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## **I Don't Own It But It'S Mine – the Impact of Materialism on Perceived Ownership of Rented Luxury**

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# I Don't Own It But It's Mine

## The Impact of Materialism on Perceived Ownership of Rented Luxury

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### INTRODUCTION

Renting luxury products has become a new trend. Due to their high need for ownership, literature theorizes that materialists should react negatively to renting. We demonstrate that high (low) materialists in fact feel an identical (higher) perceived ownership of and attitude towards bought versus rented luxury, because of brand attachment.

### RENTING LUXURY AND MATERIALISM

Recently, new forms of acquisition such as renting luxury products gained traction in the sector, rendering luxury consumption no longer limited to the highest social classes. In general, renting produces positive effects on cognitive dissonance, self-exploration, budgeting and convenience (e.g. Yeoman, 2011). However, since renting means using the object for a limited time, it might not become part of the extended self (Belk, 1988), decreasing a sense of ownership and hence having a less positive effect on perceptions (Perkins and Forehand, 2012). Furthermore, renting *luxury* may blur the signaling power of luxuries (Wilcox, Kim, and Sen, 2009), making them less exclusive (Yeoman, 2011).

We argue that materialism, which denotes a set of centrally held beliefs about the importance and pursuit of possessions and wealth in one's life (Ger and Belk, 1996; Kasser, 2002), will play a key role in consumer response to how luxury product are acquired. According to literature, since possessiveness and control of ownership are important to materialists, materialists might react negatively to rented luxury (Belk, 1985). We predict however that materialists might actually become attached to the rented luxury objects and in turn construct a sense of perceived ownership leading to an equally positive reaction to rented and bought luxury.

There is strong evidence in the literature that materialistic consumers suffer from a lower self-esteem (e.g. Chaplin and John 2007; Kasser 2002), which they try to compensate through the consumption of luxury goods that can signal status and prestige (Dittmar, 1992, Kasser & Ryan, 1993), forming strong attachment to these luxury objects (Escalas and Bettman 2003; Richins and Dawson 1992). However, for these luxury product associations to bolster materialists' self-esteem and become part of their self-identity, they need to be perceived as 'mine' (Park and John 2010; Pierce, Kostova, and Dirks 2003; Weiss and Johar 2016). There are two routes to ownership: actual legal ownership, which is impossible in the case of renting, but also non-legal psychological ownership (Peck and Shu 2009; Pierce, Kostova, and Dirks, 2003). As psychological ownership is based on the strong connection and incorporation into the self of the object and its associations (Belk, 1988; Dittmar, 1992; Pierce, Kostova, and Dirks 2003), we believe that materialistic people's strong attachment to luxury might result in a sense of psychological ownership despite a lack of legal ownership in the case of renting. Thus, through a mechanism of brand attachment and perceived ownership, materialists might not experience many consumption differences between rented and bought luxury. However, as non-materialists' self-identity is less likely to encompass luxury, they will react more objectively to rented luxury, do not create attachment to or a sense of

ownership over the product, and in turn have less positive reactions to rented than bought luxury.

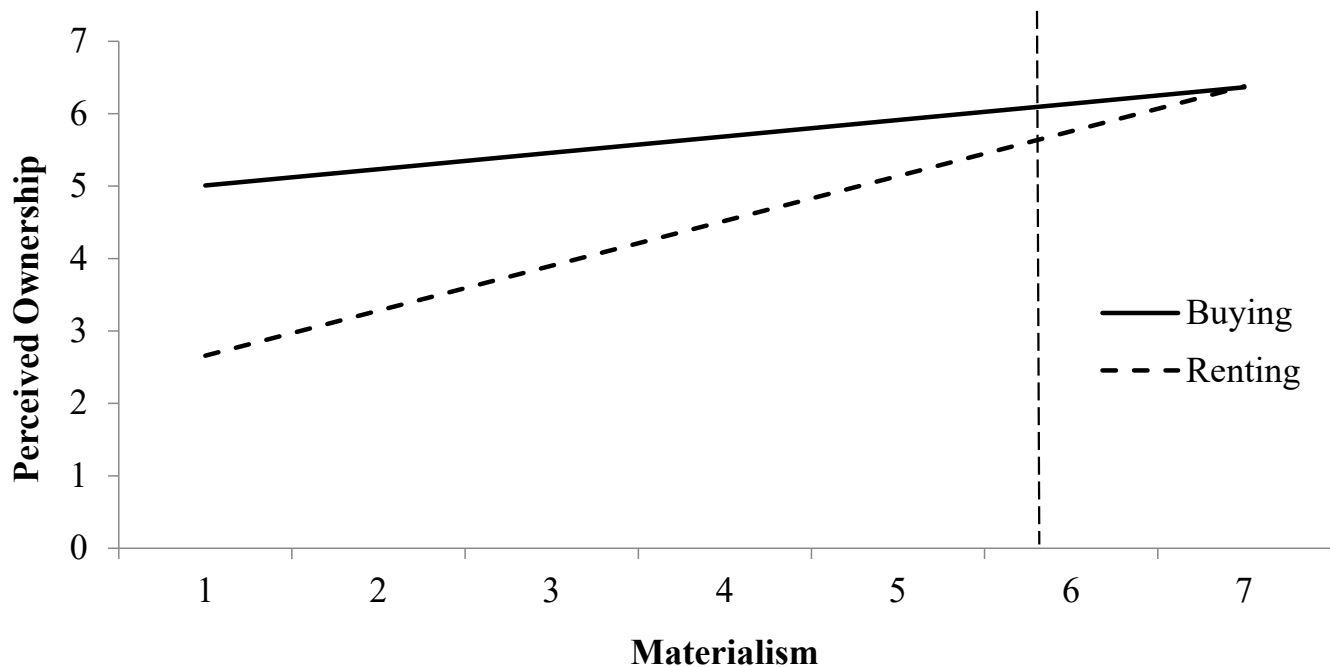
We examine the positive impact of renting luxury on ownership for materialistic consumers (study 1) due to brand attachment (study 2). We test 2 boundary conditions of brand attachment (studies 3 and 4), showing that it is indeed attachment to the rented luxury that drives the effect. Finally, we investigate the impact of acquisition mode and materialism on managerially relevant outcomes (study 5).

### STUDY 1 – IMPACT OF MATERIALISM ON RENTAL OWNERSHIP

In a first study, we examined the general impact that materialism has on the perceived ownership of rented and bought luxury goods. To test whether our predicted effects would hold for the target consumers of these luxury rental companies, in collaboration with a high-end watch and jewelry brand that was interested in new types of retailing strategies we employed 435 members of a national service organization (392 men,  $M_{age} = 57$ ,  $SD = 11$ ,  $M_{yearly\_income} = [150,000 - 200,000 \text{ USD}]$ ). Respondents read a watch-shopping scenario in which they either bought or rented a luxury watch. To ensure respondents thoroughly read and visualized themselves in this scenario, participants spent several minutes answering an open-ended question in which they were asked to describe their feelings, emotions or thoughts that came to mind when they thought about wearing the watch. Afterwards, they indicated their sense of ownership over the watch (Peck and Shu, 2009) and answered the Material Values Scale (Richins and Dawson, 1992). We found the predicted interaction effect between materialism and acquisition mode on sense of ownership ( $\beta = -.265$ ,  $t(430) = -2.045$ ,  $p = .042$ ): the more materialistic a participant, the less differences in perceived ownership were observed for a rented vs. bought watch (JN-value = 6.51). This study demonstrate that an increase in consumer materialism level increases the likelihood of viewing a rented (vs. bought) luxury product equally in terms of ownership.

### STUDY 2 – THE IMPACT OF BRAND ATTACHMENT

In study 2 we directly examine why materialistic consumers process rented objects as owned objects by testing the underlying driver of brand attachment, and enhance the external validity of our effect by examining real behavior rather than using a scenario. 201 Students from a large university (94 men,  $M_{age} = 21.3$ ,  $SD = 2.9$ ) participated in a 3-day incentive compatible lab study. On the first day, participants were given an existing luxury pencil from a well-known luxury stationary brand, priming the luxury status of the brand and product. They were instructed that as part of the study, they would have to pay to rent or buy this luxury pencil. Respondents in the renting condition were emphasized that their rental period would be the two days in between stage 1 and stage 2 of the lab sessions, and that they would have to give the pencil back at the end of phase 2. Respondents in the buying condition were clearly instructed that the pen was theirs and they got to keep it, but that they had to bring it with them for phase 2. This was done to keep the physical proximity of the luxury pencil constant across conditions in the second stage.



**Figure 1 - Effect of Acquisition Mode and Materialism on Ownership**

When respondents returned 2 days later, they indicated their brand attachment to the luxury pencil (Escalas and Bettman 2003), sense of ownership over the pencil (Paundra et al. 2017), and answered the Material Values Scale (Richins and Dawson, 1992) amongst other measures. Those who rented the pencil also had to return it at the end of phased 2.

A regression showed that materialism again moderated the effect of acquisition mode on perceived ownership ( $\beta = .61$ ,  $t(198) = 2.58$ ,  $p = .011$ ,  $JN = 4.89$ ) (figure 1). The more materialistic the participant, the less difference perceived by that individual with regards to the ownership of a rented (vs. bought) pencil. Furthermore, brand attachment mediated this moderation effect (Index =  $-.150$ , CI =  $-.331$  to  $-.028$ ), in line with our predictions.

### STUDY 3 – DECREASING ATTACHMENT TO PRODUCT TYPE (LUXURY VS. NON-LUXURY)

In study 3, we further examined brand attachment as the underlying explanation of this positive effect of renting for higher (vs. lower) materialistic consumers by testing a theoretical boundary condition. To do so, we investigated both luxury and non-luxury products. As non-luxury products do not help materialistic people enhance their self-identity and self-esteem through consumption, there is no reason for them to become attached to these products, and construe the rental of non-luxury products in line with owned products. We followed the same scenario design as in study 1 and added a non-luxury condition. The results from 742 online participants (308 Men,  $Age = 39.7$ ,  $SD = 11.0$ ) showed a marginally significant three-way interaction, indicating that in the non-luxury condition all respondents felt more ownership of bought than rented products, indicating only a main effect of ownership and no interaction with materialism ( $\beta = .08$ ,  $t(346) = .40$ ,  $p = .688$ ). In the luxury condition, we replicated the results from study 1 and 2, showing that materialism moderated the effect of acquisition on the sense of ownership, such that high (low) materialists felt similar (lower) sense of ownership

in the renting condition as in the buying condition ( $\beta = .50$ ,  $t(394) = 3.04$ ,  $p = .002$ ).

The analyses confirm that the more materialistic consumers are, the less they perceive a difference in ownership between rented and bought luxury products. The results also indicate that decreasing the product associations needed for materialists' self-identity boost, hence the attachment to a certain product, indeed diminishes the inclination to view renting as a form of ownership for highly materialistic consumers. Taken together, the results of this study provide support for brand attachment as an underlying process behind the interaction effect between materialism and the acquisition mode on perceived ownership for luxury products.

### STUDY 4 – DECREASING ATTACHMENT THROUGH INCREASING SELF-ESTEEM

In study 4, we expand the support for brand attachment by examining a second theoretically-relevant boundary condition: self-esteem. As stated, previous literature has shown that materialistic people use conspicuous consumption to cope with low self-esteem (Kasser 2002; Richins and Dawson 1992). Therefore, increasing consumer self-esteem may decrease the attachment to luxury products for higher (vs. lower) materialist consumers, and should decrease their psychological ownership. A sample of 884 online participants (342 men,  $Age = 37.1$ ,  $SD = 11.8$ ) listed either four (easy, self-affirming) or twelve (hard, not self-affirming) positive characteristics of themselves (pretested to manipulate self-esteem), followed by the design of study 1b. The results showed a marginally significant three-way interaction ( $\beta = .370$ ,  $t(882) = 1.750$ ,  $p = .081$ ). In the weak self-affirmation condition, we again replicated the effects from study 1, 2 and 3 ( $\beta = .545$ ,  $t(394) = 3.589$ ,  $p = .004$ ): materialism significantly influenced sense of ownership for those who rented the product, and for highly materialistic consumers there was no difference between renting and buying. In the strong self-affirmation condition however, where materialistic respondents no longer suffered from a low self-esteem, there was only the main effect of acquisition mode but no

moderating influence of materialism on the effect of renting versus buying on ownership ( $\beta = .175, t(464) = 1.187, p = .236$ ).

This study again supports the moderating effect of materialism on the relationship between the acquisition mode and perceived ownership of luxury products. Given the fact that highly materialistic consumers tend to suffer from chronically low self-esteem (Chaplin and John 2007; Sivanathan and Pettit 2010), the weak self-affirmation condition was similar to their standard level of well-being, leading to an increased sense of ownership of rented objects through brand attachment. In the strong self-affirmation condition however, consumers' self-esteem was boosted, in turn reducing their attachment to luxury rentals and in turn their sense of ownership. Overall, this study further supports our argument that brand attachment may drive the interaction between materialism and the effect of the acquisition mode on perceived ownership.

### STUDY 5 – MANAGERIAL CONSEQUENCES

In Study 5, we explore the downstream consequence of our theorizing. Research on the endowment effect has shown that the sense of owning an object, even without real ownership, produces a strong positive effect on product attitudes (Beggan 1992, Perkins and Forehand 2012). Therefore, we investigated product attitude as the

### CONCLUSION

Globally, our findings indicate luxury rentals as a viable new alternative mode of access to luxuries, besides currently used strategies such as masstige products. The finding that renting and buying luxury produces similar positive effects for more materialistic consumers, coupled with the fact that our current societies are becoming increasingly materialistic (Burroughs et al. 2013), leads us to believe that luxury rentals represent an important potential consumer market. Furthermore, considering the impact of materialism on renting luxury not only has practical implications, but also advances theoretical insights. We add to the materialism literature, corroborating previous theorizing on materialism as a motivated goal pursuit and indicating that renting luxury is a goal-oriented behavior for materialistic consumers, showing that usage rather than ownership of luxury items may be key for materialists' self-identity. Further, we extend the literature on solid versus liquid consumption, indicating that the difference between the two might not just be a theoretical construct, but that one might in fact be mentally construed as the other and vice versa based on consumers' needs. Finally, we add to the literature on ownership, indicating renting as a possible source of psychological ownership identical to buying, but also showing that

Study 4 - Effect of Acquisition Mode by Materialism and Self-Affirmation on Ownership

	$\beta$	SE	$t$	$p$
Constant	4.400	.907	4.853	.000
Acquisition mode	-1.820	1.295	-1.405	.161
Materialism	.349	.231	1.514	.130
Self-affirmation	-.276	.592	-.466	.641
Acquisition mode x Materialism	-.195	.332	-.589	.556
Acquisition mode x Self-affirmation	-.920	.827	-1.113	.266
Materialism x Self-affirmation	.047	.151	.309	.757
Acquisition mode x Materialism x Self-affirmation	.370	.212	1.750	.081
$F(df)$	57.471 (7, 876)			
$R^2$	.31			

psychological ownership may be a discriminating process based on motivation besides only context clues.

key downstream construct. 204 students (113 men,  $M_{age} = 21.15, SD = 2.11$ ) saw the same design as in Study 1b. They also indicated their attitude towards the product. A moderated mediation analysis showed that buying luxury led to higher product attitudes than renting moderated by respondents' materialism as in previous studies, and fully mediated by sense of ownership (Index = -.11, CI = -.02 to -.24).

The results of this study again confirm our main hypothesis: more materialistic people perceive less of a difference in ownership between rented and bought luxury products. Furthermore, we show that this effect is not only limited to the psychological concept of perceived ownership, but that it also influences consumption-relevant outcomes such as product attitudes. As product attitudes have been shown to influence consumer behaviors such as product valuation, purchase intention, willingness to pay and brand loyalty (e.g., Perkins and Forehand 2011), this study broadens the scope of our findings.

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