to a consumer culture (Sheth, 2011), which can give cause to the existence of status and conspicuous consumption within the emerging market of South Africa.

Luxury goods have altered as many are now marketed to the masses (Nueno & Quelch, 1998). Rising personal wealth in both emerging and developed markets fuels the growth of luxury goods (Nueno & Quelch, 1998). Many luxury brands have invested by democratising the extension of junior product lines, creating affordable accessories and expanding distribution to increase sales (Nueno & Quelch, 1998).

2.3.3 Conspicuous consumption and emerging markets

In the lower income market segment of the United States, it has been confirmed that there is a level of low savings and high consumption, which is potentially harmful to these households (Bagwell & Bernheim, 1996, cited in Ordabayeva & Chandon, 2010). Consumers who are generally at the bottom of the distribution spend, spend a larger proportion of their income on status-conferring consumption in order to reduce the level of dissatisfaction they feel with their current level of income and possessions, and the fact that the gap between what they have and others have steadily increases further perpetuates their spending habits (Ordabayeva & Chandon, 2010).

Studies have also shown that in developing countries, such as Mexico, the level of status consumption is much higher than when compared to more developed markets such as USA (Eastman *et al.*, 1997). Growth in sales within the luxury goods sector has also been attributed not to a broader buying public, but rather to the emerging markets and elite consumers (Socha, 2010). This has increasingly happened as developed markets become more mature (Socha, 2010). Consumers are continuously looking to trade-up and explicitly demand luxury and unique products. Desirability is a continuous activator for consumers who aspire to belong to the world of the brand (Socha, 2010).

2.3.4 Economic consequences of status and conspicuous consumption

Several economists have argued that consumers' concerns for social status have important economic effects (Rege, 2008). Veblen's (1899) argument affirmed that concern for social status incites people to engage in conspicuous consumption in order to signal wealth. Duesenberry (1949) also argued that concern for status causes people to imitate the consumption patterns of those above them in the hierarchy, yet more recently economists have shown that a incorporation of a concern for social status alters the results of traditional growth models (Rege, 2008).

2.4 Arguments against status consumption of luxury goods

It has been argued that some consumers send a superior message that status is generated by characteristics other than the labels that a consumer decides to purchase; these consumers may desire goods where a luxury label is absent (Geiger-Oneto, Gelb, Walker, & Hess, 2013). Status-seeking is a universal and advantageous behaviour and researchers have found that individuals seek status in order to increase their power and influence in social relationships, gain access to future resources and demonstrate their competency and ability to others (Geiger-Oneto, Gelb, Walker, & Hess, 2013). The desire for such status is an important force that drives the market for luxury goods. Status consumption can also be viewed in the way that it is a method whereby people are ostracised socially by using a brand as a specific signal of wealth when they do not own that specific brand (Geiger-Oneto, Gelb, Walker, & Hess, 2013).

It has also been argued that consumers do not only buy luxury goods in order to gain status. For some, they exhibit a moral reservation against purchasing a counterfeit product and the influence of goals guiding a purchase. Some consumers might also purchase a luxury brand in order to express that they value quality products, and that they believe the premise that “you get what you pay for” and that this might prompt the idea that luxury brand purchase decisions are based on choices independent of status (Geiger-Oneto, Gelb, Walker, & Hess, 2013).

Some consumers reject the purchasing of luxury goods despite their financial ability to do so. This is an argument that can be made for the fact that status consumption could occur in the opposite direction, by *not* purchasing luxury goods. This decision ensures that consumers declare that they are able to gain status through alternative paths (Geiger-Oneto, Gelb, Walker, & Hess, 2013). Such consumers often consume less obvious luxury brands in order to only be conspicuous to those who are informed (Geiger-Oneto, Gelb, Walker, & Hess, 2013).

Consumers who consume luxury goods in a non-status-seeking fashion are identified as having value consciousness. This is a term that has been defined as “a concern for prices paid relative to quality received” (Geiger-Oneto *et al.*, 2013 pp. 361). These consumers have the great pleasure in that they are able to make purchase decision

based on quality rather than price and will therefore buy items at lower prices as well (Geiger-Oneto *et al.*, 2013).

2.5 Conclusion

This review of literature described the concept of conspicuous consumption as well as status consumption. It also explained the consumer landscape within the South African emerging market. The following section explains the research hypothesis.

CHAPTER 3: RESEARCH HYPOTHESIS

3.1 Introduction

The purpose of this study was to investigate the relationship between status consumption and conspicuous consumption within the luxury goods industry in the context of the emerging market in South Africa. The study sought to determine whether consumers are able to differentiate between perceived status and perceived conspicuousness of brands within three product categories, namely, eyewear, fragrances and small leather goods (for example wallets, key rings, phone/tablet/laptop pouches, pen holders, diaries/notebooks, jewellery pouches and document cases) (Truong *et al.*, 2008). The study considered consumers of these luxury goods to be the actual owners of the products within the three product categories.

Some research studies concerned with status and conspicuousness recognise the concepts as two separate constructs that are distinct from each other (O’Cass & McEwen, 2006). O’Cass and McEwen’s (2006) study was limiting, based on the fact that they used students for their sample, which was not representative in terms of the broader population. Another limitation of their study was that they only used four brands from two product categories. (O’Cass & McEwen, 2006). In this research study, five brands from three product categories were used.

In the Truong *et al.* (2008) study the status and conspicuousness were seen as two separate, albeit related constructs. The limitations to that particular study were that the population was too limited in terms of age and it was recommended that a broader age category should be set in future research. This current research study addressed this limitation by setting the age from 18 years and older. Older consumers often have more disposable income and therefore they have more access to luxury products. Another limitation to Truong *et al.*’s study (2008) was the geographic location and perceptions of different brands. It is therefore important to take brand selection into consideration. In their study, perceptions of brands differed in various countries, and were different in South Africa, in France and in Australia, where the Truong *et al.*’s (2008) and O’Cass and McEwen’s (2006) studies were completed.

3.2 Research objective 1

Research objective 1: Is there a relationship between status consumption and conspicuous consumption among South African luxury consumers?

This objective was answered by the combined result of the testing of hypotheses 1, 2 and 3:

Product category one: Eyewear

H1_A: There is a positive relationship between status and conspicuous consumption in the South African luxury eyewear market.

H1₀: There is no relationship between status and conspicuous consumption in the South African luxury eyewear market.

Product category two: Fragrances

H2_A: There is a positive relationship between status and conspicuous consumption in the South African luxury fragrance market.

H2₀: There is no relationship between status and conspicuous consumption in the South African luxury fragrance market.

Product category three: Small leather goods

H3_A: There is a positive relationship between status and conspicuous consumption in the South African luxury small leather goods market.

H3₀: There is no relationship between status and conspicuous consumption in the South African luxury fragrance market.

If consumers rate the constructs high on status but low on conspicuousness, it would suggest an important image problem in that consumers perceive the product as visually unattractive and would resultantly not improve the owner's public image (Truong *et al.*, 2008). If there is a lower level of status than conspicuousness for the related product, it

could mean that the brand might appeal to “new luxury markets,” but could potentially be damaged in terms of how status consumers view the brand (Truong *et al.*, 2008, p. 198). It is also important to note that status and conspicuousness can be different in nature in measuring brand prestige within different contexts (Truong *et al.*, 2008, p. 198). Should there be a high correlation between the two, it could result in a positive effect for the brand it was rated on, depending on the brand’s particular strategy (Truong *et al.*, 2008). This could also mean that the two dimensions are a single entity, and a low correlation means that the terms have to be viewed as separate entities, and that individuals can consume certain brands either for status or conspicuously (Truong *et al.*, 2008).

3.3 Research objective 2

Research objective two: Does the relationship between status consumption and conspicuous consumption differ among product categories of luxury brands in the South African market?

Objective two was answered by hypotheses 1, 2 and 3 as stated above. The strength of the relationships were compared by considering the resulting perceptual maps based on the relationship between status and conspicuous consumption for each product category.

3.4 Research objective 3

Research objective 3: What are the strategic implications of the relationship between status and conspicuous consumption for managers in the South African luxury market?

This objective was answered based on the findings of the testing of the above hypotheses. The objective was answered as part of the findings and recommendations section, as it formed part of the management implications of this research.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Research Design

The purpose of this study was to gain a more profound understanding of status and conspicuous consumption within the South African luxury goods market. The research required a quantitative approach, whereby resources were drawn from previous literature, together with findings garnered from questionnaire subjects (Cooper & Schindler, 2014).

The selected survey methodology that was used was questionnaires. The benefits of choosing this method of data collection was that it is low-cost, flexible and an instantaneous method for research to be completed (Zikmund, 2003). The questionnaire included two pre-tests. The six items that were generated in the Truong *et al.* (2008) study were submitted to two consumers for feedback in a subsequent pre-test utilising the proposed questionnaire from the study to ensure that there was no ambiguity and irrelevance to the questionnaire upon administration. Pre-testing according to Zikmund (2003) is typically conducted to answer questions pertaining to the questionnaire such as the following:

- Is the questionnaire format logical and does the layout flow naturally?
- Are respondents able to answer the questions easily and within a reasonable time?
- Which alternative forms of questions work best?

After the pre-tests were completed the feedback confirmed that there was nothing ambiguous, and this can be attributed to the fact that the same questionnaire using different product categories and different brands had been administered previously in the study conducted by Truong *et al.* (2008).

The questionnaire was administered in the form of a self-completion survey (O’Cass & McEwen, 2006, p. 30). The questionnaire measured respondents’ status consumption tendencies and well as their conspicuous consumption tendencies (O’Cass & McEwen, 2006, p. 30). Relevant sample participants were chosen to ensure that good representation as well as breadth of the population was reached (Cooper & Schindler, 2014).

The questionnaire was designed in a manner that asked respondents to rate the brands on a scale of one to ten, according to the six items, namely status, achieve, wealth, prestige, attract and impress. The respondents also rated the brands between one and ten using a method known as Attribute Ratings which utilised Factor Analysis in order to determine perceptual maps, as discussed in Chapter 5. Factor Analysis is a more suitable manner when dealing with dimensions such as determining brand positioning (Truong *et al.*, 2008).

Questionnaires were administered electronically to end-consumers of luxury products who actually own the products. This was done through the placement of a qualifying question at the beginning of the questionnaire where consumers were asked whether or not they are actually owners of luxury goods within the three product categories, namely eyewear, fragrances and small leather goods. Within the context of status consumption, the following aspects were assessed: The extent to which the brand indicates a person's social status; the extent to which the brand is a symbol of achievement; and the extent to which the brand is a symbol of wealth. Under conspicuous consumption, aspects that were assessed included the following: The extent to which the brand is a symbol of prestige; the extent to which the brand attracts attention; and the extent to which a person can use this brand to impress other people (Truong *et al.*, 2008). Table 1 provides a list of questions that were asked regarding status and conspicuousness.

Status	Conspicuousness
1. To what extent can this brand indicate a person's social status?	1. To what extent is this brand a symbol of prestige?
2. To what extent is this brand a symbol of achievement?	2. To what extent does this brand attract attention?
3. To what extent is this brand a symbol of wealth?	3. Can a person use this brand to impress other people?

Table 1: Status and Conspicuousness (Truong *et al.*, 2008)

These items were measured against the three different product categories, namely eyewear, fragrances and small leather goods within the five different luxury brands.

4.2 Brand selection

The chosen luxury brands were Guess, Gucci, Montblanc, Burberry and Cartier (see Table 2 below). The questionnaires was disseminated to 10 000 different respondents, in order to obtain the targeted 200 respondents. The brands selected in this study were adapted from O’Cass and Frost (2004), who conducted an exploratory study of status consumption and conspicuous consumption tendencies.

Eyewear	Fragrances	Small Leather Goods
Guess	Guess	Guess
Gucci	Gucci	Gucci
Montblanc	Montblanc	Montblanc
Burberry	Burberry	Burberry
Cartier	Cartier	Cartier

Table 2: Selected brands within the product categories

There were five brands within the three different product categories. Only the brand names that are available in South Africa were included to ensure that there was sufficient awareness of the brand names within the geographical area. Lower market brands were also included in order to provide a point of comparison, so that the brands were not only measured with other luxury brands, and to ensure that the point of distance between brands can be measured (Truong *et al.*, 2008).

The questionnaire requested respondents to rate the brands on a scale of one to ten according to the five items. The questionnaire was designed in a manner that was easy for respondents to comprehend; it was also condensed to make the most effective use of the respondents’ time. The initial time taken to complete the questionnaire was ten minutes and it was deemed appropriate and not too time consuming. A ten-point Likert-type rating scale was used with a rating from one to ten. No feelings were attached to the ten points to refrain from creating bias. The rating was essentially numerical, where one was the highest and ten was the lowest rating. This was done in order to emulate Truong *et al.*’s (2008) study, where they attempted to reduce the tendency of respondents’ answering “strongly agree” or “strongly disagree.” This method used factor analysis to determine the variability between respondents (Truong *et al.*, 2008, p. 194). The factor loadings that were considered included prestige, status, achievement, attraction, wealth and impression (Truong *et al.*, 2008, p. 196).

Items generated were deemed personal and private in nature, and therefore treated as such (Truong *et al.*, 2008). In selecting a questionnaire as a form of data collection anonymity of respondents was also offered. The data was kept confidential on an electronic database, to ensure privacy of those to whom the questionnaire was administered. This method also allowed consumers to be open as they were answering anonymously, as the questionnaire allowed for confidentiality on a voluntary basis. A possible shortfall of this method could have been that respondents misunderstood the questions, or that they simply ignored or forgot to complete the questionnaire.

The categories, namely eyewear, fragrance and small leather goods, were selected on the basis that they are all entry-level products to most luxury brands. Most South African consumers are not able to afford true luxury, which enabled the selection of these specific categories. This study only considered the upper middle class segment of the South African consumer market, which means that these individuals were not typically consumers of true luxury brands. In order to understand the future luxury consumers, as well as to determine the luxury products that these consumers currently consume, this research was critical to expand to the literature concerning this topic.

All five brands in the study, namely Guess, Gucci, Montblanc, Burberry and Cartier, were selected on the basis that they are available to South African consumers. These brands also all fit within the product categories namely eyewear, fragrances and small leather goods. South Africa does not have many freestanding luxury goods shops, and the companies with the most stature within the country were those selected for this particular research study (Euromonitor International, 2014). These brands are mostly found in areas such as Cape Town, Durban and Johannesburg, which are the three largest cities of South Africa by population (World Population Review, 2014). This means that the bulk of the South African population has access to these brands, as many individuals travel to those cities for shopping requirements. All the abovementioned brands also have standalone stores in the country, and are also sold through wholesale boutiques, creating sufficient brand awareness in South Africa.

The five brands that were selected are well-known luxury goods brands, as they all operate on an international scale. Price was also used as a significance indicator in terms of positioning prestige for a product or brand (Nueno & Quelch, 1998, Vigneron & Johnson, 2004 cited in Truong *et al.*, 2008). Cartier is the most expensive of the five brands due to the nature of products that are retailed, such as jewellery and watches, followed by Gucci, Burberry, Montblanc and lastly Guess, being very low in price compared to the other four brands. Guess in this case has been included as the lower

market brand, even though it is still considered a premium brand, due to the fact that most luxury goods studies do not include the measurement of a lower market brand (Truong *et al.*, 2008). This is due to the fact that most researchers find lower market brands to be irrelevant when measuring prestige. It was decided to include one lower market brand into the study as a point of comparison of the other four brands, and to determine whether or not there is a distance between a lower market brand and high market brands within the South African luxury goods market (Truong *et al.*, 2008).

Brand	Specialisation
Guess	Clothing, Accessories, Fashion, Fragrances
Gucci	Clothing, Accessories, Fashion, Fragrances
Montblanc	Stationary, Accessories, Fragrances
Burberry	Clothing, Accessories, Fashion, Fragrances
Cartier	Jewellery, Watches, Accessories, Fragrances

Table 3: Selected brands and specialisation

4.3 Unit of analysis

The unit of analysis used for this study were the individuals' scores in terms of the abovementioned hypotheses after the results from the questionnaires were analysed.

4.4 Population

The population included consumers of entry-level luxury goods based in South Africa. Luxury goods in this case included the brand names of international luxury goods companies that currently operate within South Africa. While there are many newcomers in the luxury goods market, this particular research study only analysed consumption of well-established luxury brand houses. The sample that was used in this study was 200 diversely selected aspirational consumers (n=200) of the different luxury brand houses.

The study considered consumers within the emerging middle class of South Africa. This group was selected based on the following criteria:

- They have already accumulated the basic luxury items such as sunglasses, perfumes and small leather goods.
- They consume other goods at a predominantly high street level, but never entry level.
- There has to be a propensity to aspire to more, for example a consumer will mention that they desire an item that is of more value than what they currently have.

The study used respondents who are between 18 and 65 years of age, to ensure that there is a reasonable age gap between them so that within-sample heterogeneity did not affect the results of the study (Truong *et al.*, p. 194).

4.5 Sampling method and size

The type of sampling that was used was non-probability sampling that is arbitrary and subjective (Cooper & Schindler, 2014). The method of sampling that was employed was purposive sampling; due to the fact that respondents conformed to the criteria established above and that they were representative of the population (Cooper & Schindler, 2014).

The sample size that was considered was 200 respondents. Dispersion in location was also used to reduce unforeseen biases, and the number of respondents is deemed sufficient for this study, as a suggested minimum for all studies (Barrett & Kline, 1981, cited in Truong *et al.*, 2008).

4.6 Data gathering

A relatively large number of consumer responses were required for this study in order to test the validity of the hypotheses. Due to this a large number of questionnaires were disseminated to obtain the desired response rate. Data was gathered by administering a questionnaire to subjects who were classified as part of the population group. The questionnaires were sent out to respondents via electronic mail, and they were asked to complete the questionnaire online. This was the most cost effective and fastest rate at which the data could be collected. The data collection was outsourced to iFeedback

Consulting Services, a reputable marketing research firm who assisted with the emailing of the questionnaires to their database. The number of questionnaires that were sent out was 10 000, in order to obtain the desired response rate of 200 respondents. The data was collected from 1 September 2014 up to and including 12 September 2014, thereby ensuring a data collection period of two weeks.

4.7 Data analysis

This study made use of a Factor Analysis, based on an exploratory study of status consumption and conspicuous consumption tendencies by O’Cass and McEwen (2006). The analysis included a sample adequacy test and whether the overall correlations were significant (Truong *et al.*, 2008, p194). The variances were analysed in terms of the three product categories and the variances within each category. The Cronbach’s alpha was also used in order to indicate reliability between the measured items. The research made use of perceptual mapping where brands were measured on the levels of high status *versus* low status (*y-axis*), and conspicuous *versus* inconspicuous (*x-axis*) (Truong *et al.*, 2008, p. 195).

4.8 Research limitations

The research was limited due to the fact that luxury brands are not sufficiently infiltrated in the retail sector of South Africa when compared to other emerging markets, such as China, and therefore the same levels of brand awareness do not yet exist. There is not currently much variety within the country, and many consumers are not familiar with the brands and their brand heritage. South Africa is also relatively new to international brands due to the fact that many only infiltrated post-1994, once Apartheid had ended.

Another limitation was that the number of brands that were studied could have been inadvertently restricting on the study, as the results could be skewed towards certain brands only. An improvement would be to study more brands by having five entry-level luxury brands (such as Guess) and five well-established luxury brands (such as Burberry) and then a vigorous comparison of the consumer respondents’ feedback could be undertaken. This would add to the perceptual mapping and would create greater clarity on whether there truly is a difference between status and conspicuousness.

Another limitation was evident due to the research approach that was selected. A qualitative, exploratory research could have been more beneficial, due to the fact that the idea of status and conspicuous consumption of luxury brands within South Africa is a fairly new concept (Chipp *et al.*, 2011). A qualitative approach would have assisted in gaining more information regarding whether or not consumer respondents were actually familiar with the brands and the different products, as opposed to merely answering the questions based on a Likert-type scale of one to ten. Images of products and brands could also assist in creating more clarity for the respondents.

Another limitation of this research was the fact that respondents of the questionnaires were 75.8% male, which could have skewed the data. For future research, a target of 50% male and 50% female respondents should be targeted, as this is more reflective of the actual population.

The targeted sample size for this study was determined to be 200 respondents to obtain reliable data. According to Truong *et al.* (2008) the target should be 200 respondents as the recommended sample size. This was ideal in order to complete a proper Factor Analysis, with the common rule that states that for every 20 questionnaires sent out, one will be completed correctly. The sample size in this study was however decreased from 200 to 120, as 80 respondents were not owners of luxury goods, excluding them as members of the consumer group of luxury goods for the purpose of this study. Time constraints unfortunately did not allow for the collection of further data for this study. However, it is recommended that a sample size of 200 be used for future research.

A further limitation of the study was that it did not utilise surveys. These could have been completed in order to determine sufficient awareness in South Africa for each brand. This would assist in obtaining more reliable data.

4.9 Conclusion

Chapter 4 explained the research methodology that was used for this study. The Research design was set out in terms of how conspicuous- and status consumption was measured within the five brands and three product categories. The brand selection methods were also explained in terms of what the reasoning behind measuring these five brands was. The unit of analysis, populations, sampling method and size, data gathering and analysis were also discussed. The section was concluded by discussion

of some of this study's research limitations. In the following section the research results are discussed.

CHAPTER 5: RESEARCH RESULTS

5.1 Introduction of results

This chapter presents the results from the administered research questionnaires. The results that are reported consist of three factor analyses; essentially there exists one analysis for each product category, namely eyewear, fragrances and small leather goods within the five respective brands. Perceptual maps were also created to visually present the coordinates of each brand with regard to conspicuousness and status and whether these are high or low in terms of the two constructs.

5.2 Sample description

The following section describes the sample of respondents that were garnered for this study.

5.2.1 Sample statistics

Specific statistics of the sample are initially considered:

5.2.1.1 Response rate

Item	Frequency	Percentage
Luxury goods consumers	120	60%
Not luxury goods consumers	80	40%
Total	200	100%

Table 4: Response rate

A total number of 10 000 questionnaires were sent out via electronic mail, in order to obtain a response from 200 respondents. The responses were collected over a two-week period. From the 200 respondents who completed the questionnaire, 120 respondents (60%) were actually consumers of luxury goods (either eyewear, fragrances or small leather goods). The remaining 80 respondents (40%) were not consumers of luxury goods, and were therefore prompted by the questionnaire's software not to complete the questionnaire.

5.2.1.2 Gender

Item	Frequency	Percentage
Male	91	75.8%
Female	29	24.2%
Total	120	100%

Table 5: Gender

Figure 1: Gender

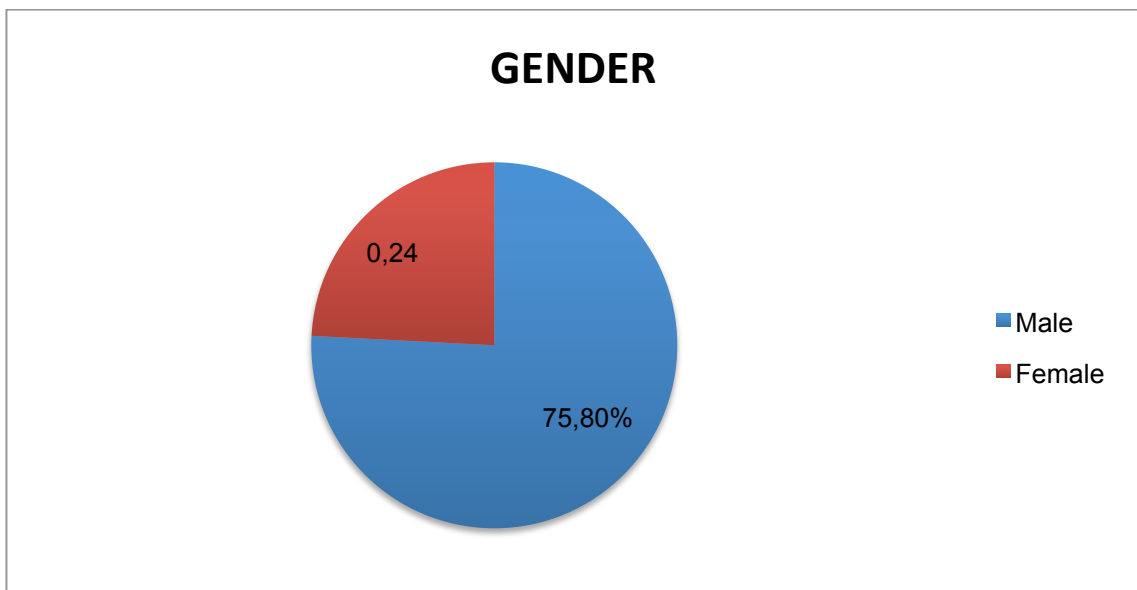


Figure 1 above displays the percentage classification of the distribution of the respondents according to gender. Females represented 24.17% of the respondents and males represented 75.83% of the respondents.

5.2.1.3 Nationality

Item	Frequency	Percentage
South African	116	96.7%
Other	4	3.3%
Total	120	100%

Table 6: Nationality

Figure 2: Nationality

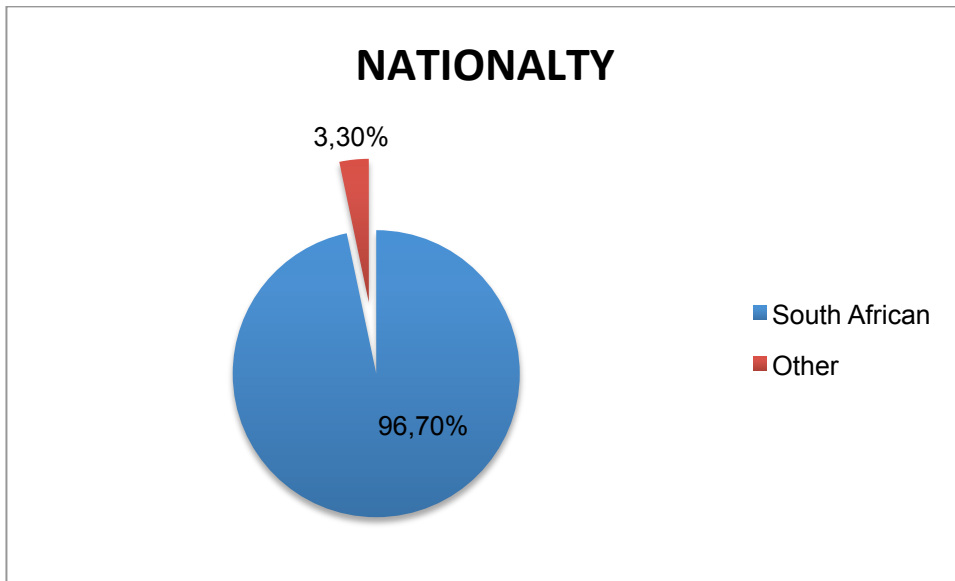


Figure 2 illustrates the analysis of the percentage of the distribution of the respondents according to nationality. South Africans represent 96.67% of respondents and foreigners represent 3.33% of respondents.

5.2.1.4 Ownership of luxury goods

Table 7: Ownership of luxury goods

Item	Frequency	Percentage
Sunglasses	35	29.2%
Fragrances	30	25%
Small leather goods	46	38.3%
Other	9	7.5%
Total	120	100%

Figure 3: Ownership of luxury goods

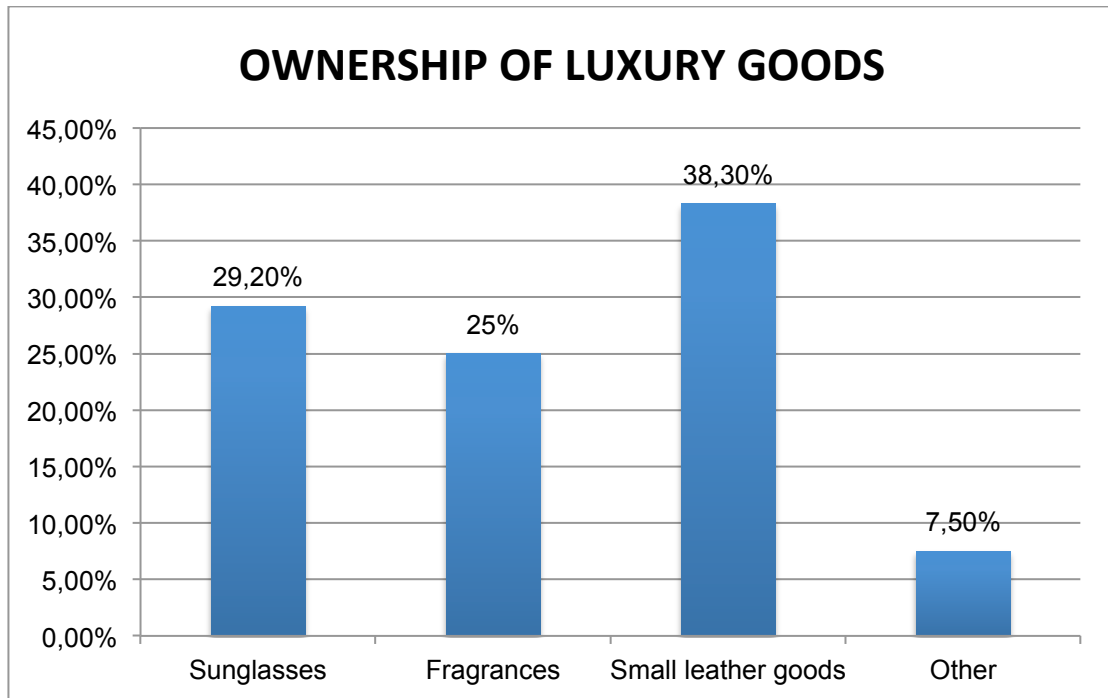


Figure 3 expresses that of those respondents who own luxury goods, 29.17% own sunglasses, 25% own fragrances, 38.22% own small leather goods (SLG) and 7,5% own other types of luxury goods.

5.2.2 Reliability

Reliability analysis was performed to determine the reliability of the questionnaire. Cronbach's alpha reliability coefficient was used to measure internal consistency of the items. Cronbach's alpha reliability coefficient normally ranges between 0 and 1. George and Mallery (2002) provided the following generalisable rules: "> 0.9 – excellent, > 0.8 – good, > 0.7 – acceptable, > 0.6 – Questionable, > 0.5 – Poor and < 0.5 – unacceptable". Good internal consistency is indicated by a high value of the alpha on the scale items.

Table 8: Eyewear

Construct	Cronbach's alpha
Guess	0.963
Gucci	0.970

Montblanc	0.981
Burberry	0.983
Cartier	0.988
Total of all 30 items used in 5 eyewear constructs	0.980

The above results indicate that the scores of the five constructs representing each brand of eyewear are all good (George & Mallery, 2002). This confirms internal consistency of the items demonstrating the constructs. The total Cronbach's alpha (in bold) on all the eyewear items is 0.980, which indicates a high level of internal consistency.

Table 9: Fragrances

Construct	Cronbach's alpha
Guess	0.985
Gucci	0.986
Montblanc	0.985
Burberry	0.983
Cartier	0.989
Total of all 30 items used in 5 fragrances constructs	0.988

The above results indicate that the scores of the five constructs representing each brand of fragrances are all good (George & Mallery, 2002). This demonstrates internal consistency of the items signifying the above constructs. The total Cronbach's alpha (in bold) of all the fragrance items is 0.988, which indicates a high level of internal consistency.

Table 10: Small Leather Goods

Construct	Cronbach's alpha
Guess	0.983
Gucci	0.986
Montblanc	0.989
Burberry	0.987
Cartier	0.991
Total of all 30 items used in 5 small leather goods constructs	0.985

The above results indicate that the scores of the five constructs representing each brand of small leather goods are all good (George & Mallery, 2002). This affirms internal consistency of the items that represent the above status and conspicuousness. The total Cronbach's alpha (in bold) for all the small leather goods items is 0.985, which indicates a high level of internal consistency.

5.2.3 Sample Adequacy

The sample adequacy test analyses the data by means of KMO and Bartlett's Test (requiring a significance level of 0.05 in order to ensure that the correlation matrix for each product category is not an identity matrix), meaning that there are correlations in the data set that are appropriate for factor analysis).

The results for each product category are presented in Tables 11, 12 and 13 below.

Table 11: KMO and Bartlett's Test for eyewear

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.915
Bartlett's Test of Sphericity	Approx. Chi-Square	1202.702
	Df	15
	Sig.	0.000

Table 12: KMO and Bartlett's Test for fragrances

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.909
Bartlett's Test of Sphericity	Approx. Chi-Square	1472.284
	Df	15
	Sig.	0.000

Table 13: KMO and Bartlett's Test for small leather goods

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.902
Bartlett's Test of Sphericity	Approx. Chi-Square	1498.647
	Df	15
	Sig.	0.000

In consideration of the abovementioned data it can therefore be concluded that in all three product categories, there is sufficient evidence that the correlation matrix is not an identity matrix. This means that there are correlations in the data set that meet the requirements and are appropriate for factor analysis.

A common rule suggests that a Kaiser-Meyer-Olkin Measure of Sampling Adequacy score of above 0.5 is adequate. The KMO score of the eyewear is 0.915, fragrances is 0.909 and small leather goods is 0.902, implying the data collected is likely to factor well.

5.2.4 Variance

5.2.4.1 Eyewear

Table 14: Principal component analysis for eyewear

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.418	90.305	90.305	5.418	90.305	90.305
2	.313	5.219	95.524			
3	.086	1.440	96.964			
4	.072	1.202	98.165			
5	.059	.975	99.141			
6	.052	.859	100.000			

A factor analysis was performed using the Mineigen Criterion, which ensures one factor shall be retained. Only components with eigenvalues above one will be retained, and eigenvalue of less than one results in less variance. For this reason, the total variance of one factor is 90.305%.

Since one component was extracted, the solution cannot be rotated. Therefore, eigenvalues after rotation cannot be produced.

5.2.4.2 *Fragrances*

Table 15: Principle Component Analysis for fragrances

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.606	93.438	93.438	5.606	93.438	93.438
2	.185	3.086	96.524			
3	.091	1.518	98.042			
4	.066	1.100	99.142			
5	.038	.640	99.782			
6	.013	.218	100.000			

A factor analysis was performed. According to Mineigen Criterion, one factor shall be retained. As per the Mineigen Criterion as above, of one factor as shown is 93.438%.

Since one component was extracted, the solution cannot be rotated. Therefore, eigenvalues after rotation cannot be produced.

5.2.4.3 *Small leather goods*

Table 16: Principal Component Analysis for small leather goods

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.632	93.870	93.870	5.632	93.870	93.870
2	.190	3.161	97.031			
3	.071	1.183	98.214			
4	.054	.904	99.118			
5	.036	.602	99.720			
6	.017	.280	100.000			

A factor Analysis using the Mineigen Criterion was performed, which ensures that one factor will be retained. Only components with eigenvalues above one will be retained, and those that are less than one results in less variance. The total variance as shown by the above table is 93.870%.

Since one component was extracted, the solution cannot be rotated. Therefore, eigenvalues after rotation cannot be produced.

5.2.5 Factor loadings

5.2.5.1 Eyewear

Table 17: Component Matrix for eyewear

Item	Component
Status_E	.969
Achieve_E	.895
Wealth_E	.962
Prestige_E	.974
Attract_E	.953
Impress_E	.947

The extraction method that was used was Principal Component Analysis. The above table shows that all six items for the eyewear category scored very high on one component.

It was hypothesised that:

H1_A: There is a positive relationship between status and conspicuous consumption in the South African luxury eyewear market.

H1₀: There is no relationship between status and conspicuous consumption in the South African luxury eyewear market.

Since all the factor loadings were significantly high in the eyewear category, H1₀ is rejected.

5.2.5.2 *Fragrances*

Table 18: Component Matrix for fragrances

Item	Component
Status_F	.976
Achieve_F	.938
Wealth_F	.984
Prestige_F	.989
Attract_F	.960
Impress_F	.952

The extraction method that was used was Principal Component Analysis. The above table shows that all six items for the fragrances category scored very high on one component.

It was hypothesised that:

H2_A: There is a positive relationship between status and conspicuous consumption in the South African luxury fragrance market.

H2₀: There is no relationship between status and conspicuous consumption in the South African luxury fragrance market.

Since all the factors load significantly high in the fragrances category, H1₀ is rejected.

5.2.5.3 *Small leather goods*

Table 19: Component Matrix for small leather goods

Item	Component
Status_S	.974
Achieve_S	.954
Wealth_S	.978
Prestige_S	.982
Attract_S	.965
Impress_S	.959

The extraction method that was used was Principal Component Analysis. The above table shows that all six items for the small leather goods category scored very high on one component.

It was hypothesised that:

H3_A: There is a positive relationship between status and conspicuous consumption in the South African luxury small leather goods market.

H3₀: There is no relationship between status and conspicuous consumption in the South African luxury fragrance market.

Since all the factors load significantly high in the small leather goods category, H3₀ is rejected.

As all the factors load highly across the three product categories, the indication is that there is little differentiation among consumers in terms of status and conspicuousness. Therefore, a strong relationship between the two constructs for all the product categories exists.

5.2.6 Perceptual maps

Perceptual maps were produced by calculating the average scores on the Likert Scales of each factor that rated the conspicuousness or status from one to ten. These results were then used as coordinates for each brand, and were two-dimensional, as status

and conspicuousness were the two dimensions that ranked either high or low. Positions on the maps indicated the perceived status or perceived conspicuousness of each brand within each product category, according to the questionnaire completed by the respondents (Truong *et al.*, 2008).

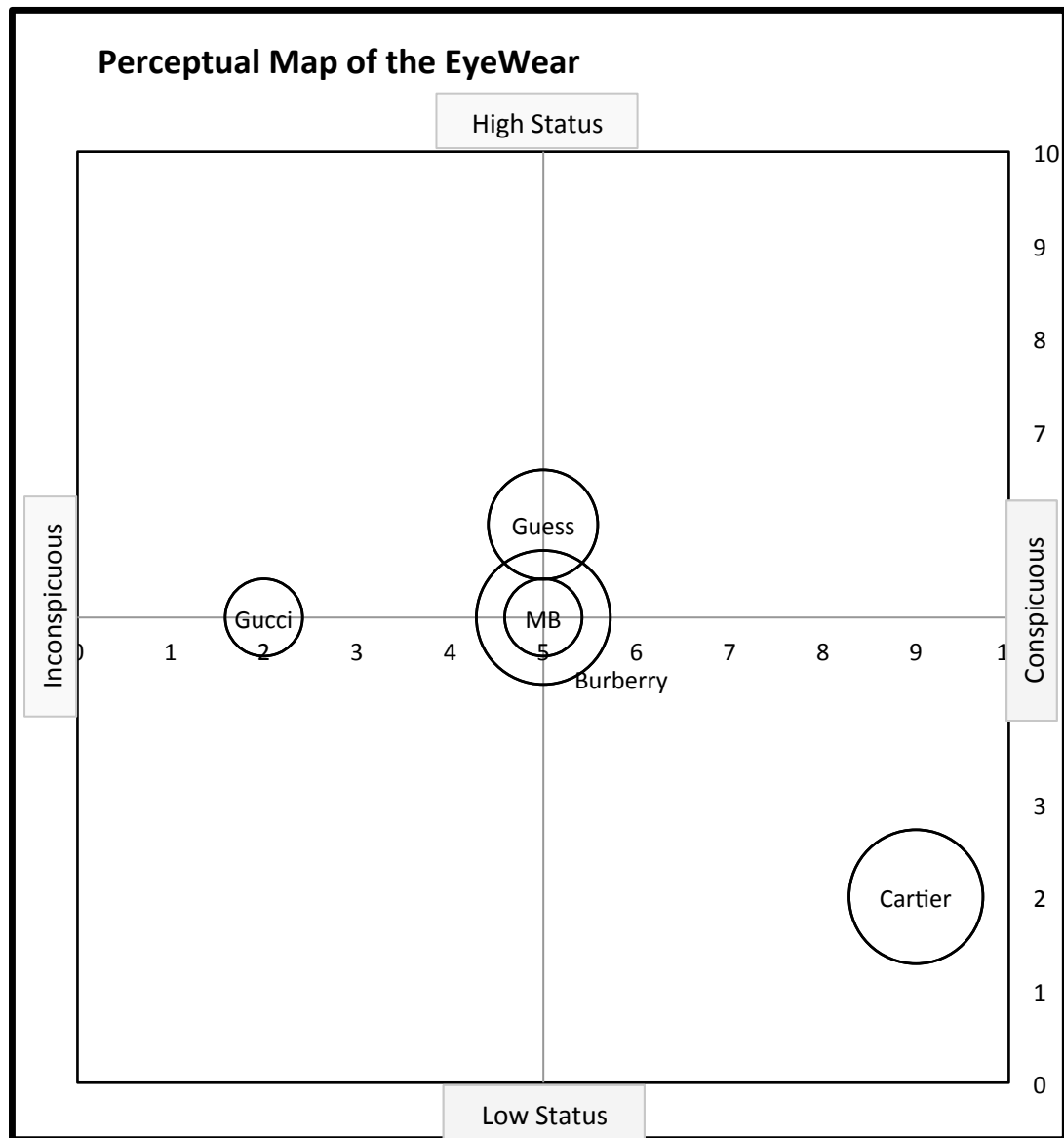
5.2.6.1 Eyewear

Table 20: Eyewear constructs

EYEWEAR	CONSPICUOUS	STATUS
Guess	5	6
Gucci	2	5
Montblanc	5	5
Burberry	5	5
Cartier	9	2

In Figure 4, the perceptual map of eyewear, Guess eyewear ranked higher on status than on conspicuousness. Montblanc and Burberry eyewear were equivalent in the rankings of both status and conspicuousness, whereas the conspicuousness of Gucci was ranked much lower than status. From all eyewear brands considered, Cartier was the most conspicuous and Gucci was the least conspicuous. Guess eyewear ranked highest on status and Cartier eyewear ranked the lowest.

Figure 4 Perceptual map of eyewear



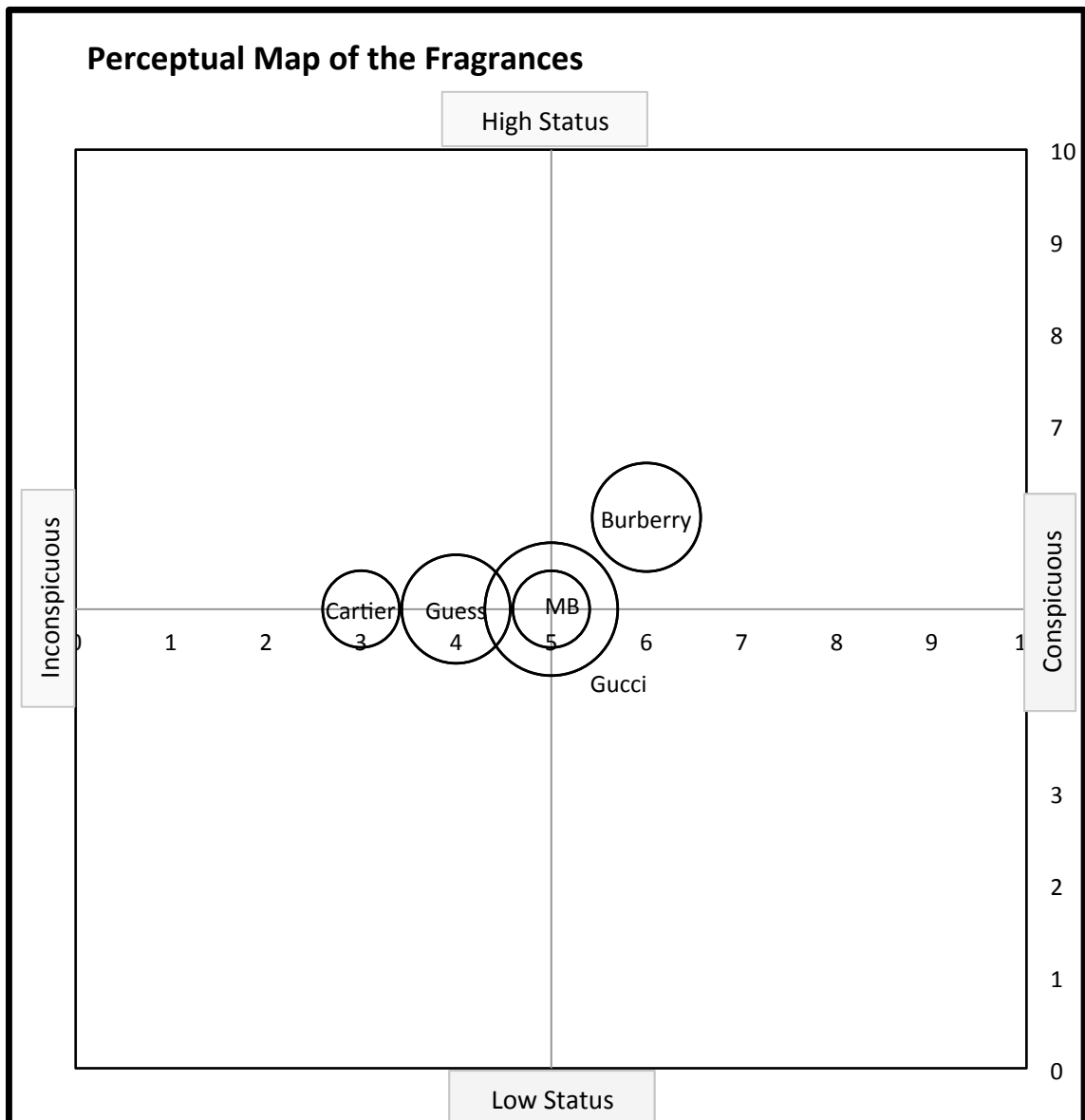
5.2.6.2 *Fragrances*

Table 21: Fragrances constructs

FRAGRANCES	CONSPICUOUS	STATUS
Guess	4	5
Gucci	5	5
Montblanc	5	5
Burberry	6	6
Cartier	3	5

In Figure 5, the perceptual map of fragrances, Guess's conspicuousness was ranked lower than its' status. Montblanc and Gucci had equivalent rankings for both status and conspicuousness. The conspicuousness of Cartier fragrances were ranked much lower than the products' status, and both the conspicuousness and status of Burberry fragrances were highly ranked. Of all the brands that were examined, Burberry fragrances were ranked as the most conspicuous, while Cartier fragrances were classified as the least conspicuous. Burberry fragrances were ranked highest in terms of status, followed by Guess, Gucci, Montblanc, and Cartier fragrances which were all ranked equally in terms of status on the perceptual map.

Figure 5: Perceptual map of fragrances



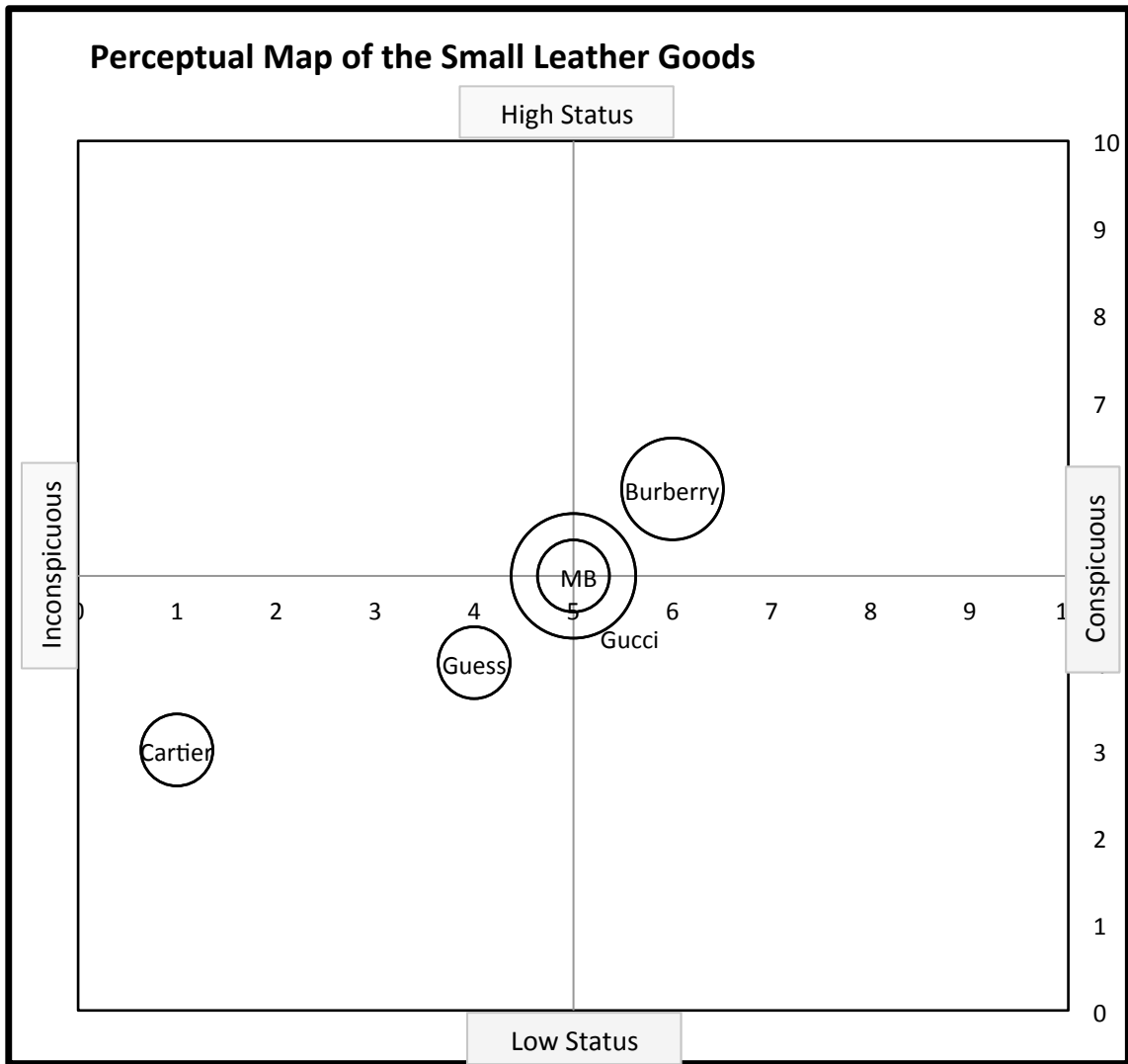
5.2.6.3 *Small leather goods*

Table 22: Small leather goods constructs

SMALL LEATHER GOODS	CONSPICUOUS	STATUS
Guess	4	4
Gucci	5	5
Montblanc	5	5
Burberry	6	6
Cartier	1	3

In Figure 6, the perceptual map of small leather goods, both Guess's conspicuousness and status ranked low. Montblanc and Gucci attained equivalent rankings on both status and conspicuousness within the category of small leather goods. Cartier small leather goods ranked low on status, while Cartier's conspicuousness was classified even lower. Burberry's small leather goods were highly ranked, with equivalent rankings for status and conspicuousness.

Figure 6: Perceptual map of small leather goods



The perceptual maps indicate that there is indeed a difference in the degree of status and conspicuousness for the same brand across different product categories. Furthermore, the use of perceptual maps made it evident that consumers discriminate between the level of status and conspicuousness on both a brand and product level, albeit very slightly. All these visual examples affirm that there is a slight difference between perceived status and perceived conspicuousness in relation to different brands and different product categories.

5.3 Conclusion

This chapter presented the results of the research questionnaire regarding the level of

status and conspicuousness perceived by consumers within the emerging South African luxury goods market. The respondents' demographic profiles were initially presented and these included descriptive statistics such as response rates, gender, and nationality and whether or not the respondent was actually an owner of any luxury goods. This was followed by an examination of the reliability of the data, which included the measurement of the Cronbach's alpha. Following this, sample adequacy tests were performed, namely the Kaiser-Meyer-Olkin Measure of Sampling Adequacy, Bartlett's Test of Sphericity, and an approximation on a Chi-Square test, which resulted in an adequate data set for Factor Analysis.

Variance and Factor Loadings across all three product categories were completed, which proved that all the null hypotheses were rejected across all three hypotheses. This was followed by a visual representation of the results by the means of perceptual maps, which indicated that there is a slight difference between perceived status and perceived conspicuousness in relation to different brands and different product categories.

Chapter 6 explores the abovementioned results in greater detail.

CHAPTER 6: DISCUSSION OF RESULTS

In this chapter the various research questions are discussed in greater depth, based on the findings from Chapter 5. The three research objectives and their relevant hypotheses that were formulated in Chapter 3 were discussed during the analysis of the results. Conclusions of each hypothesis are also discussed, and the findings are related to the literature discussed in Chapter 2.

The initial research questions included the following:

Research objective 1: Is there a correlation between status consumption and conspicuous consumption among South African luxury consumers?

Research objective 2: Does the relationship between status consumption and conspicuous consumption differ among product categories of luxury brands in the South African market?

Research objective 3: What are the strategic implications of the relationship between status and conspicuous consumption for managers in the South African luxury market?

6.1 Demographics of respondents

As indicated in Chapter 5, the response rate of consumers was 2% of the 10 000 questionnaires that were disseminated via electronic mail. From the 200 respondents, only 60% were actually consumers of luxury goods (120 consumers). The remaining 40% of the respondents' (60 consumers) data was not used as part of this study as they were not consumers of luxury goods. This reality meant that the number that was part of the study was much smaller than initially expected. However, it was critical that those respondents were excluded as the study only considered consumers of luxury goods who are aspirational. According to Truong *et al's* (2008) study a sample of 200 respondents should be optimal for this kind of research. According to O'Cass and McEwen (2006) and O'Cass and Frost (2002), a sample of 315 respondents is necessary for research on status and conspicuousness. The size of the respondent sample is an important factor to consider, as the smaller number of respondents may cause the results to be slightly skewed when performing the factor loadings.

Table 4 provided the demographic profile of all consumer respondents. The research

indicated that the majority of respondents were males (75.8%). This could be attributed to the fact that the business database had more male than female contact details. From the 120 respondents, 29 (24.2%) were female; this could be a factor that affected the data and should be examined the findings are analysed. According to O’Cass and McEwen (2006) women are more likely to use clothing and apparel to tell others who they are and to display the amount of status they enjoy. It could therefore be said that males and females use products for different reasons and possess differing attitudes towards products and brands.

Out of the 120 respondents, 96.7% (116 respondents) were South African nationals. The remaining 3.3% (4 respondents) were from countries other than South Africa, but currently live in South Africa. All responses were kept confidential for purpose of this study, as they are consumers within the South African emerging market. This was a requirement formulated in Chapter 4.

Of the 120 respondents, 46 (38.3%) were owners of small leather goods, which made them the largest consumer group of this study. This was followed by eyewear, which had 35 respondents (29.2%) and fragrances, which had 30 respondents (25%). The number of respondents that had other luxury goods was 9 (7,5%). It is possible to conclude that most luxury goods consumers in the South African emerging market are owners of small leather goods, but this could be attributed to the fact that it is a much larger product category than eyewear of fragrances due to the variety of products available.

6.2 Results for research question one

Is there a relationship between status consumption and conspicuous consumption among South African luxury consumers?

This objective was indirectly answered by the testing of hypotheses one, two and three:

In discussion of the results of objective one, this objective considers the South African luxury goods market holistically, containing all three product categories. The findings for objective one were examined from the Factor Analysis that was completed in Chapter 5.

6.2.1 Factor loadings on eyewear

When considering the component matrix for eyewear it was evident that all factors were heavily loaded. All six items (status, achieve, wealth, prestige, attract, impress) were consistently classified within the 90th percentile. The only factor that was slightly lower was *achieve* with a score of 0.89, which is still strong. This rating affirms that the eyewear component for luxury goods in the South African market is slightly more concerned with conspicuousness than with status. Due to the fact that all factors were strong in relation to the Principal Component Analysis, it can be concluded that there is a strong correlation between status and conspicuousness within the luxury eyewear market and hence H1o was rejected. This is contrary to the literature mentioned in Chapter 2, regarding the relationship between status and conspicuous consumption (O’Cass & McEwen, 2006; O’Cass & Frost, 2002; Truong *et al.*, 2008). This contradiction is explained in the discussion component of this section, namely Section 6.2.4.

6.2.2 Factor loadings on fragrances

When considering the component matrix for fragrances it became evident that all factors were heavily loaded. All six items (status, achieve, wealth, prestige, attract, impress) were consistently loaded in the 90th percentile. The only factor that was slightly lower was *achieve* with 0.93, which is still strong. This result indicates that the fragrance component for luxury goods in the South African market is slightly more concerned with conspicuousness than with status, but not enough to be a valid conclusion in comparison to eyewear. Due to the fact that all factors were strong when the Principal Component Analysis was performed, it can be concluded that there is a strong correlation between status and conspicuousness within the luxury fragrance market and H2o was thus rejected. This again is contrary to the literature mentioned in Chapter 2 with reference to the relationship between status and conspicuous consumption (O’Cass & McEwen, 2006; O’Cass & Frost, 2002; Truong *et al.*, 2008). This contradiction is explained in the discussion component of this section, namely Section 6.2.4.

6.2.3 Factor loadings on small leather goods

When the component matrix for small leather goods was considered, it became evident that all factors were heavily loaded. All six items (status, achieve, wealth, prestige, attract, impress) were consistently loaded in the 95th percentile. Therefore, it can be

concluded that there is a strong correlation between status and conspicuousness within the luxury small leather goods market and H3o was thus rejected. This also proved contrary to the literature discussed in Chapter 2 regarding the relationship between status and conspicuous consumption (O’Cass & McEwen, 2006; O’Cass & Frost, 2002; Truong *et al.*, 2008). This contradiction is explained in the discussion component of this section, namely Section 6.2.4.

6.2.4 Discussion

It is possible to conclude that the factor loadings of all three product categories demonstrated that respondents were not able to distinguish between status and conspicuousness of the different brands, and there is a strong positive relationship between status and conspicuousness of all product categories from the consumers’ viewpoints.

In consideration of the Cronbach’s alphas that were completed in Chapter 5, all items regarding status and conspicuousness were above 0.90 across all product categories, which affirms that there is a very high level of reliability in the data.

The reason for this could be that the studies (O’Cass & McEwen, 2006; O’Cass & Frost, 2002; Truong *et al.*, 2008) from the literature were completed in developed markets, namely France and Australia, whereas this current study’s results reflect an emerging market. This potentially means that consumers in this market are not yet able to establish or discriminate between status and conspicuousness as two separate but related constructs. The market for luxury goods is relatively young in South Africa; whereas the markets of the other developed countries are very mature. However, this does not mean that there are not any consumers within the borders of South Africa who are unable to discriminate between the two, but rather that this is the case for the upper middle class income segment of the country.

While the concepts of status and conspicuousness are two different constructs, in the South African luxury goods market these are highly correlated in terms of contextually measuring brand prestige. This could perhaps mean that the luxury goods industry is not yet as established in South Africa as in other more developed countries where there is a definite distinction between status and conspicuousness. It is also necessary to emphasise that while these consumers are part of the upper middle class, they still do not have access to a large amount of disposable income, in comparison to consumers in other larger luxury markets such as Europe and Hong Kong. These

consumers typically have and are probably consuming on status-conferring consumption in order to reduce their level of dissatisfaction they feel with their current level of possessions, as is mentioned in Chapter 2 regarding conspicuousness and the effect of it on the lower income market (Ordabayeva & Chandon, 2011). When luxury goods are considered, these consumers are likely to consume for both status and conspicuousness in that they consider both internal and external factors when evaluating each product within each brand, and determining what these will say about them.

It is becoming more apparent that brands are perceived to be an important aspect that is considered when creating an identity; brands offer a sense of achievement and identification for consumers (O’Cass & McEwen (2006). It is evident from the research that the infiltration of luxury brands into South Africa has led to consumers who are increasingly aware of these brands and what they represent as well as the characteristics that these products attribute to the owner. As previously mentioned in Chapter 1, the developing market consumers seek expression through acts of conspicuous consumption, despite the pressure that there is on them to be frugal. South Africa’s society is also one of collectivism, which could be part of the reason for consumers’ disregard for the differences between conspicuousness and status; consumers rather seen as a similar construct in the eyes of the consumers.

In consideration of the abovementioned findings, status and conspicuousness are inherently the same phenomena. As previously mentioned in Chapter 2, according to Kilsheimer (1993 pp. 341) status consumption is the “motivational process by which individuals strive to improve their social standing through the conspicuous consumption of consumer products that confer and symbolise status, both for the individual and surrounding significant others”. When this statement is considered in light of the findings of this current research study, it is possible to conclude that there is a relationship between status and conspicuousness and that the two are relatable concepts, in that the one contrast defines the other. This however does not mean that that the two constructs are the same (O’Cass & McEwen, 2006; O’Cass & Frost, 2002; Truong *et al.*, 2008).

In summary of this discussion, it is possible to conclude that there is a strong positive relationship between status consumption and conspicuous consumption among South African luxury consumers, but that the two remain separate constructs in theory.

6.3 Results for research objective two

Does the relationship between status consumption and conspicuous consumption differ among product categories of luxury brands in the South African market?

Objective two was answered by considering the perceptual maps provided in Figures four, five and six in Chapter 5.

6.3.1 Product category one: Eyewear

6.3.1.1 Guess eyewear

The status of Guess eyewear ranked higher than the construct of conspicuousness. This suggests a weakness regarding the brand perceptions of customers in terms of being visually attractive and capable of improving the owner's image; these facets are extremely important for a brand such as Guess in the South African market. Interestingly, Guess's status ranked higher than any of the other brands, even Cartier, which is a brand that is traditionally more prestigious and symbolic of wealth.

6.3.1.2 Gucci eyewear

Gucci eyewear ranked much lower regarding conspicuousness than the other brands, which is unusual; even so, Gucci's status was still highly ranked. This means that South African consumers believe that Gucci eyewear is not a symbol of prestige, and by wearing the product it will not attract attention or impress other people, yet it is still viewed as a relatively status-giving product.

6.3.1.3 Montblanc eyewear

Montblanc eyewear was viewed to be equally as conspicuous and status-giving. This classification presents a good degree of equilibrium for the brand, as it represents that the product is correctly targeted within the market, and consumers see it as status-giving object.

6.3.1.4 Burberry eyewear

Burberry eyewear was viewed to be equally as conspicuous and status-giving. This classification denotes a sound equilibrium for the brand to harness, as it represents

that the product is correctly targeted within the market, and consumers see it as status-giving object.

6.3.1.5 *Cartier eyewear*

Since Cartier eyewear ranked highly on conspicuousness but low on status, the implication is that the eyewear is well-received by the market and that consumers believe that the product will improve one's image and appearance. This marked disparity between conspicuousness and status further indicates that due to the fact that the brand has stretched into new luxury markets with its eyewear segment, Cartier was traditionally a brand that focused solely on jewellery and watches. There is a danger in this type of strategy in that the brand may appeal to more new luxury segments, and this may potentially damage the status with which customers regard the brand. Cartier is distinct in that it was classified as having the least status of all the eyewear brands that were investigated, which could mean that consumers are not familiar with the brand's eyewear as yet, as it is relatively unknown, yet they know the brand Cartier, so they ranked it high on conspicuousness, which symbolises prestige, attention and having the ability to impress other people.

6.3.2 **Product category two: Fragrances**

6.3.2.1 *Guess fragrances*

Guess fragrances ranked lower for conspicuousness than for status, which suggests that consumers did not greatly value the product in terms of it making a positive contribution to the external self. This denotes a slight image problem for the brand's fragrances due to the fact that these products are not seen as contributing too much towards image and appearance, and this could represent a weakness of the brand's perception in consumers' eyes.

6.3.2.2 *Gucci fragrances*

Gucci fragrances ranked equally for both status and conspicuousness, which represents a good equilibrium for the brand. The brand's fragrances are correctly targeted towards the required market, and customers see these products as both status-giving and conspicuous.

6.3.2.3 *Montblanc fragrances*

Montblanc fragrances were equally ranked for both status and conspicuousness, which represents a good equilibrium for the brand. The brand's fragrances are correctly targeted towards the upper middle class market, and customers perceive these products to be both status-giving as well as conspicuous.

6.3.2.4 *Burberry fragrances*

Burberry fragrances were equally highly ranked in terms of status and conspicuousness. These classifications denote that the products are correctly targeted to consumers, even more so than Montblanc and Gucci fragrances. Consumers view Burberry fragrances as both status-giving and conspicuous. It was interesting to note that Burberry fragrances are definitely seen as a symbol of wealth and the products denote a sign of brand prestige.

6.3.2.5 *Cartier fragrances*

Cartier fragrances were ranked lower in terms of conspicuousness than the brand and product's status. These classifications could be due to the fact that consumers view the product as traditional luxury, which has a long-standing symbol of wealth, similar to the perspective consumers probably have towards the traditional jewellery and watch products of the brand.

6.3.3 Product category three: Small leather goods

6.3.3.1 *Guess small leather goods*

Guess small leather goods ranked equally low for both status and conspicuousness. This is interesting because Guess small leather goods are no longer symbols of wealth, status, achievement, prestige, and these products will not attract attention and impress other people. This could be an indication that the South African market no longer views an entry level brand such as Guess as a luxury good. This could also represent the readiness of the South African luxury good consumer to experience firmer luxury goods, instead of entry-level brands.

6.3.3.2 *Gucci small leather goods*

Gucci small leather goods rank equally in terms of both status and conspicuousness,

which represents a good equilibrium for the brand. The brand's small leather goods are correctly targeted towards the market, and customers view these products as both status-giving as well as being conspicuous.

6.3.3.3 *Montblanc small leather goods*

Montblanc small leather goods ranked equally on both status and conspicuousness, which represents a good equilibrium for the brand. The brand's small leather goods are correctly targeted towards the required market which allows customers to see the products as both status-giving as well as being conspicuous.

6.3.3.4 *Burberry small leather goods*

Burberry small leather goods were highly ranked on both status and conspicuousness, which denotes that the products are correctly targeted to consumers, but even more so than the small leather goods of Montblanc and Gucci. Consumers view Burberry small leather goods as both status giving and conspicuous. It is interesting to note that Burberry small leather goods are definitely seen as a symbol of wealth and as a sign of brand prestige.

6.3.3.5 *Cartier small leather goods*

Cartier small leather goods were classified very low on status, and this trend was continued even lower on conspicuousness. These rankings could represent a lack of knowledge of the brand's offering within this product category in South Africa. The fact that the product is ranked lower on conspicuousness in comparison to status is also representative of the fact that consumers do not view the products as contributing to image and appearance, which denotes a problem with the brand image. This represents a weakness in how consumers perceive the brand in terms of being visually attractive and capable of improving one's public image.

The abovementioned findings from the brands of Guess, Gucci, Montblanc, Burberry and Cartier for the three product categories indicated that brands can be viewed differently in terms of status and conspicuousness in different luxury good product categories, thereby proving objective two for this research to be true, while the differences in the rankings of status and conspicuousness within the various product categories are slight.

6.3.4 Discussion

The findings suggest that there is not much difference in the consumers' perceptions of brands in terms of the two constructs of status and conspicuousness, making these constructs highly relatable. This is applicable with the conclusion made in the previous research objective that status and conspicuousness are not viewed by middle class consumers as different concepts. It therefore appears that it can be accurate to consider these two dimensions as a single entity to a certain extent, as explained in the literature by Vigneron and Johnson (2004). This confirms that consumers purchase luxury goods in order to gain status, but that conspicuousness in their consumption cannot be excluded. This is very relevant to the South African consumer market. Most consumers in the South African emerging market therefore buy luxury goods in order to improve self-esteem and self-respect which are internal factors, while simultaneously purchasing goods to improve others' approval and envy, which are external factors (Truong *et al.* 2008). Consumers also buy luxury brands in order to gain status only through external motives; that is, how others perceive them. Buying and using luxury brands for conspicuous reasons is more a matter of image than appearance (Truong *et al.*, 2008). South Africa is a highly collectivist society, which demonstrates that the two constructs are highly relatable. In a collectivist culture, individuals are led by the opinion and satisfaction of the whole. In terms of luxury brands this could very well explain the need to consume conspicuously and the need for status, as the opinion of others in society is highly valued in collectivist cultures. Consumers in this market at that level are not currently able to distinguish between these two constructs, purely because this consumer group has not developed as far as consumers in more established markets, like a European market.

It is also interesting to note that in this research objective fragrances are different to eyewear and small leather goods when considering the two constructs of conspicuousness and status. Where others can see sunglasses and small leather goods more easily, fragrances cannot actually be seen. Perhaps this indicates that fragrances need to have a very recognisable smell in order for others to recognise the brand that the consumer is wearing or needs to be such a good smell that others may ask what the consumer is wearing. Fragrances such as Chanel No.5 for women and Boss by Hugo Boss for men are amongst the top scents and most recognisable in the world, and would be considered more conspicuous and status giving. What was interesting to note in the results was that both Burberry (with popular fragrances such as Body and The Beat) and Gucci (with popular fragrances such as Gucci by Gucci

and Flora) were highly ranked in both status and conspicuousness. This means that consumers believe that these two fragrances are internally and externally beneficial.

Consumers who were respondents in this study were aspirational in that they were seen as part of the upper middle class. This group is a relatively small yet growing consumer group in South Africa, and these members of the group have sizeable disposable income. The relatively affluent middle class is considered to be approximately 30% of households in South Africa (Visagie, 2013). Considering this rising middle class, the need for status and using brands conspicuously is obvious. These consumers have new money and have the desire for new luxury goods, as they were not privileged to enjoy these products before and have the need to improve their status in society, as this was not an option for them in the past. This is explained by the results mentioned in Chapter 5 as part of the Factor Analysis. The constructs were all highly correlated (in the 90th percentile), which explains that this market has a clear, definite interest in the luxury product categories that form part of this research, yet consumers do not currently buy for two separate reasons, being either status or conspicuousness.

In consideration of the abovementioned findings, and in summary of this discussion, it appears that status and conspicuousness are inherently the same phenomena. There is a strong positive relationship between status and conspicuousness however; the degree of status and conspicuousness differs for the same brand across product categories indicating that consumers may perceive these brands in product categories (versus the brand's competitors in the category) rather than the brand as a whole.

6.4 Results for research objective three

Objective three: What are the strategic implications of the relationship between status and conspicuous consumption for managers in the South African luxury market?

Marketers of luxury goods within the South African context need to take note of the following.

6.4.1 Communicating luxury

In order to gain new shoppers within South Africa, marketers of luxury brands need to create more powerful messages, and not simply evoke aspirational lifestyles expecting consumers to be seduced. The brands need to explore ways in which they can connect

the brand to emerging consumers' lifestyles and emerging consumer moods (Socha, 2010). Luxury good companies cannot simply drop their prices in order to meet aspirational consumer needs, but should rather find ways in which to make themselves more meaningful to emerging market consumers so that they are the primary choice. Since conspicuousness and status are clearly closely related when the Factor Analysis is considered, and both constructs are present in the three product categories within the South African luxury goods market, marketers need to emphasise both these elements in their communication campaigns and not just one, since both are deemed important to this middle class aspirational segment of the market. The product combined with all communication aspects should be tailored to the South African market, contrary to simply using the same offering of what has previously worked in developed markets.

The product heritage of many of these brands mostly lies in Western culture and values. Cartier's communication campaigns, for example, always include elements of Paris, where the brand's heritage lies, and the surrounding landmarks of the capital. This has to be adapted should the brand wish to target the aspirational South African luxury consumer. These elements of first world heritage may be appealing to some customers, especially to those who have perhaps travelled to Paris, but the brand has to make their communication relevant to emerging market consumers and not just have the products entrenched in Western cultures. Brands could rather analyse the East like China and India or the South (like Africa or South America) for inspiration. This relates to the fact that brands have to realise that status and conspicuous consumption happens interchangeably in this market, and that perhaps the fact that culture is important to this segment, the communication campaigns could be adapted to the South African emerging market.

6.4.2 Luxury in an emerging market

The results indicated that luxury is not necessarily related to income but rather to which brands with which these South African consumers would like to associate themselves (Socha, 2010). Confirming this, Cartier is the most expensive brand (across all the three categories), yet it consistently ranked the lowest for status and in two of the three categories it was lowly classified in terms of conspicuousness. The brands form an important part of the individual's identity and the message that the individual conveys while wearing that certain brand needs to be consistent with the image that the consumer wants to portray. Luxury good companies have to adapt themselves with

emerging market cultures, and in that way find products and prices, which are relevant within the specific market (Socha, 2010). Culture is an important facet to consider within emerging markets, and this is partly demonstrated by the interrelation between status and conspicuousness, which translates to a collectivist culture. An example of utilising culture to propagate a brand was successfully executed when Coach opened a store in Shanghai, China. They invited young artists to customise bags leveraging on Chinese culture to tap into the new generation of high-end consumers, which is something that South African marketing managers could adapt to execute (Socha, 2010). Brands need to investigate methods to connect to a nervous economic culture where security is becoming more important than status (Socha, 2010).

6.4.3 Positioning in a luxury emerging market

An interesting point to note that was evident from the results in Chapter 5 is that Cartier, which is the highest priced of all the brands tested, was consistently graded as having low or the lowest status-giving ability among all the brands. Conversely, Guess, which is a premium brand rather than a luxury brand, was placed above Cartier in terms of status. This indicates that Cartier's positioning and communication strategies need to be targeted toward more suitable consumers and that the brand cannot solely rely on heritage. Brands need to be actively positioned in terms of communication, especially when creating more mass awareness among these smaller and more affordable items within the brand. While a more culturally-centric approach might not be Cartier's aim, as the brand could focus only on the true consumers of luxury, and not the upper middle class.

Cartier ranked surprisingly low in terms of conspicuousness and status in fragrances and small leather goods. While this may be attributed to a lack of consumer awareness of Cartier having products in these categories, it could also be a result of aspirational and upper middle class consumers who are not the brands' targeted segment. The lack of awareness, coupled with Cartier being the highest priced of the examined brands may indicate that Cartier aim their communication at the true upper class consumer in order to not dilute their brand equity by selling products to aspiring consumers rather than true luxury consumers. As such, the classification of Cartier's rankings as displayed in Chapter 5 become more acceptable in this research study.

An important factor for managers to consider is the positioning of their brand in the market. Managers tend to overlook this, or try to estimate where their brand is positioned. It is also important for them to understand that the luxury landscape in

South Africa is different to that of Europe or The United States, where most of these brands originated and where they still have the most market share. Most of these brands are of course considering expansion to the East to grow their businesses, but with the Eastern focus, there is potentially a missed opportunity in the greater African market. All the brands in this research study indicated status and conspicuous value in all categories, but in varying amounts within the different categories. An example of this is Guess's top position, for status in eyewear, but received the second lowest position in leather goods. This seems to indicate that managers need to position the brands as a whole, but also need to position their brand relative to others in each category if they are to maintain a consistently top position in the consumers' mind. It is important therefore that managers know their competitor and market landscape, and not just enter a country using the same principles that worked previously in other countries.

6.4.4 Brands lacking status or conspicuousness – image problems

Marketers need to take note that some of the brands might have an image problem. Brands such as Guess fragrances have a significant strategic marketing issue due to the fact that these products are ranked low in terms of status and conspicuousness. This suggests that there is a negative or less-than-positive perception among consumers who desire conspicuous or status benefit of owning and wearing Guess fragrances. This can pressurise the brand to lower their prices as a “compensatory advantage” for consumers who might then choose to buy these fragrances due to price rather than attractiveness or for image enhancement, thereby making it a non-luxury good (Truong *et al.*, 2008 pp. 199). This might lead to the brand's image being damaged, and could have negative repercussions for other product categories.

Guess measured highest on status in the eyewear category and fairly high in the fragrances category. The only category where Guess received a low ranking was in the small leather goods category. This is interesting, as Guess is positioned so differently to the other luxury brands in all three categories. This indicates that managers need to be aware of this anomaly and that their products need to be positioned differently to other brands in this category and not just under the umbrella brand. All other Guess product categories (eyewear, fragrances, and small leather goods) have consistently measured low on status and relatively average on conspicuousness. This could also be an indication that Guess is no longer viewed as a luxury good in the South African market as it is no longer experienced as providing external or internal benefits of status and conspicuousness to the consumer. An argument in support of the growth of the

South African luxury goods market could be that the market is now ready for more exclusive luxury brands, as entry-level luxury brands no longer attribute much to the consumer in terms of status, achievement, wealth, prestige, attraction or the ability to impress others.

6.4.5 Successful implementation in an emerging market

In contrast to Guess fragrances, Burberry, a competitor in the same market, was consistently ranked by respondents as a highly conspicuous and status-giving brand. Cartier eyewear was ranked similarly. Burberry has only been a recent addition to the South African luxury goods market, yet is seen by consumers as a brand that is status-giving as much as it is conspicuous. The initial stand-alone store was first opened in Cape Town in 2006, followed by two more stores opening in Johannesburg. This makes Burberry a remarkably young brand within the South African luxury goods market, especially when being compared to Guess, Gucci, Montblanc and Cartier who have all been around since the late 1990s and early 2000s (Van Zyl). The consumer perception could be attested to the fact that Burberry applied an aggressive market implementation strategy to open three stores in a relatively short period of time. This has been supported by a marketing strategy that has included billboards, print advertising, CRM and consumer events. Burberry has managed to successfully build the brand in South Africa, and has quickly managed to be a prominent luxury brand in the eye of South African consumers. In order to ensure long-term success, the brand has to remain relevant and continue to maintain the local base of consumers. The brand could still be more integrated in terms of image and could improve on targeting the correct consumers. The brand also has very recognisable attributes, which could be a reason why it is so highly recognised by the upper middle class respondents. Burberry's signature tartan is easily recognisable, and can even be noticed on their products such as eyewear, fragrances and small leather goods, and it not exclusive to their trench coats. This strong visual brand element adds to the product's ability to be conspicuous. Competing luxury brands could make use of their distinctive visual brand elements to strengthen the conspicuous nature of their brands in the South African market, such as Cartier's signature red colour and Gucci's well-recognised interlocking G's.

6.4.6 Male versus female preference

It is also important to note that many of the respondents to the questionnaire were male

(75.8%) and that this may have skewed some of the results. Montblanc, for example, had consistently high ratings for both status and conspicuousness in both fragrances and eyewear, which means that consumers are aware that these product categories are status-giving as much as they are conspicuous. For the small leather goods category, which is what Montblanc is traditionally famous for (besides their pens); there is the same level of status, while a lower level of conspicuousness was evident, according to the perceptual map. This means that consumers view Montblanc's small leather goods to be a status product rather than a product that attributes external value. These ratings could be explained by the fact that in the South African market, most Montblanc consumers are male, and most consumers in this study were male, which would have resulted in Montblanc having consistently high ratings in this research study.

Another interesting finding of this research study is Gucci's results. The eyewear products were ranked by respondents as inconspicuous yet the products were ranked fairly for status. Gucci eyewear is seen by this market segment as the lowest on conspicuousness, yet it is as status-giving as Montblanc and Burberry eyewear. This was interesting to note as respondents believe that Gucci eyewear is a product that can be worn for status, but it is not a symbol of prestige, does not attract attention or impress other people. For the remaining product categories of Gucci, it was interesting to note that the brand ranked similarly to Montblanc, which could again be attributed to the fact that most of the respondents in this study were male, and males perceive Gucci as both a status brand as well as being conspicuous, yet this excludes the eyewear category. Once again, these results could be skewed towards the fact that most respondents were male, and this would perhaps be different if most respondents were female.

6.5 Summary

The results for the research survey enabled the following to be achieved:

- The dimensions for status, namely *status*, *achievement* and *wealth* were evaluated from the five brands and their three product categories.
- The dimensions for conspicuousness, namely *prestige*, *attract* and *impress* were evaluated from the five brands and their three product categories.
- The results reflected the feelings towards status and conspicuousness levels of the five brands of consumers within a South African emerging market context.

- It was recognised that status and conspicuousness are two separate but related constructs as discussed in the literature, but the South African upper middle class consumers are not yet able to identify the difference between the two constructs, as the luxury market is not as established as that of a developed market.

CHAPTER 7: CONCLUSION

The findings of this study certainly align with the literature as presented in Chapter 2, yet the difference in consumer attitudes in the South African market is present. Consumers in this market are not currently as sophisticated to discern between consumption for either status or for conspicuousness, but rather display consumer habits of a combination of the two constructs. This chapter analyses the important findings and recommendations derived from this research study, and suggests tactical ways in which marketing managers of luxury brands in South Africa are able to address certain shortcomings. This Chapter also suggests ideas for future research that can be completed in this field and in this market.

7.1 Key findings and recommendations

Research objective 1: Is there a correlation between status consumption and conspicuous consumption among South African luxury consumers?

Upper middle class consumers in the South African developing market are not yet able to make a distinction between status and conspicuousness although these are two separate constructs. This is due to the difference between developed market and emerging market consumers. South Africa has a young market for luxury goods, but it is growing rapidly. There are many more affluent consumers within this market who will probably already be able to draw a distinction between the two constructs. As consumers' disposable income grows and they move through the classes, so the luxury market in South Africa will increase.

Research objective 2: Does the relationship between status consumption and conspicuous consumption differ among product categories of luxury brands in the South African market?

The relationship between status consumption and conspicuous consumption differs amongst the product categories, although not by much. Most consumers in the South African emerging market therefore buy luxury goods in order to improve self-esteem and self-respect, which are internal factors, as well as buying to improve others' approval and envy, which are external factors. For this reason when an upper middle class consumer makes a luxury purchase decision in any product category, status and conspicuousness are both present.

Research objective 3: What are the strategic implications of the relationship between status and conspicuous consumption for managers in the South African luxury market?

A company or brand is only as strong as the consumers' perception of it. A company's economic superiority of success is largely dependent on the strength of the brand name, giving it the ability to differentiate itself, which will yield status and conspicuousness (O'Cass & McEwen, 2006). Marketers of luxury goods in the South African emerging context need to consider this in order to create stronger perceptions of the brands with their consumers. Many marketers often believe that the products and the brands are strong enough internationally that their products will sell themselves in South Africa. Care has to be taken to create understanding and appreciation from consumers, instead of exploiting a growing consumer base. Time should be spent on market research and marketing to ensure that the products are being correctly perceived by consumers in this unique market. Status and conspicuousness consumption tendencies of consumers in this market are important for creating relationships between consumers who possess such characteristics and specific types of products and brands that are status-giving (O'Cass & McEwen, 2006).

In a complex market such as South Africa, consumers have varying degrees of desires. Due to the fact that there is such an unequal distribution of wealth amongst consumers, some might have status consumption needs, while others might have conspicuous consumption needs. As mentioned in Chapter 2, South African consumers have desires to indulge in aspects of conspicuous consumption before they have adequate food, clothing or shelter. This contributes to the fact that there are differing desires at every class level for consumers to consume for social status. This is an aspect that marketers of luxury goods should take cognisance of in order to capture as much of the market as possible. Consumers are willing to spend their money on items that they truly desire; however should companies exploit this, there could be moral implications (O'Cass & McEwen, 2006).

In today's world there is an ever-increasing emergence of new luxury goods, especially with the increased focus on cheaper items such as eyewear, fragrances and small leather goods, which are easier to obtain. This has brought higher quality products to the masses, making visual barriers between the rich and the more modest consumer less recognisable (Truong *et al.*, 2008). Within this new context status is conveyed in more subtle ways through a combination of education, culture and knowledge and legitimate wealth, but is no longer necessarily being claimed in public (Shipman, 2004, cited in Truong *et al.*, 2008).

Veblen (mentioned in Chapter Two) concluded that people imitate each others' behaviour when it comes to status consumption. This is evident through the rise of the middle class within an emerging market context, in that consumers in this market are starting to imitate the behaviour of those who are truly wealthy. This explains that the two constructs of this study are the same phenomena but rising from different incentives (Majic & Majic, 2011). It can also be said that consumption patterns within the middle class are interdependent within interpersonal influences, which makes it difficult to understand this segment of the market. However, luxury goods producers have utilised the disposable income present within the upper middle class for some time.. This is not a fail-safe option, as it can potentially lead to fluctuations in sales due to irregular demand caused by irregularity of disposable income. This is not sustainable for luxury goods companies in the long-term. It also leads to the increase in production of counterfeit luxury goods.

In lieu of these challenges, many authors have recommended the Vertical Diversification Strategy. This research study suggests that managers of luxury brands should act as follows in the South African emerging market:

1. Maintain luxurious and expensive products for the true consumers of luxury goods, essentially for those who are truly wealthy.
2. Simultaneously introduce certain product lines that resemble the luxuriousness and exclusivity of the most expensive goods, but these products have lower production cost and have more affordable selling prices for the aspirational middle class. This method places smaller items within their reach and hence retains their aspirational interest and builds their loyalty towards the brand.

Introducing products to the aspirational upper middle class is a challenge for luxury goods companies, as these brands are unable to serve both these market segments. Some might believe that brands such as Louis Vuitton have successfully managed to capture both markets, yet others believe that the elite who are truly wealthy have already rejected this brand. There are also signs that companies that have tried to capture both markets have diluted their brands. When a brand is diluted, its exclusivity amongst its original market becomes deteriorated (Majic & Majic, 2011). Louis Vuitton's fear of brand dilution is quite likely indicated by their recent significant global increase of their prices on all their products. Cartier is a luxury house that has always been weary of this, and has attempted to maintain even their smaller cost items (such as the product categories used in this study) away from aspiring customers, as it can be seen

in the level of awareness of status and conspicuousness in this study.

Arguments for the utilisation of the Vertical Diversification Strategy have proven in some cases to be desired by these companies in that they would like to grow their market, and due to economic factors their elite market is no longer growing. This segment has previously been their traditional segment, so much research and investment needs to be placed into this expansion into another market segment, in which they have not previously operated (Majic & Majic, 2011). This market is of course where conspicuous consumption originated (according to the literature reviewed in Chapter 2), and consumers here have the desire to satisfy their status aspirations. Brands need to attain a fine balance between maintaining the products' exclusivity and growth in the market, as consumers might turn away from the brand. Some might suggest that that luxury goods producers should take no action at all, and serve the customer segment that they originally sought to target.

Consumers today are also more intelligent and aware than they have been in previous eras. The increased desire for luxury goods and more affordable prices are pertinent issues that marketers of these brands should consider. The moral implication of this is that it is sometimes necessary to take into account the economic well-being of society. Managers have to realise that often the most valued customers know as much about the brand as many of the sales assistants working in the store. Consumers of luxury brands tend to devote themselves to the brand, and once they are lost, it is difficult to win them back. These brands form part of their identity and are often an extension of themselves and their personality. Brands have to really devote themselves to these types of customers to ensure that the brand retains its original value and heritage.

In summary, these are the findings that emanated from answering from Research Objective Three:

- Communication and the marketing of the brand are different in an emerging market such as South Africa. Luxury marketers have to win consumers over by creating powerful, relevant and meaningful messages.
- Customisation is vital when operating in an emerging market. Strategies have to be adapted to the emerging market's consumer culture.
- An overreliance on heritage is never a fail-safe option in an emerging market as cultures are different than those of a developed market. Marketers have to reinvent heritage for these markets and position themselves differently.

- The landscape is already changing in that consumers in the South African emerging market are developed enough to recognise that a lower market brand like Guess is not seen as status-giving, so therefore image problems are evident.
- Brands that venture into developing markets and are successful, normally spend more in the initial phase of their roll-out. Proof of successful implementation is evident in Burberry's strategy of implementation in South Africa.
- Male respondents of this research study skewed the results slightly as they ranked Montblanc consistently high, which means that the research was very male dominated.

7.2 Recommendations for future research

As previously mentioned in Chapter 6, O'Cass and McEwen (2006) stated that women are more likely to use clothing and apparel to share their identity and status with others. It could therefore be said that males and females use products for different reasons and possess differing attitudes towards products and brands. A suggestion therefore for future research is that respondents would be separated by gender, as results could then be contrasted. Alternatively, a study utilising women only could be suggested for future research, as they are likely to be more concerned with status and conspicuousness. In the demographics of this study 75.8% of respondents were male, which perhaps skewed the results. An equivalent male-to-female ratio is therefore recommended, or even a female only study.

Today, consumers are largely driven by social networks as they are concerned with their peers' thoughts and statements and opinions. Conspicuousness is largely determined by this factor, and often consumers desire goods based on what they might see on social media (O'Cass & McEwen, 2006). Another recommendation for future research would be to measure the effect that social media has on conspicuous and status consumption. Many opinion leaders are given products to wear, which sport different labels or signatures of labels, which they wear and almost unconsciously influence people who follow them on social media to desire those products. This idea is congruent with product placement, which could also have an effect on conspicuous and status consumption.

Another suggestion for future research is a longitudinal study similar to this research

study that tracks the relationship between status and conspicuous consumption over consecutive years. This is an interesting manner to explore South Africa's emerging market, and it will determine if consumers within this market change over time, and become more sophisticated. It could be valuable to ascertain whether the market matures over time in any way. A longitudinal study would be an ideal way to track the luxury market growth taking place in South Africa.

From a theoretical research perspective, it would also be interesting to complete future research of what consumers understand in terms of status and conspicuousness. This could be done by employing a qualitative study, where interviews are conducted with upper middle class consumers of luxury brands in South Africa.

7.3 Conclusion

This research study sought to determine the existence and depth of influence of status and conspicuous consumption in luxury brands within the South African emerging market. The research study proved to garner useful insights into the perceptions of the upper middle class and the South African luxury goods market. The first element of this research analysed whether or not there is a correlation between status consumption and conspicuous consumption among South African luxury consumers. It was found that the two elements are in fact highly correlated but for the purpose of this study, these two are separate constructs perceived by customers in this market as interrelated.

The second element of the research investigated whether there is a relationship between status consumption and conspicuous consumption among the different product categories of luxury brands in the South African market. It can be concluded that there is a difference among the different product categories, yet these are fairly close to each other. This relates to the finding from the first element of this research in that there is not much distinction between status and conspicuous consumption. This means that the market is still relatively underdeveloped within the emerging middle class of South Africa, and much can be done to grow the category in the market.

The third element of the research encapsulated the study as it analysed the implications of the results drawn from Research Objective One as well as Research Objective Two. The elements that were implicated by this research were as follows:

- Communication strategies of luxury brands in the South African emerging market context.
- The manner in which luxury is perceived in emerging market context, and that heritage has to be reinvented.
- The positioning of a luxury brand in the South African market, and how marketers have to target correctly.
- Pricing and the surrounding strategies within the South African luxury context.
- Image problems some brands might have due to the fact that they are no longer perceived as status brands.
- Examples of successful implementation, where the brand was ranked highly by consumers.
- The male respondents' influence on the study.

The research provided proof of the perceptions of the upper middle class consumers within the South African emerging market regarding the five luxury brands with the largest footprint in the country, and how these are viewed as conspicuous, inconspicuous, status-giving, or non–status-giving. The implications for managers are to determine what is most important for the longevity of the brand, due to the fact that this landscape is completely different to the developed market context where luxury good companies are mainly operational.

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APPENDICES

Appendix 1: Questionnaire

I am conducting research on conspicuous consumption and status consumption within the South African luxury goods environment. To this end, you are requested to complete the following questionnaire about this environment. This will aid us to develop an improved understanding of the South African luxury goods environment and whether or not status consumption and conspicuous consumption occurs. This survey should take no more than 15 minutes of your time. Your participation is voluntary and you can withdraw at any time without penalty. All data will be kept confidential. By completing this questionnaire, you indicate that you voluntarily participate in research. If you have any concerns, please contact either my supervisor or myself.

Researcher: Riette Visser

Email: riettevisser86@gmail.com

Phone: 082 729 1358

Supervisor: Mignon Reyneke

Email: mignon.reyneke@gmail.com

Phone: 082 474 0330

Please answer all the questions below and be as accurately and honestly as possible.

1. Gender (tick the appropriate box):

Male	Female
<input type="checkbox"/>	<input type="checkbox"/>

2. Nationality:

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3. Do you own any item of the following three categories in what you consider to be a luxury brand?

Sunglasses	
Fragrances	
Small leather goods (i.e. wallet, key ring, iPhone/iPad holders etc.)	
Other	
I do not own any luxury goods	

4. Rate the brands in terms of the six items on a scale of one to ten (1 being the highest and 10 being the lowest)

CATEGORY 1: EYEWEAR

A. Guess (eyewear)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol										

of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

B. Gucci (eyewear)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

C. Montblanc (eyewear)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

D. Burberry (eyewear)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										

3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

E. Cartier (eyewear)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to										

impress other people?										
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CATEGORY 2: FRAGRANCES

A. Guess (fragrances)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

B. Gucci (fragrances)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										

2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

C. Montblanc (fragrances)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract										

attention?										
6) Can a person use this brand to impress other people?										

D. Burberry (fragrances)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

E. Cartier (fragrances)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate										

a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

CATEGORY 3: SMALL LEATHER GOODS

A. Guess (small leather goods)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										

4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

B. Gucci (small leather goods)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

C. Montblanc (small leather goods)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

D. Burberry (small leather goods)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										

4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

E. Cartier (small leather goods)	1	2	3	4	5	6	7	8	9	10
1) To what extent can this brand indicate a person's social status?										
2) To what extent is this brand a symbol of achievement?										
3) To what extent is this brand a symbol of wealth?										
4) To what extent is this brand a symbol of prestige?										
5) To what extent does this brand attract attention?										
6) Can a person use this brand to impress other people?										

Thank you