

The Motivations Behind Luxury Consumption: Application of Grounded Theory Approach

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Abstract. After the boom in luxury brands' consumption, the consumers' motivation to buy these brands has gained the interest of researchers in the marketing field. We organized the present study using the grounded theory approach to obtain insight into the motivations behind luxury consumption through interviews with 12 individuals. We used these data to propose a model of motivations behind luxury consumption, which constitutes three categories, i.e., relatedness (conformity of evolutionary psychology and the influence on formal social activities), competence (social status and confidence), and autonomy (others' attitudes and opinions and uniqueness). Our findings could contribute to better understanding of the motivations behind luxury consumption and proposed the possible theoretical and managerial implications in the future.

Keywords. Motivation, grounded theory approach, self-determination theory, luxury brands

1. Introduction

Given the global economic context, most luxury brands are investing on the growth of so-called "emerging markets", such as Brazil, Russia, India and China, so that these countries recognized as centers of luxury consumption[1]. As luxury brands are perceived to be the end of the prestigious brand category, and the consumption of luxury brands usually signals status and wealth[2], recently, the boom in the luxury market has led to an ever-increasing number of explorations regarding consumer motivations[3].

Previous studies have explored consumer motivations without an integral framework; only a limited number of academic researchers applied a theory-based model approach. In these studies, researchers have widely used Maslow's Hierarchy of Needs Theory to analyze the motivations behind consume behaviors. However, keeping in view the perspective of the theory, people have more chances to purchase necessities rather than luxuries. As there is a big gap between the motivations of luxury consumption and mass consumption, the theory is not suitable for analyzing the consumer motivations

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behind luxury brand consumption. Thus, to analyze luxury consumption, Self-Determination Theory (SDT)—developed by Edward L. Deci and Richard M. Ryan in the middle of the 1980s[4]—maybe the better option to explore human behavior based on motivators. SDT posits three basic psychological needs, i.e., Relatedness, Competence, and Autonomy, collectively driving people's behaviors. These three basic needs influence one another mutually and take effect collectively.

Researchers have previously applied SDT in medical and educational sciences to help doctors and teachers understand the various psychological needs of patients and students, respectively[5]. Presently, researchers have started applying SDT in the business area, mainly to understand consumer dynamics[6, 7]. However, the present body of literature provides scattered ideas and opinions towards the different considerations. Only a few academic papers are researching the motivations behind luxury consumption based on a complete theory model since people have not found a suitable theory model to analyze the behaviors. Besides, most researchers have explored consumer motivation by applying quantitative research methods, and the possible contribution of SDT in exploring luxury consumption has received little attention. Therefore, the present research tries to apply SDT to explore the motivations of luxury consumers by employing qualitative research methods, which provides a fresh perspective in analyzing the marketing question from the combined viewpoints of business and psychology. Following are the research questions that this study tries to answer: 1) What are the motivators that include the luxury brand consumption of consumers? 2) How do these motivators determine luxury brand consumption?

2. Methodology

2.1. Research design

As few mature theoretical frameworks are available to construct a sound quality evaluation system for the motivations behind the luxury consumption, grounded theory was used to perform the theoretical analysis. Grounded theory allows for substantial data and research insights for consideration and helps elucidate the underlying mechanisms of certain phenomena. Therefore, it is well suited for establishing theoretical frameworks in initial research and the constructivist school method was used for coding.

In this study, information was obtained from the respondents via detailed interviews in late June and early July of 2021. As UK is a big market for luxury good industry and most of the Universities enrolls overseas students. This research investigated the motivations behind luxury brand consumption of the overseas students in the UK. Each interview was conducted by using unstructured, open-ended questions. The interview time for each participant was approximately 40–60 min. The interview content was mainly focused on the following three aspects. First, the basic background of each participant was investigated to determine his or her understanding of the motivations behind luxury consumption. Thereafter, the aim of the step is to make people start thinking about their past experiences related to luxury consumption. Third, the change and difference of luxury consumption after going abroad, which would suggest some unique viewpoints of the group of overseas students. The final part involves the theory model 'self-determination theory' in the research. The types of questions used are listed in Table 1.

Table 1. Specific Questions

Specific Questions	Specific Questions
Background	Name; age; nationality
Impression and examples	First impression; some examples of luxury brand
Characteristics	Common and unique characteristics of luxury brands
Considerations and purchasing habits	Purchasing habits changing after going abroad; purchasing considerations changing after going abroad
Questions about Relatedness	Surrounding people's attitudes and opinions; other people's comments; personal relations
Questions about Competence	Confidence; identification; social status
Questions about Autonomy	Uniqueness; limited editions; strong recommendation

2.2. Coding

The interview records were analyzed by using the grounded theory method with the following specific steps: open coding, merge key phrases, simplify key phrases, extract concepts, axial coding, determine subcategories, determine category relationships, and establishment of theory. As a result, at least 44 labeling data points (a1) were obtained, along with 31 conceptualizing data points (aa1), 11 categorizing data points (A1), and four categories (AA1). The specific analysis results are presented in Table 2.

Table 2. Coding Process

Collection of data	Labeling data	Conceptualizing data	Categorizing data	Categories	Subcategories
Males who have luxury goods can increase their personal charisma to some degree.	Increase the favorable impression	Attitudes changing towards fortunate	Charisma influence	Relatedness	Increase the favorable impression, Attitudes changing towards fortunate, Charisma influence, Relatedness
A girl wearing many expensive luxuries may give plenty of pressure on men with average salaries.	Develop the feeling of fear	Attitudes changing towards fortunate	Charisma influence	Relatedness	Develop the feeling of fear, Attitudes changing towards fortunate, Charisma influence, Relatedness
When I get along with someone, I do not care whether he can buy the luxury or not.		No relations with fortunate	Charisma influence	Relatedness	No relations with fortunate, Charisma influence, Relatedness
If I purchase luxury goods for others, I would consider their preference and tastes.		Others' preference	Gift for others	Relatedness	Others' preference, Gift for others, Relatedness
To integrate into the social circle, I would change the exposure of luxuries according to the surroundings.		Integrate into the circle	Circle culture	Relatedness	Integrate into the circle, Circle culture, Relatedness
I would choose luxuries according to surrounding people.		Fit to the surroundings	Circle culture	Relatedness	Fit to the surroundings, Circle culture, Relatedness
I would ask others' suggestions if I am not sure which one is better.		Others' comments	Others' influence	Relatedness	Others' comments, Others' influence, Relatedness
In the process of selecting goods, I would acquire information from different platforms to know the luxury products better.		Network information	Others' influence	Relatedness	Network information, Others' influence, Relatedness
The famous luxury brand makes some people feel honor.		Feeling better	Value achievement	Competence	Feeling better, Value achievement, Competence
Luxuries can be the symbol of social status to some degree.		Social status	Value achievement	Competence	Social status, Value achievement, Competence
When you purchased in luxury stores, you can feel an		Achievement needs	Value achievement	Competence	Achievement needs, Value achievement, Competence

identification of your ability and a sense of achievement.

When you bought the luxuries you like, there is an increase in the sense of self-identification.

Undoubtedly, price is an essential factor in the purchasing process. The quantity of disposable funds is a decisive factor in my purchasing behaviors.

I want to be special and unique, so I do not want to have the same things with others.

I would buy some luxuries as rewards for myself.
I would choose the products that fit me best.
That depends on my individual preference.
Most time, I purchase products based on the demands.

Sense of identification	Value achievement	Competence	Sense of identification, achievement, Competence
	Price	Competence	Price, Competence
	Disposable funds	Competence	Disposable funds, Competence
Personality expression	Fashion pursuit	Competence	Personality expression, Personality expression, Competence
	Self-reward	Autonomy	Self-reward, Autonomy
	Matching degree	Autonomy	Matching degree, Autonomy
	Individual preference	Autonomy	Individual preference, Autonomy
	Individual demand	Autonomy	Individual demand, Autonomy

3. Findings

Based on the responses of 12 interviewees coded to compare their thoughts about luxury consumption, integrating their common thoughts and complementing the blank mutually. There are mainly three themes that appeared in the research based on the theory model SDT, i.e., relatedness, competence, and autonomy.

3.1. Relatedness

The first theme is about the first basic psychological need, i.e., relatedness. According to Deci and Ryan a human is born with an instinct to have some relations with the surroundings. Some psychologists believe that this psychological phenomenon comes from evolutionary psychology: a person who can be involved in the surroundings, groups, or organizations better have more chances to survive[8]. Below are the detailed subcategories that appeared under the relatedness motivation.

Conformity of evolutionary psychology In the luxury consumption area, this psychological phenomenon also takes effect. According to the primary research, all participants express the viewpoint that the interests and consumption habits of surrounding people about the luxury influence the consumption habits and wearing habits towards luxuries. The only difference among people is the depth of degree.

It is not uncommon to find that many overseas students are purchasing and consuming luxury much more frequently after studying abroad because of the increasing interests and needs for luxury products of surrounding people. This condition accords with the first basic psychological need, relatedness. To be involved in the social circle better or have a deep relationship with the surrounding, individuals tend to change their behaviors or performances according to the surrounding people consciously or unconsciously, including the purchase behavior of luxury items. It is because group psychology and conformity are in the gene of current people, according to evolutionary psychology. Since ancient eras, following the behaviors of surrounding people is an excellent way to avoid danger and threats from both nature and humans. Following others'

behaviors rather than wasting time judging the situation gives this group of people more chances to survive and pass the gene to the next generation. After thousands and thousands of years, most people living in society born with psychology. The rest of a few people would obtain this psychology from others after experiencing some frustrations or setbacks. Although this rule is not suitable for all the decisions in current society, people follow this psychological pattern to relieve the pressure from the gene. People staying in the environment surrounded by many fans of luxury tend to show consuming luxury this behavior because it makes them feel safe and under less pressure. Furthermore, some people expressed that purchasing luxury in the group of luxury fans helps them obtain emotional identification from others, which makes them have a good mood in the daily life, contributing to the increase of the working or studying efficiency.

Influence on formal social activities Some participants expressed that luxury had some relation to people's interpersonal relationships, especially in the unfamiliar stage. At the first meeting, the appearance and dress image are the first things other people know, which plays a crucial role in deciding the first impression left for others. Furthermore, appropriate luxuries have a great positive influence on a person's appearance and dress images. Therefore, luxury can influence the first impression of a person largely. In the formal meeting for working purposes, appropriate luxury can add the value of a person, making him more competitive in the negotiation, which helps businessman obtaining more profits for the party or his company. Similarly, in other formal situations, attending a formal dinner or ball, such as dressing or wearing something with a luxury brand, also makes others think highly of him or her, increasing an individual's social value. In this way, luxury has influence and values in formal social activities. Additionally, the perceived luxury consumption behavior of others could be an important factor in choosing the person as one's intimate friend or soul mate. It's difficult to discriminate the others' taste according to their necessities consumption because people always choose them by the functions, whereas the luxury a person chosen is mainly depended on the intrinsic interests, which can be a representative of his taste and insight. To become intimate friends or soul mates, having similar tastes on things and insights towards the world are the basis. In this way, a luxury not only influences the first impression left on others and the attitudes of others under formal situations, but it also influences some people's long-term relationships with someone. Henceforth, there are a large number of consumers purchasing luxuries for attaching importance to the psychological need, i.e., relatedness.

3.2. Competence

The second theme is—the second basic need of SDT—competence, which concerns obtaining the sense of achievement and the capable feeling. People tend to demonstrate and show the ability to finish the thing and achieving goals. To measure whether luxury influences this psychological need, we chose two representative opinions about luxury and asked informants for the comments about these two opinions.

Social status First, many people believe that luxury can symbolize a person's identity and social status. About this opinion, interviewees have various attitudes and positions. However, we had also found the opposing opinion. The answers of both sides' informants are reasonable. In analyzing the whole sentence from a logical perspective, which means one counterexample of the law means the law is incorrect, then the opinion is not valid. Some people consume luxury far beyond their income levels and regular consumption. In this way, luxury cannot be a symbol of identity or social status. However,

if focusing on the word “can,” which means even if successful once, it can also be regarded as the demonstration of ability. From this perspective, the idea makes sense. Technically, this opinion is better to be modified as, under most circumstances, luxury can symbolize the social status of a person.

Confidence For the second topic, whether luxury can make people more confident, people’s attitudes tend to differ, but the reasons for choosing the position are various. Some people believe that wearing or owning the luxury with a high-profile reputation can obtain the respect and admiration of others, which can make them feel more confident when facing others. In the interviewee’s opinions, the luxuries he bought are not only a reflection of her appreciation and taste but also a tool to strengthen consumers’ self-identity. In this way, an individual’s confidence will increase following the increase of self-identity.

3.3. *Autonomy*

The last theme—autonomy—is often neglected by past researchers, which also plays an essential role in the decision-making process of luxury consumption.

Others’ attitudes and opinions For the original type of “autonomy,” which concerns the right to make choices independently, only one participant, YY, thought that the attitudes and opinions about the products of shopkeepers and staff do not influence her decision-making. However, all other interviewees expressed that the viewpoints and opinions of shop assistants influenced their decision-making. After summarizing participants’ views, we found that the influence of shopkeepers’ opinions could be divided into two orientations according to the speaking positions of the assistants. If the suggestions and comments provided are from a neutral perspective, which means judging the advantages and disadvantages of a product objectively, they are easily taken by customers. On the other hand, if the shopkeepers recommend a product with a strong subjective tendency, there is a high possibility that customers will feel uncomfortable and have a negative attitude towards the products. Many interviewees mentioned that this is because the word with a strong emotional tendency makes them under social pressure and feels losing control of independent decision-making. Furthermore, the strong subjective tendency makes them doubt the authenticity of the opinions and the purposes of the recommendation. Customers are likely to worry that the shopkeepers make this recommendation for business purposes rather than for them (their benefit). However, if the shopkeeper or shop assistants can provide suggestions and judgments from an objective angle, listing both the merits and demerits, customers would take the comments seriously and have more positive emotions about the products. In this way, people can obtain the feeling of self-realization and self-determination.

Uniqueness To investigate the adding part of autonomy, we found that the tendency to be unique and distinct from other people, research provides the two aspects of ‘uniqueness’ in consumer behavior, i.e., unique products and unique behaviors. The uniqueness can be the influencing factor when people make decisions, but the influence is not significant enough to govern the results. In this way, as a luxury company, it is no need to spend massive funds and energy to make the products or the information of consumption different from the counterparts intentionally because the ‘uniqueness’ in luxury consumption has limited influence on the decision-making of ordinary consumers.

4. Discussion

We divide the research findings into three parts following the three themes that emerged, i.e., relatedness, competence, and autonomy, which expands the application of the SDT in the field of consumer behavior. These are the three basic psychological needs of humans according to SDT. Relatedness has a significant influence on people's luxury consumption habits. Many interviewees expressed that they would change their luxury consumption habits based on their surrounding people. The informants tend to purchase luxury more frequently if their surrounding people are interested in luxuries. If people in the social circle purchase luxury products seldomly, they tend to decrease the frequency of luxury consumption. This psychological phenomenon is one of the leading reasons why many overseas students purchase luxuries much more frequently after going abroad. The change of social circle and the interests of other overseas students towards luxuries greatly influence their consumption habits. In addition, all informants believe that "luxury" influences their social relationships, especially participating in some formal social activities such as a business meeting or evening reception. On formal occasions, people with appropriate luxuries can make others think highly of them and take their words more seriously, which is beneficial to achieve the social aims more efficiently.

Competence concerns the tendency of showing the ability of achievement and capability. Many participants believe that luxury products can be the symbol of social status because there is a logic that, to some extent, consuming luxuries can reflect consumers' consumption level, consumption level can reflect people's income level, and income level can reflect people's social status. Therefore, even though many young people currently purchase luxuries beyond their income level, the motive behind this behavior is to obtain a sense of belongingness of the higher social class through consuming luxuries. It means, in these people's minds, luxury also can be a present of social status and identity. Thus, luxury can be a symbol of social status. In addition, informants expressed those luxuries tend to make people more confident; luxuries can make them not inferior to others with luxuries, feeling confident in obtaining a sense of equality. Lastly, luxury products can increase an individual's confidence by strengthening his self-identity.

Autonomy is also an important consideration when people make purchasing decisions. However, it is not the decisive factor in the decision-making process. For the original definition of autonomy, people dislike the feeling that they have not taken the decision freely. Alternatively, if they feel losing the right to make decisions freely, they will resist the behavior, whether right or wrong, including purchasing behavior. Furthermore, people tend to become unique and distinct, but they would not purchase a luxury product because it is unique or distinct. This psychological phenomenon can influence the emotional tendency of consumers, but the degree is not significant. Accordingly, it is unnecessary to spend a load of money as a luxury company to make their products different or distinct from their counterparts.

We also provided various managerial implications for marketers. Firstly, according to the findings of "relatedness," people's purchasing habits are largely influenced by their surrounding people. Hence, managers can provide discounts to the buys buying in the groups, i.e., 10 percent discount for two people, 20 percent discount for three or more members' team. In this way, people would purchase luxury products with their intimate friends or families together, which largely facilitates brand loyalty. Later, the purchasing habits of these people of a small community would influence one another mutually, leading them to buy the products of the brand again and again. In addition, when a small

group of people purchases the same brand products together, they would attach their emotions to the brand. In this way, the brand is not just a product brand; it also represents the relationship with the people purchasing products together with them. Secondly, from the viewpoint of competence, many people regard luxury products as symbolizing social status. Accordingly, if a luxury brand wants to become high-ranking and senior to its competitors, relating the products to people with high social status in advertising campaigns is a good strategy. Owning the luxury products using by famous people gives the consumers a sense of pride and achievement. This psychological phenomenon can explain why many luxury brands invite famous and successful people as image spokesmen. Finally, according to the findings of autonomy, being distinct and unique is also one pursuit goal of consumers. However, it is not the decisive factor in people's decision-making process. Hence, for luxury companies, it is not necessary to spend a load of funds to make their products different from their counterparts intentionally. On the other hand, marketers can transfer consumers that they have made their decision solely.

5. Conclusion

Based on the SDT and grounded theory approach, we explored the motivations of luxury consumption according to these three psychological needs, i.e., relatedness (conformity of evolutionary psychology and the influence on formal social activities), competence (social status and confidence), and autonomy (others' attitudes and opinions and uniqueness), which would provide a comprehensive and integrated analysis of luxury consumption motivations.

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