

**INTERNALISED AND EXTERNALISED LUXURY CONSUMPTION:
SCALE DEVELOPMENT AND CORRELATIONS WITH PERSONALITY
TRAITS AND NEGATIVE VALUES**

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ABSTRACT

Luxury goods are products characterized by prestige, status and high quality. These products are typically marketed by global brands that are well positioned and are associated with excellence, exclusive distribution and premium pricing. Thus, through luxury goods, consumers may communicate their social status and their style. Specifically, consumers may buy and consume luxury goods driven by two main different motivations, that define the dichotomy of luxury: “internalised luxury”, based on internal and self-related motivations such as emotions, subjective sensations, and individual style, and “externalized luxury” based on external and other-related motivations such as status, prestige, and public display of social success. This research is aimed at developing a scale for assessing internalised and externalised luxury consumption. Moreover, this research investigates whether the purchase of luxury goods is linked to consumers’ personality traits and if, and how, negative moral values can influence consumers’ purchasing behaviour. Results show a correlation of luxury consumption with “agreeableness”, as for personality traits, and “lust” and “gluttony” as for negative values. The findings of the research may have relevant managerial implications for luxury brands in terms of communication strategies, retailing, and merchandising development.

KEYWORDS: luxury consumption, internalised luxury, externalised luxury, personality traits, negative values

INTRODUCTION AND OBJECTIVES

Luxury goods are branded products able to evoke exclusivity and characterized by strong brand identity and awareness. These products are characterized by excellence, premium pricing, a recognizable style, as well as by heritage of craftsmanship and exclusive distribution (Hennigs and Klarmann, 2015). Interestingly, the marketing literature sheds light on the dichotomy between “externalised luxury” and “internalised luxury” (Amatulli and Guido, 2011, 2012). The former, mainly related to external motivations, is based on ostentation, elitism, conformism, emulation, materialism and desire to feel fashionable, as well as belonging to a social group; the latter, mainly related to internal motivations, is based on individual lifestyle, hedonism, originality, perfection, quality, and culture. However, no measures have been developed so far to assess these two behavioural tendencies related to luxury consumption. Therefore, to fill in this gap, this research aims to develop a scale for measuring the dichotomy of “externalised luxury” versus “internalised luxury”.

Marketing literature has shown how consumers’ behaviour is influenced by their personality and by – sometime negative – moral values in which they believe (Howard, 1977; Pitts and Woodside, 1984; Sheth et al. 1991; Vinson et al. 1977). Consumers’ personality provides information about their lifestyle and purchasing choices (Bosnjak et al. 2007) and is typically measured through the *Big Five Factor Model* (Digman, 1990). Positive and negative values, instead, are measured through the *Vices and Virtues Scale* (Veselka et al. 2014). The five factors model has been defined on the basis of five traits: agreeableness, conscientiousness, emotional stability, extraversion and openness to experience. While the main negative values, mainly represented by the so-called capital vices, also known as the *seven deadly sins*, are anger, envy, gluttony, greed, lust, pride, and sloth (Casagrande and Vecchio, 2000).

Surprisingly, however, no empirical studies have investigated the relationship between luxury consumption and consumers’ personality and values. Thus, to advance knowledge on

luxury consumption, the present research focuses on the development of a scale for the measurement of externalised and internalised luxury and also investigates the relationship between the luxury consumption dichotomy and the *Big Five Factors*, as well as the relationship between the luxury consumption dichotomy and the consumers' vices and virtues.

LITERATURE REVIEW

The dichotomy of luxury consumption

Some scholars have shed light on the two main luxury consumption motivations: *external motivations*, that is social and interpersonal luxury consumption reasons, and *internal motivations*, that is personal and intimate luxury consumption reasons (Amatulli and Guido 2011, 2012). These different motivations behind luxury consumption define a dichotomy of luxury consumption, that is two different, and opposite, types of consumers' approaches to luxury: externalised luxury versus internalised luxury.

Externalised luxury consumption is displayed in different ways: ostentation (Corneo and Jeanne, 1997; Dubois and Duquesne, 1993; Dubois and Paternault, 1995; Mason, 2001; Nueno and Quelch, 1998; O'Cass and Frost, 2004; Truong et al. 2008; Vigneron and Johnson, 1999), elitism, conformism, emulation, search of social representation and position (Amatulli and Guido 2011, 2012), and materialism (Corneo and Jeanne, 1997; Mason, 2001; Phau and Prendergast, 2001; Veblen [1899] 1994). Ostentation is the exhibition of wealth to indicate status (Mason, 2001), to show others one's purchasing power with the aim to achieve a social status (O'Cass and Frost, 2002). Indeed, these consumers are highly bound to *elitism*, which allows them to stand out from the mass; they are also characterized by a high level of *materialism* and consider possession of goods essential for their identity (Belk, 1985; Park and et al. 2008; Richins and Dawson, 1992).

Internalised luxury consumption is based on internal motivations and is related to emotions, personal feelings, and individual taste. Indeed, consumers that buy luxury goods mainly for internal motivations may pay particular attention to the heritage of the luxury brands, the values they convey, and the consistency between the brand identity and their individual style. These consumers may look for originality, product quality and perfection; they may be driven by the desire to own something that is consistent with their lifestyle. Thus, internalised luxury consumption is represented by some specific dimensions, such as personal lifestyle (Tsai, 2005; Vigneron and Johnson, 1999; Wong and Ahuvia, 1998), hedonism (Dubois and Laurent, 1996; Hagtvedt and Patrick, 2009; Kapferer and Bastien, 2009; Silverstein and Fiske, 2003; Vigneron and Johnson, 2004), originality, perfection, quality, sense of self-gratification, self-esteem (Amatulli and Guido, 2011, 2012), and culture (Atwal and Williams, 2009; Beverland, 2004; Dubois and Duquesne, 1993; Fionda and Moore, 2009; Godey and Lagier, 2003; Okonkwo, 2009). Internalized luxury consumers may be willing to pay very high prices for luxury goods that match their style (Dubois and Laurent, 1996; Silverstein and Fiske, 2003; Tsai, 2005).

Negative values

Marketing research has demonstrated that moral values are able to influence consumption behaviour because consumers consider goods as means of the values in which they believe (Howard, 1977; Pitts and Woodside, 1984; Sheth et al. 1991; Vinson et al. 1977). In particular, moral values are defined as a guideline of consumers' behaviour, which allows individuals to evaluate their and other people's actions (Schwartz, 1992). More specifically, Scheler (1916) defined the negative moral values as countertrends that invalidate morally right behaviour. The so-called *seven deadly sins* (anger, envy, gluttony, greed, lust, pride and

sloth) fall into the category of negative moral values. *Anger* is characterized by an uncontrollable feeling of frustration, expressed internally in the form of thoughts or revenge, or externally as physical or verbal aggression (Lyman, 1989). *Envy* is an overwhelming sense of resentment in which individuals wish that others are deprived of everything they cannot afford (Lyman, 1989), *Gluttony* is related to the excessive consumption of food, alcohol, and drugs, as well as exaggerated spending (Miller, 1997), while *greed* is the have more and even manipulate and betray others for personal gain (Capps, 1989). *Lust* is the overwhelming sexual thought, often linked to promiscuity (Dodge et al. 2004), and *pride* represents the excessive self-love, combined with a strong contempt for actions of others (Kaplan and Schwartz, 2008). Finally, *sloth* is the lack of personal motivation to fully exercise one's own skills (Lyman, 1989).

Big Five factors

Consumers' behaviour is influenced by many factors, especially by the personality of the consumer, which is considered a useful construct for revealing information about their lifestyle and purchasing behaviour (Bosnjak, Tuten, Wittmann, 2005). In particular, one the best-known theories and methodologies used to investigate individuals' personality is the *Big Five Factors Model* (Digman, 1990). This model is based on five meta-traits (agreeableness, conscientiousness, emotional stability, extraversion, openness) used in marketing to analyse and describe consumers' personality (McRae and Costa, 1985). *Agreeableness* is the tendency to be cordial towards others, *openness* is the degree of tolerance for new ideas and experiences, *conscientiousness* represents the ability to be scrupulous in achieving their goals, while *extraversion/introversion* is the ability (or inability) to easily interact with others and *emotional stability/neuroticism* is the ability (or inability) to control one's emotional reactions.

METHOD AND RESULTS

Study 1: The development of a scale for internalised and externalised luxury consumption

Study 1 aimed to develop a scale to measure internalised and externalised luxury consumption. A questionnaire, based on Likert scales, was administered to a sample of 324 consumers ($M_{Age} = 38,07$; 66% females) in some luxury multi-brand stores in Italy. The collected data set was analysed by using the De Vellis' (1991) methodology for scale development. Thus, the typical six-steps procedure was followed:

- a) *Definition of construct* – i.e., internalised and externalised luxury consumption.
- b) *Items generation*. Two independent extracted items that could best describe the constructs based on the most relevant propositions in two seminal articles about the dichotomy of internalised and externalised luxury (Amatulli and Guido, 2012, 2011). Then, these propositions were expressed through 57 items to be included in the questionnaire.
- c) *Validity of content test*. It was used to evaluate the item's representativeness and significance with reference to the constructs. Moreover, all possible sentences expressed in a negative form and the double-barrelled sentences were corrected; all items were tested by a reverse scaling procedure.
- d) *Internal reliability test* was used to assess the coherence between the different items and foreseeability of the results obtained over time. Through the *Pearson coefficient* (r), the

item-to-total correlation was assessed; all items of the scale were acceptable except for E24 (“We live in a materialistic society that requires the purchase of them”) since its r coefficient was 0.247 (less than the minimum reliability threshold of 0.30). The *Cronbach α* coefficient was 0.973, showing a strong internal coherence of the scale. The dataset was subjected to a *principal components* analysis which was run by imposing the extraction of two factors (internal and external luxury consumption) and choosing the items with coefficients greater than 0.60. In this way, 18 items were eliminated and the scale consisted of 39 items. The two factors explained 48.5% of variance. The second correlation analysis produced a $\alpha = 0.966$ and an *item-to-total correlation* higher than the threshold of 0.30 for all items. However, an item (“I’m snob”) was eliminated because, when by deleting it, the *Cronbach’s alpha* coefficient slightly increased. Next, we assessed the *internal coherence* of the scale through the *Split-half R*, *Spearman-Brown Y* and *Guttman G* indexes, which are based on a *split-half* sample procedure. The results showed a good level of reliability: *Cronbach α* was equal to 0.936 for the first part and 0.940 for the second ($R = 0.895$; $Y = 0.945$; $G = 0.944$). Another *split-half procedure* yielded a *Cronbach α* greater than 0.90 on the total dataset and on two random sub-samples. Moreover, a *test of the differences* was conducted through the *independent sample Levene test* that was significant ($p < 0.05$). After this test, four items were eliminated. The reliability analysis for the new scale (with 35 items) produced a $\alpha = 0.965$; the *split-half* procedure showed a good level of reliability: *Cronbach α* resulted equal to 0.930 for the first part and 0.939 for the second ($R = 0.884$; $Y = 0.938$; $G = 0.938$). An ANOVA test conducted on the basis of the criterion variable S3 (“How often do you purchase luxury goods?” 1 = “Never” 5 = “Every day”) resulted significant ($p < 0.05$) for all items, thus confirming the validity and coherence of the scale.

e) *Validity of criteria test*. This analysis assessed whether the scale varies coherently with other criteria variables (French and Michael 1966), namely S3, which regards the frequency of luxury purchases; S1, which regards internalised luxury consumption (“I mainly purchase luxury goods for an internal and personal motivation linked to my individual style”); and S2, which regards externalised luxury consumption (“I purchase luxury goods mainly for external and social motivation, linked to my economic and social status”). EXP (sum of all items of the scale) resulted positively correlated with luxury goods consumption frequency (S3) ($r = 0.539$, $p < 0.01$). The same analysis was applied to the internalised luxury consumption variable (EXPINT) and S1, as well as to the external luxury consumption variable (EXPEXT) and S2. The results showed a positive correlation between EXPINT and S1 ($r = 0.511$, $p < 0.01$) and between EXPEXT and S2 ($r = 0.562$, $p < 0.01$). Finally, the *validity of criteria test*, performed through a one-way ANOVA, assessed the correlation between EXP and S3 (where EXP was the independent variable and S3 the factor variable). This analysis produced statistically significant results ($F = 33.821$, $p < 0.05$).

f) *Validity of construct test* assessed, through a one-way ANOVA, the correlation between EXP and other two control-variables: A4 = “Job” and A6 = “Annual family income”. Result showed a positive correlation of EXP with A4 ($r = 0.195$, $p < 0.01$) and with A6 ($r = 0.280$, $p < 0.01$). The subsequent *post-hoc test* showed a level of significance lower than 0.005 for A6 and a level of significance $p = 0.095$ for A4. Moreover, a multivariate ANOVA test resulted significant at the 0.05 for both control-variables. This means that the scale has a high level of reliability.

Study 2: Correlation between luxury goods purchase, personality traits and negative values

Study 2 aimed at analysing the influence of the *Big Five* and *seven deadly sins* on luxury consumption by surveying a sample of 127 participants ($M_{Age} = 29.53$; 61% females). As regards the *Big Five* construct, the analysis was conducted through the Italian version of the *Big Five Scale* (Guido et al. 2015), consisting of 10 items (Guido et al. 2015), and through the *Vices and Virtues Scale* (Veselka et al. 2014), which measures the seven deadly sins. The link between luxury goods consumption and the *Big Five* was assessed by means of a bivariate correlation. The analysis showed a negative correlation between *agreeableness* and externalised luxury consumption (Table 1)

Table 1. *Correlation between Big Five factors (agreeableness) and luxury goods consumption*

Type of luxury	Pearson correlation coefficient
Externalized Luxury	-.234**
Internalized Luxury	.054

The same analysis was used to assess the correlation between luxury goods consumption and the *seven deadly sins*. The results showed that lust and gluttony may be connected with externalised luxury consumption (Table 2).

Table 2. *Correlation between Seven Deadly Sins factors and luxury goods consumption*

Type of luxury		Lust	Gluttony
Externalized Luxury	Pearson correlation coefficient	.242**	.199*
Internalized Luxury	Pearson correlation coefficient	.163	.151

DISCUSSION AND CONCLUSIONS

The research obtained a scale of luxury goods consumption composed of 35 items that explains which motivations drive consumers to purchase luxury goods behind internalised and externalised luxury consumption. In the literature there is a debate about luxury consumption but there is not a scale able to assess the luxury dichotomy. Thus, the development of this scale improves our knowledge of luxury consumption experience. In particular, this research shows that externalised luxury consumption is driven by ostentation of wealth (status) and by a desire to emulate people one admires. Internalised luxury consumption, instead, depends on internal motivations, namely feeling comfortable with oneself, achieving a personal gratification, and matching one's individual life-style. The purpose of the second study was to investigate whether the purchase of luxury goods could be linked to specific personality traits and if, and how, negative moral values could influence luxury purchasing behaviour. Results reveal that externalised luxury goods consumption may be related to lust and gluttony, as per the *seven deadly sins*, and agreeableness, as per the *Big Five factors*. In conclusion, the output of the present research might also serve to qualify luxury goods consumers, who may be lustful, greedy and unfriendly.

About the limitations of this research, the data were collected in a limited area in Italy, so the questionnaire could be administered in different Italian cities and also other countries. Moreover, future research could focus on the luxury consumption of older consumers, evaluating whether they are pushed by the same motivation identified in this research.

This research has relevant implications for marketers of luxury products. First, the scale allows to figure out the needs of luxury consumers that companies may aim to satisfy; managers could also use it to affect customers' needs, modify their desires, and persuade them to purchase their goods. To achieve these goals, the companies could implement appropriate business strategies by taking into account whether the consumer is inclined toward internalised or externalised luxury consumption. For example, companies could set specific sections of their websites to match these consumers' tendencies.

Furthermore, in light of the companies' recent tendency to link luxury with arts, the scale developed in this research could be useful to assess consumer preference for products that incorporate more or less visible artworks. It is reasonable to expect that consumers who value externalized luxury consumption could have a higher preference for products paired with visible artwork by famous artists; whereas consumers who value internalized luxury could have a higher preference for products paired with unique and highly original artworks. Finally managers could use the scale to investigate consumers externalized versus internalized luxury consumption across different cultures: consumers in emerging markets such as China, and Russia might attribute a high importance to social status and hence have a stronger externalized consumption tendency than consumers in mature markets such as the US and Europe; in these latter markets, luxury products may symbolise other values than status (e.g. cultural heritage, stylistic identity, brand prestige, etc).

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