The Influence of Lenders' Personalities in Luxury Renting

Abstract

This research investigates the effect that lenders' online social presence in rental service platforms exerts on borrowers of luxury items. Past research has highlighted a positive influence of online social presence on consumers' intentions and behaviors. With reference to luxury rental platforms, this research demonstrates that this effect occurs only when the platform users perceive lenders as warm persons. In that case, lenders' online social presence triggers feelings of self-fulfillment, which, in turn, enhance users' intention to borrow lenders' luxury items. Moreover, the presence of warm lenders reduces users' feelings of inauthenticity activated by the prospect of using luxury items. These findings contribute to the scant literature on the alternative forms of consuming luxury products by unveiling the key role of luxury lenders' traits, in particular their warmth. By also demonstrating that lenders' warmth reduces consumers' inauthenticity feelings, the results provide luxury rental platforms with suggestions for increasing the appeal of their offerings.

Keywords: luxury renting, platforms, warmth, consumers, social presence

Luxury research has grown over the last years, offering a more fine-grained and nuanced understanding of the way consumers relate to luxury products and services (for a recent review see Dubois et al., 2021). Available research has highlighted the rise of alternative consumption modes, such as the purchase of pre-loved luxuries (Turunen and Leipämaa-Leskinen 2015), and the temporary use of luxury products thanks to rental service platforms (Loussaïef et al., 2019; Pantano and Stylos, 2020). Such services have been experiencing continuous growth in the past few years (McKinsey, 2019) and are reshaping one of the main functions of luxury products, i.e. their ability to signaling status: while keeping an aura of elitism and exclusiveness, luxury products have become accessible to a larger number of consumer than in the past because rental services allow consumers at different levels of the social hierarchy to use them for a specified amount of time by paying a relatively affordable fee (Belk, 2014).

Rental services can be managed by specialized companies (e.g., Rent the Runway) that, in some cases, operate as intermediaries between owners of luxury items and their users – hereafter "luxury lenders" and "luxury borrowers". When this type of renting occurs, consumers engage in the so-called "peer-to-peer" transactions (Christodoulides et al., 2021) and get to know something about lenders' through their online self-descriptions. However, little is known about the effects of lenders' online social presence on the borrowers' choices and inclinations to rent luxury products. To fill this gap, this research embraces the Stereotype Content Model (STM; Fiske et al., 2018), which postulates that individuals appraise others primarily in terms of their "warmth" and "competence". Building on this model, we empirically assess how luxury lenders' warmth influences borrowers' self-fulfillment, feelings of inauthenticity, and renting intentions.

Theoretical Framework

Social presence in online environments

Social presence is the degree to which one or more interaction partners have a sense of personal human contact. In online renting, social presence refers to the extent to which the "online platform enables its customers to experience exchange partners as being psychologically present, and thereby to perceive human contact, sociability, and sensitivity" (Ye et al., 2020). Because consumers are more motivated to conclude transactions through an online rental platforms if they feel that the interaction is occurring with a "person" rather than an organization (Costello and Reczek, 2020), it appears reasonable to expect that the social presence of lenders in online rental platforms enhances consumers motivation to rent luxury items through the platforms. However, we currently do not know which type of social presence, and hence which lender characteristics, impacts luxury renting.

According to the Stereotype Content Model (Fiske et al. 2018), two dimensions capture interpersonal judgments: warmth and competence, with warmth referring to traits such as kindness, friendliness, trustworthiness, and helpfulness (Sezer, 2022). Past research emphasized that the notion of luxury is related to detachment and coldness (Park et al., 2020). However, considering that, for many consumers, luxury renting accomplishes a desire for aspirational consumption (Bardhi et al., 2020), exposure to warm lenders might trigger feelings of self-fulfillment, namely a sense of actualization of one's own potential and realization of one's true self (Hemetsberger et al., 2012). As such, warm lenders might motivate consumers to rent luxuries to transform, construct, and maintain a desired personal identity (Gurzki and Woisetschläger, 2017, Seo and Buchanan-Oliver, 2019). Thus, we propose the following hypothesis:

H1. Lenders' warmth increases users' intentions toward renting luxury products via the elicitation of self-fulfillment.

When renting luxury products, some consumers might perceive luxuries as an undue privilege and feel disconnected from their true selves. These consumers might experience inauthenticity (Goor et al., 2020), a feeling that typically arises when individuals behave in a way that is not consistent with their sense of self (Lasaleta and Loveland 2019), and might, therefore, be unwilling to rent luxuries. On the other hand, because people tend to feel more authentic when they are with close others and feel related to these persons (Sherman et al., 2012), warm lenders might attenuate such inauthenticity feelings. Authenticity is, in fact, a relational construct and organizational research has highlighted that leaders who create a sense of closeness in the working environment generally facilitate authentic behaviors (Yagil and Medler-Liraz, 2014).

Based on these arguments, we hypothesize that lenders' warmth might by increase consumer intention to rent luxury items because it offsets inauthenticity feelings.

H2. Lenders' warmth increases users' intentions to rent luxuries via a reduction of inauthenticity feelings.

Study 1: Mediation effect of users' self-fulfillment

Method: Three hundred female consumers (mean age = 36, *SD* = 10.61) from Prolific Academic participated in a two-cell (lender's presence: no presence vs. warm presence) between-subjects study. Participants imagined that they had to attend a gala dinner, and, for such a special occasion, they decided to wear a luxury handbag. They were then shown a luxury handbag available for renting that did not feature any logos or other cues (e.g., pattern) that could identify a real brand. Participants in the "no lender's presence" condition received no information about the handbag's lender. On the opposite, their counterparts were shown a picture of the lender along with her name and a short self-presentation evoking warmth.

Measures: All participants rated their intention to rent the luxury handbag on a two-item seven-point scale ("How willing would you be to rent that product?"; "How likely would you be to rent that product"?; $r = .89$; Pecher and van Dantzig 2016) and the sense of self-fulfillment that the handbag would make them feel on a 7-point four-item Likert scale (e.g., "The lender's handbag represents the type of person that I would like to be"; $\alpha = .95$; Malär et al. 2011; Prieto et al. 2019). Participants also rated the lender's warmth on a 7-point four-item scale ("I think that the lender is…" "cold/warm", "uncaring/caring", "unkind/kind", “unhelpful/helpful”; α = .95; Lee and Bolton 2020). Finally, they provided their demographic data.

Main results: Participants in the warm lender’s presence condition rated the lender’s warmth significantly higher (M = 5.11, SD = 1.08) than their counterparts (M = 4.53, SD = 1.39); F(1, 298) = 16.42, p < .001), reported a significantly stronger intention to rent the lender’s handbag (M = 4.41, SD = 1.91) than their counterparts (M = 3.79, SD = 1.89; F(1, 298) = 8.13, p = .005), and felt a stronger sense of self-fulfillment (M = 3.93, SD = 1.51) than their counterparts (M = 3.36, SD = 1.72; F(1, 298) = 9.08, p = .003).

Mediation analysis: We ran a mediation analysis using Hayes (2017) PROCESS macro (Model 4) to test H1. By regressing participants’ self-fulfillment on lender’s presence (coded as: - 1 = no lender’s presence, 1 = warm lender’s presence), we detected a significant positive effect of lender’s presence on self-fulfillment (b = .28, p < .001). Then, by regressing participants’ rental intentions on their self-fulfillment controlling for warm lender’s presence, we detected a significantly positive effect of self-fulfillment on participants’ intentions (b = .88, p < .001). In line with H1, warmth indirectly boosted consumers’ intentions via an increase in self-fulfillment (b = .25, 95% CI: .08, .41).

Discussion: Study 1 demonstrates that the social presence of a warm lender in a luxury rental platform positively influences consumers’ intentions via the activation of self-fulfillment. While this might be considered a key mechanism to promote favorable intentions and behaviors toward luxury renting, the next study demonstrates that lenders’ warmth increases consumers’ rental intentions because it reduces consumers’ perceived self-inauthenticity.

Study 2 Testing the two mediation paths

Method: One hundred and fifty-six female consumers (mean age = 39, SD = 11.39) from Prolific Academic participated in a two-cell (lender warmth: low vs. high) between subjects’ online study. Participants read a scenario similar to Study 1 and were displayed a luxury handbag along with its owner’s self-description. For participants assigned to the low warmth condition, this description highlighted the lender’s professional accomplishment; for their counterparts in the high warmth condition, the description highlighted the lender’s humanness and sociability.

Measures: Participants reported their willingness to pay per day the luxury handbag on an 11-point scale, ranging from \$0 to \$50 with increments of \$5. They rated their self-fulfillment using the same scale as in Study 1 (α = .95) and how inauthentic the luxury handbag would make them feel using a 7-point three-item scale (“If I rented that handbag I would feel...” “...not true to myself”, “...fake, like an impostor”, “...inauthentic”; 1 = Strongly disagree; 7 = Strongly agree) drawn from Goor et al. (2020). Finally, they rated the lender’s warmth using the same scale as in the previous studies, which served as a manipulation check.

Main results: Participants assigned to the warm lender rated this person's warmth significantly higher ($M = 5.14$, $SD = 1.26$) than their counterparts ($M = 4.37$, $SD = 1.17$; F (1, 154) = 15.78, $p < .001$), were willing to pay more ($M = 18.58$, $SD = 11.94$) than their counterparts ($M = 13.44$, $SD = 10.41$; F (1, 154) = 8.23, $p = .005$). Moreover, they felt a significantly higher self-fulfillment ($M = 3.19$, $SD = 1.50$) than their counterparts ($M = 2.64$, $SD = 1.53$; F (1, 154) = 5.16, $p = .024$) and significantly lower feelings of inauthenticity ($M = 2.85$, $SD = 1.50$, $\alpha = .89$) than their counterparts ($M = 3.76$, $SD = 1.73$; F (1, 154) = 12.06, $p = .001$).

Mediation analysis: We used Hayes (2017) PROCESS macro (model 4) to run a parallel mediation analysis. By regressing self-fulfillment on lender's warmth (coded as -1 = low warmth and 1 = high warmth), we detected a significant positive effect of warmth ($b = .55$, $p = .02$). In contrast, by regressing inauthenticity on warmth, we detected a significantly negative effect of this variable on inauthenticity ($b = -.90$, $p < .001$). Then, by regressing participants' willingness to pay on self-fulfillment controlling for the effects of warmth and inauthenticity, we detected a significant positive effect of self-fulfillment on willingness to pay ($b = 1.62$, $p < .001$). In contrast, by regressing participants' willingness to pay on inauthenticity controlling for the effects of warmth and self-fulfillment, we detected a significant negative effect of inauthenticity on willingness to pay ($b = -1.99$, $p < .001$). Warmth exerted significant positive indirect effects via both self-fulfillment ($b = .90$, 95% CI: .03, 2.30) and inauthenticity ($b = 1.79$, 95% CI: .59, 3.32), thus validating our two hypotheses.

Discussion: Study 2 demonstrates that the two main effects of warmth lender presence considered in our framework, that is an increase in the user's self-fulfillment and a decrease in users' inauthenticity feelings, motivate users to pay more for renting a lender's product. However, these positive effects do not hold if potential renters perceive lenders as relatively low warmth persons.

General Discussion

The diffusion of consumption models that do not involve the transfer of ownership rights, such as online renting, is facilitating the "democratization" of luxury consumption (Shukla et al., 2022), allowing a growing number of consumers to accomplish their desire for luxury (Loussaïef et al., 2019) and reducing these consumers' distance from luxury brands. In this context, our research illuminates the key role of lenders' social presence in online rental platforms and reveals that, by triggering self-fulfillment, warm lenders increase users' willingness to rent luxuries. On the other hand, low warmth triggers inauthenticity feelings that reduce users' willingness to rent luxuries.

From the latter point of view, this research contributes to the scant literature on the barriers to luxury consumption – in particular, consumers' feelings of inauthenticity, intended as a perceived mismatch with their real selves. It is known that consumers experience this feeling when they think that they do not deserve a certain luxury product or service (Goor et al., 2020). However, our research clearly indicates that inauthenticity also has a social origin as consumers experience it when luxury lenders do not convey warmth.

Our findings also increase the current understanding of how consumers relate to lenders. Although there is broad consensus that platform users tend to empathize with lenders (Pera et al., 2019, Shuqair et al., 2019, Costello and Reczek, 2020), very little effort has been made so far to understand what may prevent consumers from renting other people's possessions through rental platforms. While these platforms do not generally display information about luxury lenders, from a managerial point of view, our results indicate that providing platform users with more information about lenders might have beneficial effects. In particular, highlighting lenders' warmth might help reduce users' inauthenticity and increase their feelings of self-fulfillment, which, in turn, would increase their willingness to rent luxury items.

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