

**APPENDIX II**  
**Published Research Paper of the candidate**

An International Peer Reviewed Research Journal (Bi-Annual) Vol-7 Issue-1, October 2019 (ISSN-2321-5968)

**SEMCOM**      **Management &  
Technology Review**

**Social Class Implications on Luxury Consumption: A Conceptual  
Framework**

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**Abstract:**

*Luxury consumption in India has wide-ranging connotations for diverse segments of society. Society has been segregated since the beginning of time based on demographic and socio-cultural attributes. It becomes important to understand the implications of social class and what it represents so as to comprehend how it might impact the purchase decisions of luxury buyers. The construct of social class in research has been an elusive subject. It has many definitions and yet no singular construct which takes into account the various idiosyncrasies of the Indian consumer. This paper examines the theoretical foundation for asserting an association between social class and the decisions and choices pertaining to luxury consumption in the Indian market. The theoretical framework of this paper uses, The Social Class Worldview Model (SCWM) and Modern classism Theory (Liu et. al., 2004) as a guide. Theory implies that social class is a sum total of many variables and has an impact on luxury consumption behaviour because it is influenced by cultural values and beliefs, parental demographics and lifestyles, self-concept of the individual and the peer group in which it operates. Each of these build a framework in the minds of individuals and guide their consumption choices and decisions.*

**Keywords:** *Luxury, Social class, Consumer Behaviour, Luxury Products, Lifestyle*

## **Introduction**

The Oxford English dictionary defines luxury as a “state of great elegance, especially when involving a great expense” and “an inessential or desirable item which is difficult to obtain”. Luxury encompasses attributes such as uniqueness, craftsmanship, quality, exclusivity and premium price (Kapferer 1998; Nueno & Quelch 1998; Vigneron & Johnson 2004). Voltaire (1736) in his poem *Le Mondain* paradoxically says “*Le superflu, chose si necessaire*” translated as “The superfluous, a very necessary thing”. While luxury may represent magnificence, many a times it may also be viewed as self-indulgent, excessive or ostentatious (Roux and Floch, 1996). There is a great deal of symbolism associated with luxury consumption apart from the functional and experiential aspects (Berthon et.al, 2009). Consumers are not all about status alone. They make a concerted effort to understand what attributes a luxury brand represents. It is an endeavour in self-expression, where a consumer wants his individuality to be represented from the choices he makes. (Silverstein & Fiske, 2008, p.48). So, a consumer may convey his self-identity through luxury consumption behaviours. The profile of the Indian consumer is also changing because they have access to social media influencers, celebrity endorsements on television and easy information of new products on e-commerce platforms. The Indian buyer is now better informed and aware of the trends within and outside the country. Subsequently, one could extrapolate that demographic and cultural shifts may increase the demand for trading up (Silverstein & Fiske, 2008, p.8).

## **Luxury and Luxury Products**

While there are the standard definitions of luxury, it is pertinent to note that what may be luxury for one man may be a necessity for another and can be influenced by lifestyle, social class, income and self-concept. As economic progress increases with passage of time, definitions of luxury also undergo a change and what was earlier considered a luxury may become a necessity. One cannot talk about luxury without reference to conspicuous consumption and perceived value of a product. The products that are consumed in the public domain are often prestige seeking purchases meant to signal wealth, status and power (Veblen, 1899). In that context, price may be used as a representation of prestige (Vigneron & Johnson, 1999) and to explicitly display the consumer’s purchasing power. Luxury consumption can be inconspicuous as well and can signal the buyer’s self-concept. Every luxury purchase tells a story about the consumer, where he is coming from, his own self-

worth and where he sees himself in the class structure. Briefly, the purchase signals the past and present worldviews of the consumer. Luxury purchase may signal conformity or differentiation, but its primary motive is to enhance the consumer's self-concept (Dubois, Bernard and Duquesne, 1993b). Luxury products can be categorized as Old luxury and New Luxury. "Old luxury goods also carry a sense of elitism: The goods are meant for only a certain class of people." (Silverstein & Fiske, 2008, p.57). Old luxury products are priced very high, only the top earning 1-2% of consumers (gross household income > \$15000 p.a.) can afford them and they are priced at huge margins so that they are profitable even with limited distribution. Old luxury goods are also promoted as handcrafted or handmade, examples could be wine or clothing respectively. This limits supply and distribution and enhances exclusivity and rarity (Berthon et.al, 2009). Exclusivity of the luxury product means it requires significant resources to acquire and has limited availability. The functional and experiential value of luxury is implicit in its exclusivity. Second is social mystique, when there is a cultural icon representing the brand and its value is emboldened by the validation of social elites. This social mystique adds to the symbolic value of the luxury product. (Berthon et.al, 2009). On further evaluation it is understood that new luxury predominantly follows 3 groups namely 1) accessible super premium 2) old luxury brand extensions and 3) Masstige products. (Silverstein & Fiske, 2008, p.4,5). New luxury goods, appeal to a set of values rather than class. These values may speak to people of different incomes from various occupational and cultural backgrounds. (Silverstein & Fiske, 2008, p.57). Accessible Super-Premium products are priced equal to or near similar products at the top of the category. They continue to remain affordable to middle-market customers because they are low-ticket items. (Silverstein & Fiske, 2008, p.4). E.g. Forest essentials vs Ponds cosmetic products, the former is priced much higher and is marketed as a premium product with features that may be termed as handcrafted and produced with meticulousness. Old luxury brand extensions are cheaper forms of their parent products that were conventionally affordable only to the affluent (top1%) customers. In this kind of brand extension, the product retains its aspirational value while becoming readily accessible to consumers (Silverstein & Fiske, 2008, p.5). Masstige or mass prestige goods are priced higher than conventional products in the same category and lower than super-premium or old luxury products (Silverstein & Fiske, 2008, p.5). Case in point would be a Michael Kors small handbag (average price Rs.25000), they are priced well above say a brand like Hidesign (average price Rs.3000) and much lower than a similar sized Louis Vuitton handbag (average price Rs.100,000). New luxury goods have a wide price range and can cater to a variety of audience. There may be one dominant emotional

characteristic with which most buyers identify (among others). However, in order to be recognized as new luxury, a product must satisfy certain other conditions as well such as technical superiority with an implicit quality assurance. This technical competence must translate into superior functional performance and must engage emotionally with the consumers through a brand value (Silverstein & Fiske, 2008, p.6).

## **Lifestyle**

“Lifestyle, as used in the present context, is identified as an equilibrating mechanism by which potentialities for behavior are translated into actual behavior deemed appropriate to a particular social position” (Fisher,1987) People get accustomed to a certain lifestyle by choice, to keep up with their social group or to be better accepted into a social group and for that they need to keep investing in luxury from time to time (Silverstein and Fiske, 2009). Various lifestyle choices can come under the purview of luxury consumption such as travel choices, choice of residence, car model or club memberships. How consumers choose to spend their leisure time such as a gym or golf course memberships are influenced by lifestyle (Bourdieu,1984). To cite an example from the VALS (Values and Lifestyle) framework, an achiever may purchase goods that symbolize success such as a luxury watch or a car. However, lifestyle has to be understood within the context of economic culture.

## **Understanding Social Class**

Social stratification by its inherent nature is related to unequal distribution of income, power, rights and privileges, authority and prestige which may be caused due to a choice of occupation or inheritance among others. This inequality establishes itself in the form of social class namely upper and lower (Sorokin ,1927, p.11). In any organized society, it is not possible to have complete equality, history being proof that an unstratified society has never existed (Sorokin ,1927, p.12,13). One could argue that humans, by nature and as a result of the environment they are subjected to, tend to form hierarchies within themselves which are based on different variables. In research, social class has often been understood as a representation of socioeconomic indicators such as income, education, occupation and wealth. However, this social stratification should be clearly differentiated from the term social class, which is subjective in nature (Centers,1949, p.27). Social class must also be understood as a cultural construct rather than just a demographic variable (Liu et.al,2004). Many researchers argue that measuring social class through socio-economic status (SES) alone is not enough because it does not take into consideration the social and cultural aspects

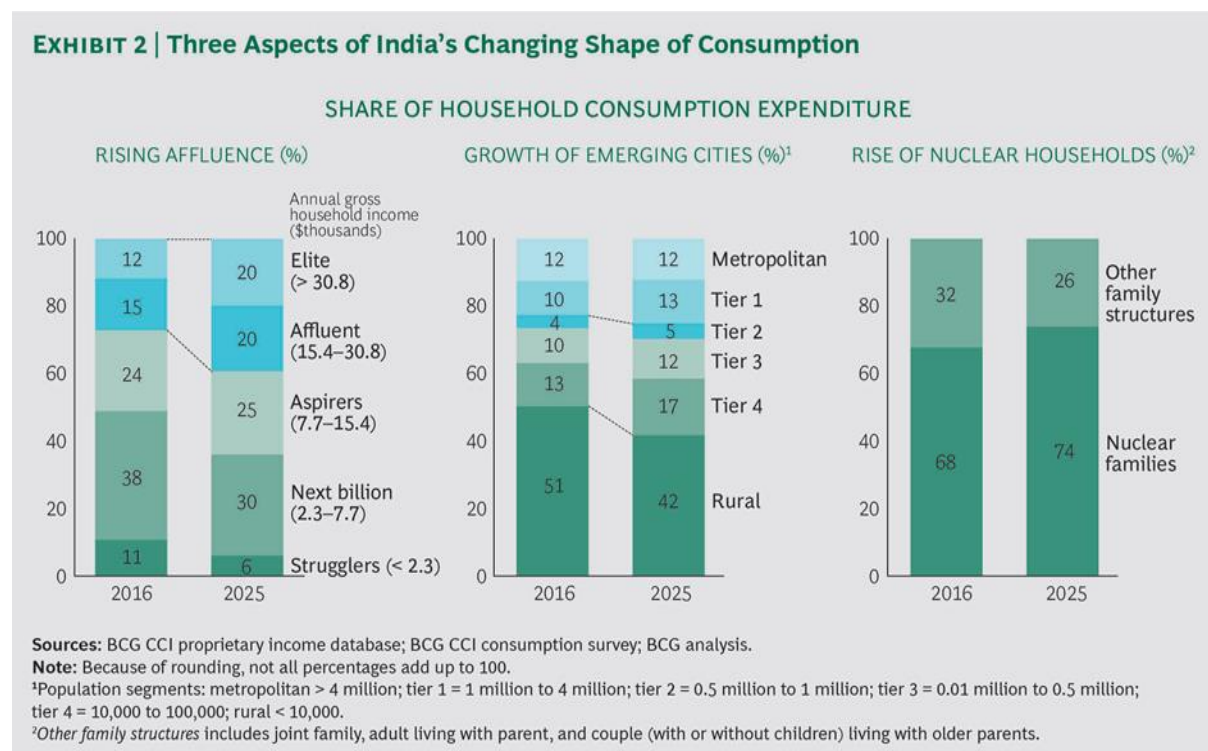
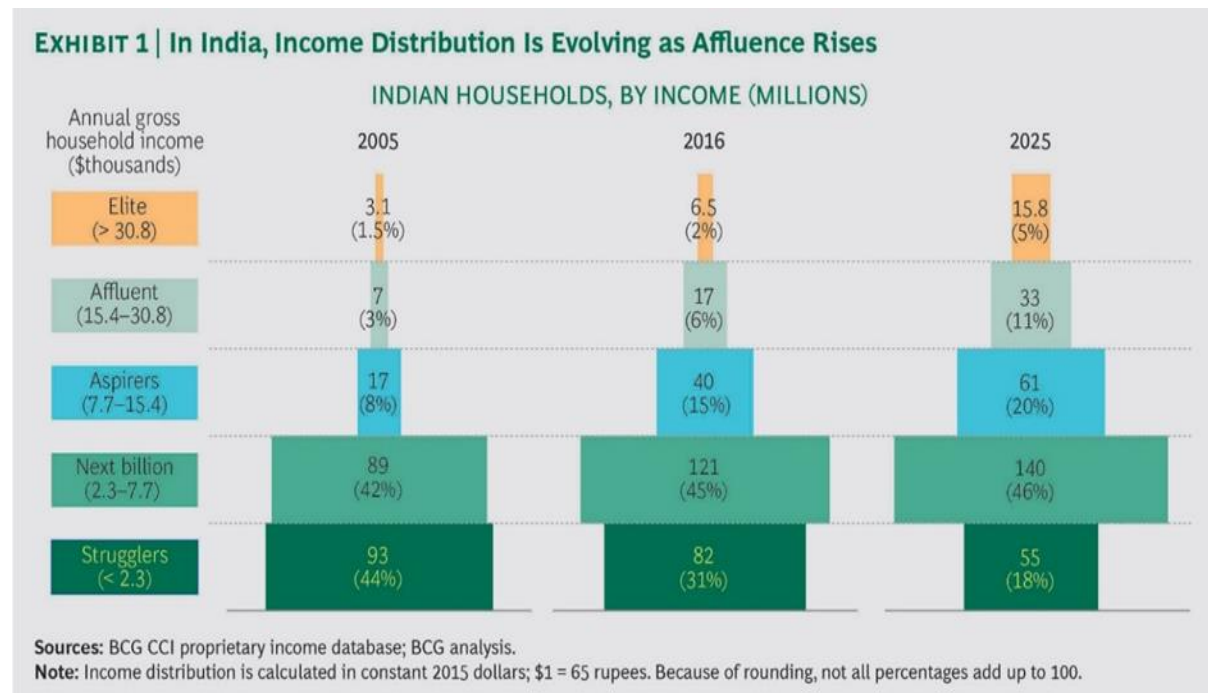
that influence an individual's identity formation. Beliefs, values and attitudes form a basic framework of social class identity (Centers, 1949, p.91). Every economic culture has certain values, beliefs and expectations which guide a consumer about what is considered important (or valued) in order to maintain one's social class (Liu, 2013, p.7). "By class is meant two or more orders of people who are believed to be, and are accordingly ranked by the members of the community, in socially superior and inferior positions" (Warner & Lunt 1941, pg.90) However, it is possible for two people of different statuses to consider themselves in the same social class because they embody common values and beliefs. (Centers, 1949, p.228). Social class is a sense of belonging that individuals feel towards a certain group, it is a desire to identify with people of similar values and interests. It can be considered as a psychological phenomenon (Centers, 1949, p.27). A social class has surplus import represented not only by income, education and occupation but also by cultural affiliations, residential choices and prestige.

### **Income class**

An income class should not be used interchangeably with social class because a social class encompasses many socio-cultural variables as well. Another reason to view them separately is that class-income correlation comes to 0.4 (Coleman, 1983, Fisher, 1987). Other studies such as that by Mathews, H.L. & Slocum, J.W. Jr. (1969) whose income and social class correlation is 0.53 and Myers, J., Stanton, R. & Haug, A. (1971) whose social class and income correlation is 0.52 also point to the fact that while social class and income are correlated there are other factors that influence the purchase decision as well and cannot be overlooked.

The different income classes in India as per BCG CCI (Boston consulting group's Centre for consumer Insight) proprietary income report 2016 are: 1) Below the poverty line (Strugglers) 2) lower income class (Next billion) 3) middle income class (aspirers) 4) upper -middle income class (affluent) 5) High income class (elite) The upper middle-income class and the High income class form the top 8% of the total population (2016). The High-income class is further divided into the lower -upper class and upper -upper class. The lower-upper class includes the "nouveau riche" or the new money that may have been acquired through enterprise or investments or professional achievements. The upper-upper class consists of the high society, entitled families with "old money" inherited through generations. Both groups have possibly more money than they can spend but there seems to be additional prestige associated with the upper-upper class, which could be the aspirational class for the lower-

upper class. The burgeoning middleincome class or aspirers who form 15% of the population as of 2016 are also aspirational consumers who may be motivated to purchase luxury goods and services. An enquiry into their motivations for trading up would make for an interesting exercise and could help gauge the preference of one luxury product over another.



Note: Reprinted from “The New Indian: Many facets of the Indian consumer”, by Singhi A, Jain N, Sanghi K., (2017, March20). Retrieved from <https://www.bcg.com/en-in/publications/2017/marketing-sales-globalization-new-indian-changing-consumer.aspx>

**Proposition 1: A shared value and belief system may lead to similar consumption decisions among different income classes (with special reference to middle and higher-income groups). A common belief and value structure binds the collective thinking of individuals.**

This serves as a blueprint and influences the consumption decisions based on shared goals. There can be values such as “more bang for the buck”, “no cruelty to animals” or “giving back to society” which can act as a guide on the kind of products, such an individual might choose. Similar analogies can be attributed to beliefs as well. Religious beliefs and beliefs borne out of a caste system may also have an impact on the consumption choices of individuals. Persons of different income classes who believe in kindness to animals either due to a value or a religious belief may engage in purchase of luxury cosmetics which may be “cruelty free”. One must also consider to evaluate the class and status connection. “Why people consume certain goods” and “how they lead their life”, the answers to these help in formation of status groups (Fisher, 1987). Status and class are not independent of each other, rather status can be considered a subset of class. An individual can purchase certain status symbols (goods or services) in order to claim position to a social standing or class, however the distinction of his aspiration vs. reality continues to remain (Fisher, 1987). Any cultural or professional affiliation which bestows a position of power or influence on an individual would confer prestige within the social class. Occupations that require a specified skillset, often borne of labour and time such as a doctor or a lawyer, may also be looked upon as prestigious.

### **Parental demographics and Spousal contribution**

Parental demographics determine the social standing of the offspring through inheritance. A child born to parents who are wealthy, educated and hold a higher position in society will have the privilege of opportunity and hence would have the maximum probability of continuing in that class. Thereby one could conclude that social class can also be inherited (Sorokin, 1927, p.184). Parental demographics becomes an important determinant of an individual’s social class. On the subject of spousal contribution, a wife’s influence on her family’s social class must not be overlooked because she may through her education and

skills make friends, be a member of aspirational social groups, get club memberships either on her own merits or due to her parental demographics (Coleman, 1983). If she is a working woman then she may be a part of certain professional memberships or circles which may contribute to the family's social class. However, it must also be prudently noted that, a possibility exists that a wife's income alone may not have an impact on the overall social class of the family unless a change in the occupational stature of either occurs (Coleman, 1983).

**Proposition 2: Parental demographics and the socio-cultural experiences during the formative years determine the luxury consumption choices of adults.** How an individual is raised, what kind of socio-cultural experiences he is exposed to, the demographic (parental) he belonged to and his family's economic status and culture during his formative years impact his consumption choices as an adult. Social mobility and Social class identity dissonance Social mobility refers to the movement within the class structure either upward, downward or lateral which can be achieved through occupational change or change in income levels. The benefits to upward mobility are many such as higher income, more respect among peers, access to cultural groups and affiliations and access to a larger social circle. However, the individual who experiences upward mobility may need to renegotiate his identity (Nelson et. al 2008), maybe reluctant to abandon certain cultural values which may have shaped his personality during his early years (Olsen, 2011, Aries & Seider, 2007). This may create a dissonance between his current social class and his social class of origin (parental demographics). The individual may want to hold on to certain values that define him which maybe in contradiction with his current social class (Nelson, Huffman and Budge 2008). This cognitive dissonance maybe an influencing component of purchase behaviour which should be taken under deliberation. Variables associated with feelings of guilt, shame, pride are often ignored while considering social class identity formation, which is a disservice to the construct because they shape the worldview and lifestyle of consumers (Olsen, 2011). Parental demographics and lifestyle of an individual during the formative years may throw light on social class identity dissonance.

## **Caste**

The discussion of social class in India is incomplete without the reference to caste. Casteism or caste-based discrimination has been a peculiar phenomenon disseminated in India. It has withstood the test of time and still exists in its original design in rural and urban

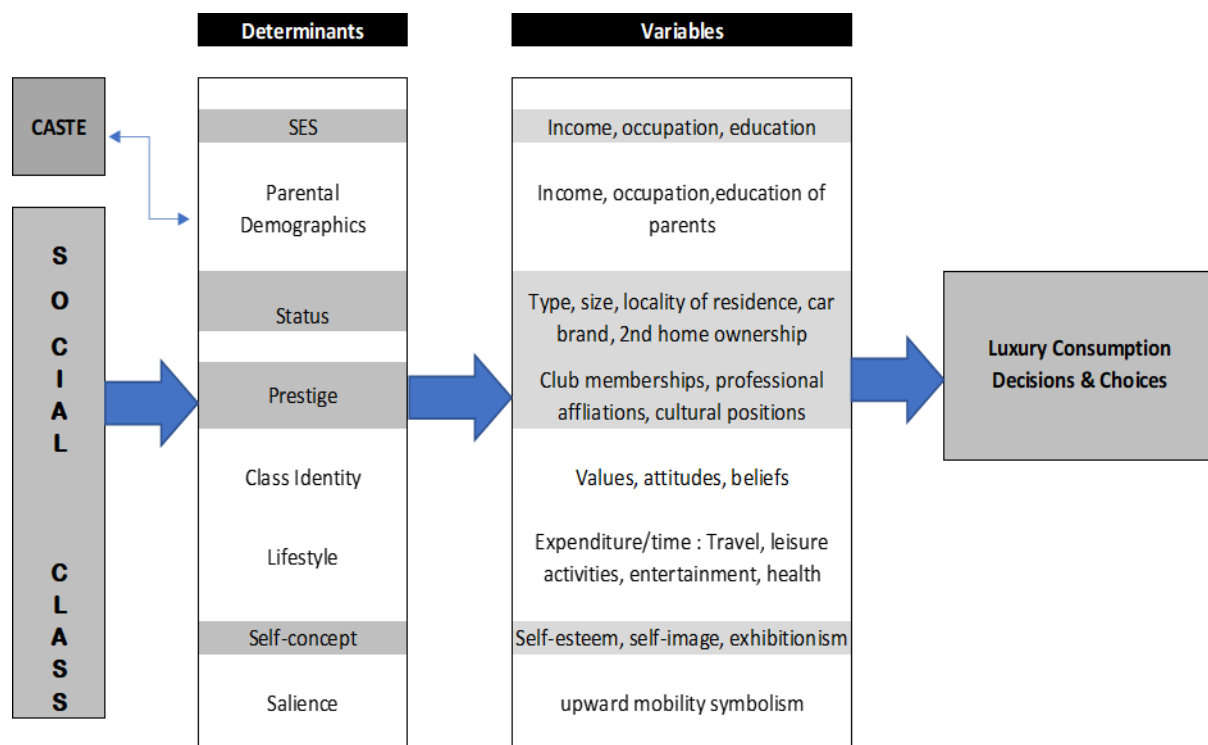


communities. Caste, the marker of lineage is a form of social stratification. Caste is an inherited condition perpetuated from generations, based on religious beliefs of pure and impure. (Sharma,1984, p.58). Even today, in modern India, behavioural discrimination towards lower castes exists in urban societies. These behaviours may manifest as separate eating spaces for house help, usage of separate utensils and sitting on the floor instead of the furniture. Caste and class are understood as polar opposites (mostly by western researchers), one representative of an archaic society and the other representative of the modern western world (Sharma,1984, p.55). However, India is a singular and manifest example of the coexistence and probable convergence of caste and class in urban societies. Marriage being a prime example of the importance and control of caste even in urban, educated, higher income groups. In Indian societies and markets, several caste-based groups exist whose primary purpose is the economic and cultural upliftment of its members. Some of these groups may function as echo chambers which may influence the consumption choices of its members. Simply put, caste is a measurement of social status or rank in the social order. So, the question arises, what is the impact of caste and (it's intersectionality with class) on luxury consumption in urban India? How does caste behave as an influencing variable?

### **Association of social class and luxury consumption**

Social class is determined by a multitude of factors such as status, parental demographics, prestige, class identity, lifestyle, self-concept and salience. These factors would induce certain behaviours that result in specific consumption choices and decisions. The conceptual framework of the association between social class and luxury consumption is represented in Figure (1).

**Figure 1 Conceptual Framework of Social Class**



## Conclusion

This paper has tried to integrate theories, definitions and concepts to create a theoretical proposition which could test the association between social class and luxury consumption. Social class when understood in its entirety as an amalgamation of several concepts rather than just socio-economic indicators makes for a robust and deep-rooted framework. This framework when juxtaposed with the corresponding variables can objectively determine why a class under study engages in specific luxury consumption choices. Social class indices can be used to gainfully ascertain and predict consumption choices among luxury buyers. Further research would entail a pilot study to test and validate this construct.

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