

Luxury services

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Received 12 November 2019
Revised 28 February 2020
Accepted 14 March 2020

Abstract

Purpose – The market for luxury is growing rapidly. While there is a significant body of literature on luxury goods, academic research has largely ignored luxury services. The purpose of this article is to open luxury services as a new field of investigation by developing the theoretical and conceptual underpinnings to build the luxury services literature and show how luxury services differ from both luxury goods and from ordinary (i.e. non-luxury) services.

Design/methodology/approach – This paper uses a conceptual approach drawing upon and synthesizing the luxury goods and services marketing literature.

Findings – This article makes three contributions. First, it shows that services are largely missing from the luxury literature, just as the field of luxury is mostly missing from the service literature. Second, it contrasts the key characteristics of services and related consumer behaviors with luxury goods. The service characteristics examined are non-ownership, IHIP (i.e. intangibility, heterogeneity, inseparability, and perishability), the three additional Ps of services marketing (i.e. people, processes, and physical facilities) and the three-stage service consumption model. This article derives implications these characteristics have on luxury. For example, non-ownership increases the importance of psychological ownership, reduces the importance of conspicuous consumption and the risk of counterfeiting. Third, this article defines luxury services as extraordinary hedonic experiences that are exclusive whereby exclusivity can be monetary, social and hedonic in nature, and luxuriousness is jointly determined by objective service features and subjective customer perceptions. Together, these characteristics place a service on a continuum ranging from everyday luxury to elite luxury.

Practical implications – This article provides suggestions on how firms can enhance psychological ownership of luxury services, manage conspicuous consumption, and use more effectively luxury services' additional types of exclusivity (i.e. social and hedonic exclusivity).

Originality/value – This is the first paper to define luxury services and their characteristics, to apply and link frameworks from the service literature to luxury, and to derive consumer insights from these for research and practice.

Keywords Luxury, Luxury services, Luxury experiences, Hedonic experiences, Exclusivity, Conspicuous consumption

Paper type Research paper

We gratefully acknowledge the constructive feedback, suggestions and ideas provided by the two reviewers and the following academics and practitioners (in alphabetical order): Tiffany Baer (expert on emotional responses to luxury at the Swiss Center for Affective Sciences & Laboratory for the Study of Emotion Elicitation and Expression, University of Geneva); Russell W. Belk (Professor; Kraft Foods Chair in Marketing at York University); Michael Frese (Professor of Management and Organization at the National University of Singapore); Doreen Kum (Associate Professor of Marketing, National University of Singapore); Siva Govindasamy (Vice President Corporate Affairs, Singapore Airlines) who helped to coordinate input provided by the various Singapore Airlines associates who work on its Suite Class product; Jeannette Ho (Vice President, Raffles Brand & Strategic Relationships, Accor Hotels Luxury Division); Veronique Tran (Professor of Organizational Behavior at ESCP Europe), Mariame Wade (e-retailing executive, Dior); Ian Wilson (who was during the conduct of this study Senior Vice President, Non-Gaming Operations at Marina Bay Sands, Singapore).

The authors are listed in reverse alphabetical order. All authors contributed equally to this article.



Introduction

Global sales of luxury goods have shown tremendous long-term sustained growth (d'Arpizio *et al.*, 2017; Ko *et al.*, 2019). Mirroring this growth, academic research on luxury goods and brands has grown to a mature field of investigation with a solid body of knowledge (Dion and Borraz, 2017; Kapferer, 2015). In contrast, the equally or even faster-growing market of luxury services (Müller-Stewens and Berghaus, 2014) is largely missing from this picture (Thomsen *et al.*, 2020) with a lack of academic studies examining what might be particular and different from marketing luxury services compared to luxury goods.

A recent review of the literature (Ko *et al.*, 2019) offers various definitions of luxury, yet luxury services remain conspicuously absent. Existing research relating to services focuses on contextual analyses of prominent sectors such as hotels (Giglio *et al.*, 2020; Walls *et al.*, 2011), dining (Wu and Liang, 2009) and healthcare (Klaus, 2018), and only a few studies have touched on conceptual differences of luxury goods and services, examined the features of services in a luxury context, or decoupled luxury attributes from a goods logic (for notable exceptions see Holmqvist *et al.*, 2020a; Yang and Mattila, 2013). That is, extant knowledge on luxury relies heavily on a goods-centric view (Cristini *et al.*, 2017).

In the general marketing literature, a shift from a goods-centric focus started in the 1970s, with several researchers laying the foundations for the new field of services marketing (e.g. Grönroos, 1978; Lovelock, 1983). Already in Shostack (1977) urged marketers to break free from goods-centric marketing and move towards a service-centric perspective. In the four decades since, service marketing has grown to an important field of both marketing theory and practice. The field of luxury, however, has remained outside this development.

This lack of research on luxury services is problematic as a large body of research has established that services and goods differ in fundamental ways in all three stages of the customer journey (i.e. the pre-purchase, consumption/service encounter and post consumption/encounter stages; Tsiotsou and Wirtz, 2015). Service research has long recognized that a goods logic has only limited applicability to services (Grönroos and Ravald, 2011; Wirtz and Lovelock, 2016), just as luxury researchers hold that a goods marketing logic often is not applicable to luxury goods (Kapferer and Bastien, 2009). Therefore, we advance in this article the need to understand luxury services as distinct from both luxury goods and ordinary (i.e. non-luxury; cf. Vickers and Renand, 2003) services. (Note, we use the terms ordinary services to refer to services that are not luxurious in the remainder of this article.) This paper thus sets out to address a very concrete research gap of a general lack of research on luxury services by means of a conceptual analysis. Building on Belk *et al.* (2019) who argue that conceptual articles should advance new key concepts rather than theories (which are networks of interwoven concepts), we develop luxury services as an important concept by aligning the service and luxury literature as these two areas that have not yet explicitly intersected (cf. MacInnis, 2011) and horizontal literature reviews benefit conceptual development (Holmqvist and Diaz Ruiz, 2017).

In this article we make the following contributions. First, we show that services are largely missing from the luxury literature, just as the field of luxury is mostly missing from the service literature. Second, we contrast the key characteristics of services and related consumer behaviors with luxury goods and develop implications of these contrasts. Third, we identify key constitutive features of luxury services and use them to advance a formal definition of luxury services. Finally, we explain the implications for research and practice of our findings and provide an agenda for future research.

What is luxury?

We conducted a detailed literature review of over 100 articles in the field of luxury research. Table 1 provides an overview of key definitions of luxury that are representative of this field. To be better able to contrast luxury goods and luxury services, we examined the definitions

Authors	Definition	Key dimensions	Service-related aspects
Ko <i>et al.</i> (2019)	<ul style="list-style-type: none"> A luxury good or service is of high quality, offers authentic value, is prestigious, worthy of a high price, and inspires a connection in the consumer 	<ul style="list-style-type: none"> Quality Price Prestige Authenticity Connection 	<ul style="list-style-type: none"> Goods focus
Holmqvist <i>et al.</i> (2020a)	<ul style="list-style-type: none"> Luxury is a hedonic escapism where characteristics of traditional luxury goods such as exclusivity, aesthetics and authenticity make the experience luxurious 	<ul style="list-style-type: none"> Exclusivity Aesthetics Escapism Authenticity 	<ul style="list-style-type: none"> Experience focus; does not cover service specific characteristics
Kapferer and Laurent (2016)	<ul style="list-style-type: none"> Luxury is rare, crafted high quality, leading to high prices 	<ul style="list-style-type: none"> Quality Price Rarity 	<ul style="list-style-type: none"> Goods focus
Kastanakis and Balabanis (2014)	<ul style="list-style-type: none"> Gaining status is the core goal of luxury consumption for interdependent consumers, while consumers with an independent self-concept focus on hedonism, utilitarianism and self-communication 	<ul style="list-style-type: none"> Status Hedonism Self-concept 	<ul style="list-style-type: none"> Goods focus
Dion and Arnould (2011)	<ul style="list-style-type: none"> Luxury can offer both status and pleasure. Luxury is not about the object but about the relationships customers have with it. No object is intrinsically luxury; luxury is materialized in the specific context 	<ul style="list-style-type: none"> Status Pleasure Relationship 	<ul style="list-style-type: none"> Luxury goods retail focus; does not cover service specific characteristic
Han <i>et al.</i> (2010); Grossman and Shapiro (1988) Tynan <i>et al.</i> (2010)	<ul style="list-style-type: none"> Luxury is goods that bestow prestige on the owner regardless of utility 	<ul style="list-style-type: none"> Prestige High price 	<ul style="list-style-type: none"> Goods focus
	<ul style="list-style-type: none"> Luxury goods provide customers with sufficient value to compensate for the high price. Characteristics of luxury goods and services are quality, high price, rarity, exclusivity, prestige and authenticity that offer symbolic and hedonic values through experiences 	<ul style="list-style-type: none"> Quality Price Exclusivity, prestige, rarity Authenticity Experience 	<ul style="list-style-type: none"> Value focus; refers to luxury services as complementing luxury goods; does not cover service characteristics
Kapferer and Bastien (2009)	<ul style="list-style-type: none"> Luxury is a social phenomenon with a human connection, for two reasons (i) luxury goods are handmade and (ii) luxury goods are accompanied by outstanding personal service 	<ul style="list-style-type: none"> Craftsmanship Status, exclusivity Human connection Heritage 	<ul style="list-style-type: none"> Goods focus; recognizes that luxury goods must come with excellent service; does not cover service specific characteristics
Berthon <i>et al.</i> (2009)	<ul style="list-style-type: none"> Argues that there is no delineation of luxury brands. Focuses on three aspects of luxury: the quality of luxury goods (functional), the hedonic customer experience (experiential), and the signals of prestige and exclusivity to others (symbolic) 	<ul style="list-style-type: none"> Quality Prestige, exclusivity Customer experience 	<ul style="list-style-type: none"> Goods focus
		<ul style="list-style-type: none"> Quality 	

(continued) **Table 1.**

Definitions of luxury

Authors	Definition	Key dimensions	Service-related aspects
Atwal and Williams (2009)	<ul style="list-style-type: none"> Invokes traditional luxury associated with exclusivity, status and quality and democratized luxury as affordable goods with enough quality and aspiration to set it apart from other goods (borrowed from Silverstein <i>et al.</i> 2004) 	<ul style="list-style-type: none"> Exclusivity, status 	<ul style="list-style-type: none"> Experience focus; does not cover service specific characteristics
Vickers and Renand (2003)	<ul style="list-style-type: none"> Luxury goods are symbols of personal and social identity, and the status associated with luxury goods is an important part 	<ul style="list-style-type: none"> Status Symbol of identity 	<ul style="list-style-type: none"> Goods focus
Current study	<ul style="list-style-type: none"> Luxury services are <i>extraordinary hedonic experiences</i> that are <i>exclusive</i>. Exclusivity can be <i>monetary, social and hedonic</i> in nature. Luxuriousness is jointly determined by <i>objective service features</i> and <i>subjective customer perceptions</i>. Together, these characteristics place a service on a <i>continuum</i>, starting from <i>everyday luxury</i> (i.e. with low levels of exclusivity and extraordinariness), to <i>luxury</i>, to <i>elite luxury</i> (i.e. with high levels of exclusivity and extraordinariness) 	<ul style="list-style-type: none"> Nonownership Exclusivity (i.e. monetary, social and hedonic exclusivity) Objective quality features and subjective perception Continuum 	<ul style="list-style-type: none"> Service focus; examines service specific characteristics in a luxury context

Table 1. Note(s): Articles are organized in reverse chronological order of date of publication

with respect to their potential service aspects in Table 1. Three conclusions can be drawn from this table.

First, despite, or perhaps because of, the wide range of the luxury literature, previous attempts to find a consensus for the definition of the luxury concept remain unfilled and no generally accepted definition of luxury has emerged (Ko *et al.*, 2019). In fact, luxury researchers agree that defining luxury is hard (cf. Tynan *et al.*, 2010; Vigneron and Johnson, 1999). Instead, recent research emphasizes the complex meaning of luxury (Gurzki and Woisetschlager, 2017), which has led to luxury being viewed as a concept with fragmented meanings (Brun, 2017; Cristini *et al.*, 2017).

Second, although there is no one definition of luxury, Table 1 shows that many definitions focus on a relatively narrow set of dimensions. These include high product quality (incl. aesthetics), a high price, exclusivity (incl. rarity, status, social hierarchy, and prestige), and positive customer emotions (incl. hedonic experience, hedonic escapism, perceived authenticity).

Third, the table shows the limited focus on services in the extant luxury literature. A few definitions refer to goods-related consumption experiences and emotions, but not to services. The set of dimensions used to define services are almost all related to luxury goods and not to the typical characteristics of service. For example, important aspects of services such as the lack of transfer of ownership, common features of most services (e.g. intangibility, heterogeneity, inseparability and perishability, also called IHIP; Lovelock and Gummesson, 2004; Zeithaml *et al.*, 1985), and the importance of service processes and resulting customer experiences (Wirtz and Lovelock, 2016) are hardly considered in the luxury literature, if at all. In addition to this finding from Table 1, this conclusion is also consistent with the authors' observation from working through the luxury literature which had virtually no references to

service-specific issues. Articles that did discuss luxury services are almost exclusively in hospitality research and they tend to use luxury setting as an empirical context rather than exploring service-specific topics (e.g. Chang and Ko, 2017; Mandler *et al.*, 2020; Yang and Mattila, 2013). We recognize these notable exceptions but posit that research attempting to define and delineate luxury services is lacking.

In the following sections, we use the three findings from Table 1 and explore the implications of the various meanings of luxury and the common attributes of luxury as used in a goods context, and how they change when taking the features of services into account.

What are the differences between luxury services and luxury goods?

Services differ from goods in many ways. First, services have been defined as economic activities performed by one party for another through access to labor, skills, expertise, goods, facilities, networks, and systems; they are time-based and no transfer of ownership takes place in services transactions (Wirtz and Lovelock, 2016, p. 21). This definition as performance without transfer of ownership has important implications for the luxury context. For example, consumers receive an experience when buying a luxury service rather than something physical they can take home. As many definitions of luxury have a high quality physical good as a core (Table 1), frequently cited motives for buying luxury goods are less pertinent in a luxury service context, including conspicuous consumption and having a high quality physical good that provides pleasure by the sheer fact of owning it.

Table 2 provides an overview of key characteristics of services as were identified in the mainstream service literature, relates these characteristics to luxury goods and services, and then derives implications from this contrast. This table is not meant to be comprehensive. Rather, it aims to demonstrate that luxury services have important characteristics that make them fundamentally different from luxury goods with implications for theory and practice.

In the following sections, we highlight the implications of a few critical service characteristics, starting with non-ownership which is perhaps the most widely-agreed defining feature of services (cf. Lovelock and Gummesson, 2004).

Non-ownership

It is a widely accepted feature of services that customers do not receive ownership from a service transaction; rather services are defined as performances and experiences whereby value is derived from temporary access to value-creating elements rather than from permanent transfer of ownership (Lovelock and Gummesson, 2004; Wirtz and Lovelock, 2016, p. 21). Non-ownership has a number of important implications for luxury services as discussed in the following sections.

Legal vs psychological ownership. People get heavily invested psychologically in their material possessions (Pierce *et al.*, 2003). In luxury goods marketing, luxury perception through consumption cannot be isolated from the concept of ownership whereby the conscious acknowledgement of luxury through goods consumption is put into effect by ownership (Wiesing, 2015). This is because ownership of an object provides a connection between the self and the object (Beggan, 1992). This self-extension to luxury goods is mainly realized by the acknowledgment of an actual, or legal, ownership connection of a material good with the individual (Beggan and Brown, 1994).

However, there is consensus in ownership research that ownership should be conceptualized as a dual entity with two dimensions: legal and psychological ownership (Pierce *et al.*, 2003). Therefore, besides the external acknowledgement, it is the individual feeling of psychological ownership that constitutes a conscious connection of the person with a luxury good (cf. Pierce *et al.*, 2003). Hence, ownership feelings build the bridge between the individual and the material good to realize a personal luxury perception.

Table 2.
Implications of
common service
characteristics for
luxury services

Service characteristics	Luxury goods	Luxury services	Implications for luxury services
<p>No transfer of ownership (Lovelock and Gummesson, 2004)</p>	<ul style="list-style-type: none"> • Ownership is transferred to the customer • Are made with the intention of ownership and possession; offer material consumption (Carter and Gilovich, 2012; Howell <i>et al.</i>, 2012) • Self-extension is reinforced through visible and socially acknowledged legal ownership 	<ul style="list-style-type: none"> • The customer receives an experience • Are provided with the intention of gaining an experience (Carter and Gilovich, 2012); offer experiential consumption; i.e. activities one personally encounters and lives through (Howell <i>et al.</i>, 2012) • Legal ownership is not possible; psychological ownership becomes the core focus 	<ul style="list-style-type: none"> • Customers cannot derive pleasure simply by knowing that they own a high quality luxury good. That is, psychological ownership may play a more important role in self-extension in the case of luxury services than in the case of luxury goods, given the lack of legal ownership and the lack of a material good to take ownership of • Psychological ownership is reinforced through reminiscing and telling others; both can be supported by educating the customers about the service, developing “stories” around the experience, and tangibilising parts of the experience (e.g. through offering mementos, Instagram opportunities and the like). Moreover, psychological ownership towards luxury services can be enhanced by guiding customers to invest their psychological and physical resources in the experience.
<ul style="list-style-type: none"> • Long-term ownership and usage of a luxury good can lead to hedonic adaptation, to sensory saturation, and is at risk of being shifted to the mundane consumption sphere; is largely out of the firm’s control • Conspicuous consumption is common 	<ul style="list-style-type: none"> • Service experiences are time-based; each transaction is a separate encounter; is largely within the control of the firm 	<ul style="list-style-type: none"> • Familiarity breeds contempt and although this can happen with services too, each service experience per definition is unique to some extent, which can make its extraordinary value more salient • Maintaining a perception of luxury and hedonic value can be reinforced at each service encounter; the provider has the opportunity to make the luxury aspect of its offer salient, and reinforce its hedonic value and the customers’ sensory gratification 	<ul style="list-style-type: none"> • Managing the conspicuousness of luxury services is difficult as customers cannot bring the service with them nor easily chose to whom they can signal their luxury service consumption; therefore conspicuous consumption motives are likely to be of less importance • If conspicuousness is important for some customer segments and in certain contexts (e.g. seeing others, being seen), marketers should enable conspicuous consumption through symbolizing intermediaries and social acknowledged reference points. That is, conspicuous consumption for luxury services needs to involve

(continued)

Service characteristics	Luxury goods	Luxury services	Implications for luxury services
	<ul style="list-style-type: none"> Counterfeiting is common and represents a serious problem 	<ul style="list-style-type: none"> Counterfeiting is virtually impossible 	<p>tangible cues (e.g. a souvenir from a famous location, a give-away from a hotel) or materialize the consumption experience through photos, stories and posts</p> <p>Counterfeiting is not an issue for most services for two reasons:</p> <ul style="list-style-type: none"> First, services are complex performances and most luxury service experiences are created in real-time at the service provider's facility with the customer being heavily engaged; counterfeiting is therefore difficult for firms and easily recognized as such Second, a luxury service experience is difficult to reproduce with inferior inputs
<p>IHIP framework: services are</p> <ol style="list-style-type: none"> intangible, heterogeneous, inseparable, and perishable <p>(Loveck and Gummeson, 2004; Zeithaml <i>et al.</i>, 1985)</p>	<ul style="list-style-type: none"> Luxury goods are (1) highly tangible; objectification of luxury is possible as goods can have certain characteristics that put them indisputably into the luxury category (Ko <i>et al.</i>, 2019); (2) have rigorous quality control resulting in consistent product quality; (3) production and consumption are temporal and geographically separated; (4) they can be stored until sold 	<ul style="list-style-type: none"> Services are (1) highly intangible and value is difficult to communicate; objectification of luxury is difficult and often not entirely possible; (2) quality varies and depends on employees, the customer; other customers, and more; (3) are inseparable, are produced and consumed in real time; (4) are perishable 	<p>IHIP poses many service-specific challenges to organizations; they are discussed in detail in any services marketing textbook and are not further elaborated here. Below, we highlight a few considerations relating to intangibility that are particularly relevant to luxury services</p> <ul style="list-style-type: none"> Intangibility and luxury services being experiences make customers' subjective perceptions a more important determinant of luxury compared to goods (Figure 1). In addition to objective luxury criteria (e.g. hard product and service standards for luxury hotels), firms need to pay added attention to the customer's subjective luxury perception and manage it Non-materiality of the luxury object for services means that luxury qualities cannot be loaded into one single entity as in a luxury good (e.g. a luxury car) but rather must be orchestrated among different entities (e.g. the spa, the lobby, the room, the staff of a luxury resort) The individual customer's luxury perception is more "fragile". Even relatively minor negative aspects can undermine the entire luxury perception for a service (in contrast, for goods much of what-makes-it-luxury is attached to one single object)

(continued)

Table 2.

Table 2.

Service characteristics	Luxury goods	Luxury services	Implications for luxury services
<p>Additional 3 Ps of services marketing: people, process, physical facility (Booms and Bitner, 1981; Wirtz and Lovelock, 2016)</p>	<ul style="list-style-type: none"> • The product and its quality are the essence of a luxury good • The other 3 Ps (price, place and promotion) support the positioning of a good as luxury • Poor supplementary and retail services detract from the overall experience but are less likely to “destroy” it (e.g. “The staff was unfriendly, but I love the product”) 	<ul style="list-style-type: none"> • The service as orchestrated through the 3 additional Ps is core of a luxury service and largely determine service quality • Poor service quality of supposedly minor aspects of a service can “destroy” an entire consumption experience 	<ul style="list-style-type: none"> • Luxury services need to overcome intangibility. For luxury services therefore the symbolic value and also post-consumption luxury experience unfolds through symbolic “derivates” (i.e. pictures, stories, and souvenirs) that help to encapsulate, materialize, and make the luxury experience shareable and retrievable • Intangibility makes quality cues important for communicating luxury. To do this, many luxury services signal quality by using luxury goods brands (e.g. for amenities and furnishing of the servicescape), top-end materials (e.g. high end leather, silk and special woods), and ingredients (e.g. used for hospitality and dining) in their service delivery. For example, Singapore Airlines uses in its new Suites full grain leather by Poltrona Frau, hand-tufted carpets, ultra-leather padded compartments, fine dining featuring bone China tableware from Wedgwood, an exquisite range of toiletries such as the EDT, body lotion and facial mist from Lalique • The 3 Ps together with the standard 4 Ps of marketing are critical in orchestrating the overall luxury experience • Luxury services are largely created through the interdependence of frontline employees, service process, and the servicescape • Recruiting, training and motivating frontline employees, designing and managing customer service processes, and crafting servicescapes that together consistently deliver the luxury service experience are key

(continued)

Service characteristics	Luxury goods	Luxury services	Implications for luxury services
<p>Consumer behavior related to services in the pre-purchase, service encounter, and post-encounter stages (Tsiotsou and Wirtz, 2015)</p>	<p>Luxury goods consumer behavior is focused on consumer perceptions, decision making, and subsequent satisfaction and engagement in the pre- and post-purchase stages</p>	<p>In addition to the pre- and post-encounter stages, luxury service firms have to intensely focus on the consumption stage</p>	<p>Consumer behavior-related service frameworks and theories that can help to better understand luxury services include desired service levels and zone of tolerance, moments of truth, servuction system, theatre as metaphor, role, script and perceived control theories, and service quality. These theories are discussed in detail elsewhere (e.g. Tsiotsou; Wirtz, 2015). Below, we highlight a few considerations we find particularly interesting in the context of luxury services</p> <ul style="list-style-type: none"> • Consumers participate in the service process; co-production is key, but in many luxury services customer may want to take a “backseat” and be pampered • For luxury goods, exclusivity and price go hand in hand. For luxury services, price is only one way to control exclusivity as firms can also use social (i.e. control accesses) and hedonic exclusivity (i.e. require a certain level of expertise to be able to fully enjoy the service) • Relating to the previous point, customer-customer interactions are part of the experience and have to be managed carefully if social exclusivity is important and the presence of other customers is visible; the presence of other customers may influence how luxurious a service feels • Customization, personalization, and convenience to high levels can be important aspects of luxury services
<p>Note(s): The characteristics of services are drawn from four main sources with overlapping content. To avoid redundancy, characteristics, descriptors and implications are discussed at the first source listed and/or the most relevant source</p>			

Table 2.

For services, while legal ownership – and its external acknowledgment or mere recognition – is generally not possible, psychological ownership is. Specifically, psychological ownership theory suggests that feelings of ownership can emerge towards a wide range of material and immaterial objects whenever people feel as though the target of ownership is theirs and belongs to them (Pierce *et al.*, 2003). Service experiences can be real parts of the individuals' true, essential selves and what is kept in people's memories about them (cf. Van Boven and Gilovich, 2003). Thus, individuals can also perceive psychological ownership towards services (Mifsud *et al.*, 2015). Furthermore, we suggest that psychological ownership plays a more enhanced role for self-extension in the case of luxury services than for luxury goods. The reason is that the lack of a material object to take actual ownership in a service context makes the external acknowledgement of a connection between an object and the person less prevalent than in a goods consumption context (Heffetz, 2011). In support of this notion, current research has shown that psychological ownership for services can substitute for material ownership needs (Fritze *et al.*, 2020). This line of argument means that inducing feelings of psychological ownership towards luxury services should be a central focus for luxury providers in order to reinforce a luxury perception.

The lack of transfer of ownership and the missing related tangible good lead to three further implications for hedonic adaptation, conspicuous consumption, and counterfeiting.

Hedonic adaptation. Luxury provides sensory gratification for the customer because luxuries reach beyond mere technical necessities to fulfill a task (Featherstone, 2014). However, most luxury goods also have a practical value. As such, over time the owner might increasingly adopt the luxury good in more mundane consumption spheres, which can result in sensory saturation of the luxury experience (Wiesing, 2015). This can dampen an initially high hedonic value of a luxury good over time and usage frequency.

Familiarity breeds contempt, and although this can happen with services too, each services consumption is restricted to certain consumption frames as service performances are time-based and dependent on the service encounter. This tends to make luxury service consumption more exceptional and less likely to be mundane. Moreover, with each service encounter, the provider has the chance to make the luxury aspect of its offer salient again. That is, firms can reinforce the hedonic value of luxury services and reinforce the customers' initial sensory gratification with each repeated service encounter. For luxury services, the consumption framing is more in control of the firm than it is for luxury goods (e.g. a luxury bag might be used for mundane shopping tasks and hence its perceived hedonic advantage increasingly recedes). Even if luxury services are connected with a functional value (e.g. a hotel stay for a business trip) the luxury service experience can transcend a functional customer intent with the firm having the possibility to manage multiple stimuli of the experience and related luxury perception.

Conspicuous consumption. Non-ownership and lack of a physical good also impacts conspicuous consumption. In particular, the extent to which inferences about others can be made based on their consumption habits primarily depends on the visibility and thus the reception of certain reference objects (Han *et al.*, 2010). In general, "physical objects . . . have the highest visibility average [scores], while the less tangible service-related expenditures have the lowest visibility averages [scores]" (Heffetz, 2011, p. 21). This suggests that it is easier to signal luxury connected to a material good than to luxury service. For example, Carter and Gilovich (2012, p. 1,314) note that "conspicuously bronzed skin, evidence of a recent trip to Bali, will fade within a few weeks, but a BMW will signal one's ability to afford a luxury automobile for quite some time." Consistent with this line of argument, consumers have been shown to be more likely to choose luxury goods (e.g. handbags) than luxury services (e.g. dining) to signal social status (Yang and Mattila, 2013). That is, when it comes to symbolic communication through conspicuous consumption both sender and receiver rather refer to goods than services.

We recognize that the development of social media has at least partially moderated this situation; conspicuous luxury consumers use social media to signal their consumption to followers (Holmqvist *et al.*, 2020b) and this can apply both to showing off luxury goods, such as posting a picture of one wearing a Chanel dress with a Louis Vuitton bag and a Gucci belt, and to showing luxury experiences, such as staying in a luxury hotel (Mandler *et al.*, 2020). However, services require proactive communications on social media and storytelling (i.e. bragging) whereas goods can simply be used and other see them (without telling anything). That is, in the case of luxury goods, there is a lesser overt display of conspicuousness and drawing attention to oneself since the owned object is the mechanism that does that. For example, when one wears a luxury handbag or a luxury watch, it is meant for people to notice without the owner having to say or do anything to promote that luxury item. On the other hand, with a luxury service experience, how can others know that the customer partook in it (e.g. in a luxury jet experience) unless they proactively post it on social media and share their stories at parties. Thus, while for luxury goods there is a more passive display of conspicuous consumption, for luxury services it is potentially more active.

The implications for luxury services are that conspicuous consumption may be of lower relevance compared to luxury goods and are less often chosen for conspicuous consumption due to their lack of a tangible good that is owned and can be easily shown.

Counterfeiting. Non-ownership and the lack of a physical good make counterfeiting difficult and uncommon. Counterfeiting refers to firms illegally copying luxury goods and to consumers buying them (Han *et al.*, 2010; Wee *et al.*, 1995). Counterfeiting is a serious problem for luxury goods as cheap and inferior copies are widely sold (Grossman and Shapiro, 1988) and presents two main problems. First, firms lose revenue when consumers buy counterfeit goods. Second, there is a potential negative impact on the perceived prestige of a luxury brand. Customers buy them at least in part to signal status (Han *et al.*, 2010; Kapferer and Bastien, 2009), but the counterfeited background of goods may even remain unregistered by others depending on how well the forgery is made. If counterfeited goods of a particular brand become widespread, the luxury good risks losing its role as social signifiers (Kapferer and Bastien, 2012). Given the prevalence of counterfeiting and the challenges it poses, considerable attention has been paid to how luxury brands best should deal with counterfeiting (for a review see Cesareo and Pastore, 2014).

In contrast, counterfeiting for services is uncommon because in a service context there is no transfer of ownership of material goods that could be faked. Furthermore, luxury services are more fluid, multidimensional and intangible which make copying and counterfeiting virtually impossible. Firms wanting to counterfeit luxury services would thus need to relate to the places, processes and people of luxury services. It is true that some hotels and restaurants may pick names that sound similar to famous hotels or restaurants, yet it seems unlikely that someone would think, for example, that the budget hotel Carlton's in Paris was similar to Ritz-Carlton's luxury hotels. From the consumer perspective, some people do lie, of course, and claim to have been places and done things that they have in fact not, and these include the consumption of luxury services. However, this does not relate to the realm of counterfeits where the offer itself is imitated.

IHIP, the 3 Ps of services marketing, and the service consumption model

Non-ownership and the resulting experiential nature of services lead us to the widely used service frameworks of IHIP (i.e. intangibility, heterogeneity, inseparability and perishability; Lovelock and Gummesson, 2004; Zeithaml *et al.*, 1985), the three additional Ps of services marketing (i.e. people, processes and physical facilities; Booms and Bitner, 1981), and the three-stage model of service consumption relating to the pre-purchase, service encounter, and post-encounter stages (cf. Tsiotsou and Wirtz, 2015) to demonstrate important differences in

consumer behaviors and challenges faced by the firm when dealing with luxury services versus luxury goods.

Most differences are self-explanatory as listed in [Table 2](#) and our key objective is to demonstrate that luxury services have characteristics that make them different from luxury goods. As this can be seen clearly in [Table 2](#), we do not fully develop all the implications beyond listing them in the table. However, and most importantly, these points demonstrate that basic service frameworks have received little attention in the field of luxury marketing although they can offer interesting suggestions for practice and research.

What differentiates luxury services from ordinary services?

The luxury literature has not yet focused on the important characteristics of services and therefore a definition for luxury services has not been developed. In the following sections, we build on adjacent literature to develop a definition of luxury services. Specifically, we advance that (1) luxury services are exclusive along monetary, social and hedonic dimensions, (2) that they are determined by both objective service features and subjective customer perceptions, (3) that they mostly provide extraordinary hedonic experiences, and finally, (4) that luxury services are not categorical, rather that there is a continuum ranging from ordinary services to elite luxury services based on their degree of extraordinariness and exclusivity. The following sections present the theoretical underpinnings for each of these points.

Luxury services are exclusive

In the luxury goods literature, two characteristics are common to many definitions of luxury (see [Table 1](#)); these are exclusivity and price, and both are almost always closely linked. In their review of luxury brand definitions, [Ko et al. \(2019\)](#) showed that most luxury definitions argue that luxury is about goods sold at a high price which provides the customer exclusivity and the related prestige.

Despite similarities at first glance between exclusivity and price, there is a fundamental disagreement in the literature over whether price or exclusivity is *the* key driver of luxury. [Kapferer and Bastien \(2009; 2012\)](#) make an emphatic case that price cannot be the sole determinant of luxury. Rather, they advance that it is exclusivity in the form of social stratification which is the essential condition for luxury and is therefore more important than a high price. We agree with [Kapferer and Bastien \(2009\)](#) when they argue that a high price is not enough to make something luxury and that exclusivity is the more important dimension to define luxury.

We posit that the exclusive experience is key to understanding luxury services. The focus on exclusivity sets luxury services apart from ordinary services, while the experience-focus sets luxury services apart from luxury goods as treated in traditional luxury research with its focus on product attributes. We recognize that akin to a value-in-use perspective ([Grönroos and Voima, 2013; Vargo and Lusch, 2004](#)) co-created experiences involving luxury goods can emerge ([Tynan et al., 2010](#)). However, in luxury services, the experience is the core of the luxury offering. Furthermore, while exclusivity is an important part in the luxury goods literature, it is almost exclusively linked to price (i.e. monetary exclusivity) and related prestige. However, services are open to additional factors evoking exclusivity.

In particular, access control and prevention (i.e. social exclusivity) is one additional way luxury services can create exclusivity. For example, by invitation only events, exclusive clubs and high net worth private banking services may screen out potential guests, members and customers who are deemed not be sufficiently high in social strata. For luxury good, access prevention regulation (i.e. who buys and who owns a luxury good) is less controllable than for services.

Furthermore, luxury goods are tangible and can be touched, felt and seen. This allows consumers through their senses and some education (e.g. information provided by the firm and from other customers on social media) quickly gain a rudimentary understanding of what is so special about a particular luxury good. Services, in contrast, are more intangible, complex and consumers may sometimes not quite understand important aspects of the experience even after consumption. That is, the hedonic value of luxury services is distributed to different entities, whereas for luxury goods it is united within a single good. As such, it can be more difficult to learn and gain access to and appreciate the finer details of luxury services. For example, being knowledgeable about food, ingredients, preparation and wines is virtually a requirement for fully enjoying all aspects of a luxury dining experience with exclusive wine matching. Expertise (i.e. knowledge and experience) and appreciation go together to enhance many luxury experiences. If customers are not sufficiently knowledgeable about the various elements of the service, they might not experience and enjoy the full quality and depth of the experience, which we denote as hedonic exclusivity. Some luxury services can even go further and require practice in addition to knowledge to enhance enjoyment (Thomsen *et al.*, 2020). For example, Holmqvist *et al.* (2020a) explored exclusivity-by-practice combined with escapism and collective hedonism.

In sum, services can create exclusivity through (1) *monetary exclusivity* (i.e. can be “difficult to afford”) through a high price, (2) *social exclusivity* (i.e. can be “difficult to gain access to”) through high levels of access control (prevention), and finally, (3) *hedonic exclusivity* (i.e. can be “difficult to enjoy”) as a certain level of customer knowledge, sophistication and skills may be required to fully appreciate and enjoy the finer details and intricacies of the multifaceted dimensions of a luxury service experience.

Objective luxury vs customer perceptions

There are two schools of thought in the luxury goods literature with exclusivity (or rarity) playing an important role in differentiating the two. First, the dominating school of thought in the luxury literature focuses on luxury *eo ipso* (Han *et al.*, 2010; Kapferer and Bastien, 2012; Ko *et al.*, 2019). In this view, some goods are so exclusive that only few can afford them or can afford them only occasionally, and it is *this* rarity that makes them luxury. That is, exclusive luxury goods, such as a Ferrari car or Chanel dress will always be luxury as their exclusivity derives from selling at such high prices that they are available only to a select few. This exclusivity is based on the object’s characteristics from which price, as the main vehicle of exclusivity, is derived.

The second school of thought focuses on the individual. This is fairly common in consumer culture theory research, with the focus being on what luxury is for an individual. That is, personal perception of luxury is evaluated from the individual’s self-referential perspective (e.g. How does the experience make me feel?). As such, super-wealthy individuals may not perceive a standard 5-star hotel as luxury. In sum, this school of thought defines luxury as something special to the individual, something only done infrequently and/or which gives an individual particular pleasure. A recent conceptualization of unconventional luxury adopts a phenomenological stance in which luxury can be understood as anything that goes beyond a technical necessity for something and an anthropological necessity for someone (Thomsen *et al.*, 2020; Wiesing, 2015).

Integrating the two schools of thought and important advancements in understanding luxury we agree that luxury is not entirely individual, but rather that luxuries have inherent features, such as quality, exclusivity, and often a high price (Ko *et al.*, 2019). We denote this interdependence which holds that luxury qualities are object-related, the luxury perception is subject-related and that both are bound to each other for luxury services.

As shown in [Figure 1](#), we advance that luxury goods make an objectivation of luxury possible relatively easily. Their tangible attributes and more observable qualities can mark their luxury category as certain characteristics may be indisputable and hence elicit an overall luxury perception. For services, however, because of their intangibility and experiential qualities, this pure objectivation of luxury is not possible and subjective perception gains in importance.

Luxury services provide extraordinary hedonic experiences

Luxury services are predominantly focused on providing hedonic consumption experiences for people, with “all moments of luxury are experienced as pleasurable in some respect” ([Von Wallpach et al., 2020](#)). These can be tangible actions as those performed by a hair stylist (also called *people processing services*) or intangible actions (called *mental stimulus processing*) such as in entertainment and psychotherapy (cf. [Wirtz and Lovelock, 2016](#), p. 23). Although possible, it seems that luxury services focusing on performing processes on possessions are less common. Exceptions might be luxury pet grooming (*possession processing*) and high net worth private banking services (*information processing*). Even though these core services may be targeted at possessions and information with luxury quality being delivered, we believe that it is equally important for their customers to experience supplementary services that provide a luxury experience. They all have to ooze luxury and include services such as providing information and consultation, order taking, hospitality, safekeeping, dealing with exceptions, billing, and payment (cf. [Wirtz and Lovelock, 2016](#), p. 128). For example, providing high net worth financial services may involve the gamut from dining and wining, exclusive talks on financial markets, gifts, to luxury banking facilities and meetings rooms.

Given that most luxury services are people processing, and those that are possession processing have strong experiential supplementary services components, we suggest to view all luxury services as experiences from the customer’s perspective. Experiential consumption relates to activities one personally encounters and lives through ([Carter and Gilovich, 2012](#); [Howell et al., 2012](#)).

Experiential consumption can be ordinary and extraordinary. Ordinary experiences relate to moments that make up everyday life, whereas extraordinary experiences are special moments that fall outside daily routines ([Bhattacharjee and Mogilner, 2013](#); [Holmqvist et al., 2020a](#)). We postulate that luxury services offer extraordinary experiences, but not every

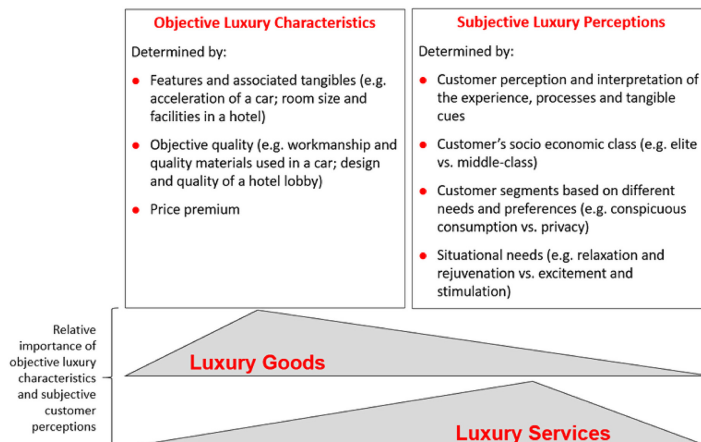


Figure 1. Objectification of luxury in goods and services

extraordinary experience is luxury. For example, watching one's favorite team winning a world championship may be an extraordinary experience but will not necessarily be luxury. Therefore, we view extraordinary experiences as the overarching category and conceptualize luxury services as a subcategory with particular characteristics.

Finally, although the core purpose of most luxury services is to deliver hedonic experiences, there are exceptions. For example, a cosmetic surgery clinic may position itself at a luxury level, which typically would mean that the core service itself is of course of high quality, but the luxury element is more likely to be embedded in the supplementary services. These have to feel luxurious and include the entire customer journey from making reservations to the first consultation, to post-surgery consultation, the presentation of staff and doctors, and the design of the clinic service scape (cf. Klaus, 2018). Other examples may include business travel in first class and luxury hotels which tend to be largely functional at the core service. But here too, it is the experiential dimensions of the customer journey including all its supplementary services that make it luxurious, which in these cases may mean enhanced convenience, lack of hassle and an overall pleasant experience that makes it luxury. Even palliative care has been explored in the context of luxury services (Sudbury-Riley *et al.*, 2020).

The luxury-ordinary service continuum

Luxury goods definitions imply categorical classification (see Table 1). That is, a good is either a luxury good or it is not. However, as our discussion shows, the service itself can have various degrees of exclusivity and extraordinariness, and the customer's perception of these characteristics varies, too. For example, an office worker will perceive the same Michelin-starred dining experience as much more exclusive and extraordinary than a high net worth individual.

Vickers and Renand (2003) worked in a luxury goods context with the terms "accessible luxury" for the middle class, "intermediary luxury" for the professional class, and "inaccessible luxury" for the elite class (p. 462). Building on this hierarchy, Table 3 provides examples of how people from different social strata may perceive different levels of luxury services. We use the terms everyday luxury (more expensive than ordinary services, but low absolute price-points and easily accessible), standard luxury services (mid-range exclusivity and thus more accessible than elite luxury services but high-end pricing possible) and elite luxury services (highly exclusive and high price). Therefore, rather than suggesting a categorical definition, we argue that there is a continuum ranging from ordinary services to everyday luxury, to standard luxury, and finally, to elite luxury (see Figure 2 and Table 3).

Viewing the differentiation between ordinary and luxury services as a continuum has the advantage of addressing objections that the characteristics of luxury services can be seen as relative and in degree, and as subjective in perception. For example, we define luxury services as extraordinary experiences that are exclusive. Strictly by that definition, a visit to Starbucks should not be luxury. However, it is arguably a little more extraordinary and a little more exclusive (and expensive) than a visit to McCafé, plus the subjective individual perspective may enhance the perception of these differences. In their article on democratized luxury, Silverstein and Fiske (2003) argue something that may seem mundane to others, such as a cup of coffee at Starbucks or an ice crème at a Häagen-Dazs café, might become a form of luxury if they provide a special pleasure in someone's life (Hemetsberger *et al.*, 2012). As put by Banister *et al.* (2020), "What might otherwise be understood as everyday simple things are turned into luxurious experiences. . . ." Such services can be ritualistic and done often but with a special meaning, and as an interruption as a way to break routine (Banister *et al.*, 2020). Also referred to as "little luxuries" (Oxford Learner's Dictionaries), these everyday luxuries create small contrasts to everyday life, are personal, and carry the experiential quality of moments of luxury (Von Wallpach *et al.*, 2020).

Dimension	Everyday luxury service	Standard luxury service	Elite luxury service
<i>Service characteristics</i>			
<ul style="list-style-type: none"> • Prestige • Monetary exclusivity (absolute price point) • Social exclusivity (degree of access prevention) • Hedonic exclusivity • Extraordinary experience 	<ul style="list-style-type: none"> • Low • Low; easily affordable • Not exclusive, easily accessible • Can range from low to medium • Is typically low 	<ul style="list-style-type: none"> • High • High; occasionally affordable • Somewhat exclusive • Can range from low to high • Is typically low to medium 	<ul style="list-style-type: none"> • Very high • Very high; difficult if not impossible to afford • Exclusive • Can be high to very high • Can be high to very high
<i>Behaviors and perceptions by customer segment</i>			
<ul style="list-style-type: none"> • Elite 	<ul style="list-style-type: none"> • Can be part of the habitual consumption sphere; unlikely to be considered luxury 	<ul style="list-style-type: none"> • Can be part of the habitual consumption sphere; might not be considered luxury 	<ul style="list-style-type: none"> • Consumption frequency tends to be high • Tend to consume luxury for its intrinsic quality • Patricians (i.e. are not interested in conspicuous consumption; prefer discreet and tasteful luxury) • Often not interested in socializing; if interested then only with the same socio-economic group • Privacy and discretion are often important (e.g. a celebrity eating out)
<ul style="list-style-type: none"> • Snobs 	<ul style="list-style-type: none"> • Often part of habitual consumption 	<ul style="list-style-type: none"> • Conspicuous consumption, offers opportunities to be seen engaging in the luxury service 	<ul style="list-style-type: none"> • Low consumption frequency, if at all • Parvenus (i.e. conspicuous consumption to signal status is important to them) • Would like to socialize with patrician in the service context • Aspirational; consumption frequency is rare, if at all
<ul style="list-style-type: none"> • Middle-class (democratic) 	<ul style="list-style-type: none"> • I-want-the-best attitude in everyday consumption 	<ul style="list-style-type: none"> • Consumption frequency can be occasional for poseurs aspiring to status through consumptions • Part of constituting the consumer self-perception through occasional luxury services • Potentially conspicuous consumption 	
<ul style="list-style-type: none"> • Lower-class 	<ul style="list-style-type: none"> • Potentially occasional consumption as personal rewards 	<ul style="list-style-type: none"> • Lurkers and admirers; may still aspire to consume luxury but generally cannot afford it 	<ul style="list-style-type: none"> • Once-in-a-lifetime consumption, if ever

Table 3.
Typology of luxury services and customer segments

(continued)

Dimension	Everyday luxury service	Standard luxury service	Elite luxury service
<i>Examples</i>			
• F&B • Car mobility services	<ul style="list-style-type: none"> Starbucks Mercedes taxi/UberBlack 	<ul style="list-style-type: none"> Casual Fine Dining Chauffeur-driven limousine (e.g. high-end stretch limousine) 	<ul style="list-style-type: none"> 3-star Michelin dining Chauffeur-driven ultra-luxury car service (e.g. Rolls Royce)
• Hotels • Air travel	<ul style="list-style-type: none"> Hilton Singapore Airlines Premium Economy Class 	<ul style="list-style-type: none"> Four Seasons Singapore Airlines Business Class 	<ul style="list-style-type: none"> Raffles Hotel Singapore Airlines Suite Class; VVIP private jet charter
• Tours	<ul style="list-style-type: none"> Private guided city tour 	<ul style="list-style-type: none"> Round trip hospitality 	<ul style="list-style-type: none"> Private helicopter safari
• Domestic services	<ul style="list-style-type: none"> Housecleaner 	<ul style="list-style-type: none"> Private housekeeper 	<ul style="list-style-type: none"> Private butler service

Table 3.

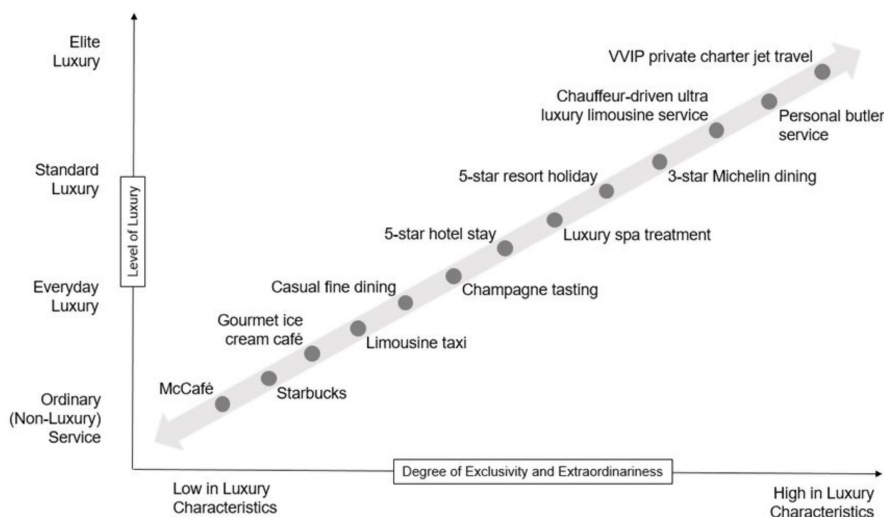


Figure 2. The luxury-ordinary service continuum

Finally, different customer segments may have markedly different understandings of what constitutes luxury, and these differences vary both based on social class and country (Dubois et al., 2005). Table 3 provides an overview of these differences and shows examples of luxury services for different customer segments.

Definition of luxury services

In the preceding sections, we advanced that luxury services are exclusive, are determined by both objective service features and subjective customer perceptions, mostly provide extraordinary hedonic experiences, and that there is a continuum ranging from ordinary services to elite luxury services based on their degree of extraordinariness and exclusivity. Summarizing this discussion leads us to the following formal definition of luxury services:

Luxury services are extraordinary hedonic experiences that are exclusive. Exclusivity can be monetary, social and hedonic in nature. Luxuriousness is jointly determined by objective service features and subjective customer perceptions. Together, these characteristics place a service on a continuum, ranging from everyday luxury (i.e., with low levels of exclusivity and extraordinariness) to elite luxury (i.e., with high levels of exclusivity and extraordinariness).

Contributions to theory and future research directions

While there is a significant body of literature on luxury goods, academic research has largely ignored luxury services and their specific characteristics. This is an important gap in the literature which this article aims to address by providing a conceptual foundation and positioning luxury services as a new field of investigation in the service community. This article develops the concept of luxury services and identifies the key characteristics that set luxury services apart from both luxury goods and ordinary services.

Features of services applied to luxury

This article shows how service-specific characteristics impact consumer perceptions and behaviors in a luxury service context. [Table 2](#) provides a list of implications of our contrasts of luxury service characteristics with those of luxury goods. In the following paragraphs, we focus on the implications of the central characterizing feature of services, which is non-ownership ([Lovelock and Gummesson, 2004](#)), and its implications for conspicuous consumption.

In luxury goods marketing, ownership provides a connection between the self and a luxury good (cf. [Beggan, 1992](#)). For services, ownership of something tangible is generally not possible but psychological ownership is ([Pierce et al., 2003](#)). Furthermore, it has been shown that psychological ownership for services can substitute for material ownership needs ([Fritze et al., 2020](#)). Therefore, psychological ownership is likely to play an enhanced role in self-extension in the case of luxury services and should be a central focus for firms.

The lack of transfer of ownership and the related tangible good leads to a second important implication related to conspicuous consumption. The luxury goods literature has focused on conspicuous consumption ([Kastanakis and Balabanis, 2012](#); [Ordabayeva and Chandon, 2010](#)). However, as consumers are more likely to choose luxury goods than luxury services to signal social status ([Yang and Mattila, 2013](#)), conspicuous consumption may be of lower relevance for services, and other needs and motivations are likely to be of enhanced importance for luxury services. Here, recent research in consumer culture may provide alternative key motivations for consuming luxury services. This research emphasizes the need to understand what luxury does for the consumer by focusing on moments of luxury ([Von Wallpach et al., 2020](#)) and defines the luxury experience as “a beautiful moment for oneself” ([Holmqvist et al., 2020a](#)). Common to these conceptualizations is a state of mind or a moment rather than a tangible product. We contribute to this emphasis on the temporality of the luxury experience. That is, the luxury service is not only intangible but also limited in time and impossible to hold on to; it is a moment of luxury often representing a brief hedonic break that customers can enjoy but not fully own.

Definition of luxury services

We define luxury services as extraordinary hedonic experiences that are exclusive whereby exclusivity can be monetary, social and hedonic in nature, and luxuriousness is jointly determined by objective service features and subjective customer perceptions. Together, these characteristics place a service on a continuum ranging from everyday luxury to elite luxury. This is to our knowledge the first formal definition of luxury services and we believe it can provide guidance for the development of the luxury services field in a number of ways.

First, our definition extends the view on exclusivity, the most mentioned feature of luxury goods in addition to price. The service literature has not examined exclusivity in much depth, and the luxury literature deals extensively with exclusivity but mostly as a function of price and rarity (Ko *et al.*, 2019). Our conceptualization in the luxury services context represents an extension of our understanding of exclusivity and comprises three potentially independent dimensions: monetary (i.e. can be difficult to afford due to a high price), social (i.e. can be difficult to gain access to because of access control), and hedonic exclusivity (i.e. can be difficult to enjoy and appreciate as a certain level of knowledge and sophistication may be required).

Second, we integrated two schools of thought in the luxury goods literature and adapted them to luxury services. The dominating school of thought holds that an object's inherent features such as quality, exclusivity, and a high price make it luxury (Kapferer and Bastien, 2012; Ko *et al.*, 2019). The second school defines luxury as something that is special to the individual, gives an individual particular pleasure and goes beyond a technical necessity (Hemetsberger *et al.*, 2012; Thomsen *et al.*, 2020). Integrating the two schools, we concluded that luxury is neither entirely individual nor mostly related to inherent features but that there is an interdependence between the two. Specifically, we concluded that luxury qualities are object-related and the luxury perception is subject-related and that both together make something luxury. We furthermore advanced that for luxury goods an objectivation related to its characteristics is relatively easier (i.e. they have observable qualities) than for services with their intangibility and experiential qualities. Therefore, for luxury services, subjective perceptions gain in importance and should shape our understanding of luxury service experiences.

Finally, the authors have encountered at many of their conference presentations on luxury the comment: "But how does this apply to Starbucks? That can be luxury, too!" It is interesting that the luxury goods literature framed their many definitions as categorical whereby a good is either a luxury good or it is not. However, our discussion has shown that a service can have various degrees of exclusivity and extraordinariness, and customer perceptions of these characteristics vary, too. Therefore, we propose to define luxury along a continuum ranging from ordinary (non-luxury) services to everyday luxury, to standard luxury, and finally, to elite luxury. This perspective has the advantage of addressing objections that the characteristics of luxury services can be seen as relative and subjective, and allows more finely grained investigations of luxury services and their degrees of exclusivity and extraordinariness.

Future research directions

Taken together, our overall theoretical contribution to the service literature rests on providing a conceptual guideline on how a luxury perception for service consumption can be induced. This paves the way for further investigations. Examining the implications of characteristics of services in a luxury context represents a relatively new field of research and Table 4 outlines a number of potential research questions we believe offer particularly promising opportunities.

Managerial implications

Our analysis revealed several implications as shown in Table 2. Three particularly interesting implications are related to psychological ownership, conspicuous consumption, and exclusivity. They are discussed next.

How can firms enhance psychological ownership?

Psychological ownership and self-extension get manifested and reinforced through pride (cf. Kirk *et al.*, 2015), reminiscing and telling others about the luxury service experience which can be facilitated and supported by firms. Customer education is one way to help customers

Potential research topics	Research questions
<i>Luxury service concept</i>	
(1) Definition	<ol style="list-style-type: none"> (1) We provided a conceptual definition based on theory. Future work can work with grounded theory to further explore the definition and meaning of luxury services to consumers, frontline employees and firms (2) We introduced three types of exclusivity as part of the definition of luxury services (i.e. monetary, social and hedonic exclusivity), extending previous work on exclusive luxury (Han <i>et al.</i>, 2010; Kapferer and Bastien, 2009). These types were conceptually developed and require empirical validation. Furthermore, are there additional types of exclusivity that might be luxury service-specific? (3) We witness an increase in the separation of luxury services and ordinary services as ever more service provider start offering more exclusive versions of their ordinary services. For example, visitors to Disney parks can hire private guides to skip lines and get access to backstage tours. On big cruise ships, first class passengers have separate facilities, including restaurants and ball rooms to which other passengers do not have access to. Many airlines have separate lounges for their first class passengers while some Middle Eastern carriers even have separate luxury terminals. Thus, there is an increase in exclusive luxury services being differentiated from ordinary services of the same firm, but to date there is virtually no research on this topic (for a notable exception see Thomsen <i>et al.</i>, 2020). It would be an interesting first step to work with firms that offer a luxury version of their services to explore consumer responses on both sides of the exclusivity fence (cf. Benoit <i>et al.</i>, 2019) (4) We treated all luxury services as hedonic in nature, even as some luxury services have a non-hedonic core (e.g. private banking and cosmetic surgery). Further research seems important to differentiate luxury services with a hedonic versus a utilitarian core (5) We proffered that objective service features jointly with subjective customer perceptions are important determinants of luxury perceptions of customers. Empirical validation is needed (6) We proposed a definition based on a continuum rather than a categorical definition of luxury. Empirical follow-up would be important. E.g. how do consumers view the different levels of luxury? Do we need more finely grained definitions and conceptual models to better capture different types of luxury?
(2) Delineating luxury services from luxury goods	<ol style="list-style-type: none"> (1) We used key service frameworks to conceptually develop the differences between luxury goods and luxury services and derived a number of implications for theory and the marketing and management of luxury services. Again, validating these differences empirically would be an important next step. Furthermore, it would be interesting to explore potential additional differences between luxury goods and services. Likewise, are there other differences between ordinary and luxury services?
(3) Measurement	<ol style="list-style-type: none"> (1) What are the determinants of luxury perceptions in services? Can we build generic dimensions to capture the luxuriousness across service categories? How should we measure the customers' luxury service experience and perception? Existing scales for luxury goods (cf. Ko <i>et al.</i>, 2019; Vigneron and Johnson, 2004) do not capture the characteristics of services outlined in this article well

Table 4.
Future research topics
and research questions
for luxury services

(continued)

Potential research topics	Research questions
<i>Implications of luxury service characteristics</i>	
(1) Nonownership	<p>(1) While legal ownership is not possible, psychological is. How can psychological ownership be enhanced, and what are the dimensions, drivers and outcomes of psychological ownership in a luxury service context?</p> <p>(2) Nonownership opens the sphere of the sharing economy. For example, P2P sharing of luxury accommodation, a Ferrari or a Chanel dress make these luxury goods affordable to wider group of people as a short-term access-based service (ABS). What would be the implications for providers, customers who buy these products and customers who use them via ABS (cf. Fritze et al., 2020; Wirtz et al., 2019)?</p> <p>(3) Conspicuous consumption (cf. Dubois and Ordabayeva, 2015; Han et al., 2010) has not been examined in the context of luxury services yet. Research is needed. For example, if conspicuous consumption is important to a segment of customers, how do customers enact it, and how can firms help them to consume conspicuously? For example, luxury goods can simply be used and others see them without the need of saying anything. However, to communicate luxury service consumption, consumers have to proactively write, post and “brag” about their experiences. What is the customer psychology involved in these activities, especially with a view on impression management?</p>
(2) IHIP	<p>(1) We derived a number of implications from IHIP for luxury services that all require empirical validation. For example, intangibility and non-materiality of the luxury object means that luxury qualities cannot be loaded on a single entity, but how do customers then judge luxuriousness and quality? Is Gestalt evaluation a potential framework to explore this question?</p> <p>(2) Luxury service experiences are fragile; but how fragile are they truly? What is the zone of indifference and tolerance for luxury services, and how would luxury service providers recover service failures effectively?</p>
(3) Additional 3 Ps of services marketing	<p>(1) The goods literature has explored the 4 Ps of marketing in depth; but what makes the 3 Ps of services luxury? Is it just more and better of what we already do and know from ordinary services, or are there luxury-specific issues? For example, do service employees have a higher status and more power in a luxury encounter compared to ordinary services (cf. Dion and Borraz, 2017), and what are the theoretical and practical implications of this?</p> <p>(2) Looking at the pressure in the luxury industry (Dion and Borraz, 2017), what are the risk-factors for service employees, for example, in terms of emotional labor or providing services the family of the employee cannot afford? What are the emotional costs that may be involved?</p> <p>(3) Related to service process, technology can provide substantial gains in productivity and service quality at the same time (Wirtz et al., 2018). While exciting, one can argue that a key aspect of luxury is a feeling of indulgence (Hudders and Pandelaere, 2013) and technology-delivered service may be detrimental to a luxury customer’s experience. In fact, special personal interactions are often what set a luxury service apart. Furthermore, many luxury brands thrive on a traditional image to strengthen authenticity (Beverland, 2006). While many back-office service aspects can be made more efficient without reducing the customer experience, the presence of the butler in a luxury hotel, or the maître d’ and sommelier in a restaurant are tangible evidence for luxuriousness. Research is needed to explore how luxury service can</p>

(continued)

Table 4.

Potential research topics	Research questions
(4) Consumer behavior related to services	<p>implement technology, robotics and artificial intelligence (AI), including issues surrounding privacy and corporate digital responsibility (Lobschat <i>et al.</i>, 2020) that is consistent with a firm's luxury positioning</p> <p>(1) Co-creation is important for most services. However, how does this work in luxury service encounters where customers may want to take a backseat and be pampered? Also, co-creation for many luxury services may mean being ready emotionally, socially and expertise-wise ready for the experience. E.g. a customer in a bad mood is unlikely to enjoy a luxury experience. How do we conceptualize and operationalize customer co-creation in luxury services?</p> <p>(2) There are many open questions relating to luxury-specific consumer behavior. E.g. does the salience of social exclusion (e.g. seeing someone turned away at the entrance) lead to a rarity perception that in turn increases the luxury appeal? Or does this backfire? What are the ethical concerns linked to actively discouraging certain groups of customers?</p> <p>(3) An interesting question is how does the perception of luxury in service contexts vary by generation? Gen Z may have a very different view than Baby Boomers with implications for service providers</p>
<i>Typology and segments</i>	
(1) Typology of luxury services	(1) We derived three types of luxury services (everyday, standard, and elite luxury services). Is this the best categorization? Are there more gradients that should be considered?
(2) Customer segments	<p>(1) We list four typical customer segments (elite, snobs, middle-class, and lower-class). Again, is this the best way to segment generic luxury markets? Are there other segments that should be included?</p> <p>(2) We provided basic profiling of these segments, but how can they be profiled in more detail along more dimensions?</p>

Table 4.

appreciate the finer details and stories related to the service (Eisingerich and Bell, 2008) and enhances the luxury perception and creates memories, all which together foster psychological ownership. Psychological ownership grows as individuals invest cognitive and physical resources into a target object which can be externally stimulated by the firm. For example, at Gordon Ramsay's restaurant Le Pressoir d'Argent, waiters and sommeliers outnumber customers, guaranteeing access for every customer to personalized guidance if so desired, and during dinner service, customers are invited into the kitchen and meet the chefs. This way, the firm personalizes the service and simultaneously educates its customers who can enjoy and appreciate their dining experiences more and at the same time develop their knowledge and sophistication (cf. Thomsen *et al.*, 2020).

How can firms better manage conspicuous consumption?

Conspicuous consumption for luxury services can be facilitated through tangible cues (e.g. branded souvenirs and giveaways) and materialized through photos and stories. Especially, social media can help to make luxury services more conspicuous and "hosting" and "sharing" luxury events related to dining, art exhibitions, and concerts signal ones affluence, taste, and sophistication; and service providers should offer "instagrammable" cues. Firms can also capitalize on the context of their services and occupy an association with it. For instance, a luxury restaurant may become a symbol for a luxury holiday region like a beach front or a hotel may be associated with a famous city, neighborhood or street. The Chateau Marmont in Los Angeles is famous for its representative function for Hollywood and the Sunset

Boulevard. Many of its customers are receptive to using the service for symbolizing their connoisseurship and destination attachment.

Not all customers are interested in conspicuous consumption. For luxury goods, this distinction is relatively simple. Customers self-select and can buy a conspicuous Gucci bag with visible logos and patterns to signal status, or they may opt for an even more luxurious but discreet Bottega Veneta bag (Han *et al.*, 2010). For luxury services, the situation is more complex as they are consumed and experienced at the same time and service providers need to proactively manage conspicuousness. A celebrity eating out might want to sit at a quiet table in order *not* to be noticed. Singapore Airlines knows that many of their top-end travelers value privacy and therefore has private first class check-in lounges in Singapore with a private link directly to immigration, after which passengers can proceed to their first class lounges. Even on board, a suite with a sliding door screens the outside world away and provides privacy.

How can firms effectively use the different types of exclusivity?

Some customers actively want to disassociate themselves from others (White and Dahl, 2007) and this tendency can be particularly strong among luxury customers (Kapferer and Bastien, 2012), some of who explicitly seek to associate only with people from the same socio-economic class (Han *et al.*, 2009). As such, a poor fit of some customers and lurking non-customers in a servicescape may lead to dissatisfaction and firms have to manage this carefully. To do this, service firms can use three types of exclusivity. Price is the easiest and common to luxury goods and services.

Social exclusivity, the second type, allows firms control access to their service. For example, upscale clubs can screen at the entrance and grant entry only to select customers, high-end social clubs conduct a detailed assessment of potential members and require references before granting membership, and exclusive social events tend to be “by-invitation-only.” Some firms even design their servicescape to intimidate non-target consumers (Dion and Borraz, 2017).

Finally, hedonic exclusivity can be used to target a service only at the initiated. For example, Holmqvist *et al.* (2020a) adding the dimension of exclusivity-by-practice which can be considered a subset of hedonic exclusivity. Here, a certain degree of knowledge and skills serves as a barrier to fully enjoying and appreciating a service. For example, appreciating an opera performance at La Scala in Milan requires a certain level of knowledge. Discussing a performance at La Scala as a collective service experience, Carù and Cova (2015) describe opera lovers, known as *loggionisti*, as “the most knowledgeable, influential and zealous opera aficionados” (p. 283). Less initiated members of the audience often wait for the reactions of the *loggionisti* before evaluating a performance as they do not know themselves whether what they experienced was good or not.

In closing, we are convinced that the topic of luxury services is important and deserves attention. This article shows that service features and characteristics indeed have important implications related to consumer perceptions and behaviors and managerial actions, and confirm that luxury services need to be studied in their own right rather than being subsumed in the extant luxury goods literature. We hope that our article will inspire more academics to develop the field of luxury services.

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