INTEGRATING IDENTITY AND CONSUMPTION: AN IDENTITY INVESTMENT THEORY

Scott A. Thompson and James M. Loveland

The question of how identity influences consumption behavior has moved to the forefront of marketing research. In addressing this question, research has borrowed disparate theoretical frameworks from other disciplines, impairing the ability to understand phenomena unique to marketing—particularly the active role consumers play in choosing and shaping identities and the reciprocal effects of these choices on consumption. This article proposes Identity Investment Theory (IIT), which treats individuals as deliberate actors making identity-focused consumption choices to receive the greatest return. This theory integrates key elements of several existing theories into a parsimonious framework, providing new insights into important marketing phenomena.

The crucial role of identity in driving consumption behavior has become a conceptual center of marketing thought. Studies have examined the link between consumers' possessions and their sense of self (e.g., Belk 1988), loved objects, and consumer identities (Ahuvia 2005), the fit between brands and identities (Chaplin and John 2005), and the relationship between identity and membership in voluntary organizations (Bhattacharya, Rao, and Glynn 1995). The brand community literature has examined how social identities influence word-of-mouth behavior, participation behavior, and product adoption behavior (Muñiz and O'Guinn 2001; Thompson and Sinha 2008). These varied literatures concur on one key point: understanding how consumers manage identities through consumption is central to understanding consumer behavior. Belk (1988, p. 139) makes the point succinctly: "We cannot hope to understand consumer behavior without first gaining some understanding of the meanings that consumers attach to possessions. . . . That we are what we have is perhaps the most basic and powerful fact of consumer behavior."

Owing to the diverse nature of the marketing phenomena being investigated by researchers, marketing research into the relationships between identity and consumption has been built on theories borrowed or adapted from other disciplines that have traditionally not included consumption behaviors among their variables of interest. As a result, the literature suffers from a fractured theoretical base, characterized by varied and incommensurate conceptualizations of self and identity as well as increasingly complex combinations of theories and paradigms. This disarray represents a significant obstacle to developing comprehensive theories and to accurately predicting the outcomes of managerially relevant events.

The purpose of this article is to introduce a new and parsimonious theory, Identity Investment Theory (IIT). IIT combines a single consistent conceptualization of self and identity with five basic theoretical propositions to account for how identity and consumption behavior reciprocally influence one another. In doing so, it possesses the key advantages of any good theory: parsimony, an account for phenomena covered by existing theories, and an explanation of phenomena that cannot be accounted for by any single extant theory. The remainder of the article is structured as follows. First, we examine the divergent conceptualizations of identity and self present in the literature. Next, we consider the limitations of identity-related theories borrowed from other literatures when applied to marketing. We then present an Identity Investment Theory grounded in five theoretical propositions. We conclude with a discussion of how IIT provides new insights into a range of marketing phenomena that marketing researchers are currently struggling to understand.

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CHALLENGES OF APPLYING EXTANT THEORIES TO MARKETING QUESTIONS

Connecting Identity and Consumption

Despite the recognized importance of identity in understanding consumption behavior, various theories employed to understand the linkage between identity and consumption suffer from shortcomings that limit their generalizability. Prior studies have been criticized for lacking a sound or comprehensive theoretical foundation for understanding the relationship between consumer identities and consumption outcomes (Cohen 1989; Vignoles et al. 2006). Vignoles and associates (2006, p. 328) note that "theorizing about identity-related outcomes has generally happened without reference to any coherent or unified theoretical framework." Often, studies limit their consideration of identity to issues of identity–product fit, congruence, attachment, or social identity (Escalas and Bettman 2005; Chaplin and John 2005; Ball and Tasaki 1992; Reed 2004). While specific theories can account for these identity-related activities in isolation, these theories cannot incorporate countervailing identities or serve as a basis for predicting when and why consumers make purchases based on their identities or how consumers allocate their spending across the various identities they possess or seek.

This gap is noteworthy because research devoted to identity also tends to view linkages between identity and consumption in isolation—this perspective implicitly assumes that identities are static and that they exist independently of one another. This perspective has several important consequences. First, it ignores the fact that identity itself can be shaped and reinforced by consumption, rather than merely being a driver of consumption. For example, an individual who plays golf regularly after work with colleagues could adopt the identity of golfer, even if he did not own a golf club. Second, the extant research does not address the fact that individuals actively choose to invest and engage in some identities at the expense of other identities. These choices are not merely a matter of selecting among new identities; instead, choosing to engage in one identity affects other identities already held by the individual as well. When playing golf, the individual is investing in his golfer identity and by extension not investing in other held identities such as the identity as a parent, a musician, or a basketball player. Thus, when engaged in identity-related consumption, individuals inevitably must make decisions about how to allocate limited resources across their valued identities leading to the enhancement, maintenance, or detriment of those identities.

The simplifying assumption that different identities exist independently and in isolation is common in identity theories drawn from outside marketing. However, this assumption limits the potential value of existing psychologically based theories from a marketing perspective, as it ignores the consumption-related implications of enacting one identity at the expense of another. The independence assumption between *identities* also creates a de facto independence assumption regarding *needs*, such that motivations for the enactment of one particular identity are assumed to be driven by one particular need that exists in isolation of other needs.

Finally, the relationship between identity and the level of consumption has gone largely unexplored. While the issue of excessive consumption has received attention in the literature, it has typically been explained in terms of personality traits and disorders (Mowen and Spears 1999; Faber et al. 1995; Faber and O'Guinn 1988; DeSarbo and Edwards 1996; d'Astous 1990). In contrast, the potential of identities held by consumers to influence not only what goods and services they consume, but also the quantities in which they consume them, has been largely ignored. Thus, a theoretical framework linking identity and consumption behavior would contribute to understanding a broader range of consumer behaviors, including consumption rates.

Limitations of Adapting Existing Theories from Other Fields

The divergent conceptualizations of identity and self reflect the different approaches taken in the literature to understand their relationship with consumption. These approaches suffer from a similar limitation—the investigation of identity and consumption has been conducted without reference to a consistent overarching framework. Instead, researchers have adapted existing models from sociology, psychology, anthropology, and other social sciences. As a result of these diverging theoretical foundations, the marketing literature on consumption and identity has been rather fragmented, looking at identity and consumption issues in a piecemeal fashion. As a consequence, our own literature has been constructed with several limitations of scope that are inherent to these other domains of research, but which represent relevant problems for marketing theory and practice.

First, existing research has tended to treat identities as static, or to look at identities one at a time in isolation. For example, Oyserman, Fryberg, and Yoder (2007) examined the role of ethnic identity in shaping consumption behavior, showing that activation of the minority identity acts as a barrier towards eating healthy foods, which are viewed as middle-class, white identity characteristics. Forehand, Deshpande, and Reed (2002) similarly showed the importance of priming individual identities in shaping the effectiveness of consumption-related messages delivered by outgroup members. However, such single identity approaches ignore the role that other associated identities may play in exacerbating or mitigating the impact of minority identities on food consumption. For example, a minority identity may also be accompanied by an athletic identity that encourages healthy food consumption. Thus, by arbitrarily focusing on a single identity, this approach fails to address the impact that a consumer's full portfolio of identities may have.

Second, extant research has often treated the relationship between identity and consumption as unidirectional, ignoring reciprocal relationships that exist between consumption and identities. For example, researchers have investigated how consumers make decisions about acquiring a new identity, as well as the consumption behaviors required for activities such as joining an organization (Kleine, Kleine, and Brunswick 2009). However, consumption does not cease with membership or with the acquisition of an identity. Rather, consumers continue to consume, which, in turn, impacts the acquired identity, which, in turn, impacts future consumption. Theories borrowed from other domains tend to focus on the impact of identity on consumption, generally ignoring the reciprocal impact of consumption on identity over time. Yet, these reciprocal, long-term processes are of central interest to marketers. Thus, to be relevant to marketing theory and practice, a viable identity theory must incorporate how identity choices and consumption influence one another reciprocally over time.

Finally, identity research from the domains of psychology and sociology often treat consumers as passive recipients of identities, ignoring the phenomenological nature of relationships that consumers have with products and brands (Fournier 1998). While this approach may be reasonable when considering social identities based on hereditary factors, such as gender or race, it is problematic in marketing where identities are based on brands or elective identities such as "athlete" or "gamer." Marketers increasingly *sell* such identities as a means to promote their brand and products. Unfortunately, much of the extant psychological and sociological theory does not consider how consumers strategically *choose* to alter their identities, their consumption, or even their needs. This limitation of existing identity theories constrains their utility when applied to marketing research questions. Indeed, this deliberate nature of consumer choice separates marketing from its fellow social sciences, because consumption—and by extension identity—can be controlled and manipulated by the consumer. The centrality of choice is poorly accounted for by other literatures, which generally attempt to *control out* choice by having research participants focus on one particular identity, or by priming a single identity, without allowing participants to choose instead another identity or to choose another consumption strategy.

In summary, existing research grounded in identity theories borrowed from other disciplines suffers from serious shortcomings. These theories typically: (1) look at single identities in isolation rather than including the full range of identities; (2) treat identities as fixed, neglecting the reciprocal relationships between identity and consumption over time; and, most important, (3) ignore the role that consumer choice plays not just in consumption, but in selecting identities.

In the remainder of the article, we introduce a single, parsimonious theoretical framework called "Identity Investment Theory," which provides new insights into how identity influences consumption behavior and vice versa. IIT differs from prior theories drawn from outside the marketing literature by focusing on how individuals actively choose through consumption to enact and to maintain valued identities. In doing so, IIT treats individuals as conscious, deliberate actors making choices about how to invest limited resources, including money and time, in order to receive the greatest return. The ability of the theory to account for marketing phenomena not covered by other theories is discussed, including changes in consumption due to changes in identity, changes in identity due to consumption, and the relationship between identity and overconsumption.

IDENTITY INVESTMENT THEORY

The preceding discussion demonstrates that while much has been learned about identity and consumption, there are still important gaps in our understanding. The extant literature has focused on different aspects of identity, self, and consumption—with some researchers examining the link between specific products and individual identities, some considering the links between identities and the self, and others looking at the relationship between consumption and the self as a whole. The limitations and inconsistencies between the various theoretical frameworks that have been employed are inhibiting the ability of marketing researchers to understand increasingly important marketing phenomena. Absent is a single theoretical framework that integrates the relationships between products/services, individual (and sometimes competing) identities, and the overall self. Furthermore, existing theoretical approaches fail to address the volitional nature of identities. To address these issues, we propose an Identity Investment Theory (IIT), which seeks to provide a theoretical framework linking identity to consumption based on a single, consistent conceptualization of self and identity. In doing so, IIT accounts for findings currently derived from disparate theories while providing new insights into phenomena that are poorly understood.

Self and Identity in Marketing

A growing body of marketing research has sought to examine the role that self and identity play in consumption and how self and identity affect important marketing outcomes such as word-of-mouth. However, owing to the array of theories borrowed from other literatures and the limitations they impose, how the constructs of self and identity are treated varies widely in the marketing literature. Addressing these differing conceptualizations is a necessary first step to the development of a marketing-oriented theory.

Among the most prominent research streams on identity and consumption within the consumer behavior literature originate from Belk's (1988) work on possessions and the extended self. A table illustrating the typical research conducted in this vein is summarized in Table 1. This body of research examines the connection between possessions, especially prized ones, and consumers' overall sense of self. While the construct of the extended self has received considerable attention in the marketing literature, it has also been the subject of debate and criticism for its lack of clarity and specificity (Cohen 1989; Belk 1989). Indeed, Ahuvia (2005), while building upon extended self-theory, notes that the terms "self," "sense of self," and "identity" are used interchangeably in extended self-theory. Kleine, Kleine, and Kernan (1993) argue against this blurring of the distinction between self and identity, contending that consumers use possessions to enact specific identities; these identities, in turn, make up consumers' global sense of self. Thus, they contend that the connection between possessions and self is not direct but rather mediated through the identities that the possessions are purchased to enact. In turn, the purchase of both mundane and prized possessions is influenced by identity considerations.

On the other hand, other marketing literatures, including the brand community literature, examine the role played by specific identities, of which a consumer may possess a wide variety (e.g., Muñiz and O'Guinn 2001). From this perspective, consumption may influence and be influenced by one or more different identities, some of which may overlap or create crosscutting loyalties (Thompson and Sinha 2008). Examples of research which focuses on the links between consumption and social identities are included as Table 2.

There has also been a substantive body of research focused on the psychological needs that are believed to underlie much of the consumption process. Research from this tradition investigates how needs for self-esteem (Dahl et al. 2012) and for uniqueness (e.g., Tian et al. 2001) lead to different consumption patterns when these needs are either threatened or expressed. Thus, while research in this domain often implies the centrality of one identity or of even multiple identities (e.g., Schau and Gilly 2003), the role of the self, or even of identity, is often viewed as either a conduit through which needs and consumption behaviors are filtered or as a central identity/narrative that exists outside of the consumption process altogether. A summary table of research conducted in this vein has been included as Table 3.

Table 1
Studies Focused on Linkages between Identity and the Self/Psychological Needs

Author	Summary	Nature of Identity	What Motivates Action
Cooper & Thatcher (2010)	Individualist, relational, and collectivist self-concepts are associated with various motives and affect identification with organization.	Identity is hierarchical (nested) in nature.	Self-concepts are situationally accessible, and can be manipulated by work experiences, managers, etc.
Oyserman, Fryberg, & Yoder (2007)	Healthy values are viewed as white/middle class. Minorities view unhealthy behavior as in-group defining. Identities motivate to engage in behaviors to maintain a desired identity.	Social identity can be primed by group memberships such as race and SES.	Reminding people that they belong to a particular group or that they share an identity.
Briley & Wyer (2002)	A group mind-set can be induced in consumers when they are reminded of their cultural identity. This mind-set affects both group and individual decisions.	Implies multiple social identities that can be activated based on unique cultural and personal values.	A shared social identity is activated, causing prosocial behavior toward similar others.
Kettle & Häubl (2011)	Signing one's name raises consumer involvement during identity-relevant purchases. Also makes them identify more strongly with in-groups.	Individuals have a self-identity, which drives personal and social identities.	Being reminded of self-identity through signing makes identity-relevant cues more accessible and more salient.
Berger & Heath (2007)	Individuals look more to those from whom they wish to differ, and use these others to decide which products are identity relevant. Some products have more identity-signaling value.	Focuses on one important social identity.	Not wishing to be associated with outgroups based on the products one uses publicly.
Chattopadhyay, George, & Lawrence (2004)	Individuals perceive groups more positively when higher status members are in group. Results occurred across race and gender, providing support for Self-Categorization Theory.	Individuals actively choose among the most valuable identities available.	Choice among salient identity alternatives such as race, gender, and social status.
Reed (2004)	Individuals weigh the importance of identities when evaluating information and use relevant identities when making judgments.	Social identities vary in their salience and are manifested when diagnostically relevant.	Salience of identities, coupled with the identity relevance of an object.

As reflected in the marketing literature, the broader literature on identity offers a diverse set of often conflicting conceptualizations and theories of identity and self. As a result, there is no universally accepted theory or definition of identity within the marketing literature. Some theories employed in the literature treat identity and self as synonymous and unitary (Hogg, Cox, and Keeling 2000) while others view identities as components of self (e.g., Kleine, Kleine, and Kernan 1993). Resolving the debate over the nature of identity versus self are beyond the scope of this article—instead, the purpose of this work is to construct a parsimonious and consistent theory that provides insights into how identity and consumption behavior influence one another.

To accomplish this objective, we draw on the work of Kleine, Kleine, and Kernan (1993), wherein the *self* is defined as a person's overall sense of who and what they are. The self, in turn, is comprised of the sum of the identities that the individual possesses. *Identities* are defined as separate and distinct subjective concepts of oneself that exist at the level of psychological experience rather than referring to an objective essence (Vignoles et al. 2006). These identities are important in constructing the self, but they are not necessarily fixed, and their connection to the self is based on the narrative the individual wishes to construct of the self. Furthermore, identities differ from traits in that *traits* "characterize how someone behaves within an identity" (Kleine, Kleine, and Kernan 1993).

Table 2
Studies Focused on Linkages between Identity and Consumption

Author	Summary	Nature of Identity	What Motivates Action
Ahuvia (2005)	Argues that products, services, etc. vary in degree of "selfness" and thus have different impacts on identity narrative.	Argues against core/extended self; individuals have one core identity.	Consumption behaviors are outcomes of identity but are also used to shape identity.
Luedicke, Thompson, & Giesler (2010)	When identity-relevant products cause moral/identity conflict, consumers use mythology and ideology to construct narratives that "restore" identity value.	One central identity that is composed of parts/facets that must be maintained.	Moral conflict that casts product owner identity into question—identity value maintenance.
Arsel & Thompson (2011)	People invest in identities via consumption and through related social activities. These identities can become tainted by myths that undermine identity value of activity or the interest.	Focal identity is built through consumption experiences, investments, etc. Implies overarching identity.	Desire to build, construct, and defend an important identity.
Forehand, Deshpande, & Reed (2002)	Identity prime strongest when individual already socially distinctive; identity effects of exclusion are as strong as those of inclusion.	Individuals have multiple social identities that differ in situational variables and social schema.	The salience of one's identity in a situation drives the effects it has on behavior.
He, Li, & Harris (2011)	Social identification with a brand can enhance customer satisfaction, brand identification, and brand loyalty.	Employs social identity approach.	Using a brand and identifying with it.
Schouten & McAlexander (1995)	Ethnographic study of Harley community. Focuses on learning and adopting cultural values of the community.	Individual and group identity can subsume individual identity.	Experimenting with biker identity, wanting to adopt/construct a new identity or persona.
Berger & Ward (2010)	Examines "inside baseball" associated with exclusive products, and how "insiders" communicate.	Discusses how a product domain can be identity-relevant.	Desire for distinctiveness, to distinguish oneself from others subtly.
Kleine, Kleine, & Brunswick (2009)	Shows importance of (SIIT) constructs of role, ideal, and identity schemas in driving transformational behavior. People mentally "try on" an identity to see if it fits for them.	Individuals possess multiple identities that form self-concept.	Willingness to adopt a new identity, based on evaluation of its ultimate value. Action results in change in self-concept.

The Five Theoretical Propositions of Identity Investment Theory

Grounded in marketing research on identity and consumption, Identity Investment Theory employs five theoretical propositions in order to explain the relationships between consumption and identity:

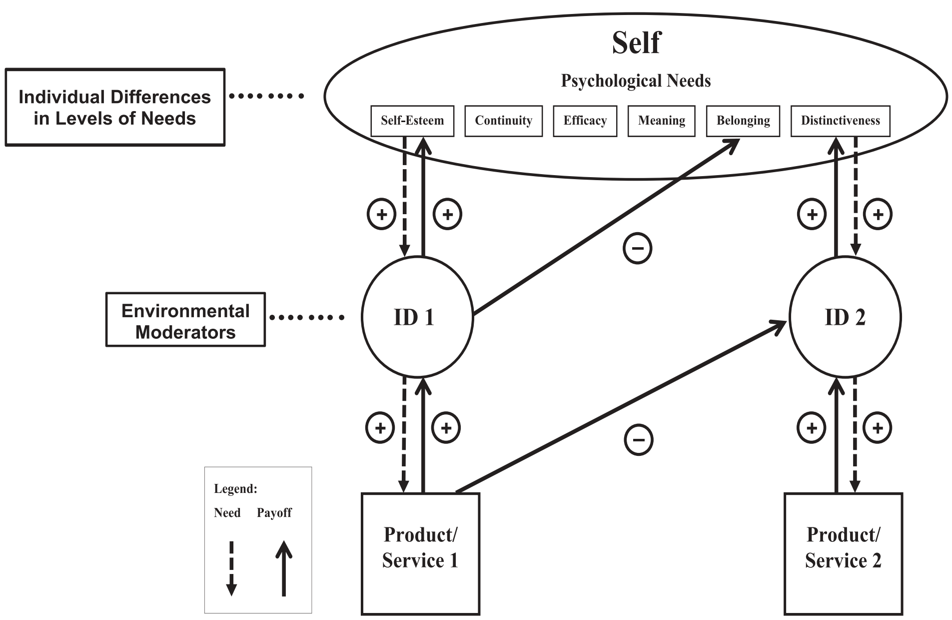
1. Individuals possess multiple identities.
2. Identities have associated payoffs.
3. Individuals invest in identities through consumption based on these payoffs.
4. Identities vary in their congruence with one another.
5. Investment in an identity can increase its value relative to other identities and alter subsequent consumption behavior.

Figure 1 provides a highly simplified illustration of IIT using two hypothetical identities, Identity 1 (ID1) and Identity 2 (ID2), and two hypothetical products/services, Product/Service 1 (PS1) and Product/Service 2 (PS2). IIT proposes that individuals possess a range of identities and actively decide which of them to invest in, and to what degree, through consumption behavior. These investment decisions are based on assessments of the relative value of an identity, including the anticipated payoffs derived from each identity. Furthermore, investment decisions alter the relative value of other identities over time. For example, in Figure 1, the solid arrows indicate that PS1 enhances the value of ID1. In turn, by enhancing ID1, the consumer experiences greater self-esteem. However, the dashed lines show that the need for self-esteem leads to the consumer investing further in ID1, which in

Table 3
Studies Focused on Connections between Products and the Self/Psychological Needs

Author	Summary	Nature of Identity	What Motivates Action
Schau & Gilly (2003)	Examines how people use personal web pages to express self via use of brands and is ultimately a consumer narrative with depth not possible in real life.	Made up of multiple "me's" and "we's" that individuals try to connect—not disjointed. Self-disclosure is more strategic on web.	Desire to present image of self to others; even unowned products can have semiotic value.
White & Dahl (2007)	When brand preferences of dissociative reference groups are evoked, there is a strong effect on brand choices. Priming and identification further moderate this effect.	Social identity and core personal identity.	Being reminded of the preferences of a group with which one does not want to be socially identified.
Escalas & Bettman (2005)	Consumers construct self-concepts using reference groups and focal brands. This association is higher when the brand's image is associated with in-groups, and an independent focus.	Not examined.	Self-construal and the use of products/brands with known reference groups affect association with the brand.
Elliott (1994)	Postmodern consumption creates fragmented self, meaning of products not fixed. Consumption can improve mood and coping, but can also be addictive.	One central identity, but consumption helps fragment identity—hints at restorative value of consumption for these addicts.	Low self-esteem coupled with the desire to match personal goals of socially desirable image, and to repair mood.
Hogg, Cox, & Keeling (2000)	Examines how brand imagery and self-monitoring interact. Argues that self-concept motivates brand choices and self-presentation via through brands products.	Socially and intrapersonally influenced reflection of a true or core identity/ self.	Individual's level of self-monitoring dictates salience of self. Situation determines which self-image to project.

Figure 1
Identity Investment Theory



turn leads to further consumption of PS1. Thus, IIT is a dynamic theory that addresses how identities influence the level of consumption and how, in turn, that behavior leads to further changes, including addiction and overconsumption. To further explicate the theory, each theoretical proposition is now considered and its foundations in prior research discussed, as well as the role of environmental factors.

Theoretical Proposition 1: Individuals Possess Multiple Identities

Prior research has often focused on the relationship between the consumption of a product/service and a single identity. However, research shows that individuals possess multiple identities ranging from the trivial to the highly salient (Reid and Deaux 1996; Deaux et al. 1995; Kleine, Kleine, and Kernan 1993). Prior research has found that identities can be formed in a variety of ways ranging from conscious selection (e.g., Schouten and McAlexander 1995; Kleine, Kleine, and Brunswick 2009; He, Li, and Harris 2012) to the byproduct of external categorization (Hogg and Abrams 2003). Indeed, research on minimal groups has found that simply being in a group, with no history or prior connections, is sufficient to give rise to a measurable identity (see Hogg and Abrams 2003). Furthermore, prior research has found that consumers form identities around a wide range of activities and hobbies (Schouten and McAlexander 1995; Berger and Ward 2010). While Figure 1 illustrates IIT using just two identities to simplify exposition, in reality people possess a much broader portfolio of identities.

While the idea of multiple identities is not controversial, there is disagreement on the appropriate typology of identities. Some authors distinguish between personal and social identities while other authors argue that identities may exist at the individual, relational, and group levels (Vignoles et al. 2006). Much of the debate on identities is ultimately rooted in the pioneering work of Goffman (1963, 1959) and his original tripartite typology of identity. Specifically, individuals are conceptualized to possess one or more: ego identities, personal identities, and social identities. An ego identity is a subjective, reflexive sense of oneself that is "felt by the individual whose identity is at issue" (Goffman 1963, p. 106). A personal identity, on the other hand, is a relational identity that is rooted in others' knowledge of the individual. It is, in essence, part of the individual's biography and is specific to that individual. Finally, a social identity is a broad, categorical identity that exists outside of the individual but which individuals may lay claim to and present to others, including strangers. It is important to emphasize that individuals can, and do, possess multiple identities of each type. In other words, individuals can possess multiple ego identities, multiple personal identities, and multiple social identities. Faced with so many choices, consumers must, therefore, decide which identities to adopt and invest time and money in, and which to abandon.

Finally, while these identities can be evoked by others, such as when one's membership in a stigmatized identity group is called out or spoiled (Goffman 1963), or when one is primed by an undesirable reference group (White and Dahl 2007), consumers also make very conscious choices to convey a specific identity or set of identities through consumption (e.g., Berger and Ward 2010; Schau and Gilly 2003) or even through active and deliberate nonconsumption of a brand (e.g., Kozinets and Handelman 2004). These identities thus often have a strong social component, and individuals often move from identity to identity through related social activities (Arsel and Thompson 2011; Kleine, Kleine, and Brunswick 2009; Schouten and McAlexander 1995).

Theoretical Proposition 2: Identities Have Associated Payoffs

Individuals develop, enact, and invest in identities in order to secure benefits or payoffs. Vignoles et al. (2006) identified six types of payoffs or motives that drive identity decisions. These motives represent basic psychological needs that individuals possess and strive to meet. The first is the desire to maintain and enhance *self-esteem*. While self-esteem is the most common motive associated with identity processes, existing identity theories, including Social Identity Theory, have been criticized for failing to incorporate other motives (Hogg and Abrams 2003). Among the motives commonly overlooked by other theories is the need for a sense of *distinctiveness* from others. At the same time, individuals value other identities for their ability to provide a sense of *belonging* with others. Individuals also seek to maintain a sense of *efficacy* or control over themselves and their lives as well as a sense of *continuity* across time and place through their identity choices. Finally, individuals value identities that provide a sense of *meaning* to their existence. Ahuvia (2005) makes a similar observation, that one's choice of products and services are evaluated to the extent that they fit a consumer's identity narrative. Vignoles and associates (2006) conclude that, "people are motivated to adopt an identity to the extent that it can provide" one or more of these payoffs.

In general, choosing to enact and invest in a particular identity can provide one or more of these payoffs to varying degrees. As shown in Figure 1, ID1 contributes to self-esteem, but detracts from belonging. On the other hand, an identity could also do the reverse, as in the case of an avid golfer who gains in belonging by purchasing expensive course time and interacting with friends on the course. At the same time, the individual's self-esteem is being diminished because his friends are much better golfers than he.

Furthermore, individuals can derive similar payoffs from different identities. For example, an individual may derive self-esteem from both his workplace identity and his identity as a father, with the latter providing a greater sense of self-esteem than the former. Faced with finite time and resource constraints, the individual would be expected to resolve conflicts between workplace duties and parental responsibilities in favor of the latter, as it provides the greater benefit to a sense of self. By the same token, a given identity may provide different payoffs for different people. A "father" identity may provide *belonging* to one person while primarily providing *meaning* to another.

The payoffs associated with a given identity can also be at odds with other payoffs for that identity. In particular, this type of identity tension may arise in the case of an identity that supports an individual's need for distinctiveness, but undermines their sense of belonging. In Figure 1, we provide an example in which ID1 provides self-esteem, but at the cost of belonging. For example, longtime fans of a football team who also play fantasy football will have ambivalent payoffs when the goals of their team and their fantasy team are opposed. Tension might also come from investing in identities that preclude investing in other identities or relationships that might better fulfill specific needs. Such identities may include ones based on hobbies that individuals indulge in alone, whether in their basement, workshop, or in front of a computer. While the skills they develop as part of the hobby may provide self-esteem, they may come at the price of belonging. These identities can also be important social or ethnic identities, such that an individual might have to choose between a valued ethnic identity and its concomitant sense of belonging or a health-oriented identity that provides self-esteem (Oyserman, Fryberg, and Yoder 2007).

Theoretical Proposition 3: Individuals Invest in Identities Through Consumption Based on These Payoffs

A central finding of the literature on consumption and identity is that individuals engage in consumption in order to enact or bolster their identities (e.g., Belk 1988; Kleine, Kleine, and Kernan 1993). Therefore, consumption decisions represent investments in different identities in the pursuit of the various payoffs listed above. Because consumers are constrained by their financial resources and available time, they must inevitably make tradeoffs between various identities.

Prior research on identity and self has often overlooked the role that financial and time constraints plays in both identity processes and related consumption behavior. Yet, the competition between firms for the limited time and money of consumers lies at the heart of marketing research. However, prior research has tended to focus on these tradeoffs from the firm's perspective, rather than the consumer's. A prominent exception to this is noted in the seminal Schouten and McAlexander (1995) work on Harley-Davidson communities, whereby some members expressed difficulty in affording to purchase and maintain their equipment and, consequently, their identity outside of the community. This key observation constitutes the core of Identity Investment Theory. Faced with time and financial constraints, individuals make strategic tradeoffs based on an assessment of the comparative advantages of variously held and possible identities. This comparative advantage perspective suggests that individuals will invest in those identities that provide higher payoffs at similar costs or in identities with similar payoffs at lower costs. Indeed, prior research has found that social identities based on membership in similar organizations do, in fact, compete, forcing individuals to make such tradeoffs (Bhattacharya, Rao, and Glynn 1995). Furthermore, changes in the payoffs associated with a given identity will lead to changes in the associated consumption behavior, or force the consumer to reconstruct and defend actively a valued identity linked to consumption (Arsel and Thompson 2011).

For example, IIT predicts that introducing a third identity (ID3) into Figure 1 that also provides self-esteem without detracting from belonging would lead the individual to divest from ID1. Specifically, a consumer with a solitary hobby (ID1), such as gardening, may gain self-esteem from it, but at the price of belonging. If the same consumer later becomes a *tennis nut* who not only plays with friends, but is quite good, that individual gains a new identity, which not only provides self-esteem, but also belonging. IIT predicts that this change will lead to a divestment from the old gardening hobby in favor of spending money and time on tennis-related purchases. In effect, tennis supplies compete with flower seeds to meet the same need (self-esteem). In this case, tennis supplies enjoy a competitive advantage over gardening supplies because the underlying identity provides a greater payoff thanks to the generation of belonging in addition to self-esteem. However, the investment in ID2 will remain unchanged because it does not compete with either gardening or tennis in meeting any fundamental psychological needs.

Theoretical Proposition 4: Identities Vary in Their Congruence with One Another

The existence of multiple identities of differing types raises the possibility that different identities may be more or less congruent or consistent. Identities that promise one payoff can sometimes undermine the payoffs derived from another identity, and so individuals must sometimes *try on* an identity to ensure that it is congruent with their sense of self (Kleine, Kleine, and Brunswick 2009). Prior research suggests that individuals seek to maintain congruence between their various identities (Roccas and Brewer 2002; Goffman 1963; Kleine, Kleine, and Kernan 1993).

In general, incongruence between identities can lead to stress and require greater effort on the part of the individual to maintain them (Roccas and Brewer 2002). As stated in *Proposition 1*, individuals possess multiple personal identities. These identities, in turn, are conveyed to different friends and acquaintances. At work, the individual may have a personal identity as a conscientious company man who goes *by the book*. However, among close friends, the same person may maintain a personal identity as a *party animal* who likes to have a good time. Figure 1 illustrates the consequences of identity congruence. If ID1 has the party animal identity with friends, and ID2 has the conscientious company man identity at work, the conflict between these identities has important implications for consumption. In the presence of identity conflict, PS1 (for example, leather pants) supports the party animal identity as reflected by the positively valenced solid arrow. However, this same product, were it to be seen by coworkers, would damage ID2 as reflected by the negatively valenced solid arrow from PS1 to ID2.

Maintaining both of these personal identities requires planning and effort to ensure that those familiar with one do not encounter the other. Indeed, the difficulties created by incongruent identities are a staple of situational comedies, dramas, and even comic books. Research has found that congruence plays an important role in identity decisions, with a lack of congruence among identities potentially serving as an impetus for changes in the level and distribution of investments in those identities in order to resolve the conflict (e.g., Goffman 1959). In some cases, consumers choose to resolve the conflict by abandoning an identity. For example, the difficulty of shielding a workplace identity from consumption behavior related to other identities may lead a consumer to give up their party animal identity and the associated consumption altogether. Marketers and policymakers often try to capitalize on this by associating undesirable behaviors with an unattractive social identity (e.g., Berger and Ward 2010), thus forcing individuals to change consumption behaviors or face the risk of losing a valued social identity. In fact, this incongruent consumption makes it difficult for the consumer to create a coherent identity narrative (Ahuvia 2005). Faced with this dilemma, consumers must sometimes develop mythologies that restore the identity value of a product (Luedicke, Thompson, and Giesler 2010).

Theoretical Proposition 5: Investment in an Identity Can Increase Its Value Relative to Other Identities and Alter Subsequent Consumption Behavior

Prior research has found that the easier it is to enact an identity and the more that an identity is enacted, the more it is valued (Kleine, Kleine, and Kernan 1993; Goffman 1959). Within the framework of Identity Investment Theory, this finding suggests that investments in an identity that make it easier to enact also increase its value by increasing subsequent payoffs. This creates the potential for feedback loops, wherein valuable reinforcement contingencies become more easily available from an identity, making it more likely that an individual will divest from other identities to devote more time and effort to one that more easily fulfills important psychological needs.

This proposition sets IIT apart from other identity theories. Prior theories have focused on either the impact of consumption on identity or the impact of identity on consumption. IIT integrates both of these processes into a single theoretical framework that recognizes that not only do identity changes impact consumption, but that consumption simultaneously and cumulatively alters the value of identities. Our framework also accounts for changes that occur both within and across different social identities. This approach allows for the corollary that identities are dynamic and shaped by the linkages between identity and consumption.

Referring to Figure 1, the solid lines indicate how products/services influence identity and, in turn, how identity provides payoffs at the level of the self. The dashed lines show how psychological needs drive identity decisions and identity influences consumption of products/services. By integrating both into the same framework, IIT provides a means to understand and predict escalations (and declines) in commitment to products and identities over time. For example, the acquisition of merchandise related to a particular baseball team makes it easier to enact the social identity of being a fan of that team. As more team merchandise is acquired, it requires less effort to enact the identity, and the relative value of the identity goes up. In addition, the more the fan identity is enacted, the more the individual is recognized by others as a fan. Purchasing tickets and attending games may also increase the number of people who recognize the individual's fan identity. Furthermore, the individual could easily build relationships with other fans through attendance or through virtual communities, providing additional enactment of the fan identity. As a result, payoffs from the fan identity, such as a sense of belonging, increase as the individual invests in this identity.

Individual Differences in Identity Needs and Payoffs

IIT recognizes that, while all individuals are motivated to invest in identities in order to realize one of the six identity payoffs mentioned previously, individual differences exist in the degree to which consumers are motivated by a particular payoff. Thus, one person may have a higher basic desire for belonging relative to peers, while another is more motivated by a desire for distinctiveness. This is reflected in Figure 1 by the connection between Individual Differences in Levels of Needs and the list of psychological needs. Given these differences, IIT predicts the former will invest more heavily in identities yielding belonging while the latter will focus their spending on consumption associated with identities that yield distinctiveness. Thus, while individuals will actively choose environments in which they can enact a preferred identity, individual differences do not undermine the broader identity/consumption relationship. Instead, individual differences simply mean that some individuals may possess a higher or lower need for one particular payoff or may realize a different payoff from the same identity. For example, where one individual gains a sense of distinctiveness from an identity, another primarily experiences a sense of belonging. However, given a set of needs and associated identities, IIT predicts how these identities influence consumption and how consumption will, in turn, influence these identities.

In addition, as noted in *Proposition 3*, individual differences exist in the payoffs realized from a given identity. For example, one consumer may primarily receive a sense of belonging from a fan identity. For him, it is the belonging derived from joining with fellow fans in supporting a team that motivates his investment. However, a second consumer may invest in the same fan identity, but she does so because she receives a sense of continuity; she has been a fan of the team since she was a small child. Finally, a third consumer may refuse to spend any resources in the same fan identity because this individual does not receive any payoffs from this identity at all. The recognition of which payoff(s) a consumer receives from a given identity provides insights into which identities may compete for resources, and, thus, how a consumer will alter his/her consumption behavior.

The Role of Environmental Factors

Finally, the five theoretical propositions that comprise IIT provide new insights into the role played by environmental factors in consumption. Research has consistently shown environmental factors, such as physical location, influence which identities are appropriate and the benefits they produce (e.g., Goffman 1959). Thus, identity congruence issues may influence when and where consumers enact an identity, and, therefore, when and where they are willing to buy and consume particular products. Specific identities may be inappropriate in a particular environment, leading consumers to abstain from related consumption in specific environments. Within the social psychology literature, environmental factors are treated as external influences to which individuals are subjected. However, in practice, environments are not external to consumption, but rather deliberately selected based on the identities that consumers wish to enact. Consumers regularly purchase services based on the environment or "servicescape" they provide (Bitner 1992). Indeed, the core purpose of many services is to provide the environment for the enactment of specific identities, or to help the individual attain a desired identity (e.g., Weight Watchers). Thus, within IIT, environments serve as moderators in the enactment of identities, thereby influencing consumption behavior driven by and driving identity decisions. This moderating impact of environmental factors is reflected in Figure 1.

For example, when consumers wish to enact their identity as an avid golfer, they choose to visit golf-related environments such as golf courses. Purchasing time at a golf course is a consumption behavior that provides an environment in which to enact a golf-nut identity. Similarly, creating a workshop in one's basement to indulge in a hobby involves purchasing equipment and furniture to create an environment in which to enact the valued identity and secure its benefits. Thus, IIT does not treat environments as factors external to the theory, but rather as part of the strategic consumption choices individuals make, and for which IIT accounts. As a result, IIT incorporates not just the consumption of goods, but also the purchase of services, such as golf course time and theme park tickets, which provide a means to invest in identities.

However, as many sitcom plots illustrate, uncontrolled or uncontrollable changes to environments can render an identity suddenly incongruent, per *Proposition 3*. Examples include unexpectedly seeing one's boss in the audience while performing at a karaoke bar. In these cases, two identities that normally are enacted in separate environments become connected and rendered incongruent. The result is the introduction of an additional negative payoff to one's karaoke performance. If this negative payoff is sufficient, the individual will discontinue the consumption behavior and dramatically (even humorously) shift to a different set of consumption behaviors. Thus, IIT provides a means to understand how environmental factors moderate the relationships between identity and consumption, including how consumers respond to uncontrolled environmental changes.

DISCUSSION

Identity Investment Theory, as reflected in these five theoretical propositions, can explain important marketing phenomena including purchase behavior, word of mouth, and overconsumption with a single, parsimonious framework while making novel and testable predictions. It contributes to our understanding of consumption behavior by treating consumption and identity as the result of strategic investment decisions. In doing so, IIT simultaneously seeks to account for the impact of identity on consumption and the reciprocal impact of consumption on identity, which has been neglected by prior identity theories.

Most important, this theory posits that identity is dynamic, both in terms of the payoffs realized from any given identity as well as the portfolio of identities in which an individual chooses to invest. Thus, the investment perspective allows IIT to make novel predictions about the wider range of consumer phenomena occurring across the lifetime of the consumer, which static identity theories neglect. Below, we discuss examples of research questions drawn from existing literatures that IIT allows researchers to address. We then present testable hypotheses derived from IIT.

Why Do Consumers Own and Use Products/ Services They Hate?

Prior studies have looked at the connection between identity and loved possessions (Ahuvia 2005). However, consumers also possess, use, and continue to purchase goods and services with which they have a love-hate relationship, even when alternatives are available. Such behavior has not been explored in the literature and is difficult to account for using existing identity theories. IIT offers an explanation of the paradoxical love-hate relationships consumers have with some products and services.

Consider a single male with an unreliable sports car. While the car may enhance his social identity as a desirable person to date, it may also undermine his ego identity as a person who is a good judge of cars. As a result, the consumer paradoxically talks positively about the car to female acquaintances, complains about it to male friends, and resists advice to "just get rid of it" in favor of a more reliable car. Furthermore, the consumer will continue to spend money on fuel and maintenance on the car, despite this love/hate relationship, until he either (1) finds another means to support his social identity as a desirable dating partner, or (2) that identity itself is replaced, perhaps by getting married.

IIT suggests love-hate relationships with products and services persist when the product/service has a negative payoff on one need, but has an offsetting and greater payoff on one or more needs through separate identities. Such love-hate relationships may occur in the context of discrete purchases or as part of an ongoing relationship with a product or service. Thus, IIT predicts that the conflicting payoffs must be mediated through separate identities in order for such love-hate relationships to persist. This observation leads to the following conceptual hypothesis.

Hypothesis 1: Consumers engage in love/hate relationships with a product/service when that product/service addresses two or more psychological needs such that a) at least one need is positively impacted, b) at least one need is negatively impacted, c) the positive impact is mediated through a different identity than the negative impact, and d) the need(s) positively impacted are more valued than those negatively impacted.

Why Do Consumers Destroy Prized Possessions?

While it is not uncommon for individuals to have love-hate relationships with prized possessions, there are also times when consumers' relationships with products turn irrevocably sour. This often leads consumers to behave in a way that seems counterintuitive from a rational economic perspective. Identity Investment Theory also offers insight into why consumers sometimes destroy their possessions. An example of this phenomenon, which occurs regularly, is when public figures, especially entertainers, behave in ways that some fans find objectionable. While the conduct is objectionable, existing identity theories do not explain why some fans choose not only to avoid related products, but destroy those they own. Specifically, how do consumers benefit from destroying what were prized possessions? Why do some offended consumers engage in destruction while other offended consumers do not?

IIT offers a means to understand and address these questions. For instance, some fans of the Dixie Chicks, a popular music group, destroyed music CDs that they may have purchased at considerable cost following controversial statements made by the group (*BBC News* 2003). Within an IIT framework, the controversial statements of the Dixie Chicks made some consumers' fan identity incongruent with other identities they held, specifically their social identity as patriotic Americans. Faced with the desire to resolve this incongruence, some of these consumers chose to abandon their fan identity. As a result, the possessions, including music CDs associated with the abandoned fan identity, not only lost their value, but assumed a negative value. Thus, these consumers elected to destroy, rather than simply sell, the possessions as a way to bolster the opposing identity they had chosen to invest in over their fan identity. In other words, the social identity as a patriotic American was important enough that destroying the possession provided a payoff that was worth the forgone gain from simply selling the possession. Indeed, many angered fans devoted time and effort to ensuring that their music would also not be played on the radio, and even prevented partnerships with the Red Cross and Lipton Tea (Wikipedia 2014).

Therefore, IIT predicts that *destroying* involves a different process from other forms of dispossession, such as *abandonment or selling*. Abandonment or selling will occur when a superior option is found that provides a higher payoff for the same psychological need. For example, the owner of the unreliable sports car might reluctantly sell it in order to purchase a more practical minivan, if the family's situation changes, because the sports car and minivan represent competing identities that center around the same psychological needs. However, consumers will resort to *destroying* a possession when it begins to provide a negative payoff on a different psychological need that is greater than the positive payoff on the original need it addressed. This leads to the following hypotheses.

Hypothesis 2: Consumers <u>abandon or sell</u> prized possessions when another product is acquired that *provides a higher payoff on the same psychological need through the same identity or a different identity.*

Hypothesis 3: Consumers destroy prized possessions when the possession provides a negative payoff on a different psychological need that is greater than the positive payoff on the original need.

These predictions also raise an important question. IIT argues that the psychological payoffs from products are mediated through identities. In the case of the dispossession of prized possessions, what role does this mediation play? Specifically, IIT suggests that if the negative payoff is mediated through a separate identity from the positive payoff, the likelihood of resorting to destruction as a form of dispossession may be increased since separate identities would eliminate the potential for destruction to diminish the payoff from a common identity. This suggests the following hypothesis:

Hypothesis 4: Consumers are more likely to destroy prized possessions when the negative payoff is mediated through a different identity from the positive payoff.

Why Do Some Consumers Overconsume Certain Products and Services, and Who Is at Risk?

Finally, Identity Investment Theory provides insight into a social issue of growing concern inside and outside of marketing: Why do some individuals increasingly engage in higher levels of consumption to the detriment of other aspects of their lives? While overconsumption is not new, the advent of electronic services, such as social network sites and online games, has led to a proliferation of news stories about individuals who become *addicted* and the changes that result in their lives. Indeed, marketers often tout online services and games as addictive to convince consumers to try them. Yet, some consumers devote ever more time to these services, to the point they neglect relationships with friends, spouses, and even children (Waters 2005). Such overconsumption has attracted the attention of public health authorities and led to the creation of twelve-step programs modeled after Alcoholics Anonymous (Wikipedia 2012).

Despite the role of marketers in promoting addictive services and products, our understanding of how and why some consumers develop addictive behavior is limited. Research, particularly from the sociological perspective, has suggested that overconsumption and addiction occur because of the general nature of postmodern existence (Elliott 1994); this perspective argues that low self-esteem is a critical driver of overconsumption and addiction. However, the self-esteem argument makes less sense when one considers that these individuals have given up valuable identities that provide high levels of self-esteem, belonging, and the like in the pursuit of addictive behaviors. In contrast, the dynamic perspective of IIT provides a theoretical basis for understanding how and why this process develops over time. For example, an individual who derives self-esteem from a workplace identity may find that self-esteem can also be gained from achievements in an online game. Alternatively, a consumer who gains a sense of belonging from playing basketball with friends may also gain this feeling from Facebook. The understanding of connections between identities and their payoffs provided by IIT, in turn, provides insights into not just why some people get addicted, but also identify individuals who may get addicted.

Consider the case of a consumer who subscribes to a new online game service. Initially, the potential in-game identity offered by the service may only offer a small comparative advantage over other existing identities. The consumer may receive praise from fellow gamers whenever he plays the game for several hours and achieves a new accomplishment in-game, while he receives praise every few days at work. As a result, while the game identity provides a small advantage over his work identity, the individual only invests a small amount of time and money in the game identity initially. However, these initial investments increase the value of the identity, increasing the associated payoffs. Specifically, as the consumer invests more, he becomes more *powerful* and thus more respected in the online game. In turn, the frequency of accomplishments and intensity of praise and admiration grows with each investment of time and money. Thus, the payoffs increase, and the comparative advantage over other existing identities grows.

In response, individuals increase their level of investment over time, shifting resources and time from existing identities that provided the same benefit. In this case, the individual will invest less time and effort into his workplace identity as he has found a superior option for gaining self-esteem. As a result, the payoff from the workplace identity will decline, and if neglected too much, even turn negative. Eventually, other identities that deliver the same payoff become comparatively less valuable and are abandoned. The result is a feedback loop of rising payoffs, escalating investments, and abandoned competing identities. This process matches the pattern associated with obsessive hobbyists and those addicted to various services, including online games and social media services.

This IIT-derived insight into overconsumption, in turn, allows marketing researchers to understand and predict not only which consumption behavior will increase, but also which other consumption behaviors will decline. From a social welfare perspective, Identity Investment Theory offers the potential to predict who is most likely to engage in excessive consumption based on individual differences. Specifically, individuals who realize superior payoffs from low cost services, such as online games, are especially at risk. Furthermore, identities that offer similar payoffs to the relevant service are the ones most likely to be deemphasized or abandoned as a result. Finally, if the related identity is incongruent with other identities, the individual will shift consumption toward or away from the service more rapidly, depending on which identity is ultimately chosen. The decision is more likely to favor the new identity if it is incongruent with identities that offer lower levels of the same type of payoffs offered by the new identity.

Hypothesis 5: Individual differences in the levels of unmet psychological needs moderate the likelihood of overconsumption of services, such that individuals with greater unmet psychological needs are more likely to engage in overconsumption.

Hypothesis 6: Individuals engaging in overconsumption of services will shift resources away from the identities providing the same payoff as the overconsumed service.

Hypothesis 7: The speed with which resources are shifted away from other identities will be moderated by the level of congruence, such that resources will be shifted more rapidly from identities that are incongruent with the one associated with the overconsumed service.

IIT AND IDENTITY-BASED MARKETING

Beyond contributing to our understanding of consumption behavior, IIT has broad implications for marketing practice. IIT focuses on the identities that products/services support and the resulting psychological payoffs. As a result, IIT provides new insights into how apparently unrelated goods and services may indirectly compete through their related identities and payoffs. The introduction of a new good or service has the potential to alter the identity structure of consumers, allowing consumers to enact identities more *cheaply* or to realize greater benefits from a prospective identity than was possible previously. Thus, the prospective identity gains a comparative advantage over current identities that provide the same payoff. The result is a shift in investment away from those current identities, and their associated goods and services, in favor of the new identity. For example, a new computer game may undermine the sales of Gatorade, since the payoff from identities supported by Gatorade may be the same as those provided by the new game. By using IIT to understand the identities that their products serve and their associated payoffs, marketers can gain new insights into how seemingly unrelated product releases impact their sales.

IIT also alters the view of competition from one based on product characteristics and categories to one based on psychological needs. IIT suggests that companies can gain new insights by examining not only what payoffs their products and services provide, but what alternatives consumers may have that provide the same payoff. If a company's product supports an identity that generates belonging, a company can identify new opportunities and threats by investigating what other sources of belonging its customer base may have available. Alternatively, marketers can use IIT to reposition products by identifying needs that its customer base finds difficult to meet, such as efficacy, and promoting the product as supporting identities that provide a sense of efficacy.

Finally, IIT provides a new perspective on the nature of segmentation. Long-standing research on benefit segmentation has focused on product-specific benefits, such as whiter teeth in the case of toothpaste, which are provided directly by the product (i.e., Haley 1968). IIT shifts the focus to the identity needs that products address through supporting specific identities. This perspective leads to the insight that products and services can support multiple identities and thereby address one need through multiple identities or multiple needs through these identities. Furthermore, consumers can realize different payoffs from the same identity, as in the case of a fan identity that primarily provides belonging to some consumer, but is valued by others because it provides continuity by connecting them to their childhood. Thus, IIT offers marketers new insights into their customer base by offering a means to segment, based on the identities the product supports, and the specific payoff the customer realizes. For example, a firm may segment its customers into those who derive distinctiveness from the firm's products and those who derive belonging. This information can then be used to develop and target different marketing messages at each of these segments. Alternatively, it could be used as the basis for developing new products tailored for those seeking distinctiveness and those seeking belonging.

CONCLUSION

Prior marketing research on identity and consumption, while covering various aspects of identity and consumption, has been limited by the theoretical foundations borrowed from other literatures. The extant research can be broadly grouped into three categories, based on the particular relationships examined. The first category focuses on how different psychological needs relate to individual identities. Briley and Wyer (2002) find that reminding consumers of a valued (cultural) identity can enhance relationships with consumers who share this same cultural identity. Similarly, Berger and Heath (2007) argue that consumers will look to those from whom they wish to differ when deciding which products are relevant to identity. Another broad category examines the relationship between individual products/services and a specific identity, including a valued social identity. For example, Berger and Ward (2010) examine how consumers use high-end, but inconspicuous, consumption to communicate status subtly to one another. Consumers often value these identity/consumption relationships to such an extent that they will construct mythologies to restore the identity value of products or brands, as in the case of Hummer owners constructing myths to defend their brand from detractors (Luedicke, Thompson, and Giesler 2010). The final category of research takes a broader view, ignoring the role of specific identities in order to explore the connection between consumption and the self as a whole (e.g., Belk 1988, 1989).

However, marketing has lacked a theoretical framework that can unify these varying perspectives, while recognizing the conscious, volitional, and reciprocal nature of consumers' identity and purchase decisions. This article addresses the need by providing a typology of identity and a set of theoretical propositions that form the foundation of Identity Investment Theory (IIT). This theory integrates existing research with a parsimonious set of five theoretical propositions, which can account for a wide range of consumer behavior. As a result, Identity Investment Theory can explain phenomena covered by existing theories and can account for consumer behavior not covered by existing theories. Furthermore, because the IIT framework focuses on consumption behavior and identity from a dynamic perspective, IIT can be applied to an array of consumer behaviors ranging from excessive consumption to love-hate relationships with products and services. It should further be noted that, unlike many existing identity theories, IIT is a dynamic theory that has the potential to explain variations in identity consumption between individuals and across time, including the processes that give rise to overconsumption. Thus, this theory can simultaneously account for the impact of consumption on identity and the reciprocal impact of changes in identity on consumption.

In summary, IIT offers a marketing-based theory of consumption and identity that resolves conceptual conflicts resulting from borrowing theories from related disciplines. Existing theories have tended to treat identities as constants and consumers as passive receptacles of identities thrust upon them by the environment. As a result, while these theories can describe existing identity and consumption relationships, they lack the ability to predict future changes in identities and the resulting changes in consumption. Similarly, they lack the ability to account for how consumption, over time, can shift identity structures, leading consumers to abandon some identities while increasing investments in others. In contrast, Identity Investment Theory recognizes not only that identities change, but that consumers behave strategically in deciding which identities merit the investment of time and money. Thus, IIT is able to describe not only current identity-consumption relationships, but also to predict how consumers strategically alter these relationships over time in response to new products and new possible identities. Finally, past research has examined the impact of consumption on identity independently of how identity simultaneously shapes consumption. IIT integrates these two processes into one theory, providing marketing with a dynamic identity theory and generating new insights into a broad range of marketing phenomena, ranging from overconsumption to segmentation to new product development.

LIMITATIONS AND FUTURE RESEARCH

The purpose of this article is to introduce a marketing-based theory of consumption and identity. In doing so, we have discussed some of the research questions and associated hypotheses that IIT can address. However, the issues discussed in this article represent only a small sample of the future research opportunities created by IIT. Constrained by prior theories, research has tended to focus on the role of single identities in shaping the consumption of one particular product or service. IIT provides a theoretical basis for moving beyond this single identity research paradigm. Future research should explore the impact that an individual's entire portfolio of identities has on consumption. Also, IIT argues that the relationship between consumption and self is mediated through identities. Future research should examine how this mediation process impacts the consumption of products and services, as well as the moderators involved. Finally, IIT argues that consumption and identity impact each other reciprocally. IIT, therefore, provides a basis for moving beyond just examining the impact of consumption on identity in isolation (or vice versa). Future research should examine the impact that consumption and identity have on one another over time, as consumption influences identities, which in turn shape future consumption. This reciprocal view holds particular promise for research on the lifetime value of customers, where the focus is on the long-term pattern of consumption rather than a single purchase or transaction.

While this theory provides an overarching framework for future research, there are some limitations of IIT that future research should address. The first, and perhaps most important, is that IIT requires a thorough understanding of the needs actually driving the conflicts and payoffs at the individual consumer level. IIT draws on prior research on the various types of psychological needs consumer have. However, it is possible that other needs exist, which would then have to be integrated into IIT. Furthermore, leveraging IIT to improve marketing decisions will require gathering more fine-grained data on the identity structures that underlie consumption in a given market. In particular, marketers will need to undertake the challenge of cataloguing and evaluating the various identities with which their products are associated as well as the psychological needs they address. However, IIT suggests that such efforts will be rewarded with new insights into consumption behaviors that currently seem counterintuitive to managers. Despite these challenges, Identity Investment Theory addresses important gaps in existing identity theories and represents an important contribution to future marketing research and practice.

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