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**Prestige Brands or Luxury Brands?**  
**An Exploratory Inquiry on Consumer Perceptions**

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## **Prestige Brands or Luxury Brands?**

### **An Exploratory Inquiry on Consumer Perceptions**

An interpretative analysis of in-depth consumer interviews explores the relationship between the concepts of "luxury" and "prestige" as applied to brands. Prestige is based on unique human accomplishment inherent to the brand whereas luxury refers to benefits stemming from refinement, aesthetics and a sumptuous lifestyle. Results indicate that prestige can be achieved independently of luxury in many categories. At a symbolic level, consumers can interpret luxury as the symbol of brand prestige. A discussion of managerial insights and future research directions ends the paper.

Keywords: brands, consumer perceptions, symbolic interactionism, qualitative methods

### **Introduction**

A few years ago, during a press conference, Bernard Arnault, chairman and CEO of the French LVMH Group, said that luxury was a word he did not like and insisted on using the word "prestige" to describe the brands sold by his company. Mr Arnault seems to have changed his mind, since the latest version of his web site introduces the LVMH group as the world-wide leader of the luxury industry, with an estimated market share of about 15% (Arnault 2000, [www.lvmh.com](http://www.lvmh.com)). Indeed, marketers often use the concepts of luxury and prestige interchangeably, a practice that is not void of jeopardy. Because of a lack of evidence on how consumers perceive these two concepts, brand advertising themes built around them may remain incoherent. If the words "luxury" and "prestige" are to be used in advertisements and promotional material, it is essential to understand how the intended audience decodes and manipulates them.

Confusion seems to reign in the economic and marketing literature, too. Although adjectives such as "status" (Grossman and Shapiro 1988, Mason 1996), "Hedonic" (Dhar and Wertenbroch 2000), "top of the range" (Laurent and Dubois 1993), or "signature" (Jolson, Anderson and Leber 1981) have sometimes been used in the literature, "luxury" and "prestige" are by far the most widely used words to refer to brands that possess substantial intangible value. Most of the time though, "luxury" and "prestige" are used as synonyms

(Bagwell and Bernheim 1996). In this research however, it is shown that "prestige" and "luxury" cover different conceptual domains in the customers' eyes, bearing substantial consequences in terms of research and practice.

Specifically, we present the results from a qualitative study based on in-depth interviews with consumers. Data are analysed with content analysis methods with the purpose of identifying the themes and experiences most often associated with the concepts under scrutiny. Managerial implications and future research directions are treated at the end of the paper.

## **Methodology**

A discovery-oriented approach was used to explore consumer attitudes towards prestige and luxury. We opted for the qualitative technique of in-depth interviewing, which is often used to define emerging concepts and models of consumer behaviour (e. g. Fournier 1998, Otnes, Lowrey and Shrum 1997). The interview guide was loosely structured aiming at the elicitation of either direct or indirect consumer experiences with luxury or prestige, in the form of a "conversation with a purpose" (Burgess 1984). Informants were purposively selected with important variations on socio-demographic characteristics to gain a broad range of perspectives on the concepts under scrutiny (McCracken 1988, Mason 1997). A total of fifteen people aged from 24 to 82 were interviewed either at their home or workplace. Interviews were tape-recorded and transcribed into written text, resulting in 200 pages of verbatim. Following the method of interpretative analysis, the text was investigated in two ways: (1) case by case by identifying the major themes; (2) across cases, by analysing the critical experiences of our informants (Fournier 1998).

## **Results**

Our analysis of the verbatim is based on a theory-laden interpretation (Denzin 2001). The underlying paradigm is symbolic interactionism in social psychology (Manis and Meltzer 1978, Charon 1995). Such a view holds that individual representations of the world are the product of the internalisation of objective and symbolic realities through social interaction (Solomon 1983, Dittmar 1992). Subjective representations of people, objects and events have therefore two sources: (1) perceptions of objective reality, that is, the representation of the world outside individuals; (2) interpretation of symbolic reality, that is, the set of socially

shared symbols bearing specific meanings for all members of a group (Dittmar 1992). Space constraints prevent us from presenting the detailed results of the content analysis, so only the key findings are highlighted below, illustrated with excerpts from the interviews.

### ***Subjective perceptions of objective reality: Prestige and luxury***

*Prestige.* For our informants, prestige is a subjective evaluative judgement about the high social status of people or inanimate objects such as brands. Research on affect shows that evaluative judgements (appraisals) are often followed by emotional reactions (Bagozzi, Gopinath and Nyer 1999). Such is the case in our interviews since informants refer to feelings of liking, awe and admiration toward prestigious people or objects. The basic antecedent of prestige judgements is the perception of a positive and outstanding accomplishment that can be deferred to. This unique accomplishment stems directly from the perception of objective reality and not from the interpretation of symbols. To illustrate, in the following excerpt, one informant explains spontaneously that:

"Prestige – it's to do with admiration ... It depends, it can be, if it's the prestige of an object – it's admiration toward the object, if it's the prestige of a person, it's admiration toward the person for what they've done, their success, for what they are."

Brands that merit such a deference might come from many product or service categories. Examples cited by our informants include sportswear (e.g. Nike), cars (e. g. Aston Martin, Ferrari), wristwatches (e. g. Patek Philippe, Blancpain) and universities (e. g. Harvard, Sorbonne). In product categories, the key criterion for a brand to be judged prestigious is an inherent, unique know-how, which may concern either a specific attribute or the overall quality and performance of the produce. In the case of a wristwatch brand for instance, this outstanding accomplishment may be the size of the object, as illustrated by this excerpt from an interview:

"It's the miniaturisation, man is able to make such things as immense dams and at the same time tiny ones. There are watches small as a green pea. But it holds well and it works. What really amazes me is the human limit, what people are capable of ..."

In service categories, people accord prestige to brands in a similar way. For instance, in the case of an educational institution, the perceived exceptional accomplishment is most often

the quality of teaching and research of faculty members, as illustrated by this excerpt from an interview:

"[It's] the sheer number of leading or highly qualified people in their field who teach there ... the great authors work in the prestigious universities."

*Luxury.* Whereas the prestige perceptions stem from a unique accomplishment inherent to the brand, luxury is of a different nature in our informants' eyes. It concerns self-indulgence, be it private or public. Luxury is linked to subjective perceptions of comfort, beauty and a sumptuous lifestyle in objective reality. One of our informants, who has recently purchased a house in the residential area of a large city, explains explicitly that luxury means comfort for him:

"I have the garden, the house, all this is beautiful. A house in Florida too ... For me, I assimilate it [luxury] to comfort."

In another informants' words, "luxury means everything that is more than what one needs". Brands that fulfil these requirements are naturally characterised by a high price tag. These findings are in line with Berry's theory of luxury, which defines the concept in opposition to necessity (Berry 1994). The results also corroborate previous research results obtained by the authors with a different set of interviews (Dubois, Laurent and Czellar 2001).

The product and service categories associated with luxury are more restricted than those evoked for prestige. These categories are all related to comfort, beauty and refinement. The most frequently cited by the informants are the catering industry (five-star hotels, gourmet restaurants), cosmetics and garments (e. g. Chanel, YSL) and jewellery (e. g. Cartier, Bulgari). Indeed, these categories have traditionally been considered belonging to the luxury sectors (Berry 1994).

Thus, according to our informants, luxury and prestige are distinct aspects of brands. A brand is judged prestigious only if unique accomplishment is perceived in it. Luxury does not necessarily require such a criterion since it refers to the Hedonic benefits of the brands related to a self-indulging refined lifestyle, which need not be exceptional. Also, prestige is always a

positive evaluative judgement whereas luxury can be negative if it is too ostentatious. One of our informants argues that "prestige must be merited, luxury – not necessarily".

### ***Interpretation of symbolic reality: Luxury as a prestige symbol***

However, the perception of a real, unique achievement is not the only antecedent of brand prestige. As pointed out by Shenkar and Yuchtman-Yaar (1997), an important source of prestige judgements is prestige by association. In a symbolic interactionist perspective, this means that consumers may interpret symbols associated with a brand, which represent a socially shared meaning. In the critical incidents of our interviews, a series of prestige symbols were alluded to by the informants such as a name, a high price, events and characters associated with a brand. Luxury also emerged as a type of prestige symbolism. Informants perceived the high luxury level of certain brands as prestige symbols. Such is the case of an Aston Martin sports car, which an informant considered prestigious because of the unique driving performance offered by the car. This prestige appraisal is further reinforced by perceptions of high luxury stemming from comfort and beauty.

Note also that prestige is long and difficult to acquire. However, it is easy to lose if symbols such as luxury are not sustained by perceptions of objective reality linked to real achievement. If unique know-how is lacking, one negative experience is enough to disqualify the brand from the domain of prestige. A story from an interview can illustrate this point. An informant had had a big esteem for a downtown restaurant because people around him were talking about it but once he had been there, he realised that it was not up to the high expectations. The venue remained still a luxurious one but had completely lost its prestige:

"For me this is a luxury restaurant that's not at all prestigious. For the good reason that when I went there I found it really bad. I found that it was very expensive, service was disastrous, and then the menu, well it was medium, in any case it wasn't worth the price... Everything is made to be comfortable, yes, it's more in the appearances ... ... The prestige, it's really in the art of cooking, and there you'll find none of it."

In this example, the venue itself is perceived as luxurious because of the settings but it cannot be qualified prestigious because the cuisine itself cannot provide a proof of an outstanding accomplishment.

The reverse situation can also be observed in the informants' narratives: a brand can be prestigious without being luxurious. Luxury in fact is not a necessary prestige symbol. This is the case of technological or sports brands where the perceived unique human accomplishment stems from engineering success or physical performance. To illustrate, consider this citation from the verbatim:

"I would associate prestige to sport. And when you asked me what prestige was, in my mind it was, surprisingly it was Nike ... For me, prestige connotes with performance ... Luxury is more of a story about beauty and prestige is not exactly like that ... because for me, athletics is not beautiful."

To sum up, our interpretative analysis shows that brand prestige is a positive evaluative judgement that consumers form toward brands. It can be influenced by unique accomplishment inherent to the brand or by prestige symbols associated with the brand. Luxury, on the other hand, is linked to perceptions of comfort, beauty and a sumptuous lifestyle. At a symbolic level, consumers can interpret luxury as the prestige symbol of the brand. Nevertheless, prestige judgements cannot be sustained by the sole reliance on symbolic reality, without the perception of any objective achievement inherent to the brand.

### **Managerial Insights and Future Research**

Our results suggest that brand prestige creation is a complex management process, in which the luxurious aspect of the product or service can be a symbolic lever. Consumer prestige judgements may arise from technological success, high performance or the exclusive nature of specific attributes of the branded product/service. Therefore, the marketing-mix of prestige brands must be built around a strongly differentiated offer. In particular, communication programmes should emphasise the outstanding achievement inherent to the brand. An example cited in the interviews was Nike whose recurring communicational theme is exceptional sports performance, from the brand logo representing victory to slogans such as "Play on, Player" ([www.nike.com](http://www.nike.com)). It also seems that prestige symbolism such as luxury should be used as a complement to the theme of real accomplishment. According to our results, the extensive use of symbols without objective evidence of unique know-how jeopardises brand equity in the long run.



Several questions emerged in the qualitative study that merit further empirical exploration. First, our study was carried out with the participation of a limited sample of informants. To assess the validity of our conclusions in specific consumer segments, replications are needed. Second, perceptions of prestige and luxury may be strongly culture-bound. It would therefore be useful to replicate our qualitative inquiry in other, very different cultural contexts such as Asian countries. Third, our study did not focus on particular brands or product categories. Thus, the influence of consumer expectations and brand knowledge structures on the assessment of the brand's prestige level remains unknown. Specifically designed comparative studies should be undertaken to explore the sources of prestige- and luxury variations in function of the product or service category.

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