

Statement on Research and Scholarship *Ludovica Cesareo*

Luxury goods satisfy unique consumer needs. Whether status, identity signaling, aesthetic pleasure, or simply pursuing happiness, luxury goods spark an emotional reaction in consumers. Oftentimes though, consumers who aspire to participate in the world of luxury do not possess the financial means to do so, and they thus turn to counterfeits as a viable alternative. Research has shown that even authentic luxury good owners sometimes turn to counterfeits to satisfy their broad emotional and situational needs. I am interested in luxury goods marketing and consumption, as well as in understanding when and why consumers purchase authentic - versus counterfeit - luxury goods. Furthermore, sustainability represents one of the most important challenges of the 21st century, and marketers, especially luxury ones, are tasked with figuring out ways to foster sustainable consumption while preserving the dream value of their offerings. I am researching the psychological processes that influence consumer behavior toward authentic and counterfeit luxury products, as well as the integral role sustainability plays in consumer decision-making and marketing related outcomes.

I am currently working on two research streams: the first is on luxury and luxury counterfeiting; the second is on sustainability and the challenges it poses for luxury. In the first research stream, I study the evolving consumer behavior in the luxury industry by looking at consumer responses to trends in fashion styles (i.e., distinctively ugly luxury); I also build upon my prior knowledge and work in luxury counterfeiting to understand the antecedents and consequences for luxury brands of consumers' positive predispositions towards luxury counterfeit goods. In the second research stream, I am looking at the interplay between luxury and sustainability, by studying how and when they are compatible and when consumers choose them as gifts for others, as well as the antecedents of sustainable behaviors, such as creativity.

Luxury and Luxury Counterfeiting

My first research stream explores the psychology of luxury consumption, as well as the antecedents and consequences of consumer's decisions to purchase counterfeit luxury goods.

In the paper, "Hideous but Worth It: Distinctive Ugliness as a Signal of Luxury" (Cesareo, Townsend, and Pavlov), we investigate why distinctively ugly luxury – with its unflattering shapes, odd color combinations, and outrageous patterns – is currently in fashion and selling. While long-standing wisdom and academic research agree that consumers like and choose goods that are attractive, particularly when publicly displayed, this doesn't seem to be case in the luxury industry. This research identifies distinctive ugliness as a signal of luxuriousness. Seven studies, including a field study, an analysis of market pricing, and five controlled laboratory experiments involving a variety of fashion products, brands, aesthetics manipulations, and audiences reveal the ramifications of this phenomenon on consumer behavior. When products are from a non-luxury brand, consumers follow the universal prediction and select the attractive option. However, when from a luxury brand, there is no benefit to attractiveness; consumers choose distinctively unattractive products, not despite their ugliness but due to their ugliness and resulting

ability to signal luxury. Brand prominence serves as a boundary condition, providing further evidence that distinctive unattractiveness signals much like a luxury logo. Implications for both luxury and non-luxury brands are discussed.

The paper “Consumer Knowledge and Moral Disengagement in Reactions to Luxury Counterfeits” (**Cesareo** and Bellezza) investigates the role of knowledge and the impact of counterfeits on original luxury brands. Counterfeiting is usually a negative phenomenon, bearing undesirable consequences for both companies and consumers of the original brands. Yet, some consumers, while acknowledging the immorality of counterfeiting, still have positive predispositions towards such products. *Why?* We investigate consumers’ reactions to counterfeits and consequences for the original brands as a function of consumers’ knowledge in a specific product domain (fashion and luxury goods). Four studies (one pre-registered) demonstrate that low-knowledge consumers react more positively to counterfeits and exhibit more positive downstream consequences for the original brand than high-knowledge consumers because they are more morally disengaged and see these reproductions as acceptable. Our findings offer actionable implications for managers on how and where to concentrate their anti-counterfeiting efforts.

Sustainability

My second research stream explores the interplay between luxury and sustainability, as well as antecedents of sustainable behaviors.

In the paper, “Sustaining Excellence: Embedded (not Peripheral) Sustainability Aligns with Luxury” (**Cesareo** and Patrick), we look at how luxury, based on logics of excess, extravagance, and conspicuousness, and sustainability, based on logics of paucity, conservation, and self-restraint, seem to be an oxymoron, and yet luxury brand managers are regularly challenged with how to successfully marry luxury and sustainability. In this research, we identify one factor underlying effective sustainable luxury: the *embeddedness* of the sustainability innovation. Specifically, we present a distinction between embedded sustainability (high-end innovations that are unique to the luxury brand) and peripheral sustainability (mainstream activities that are commonplace). In four studies (three pre-registered) - a field study on Facebook and three online/laboratory experiments – we demonstrate that embedded (peripheral) sustainability is (not) aligned with luxury brand status since it safeguards (compromises) the hedonic potential of luxury brands (studies 1-2), and increases (diminishes) purchase intent and status-signaling behaviors (e.g., positive word-of-mouth; studies 1-4). Furthermore, we find that this asymmetry is specific to luxury brands since consumers respond favorably to both peripheral and embedded sustainability for non-luxury brands, but only to embedded sustainability for luxury brands (studies 3-4). This research offers luxury brand managers guidance on how to successfully align sustainability with luxury without diminishing the “dream value” associated with luxury brands.

In the paper “Gifting Sustainable Luxury Services: Preference Similarity of the Gift Recipient and Perceived Risk” (**Cesareo**, Patrick, and Holmqvist), we look at the process of gift-giving, focusing on traditional vs. sustainable luxury services. Across seven studies, we demonstrate that consumers’ gifting preference for sustainable (over traditional) luxury

services depends on the perceived preference similarity of the gift recipient. Specifically, when choosing a gift for a high preference similarity gift-recipient, we find that consumers align the gift choice with their own preference (i.e., sustainable luxury), but not when choosing a gift for a low preference similarity gift-recipient, because of the lower perceived risk of such choice. We also uncover two boundary conditions to our effects: 1) Consumers prefer gifting a sustainable luxury service over product only for high (but not low) preference similarity gift-recipients; and 2) our effects are unique to the luxury domain, since consumers are indifferent between gifting sustainable and traditional services when from a mainstream brand. This work contributes to the sustainability, services, luxury, and gift-giving literatures to provide insight into when and why consumers gift luxury services.

In the paper “Feeling for Sustainability: Creativity and Emotional Attachment in Product Durability” (Cesareo, Amatulli, Peluso, and De Angelis), we look at the role product durability plays in sustainable consumption by reducing product replacement and waste. While traditionally the opportunity to create more durable products, thus extending products’ lifecycles, has been associated with tangible aspects, such as the quality of raw materials used or the production processes, in this work, we demonstrate that product durability can also be the result of intangible product characteristics, such as creativity, which activates an emotional attachment to the product and, therefore, increases durability. Four experiments, one field, two online - one of which pre-registered, and one lab, demonstrate that, when a fashion product is characterized by a high (vs. low) level of creativity, operationalized through meaningfulness (study 1a) and novelty (study 1b), and by an artistic (vs. scientific) creative content (study 2), consumers tend to continue using the product for a longer period of time (i.e., higher durability). We also find that this effect is stronger when the product is mass-market rather than luxury (study 3).

Altogether, my work aims to provide a better understanding of luxury consumption and the role of sustainability in consumer behavior. In helping to uncover the emotional and cognitive motives underlying consumer behavior, especially with luxury and luxury counterfeit goods, I hope to contribute to a world in which both practitioners and policymakers can better understand, and thus serve, the full variety of consumers’ needs.