Conspicuous Consumption in a Recession:  
Toning it Down or Turning it Up?

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ABSTRACT

The media and pundits agree; the recession has led to the demise of conspicuous consumption. Wealthy consumers are reportedly abandoning luxury goods that prominently display their brands for more subdued designs. Utilizing data collected from designer handbag manufacturers Louis Vuitton and Gucci, both before and in the midst of the recession, this research challenges the conventional wisdom. We find products introduced during the recession display the brand far more prominently than the products withdrawn during the same period. These results suggest a need to signal status using luxury brands persists during economic downturns. We also find both manufacturers introduced products at significantly higher prices while trimming the number of products offered.

Keywords: Recession, Conspicuous Consumption, Luxury, Brand Management, Brand Prominence, Status.
Luxury goods that prominently display their brands are out. The recession has led wealthy consumers to adopt more subdued designs that reflect taste rather than signal status. At least that is what the pundits in the press would have you believe. There will be a “clearing of the branded bric-a-brac that came to clutter our lives and obscure from view the beauty of true luxury” pronounced *Newsweek* magazine, adding that “…the overt way in which we have used possessions to demonstrate status is no longer regarded as acceptable” (Foulkes 2009). The financial crisis has aimed a “death ray” at the ethos of conspicuous consumption according to the *New York Times* (Dewan 2009). Experts agree. In-your-face luxury is passé and will make way for “stealth wealth,” predicted Milton Pedraza, CEO of the Luxury Institute (Timberlake 2008). “The muted, logo-free look is gaining traction as the standard-bearer for a new kind of luxury: subtle, long-lasting and recession proof,” claimed a report on the recession’s impact on luxury by ad agency JWT (JWT 2009).

Have consumers really toned it down? This is a difficult question for consumer behavior researchers to answer. Undoubtedly, numerous consumers respond to surveys with accounts of how they are being less conspicuous. But the narrative may be intended to avoid appearing insensitive while watching others suffer as the unemployment rate reached its highest level since World War II, average home prices fell 30%, and the S&P 500 plummeted 34% below its record high of October 2007. Social desirability and the need for social approval are well known sources of biases in surveys (Phillips and Clancy 1972). All of the reports we could locate about how conspicuous consumption is out of vogue are based on interviews with consumers and presumed experts, although no data or scientific studies are cited. A more rigorous sociological study, requiring a good deal of foresight, would prove difficult and costly. Ideally, researchers would track consumer behavior longitudinally documenting purchases and the use of luxury
goods used to signal status both before and during a recession. This research takes a more practical albeit less direct approach. We examine data on product offerings collected from two luxury handbag superpowers—Louis Vuitton and Gucci—before and in the midst of the recession. If consumers are indeed demanding less conspicuous products, we would expect this to be reflected in these manufacturers’ products lines and we should observe firms offering more understated designs. For firms that do not tone down their products, we should see a marked decrease in profitability as they fail to meet customer demand. This is not what we find.

We observe that Louis Vuitton and Gucci, the world’s top two luxury brands (Interbrand 2009), have indeed changed their product lines during the worst financial crisis since the Great Depression, but only to become significantly more conspicuous. Our results indicate these brands are far more prominently displayed on new product introductions when compared to products withdrawn. If wealthy consumers are truly concerned with being less conspicuous, it is certainly not reflected in how either Louis Vuitton or Gucci adjusted their offerings. Notably, we also find this tactic has not resulted in financial ruin; in fact, the divisions of parent companies LVMH and PPR SA, respectively, appear to have fared exceptionally well during the period in question. Admittedly, this research is far from conclusive. However, as far as we know, ours is the first empirical investigation with respect to conspicuous consumption during a recession.

Further, to deal with plummeting sales of luxury goods—consultants Bain & Company predicted the industry’s sales would fall by 10% in 2009 to $225 billion (Passariello and O’Connell 2009)—many firms have reportedly cut prices. Upscale retailer Saks Inc. announced it would pass on lower prices for select items from Prada and Christian Dior to help spur sales (Gaynor 2009). Chanel purportedly cut its wholesale prices in the U.S. by 7% to 10%, with Versace and Chloe following suit (Ritson 2008). Despite claiming to never engage in
promotions, Tiffany is said to have lowered prices on diamond engagement rings by about 10 percent (Rosenbloom 2009). In contrast, accompanying the increase in brand prominence, we find Gucci and Louis Vuitton simultaneously increased the prices for handbags they sold directly to consumers. This is not quite as surprising, as we explain later, because this response is in line with what marketing theory and pricing experts might advise strong brands. More predictably perhaps, we also find these manufacturers strategically trimmed their overall product line, resulting in far fewer offerings during the course of the recession.

Conspicuous Consumption and Marketing in a Recession

Thorstein Veblen coined the term *Conspicuous Consumption* in his classic treatise *The Theory of the Leisure Class* (1899) to describe extravagant spending on products intended chiefly to display wealth and thus signal status. Consumers frequently pay higher prices for functionally equivalent goods because they crave the status associated with material displays of wealth (Bagwell and Bernheim 1996). As work on materialism by Richins (1994) rightly points out, people make inferences about others’ success based in part on the things someone owns. Consumers purchase status goods to try to imitate or distinguish themselves from other consumers (Duesenberry 1949), resulting in a “bandwagon” or “snob” effect, respectively (Leibenstein 1950). Belk’s (1988) notion of extended self suggests a desire to possess prestige brands may serve as a symbolic marker of group membership. A brand can send meaningful social signals about the type of person using that brand based on the type of consumers who typically use that brand (Wernerfelt 1990; Muniz and O’Guinn 2001). Thus, consumers often look to their own group (Whittler and Spira 2002), groups to which they aspire (Escalas and
Bettman 2003), and groups with which they want to avoid being associated (White and Dahl 2006, 2007) when making consumption decisions.

While we know a fair bit about conspicuous consumption, we know far less about how consumers think about consumption decisions during a recession. While the literature in consumer psychology has yet to address this question in detail, economists find consumers spend less and look for lower prices when times are tough. Work by Ang (2001) revealed that during the 1997 Asian economic crisis, risk aversion, value consciousness, and a shift away from materialism led to a serious decrease in consumer spending. Zurawicki and Braidot (2004) found a drop in expenditures across all major product and service categories during the Argentinean economic crisis of 2001-2. However, they also found higher income households reduced and eliminated various expenditures to a lesser extent than middle-class families. But the wealthy did cut back too. Feelings regarding an inability to improve one’s situation can dampen aspirations, resulting in forestalled purchases even for the well-to-do (Katona 1974). Using data from U.S. Consumer Expenditure Surveys, Bils and Klenow (1998) found that luxuries and durables are more susceptible to business cycles than necessities and nondurables. Taken together, these studies support the notion that consumers cut back in their consumption during recessions, usually in proportion to their wealth and/or income, and that expenditures on luxuries are more susceptible to being cut.

How might we expect luxury goods companies to respond? Strategically, strong organizations are right to view economically challenging times as opportunities to overtake competitors (Srinivasan, Rangaswamy, and Lilien 2005). However, theoretical and empirical work focusing on marketing tactics during a recession is limited. One exception is research by Lamey, Deleersnyder, Dekimbe, and Steenkamp (2007), who found consumers switch more
extensively to store brands during bad economic times. Given a tendency to reduce advertising budgets, price-promotions, and new product activity, the authors argued that national brand manufacturers could mitigate the effect of an economic downturn on their shares by intensifying rather than cutting back marketing expenditures. Consistent with this viewpoint is a well-known study by Biel and King (1985) that concluded businesses that cut advertising during a downturn tend to be long-term losers. Using data from some 749 companies in the Profit Impact of Marketing Strategy (PIMS) database, these authors found firms that increased advertising did no worse than firms that cut advertising during a recession, but the former were more likely to pick up market share after the recession. These results are consistent with an earlier study by the American Business Press and Meldrum and Fewsmith (1979) that surveyed managers to determine how firms that increased rather than cut or maintained their advertising expenditures in 1974 and 1975 would fare. They found companies that did not cut marketing expenditures experienced higher sales and net income both in 1974 and 1975, and for two years after. While a number of other studies have focused on the impact of advertising on sales during a recession, far less work has focused on pricing decisions during a recession.

Practitioner-oriented pieces encourage firms to consider maintaining prices and re-segmenting the market. They note that price-cutting can be shortsighted; when prices fall during a recession, consumers often become less willing to return to higher price levels during the economic recovery (Pearce and Robinson 2002). In addition, firms are advised to revise their segmentation and targeting strategies in anticipation of a recovery while adjusting for shifts in customer behavior during the recession (Pearce and Michael 1997). The luxury goods companies we investigate appear to have heeded this advice and their strategy appears successful.
The Data

In this study, we focus on luxury handbags, considered the “21st Century American woman’s most public and pricey consumer craving” (Anderson 2007). In 2000, the average American woman bought two handbags a year; by 2004, that number had doubled (Thomas 2007). The “it” bag is the quintessential status good, with estimated sales of $7 billion in the U.S. alone in 2007 (Wilson 2007). The popularity of designer purses has resulted in huge profits. Margins at Louis Vuitton, a division of LVMH, the world’s largest luxury goods company and one of the companies we look at, are consistently around 40-45% (Economist 2009).

Data from January 2008 were collected and provided to us by Drèze, Han, and Nunes (2009). They collected the data by downloading information on all of the purses offered by both Louis Vuitton and Gucci from each company’s website at that time. The availability of this data leads us to restrict our analysis to these two brands. However, given their size, influence, and enormous popularity, we believe the actions of these firms are significant. Although there are no published market share numbers for these companies in the luxury handbag market, consider that, in terms of brand value, Louis Vuitton ($21.6 billion) and Gucci ($8.2 billion) are number one and number two, respectively, in Interbrand’s ranking of the leading luxury brands of 2008 (ahead of companies such as Rolex, $4.9 billion, and Ferrari, $3.5 billion). Taken together, these two brands account for 41% of combined value ($72.6 billion) of the 15 brands that made the list (Interbrand 2009). Further, in the 2008 Luxury Customer Experience Index (LCEI) survey from the Luxury Institute, high net-worth consumers (average income of $350,000) rated Gucci the fashion brand that offers the best customer experience, while Louis Vuitton ranked second (Reuters 2008). In the Luxury Institute’s “Handbag Brands 2008” report that analyzed which of 26 brands luxury consumers are most familiar with, Louis Vuitton and Gucci ranked two and
three, after Coach (Hall 2008). It is not only the wealthy that think this way. A study conducted by market research firm Millward Brown—based on a database of interviews conducted with more than one million consumers—ranked Louis Vuitton the world’s “most powerful” luxury brand, with Gucci number three just behind Hermès (Sherman 2008).

In May 2009, we collected data in the exact same manner as Drèze, Han, and Nunes (2009). While our data set, like theirs, does not include every purse sold by Louis Vuitton or Gucci, the data are representative of what was sold by these firms at these two points in time. “Our site offers the same range as you’ll find in a large retail store,” Daniel Lalonde, president and chief executive officer of Louis Vuitton North America told the San Francisco Chronicle (Saracevic 2008). Personal discussions with executives at each company reaffirmed this view. Louis Vuitton’s selection online was said to be identical to what is sold in their stores. Gucci’s selection online is nearly identical, with the exception of a few unique items offered through each channel. While we do not have sales data, we presume the products available represent the company’s best estimation of what consumers want at the time. At Gucci, for example, merchandising and product development rely on weekly data concerning sales, carryovers, competitive offerings, etc., to construct a “merchandising grid” that guides designers who create new products (Asis Martinez Jerez, Corsi, and Dessain 2009).

Data gathered in January 2008 represent consumer preferences prior to the recession while data gathered in May 2009 represent consumer preferences within the midst of the recession. The most common definition of a recession calls for two straight quarters of declining GDP. While the National Bureau of Economic Research eventually concluded in December 2008 that the U.S. had been in a recession since December 2007, it was not known at that time how bad things were or would get. Consider that, in January 2008, economists were still debating
whether or not the U.S. economy was even heading into a recession (Lim 2008). In February 2008, it became news that consumers’ view of present day conditions “weakened significantly” that month, falling from 87.9 in January to 75.0, according to the Conference Board Consumer Confidence Index (www.conference-board.org). Yet during the summer of 2008, “…despite high gas prices and swings in the real estate market, consumer confidence edged upward to hover at a fairly strong level, considering the mounting bad economic signals” (Kukis 2008). The economic crisis really hit its peak in September-October 2008, when several institutions including Lehman Brothers, Merrill Lynch, Fannie Mae, Freddie Mac, and AIG either failed, were acquired under duress, or were taken over by the government. The bottom fell out during the first week of October 2008 when the stock market plummeted and the Dow fell from 10,850 to 8,579 (see Figure 1). Thus, we believe it is safe to say that product offerings collected in January 2008 are representative of a pre-recession mentality while offerings collected in May 2009 reflect what companies believed their customers desired in the midst of a recession.

We should point out that the lead times for high-end hand-made bags are typically four to six weeks (Blaise Kramer 2008), while third-party suppliers are able to take a handbag from concept to the sales floor in 60 days (e.g., www.launchbags.com). In 1999, production time for Gucci’s leather goods was 68 days from prototype to warehouse (Thomas 2007). This means product offerings in May 2009 were not the result of long-term plans made two years prior and these manufacturers were caught off-guard by the recession. Both Gucci and Louis Vuitton could have toned down their product line, altering or adjusting their designs as they wished in response to the changing economic environment. Significant increases in brand prominence would suggest they believed it was the appropriate reaction to changes in consumer demand; they fully intended to offer more conspicuously branded products.
In order to assess brand prominence, each bag was individually evaluated and coded according to the brand’s conspicuousness on the item. The notion of “brand prominence,” introduced by Drèze, Han, and Nunes (2009), is intended to mark the variation in the extent to which each item displays the brand logo or identifying marks conspicuously to observers. Three independent judges were trained as to the standard identifying marks of the two brands (e.g. Gucci’s interlocking Gs) before rating each bag on a series of measures intended to capture brand prominence. Intra-rater reliability was high (Cronbach $\alpha > .99$ for all three judges). Interrater reliability was also high (Cronbach $\alpha = .98$ across all raters). Therefore, we combined the judges’ ratings into a composite measure of brand prominence ranging from $1 = $Quiet to $7 = $Loud. The data also include the prices posted online by the manufacturers for each purse.

**Results**

We find the product lines for these two luxury brands changed significantly between January 2008 and May 2009 (see Table 2); Louis Vuitton eliminated 60% of its existing product line, while Gucci eliminated 93%. Fewer products were added than removed, resulting in a net reduction in the product line available online of 17.4% for Louis Vuitton and 61.6% for Gucci. As a brand, Gucci is widely known as being much more fashion-oriented, although this is reported to be changing as a result of the recession (Matlack 2009). Louis Vuitton has traditionally offered more classic designs. Hence, the bigger change in product offerings for Gucci is not unexpected.

More interesting is how the conspicuousness of the brand changed. Products added were much louder than those deleted. For Louis Vuitton, brand prominence for those items introduced during that time period was significantly greater than for those items deleted ($M_{LVadded} = 5.32$ >
Similarly, for Gucci, brand prominence for new items added was significantly greater than for those items deleted \(M_{\text{Gadded}} = 5.20 > M_{\text{Gdeleted}} = 4.52, F = 4.52, p < .05\). Figure 2 and 3 reflect the change in products based on brand prominence for Louis Vuitton and Gucci respectively. If we compare the distributions for brand prominence before and during the recession for Louis Vuitton, the Kolmogorov-Smirnov test rejects these being the same \(p = .0014\). We get the same result when comparing distributions for Gucci \(p = .0040\).

The changes in brand prominence were accompanied by uniformly higher prices (see Table 2). These companies were charging consumers more to flaunt their brands during the recession. Louis Vuitton raised prices on individual products that remained in the product line from 10% to 14%, resulting in an average increase of 12.1%. More dramatic was what occurred with new product introductions. Prices for newly introduced products were 47.7% higher than prices for those products that were removed \(M_{\text{LVadded}} = \$1,873 > M_{\text{LVremoved}} = \$1,268, F = 21.67, p < .01\). More simply put, Louis Vuitton replaced products with more expensive ones in the midst of an economic crisis. The overall result was a new product line priced an average of 31% higher than the product line in place almost one-and-one-half years earlier. We should note that Louis Vuitton never puts its products for sale at a discount. It prefers destroying stock instead (Economist 2009).

Gucci, which kept only a handful of the products available in January 2008, raised prices on 50% (8 of 16) of those products not removed, with increases ranging from 1% to 5%. The overall effect was an average increase of 0.5% across what remained in the product line. Like Louis Vuitton, prices for new Gucci products introduced in May 2009 were higher. The average price increase for new products was 16.8% or roughly \$200 above those products removed. While directional, this difference is not statistically significant \(M_{\text{Gadded}} = \$1,695 > M_{\text{Gremoved}} = \)
$1,451, F = 2.31, p = .13). In short, during the recession, we find two of the world’s most famous luxury brands increased both the conspicuousness of their brand and the prices across their product lines.

Utilizing the same data from January 2008, Drèze, Han, and Nunes (2009) explored the relationship between brand prominence and price. Those authors report that luxury brands Gucci and Louis Vuitton charged less on average for louder handbags within their product lines. The implication is that lower-priced luxury goods that prominently display luxury brand names and logos are targeted toward a more price-sensitive segment. Thus, one might suspect that the changes that occurred from early 2008 to mid-2009 altered the relationship between brand prominence and price. The relationship between prominence and price, however, has not changed. We find the correlation between price and brand prominence to be consistent. For LV, the correlation in January 2008 was -0.29, while for Gucci it was -0.51. In May 2009, the correlations were -0.22 and -0.55, respectively, and did not differ significantly (Fisher’s Z transformation = -1.06 and .71 respectively, n.s.). Quiet bags continued to cost more, on average, than loud ones.

Skeptics might argue that while prices and brand prominence increased, these actions may not have been prudent—a recipe for financial failure during a recession. The publicly available evidence suggests otherwise. Overall, the divisions of these two companies responsible for leather goods report having done fairly well during the recession given what one might consider counter-intuitive changes. Profits for LVMH’s fashion and leather goods rose from €814 million in June 2007 to €815 million in June 2008 and on to €919 million in June 2009, according to the company’s 2009 first half interim report. The percentage of LVMH’s revenues coming from the U.S. did not change between 2008 and 2009, remaining at 28%. Gucci Group is
part of France’s PPR SA. According to PPR’s 2009 first half interim report, EBITDA for the luxury goods division increased from €363 million in June 2008 to €377 million in June 2009. The percentage of PPR’s revenues coming from the Americas increased from 13.6% in the first half of 2008 to 15.4% in the first half of 2009. Retail sales by Gucci, the division’s flagship brand, were reported to be up 2.4%, led by an “extremely robust showing from leather goods.” The report goes on to say that “The Leather Goods business delivered a strong performance, driven by the success of the New Jackie shoulder bag and a good start-up for new items such as the New Pelham and the Secret. This testifies to Gucci’s sound strategy of aiming to position the brand as a trendsetter that meets the high expectations of the Luxury Goods sector.”

**General Discussion**

The goal of this research was to document a real consumer psychology-relevant phenomenon concerning consumers’ relationships with luxury brands. As a field, marketing academics generally, and consumer psychologists more specifically, have little understanding of how buying behavior with respect to conspicuous consumption changes during a recession. Our results imply that those consumers who do not exit the luxury goods market during a recession are still interested in logo-laden products, and perhaps even more so, which contradicts the conventional wisdom declaring luxury brands tone things down. In this work, we present empirical evidence based on activities by the firm but do not offer a refined explanation with respect to consumer psychology. That is the obvious next step. Why do certain consumers favor more conspicuously branded products during a recession? What determines who continues to buy products as status symbols and what determines which brands they buy? In what follows, we
offer our theorizing with regard to the phenomena we observed, but we leave it to future researchers to substantiate or refute our explanation and deepen our understanding of the topic.

We studied two companies with two very different pricing strategies (LV does not offer sales, Gucci has sales) and two different general design strategies with respect to aesthetics (LV historically carries more classic designs, while Gucci tends toward being more fashion forward). Both firms, widely considered leaders in the industry, exhibited the same strategies during the onset of the recession—turn up the volume with respect to brand prominence on new product introductions and raise prices. What explains the seemingly counterintuitive behavior involving brand prominence?

One explanation relies on segmenting consumers based on their consumption related need-for-status (Eastman, Goldsmith, and Flynn 1999). The logic is as follows. Wealthy consumers who have a low need-for-status do not need to show off. They bought quiet goods before the recession began, and they can reduce or postpone consumption without feeling their status is threatened. They didn’t use luxury goods to dissociate themselves from less well-to-do consumers (Drèze, Han, and Nunes 2009), so they can tone down without risk of damage to their elite identity. Perhaps they are indeed being empathetic to the middle class (Batson 1987). Perhaps they worry that such conspicuous consumption would draw undue attention to the rich-poor gap and have unfavorable consequences (e.g., a tax targeted at the rich). No matter what the reason is, they tend to postpone purchases or exit the market.

Conversely, high need-for-status consumers, who are also wealthy, are still concerned with status signaling. They use luxury as a mechanism to dissociate themselves from the have-nots. They still feel a need to do this even in recessionary times, perhaps even reinforcing that they are not impacted as much by the recession. Their wealth allows them to keep purchasing.
This would lead to a relative shift in demand for luxury goods toward those products favored by 
this segment. As this segment is interested in loud products, it would be prudent for a manager 
who understands her customers to alter the product line accordingly. Also, it may be that this 
high need-for-status segment feels more deserving of their wealth and their right to spend it as 
they please (Clee and Wicklund 1980). In turn, they are more likely to be insensitive to the plight 
of the middle class. Or they may take the moral high ground, convincing themselves that 
productive countries need consumers to keep consuming (Borgmann 2000) and that they are 
simply doing their part.

In a similar vein, one explanation for the price increases is that they are the result of 
effective segmentation—price insensitive consumers remain in market while price sensitive 
consumers exit. The manufacturer can then either drop their prices to try to regain the price 
sensitive segment or focus on the price insensitive segment and raise prices. Either strategy 
might be the right one depending on the size of the two segments and pre-recession margins. 
However, in their book on luxury strategy, Kapferer and Bastien (2009) proposed 18 “anti-laws 
of marketing peculiar to luxury” that include making the product difficult to buy for clients (#7) 
and raising prices over time to increase demand (#13). As they wrote, a “reasonable” price is a 
price that appeals to reason, and thus to comparison shopping, which reduces the product to its 
tangible qualities and reduces its intangible allure. While they did not address pricing during a 
recession per se, Kapferer and Bastien made it clear that competing on price or fostering price 
comparisons is unadvisable for a luxury brand. Prices “need to keep going up” (anti-law # 14).

It appears that Gucci and Louis Vuitton sought to replace eroding margins from lost sales 
with increased margins from higher prices. The price increase was larger for Louis Vuitton than 
Gucci: the former raised prices an average of 12% while the latter raised prices an average of
2.5%. This is in line with basic economic principles. Retailers who run promotions will have higher base prices than retailers who do not (Hoch, Drèze, and Purk 1994). Thus, when raising prices to focus on the relatively price insensitive, promotions-oriented retailers will not need to raise their prices as much as retailers who espouse a constant price policy. As a price setter that follows a high-low strategy (Gucci), the regular price is on average relatively high. A price increase would raise the base level but more so for the firm with the high-low pricing strategy (Gucci) than for the firm that does not lower prices (Louis Vuitton). This is what we observe.

Conclusion

All of the hype about wealthy consumers turning away from conspicuous consumption during a recession appears to come from self-reports and expert opinion, both of which appear to involve significant impression management (Goffman 1959). Who wants to admit they are turning it up rather than toning it down, or essentially showing off, when others are suffering? Our data support the notion that those who are still in the market for luxury goods still like the loud products and are willing to pay a hefty sum for them. Product lines of two of the largest, best known, leading luxury goods manufacturers seem to have shifted toward catering to these consumers. Consequently, new product introductions during the recession are louder and more expensive than what was sold before.

This work is not without its limitations. Our findings are based solely on the products that these two manufacturers sell online at their own company web sites. While they are two of the leading names in luxury goods, and these products are representative of their catalog, a richer picture could emerge from a more comprehensive examination of different brands across numerous products lines over time. It was not prescience but good fortune that enabled us to
possess comparable data from both before and during the recession. It would be useful for researchers to explore how brand prominence changes in differing economic climates in other categories. That would require identifying the appropriate data sets, or anticipating the next recession.

At the time of writing this manuscript, the recession was certainly bad, but it could have been much worse. Many indicators suggest it is about as bad as originally anticipated. In fact, according to the Associated Press, buoyed by federal spending and programs like Cash for Clunkers, the U.S. economy began growing again by the third quarter of 2009 slightly stronger than expectations but well after our second data collection. We do not know what would have happened if things had been expected to be worse, had gotten worse, or both. How luxury consumers respond to various expectations and outcomes in the business cycle warrants further study.

As with most platitudes, 2008-9 is not the first time that observers have predicted the downfall of conspicuous consumption and a rise in “conservative consumption” (Shipchandler 1982). A general sentiment oft described is that consumers will economize out of necessity, but as incomes rise and frugality gives way to profligacy, consumers will eschew their wasteful ways of the past (Veblen noted it was not the display of wealth but its wasteful display that constituted conspicuous consumption). Our findings suggest consumer researchers need to be certain conspicuous consumption has declined before saying it will never reclaim its previous place in consumer decision-making.
REFERENCES


Table 1: Change in Product Line from January 2008 to May 2009

<table>
<thead>
<tr>
<th></th>
<th>Louis Vuitton</th>
<th>Gucci</th>
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<tbody>
<tr>
<td></td>
<td>Number of SKUs</td>
<td>% of original product line</td>
</tr>
<tr>
<td>January 2008</td>
<td>236</td>
<td>100.0%</td>
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<tr>
<td>During Recession</td>
<td></td>
<td></td>
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<tr>
<td>Removed Products</td>
<td>142</td>
<td>60.2%</td>
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<tr>
<td>Kept Products</td>
<td>94</td>
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<td>Added Products</td>
<td>101</td>
<td>42.8%</td>
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<tr>
<td>May 2009</td>
<td>195</td>
<td>82.6%</td>
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Table 2: Change in Prices from January 2008 to May 2009

<table>
<thead>
<tr>
<th></th>
<th>Louis Vuitton</th>
<th></th>
<th>Gucci</th>
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<tr>
<td>January 2008</td>
<td>4.73</td>
<td>$1,238</td>
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<td>4.53</td>
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<tr>
<td>During Recession</td>
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<td></td>
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<td></td>
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<tr>
<td>Removed Products</td>
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<td>5.09</td>
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Figure 1: Dow Jones Industrial Average
Figure 2: Loudness Distribution Across Louis Vuitton Handbags in January 2008 and May 2009

![Graph showing loudness distribution across Louis Vuitton handbags in January 2008 and May 2009](image-url)
Figure 3: Loudness Distribution Across Gucci Handbags in January 2008 and May 2009