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# Chapter 1

## Brand Nostalgia and Consumers' Relationships to Luxury Brands: a Continuous and Categorical Moderated Mediation Approach

Aurélie Kessous, Fanny Magnoni, and Pierre Valette-Florence

**Abstract** This study investigates the role of nostalgia in the consumer-brand relationships in the luxury sector. Results indicate that the nostalgic luxury car brands (vs. futuristic luxury car brands) lead to stronger consumer-brand relationships. Moreover, brand nostalgia has a direct positive effect on brand attachment and separation distress. Brand attachment is also a partial mediator between brand nostalgia and separation distress. In addition, the influence of two moderating variables is examined. We show that past temporal orientation reinforces the relationship between 1) brand nostalgia and brand attachment, and between 2) brand nostalgia and separation distress. Finally, consumers' need for uniqueness reinforces the relationship between brand attachment and separation distress. On a methodological side, the study shows the ability of the PLS approach to handle higher order latent variables both in the context of continuous and categorical latent moderated mediation variables.

### 1.1 Introduction

Nowadays, consumers need reassurance and feel emotional about the past. This retro trend especially prevails in the luxury sector, where brands play on the traditional and classical themes. Although marketers widely use nostalgia, no study has

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addressed to this date its impact in the luxury sector. Moreover, building a strong consumer-brand relationship is very important in order to make a business profitable and increase customer lifetime value [9, 19]. So, we may ask ourselves whether the effects of nostalgia are equally positive with socially-visible products from the luxury sector, imbued with symbolism and ostentation.

This chapter presents a comparison between consumer relationships with two luxury car brands: nostalgic luxury car brand (Mini) *vs.* futuristic luxury car brand (Infiniti). The main research question is, therefore, the following: How does the relationship to brands vary according to the perceived nostalgic *vs.* futuristic character of the luxury car brands? The relevance of this chapter is two-fold. On the one hand, it contributes to a better explanation of the nature of the links that consumers have with these two types of luxury car brands. On the other hand, it exemplifies the usefulness of the Partial Least Square (PLS) approach for handling both continuous and categorical moderated mediation variables.

Firstly, we briefly present the theoretical framework of research and the hypotheses. Secondly, the methodology for the collection and analysis of data is provided. Finally, we present the results of the study of a sample of 132 Mini owners and 123 Infiniti owners. In conclusion, we state the contributions, limits and research paths.

## 1.2 Conceptual Background and Hypotheses

In marketing, academics suggest multiple definitions of nostalgia. Holbrook and Schindler's definition ([13], p. 330) is undoubtedly the most cited

A preference (general liking, positive attitude, or favorable affect) toward objects (people, places, or things) that were more common (popular, fashionable, or widely circulated) when one was younger (in early adulthood, in adolescence, in childhood, or even before birth). According to this logic, nostalgic brands are defined brands that were popular in the past (and are still popular now), whereas the non-nostalgic brands as brands that are popular now (but were less so in the past or did not exist in the past) [14].

Nostalgia is also well studied in the consumer-brand relationship literature (i.e., [9]). Two factors define nostalgic attachment: self-concept connection—which states the congruity between past, present, real or ideal self-image and those that he/she has of the brand—and nostalgic connection—which deals with a transfer of a person's remembrances of the brand.

Attachment refers to an emotional bond and comes from interpersonal relationships [4]. The recent study of Park et al., [15] illustrates that two factors reflect brand attachment: brand-self connection and brand prominence. Brand-self connection refers to the consumer's degree of identification with a brand and expresses the incorporation of the brand into their self-concept [9, 7]. Brand prominence can be considered as the salience of the cognitive and affective bond that links the brand with the self. As an attachment behavior, separation distress (i.e., emotional distress due to loss of proximity) is also strongly predicted by brand attachment [19, 15]. Separation distress refers to an emotional indicator of attachment inducing nega-

tive feelings (e.g., anxiety, depression, loss of self). This positive influence of brand attachment on separation distress is also expected in our study. In addition, since nostalgic connection deals with a transfer of a person's remembrances of the brand [9], brand nostalgia should also positively impact separation distress.

Temporal orientation refers to cognitive involvement focused on one of the three time zones (i.e., past, present, future) that influences attitude and behavior. Research in psychology leads us to consider temporal orientation as a moderator of nostalgia. For instance, Sedikides et al., [16] point out that nostalgia is a defense mechanism, protecting individuals from certain existential problems. Consequently, the influence of brand nostalgia on brand attachment and separation distress should be stronger when consumers tend to be highly past oriented.

If uniqueness is a specific dimension of luxury brands [21], consumers' need for uniqueness should be a relevant variable. According to Tian et al., ([18], p.172), consumers' need for uniqueness refers to

individuals' pursuit of differentness relative to others that is achieved through the acquisition, utilization, and disposition of consumer goods for the purpose of developing and enhancing one's personal and social identity.

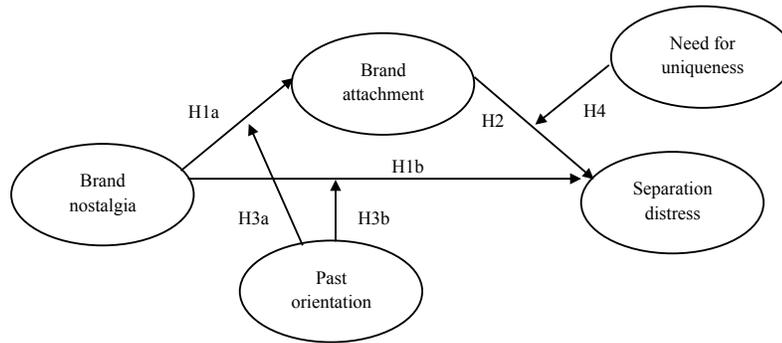
Consumers' need for uniqueness should influence the impact of brand attachment on separation distress. Indeed, we can suppose that separation distress will be stronger when consumers' need for uniqueness is high because in this case, possession of luxury brands highly contributes to develop the self-image and the feeling of being unique.

The main points of the literature review are summarized in the following set of hypotheses and in Figure 1.1.

- H1: Brand nostalgia has a direct positive effect on: a) brand attachment; and b) separation distress.
- H2: Brand attachment has a direct positive effect on separation distress.
- H3: Past temporal orientation reinforces the relationship between: a) brand nostalgia and brand attachment; and b) brand nostalgia and separation distress.
- H4: Consumers' need for uniqueness reinforces the relationship between brand attachment and separation distress.

### 1.3 Methodology for data collection and processing

We selected two luxury car brands: a nostalgic luxury car brand and a futuristic luxury car brand. The first one, the Mini by BMW, has an old and nostalgic connotation. It has a mythical history associated to the iconic 1959 Austin Mini model. It was redesigned in 2009 by BMW but has kept its British appeal of elegance and chic. The second one, "Infiniti" by Nissan, has, on the other hand, a new and futuristic connotation. It appeared in the US in 1989 and entered the French market in 2008. Performance, intuitive technologies and first-class comfort are the key words guiding the production supervised by Sebastian Vettel, the Formula 1 world champion.



**Fig. 1.1** Conceptual model.

The scarcity of Infiniti car dealers in France enhances the rare, unique, and exclusive character of this elitist brand.

The questionnaires were distributed online between June and October 2013, with the support of two Mini dealerships in Marseilles, and three Infiniti dealerships in the South-east of France (Marseilles, Cannes, and Lyons). A filter question was used to select only respondents who were clients (ownership and/or purchasing of brand products). The final sample comprised 255 clients, who were quasi-equally distributed between the two brands. 132 Mini car owners and 123 Infiniti car owners responded to the survey in full. The sample is male (78% men) and relatively young (80% under the age of 54). Then three manipulation checks were conducted.

1. We verified that the respondents had perceived Mini and Infiniti as prestigious brands. The degree of luxury associated with these brands was rated on a six-point Likert scale by indicating the importance of the characteristics “luxury” and “status” when purchasing the brand [15], along with the items of the luxury scale of Vigneron and Johnson [22]. As expected, Mini and Infiniti are both perceived as luxury brands because means are fairly above 3.5 ( $M_{Mini} = 4.76$ ;  $M_{Infiniti} = 4.82$ ).
2. Nostalgic vs. futuristic orientation of the two brands was also tested. Respondents indicated the extent to which they viewed the brand as “retro” (-2) vs. “futuristic” (+2). Infiniti was perceived as significantly more “futuristic” than Mini ( $F(2, 253) = 76.542$ ;  $p = .001$ ;  $M_{Mini} = 0.00$ ;  $M_{Infiniti} = 1.14$ ).
3. Finally, we verified that there were no significant differences between the two brands in terms of subjective familiarity to control the possible effect of this variable. Three items from [5] were used to evaluate subjective familiarity toward the brand (six-point Likert scale). As expected, Mini and Infiniti were perceived as similar ( $F(2, 253) = 2.361$ ;  $p > 0.05$ ;  $M_{Mini} = 4.88$ ;  $M_{Infiniti} = 4.66$ ).

This research used six-point Likert scales for all scales. Brand attachment and separation distress were measured with the scales proposed by Park et al., [15]. Brand self-connection and brand prominence (i.e., the two attachment components) were evaluated with four items (two items for brand self-connection and two items

for brand prominence). Two items measured separation distress (scale of Park et al., [15]). For brand nostalgia, we selected the three-dimensional scale (i.e., personal memories, perceived brand oldness and historical memories) of Bartier [3]. We used twelve items (six items for personal memories, three items for perceived brand oldness and three items for historical memories). For past temporal orientation, we selected three items from Usunier and Valette-Florence [20]. Finally, we used eight items from Tian *et al.* [18] to measure consumers' need for uniqueness.

#### 1.4 Data analysis ad test of assumptions

A PLS approach has been selected because of its minimal demands on sample size and suitability to handle higher order latent constructs and violation of multivariate normality [2]. Moreover, the present study relies on rather small sample sizes and the model is complex involving several second order reflective latent variables. In this research, the estimation of the different PLS models follows a two steps procedure.

First, although the measurement and structural models are simultaneously and iteratively estimated within the PLS approach, the reliability and validity of the measurement model should be firstly assessed. Once the adequacy of the construct measurements is verified, the structural relationships among the constructs and the quality of the overall model are then assessed [8]. The adequacy of the reflective measurement model can be assessed by looking at composite reliabilities, the convergent validity of the measures associated with individual constructs, and discriminant validity ([12]. Results are displayed in table 1.1. The causal model depicted in 1.1 encompasses first and second order latent variables. First order latent variables are modeled by means of reflective indicators whereas second order latent variables are conceptualized in a molecular way (i.e. a reflective relationship between the second order latent variables and their respective first order latent facets). All second order latent variables were measured via replicated indicators of all the first order latent variables they were connected with. The second order latent variables are respectively brand attachment, nostalgia and need for uniqueness.

As for the first order reflective latent variables, all the indicators of convergent validity and reliability are satisfied. As regards to the second order reflective latent variables, convergent validity and reliability are fairly good as well. Finally, a test of the discriminant validity [8] shows that each first order latent variable shares more variance with its respective indicators than with the other latent variables it is correlated with.

Second, to assess the structural model a set of criteria should be verified. Although PLS does not provide any global goodness-of-fit indices as those used for covariance-based SEM, Tenenhaus et al., [17] propose the geometric mean of the average communality (measurement model) as well as the average  $R^2$ (structural model), as an overall Goodness-of-Fit (GoF) measure for PLS. In this research, the absolute GoF value is 0.553, a value corresponding to an excellent adjustment according to Wetzels et al., [23] (GoF higher than 0.36 are large). Moreover, in line

Latent variable	Convergent validity	Reliability
ATTACHMENT	0.781	0.834
Brand-self connection	0.891	0.942
Brand prominence	0.927	0.962
BRAND NOSTALGIA	0.568	0.740
Personal memories	0.728	0.941
Perceived brand oldness	0.818	0.931
Historical memories	0.682	0.865
Past orientation	0.803	0.924
NEED FOR UNIQUENESS	0.745	0.821
Creative choice counterconformity	0.698	0.920
Avoidance of similarity	0.710	0.918
Separation distress	0.870	0.931

**Table 1.1** Convergent Validity and Reliability Indices. Second order latent variables are in capitals.

with Henseler et al. [12], the essential criterion is the coefficient of determination ( $R^2$ ) of the endogenous latent variables. In our case, on average the  $R^2$  is 48.1% for the full causal estimated model.

A latent MANOVA and a step-down analysis were conducted. Since that from the outset the latent variables define a causal model, we decided to conduct a latent analysis of variance because it was necessary at that stage to delve deeper into the joint effects of the nostalgic *vs.* futuristic orientation of the luxury car brand (Mini *vs.* Infiniti) on the latent brand relationships variables encompassed by this research. One main advantage of analyzing variance at the latent level using a structural equations model is the ability to compare the strength of the effect between different dependent latent variables and to perform a step-down analysis at the latent level. When there is a causal relationships network among the dependent variables, step-down analyses provide useful information as to whether the mean difference in a dependent variable is due to the direct effect of the experimental manipulation or its dependence on other variables [1].

A step-down analysis proceeds into two sequential steps. The first stage begins with a latent MANOVA performed on all dependent variables. If the path estimates point to a rejection of equal means, then the next step consists of testing the dependent variables in the hypothesized causal network while partialling out all remaining dependent variables as covariates. As a result, the researcher can then assess the relative impact of the experimental manipulation, while taking into account the causal order between all the dependent latent variables.

Table 1.2 shows the corresponding results. First, when a simple latent MANOVA is performed, results show that the nostalgic *vs.* futuristic orientation of the luxury car brand (Mini *vs.* Infiniti) has a significant influence on each of the dependent variables. In others words, our results highlight a positive effect of the nostalgic *vs.* futuristic orientation of the luxury car brand on brand nostalgia, brand attachment and separation distress.

Concepts	Bootstrapped Path Coefficients	Latent MANOVA		Latent Step-down analysis	
		Mini (1) <i>versus</i> Infiniti (0)	Mini (1) <i>versus</i> Infiniti (0)	Brand Nostalgia	Attachment
Brand Nostalgia	Direct Effect	0.492*	0.492*		
	Total $R^2$	25.27%	25.27%		
Attachment	Direct Effect	0.140**	0.107**	0.508*	
	Indirect Effect		0.250*		
	Total $R^2$	2.02%	19.85%	19.85%	19.85%
Separation distress	Direct Effect	0.176**	0.0070	0.572*	0.357*
	Indirect Effect		0.370*	0.181**	
	Total $R^2$	3.01%	48.11%	48.11%	48.11%

**Table 1.2** Latent MANOVA and Step-Down Analysis Results. \*:  $p < 0.001$ ; \*\*:  $p < 0.05$ .

Second, the results in table 1.2 show the causal relationships between brand nostalgia, brand attachment and separation distress. As we can observe, brand nostalgia has a direct positive impact on brand attachment (0.508) and separation distress (0.572); supporting H2a and H2b. Brand nostalgia has also an indirect effect on separation distress (0.181) and brand attachment influences directly separation distress (0.357). These results support H3. Hence, brand attachment is a partial mediator between brand nostalgia and separation distress.

In addition, the latent Step-Down analysis permits to deeper examine the causal relationships. As we can see in table 1.2, the direct influence of the nostalgic *vs.* futuristic orientation of the luxury car brand is no longer statistically significant in all. This means that all the effects are now due to the causal relationships between the dependent variables. This result seems both theoretically and managerially important. However, even if the nostalgic *vs.* futuristic orientation of the luxury car brand doesn't have any direct impact, it still has an important indirect effect. Two points deserve attention. First, all the indirect effects are now greater than when the nostalgic *vs.* futuristic orientation of the luxury car brand was solely taken into account (for brand attachment for example, 0.107 *vs.* 0.250). This means that the encompassed latent variables indirectly amplify the effect of the nostalgic *vs.* futuristic orientation of the luxury car brand. Second, there is once again an attenuation of the incidence of the brand orientation on the dependent variables. This indirect effect is indeed greater for separation distress (0.370) than brand attachment (0.250). Once again, this result puts the stress on the influence of brand nostalgia on separation distress, either directly or indirectly.

Finally, in order to study the joint effect of the two latent moderator variables, we relied on the normalized product indicator approach, hence following recent recommendations made by Henseler and Chin [11] in the case of complex moderation investigations (we recall that we jointly model 3 moderations through either first or second order latent variables). Far and foremost, the past orientation positively moderates attachment ( $\beta = 0.204$ ;  $p = .001$ ). In other words, the past orientation reinforces the impact of brand nostalgia on brand attachment; supporting H4a. A sim-

ilar effect arises as for the double moderation of the past orientation and the need for uniqueness on separation distress. Once again, this is the past orientation that has the greatest moderating incidence ( $\beta = 0.194$ ;  $p = .016$ ), compared to need for uniqueness ( $\beta = 0.077$ ;  $p = .046$ ). The past orientation and the need for uniqueness both reinforce the impact of either brand nostalgia or brand attachment on separation distress; supporting H4b and H5. However, one can notice that the moderating influence of the past orientation on brand nostalgia is almost three times higher than the moderating influence of the need for uniqueness on brand attachment. In other words, brand nostalgia and past orientation seems the more important to predict separation distress.

## 1.5 Discussion

First, this study highlights the importance and relevance of the use of nostalgia in the luxury brand management. Brand nostalgia, brand attachment and separation distress are stronger for the nostalgic luxury car brand (*vs.* futuristic luxury car brands). A second main contribution is the moderating effect of past temporal orientation between brand nostalgia and brand attachment, and brand nostalgia and separation distress. Finally, on a methodological side, the study shows the ability of the PLS approach to handle higher order latent variables both in the context of continuous and categorical latent moderated mediation variables.

Nevertheless, some limitations should be noted. First, the research is focused on only one product category (*i.e.*, automobile) and two luxury brands (*i.e.*, Mini and Infiniti). Moreover, even though the two car brands are seen as luxury, more prestigious car brands, such as for instance Jaguar, could be investigated. Further research on different categories of products and luxury brands would be helpful to achieve a generalizability of the findings. On the methodological side, other recent approaches could be investigated as well. In that spirit, and taking into account the relative small sample sizes, consistent PLS estimation [6], could be worth relying on. Moreover, formally testing the differences of parameter estimates between the two luxury brands by means of a generalized structured component analysis (GSCA, [10] could give additional insights on a theoretical level and hence prove to be very useful.

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