

When Social Media Backfires: The Impact of Psychological Distance on Perceived
Values and Desirability of Luxury Brands

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Abstract

This research focused on examining the impact of psychological distance of luxury brands prompted by various social media marketing tactics on perceived values and desirability of luxury brands within the context of social media marketing. The first research objective was to identify the determinants of psychological distance of luxury brands (i.e., consumer engagement strategy, formality of engagement, and message response time). The second research objective was to assess the impact of psychological distance on perceived values (i.e., social, exclusive, and quality values) and desirability of luxury brands. The last objective was to examine the interaction effect between psychological distance and consumers' need for status to identify boundary conditions.

To fulfill these research objectives, three pilot studies and three experimental studies were conducted. Pilot Study 1 was designed to test the preliminary assumption of the research that luxury brands are perceived to be psychologically distant than mass market brands, and the results supported this assumption. Pilot Study 2 was conducted to develop a manipulation method for the main experiment. Pilot Study 3 was conducted to determine a scale of psychological distance.

Study 1 was designed to examine the impact of a luxury brand's consumer engagement strategy on psychological distance, perceived values, and desirability of the brand. In addition, the interaction effect between psychological distance and need for status on the outcome variables was examined. The result of Study 1 demonstrated that a luxury brand with a high level of consumer engagement is perceived to be psychologically close, and such a psychologically close brand was perceived to have lower social and exclusive values. The mediation analysis revealed that psychological

distance was a full mediator for the relationships. Also, the results showed that there were interaction effects between psychological distance and need for status on perceived exclusive value and desirability. However, contrary to the prediction, the effect of psychological distance was pronounced for the low need for status group, not for the high need for status group.

Study 2 was designed to examine the impact of the formality of engagement on psychological distance and the outcome variables. Also, the moderating role of need for status was examined. While a luxury brand displaying casual engagements with consumers was perceived as less psychologically distant, as it was predicted, there were no main effect of psychological distance and interaction effect between psychological distance and need for status.

Study 3 examined the effect of a luxury brand's response time to a user's message on psychological distance and the outcome variables. Also, the moderating role of need for status was examined. As predicted, when the luxury brand's response time is shorter, it was perceived to be less psychologically distant. However, contrary to the prediction, the psychologically close luxury brand was perceived to have higher exclusive and quality values. In addition, there was no interaction effect between psychological distance and need for status.

Discussions of the findings, theoretical and practical implications, and limitations and suggestions for future research were provided.

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CHAPTER 1

INTRODUCTION

Background

Use of Social Media by Brands

Social media refers to the Internet-based applications or websites that enable users to engage in various activities, such as creating and sharing information and engaging in conversations (Kaplan & Haenlein, 2010). Examples of social media includes Facebook, Instagram, Twitter, and YouTube. By 2019, it is expected that the number of social media users worldwide will reach 2.77 billion (Statista, 2018). Within the U.S., 69% of adults use at least one social media platform, and approximately three-quarters of them visit social media daily (PewResearch, 2018).

As social media has become integrated into consumers' daily lives, social media presence has become imperative for brand strategies. According to a study conducted in 2015 (Yesmail, 2015), more than 90% of retail brands were present on at least two social media platforms. Brands use social media as communication channels to increase brand awareness and brand knowledge among younger consumers (Bruhn, Schoenmueller, & Schäfer, 2012) and to interact with existing consumers (Tsimonis & Dimitriadis, 2014).

Although luxury brands were not favorable to social media marketing in the beginning, they have recently started to actively use social media. In the past, traditional luxury brands were reluctant to expose themselves on social media due to concerns of damaged brand reputation and associated value (Geerts, 2013; Weaver, 2015). However, luxury brands have recently started to use social media, recognizing the importance of

this new marketing tool for connecting with Millennial consumers (Kim & Ko, 2012; Weaver, 2015) and increasing brand awareness among them (Albane, 2017). As a result, social media has become the second largest source of website traffic for luxury brands, accounting for 7.4 percent (PMX, 2017).

The Current State of Social Media Presence of Luxury Fashion Brands

To understand how prevalent social media is among luxury brands in 2018, the researcher investigated social media presence of top 15 luxury fashion brands in different social media platforms. The top 15 luxury fashion brands ranked by DiVirgilio (2013) and Forbes (2016) were selected. All fifteen brands had strong social media presence and used an average of five social media platforms (see Table 1). The most popular social media platforms used by the brands are Facebook and Instagram. Virtually all 15 brands were present on Facebook and Instagram.

Table 1

The Content Analysis of Fifteen Luxury Fashion Brands' Social Media Use

| Luxury Fashion Brand | Social Media Presence | |
|----------------------|-----------------------|--|
| | Number | Social Media Platforms |
| Armani | 5 | Facebook, Instagram, Twitter, Pinterest, YouTube |
| Burberry | 5 | Facebook, Instagram, Twitter, LinkedIn, YouTube |
| Cartier | 5 | Facebook, Instagram, Twitter, Google+, Pinterest |
| Chanel | 5 | Facebook, Instagram, Twitter, LinkedIn, YouTube |
| Coach | 5 | Facebook, Instagram, Twitter, Pinterest, YouTube |
| Dior | 5 | Facebook, Instagram, Twitter, Tumblr, YouTube |
| Dolce & Gabbana | 5 | Facebook, Instagram, Twitter, Google+, YouTube |

| | | |
|---------------|---|---|
| Fendi | 4 | Facebook, Instagram, Twitter, YouTube |
| Givenchy | 4 | Facebook, Instagram, Twitter, YouTube |
| Gucci | 5 | Facebook, Instagram, Twitter, LinkedIn, YouTube |
| Hermès | 5 | Facebook, Instagram, Twitter, LinkedIn, YouTube |
| Louis Vuitton | 5 | Facebook, Instagram, Twitter, LinkedIn, YouTube |
| Prada | 5 | Facebook, Instagram, Twitter, Google+, YouTube |
| Rolex | 5 | Facebook, Instagram, Google+, LinkedIn, YouTube |
| Versace | 5 | Facebook, Instagram, Twitter, Google+, YouTube |

Research in Social Media Marketing

Acknowledging the importance of social media in connecting with consumers, a growing amount of research has examined the impact of social media on key brand performance metrics. Particularly, research has documented the positive outcome of social media marketing for building relationships with consumers. For example, Tsimonis and Dimitriadis (2014) found that social media marketing of brands leads to building and enhancing relationships with customers because social media easily enable active and fast brand-customer interactions. Also, Laroche, Habibi, and Richard (2013) argued that brand communities on social media positively affect brand loyalty by increasing brand trust. Within the context of luxury brands, it was found that social media marketing positively influences intimacy, trust (Kim & Ko, 2010), purchase intention (Chu, Kamal, & Kim, 2013; Kim & Ko, 2010), and customer equity of luxury brands (i.e., value equity, relationship equity, brand equity) (Kim & Ko, 2012).

Problem Statement

While social media marketing is widely accepted among luxury brands, academic research in the area is very limited. To date, there have been only five studies examining the impacts of social media marketing on luxury brands. Among those, one is conceptual research (Blasco-Arcas et al., 2015) and the other four studies are empirical research which focused on the positive effects of social media on luxury brands using a survey method (e.g., Chu et al., 2013; Kim & Ko, 2012) (see Table 2).

Although the literature documented the positive role of social media in luxury brand marketing, the fundamental concepts of social media and luxury seem to contradict each other. Social media is inclusive, accessible, and designed for the masses, while luxury is exclusive, controlled, and intended for a selected group of wealthy consumers (Desai, 2016; Reed, 2015). Luxury brands create desire and value by maintaining distance from the masses and facilitating vertical comparisons (Fuchs, Prandelli, Schreier, & Dahl, 2013). Then, an important question is why the previous studies only found positive effects of social media. Would social media marketing be always beneficial to luxury brands? Wouldn't social media marketing, characterized by openness and accessibility, damage the core meaning of exclusivity inherently embedded in a luxury brand?

In line with this perspective, in their conceptual paper, Blasco-Arcas, Holmqvist, and Vignolles (2016) argue that the presence of luxury brands on social media can potentially lead to brand contamination, a decrease in perceived exclusivity and prestige of the brand, due to the blurred boundary between their actual customers and aspirational

followers.

The current study builds on the contention that some of the social media marketing strategies may damage perceived values and desirability of luxury brands as they can make consumers perceive the luxury brands as less exclusive and less prestigious because the brands feel too close and accessible to the general consumers. Indeed, it was reported that 73% of the luxury brands have a growing concern of brand dilution and still find it challenging to maintain exclusivity and aspiration on social media (Realwire, 2017). Therefore, indiscreet social media marketing strategies may pose a threat in maintaining perceived values and desirability of luxury brands.

So far, to the researcher's knowledge, no study examined the critical issue of how and when social media marketing may backfire in the context of luxury brands. Considering the possible long-term impact of brand dilution, it is imperative to investigate the possible negative impact of social media marketing on perceived values and desirability of luxury brands and the underlying mechanism of the effect. This information could deepen our understanding of psychological factors that build luxury brands and generate strategic guidelines for luxury brand managers to manage their brand reputation while taking advantage of social media marketing.

Table 2

Summary of Studies on the Impact of Social Media on Luxury Brands

| Studies | Independent Variable | Dependent Variable | Main Results/Arguments | Positive Outcomes of Social Media | Negative Outcomes of Social Media | Empirical vs. Conceptual |
|------------------|--|--|---|-----------------------------------|-----------------------------------|--------------------------|
| Chu et al., 2013 | Beliefs, brand consciousness, attitude toward social media advertising | behavioral responses to social media advertising, purchase intention | Brand consciousness is related to users' attitudes toward social media advertising, which is positively related to their behavioral responses toward social media advertising and consequent purchase intentions. | X | | Empirical (Survey) |
| Jin, 2012 | Brand attitude, satisfaction with brand's facebook | Online shopping via Facebook, intention to visit the brand's social media, intention to research online and purchase offline | Positive brand attitude toward a luxury brand is positively related to online shopping intention via Facebook. | X | | Empirical (Survey) |
| Kim & Ko, 2010 | Social media marketing activities | Customer relationship (i.e., intimacy, trust), purchase intention | Luxury fashion brands' social media marketing is positively | X | | Empirical (Survey) |

| | | | | | |
|---------------------------|--|--|--|---|--------------------|
| | | | related to intimacy, trust, and purchase intention. | | |
| Kim & Ko, 2012 | Social media marketing activities | Value equity, relationship equity, brand equity, purchase intention, customer equity | Social media advertising is positively related to purchase intentions of luxury products by increasing value equity and brand equity. Brand equity is negatively related to customer equity. | X | Empirical (Survey) |
| Blasco-Arcas et al., 2015 | Extensive consumer display of using a product/service on social media, the proximity of contacts or sources of contamination, the number of potential contact sources of contagion on social media (e.g., composition of customer base on the brand social media site) | brand contamination (i.e., decrease of the exclusivity of the luxury brand) | Luxury brands' social media activities may decrease perceived exclusivity and prestige of the brand. | X | Conceptual |

Purpose of Research

The current study aims to fill the important gap in the luxury brand social media marketing literature by theoretically predicting and testing the negative impacts of social media marketing on luxury brand (i.e., perceived values and desirability of luxury brands). Drawing upon the concept of psychological distance (Liberman & Trope, 2008) and the theory of status consumption (Eastman, Goldsmith, & Flynn, 1999; Veblen, 1899), this study aims to illustrate maintaining psychological distance to the masses on social media is essential for luxury brands to protect their brand values. No prior research has developed theoretical models to explain luxury brand issues in the social media marketing context. Moreover, drawing upon on the theory of status consumption (Eastman et al., 1999), this research examines the moderating role of need for status on the relationship between psychological distance and perceived values of luxury brands to show boundary conditions.

The specific research objectives of this study are: 1) to identify the determinants of psychological distance of luxury brands within the context of social media marketing, 2) to empirically test the impact of psychological distance on perceived values (i.e., social, exclusive, and quality values) and desirability of luxury brands, and 3) to test the underlying mechanism and identify a boundary condition by examining the moderating role of need for status on the relationship between psychological distance and perceived values and desirability of luxury brands.

Significance of Research

The contributions of this research are centered on understanding the antecedents and impacts of psychological distance on perceived values and desirability of luxury

brands in the context of social media marketing. This research aims to make both theoretical and practical contributions in the following ways.

Theoretically, this study contributes to the body of literature concerning luxury brand management and social media marketing. There have been only a few studies examining this topic, and most of the research only focused on the positive aspects of social media marketing on luxury brands. This study examines the negative aspects of social media marketing with an experimental design looking at the causal relationships between variables. This study also incorporates the measures of perceived values and desirability which are the critical variables to fully capture the impact of various social media marketing tactics of luxury brands.

This study also contributes to the theory of psychological distance by applying and testing the theory in the context of luxury brand social media marketing. Psychological distance has been examined and proven as a meaningful construct that is linked to consumer behavior outcomes such as behavioral intentions from attitudes and values (Kim, Zhang, & Li, 2008), self-control (Kivetz & Simonson, 2002), and risk perceptions (Chandran & Menon, 2004). This study emphasizes the impact of psychological distance in forming consumers' perceived values and desirability of luxury brands. In addition, while previous research used the self as the reference point in testing the role of psychological distance (e.g., Darke, Brady, Benedicktus, & Wilson, 2016; Edwards, Lee, & Ferle, 2009), the current study proposed and used the mass market consumers as the reference point of psychological distance, acknowledging the unique characteristics of luxury brands.

Furthermore, a theoretical framework of this study integrates consumers' need for

status to examine its moderating effects on the relationship between psychological distance and perceived values of luxury brands. It contributes to the status consumption literature by investigating the unique problems in the time of social media. Moreover, this research provides a more elaborate view of how consumers with a different level of need for status are influenced by psychological distance between luxury brands and the mass market consumers on social media.

The question for luxury brands for today is how to use social media most effectively while finding ways to preserve values and desire to remain as luxury (Kapferer & Bastien, 2009; Kernstock, Brexendorf, & Powell, 2017). At this point, using social media platforms has been an integral part in digital marketing and luxury brands cannot ignore it. The findings of the research provide useful practical implications for this issue to luxury brand managers. Specifically, the current research began an initial investigation into understanding the role of psychological distance in protecting perceived values and desirability of luxury brands. In addition, the findings concerning the role of consumers' need for status on the relationship between psychological distance and perceptions of luxury brands allow luxury brand managers to strategically design social media marketing strategies.

Definitions of Terms

There are a variety of terms used in this research. Following is a listing of the key terms and their definitions.

Consumer engagement: A relationship that is built with interactive, co-creative experiences between a brand and consumers (Brodie, Hollebeek, Jurić, & Ilić, 2011).

Desirability of luxury brands: Consumers' strong feelings and passion about wanting luxury brands.

Formality of engagements: The degree of being formal or conventional in communicating with one another.

Luxury brands: The brands that are characterized by high price, quality, exclusivity, and symbolic attributes (Heine, 2012).

Need for status: Tendency to purchase goods and services for the status or social prestige value that they confer on their owners (Eastman et al., 1999, p. 41)

Perceived exclusive value: the value concerned with exclusivity and rarity of a luxury brand (Wiedmann, Hennigs, & Siebels, 2009).

Perceived social value: the perceived utility of a luxury brand for enhancing social status and prestige acquired with brands (Vigneron & Johnson, 2004; Wiedmann, et al., 2009).

Perceived quality value: the perceived value of superior quality and performance of products of the luxury brand (Wiedmann, et al., 2009).

Psychological distance: the subjective feelings of distance between the luxury brand and the average mass market consumers.

Social media: the Internet-based applications or websites that enable users to engage in various activities, such as creating and sharing information and engaging in conversations (Kaplan & Haenlein, 2010)

Status consumption: the motivational process by which individuals strive to improve their social standing through the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others (Eastman et al., 1999, p. 42).

Chapter 2

LITERATURE REVIEW

Background Literature

Perceived Values of Luxury Brands

According to a widely accepted definition in consumer research, a luxury brand refers to a brand that is characterized by a set of unique factors including exclusivity, high price, quality, and symbolic attributes (Heine, 2012; Riley, Lomax, & Blunden, 2004). Historically, luxury has been used as an indicator of a strict social stratification, extravagant living, and the uneven distribution of wealth (Kapferer & Bastien, 2012). In the past, only royalty or religious leaders were entitled to possession of luxury items that signified high status, power, prestige, and wealth. Although this traditional social stratification has disappeared in today's democratic society, human desire continues to create ranking systems within a social hierarchy, and luxury brands perform this "privilege" function and serve as a tool for recreating social stratification (Kapferer & Bastien, 2012; Veblen, 1899).

A luxury brand is differentiated from a non-luxury brand (e.g., premium brand, mass-market brand) in that it exhibits a high level of psychological, social, and symbolic values (Kapferer & Bastien, 2012; Nueno & Quelch, 1998; Riley et al., 2004). While a premium or mass-market brand focuses on selling products with functionalities and value for money, a luxury brand is selling a dream, aspiration, status, and a lifestyle that cannot be easily imitated (Kapferer & Bastien, 2012; Roumeliotis, 2015). Luxury brands have been traditionally known to cater to only a specific group of consumers, so-called a privileged class of consumers, thereby inherently creating a sense of exclusivity. This

limited accessibility of luxury brands that can enhance the dream and aspiration for consumers has been fundamental in luxury brand marketing. On the other hand, mass-market and premium brands aim for the masses or public and focus on making their brands widely known and used. Thus, mass-market and premium brands that are highly accessible do not need to generate the same aspiration and dream as luxury brands do (Kapferer & Bastien, 2012). Because luxury brands are highly exclusive, it triggers consumers' emotional desires for luxury brands. Previous research suggests that consumers are more willing to pay for a brand as the desirability of the brand increases (Rucker & Galinsky, 2008).

In order to further understand consumers' desire, a multi-dimensional concept of perceived values of luxury brands could be useful (e.g., Mandel, Petrova, & Cialdini, 2006; Tsai, Yang, & Liu, 2013). Researchers have proposed that there are multiple factors that constitute consumers' perceived values of luxury brands (Hennigs, Wiedmann, Behrens, & Klarman, 2013; Kapferer, 1997; Vigneron & Johnson, 2004).

The consensus is that there are three key value dimensions that constitute perceived values of luxury brands: perceived social value, perceived exclusive value, and perceived quality value. These key dimensions are critical to create a lasting luxury brand (Vigneron & Johnson, 2004; Wiedmann et al., 2009). In this study, perceived values of luxury brands are conceptualized as a multi-dimensional outcome variable composed of these three dimensions.

Perceived social value refers to the perceived utility of a luxury brand for enhancing social status (Vigneron & Johnson, 2004; Wiedmann et al., 2009). The social value dimension is an outer-directed value which aims to create a favorable social image

within consumers' social groups or to fit into groups consumer aspire to (Park, Rabolt, & Jeon, 2008; Wiedmann et al., 2009). Consumers use products to integrate the symbolic meanings of the products into their identities and to communicate how they define themselves to others (Holt, 1995). Because luxury brands symbolize an affluent lifestyle (Dittmar, 1994), consumers use luxury brands as an important tool to signal wealth, high status, and a group membership to upper socio-economic class. Therefore, perceived social value of a luxury brand is particularly important for consumers who seek high social status (Vigneron & Johnson, 2004).

Perceived exclusive value is the value concerned with exclusivity and rarity of a luxury brand (Wiedmann et al., 2009). Scarcity is an important aspect of luxury brands as it helps consumers feel unique and special (Tsai et al., 2013) and it increases the value and dream of the brands (Brock, 1968; Dubois & Paternault, 1995). Empirical evidence confirmed that consumers regarded a scarce luxury brand as being valuable and desirable because it could enhance their image by signifying that they are unique and different from the rest of the others (Verhallen, 1982; Verhallen & Robben, 1994; Vigneron & Johnson, 2004). Thus, when a luxury product becomes available to everyone, it would no longer be regarded as luxury because it loses exclusive value (Wiedmann et al., 2009).

Perceived quality value is defined as a consumer's subjective belief that products of a luxury brand are of superior quality and performance (Wiedmann et al., 2009). Luxury brands are made of the best materials and hand-finished to ensure high quality (Fionda & Moore, 2008). Consumers regard this superior quality as a fundamental aspect of a luxury brand (Quelch, 1987). In addition, because high price is often linked to high

quality (Rao & Monroe, 1989), consumers expect expensive luxury brands to have a high perceived quality value (Shukla & Purani, 2012).

Status Consumption and Luxury Consumption

Status is defined as the respect and admiration received by others based on a person's social standing (Anderson, Hildreth, & Howland, 2015). Humans have innate desire to acquire status (Eastman et al., 1999). People have used consumption as a way to enhance and/or signal status both for themselves and other people. Such consumption driven by the desire for status is called status consumption. (Eastman et al., 1999). Consumer researchers have regarded consumption of luxury brands as a form of status consumption (Phau & Prendergast, 2000).

An American economist and sociologist Veblen (1899) was the first scholar to attend to the consumption pattern driven by the desire to obtain status. In his seminal book, *The Theory of the Leisure Class*, he explained that the high social class consumers buy and display expensive, luxury goods to signal wealth and social status. He named this consumption behavior conspicuous consumption, focusing on the desire to visibly display the wealth. He states that being able to consume the best, costly goods is a mark of superiority and evidence of one's membership to the qualified high-status group. Thus, making such goods visible to others is an important way to earn reputation as a member of the high class.

Veblen's (1899) theory is significant in that it goes beyond the narrow, instrumental economic views on consumption and takes account of social and cultural changes to explain consumption (*Conspicuous Consumption*, 2012). Since Veblen's

theory (1899), status consumption has been studied, understood, and theorized by scholars in various fields (e.g., economics, social psychology, consumer behavior).

An economist, Mason (1992), expanded the scope of the Veblen's theory (1899) by claiming that status consumption is not exclusive to the wealthy. Rather, it occurs in all social classes due to the innate needs to gain recognition for achievement and secure social relationships. He further highlighted the importance of conspicuous purchasing for status goods. The product must have a high social visibility and status-conferring values (i.e., high price, exclusivity, high quality) to be purchased by status seekers for the social recognition purposes. Without being publicly consumed, the status goods lose attractiveness for status seekers.

In social psychology, Sivanathan and Pettit (2010) demonstrated that status consumption can be also private. They examined status consumption as a function of an individual's psychological need for protecting self-integrity rather than signaling status to the outside world. Throughout a series of experiments, the authors demonstrated that when individuals experience self-threats, they engage in status consumption as a compensatory behavior in order to restore self-integrity. Specifically, the results of the studies showed that consumers' valuation of high-status products increases when their self is threatened (Study 1) and when there is no other option to repair self-worth (Study 2).

Consumer behavior researchers deepened our understanding of status consumption beyond the class level discussion of Veblen's (1899) by investigating the individual's desire to conform to ingroup norms. These researchers were interested in a particular driver of status consumption, social norms or normative influences (Chao & Schbor, 1996; Clark, Zboja, & Goldsmith, 2007; Heaney, Goldsmith, & Jusoh, 2005;

O’Cass, 2004). Social norms refer to the social pressure that a member of a certain group is expected to conform to (Burn, 2004). Consumers seek status-laden products in order to fit into the group they identify with and enhance their status within the group (Clark et al., 2007). Multiple instances of empirical research support the notion that normative influence has a positive effect on status consumption for consumers (e.g., Chao & Schbor, 1996; O’Cass, 2004).

While a number of researchers have regarded luxury consumption as a representation of status consumption (e.g., Eastman & Eastman, 2015; Dubois & Paternault, 1995; Kastanakis & Balabanis, 2012; Nelissen & Meijer, 2011; Phau & Prendergast, 2000), there have been very few researchers attempting to theorize the relationship between the two. Nelissen and Meijers’s (2011) research empirically demonstrated that luxury brand consumption is a clear form of status consumption in a modern society. The results of the experiments showed that consuming and displaying luxury brands enhances the status of the wearer to the degree that it provides social benefits. In Study 1, they showed that the person wearing a shirt with a luxury brand label was perceived to have higher status and wealth compared to the one wearing a non-labeled shirt or a shirt with a mass-market brand label. Their Study 2 and 3 demonstrated the social benefits of consuming luxury. When the research confederate was wearing a luxury brand-labeled shirt, compared to wearing a non-labeled shirt, people complied with the confederate’s request more (Study 2) and the confederate was evaluated as more suitable for the job (Study 3). Therefore, this study demonstrates that people can consume luxury brands to enhance their status and receive social benefits.

Need for Status

Researchers have identified that the individual trait variable, need for status, is another major factor influencing status consumption (e.g., Eastman et al., 1999; Husic & Cacic, 2009). Need for status refers to a “tendency to purchase goods and services for the status or social prestige value that they confer on their owners” (Eastman et al., 1999, p. 41). Regardless of consumers’ income or social status, consumers vary in the extent to which they desire status. People with a high need for status constantly surround themselves with visible evidence of the superior status (Eastman et al., 1999), thus engaging more in consumption of luxury goods that symbolize high status.

Studies showed the importance of consumers’ need for status in luxury consumption (e.g., Han et al., 2010; Yang, Zhang, & Mattila, 2016). For example, Han et al., (2010) argued that need for status played a key role in explaining variation among luxury consumers. For examples, their preferences for luxury brands vary based on how conspicuous the logo is. They proposed a taxonomy that categorizes consumers based on their wealth (i.e., affluent vs. less affluent) and need for status (i.e., high vs. low) to demonstrate how the four groups of consumers differ in luxury consumption motives and behaviors. According to their taxonomy, consumers who are wealthy and low in need for status prefer quiet luxury products (e.g., no obvious branding on the products but have distinct styles) that only other people in the same group can notice. On the other hand, consumers who are wealthy and high in need for status prefer luxury products with conspicuous brand logos because they have a strong desire to disassociate and differentiate themselves from less affluent consumers. Consumers who are less affluent and high in need for status tend to purchase conspicuous counterfeit luxury goods due to the lack of financial means and desire to associate with affluent consumers. Lastly,

consumers who are less affluent and low in need for status do not show interests in luxury consumption.

In a luxury hotel shopping context, Yang et al., (2016) demonstrated that effects of price promotions on outcomes are intervened by consumers' need for status. Consumers who are high in need for status exhibited less favorable attitudes and lower likelihood to return when the luxury hotel plans to implement price promotions. On the other hand, those who are low in need for status were not affected by the price promotions. The findings highlight the importance of need for status in luxury consumption. The price promotions of the luxury hotel negatively influenced only the consumers with a high need for status because they have a strong desire to distance themselves from less affluent consumers.

Luxury Brands on Social Media Marketing

As discussed earlier, social media refers to the web-based applications that enable various interactions between the users (Kaplan & Haenlein, 2010). The characteristics of social media can be defined based on five dimensions: 1) openness (i.e., low barriers to access information), 2) participation (i.e., allows users to engage in various activities such as sharing information and ideas), 3) conversation (i.e., enables two-way communications), 4) connectedness (i.e., allows users to build interpersonal ties or social relations), and 5) community (i.e., allows users to create communities based on common interests) (Chan-Olmsted, Cho, & Lee, 2013). These characteristics of social media enable brands to build close, intimate relationships and friendships with consumers (Gummerus, Liljander, Weman, & Pihlström, 2012; Hudson, Huang, Roth, & Madden, 2014).

Research in social media marketing of luxury brands is still new and limited. A few studies reported the positive influences of social media marketing on luxury brands (e.g., Jin, 2012; Kim & Ko, 2010; Kim & Ko, 2012). For example, Kim and Ko (2010) investigated the influences of a luxury brand's social media marketing activities on customer relationship and purchase intention in a survey study. The results revealed that luxury fashion brands' social media marketing is positively related to intimacy, trust, and purchase intention.

In another survey study, Kim and Ko (2012) examined the impact of a luxury fashion brand's social media marketing activities (i.e., entertainment, interaction, trendiness, customization, word of mouth) on customer equity (i.e., value equity, relationship equity, brand equity) among Korean consumers. The results showed that social media marketing activity is positively related to all three drivers of customer equity. However, contrary to the prediction, the three equity drivers had no significantly positive relationship with a luxury brand's customer equity. Particularly, brand equity was negatively related to customer equity. The authors suggested that this result may be attributed to the popularity of the brand (i.e., Louis Vuitton) in the Korean market. This popularity may undermine the scarcity value of the brand, thereby being negatively related to customer equity.

There is a lack of research examining negative outcomes of social media marketing on luxury brands. One exception is a conceptual study of Blasco-Arcas et al. (2016) which proposed that a luxury brand's social media activity may negatively influence the luxury brand because the heterogeneity of consumers on social media can contaminate of the brand image. Building on the concept of social distance and contagion

theory, the authors argued that the mere presence of consumers with a lower social status on a luxury brand's social media page may lower the perceived value of the brand among consumers who seek higher social status.

Theoretical Framework

Construal Level Theory of Psychological Distance

Construal level theory of psychological distance (CLT) (Liberman & Trope, 2008) is a theory that explains the bidirectional causal relationship between a person's subjective experience of distance (i.e., psychological distance) and the person's way of thinking. Construal level refers to a processing mode of interpreting an object or an event (Trope & Liberman, 2010). CLT proposes that there are two levels of mental construals: high-level construals and low-level construals. High-level construals are a way of processing an object in a holistic way. This approach helps one interpret the object abstractly and globally, focusing on primary and core aspects of the object (Trope, Liberman, Wakslak, 2007). At high-level construals, an object is represented in terms of abstract features that convey the essence of the object (Trope & Liberman, 2003). On the other hand, low-level construals are a detail-oriented way of processing an object. This style of processing perceives the object concretely and locally, emphasizing subordinate aspects of the object (Trope et al., 2007). Therefore, at low-level construals, an object is represented in terms of concrete details of the object (Trope & Liberman, 2003).

The theory was originally developed by two social psychologists, Liberman and Trope, who investigated the effects of time on decision making and behavior. A large amount of empirical research has supported the relationship between psychological

distance and construal levels proposed by CLT (e.g., Bar-Anan, Liberman, & Trope, 2006; Fujita, Henderson, Eng, Trope, & Liberman, 2006).

Psychological Distance

Trope and Liberman (2010) define psychological distance as a person's subjective perception of the spatial or temporal distance between an object or an event and the person. Therefore, the reference point of psychological distance is the self (Trope & Liberman, 2010). According to CLT, there are four dimensions of distance that comprise psychological distance: 1) temporal distance, 2) spatial distance, 3) social distance, and 4) hypothetical distance (Liberman & Trope, 1998; Trope & Liberman, 2003). These four dimensions of psychological distance are interrelated, and people relate each dimension of distance to the others assuming that something distant in one way will be distant in all other ways (Maglio, Trope, & Liberman, 2013).

Temporal distance refers to the perceived distance in time between the perceiver's present time and the time of an event (Trope & Liberman, 2010). A person will perceive an event as more temporally distant if it happens next year than tomorrow. Spatial distance is defined as the perceived distance in physical space between the location of a person and that of a target object or event (Trope & Liberman, 2010). For instance, a person living in New York will perceive Los Angeles as more spatially distant than Philadelphia. Social distance refers to the extent to which a target person or object is related to the self. For example, a person will perceive one's friend as more socially close than a stranger. Lastly, hypothetical distance refers to the perceived probability of an event occurring (Trope & Liberman, 2010). For example, snowing in the winter is hypothetically closer than snowing in the summer. To summarize, an event is perceived

as psychologically distant if it happens in the far future (vs. near future), occurs in physically remote places (vs. near places), is less (vs. more) related to the self, and is less (vs. more) likely to occur.

Studies have shown the effect of interrelationships among the dimensions of psychological distance on individuals' behavior. Kim et al., (2008) found that temporal distance and social distance jointly affect consumers' product evaluations. Specifically, they found that when both temporal and social distance are proximal, the value associated with low-level construals (i.e., secondary and surface features of events) influence consumer product evaluations more strongly than the value associated with high-level construals (i.e., primary and core features of events). Also, Zhao and Xie (2011) found that there is a significant interaction effect between temporal distance and social distance on product evaluation. Participants evaluated a product recommended from socially close groups more favorably when the decision was temporally close, whereas a product recommended from socially distant groups more favorably when the decision was temporally distant.

The Impact of Psychological Distance on Consumer Behavior

Trust is a particularly important variable in the context of online consumer behavior because consumers feel they lack control over their personal information and a physical access to an online retailer (Hoffman, Novak, & Peralta, 1999). Previous research findings suggest that psychological distance negatively affects consumer trust in online retailers because psychological distance increases uncertainty (Darke et al., 2016; Edwards et al., 2009). Therefore, reducing psychological distance between an online retailer and consumers is crucial for building trust of the retailer. For example, Edwards

et al., (2009) examined the impact of the psychological distance of an online retailer elicited by the spatial distance on consumer decisions. The results showed that reduced psychological distance created by feelings of familiarity and similarity between an online retailer's physical location and the consumer's physical location increased retailer trustworthiness. Similarly, Darke et al., (2016) found that psychological distance of an online retailer triggered by spatial and social distance contributes to distrust and reluctance to purchase online due to uncertainty.

Hypotheses Development

Psychological Distance of Luxury Brands

One of the core principles of luxury brand management is creating psychological distance between luxury brands and the mass-market (Kapferer, 1997; Kapferer & Bastien, 2017; Wiedmann et al., 2009). In the current research, psychological distance of a luxury brand is defined as consumers' subjective perception of the distance between a luxury brand and the mass-market consumers. As discussed earlier, luxury brand consumption is driven by the desire to enhance one's social status and to own an exclusive product that only a small number of people can possess. Therefore, from the perspective of luxury consumers, they identify with the luxury brands and distance themselves from average mass-market consumers. Therefore, while CLT proposes that a reference point of psychological distance is the self, the luxury brand serves as a proxy of the self in the context of the current study.

Luxury brands evoke perceptions of rarity and exclusivity due to the difficulty of attaining them (Miyazaki, Grewal, & Goodstein, 2005), which enlarges the perception of psychological distance between the luxury brands and the average consumers. Luxury

brands strategically limit attainability of the brand by tightly controlling many aspects of their business practices such as the price of products, distribution channels, aesthetic dimensions of products (Kapferer, 1997) to maintain the perception of exclusivity among consumers. In addition, luxury brand advertisements communicate superiority, exclusivity, and distance by invoking social segregation, and exclusion (Jiang, Gao, Huang, DeWall, & Zhou, 2014). Therefore, the following hypothesis is proposed.

H1: Luxury brands will be perceived as more psychologically distant than mass-market brands.

Sources of Psychological Distance of Luxury Brands within a Social Media Context

The current research argues that the interactive social media environment may be a “double edged sword” that could harm brand values by reducing psychological distance of luxury brands to mass market consumers. As previously discussed, there are different types of distance that comprise psychological distance. Focusing on the social and temporal dimensions of psychological distance, this study proposes three sources that may influence psychological distance: a luxury brand’s consumer engagement strategy, the formality of engagement between a luxury brand and consumers, and a luxury brand’s response time to a user’s message.

Luxury Brand’s Consumer Engagement Strategy. Social media has become a place for creating consumer engagements through repeated conversations and exchanges between brands and users (Brodie et al., 2011; Tsimonis & Dimitriadis, 2014). Consumer engagement refers to a connection that is built with interactive, co-creative experiences between a brand and consumers (Brodie et al., 2011). For example, brands engage with consumers through responding to consumer comments, publishing user-generated

contents on the brands' social media page, and posting interactive content such as clickable icons or a quiz that consumers can take (Heavey, 2017).

An engagement level between a brand and consumers on social media can range from high to low (Gilbert & Karahalios, 2009). For instance, luxury brands may actively engage with consumers by responding to consumer comments or encouraging them to engage in the brand's social media events. Luxury brands with a low level of consumer engagement may selectively respond to consumers' comments and just focus on communicating their brand messages without encouraging consumer activities on social media. A high level of consumer engagement refers to an intimate, close relationship between a brand and consumers (Sashi, 2012).

A luxury brand's consumer engagement strategy is an indicator of psychological distance imposed by the luxury brand. If a luxury brand's strategy aims to achieve a high level of consumer engagement, it signifies that the brand is trying to build close, friendly, and intimate social relationships with mass market consumers. Empirical research supported that frequent, extensive engagements between a brand and consumers can lead to greater intimacy and closeness between the brand and the consumers (Hudson et al., 2014) and give consumers feelings of friendship (Gummerus et al., 2012).

Also, Akerlof's (1997) model of social distance proposes that social distance is influenced based on the amount of interaction between people. At a group level, Bourdieu (1989) argues that social distance represents a symbolic space between status groups with different lifestyles, and people who are socially distant rarely interact.

In this sense, a high level of consumer engagement on social media is likely to reduce psychological distance of luxury brands. Therefore, the following hypothesis is developed.

H2: A luxury brand with a high (vs. low) consumer engagement strategy will be perceived as psychologically closer (vs. distant).

Formality of Engagement between Luxury Brands and Consumers. Previous research demonstrates that formality represents a form of social distance which influences psychological distance (Slepian, Ferber, Gold, & Rutchick, 2015; Stephan, Liberman, & Trope, 2010; Tu & McIssac, 2002). For example, in the context of online classes, Tu and McIssac (2002) found that the formality of the communication between the instructor and the students (e.g., messages and comments) increased psychological distance because it decreased intimacy.

In social media environments, engagements can range greatly from casual to formal (Gilbert & Karahalios, 2009). Casual engagements are the interactions that involve relaxed and less formal language (Ephlux, 2009) which can be applied to social media marketing through friendly greetings, inviting tones, the use of emoticons, and the use of informal language in brand postings and interactions with users. These casual engagements are used by brands to reduce the distance with users. On the other hand, formal engagements are the interactions that follow a set of rules (Ephlux, 2009). Formal engagements can be applied to social marketing through formal greeting, conservative tones, and the use of formal language in brand postings and conversations with users. These formal engagements are used when brands want to maintain certain distance with users.

The formality of engagement is likely to increase consumers' perceptions of psychological distance between luxury brands and the mass-market consumers. Because causal engagements between luxury brands and consumers can give feelings of intimacy and approachability, they may reduce consumers' perceived social distance of the brand. On the other hand, formal engagements can widen the distance between consumers and the brand because formality decreases intimacy and approachability. Therefore, this study proposes that casual engagements between luxury brands and consumers will reduce psychological distance of the brands by decreasing perceived social distance of the brand.

H3: When a luxury brand displays casual (vs. formal) engagements with consumers on social media, it will be perceived as less (vs. more) psychologically distant.

Luxury Brands' Response Time to A User's Message. As discussed earlier, temporal distance is the time between the perceiver's time and the target event. Therefore, an event happening in the near future compared to the far future is perceived as psychologically close. Applying this concept of temporal distance, a luxury brand's response time to a user's message can influence psychological distance of a luxury brand.

Social media, such as Facebook, has a messaging feature that allows consumers to reach out to luxury brands. This messaging feature displays the average message response time in the message box based on prior patterns of communications. For example, a luxury brand Burberry displays that they will typically respond to users' messages immediately, whereas Louis Vuitton says within several hours.

When a luxury brand responds to a consumer's message within a minute, compared to within 24 hours, the luxury brand will be perceived as temporally closer to the consumer. Moreover, this immediate response of a luxury brand will decrease

perceived temporal and social distance of the brand to mass-market consumers, thereby reducing psychological distance of the brand. Therefore, the following hypothesis is formulated.

H4: When a luxury brand's response time to a user's message is shorter (vs. longer), it will be perceived as less (vs. more) psychologically distant.

Outcomes of Psychological Distance of Luxury Brands

A luxury brand is likely to be less desirable and valuable if it is perceived as psychologically close to mass-market consumers. Recent studies provide supports for this logic (e.g., De Barnier, Falcy, and Valette-Florence, 2012; Fuchs et al., 2013). For example, Fuchs et al., (2013) found that user-designed luxury products, compared to company-designed products, decreased consumer demands for the products. When products were designed by users who were average consumers not by the luxury brands' elite experts, the brand was perceived to be close to mass market consumers which undermined perceived social value.

Similarly, De Barnier et al., (2012) found that accessible luxury brands, which are psychologically closer to mass-market consumers than other luxury brands, were associated with lower perceived social value. Consistent with the aforementioned stream of research, Kapferer and Bastien (2012) claim that luxury brand dilution occurs when the brands become close to undesirable groups of consumers (e.g., mass-market consumers) and when over diffused into the mass-market. Therefore, the following hypotheses are formulated.

H5: A psychologically close (vs. distant) luxury brand will be related to a lower level of (H5a) perceived social value, (H5b) perceived exclusive value, (H5c) perceived quality value, and (H5d) desirability.

Consumers' Need for Status as a Moderator

When psychological distance plays a key role in predicting perceived values and desirability of luxury brands, it is proposed that certain intervening conditions can strengthen or weaken the linkage between psychological distance and the outcome variables. To test this possibility, one critical variable chosen and examined as a moderator based on the literature review is consumers' need for status. Need for status is defined as a personality trait that reflects one's subjective importance of status, thus implying a level of one's conscious effort to separate oneself from lower social classes. Consumers with a high need for status will engage in luxury consumption in order to strive for status and distinguish themselves from those who are in a lower class (Eastman et al., 1999; Yang et al., 2016).

Psychological distance of a luxury brand and need for status are likely to have interaction effects on the evaluations of the luxury brands because consumers with a high need for status tend to prefer psychologically distant luxury brands; Consumers with a high need for status may find psychologically distant luxury brands more attractive because those brands signify status and prestigious identities they seek. When luxury brands are close to average mass-market consumers, consumers with a high need for status may avoid the luxury brands because they want to dissociate themselves from the mass-market consumers. On the other hand, consumers who are low in need for status will not be influenced by psychological distance of luxury brands because they are not

driven to signal status or distance themselves from less affluent consumers through luxury consumption (Eastman et al., 1999; Yang et al., 2016). In sum, the main effects of psychological distance on the outcome variables will be moderated by consumers' need for status. Therefore, the following hypotheses are formulated.

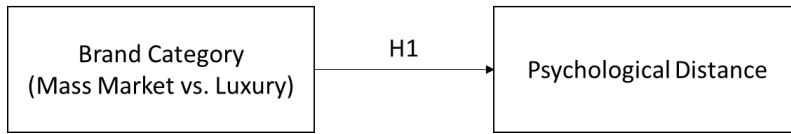
H6: There will be interaction effects between psychological distance of luxury brands and consumers' need for status. Specifically,

a) consumers who are high in need for status will evaluate a luxury brand less valuable and desirable when the luxury brand is psychologically close than distant.

b) consumers who are low in need for status will equally evaluate the luxury brand regardless of its psychological distance.

Figure 1 illustrates the conceptual framework of the current study.

Assumption Testing



: a luxury brand’s consumer engagement strategy, the formality of engagement between a luxury brand and consumers, and a luxury brand’s response time to a user’s message.

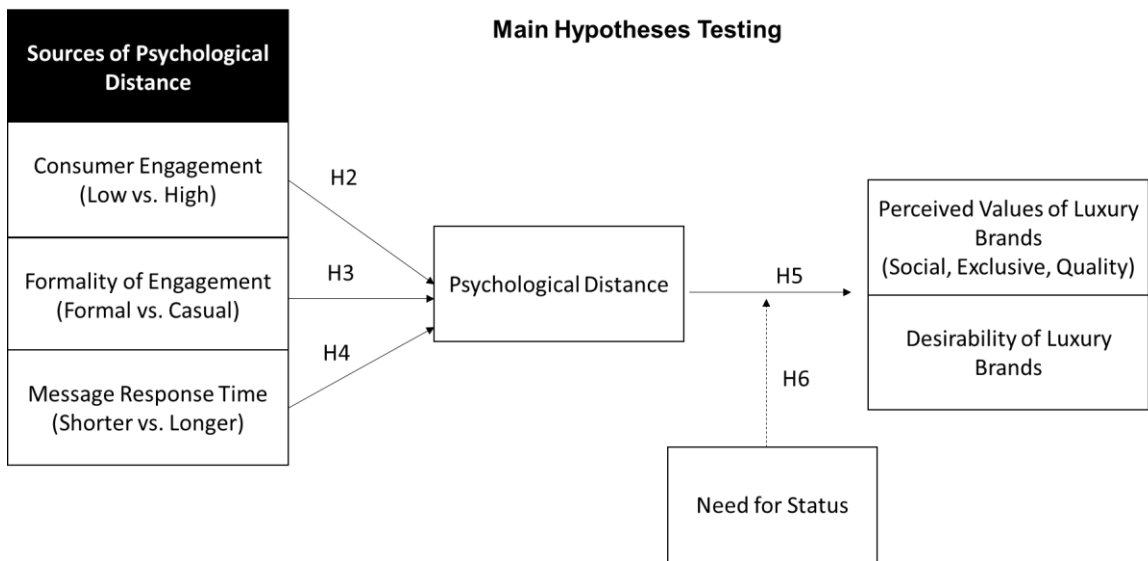


Figure 1. Conceptual Framework

CHAPTER 3

METHODOLOGY and RESULTS

Research Design

In the current study, an experimental design was used to meet the research objectives. One of the important reasons to use experimental designs is to examine causality, the relationship between cause and effect (Walliman, 2006). Experiments manipulate at least one independent variable which contributes to causes, and test the effects of this manipulation on dependent variables (Walliman, 2006). In the current study, a series of online experiments was conducted. In recent years, consumer researchers have used web-based experiments over traditional lab experiments to investigate emerging consumer phenomena in technology-mediated environments (e.g., Bae & Lee, 2011; Hausman & Siekpe, 2008; Lee, Kim, & Kim, 2011). Online experiments provide several advantages for consumer researchers. First, the demographic characteristics of participants in online experiments include a greater diversity than those found in traditional laboratory studies (Reips, 2000). This indicates that the web-based experiments can increase external validity, generalizability of the study.

Second, web experiments are significantly cost and time effective compared to lab experiments. Traditional lab experiments require more time and money than web-based experiments because there are many different factors to be taken care of, such as recruiting participants, scheduling, and reserving rooms. Web-based experiments, on the other hand, can be conducted at participants' preferred locations using their laptops or

PCs. Therefore, web-based experiments enable researchers to collect a large sample in a cost and time effective manner.

Lastly, web-based experiments minimize experimental biases, or the experimental expectancy effect (Reips, 2000). In the traditional laboratory setting, the presence of experimenters may influence participants' responses. Since web-based experiments can be conducted without the presence of experimenters, it will reduce potential biases.

However, one of the common problems of web-based experiments is that, when users of a marketplace platform organized and managed by a firm (e.g., Amazon MTurk) are recruited, they may participate in a study more than once (Reips, 2000). In this study, the researcher used TurkPrime, an advanced platform that can exclude previous participants in order to prevent multiple submissions from the same participant.

In addition, web-based experiments may have weaker experimental control compared to traditional laboratory experiments. Unlike lab experiments, since there is no experimenter present in web-based experiments, participants may take the experiment less seriously and read experimental instructions carelessly (Anderhub, Müller, & Schmidt, 2001; Shavit, Sonsino, & Benzion, 2001). Although these issues may not be fixable, some researchers reported that web-based experiments can be equally meaningful as controlled lab experiments (Hergueux & Jacquemet, 2015; Schoeffler, Stöter, Bayerlein, Edler, & Herre, 2013). Against the criticism of weaker experimental controls of web-based experiments, studies have demonstrated that web-based experiments successfully replicate the findings of laboratory experiments. For example, Schoeffler et al. (2013) compared the results of auditory experiments which were conducted online (N = 1,168) versus offline laboratory (N = 62). The results showed that there were no

significant differences between the two experiments. While the lack of experimental control may not be a serious concern, participants' involvement in the experiment was evaluated and used for data cleaning. The duration of experiment participation for each participant was inspected and responses of participants who complete the experiment too fast or too slow were removed from the data.

Sampling Frame

The population of this study was individuals who are 18 and older living in the United States. Non-probability sampling using web-based data collection services, Amazon Mechanical Turk for pilot studies and Turk Prime for the main studies, were used because they offer an easy access to the desired sample. Since the introduction of MTurk to academia, a great number of researchers have been using MTurk to recruit participants for their research as it provides many advantages. Research has shown that MTurk panel participants are more diverse and representative of the general population in terms of demographic dimensions than convenience samples or typical American college samples (Berinsky, Huber, & Lenz, 2012; Ross, Zaldívar, Irani, & Tomlinson, 2009). Thus, testing research hypotheses with the MTurk panel will increase the external validity of results.

In terms of the quality of the data collected through Mturk, research has demonstrated that data collected from Mturk is as reliable as those obtained via other online samples and traditional methods (Buhrmester, Kwang, & Gosling, 2011; Goodman, Cryder, & Cheema, 2013). Moreover, Mturk allows quick, easy access to potential research participants at a low cost (Goodman et al., 2013). Therefore, Mturk was used to recruit participants of the current study acknowledging these strengths.

Overview of the Research

This research completed three pilot studies and three main studies to achieve the research objectives. Pilot study 1 tested Hypothesis 1 which predicts luxury brands are psychologically more distant than mainstream brands. Pilot Study 2 was conducted to develop manipulation methods and test reliability measures prior to the main studies. Pilot study 3 was designed to test the ease of answering the psychological distance measurement items. Next, the final measurement items were developed.

Three main studies were conducted to test the proposed hypotheses. Study 1 was conducted to test the effect of the consumer engagement strategy on psychological distance (H2) and its impact of perceived values and desirability (H5), and the moderating role of need for status (NFS) (H6). Study 2 and 3 tested effects of specific social media marketing tactics. Study 2 focused on testing the effect of the level of formality of engagements on psychological distance (H3) and its impact on outcome variables (H5) and the moderating role of NFS (H6). Lastly, Study 3 tested the effect of the message response time on psychological distance (H4) and its impact on outcome variables (H5), and the moderating role of NFS (H6).

Pilot Study 1

The objective of pilot study 1 was to provide a preliminary test of the prediction that luxury brands, compared to mainstream brands, will be perceived as more psychologically distant (H1).

Study Design and Stimuli Development

The study used a 2 (brand category: luxury vs. mainstream) x 2 (brand replicates) mixed-model design in which the brand category was a between-subjects factor and the

brand replicates were a within-subject factor. Following previous research on categorizing apparel brands based on brand associations (Dew & Kwon, 2010; Fuchs et al., 2013), Versace and Prada were used as the luxury brand replicates and American Eagle and Old Navy were used as the mainstream brand replicates.

Instruments

The measurement items of psychological distance and brand awareness were adopted from previous research (see Table 3). In order to rule out the possible confounding effects of brand awareness on the results of the study, the scales of brand awareness were included.

Table 3

Measurement Items (Pilot Study 1)

| Variables | Items | Scale |
|--|---|--|
| Psychological Distance (Darke et al., 2016) | When I think about the brand and its characteristics, I think it is.... physically close– physically distant socially close– socially distant temporally close– temporally distant | Seven-point semantic differential scales |
| Brand Awareness (Aaker, 1996) | I know what this brand is. I have an opinion about this brand. I have heard of this brand. I am aware of this brand. | 1= strongly disagree, 7 = strongly agree |

Data Collection and Experimental Procedure

Participants were recruited from Amazon MTurk for \$.40. The study was advertised as a consumer brand perception study. Once they click the link of the study, participants were asked to read the consent form of the study on the first page. Once they agree to participate, they began by answering a screening question (i.e., age). Only when participants met the study's inclusion criteria, they were able to proceed to participate in the study. The participants were told that the researcher was interested in their perception of two apparel brands. Next, participants were randomly assigned to one of the two brand category conditions (i.e., luxury vs. mainstream) in which two different brands for each category were presented in a random order. The participants were provided with the name of each brand and then asked to complete the measures of psychological distance and brand awareness. Lastly, they answered questions related to demographic information such as gender and income.

Results

Participant characteristics. Fifty-nine MTurk workers (male = 65%, mean age = 28 years) participated in the study. The median household income of participants ranged from \$30,000 to \$49,999.

Measurement reliability. The measurements of psychological distance and brand awareness showed satisfactory reliability (Cronbach's *alpha* coefficients were .79 for psychological distance, .83 for brand awareness). Therefore, the item scores for each variable were averaged to create indices and used for the hypothesis testing.

Hypothesis testing. Prior to testing H1, the mean score of brand awareness for each of the four stimuli brands was compared using an Independent sample t-test. The

results revealed that there were no significant mean differences among the four brands ($p > .05$). Therefore, the results support a conclusion that any difference in response to the dependent measure could not be due to brand awareness. Next, the mean scores of psychological distance of Versace and Prada were collapsed and averaged, and the mean scores of psychological distance of American Eagle and Old Navy were collapsed and averaged. The results of Independent sample t-test showed that luxury brands, compared to mainstream brands, were perceived as more psychologically distant, as predicted in H1 ($M_{\text{luxury}} = 4.66$ vs. $M_{\text{mainstream}} = 3.63$; $t(116) = 4.59$, $p = .00$) (see Table 4). Therefore, hypothesis 1 was supported.

Table 4

Summary of Independent Sample T-tests (Pilot Study 1)

| Variables | Luxury Brands | | Mainstream Brands | | t(116) | P-value |
|------------------------|---------------|------|-------------------|------|--------|---------|
| | Mean | SD | Mean | SD | | |
| Psychological Distance | 4.66 | 1.33 | 3.63 | 1.10 | 4.59 | .00 |
| Brand Awareness | 5.60 | 1.17 | 5.47 | 1.32 | .57 | .57 |

Discussion

The results of Pilot Study 1 provide support for the preliminary assumption of the research: luxury brands are inherently psychologically more distant than mass market brands. This was a condition that needed to be met to continue with other hypotheses, as the research is built on the argument that luxury brands need to maintain a psychological distance from consumers. Also, the results rule out the possible effect of brand awareness, as there were no significant mean differences among the four stimuli brands.

Pilot Study 2

The objectives of Pilot Study 2 were to develop a manipulation method and test the reliability of the measurement items prior to the main experimental studies. A luxury brand's consumer engagement strategy was chosen (H2) to meet the objectives.

Study Design and Stimuli Development

A single factor (consumer engagement strategy: high engagement vs. low engagement) between-subjects design was used. To manipulate the consumer engagement strategy, two versions of a relatively unknown luxury watch brand (i.e., Vacheron Constantin)'s mock Facebook pages, varying the degree of responsiveness to consumers' comments and consumer participations, were created. Compared to a very famous luxury watch brand such as Rolex, Vacheron Constantin has significantly less followers on social media (6M vs. 510K on Facebook), implying a relatively lower level of brand awareness. Using a relatively unknown luxury brand can minimize possible confounding effects resulting from previous perceptions about the brand.

For the high level of consumer engagement condition, the luxury brand responded to consumers' comments on the brand's Facebook posting in a friendly way with use of emojis. Also, the brand encouraged consumers to share their photos using a brand hashtag and displayed consumers photos wearing the brand's products on its Facebook page. For the low level of consumer engagement condition, the luxury brand did not respond to any consumers' comments on its Facebook posting. Also, it only displayed the images of their products and did not show any images of consumers wearing their products (see Appendix A for the stimuli).

Instruments

Psychological distance. The three semantic differential items from Pilot Study 1 were used to assess psychological distance (see Table 5).

Perceived social value. Because perceived social value of luxury brands is characterized by conspicuousness and high social status (Vigneron & Johnson, 2004; Wiedmann et al., 2009), the measurement items that assess status and conspicuousness of luxury brands are adopted (Truong, Simmons, McColl, & Kitchen, 2008). The measures consist of six 7-point Likert rating items (e.g., To what extent can this brand indicate a person's social status? 1=Not at all, 7=Very much) and it was reported to be reliable (Cronbach's alpha = .90) (Truong et al., 2008).

Perceived exclusive value. Perceived exclusive value is concerned with exclusivity and rarity of a luxury brand (Wiedmann et al., 2009). It is assessed by using a measure developed by Hung et al., (2011) and Lee, Chen, and Wang (2015). The two 7-point Likert scale items asks participants' perception of rarity and exclusiveness of a luxury brand's products (e.g., The brand's product is exclusive. 1=strongly disagree, 7=strongly agree). The reported reliability was .88 (Hung et al., 2011).

Perceived quality value. Four items that assess quality and craftiness of luxury brands are used to measure perceived quality value (e.g., The brand's product is crafted. 1=strongly disagree, 7=strongly agree). The items were adapted from Hennings et al. (2013) and Hung et al., (2011). The reported reliability ranges from .62 to .87 (Hennings et al., 2013; Hung et al., 2011).

Brand awareness. Four items that assess the level of brand awareness, which were used in Pilot Study 1 were used again for Pilot Study 2 to measure brand awareness.

Manipulation check. To assess the success of the level of consumer engagement manipulation, one item asking the level of consumer engagement was used (i.e., The level of engagement between the luxury brand and the average consumers is.. low – high) using a 7-point semantic differential scale.

Table 5

Measurement Items of Variables (Pilot Study 2)

| Variables | Items | Scale |
|---------------------------|---|--|
| Psychological Distance | When I think about the brand and its characteristics, I think it is.... physically close– physically distant socially close– socially distant temporally close– temporally distant | Seven-point semantic differential scales |
| Perceived social value | To what extent can this brand indicate a person’s social status? To what extent is this brand a symbol of achievement? To what extent is this brand a symbol of wealth? To what extent is this brand a symbol of prestige? | 1=Not at all, 7 = Very much |
| Exclusive Perceived value | The brand’s product is rare The brand’s product is exclusive. | 1= strongly disagree, 7 = strongly agree |
| Quality Perceived value | The brand’s product has the best quality. The brand’s product has rich workmanship. The brand’s product is crafted. The brand’s product lasts a long time. | 1= strongly disagree, 7 = strongly agree |
| Brand Awareness | I know what this brand is. I have an opinion about this brand. I have heard of this brand. I am aware of this brand. | 1= strongly disagree, 7 = strongly agree |

Data Collection and Experimental Procedure

Participants were recruited from Amazon MTurk for \$.40. The study was advertised as a study about a luxury brand's social media pages. Once they click the link of the study, participants were asked to read the consent form of the study on the first page. Once they agree to participate, they began by answering a screening question (i.e., age). Only when participants met the study's inclusion criteria, they were able to proceed to participate in the study. They were asked to carefully review the brand's Facebook pages presented on the following pages. Participants were randomly assigned to one of the engagement conditions, and viewed the corresponding Facebook pages for their condition. They then responded on questionnaire items measuring perceived values, psychological distance, manipulation check, brand awareness, and demographic information.

In addition, two researchers trained in the area of studies were invited to review the manipulation method and questionnaire to review validity of the manipulation method and the measurement items.

Results

Participant characteristics. A total of 74 participants (male=59.5%, mean age = 34 years) were recruited from Amazon MTurk. The median household income of participants ranged from \$30,000 to \$49,999.

Measurement reliability. All measurements items showed satisfactory reliability (Cronbach's *alpha* coefficients were .78 for psychological distance, .83 for brand awareness, .87 for perceived social value, .75 for perceived exclusive value, and .89 for

perceived quality value). Therefore, the measurement items for each variable were averaged and used for the analysis.

Manipulation check. The manipulation of the level of consumer engagement was successful. Participants in the high level engagement condition (vs. low) indicated that the level of consumer engagement is higher ($M_{\text{high}} = 5.12$ vs. $M_{\text{low}} = 2.31$; $t(72) = 11.34$, $p = .00$).

Analysis. A one-way MANCOVA analysis was performed to test the main effect of the consumer engagement strategy while controlling brand awareness. Although the mean score of brand awareness was relatively low as expected ($M=3.71$), it was entered as a covariate to prevent possible confounding effects. The results showed that there were significant main effects of the consumer engagement strategy on both psychological distance and perceived values (see Table 6).

Table 6

MANCOVA Results

| Variables | High Engagement ($n = 37$) | | Low Engagement ($n = 37$) | | F | P-value |
|---------------------------|---------------------------------|------|--------------------------------|------|-------|---------|
| | Mean | SD | Mean | SD | | |
| | Psychological Distance | 3.41 | 1.23 | 4.15 | | |
| Perceived social value | 4.98 | 1.34 | 5.83 | .96 | 11.17 | <.01 |
| Perceived exclusive value | 4.47 | 1.55 | 5.50 | 1.18 | 10.56 | <.01 |
| Perceived quality value | 5.05 | 1.34 | 5.82 | 1.06 | 8.37 | <.01 |

Discussions

Pilot Study 2 demonstrated the effectiveness of the manipulation of the consumer engagement strategy (i.e., high level of engagement vs. low level of engagement). In addition, the reliability of the measures was satisfactory.

However, the two academic researchers raised concerns about the validity of the study manipulation method and the measures of psychological distance. An important internal validity issue arose because the high level condition stimulus contained a larger amount of visual information (e.g., texts and photos) than the low level condition stimulus. Also, attractiveness of and the attitudes toward the pictures used in the stimuli could not be controlled prior to the experiment. Therefore, it was recommended to control for extraneous factors such as the amount of information, attractiveness, and other responses to images and create the stimuli that only vary in the level of consumer engagement.

In addition, the researchers identified some potential problems related to the difficulty of interpretations of the measurement items of psychological distance. For example, participants could have had a difficult time understanding the meaning of “temporally distant”, which was one of the measurement items of psychological distance. Because difficult-to-answer measurement items reduce the reliability and validity of the measure (Considine, Botti, & Thomas, 2005), it is important for participants to interpret and answer the question easily. Therefore, it was necessary to conduct Pilot Study 3 to further examine the issue of the psychological distance scale.

Pilot Study 3

The purpose of Pilot Study 3 was to evaluate the psychological distance measurement to address concerns raised for the ease of answering and interpreting the measurement items adopted in the previous pilot study.

Study Design and Procedure

Undergraduate students of the University of Minnesota were recruited with an exchange of course credit. Participants were told that the purpose of this study is to check how user-friendly the survey questionnaire items are to readers. First, participants were shown a logo and a description of a hypothetical luxury brand. Next, they were asked to complete the measurement items of psychological distance and indicate how easy or difficult it was for them to answer each item (i.e., How easy was it to understand what the question meant? How easy was it to indicate your answer to the question?) on a 7-point scale ranging from 1 (extremely easy) to 7 (extremely difficult).

Instrument

In addition to the three measurement items from Pilot Study 2 (Darke et al., 2016), five semantic differential measurement items of psychological distance, developed based on and adapted from various researchers (i.e., Dow, 2000; Dow & Karunaratna, 2006; Shin, 2003; Slepian et al., 2015; Zhang & Sapp, 2013) (see Table 7). Specifically, research by Shin (2013) and Zhang and Sapp (2013) highlighted the important concept of psychological distance is approachability. Therefore, the item of approachability (i.e., approachable (1) – inapproachable (7)) was added. The item of distance (i.e., close (1) – distant (7)) was adopted by studies by Zhang and Sapp (2013), Slepian et al., (2015), and Shin (2013). Lastly, research by Dow (2000) and Dow and Karunaratna (2006)

underscored the important concept of accessibility in psychological distance. Thus, the item of accessibility (i.e., accessible (1) – inaccessible (7)) was included.

Results

Participant characteristics. A total of 23 female undergraduate students (mean age = 21 years), participated in the study.

Difficulty of understanding and answering questions. The results showed that the mean value of the difficulty of understanding the measurement item ranged from 2.13 to 5.61 (1=easy, 7=difficult), and the difficulty of answering the measurement item ranged from 2.17 to 5.22. Participants indicated that unapproachability was the easiest one to understand (M=2.13) and to answer (M= 2.17) while temporal distance was the most difficult one to understand (M=5.61) and spatial distance was the most difficult one to answer (M=5.22) (see Table 7).

Discussion

As suspected, the results showed that the measures of psychological distance from Pilot Study 2 were rated as the most difficult items to understand and answer. Therefore, it was decided that the three measurement items (i.e., unapproachability, inaccessibility, and distance) had the lowest points on the difficulty to understand and answer, should be used to measure psychological distance instead. The inter-item reliability of these three items was satisfactory (.75) based on the guideline (Kline, 2013).

Table 7

Mean and Standard Deviations of the Measures

| Measures | Difficulty to understand | | Difficulty to answer | |
|----------|--------------------------|----|----------------------|----|
| | Mean | SD | Mean | SD |

| | | | | |
|-----------------------------|------|------|------|------|
| Unapproachable-Approachable | 2.13 | 1.35 | 2.17 | 1.21 |
| Inaccessible-Accessible | 2.43 | 1.51 | 2.35 | 1.45 |
| Close-Distant | 3.09 | 1.81 | 3.04 | 1.93 |
| Socially Close-Distant | 3.57 | 1.91 | 3.22 | 1.98 |
| Near-Far | 4.04 | 2.16 | 3.91 | 2.18 |
| Immediate-Remote | 4.52 | 1.97 | 3.87 | 1.93 |
| Spatially Close-Distant | 5.30 | 1.81 | 5.22 | 2.17 |
| Temporally Close-Distant | 5.61 | 1.88 | 5.09 | 2.13 |

Instruments

Based on the results of pilot studies and literature review, the final measurement items for the variables in the research model were developed (see Table 8). Dependent measures used in the study include psychological distance, perceived values (i.e., social, exclusive, and quality), and desirability. The moderating variable, need for status, was included as well. In addition, manipulation check questions for the three main studies are included to ensure the independent variables are manipulated as intended.

Final Measurement Items

Psychological distance. Psychological distance is defined as consumers' subjective perception of the distance between a luxury brand and the mass market consumers. Three semantic differential items developed from Pilot Study 2 were used to assess psychological distance. The wording of the scale was adopted from Darke et al. (2016) and modified to the current research context (i.e., To average consumers, I think

the luxury brand X is.... Approachable – Unapproachable, Accessible – Inaccessible, Close – Distant).

Perceived social value. Because perceived social value of luxury brands is characterized by conspicuousness and high social status (Vigneron & Johnson, 2004; Wiedmann et al., 2009), the measurement items that assess status and conspicuousness of luxury brands were adopted (Truong et al., 2008). The measures consist of six 7-point rating items (e.g., To what extent can this brand indicate a person's social status? 1=Not at all, 7=Very much) and it was reported to be reliable (Cronbach's alpha = .90) (Truong et al., 2008).

Perceived exclusive value. Perceived exclusive value is concerned with exclusivity and rarity of a luxury brand (Wiedmann et al., 2009). It is assessed by using a measure developed by Hung et al., (2011) and Lee et al., (2015). The two 7-point Likert scale items ask participants' perception of rarity and exclusiveness of a luxury brand's products (e.g., The brand's product is exclusive. 1=strongly disagree, 7=strongly agree). The reported reliability was .88 (Hung et al., 2011).

Perceived quality value. Four items that assess quality and craftiness of luxury brands are used to measure perceived quality value (e.g., The brand's product is crafted. 1=strongly disagree, 7=strongly agree). The items were adapted from Hennings et al. (2013) and Hung et al., (2011). The reported reliability ranges from .62 to .87 (Hennings et al., 2013; Hung et al., 2011).

Desirability. Previous research measured desirability of certain objects or behavior based on the following two dimensions: Willingness to Pay (Rucker & Galinsky, 2008) and feelings of wanting (Bullen et al., 2010). The current research

adopted the two dimensions to fully capture participants' desirability of luxury brands. First, willingness to pay (WTP) for the luxury brand is measured with an open-ended question asking the highest dollar amount participants would be willing to pay for the luxury brand's product (Rucker & Galinsky, 2008). The dimension of feelings of wanting the luxury brand is measured by three items that assess participants' desire for the luxury brand (e.g., I desire having a product of the brand) by a 7-point scale ranging from 1 (not at all) to 7 (very much).

Need for Status. Need for Status refers to tendency to purchase goods for the status or social prestige value (Eastman et al., 1999). Three measurement items adopted from Eastman et al., (1999) are used to measure Need for Status with a 7-point Likert scale (e.g., I would buy a product just because it has status. 1=strongly disagree, 7=strongly agree). The reported reliability was .83 (Eastman et al., 1999).

Table 8

Final Measurement Items of Variables

| Variables | Items | Scale |
|------------------------|--|--|
| Psychological Distance | To average consumers, I think the luxury brand X is.... Approachable – Unapproachable Accessible – Inaccessible Close – Distant | Seven-point semantic differential scales |
| Desirability | WTP: What is the highest dollar amount you would be willing to pay for a product from the luxury brand you saw? I desire having a product of this luxury brand. I want this luxury brand. I have strong feelings for this luxury brand. | 1 = Not at all, 7 = Very much |

| | | |
|------------------------------|--|--|
| Perceived social value | <p>To what extent can this brand indicate a person's social status?</p> <p>To what extent is this brand a symbol of achievement?</p> <p>To what extent is this brand a symbol of wealth?</p> <p>To what extent is this brand a symbol of prestige?</p> | 1=Not at all, 7 = Very much |
| Perceived exclusive value | <p>The brand's product is rare</p> <p>The brand's product is exclusive.</p> | 1= strongly disagree, 7 = strongly agree |
| Perceived quality value | <p>The brand's product has the best quality.</p> <p>The brand's product has rich workmanship.</p> <p>The brand's product is crafted.</p> <p>The brand's product lasts a long time.</p> | 1= strongly disagree, 7 = strongly agree |
| Need for Status | <p>I would buy a product just because it has status.</p> <p>I would pay more for a product if it had status.</p> <p>I am interested in new products with status.</p> | 1= strongly disagree, 7 = strongly agree |
| Manipulation Checks | | |
| Consumer Engagement Strategy | The level of engagement between the luxury brand and the average consumers is.. low – high | Seven-point semantic differential scales |
| Formality of Engagement | The way the luxury brand interacts with the user is.. casual – formal | |
| Message Response Time | The luxury brand's response to Kelly's message is... slow- fast | |

Study 1

The objectives of Study 1 were to test the impact of the consumer engagement strategy on psychological distance (H2) and on perceived values and desirability of luxury brands (H5), and to test the interaction effects between psychological distance and need for status on perceived values and desirability (H6).

Study Design and Stimuli Development

A 2 (consumer engagement strategy: high engagement vs. low engagement) x 2 (need for status: high vs. low) between-subjects experimental design was utilized.

A fictitious luxury watch brand called “Suisse Majestät” was created to control for prior knowledge and perceptions of brands suggested by Shin and Eastman (2017). Suisse Majestät was described as a leading luxury brand made in Switzerland and the brand’s watches are a symbol of excellence and performance (see Appendix B for the stimuli).

Two scenarios were developed to manipulate the luxury brand’s consumer engagement strategy (high engagement vs. low engagement) on social media. As discussed in Pilot Study 2, showing mock social media pages of a luxury brand may involve possible confounding factors such as the attractiveness of photos and different levels of visual information. Therefore, Study 1 decided to provide written scenarios to manipulate the luxury brand’s consumer engagement strategy.

According to Ellering (2017), brands decide whom to follow and whom to respond to when determining the consumer engagement strategy on social media. Therefore, the level of engagement was manipulated based on the two factors: 1) the brand’s decision to follow back every consumer or follow only celebrities and 2) the

brand's decision to respond to every consumer's comment or selectively respond to a few consumers' comments. Following back every consumer and responding to every consumer's comment are considered as the high level of engagement because the brand tries to build a close, intimate relationship with consumers. On the other hand, following only celebrities and responding to a few consumers' comments are regarded as the low level of engagement because the brand's engagement with consumers is limited. These two factors are usually considered by brands when determining the desired level of consumer engagement on social media (Ellering, 2017).

For the high level of consumer engagement condition, it was described as below:

As a social media strategy, Suisse Majestät has decided to increase engagement with all social media users. Specifically, Suisse Majestät will follow back every social media user who follows or likes Suisse Majestät on social media. Also, Suisse Majestät will reach out social media users who tag the brand and leave a friendly comment on the users' posts or walls.

For the low level of consumer engagement condition, it was described as below:

As a social media strategy, Suisse Majestät has decided to maintain the current level of engagement with social media users. Specifically, Suisse Majestät will only follow social media users who are celebrities or brand ambassadors. Also, Suisse Majestät will selectively respond to few social media users' comments on the brand's social media page.

Instruments

The final measurement items developed after Pilot Study 3 (see Table 8) were used for Study 1. In addition, a manipulation check item asking about the consumer engagement strategy (i.e., The level of engagement between the luxury brand and the average consumers is:(1) low – (7) high) was included. Moreover, one additional measurement item, participants' attitude toward the luxury brand's consumer engagement strategy, was included (i.e., What is your attitude toward the brand's consumer engagement strategy on social media?, 1(very negative) to 7 (Very positive)). This item was included to examine whether the attitude toward the brand's engagement strategy is a good measure to capture the full impact of the luxury brand's consumer engagement strategy. The similar attitude measure has been used by previous researcher (Kim & Ko, 2012) to examine the relationship between the luxury brand's social media strategy and the attitude toward the brand.

Data Collection and Experimental Procedure

MTurk workers who were interested in participating in the research gained access to the online questionnaire link posted on MTurk website. The invitation was restricted to the MTurk workers who reside in the US only. Also, using the function of TurkPrime, participants who completed the pilot studies were excluded from the main study to prevent multiple submissions from the same participant. The offered compensation was 45cents. After being recruited to participate, individuals were asked to read the consent form and answer one qualifying question, whether they were 18 years or older. Individuals who consented to participate and indicated yes to the qualifying question were able to proceed to the main research questionnaire. Individuals who did not

consent to participate and answered no to the qualifying question were directed out of the research project.

To increase representativeness of the sample to the population and generalizability of the study results, participants with a wide range of household income were recruited until the approximate median income of the sample reached to \$59,000, which is US median household income in 2016 (Fred, 2017).

Participants were first introduced to the brand, Suisse Majestät. In order to increase involvement in the scenario, all participants were asked to imagine that they are financially well-off and they are an owner of a top-end Suisse Majestät watch. This technique was used in previous studies using a fictitious brand (Mandel et al., 2006; Shin & Eastman, 2017). Then, the participants were told that they would read about the brand's social media strategy and answer some questions about it.

On the next page, one of the two scenarios was randomly shown to the participants. After reading one of the two scenarios, participants completed a questionnaire that includes the measures of the variables in the research model (i.e., perceived social, exclusive, and quality values, desirability, psychological distance of the luxury brand, need for status), manipulation check item, and demographic questions.

Results

Participant characteristics. A total of 248 participants completed the experiment. Participants' ages ranged from 19 to 74 years, with the average age of 38 years. Hundred thirteen (46%) of participants were men, and a majority of participants (n=192) were Caucasian (80%). Their annual household income ranged from less than \$25,000 to \$100,000 or more. The median household income ranged from \$50,000 to

\$59,000. Almost half of the participants (45%) indicated that they have purchased a luxury brand within the last 12 months and fifty-seven participants (23%) currently follow at least one luxury brand on social media. There was no significant difference in demographic characteristics between the two experimental conditions (see Table 9). This finding demonstrates that any difference in response to the dependent measures could not be due to the demographic characteristics.

Table 9

Participant Characteristics (Study 1)

| Characteristics | | High engagement (n=125) | Low engagement (n=123) | Total (n = 248) |
|--|-----------------------------|----------------------------|---------------------------|--------------------|
| Mean Age | | 38 | 38 | 38 |
| Income | Below \$39,999 | 36 (29%) | 34(28%) | 70 (28%) |
| | Between \$40,000 ~ \$79,999 | 45 (36%) | 46 (37%) | 91 (37%) |
| | Above \$80,000 | 44 (35%) | 43 (35%) | 87 (35%) |
| Purchased a luxury brand within the last 12 months | Yes | 55 (44%) | 55 (45%) | 110 (45%) |
| | No | 70 (56%) | 68 (56%) | 138 (56%) |
| Currently follow at least one luxury brand on social media | Yes | 29 (23%) | 29 (24%) | 58 (23%) |
| | No | 96 (77%) | 94 (76%) | 190 (77%) |

Measurement validity and reliability. Discriminant validity, the extent to which measures of different variables are distinct from one another, was checked through an exploratory factor analysis. The analysis was conducted with maximum likelihood estimation and the direct oblimin rotation. The number of factors was entered to correspond to the number of variables. The results of the factor analysis are presented in

Table 10. The measurement items for each variable were loaded on the same factor, demonstrating discriminant validity of the measures.

Table 10

Factor Loadings of Measurement Items (Study 1)

| Item | Factor | | | | | |
|-----------------------------|------------|------------|------------|------------|-------------|------------|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| Psychological distance 1 | .37 | .22 | .93 | .19 | -.31 | .14 |
| Psychological distance 2 | .22 | .19 | .90 | .16 | -.32 | .18 |
| Psychological distance 2 | .21 | .18 | .87 | .15 | -.31 | .18 |
| Desirability 1 | .42 | .52 | .36 | .63 | -.79 | .43 |
| Desirability 2 | .34 | .59 | .38 | .56 | -.61 | .40 |
| Desirability 3 | .35 | .56 | .35 | .56 | -.71 | .41 |
| Perceived social value 1 | .39 | .56 | .28 | .95 | -.17 | .41 |
| Perceived social value 2 | .37 | .57 | .11 | .70 | .01 | .55 |
| Perceived social value 3 | .44 | .58 | .26 | .86 | -.17 | .50 |
| Perceived social value 4 | .40 | .55 | .25 | .89 | -.17 | .51 |
| Perceived exclusive value 1 | .21 | .35 | .16 | .67 | -.22 | .87 |
| Perceived exclusive value 2 | .29 | .22 | .25 | .60 | -.10 | .72 |
| Perceived quality value 1 | .11 | .81 | .30 | .54 | -.27 | .26 |
| Perceived quality value 2 | .12 | .91 | .27 | .44 | -.15 | .28 |
| Perceived quality value 3 | .02 | .92 | .24 | .37 | -.14 | .32 |
| Perceived quality value 4 | .10 | .89 | .25 | .38 | -.14 | .32 |
| Need for status 1 | .86 | .31 | .31 | .61 | -.23 | .42 |
| Need for status 2 | .91 | .35 | .39 | .54 | -.30 | .39 |
| Need for status 3 | .86 | .35 | .31 | .55 | -.22 | .48 |
| Eigenvalue | 8.53 | 2.23 | 1.89 | 1.25 | 1.10 | .90 |
| Variance explained (%) | 42.65 | 11.13 | 9.47 | 6.23 | 5.30 | 4.46 |
| (Cumulative %) | | | | | | 79.28 |

Note. Loadings larger than .70 were indicated with bold numbers in the table. The results were obtained using ML estimation and a direct oblimin rotation method.

Inter-item reliabilities of all measurement items were determined using Cronbach's *alpha*. The reliability of the measures ranged from .78 to .95 that were either "good" or "excellent" according to the guideline (Kline, 2013). The reliability of the perceived social, exclusive, and quality value measures was .90, .78, and .91,

respectively. The reliability of the measure of psychological distance was .95. The reliability of the need for status items was .86. Therefore, the item scores for each variable were averaged to create indices and used for the hypothesis testing.

Manipulation Check. The analysis of the manipulation check confirmed that the participants who read the high level of consumer engagement strategy scenario perceived the brand had a higher consumer engagement level than those who read the low level of consumer engagement strategy scenario ($M_{\text{high}} = 5.53$ vs. $M_{\text{low}} = 2.42$; $t(246) = 16.13$, $p = .00$). Therefore, the manipulation of the consumer engagement strategy was successful.

Hypothesis Testing. H2 predicts that a luxury brand with a high level of consumer engagement will be perceived as psychologically closer than a luxury brand with a low level of consumer engagement. The results of the t-test showed that the participants in the high level of engagement condition perceived Suisse Majestät to be psychologically closer than the participants in the low level of engagement condition ($M_{\text{high}} = 3.28$ vs $M_{\text{low}} = 4.58$, $t(246) = 6.33$, $p = .00$). Therefore, Hypothesis 2 was supported.

To test the rest of the hypotheses, a two-way MANOVA was performed. Because need for status was not manipulated but the chronic level was measured, participants were divided into the low and high NFS group using a median split (4.5).

Prior to the analysis, the assumptions of MANOVA were tested. First, multicollinearity of dependent variables was examined by looking at correlations between the dependent measures (see Table 11). Perceived social, exclusive, quality values, and desirability were moderately correlated ($r = .56\sim.75$), while WTP showed no or small correlations ($r = .10\sim.15$). Because the correlations were below .85 (Schroeder, 1990), the

assumption of no multicollinearity was not violated. Also, if the correlations are low, it is advised to run separate ANOVAs (French, Macedo, Poulsen, Waterson, & Yy, 2008; Laerd, 2018). Thus, it was decided that social value, exclusive, quality values, and desirability were entered together in the MANOVA analysis, and WTP was separately analyzed by ANOVA.

Table 11

Correlations between Outcome Variables

| | Social value | Exclusive value | Quality value | Desirability | WTP |
|-----------------|--------------|-----------------|---------------|--------------|-----|
| Social value | 1 | | | | |
| Exclusive value | .75** | 1 | | | |
| Quality value | .71** | .69** | 1 | | |
| Desirability | .56** | .40** | .54** | 1 | |
| WTP | .14* | .10 | .10 | .15* | 1 |

* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

Another assumption of MANOVA is homogeneity of variance. Levene's test of equality of error variance was significant, indicating a violation of the assumption. However, MANOVA is robust in the violation of the homogeneity of variance assumption unless the ratio of the smallest variance to largest variance among experimental conditions exceeds 3 or 4 (Ford, 2013; Kurilla, 2015). The examination of the variance showed that the ratios of variances were less than 3 (Table 12). Therefore, it was concluded that MANOVA could be used to test the hypotheses.

Table 12

Ratios of Variances in the Experimental Conditions

| Conditions | Social value | Exclusive value | Quality value | Desirability |
|------------|--------------|-----------------|---------------|--------------|
| | | | | |

| | | | | |
|-----------------|------|------|------|------|
| High engagement | 1.12 | 1.85 | 1.65 | 1.10 |
| Low engagement | .80 | 1.42 | 1.35 | .91 |

A two-way MANOVA with NFS and consumer engagement strategy as independent variables, and brand values and desirability as dependent variables was conducted. First, the main effect of the consumer engagement strategy was examined to test H5, which predicts the effect of the consumer engagement strategy on the outcome variables. The results showed that there was a significant main effect of the consumer engagement strategy (Wilks' $\lambda = .94$, $F(4,241)=3.75$, $p = .01$, partial $\eta^2 = .06$) on perceived social value ($M_{\text{high}} = 5.63$ vs $M_{\text{low}} = 5.90$, $F(1, 244) = 4.97$, $p = .03$) and perceived exclusive value ($M_{\text{high}} = 5.61$ vs $M_{\text{low}} = 5.92$, $F(1, 244) = 4.29$, $p = .04$). However, the engagement strategy did not influence perceived quality value ($M_{\text{high}} = 5.86$ vs $M_{\text{low}} = 5.72$, $F(1, 244) = .12$, $p = .77$) or desirability ($M_{\text{high}} = 5.86$ vs $M_{\text{low}} = 5.72$, $F(1, 244) = 1.03$, $p = .42$) (see Table 13). To test the main effect of psychological distance on WTP, ANOVA was conducted. The results showed that the main effect of psychological distance was significant on WTP ($M_{\text{high}} = 1921.96$ vs $M_{\text{low}} = 4647.85$, ($F(1, 244) = 3.98$, $p = .05$). Therefore, Hypothesis 5 was partially supported.

Table 13

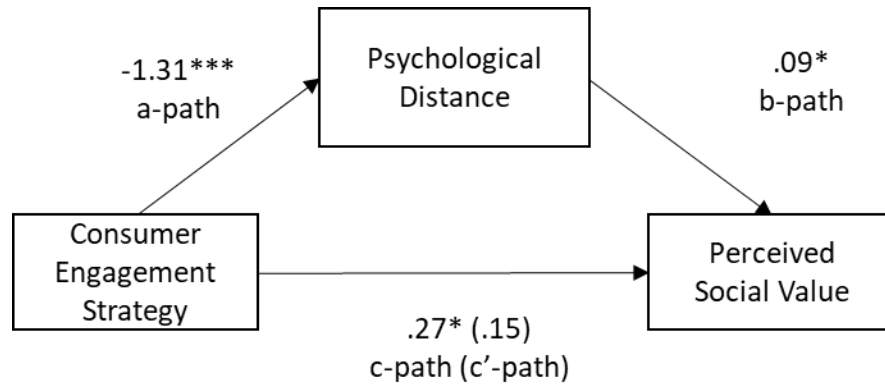
The Main Effect of Consumer Engagement Strategy

| Source | DV | MANOVA | | | ANOVA | | | |
|------------------------------|----|------------------|---------|-------|------------------|--------|---|------------------|
| | | Wilks' λ | F4, 241 | P | Partial η^2 | F1,244 | P | Partial η^2 |
| Consumer engagement strategy | | .94 | 3.75 | .01** | .06 | | | |

| | | | |
|-----------------|------|------|-----|
| Social value | 4.97 | .03* | .02 |
| Exclusive value | 4.29 | .04* | .02 |
| Quality value | .12 | .73 | .00 |
| Desirability | 1.03 | .31 | .00 |

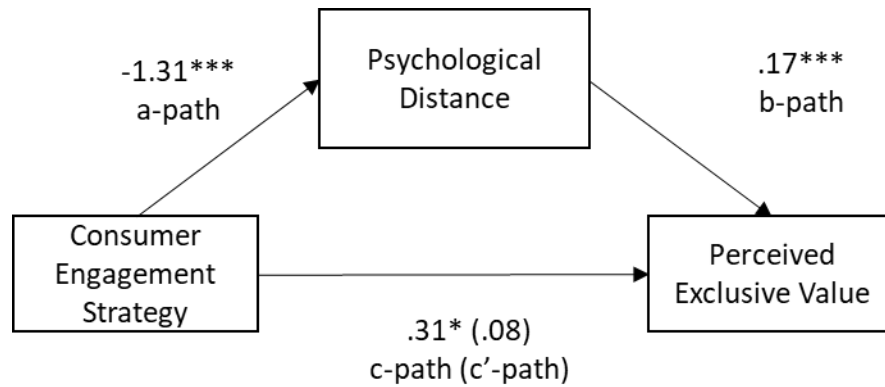
* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

Furthermore, a mediation analysis was conducted to examine the mediating role of psychological distance on the relationship between the consumer engagement strategy and perceived social value, perceived exclusive value, and WTP. The procedure suggested by Zhao, Lynch, and Chen (2010) was followed using the Preachers and Hayes (2008) macro for mediation analysis. The results showed that psychological distance emerged as a full mediator for perceived social and exclusive values, but not for WTP ($b = -.626.40(t(245)=-1.55, p = .12)$). Specifically, psychological distance fully mediated the effect of the consumer engagement strategy on perceived social value ($c=.27(t(245)=2.16, p = .03)$ to $c'=.15(t(245)=1.12, p = .27)$) and perceived exclusive value ($c=.31(t(245)=1.91, p = .05)$ to $c'=.08(t(245)=.49, p = .63)$) (see Figure 2 and 3). Therefore, the results support the full mediation effect of psychological distance. The bootstrapping technique (Zhao et al., 2010) also supported the proposed mediation relationship. When 1,000 bootstrapped samples were used, 95% BCa (bias corrected and accelerated) bootstrap confidence interval did not include zero [perceived social value: .11 to .36; Perceived exclusive value: .03 to .23].



* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

Figure 2. The mediating role of psychological distance on perceived social value.



* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

Figure 3. The mediating role of psychological distance on perceived exclusive value.

Next, the interaction effects between psychological distance and need for status were examined to test H6 which predicts the interaction effects between psychological distance and NFS. The results showed that there were significant interaction effects (Wilks' $\Lambda = .94$, $F(4,241)=3.86$, $p = .01$, partial $\eta^2 = .06$) on perceived exclusive value ($F(1, 244) = 4.69$, $p = .03$) and desirability ($F(1, 244) = 4.01$, $p = .05$) but not on perceived social ($F(1, 244) = .04$, $p = .85$) or quality value ($F(1, 244) = .00$, $p = .99$) (see

Table 14). Also, to test the interaction effect between the psychological distance and need for status on WTP, a two-way ANOVA was conducted. The results showed that the interaction effect was not significant ($F(1, 244) = .18, p = .68$).

Follow-up analyses revealed that the effect of psychological distance was pronounced for the low NFS group (Exclusive value: $M_{\text{distant}} = 5.15, M_{\text{close}} = 5.82, t(114) = 6.44, p = .01$; Desirability: $M_{\text{distant}} = 5.09, M_{\text{close}} = 5.59, t(114) = 1.84, p = .06$) but not for the high NFS group (Exclusive value: $M_{\text{distant}} = 6.02, M_{\text{close}} = 6.00, t(114), p = .94$; Desirability: $M_{\text{distant}} = 6.27, M_{\text{close}} = 6.11, t(114) = .86, p = .39$) (see Figure 4 and 5). That is, participants in the low need for status group perceived the luxury brand as more exclusive and desirable when it is psychologically close than distant.

Table 14

Results of Interaction Effects (Study 1)

| Source | DV | MANOVA | | | ANOVA | | | |
|--|-----------------|------------------|--------------------|-------|------------------|--------------------|------|------------------|
| | | Wilks' λ | F _{4,241} | P | Partial η^2 | F _{1,244} | P | Partial η^2 |
| Psychological distance x Need for status | | .94 | 3.86 | .01** | .06 | | | |
| | Social value | | | | | .04 | .85 | .00 |
| | Exclusive value | | | | | 4.69 | .03* | .02 |
| | Quality value | | | | | .00 | .99 | .00 |
| | Desirability | | | | | 4.01 | .05* | .02 |

* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

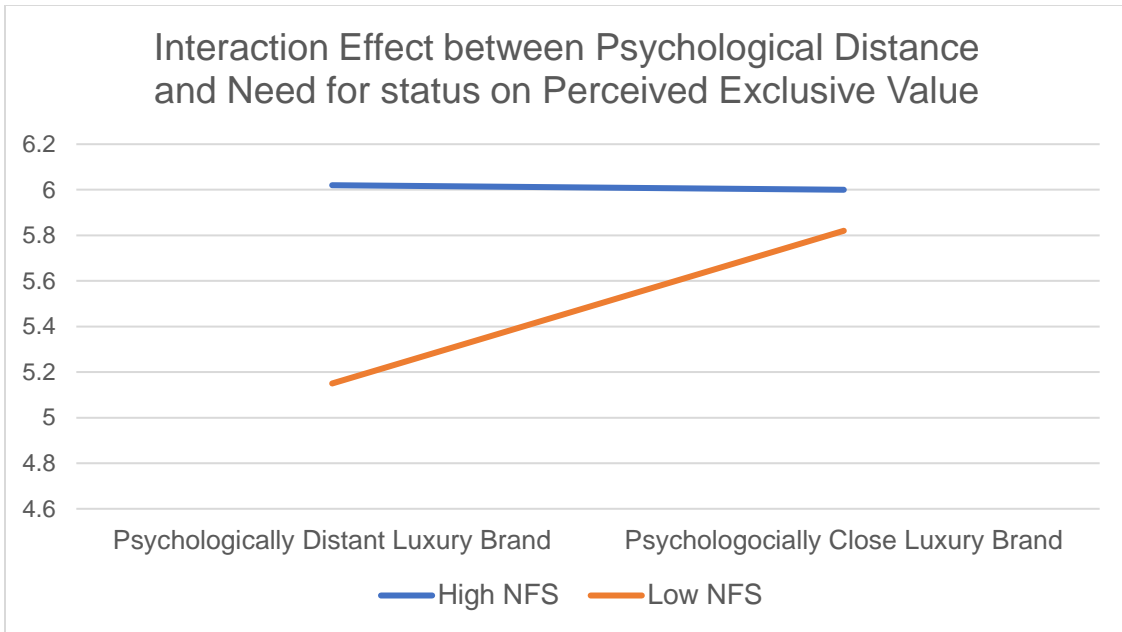


Figure 4. Interaction effect between psychological distance and need for status on perceived exclusive value.

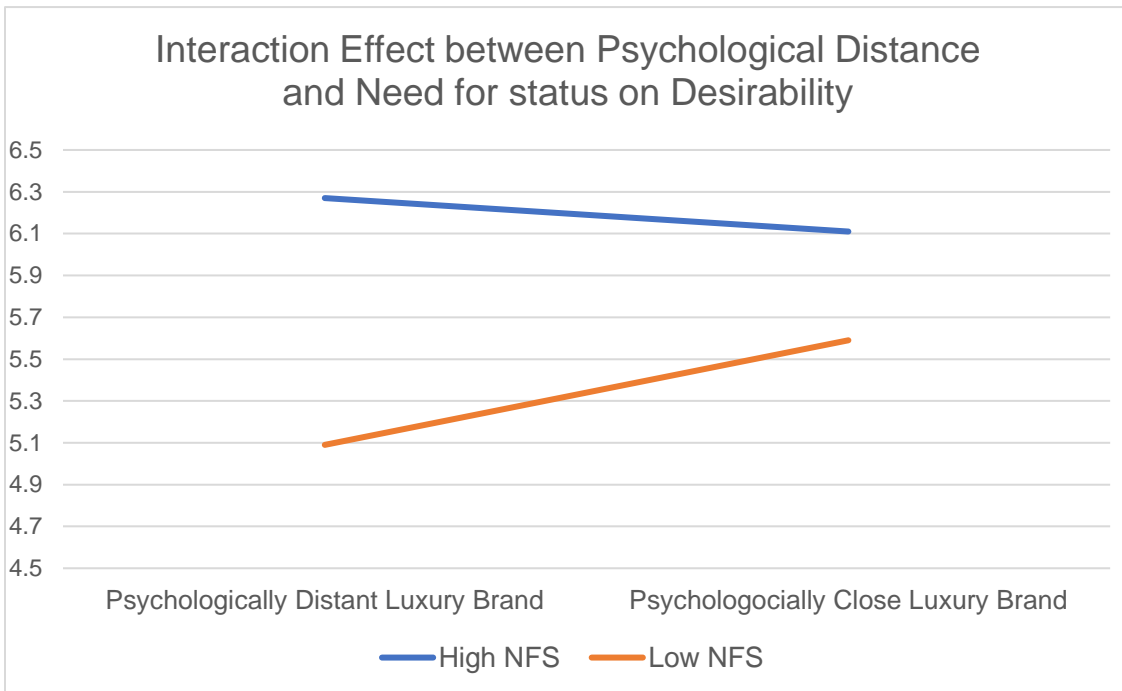


Figure 5. Interaction effect between psychological distance and need for status on desirability.

Lastly, although not hypothesized, an independent sample t-test was conducted to examine whether there is any significance in the mean differences in participants' attitudes toward the luxury brand's consumer engagement strategy between the two-experimental condition. As discussed earlier, this measurement item was added to examine whether the attitude toward the brand's engagement strategy is a good measure to capture the full impact of the luxury brand's consumer engagement strategy. The results showed that participants in the high level of consumer engagement condition reported more positive attitudes toward the brand's consumer engagement strategy than those in the low level of consumer engagement condition ($M_{\text{high}} = 5.46$ vs $M_{\text{low}} = 4.24$, $t(246) = 5.72$, $p = .00$).

Discussion

The results of Study 1 demonstrated that a luxury brand's consumer engagement strategy on social media influences perceived social and exclusive values of the luxury brand, and such relationship is fully mediated by psychological distance.

As hypothesized, the study revealed that a high (vs. low) level of consumer engagement strategy on social media shortened psychological distance between the luxury brand and the consumers. This result is consistent with previous research that found a positive relationship between the level of engagement and psychological distance (Hudson et al., 2014).

Moreover, a strategy to procure a high level of consumer engagement led to lower perceived social value, perceived exclusive value, and WTP, but not perceived quality value or desirability. The mediation analysis demonstrated that psychological distance is the underlying mechanism to explain this effect. Specifically, a high level of consumer

engagement decreased psychological distance of the luxury brand, which in turn decreased the perceived social and exclusive values of the brand. Therefore, the findings, by demonstrating the underlying mechanism, underscore the importance of psychological distance induced by a luxury brand's consumer engagement strategy in determining its perceived social and exclusive values.

The insignificant main effect of the consumer engagement strategy on perceived quality value might be understandable because of the nature of perceived quality value. As discussed earlier, the finding of this study supports the notion that perceived quality value may be more strongly influenced by factors such as price and craftsmanship (Vigneron & Johnson, 2004) than social factors. Thus, the consumer engagement level may not have been a significant factor in determining the perceived quality value of the luxury brand.

Interestingly, the results showed that participants' attitude toward the luxury brand's engagement strategy was more positive in the high consumer engagement condition compared to the low engagement condition. This is in line with the findings of previous research (Kim & Ko, 2012) that a luxury brand's consumer engagement is related to positive attitude toward the brand. However, the results demonstrated that the luxury brand's perceived values were higher in the low engagement condition. This implies that although consumers have positive attitude toward a luxury brand's high level of consumer engagement on social media, it does not necessarily lead to higher perceived values for the brand. Therefore, the results suggest that the attitude measure is not adequate in capturing the impact of a luxury brand's consumer engagement strategy on brand values.

The results showed that the need for status plays a moderating role in the relationship between psychological distance and perceived exclusive value. Contrary to expectations, findings showed that the effect of psychological distance was pronounced for the participants with a low need for status, not those with a high need for status. These results show that consumers with a low need for status perceive the psychologically close luxury brand as having higher exclusive value, while psychological distance does not influence the perception of consumers with a high need for status. The results are inconsistent with previous findings that consumers who are high in need for status show less favorable attitudes toward the luxury products that are associated with average consumers (Yang et al., 2016).

The contradictory results might be understandable in terms of the stimulus of the study. While previous research used a scenario in which the stimulus luxury brand's decision was directly related to its pricing strategy (Yang et al., 2016), this study's stimulus luxury brand's decision was related to its consumer engagement strategy on social media. Compared to pricing strategy, social media engagement strategy is indirectly related to the brand's overall strategy. Therefore, the stimulus of this study might not have been strong enough to influence perceptions of the consumers with a high need for status.

Alternatively, it could be possible that psychological distance may not be a significant factor in influencing the perceptions of luxury brands for consumers with a high need for status. Instead, regardless of its psychological distance, status seeking consumers may have innate favorable attitudes toward luxury brands. This is consistent with Phau and Leng's (2008) research findings in that participants with a high need for

status generally have a more positive attitude toward luxury brands regardless of their country of origin as compared to those with a low need for status.

Contrary to the prediction, the results that showed consumers with a low need for status perceive the psychologically close luxury brand as having higher exclusive value and desirability. It is possible that consumers with a low need for status may prefer psychologically close brands because they do not have desire in owning status-laden luxury goods (Han et al., 2010). Also, consumers with a low need for status may be more familiar with purchasing psychologically close brands (i.e., non-luxury brands), thus leading to more positive evaluations of psychologically close luxury brands.

Study 2

The objectives of Study 2 were to test the impact of the formality of engagements as a social media marketing strategy. Study 2 was conducted in the context of a different kind of luxury brands, an apparel/accessory luxury brand, to represent an array of the luxury industry. The effects of formality on psychological distance (H3) and its impact on perceived values and desirability of luxury brands (H5), and the interaction effects between psychological distance and need for status on the relationships between psychological distance and the outcome variables (H6) were tested.

Study Design and Stimuli Development

A 2 (the level of formality of engagements: casual vs. formal) x 2 (need for status: low vs. high) between-subjects experimental design was employed.

Two versions of a scenario were developed to manipulate the formality of engagement between a luxury brand and an average consumer. A fictitious average consumer named “Kelly” and a fictitious luxury brand called “Meilleur” were created.

Meilleur was described as a luxury brand, specializing in leather handbags, accessories, and shoes. The fictitious consumer and brand were used to control for prior knowledge and perceptions of brands as it was in Study 1. Kelly was described as the prototypical member of average mass market consumers and the lower middle class. Also, it was described that Kelly could not afford luxury goods, but she still has an interest in and desire for luxury brands.

The level of formality of engagement was manipulated through the tone used in conversations, using casual or formal language (Gilbert & Karahalios, 2009). In the casual engagement condition, Meilleur greeted Kelly and responded to her question using a relaxed and informal language (i.e., Hi there, how's it going?, Check out our locations). In the formal engagement condition, Meilleur responded to Kelly's question with conservative tones and formal language (i.e., Dear Madam, may we kindly advise....) (see Appendix C for the stimuli).

Instruments

The same measures and rating scales from Study 1 were adopted for Study 2 expect for the manipulation check item, assessing the formality of engagement (i.e., The way the luxury brand interacts with the user is.. casual (1) – formal (7)).

Data Collection and Experimental Procedure

The same data collection method and the experimental procedure from Study 1 were used for Study 2. Once they responded to the study post, all participants were instructed to read a scenario about an average consumer named Kelly. Next, participants were instructed to imagine that Kelly visited a luxury brand Meilleur's Facebook page and the information about the brand was introduced. It was described that Kelly had left a

comment on Meilleur's post and Meilleur replied to her. They were asked to carefully review the conversation between Kelly and the brand on the next page. Then, participants were randomly assigned to one of the two experimental conditions (casual or formal engagement) and reviewed the conversation accordingly.

After reviewing the conversation, participants completed a questionnaire that includes measures of perceived social, exclusive, and quality values, desirability, psychological distance of the luxury brand, a manipulation check item, need for status, and demographic-related questions.

Results

Participant characteristics. One hundred fifty-four participants completed the experiment. Participants' ages ranged from 20 to 83 years, with an average age of 36 years. Sixty-four (42%) of participants were men and a majority of them ($n=121$) were Caucasian (79%). The median household income was \$50,000 - 59,000. Forty-two participants (27%) indicated that they have purchased a luxury brand within the last two years and nineteen participants (12%) currently follow a luxury brand on social media. There was no significant difference in demographic characteristics between the two experimental conditions (see Table 15).

Table 15

Participant Characteristics (Study 2)

| Characteristics | | Casual ($n=76$) | Formal ($n=78$) | Total ($n = 154$) |
|-----------------|----------------|-------------------|-------------------|---------------------|
| Age | | Average = 35 | Average = 37 | Average = 36 |
| Income | Below \$39,999 | 22 (30%) | 34(31%) | 56 (31%) |

| | | | | |
|--|--------------------------------|----------|----------|-----------|
| | Between \$40,000 ~ \$79,999 | 29 (38%) | 29 (37%) | 58 (37%) |
| | Above \$80,000 | 25 (32%) | 25 (32%) | 50 (32%) |
| Purchased a luxury brand within the last 12 months | Yes | 21 (27%) | 21 (27%) | 42 (27%) |
| | No | 55 (73%) | 56 (73%) | 112 (73%) |
| Currently follow at least one luxury brand on social media | Yes | 9 (12%) | 10 (12%) | 19 (12%) |
| | No | 67 (88%) | 68 (88%) | 135 (88%) |

Measurement validity and reliability. Following the factor analysis from Study1, discriminant validity was checked. The analysis was conducted with maximum likelihood estimation and the direct oblimin rotation. The number of factors was entered to correspond to the number of variables. The results showed that the measurement items for each variable were loaded on the same factor (loadings larger than .70), thus establishing discriminant validity.

The reliability of items addressing each variable was checked with Cronbach's *alpha*. All measures demonstrated good reliability, showing over .75 of Cronbach's *alpha* coefficients.

Manipulation check. Participants assigned to the formal engagement condition perceived the engagement between the luxury brand and the consumer as more formal than those assigned to the casual condition ($M_{\text{casual}} = 4.58$ vs. $M_{\text{formal}} = 5.68$; $t(152) = -3.86$, $p = .00$). Therefore, manipulation of formality of engagement was successful.

Hypothesis testing. Hypothesis 3 predicts that when a luxury brand displays casual engagements with consumers on social media, it will be perceived as psychologically closer compared to when it displays formal engagements. Confirming the prediction, the results showed that a luxury brand with the casual engagement was

perceived as psychologically closer than the one with the formal engagement ($M_{\text{casual}} = 3.67$ vs. $M_{\text{formal}} = 3.22$; $t(152) = 2.16$, $p = .03$). Therefore, hypothesis 3 was supported.

Next, a two-way MANOVA was conducted to test H5 and H6. Similar to Study1, participants were divided into the low and high NFS group using a median split. Prior to the analysis, the correlations between the dependent variables were examined to check for multicollinearity. Similar to the results from Study 1, perceived social, exclusive, quality, and desirability were moderately related ($r = .57\sim.75$), while WTP showed non-significant correlations with the rest of the variables. Therefore, following the procedure from Study 1, perceived social, exclusive, quality, and desirability were entered together in the MANOVA analysis, and WTP was separately analyzed with ANOVA.

Hypothesis 5 stated that a psychologically close (vs. distant) luxury brand would lead to a lower level of perceived values and desirability. The MANOVA result showed that the main effect of the formality of engagement on three perceived values was not significant (Wilks' $\Lambda = .98$, $F(4,147) = .62$, $p = .65$, partial $\eta^2 = .06$) (see Table 16). Also, the results of ANOVA revealed that there was no main effect of psychological distance on WTP ($F(1,150) = .00$, $p = .96$). Therefore, Hypothesis 5 was not supported.

Table 16

The Main Effect of Formality of Engagement and the Interaction Effect between Psychological Distance and Need for Status

| Source | DV | MANOVA | | | ANOVA | | | |
|-------------------------|-----------------|------------------|--------|-----|------------------|--------|-----|------------------|
| | | Wilks' λ | F4,147 | P | Partial η^2 | F1,150 | P | Partial η^2 |
| Formality of engagement | | .98 | .62 | .65 | .06 | | | |
| | Social value | | | | | .02 | .89 | .02 |
| | Exclusive value | | | | | .90 | .35 | .02 |

| | | | | | | | |
|--|-----------------|-----|-----|-----|-----|-----|-----|
| | Quality value | | | | .25 | .62 | .00 |
| | Desirability | | | | .44 | .54 | .00 |
| Psychological distance x Need for status | | .98 | .59 | .67 | .06 | | |
| | Social value | | | | .09 | .76 | .00 |
| | Exclusive value | | | | .01 | .97 | .02 |
| | Quality value | | | | .99 | .32 | .00 |
| | Desirability | | | | .10 | .10 | .02 |

* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

The MANOVA result revealed a statistically non-significant interaction effect between psychological distance and NFS (Wilks' $Lambda = .98$, $F(4, 147) = .59$, $p = .67$, partial $\eta^2 = .06$) (see Table 14). In addition, the results of ANOVA revealed no interaction effect between the psychological distance and need for status on WTP ($F(1,150) = .16$, $p = .69$). Thus, Hypothesis 6 which predicted the interaction effects on dependent variables was not supported.

Discussion

The findings of Study 2 demonstrated that the formality of engagement between a luxury brand and a consumer is a determinant of psychological distance of the luxury brand. A luxury brand engaging with a consumer more formally was perceived to be psychologically more distant than a luxury brand using a casual engagement. This result confirms that a brand's communication style on social media can influence consumers' perception of the distance between the brand and the consumers. The finding is consistent

with the study that showed the effect of formality of communication on psychological distance (Tu & McIssac, 2002).

However, contrary to the hypotheses, there was no main effect or interaction effect of psychological distance on any dependent variables. Although there was no previous research that documented the direct causal relationship between psychological distance prompted by the formality of engagement and perceived values, research found that the formality of engagement influences individuals' experiences and perceptions of the target person (Kehrwald, 2008).

The insignificant effect of formality of engagement may be due to the weak manipulation. While the manipulation was successful, the mean value difference of the manipulation check item (i.e. formality of engagement) between the conditions was small (4.58 vs. 5.68) and the casual condition mean score is also fairly high, above the midpoint of the 7-point rating scale (3.5, 1:casual – 7:formal). Therefore, even the participants in the casual engagement condition might have felt that the engagement between the luxury brand and the consumer was more formal than casual. Such perception could have created the floor effect that prevented the researcher from observing the lower range of the formality of engagement effects.

In addition, it is possible that the experimental scenarios were unable to exert a strong influence on the participants to the degree to change their assessment of fundamental values of the luxury brand. In the experiment, participants were shown only one short incident of engagement between the luxury brand and one mass market consumer. One incident of engagement may not be able to shape one's evaluation. Considering that engagements between a luxury brand and a consumer usually take place

more than once and the relationship is built over time (Brodie, Ilic, Juric, & Hollebeek, 2013), the stimulus may not have been strong enough to influence participants' perceptions about the brand.

Study 3

Study 3 was conducted to test the applicability and the impact of the temporal distance dimension of psychological distance in the social media context. Therefore, the objectives of Study 3 were to test the impact of the message response time on psychological distance (H4) and its impact on perceived values and desirability of luxury brands (H5), and the interaction effect between psychological distance and need for status on the relationships between psychological distance and the outcome variables (H6).

Study Design and Stimuli Development

A 2 (message response time: shorter vs. longer) x 2 (need for status: low vs. high) between-subjects experimental design was employed.

To manipulate message response time, two scenarios were developed. The same fictitious average consumer "Kelly" and the fictitious luxury brand "Meilleur" from Study 2 were used in scenarios. The message response time was manipulated using two different time frames: a minute vs. 24 hours. These time frames are usually used by brands on social media in terms of the response time (Shephyken, 2016). In the shorter message response time condition, participants saw a description that Meilleur replied to Kelly's message within a minute. Also, it was displayed that Meilleur typically replies within a minute time frame. In the longer message response time condition, participants read a description that Meilleur replied to Kelly's message within 24 hours. Also, it was

displayed that Meilleur typically replies within a 24-hour time frame (see Appendix D for the stimuli).

Instruments

The same measures from Study 1 were used for Study 3. In addition, a manipulation item checking how fast the response time of the luxury brand was (i.e., The luxury brand's response to Kelly's message is... slow (1) – fast (7)) added.

Data Collection and Experimental Procedure

The same data collection method and the experimental procedure from Study 1 were used for Study 3. Also, the similar procedure outlined in Study 2 was used to introduce the luxury brand Meilleur and the average consumer Kelly. Once all participants read the information about the luxury brand and the consumer, they were instructed to imagine that Kelly sends a direct message to Meilleur on Facebook to ask some questions. Then, participants were randomly assigned to one of the two experimental conditions: shorter or longer message response time.

After reviewing the message response time scenario, participants completed a questionnaire that includes measures of perceived social, exclusive, and quality values, desirability, psychological distance of the luxury brand, manipulation checks, need for status, and demographic information.

Results

Participant characteristics. One hundred ten participants completed the experiment. Participants' ages ranged from 19 to 68 years, with an average age of 37 years. Forty-five (41%) of participants were men and a majority of them ($n = 72$) were Caucasian (65%). The median household income ranged from \$59,000 to \$59,999.

Thirty-seven participants (34%) indicated that they have purchased a luxury brand within the last two years and fourteen participants (13%) currently follow a luxury brand on social media. Table 17 shows that there are not significant differences in terms of demographic characteristics between the two experimental groups.

Table 17

Participant Characteristics (Study 3)

| Characteristics | | Shorter response (n=54) | Longer response (n=56) | Total (n = 110) |
|--|-----------------------------|----------------------------|---------------------------|--------------------|
| Age | | Average = 36 | Average = 38 | Average = 37 |
| Income | Below \$39,999 | 15 (27%) | 16 (29%) | 31 (28%) |
| | Between \$40,000 ~ \$79,999 | 21 (38%) | 21 (38%) | 42 (38%) |
| | Above \$80,000 | 18 (35%) | 19 (33%) | 37 (34%) |
| Purchased a luxury brand within the last 12 months | Yes | 18 (33%) | 19 (34%) | 37 (34%) |
| | No | 36 (67%) | 37 (68%) | 73 (68%) |
| Currently follow at least one luxury brand on social media | Yes | 6 (11%) | 8 (15%) | 14 (13%) |
| | No | 48 (77%) | 48 (75%) | 96 (87%) |

Measurement validity and reliability. Discriminant validity of the variables was checked following the factor analysis procedure from Study 1. The analysis was conducted with maximum likelihood estimation and the direct oblimin rotation. The number of factors was entered to correspond to the number of variables. The results of the factor analysis showed that the measurement items for each variable were loaded on the same factor (loadings larger than .70). Therefore, discriminant validity of the measures was established.

The inter-item reliability of all instruments was checked with Cronbach's *alpha*. All measures showed satisfactory reliability, showing over .75 of Cronbach's *alpha* coefficients. Thus, the measurement items for each variable were averaged for further analyses.

Manipulation check. Participants assigned to the shorter response time condition ($n=56$) reported that the luxury brand's message response time was shorter than those assigned to the longer response time condition ($n=54$) ($M_{\text{short}} = 5.64$ vs. $M_{\text{long}} = 3.70$; $t(108) = 0.06$, $p = .00$). Therefore, the manipulation of the message response time was successful.

Hypothesis testing. Hypothesis 4 predicts that a luxury brand's shorter response time to a user's message will lead to shorter psychological distance. Confirming the prediction, the results showed that the luxury brand with a shorter response time was perceived as psychologically closer than the one with a longer response time ($M_{\text{short}} = 4.06$ vs. $M_{\text{long}} = 3.48$; $t(108) = 1.92$, $p = .05$). Therefore, hypothesis 4 was supported.

Next, a two-way MANOVA was conducted to test H5 and H6. Similar to Study 1, participants were divided into the low and high NFS group using a median split. Similar to the results from Study 1 and 2, perceived social, exclusive, quality, and desirability were moderately related ($r = .57 \sim .75$), while WTP showed non-significant correlations with the rest of the variables. Therefore, following the same procedure from Study 1 and 2, perceived social, exclusive, quality, and desirability were entered together in the MANOVA analysis, and WTP was separately analyzed by ANOVA.

First, the main effect of psychological distance was examined to test H5 which predicts that psychologically distant luxury brand will result in higher perceived values

and desirability. Opposite of the expectation, the results indicated that the psychologically close luxury brand led to higher perceived quality value ($M_{\text{short}} = 5.44$ vs. $M_{\text{long}} = 4.99$; $F(4, 103) = 4.53$, $p = .02$). In terms of exclusive value, the result was approaching significance while it did not reach the conventional p-level of 0.05 ($M_{\text{short}} = 4.06$ vs. $M_{\text{long}} = 3.48$; $F(4, 103) = 3.97$, $p = .06$). The mean differences in social value and desirability between the two conditions did not reach statistical significance (social value, $F(4, 103) = 2.11$, $p = .08$; desirability, $F(4, 103) = 1.02$, $p = .45$). Also, the results of ANOVA revealed that there was no significant main effect of psychological distance on WTP ($F(1,106) = .40$, $p = .53$). Therefore, Hypothesis 5 was not supported.

Table 18

The Main Effect of Message Response Time

| Source | DV | MANOVA | | | ANOVA | | | |
|-----------------------|-----------------|------------------|--------|------|------------------|--------|------|------------------|
| | | Wilks' λ | F4,103 | P | Partial η^2 | F1,106 | P | Partial η^2 |
| Message response time | | .95 | 3.12 | .03* | .06 | | | |
| | Social value | | | | | 2.11 | .08 | .00 |
| | Exclusive value | | | | | 3.97 | .06 | .02 |
| | Quality value | | | | | 4.53 | .02* | .02 |
| | Desirability | | | | | 1.02 | .45 | .02 |

* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

Following the same procedure for mediation analysis from Study 1, the mediating role of psychological distance on the relationship between the formality of engagement and perceived quality value was examined. The results showed that psychological distance did not mediate the relationship. Specifically, when the formality of engagement and psychological distance were used as predictors of perceived quality value, the effect

of psychological distance became no longer significant ($.11(t(108)=1.98, p = .05)$) to $.07(t(108)=1.21, p =.37)$.

Lastly, the interaction effect between psychological distance and need for status was examined to test H6. The MANOVA results revealed that there was no significant interaction effect between psychological distance and need for status on any outcome variables ($F(4, 103) = .71, p = .40$). In addition, the results of ANOVA revealed no interaction effect between the psychological distance and need for status on WTP ($F(1,106)=1.75, p = .19$). Therefore, Hypothesis 6 was not supported.

Discussion

The results of Study 3 demonstrated that the message response time could influence the psychological distance of luxury brands on social media. However, contrary to the prediction, the psychologically close luxury brand was related to higher perceived exclusive and quality values. Moreover, the results showed no main effect of message response time on perceived social value and desirability of luxury brands.

There are several possible reasons that may explain the findings of the study. In retrospect, it could be possible that a luxury brand's response time to a user's message might not have been a good application of the theory of psychological distance within the context of social media. While the theory claims that the distance between the perceiver's present time and the target event represents temporal distance (Trope & Liberman, 2010), the participants of the current research may have felt that the message response time represents the luxury brand's customer service attentiveness rather than the temporal distance of the brand. Manipulating temporal distance using a scenario of a launch of a luxury brand's products (i.e., in the near future vs. in the far future) or being on a wait list

for a luxury brand's product (i.e., a short waiting list vs. a long waiting list) may represent a better application of the theory.

This finding also might be understandable in terms of the nature of social media. Researchers claim that consumers expect a quick response to any consumer-initiated request on social media due to its instant, real-time nature (He, Zha, & Li, 2013). According to He et al., (2013), brands' timely response time to consumer-generated content on social media increases the competitive advantage of the brands. Another study by Mattila and Mount (2003) showed that response time to consumer complaints was directly related to consumer satisfaction and repurchase intentions. Thus, it could be possible that participants of the current study considered a luxury brand with a shorter response time as being more competitive and responsive, which led to higher perceived exclusive and quality values.

Another possibility for the results may be the use of a hypothetical luxury brand as a stimulus. While Kapferer and Bastien (2012) claim that the desirability of luxury brands increases as consumers go through a series of waiting, the participants of the current study did not experience such a process for the hypothetical luxury brand. Therefore, the results may have been different if the study used a real luxury brand as a stimulus.

CHAPTER 4

SUMMARY, CONCLUSIONS, and IMPLICATIONS

Summary of the Research Project

Researchers have argued that social media can potentially decrease perceived exclusivity and prestige of luxury brands (Blasco-Arcas et al., 2016), but few studies have empirically investigated this argument. The current research attempted to provide empirical evidence that luxury brands' social media marketing tactics can negatively impact perceived values and desirability of the brands. The following section review the key findings of the research project.

The Pilot Study 1 tested the preliminary assumption of the current research that luxury brands are perceived to be more psychologically distant than mass market brands. Using four existing brands (i.e., Versace, Prada, American Eagle, Old Navy), this study employed a 2 (brand category: luxury vs. mainstream) x 2 (brand replicates) mixed-model design in which the brand category was a between-subject factor and the brand replicates were a within-subject factor. Supporting the prediction, luxury brands were perceived to be more psychologically distant than mass market brands. There were no significant mean differences in the level of brand awareness among the brands, meaning brand awareness did not influence the results of the study.

With this confirmation of the core assumption of the study, the three main studies were designed to test the hypotheses. In the main studies, a mock luxury brand was developed as the stimulus to eliminate the pre-existing brand effects. Also, the main studies focused on identifying antecedents of psychological distance and testing the effects of various social media marketing tactics on brand values.

The results of the three main studies successfully demonstrated the determinants of the psychological distance of a luxury brand within the context of social media marketing (H2-H4). Study 1 found that a luxury brand's low level of consumer engagement led to an increase in psychological distance (H2). Study 2 found that a formal engagement was another determining factor in increasing psychological distance (H3). Study 3 revealed that a longer response time to a consumer's message also increased psychological distance (H4).

Next, the three experimental studies were designed to examine the impact of psychological distance triggered by different social media marketing tactics on the outcome variables (H5). Study 1 and Study 2 showed that psychological distance can lead to either increase or decrease in perceived values and desirability of the luxury brand. Study 1 demonstrated that reduced psychological distance triggered by a high level of consumer engagement could lead to lower perceived social and exclusive values. On the other hand, Study 3 found that reduced psychological distance prompted by a luxury brand's shorter response time to a user led to higher perceived quality and exclusivity values. The result of Study 2 did not find the impact of psychological distance resulted from the formality of engagement on any outcome values.

Moreover, all three studies were designed to test the interaction effects between psychological distance and need for status on the outcome variables to identify boundary conditions (H6). While Study 2 and Study 3 did not find significant interactions effects, Study 1 showed significant interaction effects on perceived exclusive value and desirability. However, contrary to the prediction, the effect of psychological distance was pronounced for the low need for status group, not for the high need for status group.

Specifically, participants with a low need for status evaluated the psychologically close luxury brand having higher perceived exclusive value and desirability while participants with a high need for status evaluated the luxury brand positively regardless of psychological distance.

The mixed results of the three experimental studies may be understandable in terms of the manipulation methods. While the manipulation method of Study 1 was designed to increase participants' involvement in the manipulation scenarios, the manipulation methods of Study 2 and Study 3 might not have been effective in increasing participants' involvement. This issue will be discussed in detail in a subsequent section.

The findings of the research project contribute to the understanding of the influence of social media marketing of luxury brands on consumer behavior. Consumers often visit luxury brands' social media pages, but little is known about the role of social media marketing in shaping consumer perception. By showing that various social media marketing tactics have impacts in consumer perceptions of luxury brands, this work extends research on social media marketing of luxury brands.

The findings also support Blasco-Arcas et al.'s (2016) argument that luxury brands' presence on social media can potentially damage values of the luxury brands. Most of research on social media marketing of luxury brands has focused on examining the positive aspects of social media marketing (e.g., Kim & Ko, 2012). This research demonstrates that luxury brands' different social media marketing tactics can affect consumers' perceptions of the brands not only positively but also negatively. Specifically, the results of the research highlighted that it is important to maintain a social distance between a luxury brand and mass market consumers to protect values of the

luxury brand. By moving beyond looking at the preexisting conceptual links and investigating the specific circumstances in which social media marketing can both benefit and damage luxury brands, the results provide an important demonstration of the full impact of social media marketing on consumer behavior.

Table 19

Summary of the Current Research

| Study | Methodology | Related hypotheses | Test Results |
|---------------|---|---|---|
| Pilot Study 1 | a 2 (brand category: luxury vs. mainstream) x 2 (brand replicates) mixed-model design, $n = 54$ | H1: Luxury brands, compared to mass market brands, will be perceived as more psychologically distant. | Supported |
| Study 1 | A 2 (consumer engagement strategy: high engagement vs. low engagement) x 2 (need for status: high vs. low) between-subjects design, $n = 248$ | H2: A luxury brand with a high (vs. low) consumer engagement strategy will be perceived as psychologically closer (vs. distant). H5: A psychologically close (vs. distant) luxury brand will be related to a lower level of (H5a) perceived social value, (H5b) perceived exclusive value, (H5c) perceived quality value, and (H5d) desirability. H6: There will be interaction effects between psychological distance of luxury brands and | Supported Partially Supported Supported |

consumers' need for status.
 Specifically,
 a) consumers who are high in need for status will evaluate a luxury brand less valuable and desirable when the luxury brand is psychologically close than distant.
 b) consumers who are low in need for status will equally evaluate the luxury brand regardless of its psychological distance.

| | | | |
|---------|--|--|---------------|
| Study 2 | A 2 (the level of formality of engagements: casual vs. formal) x 2 (need for status: low vs. high) between-subjects design, <i>n</i> = 154 | H3: When a luxury brand displays casual (vs. formal) engagements with consumers on social media, it will be perceived as less (vs. more) psychologically distant. | Supported |
| | | H5: A psychologically close (vs. distant) luxury brand will be related to a lower level of (H5a) perceived social value, (H5b) perceived exclusive value, (H5c) perceived quality value, and (H5d) desirability. | Not Supported |
| | | H6: There will be interaction effects between psychological distance of luxury brands and consumers' need for status. Specifically, | Not Supported |

| | | | |
|---------|---|--|--|
| | | <p>a) consumers who are high in need for status will evaluate a luxury brand less valuable and desirable when the luxury brand is psychologically close than distant.</p> <p>b) consumers who are low in need for status will equally evaluate the luxury brand regardless of its psychological distance.</p> | |
| Study 3 | <p>A 2 (message response time: shorter vs. longer) x 2 (need for status: low vs. high) between-subjects design, n = 110</p> | <p>H4: When a luxury brand's response time to a user's message is shorter (vs. longer), it will be perceived as less (vs. more) psychologically distant.</p> <p>H5: A psychologically close (vs. distant) luxury brand will be related to a lower level of (H5a) perceived social value, (H5b) perceived exclusive value, (H5c) perceived quality value, and (H5d) desirability.</p> <p>H6: There will be interaction effects between psychological distance of luxury brands and consumers' need for status. Specifically,</p> <p>a) consumers who are high in need for status will evaluate a luxury</p> | <p>Supported</p> <p>Not Supported</p> <p>Not Supported</p> |

brand less valuable and desirable when the luxury brand is psychologically close than distant.

b) consumers who are low in need for status will equally evaluate the luxury brand regardless of its psychological distance.

General Discussion & Conclusions

In this section, the research objectives of the study are revisited with the study findings. The purposes of the current research were threefold. Each research objective will be discussed considering the results from the experiments.

The first objective was to identify the determinants of psychological distance of luxury brands within the context of social media marketing. Based on the literature review, three social media marketing practices that can affect psychological distance of luxury brands were identified. Specifically, psychological distance is affected by a luxury brand's consumer engagement strategy, the formality of engagements between a luxury brand and a consumer, and a luxury brand's response time to a consumer's message. The first two determinants were likely to influence the social distance dimension of psychological distance and the last determinant was likely to influence the temporal distance dimension of psychological distance. Through the three main experiments, these three determinants were empirically tested one at a time. The results across three studies demonstrated these three determinants significantly affected perception of psychological distance of the brand. Specifically, highly engaging, casual, and fast interactions on social

media reduced the psychological distance. Therefore, this research identified the three determinants of psychological distance of luxury brands within the context of social media marketing.

The second objective was to empirically test the impact of psychological distance on perceived values (i.e., social, exclusive, and quality values) and desirability of luxury brands. The three studies had inconsistent findings. Psychological distance triggered by a luxury brand's low level of consumer engagement strategy (hypothesis 2) led to higher perceived social and exclusive values. On the other hand, psychological distance promoted by a luxury brand's longer message response time (hypothesis 4) led to lower perceived exclusive and quality value. Lastly, psychological distance resulted from the formality of engagement (hypothesis 3) did not influence any of the outcome variables. Therefore, the results of the current research are inconclusive in terms of the impact of psychological distance on the outcome variables because of various issues such as the weak manipulation.

The third objective was to test the underlying mechanism and identify a boundary condition by examining the moderating role of consumers' need for status on the relationship between psychological distance and perceived values of luxury brands. The results of the three experiments were inconsistent; while Study 1 showed a significant interaction effect, Study 2 and 3 did not show such effect. These inconsistent findings may be due to the manipulation methods of the studies. While the manipulation methods of Study 2 and Study 3 were based on the relationship between a fictitious luxury brand and a fictitious consumer, named Kelly, the manipulation of Study 1 was based on a more general strategy of the brand and participants were asked to imagine themselves as the

owner of the luxury brand. Therefore, participants' involvement in the manipulation scenario of Study 1 could have been stronger than they were in Study 2 and Study 3. Thus, the results of this research cannot provide a firm conclusion on the interaction effects of psychological distance and need for status on perceived values and desirability of luxury brands.

Implications

Theoretical Implications. From a theoretical point of view, the findings of this research contribute to a body of literature concerning social media marketing of luxury brands. While most of the literature has documented positive aspects of social media on luxury brands (e.g., Kim & Ko, 2012), the current research contributes to the literature by uncovering both positive and negative aspects of social media marketing on luxury brands. Specifically, this study provides empirical evidence that a high level of consumer engagement can damage perceived values of luxury brands by decreasing psychological distance. In addition, this research demonstrated that reduced psychological distance prompted by the shorter message response time can positively benefit luxury brands in terms of perceived exclusive and quality values.

Theoretically, psychological distance has been examined and proven as a meaningful construct that influences consumer behavior outcomes as product evaluations (Kim et al., 2008) and self-control (Kivetz & Simonson, 2002). This study also provides further support that psychological distance is an important construct that influences consumers' perceptions of luxury brands. While previous research has found that reducing psychological distance of online retailers is important for building trust (Darke et al., 2016; Edwards et al., 2009), the current study extends the theory by showing both

circumstances to include either increasing or reducing psychological distance, which is important to protect perceived values of the brands. Thus, this study offers insights concerning the applicability of the construal level theory of psychological distance of luxury brands on social media.

Built on the status consumption literature, this study tested the interaction effects between psychological distance and need for status on perceived values and desirability of luxury brands. While previous research suggests that consumers with a high need for status may not prefer luxury brands that are close to mass market consumers due to disassociation motives (Han et al., 2010; Yang et al., 2016), the findings of Study 1 show that psychological distance between luxury brands and mass market consumers on social media may not be a significant consideration for consumers with a high need for status. Instead, psychological distance influences perceptions of the luxury brands for consumers with a low need for status. Therefore, the findings highlight the significance of psychological distance of luxury brands for consumers with a low need for status, which has been overlooked by researchers.

Managerial implications. The current research findings provide guidelines for luxury brand managers who want to either increase or decrease psychological distance of their brands on social media. Specifically, luxury brands could increase psychological distance by selectively engaging with and following a certain group of consumers, being formal in engagements, and responding to consumers' messages less quickly. On the other hand, if luxury brands want to decrease psychological distance on social media, they should consider extensively engaging with consumers such as responding to all

consumers and following them back, being casual in engagements, and responding to consumers' messages quickly.

With regards to managing luxury brands, one of the most important goals is to sustain perceived values and desirability of the brands (Kapferer & Bastien, 2012). The findings suggest that luxury brands should maintain social distance by limiting an overly active consumer engagement strategy and reducing temporal distance by responding to users quickly to avoid undermining their core values and desirability. Specifically, overly active consumer engagements on social media may backfire for luxury brands because consumers may perceive the brands to be psychologically close to average consumers.

Moreover, as evidenced in Study 1, consumers' positive attitude toward a high level of consumer engagement strategy does not necessarily translate into higher perceived values of luxury brands. Although a high level of consumer engagement can be evaluated positively, it can actually lower the core perceived values of luxury brands. As managers of luxury brands attempt to increase consumer engagement on social media extensively (Kim & Ko, 2012), they must be mindful of the potential negative consequences. It may be beneficial for luxury brands to selectively engage with and follow only a certain group of consumers (e.g., high-profile celebrities or artists) only on social media to maintain psychological distance between the brands and mass market consumers. However, it is possible that a high level of consumer engagement may offer other potential positive outcomes (e.g., WOM, higher brand awareness) for luxury brands. Therefore, luxury brands must weigh the benefits of actively engaging with consumers against the cost of reducing core value perceptions.

When it comes to responding to users' messages on social media, the results of the research suggest that luxury brands should make sure to respond quickly. As evidenced in the study, responding to a consumer within a minute, compared to within 24 hours, would make consumers perceive the luxury brand as having higher exclusive and quality values. Therefore, it would be worthwhile for luxury brands to strengthen their social media customer service to handle consumer inquiries quickly. Also, it would be beneficial for luxury brands to display a shorter time frame for responding to consumer messages on social media to increase their perceived values.

Limitations and Future Study Suggestions

The current research has some limitations and offers several future avenues for research. First, the results of Study 2 showed that there was no main effect of the formality of engagement on any outcome variables. It was suspected that the results may be due to the weak manipulation of the formality of engagement. Therefore, a future research project should focus on manipulating the formality of engagement more strongly and test the main effect on the outcome variables again. Specifically, the manipulation could be stronger by showing multiple incidents of engagements between a brand and consumers rather than showing just one incident. In that case, the formality of engagement would be strong enough to shape participants' perceptions about the brand.

Also, while the results of Study 1 showed significant interaction effects between psychological distance and need for status, the results of Study 2 and Study 3 did not show such interaction effects. As discussed earlier, these inconsistent findings could be contributed to the manipulation methods of Study 2 and Study 3 that involved a fictitious consumer. Therefore, future studies examining the interactions effects in the context of

Study 2 and Study 3 should use manipulations methods that could increase involvement of participants. For example, following the manipulation method of Study 1, participants could be asked to imagine themselves as the owner of the luxury brand and read the manipulation scenarios that describe the luxury brand's social media marketing strategy in terms of the formality of engagement and the message response time. After that, the interaction effects between psychological distance and need for status should be revisited. Moreover, Study 1 used a luxury watch brand as a stimulus whereas Study 2 and Study 3 used a luxury leather brand as a stimulus. Therefore, it could be possible that a different category could have impacted the results as well.

Although the correlation analysis revealed that the correlation between psychological distance and perceived exclusive value was low, the two constructs may share similar conceptual meanings; being psychologically close to the mass market consumers may mean being exclusive. These similar conceptual meanings could have confounded the results. Thus, future studies should explore how to tease out the effects of psychological distance and perceived exclusive value to demonstrate that they are different constructs.

Study 1 showed that consumers with a low need for status have more favorable evaluations of psychologically close luxury brands than distant ones, while psychological distance did not matter for consumers with a high need for status. It could be possible that consumers with a low need for status may have felt negative emotions toward the psychologically distant luxury brand or preferred the psychologically close luxury brand due to its similarity with a typical non-luxury brand. Therefore, a future research project

that focuses on the underlying mechanism of why consumers with a low NFS prefer a psychologically close luxury brand could address this question.

Because the perceived values and desirability of luxury brands were the focal outcome variables, the current research did not measure other possible outcome variables resulting from psychological distance. Future studies could measure such other possible outcome variables as word of mouth, positive emotions, and jealousy, which may result from the psychological distance of luxury brands on social media. Research findings from these potential studies can build and extend the theory of psychological distance and contribute to the literature on luxury brands on social media.

The focus of the study was to manipulate psychological distance between luxury brands and mass market consumers and examine the influences on evaluations of luxury brands. It would be interesting to see whether the results are consistent with the current findings when psychological distance is manipulated as the distance between luxury brands and wealthy, upper-level consumers. Therefore, the results of the findings would help to show the boundary conditions of the current research findings. Moreover, this research adapted the concept of psychological distance from the construal level theory of psychological distance. It would be interesting if future studies adopt the original concept of psychological distance and use the self as the reference point to examine its impact on luxury brand evaluations.

The target population of the current study was consumers who are 18 and older living in the United States. Although the study used a sample whose median household income was representative of U.S. consumers, the results may be different if the samples have higher or lower median household incomes, as the level of income is one of the key

variables that influences luxury consumption (Han et al., 2010). Moreover, previous researchers also found that gender is another important variable affecting luxury consumption (Stokburger-Sauer & Teichmann, 2013). Therefore, researchers may examine how different income levels and gender interact with psychological distance and measure their impacts on perceived values and desirability of luxury brands.

Furthermore, additional research is needed to determine if the findings of the current study are generalizable to other countries, particularly Asian countries like South Korea and China. Given that Asian consumers focus more on publicly visible possessions and their luxury product choices often reflect social norms (Nancy & Aaron, 1998), the findings of these future researches will further test the current research's hypotheses and provide rich, practical information.

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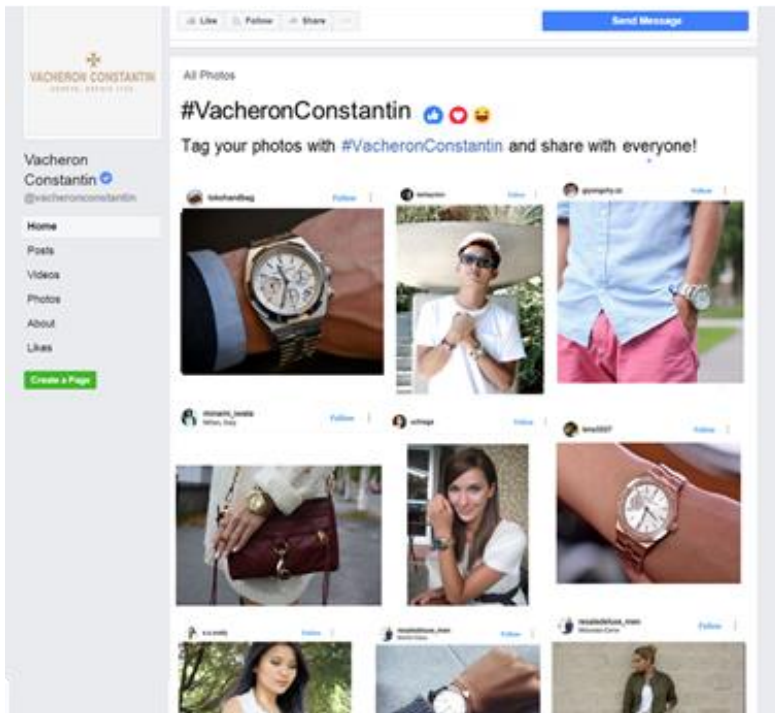
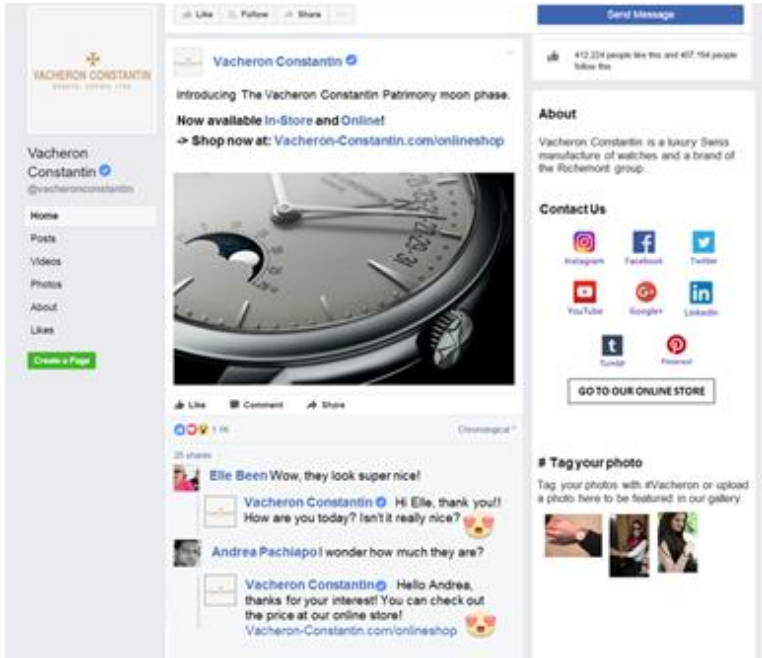
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APPENDICES

Appendix A. Pilot Study 2

high level of engagement condition



low level of engagement condition

Vacheron Constantin

Introducing The Vacheron Constantin Patrimony moon phase.
Coming Fall 2017.
Will be Available In-Store Only.
-> Make a boutique appointment here.

Like Comment Share

1.1K

Chronological

25 shares

Elle Been Wow, they look super nice!

Andrea Pachlajo I wonder how much they are?

About

Vacheron Constantin is a luxury Swiss manufacture of watches and a brand of the Richemont group.

Contact Us

Our advisors are available for personalized advices about the collection.

MAKE A BOUTIQUE APPOINTMENT

Headquarter in Geneva, Swiss

Vacheron Constantin

All Photos

#VacheronConstantin

Grid of 9 photos showing various Vacheron Constantin watches and mechanical movements.

Appendix B. Study 1

Suisse Majestät

Suisse Majestät is a leading luxury watch brand founded by watch artisan Marco Müller in 1921 in Switzerland. Suisse Majestät produces **one of the world's most finely crafted timepieces** and its watches are the symbols of excellence and performance.

Please imagine that you are financially well-off and **you own the top-end Suisse Majestät watch.**

On the next page, you will read about the luxury watch brand Suisse Majestät's **social media strategy**. Again, please assume that **you are the owner of the top-end Suisse Majestät watch.**

Please read it carefully and you will be asked to answer questions about it.

High level of engagement condition

As a social media strategy, Suisse Majestät has decided to increase engagement with all social media users.

Specifically, Suisse Majestät will **follow back every social media user** who follows or likes Suisse Majestät on social media. Also, Suisse Majestät will reach out social media users who tag the brand and **leave a friendly comment on the users' posts or walls.**

Low level of engagement condition

As a social media strategy, Suisse Majestät has decided to maintain the current level of engagement with social media users.

Specifically, Suisse Majestät will **only follow social media users who are celebrities or brand ambassadors.** Also, Suisse Majestät will **selectively respond to few social media users' comments** on the brand's social media page.

Appendix C. Study 2

Please carefully read the following:

A recent survey of social media marketing found that the largest segment of users who are active on luxury brands' Facebook pages are **average mass market consumers**.

Kelly is the prototype of this average mass market consumers. She is in the lower middle class which represents **60%** of the population.

Even though Kelly cannot afford luxury goods, she still has interests and desire for luxury brands.

Now, please imagine the following situation:

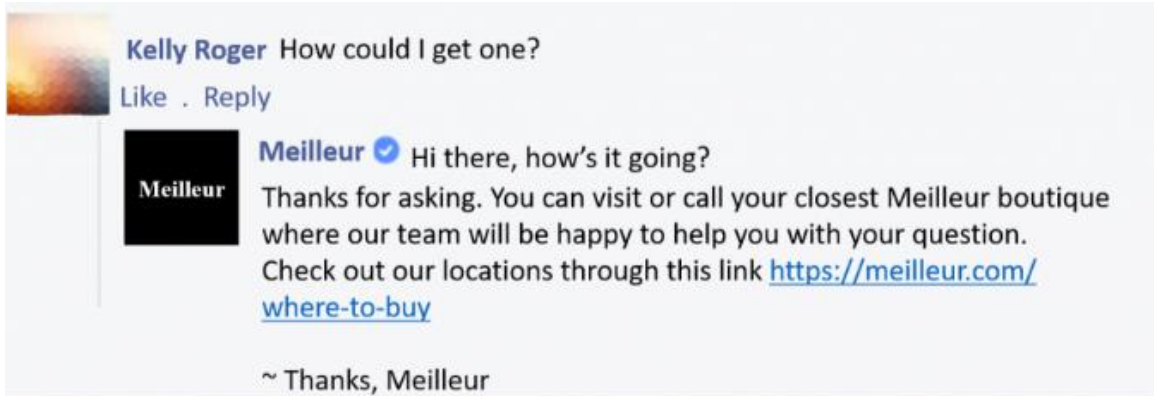
Kelly visits Meilleur's Facebook page.

Meilleur is a **luxury brand**, specializing in leather handbags, accessories, and shoes.

While browsing the brand's Facebook, Kelly **leaves a comment** on Meilleur's posting and Meilleur **replies to her**.

Please carefully review the conversation between them on the next page.

Casual engagement condition



A screenshot of a social media conversation. On the left, a user named Kelly Roger has a profile picture of a sunset and asks, "How could I get one?". Below her name are the options "Like" and "Reply". On the right, a Meilleur account (verified) responds with a friendly tone: "Hi there, how's it going?". The response continues: "Thanks for asking. You can visit or call your closest Meilleur boutique where our team will be happy to help you with your question. Check out our locations through this link <https://meilleur.com/where-to-buy>". At the bottom of the response, it says "~ Thanks, Meilleur".

Formal engagement condition



A screenshot of a social media conversation. On the left, a user named Kelly Roger has a profile picture of a sunset and asks, "How could I get one?". Below her name are the options "Like" and "Reply". On the right, a Meilleur account (verified) responds with a formal tone: "Dear Madam, We appreciate your interests. May we kindly advise you to visit or call your closest Meilleur boutique where our team will be delighted to assist you with your inquiry. Please visit our locations through this link <https://meilleur.com/where-to-buy>". At the bottom of the response, it says "Best Regards, Meilleur".

Appendix D. Study 3

Please carefully read the following:

A recent survey of social media marketing found that the largest segment of users who are active on luxury brands' Facebook pages are **average mass market consumers**.

Kelly is the prototype of this average mass market consumers. She is in the lower middle class which represents **60%** of the population.

Even though Kelly cannot afford luxury goods, she still has interests and desire for luxury brands.

Now, please imagine the following situation:

Kelly visits Meilleur's Facebook page.


Meilleur is a **luxury brand**, specializing in leather handbags, accessories, and shoes.

While browsing the brand's Facebook, Kelly **sends a direct message to Meilleur**.

Shorter response condition

Within a minute, Meilleur sends a response message to Kelly.

Send Message




Meilleur typically replies **within a minute**

Longer response condition

Within 24 hours, Meilleur sends a response message to Kelly.

Send Message



Meilleur typically replies **within 24 hours**