

# **Meet the HENRYs: A hybrid focus group study of conspicuous luxury consumption in the social media context – Competitive Paper**

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## **Abstract**

Social media has created different dimension of consumers for luxury products, specifically the aspirational consumer who wishes to own a product, but for economic reasons cannot. In other words aspirational consumers use luxury brands to create value for themselves using social media to conspicuously consume without purchase. Aspirational consumers are mostly found among HENRYs (high earners, not rich yet). Studies around conspicuous consumption of luxury products as a result of digital technology influence are fragmented. However, in-depth understanding of HENRYs' consumer behaviour in the pre-experience (before actual purchase) stage is important. Using hybrid of online and face-to-face focus group data, this study maps HENRYs' consumer journeys that reflects the role of social media in conspicuous consumption of luxury brands. We found that most of HENRYs purchase luxury for status and in the context of social media it becomes even more rationale to demonstrate own luxury possessions via creating own social media content - most HENRYs are narcissist. Social media represents an immediate environment of luxury conspicuous consumption where HENRYs are aspired to purchase luxury by mostly user-generated content and are driven to produce own social media content as evidence of luxury purchasing and possessions – to satisfy own narcissistic ambitions.

## **Introduction**

Social media has changed the ways in which buyers and sellers now interact. In order to attract consumers' attention and address customisation of their needs, advertising specialists have started using social networking platforms (Li and Bernoff, 2011). Due to the increasing number of brands in the market as well as different channels to aspire and motivate consumption, consumers have more accessibility to different brands and products at varying prices (Gupta, 2013). Luxury brands consumption in particular is becoming a much more complex journey as opposed to traditionally defined chain between motivations, intentions to purchase and actual consumption. Social media has created different dimension of consumers for luxury products, specifically the aspirational consumer who wishes to own a product, but for economic reasons cannot. In other words aspirational consumers use luxury brands to create value for themselves (Heinonen, Strandvik & Voima, 2013) using social media to conspicuously consume (Veblen, 1899) without purchase.

Aspirational consumers are mostly found among HENRYs (high earners, not rich yet), some refer to them as millennials. Number of recent studies has conducted research in the field of luxury consumption with reference to millennials. Montgomery, Schwarz and Mitchell (2016) and Faulk (2016) found that culture has an impact on perception of luxury items as symbols of prestige and status. Higgins, Higgins, Wolf, and Wolf (2016) looked into consumption of luxury wine and found that millennials consult both traditional and digital marketing content when deciding to buy highly priced wine. Mundel, Huddleston and Vodermeier (2017) have found that millennials do not differentiate between luxury and affordable luxury products but no emphasis has been made in outlining role of digital communication on luxury perception. Finally, Escobar (2016) confirmed that digital content impacts on luxury consumption habits of millennial consumers as digital content evokes the brand expressions that eventually trigger aspirations and evoke desires to be special, feel special. However, Escobar's (2016) paper is conceptual and does not explicitly integrate digital and social media.

Overall, existing literature highlights that HENRYs' consumer behaviour in the pre-experience (before actual purchase) stage (Arnold, Price and Zinkhan, 2004) is important, as they are future luxury brand consumers. Hence, this research aims to map a HENRYs' consumer journey that reflects the role of social media in conspicuous consumption of luxury brands.

## **Looking back: Theoretical Background on Conspicuous Consumption**

Research into the consumption of luxury brands is frequently linked with the Veblen's (1899) theory of conspicuous consumption (Truong and McColl, 2011). Veblen's theory argues that affluent individuals consume luxury, high priced goods in order to increase their social status and display their wealth. Matching the patterns of social groups both directly or considerably above an individual is often the reasoning for engaging in conspicuous consumption (Mason, 1998). Individuals tend to signal their wealth publicly by purchasing a conspicuous luxury product; they tend to remain 'silent' about their own wealth yet display wealth vis-à-vis luxury items and possessions (Bagwell and Bernheim, 1996). The theory of conspicuous consumption was further developed by Leibenstein (1950) who proposed two alternative affects, namely the bandwagon and snob effect. The bandwagon effect implies that consumers desire to buy what is being bought by the mass population (Braun and Wicklund, 1989). Alternatively the snob effect suggests that to achieve social status and prestige, consumers purchase goods that are exclusive with limited availability (Mason, 1981). Today conspicuous consumption differs considerably from that of traditional conceptualisation by Veblen (1899) and Leibenstein (1950): affluent societies are now more democratised as well as conspicuous

consumption is evident across various social groups. Due to the development of social media and the minimisation of class boundaries, individuals are now not only influenced by their close family and friends but have access to intimate and detailed insights into media personality's lifestyles such as celebrities, bloggers and the mass public resulting in consumers becoming sensitive to who they aspire to be like (Escobar, 2016).

Understanding consumer's motivations to purchase luxury goods, whether it be conspicuously or not is essential for marketers (Goldsmith et al., 2012). Utility is no longer the sole reason for purchase. Many acts of consumption are solely generated on the basis of achieving status (Truong et al., 2010). Motivational theorists have suggested that when engaging with and performing certain activities, consumers can be motivated extrinsically or intrinsically (Davis et al., 1992; Deci, 1972). Individuals who are intrinsically motivated are internally orientated and tend to purchase because of the desire that comes from within e.g. satisfaction and enjoyment (Berlyne, 1996). The basis of extrinsic motivations is generally the perception of others. Individuals who are extrinsically motivated seek praise and rewards from peers (Kim et al., 2003; Sheldon et al., 2004). A 'pure' conspicuous consumer is, hence, entirely extrinsically motivated; his/her purchase satisfactions come from external sources (Mason, 2007). Consumers who are partly motivated by external gains but also wish to obtain self-satisfaction from the symbolism of the products for themselves as much as others must also be considered as conspicuous consumers as they seek to create identities with peers and themselves (Mason, 2007). The success of conspicuous consumption is identified by the reaction of others (Campbell, 1995). This is especially relevant to digital and social media context whereby likes often portray popularity. Social media usage has proliferated as it allows consumers to present carefully crafted presentations of themselves to others (Ellison et al. 2006). This idealised self includes the internal self as well as the possessions that surround experiences (Belk, 2013). Posted on social media images act as cues for others to form impressions (Belk, 1988), and social media users can enhance their idealised self by discussing, researching, and displaying luxury, positional goods (Hirsch, 1997).

In addition to motivations and aspirations to engage in conspicuous consumption, consumers are exposed to branded communication content. However, today majority of such content is authentic and user-generated. For example, blogging is now one of the most popular social media channels for reviewing and discussing opinions regarding specific products and events in everyday life (Hsu et. al, 2013). Blogging has, therefore, become an important part of the pre-experience stage impacting on a purchasing decision. In particular, Lim et al. (2006) concluded that confirmations of product quality and satisfaction from consumers would affect potential buyers purchase decisions. Bloggers are often seen as credible experts in the field (Hsu et al. 2013). Although digital opinion influencers and leaders such as bloggers are key to influencing purchasing decisions of their followers, Forbes and Vespoli (2013) revealed that consumers most often purchase either inexpensive or very expensive luxury goods based on the recommendations from peers, hence user-generated word-of-mouth (UGWoM) also needs to be considered an important stimulus of conspicuous consumption in the social media context.

Based on discussion within the introduction and theoretical background sections, the following central (CRQ) is identified:

**CRQ:** *How (process) do HENRYs conspicuously consume luxury brands using social media?*

## **Methodology**

As the theoretical background section highlights, linear relationships between motivations, intentions to purchase and actual consumption are well defined and empirically tested. However, social media context and aspirational consumption of luxury present different traits of consumption calling for in-depth qualitative exploration of the consumption process. In the luxury marketing domain we may look back and use established knowledge but moving forward by establishing new theories is crucial. Grounded theory is essentially used to develop a theory on areas of research where new ideas are needed or where little research has been developed or known (Goulding, 1998). Hence, to address the aim of this study we adopted a grounded theory method (Glaser and Strauss, 1967; Corbin and Strauss, 1990). To comply with a grounded theory methodology, we adopted such main elements as constant comparison, simultaneous data collection and analysis process, and three-stage coding procedures.

### **Data collection**

The data in this research is collected using hybrid of both online and face-to-face focus groups. Focus group is particularly useful data collection method in unpacking insights on experiences, feelings and emotions in a group setting where group discussion can trigger further insights and deeper understanding of issues when participants can collectively discuss individual experiences and engage in reflective discussion of shared by others and distinct aspects within the experiences (Wellings et al., 2000; Krueger and Casey, 2015). According to Wilson (2010), focus groups offer a synergy, allowing groups to process more information than traditional interviews: participants' interaction creates a chain of thoughts and ideas.

Online focus group has been conducted using Whatsapp, a popular messaging application used primarily by mobile phone users to share instant messages, updates, images, videos and voice messages. According to Kozinets (2015) digital tools, applications and data present researchers with opportunities to reconsider rules of research enabling opportunities for in-depth longitudinal inquiries, objective observation of users' behaviour as well as flexible participation. Social media channels, blogs, websites are increasingly used to conduct pure netnographic or mixed method research. Despite being the most popular mobile apps in terms of daily usage, Whatsapp and Snapchat have not been utilised as research tools. Whatsapp focus group lasted for two week and aimed at in-depth exploration of individual elements within the consumption process, which are motivations, aspirations of conspicuous consumption in the social media context, role of bloggers and UGWoM, and overall role of social media in conspicuous of luxury brands. Participants were encouraged to share own consumption diaries and stories using forms of various content enabled by Whatsapp. For online focus group, we employed purposive sampling to recruit eight participants, three males and five females.

Two face-to-face focus groups were conducted after analysis of online focus group data has been completed. Therefore main aim of face-to-face focus groups was to investigate particular aspects highlighted by the first data analysis stage. Face-to-face focus groups lasted for three hours each and took place during the afternoon tea sessions at the luxury hotel. Each face-to-face focus group had six participants, three males and nine females. Three participants from online focus group have attended face-to-face focus group sessions.

Across focus groups all participants, seventeen unique participants, represent HENRYs; their age ranges from 21 to 26. All participants are in full time employment and have steady income but little accumulated wealth. All of research participants, however, love, desire

and/or do purchase luxury brands. All participants have been invited to participate in the study, purpose, terms and conditions of which were explained via participant information sheets. For online focus group, each participant was asked permission to be invited to a dedicated research Whatsapp group, following email communication outlining the research process as well as introducing all research participants. Moreover, pilot focus group has been conducted with two individuals to test an understanding of questions. For face-to-face focus group, each participant was briefed on process and agenda prior to the focus group sessions.

### Data analysis

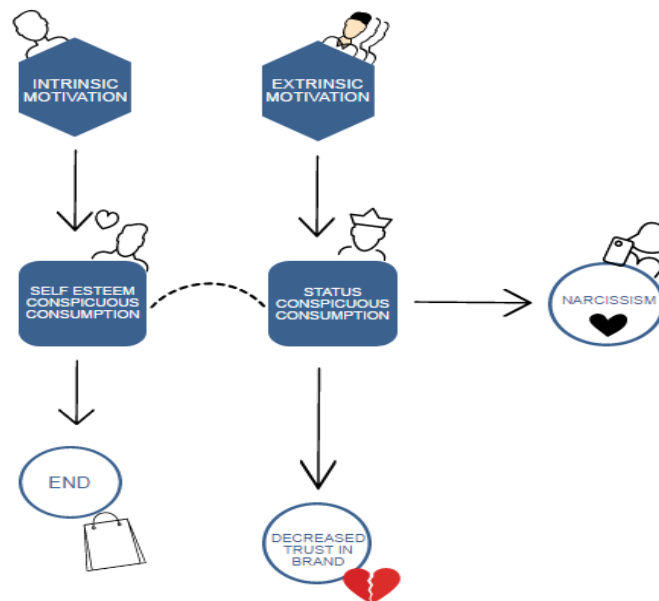
We entered all focus group data into Nvivo 11 software. We analysed qualitative data using grounded theory data analysis process, three-stage coding. Firstly, line-by-line coding aimed at breaking-down textual data into theoretical concepts, which represent individual topics and characteristics attached to phrases, sentences and paragraphs (Corbin and Strauss, 1990). Line-by-line coding generated 420 theoretical concepts. Through constant analysis and comparison of key themes and concepts, these were reduced to 53 theoretical concepts and fourteen open coding sets (themes) (see Appendix 1). Second coding stage, axial coding, is conceptual in nature and involves identification of categories and sub-categories, which are collection of theoretical codes representing shared meanings, experiences and elements of the conspicuous consumption process, and examining of relationships between categories and sub-categories. As a result of axial coding, refinement and integration of sub-categories, we identified six categories. Final, third coding stage, selective coding, focuses on think description of data that aims at development of substantive theory emerging from empirical data (Collis and Hussey 2014). From various approaches available to perform selective coding, namely storytelling, metaphor, mapping, we have used a mapping approach to address the aim of this study. Conditional matrix (Corbin and Strauss, 1990) was used to map relationships between identified categories. In particular we have developed a conditional map of HENRYs' conspicuous consumption of luxury process. Next section discusses main findings.

### **Moving forward: HENRYs' Conspicuous Luxury Consumption Process in the Social Media Context**

The conditional map (see Figure 1) is used as a conceptual tool, providing an overview and explanation of the overall HENRYs' conspicuous consumption journey in the context of social media. A range of conditions and outcomes are integrated in relation to the phenomenon (conspicuous consumption), helping to explain the relationships between the differing sub-categories. Each category, detailed in the map explains influencing and outcome elements of HENRYs' luxury brand consumption process.

(1) Intrinsic and (2) extrinsic motivations: Nearly all participants believed that their motivations to consume luxury was based on internal rewards, diverse to that of traditional conspicuous consumption theorists who believe that individuals motivations to consume luxury are extrinsic, based on status fulfilment (Veblen 1899). In fact, all participants did not want to appear as extrinsically motivated; it was somewhat frowned upon to consider purchasing luxury for something other than self-satisfaction. This contradicts Mason's (1998) view on consumption, which states that individuals purchase luxury to match the patterns of social groups. Pride and self-satisfaction were consistently mentioned when discussing the motivations to purchase luxury. All participants placed a heavy value on self-satisfaction and pride suggesting that they purchase luxury solely for themselves. The posting of luxury on social media is often considered as an act of symbolising status to peers, showing followers their wealth in status. However, numerous individuals in our study argued that this was not

the case – instead they posted on social media for their own self-esteem; they were proud of their purchases and wanted to share this pride – not status. This is in line with Arndt et al. (2004) research on consumer behaviour, which suggests that individuals purchase goods to flatter their ego and boost their self-esteem.



*Figure 1. Conditional map of the HENRYs' conspicuous consumption of luxury brands in the context of social media*

Despite prevalence of intrinsic motivations in consuming luxury, few participants suggested that extrinsic motivations were still prevalent among their consumption of luxury. This suggests that although majority of HENRYs purchase luxury for self-satisfaction and self-esteem, their initial trigger in desiring the product comes from external sources online.

(3) Self esteem conspicuous consumption: self-esteem conspicuous consumption involves consuming luxury products for satisfaction – not for peers – but for themselves. Participants discussed that self-satisfaction, pride, and achievement were key in boosting their self-esteem, and engaging in luxury consumption improved this. Majority of participants suggested that portraying an external reality to peers was not the sole reason engaging in luxury consumption – instead it was to compensate their ego when down or to reward themselves after a period of hard work. This is line with Tuttle (2010) research, which concluded that a motivation behind conspicuous consumption is the need to repair self-threat. HENRYs, who purchase via self-esteem conspicuous consumption (see Figure 1), do it for themselves – they want to boost their self-esteem and make themselves feel better through awareness of their ability to purchase luxury. They see it as an achievement.

(4) Status conspicuous consumption: when discussing motivations for purchasing luxury, many participants reported that the exclusivity and popularity of luxury brands and difficulty in accessing such goods made them more desirable. Moreover, HENRYs believed that luxury brands signalled their wealth and status – agreeing with Veblen (1899) theory of conspicuous consumption. It was reported that social influencers often set a level of status that participants wanted to achieve. This suggests that participants purchased luxury products, to achieve a status on social media channels like that of influencers; luxury consumption provides ego-enhancing benefits. This is in line with Sivanathan and Pettit' (2010) view on luxury consumption, which states that individuals may manipulate their status through purchasing

luxury to gain the benefits and rewards usually reserved for the elite. There has been a movement towards subtle materialism and displaying of status. Majority of participants (12 out of 17) reported that although they purchase luxury products for status, they would never want to publicly display their purchases in an obvious manner or appear as though they are purposefully boasting. This somewhat contradicts Bagwell and Bernheim (1996) view of conspicuous consumption, which states that individuals engage in conspicuous consumption to publicly signal their wealth.

(5) Narcissism: narcissism was prevalent among numerous HENRYs - participants, especially in relation to social media posting. Cisek et al. (2014) argues that narcissists engage in conspicuous consumption to address underlying insecurities and to boost one's image. Our focus groups' participants had an excessive interest in their appearance, particularly their social media appearance. This is consistent with Lee et al. (2013) research, which demonstrated that narcissists' purchasing decisions are influenced by their desire to distinguish themselves. Our participants only wanted to purchase products that were unique and difficult to access to validate their self-esteem. Every life event for majority of our participants (10 out of 17) has developed to become a source of self-promotion, and luxury products are at the centre of this. They believe that by sharing their purchases of luxury online, they will receive validation from peers. As Gregg et al. (2007) discussed, narcissists are now more susceptible to advertisements by social influencers – including bloggers and celebrities – due to their need to identify with high status individuals. It also appears that 'likes' on social channels also play a huge part in conspicuous consumption among individuals. Our participants reported that not only they felt anxious if they did not get enough likes; they sought after products and experiences that would provide them with higher likes.

(6) Decreased trust in brand and bloggers: bloggers were once considered the trustworthiest sources of information. However, our HENRY participants reported that there has been a shift away from viewing bloggers as trustworthy and authentic. Our participants reported that they are aware of bloggers often being paid to post reviews on products, which decreases trust in both the influencer and the brand. Our HENRYs stated that in instances whereby numerous bloggers or influencers were engaged with the promotion of a product – especially that of luxury – it would deter them from purchasing from the brand.

## **Implications**

This study contributes to previous research in further understanding on conspicuous consumption and millennials' behaviour. Conspicuous consumption is a complex phenomenon and when integrated with digital, becomes even more diverse. A conditional map shows that each HENRY has various trajectories, journeys, to complete in his/her process of luxury consumptions depending, firstly, on motivations as well as aspirations. Most of HENRYs purchase luxury for status and in the context of social media it becomes even more rationale to demonstrate own's luxury possessions via creating own social media content - most HENRYs are narcissist. Another interesting results our study suggests and it should be explored and explained further is decreased trust in luxury brands as well as bloggers' as sources of information. Social media represents an immediate environment of luxury conspicuous consumption where HENRYs are aspired to purchase luxury by mostly UGWoM and are driven to produce own social media content as evidence of luxury purchasing and possessions – to satisfy own's narcissistic ambitions.

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