When Luxury Loses its Luster: How Democratization Affects Traditional Luxury Consumers

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Abstract

Luxury brands have traditionally embodied exclusivity and status, yet increasing accessibility is transforming consumers' perceptions. This trend, driven by the rapid democratization of luxury goods, is causing a paradigm shift in how traditional luxury consumers ascribe value to luxury brands. While these strategies may boost short-term sales, they risk eroding brand positioning and alienating core consumers. Will traditional luxury consumers wear democratized brands with pride as accessibility and availability increase? Will they continue purchasing democratized luxury used by lower-status consumers? Guided by network effects theory, we show across four mixed-methods studies that democratization reduces purchase intentions —particularly when low-status consumers adopt the brand— and increases abandonment intentions. This research advances luxury branding literature by identifying democratization as a novel negative network externality influencing luxury consumption. We reveal consumer's pride of ownership as a psychological mediator which diminishes when democratization erodes exclusivity. Further, we establish boundary conditions by revealing how status-based consumption and rarity principles influence consumer responses and can moderate democratization's effects on purchase and abandonment intentions. Managerially, our findings will help brands to counteract democratization's potential risks through status and rarity-driven campaigns, such as scarcity-based strategies, limited editions or premium-tier differentiation.

Keywords: Democratization; Luxury; Status; Pride of ownership; Exclusivity; Network effects

Introduction

People frequently compare their possessions, especially social objects like luxury brands. Historically, luxury brands symbolized high social status (Wang & John, 2019). However, the democratization of luxury—understood as the process by which luxury goods, once reserved for the elite, become more accessible and available to a broader audience (Shukla, Rosendo-Rios, & Khalifa, 2022)—has reshaped the luxury landscape (Silverstein, Fiske, & Butman, 2008). As global prosperity rises despite recent turbulent times, so does the demand for luxury (Bain & Company, 2024), particularly among middle-class consumers (Lee, Baumgartner, & Winterich, 2018). To meet this demand, many luxury brands have implemented democratization strategies, such as increasing their distribution channels, moving beyond select high-end boutiques to a broader range of retail locations, including shopping malls and outlet stores. Additionally, brands have introduced specific downward brand extensions (i.e., belts, wallets, and other accessories). While these strategies can boost short-term profits, they may erode brand equity over time, leading some luxury firms to reverse democratization efforts. For instance, Gucci expanded its product line to 22,000 items and more than 1,000 stores in past decades but has since shifted focus to restore the brand's luxury credentials and preserve the brand's value (Gapper, 2018). Similarly, Mercedes has phased out lower-priced models to develop more exclusive products, aiming to increase profit margins (Miller, 2022), and Chanel is increasing exclusivity by opening invite-only boutiques for top clients while doubling the prices since 2016 (Williams, 2022).

Despite the managerial importance of adequately implementing luxury democratization for firms' long-term positioning, equity, and survival, academic research on it remains scarce, particularly regarding its impact on traditional luxury consumers—those who value luxury for its exclusivity and signaling power (Han et al., 2010). Expanding customer reach may boost sales, but how does this affect traditional luxury consumers, who have been the mainstay of luxury brands? Will they still use the democratized luxury products with pride? While initial evidence suggests that democratization may reduce their purchasing pleasure (Rosendo-Rios & Shukla, 2023), the psychological mechanisms and boundary conditions remain underexplored. This research addresses these gaps by examining how democratization reduces traditional consumers' pride of ownership, affecting their purchase and abandonment intentions.

This research makes three key theoretical contributions. First, it extends luxury branding literature by applying network effects theory (Katz & Shapiro, 1985) to demonstrate that democratization acts as a negative network externality. Second, it identifies pride of ownership as a psychological mediator, explaining why democratization negatively influences purchase behavior. Third, it establishes boundary conditions, showing that user status moderates democratization's negative effects and that the rarity principle mitigates these negative network externalities (Kapferer & Bastien, 2009; Kapferer & Valette-Florence, 2018) and counteracts democratization effects. From a practical perspective, our findings guide luxury managers in understanding how democratization strategies affect one of their most important target segments – traditional luxury consumers. Specifically, we demonstrate how campaigns that emphasize the rarity principle (e.g., exclusive event invites) help retain traditional consumers while balancing broader accessibility.

In the rest of this manuscript, we review research on luxury democratization, focusing on how consumers' status moderates and pride of ownership mediates its impact on purchase intentions, leading to our predictions. We then explore the impact of the rarity principle as a strategic counterbalance. Finally, we present findings from our mix-methods studies and discuss implications and future directions.

Democratization of Luxury: Conceptualization

Since the turn of the 21st century, the emerging middle class, with its aspirations and growing purchasing power, has transformed the luxury market. Many brands are expanding their luxury footprints to engage with this new aspirational segment (Wang, John & Griskevicious, 2021) through diverse strategies (see Table 1 for research on this topic and contextualization of current research), such as masstige (For a review see Kumar, Paul & Unnithan, 2020; Paul, 2019) and democratization (Rosendo-Rios & Shukla, 2023), which imply that luxury is no longer restricted to a selected few, but it is becoming increasingly popular and accessible among newly affluent consumers, nouveaux riches, millennials, and middle classes globally (Silverstein et al., 2008). However, the expansion of luxury consumption among middle and lower classes may make traditional consumers feel that the distinctiveness of luxury is being diluted.

Researchers observe that rapid growth of luxury brands through democratization has altered the nature of luxury: exclusivity has become commonplace, and the idea of luxury as something out of the ordinary is no longer tenable (Silverstein et al., 2008; Rosendo-Rios & Shukla, 2023). This shift distorts traditional conceptualizations of luxury and reinforces the "luxury paradox" (Kapferer & Valette-Florence, 2018), requiring luxury brands to balance traditional elitist positioning with mass-market appeal, challenging the market notions of what constitutes luxury (Kapferer & Bastien, 2009; Paul, 2019; Kumar et al., 2020).

Table 1. Relevant literature on democratization and related concepts

References	Main concepts or theories	Findings	Differences with this study
Silverstein, Fiske & Buttman (2008)	"Masstige Marketing". "Accessible luxury".	Middle-class consumers are shifting to accessible luxury products, driven by increased education and global exposure. This creates opportunities for brands adopting "new luxury" strategies.	Discusses trading up to accessible luxury for middle-classes as masstige marketing, but does not analyze negative network effects or consumer abandonment intentions.
Kapferer & Bastien (2009)	Luxury brand management, anti-marketing principles to deal with mass luxury.	In the new mass luxury landscape, key anti-marketing strategies are recommended to maintain exclusivity such as avoiding mass-production, not responding to high demands, and maintaining premium price.	Does not address democratization strategies, focuses on maintaining exclusivity through anti-marketing strategies.
Kapferer (2012)	"Abundant rarity"	Downward vertical extensions allow for more affordable items, increasing profitability.	Focuses on pricing perceptions and excludes psychological effects of democratization.
Paul (2019)	Masstige Marketing	Theoretical model and redefinition of the Masstige Mean Scale (MMS)	Conceptual paper. Lacks empirical analysis.
Kapferer & Valette-Frlorence (2018)	The "rarity principle" and the "dream value". Commodity theory; Bandwagon vs snob effect theory.	Explores the balance between wider market penetration and desirability across countries. Luxury desirability decreases with market penetration but increases with awareness, highlighting cultural and economic moderating effects.	It lacks exploration of democratization on exclusivity. Not direct link to democratization.
Kumar, Paul & Unnithan (2020)	Masstige Marketing	Literature review on the concept of masstige.	Theoretical manuscript related to masstige and mass luxury. Lacks empirical analysis.
Shukla et al. (2022)	Luxury value framework (symbolic, experiential, functional) and democratization.	Democratization moderates the relationship between luxury value perceptions and purchase intentions. Wider availability and accessibility threatens exclusivity.	Explores democratization moderation effects, but does not investigate psychological mechanisms (e.g. pride of ownership). Lacks rarity's principle mitigating effects.
Rosendo-Rios & Shukla, (2023)	Impression management theory	Luxury democratization negatively affects traditional luxury consumers' purchase intentions due to diminished hedonic value and exclusivity.	Related directly to democratization. Lacks exploration of rarity principle's mitigating effects.

Bellezza (2023)	Grounded theory. Brand signalling	As luxury goods have become more mainstream, this study explores alternative signals of status for luxury brands to maintain differentiation. It presents a framework along six focal dimensions (time, quantity, conspicuousness, aesthetics, culture, and pace of life) to capture status signaling.	Conceptual framework to propose alternative signals of status and avoid mass-marketization. It does not investigate directly democratization and does not offer an empirical approach. It does not study network externalities.
Debenedetti, Philippe & Dion (2024)	Institutional theory. Mass-marketization of luxury.	Explores how luxury brands draw on domesticity to address mass-marketization for accessible luxury.	Qualitative study based on interviews of operational managers and observation in stores. It does not study negative network externalities or rarity principle.
This study	Integrates network effects theory and rarity principle literature.	Democratization of luxury reduces traditional luxury consumers' pride of ownership, lowering purchase intentions and increasing abandonment intentions. Rarity principle mitigates these effects by restoring pride of ownership.	Central study on democratization exploring network effects, individual dynamics, rarity principles and behavioral intentions.

Democratization Leads to Negative Network Externalities and Reduced Consumer Purchase Intentions

As luxury brands democratize to meet the growing demand of aspiring consumers, their perceived exclusivity for traditional luxury consumers diminishes, weakening a fundamental pillar of luxury consumption (Rosendo-Rios & Shukla, 2023). Traditionally, beyond superior quality or craftsmanship, luxury goods derive their value from restricted access, which signals distinction and status. However, democratization broadens available, potentially diluting exclusivity and raising concerns about brand desirability among traditional consumers (Commuri, 2009). We define traditional luxury consumers, following Han et al. (2010), as those wealthy consumers with incomes significantly higher than their country's GDP per capita, who regularly pay a premium for conspicuously or inconspicuously branded products that serve as signals to their peers.

The theory of network effects, or network externalities, explains how the value of a good depends on the number of users in its network (Katz & Shapiro, 1985). In luxury consumption, exclusivity plays a key role in shaping network value—when more consumers gain access, the prestige and pleasure of owning and displaying a luxury brand diminishes (Berger & Heath, 2008; Rosendo-Rios & Shukla, 2023). Consumers, therefore, assess luxury purchases not just based on intrinsic product appeal but on anticipated network composition and size (De Giorgi, Frederiksen & Pistaferri, 2020). As democratization expands access, it enlarges the network, thereby eroding the exclusivity and uniqueness that defines luxury (Lee et al., 2018). This dilution leads to negative network externalities, reducing purchase intentions (Berger & Heath, 2008).

Additionally, a key factor driving these negative effects is the social status of the new entrants into the luxury network. When a luxury brand democratizes and attracts lower-status consumers, will traditional luxury consumers continue to buy it? We propose that if luxury brands become associated with lower-status users, traditional high-status consumers may perceive a loss of exclusivity and disengage. Self-presentation concerns are key in determining the impact of dissociative influences (Sun et al., 2024), as the desire to avoid dissociative groups influences consumers' evaluations and preferences (Giakoumaki, 2020). This reaction aligns with signaling research, which suggests that when products become widely adopted by undesirable groups, existing consumers often either abandon them (Berger & Heath, 2008) or upgrade to alternative options (Wang & John, 2019). Conversely, while association with lower-status users can lead to brand avoidance, consumption by high-status individuals reinforces its appeal. High-status users may help traditional consumers feel part of a superior network (Wang and John 2019; Flynn et al., 2016), thereby preserving the brand desirability despite democratization.

While prior research has examined network externalities in market-dynamics and organizational contexts (Katz & Shapiro, 1985), little attention has been given to how these externalities function within status signaling networks, specifically, how democratization affects luxury purchase behavior through network expansion. We address this gap by proposing that luxury democratization, due to increased access and availability, creates negative externalities, diminishing traditional luxury consumers' purchase intentions. Moreover, we propose that the effect of these network externalities depends on the size and composition of the network. Specifically, when democratized luxury brands are adopted by lower-status consumers, traditional luxury consumers are more likely to defect and abandon the brand. However, when high-status consumers adopt these brands, traditional consumers are less likely to disengage, as the association with an exclusive elite network counteracts the negative effects of wider access.

H1: The effect of democratization on purchase and abandonment intentions among traditional luxury consumers differs based on democratized brand user status.

H1a: When democratized brands are adopted by low-status consumers, traditional luxury consumers will reduce their purchase intentions and abandon the brand.

H1b: When democratized brands are adopted by high-status consumers, traditional luxury consumers will maintain purchase intentions and be less likely to abandon the brand.

Democratization, Pride of Ownership, and Purchase Intentions

We now examine how democratization influences pride of ownership. Ahuvia, et al. (2018) integrate the construct of pride (Tracy & Robins, 2007) with psychological ownership (Pierce, Kostova, & Dirks, 2003), conceptualizing pride of ownership as an emotion attached to tangible and/or intangible consumption experiences over which consumers feel psychological ownership. Psychological ownership reflects a link between an individual and an object, integrating the object into the extended self (Pierce et al., 2003). Thus, pride of ownership is likely to emerge as a reflexive response to consuming luxury brands that symbolize social superiority, success, and achievement, allowing consumers to extend their selves and assert their self-identity (McFerran et al., 2014).

However, we predict that luxury democratization disrupts this relationship by eroding the core values associated with luxury, such as exclusivity and uniqueness, leading to unintended psychological consequences for traditional luxury consumers. When access to these brands results in an expanded network of users, the symbolic distinction they provided weakens, reducing their effectiveness as markers, for instance, of status or success (Berger & Heath, 2008; Rosendo-Rios & Shukla, 2023). This shift directly impacts consumers' pride of ownership, as democratized brands no longer enhance their self-views. Traditional consumers, who previously used these brands to signal uniqueness or exclusivity, may now feel that ownership dilutes rather than elevate their identity. As a result, their pride of ownership significantly decreases compared to pre-democratization levels.

While prior research has explored how exclusivity strengthens consumer attachment and status signaling (Han et al., 2010; Kapferer and Valette-Florence, 2018), little attention has been given to the psychological impact of losing exclusivity through network externalities. We propose that democratization not only reshapes market dynamics, but also weakens traditional consumers' emotional connection to brands by diminishing their pride of ownership. Furthermore, research also suggests that a decline in pride of ownership reduces purchase intentions (Townsend and Shu, 2010; Rowe et al., 2019). Consistent with this, we argue that as brands democratize, consumers become less motivated to buy products that no longer function as effective identity-markers.

H2: Pride of ownership negatively mediates the effect between democratization and traditional consumers' purchase intentions.

Mitigating the Effects of Democratization through the Rarity Principle

If democratization reduces traditional luxury consumers' pride of ownership and causes negative network effects, how can brands mitigate these consequences? We posit that applying the rarity principle (Kapferer & Bastien, 2009; Kapferer & Valette-Florence, 2018) can help luxury brands achieve that outcome. Market evidence supports this approach. Many democratized brands, including Gucci, Prada, and Burberry, have reduced product lines and refocused on their original design philosophies to maintain distinctiveness (Sandle, 2016). For instance, Burberry allegedly destroyed unsold merchandise worth over US$120 million between 2013 and 2018 to protect its luxurious image, aiming that consumers would take pride in such brand initiatives (BBC, 2018). However, it remains unclear whether these strategies effectively counteract the negative network effects of democratization. We investigate the rarity principle as a potential strategy to mitigate the downsides of luxury democratization.

The rarity principle asserts that scarcity enhances the perceived value and desirability of luxury goods, making it essential in maintaining brand prestige (Kapferer & Bastien, 2009). Scholars argue that even as luxury brands expand globally, rarity remains central to their appeal (Kapferer & Valette-Florence, 2018). While growth may dilute exclusivity, strong brands can counteract this by strategically managing rarity through mechanisms like limited editions, controlled production, and exclusive collaborations (Dion & Borraz, 2017). These studies underscore the critical role of rarity principle in preserving luxury brand perception. However, while rarity-based strategies have been shown to sustain brand desirability in general, their effectiveness in mitigating the negative psychological effects of democratization—particularly the decline in pride of ownership—remains untested. We extend the rarity principle to democratization, proposing that rarity-based strategies can help restore traditional consumers' pride of ownership for democratized luxury brands.

Democratization expands a brand's accessibility and availability, while rarity-based initiatives, such as limited editions, exclusive designs, and personalization, emphasize craftsmanship and induce a sense of originality and iconicity (Kapferer & Bastien, 2009). We argue that by reinforcing these signals, brands can restore pride of ownership and mitigate the negative network effects of democratization. Thus, we hypothesize:

> H3: Rarity principle-driven initiatives positively moderate the effect of democratization on pride of ownership, leading to an increase in purchase intentions among traditional luxury consumers.

Overview of Studies

We explore our predictions through four studies involving mix-methods (see Figure 1). Study 1 employs a recall procedure with qualitative inquiry to examine democratization's effects on consumer feelings, behavioral intentions, and pride. Study 2 extends this with a quantitative approach, testing how new users' status moderates these effects, showing that democratized brands adopted by low-status (versus high-status) consumers reduced (versus increased) purchase intentions. Study 3 integrates pride of ownership as a mediator and explores how user status moderates traditional consumers' purchase and abandonment intentions. Study 4 highlights the role of rarity principle in restoring pride. These studies span various luxury categories (e.g. sunglasses, watches) and different democratization manipulations to ensure robustness.

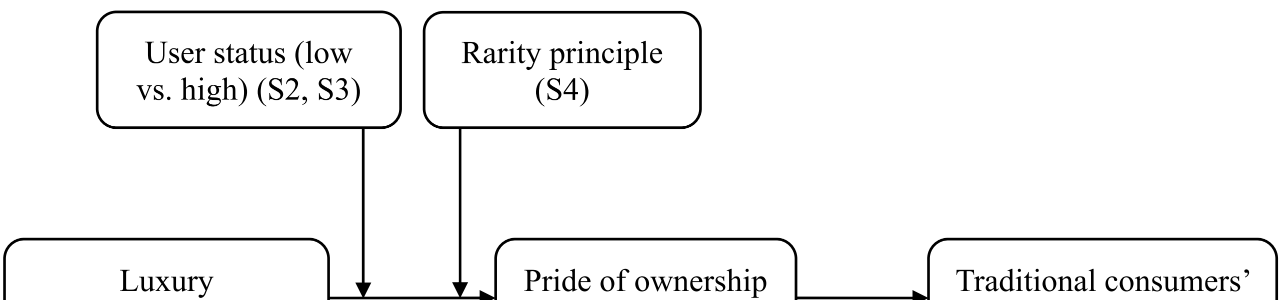

Fig. 1. Conceptual framework

Study 1: Effects of Democratization on Consumer Pride and Purchase Intentions

Using an exploratory recall approach, Study 1 examines whether democratized brands generate negative feelings, reduce pride and, lower purchase intentions among traditional luxury consumers.

Method

In this study, 142 traditional luxury consumers (M_{age} = 33.91 years; 63.04% female) from the UK, with annual incomes over £75,000, were recruited via Prolific. This income significantly exceeds the UK GDP per capita (£29,557). Participants first read a basic luxury definition ("an inessential, desirable item that is expensive and difficult to obtain") and rated their luxury knowledge compared to general population (1 = not knowledgeable at all; 5 = extremely knowledgeable; M = 3.96; SD = .87). They were randomly shown a scenario and asked to recall experiences with a luxury brand that was either democratized or remained exclusive (see Appendix A). They were then asked to reflect and write their feelings about that brand in their own words. Responses averaged 156 words and took about six minutes to complete. The initial data coding focused on a set of core codes based on feelings, behavioral intentions, and pride, coded manually by the multi-national team, followed by repeated readings to identify emergent codes and cross-case thematic analysis (Creswell and Poth, 2016). Two coders individually classified the responses with high level of agreement, as the Krippendorff's alpha was .86.

To assess the emotional tone and evaluative content of consumer responses, we conducted a sentiment analysis on open-ended textual data collected under two experimental conditions: Democratization and Exclusivity. We utilized TextBlob, a lexicon-based sentiment analysis tool that has been applied in consumer behavior research to extract polarity (valence) and subjectivity (personal vs. factual expression) scores from natural language text. Each participant response was analyzed individually, and three indices were recorded per response: polarity (ranging from –1 = very negative to +1 = very positive), subjectivity (ranging from 0 = objective to 1 = highly subjective), and categorical sentiment (classified as Positive, Neutral, or Negative based on polarity thresholds). This approach enabled a quantitative comparison of affective tone between experimental conditions.

Results

In the democratization condition, frequently mentioned brands included Gucci (n = 9); Mulberry (n = 6) or Michael Kors (n = 6). In the non-democratization condition, Hermes (n = 8), Chanel (n = 7), Christian Louboutin (n = 7) and Louis Vuitton (n = 6) were common. Results revealed that in the non-democratization condition, respondents felt more positive about their brand choices and were more interested in continued engagement with the brand.

> *"I feel like the brand is the standard of luxury when it comes to watches, I feel very positive about the brand as they have a good reputation for their high build quality. Yes, it was a good investment as the watch is worth more now than what it was at the time that I bought it. I would continue to buy the brand but not as regularly due to the price." [Female, 26, Rolex]*

"It was a good investment and I am glad that the brand has stayed exclusive. My handbag has increased on value since purchasing.   I would like to continue purchasing the brand and will do so as a treat." [Female, 30, Chanel]

"The brand has always been exclusive, making exclusive Louis Vuitton themed products, mostly focusing on clothing. I like this as it means only a certain proportion of people can get their hands on these items. I will continue buying this brand as the luxury goods are luxury and of high quality." [Male, 22, Louis Vuitton]

For democratized brands, respondents expressed discomfort and a clear tendency to switch to alternatives.

"In my 20s (20 years ago) I used to aspire to and view Tiffany's as a luxury brand which I would like to have pieces from. Whenever I got a promotion or bonus, I would purchase something from there as a treat/celebrate. However, during the passage of time, I observed many people owning Tiffany pieces, especially the silver Return to Tiffany jewellery… This turned me off the brand about 10 years ago, where I moved onto Cartier or Bulgari..." [Female, 41, Tiffany]

"I first bought a Michael Kors bag because I liked the style, and they were relatively expensive and considered luxury at that time. They have now become so prevalent and the price is not prohibitive to a level that makes it unaffordable for many... I was no longer happy to continue using the bag and I sold it. I wouldn't purchase anything further." [Female, 29, Michael Kors]

In the non-democratization condition, respondents felt significant pride in owning their luxury brand.

> *"I felt great that I was part of an elite group who had this luxury item. I feel very positive and special when I am using the brand… I feel that I got a real statement piece and that I might get glances from people who might be jealous in what I have got. This boosts my confidence and confirms that I made the right decision in purchasing the item." [Female, 46, Louis Vuitton]*

Contrarily, in the democratization condition, pride of ownership diminished significantly.

> *"Used to be very bespoke and make outfits/jewellery for celebrities on red carpets. Felt very special and luxurious shopping in their stores. However, recently, it's become a lot more common. The excitement has gone and I don't feel as special wearing their jewellery as it's very common now..." [Female, 21, Vivienne Westwood]*

The sentiment analysis revealed a pronounced divergence in emotional responses between the two experimental conditions, particularly with respect to negative emotions. The average polarity score in the Democratization condition (M = 0.20) was lower than in the Exclusivity condition (M = 0.27), indicating comparatively weaker positive evaluations. Further, the subjectivity score for exclusivity condition (.56) was higher than democratization condition (.49), suggesting greater affective expression in exclusive condition. While a majority of respondents discussed positive aspects about luxury goods in general, there was an eightfold increase in negative sentiment in democratization condition (11% responses classified as negative) than in exclusive condition (1.4%). Furthermore, the Democratization condition yielded a higher frequency of expressions related to disappointment, loss of symbolic value, and concerns over brand dilution. In contrast, the Exclusivity condition elicited near-uniformly positive responses (*97%* positive), reinforcing the negative effects of democratization.

Discussion

Study 1 confirms that luxury democratization triggers negative emotions and lowers purchase intentions among traditional luxury consumers. The findings reveal that as brands democratize, traditional luxury consumers' pride of ownership diminishes, leading to a decreased likelihood of purchase and increasing brand-switching tendencies. While these results offer interesting directions, recall bias and prior experiences may affect these findings. Moreover, self-reporting of prior feelings may reflect social desirability bias. To mitigate these limitations, following studies incorporate complementary methods including standardized stimuli.

Study 2: The Effect of Democratization on Luxury Purchase Intentions Moderated by New Users' Status

While the earlier study considered reflections among traditional luxury consumers, this study empirically tests whether democratization reduces purchase intentions depending on the new users' perceived status. It examines how the interplay between democratization and perceived user status shapes traditional consumers' responses.

Method

This study employed a 2 (democratization vs non-democratization) x 2 (user status: low vs high) design. A G*Power analysis ($f = .25$, $\alpha = .05$, power = .80) recommended a sample of 128; we recruited 147 traditional luxury consumers (M_{age} = 33.71 years; 61.09% female; M_{income} = £85,302) who regularly bought luxury goods were recruited via Prolific using a British consumer panel. Participants read a basic luxury definition and provided socio-demographic information first. Participants' subjective social status was measured using a 9-

point scale (1= lowest; 9= highest status; Appendix E for scales details) from Adler et al. (2000). They were then randomly assigned to recall a democratized or non-democratized luxury brand similar to Study 1 (see Appendix A), naming the brand, and describing their experiences. Next, they were exposed to the subjective social status scale (Adler et al., 2000) and requested to rate the status of a typical buyer of the brand and the brand's accessibility (the brand is only available to select few; 1 = strongly disagree; 5 = strongly agree). User status was determined by subtracting the new user's subjective social status from the participant's own; if lower, the user was categorized as low status, if higher, as high status. A similar score indicated equivalent status. Finally, purchase intentions ($\alpha = .94$; Jones, Mothersbaugh and Beatty, 2000) were measured.

Results

Participants in the democratization condition perceived the potential buyer's brand status to be significantly lower ($M = 3.50$, $SD = 0.68$) compared to those in the non-democratization condition ($M = 3.99$, $SD = 0.68$; $F(1, 145) = 18.82$, $p < .001$). Perceived accessibility also differed significantly ($F(1, 145) = 5.58$, $p = .020$), with participants in the non-democratization condition reporting lower accessibility scores ($M = 2.31$, $SD = 0.93$) than those in the democratization condition ($M = 2.70$, $SD = 1.06$) confirming the effectiveness of both manipulations.

A one-way ANOVA showed that democratization lowered purchase intentions ($F(1, 145) = 15.35$; $p = .000$; $M_{democratized} = 3.56$, $SD = 1.16$; $M_{non\text{-}democratized} = 4.22$, $SD = .81$). Using PROCESS macro model 1 (Hayes, 2017), we examined the moderating influence of social status on this relationship. The direct effects of democratization ($F(3, 143) = 19.29$; $p < .001$; $\beta = -.46$; CI(95%) = [-.65, -.27]) and status difference ($\beta = -.13$; $p = .016$; CI(95%) = [-.23, -.02]) and their interaction ($\beta = -.23$; $p < .001$; CI(95%) = [-.34, -.13]) was significant on purchase intentions. Further contrasts (Figure 2) showed no significant difference between democratized and exclusive conditions when the new users' status was high or similar to participants. Conversely, when news users had lower status than the participant's own status, purchase intentions significantly differed between democratized (F (2, 141) = 6.02; M = 2.78; SD = 1.39; p = .003) and exclusive conditions (M = 4.67; SD = .52).

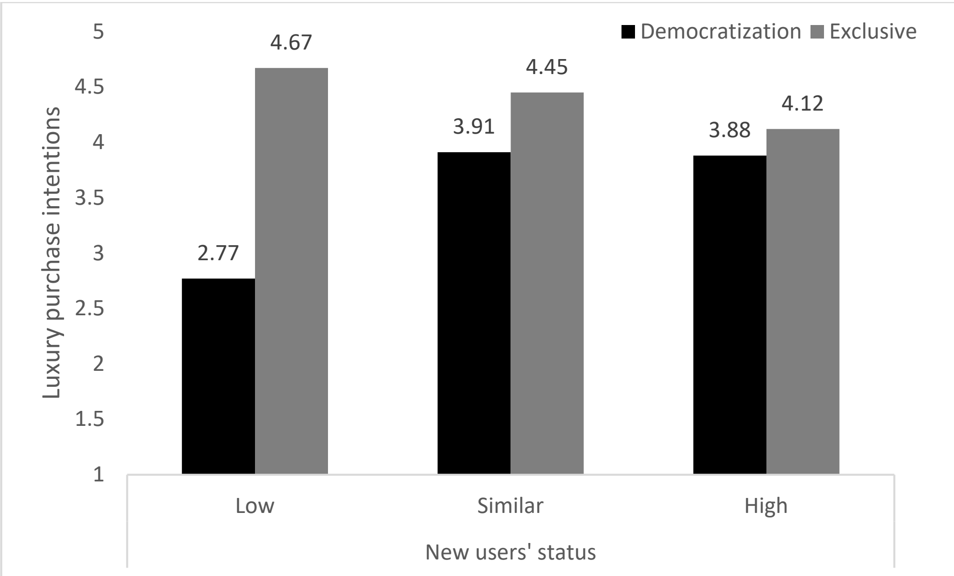

Fig. 2. Interactive effects of democratization and user status on purchase intentions (Study 2)

Discussion

Study 2 confirms our prediction that new users' status moderates the relationship between democratization and purchase intentions (H1). Traditional luxury consumers were less likely to purchase democratized brands when low-status users adopted them. Conversely, exclusivity heightened purchase intentions when new users had low status, reinforcing the 'trading up' effect (Wang & John, 2019). No significant difference emerged when new user had either high or similar status to the participant's, likely because both groups were perceived as socially comparable, preserving the symbolic value of brand's ownership. While Rosendo-Rios and Shukla (2023) found that democratization decreased traditional luxury consumers' preference for luxury brands, our findings extend this work by identifying user status as a relevant boundary condition. Next, we examine the mediating role of pride of ownership.

Study 3: The Mediating Role of Pride of Ownership with the Moderating Role of User Status

Studies 1 and 2 examined democratization effects using recall studies. Study 3 tests pride of ownership as the mechanism driving the effect of democratization on willingness to purchase. We also examine alternative explanations, including perceived authenticity (Cinelli & LeBoeuf, 2020), affordability (De Langhe et al., 2016), exclusivity, quality, and general luxury attitudes. We also manipulate both objective and subjective user status while shifting the industry focus to luxury sunglasses and using an advertisement instead of a story. The independent variable is democratization (versus non-democratization), user status (high versus low) is the moderator, and pride of ownership is the mediator. Two dependent variables assess robustness: willingness to purchase (measured in amount), and abandonment intentions.

Method

Given the moderated mediation design, we used Monte Carlo power analysis for indirect effect (Schoemann, Boulton & Short, 2017) which recommended a sample size of 232 for 80% power. We recruited 312 British traditional luxury consumers (Mage = 44.41; 68.8% female) with a median annual income exceeding GBP 100,000, more than double the UK per capita GDP (GBP 48,857). The sample size was higher than the recommended size to avoid potential exclusions and non-completions. Participants first received a luxury definition, named their favorite luxury brand, and rated their familiarity and brand associations (5-point scale). They then evaluated a luxury sunglasses advertisement and were then randomly assigned to a democratization ("Not for the selected few, now for everyone! Timeless luxury, now within reach!") or non-democratization ad condition ("Not for many, only for the selected few! Timeless luxury, beyond reach for most!") (see Appendix B).

User status was manipulated via a mock news story (see Appendix C). In the low (vs. high) status condition, the new user was an administrative secretary (vs. investment banker) who owned many products of brand X and found it popular among their peers. Participants then indicated their willingness to pay for X sunglasses. Abandonment intentions ($\alpha = .96$) were also measured by asking respondents about their likelihood of abandoning the brand, using the Jones et al. (2000) scale.

The democratization manipulation check ($\alpha = .90$) involved items from Shukla et al. (2022) (see Appendix E for this study's scale details). Accessibility perceptions were measured separately with a single item. User status manipulation iincorporated both subjective (Adler et al., 2000) and objective measures, including estimates of the new user's annual income (0 - £10,000 to >£150,000 in £10,000 increments) and their colleagues' typical job role (e.g., lower management, middle management, senior management). Additionally, pride of ownership ($\alpha = .94$; Bellezza & Keinan, 2014) was measured, along with five alternative explanations. Brand authenticity ($r = .80$; Cinelli & LeBoeuf, 2020) and affordability ($\alpha = .76$; De Langhe et al., 2016) used multiple items, the remaining three - general attitude toward luxury, perceptions of luxury exclusivity, and quality- were each measured using 7-point Likert single items scales.

Results

The democratization manipulation was successful ($F(1, 310) = 75.07$, $p < .001$), with respondents rating democratization higher in the democratization condition ($M = 4.95$, $SD =$

1.16) than in the non-democratization condition ($M = 3.66$, $SD = 1.44$). Participants also perceived the brand as more accessible in the democratization condition ($F(1, 310) = 85.70$, $p < .001$; $M = 4.10$, $SD = .62$) than in the non-democratization condition ($M = 3.25$, $SD = .97$). The subjective status manipulation ($F(1, 310) = 31.20$, $p < .001$) confirmed lower perceived status in the low-status condition ($M = 6.46$, $SD = 1.55$) than in the high-status condition ($M = 7.43$, $SD = 1.52$). Objective status manipulation showed a significant income difference ($F(1, 310) = 38.34$, $p < .001$) between low-status ($M = 6.06$, $SD = 2.51$) and high-status conditions ($M = 8.96$, $SD = 2.90$). In the low-status condition, most participants identified the job role as clerical (56.1%) or middle management (32.9%), with 11% in higher management. In the high-status condition, job roles were categorized as higher management (53.2%), middle management (35.3%), and clerical (11.5%). Thus, the user status manipulation was effective across subjective and objective measures.

A 2 × 2 ANOVA examined the direct effect of democratization, moderated by user status, on the dependent variables. Democratization significantly influenced willingness to purchase ($F(1, 310) = 53.23$, $p < .001$) and abandonment intentions ($F(1, 310) = 18.93$, $p < .001$). User status also significantly affected willingness to purchase ($F(1, 310) = 16.43$, $p < .001$) and abandonment intentions ($F(1, 310) = 4.61$, $p = .033$). The democratization and user status interaction was significant for willingness to purchase ($F(1, 310) = 4.16$, $p = .042$) and abandonment intentions ($F(1, 310) = 4.18$, $p = .042$). Planned contrasts (Figure 3) indicate that democratization deters traditional consumers from purchasing when low-status users adopt the brand.

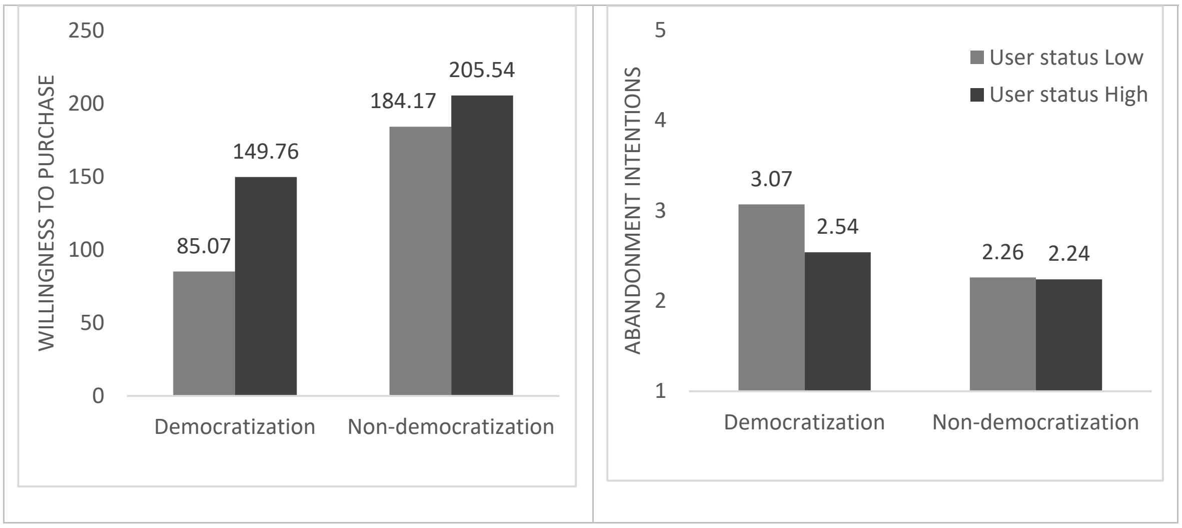

Fig. 3. Interaction effects between luxury democratization and user status

With several measured variables, we first ran a confirmatory factor analysis for pride of ownership, authenticity, affordability and abandonment intentions (see Appendix E). The model showed an excellent fit ($\chi 2$ (df) = 352.51 (175); RMSEA = .057; CFI = .97; TLI = .96; GFI = .92) with all the measures having factor loadings above .5, AVE and CR values above 0.5 and 0.7 respectively.

For moderated mediation (Figure 4; IV = democratization; Moderator = user status; Mediator = pride of ownership; DV1 = willingness to purchase; DV2 = abandonment intentions; Alternative explanations = perceived authenticity, affordability, and perceptions of exclusivity, quality and general attitude toward luxury; Covariates = age, gender, annual income, brand familiarity, and brand association), we employed PROCESS macro 7 with 10,000 bootstraps (Hayes, 2013). Democratization was coded as -1 and non-democratization as +1, while low status was coded as -1 and high status as +1.

Consistent with our theorization, democratization significantly affected pride of ownership ($F(8, 302) = 16.33$; $p < .001$; $\beta = .36$; CI(95%) = [.23, .50]). Pride of ownership significantly influenced willingness to purchase ($\beta = 23.47$; $p < .001$; CI(95%) = [15.53, 31.42]), and abandonment intentions ($\beta = -.20$; $p < .001$; CI(95%) = [-.29, -.09]). The indirect effect of democratization on willingness to purchase via pride of ownership was significant for low user status (CI(95%) = [6.90, 20.83]) but not for high status condition (CI(95%) = [-.41, 9.04]). A similar indirect effect was observed for abandonment intentions (low status: CI(95%) = [-.19, -.04]; high status: CI(95%) = [-.07, .01]), suggesting that pride of ownership mediates the relationship primarily when low-status users engage with democratized luxury brands. The index of moderated mediation was also significant for willingness to purchase (CI(95%) = [-17.19, -2.89]), and abandonment intentions (CI(95%) = [.02, .16]). Among covariates, only brand association significantly influenced willingness to purchase ($\beta = .39$, $p < .001$, CI(95%) = [.21, .57]), while no covariates significantly affected abandonment intentions. Alternative explanations yielded non-significant indirect effects on moderated mediation indices, reinforcing our theorization.

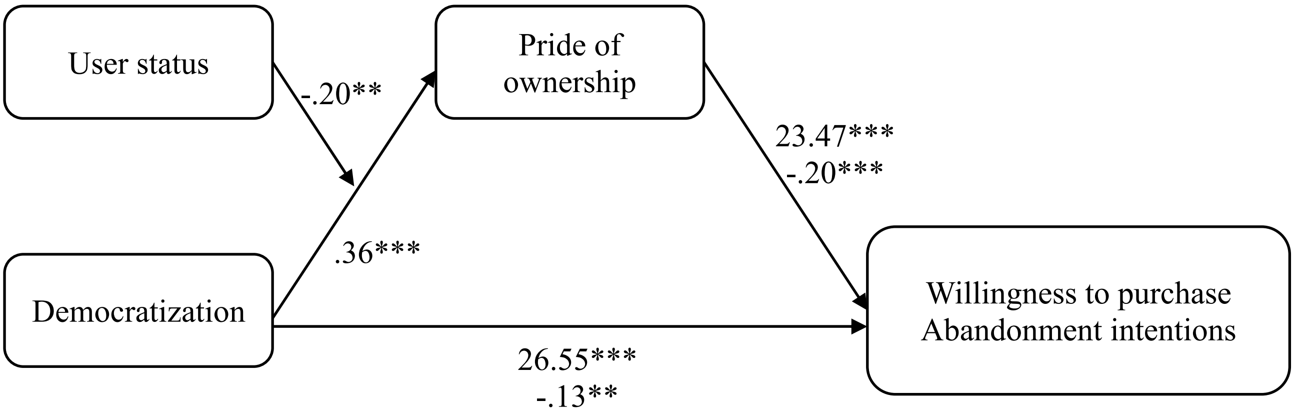

Fig. 4. Moderated mediation analysis for willingness to purchase and abandonment intentions (Study 3).

Notes: **p < .005, ***p < .001; values in the first and second raw relate to willingness to purchase and abandonment intentions respectively.

Discussion

Consistent with earlier studies, Study 3 supports H1 showing that democratization lowers willingness to pay and increases abandonment intentions among traditional luxury consumers when low-status consumers engage with such brands. Confirming H2, this effect is driven by reduced pride of ownership, which decreases willingness to purchase and increases abandonment intentions, routing out other alternative explanations. These findings confirm that democratization negatively impacts purchase intentions via pride of ownership, with a correspondent reversal effect for abandonment. Our results extend prior literature (Shukla et al., 2024) by explaining why traditional consumers abandon democratized luxury brands. While the first three studies consistently demonstrate the negative network effects of luxury democratization among traditional consumers—along with the moderating role of new user status via pride of ownership—the next study identifies a boundary condition, grounded in the rarity principle, that mitigates these negative effects.

Study 4: Rarity principle as a mitigator

This study tested H3, predicting that the rarity principle can mitigate the negative network effects of democratization. It also examined whether rarity principle-based campaigns (versus control) restore traditional consumers pride of ownership, increasing purchase intentions for democratized brands. Using a scenario-based study in the watch industry context, the independent variable was democratization (versus non-democratization), pride of ownership was the mediator (Townsend & Shu, 2010), rarity principle (versus control) was the moderator, and purchase intentions the dependent variable.

Method

For this moderated mediation, G*Power recommended a sample of 308 for a medium effect size ($f = .25$, $\alpha = .05$, power $= .80$). We collected data from 309 US traditional luxury consumers (M_{age} = 38.84 years; 49.80% female) who bought luxury goods at least four times annually, and earned over US$80,000. After receiving a basic luxury definition, they were told they would participate in two different brand-related studies. Participants were then exposed to a democratization (versus non-democratization) scenario (Appendix D), featuring Omega's Bioceramic (vs stainless-steel) watch, available in multiple colors (instead of monochrome) with a Velcro (traditional stainless-steel) strap. Democratization manipulation checks (α = .92) followed, similar to Study 2.

Next, participants were randomly assigned to the rarity (versus control) condition and shown a mock-up mailing announcement (Appendix D) for a one-day invitation-only (versus open to public) Omega watches sales event. The rarity (control) manipulation varied with very few (versus many) customers invited to the event. Participants in the rarity condition were informed that at the event they will have a chance to own the watch before it is launched to the general public (vs when it is launched to the general public). Rarity perceptions (α = .98; Barone & Roy, 2010) were then measured. Participants then rated their likelihood of attending the event, and their feelings about the event (α = .98) on 3 items on a 9-point scale ("My opinion of this event is": 1 = "bad," and 9 = "good"; 1 = "negative," and 9 = "positive"; and 1 = "unfavorable," and 9 = "favorable"). In this study, we measured pride of ownership (α = .92) using Townsend and Shu's (2010) scale, followed by purchase intentions (α = .96) similar to study 3.

Results

As expected, participants in the democratization condition perceived the brand as more democratized (M = 4.99; SD = 1.35) than those in the non-democratization condition (M = 2.50; SD = 1.24; ($F(1, 308) = 286.28$; $p < .001$)). Similarly, participants in the rarity condition perceived the event as rarer (M = 7.09; SD = 2.10) than those in the control condition (M =

2.49; SD = 1.76; ($F(1, 308) = 436.43$; $p < .001$)). However, there were no significant differences in event attendance ($F(1, 308) = 2.87$; $p = .060$) or feelings about the event ($F(1, 308) = .011$; $p = .917$).

A 2 x 2 ANOVA revealed that democratization ($F(1, 308) = 27.10$; $p<.001$), rarity principle ($F(1, 308) = 6.27$; $p = .013$) and their interaction ($F(1, 308) = 6.52$; $p = .011$) significantly affected purchase intentions. Planned contrasts (see Figure 5) revealed a significant decrease in purchase intentions when no rarity principle was deployed in democratization condition.

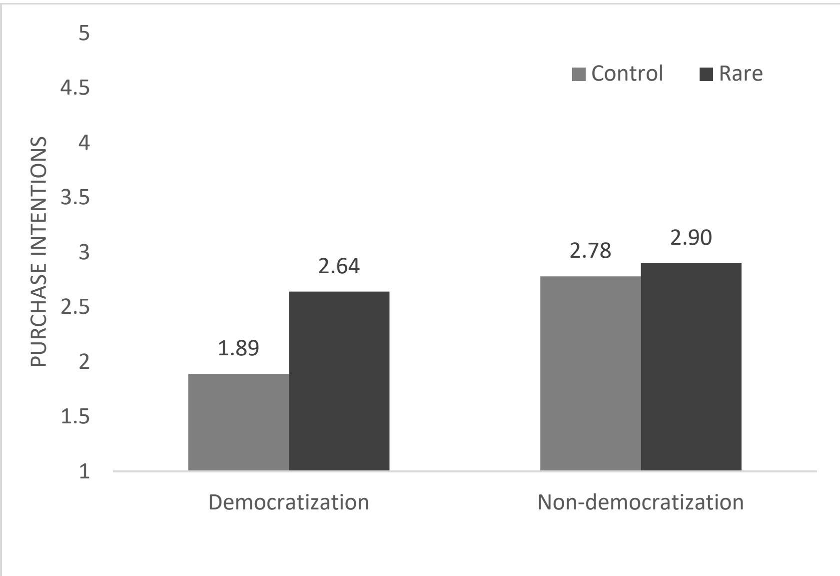

Fig. 5. Interactive effects of rarity principle and pride of ownership on purchase intentions (Study 4)

A confirmatory factor analysis (see Appendix E) for pride of ownership, democratization, rarity principle and purchase intentions showed an excellent fit (: $\chi 2$ (df) = 210.71 (82); RMSEA = .060; CFI = .98; TLI = .97; GFI = .91). We employed PROCESS macro model 7 with 10,000 bootstrapped resamples (Hayes, 2013) to examine moderated mediation, with democratization as the independent variable, rarity principle as the moderator, pride of ownership as the mediator, and purchase intentions as the dependent variable. Results showed that democratization (-1 = democratization; 1 = non-democratization) significantly influenced pride of ownership ($F(3, 305) = 13.50$; $p <.001$; $\beta = .45$; CI(95%) = [.28, .63]) but not purchase intentions ($F(2, 306) = 180.57$; $p < .001$; $\beta = .02$; CI(95%) = [-.08, .13]). Pride of ownership also significantly affected purchase intentions ($\beta = .60$; $p < .001$; CI(95%) = [.53, .66]), suggesting a full mediation. Rarity strategies (1= rare; -1 = control) moderated the relationship between democratization and pride of ownership ($\beta = -.22$; $p = .011$; CI(95%) = [-.39, -.05]). Conditional indirect effects were significant in both rarity ($\beta = .14$; CI(95%) = [.01, .27]) and the control ($\beta = .40$; CI(95%) = [.24, .57]) conditions affirming pride of ownership mediation. The index of moderated mediation confirmed the moderating role of rarity principle (CI(95%) = [-.48, -.06]).

Discussion

Study 4 confirms H3 and highlights the rarity principle as a strategy to mitigate the negative effects of democratization. These findings show that democratization reduces pride of ownership, reducing purchase intentions. However, this effect can be mitigated by employing rarity principle strategies. This study introduces a novel approach to counteract the negative network effects of luxury democratization.

General Discussion

This research develops and empirically tests a framework for understanding traditional luxury consumers' responses to luxury democratization. Drawing on network effects theory (Katz & Shapiro, 1985), we demonstrate that democratization diminishes traditional consumers' pride of ownership, reducing their purchase intentions. Study 1, using a recall-based approach, provides initial evidence that traditional consumers react negatively to democratization, which, in turn, undermines their pride of ownership. Study 2 extends these findings by showing that democratized brands associated with low-status (versus high-status) consumers further suppress purchase intentions. Study 3, using an advertisement setting, shows that this negative network effect of luxury democratization moderated by the new user status is channeled through traditional consumers' pride of ownership, which influences their willingness to purchase and drives defection. Finally, study 4 highlights that the negative network effects of democratization attenuate when the brand employs rarity principle driven strategies. Taken together, these studies employ different designs, stimuli, industry contexts, and offer cross-national stability to provide robust support for our central claim. We summarize our theoretical and managerial contributions in Appendix F.

Theoretical Implications

We contribute to extant theory in several ways. First, we provide causal evidence of the negative network effects of luxury democratization. While luxury branding has attracted increasing scholarly attention, democratization has substantially transformed the luxury brand landscape, emerging as a major industry challenge (Danziger, 2019), sparking public debate (Sandle, 2016). Despite its relevance, academic research on democratization remains scarce (Rosendo-Rios & Shukla, 2023). Prior research has primarily examined network effects in macro-level economic and societal contexts (De Giorgi, Frederiksen & Pistaferri, 2020), overlooking these negative externalities effects in consumer-brand relationships. We extend network effects theory (Katz & Shapiro, 1985) by demonstrating how democratization generates negative network externalities within status-signaling consumption, disrupting traditional luxury consumers' brand perceptions.

Second, we identify luxury democratization as a novel driver of reduced pride of ownership (Rowe et al., 2019). Pride of ownership is crucial in luxury consumption, as it reinforces self-identity and status projection (Townsend & Shu, 2010). We extend this framework by showing that democratization erodes key symbolic values associated with luxury—such as exclusivity and uniqueness—diminishing traditional luxury consumers' pride of ownership, lowering their purchase intentions and increasing defection. This finding extends our understanding of pride of ownership by showing how market-level strategies (i.e. democratization) influence consumer-brand relationships and can potentially disrupt them.

Third, we introduce two strategical and novel boundary conditions that moderate traditional luxury consumers' negative reactions to democratized luxury brands. While prior research on network effects has focused on network size, we show that composition—specifically, the social status of new adopters—plays a critical role, as status hierarchies shape consumer reactions to democratized luxury brands. These negative effects are amplified when low-status consumers engage with democratized luxury brands. Conversely, when high-status consumers adopt these brands, the negative democratization effect is attenuated. These insights refine theories of exclusivity and status signaling by demonstrating that traditional consumers' responses to democratization depend not only on *how* widely a brand is adopted but also on *who* adopts it. Our findings, spanning various product categories, highlight the robustness and relevance of these effects among traditional luxury consumers.

Finally, we extend the application of the rarity principle (Kapferer & Bastien, 2009; Kapferer & Valette-Florence, 2018) beyond high-end and ultra-luxury branding to democratized luxury. We show that campaigns leveraging rarity-principle strategies (e.g. invitation-only events, scarcity-driven campaigns), can restore core luxury values eroded by democratization. This introduces a novel mechanism for mitigating democratization's negative effects, offering insights into how luxury brands can maintain exclusivity despite broader accessibility.

Managerial Implications

Despite the managerial relevance and economic impact of democratization strategies for luxury brands worldwide, very little is known about how these strategies affect traditional consumers' behavioral intentions (Rosendo-Rios & Shukla, 2023). Our research provides actionable strategies for luxury managers seeking to balance market expansion while maintaining the core values of luxury.

Our findings highlight a key risk of democratization: negative network externalities (Katz & Shapiro, 1985) that diminish traditional consumers' pride of ownership, ultimately diminishing their purchase intentions. As lower-status consumers adopt democratized luxury due to increased access, traditional consumers may disengage, threatening long-term brand equity. Thus, while democratization may drive short-term growth through market expansion, it must be carefully managed to avoid alienating the core customer base.

A crucial insight from our research is that the new users' social status is a critical boundary condition in mitigating the negative impact of democratization on purchase intentions. Specifically, when new users have high or similar status, purchase intentions are not as negatively affected compared to increased adoption by low-status users. This finding highlights the need for status-sensitive marketing strategies. Luxury managers can shape consumer perceptions by carefully selecting elite brand ambassadors, leveraging high-status celebrity endorsements, and cultivating aspirational brand imagery. These strategies can reinforce the brand's symbolic power and maintain its prestige, even for democratized product lines.

Our research highlights the effectiveness of rarity-principle strategies in counteracting the negative effects of democratization. Traditional luxury consumers perceive luxury democratization as eroding exclusivity and diminishing the luxury brand's core value of symbolic distinction, resulting in reduced pride of ownership, and purchase intentions.

However, by employing rarity-principle-based initiatives such as reinforcing heritage, originality, craftmanship, and iconicity, brands can restore these intentions. Strategies such as offering customized, personalized or limited-edition collection can reinforce core luxury values. Similarly, introducing higher-tier sub-brands or upward-stretching product lines (Wang & John, 2019), can help brands to cater to traditional consumers' need for distinction while increasing market access through democratization. For instance, Longchamp introduced higher-end leather-based product version of its entry-price-point, best-selling foldable bag known as Le Pliage.

The rise of digital luxury democratization presents new challenges and opportunities for maintaining exclusivity. The expansion of virtual fashion, for instance, is reshaping luxury consumption. Digital accessibility removes traditional barriers of price and distribution, forcing brands to rethink how they can preserve status differentiation in virtual spaces. Managers can use rarity-principle strategies such as restricted digital access for traditional consumers. This can include NFTs, blockchain-based authentication, and restricted-access virtual collections to maintain status differentiation. For instance, during the Spring/Summer 2024 fashion show, Louis Vuitton introduced the "Tile Trunk" collection, a series of exclusive phygital pieces designed by Nicolas Ghesquière. Limited to only 200 NFTs, these trunks were priced at €6,000 each, blending physical craftsmanship with digital ownership to maintain exclusivity. Additionally, brands can offer digital collectibles or private experiences for traditional consumers, ensuring long-term market positioning while preserving status appeal.

Future Research Directions

As with any research, our work has limitations that offer avenues for future research. Beyond pride of ownership, future studies should examine alternative psychological mechanisms that may underpin the negative effects of democratization, such as brand attachment or other global emotions such as embarrassment, shame, or lack of well-being are affected by luxury democratization, requires further study. Another interesting avenue is to explore how brands can systematically manage consumer perceived status post-democratization across different market segments and contexts. Luxury consumption norms vary between Western and non-Western markets, with Western consumers often emphasizing individual status signaling, whereas non-Western consumers prioritizing group-based prestige and social harmony (Shukla et al., 2022). Future studies could explore whether cultural dimensions (i.e., self-construal, or collectivism vs individualism) moderate these effects.

Similarly, variations across high-involvement luxury goods (e.g. cars) versus low-involvement ones (e.g. accessories or perfumes) could yield different consumer responses. An interesting area is to examine the comparative effects of exclusivity versus inclusivity-driven campaigns for democratized brands. It would also be interesting to examine potential outcomes of campaigns applying exclusivity plus inclusivity, compared with exclusivity versus inclusivity.

Our recall study may be affected by memory or social desirability biases. Future researchers could employ incentive compatible choice or willingness to pay tasks to reduce the self-reporting biases. Another interesting direction is exploring the long-term effects of luxury democratization on consumer pride, consumption behavior, and brand equity. Finally, research should extend to digital luxury democratization, where accessibility is determined not limited by physical distribution but by technological barriers and virtual brand experiences. As luxury brands expand into digital ownership, it is unclear whether digital accessibility leads to similar negative network effects.

Concluding Remarks

Despite the increasing democratization of luxury brands, its psychological impact on consumer behavior remains underexplored. While democratizing a brand may offer short-term economic benefits, managers should not underestimate the potential economic losses if traditional luxury consumers disengage. Understanding consumer reactions to this strategic shift is critical for researchers and practitioners alike.

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