A World of Luxury

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“Luxury is a state of mind”, this popular quote by Lwern Scott is often referenced when talking about the variety of luxuries in life, which seem to be ever present in today’s society. A luxury can be defined in many ways. Different for each individual, luxury holds a unique meaning. For some it is a designer handbag, a week-long vacation, or going out to eat. For others luxury has nothing to do with price or name, it is related to a sentiment or tradition, a family heirloom or special wedding favor. Regardless of what luxury means, it is a mindset and has a symbolic value specific to each person, and living in a country run on consumerism, it surrounds us. Most people’s idea of luxury is related to consumption. As stated in an extensive paper on the background of luxury firms and their values, “Luxury is, in fact, a cultural concept loaded with an individual associated with a personal pleasure and social meaning” (Carcano et al., 2011). Although luxury carries a unique meaning to everyone, there are a few universally common characteristics used to define an item or service as a luxury. Curated by Bocconi University professors, the creation of luxury is identified by: human touch through attention to detail, authentic history and consistency, complexity of manufacturing, rarity, exclusivity, and heritage (Carcano et al., 2011). The idea of having luxuries in life stems from the human quality of comparison and the need to constantly have something better or want more. Consumption plays a large role in American culture and has shaped today’s society. With the growth of technology and globalization consumption of discretionary goods and services is now higher and easier than ever before. Similarly, rising e-commerce allows practically anyone to get anything they need or want within a few clicks. Making once exclusive and limited luxuries, a new normal and encouraging materialism throughout society.

The constant need for more physical items in order to create one’s identity is a harmful mindset that often goes unnoticed. Buying new things, and striving to have the best is the norm,
and there is little to no criticism on the desire for a luxurious lifestyle in the US. The idea of having more and being the best is prevailing in today’s society, which has stunted originality and genuine self-expression. Consumerism is backed by the inherent materialism in society which has transformed traditional luxury from exclusive to inclusive, increasing the demand for individualism and creativity. Luxury is highly sought after and that desire dictates the lives of many. It is a large source of both happiness and harm, but that balance is yet to be discovered by the majority of the population.

Accommodating the growing trends, the definition of luxury has transformed over the years. New standards are formed with each generation and consumer demands have drastically grown. Luxury has always had its place in communities through social hierarchies. Now linked with status and success it was not always this way. In historical times indulgence was not socially accepted, the word luxury originally meant lust. Luxury had a negative connotation; it was seen as excess. In ancient Greece, a luxury was meat consumption, which was frowned upon in society. During the Elizabethan era, luxury was even linked to adultery. The closest resemblance to luxury today started in the 1920’s, also known as the Roaring 20’s, marked by indulgence and lavish lifestyles filled with extravagant spending (Oliver, 2020). This period was following the industrial revolution, as innovation led to an abundance of goods being produced and circulated amongst countries. People began to get accustomed to the easy access of goods and services that were previously unheard of. Since then the country has been through many changes, both socially and economically. But through it all there has been a steady growth of consumerism. Since World War II, the US has participated in binge spending at unprecedented rates (Stromberg, 2012). Due to the growth and use of technology, consumption has become increasingly convenient and accessible. Consumption habits have changed overtime and have
undoubtedly played a role in the increased desire for luxury. In today’s society there are a couple common ways most people tend to think of luxury, one being in terms of a brand-named items whether it be designer jewelry or specific car companies. Another being through services such as club memberships and daily workout passes. For the sake of this article luxury will be referencing all of the examples mentioned above. Luxury, regardless of its meaning, is a determining factor for many people and has affected certain aspects of society in a way our generation may never fully understand.

Consumption is part of life, many important institutions in American culture are centered around the consumption of goods and services (Stromberg, 2012). There are several main psychological concepts that play a large role in consumer behavior: communication, identity, social status, and mental and physical health (Consumer). There are different reasons behind luxury consumption, for some it does not mean much, they buy something because they want it and there is not much thought that goes into it. For others a purchase categorized as luxury can take months of careful consideration and comparisons. Owning luxury items can make one feel more secure with their social status or simply serve as an expression of style. In a recent study done on young adults testing their reactions to determine what influences luxury brand consumption there were a handful of prominent factors including: status consumption, self-concept clarity, the need for uniqueness, social consumption motivation, and peer pressure (Ünal et al., 2019). Young adults are faced with constant challenges, and the current group of young consumers, Gen Z, has grown up in a society drastically different than previous generations. Gen Z is characterized by the constant use of technology, with this comes more education on social status and exposure to the role it plays in one’s life, along with self-awareness of how they are perceived at a younger age. Today, young adults are in an everyday battle to define themselves
amongst the constant stream of information that comes from influencers and various social media platforms. This can lead to a strong desire to fit in, and for many that is achieved through purchasing items to make up for their self-conflicts and insecurities. Given the abundance of outlets and opportunities for spending, the value of consumption for young adults has changed. Rewarding oneself with a new purchase does hold the same weight as it once did because the limits on consumption are almost nonexistent. The emphasis on individualism and independence amongst Gen Z has led to the celebration of consumption at the expense of other values (Lee et al., 2010). This journey to individualism is being reflected through the materialistic characteristics in people today.

A purchase used to imply that the item was a necessity, essential to one’s life or survival. However today people are constantly purchasing new goods and services, simply for convenience or pleasure. Extraneous purchases, such as the latest iPhone or branded shoes, may be backed by the desire to display one’s social status, or in response to emotions such as loneliness, boredom, or sadness (Consumer). Although reliant on technology and given a vast platform for education, the majority of American are not trained to save their money, or spend wisely. For many young adults today, earning money directly translates to more consumption. A source of income is seen as more money to spend, and the concept of long-term saving is not instilled in American culture. Although no one yet knows the long-term consequences of the mindset of current young consumers, the COVID-19 pandemic has offered some insight to these spending habits. Based on research done by Hampson et al. (2018), post-recession consumers can be broken down into four groups: flourishing frugal, comfortable cautious, financial middle, and financially distressed. In recent months as stimulus checks were shelled out, they were often wrongly used by many young Americans. People were quick to cash their checks in hopes to
purchase a new clothing item or piece of electronics. According to the US Census out of all stimulus check recipients, 20.5% of the respondents reported to spend the money on clothing and 8.1% spent it on items such as TV’s, electronics, or fitness equipment (Adam-Bee & Perez-Lopez, 2020). The current economic state of the United States has forced many to re-evaluate their consumption habits across multiple levels. In the past 6 months, young adults especially have been faced with extra challenges as recent grads or new hires. Many in their early to mid-twenties are being forced to move back home with parents or pick up numerous side jobs to make ends meet (Kopf, 2020). However, when the current spending was compared to the 2008 recession, consumption still stands significantly higher. Showing the change in mindset of young adults today and has brought up the question of how people became this way.

Consumerism and materialism are extremely prevalent in the United States due to the culture around work ethic and social status. America runs on consumption, changing with the trends, excess spending is extremely normalized here compared to many other countries, and is an innate characteristic for many Americans. “A consumerist society is defined as one directed largely by the accumulation and consumption of material goods” (Lee et al., 2010). Consumerism has become a standard given in the daily lives of many, although once subsided in the past, it is now deeply embedded within our society (Kangun et al., 1975). There is a lot of importance put on social status which is shown through the motivation behind both consumerism and materialism in the US. The obsession with social status is rooted in the Western societal characteristics instilled in Americans. Compared to other countries and cultures, the Western mindset is self-centered, people are raised to think about themselves and how they can surpass others around them (Lee et al., 2010). Fueling the mindset of constantly wanting more and being better. Hard work used to be for survival, and purchasing an item meant it was crucial to one’s
well-being. But the culture around hard work and motivation has changed to be where few people care about the work they are doing, and are more concerned about how and what they will be rewarded. The fixation on luxury and social status has overtaken the culture. Work ethic has been compromised, no one works for genuine satisfaction and this lowered work ethic can hurt societal and economic development. This switch in work ethic is seen through the transition from PWE, Protestant work ethic, to CWE, contemporary work ethic. PWE focuses on hard work and obedience, while with CWE people started to demand greater responses from their companies, sought personal growth, and fulfillment beyond economic needs (Lee et al., 2010). Showing that today, people’s work is judged by the lifestyle achieved through it, not the actual work itself.

There is a heavy importance on presenting yourself well in today’s society. Showing off your wealth through material objects is normal and seen as a sign of social status. The traditional American mindset is if you have the money and the social standing, you build a big house, drive a nice car and partake in other various forms indulgent. This happens because our society has made it normalized the belief that you have to have more to keep up and appear successful. People no longer purchase something solely because they love the use or design, they purchase something with the expectation that the value it holds will alter how they are perceived. Excess spending is seen in the everyday lives of most Americans, and there is extensive pressure on individuals to reach certain standards of success and perform well in society. Although there are benefits to having said higher social status, these people have increased “self-threat” which challenges their self-perception. Leading to personal hardships and immense struggles with self-confidence after any sort of defeat. Studies show that when those grouped as high income or high status fall into the lower categories, they suffer from extreme low performance after any public loss to their status (Marr & Thau, 2014). The value put on social status has increased the
standards and desire for high social status, this has led to over consumption becoming the norm. In efforts to fulfill the goals of appearing well off in society, and as consumption became the norm, there was a growing demand for differentiation between social classes. So the consumption of luxury and brand named goods and services increased. Americans have high expectations for their standard of life, and these demands are seen across consumption channels. According to Passini (2013), binge-consumption is common in many Americans and can be characterized as an addiction. Constant and extreme consumption became a part of American culture, the same features that characterize the psychology behind any sort of binge addiction or urge is applicable to the issue of binge consumption and the utilitarian ways in society. The need to consume can take over one’s life and leads to the constant desire for more, which contributes to the growth and demand for luxury. The materialistic mindset, of believing that having more physical items will improve one’s life has led to increased luxury consumption, because materialistic people are more likely to purchase high end items. Materialistic consumers think luxury plays a big role in providing them happiness and positivity, and believe there are immense benefits in the short run. These purchases of luxury items were once a showcase of personal style and creativity but now is primarily used to signal status and wealth or raise self-confidence and security.

A direct result of the need to purchase luxury items for the purpose of appearance is the rise in conspicuous consumption. Conspicuous consumption is “the purchase of goods and services for the specific purpose of displaying one’s wealth” (Kenton, 2020). The growth of conspicuous spending reflects the growing importance put on social appearance. It is a means of showing off social status and as consumption grew, this has become truer. As society has become driven by technology and social media the desire for luxury items has increased,
eventually making luxury more attainable and less exclusive than it once was. A big factor which has contributed to the high standard of life in the US, is the growth of social media and presence of influencers and celebrities. In the past decade the notion of luxury being solely for the elite and top social classes has diminished. Social media has changed the standard. Luxury brands are now struggling to balance their reputations because social media has led to a democratization of luxury due to increased interaction with these brands (Liu et al., 2018). Influencers promote their lifestyles and routines through videos, pictures, and blogs in which they claim they are sharing their daily, relatable lives which consist of closets full of designer items, million-dollar homes and more. Not only is luxury portrayed through these material objects, but also through the mindset and lifestyle many influencers convey, such as saying the only way they can stay in shape is attending daily thirty-dollar workout classes and ordering expensive meals each night. Giving their young audience the wrong impression of what is a necessity and making the average American feel as though they too need brand name items. Social media has the ability to heavily influence consumer behavior and often encourage materialistic values. Thoumrungroje (2018) argues that social media is related to three spending behaviors where there is self-control failure, resulting in people to indulge in acts such as overuse of credit, impulse buying, and conspicuous consumption. Impulse purchases are typically sparked by the use of social media and seeing countless influencers post about their new purchases whether it be a new kitchen must have, or a new purse. Spending habits have become progressively more extravagant and unhealthier. These are all factors that have contributed to the changes in luxury industries and serve as examples of the many ways luxury is promoted and normalized.

The normalization of typical luxury such as designer names has urged long time luxury and design connoisseurs to find new ways to set themselves apart and express their passion. The
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growth of influencer impact and social media has played a large role in the democratization of luxury, which adds to the high consumerism in the US. The democratization of luxury can be defined as “middle-income consumers selectively trading up to higher levels of quality, taste, and aspiration”, and this has created a new luxury market that brands must make note of (A., 2015).

The relation between the democratization of luxury and consumerism can be specifically broken down into the luxury consumption of two types of goods, iconic and ephemeral. Iconic luxury products are those classic designer items that most people recognize and will be carried by the brand forever. Ephemeral luxury items are seasonal, special edition collections, often aligning with the current trend and usually more unique. This was further analyzed in a study done this year by three professors from different well-respected universities. Professors Perrine Desmichel from the Kellogg School of Management, Nailya Ordabayeva from Boston College and Bruno Kocher from the University of Neuchatel, Switzerland came together to conduct a study focusing on signaling status achievement through ephemeral versus iconic luxury goods. They claim that people signal status through luxury goods because high status grants social, economic, and psychological benefits. However, what set this case apart from other studies is that the authors researched the difference between ephemeral and iconic luxury consumption and what it signals in relation to social status. After conducting different tests and analyzing the results, the professors concluded that ephemeral luxury consumption indicates higher achieved social status than iconic, because ephemeral consumption signals higher creativity. This translates to how social media typically features influencers who carry the latest “it” bag, the currently trendy purse. Which will usually get coined as a blogger bag because it once flooded all social media platforms. A recent example of this is the Dior Saddle Bag, originally released in
1999, it was one of the most popular handbags in the early 2000’s and was brought back in 2018. With prices going between $2,350 and $8,500, it has grown to be a staple for celebrities and influencers. Initially gaining popularity 20 years ago from being seen on socialite Paris Hilton, and TV character Carrie Bradshaw, the bag became a symbol of elite status and creative style. This Dior bag was made to statement, first characterized by its description of being “ugly-chic”, carrying this piece led to lots of room for creativity with styling. Since it did so well as a fashion statement but also indicated status, it was revived in hopes that it would do the same now, and it did. Being both trendy and expensive in the 2000’s and now, it is a form of ephemeral luxury that high status individuals use to signal their wealth and style (Northman, 2018) These influencers who carry these items who are viewed to be living in luxury, and they are showcasing these ephemeral purchases. Younger generations view these figures as the definition of luxury and success, so if they are consuming ephemeral goods, it is believed that it will elevate you in society.

The transition from exclusive to inclusive has recently brought a new aspect to luxury consumption. Traditional luxury is now more accessible than ever, anyone can visit a department store and leave with various luxurious purchases ranging from makeup to shoes to household items; resulting in those with a true passion for design and creativity re-define their standard of luxury around individuality and craftsmanship. Success within the luxury industry regardless of the segment is constantly faced with the challenge between economic and symbolic competition, which is the constant dilemma for many (Carcano et al., 2011). Ephemeral luxury signaling higher achieved status correlates with the heightened praise for creativity within many social circles. The importance of rarity is growing as many people care more about being unique and setting themselves apart than sporting an item millions of others have as well. Based on the
detailed definitions provided by the previously mentioned Bocconi University professors, there are many brands, beyond stereotypical names like Chanel and Rolex, that can be considered a luxury. If true luxury is defined by quality, story, rareness, and sentimental value there are thousands of emerging brands that create one of a kind clothing, jewelry and other accessories that are more unique and harder to access than historical designer names.

A growing number of people are turning to small businesses to find one of a kind pieces, or look to have a customized aspect to their brand-named luxury items. Supporting small, new businesses has become more popular these days. Oftentimes having a unique handmade purse from a local boutique is more noteworthy than a luxury handbag bought from a department store. Scroll through Instagram or Pinterest and you will find dozens of small businesses with designers creating limited numbers of special items only found through their online storefront. An example being the online store Strangers and Lovers that is only known by a smaller population through their Instagram account. The brand features in season clothing and accessories that are stylish but slightly vary from what is sold by larger retailers or popular designers, by using a different distinctive color palettes and patterns (Strangers & Lovers). There is a newfound encouragement of individualism and people strive to find items that no one else has. A big contributor to this movement towards individualism is the growth of influencer and celebrity founded brands. Although smaller and usually only made available online, these smaller brands carry the reputation of the influencer creating it. People are leaning towards purchasing clothing items or jewelry pieces from this new dimension of luxury. Sporting items created by well-known figures is translated to a certain level of prestige because the brand is associated with the influential figure, but still holds some rarity in comparison to traditional luxury brand names. In 2019 fashion YouTuber and model, Amanda Steel designed and launched a clothing brand, Steele,
which has since become increasingly popular and been seen worn by people in all settings (Tietjen, 2019). Similarly, in 2018 well known actress, Shay Mitchell, curated her own luggage line, Béis. Now a top-rated travel collection, people are eager to purchase from this line in hopes to be linked with Mitchell’s lifestyle and her effortless style (Roberts, 2018). Since people are able to get high quality but rare finds from local boutiques and online stores, for some the desire to purchase the popular luxury items has reduced. Which has forced traditional luxury brands to re-evaluate their businesses and products.

With the growth of smaller designers and local businesses traditional luxury brands have been faced with the challenge of looking at themselves solely as a business and trying to meet the everyday demands of the changing market or maintaining their artistic legacy and producing chic, but timeless pieces that hold value. Traditionally many of the well-known luxury brands are family run, so they are built upon a certain set of values and traditions (Carcano et al, 2011). These ideals are now being challenged as the definition and idea of luxury has changed tremendously over the years. Due to the democratization of luxury creating a new luxury market that brands need to focus on, some companies are now struggling to find a balance between sticking to tradition and growing along with society. Some brands are now trying to reach a new luxury market which was not a top priority in the past, teenagers and young adults. This growing market segment fuels conspicuous consumption and is focused on appearing wealthy and of high status, or trendy on social media. A way for brands to satisfy these demands is to create simple, everyday items that are priced slightly lower than other items in the same category and are easily accessible to many. One example being the Gucci Marmont collection, in specific the matelassé mini bag. When launched in 2015, the collection quickly started to gain popularity as it offered items ranging from under $1,000.00 to over $2,000.00, providing something for all customers. It
started off being seen on celebrities, and quickly made its way to social media influencers. In
specific, the collection’s mini bag strategically priced slightly below $1,000 at $980 became a
top seller (Schuessler, 2020). Its affordable price compared to other bags in the collection and the
easy access through department stores such as Nordstrom and Neiman Marcus, made it a go to
bag for many aspiring influencers, and young adults hoping to appear knowledgeable and trendy.
However, this collection as a whole was able to do well because in addition to its everyday,
budget friendly items, it also featured unique styles of bags and colors options, for those who
prefer rarity. Although certain pieces from this collection became overdone and normalized,
there were enough options to satisfy the demand of customers wanting to maintain their
exclusivity and creative status.

Luxury brands have been tasked with the question who their market is, and what
reputation they wish to maintain in society. Long standing names such as Louis Vuitton serve as
an example of brands trying to please all market segments. Louis Vuitton has tried to reach
potential younger customers through partnering with teenage YouTube sensation Emma
Chamberlin, helping the brand appear more suitable for teenagers (Louis Vuitton, 2019).
Simultaneously, Louis Vuitton has worked to maintain a certain exclusive image by sticking to
their method of limiting storefronts and purchasing platforms. The brand is still primarily sold
through their own online shop, and boutiques across the world. Louis Vuitton is yet to be offered
at department stores across the country and has only been made available through two select
Nordstrom locations in Seattle and Chicago (Williams, 2016). As some changes have received
backlash from older, traditional luxury customers who demand exclusivity and rareness, brands
are now compelled to weigh their benefits and decide how much of their design and production
should be dedicated to this new market and how much should be delegated to creating new,
unheard of designs to entice their usual ephemeral consumers. However, the decision to try and change with growing demands can sometimes be at the expense of the brand’s reputation. An example of this is Michael Kors, once considered a brand name is now a designer struggling to re-emerge in the industry. Michael Kors was unable to strike a balance between maintaining a luxurious reputation and being accessible to a wider audience. When bringing their items to department stores, Michael Kors lost a large amount of creative control and had less input on the audience (Schlossberg, 2016). The brand became overexposed and was eventually sold at numerous outlets, lowering its exclusivity and losing its title of luxury. Regardless of what strategy luxury brands are using and how they work to please customers, they are aiding to both the consumerism and materialism in the US. When trying to satisfy the growing demand from the youth markets, these brands are validating the idea that you need luxury items to be successful. However, by sticking to their traditional products and catering to the typically luxury demographic, they are instilling the idea that designer items are associated with higher social status, and therefore needed to display your wealth in society.

The excessive consumption and deeply rooted materialistic values of our society have altered both the definition and standard of luxury. This growing demand for luxury has made many people step back and re-examine the history of traditional luxury brands and their personal definition of luxury. The world of luxury has begun to see some changes and will likely to continue to see even more drastic differences in the coming decade. In terms of material goods and services, there is a turn for luxury to be focused on craftsmanship and authenticity in efforts to highlight creativity and individualism, and for some the importance of brand names and logos is diminishing. In regards to luxury in itself, in order for society to transition to viewing luxury as sentimental experiences and irreplaceable moments as opposed to material objects, there
needs to be a larger culture change. Our society is centered around consumption of luxury goods and services, and the mindset of young Americans is changing to be more materialistic than ever before. Regardless of what changes are made within the luxury industry and American values, there will always continue to be a place for traditional luxury, such as designer named items in our society. It is important to have certain goods that are distinctively different from everyday items. Humans need something to idolize and strive for, and for that the idea of luxury is great. Luxury will always hold a unique meaning for each person, and as consumption trends change and consumer behavior grows by generation it will have its ups and downs. The future of luxury and consumption lies in the changes that are bound to happen as young adults grow into being the majority of the market segment and implement their consumption mindset. As the demand for both luxury and rarity grow, brands and designers will be forced to create a new channel that meets the growing needs of customers. Although the materialistic qualities of luxury will likely continue to be apparent, I think the general concept of materialism will change as people learn that materialism and consumerism can be applied to more than brand name items.
Reference List


