

# The Effect of Self-Esteem on Consumers' Attitude toward Second-Hand Luxury Products

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## Abstract

*With the development of luxury economy, second-hand luxury products have become an important part in the China's luxury market. This paper investigates the effect of consumers' self-esteem on their attitude toward second-hand luxury products. By conducting a research on Chinese adult consumers, we find that self-esteem has negative effect on consumers' attitude toward second-hand luxury products, and the symbolic value of second-hand products is the mediator. Meanwhile, we find the moderating effects of AD appealing mode (appealing on price value vs. appealing on social value) of second-hand products. We have theoretical discussion and marketing suggestions for second-hand luxury products in the end.*

## I. Introduction

With the development of luxury economy, second-hand luxury market is emerging. In European and American markets, second-hand luxury market has become an important part of the whole luxury market. In Asia, there are famous

second-hand retailers, such as Brand Off, DEHAVE, and Milan Station. According to the report published by the Fortune Quality Research Institute on second-hand luxury in China, second-hand luxury has reached a sales volume of RMB 3 thousand million up to the first half of 2013 in China, with an average growth of more than 30%. Under this context, it is necessary to explore factors influencing consumers' perception about second-hand luxury, so that we can put forward

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some suggestions to the development of second-hand luxury market.

Literature on second-hand luxury is scarce. Second-hand luxury is a combination of luxury product and second-hand product. It has some specific characteristics: First, it is cheaper than first-hand luxury product. Second, it has lower symbolic value compared with first-hand luxury product. Third, it is genuine luxury product compared with counterfeit luxury. Researchers should explore how these specific characteristics influence consumers' perception and attitude.

Consumers' self-esteem is an important variable in luxury researches (Mandel et al., 2006; Sivanathan and Pettit, 2010). It refers to a person's overall positive versus negative feeling about the self (Rosenberg, 1965). It indicates to what extent a person think himself/herself as capable, successful and valuable (Baumeister et al., 2003; Rosenberg, 1965). Sivanathan and Pettit (2010) found that compare with high self-esteem consumers, low-esteem ones have higher intention to buy luxury products. Because low-esteem consumers think luxury products can improve their self-esteem.

In this paper, we will explore how self-esteem influence consumers' attitude

toward second-hand luxury product. If there some effect exists, what is its mediating mechanism? What are the boundary conditions? We will explore these questions through an experiment.

## II. Theoretical Background and Hypotheses

Self-esteem is a kind of self evaluation (Baumeister et al., 2003; Rosenberg, 1965) and it has important influence on consumers' psychology and behavior (Rose et al., 1998). Grubb and Grathwohl (1967) and Banister and Hogg's (2004) studies suggested that consumers' decision were often influenced by the motivation of protecting and improving self-esteem. Prior research found self-esteem had influence on consumers' anxiety. For example, Arndt et al. (2004) found that high self-esteem consumers had lower anxiety when facing danger. Ferraro et al. (2005) suggested that when priming high consciousness of death, high self-esteem consumers would choose more healthy food. That was because by choice of healthy food consumers could improve self-esteem and then resist anxiety about death. Self-esteem was found to affect interper-

sonal influence sensitivity, for example, Bearden et al. (1989) and Bearden and Rose (1990) found that high self-esteem consumers had lower interpersonal influence sensitivity. Prior research also revealed that the motivation to protect and improve self-esteem would influence consumers' behavior. For example, Brown et al. (1988) found that low self-esteem consumers would improve their esteem by connecting himself with valuable products. There also studies found low self-esteem consumers had higher materialization (Chaplin and Deborah, 2007; Park and Deborah, 2011) and impulsive buying intention (Faber and O'Guinn, 1992; Hanley and Wilhelm, 1992).

As to the relationship between self-esteem and luxury consumption, Sivanathan and Pettit (2010) found that low self-esteem consumers had larger probability to buy luxury products. Mandel et al. (2006) found that when facing self-esteem threat, consumers had higher intention to buy luxury products.

Above literature suggests that self-esteem is an important motivational factor to affect consumer's perception and behavior (Banister and Hogg, 2004). For luxury consumption, low self-esteem consumers have better perception about lu-

xury products and are likely to improve and protect their self-esteem by luxury product (Sivanathan and Pettit, 2010).

Second-hand luxury has lower social value compared with first-hand luxury. Can second-hand luxury have the function to improve consumers' self-esteem? In this paper, we deem that second-hand luxury also has social value to consumers, and can be used by low self-esteem consumers to improve their esteem. While for high self-esteem consumers, second-hand luxury may hurt their esteem. So we predict that low self-esteem consumers will have better perception toward second-hand luxury compare with high-esteem consumers.

Second-hand luxury has another important characteristic, that is its higher price value compare with first-hand ones. Prior research found that promotion had higher effect on low self-esteem consumers compared with high self-esteem ones (Monika et al., 2012). This indicates that low self-esteem consumers are much more influenced by price value. Based on the above analysis, we propose that compared with high self-esteem consumers, low self-esteem ones will have better attitude toward second-hand luxury. We therefore predict:

**Hypothesis 1:** *Consumers' self-esteem has negative effect on their attitude toward second-hand luxury.*

Prior research has suggested that social value of luxury could help consumers improve their self-esteem (Sivanathan and Pettit, 2010). We propose that second-hand can also improve consumers' self-esteem because of its social value. So we predict that social value of second-hand luxury is the mediator between consumers' self-esteem and their attitude toward second-hand luxury, and we propose the following hypothesis:

**Hypothesis 2a:** *Social value will mediate the effect of consumers' self-esteem on their attitude toward second-hand luxury. That is, consumers' self-esteem negatively influences social value of second-hand luxury, and social value positively influences consumers' attitude.*

Generally speaking, second-hand luxury has higher price value compared with

first-hand luxury. Prior research has found that price value had much more effect on low self-esteem consumers compared with high self-esteem ones (Monika et al., 2012). So we predict that price value of second-hand luxury is another mediator between the relationship of self-esteem and consumers' attitude. We therefore predict:

**Hypothesis 2b:** *Price value will mediate the effect of consumers' self-esteem on their attitude toward second-hand luxury. That is, consumers' self-esteem negatively influences price value of second-hand luxury, and price value positively influences consumers' attitude.*

Second-hand luxury has some social value and price value. Firms can communicate these values to consumers through advertisement (AD). What is the difference when AD appealing on price value compare with on social value of second-hand luxury? We propose that when AD appeals on price value, low self-esteem consumers will have better attitude toward

second-hand luxury because they are easily influenced by price value than high self-esteem consumers (Monika et al., 2012).

When AD appeals on social value, low self-esteem consumers will have better perception (Durgee, 1986). This effect will not exist for high-esteem consumers. This is because high-esteem consumers have higher self satisfaction, and have lower motivation to improve their self-esteem by luxury products (Brown et al., 1988). Furthermore, this appealing mode perhaps will decrease high-esteem consumers' perception of second-hand luxury for the reason that high self-esteem consumers don't think second-hand luxury products have enough social value. So we predict that compared with AD appealing on price value, when AD appeals on social value, self-esteem will have higher negative effect on consumers' attitude toward second-hand luxury. We therefore predict:

**Hypothesis 3:** *AD appealing mode will moderate the effect of self-esteem on consumers' attitude toward second-hand luxury. Compared with AD appealing on price value,*

*self-esteem has higher negative effect on consumers' attitude when AD appealing on social value.*

### III. Methodology

#### 1. Experimental Design

We conducted a 2 (self-esteem, high/low, median split) by 2 (AD appealing mode, price value/social value of second-hand luxury) between subjects design. Self-esteem is measured by ten items adapted from Rosenberg (1965) (please refer to the <Appendix>). We use a second-hand OMEGA watch as our experimental stimulus. Subjects were show a picture of second-hand OMEGA watch. In AD appealing on social value condition, it was described as "Although it is a second-hand watch, it still can demonstrate your high-level life quality and social status." In AD appealing on price value condition, it is described as "As a second-hand watch, it is of better price value than first-order ones."

The dependent variable is consumers' attitude toward the second-hand OMEGA watch in the picture. It is measured by

3 items adapted from Ahluwalia et al. (2000). Social value (adapted from Subodh and Srinivas, 1998, 3 items) and price value (adapted from Sweeney and Soutar, 2001, 2 items) as mediators are also measured. All these variables are measured on 7-point scale.

138 real consumers recruited from Shanghai, China, participated in the experiment. 42.3% of them were male. These subjects were asked to evaluate their familiarity and attitude about OMEGA brand. And then they were randomly assigned to look at a second-hand OMEGA watch picture with AD appealing either on price value or on social value. After that, they were asked to evaluate their attitude toward the watch in the picture, and their perception of its social value and price value. Finally, it was the manipulation check for AD appealing mode (by asking subjects to evaluate whether the picture emphasized the price value of the watch on a 7-point scale, 1 = “definitely not,” 7 = “definitely yes”). The result indicates that manipulation is successful. In AD appealing on price value condition, mean value is 5.014, while in social value condition, it is 3.826,  $F(1, 136) = 28.453$ ,  $p < 0.001$ .

## 2. Hypothesis Test

We take consumers' attitude as dependent variable ( $\alpha = 0.729$ ), consumers' self-esteem (median split) and AD appealing mode as independent variables, and consumers' monthly income and their conspicuous consumption motivation as control variables. ANCOVA result shows that self-esteem has significant effect on attitude. For high-esteem consumers, their attitude toward second-hand luxury watch is 4.040, for low self-esteem, attitude is 4.453,  $F(1, 130) = 9.954$ ,  $p < 0.010$ . Accordingly, Hypothesis 1 is supported.

AD appealing mode is significant. When AD appeals on social value, consumers' attitude is 4.394, when AD appeals on price value, consumers' attitude is 4.100,  $F(1, 130) = 5.293$ ,  $p < 0.050$ .

More important, the interaction term of self-esteem and AD appealing mode is significant.  $F(1, 130) = 5.333$ ,  $p < 0.050$ ). When AD appeals on social value, high self-esteem consumers' attitude is 4.060, low self-esteem consumers' attitude is 4.733,  $F(1, 64) = 16.083$ ,  $p < 0.001$ . While when AD appeals on price value, high self-esteem consumers' attitude is 4.003, low self-esteem consumers' attitude is 4.188,  $F(1, 63) = 0.827$ ,  $p >$

0.050. Accordingly, Hypothesis 3 is supported. We plotted the result in [Figure 1].

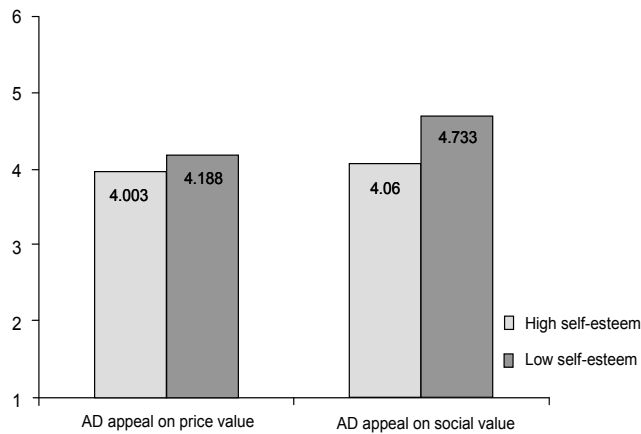
We conducted mediating result analysis according to method suggested by Zhao et al. (2010). The result shows that self esteem significantly affects consumers' attitude toward second-hand OMEGA watch (-0.459,  $p < 0.001$ ) and their social value perception (-0.767,  $p < 0.01$ ). Social value has significant positive effect on consumers' attitude (0.233,  $p < 0.01$ ). For bootstrap = 5000, the indirect effect of social value is -0.179 (95% CI: -0.350 to -0.056). Accordingly, Hypothesis 2a is supported.

The same procedure was conducted to test H2b. Result shows that self-esteem significantly affects consumers' attitude toward second-hand OMEGA watch

(-0.459,  $p < 0.001$ ) and their price value perception (-0.174,  $p > 0.05$ ). Price value has significant positive effect on consumers' attitude (0.198,  $p < 0.01$ ). For bootstrap = 5000, Indirect effect is -0.036, (95% CI: -0.164 to 0.045), so price value doesn't mediate the effect of self-esteem on consumers' attitude. Therefore, Hypothesis 2b is rejected.

#### IV. Discussion and Conclusions

Self-esteem can influence consumers' self perception and their social behavior (Rose et al., 1998). It is an important motivation for some consumers to buy luxury products (Truong et al., 2008).



[Figure 1] The Moderating Role of AD Appealing Mode

We control the effect of consumers' income and their conspicuous consumption motivation, and test the effect of consumers' self-esteem on their attitude toward second-hand luxury product. We get the following results.

First, low self-esteem consumers have better attitude toward second-hand luxury compared with high self-esteem ones. We find that perceived social value of second-hand luxury is the mediator.

Prior research has suggested that low self-esteem consumers are more likely to improve their self-esteem by buying luxury products. Our result suggests that for these low self-esteem consumers, second-hand luxury also has this function. Second-hand luxury is characterized by higher price value and lower social value compared with first-hand luxury. Our result suggests that, social value is the mechanism under which low self-esteem consumers have better attitude toward second-hand luxury. Monika et al. (2012) suggested that low self-esteem consumers is more easily affected by price value, but we have not found the mediating effect of price value of second-hand luxury. So our result confirms that, second-hand luxury still has social value for low self-esteem consumers.

Second, AD appealing mode moderates the effect of self-esteem on consumers' attitude toward second-hand luxury. For low self-esteem consumers, when AD appeals on social value, their attitude toward second-hand luxury is increased.

Second-hand luxury has some social value and price value. Firms can communicate these values to consumers through AD. Our result suggests that when AD appeals on price value, consumers' attitude toward second-hand luxury is lower than which when AD appeals on social value. We also found that when AD appeals on price value, consumers' attitude is not different between high and low self-esteem consumers. However when AD appeals on social value, low self-esteem consumers have better attitude toward second-hand luxury than high self-esteem consumers.

Totally speaking, this paper tests the effect of self-esteem on consumers' attitude toward second-hand luxury products. We explore the main effect, mediating effect and moderating effect, and get some insightful results. We have some practical suggestions to firms. First, we suggest that, for firms involving second-hand luxury business, they should target on low self-esteem consumers. Secondly,



though second-hand luxury has the advantage of higher price value, firms should emphasize the social value of second-hand luxury when communicate with consumers by AD.

As with most empirical studies, our study has some limitations. In the present study, we measured self-esteem instead of prime it. In future study, priming self-esteem should be tried. In addition, higher price value is an important characteristic of second-hand luxury. We did not find its effect in the relationship between consumers' self-esteem and attitude toward second-hand luxury. Future research is needed to figure out the reasons.

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## &lt;APPENDIX&gt;

Measurement items of self-esteem (1 totally disagreement, 7, totally agreement)

1. On the whole, I am satisfied with myself.
2. At times I think I am no good at all.
3. I feel that I have a number of good qualities.
4. I am able to do things as well as most other people.
5. I feel I do not have much to be proud of.
6. I certainly feel useless at times.
7. I feel that I'm a person of worth.
8. I wish I could have more respect for myself.
9. All in all, I am inclined to think that I am a failure.
10. I take a positive attitude toward myself.