Abstract:

Purpose: Relatively little has been studied in the areas of consumer perceptions, motivators for consumption, and lifestyle characteristics in luxury consumption. The underdeveloped understanding of the luxury consumer perspective is especially pronounced when looking at luxury wine. Using self-congruency and self-identity theories, the aim of this paper is to investigate the phenomenon of luxury wine consumption.

Design/methodology/approach: Using a review and analysis of the current literature on luxury marketing and branding, the following gaps were identified: the definition of luxury wine, motivators for luxury wine consumption, consumer perceptions of luxury wine, and method and context of luxury wine consumption.

Findings: Based on existing literature, the paper develops a conceptual framework that captures the dimensions of luxury wine based on likely consumer perception. This should provide a deeper understanding of consumer perceptions and motivators for consumption of luxury goods. The definition of luxury wine, along with the perceptions, motivators, and indicators of consumption are currently underdeveloped. This framework will broaden the understanding of luxury wine consumption.

Practical implications: Defining the dimensions of luxury wine based on consumer perceptions will not only broaden the understanding of luxury wine consumption but also allow managers to make strategic marketing decisions in promoting their luxury wine brand and/or in creating a luxury wine brand.

Keywords: Luxury, wine, consumption behaviour, consumer motivation
1. INTRODUCTION

Although there is contention over how much the luxury market accounts for, estimates of its value range from US$80 billion to $263 billion (Miller and Mills, 2012). The global wine market value is expected to reach US$303 billion by 2016 (Plant and Food Research, 2013). Even with the staggering growth seen in both markets, there is relatively little literature in understanding how consumers perceive, and their motivators for purchasing, luxury wine.

Literature on luxury branding has provided a rich stream of research (Kapferer, 1997; Miller and Mills, 2012; Berthon et al., 2009; Atwal and Williams, 2009). Even so, there is no conclusion as to the actual meaning of luxury. This could be attributed to the ever shifting meaning of the word throughout history. In English, the word luxury comes from the Latin luxuria meaning “excess, extravagance, profusion, or ‘indulgence as a vice’” (OED, 2015). The earliest surviving written works in the west use the Old French luxurie or luxure meaning lust, lasciviousness, or sinful self-indulgence, and it wasn’t until the early 19th century the word lost its pejorative tone (OED, 2015).

Given the changing nature of the perception of luxury, if there is to be any understanding of the consumption of luxury wine, the consumer’s perception needs to be clearly identified. There are some attempts at understanding the consumer’s perception of luxury, but perception is used interchangeably with motivators for consumption (Dubois et al., 2005; Shukla and Purani, 2012). Currently several gaps exist in the literature on the phenomenon of luxury wine consumption. These gaps can be found in the definition of luxury wine, motivators for luxury wine consumption, consumer perceptions of luxury wine, and method and context of luxury wine consumption. Understanding the above research gaps is important as not only is there a lack of understanding of what exactly is luxury wine, consumers and producers have differing perceptions of luxury. This paper will review the current literature, highlighting the gaps as outlined above, and suggest contributions which can be made in this area.

2. LITERATURE REVIEW

The review itself is divided into three sections: Section one contains an overview of the meaning of luxury in the marketing literature and highlights the lack of consensus and paucity of definitions of luxury wine. Section two provides an overview of luxury consumers and their characteristics. Section three provides a brief description of luxury consumers’ motivators and perceptions of luxury, highlighting the gaps in scholarly understanding.

2.1 DEFINITION OF LUXURY

The first problem with the literature is that there is no consensus as to what defines a luxury (Miller and Mills, 2012; Berthon et al., 2009; Kapferer, 1997). The luxury in a luxury good is defined by many different variables. Miller, Mills and others define luxury as old lux, with self-indulgent, hedonistic motivators (eg. Miller and Mills, 2012). Atwal and others define it not by the tangible aspects of a product but by the individual experience (eg. Atwal and Williams, 2009). For Beverland and Preece luxury products are the tangible manifestation of authenticity (Beverland, 2005; Preece, 2015). According to Kapferer and others, luxury is any product with a high enough price (eg. Kapferer et al., 2014). While Godey, among others, agree a high enough price is important, luxury must also be exclusive to only a select few (eg. Godey et al., 2009).
The definition of luxury wine is no less contentious than the definition of luxury itself. The role of region in wine marketing and branding is well-established in the literature (eg. Johnson and Bruwer, 2007). This is no different in luxury wine; the stronger the tie to region and the longer the history of the region the more the wine produced in that region is perceived to be luxury (eg. Moulard et al., 2015). The problem with this explanation is it does not account for wines defined as luxury which are produced in New World countries (Hojman, 2015). Beverland (2005) expounds on the role of region by identifying the attributes of region which lend it a perception of luxury, and acknowledges these attributes are found in New World wine as well, but limits his definition to only those wines priced $100 US and above. Reyneke et al. (2011) also use high price to identify luxury wine, additionally, the rarity and exclusivity of the wine, such as Bordeaux first growths, are included in the definition. This is problematic since using only high price and ultra-rarity as defining attributes of luxury wine is that they limit luxury wine to only the upper levels on the scale of luxury as defined by Kapferer (1997). A review of the literature shows there is a paucity of definitions of what constitutes a luxury wine. To understand the consumption of luxury wine, the definition of what a luxury wine is must first be created.

Looking at the etymology of luxury, as well as the different scales and definitions of luxury, it is clear luxury is multi-faceted. Part of the problem in defining luxury is that luxury is at the same time a concept, a subjective impression, and a tangible aspect of a good or service (Kapferer, 1997). A review of the literature shows there is a paucity of definitions of what constitutes a luxury wine. To understand the consumption of luxury wine, the definition of what a luxury wine is must first be created.

Berthon et al. (2009) expand on Kapferer’s (1997) scale of luxury, creating a typology of luxury which includes aesthetics (consumer knowledge) and ontology (transience of the product/experience). Until such time as a specific definition of luxury wine is developed, this definition of luxury is best suited to luxury wine as it shows luxury as a spectrum along which products and consumers can move as their knowledge and tastes change.

2.2 THE LUXURY CONSUMER

Luxury and luxury wine definitions are all from a producer’s perspective; but what about the consumer’s perspective? While the consumer does agree with most of the producer perceptions, in most quantitative studies the producer perceptions were the only ones offered as choice to the consumer, which pre-assumes the consumer and producer perceptions would be the same. This pre-assumption of consumer perceptions limits our understanding of how consumers perceive luxury (eg. Lockshin and Corsi, 2012).

2.2.1 Social segments of luxury consumer

Historically luxury has been available only to an exclusive few, the aristocracy and elite. With the democratization of luxury in recent history, luxury goods are now available to any for the right price, and that price is low enough to include many (eg. Seo and Buchanan-Oliver, 2015). This democratization has created three distinct social segments of luxury consumer: luxury gourmands, luxury regulars, and the luxury nibblers (Seo and Buchanan-Oliver, 2015). These segments of luxury consumer are not the connoisseurs and experts typically identified as luxury wine consumers.
2.2.2 Consumer perception of luxury value

The value, or utility, of the luxury good is based on the perception of the individual consumer and is generally viewed similarly across segments of luxury consumer (Vigneron and Johnson, 2004). The social segments defined above buy luxury for reasons different to those of the traditional elite (Seo and Buchanan-Oliver, 2015). These consumers tend to buy luxury for the purposes of emulating the traditional elite, the superior quality of the product, or for self-rewarding, hedonic motives (eg. Han et al., 2010). For these consumers the status that the luxury good gives them is the primary motive for consumption (Berthon et al., 2009; Han et al., 2010; Miller and Mills, 2012). The reasons for these are usually two-fold; one, if the consumer is trying to emulate a higher social class, the products they consume need to show to others they are in the higher social class; and two, as these consumers tend to be less knowledgeable of particular nuances in luxury wine, a louder brand and label cues can be used as a risk reduction strategy in purchasing (Han et al., 2010; Johnson and Bruwer, 2007). It can be assumed consumers looking for status will tend to consume luxury wines which are “loud” in their brand prominence.

For more traditional luxury consumers, or connoisseurs, status signaling is not the primary motive for luxury good consumption. These consumers tend to consume luxury goods for hedonic, self-indulgent motives, and brand prominence is less emphasized (Han et al., 2010; Miller and Mills, 2012). These consumers tend to be more knowledgeable in luxury wine and their risk reduction strategy is mitigated by their knowledge (Hershey and Walsh, 2001). Connoisseurs tend to prefer less information on a wine label, and are more likely to perceive the wine to be a luxury wine if, among other characteristics, the bottle label is simple (Beverland, 2006).

2.3 LUXURY CONSUMER BEHAVIOUR

Understanding who consumes luxury wine is only part of the question; understanding why the luxury wine is consumed is equally important. Luxury consumption is emotionally invested behaviour; one dimensional explanations of consumer behaviour limit a full understanding of the phenomenon of luxury wine consumption. A review of the literature offers several interpretations of luxury consumer behaviour.

2.3.1 Consumer value dimensions

Consumers choose products which possess the value, or utility, dimension(s) best suited for each individual consumption situation (Berthon et al., 2009; Seo and Buchanan-Oliver, 2015; Shukla and Purani, 2012). Shukla and Purani (2012) identify four dimensions of value: social, personal, functional, and financial. With the exception of financial, these dimensions are used for the purpose of establishing status, and gaining others esteem, for the consumer. Berthon et al. (2009) agree with the first three dimensions identified by Shukla and Purani (2012) but the utility of the dimensions is more than status. Based on the spectrum of luxury Berthon et al. (2009) created, the dimensions create different values for the different luxury segments. Status is the value of the dimensions for the Modern and Postmodern segments, although it is specified as bought status for Modern and conspicuous status for the Postmodern. The utility of the dimensions for the Classic segment is the knowledge and experience gained, while Wabi Sabi is only concerned with the experience.
2.3.2 Motivators versus perceptions

Motivators for the consumption of luxury wine may in fact influence the perception of the wine’s luxury value (Hojman and Hunter-Jones, 2012; Han et al., 2010). The consumer’s perception of a wine being a luxury wine is most often tied to elements of authenticity, region of origin, and price (Beverland, 2006; Moulard et al., 2015; Reyneke et al., 2011). Knowing the perception of the consumer does not explain their motivation for consumption of the luxury wine. Additionally, the perception of the wine as a luxury wine may in fact change dependent on the motivators for consumption. Beverland (2006) found luxury wine consumers preferred, and were more likely to perceive a wine as luxury, if the label was simple and unassuming. If, however, the luxury wine is being consumed for the purpose of signaling status to others, a more prominent label may in fact be necessary and desired. While there are studies explaining how a consumer might perceive a wine to be a luxury wine, there is very little on the motivators for purchase, and how these motivations might change the consumer perception (Lockshin and Corsi, 2012).

2.3.3 Signaling status

Consumption of luxury goods as a way of signaling status to others is a popular explanation for luxury consumer behaviour (Han et al., 2010; Shukla and Purani, 2012). One of the ways consumers use signaling tactics is to influence others to identify them with a particular group (eg. Braun and Wicklund, 1989). When using luxury products to signal status, it is important for the individuals receiving the status to be aware of the significance of the product or brand (eg. Han et al., 2010). Consumers who are not as secure in a particular group association tend to be more invested in this behaviour, and are more likely to use “loud” brand-prominence products (Braun and Wicklund, 1989). Those consumers who are connoisseurs or experts, because they are not necessarily interested in conspicuous consumption, tend to use “quiet” brand-prominence products, which are only recognizable to a small number of other experts (Han et al., 2010; Miller and Mills, 2012).

Interestingly, the more committed to group identity, the more the individual is likely to adopt group norms and consume products or brands that may not be their personal preference if it is the group norm to do so (Thomas et al., 2015). If consumption of luxury is looked at through the lens of social facilitation theory it makes a compelling argument for status signalling as the primary motivator for luxury consumption. Zajonc (1965) states the simple act of being around others even without the possibility of competitive or imitative behaviours, stimulates individuals to have stronger emotions toward brands or experiences. Pozharliev et al. (2015) found when measuring participants brain patterns; the mere presence of another individual increased the participants’ positive emotion when viewing luxury brands as opposed to generic brands.

3. SELF-CONGRUENCY AND LUXURY WINE CONSUMPTION

Consumer purchase behaviour can be explained by the self-congruency theory, which shows a consumer is more likely to purchase those brands which they feel match their self-image (eg. Ericksen, 1997). When looking at the use of luxury consumption as a way of signalling status, the theory of self-concept further explains this phenomenon. Grubb and Stern (1971) theorized self-concept is developed for an individual through the interaction of the individual and others in their reference group; the individual uses symbols to express something about
themselves to the other members of their reference group and to identify with their reference group to outsiders.

Consumers are most likely to purchase the brands and goods which will match their self-identity and the norms of the group(s) they associate with (Edson Escalas and Bettman, 2003). However, if the norms of their associated group(s) do not match their own self-identity how does the consumer reconcile the possible non-congruent behaviour? Thomas et al. (2015) state the more a consumer identifies with a group the more likely they are to adopt the norms of that group; if the consumer’s brand preferences are different from those prescribed by the group, the more likely the consumer will hide their brand consumption behaviour. While hidden consumption behaviour may be present in non-luxury brands, Roy and Rabbanee (2015) found in luxury consumption, a consumer who identifies with a group is more likely to adopt the normative consumption behaviours of that group and perceive greater congruity between self-image and user image for the luxury brand.

Luxury brand consumption as a status symbol has been established in the literature (Han et al., 2010; Shukla and Purani, 2012). However, the studies are predominately focused on branded goods (e.g. fashion clothing). According to Aguirre-Rodriguez et al. (2012, p. 1183) “the self-congruity construct is a valid and robust foundation for current and emerging consumer identity and symbolic consumption research”. This is also seen in luxury consumption (Roy and Rabanee, 2015) but not in luxury wine consumption. Luxury wine is by its nature a good which can be easily consumed in privacy and relative anonymity. This would seem to imply greater ease for hidden consumption behaviour if the wine brand preferred by the consumer does not meet the prescribed norms of the group. If, however, the consumer is consuming the luxury wine brand in an aspirational manner, then Roy and Rabanee (2015) would argue the consumer is more likely to self-identify with the group norms.

This inconsistency seems to lend itself to describing possible differences in perceptions, motivators for purchase, and context of consumption in luxury wine. Building on existing segmentation of wine consumers, the framework (fig. 1) looks specifically at consumers who have or do consume luxury wine, and develops a profile of their characteristics, motivators, and perceptions of luxury wine, which are defined through the lens of self-congruency theory. Identifying if consumers purchase and/or consume luxury wine as a means of self-identification allows for a broader understanding of luxury wine consumption.

Figure 1: Conceptual Framework
4. CONCLUDING REMARKS

This paper has reviewed the existing literature on luxury and found although there is a rich stream of research in luxury branding, it focuses almost predominantly on the producer’s perspective and specific luxury goods (e.g. fashion clothing). Relatively little has been studied on consumer perceptions, motivators for consumption, and lifestyle characteristics in luxury consumption. The underdeveloped understanding of the luxury consumer perspective is especially pronounced when looking at luxury wine. To broaden the understanding of luxury wine consumption further research is needed in order to validate if self-congruency and self-identifying theories can be used to develop an understanding of luxury wine consumption.

Given the worth and continued growth of the luxury segment of the wine sector, not possessing a better understanding of the consumer’s motivation and perception has not only managerial implications but theoretical ones as well. Defining the dimensions of luxury wine based on consumer perceptions will not only broaden the understanding of luxury wine consumption but also allow managers to make strategic marketing decisions in promoting their luxury wine brand and/or in creating a luxury wine brand.

REFERENCES


