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Chang, Shing-Wan ORCID: <https://orcid.org/0000-0002-1587-9076>, Loukides, Grigorios and Mantegazza, Federica (2018) Disentangling the psychological effects of luxury fashion brands on social capital and WOM. In: 6th International Conference on Contemporary Marketing Issues (ICCMi 2018), 27- 29 June 2018, Athens, Greece. . [Conference or Workshop Item]

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Disentangling the psychological effects of luxury fashion brands on social capital and WOM

Extrinsic goals of human lives are to become famous and be admired along with having attractive appearance (Kasser & Ryan, 1996). Individuals desire to be accepted by others and be a part of social group (Baumeister and Leary, 1995). Such social capital -related questions have never been fully investigated in luxury consumption studies. With the prevalence of luxury usage, it is worth considering whether luxury brands make people more connected. Despite the numerous studies on luxury brands, there is a lack of research that addresses the critical issue of how luxury consumption influences social capital of individuals and their word-of-mouth behaviour. We aim to answer the following research questions: what and how do determinants collectively affect social capital of consumers and word-of-mouth by luxury consumption? Specifically, authenticity, creativity, and brand symbolism are proposed to affect social capital and word of mouth through body image, self- esteem and social identity.

Luxury brands provide individuals with an ideal means for self-presentation. When a person wears an item of clothing, they embody its symbolic meaning (Belk 2013). Luxury brands can be considered as an item that extends the self (Belk 1988). Consumers tend to purchase symbolic brands (luxury brands) based on personality of the brands to express their self-image (Kim and Kim 2016). The visual elements from the luxury brands play a central role in presenting self-image which can shape others' perceptions of individuals. The luxury brands provide an opportunity for individuals to present themselves as part of social group, representing social identity. Social identity refers to a self-image developed based on social group membership. A positive social identity is associated with sense of belonging and self-worth (Branscombe & Wann, 1991). Body images also help individuals present themselves as part of social group and to strengthen desirable social relationships. Along the same line, luxury consumption reflects this tendency for self-enhancement. Luxury consumers strive to bolster their physical and social attractiveness and enhance their images. This study proposes a conceptual model that integrates the attributes of luxury brands and their influences on various consumer personal traits, which in turn affect their behavioural outcomes (social capital and word-of-mouth).

The survey data were collected in main shopping streets of Milan using a self-administrated questionnaire, because Milan is one of the most chosen destinations for shopping tourism (Mintel 2015). The survey started with a filter question that asked respondents to name any luxury brand they had purchased most often in the past six months. If respondents could not identify a luxury brand name, they were asked to exit the survey. All eight constructs are measured based on validated scales from previous studies using seven-point Likert scales (ranging from "1-strongly disagree" to "7-strongly agree") and make wording adjustments to fit with the context of luxury consumption. A total number of 39 measurement items were yielded: Authenticity (five items), creativity (five items), brand symbolism (four items), social identity (five items), body image (five), self-esteem (five items), social capital (five items) and word-of-mouth (five items). To ensure content validity, we invited several luxury marketing professionals to detect any potential problems in the wording and content of the items. To verify our instrument, a pilot study was also conducted to 40 experienced consumers for luxury brands. The reliability of the instrument was tested, and the Cronbach's alpha of each variable exceeded the threshold value of 0.7, indicating that all constructs have good internal consistency (Nunnally, 1978).

A total of (N = 414) participants completed the main survey. Of these participants, 195 were males (47.1%), and 219 were females (52.9%). 28.9% were younger than 25 years of age, 56.2% were aged 25-49 years and 12.8% were 50 years or older. The majority of them identified themselves as Europeans (46.4%), 22.5% as Asian/Pacific Islander, 8.5% as Hispanic/Latino, 6.3% as Middle Eastern, 4.3% as American, 4.3% as African, 4.10% as Russian, and 3.6% as other racial groups. The majority of participants (45.4%) had a bachelor's degree, 25.8% of participants had a master degree, and 21.7% were high school graduates. Harman's single-factor test was undertaken to detect the presence of common method variance using unrotated factor analysis (Podsakoff et al., 2003). The results showed that no single factor accounts for more than 50 percent of the variance explained, indicating that the data of this study are free from the concern of common method biases.

PLS-SEM was chosen because the research model is complex and predicts the relationship between the eight constructs, which is in accordance with Hair et al. (2013). In terms of the assessment of the measurement model, item loadings of every construct were significantly greater than 0.7 (Fornell and Larcker, 1981). The Cronbach's alpha and composite reliability values exceeded the cut-off value of 0.7 and the average variance extracted (AVE) of all constructs were above 0.5. Therefore, reliability and convergent validity were verified. Square root of AVE of each construct was greater than the correlation between that construct and other constructs, indicating that discriminant validity was also supported. Multicollinearity was detected via the variance inflation factor (VIF). The highest value of VIF was 3.828, which is below the common cut-off point threshold of 5 (Henseler et al., 2009).

To test 15 hypotheses, SEM was conducted. The size of the bootstrapping sample was 5000. The R^2 values of endogenous latent constructs indicated satisfactory levels of predictive accuracy, ranging from 0.43 to 0.70 (Hair et al., 2016). The Q^2 values, computed by a blindfolding procedure, yielded all greater than zero, suggesting the model's predictive relevance (Hair et al., 2016). The results supported all 15 hypotheses. The empirical findings indicate that creativity, authenticity and brand symbolism of luxury fashion brands significantly influence consumer perceptions with regard to body image, self-esteem, and social identity, which in turn positively influence social capital and word-of-mouth behaviour of consumers. Consumers tend to fulfil their individual self-esteem, body image and social identity through luxury consumption. This study contributes to luxury marketing literature and provides some key insights for marketers in luxury marketing. The finding of this study is specific to luxury shoppers in Milan. Hence, the finding of this study may not be generalised to other countries.

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