

## Luxury Goods' Perception Within Millennials Cohort: Evidence against global homogeneity myth.

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### ABSTRACT

The purpose of this paper is to identify and explain areas of homogeneity/ internal diversity of Generation Y in appraising value drivers of luxury goods; to compare the perception of luxury goods' value (CVPL) of Generation X and Y and explain the grounds of perception uniformity/ dissimilarity. Perception of luxury goods' value (CVPL) by Generation Y (Millennials) consumers from "rising and old" luxury consumption markets (Saudi Arabia, Poland, Turkey, Portugal and Germany). A mixed methodology was employed: structured e-questionnaire with adopted scales from Wiedmann et al. (2009), Vigneron and Johnson (2004), and Holbrook (1999, 2006); and, qualitative approach with focus group interviews with Millennials and non-Millennials. A sample of 1193 from five countries was analyzed. Data were divided and analyzed for country and cohorts' specifics. Millennials are an internally diversified cohort; they consist of at least two sub-groups: younger, single, early stage carrier builders and more family, status-oriented older professionals that resemble Generation X in CVPL. Millennials also demonstrate strong country-specific differences in evaluating luxury value drivers; global consumption behavioral patterns are permeated by local cultural influences. Even though Millennials do not differ from Generation Y in their perception of luxury goods values, they visibly demonstrate different consumer behavior in the area of digital tools usage. This work brings attention to the luxury industry and consumption in a cross-cultural approach, its perception of luxury goods' value and points of perception uniformity/dissimilarity among Millennials. For the luxury brand marketers, practical implications of this contrasts have huge potential to consumer profiles and marketing strategies.

**Keywords:** Luxury branding, consumer perceptions, buying behaviour, brand prestige, brand distinctiveness, brand awareness, brand coherence, logit regression, chanel brand.

*- This paper is result of a project financed by the Polish National Centre of Science funds (DEC-2013/11/B/HS4/01484).*

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**Received on:** 2018.08.31

**Approved on:** 2018.11.16

Evaluated by a double blind review system

## 1. INTRODUCTION

Millennials (also Generation Y here), cohort following Generation X, are recognized as the first to be born into a world of strong international interdependence, resulting in a global engagement supported by the digital era attributes (Bahr and Pendergast 2007, Debevec et. al, 2013). They represent the largest global consumer group, three times bigger than Generation X (Meredith and Schewe, 2002; Palmer 2008,). With a huge contribution to the economy, surpassing the prior generational expenditure, they are probably the most powerful and consumption-oriented cohort in the world (Sullivan & Heitmeyer 2008; Tapscott, 2008; Jang et al. 2011). They are also described as homogenous global cosmopolitans (Alden et al., 1999; Strizhakova et al., 2008; Nijssen and Douglas, 2011). Even though the Generation Y was born in a period of high economic prosperity, this was changed by the last global economic crisis (Pendergast, 2010). Consequently, this generation has lower wage levels than the previous one (Rattner, 2015; Eurostat, 2016 VanderMey and Rapp, 2017; World Economic Forum - WEF, 2017).

Reflecting above, greatly as a response to the purchasing power and the widely observed inclination towards self – indulgence of this group, (Silverstein & Fiske, 2003; Mittal et al., 2016, the new type of luxury - masstige products - has then been developed: less expensive, with lower quality and even though not rare at all, but still communicated as a unique luxury boosting positive emotions and symbolically upgrading the public image. (). This production and marketing reorientation is accompanied by the continuous development of digital communication, sale and omnichannel experience.

The democratization of luxury sector seems to have worked quite well for decades, but as two last years have shown, the global luxury frenzy has been diminished (Bain, 2017, Deloitte, 2018). The luxury sector still grows, but there are more and more voices from business luxury insiders (academics, publicists and luxury managers themselves) that the democratization of luxury destroys its image (Thomas, 2007; Rambourg, 2014).

Moreover, despite the conventional wisdom of Millennials being a global socio- and psychographic monolith, there have been recently voices among business practitioners of luxury, that these consumers display behavior more in line with their income levels rather than following stereotypes of millennials as a single cohort. That brings a challenge to luxury retailers and brands, as they need to study and understand an internal diversity of this group in more depth, as shown in a magazine report, at *Luxury Daily*, 2018 - the future highlight topic in the *Luxury Summit 2018* about Millennials internal diversity and its business consequences<sup>1</sup>.

Additional to this dilemma, the above-mentioned duality in luxury goods' sector calls for some reconsiderations of the possible, respective shifts in consumers' value perception. Has customers' perception – due to the changes in this sector, been modified too? And do Millennials really differ from Generation X in their attitudes towards luxury products? Or maybe they just expect a different approach to the retail experience? And is this group globally homogenous at all? The concept of glocalization (Robertson, 1992), indicates that global and local forces overlap now, and young people (Generation Y and Z), being susceptible to both of them, form a new glocal identity, in which both country-specific and global values or trends co-exist (Kjeldgaard and Askegaard, 2006, Strizhakova et al., 2012).

In this paper, we try to examine the areas of homogeneity/ diversity within the Generation Y cohort (in comparison with Generation X) and the attitudes towards luxury goods of these two groups in international settings.

## **2. THE EVOLUTION OF LUXURY GOODS' SECTOR AND ITS CONSEQUENCES ON VALUE COMPONENTS STRUCTURE AND IMPORTANCE**

Luxury is characterized by - at least of the image - uniqueness expressed in design, high-quality materials, precision craftsmanship and a small number of products (Dubois et al., 2001; O'Cass and Frost, 2002; Okonkwo, 2007; Kapferer and Bastien, 2009). The cost of acquisition of such goods and the privilege to enjoy their qualities is expressed by the high price. Luxury goods bring a number of functional, aesthetic, conditional, emotional and social and symbolic benefits to consumers. They are expected to perform better and longer than mass products, bringing joy, aesthetic swoon,

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<sup>1</sup> <https://www.luxurydaily.com/announcing-luxury-marketing-forum-new-york-sept-26-19/>

raise self – confidence, but also may incur moral opposition. Finally, they seem to improve social status by inclining affiliation to a “happy few” affluent consumers (Kapferer and Bastien, 2012).

Due to the artificial multiplication of segments, especially at the lower levels of the pyramid, competition in the luxury sector is becoming more and more aggressive (Silverstein and Fiske 2003, Silverstein and Fiske, 2007, Kapferer & Valette-Florence, 2016). The image of the luxury pyramid has been deformed in the last twenty years: it has transformed itself from the elegant triangle into a bulky pear, swelling with the number of brands and semi-luxurious quality of production and consumption (D'Arpizio & Levato, 2014). According to The Deloitte report (2018) LV, Dior, Gucci, Prada stores are present even in 3rd tiers Chinese cities, most luxury brands run intense communication and marketing campaigns using all available media, offering their goods on online sales. The lower the luxury pyramid, the more fragmented supply chains, and the production of clothing and accessories in China, Vietnam, India, and Central and Eastern Europe is becoming a norm (see also Chevalier & Lu, 2009).

The reason for such radical changes towards offering luxury "exclusively for everyone" is in part a dynamic increase in consumer purchasing power from the so-called rising luxury markets: mainly young (generation Y and Z), ambitious, demanding exceptional impressions, eager for new means of expression in emphasizing individuality and with the slogan "*I deserve it*" aptly describing the attitude of these groups towards themselves and the world. Regardless a marked increase in production volume, accompanied by an overexploited expansion of brand heritage (taking a form of new product lines produced in high volumes for lower prices), the marketing communication strategies of luxury brands still emphasize traditional luxury features: brand heritage, perfect quality, rarity and uniqueness (Okonkwo, 2007, Kapferer & Valette-Florence, 2016). Although luxury goods' sector changes its face in terms of serving more masses than classes now, the image of rarity and superior quality is treasured and exposed, being the most valuable selling factor. Luxury brands need to stay in front of luxury consumers, through the discovery of new and different ways to give expression to consumer's desires.

Taking the above into consideration, we do not expect to find sharp dissimilarities between Generations X and Y CVPL due to the following:

- the image of luxury, enduringly and efficiently sustained by communication

strategies of luxury brand owners, regardless of the differences between the target groups' traits;

- standardized and globally reinforced unified (although distinct and unique) image of the luxury brands. The image of exclusivity and superiority is the communication hallmark of virtually any luxury brand and, when applicable, the heritage of the brand is exposed;
- similar social roles of older Millennials and younger Generation X consumers accompanied by the differences between metric and cognitive age.

**Proposition 1.** *Generations X and Y share the similar CVPL*

### **3. MILLENNIALS: COHORT CHARACTERISTICS AND POSSIBLE LUXURY CONSUMPTION PATTERNS**

In this study, we regard Millennials as born in or after 1982 till 1997 (Howe & Strauss, 1993; Lancaster & Stillman, 2002). According to Howe & Strauss (2000), Millennials are categorized to be more affluent, well-educated and ethnically diverse than Generation Generation X, born between 1961–1981, (Hays, 1999), as well as exercising more teamwork and valuing modesty, sustainability behavior and good conduct higher. They are described as hardworking altruists, influenced by family and friends and proceeding well with social problems (Elam, Stratton, & Gibson, 2007; Gloeckler, 2008). They are ambitious and success driven, entrepreneurial, global in their views and thoughts, accepting the diversity and community oriented (Pew Research Center, 2010). Digital natives and shifting their behavior in order to support companies whose values match their own (Prensky, 2001; Gerzema & D'Antonio, 2011). As consumers, Millennials often expect organizations/brands to exhibit strong congruence with external social values as part of the organizations' contributions to society (Maignan, Ferrell, & Ferrell, 2005; Mundel et al., 2017).

Translating these traits into luxury consumption and values, Millennials should appreciate its social component, providing themselves or their loved ones, and do not oppose luxury consumption and do not perceive it as excessive expenditures. According to Howe and Strauss (2000, p.184) Millennials tend to think that “*everything they want in life is critically dependent upon their own performance*” and in this sense their luxury consumption can be treated as a reward for efficient and effective work, serving socially as a visible proof of an individual success and prosperity.(see also Murphy and Loeur,

2018). Luxury helps consumers to uplift self - definition and express this image publicly, so Millennials may value hedonic and status attributes of luxury goods quite high.

A study from 2015, published in the *Luxury Daily*, state that although some Millennials' budgets might be small, their aspirations are high, and it is important to build a relationship with these shoppers. The biggest opportunity for a luxury brand to conquer millennials is to showcase a personalized luxury experience as a special moment. This cohort is increasing their investment on their favorite's luxury products, more than any other generational group (Schade et al., 2016). what indicates that both social and hedonic components of value should be of the great importance to this cohort. Millennials are responsible for the new trend development called "luxurification of society", as their globally observable purchase behavior is trading up for products that meet their aspiration needs (Yeoman and McMahon-Beattie, 2006; Atwal and Williams, 2009). They also exhibit many postmodern traits of their purchase choices, where post-modernity refers to contesting functional and rational and inclining to value ephemeral experiences through hyper-reality<sup>2</sup> and image (Atwal and Williams, 2009). In managing a luxury brand and a relationship with millennials, marketers need to recognize that luxury brand consumption is a multi-faceted behavior that is driven by different factors (Nwankwo et al., 2014; Hamelin and Thaichon, 2016).

Taking the above into consideration, we propose the following for the further empirical testing:

**Proposition 2** – *Millennials highly value a hedonic attribute of luxury goods (ie. regard it as important, score above 3 in Likert scale).*

**Proposition 3** – *Millennials highly value a social attribute of luxury goods (ie. regard it as important, score above 3 in Likert scale).*

Luxury consumption treated as a reward for efficient and effective work, uplift of self - definition and public sign of material success, will be reflected in both hedonic and social components of CVPL perception. As Millennials regard themselves as the sole masters of their destiny and feel pressure to publicly prove their capability to become successful, they should indicate these two attributes of CVPL as important ones (as purchasing luxury items brings both fun and social recognition).

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<sup>2</sup> Hyper-reality refers to the blurring of the distinction between reality and its' and perception and creation. In postmodern view the objectively existing environment does not exist, as its vision is transmitted, morphed and simulated by perception, desires, past experiences etc. of a human. 'Hyper' means more real than real.

**Proposition 4** *Millennials use digital tools more often than Generation X in order to acquire information about luxury goods and purchase them online.*

The Millennials were born together with the advent of the information society and grown up with the Internet which sets them apart from other generations (Pew Research Center, 2010). Millennials expect omnichannel retail experience due to their fluency in using the internet and digital appliances. Furthermore, an extensive use of digital tools makes them a more demanding cohort, in comparison with Generation X, where the time span between the purchase intention arousal and its satisfaction through obtaining the physical object, drastically shrinks.

**Can age serve as the paramount global segmentation criteria? Some critical remarks**

Chronological age has been one of the central demographic criterions for segmenting consumers, but usually with relation to some other socio-demographic and psychographic factors. The age itself can be regarded in two ways – as the physical, metric criterion, but also as individually perceived, reflecting the mental state of a human (so-called cognitive age). There have been many studies proving that a physical age does not equal the mental, cognitive one, and people feel usually younger than their metrics indicate (Van Auken, Barry, & Anderson, 1993; Sherman, Schiffman, & Mathur, 2001). The consequence of this discrepancy is, that segmentation on physical age may simply cast away those consumers feeling younger, but being physically older.. Thus, for the sake for more accurate marketing strategies, a physical age should be replaced by a cognitive one (Gwinner & Stephens, 2001; Mathur & Moschis, 2005, Szmigin & Carrigan, 2000). The way consumers feel and perceive themselves is of a vital information for luxury goods sector for building a proper communication of a target group identity, image and its social reflection (Bian & Forsythe, 2012; Stockburger-Sauer & Teichmann, 2013).

Building on the theory of Identity Development Process (Robins & Morley 2002; Diehl & Hay 2011), we do assume that attitudes and values change over the lifetime, hence modify our needs and purchase motivations. Therefore, the age differentiation is an important criterion for segments creation, but we have to take into consideration, that the adolescence and adulthood periods, and therefore social requirements towards these stages are a subject of strong social and country-specific influence. Within the

Millennials global cohort there can be both parents and their children, and – due to their different social roles and responsibilities in life, their value systems may strongly vary.

This implies us to claim that:

**Proposition 5** *The perception of the CVPL differs within Millennials cohort due to the broad age frames, covering the range of different social and personal roles people play during their lifetime.*

A substantial body of literature proves country influences play a vital role in customers' value perception (Redding, 1990; Hofstede, 2001; Hofstede and Hofstede, 2005; Overby, Woodruff, and Fisher, 2005; Shukla and Purani, 2012). As Shukla (2010) points out, people buy the same luxury products worldwide although for different reasons, and the value they attach to these items varies across the borders. The reason behind these CVP varieties is often substantiated by national cultural differences (De Mooij, 2010). At the same time, even though being soaked in a country–culture, people are influenced by various social pressures stemming from their neighborhood, school, friends or work reference groups, as well as their material status or institutional framework. Therefore we do not claim, that the national culture solely impacts CVP, as there are more external pressures that shape consumer CVPL, however, all of them being country specific.

**Proposition 6** *Perception of luxury goods is country specific.*

#### 4. METHODOLOGY

In order to test the above hypotheses a mixed methodology was employed: a quantitative approach (an international e-survey among consumers) with the qualitative one - focus group interviews with Millennials and non-Millennials.

E – survey helped to gain a body of data answering the question – how the value of luxury goods is perceived in the investigated cohort. In order to deepen about our understanding of the results obtained for the e-survey, we conducted 4 FGIs to explore in more depth what underlies a given luxury goods perception among Millennials and non-Millennials cohorts.

##### *The international e-survey – CVPL perception*

A starting point of our research was conducting the online survey on the international scale measuring consumer value perception of luxury goods (CVPL). The construction of the scales in the e-questionnaire was preceded by a thorough examination of already



existing CVPL measurement tools (see below) and followed by 20 semi-structured interviews with consumers (different age, sex, income, nationality and education levels) in order to adjust already existing CVPL tools to the research needs. The interviews showed the need to use a mixed approach to scale choice; the respective scales with their undoubtful merits did not cover all the components of CVP, that was highlighted in the interviews, that we wanted to further investigate.

The values encompassed by luxury goods have been subject to many categorizations. To name a few notable; Dubois, Czellar, and Laurent (2001) have identified extreme quality, high price, scarcity, aesthetics, personal history/competence, superfluity/plenty, mental reservations/ conspicuousness, deep interest/ pleasure/ sign value and specific items. Vigneron and Johnson (2004) conceptualized five types of luxury brands' values: perceived conspicuous value (encompassing the Veblen effect), perceived unique value (referring to the snob effect) perceived social value (called also conspicuous consumption), perceived emotional value (meaning the hedonic effect) and perceived quality value (with regard to perfectionist features of luxury items). Wiedmann, Hennings and Siebels (2009) identified four CVP dimensions in the luxury sector: financial (price and investment), functional (superior usability, quality, performance, uniqueness), individual (self-identity, hedonic and materialistic value), and social value (conspicuousness and prestige). Jang et al. (2011) divided CVP into social, aesthetic/expressive, experiential, quality and economic value components.

The pretests were conducted among 50 respondents, and the results showed the acceptable level of internal scale reliability (Cronbach's alpha ranged between 0.85 and 0.7) and permitted the usage of augmented scales as the composition of Dubois, Czellar and Laurent (2001), Wiedmann, Henings and Siebels (2009), Vigneron and Johnson (2004) and Holbrook's typology for CVP measurement (Holbrook 1999, 2006). Table 1 below presents the scales and value components developed in the study.

<i>CVP measurement/typology developed by</i>	<i>Value component</i>
<i>Wiedmann, Hennings, Siebel (2009)</i>	Functional
	Hedonic
	Social status
<i>Vigneron, Johnson (2004)</i>	Snob effect
	Conspicuous consumption/ bandwagon effect
<i>Holbrook (1999, 2006)</i>	Ethics
	Aesthetics
<i>Scales developed with reference to other components</i>	Price perception

**Table 1.** Value components measured in the study

Thee- questionnaire (with items rated on a 5-point Likert scale) was constructed in English and translated to local languages (German, Polish, Portuguese, French, Arabic, Turkish) by a back-to-back translation. The questionnaires were distributed in 2015 and in 2016 internationally and online among various groups of respondents via the snowball method and placed on selected luxury goods website forums. 1193 responses qualified to further analysis and we present the results. Table 2 presents the sample structure.

		<i>Total sample</i>	<i>Saudi Arabia</i>	<i>Germany</i>	<i>Poland</i>	<i>Turkey</i>	<i>Portugal</i>
<i>Sex</i>	Women	558	48	71	299	18	69
	Men	635	224	85	135	88	51
<i>Gen</i>	X (born 1966–1976)	443	30	15	233	53	54
	Y (born 1977 – 1994)	750	242	141	201	53	66

**Table 2.** Sample structure

Five countries: Saudi Arabia, Turkey, Poland, Portugal (rising luxury markets) and Germany, a well-developed economy with a solid percentage of luxury goods' consumption (Bain, 2015) are analyzed, as the data from these countries constitute more than 90% of the sample. The total sample also contains responses from other countries (USA, Australia, Russia, France etc.). Data, presented below, are divided and analyzed for country and cohorts' specifics.

*The qualitative studies – the grounds of CVPL among Millennials and non-Millennials*

Four focus group investigations were conducted in 2017 in Portugal and Poland. The choice of respondents as well as the protocol of FGI conduct was the same for all groups and was driven by the e-survey findings analysis, that – in our view - needed more in-depth exploration. The goal of FGI'S was twofold. First and the main one was the detection of other than age-related socio-demographic reasons for unanimity between Millennials and not - Millennials in assessing the value of luxury. We wanted to check if the differences in family status or in the professional position can shed more light in explaining both between the cohort convergence and the internal inconsistency of the surveyed group. The second goal was a trial to find out the possible link between the personal, psychographic traits of the FGI participants and their luxury goods

perception, together with testing their cognitive age, as the antecedent of their consumer behavior. The structure of the FGI groups (lasting 2.5 hours each) is given in Table 3.

	FGI 1 Portugal	FGI 2 Portugal	FGI 3 Poland	FGI 4 Poland
No of participants, including:	16	16	16	16
Millennials	16	9	16	10
Generation X	0	7	0	6
Women	8	7	9	7
Men	8	9	7	9
Socio-demographic description of the Millennials' participants	Mostly single, no children, young, Millennials born in 90's, working in lower or mid-range company positions, income around 1000 EUR	Mostly married, having children and families, older than FGI 1 and 3, born in mid 80's, mid range or managerial positions within companies, income more than 1300 EUR	The same as FGI 1, average income around 1500 EUR	The same as FGI 2, but mostly managerial positions within companies, average income more than 1800 EUR

**Table 3.** Structure of the FGI groups' participants

In the findings section, we present the data from e-questionnaire, followed by FGI's data.

## 5. FINDINGS AND DISCUSSION

### 5.1 E – survey results

There are no statistically relevant differences between the perception of luxury goods value between the generation X and Generation Y apart from 2 minor exceptions. When the data are decomposed into the country results (see table 4), Saudi Arabia generation X exhibits the higher value of hedonic/emotional component than local Millennials. That can be explained by the higher purchasing power of the older generation and evaluating the “fun factor” on the experience basis. The opposite results were obtained in Portugal. Contrary to the income discrepancy (indicating the low level of luxury purchasing power among Portuguese Millennials), they perceive the hedonic/emotional

component of value as important and positive, while Generation X does not perceive them as important (the score below 3). This can be explained by a noticeable trading up trend among young Portuguese and Polish Millennials, what has been evidenced in the FGI 1 and 3 (see below).

No other components show significant discrepancies in evaluating luxury goods what suggests, that in spite of various empirical evidence emphasizing the uniqueness of Millennials cohort, they are very similar to older consumers while perceiving the luxury goods' value. The data also show that Millennials regard a functional, hedonic, conspicuous and snob consumption, value higher than older generation X consumers respectively. The only factor, that is evaluated lower by Millennials than by Generation X, is the social status symbol. This may be explained by the tendency to pay more attention to a social recognizability and conformance by older generation (which was also supported by FGI findings in group 2 and 4). We noted differences among country results: Portuguese and Turkish Millennials treasure social value components higher than their older local counterparts.

		<i>Total</i>	<i>Saudi Arabia</i>	<i>Germany</i>	<i>Poland</i>	<i>Portugal</i>	<i>Turkey</i>
<i>Functional</i>	Generation X	3.26	3.87	2.57	3.16	3.20	3.49
	Millennials	3.38	3.85	2.83	3.13	3.59	3.38
<i>Hedonic/emotional</i>	Generation X	2.67	3.68	2.14	2.66	2.80	2.48
	Millennials	2.80	3.27	2.07	2.71	3.34	2.64
<i>Social status</i>	Generation X	3.66	3.87	3.49	3.64	3.69	3.76
	Millennials	3.61	3.46	3.30	3.78	4.19	3.80
<i>Snob efect</i>	Generation X	2.65	3.31	2.13	2.68	2.64	2.41
	Millennials	2.69	3.12	2.22	2.59	2.86	2.52
<i>Conspicuous consumption</i>	Generation X	2.37	3.17	1.83	2.45	2.25	2.34
	Millennials	2.54	3.20	1.94	2.44	2.95	2.05
<i>Average monthly income (EUR)</i>	Generation X	3351	7840	4071	2452	2000	2307
	Millennials	2066	3714	2360	1263	704	2130

**Table 4.** Perception of luxury goods' value components – cohort (X and Y) and country comparison.

The results show, that the social status component is the most important value attribute in CVPL, both for Millennials and the older cohort. The second is a functional factor, while the hedonic factor is considered as generally not important. This is contrary to our

expectations, but can be explained by a well known psychological bias, common to consumer attitudes measurement, manifesting itself in tendency to expressing rationalized consumer choices, while undermining other incentives, that could be considered as either irrational or unethical (Bettman et al.1998; Lichtenstein & Slovic 2006; Becher, 2007).

This bias is also visible in the discrepancy between appreciation of social status component and a rebuff of statements that would indicate either snob or bandwagon effect. Respondents admit that luxury goods purchases and luxury goods themselves visibly improve social status, are a public proof of material success and are desired (respective scales: luxury products are the symbol of high social status - 3.56; luxury products make a good impression on others - 3.46; luxury products are highly desired – 3.88). However, while asked what are the motives for buying the luxury goods, respondents renounce purchasing them for either snobbish or imitative reasons. The detailed data show slightly bigger concurring towards snob than to bandwagon consumption motives. The whole sample results are presented in Table 5 (no statistical differences between cohorts):

<b><i>Snob effect</i></b>	<b>2.61</b>
<i>Buying luxury products is essential since people judge others on the basis what they have</i>	2.49
<i>Buying and having luxury products makes me better perceived in the other people eyes</i>	3.01
<i>I prefer buying luxury products that are rare, not popular</i>	3.09
<i>I do not like it when many, even well-known people have what I bought</i>	2.80
<b><i>Bandwagon effect</i></b>	<b>2.48</b>
<i>I prefer buying luxury products that are already used by people I appreciate and admire</i>	2.57
<i>I love to have the same what the well-known people have</i>	2.38

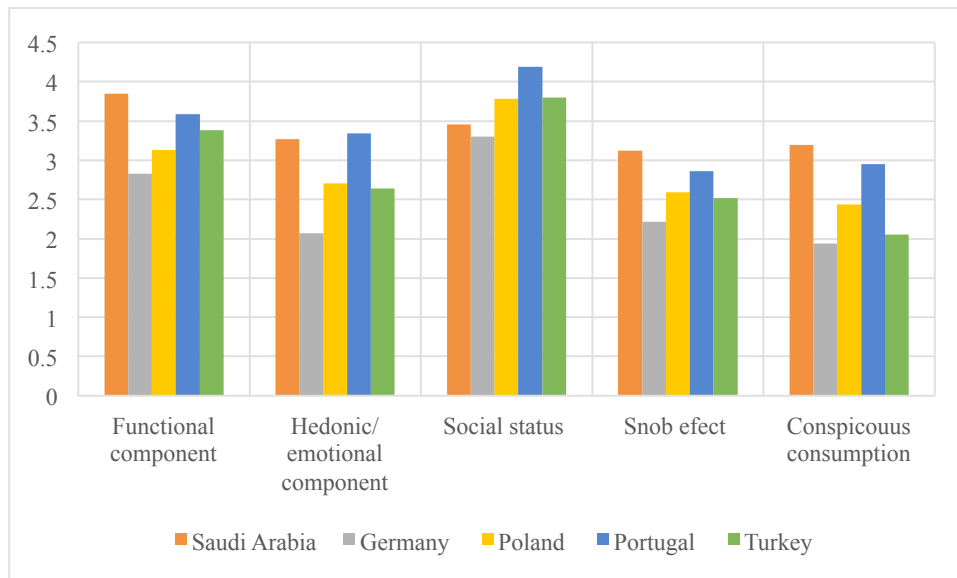
**Table 5.** Sample results

Data shown in table 5 and on diagram 1 clearly show significant country-specific differences between respondents. Saudis are the greatest luxury admirers with social, hedonic and functional components playing a critical role in evaluating value. High levels of these factors can be explained by a general Muslim perception of consumption as a key element of identity formation (Alserhan, 2014). Buying luxury goods builds a

positive social image showing a high material status (Tjahjono, 2011, Teimourpour & Hanzae 2011, 2014). No other countries in the sample exhibit “conspicuous consumption” or “snob effect”.

For Polish, Turkish and Portuguese consumers luxury goods embody a moderate level of functionality, but are desired and well-known and therefore they are worth buying. Turkish and Portuguese consumers value mostly a product image as the potential buying indicator whilst having only slightly positive opinions about their superior functionality. Hedonic consumption is a very moderate value creating factor and the purchase of luxury goods is justified mostly by their social and functional features.

Germans are the most severe CVPL contestants in the whole sample. Some aspects of German culture seem to influence that attitude. Germans do not like to display wealth and opulence in public, but they do appreciate the social component of value. This reluctance to show off wealth is often associated with the phenomenon of social envy (Haubl, 2003) and can explain the general low results obtained in the sample while evaluating the value of luxury goods.



**Diagram 1.** Millennials – cross country comparison

The data (table 6) show that Millennials, generally regardless the country specificity, use the Internet more intensely than Generation X either to check the information about the luxury goods before buying or to actually purchase them, although these purchases are rarer than in traditional shops.

	Generation X	Millennials
I buy luxury products traditionally, in shops	2.11	2.32
I buy luxury products by the Internet	1.56	1.86
I use traditional sources (shops, magazines, radio, TV) to get the information about products before I buy them	2.17	2.29
I use Internet to check information about products' characteristics before I buy them	2.80	3.13
I use the Internet to check what people think about the products before I buy them	2.51	2.83
I put comments on the Internet about products (including these luxury ones)	1.45	1.74

**Table 6.** The frequency of Internet and traditional method and media, as the source of information and luxury purchase – comparison of Generation X and Y

## 5.2 The FGI findings

The results of FGI's conducted show the dependence between age, family, occupational and material status and the perception of luxury.

### 5.2.1 Younger, single, less affluent Millennials

The groups 1 and 3, comprised of younger participants, have yielded far more statements pointing to a hedonic attitude to luxury, than in respective FGI 2 and 4. Participants, when asked about what luxury is, indicated that they are goods with joy, both before their purchase (excitement related to the expectation) and during the purchase itself. At the same time, positive experiences were inextricably linked to the public exposition of these goods (which shows the mutual relationship of the social and hedonic component), as well as the joy caused by the mere fact of the financial possibility of acquiring such goods.

*“Luxury is cool, brings fun... When I think about luxury I imagine Ducati bike (Diogo, 24, marketer, FGI 1).*

*“ I just love the feeling that I can afford the item I desire, I work hard and I treat these purchases as a kind of reward ... last month I bought myself a very nice Michael Kors bag, my friends were kind of shocked. I feel great when I walk the streets with it*

(Mariola, 27, FGI 3).

*"If I were rich, I would go on a long vacation, buy myself a lot of perfumes, nice clothes and maybe a mansion house, but later, once I have family.... I do not need it now, it would bring stress to look for it" (Ana, 25, student, FGI 1).*

Significantly, during the FGIs the functional aspect of luxuries was undermined, and the participants, in the free argument exchange, came to the conclusion that the most important component of the value of luxury is socially built and that is actually the social desire that builds joy for the individual recipient. The price and the brand build the reference frame, indicating that luxuries possess high-quality traits.

*"Luxury is unique, rare, and very expensive, but its price is not justified by its quality, but rather by a brand, its heritage" (Rita, designer, 24; very similar statements by Antonio, 25, marketer, FGI 1, Katarzyna, 26, Ph.D. student, FGI 3).*

*"The high price and the brand tells you that it is a luxury, but sometimes these things are made in China" (Antonia, 38, marketer, FGI 1; very similar attitude by Ewelina, 29, translator, FGI 3).*

*"Well, I sometimes do not see this quality and beauty in products tagged luxuries. For me, in many cases they are simply not worth this money, you can have much better stuff for a lot less" (Piotr, 32, finance, FGI 3).*

The discussion about mutual relations between the hedonic and social component of the value of luxury was caused by the moderators by asking *"Would you prefer to drive a super luxury car every day off roads (no one can see you and no one will know you have such a car) or rather use it by two days a week, riding in their neighborhood"*? Initially, the participants' answers indicated (by voting) that majority (10/6 in FGI 1 and 9/7 in FGI 3) prefer to drive in off-road vehicles, but the opinion of the group changed after some arguments exchange (especially in FGI 3). Finally, the interviewees in both FGI 1 and 3 concluded that their joy will be greater, as they will be able to show themselves in the car to their friends and public: *"Why would you enjoy this car in the first case? How do you know that this is a super luxury car? You must have seen the others' desire and the appreciation for it at the first place, so the public and marketing built this image in your head, that's why you would be happy"* (Ludwik, 33, IT programmer, FGI 3).

*"Oh, come on, I could see you being so proud of your Gucci t-shirt when I told you that I envy you this. Don't tell me you just wear it for yourself only" (Ania, 26, Mariola, 27, FGI 3)".*



*“Is it possible to drive this car once a week in public and three days in private? I think I would be the happiest then. (Eduardo, 31, marketer, FGI 1).*

*“Joy comes when you look into yourself through social mirror, you just feel better because others see that you are affluent, stylish, it makes you happy and confident” (Magda, 28, Ph.D. student, lives partly in US of America, married to a very affluent man).*

At the same time, many of the statements referred to the feeling of frustration connected with the low purchasing power of the participants. Despite the fact that most of the respondents like luxury, appreciate it for its exceptional design, social recognition and desire, they feel bad in a situation where they would visit the store just to watch the luxury items there. Several respondents emphasized that, while entering the store they feel automatically assessed by the sellers as consumers outside the store target group (Mafalda, 22, FGI 1, Ania, 26, FGI 3, Basia, 27, FGI 3). These suppositions make them prefer to check desired luxuries online first, check the opinions of other Internet users about its qualities and assessment before going to the store or just to avoid it, and simply buy it online.

### **5.2.2 Older, having families, more affluent Millennials**

The results obtained from FGI 2 and 4 show the strong relation of opinions about luxury with the family and a professional position. Interestingly enough, experiencing luxury brings both Millennials and non-Millennials a comparable level of satisfaction. The way the participants expressed their attitudes towards luxury was far more reserved in comparison with two younger groups. The statements indicated that joy, stemming from luxury consumption is intertwined with some forms of societal pressure regarding the appearance or use of luxuries as a symbol of social position.

*“I feel a bit bored of the dress code in the company, I wear Hugo Boss, Armani or Deni Cler suits and dresses just to cheer me up a bit. Besides, I am the head of 20 women department, I have to look stylish, they watch me every day. These brands are designed for women in corporations, have good quality and are recognized. When we meet during regional CEO meetings we have a similar style, brands, but we seek for some novelties and we chat about new brands” Marcelina, 40, married, one child, Finance CEO in a German MNC, FGI 4).*

*“I am a father of two, responsible for “bringing the bread home”, so I buy luxuries rarely for myself, but, once I do it, I want fancy staffs, I want to feel joy and look*

*younger (Miroslaw, 52, entrepreneur, FGI 4)”.*

*“If I were super rich, I would buy a house for my family and secure the future for my children, probably leave the money for their studies in some most prestigious universities” (Claudia, 34, decorator, FGI 2).*

*“I used to spend a lot on myself before I had a child. Now I am on maternity leave... When I look at my Louboutin stilettos, that I used to wear for work every day, I hardly believe that I had hurt myself on purpose and yet really enjoyed this... it does not look normal now to me...but it will probably go away, as soon as I’ll return to work...” (Kinga, 37, former head accountant, FGI 4)”*

*“I have a luxury car (Audi A 8), luxury suits (Salvatore Ferragamo and Tomasz Ossoliński<sup>3</sup> are my favorite), use Mont Blanc pen, Rolex watch, and Hermes belt, but I consider it as a part of my job, they build my image as a professional... shall I come to work dressed in a suit from Tesco? Would I look at a reliable, winning cases’ lawyer?” (Dominik, 42, lawyer, FGI 4).*

All these statements indicate that luxury is still a fun factor, but also a social must in some reference groups, in which the high professional and social status is built with the usage of luxury goods symbolic. The personal priorities of respondents strongly indicate that luxuries play a different role in their lives than they used to, while they were single. But luxuries can revoke these “free of responsibility days” and help in feeling younger, cool or stylish.

Interestingly enough, when we asked the question *“Would you prefer to drive a super luxury car every day off roads (no one can see you and no one will know you have such a car) or rather use it by two days a week, riding in their neighborhood”?* we obtained strikingly different set of answers:

*“It’s dangerous to drive such a car, even off roads, someone can kill you for it” (Jan, 48 constructor, FGI 4).*

*“I am fed up with driving, I would exchange it for one day solid sleep in a week” (Sergio, 46, manager, FG2).*

*“ Definitely off roads, but I would rather not go for it at all.... when some of my employees or clients have seen me in this car they would immediately march to my office and demand the pay– rise, while clients would start suspecting that I ripped them off to be able to buy expensive toys for myself” (Miroslaw, 52, entrepreneur, FGI 4).*

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<sup>3</sup> Polish luxury fashion designer

## 6. CONCLUSIONS

Perception of luxury goods value is not Millennials cohort-specific (comparing to Generation X) due to its internal diversity, stemming from too broad age frames, covering different family roles and stages in professional carrier. Millennials have not shown the different CVPL in comparison with Generation X, therefore we can claim, that (at least within the sample structure and FGIs participants) propositions 1 and 5 were positively tested.

During our FGIs, we have gathered the strong evidence implying, that Millennials are composed of at least two groups – still young, single, free from social and family responsibilities, adults (including students) and those already working, having families, striving to build their carriers, young professionals. Regarding the second sub-group, the CVPL is very similar (as FGIs have shown) to those younger (in physical) age or feeling younger (in terms of cognitive age) Generation X respondents. The FGI also show the very unanimous meaning of the statements of older Millennials and Generation X. They are in the stage of their lives, where both family and a professional carrier plays an important role, so luxury is used either as a reward for hard work, distraction that makes them feel better: self-care or even pampered for a while, or a symbol legitimizing their high professional status.

Even though the e-survey results make us to reject the proposition 2 (which means that Millennials do not regard hedonic component as important in overall CVPL), the FGIs results indicate that the fun factor still plays an important role in luxury evaluation and purchases, but it is strongly intertwined with social desire; the latter seems to accentuate and raise the first one (see also the proposition 3 about social factor importance, approved by both survey and FGI data).

Data also indicate that dynamic growth in production volume and democratization of the luxury goods' sector is not yet visibly reflected in consumer's perception of the values that these goods symbolize. This is partly due to the effective communication campaigns highlighting traditional luxury characteristics still strongly embedded in consumers' minds. Millennials generally do not differ from Generation X in their attitudes towards luxury products, but instead show strong country-specific CVPL within the cohort (Proposition 6, approved by e-survey data). Even though, they do expect a different approach to the retail experience, what is – to some extent

recognizable by their frequent use of many digital tools that accompany and enrich this process (Proposition 4, approved by both survey and FGI data).

Millennials are internally diversified cohort of glocals; a moderate convergence of their attitudes towards luxury perception goes in line with their country-specific heterogeneity. Millennials search for authentic and memorable luxury consumption, but need to immerse themselves in the lifestyle of glocal values. Treating Generation Y as a monolithic cohort of global consumers is too deterministic; the fact, that they widely use ICT tools does not make them globally homogeneous. The concept of glocalization (Robertson, 1992), indicates that global and local forces overlap and young people (Generation Y and Z), being susceptible to both of them, form a new glocal identity, in which both country-specific and global values or trends co-exist (Kjeldgaard and Askegaard, 2006, Strizhakova et al., 2011).

Perception of luxury goods and the value they bring to customers varies across country borders. Millennials from the sample are a diversified cohort, comprised of avowed hedonic status-seekers (mainly Saudi Arabians), through moderately enthusiastic luxury products admirers (Portuguese, Turkish, Polish) to standouts; individualists, who contest the overall CVPL, represented mostly by Germans.

*Limitations, practical implications and future research agenda* Our research suffers from some limitations. First of all, our e-survey covers consumers' responses from quite diversified markets in terms of institutional frameworks, democratic legacy, economic development and religious impact on consumers' daily life. All these differences are reflected in different CVPL perception, but they call for more in depth studies what is the impact (and its possible strength and hierarchy) of national culture, economic status or religiousness on perception of luxury and then luxury purchases.

Another limitation stems from the lack of information, what was the reference point, ie. what goods and from which tier of luxury pyramid consumers had in mind, while evaluating CVPL. Even though the majority of our e-survey sample can be described as the "aspiring consumers" group (in terms of their income) we cannot state, that their perception was built more on a masstige level of luxury goods than on the highest, top level luxuries. More qualitative in depth research, such as eg. FGI conducted in Saudia Arabia, Turkey and Germany would shed more light into better understanding of grounds shaping CVPL formation.

To brands and managers, these findings can be a valuable source of information, in

what country to engage influencers, what kinds of marketing incentives to use while leveraging new technologies and omnichannel strategy. Although the united communication of luxury goods' characteristics proves to be efficient, the marketing strategies should be more adjusted to country-specific needs. Different CVPL across the sample suggest, that boosting sales in Germany requires different approach than in Saudi Arabia. Probably German Millennials would expect organizations/brands to exhibit strong congruence with external social values as part of the organizations contributions to society (Maignan, Ferrell, & Ferrell, 2005), while Saudis would pay more attention on traditional attributes of luxury items and the fun factor connected with their purchase. For Polish, Turkish and Portuguese the status component should be highlighted.

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### **How to cite this article:**

Stępień, B. & Lima, A. P. (2018). Luxury Goods' Perception Within Millennials Cohort: Evidence against global homogeneity myth. *International Journal of Marketing, Communication and New Media. Special Issue 4 – Luxury Marketing*, 77 – 101.  
Available at <http://u3isjournal.isvouga.pt/index.php/ijmcmn>