First Impressions: Status Signaling Using Brand Prominence

Young Jee Han
Joseph C. Nunes
Xavier Drèze

Young Jee Han is a Ph.D. student at the Marshall School of Business, University of Southern California, Los Angeles, CA 90089-0443. This research emerged as part of her dissertation. Joseph C. Nunes is Associate Professor of Marketing, Marshall School of Business, University of Southern California, Los Angeles, CA 90089-0443. Xavier Drèze is Assistant Professor of Marketing, the Wharton School of the University of Pennsylvania, Philadelphia, PA 19104-6340. Questions should be directed to Young Jee Han at YoungJee.han.2011@marshall.usc.edu, Joseph C. Nunes at jnunes@marshall.usc.edu, or Xavier Drèze at xdreze@wharton.upenn.edu. The authors would like to thank the Marketing Science Institute for their generous assistance in funding this research. We would also like to thank Claritas for providing us with data.
ABSTRACT

Consumers use products to signal status in different ways. We propose a classification system employing four tiers to explain consumers’ choice among subtly or conspicuously branded items based on how and to whom they wish to signal. The first tier consists of consumers who are well-acquainted with luxury brands and thus relative experts. They are designated as *patricians*. Patricians signal horizontally, spending more to buy brands that are labeled discreetly and are recognizable primarily to other experts. Relative novices to luxury brands comprise the second tier, the *parvenus*. They crave status and thus buy more accessible (less expensive), conspicuously branded goods that signal to those below and to other neophytes that they have arrived. Using data from two of the world’s largest luxury brands, we substantiate a negative relationship between the conspicuousness of the brand on the product (what we call “Brand Prominence”) and price for status goods. In addition, a survey reveals how a greater need for status leads to displaying the brand loudly, while greater expertise leads to the opposite. Further, a field survey of patricians and parvenus demonstrates that while patricians can recognize and value luxury goods even in the absence of brand markings, parvenus cannot. Our third tier is labeled *poseurs*; they cannot or will not buy authentic luxury goods but instead buy copies of what they believe will signal status, the products favored by the parvenus. This creates a significant market opportunity for loud copies of luxury goods. We study this market using data from Thai counterfeiters and online sellers of knockoffs revealing how counterfeiters disproportionately copy louder, less expensive, products. The lowest tier, dubbed *plebs*, does not participate in the market for luxury goods. Taken together, our field and lab experiments, along with the analysis of market data for authentic and counterfeit luxury handbags, supports the proposed model of status signaling behavior based on expertise, need-for-status, and brand prominence.
“Luxury goods are the ordinary products of extraordinary people and the extraordinary products of ordinary people.”

Vincent Bastien
Louis Vuitton CEO 1988-1995

No one would accuse someone who drinks bottled water of flaunting their wealth, unless perhaps it were a bottle of Bling H₂O in its frosted glass bottle decorated with 60 genuine Swarovski crystals and retailing for $35 per 13 oz. bottle. Yet Bling H₂O doesn’t scream money-to-burn quite as loudly as the $999.99 “I Am Rich” Apple iPhone application, its primary function being to display a glowing red gem on the phone’s touchscreen providing onlookers with evidence the owner could afford far more for the screensaver than for the phone itself (Wagenseil 2008). Add to the list of extravagances Valextra’s $5,000 white leather suitcase with no retractable handles, straps or wheels, an $8,000 Vertu cell phone and a pair of $10,000 Earnest Sewn and Van Cleef & Arpels Alhambra Jeans. From beverages to blue jeans and software to cell phones, there is ample evidence across widely disparate categories that conspicuous consumption is flourishing in the 21st century.

In his classic treatise on the topic, The Theory of the Leisure Class (1899), economist and sociologist Thorstein Veblen argued that the actual accumulation of wealth (the result of productive labor) is not what confers status. Rather, the indulgence of wealth requires its wasteful exhibition; what confers status is really the evidence of wealth. Today, economists use the phrase “Veblen effects” to describe situations where consumers exhibit a willingness to pay a higher price for a functionally equivalent good with the expectation that consumers pay the higher price because they crave the status brought about by material displays of wealth (Bagwell and Bernheim 1996). In marketing, these types of goods are commonly referred to as status goods, which are used to make a desired impression on others via their
symbolism (O’Cass and Frost 2002). Status goods surface through prestige brands in highly “visible” categories such as cars (e.g., Bentley), fashion (e.g., Dior), and jewelry (e.g., Tiffany & Co.), which allows the product to overtly signal the owner’s socio-economic status (Charles, Hurst, and Roussanov 2007). According to Nunes and Johnson (2004), status brands have moved down market in order to take advantage of mass affluence (the 62% of U.S. households who make more than $65,000 per year). It appears to be working. In 2007, the U.S. market accounted for one-third of the $233 billion worldwide luxury market (Passariello, Dodes, and Meichtry 2008).

Of course, when it comes to signaling one’s status, it is important that the intended recipient of the signal properly understands the message sent. Indeed, Mason (1981) noted that satisfaction from conspicuous consumption is derived from the audience’s reaction. Carrying Louis Vuitton’s Tribute Patchwork tote ($42,000) signals something much different than sporting the popular Speedy bag ($700). But this supposition is true only if observers can correctly identify both bags and have some knowledge of how they compare with regard to price. Otherwise, consumers may simply rely on the brand, prominently displayed on a Speedy bag but not the Tribute tote, to make categorical inferences with respect to price. In other words, the same luxury bag may mean different things to different audiences—nothing to the uninitiated, a vague indicator of status to the casual consumer of designer purses, and much more to the enthusiast.

We propose a taxonomy that differentiates consumers by how they signal using luxury brands, and to whom. Our model consists of four classes of consumers and helps explain why we observe such a broad spectrum of prices within a brand for a particular
luxury good (e.g., Gucci purses range from $295 to $9,690) as well as how the products differ in terms of how they exhibit or display the brand. It also helps explain why counterfeiters choose certain designs to copy and how consumer preferences evolve with respect to luxury goods as they climb the socio-economic ladder.

Our story begins at the top with consumers we call *patricians*\(^1\) after the elites in ancient Roman times. Patricians have significant experience and expertise with luxury goods and therefore are likely to possess significant wealth (Dubois and Duquesne 1992). In general, they do *not* buy products to signal to those *below* them that they are inferior. Rather, brands for these consumers serve as a *horizontal* signal, intended for their peers. The products they choose are recognizable primarily to other patricians who, like them, buy luxury goods as *art de vivre*. For example, a patrician may sport a Blancpain watch that costs $160,000 (see Figure 1) but is so plain (it does not even display the date) that it could easily be mistaken by the untrained eye for a $100 Timex. To other patricians, however, it is a sign of refinement and connoisseurship.

Below the patricians are the *parvenus* (from the Latin *perveniō* meaning “arrive” or “reach”). Parvenus have recently ascended the social ladder and by definition (Oxford English Dictionary) have not yet gained the social skills associated with their new position. Parvenus are concerned with separating themselves from those below them in social class. Being new to luxury, they are unlikely to recognize the subtle details of a Hermès bag or Vacheron Constantin watch or know their respective prices. They prefer products emblazoned with popular luxury brand names that serve to signal they have arrived. To them, Louis Vuitton’s distinctive “LV” monogram or Damier canvas pattern makes it transparent

\(^1\) For mnemonic reasons, we label our four groups as the 4Ps of luxury signaling: Patricians, Parvenus, Poseurs, and Plebs.
the handbag costs hundreds of dollars. Not to be outdone are consumers we call poseurs, from the French word for a “person who pretends to be what he or she is not.” Poseurs cannot or will not pay for real luxury brands but want to associate themselves with those immediately above them, the parvenus. Hence, they buy counterfeits. We show that fake handbags are disproportionately copies of “entry-level” luxury handbags that are conspicuous or loud in their display of the brand, the kind luxury makers intend for the parvenus that are sought after by poseurs. We label the forth tier with the Roman moniker plebs, which we do not use pejoratively, but rather simply to distinguish the general population from the patricians or privileged class. For our purposes, pleb refers to someone who either cannot or will not concern themselves with signaling using status goods.

It is important to point out that we are classifying consumers by the type of signaling they engage in. While we believe wealth would serve as a reasonable predictor of which class a consumer falls into, we do not test this explicitly across the four classifications. Instead, our model is based on expertise and need for status, and we do test whether one’s need for status decreases, and category expertise increases, across patricians and parvenus. We should note that we do not make a distinction between “luxury,” “prestige,” or “status” goods given their subjectivity and the common use of what are deemed prestigious luxury brands as status symbols in the literature. Hence, we use the terms interchangeably. It is also important to point out that our theorizing is with regard to luxury goods or status brands such that “individuals strive to improve their social standing through conspicuous consumption of consumer products that confer or symbolize status for both the individual and surrounding others” (Eastman et al. 1999 p. 310). Hence, we do not speak to low-end products.
One key insight that emerges from our taxonomy is that luxury brands like Louis Vuitton, Gucci, and others would be expected to brand or mark their products differently to appeal to different classes of consumers. Accordingly, we introduce a new construct we call “Brand Prominence” that reflects the conspicuousness of the brand on a particular product. Marketers frequently make design decisions regarding how prominently to display their brand. For example, Volvo, in introducing its new XC60 crossover, deliberately added a larger insignia that could be seen from twice the normal distance of 300 feet (Vella 2008; see Figure 2). Thus, we define Brand Prominence as the extent to which a good is visibly marked, such as the Gucci “G” or its signature bold red and green stripes on a handbag that insure observers recognize it is a Gucci. Manufacturers can produce a product with loud or conspicuous branding or tone it down all the way to quiet or discreet branding and presumably target different segments with different variants. This continuum from quiet to loud is the degree of Brand Prominence associated with the product.

In summary, we argue that patricians and parvenus vary in terms of their expertise and need for status, which motivates how they intend to use a luxury good as a signal of their social standing. We introduce Brand Prominence, a construct reflecting the notion of subtle versus conspicuous branding on a product. The most elite (patricians) do not rely on conspicuous branding to serve as a signal (quiet branding works just as well), while newcomers (the parvenus) require loud branding to get their message across. This work also shows how counterfeiters copy primarily louder and less expensive products in order to appeal to the poseurs who seek to emulate the parvenus.

The remainder of this paper proceeds as follows. First, we briefly summarize the relevant literature on status goods, signaling, and branding in marketing that our new
construct of brand prominence draws upon. We then develop our theory and present four studies to test our framework. In Study 1, we test our prediction that luxury goods with conspicuously displayed branding are less expensive than goods by the same manufacturer with more subtle branding. This negative correlation is consistent with more affluent (and thus expert) consumers paying a premium for quieter goods. In Study 2, we show how counterfeiters tend to copy the lower-priced, louder luxury variants within the product line of the brands they knock off. Study 3 reveals that the more a consumer desires status, the more likely they are to prefer louder products, presumably to show off. Conversely, we find higher expertise results in a preference for quieter products. Study 4 is a field study in which we show wealthier consumers are more prone to recognize unmarked products and know how they compare in terms of price, while less affluent consumers must rely on explicitly provided brand information in order to accurately assess prices. Taken together, the evidence converges to support our proposed model of consumer status signaling. We conclude by discussing managerial implications that emerge from our work, pointing out some of its limitations and suggesting fruitful avenues for future research.

**STATUS, SIGNALS, AND BRANDING**

Status, or social stratification, is prevalent in many aspects of modern society. Ridgeway and Walker (1995) define status as “one’s standing in a social hierarchy as determined by respect, deference and social influence.” Status has its roots in ancient society where every person had a “place” in the social hierarchy. Historically, this place was attained either through birth (e.g., born into nobility or an upper class in the caste system) or by ordainment (e.g., knighted by the King). During the Age of Enlightenment, a person’s place or value to society
shifted such that a man’s worth began being judged according to his impact on others. Status became based on a person’s achievements, which frequently brought on great wealth. Public perceptions changed regarding the virtues of the rich and poor as status was no longer seen as the result of a rigged system. A reliable connection was made between merit and worldly success. Money took on a new moral quality—well-paid jobs were secured primarily through intelligence and ability. The rich were not just wealthier, they were “better;” they merited their success. As such, affluence increasingly became a marker of social status (de Botton 2004).

Dubois and Laurent (1995) argue that until recently there were two major consumer segments, the *Excluded* and the *Affluent* (Stanley, 1988). This mirrors Veblen’s distinction between the *lower* class and the *leisure* class. Dubois and Laurent introduced a new class of luxury consumer they call *Excursionists*, who dabble in luxury goods in exceptional circumstances but are not really affluent. Almost half of Americans maintain Veblen’s perspective and see their country divided into two classes: the haves and have-nots. According to the Pew Center for Research (Allen and Dimock 2007), Americans believe a “social divide” exists with a somewhat surprising two-thirds (66%) seeing themselves as “haves.”

We propose a more refined structure with four classifications defined according to how the consumer in each class uses status brands to signal their position (see Figure 3 for our complete framework). Our notion of *plebs* reflects Dubois and Laurent’s *excluded*—the have-nots. Previous research has sub-segmented the relatively affluent into two clusters: *Old Money* (Hirschman, 1988) and the *Nouveaux Riches* (LaBarbera, 1988). While our *patricians* likely include *Old Money* and our *parvenus* include the *Nouveaux Riches*, it is important to
note that our classifications are based on how and to whom consumers signal their status, not their wealth. However, we expect that expertise in status goods typically accrues with wealth, while one’s need for status declines. Of course, there are always exceptions; the driver of a Super Fly Yellow colored Lamborghini would appear to possess both significant wealth and a need to signal loudly they can afford a $200,000 car. We add poseurs to the mix in-between the plebs and parvenus as they wish to venture into the luxury market in order to pass as parvenus but cannot readily afford these goods and hence buy counterfeits.

In the seminal article “Symbols for Sale,” Levy (1959) observed, “People buy products not only for what they can do, but also for what they mean” (p.118). Studies on materialism in marketing distinguish between two types of meanings products can convey. Consumption objects help form one’s self-concept (Escalas 2004) as well as help express one’s self-concept to other people. According to Richins (1994a, 1994b), one key element of materialism is the belief that one’s own (and others’) success can be measured by the things one owns. Belk, Bahn, and Mayer (1982) support this view by showing that people make inferences about others based on their possessions. Fournier’s (1990) typology for the categorization of consumption objects provides support for the role consumption objects play in communication and signaling. She categorized objects into those of personal identity, which make statements about the actual or ideal self and telegraph the values that are centrally held by the individual, and objects of position and role, which make statements regarding self at the cultural level, serving the function of integration into society. Status symbols are included in objects of position and role.

With regard to expressing one’s self concept, prior research has identified the existence of two competing social needs among consumers: a need for uniqueness and a need
for conformity (Brewer 1991). This reflects the classic Veblen argument that members of a higher class consume conspicuous goods in order to distinguish themselves from the lower class (“invidious comparison”) while members of the lower class consume conspicuously in order to be thought of as a member of the higher class (“pecuniary emulation”). The snob effect occurs when demand for a commodity decreases because others, too, are consuming the same commodity (Leibenstein 1950). Ordabayeva and Chandon (2008) have shown that the more equal people are to those surrounding them, the more conspicuous consumption they exhibit.

Social scientists have recognized group membership as a determinant of behavior that clearly plays a critical role in the area of conspicuous consumption. The reference group literature typically distinguishes between three types of reference groups: membership groups, aspirational groups, and dissociative groups. Membership groups are groups to which an individual currently belongs (e.g., family, a peer group). Aspirational groups are the ones that the individual identifies with, is attracted to, and aspires to be a member of. Dissociative reference groups are those groups an individual wishes to avoid being associated with (Englis and Solomon 1995). Escalas and Bettman (2005) demonstrated that consumers have stronger self-brand connections to brands consistent with their in-group and disassociated with their out-group.

In their research, White and Dahl (2006) emphasized the role of dissociative reference group in consumer behavior and found that consumers’ self-presentation concerns lead them to avoid choosing a product associated with a dissociative reference group. In our model, patricians use subtly branded products as a signal to reinforce their membership in their ultra-elite group and disassociate from those carrying more
conspicuous products. For parvenus, the patricians are an aspirational group while poseurs and plebes are dissociative groups. Hence, parvenus use loud, conspicuously branded products as a signal to make it clear they are not part of the lower classes. Poseurs aspire to be elite and thus will mimic the only upper echelon group they encounter and understand: the parvenus. Thus, they buy counterfeit products bought by parvenus to signal they are members of this group.

Finally with regard to brands as symbols or signals, economists have viewed the benefits of branding as a signal regarding the manufacturer intention to reduce consumer search costs (Landes and Posner 1987; Shapiro 1983; Wernerfelt 1988). Brands have also been shown to be used to communicate a firm’s image to a target market (Gardner and Levy 1955; Grubb and Grathwhol 1967). Erdem and Swait (1998) argued that a brand can deliver a significant amount of information (brand associations) to consumers and brand equity is driven by how well a brand plays its role as a market signal. Wernerfelt (1990) argued that brand choice can send meaningful social signals to other consumers about the type of person using that brand.

Our research extends Wernerfelt’s work regarding social signaling and fills the evident gap in the literature regarding how a brand’s prominence on a product can signal one’s social status, specifically as it pertains to position or rank. In addition, while a great deal of work has been done on the critical elements constituting a brand, from symbols and slogans (Aaker 1992) to the brand’s physique (Kapferer 1992), little work of which we are aware has examined the degree of prominence of the identifying marks on the product. One exception has been Wilcox, Kim, and Sen (2008), who find that products without logos are less apt to serve the social functions of self-expression and self-
presentation. The general assumption is that the brand must be displayed prominently not only to tap into consumers’ memory and reinforce the association between the product and the firm but to serve as a social signal. Our construct of Brand Prominence clarifies how the conspicuousness of the brand’s trademark or logo influences the nature of the signal that a particular brand sends.

**STUDY 1**

In Study 1, we look at the relationship between price and brand prominence for luxury goods, specifically, designer handbags, a category chosen because “handbags are the engine that drives luxury brands today” with a collective market of $11.7 billion in 2004 and profits margins above 90% (Thomas 2007, p. 168). And, as Milton Pedraza, CEO of the Luxury Institute said in their 2008 handbag brand ranking report: “As far as status goes, this is probably one of the most important fashion categories.” In addition, purses don’t require sizing as do shoes or prêt-à-porter (ready-to-wear fashion). In 2004, when the Gucci group (which then included brands like Yves Saint Laurent and Balenciaga) was churning out 3.5 million leather goods annually, the average American woman was purchasing two handbags per year (Thomas 2007).

If our premise is correct, we should observe quieter or more subtle brand identification on the more expensive products and louder, more conspicuous, brand identification on the relatively less expensive products. Thus, we predicted a negative correlation between price and what we call brand prominence, the extent to which the product advertises the brand by displaying the mark in a more visible or conspicuous
manner (i.e., larger logos, repeat prints, etc.). Our hypothesis is that on average for luxury goods, as price goes up, the brand prominence will go down.

In January 2008, we downloaded pictures and information on all of the handbags offered by both Louis Vuitton (LV) and Gucci from the companies’ respective websites (rated #2 and #3 respectively on the Luxury Institute’s list of the most familiar luxury handbag brands as judged by a panel of 800 consumers with an average net worth of $2.2 million; www.luxuryinstitute.com). Our data include pictures, price information, and product descriptions for 236 bags available at the time from Louis Vuitton and 229 available from Gucci. The average price for an LV handbag was $1,240 (median $1,090) while the average price for a Gucci handbag was $1,448 (median $1,150). The range spanned from $225 to $3,850 for LV and $295 to $9,690 for Gucci.

Method

We coded each handbag according to the prominence of the brand and several control variables such as the bags’ material and size. There were three categories of primary material used to construct the purses: (1) fabric (e.g., denim, canvas), (2) leather, and (3) exotic hide (e.g., ostrich). We relied on the dimensions of the bag provided by the manufacturer as a proxy for surface area or the amount of material necessary to manufacture the bag.

Our notion of Brand Prominence was intended to capture how the different SKUs varied in the extent to which they displayed the brand logo or identifying marks conspicuously to observers. To this end, each bag was rated on a 7-point scale (anchored
at the extremes by “Not at all” and “A great deal”) by three independent judges on the following criteria:

1. How prominently does this bag display its trademark? (A Trademark is a distinctive name, symbol, motto, or emblem that identifies a product, service, or firm.)

2. To what extent would this bag be recognizable as a Gucci (Louis Vuitton) product?

Each judge was trained as to the standard identifying marks of the two brands (e.g., the classic green and red striped pattern originated by Guccio Gucci signifies Gucci). Intra-rater reliability was high (Cronbach $\alpha > 0.97$ for all three judges). Inter-rater reliability was also high (larger than .9 across all pairs of raters). Therefore, we combined the judges’ ratings into a composite measure of “brand prominence” ranging from 1=Quiet to 7=Loud (see example of Quiet and Loud bags in Figure 4).

Results

The results are shown in Table 1. Consistent with our predictions, the most important findings are those for the variable “prominence” ($\beta = -122.26$, $p < .01$) and for the interaction between prominence and brand ($\beta = 95.89$, $p < .01$) such that the slope for Gucci is -122.26 and LV is -26.37. The significant interaction indicates that these slopes are different from each other. The interpretation is that, on average, an increase in Brand Prominence of 1.0 on the 7-point scale equates to a $122.26$ decrease in price for Gucci, and a $26.27$ decrease for Louis Vuitton ($856$ and $185$, respectively, when going from one extreme to the other). In addition, as expected, the grade of the material matters. Further, there is an interaction between “surface” and “canvas” such that large canvas bags are more expensive than small ones while this is not true for leather and exotic bags.
Discussion
Our data supports our hypothesis that luxury brands Gucci and Louis Vuitton charge less on average for louder handbags, those that display the brand more conspicuously. These results support our prediction that lower-priced luxury goods that prominently display luxury brand names and marks are targeted toward a more price-sensitive segment, the newly affluent parvenus. Conversely, the more expensive handbags are more subtle in their use of the brand’s mark. In the next study, we expand the scope of our investigation to counterfeit goods to determine what kind of handbags in terms of brand prominence are copied by counterfeiters to serve consumers who have even less disposable income, the poseurs.

STUDY 2
The World Customs Organization estimates 7% of the world merchandise trade of $512 billion in 2004 may be fake products with luxury goods and consumer electronics the most frequently copied (Balfour 2005). We hypothesize that the market for fake luxury goods may be driven by the group we label poseurs, those who cannot afford true luxury goods because of their limited disposable income but who still look for ways to emulate the wealthy. Therefore, poseurs comprise the primary consumer base for counterfeits.

Poseurs take their cues from the parvenus. Indeed, patricians are signaling to each other and use cues that are too subtle for the uninitiated to decipher. And thus, imitating them would be difficult (which traits are the right ones to imitate?) and have little impact on those they wish to impress (they would not recognize the cues). In contrast, parvenus
are trying to separate themselves from the plebs and the poseurs—and thus use signals that are easily understandable, even to the uninitiated. Therefore, imitating parvenus is a way for poseurs to separate themselves from the plebs, and there exists an opportunity for a market of counterfeit goods. This market for counterfeit goods will consist primarily of those handbags that are carried by the parvenus (loud and less expensive luxury products) rather than those carried by the patricians (quieter and more expensive products). While there is no reason why counterfeiters can’t copy the pricier, quieter handbags as cheaply or easily as others in the manufacturer’s product line, we hypothesize that counterfeit goods will tend to be copies of lower-priced, louder luxury goods because that is what this market demands.

Method

To test this hypothesis, we augment the data collected in Study 1 (all of the handbags offered by Louis Vuitton and Gucci in January 2008) with a data set provided by intellectual property enforcement officials in Thailand who confiscate counterfeit goods that are locally produced or sold. The data set we were provided contained pictures of 254 individual items that were confiscated as part of a raid of a manufacturer and seller of counterfeit Gucci goods. Therefore, the data are representative of the Gucci knock-offs Thai counterfeiters would sell (their Gucci product line). As this data contained information only on Gucci, we augmented it with data from a website specializing in the sale of counterfeit handbags called knockoffbag.com.

From that website, we collected data on all of the handbags offered that were replicas of Gucci and LV products. There were 428 data points, 287 copies of LV bags
being offered for sale, and 141 copies of Gucci bags being offered at the time we collected
the data (April 2008). From the website, we collected pictures of the goods offered as well
as the price at which the counterfeit bags were being offered and any other information
posted about the goods by the seller. All in all, we have 682 data points representing
counterfeits of both Gucci and Louis Vuitton handbags. The data include the entire
selection from a single distributor (the Thailand data) as well as individual items deemed
desirable and thus offered for sale at a popular U.S. website.

Not all of the bags in our data are copies of actual bags; some are original designs
created by the counterfeiters but designed to look like bags offered by the luxury brands
(i.e., fake-fakes). Hence, our data can be broken into different classes as displayed in Table
2. Counterfeiters copied 211 of the 465 existing styles (45% of handbags were knocked off
at least once). Counterfeiters were responsible for another 386 fake-fakes. Therefore, there
were a total of 851 different styles of bags in our data set (254 original bags from LV and
Gucci not copied, 211 copies of current bags, and 386 fake-fakes). For all of the fake-fake
bags, we had judges code them in the exact same fashion as Study 1 (correlation across
judges for composite measure greater than .8 for all judges).

Results

Table 3 provides a summary of the brand prominence (average rating) for the data utilized
in Studies 1 and 2. The data were analyzed using a 3 (Type: Original Not copied, Original
Copied, Fake-fakes) x 2 (Brand: LV, Gucci) ANOVA. We find significant main effects of
bag type ($F = 53.48, p < .01$) and brand ($F = 4.37, p < .05$) but no interaction between the
two ($F = .53, p = .59$). The analysis shows counterfeiters pick bags that are significantly
louder than the ones they do not copy ($M_{LV\_Copied} = 5.41$ vs. $M_{LV\_Not\_Copied} = 3.79$, $p < .01$; $M_{Gucci\_Copied} = 5.50$ vs. $M_{Gucci\_Not\_Copied} = 4.08$, $p < .01$). Further, when the counterfeiters create fake-fakes, their creations are also loud, on average just as loud as the ones they copy ($M_{LV\_Copied} = 5.41$ vs. $M_{LV\_Fake\_Fake} = 5.31$, $p = .71$; $M_{Gucci\_Copied} = 5.50$ vs. $M_{Gucci\_Fake\_Fake} = 5.79$, $p = .30$). These results support our theorizing.

In Study 1, we found brand prominence is correlated with price. Therefore, one might argue counterfeiters pick the products to counterfeit based on price. To test whether brand prominence is the factor that drives counterfeiters’ decision about which styles to copy rather than price, we looked at the probability of original handbags being copied as a function of price, brand, and brand volume. In a first logistic regression (columns 2 and 3 of Table 4), we include price and brand information but omit prominence. In a second regression (columns 4 and 5 of Table 4), we include prominence information. The results show that when price is taken alone, the parameter is only marginally significant ($p = .09$), and when prominence is added, the parameter for price becomes non-significant ($p > .5$) while the parameter for prominence is significant ($p = .03$). Further, there are no significant interactions between prominence and price. The results suggest price is not the decision variable for counterfeiters when deciding which styles to copy. With no discernible reference to price, counterfeiters appear to select louder handbags to copy. As this analysis indicates, the louder an original handbag, the more likely it is to be copied by counterfeiters.

The data we collected from knockoffbags.com included price information for the counterfeit bags (we did not get any price information along with the confiscated bags from Thailand). To examine how counterfeiters set their price, we looked at the
relationship between the price of counterfeit goods from knockoffbags.com and the price of the bag as listed by the original manufacturer, our brand prominence measure, and brand (LV or Gucci). The results are shown in Table 5. The results show that once counterfeiters choose which styles to copy, they determine the price of their products based on the price charged by the original manufacturer ($\beta = .03, p < .01$). In other words, counterfeiters price their knock-offs higher for bags that sell at higher prices by the original manufacturers regardless of how loud the bag is ($\beta = -.84, ns$). While counterfeiters limit themselves to selling louder bags, they set prices in accordance with the original manufacturer’s policy.

Discussion

In Study 2, we show how the bags that counterfeiters choose to copy are the loud ones (i.e. their product line is driven by brand prominence). These are the bags that are favored by the parvenus. It appears the poseurs who buy these fakes demand what the parvenus are showing off: the loud handbags. Study 2 replicated the negative correlation between price and brand prominence that exists in practice, and we interpreted this as reflecting consumers’ different demand for luxury goods depending on their status and in turn the different targets for conspicuous consumption. Next, we conduct laboratory and field studies to investigate whether consumers in different classes actually reveal different preferences for luxury goods based on their understanding of status goods and their need for status.

STUDY 3: CONSUMER PREFERENCES

Study 3 tests the relationship between consumers’ need for status, their expertise within a specific luxury goods category, and their preference among loud versus quiet products.
Even within a group comprised primarily of parvenus, we expect a relationship between the consumers’ knowledge of the category, their dispositional need for status, and their preference for louder versus quieter handbags. If parvenus like louder handbags because they need those below them to recognize their signal, we would expect that the greater their need for status, the more attractive they would find louder bags. Relative non-experts in the category such as poseurs and other parvenus rely on the brand as an effective cue regarding the product’s price. Conversely, patricians do not rely on conspicuous branding given their relative expertise in luxury categories. They do not require conspicuous marks to recognize brands or prices.

While we have drawn imaginary lines between our four classes of consumers, in reality we expect a continuum such that the degree of expertise in luxury categories varies among members of each class. Expertise in a status category implies the consumer should possess a good working knowledge of prices and other cues of quality (Alba and Hutchinson 1987). Therefore, we predict that as expertise increases, the consumer’s preference will steer away from lower-priced, loud products toward subtler, more distinguished goods, emulating the patrician in taste, if not resources, to obtain the desired quiet goods.

Method

Subjects. Participants were 35 undergraduate business students at a major private university who participated in this along with several other studies for course credit.
Stimuli and design. Four pairs of Gucci handbags were shown; within each pair, one was loud and the other was quiet. Participants were asked to imagine they could receive one of the handbags as a gift and to choose one of the handbags in each pair. With 35 respondents each viewing four pairs of handbags, this yielded 140 data points. We eliminated responses from participants that related to a pair of bags in which they already owned one of the bags shown as they would be unlikely to want to own two copies of the same bag. This resulted in 130 data points used in the final analysis.

Expertise was a composite of two self-reported measures. We asked respondents to report their beliefs concerning their expertise for both luxury brands and luxury handbags (Cronbach $\alpha = .88$). Respondents also completed Eastman, Goldsmith, and Flynn’s (1999) need-for-status scale, which is comprised of statements such as “The status of a product is irrelevant to me” and “I would pay more for a product if it had status” to which respondents indicated their level of agreement on a 7-point likert scale and which demonstrated reasonable reliability (Cronbach $\alpha = .78$).

Results
As expected, the analysis reveals significant effects for both expertise and need-for-status (Table 6). Specifically, the higher the respondents’ expertise in the category, the less likely they were to choose loud handbags ($\beta = -0.32$, $p < .01$), while the higher their need-for-status, the more likely they were to prefer louder handbags ($\beta = 0.39$, $p = .03$). The constructs of expertise and need for status act as countervailing forces.

Discussion
In Study 3, we explored the underlying drivers of preferences for different degrees of brand prominence. A higher need-for-status is directly linked to a desire for louder, more conspicuous branding, while a higher degree of experience or expertise is associated with a desire for subtler, quieter branding. Consumer familiarity accrues with the number of product-related experiences (Alba and Hutchinson 1987), and there is usually a direct relationship between familiarity and expertise (Alba, Hutchinson, and Lynch 1991). Familiarity with the category would reflect an understanding of the type of customer attracted to and targeted by the different products in the line. Parvenus can ascend into the patrician category by accumulating wealth, which would likely expose them to the more refined products or their preferences may become more patrician-like as their knowledge about status brands increase. We focus on patricians in Study 4.

**STUDY 4: PRICE PERCEPTIONS FOR HANDBAGS**

Our theorizing assumes that patricians are more attuned to the distinguishing traits of luxury goods and thus can recognize products and their relative price without the need for loud brand displays. In contrast, non-patricians only have a superficial knowledge of the category and luxury brands in general and interpret loud as expensive. In Study 4, we set out to test this directly and study the impact of brand and brand prominence on price perceptions across patricians and non-patricians (i.e., parvenus, poseurs, or plebs). Our goal was to show that parvenus and poseurs were less likely to recognize subtle brand cues than patricians and thus rely on the prominent brand placement to differentiate between recognizable luxury bags and unknown (and thus cheaper) bags. Hence, we expect these groups to view bags with prominent brands as being more expensive than
similar bags with subtle branding cues. Conversely, we would expect patricians to correctly recognize subtle bags as being more expensive.

Method

Respondents. Participants in this study were 96 consumers from California, comprising two groups. The first group consisted of 36 MBA students at a major private university who participated voluntarily, none of whom would be classified as patricians. They were parvenus or poseurs (many reported owning fake bags) and were thus categorized as “not patricians.” The second group was selected based on the likelihood they would qualify as patricians. Information provided by marketing research firm Claritas (a division of A.C. Nielsen) deconstructed local zip codes according to demographic traits, lifestyle preferences, and consumer behaviors. Claritas profiles allowed us to select residents of the Palos Verdes Peninsula in Los Angeles County in Southern California to survey consumers, as zip code 90274 had the highest concentration (95.42%) of segments the firm identifies as Upper Crusts, Blue Bloods, and Movers & Shakers, segments that best represented patricians (see Appendix 1) and comprised three of the highest income groups (the top 4.12% of U.S. households) among the 66 segments Claritas uses to categorize consumers. We recognize that Movers & Shakers might straddle the boundary between patricians and parvenus. But even if we ignore this group, 90274 still provided one of the highest concentrations of Upper Crusts and Blue Bloods nationally.

An experimenter traveled to the upscale shopping district known as the Promenade on the Peninsula that services four cities on the Palos Verdes Peninsula: Rolling Hills Estates, Palos Verdes Estates, Rancho Palos Verdes, and Rolling Hills. She
surveyed shoppers, pre-screening those she approached to insure they were residents of zip code 90274. Of those surveyed, 60 met the thresholds for age, education, and household income provided by Claritas regarding these segments and were thus included in the analysis as “patricians.” For the record, none of the MBA students surveyed reported living or having lived in any of the top five zip codes in terms of concentrations of these target segments (Palos Verdes Peninsula 90274, Rancho Palos Verdes 90275, Irvine 92620, Villa Park 92861, and Beverly Hills 90210).

Stimuli and design. Respondents were shown nine designer handbags, six of which were the focal bags of interest. These six included three pairs of bags from individual brands (Chanel, Louis Vuitton, and Coach). For each brand, we selected a bag that was previously pre-tested to rate at the high end on the prominence scale and one that rated at the low end. The remaining three bags were fillers (one Ralph Lauren, one Kipling, and one Longchamp). For both LV and Coach, the quiet handbag was more expensive than the loud handbag. For Chanel, the loud bag was more expensive and the most expensive one in the set.

In one condition, pictures of these nine handbags were shown without any additional information, while in the second condition the respective brand names were printed below each image. As mentioned above, we ran this study on two distinct populations described as patricians and non-patricians. As such, the design was a 2 (Signal Class: patricians vs. non-patricians) x 2 (Brand Prominence: loud vs. quiet) x 2 (Identification: brand names provided, brand names not provided). Signal class and Identification varied between subjects, while Brand Prominence varied within subjects.
Respondents were asked to rank the nine handbags from most to least expensive. As a manipulation check, they then filled the same need-for-status scale (Eastman, Goldsmith, and Flynn 1999) and expertise scale as in Study 3.

We predicted a 3-way interaction such that brand prominence would elevate price perceptions (i.e., rankings) but only when the brand name was not provided for all bags and respondents were not patricians because patricians should recognize the quieter prestige bags (the quiet Chanel, Louis Vuitton, and Coach purses in the set) for what they are (e.g., their prices) even without the brand name present. However, the brand serves as a cue regarding price to the non-patricians, who were expected to recognize that, on average, Chanel bags cost more than Louis Vuitton, which cost more than Coach, which cost more than the others. Therefore, we expected the presence or absence of brand names to affect price perceptions but only for non-patricians who rely on brands as a signal.

In terms of the manipulation check, we expected the patricians to have a lower need for status than the non-patricians as by definition—patricians are not concerned with differentiating themselves vertically from the lower groups and status is essentially a ranking that is socially recognized. We also expected them to have more expertise with luxury goods.

Results

Our sample of Palos Verdes Peninsula residents was screened on age, education, and income to tap into a pool of patricians. To test whether the screening was effective, we compared their expertise and need for status to the MBA student sample population. As
expected, we find that the 90274 patricians have a lower need for status ($M_{\text{Patricians}} = 3.59$ vs. $M_{\text{Non-Patricians}} = 4.34$, $F = 21.70$, $p < .01$) and higher expertise ($M_{\text{Patricians}} = 5.16$ vs. $M_{\text{Non-Patricians}} = 3.70$, $F = 21.70$, $p < .01$) than non-patricians. We analyzed the data using three separate ANOVAs (one for each brand) with main effects for the type of purse (Quiet vs. Loud), the condition (Brands vs. No Brands), and the respondent type (Patrician vs. Non-patricians) with all three 2-way interactions and the three 3-way interactions. All three 3-way interactions were significant ($p_{LV} < .01$, $p_{Coach} < .01$, $p_{Chanel} < .05$). Most 2-way interactions (7 out of 9) were significant at $p < .05$; the other two were marginally significant ($p = .06$ and $p = .07$). The mean scores by population are displayed in Figure 5. In this graph, the loud bags are depicted with bold lines and the quiet bags with thin lines.

Looking at the results, it is clear that patricians recognize the true value of the bags we tested. They correctly rank order the bags from most expensive to least expensive and do so with or without explicit brand names (none of the rankings differ significantly when brand names are present or absent, $p > .5$ for all bags). They correctly recognize that the loud Chanel bag we chose for this survey is more expensive than the quiet one, but that for LV and Coach, it is the opposite. Hence, they are not deceived by the prominence of the brand names.

In contrast, non-patricians rank all three loud bags higher than the quiet bags when no brand names are present. When brand names are present, the quiet LV and Chanel bags receive a boost in rating and the loud Coach bag falls in the ranking. Consequently, we see no difference in ranking for LV ($R_{LV\_Loud\_Names} = 2.94$ vs. $R_{LV\_Quiet\_Names} = 2.71$, $p = .54$) and Coach ($R_{Coach\_Loud\_Names} = 5.56$ vs. $R_{Coach\_Quiet\_Names} = \dots$)
5.39, $p = .71$) when the brand is revealed while the difference is significant when the brand is omitted ($R_{LV\_Loud\_No-Names} = 1.61$ vs. $R_{LV\_Quiet\_No-Names} = 6.22, p < .01$; $R_{Coach\_Loud\_No-Names} = 3.83$ vs. $R_{Coach\_Quiet\_No-Names} = 5.50, p < .01$). For Chanel, there is still a significant difference between the ranking of the loud and quiet bag when the brand name is revealed, but it is much smaller than when the brand is absent ($R_{Chanel\_Loud\_Names} = 2.17$ vs. $R_{Chanel\_Quiet\_Names} = 3.06, p = .03$; $R_{Chanel\_Loud\_No-Names} = 2.06$ vs. $R_{Chanel\_Quiet\_No-Names} = 4.53, p < .01$).

Discussion

Study 4 demonstrates that patricians do not need prominent brand markings to judge the value of a bag. They recognize bags from the subtle design features of each of the makers. In debriefing interviews, respondents told us about the shape of LV’s buckles or the chains and quilted stitching used by Chanel. These are details that are lost to the non-patricians who need to see a brand prominently displayed to recognize a bag as being an expensive luxury brand.

This difference in ability to recognize signals is essential in explaining the difference in behavior between patricians and the groups below. Patricians can read the subtle signals and thus can use quiet products to signal each other. In contrast, parvenus, poseurs, and plebes can only interpret the coarse signals, and thus parvenus must use loud products to signal to the groups below that they are above them. The irony is, of course, that the parvenus believe they are saying to the world that they have made it. They believe they say to the have-nots that they are rich and to the haves that they are part of their group. In reality, while they may truly be saying to the have-nots that they are above
them, what they are actually saying to the patricians is that while they have raised themselves above the masses, they have not yet truly arrived. It is only when they graduate beyond the flamboyant that they will ascend to the upper echelon.

**GENERAL DISCUSSION**

Veblen’s view of conspicuous consumption assumes the prevalence of a need for status. Savvy luxury goods manufacturers apparently support this idea as a more than $200 billion global luxury industry has developed in part due to traditional luxury houses like Dior, Cartier, and Chanel moving down-market (Gumbel 2007). They have done so to take advantage of the growth in mass affluence (Nunes and Johnson 2004). Armani sells chocolates, Prada offers a cell phone, and Gucci markets decks of playing cards at $80. “We are not in the business of selling handbags. We are in the business of selling dreams,” Robert Polet, chief executive of the Gucci Group was quoted saying (Gumbel 2007). Some 60 years ago, Duesenberry (1949) argued an individual's utility from any level of consumption depends not only on the absolute level of spending but also how that spending compares to that of others. This idea was dubbed “relative income” and is known in popular parlance as “keeping up with the Joneses.”

Recognizing the importance of social comparison, the somewhat recent large-scale foray of luxury brands into mass marketing has transformed Veblen’s two-tier society (haves/have nots) into four tiers of consumers, based on their inclinations to use these products to signal their status. While discussions with luxury goods manufacturers have not convinced us they have a formalized four-tier strategy, they certainly recognize the difference between patricians and parvenus; they know that those who can afford
more do not want to serve as a walking billboard. Anecdotally, the former CEO of Louis Vuitton told us that he once tried to market a line that did not have the brand marked anywhere on the product. It failed miserably. He then shifted to a line where the brand was displayed discreetly inside the product such that only the user would see it. It sold well at a high price point. Apparently, even the patricians need the security and status that comes with marking the good with a prestigious brand, but they need it to help insure the product is authentic and for self-reassurance rather than for display.

In Study 2, we utilize two unique data sets on knockoff luxury goods to better understand whom counterfeiters are targeting and how they are managing this process. We offer empirical evidence supporting the notion that counterfeiters cater to the brand conscious consumer who does not want to pay for authenticity, whom we classify as poseurs. Study 3 tells us that for parvenus or poseurs, the need for status is a clear driver of the preference for loudly displayed status brands while expertise drives preferences toward quieter products. Finally, Study 4 illustrates that price knowledge and the ability to interpret the cues sent by manufacturers differ dramatically across the different tiers of consumers; patricians can decode the subtle signals while parvenus, whom poseurs mimic, are drawn to loud, conspicuous branding as a signal for price. This can lead to the paradoxical situation whereby parvenus believe their purchases say to the world that they have arrived while they are simultaneously telling patricians that they are not really there yet.

It is important to note that while we speak of four tiers of consumers as if they are distinct, behavior will vary depending on the product category and the usage occasion. A patrician might wear a Rolex (a classic parvenu brand) while sailing because it is a
dependable, indestructible watch. Functionality prevails, although one might mistakenly infer a signaling motivation. Conversely, a pleb might splurge once on a quiet Louis Vuitton bag she’s seen sported by a celebrity as a lifelong dream, an excursion into luxury. Again, the observer may wrongly believe that the wearer is a purse aficionado with an elevated level of refinement. Our model does, however, speak to the empirical generalities observed in our real-world data as well as the desires and price knowledge revealed by our field studies.

While branding experts often advise marketers to insure their brand is clearly and prominently displayed on products, this prescription may not hold for goods at the high end of the product line. We casually observed this effect with luxury brands in other categories (e.g., the Mercedes star is frequently smaller and more subdued on more expensive models), yet purses provided us with the quintessential status object to study for several reasons. With our data, it was often possible to buy a functionally equivalent good in either a loud or quiet model. In fact, many of the purses in Studies 1 and 2 included twins and triplets—bags that were otherwise identical but differed in design and brand prominence. Further, we were able to avail ourselves of data on the handbag counterfeit market. Handbags also provided the variety in brand prominence and price to allow us to rigorously test our theories, but we acknowledge replication in other categories would be valuable.

One of the strengths of this research is that we demonstrate how cheaper, louder products are geared to a different class of customer than subtler more expensive goods. We show how a luxury goods manufacturer can target two types of customers simultaneously by varying brand prominence and price across products within a single
brand. Future research may explore an interesting competitive dynamic in the marketplace. We fully understand it to be the case that Hermès handbags typically cost more and are more subdued than Chanel, which cost more and are quieter than Gucci, which we’ve shown cost more and are quieter on average than Louis Vuitton. This raises interesting questions for future research. Do firms that market more conspicuously branded goods erode their status? We would predict that Coach, renowned as “affordable luxury” would cost less and offer a louder line of handbags on average than Louis Vuitton. In fact, the average bag at their Allentown, PA store costs $300 and they produce only a tiny number of expensive items (Hass 2008). Can introducing a line of quieter products help elevate a brand’s status? Perhaps. Coach is planning to offer higher-priced, toned-down products including a $2,100 ostrich version of their Hamptons bag at their boutique store on Bleecker Street in Manhattan as an experiment in appealing to more up-market consumers (Hass 2008). For ultra-luxury brands, being recognized by middle class consumers may not be a good thing. We find exclusivity means more than scarcity; for the super elites, it is about sending signals that are difficult for commoners to decode. In contrast, for managers in the business of affordable luxury, subtlety can be a bad thing.

Finally, we believe it is important for a luxury goods manufacturer to manage its product line appropriately if the firm hopes to appeal to the growing middle class in this country. Conventional wisdom depicts a trickle down theory of status. For example, haute couture is notoriously unprofitable for design houses but a necessity in appealing to those who aspire to have $100,000 custom-made dresses with more moderately priced designs. The notion is that a luxury brand must appeal to the class above in order for the
class below to find their wares attractive. This research suggests this may not always be the case. In fact, we claim the parvenus are not really aware of what the patricians are buying, whether it is their $3,500 bottles of Krug Clos d’Ambonnay champagne (not $125 Dom Perignon) or $1,350 Bottega Veneta wedge-heel shoes (not $200 Betsey Johnson wedges). While consumers look up, the critical issue is how far, and to whom.
<table>
<thead>
<tr>
<th>Variable</th>
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<th>t-stat</th>
<th>p-value</th>
</tr>
</thead>
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<td>15.34</td>
<td>&lt;.01</td>
</tr>
<tr>
<td>surface</td>
<td>-0.24</td>
<td>-0.50</td>
<td>0.61</td>
</tr>
<tr>
<td>Canvas</td>
<td>-3039.76</td>
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</tr>
<tr>
<td>Leather</td>
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<td>surface*Canvas</td>
<td>1.10</td>
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<td>surface*Leather</td>
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<td>-481.60</td>
<td>-3.20</td>
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</tr>
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<td>-122.26</td>
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<td>&lt;.01</td>
</tr>
<tr>
<td>prominence*LV</td>
<td>95.89</td>
<td>3.44</td>
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N = 417  \quad R^2 = 0.54  \quad F = 60.05
TABLE 2

Study 2: Data counts for real and counterfeit Gucci and Louis Vuitton Handbags

<table>
<thead>
<tr>
<th>Brand</th>
<th>Originals</th>
<th>Counterfeits</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Not copied by counterfeiters</td>
<td>Copied by counterfeiters</td>
</tr>
<tr>
<td>LV</td>
<td>97</td>
<td>139</td>
</tr>
<tr>
<td>Gucci</td>
<td>157</td>
<td>72</td>
</tr>
<tr>
<td>Total</td>
<td>254</td>
<td>211</td>
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</table>
### TABLE 3

**Study 2: Brand Prominence for Real and Counterfeit Bags**

<table>
<thead>
<tr>
<th></th>
<th>Originals</th>
<th></th>
<th>Counterfeits</th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Not Copied</td>
<td>Copied</td>
<td>Overall</td>
<td>Copies</td>
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<tr>
<td>LV</td>
<td>3.79</td>
<td>5.41</td>
<td>4.75</td>
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<tr>
<td>Gucci</td>
<td>4.08</td>
<td>5.50</td>
<td>4.53</td>
<td>5.71</td>
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</table>

*The average rating of “Copies” does not equal the average rating of the copied bags because some bags were copied multiple times.*
<table>
<thead>
<tr>
<th>Parameter</th>
<th>Estimate</th>
<th>$p$-value</th>
<th>Estimate</th>
<th>$p$-value</th>
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</thead>
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<td>Price</td>
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<tr>
<td>Louis Vuitton</td>
<td>0.50</td>
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<tr>
<td>LV x Price</td>
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<td></td>
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<td>0.03</td>
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<tr>
<td>Prominence x Price</td>
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<td></td>
<td>0.0001</td>
<td>0.13</td>
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<tr>
<td>Prominence x LV</td>
<td>-0.004</td>
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<td></td>
<td>0.96</td>
</tr>
<tr>
<td>Prominence x LV x Price</td>
<td>1.2E-6</td>
<td></td>
<td></td>
<td>0.99</td>
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N = 465
LR $\chi^2 = 39.86, p < .01$
LR $\chi^2 = 87.03, p < .01$
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<th>Parameter</th>
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<th>F</th>
<th>p-value</th>
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</thead>
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<tr>
<td>Intercept</td>
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<td>LV</td>
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<td>0.69</td>
</tr>
<tr>
<td>Brand volume</td>
<td>-0.83</td>
<td>1.12</td>
<td>0.29</td>
</tr>
<tr>
<td>Price of the original product</td>
<td>0.03</td>
<td>130.30</td>
<td>&lt; .01</td>
</tr>
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N = 228  R² = 0.48  F = 54.38
TABLE 6
Study 3: Logistic Regression on the Likelihood of Picking the Loud Bag

<table>
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<th>Parameter</th>
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<th>Chi-square</th>
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<tbody>
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<tr>
<td>Expertise</td>
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<td>7.08</td>
<td>0.008</td>
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<tr>
<td>Need for Status</td>
<td>0.39</td>
<td>0.18</td>
<td>4.58</td>
<td>0.032</td>
</tr>
</tbody>
</table>

N = 130 \quad \text{LR } \chi^2 = 8.97 \quad p = .01
Figure 1
Figure 2

Volvo XC60

Volvo XC90
Figure 3

Conceptual Framework

Patricians signal to each other using quiet signals.

Parvenus want to dissociate themselves from Have nots. They use loud signals.

Plebs do not engage in signaling.

Poseurs aspire to be Have nots and dissociate themselves from other Have nots. They mimic the parvenus and use loud signals.

Haves
Have nots
Figure 4

Quiet and Loud Gucci Bags

Gucci Handbag #170
Average Loudness Rating = 1
Price: $1,150

Gucci Handbag #120
Average Loudness Rating = 7
Price: $640
Figure 5

Study 4: Price Rankings of Luxury Bags Across Conditions

[Graph showing product rankings for Non Patricians and Patricians with and without brands, comparing Chanel Loud, Chanel Quiet, LV Quiet, LV Loud, Coach Quiet, and Coach Loud.]
REFERENCES


APPENDIX 1

Selected Claritas Segments

<table>
<thead>
<tr>
<th>Segment Description</th>
<th>2007 Statistics</th>
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<tbody>
<tr>
<td><strong>Code 01: Upper Crust</strong></td>
<td></td>
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<tr>
<td>Wealthy, Older w/o Kids</td>
<td></td>
</tr>
</tbody>
</table>
| The nation's most exclusive address, Upper Crust is the wealthiest lifestyle in America—a haven for empty-nesting couples between the ages of 45 and 64. No segment has a higher concentration of residents earning over $100,000 a year or possessing a postgraduate degree. And none has a more opulent standard of living. | Households: 1,733,015  
Proportion of Pop.: 1.52%  
Median Income: $111,546  
Age ranges: 45-64 |
| **Code 02: Blue Blood Estates**          |                                          |
| Wealthy, Older w/ Kids                   |                                          |
| Blue Blood Estates is a family portrait of suburban wealth, a place of million-dollar homes and manicured lawns, high-end cars and exclusive private clubs. The nation's second-wealthiest lifestyle is characterized by married couples with children, graduate degrees, a significant percentage of Asian Americans, and six-figure incomes earned by business executives, managers, and professionals. | Households: 1,113,569  
Proportion of Pop.: 0.98%  
Median Income: $116,546  
Age ranges: 45-64 |
| **Code 03: Movers & Shakers**            |                                          |
| Wealthy, Middle Age w/o Kids             |                                          |
| Movers & Shakers is home to America's up-and-coming business class: a wealthy suburban world of dual-income couples who are highly educated, typically between the ages of 35 and 54. Given its high percentage of executives and white-collar professionals, there's a decided business bent to this segment: members of Movers & Shakers rank number one for owning a small business and having a home office. | Households: 1,836,308  
Proportion of Pop.: 1.62%  
Median Income: $100,275  
Age ranges: 35-54 |