WHEN CONSUMER KNOWLEDGE IS POWER: DETERMINANTS OF LUXURY MATURITY STAGES

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ABSTRACT

While many marketing researchers conceptualize the binary split between luxury and non-luxury consumers, this paper takes the more refined approach of the heterogenization of the luxury consumer segment by exploring the progressive stages of luxury consumer maturity, reflected by diverging luxury consumption behavior. An argument for a progression of maturity is presented here in terms of making purchases of well-known luxury brands (e.g., Louis Vuitton or Prada) versus more obscure luxury brands (e.g., Marni or Ann Demeulemeester). As brands continue to be acquired by conglomerates (e.g. LVMH, Kering Group, Richemont, etc.), a perspective from luxury holding companies was a logical starting point. In each holding company's portfolio, brands represent different positions, with the well-known brands occupying the flagship positions within the conglomerate. These brands capitalize on overt usage of branding and logo (which we term as Stage 1 brands). More obscure companies within the major conglomerates or independent fashion houses tend to rely less on branding and have a greater focus on *savoir faire* and technical applications of material and cut, requiring a higher degree of fashion knowledge (termed here as Stage 3 brands). Stage 2 brands represent the cohort of fashion houses that exist as non-flagship brands within the context of a larger conglomerate. To categorize each participant based on their shopping patterns, we calculate a metric termed here as a "maturity ratio" that falls between 1 and 3 and is used to assign each consumer to a stage. Therefore, we put forth the following hypotheses: Fashion knowledge is the mediating variable that drives progression of consumer maturity. That is, the higher a consumer's knowledge about fashion, the more mature and discriminating the consumer's tastes and shopping patterns will be [H1]. Materialism works to encourage consumers to learn more about fashion and therefore have higher fashion knowledge [H2]. A high consumer need-for-uniqueness (CNFU) will lead consumers to learn more about fashion in order to discover ways to stand out from the norm [H3]. Consumers who are self-conscious will have high fashion knowledge due to the pressures of social anxiety to have a socially acceptable outward appearance [H4].

Eight-hundred and fifty-six luxury consumers were sampled (50% female, 66% white, Mo_{age}=25-34). The survey included materialism, self-consciousness, and CNFU scales, and a selection of brands was used to evaluate consumption patterns within the last 12 months. A novel knowledge test included three categories that tested the participant's familiarity with fashion critics, publications, and photography. The test (M=6.08, SD=1.28) was graded on a summative point scale, in which each name that the participant marked as being familiar with counted as a point, with a total score of 32. A path analysis was run with a very strong model fit (CFI=0.944), and fashion knowledge was the best predictor of maturity. To confirm these findings, a discriminant analysis

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was also run. Significant mean differences were found for fashion knowledge on the dependent variable (consumer maturity) based on Wilks' Lambda. The discriminant function accounted for 45.16% of between group variability, and the structure matrix confirmed that fashion knowledge is a significant predictor of maturity. The cross-validated classification revealed that 94.6% were correctly classified. For the practice of advertising, this research has important implications. Based on the model we propose, marketers should follow different advertising approaches; for example, an advertiser working for a Stage 3 brand would benefit the company through educating the consumer generally about fashion. Practitioners for Stage 1 brands would benefit from following the opposite protocol.

***Keywords*:** luxury consumption, consumer knowledge, consumer maturity, fashion marketing

References available upon request.