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The effect of cultural value orientation on consumers' perceptions of luxury value and proclivity for luxury consumption

ABSTRACT

This paper investigates the effect of Schwartz's (1992) four cultural value orientations on the values consumers ascribe to luxury products. In response to well-documented criticisms of assessing cultural values as aggregates measured at the nation level, this study examines the effects of value orientation measured at the individual level. Using survey data from U.S. consumers, the study shows that cultural values influence consumers' perceptions of the usability, uniqueness, quality, and social luxury values. Self-enhancement and social luxury values are the key drivers of consumers' proclivity for luxury consumption. A post hoc analysis reveals four luxury consumers groups: "unconcerned," "functionalists," "moderately-eager," and "luxury-enthusiasts." People with high self-enhancement and self-transcendence values are more likely to be luxury-enthusiasts, whereas functionalists and unconcerned share similar cultural value profiles. Luxury-enthusiasts have the highest proclivity for luxury consumption, followed by moderates and functionalists. These findings have marketing implications for segmenting luxury customers in a cross-cultural setting.

Keywords: Value orientations; Luxury values; Proclivity for luxury; Luxury consumption

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1. Introduction

Recent statistics suggest that luxury items have a strong appeal in almost all countries of the world, reaching staggering sales figures of €1.2 trillion globally in 2017 (Bain & Co., 2017), with further estimated growth in 2018 (Boston Consulting Group, 2018; Roberts, 2017). Luxury consumption is present in both mature and emerging markets (Deloitte, 2017), which has increased competition among luxury brands worldwide and has made luxury products more accessible to a wider audience. A closer examination of luxury consumption figures across countries reveals that income disparities do not necessarily explain the varying levels of luxury consumption. For example, wealthy Scandinavian countries, boasting a very high gross domestic product per capita, have among the lowest luxury consumption per capita in Europe (Bernstein Research, 2010). Thus, to explain cross-cultural variation in luxury consumption it is important to look beyond the sociocultural variables (e.g. income) and investigate the effects of other variables like human values (Dubois & Duquesne 1993; Dubois, Czellar, & Laurent, 2005).

Luxury consumption can be instrumental for people to achieve goals or aspirations (Vigneron & Johnson, 1999; Wiedmann, Hennigs, & Siebels, 2009; Wong & Ahuvia, 1998). Grouzet's et al. (2005) work on individual's goal content shows that different cultures emphasize different goals. In other words, normative pressures from one's culture will affect the goals he or she is expected to achieve via consumption and, specifically in our context, via luxury consumption. However, numerous cross-cultural studies (e.g. Dubois & Laurent, 1993; Dubois, Czellar, & Laurent, 2005; Gentina, Shrum, & Lowrey, 2016; Godey et al. 2013; Hennigs et al., 2012; Le Monkhouse, Barnes, & Stephan, 2012; Shukla, 2010, 2012;

Shukla & Purani, 2012; Tidwell & Dubois, 1996; Tsai, 2005; Vigneron, 2006) which are based on national culture have failed to offer meaningfully consistent results regarding how culture affects people's motivations to buy luxury items (see an overview in Hennigs et al. 2012).

The focus on most of these studies is on the individualism versus collectivism dimensions of Hofstede (1980) or on Western versus Eastern cultures. Some researchers (e.g. Dubois & Laurent, 1993; Dubois, Czellar, & Laurent, 2005; Godey et al. 2013; Le Monkhouse et al., 2012) reveal that across cultures there are no significant differences on the values consumers attach to luxury consumption. Other researchers (e.g. Gentina et al., 2016; Hennigs et al., 2012; Tsai, 2005) find that all luxury values under investigation are important in all cultures but may vary in strength. Another group of researchers (e.g. Shukla, 2010, 2012; Shukla & Purani, 2012) identify some differences across cultures but they cannot detect a clear cultural pattern. Taking as an example the importance of uniqueness value or exclusivity of luxuries across cultures the following contradictory findings are observed: (i) Gentina et al. (2016) findings show that these values are more important in individualistic countries; (ii) Shulkla (2012) shows that these values are significant only to UK consumers and not to US consumers (who are both individualistic cultures); and, (iii) Godey et al. (2013) shows that these values do not differ between collectivistic versus individualistic cultures. In addition, regarding cultural differences in the social type of values derived from luxuries: (i) Shulkla (2012) shows that conspicuousness of luxuries (a dimension of social value) is equally unimportant to both individualistic (USA and UK) and collectivistic (India and Malaysia) cultures; (ii) Shukla and Purani (2012) find that the other-directed symbolic value of luxuries (a type of social value) is equally important to both individualistic (UK) and collectivistic (India) cultures; and (iii) Hennigs et al. (2012) show that there is no clear cultural pattern in the appreciation of social value of luxuries. In this study the collectivistic

Japanese seem to appreciate more the social value of luxuries than the individualistic Americans and French, and in the same study the individualistic Americans and French appreciate more the social value of luxuries than the collectivistic Spaniards. Finally, regarding the cross cultural differences in the quality value of luxuries: (i) Tsai (2015) shows that quality is equally important across Asia Pacific, Western Europe and North America; (ii) Shulka (2012) finds that quality is more important in individualistic (UK and USA) than collectivistic (India and Malaysia) cultures; and (iii) Shukla and Purani (2012) find that quality is significant in individualistic (UK) cultures but not in collectivistic (India) ones. Thus, the above results indicate that cultural differences in the value derived from luxury consumption cannot be explained by the cultural profiles of the countries these studies have used.

One reason for these inconclusive results may have to do with the lack of consensus on values within a given culture, as empirically demonstrated by Fischer and Schwartz (2011). Accordingly, Schwartz (2014a, p. 1) warns that these findings "pose a serious challenge to theories that view cultures as shared meaning systems." In the literature there is evidence that there is within-country variation and between-country similarities in terms of cultural values (Kaasa, Vadi & Varblane, 2014; Taras & Steel, 2009; Taras, Steel & Kirkman, 2016), which weakens the explanatory power of the country-level or national-level differences, especially in luxury consumption where there are many similarities across the luxury segments cross-culturally (Hennigs et al., 2012).

Schwartz (2014) further criticizes models based on the assumption that values are shared and on the practice of averaging values across countries to determine culture. He proposes that culture operates as a latent, normative system of pressure on individuals. Building on Schwartz's (2014) criticism, the present study examines the role of luxury consumption in a country in such a way as to challenge models that conceptualize culture

values as country-level aggregates. Specifically, we employee Schwartz's (1992) conceptualization (shown in Fig. 1) of value orientations (openness to change, conservation, self-enhancement and self-transcendence) and apply these at the individual consumer level.

[Figure 1 here]

In doing so, we provide a fresh view on the influence of cultural orientation at the individual level on luxury valuation and the propensity to purchase a luxury product over a nonluxury product with an eye to reconciling the discrepancies identified in cross-cultural studies of luxury that have viewed culture at the aggregate country level.

2. Theoretical background

2.1. Value orientation

There are many studies showing that one of the most potent influences on consumers' motivations, attitudes, and behaviors is cultural value orientation (e.g. de Mooij, 2017; Schultz & Zelezny, 1999; Terlutter, Diehl, & Mueller, 2006; Zhang, Beatty & Walsh, 2008). In the cross-cultural field, there are three main frameworks that have been used extensively to explain how cultural value orientations can influence consumers' choices. These are the frameworks provided by Schwartz (1992, 1994a, 1994b, 2006), Hofstede (1980, 2001), and project GLOBE (House, Hanges, Javidan, Dorfman, & Gupta, 2004). Both the Hofstede and GLOBE frameworks focus mainly on values at the national level (Taras, Steel, & Kirkman, 2016), whereas Schwartz's framework conceptualizes values at an individual level (Sousa & Bradley, 2006), focusing more specifically on human values (Pepper, Jackson, & Uzzell, 2009). This study employs Schwartz's (1992, 1994a, 1994b, 2006) framework.

Hofstede's (1980) original framework postulates four bipolar cultural dimensions, individualism/collectivism, high/low uncertainty avoidance, masculinity/femininity and high/low power distance. The conceptualization was based on cross-cultural data collected

around 1970 in the IBM Corporation among its employees in more than 50 countries worldwide. Later on, Hofstede, Hofstede and Minkov (2010) included two more dimensions: long/short term orientation, and indulgence/restraint. Schwartz (1992, 1994) tried to overcome many of the limitations he identified in Hofstede's framework (e.g., non-exhaustive cultural dimensions, use of unrepresentative sample of countries not reflecting the full spectrum of national cultures and unrepresentative respondents) by developing his own framework. He (1992; 1994) first identified a comprehensive set of 56 individual human values observed in a wider set of cultures. The initial 56 values were decreased to 45 that had equivalent meaning across countries. Based on a sample of school teachers and college students from 67 countries, with the help of smallest-space analysis identified 10 individual level human values (explained later) which are organized along four higher order dimensions: conservation, openness to change, self-transcendence and self-enhancement.

The GLOBE project (House et al., 2004) aimed to extend Hofstede's framework by adding dimensions focused on understanding cultural values and leadership attributes. It was based on data collected from 62 cultures from managers in the telecommunications, food, and banking industries. The GLOBE project (House et al., 2004) characterized cultures according to nine dimensions identified: performance orientation, assertiveness, future orientation, human orientation, institutional collectivism, in-group collectivism, gender egalitarianism, power distance and uncertainty avoidance. The effects of these dimensions were used to analyze the expectations of leaders and organizational practices in each society. There has been a well-publicized criticism casting doubts on the appropriateness of GLOBE framework in this type of research based on conceptual and measurement grounds (Brewer, & Venaik, 2010; Hofstede, 2006, 2010; Smith, 2006; Taras, Steel, & Kirkman, 2010) that gives good reasons for not using this framework. Hofstede's (1980) and Schwartz's (1994a) frameworks that applied at a national level were found by Steenkamp (2001) to have some overlaps.

However, Imm Ng, Lee and Soutar (2007) compared these two frameworks at a national level and their results lead to different predictions. Schwartz's (1992) framework performed better in international trade predictions than that of Hofstede's framework.

The reason that we preferred Schwartz's framework over Hofstede's has to do with Hofstede's (1980, 2001) warning that his country-level cultural dimensions cannot be used to individuals and cannot be used for inter-individual comparisons. Hofstede's view is reinforced later on by Fischer, Vauclair, Fontaine and Schwartz (2010) and de Mooij (2013). On the contrary, Schwartz (1994a) suggests that in his typology the individual and country level value structures are considerably similar, which is also confirmed later empirically by Fischer et al. (2010). However, Fischer et al. (2010) advised against the use of country-level constructs to compare individuals across countries because the two levels although configurally similar they are not identical and exchangeable. In this paper, we focus on the individual-level value system and variations in cultural values and thus Schwartz's conceptual framework is the most appropriate compared to that of Hofstede and GLOBE.

Values are conceptualized as "guiding principles in people's lives" (Schwartz 1996, p. 2); they are the "enduring beliefs that pertain to desirable end states or behaviors, transcend specific situations, guide selection or evaluation of behavior and events, and are ordered by importance" (Schwartz & Bilsky, 1987, p. 551). Individuals' perceptions are different, and their "value system" helps explain their specific attitudes or behaviors (Schwartz, Sagiv & Boehnke, 2000; Sousa & Bradley, 2006). Value orientations guide, motivate, and influence individuals' attitudes and behaviors because they are higher-order cognitive representations of human motivations (Bardi & Schwartz, 2003; Schwartz & Bilsky, 1987). Based on Schwartz's (1992, 1994a) framework, human value systems can be divided into 10 value types: power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security. These values all correspond to one of the four higher-

order value dimensions mentioned above (See figure 1). The first dimension is 'openness to change' which includes self-direction, stimulation, and hedonism. This dimension focuses on individuals' own thoughts, actions, and emotional interests (Pepper et al., 2009; Schwartz, 1994a). On the opposite side of the axis, we find the dimension of 'conservation' which includes conformity, security, and tradition. Such individuals exhibit more self-restriction and are focused on preserving their safety, stability, and traditional practices (Schwartz, 1994a). The third dimension is 'self-enhancement' which includes power, achievement, and hedonism. These individuals focus on personal success, social status, and dominance over others (Pepper et. al, 2009; Schwartz, 1994a). On the opposite side of this axis lies the fourth dimension of 'self-transcendence' which includes universalism and benevolence. These individuals are concerned with welfare, helping others, and social justice (Schwartz, 1992, 1994a).

Schwartz's (1992) ten values are graphically structured in a circle and ordered based on the compatibility they have with each other (as shown in Fig. 1). The logic behind this circular representation is that adjacent values are compatible whereas those at the opposite sides of the cycle are in conflict. As Schwartz (1992) did not postulate that the values show equal distances in the circle, a quasi-circumplex model is used. Borg, Bardi and Schwartz (2015) empirical study shows that within individuals, values follow the circular structure prescribed by Schwartz (1992). Rudnev Magun and Schwartz (2018), focusing on higher order values, find that openness to change is at the opposite end to conservation values and self-transcendence is at the opposite end to self-enhancement values. Additionally, openness to change and self-enhancement values are found to be positively related in most of the cases, and a similar pattern is observed for conservation and self-transcendence values. However, the correlations between compatible values are weaker in more economically developed

countries. Thus, circumplex structures seem to work better within individuals and when it applies to higher order values.

Fischer (2013) also examined the implications that the structure of values can have on values' relationships to behavioral variables, attitudes and other constructs. According to his study one of the problems that plagues research is the examination of the effects of values on other variables in isolation of that of other values. Examining in isolation the effects of a single value by excluding other values from the analysis can produce misleading findings (Fischer, 2013). He (p.237) also proposes that if the circumplex structure of values holds "correlations between any value type and third variables should show a systematic pattern of increasing and decreasing correlations as we move around the value space… [following a sinusoid pattern]…This captures the extent to which the circular structure of values is present in a sample and third variables follow this circumplex pattern of relationships." This sinusoid structure of relationships with third variables has been incorporated in our hypotheses.

2.2. Luxury Values

The term "luxury" can be traced back to the ancient cultures of Greece, Egypt, and Rome, where it held the same importance and had the same core intrinsic motivations as it does in the present (Berry, 1994). However, the term itself remains abstract, and there is not a universal definition used to define it. The term "luxury" has been often related to notions of quality, social status, exclusivity, price premium, heritage, and authenticity (Heine, 2012; Maman Larraufie & Kourdoughli, 2014; Veblen, 1899). However, the influence of the human element in defining luxury is strong, as the term lies between real, objective products, elements, or experiences and subjective images produced in consumers' minds (Maman Larraufie & Kourdoughli, 2014; Vigneron & Johnson, 2004), which are highly affected by individuals' sense of aesthetics (Berthon, Pitt, Parent, & Berthon, 2009). According to the

literature, luxury goods experience high levels of demand due the individuals' need for uniqueness (Kastanakis & Balabanis, 2012; Vigneron & Johnson, 1999) and need for status. Conspicuous consumption is often triggered by individuals' desire to "climb the social ladder" by adding perceived value to themselves through the consumption of luxury goods (Kastanakis & Balabanis, 2014). Thus, luxury consumption can be based on personal motivations, such as hedonism and extended self, as well as interpersonal motivations, such as conspicuousness, uniqueness, and quality (Vigneron & Johnson, 2004). Because consumers translate these motivations on the basis of their individual perceptions, the tendency toward luxury consumption changes with consumers' previous experiences, socioeconomic background, and susceptibility to interpersonal influence (Vigneron & Johnson, 1999; Wiedmann et al., 2009).

Luxury brands create value not only for the individual but also for "significant others" (Wiedmann et al., 2009). The social, individual, and material value that luxury brands generate for consumers are all important in determining brands' success (Berthon et al., 2009). Previous research in this area supports this multidimensional concept of luxury value, which includes the functional or financial, the individual/hedonic, and the social/symbolic aspects of luxury (Vigneron & Johnson, 2004; Wiedmann et al., 2009). The functional value of luxury consumption represents what the product or service "does" in terms of quality and performance (Berthon et. al, 2009). It refers to the main attributes and utilities of the product, such as its uniqueness, quality, and usability (Wiedmann et al., 2009). The individual dimension of value focuses on a person's subjective taste, and it is associated with one's personal values toward luxury consumption (Tynan, McKechnie & Chhuon, 2010; Wiedmann et al., 2009). Finally, social value reflects certain narratives that signal the value of the brand to society and thus communicates one's social status and satisfies the need for prestige (Berthon et. al, 2009). To examine how different human values, as higher-order

motivating factors, guide consumer choice and proclivity for luxuries, we examine their effect on the usability, uniqueness, quality, and social/status signaling that consumers derive form luxury consumption.

2.2.1. Usability

A luxury item's usability value can be defined as all the attributes and material benefits consumers derive from its consumption (Wiedmann et al., 2009). Usability is an all-encompassing attribute that can be seen only in relation to luxury consumer needs (Wiedmann et al., 2009). Usability embodies the material value of luxuries (Richins, 1994) a prominent motive in luxury product consumption (Alan, Dursun, Kabadayi, Aydin, & Anlagan, 2016; Han, Yun, Kim, & Kwahk, 2000). Usability captures what Woodall (2003, p.8) describes as "use-value" or outcome-oriented value which refers to "the benefits derived from consumption-related experience and is presented such that independence of, or at least prevalence over, any sense of associated sacrifice is implied." It refers to the self-oriented intrinsic value of luxury that according to Holbrook (1999, p.10) refers to a value that is "appreciated as an end in itself - for its own sake - as self-justifying, ludic, or autotelic."

People espousing self-enhancement values expect products to function at the same level of perfection as they expect from themselves (Ladhari, Pons, Bressolles, & Zins, 2011). These expectations would be even more prevalent for luxury products. Research shows that Schwartzs' (1992) self-enhancing higher order value is strongly correlated to materialism (Wilson, 2005) and narcissism (Kajonius, Persson & Jonason, 2015). Sedikides and Gregg (2001) show that narcissists are actively pursuing self-enhancement. A tendency to self-enhance oneself through material possessions is a characteristic of narcissists (Lee, Gregg, & Park, 2013). As there is paucity of research directly linking self-enhancement values to luxury values, the theoretical arguments used in narcissism literature (which also pertain to

the self-concept) can judiciously be applied in this context. Material possessions is a way for narcissists to assert their actual and ideal selves (Burroughs, Drews, & Hallman 1991). High in symbolic value products like luxuries can exemplify narcissistic traits like self-sufficiency, egocentricity and competitiveness, which are all intrinsic values (Cisek et al., 2014). Sedikides, Gregg, Cisek and Hart (2007) shows that the narcissists' tendency to derive materialistic value from prestigious brands) is based on self-related motives (or in others words have self-directed value as usability). Drawing on self-referent processing literature, Kokkoris, Sedikides and Kühnen (2018) support that narcissistic self-enhancement motives underlie the materialist value consumers' derive from prestigious products. Self-referencing is more prominent in the choice of prestigious luxury brands than regular brands (Kokkoris et al. 2018). The materialistic value attached to such luxury products derive from the role brands play in enhancing an individual's narcissism increased self-referencing. Accordingly, the material value placed in luxuries by people that embrace self-enhancement values is mostly based on internal referencing. Thus, we offer the following hypothesis:

H1a. Self-enhancement values are positively associated with the appreciation of usability of luxury products.

On the other hand, individuals high in self-transcendence values place more importance on the welfare of other people, spirituality, and anti-materialism, and they are more sensitive to the use of natural resources and materials (Schultz et al., 2005; Schwartz, 1994a). Similarly, Kajonius et al. (2015) find that self-transcendence is the value most negatively correlated to narcissism. Thus, following Schwartz's (1992) circular structure of values, self-transcendence is at the opposite end of self-enhancement (Borg et al., 2015; Rudnev et al., 2018). According to Schwartz (1996) and Fischer (2013) correlation of values

with any third variable like usability in our case decreases monotonically as one moves from one end to the other end of the circle. Hence, as self-transcendents are placed at the opposite end of self-enhancers (Borg et al., 2015; Rudnev et al., 2018) are expected to appreciate less the usability value of luxuries. Research from Kilbourne, Grünhagen and Foley (2005) and Burroughs and Rindfleisch (2002), Wilson (2005), and Pepper et al. (2009) also provide direct evidence that self-transcendence is negatively related to materialism and the importance that individuals place on material possessions and their value. Wilson (2005) find self-transcendent to focus on post-materialistic values that eclipse priorities to physical or economic needs. On the basis of the above, we hypothesize the following:

H1b. The effect of self-transcendence values on the appreciation of the usability of luxury products will be lower than that of self-enhancement values postulated in H1a.

2.2.2. Uniqueness

The value derived from uniqueness reflects the perceived rareness and exclusivity of the luxury product that makes it more appealing to consumers (Wiedmann et al., 2009). Previous research has shown as a product becomes more expensive, consumers' desire for it increases when the item demonstrates unique attributes (Verhallen & Robben, 1994; Wiedmann et al., 2009). In the luxury context, in which products, by definition, are not very affordable, consumers' need for uniqueness is an important value that drives luxury consumption (Shukla, 2012; Tian, Bearden, & Hunter 2001). Uniqueness value can enhance one's self-image and social image, and it is driven by an individual's motivation to differentiate him- or herself from others (Eng & Bogaert, 2010; Tian et al., 2001). Thus, consumers driven by self-enhancement motivations, and more particularly by a desire for power, will try to differentiate themselves from the crowd by using unique luxuries to

communicate social status and prestige (Torelli, Özsomer, Carvalho, Keh & Maehle, 2012). The strong prevalence of narcissistic traits in self-enhancers (Kajonius et al., 2015) would expect them to appreciate more exclusive (de Bellis, Sprott, Herrmann, Bierhoff & Rohmann,2016; Lee et al. 2013) and scarce products (Lee & Seidle, 2012). According to them, this has to do with a chosen presentation strategy to appear distinct from others in the material world. The power of exclusive luxury products to elevate and individuate the self, makes them attractive to narcissists (Lee et al. 2013). The extent to which they succeed in individuating or elevating themselves is congruent with narcissists self-enhancement drive. Lee and Seidle (2012) find that preference for exclusive and unique products in narcissists is consistent with their perception of themselves as unique and distinctive from others. This reasoning is line with Tian's et al. (2001) arguments that consumers seek unique and exclusive luxuries to stand out in the societal hierarchy and differentiate themselves from lower ranks and social groups with less discerning tastes. Uniqueness is important to signal their achievements and to gain prestige and social power (Gentina et al., 2016; Rucker & Galinsky, 2008). On the other hand, individuals with lower self-enhancement values do not place a lot of importance on the social superiority, they do not seek to differentiate much from others and they do not have this need for uniqueness (Irmak, Vallen & Sen, 2010). Accordingly, we hypothesize the following:

H2a. Self-enhancement values are positively associated with the appreciation of uniqueness in luxury products.

Following Schwartz's (1996) and Fischer's (2013) recommendations explained in the discussion preceding H2, we expect the effects of the antipodean to self-enhancement,

self-transcendent value on the value of uniqueness in luxuries to be lower than that of enhancers.

H2b. The effect of self-transcendence values on the appreciation of the uniqueness in luxury products will be lower than that of self-enhancement values postulated in H2a.

2.2.3. Quality

Consumers often associate luxury products with superior quality, and in many cases superior quality is an essential condition that gives a product its luxury status (Wiedmann et al., 2009). It is a "*condicio sine qua non*" for luxury products. High quality also serves as a justification for the high price of luxury products (Alan et al., 2016; Shukla & Purani, 2012) and as a reassurance to consumers that they are getting the best money can buy in purchasing the luxury product (Shukla, 2012). This view is similar to the conception of quality as a type of value that is linked to sacrifices the consumer has to make (Woodall, 2003). However, the appreciation of the quality attributes of luxury may vary from consumer to consumer and human values play a role in that (Allen, 2000). In Holbrook's (1999) classification of types of consumer value, quality represents a self-oriented (e.g. valued by the virtue of the effect it has on oneself but not the others), reactive (e.g. the results from apprehending, appreciating, admiring, or otherwise responding to a product) and extrinsic (e.g. appreciated for its functional, utilitarian, or instrumentality in serving as a means to an end value) construct. Thus, the difference between usability and quality value of luxuries, is that quality provides extrinsic value (e.g. the luxury is "prized for its functional, utilitarian, or banausic instrumentality in accomplishing some further purpose" Holbrook, 1999, p.10) and usability has intrinsic value. A similar utilitarian, attribute-specific approach to product quality is adopted by Woodall (2003). Allen (2000, 2001) examined the effect of human values on

consumer choices. According to him, when consumers evaluate a product's utilitarian aspects, they make an attribute-by-attribute (piecemeal) assessment. Human values in this case, influence the importance of the product's tangible attributes.

According to Allen (2000, 2001) attribute-by-attribute assessment serves consumers' instrumentality need (e.g. the need to feel that they are in control of their environment), whereas the holistic assessment approach used to assess product symbolism serves consumers' expressiveness need (e.g. the need to express, enhance and maintain their personal and social identities). Utilitarian meaning "is 'located' in objective and tangible attributes, because tangible attributes reveal the quality of the product's physical performance, degree of functionality and ability to control the environment" (Allen, 2000, p.24). In cases where utilitarian meaning is important then values have an effect on the importance attached to tangible attributes of the product. More importance is attached to product attributes that match the needs of a human value; for example, product safety is more important to people that have high scores in security human value. In one of his study Allen (2001) shows that Schwartz's security value (a conservation type of value) is consistently correlated with tangible attribute importance attached to a car (reliability, quality workmanship, few repairs needed, safety, air conditioning, heating, comfort, good handling and smooth riding).

In a cross-cultural study, Overby, Gardial and Woodruff (2004) uses means-end method and find that US consumers emphasize more on the functional consequences of products rather than French consumers do. While Overby et al. (2004) attributed that difference in the emphasis Americas place in explicit cues and arguments, in the Schwartz(1992) value map the main difference between the two countries is in the openness to change versus conservation value axis, with France being more open to change and less conservative than USA. Previous research (Commuri, 2009; Shukla, 2012) indicates that

individuals who display a high need for conformity and security are more willing to purchase a luxury product for the quality assurance and peace of mind it offers. This is in line with Donthu and Yoo (1998) findings that people high in uncertainty avoidance (or high in security values) place more importance to high quality products than other people. Product quality will provide the required assurances to the individuals or will alleviate possible insecurities of the individuals espousing security values, making sure that unexpected risks from the consumption of the product will be minimized. Therefore, we hypothesize the following:

H3a. Conservation values are positively associated with the appreciation of the quality aspects of luxury products.

At the opposite end of conservation values are openness to change values. Following Schwartz (1996) and Fischer's (2013) recommendations explained earlier, we expect the effects of openness to change values on the value placed on the quality of luxuries to be lower than that in individuals that are more conservative.

H3b. The effect of openness to change on the appreciation of the quality offered by luxury products will be lower than that of conservation values postulated in H3a.

2.2.4. Social value

Social value in luxury consumption reflects the prestige, symbolic, and status signals that consumers want to demonstrate in their social group. This value affects how consumers evaluate luxury goods and reflects their desire to consume luxury products as a means to imbue their self-identities with symbolic meaning (Le Monkhouse et al., 2012; Vigneron &

Johnson, 2004). Previous research has emphasized the importance of prestige and social status in luxury consumption (e.g. Kapferer & Bastien, 2009; Wiedmann et al., 2009). The need for self-enhancement can lead individuals to consume certain products based on a "status motive" (de Mooij, 2017). People focused on self-enhancement are highly oriented toward goals such as social power and prestige (Rice, 2006; Schwartz, 1994a), which suggests that such individuals are more motivated to purchase luxury products for their social value. Given the prevalence of narcissistic traits in people that relish self-enhancement values (Kajonius et al., 2015) we expect them to share similar qualities. A review of narcissism's effects on consumer behaviour (Cisek et al., 2014) shows that narcissists are status-oriented, power-driven individuals who engage in boasting and flaunt their material possessions. The prized self-worth of narcissists hinges on the admiration and recognition they receive from others. Exhibitionism is narcissists' trademark impelled by an unrelenting need to validate their self-beliefs in the presence of others (Cisek et al., 2014). Their self-enhancement motivation stems from their desire to win the admiration of others (Wallace & Baumeister, 2002). Narcissists' underlying inflated yet fragile self-conceptions, underlie their chronic desire to continuously seek external self-affirmation (Morf & Rhodewalt, 2001). According to Morf and Rhodewalt (2001) distinctive social-cognitive-affective regulatory mechanisms are responsible for resolving the narcissists' paradox of combining self-grandiosity, self-centeredness and self-absorbance with excessive sensitivity to criticism and feedback from others. The need for admiration and external self-affirmation will increase the social value of luxuries for that category of consumers. Thus, we hypothesise that:

H4a. Self-enhancement values are positively associated with the appreciation of social value in luxury products.

Following Schwartz's (1996) and Fischer's (2013) recommendations for antipodean values explained earlier, we expect the effects of self-transcendence values on the social value of luxuries to be lower than that in individuals that cherish self-enhancement values.

H4b. The effect of self-transcendence values on the appreciation of social value in luxury products will be lower than that of self-enhancement values postulated in H4a.

2.2.5. Proclivity for luxury products

A proclivity for luxury products reflects consumers' propensity to purchase luxury products over nonluxury products. When a luxury product has the look and feel of supreme quality, excels in its performance, and communicates exclusivity and rarity compared with a nonluxury good, consumers will have a higher propensity to buy the luxury product (Wiedmann et al., 2009). Similarly, when a product's attributes highlight the social status the consumer desires and reflects elements of his or her self-actualization or enhances the consumer's quality of life, this consumer's propensity to prefer the luxury good over a nonluxury alternative will be higher. Therefore, when luxury products have high usability, uniqueness, quality, and social/prestige values, the consumer's tendency to choose a luxury brand over a nonluxury brand will be higher. We expect that luxury values will mediate the effect of human values on proclivity to buy luxury products. Formally,

H5a. The effects of self-enhancement on proclivity to buy luxury products will be mediated by consumer's appreciation of the (a) usability, (b) uniqueness and (c) social value of luxury products.

H5b. The indirect effect of self-transcendence human values on proclivity to buy luxuries through (a) usability, (b) uniqueness, and (c) social luxury values will be lower than the corresponding H5a indirect effects of self-enhancement value on proclivity to buy luxury brands.

H6a. The effect of conservation value on proclivity to buy luxury products will be mediated by quality luxury value

H6b. The indirect effects of openness to change on proclivity to change through quality luxury value on proclivity to buy luxury products will be lower than the corresponding H6q indirect effect of conservation value on proclivity to buy luxury products.

Fig. 2 visualizes the hypothesized relationships we have discussed.

[Figure 2 here]

3. Method

3.1. Data collection

We collected data using an online panel from Qualtrics in the United States. Such panels offer an acceptable sampling frame for testing relationships among variables (Baker et al., 2010; Callegaro, Villar, Yeager, & Krosnick, 2014). In the cover letter respondents were provided a standard definition of what is luxury. Consumers were screened based on their income, and only respondents with annual incomes above $20,000 were included in the study. Based on income distribution figures from the U.S. Bureau of Labor Statistics, this excludes the bottom 35% of the population (Bureau of Labor Statistics, 2017). This study is focused on the propensity to buy luxury over non-luxury products, which is not, as we have suggested previously, exclusive to the most wealthy consumers. Based on the Consumer

Expenditure Survey from the Bureau of Labor Statistics, for luxury expenditures, the two lowest quintiles spent the least amount of money on luxuries relative to necessities (Hooper et al., 2017). In total, we collected 260 responses. All respondents passed the attention and time filters used to eliminate careless respondents. Of the 260 respondents, we eliminated 20 because they answered "no" to the final quality screener ("In your honest opinion, should we use your data?") as recommended by Meade and Craig (2012). We used the remaining 240 responses to test our hypotheses. Of the sample, 51.7% were male, and ages ranged between 19 and 69 years (average = 38.608 years of age, SD = 15.104 years).

[Table 1 here]

3.2. Measures and measurement model

We used established measures when possible. We measured value orientations using Schwartz's (2003) PVQ–21 questionnaire on a six-point rating scale (1 = "not like me at all," and 6 = "very much like me"). PVQ-21 questionnaire comes in two versions, male and female respondent versions. In the appendix we report only the male version. Following Schwartz (2003), we modeled the 10 value priorities (conformity, tradition, benevolence, universalism, self-direction, stimulation, hedonism, achievement, power, and security) as a second-order latent construct model across the four superordinate values (openness to change, self-enhancement, self-transcendence, and conservation). We measured the perceived value consumers receive from luxury products on a 7-point "strongly disagree/strongly agree" Likert scale, using four dimensions adapted from Wiedmann et al. (2009). We assessed luxuries to the extent that they were valued for their usability, uniqueness, intrinsic quality, and ability to signal social status.

We initially tried to measure proclivity to buy luxury products using a formative scale assessing people's penchant for luxury products over regular products across 13 products

(where luxury options were available). Respondents answered the following question: "When you buy the following products or services, how often do you buy a luxury item rather than a regular brand in the following product categories?" Participants responded on a 7-point scale (1 = "I never buy the luxury version available," and 7 = "I always buy the luxury version of this product").

Initial analysis showed high collinearity among the items, and thus a latent variable specification proved more appropriate, as Diamantopoulos (2011) advises. We used confirmatory factor analysis (CFA) to examine proclivity for luxury. We used the robust maximum likelihood (MLR) estimation method. High intercorrelated error terms indicated that some items were redundant, and thus the scale could be simplified to improve fit. The trimmed model included eight of the initial 13 product categories (shoes, handbags, clothes, jewelry, watches, fragrance, cosmetics, and furniture). The CFA model had a satisfactory fit ($\chi^2(44) = 99.255$, $p < .001$, $\chi^2/df = 2.255$; comparative fit index [CFI] = .968; Tucker–Lewis index [TLI] = .960; root mean square error of approximation [RMSEA] = .072; standardized root mean square residual [SRMR] = .024).

The full measurement model also showed a good fit ($\chi^2(587) = 826.827$, $p < .001$, $\chi^2/df = 1.408$; CFI = .953; TLI = .947; RMSEA = .041; SRMR = .053). Similarly, we estimated the measurement model on MLR. Reliability and validity statistics of the scales used appear in the Appendix. To check common method variance, we used the CFA marker technique (Williams, Hartman, & Cavazotte, 2010). As an ideal marker, we used the yellow scale, as Simmering, Fuller, Richardson, Ocal, and Atinc (2015) advice. The noncongeneric (unequal marker variable effects) CFA marker model performed best in terms of fit with the baseline model (Satorra-Bentler Scaled Delta: $\chi^2(39) = 126.654$, $p < 0.001$), indicating the existence of common method variance. Further analysis showed that the I model (equal effects per latent variable) was not worse than the congeneric model, or the U model in

Williams's et al. (2010) terminology (Satorra-Bentler Scaled Delta: $\chi^2(22) = 31.767$, $p = 0.08$). The I model was better than the full noncongeneric model (e.g. method effects are constrained to be equal) and the C model (Satorra-Bentler Scaled Delta: $\chi^2(34) = 63.522$, $p < 0.001$). We retained the I model and compared it with the R model (the I model with substantive factor correlations fixed to values from the baseline model). Because the constrained R model did not converge, we performed a decomposition of the variance into substantive factor and common method variance as Simmering et al. (2015) suggest. The common method accounted for only 5.76% of the total variance, which is substantially smaller than the average common method variance typically reported (Simmering et al. 2015). The substantive factors accounted for 92.44% of the total variance.

4. Findings

We employed structural equation modeling to test the hypotheses using the robust maximum likelihood estimation method in Mplus. As income has an effect on purchase of luxuries (Dubois and Duquesne, 1993) it was included as a control variable to eliminate its effects. The standardized regression coefficients of the statistically significant relationships appear in Table 2. On the basis of this analysis, the result support H1a: self-enhancement has a positive effect on usability luxury value ($\beta = 0.709$, $p < 0.001$). With regard to H1b, self-transcendence had a significant effect on usability ($\beta = 0.172$, $p = 0.044$) but as hypothesized lower than that of H1a. Specifically, we used Wald Chi-Squared test to check the equality of the two coefficients. Results (Walds $\chi^2(1) = 7.743$, p=.005) indicated that the effect of self-enhancement on usability was higher than the corresponding effect of self-transcendence on usability value. This provides support to H1b.

The results also support H2a, as self-enhancement had a positive influence on uniqueness value ($\beta = 0.531$, $p < 0.001$). Self-transcendence, the andipodean value of self-

enhancement, did not have a significant effect on uniqueness value ($\beta = 0.176$, $p = 0.103$).

This provides support for H2b that postulates a lower effect of self-transcendence on uniqueness value than that of self-enhancement value.

As H3a predicts, individuals with high conservation values were found to appreciate the quality assurance offered by luxuries ($\beta = 0.374$, $p < 0.001$). However, H3b which indicates that individuals with high openness to change values will appreciateless the quality value of the luxury products than individuals with high conservation values cannot be confirmed. The effects of openness to change on quality value is also statistically significant ($\beta = 0.409$, $p < 0.001$). Wald's chi square test failed to identify any statistical differences between the two regression coefficients (Walds $\chi^2(1)= .006$, p=.935). Hence, H3b cannot be accepted.

H4a postulates that individuals with high self-enhancement values will appreciate more the social value of luxury items than those with lower self-enhancement values. Results provide support for H4a and found a significant positive effect between self-enhancement and social value ($\beta = 0.948$, $p < 0.001$). The antipodean hypothesis (H4b) postulated that the effect of self-transcendence on social values will be lower than that postulated in H4a. Results support H4b as self-transcendence was found to have a non-significant effect on social value ($\beta = -0.095$, $p =.278$).

Results indicate that only social value influences the proclivity to buy a luxury over a nonluxury product ($\beta = 0.317$, $p < 0.001$). There was no significant relationship between the functional values (usability, uniqueness, and quality) and proclivity for luxury over nonluxury products. As expected the control variable income has a statistically significant effect ($\beta = 0.106$, $p < 0.001$) on proclivity to buy luxury.

The total indirect effects of self-enhancement on proclivity to buy luxury products through its effects on usability, uniqueness, and social luxury values is .500 (p<.001). This

provides partial support to H5a. The mediation effects of self-enhancement on proclivity to buy luxuries, through specific luxury value were as follows: through usability (.212, p=.129), through uniqueness (-.012, p=.814), and through social luxury value (.301, p=.021). Hypotheses H5b is also confirmed as the total indirect effect of self-transcendence on proclivity to buy luxury is statistically insignificant (total indirect effect: .017, p=.816). The specific indirect effects of self-transcendence on proclivity to buy luxuries are statistically insignificant [usability (.052, p=.282), uniqueness (-.005, p=.810), and through social luxury value (-.030, p=.324)].

H6a cannot be confirmed as the indirect of effect of conservation value (through quality) on proclivity to buy luxury is statistically insignificant (.004, p=.9502). Similarly, the H6b indirect effect of the antipodean value of openness to change on proclivity (through quality) is statistically insignificant (.005, p=.951). Income was found not to have any indirect effects to proclivity to buy luxury (total indirect effect: 0.019, p=.501).

To further investigate this result, we performed a post hoc analysis to check how individual consumers combine luxury values and how these combinations are influenced by the human values. In addition we will examine their effects on proclivity for luxury consumption.

[Table 2 here]

To identify different configurations of luxury values, we performed a latent class analysis (LCA) on the four luxury value variables of usability, uniqueness, quality, and social. The reason of this post hoc analysis is to examine the effects of human values on combinations of luxury values and helps us to get a more holistic perspective on the relationship between the two constructs. To increase estimation accuracy, was performed LCA on the items of the luxury value variables and not on aggregates. The first step was to choose the optimal number of classes by specifying LCA models with various numbers of

classes. We evaluated the number of classes in the LCA models by comparing several statistical criteria, including the Akaike information criterion (AIC), the Bayesian information criterion (BIC), the adjusted BIC, entropy, the Vuong-Lo-Mendell-Rubin (VLMR) likelihood ratio test (LRT), and the Lo-Mendell-Rubin (LMR) adjusted LRT test (Nylund, Asparouhou, & Muthén, 2007).

In the second step, we included the four human value orientation variables (openness to change, self-enhancement, conservation, and self-transcendence) as covariates using the new three-step approach (Asparouhov & Muthén, 2014). The three step approach replaces the one step approach where the latent class model and the latent class regression model are combined into a joint model. According to Asparouhov and Muthén (2014) with this approach the regression model may affect the latent class formation and the derived latent classes may lose their meaning. The three step approach is addressing this flaw and outperforms the one step approach. During the first step only latent class indicator variables estimate the latent class model; taking the latent class posterior distribution, the second step proceeds with creating the most likely class variable; taking into consideration the misclassification from the second step, "the most likely class is regressed on predictor variables" in the third step (Asparouhov & Muthén, 2014, p.5).

To increase accuracy, we used the factor scores (estimated in Mplus) of the four value orientation variables. After selecting the optimal number of classes, the second step was to examine proclivity for luxury differences on latent class membership using the three-step approach. We report model fit statistics in Table 3. We tested the two-class, three-class, four-class, and five-class models until evidence showed no significantly better model fit for a five-class model than a four-class model using the p-values of the VLMR LRT test and the LMR adjusted LRT. The four-class model was the best model, with acceptable AIC, BIC, ABIC, and entropy values.

[Table 3 here]

For the four-class latent class model, Fig. 3 shows the average score for each luxury value. Class 1 represents unconcerned consumers, marked by the lowest scores in all luxury values; they account for 5% of the sample. Class 2 represents consumers who focus on the functional value of luxury (uniqueness, quality and usability) and assign low social value to it; they account for 19.5% of the sample. Class 3 comprises consumers with moderate luxury values in all four categories; they account for 37.1% of the sample. Class 4 represents luxury-enthusiasts, characterized by the highest scores in all luxury values across the four latent classes; they account for 38.4% of the sample.

[Figure 3 here]

We report the results of the four-class LCA with human values as predictors in Table 4. Income was included as a control variable. There was a total of four classes, and the three-step model (Asparouhov & Muthén, 2014) was analogous to a multinomial logistic regression of latent classes on the human values (see Mplus script in appendix 1). We set the unconcerned group as the reference group to compare results with the other groups, followed by luxury functionalists and luxury moderates.

[Table 4 here]

An analysis of Table 4 shows significant differences in the cultural orientation profiles of the different groups. Luxury-enthusiasts, compared with unconcerned (about luxury), functionalist, and moderate consumers, are more likely to exhibit self-enhancement and self-transcendence values and less likely to exhibit conservation and openness-to-change values. Self-enhancement separate moderates from the unconcerned and functionalist consumers. The moderate group has higher self-enhancement values than the unconcerned and functionalist groups. Functionalists seem to share the same cultural value profile as

unconcerned consumers, as there were no detectable differences between the two. Income did not influence membership to any of the 4 classes.

We analyzed the effect of the four-class LCA on the proclivity to buy luxury items with the manual three-step distal approach (Asparouhov & Muthén, 2014) adding income as a control variable (see Mplus script in appendix 2). This approach performs better than ordinary analysis of variance because it takes into account the probability of membership to a class.

[Table 5 here]

To test differences across different groups after controlling for income, the estimates of the marginal means of proclivity to buy luxury distal outcome were calculated. A similar approach to ANCOVA was used. Marginal means are reported in Table 5 and indicate a progressive increase in proclivity to buy luxury as one moves from the unconcerned to the enthusiast group.

To test if the observed differences between the groups are statistically significant Wald's chi square test was used for all possible pairs (see Table 5). Results confirm differences for all pairs. Unconcerned consumers had significantly lower proclivity scores than the other three groups. The functionalists had a lower proclivity for luxuries than the moderates and the enthusiasts. Finally, the moderates had a lower proclivity for luxuries than the enthusiasts. It appears that the four groups can be ranked according to their proclivity to buy luxury products, with luxury-enthusiasts on the top, followed by moderates and functionalists, and with unconcerned consumers at the bottom. Income was found to have a significant positive effect on proclivity to buy luxuries only for the two top groups: the moderates (b=.235, p<.001) and the enthusiasts (b=.233, p<.001). Wald's chi square test revealed the effect of income on proclivity to buy luxury is equal for moderates and

enthusiasts (Wald's $\chi^2(1)$= 32.806, p<.001). Income did not have any effect on the proclivity to buy luxury of the unconcerned and the functionalist luxury consumers.

5. Conclusions

The key theoretical motivation of the study was that most of the current research assumes that there is a consensus of cultural values within a country. A view which has been empirically challenged by Fischer and Schwartz (2011) and according to Schwartz (2014) compromises existing theories that are based on that assumption. Furthermore, many of the studies that examine the effects of culture on luxury consumption tend to rely on Hofstede's (1980) framework. These studies are oblivious of Hofstede's (2001) warning that his country-level cultural dimensions cannot be used for inter-individual comparisons as there is a low correspondence between the country- and individual-level in Hofstede's cultural dimension structures. It is possible, that the noncompliance to Schwartz's (2013) and Hofstede's (2001) warnings, can explain the inability to: (1) identify clear cultural patterns in the values placed in luxury (Hennigs et al. ,2012); (2) explain differences in the emphasis placed on the same luxury value identified in culturally similar countries (Shulkla,2012); or (3) identify meaningful cultural differences across culturally dissimilar countries (Dubois & Laurent, 1993; Dubois, Czellar, & Laurent, 2005; Godey et al. 2013; Le Monkhouse et al., 2012; Shulkla,2012). The present study addresses the above limitations by adopting Schwartz's (2013) view of culture as a latent, normative system of pressure on individuals. Within this framework, culture is measured at individual level using Schwartz's (1994a) cultural value configuration. The cultural values of Schwartz's (1994a) framework follow a circular configuration when applied to individual level and higher order values (Borg et al., 2015; Rudnev et al., 2018). One implication of the study is that the reason cross-country examinations of luxury values fail to consistently identify cultural patterns is the intra-

country variation of individual level values. Thus, future cross-country research should account for intra-country differences in the effects of individual level values before it examines the effects of national culture (country-level), by employing a multilevel approach.

Applying Schwartz's (1994a) conception and measurement, the study examines the effect of cultural values on the utilities consumers derive from luxury consumption (luxury value) and how they mediate the effect of cultural values on consumers' proclivity to buy luxury brands over regular brands in the same product category. The study identifies some theoretically consistent cultural differences in the importance of different luxury values to consumers. Beyond individual luxury values, the study also explains how Schwartz's (1994a) cultural dimensions influence the combinations of luxury values that surface among consumers. Luxury values, individually and combinatorically (as configurations), were found to mediate the effects of cultural values on proclivity to buy luxury over regular brands. Finally, the study provides evidence to an old question (Dubois & Duquesne, 1993) that cultural dimensions explain better than income, luxury values, and in some cases proclivity to buy luxury. Specifically, for some categories of consumers (unconcerned and functionalists), cultural dimensions were found to affect their proclivity to buy luxury independently of their income.

Latent class analysis with covariates shows that of the four high order cultural values, self-enhancement seems to best explain the motives of luxury consumption. The results show that individuals that relish self-enhancement values appreciate the usability, uniqueness and social values of a luxury product. This is in line with the narcissistic traits that underlie self-enhancement values (Kajonius et al., 2015) and emphasizes the self-referencing criteria for the usability and utility values as proposed by Sedikides, Cisek and Hart (2011), Lee et al. (2013) and Kokkoris et al. (2018). It also conforms to Morf and Rhodewalt (2001) explanation of the narcissist paradox where self-referencing, of the self-centred narcissists,

can fuel, through different affective and cognitive mechanisms, the incessant need of external self-affirmation and admiration by others (e.g. the social value of luxuries here).

As this is the first study that examines the effects of Schwartz's (1994a) cultural dimension on luxury values the closest research to that paper is the cross-cultural research that examines, at a country-level, the effects of Hofstede's individualistic values on luxury consumption. If we accept that Hofstede's individualism correlates with the self-enhancement dimension in Schwartz's framework as proposed by Kilbourne et al., (2005) and Sedikides, Gaertner and Toguchi (2003), then our results partially share some similarities with Donthu and Yoo (1998) and Shukla and Purani (2012) studies, where an emphasis of the utilitarian aspects of the luxury like usability and uniqueness seem to be appreciated more in individualistic cultures. Beyond usability and uniqueness, self-enhancement value is highly correlated with the social status benefits derived from purchasing luxury products. Previous cross-cultural research provides mixed results on this aspect. Some studies claim that social recognition is perceived as more important in collectivist than in individualist countries (e.g. Hofstede, 1991; Wong & Ahuvia, 1998). However, Shukla and Purani (2012) show that social recognition is important in both types of cultures. Moreover, the social status signaling function of luxury products has been associated with countries high in power distance (Eng & Bogaert, 2010). Thus, prior studies do not provide conclusive evidence on the effects of culture on the social value of luxuries. This study provides a better understanding of the role of the social valuation of luxury by demonstrating that individuals with high self-enhancement values appreciate the social signaling function of luxury products. Despite the similarities, however, self-enhancement is not conceptually identical to individualism. As such, this study (i) extends previous findings on the effects of culture on luxury consumption by identifying self-enhancement as an important driver of luxury consumption; and (ii) proposes self-enhancement as a more relevant cultural value compared to individualism to

compare intra-individual differences in the value of luxury. Furthermore, the LCA analysis identified different combinations of luxury values (unconcerned, functionalists, moderately-eager and enthusiasts) that are also influenced by cultural values. Self-enhancement was found to be the most important cultural value that separates luxury-enthusiasts from other groups of consumers. Because self-enhancement is characterized by narcissistic traits, seeking pleasure, social power, success, wealth, authority and ambition, it can be assumed that these motives match the enthusiast luxury consumers' profile and their emphasis on all luxury values.

On the antipode of self-enhancement in Schwartz's (1994a) circle is the self-transcendence value. As predicted the effect self-transcendence on uniqueness and social values was lower than that of self-enhancement, and in this case self-transcendence did not have any effect on uniqueness and social value of luxury. In addition, consistent to what was hypothesized self-transcendence's correlation with usability values of luxury is lower to the corresponding one for self-enhancement. This conforms to the sinusoid pattern of prediction proposed by Fischer (2013) and Schwartz (1996) regarding antipodean cultural values. The marginal positive association with the usability luxury value may be related to a weak match between self-transcendence emphasis on harmony and world of beauty and the appreciation of luxury's beauty and pleasantness as outcome-oriented benefits. Similar reason may explain why self-transcendence together with self-enhancement values are important to the cultural profile of luxury-enthusiasts.

As expected conservation values had a positive effect on the valuation of quality in luxury products. Individuals with a high need for conformity to a social group and high need for security seek quality assurances in their luxury purchases. If we accept the view that conservation values are correlated to Hofstede's collectivistic orientation proposed by Steemkamp (2001), some of the cross-cultural studies available may be relevant here,

however, showing some contradictory results. Specifically, at a country level analysis, Shukla and Purani (2012) find that more individualistic cultures tend to appreciate higher quality in their luxury purchases. Whereas, Xiao and Kim (2009) find that collectivism has higher impact on quality. Moving from the cultural orientation from the country to the individual level, our study shows that the quality value of luxury appeals more to people who espouse conservation values, which is closer to Xiao and Kim's (2009) findings.

Looking at the antipodean to conservation value, openness to change, results fail to provide support to the expectation that openness to change will have a smaller effect on quality value than conservation value. Results indicate that openness to change has an equal positive effect on quality value as conservation. Some of the past research has provided similar findings, such as Xiao and Kim (2009) who found that Chinese consumers who experience high levels of self-direction and stimulation are more concerned with the high quality of luxury products. Allen's (2000) study may shed some light into these results, as they examined how Rokeach's (1973) instrumental and terminal values affects consumer value. They found that instrumental value is more important to attribute-by-attribute evaluations which emphasizes the utilitarian aspect of a product. Instrumental values reflect beliefs about desired modes of action ranging from being independent, ambitious, honest or obedient. Schwartz (1992) has incorporated 21 of Rokeach's (1973) values in his list of values when he developed his measure. However, his analysis (p.49) failed to separate instrumental from terminal values in the way they were conceptualized by Rokeach (1973). Hence, Allen's (2000) results pertain to a mix of openness to change and conservation values. The emerging relationship require further investigation in light of Fischer's (2013) findings that the sinusoid correlation patterns do not always emerge as they are moderated by macro-contextual factors, such as the level of economic development and prevalence of specific behaviors like prevalence in the consumption of luxury goods.

Of all the luxury values, only social value was found to mediate the effects of human values on proclivity to buy luxuries. Only one human value, self-enhancement, was found to have an indirect effect (through social value of luxury) on proclivity to buy luxury. It appears that self-enhancement and social value of luxury are the key drivers of proclivity to buy luxury. Further investigation of this relationship in the luxury value configuration that emerged through the LCA shows that luxury-enthusiasts are the most avid consumers of luxury, followed by the moderately-eager, the functionalists, and finally the unconcerned consumers. The order is similar to the importance these groups of luxury consumers place on the social value of luxury. The role of income is detrimental to luxury values and luxury value configurations identified in the four luxury consumer groups. It appears that human values are more important for the value consumer place to luxuries than income. Interestingly, the low proclivity to buy luxuries for the unconcerned and functionalist consumers is not affected by income. Income influences the proclivity to luxury only for two types of consumers, the moderately-eager and the enthusiasts.

The LCA with covariates analysis provides a new theoretical perspective with regards to luxury values. In this case luxury values are perceived as a synthesis of values and not as separate values where there is an assumption that there is only one predominant value when consumers are purchasing a luxury product. This perspective provides a more realistic and complete understanding of the motivations of luxury consumption and contributes to the luxury consumption literature by introducing a new way of clustering luxury consumers. In addition, this study, taking into account the recent criticism in the cross-cultural literature, contributes by utilizing Schwartz's value orientation system at the individual level and not at the national level, thus providing more accurate and insightful information. Finally, a new construct is introduced, namely, the proclivity for luxury over nonluxury products, which does not limit the investigation of luxury consumption only to the highest-income consumers

but rather opens it up to any consumer who has the option to and can buy a luxury product instead of a nonluxury product. As reported in the Bureau of Labor Statistics' Consumer Expenditure Survey, luxury expenditures are no longer limited to the top 20% of income earners. Today's consumers have access to a variety of options, and even if they are not in the top quintile of the income earners, they might still choose to splurge on luxuries over necessities.

Managerially, the results of this study provides a better understanding of the effects of culture on the features of luxuries that matter more to consumers. Based on cultural values managers can adjust their segmentation, brand positioning and marketing communications to appeal to usability, uniqueness and social value of their brand to consumers that relish self-enhancement values. Self-enhancement values characterize enthusiastic consumers who are the most avid buyer of luxuries. Social value of luxuries together with self-enhancement values appear to be the strongest motivations, even stronger than income, to consumers' proclivity to buy luxury over nonluxury products. Thus, marketers should not over-emphasize income in their segmentation and targeting decisions. Self-enhancement values can provide a more promising segmentator. Thus, managers should focus on segmentation criteria such as power and achievement, and more particularly on psychographic information of individuals regarding social power, authority, success and ambition. If combined with an emphasis of the social value of the brand in positioning and marketing communications the results will be optimal. Managers should understand that income does not affect certain consumers' tendency to buy luxury and does not determine membership to luxury values segments. Especially now that the 'affordable luxury', new extensions brand lines with 'premium' options and 'masstige' products are available in a wider audience rather than only the 'elite' individuals, brand managers should carefully reconsider their branding strategy and segmentation. Hence, emphasis to rich unconcerned and functionalist segments, may not be

productive. Similarly the assumption that top-income consumers would be enthusiastic or moderately-eager about luxuries is invalid. Income can only increase the proclivity to buy luxury of enthusiast and moderately-eager consumers. Thus, it can be used as a sub-segmentator of these two groups of luxury consumers. These results also emphasize the fact that luxury values should not be treated by managers in isolation, as the combination of all luxury values can lead potential consumers to buy more luxury products over the non-luxury alternatives available. More specifically, combining unique elements and high performance attributes of a product with feelings of social importance and pleasure through the use of these products, can attract more the desired segment of any luxury company which is the enthusiasts. However, in cases where luxury companies have a clear differentiation strategy based mainly on quality derived from luxury products, brand managers should focus on conservation and open to change values. As the results indicate, individuals with high sense of freedom, creativity as well as modesty and discipline, would be more attracted to the high quality and performance of luxuries. Interestingly, self-enhancement values are not in conflict with self-transcendence values as suggested by some other studies in the context of corporate social responsibility (CSR) (Torelli, Monga & Kaikati, 2011). Thus, if luxury companies enhance any CSR actions, which also seem to be a trend in the luxury setting the last decade, and communicate such efforts to potential consumers, they could attract individuals that are concerned about the environment and the welfare of the society. Additionally, our results show that self-transcendents are not negative about the value of luxuries and the embracement of such values should not worry luxury product managers. In general, as these values are measured at the individual-level, luxury companies can use them internationally to understand the composition of their consumers within each country and accordingly to emphasize or not the different aspects of their products.

This study's focus was on the human values of consumers of one country as such approach is more appropriate according to Hofstede (2001), Schwartz (2014) and Fischer and Schwartz (2011) to assess intra-individual differences in the value of luxury. However, our results for conservation and openness to change values depart from the sinusoid pattern of correlations expected by Schwartz (1996) and Fischer (2013). This pattern may have been tempered by macro-contextual factors. Future research should examine the following effects under different macro-contextual factors (e.g. level of economic development and prevalence of luxury consumption) and with the use of multilevel analysis to explore cross-country (or cross-cultural at a country level) differences. To our knowledge, this is a first attempt to examine the influence of individual-level (i.e. human-level) value orientations on people's luxury consumption values. Further research on luxury consumption should replicate this approach and focus on clustering consumers based on the combination of luxury values derived from purchasing luxuries. The study has relied on one specific typology and measurement scale of luxury values that of Wiedmann et al. (2009) typology. This is one of the most influential typologies in luxury research according to Gurzki and Woisetschläger (2017) bibliometric study. However, our analysis indicated lack of discriminant validity between individual and social value. As a result we had to exclude individual value of luxuries from the analysis. Future research should also explore alternative conceptualizations and typologies of luxury value as well as measurement scales and provide cross cultural validations.

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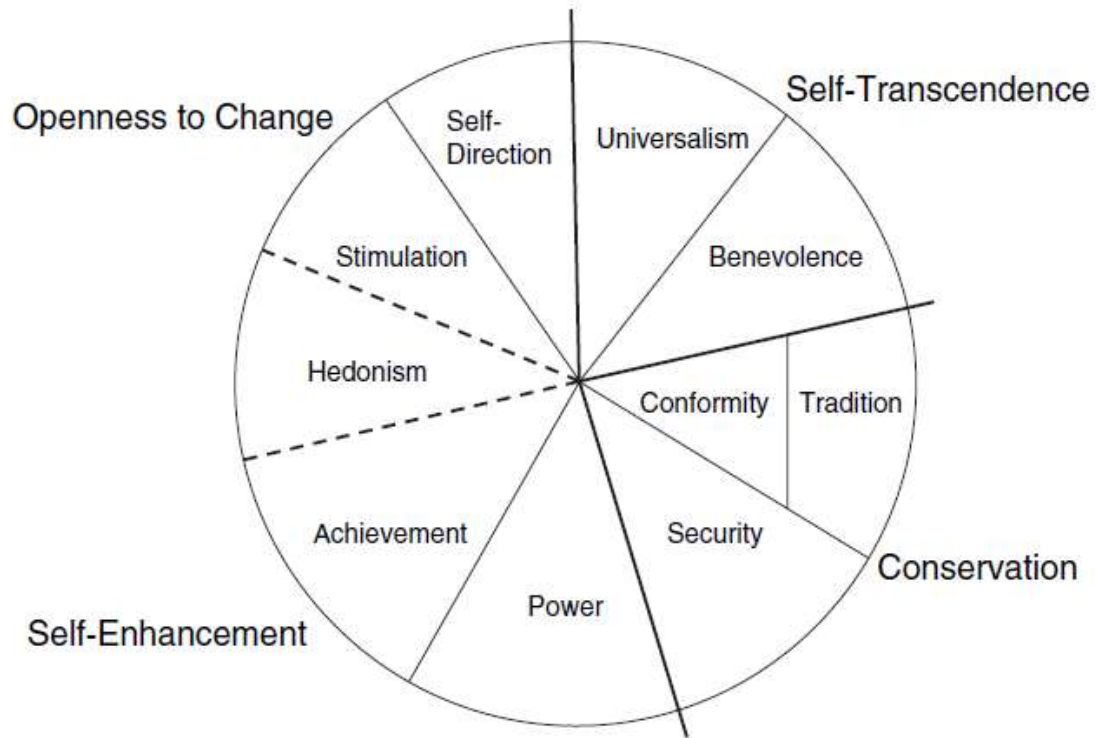
Figures

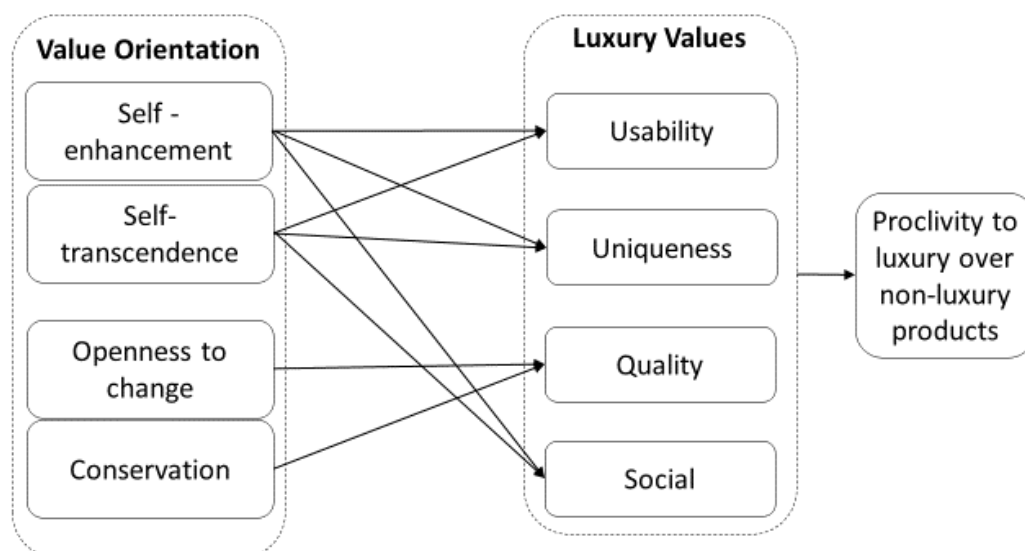**Fig. 1.** Schwartz's(1994b, p. 24) value circumplex
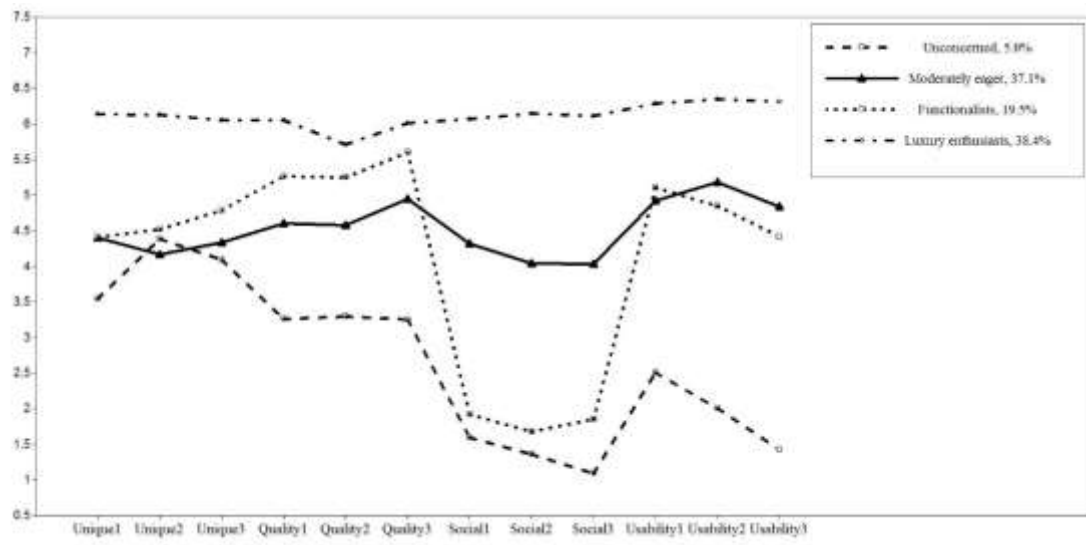

Fig. 2. Conceptual model.

Fig. 3. 4-class latent class model.

Tables

Table 1

Income distribution of the sample.

Income band	Frequency	%
$20,000–$29,999	10	4.2
$30,000–$39,999	14	5.8
$40,000–$49,999	19	7.9
$50,000–$59,999	22	9.2
$60,000–$69,999	20	8.3
$70,000–$79,999	26	10.8
$80,000–$89,999	17	7.1
$90,000–$99,999	31	12.9
$100,000–$149,999	53	22.1
$150,000–$199,999	14	5.8
$200,000 and higher	14	5.8
Total	240	100.0

Table 2

Results of the hypothesized relationships from the structural equation model.

		Estimate
Self-enhancement →	Usability value	0.709***
Self-transcendence →	Usability value	0.172*
Income →	Usability value	-0.002
Self-enhancement →	Uniqueness value	0.531***
Self-transcendence →	Uniqueness value	0.176
Income →	Uniqueness value	0.026
Conservation →	Quality value	0.374***
Openness to change →	Quality value	0.409***
Income →	Quality value	0.011
Self-enhancement →	Social value	0.948***
Self-transcendence →	Social value	-0.095
Income→	Social value	0.025
Usability value →	Proclivity for luxury	0.299
Uniqueness value →	Proclivity for luxury	–0.023
Quality value →	Proclivity for luxury	0.011
Social value →	Proclivity for luxury	0.317**
Income →	Proclivity for luxury	0.106***

Mediation.	Indirect effects of human values	
Self-enhancement →	Usability value → proclivity for luxury	0.212
Self-enhancement →	Uniqueness value → proclivity for luxury	-0.012
Self-enhancement →	Social value → proclivity for luxury	0.212*
Total indirect effect of	**Self-enhancement to proclivity for luxury**	0.500***
Self-transcendence →	Usability value → proclivity for luxury	0.052
Self-transcendence →	Uniqueness value→ proclivity for luxury	-0.004
Self-transcendence →	Social value→ proclivity for luxury	-0.030
Total indirect effect of	**self-transcendence to proclivity for luxury**	0.017
Conservation →	Quality value→ proclivity for luxury	0.004
Openness to change →	Quality value→ proclivity for luxury	0.005
	Indirect effects of income	
Income →	Usability value → proclivity for luxury	-0.003
Income →	Uniqueness value→ proclivity for luxury	-0.004
Income →	Quality value→ proclivity for luxury	0.001
Income →	Social value→ proclivity for luxury	0.008
Total indirect effect of	**income to proclivity for luxury**	0.019
Model fit = $\chi^2(703)$ = 889.177, $p < 0.001$, CFI = .936; TLI = .930; RMSEA = .047; SRMR = .062		

**$p < 0.01$.

***$p < 0.001$.

Table 3

Post hoc latent class analysis fit statistics.

Fit statistics	Number of classes			
	2	3	4	5
Degrees of freedom	37	50	63	76
Log-likelihood	–5012.252	–4875.284	–4762.834	–4702.715
AIC	10098.505	9850.568	9651.668	9557.431
BIC	10227.289	10024.600	9870.948	9821.959
Sample size Adjusted BIC	10,110.008	9866.112	9671.253	9581.058
Entropy	0.916	0.931	0.940	0.897

Fit statistics	Number of classes			
	2	3	4	5
VLMR LRT	<.0001	.018	0.0423	0.802
LMR adjusted LRT	<.0001	.0019	0.0451	0.805

Table 4

The results of LCA with covariates.[a]

Reference group:	Functionalists	Moderates	Enthusiasts
Unconcerned	OR	OR	OR
Intercepts	6.345*	12.261**	11.753**
Self-enhancement	3.649	28.345*	43.239**
Conservation	-0.366	-14.462	-21.232*
Openness to change	0.380	-26.410	-44.042*
Self-transcendence	0.058	26.028	44.305*
Income	0.082	0.171	0.003

Reference group:	Unconcerned	Moderates	Enthusiasts
Functionalists	OR	OR	OR
Intercepts	-6.345*	5.916*	5.228*
Self-enhancement	-3.649	24.695+	24.695**
Conservation	0.366	-14.096	-14.096*
Openness to change	-0.380	-26.791	-26.791**
Self-transcendence	-0.058	25.970	25.970*
Income	-0.082	0.088	0.088

Reference group:	Unconcerned	Functionalists	Enthusiasts
Moderates	OR	OR	OR
Intercepts	12.261**	-5.916**	-0.688
Self-enhancement	-28.345*	-24.695+	14.894**
Conservation	14.462	14.096	-6.770**
Openness to change	26.410	26.791	-17.632**
Self-transcendence	-26.028	-25.970	18.277**
Income	-0.171	-0.088	-0.167

[a]The three-step analysis (Asparouhov & Muthén, 2014) is analogous to a multinomial logistic regression, with the four-category latent class membership as the outcome variable.
Notes: OR = odds ratio.

$^+p < 0.10.$

$*p < 0.05.$

$**p < 0.01.$

$***p < .001.$

Table 5

Test of the mean differences of proclivity to buy luxury across luxury groups after controlling for income.

	Unconcerned (Wald's χ^2)	Functionalists (Wald's χ^2)	Moderates (Wald's χ^2)	Adjusted means of proclivity	Slopes of Income on proclivity to luxury
Unconcerned				-3.102	.008
Functionalists	48.044 **			-1.216	.111
Moderates	202.251 **	8.530 **		-0.298	.235**
Enthusiasts	1046.900 **	83.626 **	98.223 **	1.472	.233**

$**p<.001$

Appendix A

Measurement scales.

Items	Scale	Lambda	AVE	Jöreskog's rho
Schwartz (2003) PVQ21				
He likes surprises and is always looking for new things to do. He thinks it is important to do lots of different things in life	Openness to change	0.759		
Thinking up new ideas and being creative is important to him. He likes to do things in his own original way.	Openness to change	0.845		
It is important to him to make his own decisions about what he does. He likes to be free and not depend on others.	Openness to change	0.591	0.546	0.780
Having a good time is important to him. He likes to "spoil" himself.	Self-Enhancement	0.819		
It's important to him to show his abilities. He wants people to admire what he does.	Self-Enhancement	0.809		
Being very successful is important to him. He hopes people will recognize his achievements.	Self-Enhancement	0.861		
It is important to him to be rich. He wants to have a lot of money and expensive things.	Self-Enhancement	0.869	0.705	0.905
It is important to him to live in secure surroundings. He avoids anything that might endanger his safety.	Conservation	0.689		
It is important to him that the government ensures his safety against all threats. He wants the state to be strong so it can defend its citizens	Conservation	0.788		
He believes that people should do what they are told. He thinks people should follow rules at all times, even when no one is watching	Conservation	0.727		
It is important to him always to behave properly. He wants to avoid doing anything people would say is wrong.	Conservation	0.767		
It is important to him to be humble and modest. He tries not to draw attention to himself.	Conservation	0.772	0.562	0.865
It's very important to him to help the people around him. He wants to care for their well-being.	Self-Transcendence	0.710		
It is important to him to be loyal to his friends. He wants to devote himself to people close to him.	Self-Transcendence	0.632		
He thinks it is important that every person in the world should be treated equally. He believes everyone should have equal opportunities in life.	Self-Transcendence	0.667		

It is important to him to listen to people who are different from him. Even when he disagrees with them, he still wants to understand them.	Self-Transcendence	0.756		
He strongly believes that people should care for nature. Looking after the environment is important to him.	Self-Transcendence	0.618	0.460	0.809
Proclivity for luxury over non-luxury products				
Prefer to buy luxury over regular brands in the following categories:				
Fragrances	Proclivity	0.877		
Cosmetics	Proclivity	0.889		
Jewelry	Proclivity	0.870		
Handbags	Proclivity	0.849		
Watches	Proclivity	0.873		
Clothes	Proclivity	0.923		
Furniture	Proclivity	0.881		
Shoes	Proclivity	0.904	0.781	0.966
Luxury value adapted from Wiedmann et al. (2009)				
Few people own a true luxury product	Uniqueness	0.717		
People who buy luxury products try to differentiate themselves from the others	Uniqueness	0.715		
True luxury products cannot be mass-produced.	Uniqueness	0.689	0.500	0.750
I'm inclined to evaluate the substantive attributes and performance of a luxury brand myself rather than listen to other's opinions	Quality	0.716		
I buy a luxury brand for satisfying my personal needs without any attempt to make an impression on other people.	Quality	0.684		
The luxury brand preferred by many people but that does not meet my quality standards will never enter into my purchase consideration.	Quality	0.536	0.423	0.684
Luxury products make life more beautiful.	Usability	0.901		
In my opinion, luxury is good.	Usability	0.812		
In my opinion, luxury is pleasant	Usability	0.820	0.715	0.882
Social standing is an important motivator for my luxury consumption.	Social	0.903		
Before purchasing a product, it is important to know what brands or products to buy to make good impressions on others.	Social	0.865		
I like to know what brands and products make good impressions on others.	Social	0.868	0.772	0.911