

# The advertising of luxury products: Effects on consumer perceptions

## Abstract

Modern companies seek to influence consumers purchases offering them increasingly customized products, that meet their needs and, in the particular case of luxury products, also their dreams. However, companies might start the customization process from the ad message they deliver to the consumers. To contribute to this area of research, the present study investigates which characteristics of an ad claim – in particular its abstract vs. concrete construction – may activate in the consumer a higher sense of identification with the advertising message. Based on the *Linguistic Category Model* (LCM) framework, the study focuses on the role that abstract claims rather than concrete ones might have in the customization of ad messages and the enhancement of consumer-ad identification. Results show that abstract claims generate in the consumer a higher sense of personalization that, in turn, activates a sense of identification with the ad message. Such results, show that, for luxury products, customization can start with communication. The paper concludes with a presentation of the theoretical and practical implications of these results.

**Keywords:** Luxury products, Ad claims, Linguistic Category Model, Personal relevance, Personalization, Consumer identification

## 1. Introduction

Companies increasingly seek to involve consumers in product development processes with the aim of delivering a customized offering. By pursuing this strategy, companies try to increase the perceived value of their products/services (Thompson and Malaviya 2014) and to foster brand loyalty (Franke, Keinz and Steger 2009). Beside product/service customization also marketing communication – and advertising, in particular – may have a crucial role in arousing consumers' interest for the offering and the brand. Indeed, by acting as a very initial touch-point, advertising may help companies establish bonds with customers even before store visits and product use. However, to achieve this goal, marketers should deliver advertising messages that customers perceive relevant to themselves (Zaichkowsky 1985), that is, pertinent to their needs and goals, and that may ultimately engender a sense of *identification* between companies and customers (Bhattacharya and Sen 2003).

While a large body of research has focused on the customization of products/services (Atakan, Bagozzi and Yoon 2014), scarce attention have been devoted to the development of “customizable” advertising messages that turn to be relevant to the single customer and help establish a sense of identification with a company's brand name and its product. Such a sense of identification seems to be of strategic importance for luxury products, as their purchase may be significantly influenced by consumers' perception of a match between the products and their personal goals and identities (Hansen and Wänke, 2011).

In order to address this gap, the present study investigates the characteristics that may make an advertisement able to activate a sense of identification with the ad and the underlying mechanisms. Specifically, this study focuses on the role of the ad claims and, based on the *Linguistic Category Model*, LCM (Semin and Fiedler 1988), seeks to understand if the use of *abstract* claims rather than *concrete* ones may help luxury companies in designing

communication campaigns perceived as “personalized” by customers (i.e., freely interpreted by customers) and able to foster consumer identification with the advertising messages.

## **2. Theoretical Background**

### ***2.1 Luxury consumption***

Luxury products are often valued more for their symbolic and emotional features than their utilitarian features (Lee, 2009). Luxury brands need therefore to consider such an important aspect in positioning and communicating their offerings. In this regard, existing research suggests luxury products are no longer a means of “social” distinction, but rather a means for “personal” distinction, so that luxury consumption is significantly affected by customers’ feelings about luxury brands and a sense of identification with them (Amatulli et al., 2016). Indeed, in many advanced societies, the purchase of luxury products may no longer be determined by symbolic elements, such as social recognition and appreciation (Kwon, Seo and Ko, 2016), but may be more and more influenced by personal aims, the search for satisfaction, hedonism, personal enjoyment, and identification with the products and their brands (Amatulli and Guido, 2012). In such contexts, communication may represent an important tool to activate the multiple facets of luxury. Communication abstractness, in particular, may serve to link luxury with individual representations of such peculiar consumption experiences (Hansen and Wänke, 2011).

### ***2.2 Abstractness from a linguistic point of view***

The LCM (Semin and Fiedler 1988) postulates that an event can be described at different levels of abstraction by means of different types of words – verbs and adjectives – that convey different level of interpretations. The model distinguishes four different categories, three concerning the verbs and one referring to the use of adjectives:

- a) the Descriptive Action Verbs (DAVs), which are the less abstract ones, as they convey non-interpretative descriptions of observable events with a clearly defined beginning and end (e.g., “to hit”);
- b) the Interpretive Action Verbs (IAVs), which refer to a more general class of specific behaviors and do not encompass the perceptual features of an action (e.g., “to hurt”);
- c) the State Verbs (SVs), which do not describe a specific behavior, but an enduring unobservable (mental) state of the actor (e.g., “to hate”);
- d) while, adjectives represent the most abstract category as they are used to describe the subject of a sentence in general terms, regardless of specific events (e.g. “aggressive”).

In particular, Rubini and Sigall (2002) applied this theory to the presentation of one’s political view and found that individuals tend to use a more abstract when they communicate to an audience that share their political view, and hence “similar” to themselves, than a heterogeneous audience. Born and Taris (2010) have applied this theory to the field of job advertising showing that individuals have a higher propensity to apply for a job when the relative advertisement describes the job in abstract terms (i.e., adjectives) rather than concrete terms (i.e., verbs). To a certain extent, Born and Taris’ finding suggests that applicants are more likely to *identify* with the advertised position in the former situation and leads to argue that, in a similar fashion, and coherent with findings by Rubini and Sigall (2002), consumers may identify more with the content of an advertisement when its claim is abstract.

### **2.3 Personal relevance**

Personal relevance is the perceived importance evoked by a stimulus within a specific situation and is based on inherent needs, values, and interests (Zaichkowsky 1985). Such a perception may be a result of past experiences with a given object as well the reflection of one's self-concept (Landreth Grau and Garreston Folse 2007). For instance, individuals may consider recycling as a relevant behavior to them because they have had the opportunity to take part to a recycling program or, alternatively, because they perceive themselves as environmentally conscious persons. In particular, personal relevance can be defined as "the perceived linkage between an individual's needs, goals, and values and his/her product knowledge" (Celsi and Olson 1988, p. 211). More specifically, in marketing communication, the concept of personal relevance refers to the extent to which consumers perceive an advertising message to be self-related. Interestingly, personal relevance motivates consumers to process information delivered through the advertising message, thus increasing the persuasive impact of the advertisement (Haugtvedt and Strathman, 1990).

### **2.4 Sense of personalization**

Personalization is the process that interlinks customers and companies (Vesanen 2007); It refers to companies' ability "to provide what a particular customer wants by transforming a standard product into a specialized solution for that individual" (Moon, Chadee and Tikoo 2008, p. 31; see also Gilmore and Pine 1988). With respect to advertising communication, personalization may refer to the opportunity to deliver customer-tailored advertising messages as well as messages that customers can freely interpret according to their own perceptions and personal past experiences. Delivering messages that can be personally interpreted by final customers may facilitate interactions among firms and customers and the deployment of one-to-one communication strategies (Baek and Morimoto 2013). In particular, given that advertising messages typically include claims and texts, the linguistic dimension may play a crucial role in consumer's interpretation of such messages. By embracing the principles of the LCM, we speculate that that abstract claims make advertisements more freely interpretable by customers than concrete claims. Despite the practical relevance of this effect, research on the use of abstract vs. concrete claims in advertising is practically inexistent and the process underlying the creation of "personalizable" advertising messages remains under-researched in luxury consumption research.

### **2.5 Identification**

Existing research indicates that products (Atakan, Bagozzi and Yoon 2014), brands (Aaker 1997), and companies (Bhattacharya and Sen 2003) may be assimilated to living beings and reflect consumers' identities. The concept of *identification* refers indeed to the perception of how similar one is to a given object. From a marketing perspective, identification refers to the extent to which a product, a brand, or a company applies to consumers' self-identity. In other words, identification is the perceived overlap between a consumer's identity and a product/brand/company's identity. To the best of our knowledge, this concept has never been examined in relation to advertising messages. Hence, this research addresses identification as the consumers' perception of a certain level of consistency between the message of the ad and the self.

### 3. Research Hypotheses

We reason that a high level of abstractness (vs. concreteness) of the claims used in the advertisements may engender a high sense of personalization, which, in turn, leads consumers to identify with the advertisement. Moreover, we suppose that the personal relevance of the advertising message might serve as a moderator of this effect. Specifically, we posit that consumers perceive a higher sense of personalization of an advertising message when this message is conveyed through an abstract claim and is reputed relevant to themselves. In turn, the sense of personalization of the advertising message may drive consumers to consider such a message as a reflection of their individual identity. Formally:

H1a: An abstract claim determines a higher sense of personalization of a luxury advertising message than a concrete claim.

H1b: An abstract claim determines a higher sense of personalization of a luxury advertising message when the message is relevant to the self than when it is non-relevant.

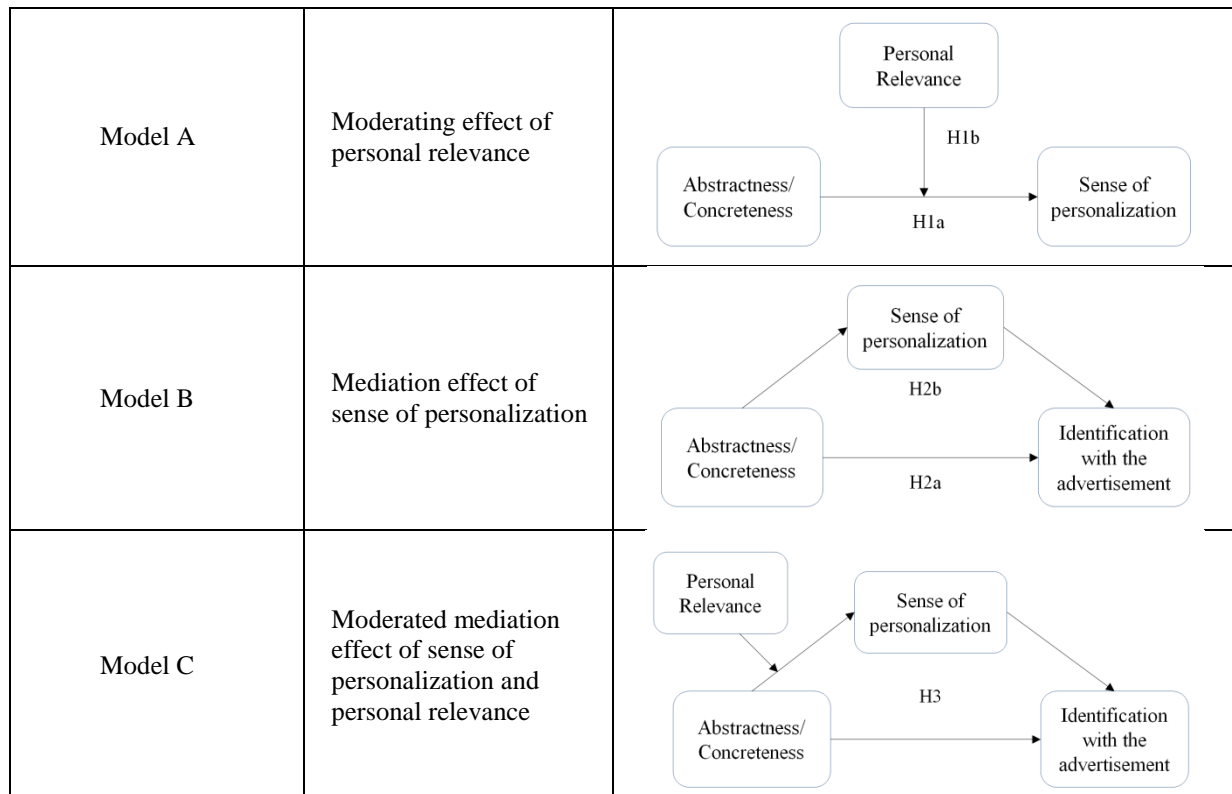
H2a: An abstract claim determines a sense of identification with a luxury advertising message.

H2b: An abstract claim determines a higher sense of identification with a luxury advertising message when there is a higher sense of personalization of the same message.

H3: An abstract claim determines a higher sense of identification with a luxury advertising message when the message is relevant to the self and activates a higher sense of personalization.

The tested hypotheses and the relative analytical models are depicted in Figure 1.

Figure 1: *The analytical models tested through the study*



## 4. Methodology

### 4.1 Design of the study

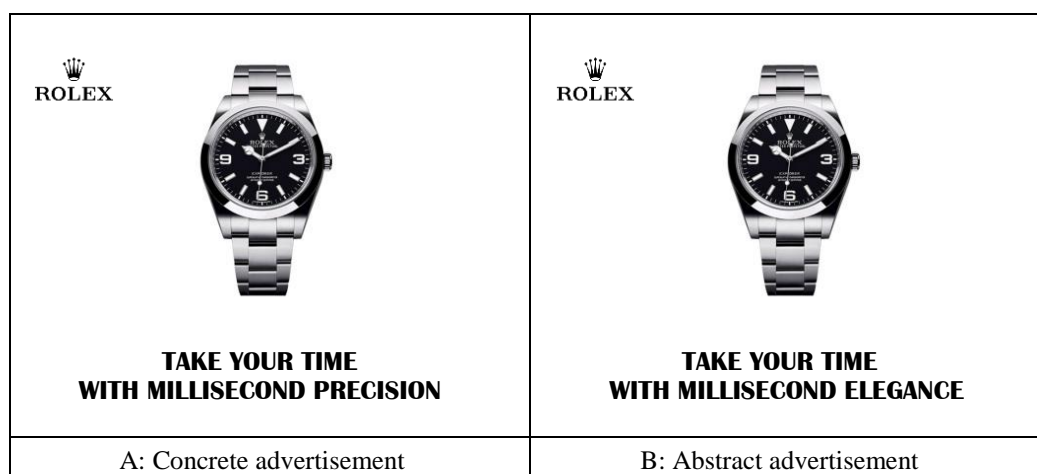
We embraced the principles of the LCM model which postulates that descriptive action verbs provide the most concrete description of an object/event, whereas adjectives provides an abstract descriptions of a certain object/event. Based on these principles, we designed a study aimed at testing:

- 1) the effect of the abstractness/concreteness of a claim and personal relevance of a luxury advertising message on the perceived personalization of the same message;
- 2) the effect of the abstractness/concreteness of a claim and sense of personalization of a luxury advertising message on consumers' identification with the same message;
- 3) whether the effect of the abstractness/concreteness of a claim and sense of personalization on identification with a luxury advertising message changes as a function of the relevance of the same message.

### 4.2 Stimuli and pre-test

We created two similar ads of a luxury watch (Figure 2): one including a concrete claim (based on a descriptive action verb) and one including an abstract claim (based on a state verb). The two ad claims differ only for the final adjective used: the first one ("precision") gives a functional description of the object advertised, whereas the second one ("elegance") provides a "mental" description. These stimuli were pretested on 96 subjects ( $M_{Age} = 36.7$ ,  $SD = 4.19$ ): 35 rated the perceived abstractness of the concrete ad; 61 rated the perceived abstractness of the abstract ad. Answers were gathered on a 7-point semantic differential scale (1 = The ad has only one specific meaning"; 7 = The ad has more general meanings"). As expected, the perceived abstractness of the concrete ad resulted lower than the perceived abstractness of the abstract ad ( $M_{Concrete} = 2.57$ ,  $M_{Abstract} = 4.43$ ,  $F(1, 95) = 26.30$ ,  $p < 0.05$ ).

Figure 2: *Stimuli used in the study*



### 4.3 Main study

*Procedure* – We designed a 2 (type of claim: concrete vs. abstract)  $\times$  2 (personal relevance: low vs. high) between subjects study. One hundred and eight subjects (65 males; 43 females;  $M_{\text{Age}} = 36.5$ ;  $SD = 2.43$ ) participated in an online survey on Mechanical Turk that randomly assigned them to one of our two experimental conditions: 51 subjects saw the concrete ad and 57 subjects the abstract one.

*Measures* – After being exposed to the stimuli, participants were asked to answer questions regarding i) the *sense of personalization* of the ad (“Please indicate the extent to which the ad allows you..” “to associate the advertising message to different things/concepts”; “..to think about different contexts”; “..to imagine different advertised scenarios”; “..to create your own interpretation of the ad”); ii) their *identification* with the ad (“I would identify with the advertisement above”; “The advertisement would represent who I am”; “The advertisement reflects the type of person that I am”; “The advertisement fits my self-image”; cf. Atakan, Bagozzi and Yoon’s [2014]); iii) the *personal relevance* of the ad (“The message of the ad..” “is relevant to my goals and needs”). We measured answers on 7-point scales (1 = Not at all; 7 = Very much). Finally, as a manipulation check, participants were asked to rate the perceived abstractness of the ad (on the same scale as in the pretest).

## 5. Results

*Manipulation check* – Consistent with the results of our pretest, the perceived abstractness of the concrete claim resulted lower than the perceived abstractness of the abstract claim ( $M_{\text{Concrete}} = 2.96$ ,  $M_{\text{Abstract}} = 4.82$ ;  $F(1, 106) = 28.63$ ,  $p < .05$ ).

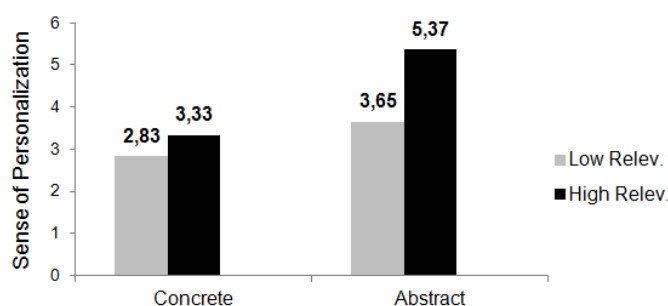
*Moderating effect of personal relevance* – As expected (H1a) an ANOVA test revealed a significantly lower sense of personalization of the ad employing a concrete claim than an abstract claim ( $M_{\text{Concrete}} = 3.12$ ,  $SD = 1.48$ ;  $M_{\text{Abstract}} = 4.37$ ;  $F(1, 106) = 19.04$ ,  $p < .05$ ). Then, we assessed a possible moderation of this effect by personal relevance of the ad (Figure 1, Model A). Result showed that the abstractness of the claim (concrete claim = 0; abstract claim = 1) and personal relevance do not exert a significant effect on sense of personalization. However, we detected a positive and significant interaction effect between claim abstractness and personal relevance ( $b = 0.40$ ,  $p = .02$ ;  $t(106) = 2.29$ ,  $F(1, 106) = 5.25$ ,  $p = .02$ ). In particular, for participant who rated the ad as poorly relevant to themselves (-1 SD), sense of personalization of the ad resulted higher when the claim was abstract than when it was concrete ( $b = 0.82$ ,  $t(108) = 2.16$ ,  $p = .000$ ). Similarly, when personal relevance was high (+1 SD), participants reported a higher sense of personalization when the claim was abstract than when it was concrete ( $b = 2.04$ ,  $t(108) = 5.45$ ,  $p = .001$ ) (Figure 3). Furthermore, as regards the concrete claim, sense of personalization did not significantly differ among the two conditions of low/high personal relevance. In contrast, as regards the abstract claim, participants who considered the ad poorly relevant to themselves, reported a significantly lower sense of personalization than participants who rated the ad as highly relevant to themselves ( $b = 0.56$ ,  $t(108) = 4.58$ ,  $p = 0.00$ ). Hypothesis H1b was therefore accepted.

*Meditation effect of sense of personalization* – We subsequently tested whether abstractness exerts an indirect effect on identification with the ad message through sense of

personalization (Figure 1, Model B). Abstractness exerted a significant and positive effect on identification with the ad ( $b = 1.25$ ,  $t(106) = 4.36$ ,  $p = .00$ ), thus proving H2a. Controlling for the abstractness of the claim, sense of personalization had a significant and positive effect on identification with the ad ( $b = 0.56$ ,  $t(106) = 7.73$ ,  $p = 0.00$ ). Controlling for sense of personalization, abstractness still had a marginally significant impact on identification with ad ( $b = 0.28$ ,  $t(106) = -2.07$ ,  $p = 0.04$ ), thus suggesting partial mediation ( $z = 3.57$ ;  $p = 0.00$ ). The indirect path of the effect of abstractness on identification with the ad through sense of personalization was significant, with the 95% confidence interval excluding zero (CI: 0.35, 1.12). Hypothesis H2b was partially confirmed.

*Meditated moderation effect of personal relevance and sense of personalization* – Subsequent analyses aimed at testing whether the indirect effect of abstractness on identification with the ad was moderated by personal relevance of the ad message (Figure 1, Model C). The mediator variable model revealed a significant interaction effect of abstractness and personal relevance on sense of personalization ( $b = 0.40$ ,  $t(105) = 2.29$ ,  $p = 0.02$ ). The dependent variable model revealed that, controlling for abstractness of the claim, sense of personalization affects identification ( $b = 0.56$ ,  $t(105) = 6.39$ ,  $p = 0.00$ ) and that, controlling for sense of personalization, abstractness has a marginally significant effect ( $b = -0.58$ ,  $t(105) = -2.07$ ,  $p = 0.04$ ) on the same dependent variable. Consistent with hypothesis H3, the indirect effect of abstractness on identification with the ad resulted stronger for subjects who reported a high relevance of the ad message ( $b = 1.14$ ,  $SE = 0.25$ , CI: 0.67, 1.64) than subjects who reported a low relevance of the ad message ( $b = 0.46$ ,  $SE = 0.23$ , CI: 0.04, 0.90). Hayes's (2013) index of moderated mediation (CI: 0.05, 0.43) confirmed the significance of the tested model.

Figure 3: *Sense of personalization as function of type and personal relevance of the ad claim*



## 6. Discussion

Results show that claim abstractness exerts both a direct effect as well as an indirect effect, mediated by sense of personalization, on identification with a luxury advertising message. Moreover, the indirect effect results moderated by personal relevance. In other words, abstractness determines a sense of identification with a luxury advertising message which is stronger when the same message is relevant to the viewer. Such a result demonstrates that customization can start at the very beginning of marketing communication by means of abstract advertising claims. Indeed, by manipulating the abstractness of advertising claims, luxury companies may create messages whose meaning can be individually determined by customers to the point that they may also identify with the same messages. Delivering these

customizable advertising messages could be highly beneficial to luxury companies, as it may increase the persuasiveness of the same messages and positively affect customers' evaluation of the advertised products and brands.

## **7. Conclusion**

Customization, namely the degree to which the firm's offering meet heterogeneous customer needs (Fornell et al. 1996; Zipkin 2001), continue to be a crucial lever to deliver value and foster customer loyalty (Thompson and Malaviya, 2013). By its very nature, customization refers to companies' ability to offer tailored products/services to customers. However, it seems sensible to also argue that, aside from the tangible part of a company's offering, customization also regards companies' capacity to deliver tailored messages to customers (Franke, Keinz and Steger, 2009). In this respect, however, little research has been made to understand how companies can design "customizable" advertising messages, i.e., messages whose content can be freely interpreted by customers, which could be particularly important for those companies that offer highly involving products, such as luxury brands. To fill this gap, this study concentrated on the framing of the claims used to advertise a luxury watch (Rolex) and aimed to understand if (and how) the linguistic construction of such claims may drive customers to create their personal meaning of the advertising message. More specifically, this research investigated if the use of an abstract sentence may enable customers to create a personal interpretation of an advertising message, thus fostering their identification with it.

Theoretically, the present research embraced the LCM framework to assess the process through which exposure to an abstract vs. concrete advertising message increases consumer interest for a luxury brand's offering. The study demonstrates that customers' ability to customize the meaning of advertising messages may play a crucial role in this process. Our results show, in particular, that the use of abstract messages may engender a sense of identification with the advertising message.

By clarifying the way through which the use of abstract vs. concrete ad claims may facilitate the customization of advertising messages, this study provides marketers with suggestions on how to increase customers' engagement starting from (offline and online) communication processes. The results, suggest that delivering customizable advertising messages may be beneficial to luxury firms, as it may increase the persuasiveness of the same messages and, possibly, customers' identification with the advertised product/brand.

The study has some limitations that principally refer to the sample size and the use of only one luxury product (a Rolex watch). Future research could, therefore, focus on larger samples and other luxury products or services. Moreover to better understand the managerial relevance of our results, the study could be carried out by testing the abstractness-concreteness of claims paired with non-luxury products.



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