EXAMINING VALUES OF E-LUXURY AMONG YOUNG CONSUMERS

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EXAMINING VALUES OF E-LUXURY YOUNG CONSUMERS

A Thesis
Submitted to the Graduate Faculty of the
Louisiana State University and
Agriculture and Mechanical College
in partial fulfillment of the
requirements for the degree of
Master of Science

in

The Department of Human Ecology

by
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August 2019
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ABSTRACT

In recent years, changes in technology, specifically the increased use of online shopping, has made a significant impact on retailers. Many brands have recognized the potential of online shopping and have engaged in setting up their websites in ways that are geared towards meeting consumers’ online shopping needs. Luxury brands are no exception to this adjustment. Previous research has examined consumers’ luxury consumption, but there is no known study that has specifically examines young shoppers’ online luxury consumption and which of their value perceptions can impact shopping intentions. The purpose of this study is to shed light on young consumers’ online luxury consumption, specifically as it pertains to the effects of moderating variables, (i.e., website visual appeal, attitudes towards the website, and luxuriousness of the displayed products).

Data was collected from a convenience sample of college students between the ages of 18-35 via an online survey. The final sample consisted of 141 participants. A series of multiple regressions and MANOVA were employed to test all the hypotheses. Results revealed that online luxury consumption is impacted by three dimensions of luxury value: social, economic, and quality. However, the use of different online shopping platforms such as multi-brand retailers does not significantly impact online luxury consumption. The results add to existing literature related to consumers’ luxury consumption. Future research may focus on the difference between different age groups of luxury consumers.
CHAPTER 1. INTRODUCTION

1.1. Statement of the Problem

The use of online shopping continues to rise as technology advances. In the past, luxury brands almost completely refrained from selling online and depended primarily on retail stores for sales (Bain & Company, 2017). However, the rise of social media has challenged this strategy. Luxury apparel brands now face competition with new trends of online availability and by the threat of brand overexposure and dilution (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). Brand managers must now work to protect their brand’s exclusivity at the same time as they create a space where it is accessible to everyone on the internet.

Kluge and Fassnacht (2015) posited that the availability of luxury products online might harm a brand's desirability, claiming that the original concepts of luxury are incompatible with online accessibility. However, online purchasing was not found to threaten luxury brands’ scarcity nor lead to dilution (Kluge & Fassnacht, 2015). Overall, the idea of selling luxury brands online is still debatable.

Some luxury brands have found the internet to be an unsuitable source for their product distribution in order to avoid brand dilution and loss of the luxury’s core values of exclusivity and desirability. In an attempt to respond to the new era of online shopping, a common solution adopted is vertical brand extensions (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). This is the practice of offering lower price product lines such as cosmetics and accessories, that can be available online, thus ensuring the balance between growth and over-exposure. However, whether this approach affects consumers' perception of luxury value, or their willingness to consume luxury brands has not been explored.
Value perception is defined based on the type of luxury consumer. It is the primary factor that drives luxury consumption. For some consumers, social value is the main reason for their consumption. This type of consumer is mainly focused on status, social recognition, and prestige, and place significant importance on their social belonging (Hennigs et al., 2015). They typically purchase luxury items with visible brand logos to impress others (Hennigs et al., 2015). An alternative type of consumer is someone highly concerned with the emotional aspect of luxury consumption. For this group of consumers, luxury is a source of self-fulfillment and pleasure rather than a status-enhancing tool. This emphasizes the importance of delivering experiential value both in-store and online, that has been suggested to highly influence consumer decision making (Choo, Moon, Kim, & Yoon, 2012). In contrast to this, D’Arpizio et al. (2017) identified a new segment of luxury consumer which they call “the new luxury consumer.” This segment consists of young generations of luxury consumers who have different purchasing habits and standards such as ease of availability and accessibility. This segment is more focused on purchasing casual items such as T-shirts, sneakers, and accessories. This suggests the importance of understanding the economic value of value perception for this new segment of luxury consumers.

Research has shown that luxury value perception can be explained in several ways. Sheth, Newman, and Gross (1991) identified different types of luxury values, which lead to several frameworks, resulting in four broad types of consumer value: utilitarian (functional), economic (financial), symbolic (social), and hedonic (experiential) (Choo et al., 2012; Sheth, Newman, & Gross, 1991). According to the authors, functional value does not highly resemble luxury consumers, suggesting that individuals do not purchase luxury brands for their practical
use (Choo et al., 2012). The authors discussed the effect of social value on luxury consumption, suggesting that consumers who are concerned with others’ perceptions are usually influenced by social values. Choo et al. (2012) also implied that the original concepts of luxury do not comply with economic consideration and that it is not a vital factor in purchase decisions.

The last type is the experiential value, which has been known as the most important value that concerns luxury consumers. Luxury brands depend on the creation of an emotional relationship with consumers rather than the influence of their assessment of functional features (Choo et al., 2012). Research suggests that experiential value should have a primary influence on luxury consumption (Choo et al., 2012). In reflection, this research focuses on the emotional aspect of luxury consumption in order to examine how visual merchandising elements can be used to deliver experiential value in-store and online.

Since luxury consumers place a high significance on the hedonic values (Choo et al., 2012), luxury brand managers tend to create sophisticated, value-based brands. Consumers’ perception of visual merchandising is used to rate the emotional aspects of a luxury brand (Kotler, 1973). Specifically, store atmospherics including display, image, color, and personnel can impact consumer decisions, and thus, are used as a discreet marketing strategy (Gudonavičienė & Alijošienė, 2015). This makes luxury brands’ understanding of visual merchandising as it applies to an online format vital. However, adherence to this understanding alongside the importance of creating a parallel sense of exclusivity delivered in-store poses a challenge.

Although several researchers have studied the experiential, social, functional, and economic values as they relate to luxury value perception, no research has examined how
younger luxury consumers, specifically Generation Y, value luxury brands and how their perception of luxury brands affect their online consumption. In response, this research aims to examine how young consumers define their luxury value perception and how this perception is related to their online luxury consumption. Specifically, this study intends to explore whether social value is a common factor that can lead any type of consumer to luxury brand consumption as well as examine what extent experiential value affects luxury consumption. In addition, the study aims to understand whether economic value is a vital factor for the younger generation of luxury consumers by examining how consumers respond to different online luxury brand channels (i.e., multi-brand sites vs. official brand sites).

This study aims to fill gaps in the literature in regard to the emerging segment of young consumers and their online luxury consumption (D’Arpizio et al., 2017). Brick-and-mortar luxury stores remain the central source of luxury sales, however, online platforms have gained widespread attention and continue to evolve as time goes on. Research has shown that selling online does not harm luxury brands’ desirability or exclusivity and that online luxury shopping can be effective particularly to reach young luxury consumers, if the retailer sets certain availability limitations to ensure desirability and scarcity (Kluge & Fassnacht, 2015). It is important that luxury brand managers consider the effects of the internet on the luxury market and the growth potential that can increase luxury sales.

1.2. Research Questions

This research seeks to answer the following questions: How do young luxury consumers perceive luxury brands? Is there or are there dominant dimensions of luxury brand value or do young consumers equally pursue the economic, experiential, functional, or social values from
luxury brand consumption? How important are the identified dominating luxury values that affect young consumers’ online brand consumption in terms of website evaluation, attitudes towards the website, and luxuriousness of products displayed?

1.3. Research Objectives

The objectives of this study are to (1) examine young consumers’ luxury value perception; (2) identify the salient dimension(s) of luxury value perception among young consumers; (3) examine the relationship between luxury perception and online consumption among young consumers in terms of a website’s visual appeal, attitudes towards the website, and luxuriousness of the products displayed; (4) profile young consumers’ online consumption patterns through various shopping platforms.

1.4. Definitions of Terms

The following are definitions of key terms used in this study

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury Brands</td>
<td>Luxury is associated with a price for many individuals (Godey et al., 2013); luxury brands are defined in terms of heritage and craftsmanship.</td>
</tr>
<tr>
<td>Generation Y</td>
<td>Individuals who are currently in college and have the potential to become in the Workforce (Giovannini, Xu, &amp; Thomas, 2015, p.g. 23).</td>
</tr>
<tr>
<td>Multi-brand Website</td>
<td>Websites that sell multiple luxury brands and allow for price comparison and ease of accessibility (Dauriz, Remy, &amp; Sandri, 2014).</td>
</tr>
<tr>
<td>Online Luxury Consumption</td>
<td>Intention to shop the website or purchase from the website.</td>
</tr>
</tbody>
</table>
CHAPTER 2. REVIEW OF LITERATURE

2.1. The Definition of Luxury Brands

To understand the true meaning of luxury brands, it is first important to understand what defines luxury, why consumers perceive certain goods as luxurious, and what can lead certain fashion brands to be defined as “luxury brands.” The definition of luxury is associated with price for many individuals (Godey et al., 2013). Godey et al.’s findings show that the first concept related to luxury, in general, was "expensive". Since the functional value of luxury goods usually does not justify the high price, luxury brands rely on heritage and craftsmanship to defend their high prices (Godey et al., 2013). Luxury brands tend to create an emotional bond with consumers by delivering superior, intangible value (Godey et al., 2013). For some brands, the country of origin can be used as a means for high price justification (Jean-Noel Kapferer & Valette-Florence, 2016). Different nationalities have different perceptions of the term “luxury.” For instance, Italians and Germans describe it as “exclusive,” while French describe it as “prestigious” (Jean-Noël Kapferer & Laurent, 2016). However, according to Godey et al. (2013), exclusivity and prestige are the most common perceptions of luxury among all the countries examined.

There is no accurate definition of luxury; consumers define luxury from their own perspective (Jean-Noël Kapferer & Laurent, 2016). Despite the continuous emergence of luxury brands around the world, the definition of luxury remains ambiguous (Jean-Noel Kapferer & Valette-Florence, 2016). Today, luxury brands still focus on the creation of emotional bonds with consumers, despite the fact that they are no longer as inaccessible as before (Jean-Noël Kapferer & Laurent, 2016).
In 1994, Berry defined luxury to be as old as humanity (Berry, 1994). In 2015, it was noted that some people define luxury brands as expensive, prestigious, non-essential, high quality, and/or exclusive (Chan, To, & Chu, 2015). Luxury fashion goods can also be defined as the consumption of certain brands over others to bring prestige to one's self-esteem (Jean-Noël Kapferer & Bastien, 2009). Consequently, luxury brands are consumed by individuals who wish to enhance their social status (Kastanakis & Balabanis, 2014).

2.2. Luxury Brands Consumption

The history of luxury consumption goes back thousands of years. Royalty used luxurious items to differentiate themselves from common people. Although U.S. society is based on equality, the human need for differentiation has not diminished creating an opportunity for luxury brands to emerge and act as a social differentiator (Jean-Noël Kapferer & Bastien, 2009).

The idea of luxury consumption has been debatable for many years. In the past, people worldwide considered luxury brands to be a subject of discussion and would only consider luxury brands consumed by the highest social classes. Traditionally, consumption of luxury brands was only viewed as a way to seek status by consumers with the means to afford to show that they were different (Kastanakis & Balabanis, 2014). However, this perspective has shifted greatly since then, not only because the average income has increased throughout the years, but also because today’s consumers are willing to dispose of larger amounts of money on luxury brands (Husic & Cicic, 2009) and because luxury can be consumed for different purposes (Kastanakis & Balabanis, 2014).

Although in the past luxury consumption was limited to the rich, modern luxury is more accessible (Jean-Noel Kapferer & Valette-Florence, 2016). Husic and Civic's (2009) findings
suggest that luxury brand consumption is even more popular in regions that have a low per capita income. Almost all luxury consumers, regardless of their nationality, have social needs that can be fulfilled through luxury brand consumption. That is consumers with a high desire to set themselves apart purchase and use luxurious brands to express their personal style in contrast with others in order to expand their social status (Kauppinen-Räisänen, Björk, Lönnström, & Jauffret, 2018).

Consumers rely on luxury brands to reveal their identity and enhance their social status. Research has found that there are three dimensions to the need for uniqueness: 1) creative choice counter-conformity, 2) unpopular choice counter-conformity, and 3) avoidance of similarity (Chan et al., 2015). In that study, researchers found that avoidance of similarity is the most significant dimension regarding status-conscious consumers, as they prefer to feel unique among their peers (Chan et al., 2015). For many consumers, the main purpose of luxury brand consumption revolves around other’s impressions of the consumer. Consumers’ need for individuality impacts their use of luxury brands. For many individuals, luxury consumption is considered an extension of their identity and a form of self-expression (Kauppinen-Räisänen et al., 2018). Similarly, consumers with a high desire for positive attention rely on luxury consumption for self-representation in their social context.

The emergence of middle-class sector consumers, who seek to be part of the luxury sector, has encouraged many brands to open stores in emerging countries. Because of this, many luxury brands have created more affordable product lines featuring accessories and small leather goods that are still sold at a relatively premium price (E. Shea, 2013). In their expansion to more affordable product lines, luxury brands now reach not only middle class clientele (Mundel,
Huddleston, & Vodermeier, 2017), but a younger generation known as “Generation Y” as well. Given the youth of this demographic, it contains consumers who can only afford lower priced product lines (Giovannini, Xu, & Thomas, 2015).

### 2.2.1. Luxury Brands Consumption by Generation Y

Generation Y consumers have been defined differently. Some identified them as consumers in their early 20s and 30s, and others identified them as those who are still in college and have the potential to eventually be in the workforce (Giovannini, Xu, & Thomas, 2015). For the purpose of this research, the second definition will be the specific demographic in question.

The luxury brands market has experienced a growth of 85% in 2017 (Bain & Company, 2017). Generation Y accounts for the majority of this growth, creating a new segment of consumers with different habits and behaviors than the typical luxury consumer from previous generations (e.g. Baby Boomers) (Giovannini, Xu, & Thomas, 2015). This generation has introduced a potential segment of future luxury consumers that require different attention by luxury brands. Despite limited income, Generation Y consumers have grown up in a materialistic generation highly exposed to social media and wealthy settings (D. Kim & Jang, 2014). Consequently, Generation Y has different luxury consumption behaviors and patterns.

Research has shown that Generation Y’s luxury brands consumption behavior revolves around status and social recognition (D. Kim & Jang, 2014). For example, recent research about young adult luxury consumers has shown that purchasing and consuming luxury brands is motivated by a concern with how young luxury consumers will appear in social settings and be viewed in front of others (Eastman, Iyer, Shepherd, Heugel, & Faulk, 2018). Their goal is to display their status in a positive way and does not come off as showing off in front of others. For
many young consumers, luxury brands help them enhance their social status, particularly if they are wearing an item that no one in their social circle owns, as it helps young consumers feel good and differentiated (Wu, Chaney, Chen, Nguyen, & Melewar, 2015).

Newer generations have redefined the traditional definitions of luxury, forcing large existing luxury groups to create a new strategy of what is known as “affordable luxury” (Jean-Noël Kapferer, 2012). Younger generations’ early desire for luxury has been satisfied by luxury brands through the introduction of cheaper items that are more affordable and accessible. This opportunity can establish a long-term relationship at an early age and eventually lead to future sales when the consumers have higher incomes (Giovannini, Xu, & Thomas, 2015).

Additionally, Giovannini et al. (2015) describe generation Y as passionate luxury consumers that often help transfer a brand image to friends, specifically online, by evaluating or sharing brand-related information, which in turn promotes brand loyalty.

This generation, particularly in western societies, is found to be self-oriented which encourages the use of brand logos as a means of self-expression (Kauppinen-Räisänen et al., 2018). A study on young female luxury consumers’ purchasing revealed that luxury brand consumption includes small, affordable accessories as well as more expensive items such as shoes and handbags. The study found that the most important aspect of these items was a visible brand logos or symbol that could be easily identified by others (Wu et al., 2015). Luxury brands now use online social advertising tools to advertise new trends in luxury fashion and influence Generation Y’s consumption indirectly (Krbová & Pavelek, 2015). Additionally, most of Generation Y’ luxury consumption is done online (Krbová & Pavelek, 2015). This, once again
emphasizes the importance of online shopping and its impact on the increase of luxury consumption in general.

2.2.2. Online Luxury Brands Consumption

Online shopping has gained popularity among all generations, from Generation Y to those older, and has provided opportunities and benefits for both consumers and brands. Since there is no traveling cost, consumers search between multiple stores at the same time increasing their chances of buying and, in turn, increasing competition among brands (Hennigs, Wiedmann, & Klarmann, 2012).

Luxury brands’ strategy of exclusivity has created debate towards the concept of online shopping. Luxury brands fear easy accessibility threatens the brand’s image and may harbor negative perception by consumers (Soller, 2014). On the other hand, other luxury brands have used online shopping channels as a new opportunity for growth and brand communication. The success of Burberry’s digital concept is a prime example of how can luxury brands differentiate themselves and still protect their reputation of quality (Thomson, 2012).

Online shopping for luxury items eliminates the experiential value for some consumers (Hennigs et al., 2012). Per this elimination, the loss of exclusivity and desirability are major threats that discourage many luxury brands from selling online. Luxury brands also are challenged by the requirement of providing full, detailed images of their products online which facilitate imitations and cheap knockoffs (Hennigs et al., 2012). Alternatively, the internet has been used as a marketing tool. Today’s luxury consumers use social media applications while wearing luxury brands. In their pursuit to use luxury brands as a status symbol, they provide additional promotion and marketing for these brands. (Hennigs et al., 2012).
Researchers found that desirability for luxury brands is not affected by the option of online shopping (Kluge & Fassnacht, 2015). Luxury brands can still use the internet to grow their sales and remain exclusive (Hennigs et al., 2012). By offering a selective product assortment online, luxury brands can attract new consumers that prefer to use the internet for their shopping and retain their existing consumers who can still find other products in-stores only.

Generation Y’s online luxury consumption is affected by external influences (Wu et al., 2015). Due to high exposure to a competitive online social environment, Generation Y luxury consumers are easily influenced by the brand and fashion choices made by celebrities, friends or family (Wu et al., 2015). Therefore, young consumers’ desire for luxury brands is influenced by different drivers of value perception, which has an indirect effect on their luxury consumption.

2.3. Luxury Value Perception

In order to understand Generation Y’s perception of luxury value, it is imperative to first understand what the nature of luxury consumer value is and what the initial perceptions of luxury value are. It is vital to understand how different luxury value perceptions have evolved and led to previously mentioned experiential, social, economic, and functional dimensions. In analyzing which dimensions influence the luxury consumer in comparison to which dimensions influence Generation Y, we gain a better understanding of particular values that impact Generation Y’s consumption.

Consumers’ view of a product’s attributes and performance define the actual consumer value derived from a product. In the literature, consumer value is defined as the ratio of benefits to costs. In other words, it is the trade-off between quality and price (Zeithaml, 1988). The
perceived value depends on consumers’ assessment of the price paid compared to the quality, utility, and benefits received from the product purchased (Zeithmal, 1988).

Luxury consumer value can be explained in a variety of ways. Before the introduction of experiential marketing, early scholars defined consumer shopping value based on two main concepts: hedonic and utilitarian shopping (Hirschman & Holbrook, 1982). Hedonic shopping refers to shopping that is based on pleasure and fun, whereas utilitarian is shopping for the function and symbolism of a product (Hirschman & Holbrook, 1982). In 1991, Sheth, Newman, and Gross, identified five dimensions of luxury consumer value: functional, social, emotional, epistemic and conditional.

Vigneron and Johnson (1999), introduced another five values that luxury brands should provide: conspicuous value, unique value, social value, hedonic value, and quality value. According to the authors, conspicuous and social values are linked to public self-consciousness which emphasizes the importance of perception of price as an indicator of luxury. Particularly, consumers that focus on conspicuous value associate high price with luxury (Vigneron & Johnson, 1999). Hedonic, quality and unique values are associated with private self-consciousness (Vigneron & Johnson, 1999). In 2012, Choo, Moon, Kim, and Yoon proposed an expanded model for luxury brands that explains how consumers perceive luxury value (Choo, et al., 2012; Tynan, McKechnie, & Chhuon, 2010). The model proposes that consumers expect luxury brands to provide utilitarian values such as excellence and functionality, as well as hedonic values such as aesthetic, pleasure, and experience, symbolic as: self-expressive and social and economic values (Jung Choo, Moon, Kim, & Yoon, 2012).
Consumers’ value perception and shopping motivations for luxury brand consumption are influenced by different values and, in turn, lead to different purchasing choices (Wiedmann, Hennigs, & Siebels, 2007). The majority of the literature and studies that discussed luxury brand consumption proposed various luxury value dimensions, depending on the purpose of the study. This study is focused on luxury fashion brands only. Therefore, for the purpose of this research, experiential, economic, social, and functional are the values analyzed.

2.3.1. Experiential Value

Researchers have discovered that the price consumers pay to purchase a product can mean more than its actual cost (Zeithaml, 1988). This means that consumers can pay for the time and effort spent while purchasing a product (Zeithmal, 1988). Retailers, specifically luxury brands, now strive to replace the traditional consumer shopping experience with a wide spectrum of shopping experiences to satisfy consumers and thus deliver different kinds of value (Mathwick, Malhotra, & Rigdon, 2001).

Since luxury is usually associated with a premium price and the features do not justify the high prices, luxury brands strive to offer experiential value and rely on heritage and craftsmanship to gain social recognition (Mundel et al., 2017). Thus the purchase of luxury brands involves hedonic consumption through the satisfaction of emotional needs in a variety of ways (Mundel et al., 2017).

As previously discussed, value perception was defined as hedonic or utilitarian, where the experiential value was considered part of the hedonic value (Arnold & Reynolds, 2003). To understand hedonic consumption in general, Arnold and Reynolds (2003) investigated the hedonic reasons that people shop and found six broad categories that motivate shopping: (a)
adventure, (b) social, (c) gratification, (d) idea, (e) role, and (f) value (Arnold & Reynolds, 2003). Adventure shopping refers to shopping for excitement and can include some sort of sensory stimulation of the surrounding environment. Social shopping is the benefit of bonding with friends and family. Gratification shopping refers to consumerism as a means to create a positive feeling and release stress and tension. Idea shopping refers to shopping for the purpose of gathering information about trends and fashion styling. Role shopping refers to the enjoyment of shopping for gifts. Value shopping refers to the joy of hunting for sales and obtaining discounts (Arnold & Reynolds, 2003).

Hirschman and Holbrook (1982) associated hedonic consumption with the multisensory, emotional aspects that have the potential to result in experiences with products. Hirschman and Holbrook state that hedonic consumption is the satisfaction of an emotional desire and includes sounds, scents, visual images and tactile impressions that are different from the utilitarian form of consumption (Hirschman & Holbrook, 1982). Godey et al. (2013), identified emotional-hedonistic shoppers with units relating to words such as “dream”, “desire”, “emotion”, and “feeling”, indicating that luxury brands must focus on the creation of a long-term emotional bond with consumers (Godey et al., 2013, p.g 231).

Early scholars (Schechter, 1984) explained that in order for a brand to create a positive shopping experience, it must engage in value co-creation with consumers. Value co-creation is the combination of consumer experiences in physical stores, websites or promotional events, and any additional platform that allows consumers and brands to interact (Koo & Rha, 2012). Value co-creation strategies allow consumers to engage with brands through activities such as marketing events (Koo & Rha, 2012; Woodside & Ko, 2013). Luxury fashion brands find
significant potential in value co-creation through the delivery of experiential value based on a core strategy of long-term consumer-brand relationships. They provide unique strategies in order to differentiate them from the competition by focusing marketing efforts on value and consumer engagement rather than the product itself (Koo & Rha, 2012).

The rise of digital technologies has taken the value co-creation strategies of luxury brands to a new level. Consumers can now learn about the brand and interact with it through online platforms. This allows consumers to experience the brand and form a perception about its hedonic and utilitarian value. From a luxury brand perspective, consumers can derive not only hedonic and utilitarian values, but practical, conspicuous, social and self-expressive values as well (Woodside & Ko, 2013; Lee, Ko, & Megehee, 2015).

Previous research also shows that consumers experience cognitive or emotional attributes when interacting with luxury brands (Choi, Ko, & Kim, 2016; Ko & Megehee, 2012) through digital or art marketing encounters. Choi et al. (2016) described art marketing as marketing that includes aesthetic aspects such as fashion shows, exhibitions, advertising campaigns, store design, and designer activities, while digital marketing involves an online platform such as a website, social media account, and mobile applications. Confirming results of previous research (Panigyrakis & Zarkada, 2014), Choi et al. (2016) emphasized the importance of emotional attributes. This indicates that consumers tend to focus more on the satisfaction of their emotional needs than on knowledge of brand-related information; thus supporting the importance of experience-based interactions.

Several studies that focused on consumers’ experienced emotions while shopping for luxury brands illustrate that consumers tend to feel an emotional attachment to a luxury brand
even before visiting the store, which in turn, has an indirect influence on the consumers’
perception of the experience (Kim, Park, Lee, & Choi, 2016). Motivation is also an important
factor that determines consumer emotions. For example, consumers with the intention to
purchase are likely to experience a more diverse range of emotions than those who are only
window-shopping (Kim et al., 2016). This illustrates the importance of brand image and
improvement of consumer perception of service quality which is influenced primarily by
emotions. For this reason, any consumer communication about the brand requires a customized
approach that stimulates a specific set of emotions depending on the demographic.

Despite the increase in attention towards luxury experiential values, which do not include
economic consideration, reports still show that luxury consumers are rational decision makers
(Choo et al., 2012). In addition, young luxury consumers’ desire for specific brands combined
with their limited purchasing power requires them to base their relationships with luxury brands
more on rational concepts than on an emotional ones (Godey et al., 2013).

2.3.2. Economic Value

The culture around luxury brands associates itself with exclusivity and premium pricing
which results in an increase in consumers’ desire for these brands (Hennigs, Wiedmann,
Klarmann, & Behrens, 2015). In this context, consumers often associate high prices with quality
and value (Hennigs et al., 2015). However, this perspective has changed with today’s standard of
luxury.

The primary concern of economic value is the total cost of ownership of a product. In
other words, it is the maximum amount a consumer is willing to pay for a product that other
companies charge less for (Gupta, 2014). In luxury, economic value is viewed differently (Choo
et al., 2012). Since economic value reflects the price and investment that consumers make when purchasing a product, economic consideration for luxury items is not applicable as it does not comply with the original definition of luxury. However, studies have shown that luxury fashion brand consumption often include more rational decision making in comparison to luxury products due to the fast nature in turnover of trends and styles (E. Shea, 2013). Consequently, some luxury brands have created new product lines that have a lower price point than their original products.

This new, affordable type of luxury product encourages younger generations to consume luxury brands (Shea, 2013). By offering product lines that start with lower price points, luxury brands reconsider the economic value as a part of the luxury consumers’ value perception (Giovannini, Xu, & Thomas, 2015). Additionally, Generation Y consumers possess different tastes and aspirations for luxury than the older generations. This encourages luxury brands to focus their marketing efforts on economic and social aspects rather than heritage and craftsmanship (Giovannini, Xu, & Thomas, 2015).

2.3.3 Social Value

Social value pertains to the importance of other’s perceptions of a certain brand or the brand owner. This means that consumers who purchase luxury for its social value tend to purchase products with visible logos in order to wear items that can allow them to build positive social relations associated with the brand’s logo (Hennigs et al., 2015). Research suggests that social recognition is one of the most common motives for luxury consumption (Eastman et al., 2018). Hennigs et al. (2015) reveals that common motives of luxury brand consumption are its association with status, prestige, and social belonging. Many consumers regard luxuries as
symbolic resources which allow them to express their own identity to others by expressing a brand's quality and exclusivity (Hennigs et al., 2015; Hennigs, et al., 2012).

Generation Y’s consumer motivation is highly correlated to status consumption (Eastman et al., 2018). Status-conscious consumers refer to other consumers who purchase luxury brands primarily to fit in with peers. However, young luxury consumers shop brands that enhance their status in front of their peers in a more subtle way than the obvious logos and patterns (Eastman et al., 2018).

Research has shown that young consumers’ desire for social value is part of symbolic value. Choo et al. (2015) suggest that symbolic value consists of self-expressive and social values. Self-expressive consumers are concerned with their own perception and focus primarily on economic values of a luxury product in addition to other characteristics such as quality, design, and context. Social values, on the other hand, are associated with prestige, status, and perception of the product by one’s peers.

Despite the decrease in attention towards the symbolic value of brands, these values still influence luxury brand consumption (Choo et al., 2012). Consumers still pay attention to unique designs and features and expect products to deliver functional value. An emphasis on the importance of functional value greatly influences Generation Y’s luxury value perceptions.

2.3.4. Functional Value

Consumers associate luxury with quality. Luxury brands are expected to deliver products with superior characteristics compared to non-luxury brands (Vigneron & Johnson, 2004). Consumers have high expectations in regard to luxury brands as they are perceived to deliver
greater quality than their non-luxury competition. Therefore, functional values can influence value perception which in turn determines the consumption of a certain brand.

A theory on consumption values (Sheth et al., 1991) defines the functional value as: “the perceived utility acquired from an alternative’s capacity for functional, utilitarian, or physical performance” (pg.160). The functional value refers to the basic performance benefits of a product such as quality, reliability, and durability. (Vigneron & Johnson, 2004). Generally, consumers expect luxury brands to deliver higher functional values and product quality than regular brands (Vigneron & Johnson, 2004).

Tynan et al. (2010) proposed a consumer value framework that describes the luxury functional value in terms of excellence, craftsmanship, and quality. Jung Choo et al. (2012) proposed an extension to Tynan et al’s model that suggests excellence and functional values are part of utilitarian value. However, Choo et al. (2012) suggest that luxury consumers are not practical users. Since Generation Y consumers are rational decision makers, (Godey et al., 2013) quality and function of a luxury brand product is an expected aspect that positively affects luxury consumers’ value perception (Hennigs et al., 2015). This means that functional value has a fair extent of influence on Generation Y consumers. Even though function is particularly valued by this demographic, the aesthetic appeal of a luxury brand product remains imperative.

2.4. The Importance of E-Store Atmospherics on Luxury Consumption

Research finds that store atmospherics have been found to have a relevant impact on luxury consumption (Deeter-Schmelz, Moore, & Goebel, 2000). Luxury consumers are significantly affected by a store’s layout, customer service, image, and every factor that accompanies the aesthetic and sensational appeal of a store. In order to understand the influence
of e-store atmospherics as it pertains to the consumption of young consumers, it is vital to examine popular strategies used in the aesthetic and presentation of a product. These strategies will reveal the influence of store atmospherics on consumer value perception, and the impact of e-store atmospherics on consumption. This will give us the ability to compare the ways in which presentation pertains to a physical store versus an online store, and shed light on aspects of aesthetic that luxury brands should consider in regard to their online store.

2.4.1. The Store Atmospherics and Environmental Factors

Early scholars recognized the importance of store atmospherics on sales performance and consumer satisfaction (Milliman, 1982; Stanley & Sewall, 1976). They state the importance of store choice relative to its merchandise (Darden, Erdem, & Darden, 1983). Store image was found as a major attribute for retailers’ success as the main driver, in addition to price, in consumer decision-making (Dodds, Monroe, & Grewal, 1991). Thereby, the ideal improvement of a store’s environmental factors influences many retailers in order to enhance the consumer experience and increase consumption.

Environmental factors can enhance or create feelings and emotions that can influence a consumer’s purchasing decisions. In the field of environmental psychology, Mehrabian and Russell (1974) created a framework known as “S-O-R model” to explain the effect of displays on consumer shopping behavior (Mehrabian & Russell, 1974). The framework suggests that the environmental stimuli (S) that are created by product display lead to an emotional reaction (O) which can thereby affect consumer response (R). These stimuli include atmospherics such as color, scent, music, product assortment, and display. According to Mehrabian and Russell (1974), the (O) consists of cognitive or emotional reactions that result after a consumer's
exposure to the environment (S) and leads to the consumer’s behavioral response (R). Approach behavior is the consumers’ positive reactions to a certain environment which are expressed staying, purchasing, or returning a product to the store. Avoidance behavior is the consumer’s negative reactions with the environment which are expressed by boredom and an unwillingness to return to the store again (Mehrabian & Russell, 1974). In the context of the fashion industry, researchers who applied the model emphasize the importance of the store atmospherics on perceived value (Donovan, 1982). Donovan (1982) suggests upon examination of the link between the O and the R, that emotional state can lead to either approach or avoidance behavior. The aesthetic and sensory appeal of a shopping environment can have a direct impact on a customer’s emotions and, therefore, their behavior. In alignment with the Mehrabian and Russell (1974) model, another study (Ballantine, Parsons, & Comeskey, 2015) supports the idea that individuals prefer a pleasant environment and try to avoid unpleasant ones. Based on this finding, it was found that a pleasant store image can also lead to an approach behavior (Ballantine et al., 2015; Mehrabian & Russell, 1974).

Store environments are multisensory and have the ability to shape consumer perception and shopping behavior. (Spence, Puccinelli, Grewal, & Roggeveen, 2014). Visually attractive environments tend to have a direct effect on consumer behavior in stores. The specific tone of a store's lighting was found to affect consumers’ shopping experience and could determine the optimal level of stimulation. Overall brightness and in-store color scheme also influences consumer value perception (Spence et al., 2014). This is why brands tend to use the same color in all of their stores and marketing materials. As an example, Tiffany and Co. uses the same blue color, not just on its wrapping and designs, but also on its website and all brand-related designs.
and advertising. This enables consumers to associate this specific shade of blue with the Tiffany brand. According to a study in 2013 (Wu et al., 2013), the use of color differentiates retailers from one another. The study findings suggest that a colorful store creates a pleasant environment when compared to a plain-colored or dull store. The use of monochromatic color schemes was found to stimulate displays to a certain extent, but does not highly affect consumer spending (Wu et al., 2013).

The effect of music on store environment and consumer value perceptions has been widely researched (Spence et al., 2014). Sound has been found to have an emotional impact on patrons’ fashion consumption (Oakes & North, 2013; Spence et al., 2014). Well-known music was found to affect consumers’ emotions during their shopping experience, enhance arousal, and increase shopping intentions (Petruzzellis, Chebat, & Palumbo, 2018). Popular songs put hedonic consumers in a better mood and instigate the creation of an emotional bond with the brand due to the song’s familiarity (Petruzzellis et al., 2018). While music has the potential to lead to approach behavior, there are instances in which music can also act as a distracting factor that discourages shoppers from making cognitive decisions (Petruzzellis et al., 2018). It should be noted, however, that while music was not found to affect consumers’ perceptions of brand quality, it did impact store evaluations (Petruzzellis et al., 2018). That is popular songs have the potential to increase consumers’ self-congruity which thereby influences their perception of the store and its product quality.

Sensory marketing finds the factor of scent to influence consumption as well. The scent of a store was found to have a positive correlation with approach behavior (Rimkute, Moraes, & Ferreira, 2016). Affective and cognitive factors that were introduced by Mehrabian and Russell
(1974) can also arise from scents in a store environment. Scent can subtly increase consumer attention and enhance brand memory, which in turn increases the probability of purchase (Rimkute et al., 2016).

Baker (1986) viewed store atmospherics differently. The author divided the environmental factors into three categories: ambient, social and design factors. The ambient factors may or may not be perceived by consumers and usually include intangible factors such as light, music, and scent. Social factors include the people and interaction with both employees and consumers. The design factors are directly perceived by consumers in the architecture, color, display and layout of a store (Baker, 1986).

Although several studies showed that most store atmospherics generally impact consumer behavior, this study focuses on luxury consumption. Therefore, the next three sections will explain how atmospherics both online and in person can impact fashion apparel consumption and how e-store atmospherics can specifically impact luxury consumption.

2.4.2. The Effect of Store Atmospherics on Consumption

Kotler (1973) explained that a store’s atmosphere has the ability to produce an emotional impact on consumers, and can in turn increase the likelihood of approach behavior (Kotler, 1973). Store design and merchandise can influence purchase decisions, however, a successful store is more than that. In order to provide consumers with a pleasant shopping experience, retailers are required to be concerned with all aspects of store atmospherics from display and merchandise to sensory aspects such as music, color, and lighting (Vieira, 2013). Favorable environmental factors can affect consumers’ approach behavior by increasing their desire to stay
and explore the store. This indicates that a store’s environment can influence consumers’ perceived value, satisfaction and behavioral intentions (Jalil, Fikry, & Zainuddin, 2016).

Pleasant in-store experiences were found to be highly important to women (Ballantine et al., 2015). Retailers have shifted from providing basic shopping experiences to providing hedonic shopping experiences that seek to influence consumers’ decision-making processes. Stores with a comfortable visual setting please female consumers and can positively influence their value perceptions leading to an increase in consumption. This is based on the idea that the level of comfort and ease a consumer feels in a store can increase their time spent in the store, and thus lead to an increase in the number of items they purchase. Ballentine et al. (2015) suggest that in-store comfort can be achieved by enhancing store environments to facilitate shopping experiences, and subsequently increase consumption (Ballantine et al., 2015).

Store atmospherics along with window displays, in-store design, layout, and promotional signage are all environmental elements that can positively impact patron consumption (Gudonavičienė & Alijošienė, 2015). For example, a study (Jang, Baek, & Choo, 2018) on specialized clothing and footwear stores indicated that window displays and in-store design are considered the two most important elements of store atmospherics. Store layout and merchandise display were found to greatly affect shopping experiences which encouraged retailers to focus on increasing store complexity and variety (Jang et al., 2018). The importance of enhancing in-store experiences for consumers has also led retailers to increase the complexity of their store’s environment in order to increase consumption. Jang et al. (2018) suggested the benefits of organizing merchandise in a complex environment by placing similar items together and creating a structured manner in which the display facilitates the shopping experience among large
assortments. This also applies to stores that sell small assortments. The presentation of a structured display improves approach behavior (Pizzi & Scarpi, 2016). It should be noted however, that merchandise display and size can be perceived differently by consumers in accordance with cognitive sorting and shelf location (Pizzi & Scarpi, 2016). This means that merchandise location can impact consumer perceptions and consumption. This implicates the importance of visual layout. Even in large assortments, retailers' ability to manipulate the layout and merchandise organization can change customer perceptions and consumption.

Many retailers now depend on influential fashion accounts on social media to make styling suggestions or create outfits on their accounts to encourage consumers to come in the store and explore the outfits shown (Wu et al., 2013). Due to the nature of such an online presentation, aesthetic appeal is still a crucial aspect of a brand’s online store. As such, the examination of e-store atmospherics is increasingly important in the understanding of luxury consumption.

2.4.3. The Effect of E-Store Atmospherics on Consumption

Like a physical store, online store environments can influence emotions and feelings. This encourages retailers to use online store environments to distinguish themselves among competitors (Prashar, Sai Vijay, & Parsad, 2017). To analyze the e-store atmospherics, research that applied Mehrabian and Russell’s (1974) S-O-R framework (Eroglu, Machleit, & Davis, 2003) suggested that there is a relationship between patrons’ participation level and consumption behavior. Many of the studies that investigated the online atmospherics use a scale of pleasure, arousal, and dominance (PAD scale) (Russell & Pratt, 1980). This scale is used to measure the dimension of emotional response by consumers. However, most of these studies relied only on
pleasure and arousal dimensions to build their analysis and opted to eliminate the dominance dimension to analyze consumer emotions (Hsieh, Hsieh, Chiu, & Yang, 2014). In an online context, consumers have the ability to go to any store they would like and leave without the obligation to interact with salespeople which creates a different level of freedom and control given in a physical setting. Therefore, not taking consumers’ dominance into account when considering online atmospherics can be problematic. Consumers who shop online often have higher expectations of the online environment and can readily leave an e-store whose atmospherics they don’t enjoy. This ability to leave so easily increases the importance of enhancing online store environments (Hsieh et al., 2014).

Despite the differences between online and brick-and-mortar stores, the new era of technology and online shopping has led many researchers to apply the PAD model on online store environments as well. From an online perspective, Hsieh et al.’s findings in 2014 confirm the importance of dominance as a crucial element of the PAD model (Hsieh et al., 2014). Since online consumers can control their browsing and duration on a particular website without restriction, the authors suggested that dominance is an emotional response and can lead to more consumption. Additionally, Hsieh et al. (2014) claimed that dominance influences pleasure. Consumers find their shopping experience more pleasurable when they have control over their shopping experience in terms of what they view and how long they decide to view it.

In online stores, design, layout, and atmospherics were found to influence shopping intentions and increase consumption by consumers. Another study (Wu, Lee, Fu, & Wang, 2013) showed that website layout and atmosphere leads to emotional arousal and higher consumer purchasing intentions (Wu et al., 2013). Color also impacts consumer decision
making. Similar to a brick-and-mortar store, the brightness of background color was found to affect consumer perceptions of online stores and thereby influence consumption (Hsieh, Chiu, Tang, & Lee, 2018). This suggests that consumers use atmospheric elements to judge e-retailers and change their patronage behavior. Therefore, apparel retailers focus on enhancing their online store environments to meet consumer satisfaction and increase consumption.

2.4.4. The Effect of E-Store Atmospherics on Luxury Consumption

All prior literature regarding e-store atmospherics’ impact on consumption, applies to luxury brand consumption. However, luxury brands’ exclusive consumer experience requires effective web atmospherics that deliver the same exclusivity and uniqueness online. This includes not only exquisite website design with sufficient product information, but also effective customer service and convenience that can increase consumers’ online revisit intention (Kim, Choi, & Lee, 2015).

For luxury brands, physical store, layout, design, and store atmospherics play a vital role in enhancing luxury brands’ identity and providing a unique shopping experience (Kim et al., 2015). Luxury brands differentiate themselves among competitors and among non-luxury brands by consistently using innovative, attractive designs (Moore, Doherty, & Doyle, 2010). This suggests that these unique luxury store designs and environments should also be applied to e-store atmospherics to enable brands to deliver the same message and reveal the same brand identity on all different channels (Kim et al., 2015).

2.5. Luxury online Shopping Platforms

Research has shown that 40% of luxury purchases are influenced to some degree by digital experiences (Dauriz et al., 2014). The convenience of online accessibility and social
media encourages many consumers to search for an item online before they visit the store to purchase it. Consumers are also given the chance to compare different brands and prices. Therefore, luxury brands now exert more effort to enhance their online digital strategies such as online accessibility and convenience and not just focus on website design (Dauriz et al., 2014).

Dauriz et al.’s (2014) research indicated that today’s luxury consumers prefer researching items on multi-brand, luxury websites such as Net-a-Porter. Multi-brand websites allow consumers to compare prices and availability between multiple brands without offering discounted items. Despite the fact that this undermines exclusivity, many luxury brands have allowed their products to be available on multi-brand websites in an attempt to enhance their brand’s positioning. Despite the significant growth of multi-brand luxury websites, little research has been done to examine these sites’ effects on luxury consumption, specifically their use among young luxury consumers; which luxury value perceptions are relevant to luxury consumption through these websites.

2.6. Conceptual Model

The research reviewed above has resulted in several factors that influence luxury consumption and intentions among young consumers. The proposed framework below identifies that perceived luxury value which includes financial, functional, experiential, social, and economic value, affects a websites’ visual appeal, emotional appeal, and perceived luxuriousness of displayed products on the website. The model suggests that visual appeal and attitude will impact young consumers’ intention to shop from the website for luxury brand products while the perceived luxuriousness of the displayed product will impact the intention to purchase the
product online. The model also indicates the aforementioned factors yield different value perceptions between multi-brand websites and a brand’s official website.

2.7. Hypothesis

Based on the reviewed literature and the proposed framework, the hypothesis developed were:

H1: Perceived Luxury value will affect consumer (a) evaluation of visual appealing of an online luxury retail website; (b) attitudes toward the online luxury retail website; and (c) perceived luxuriousness of displayed products among young consumers.

H2: Visual appeal of an online luxury retail website will affect intention to shop the website for luxury brand products among young consumers

H3: Attitudes toward an online luxury retail website will affect intention to shop the website for luxury brand products among young consumers.

H4: Perceived luxuriousness of displayed products will affect the intention to purchase the product online among young consumers.
H5: Individual’s (a) perceptions of visual appealing; (b) attitudes towards an online retail website, and (c) perceptions of luxuriousness of displayed products will be different across multi-brand websites and a brand’s official website.
CHAPTER 3. METHODS AND PROCEDURES

3.1. Research Design

The purpose of this research is to examine Generation Y consumers’ value perception and how it impacts their luxury consumption. A self-administered online quasi-experiment was developed using Qualtrics.com to collect empirical data from young luxury consumers. Two versions of the questionnaire were developed to test the difference in multi-brand websites and official brand websites by the participant’s selection of a favorite luxury brand item from one of the site formats. This research seeks to shed light on the impact of luxury value perception and consumption pattern of individuals using different online luxury platforms for shopping luxury brands; hence, this is an appropriate method.

After completing the assigned luxury shopping task, respondents were asked questions on assessment of the website, luxury index scores on the selected item, and willingness to purchase the selected item respectively. Both versions of the survey included questions assessing individuals’ perceived value of luxury brands, and their consumption intention in the same order and format.

Gucci was chosen based on the criteria that it is one of the most popular luxury brands that has online availability on its specialty e-store as well as third-party luxury websites such as, Net-a-Porter. Volunteers were randomly assigned into two equal groups. Both groups were asked to specifically examine Gucci’s products only, followed by an online survey. The volunteers were asked to spend the same amount of time examining the site to ensure the same experimental conditions.

The use of an online survey rather than manual data allows easier detection of mistakes
and incomplete responses; it is also easier to complete and return. Additionally, online surveys eliminate the need for additional data entry and reduce errors and cost.

Gucci was used as the official luxury brand to develop the research instrument because it is a classic exemplar of a luxury brand. Founded in 1921, the brand has long been known for its heritage, craftsmanship, and ability to maintain its reputation throughout different decades (Wikipedia Contributors, 2019). The brand has managed to adapt to different trends and consumption patterns through its availability across different cultures and nations (Wikipedia Contributors, 2019). Most crucial, in 2017, 50% of Gucci’s sales come from millennials, the segment of consumers under the age of 35 years old. The company's CEO, Francois-Henri Pinault, claims that younger generations are major consumers and contributors to the brand’s growth (Forbes, 2018).

With the rise of the online shopping era, luxury consumers are shifting to multi-brand retailers for their shopping to obtain the benefit of comparing products and prices more easily (Dauriz et al., 2014). Net-a-Porter is one of the first websites to introduce a multi-brand retail experience of online shopping. The website offers a wide selection of designer brands like Gucci, Alexander McQueen, Chloe, and many others. The website's multi-brand strategy was initially rejected by most luxury retailers, however, brands now vie for availability on Net-a-Porter. Some even offer exclusive lines for the website (Guardian, 2010). Although other websites such as Moda Operandi have the same strategy and, for the most part offer the same brands, Net-a-Porter has been successful for over 18 years now and has built a reputation of credibility and value to any fashion brand it offers.
3.1.1. Sample and Sampling

Data was collected from a convenience sample. The sample demographic consisted of young adults from a major university in the southern area of the United States. The sample was relatively representative since the young adults are college students and their study background show their interest in fashion. Those who participated in the survey can be classified as Generation Y consumers. IRB approval was sought by the university research management office. Respondents from the university met with the researcher to have the study explained clearly. As an incentive, some respondents had a chance to receive bonus class points upon agreement with volunteering professors. The survey was pretested using a graduate class at Louisiana State University to ensure that the survey was clear and easy to understand. Adjustments were made based on the commentaries from this group. A total of 168 respondents were asked to take the adjusted online survey.

3.2. Questionnaire Development

To develop the survey, a comprehensive literature review was used to analyze conceptual and measurement information of the research variables. The survey was designed by modifying some keywords in previous instruments. This is necessary to make sure they pertain primarily to online luxury consumption by young consumers. Additional questions were added that were deemed appropriate to the purpose of the study and helped further expound upon the data shown to support a more accurate conclusion.

3.3. Measures

A list of measurement items was compiled into a prototype survey. The resulted written survey comprised measures of several variables. The first group of variables were used to
measure luxury value perception. The second group of measures were used to assess online luxury consumption. Measurement items will also be used to assess economic value, visual appeal, attitude towards the website, and personal action tendencies. Additionally, the luxury index that assesses the perceived luxuriousness and type of product searched were measured. Demographic information was assessed as well, including age and gender. The scales of measurement were drawn from previous literature related to consumer value in the luxury industry.

Table 3.1. Measurement and its Source

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of Items</th>
<th>Source of items</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury Value Perception</td>
<td>16</td>
<td>Sweeney and Souter (2001)</td>
<td>Seven-point Likert-type (Strongly agree/disagree)</td>
</tr>
<tr>
<td>Luxury Consumption</td>
<td>9</td>
<td>Hung et al. (2011), Wiedmann et al. (2011), Hicke (2010), and Miller and Mills (2012)</td>
<td>Seven-point Likert-type (Strongly agree/disagree)</td>
</tr>
<tr>
<td>Economic Value</td>
<td>3</td>
<td>Mathwick et al. (2001)</td>
<td>Seven-point Likert-type (Strongly agree/disagree)</td>
</tr>
<tr>
<td>Website Visual Appeal</td>
<td>3</td>
<td>Mathwick et al. (2001)</td>
<td>Seven-point Likert-type (Strongly agree/disagree)</td>
</tr>
<tr>
<td>Attitude Towards the Website</td>
<td>5</td>
<td>Spears and Singh (2004)</td>
<td>Seven-point Likert-type</td>
</tr>
<tr>
<td>Personal Action Tendencies</td>
<td>6</td>
<td>Spears and Singh (2004)</td>
<td>Seven-point Likert-type</td>
</tr>
<tr>
<td>Type of Product</td>
<td>1</td>
<td>Deloitte (2018)</td>
<td>Seven-point Likert-type</td>
</tr>
<tr>
<td>Luxury Index</td>
<td>20</td>
<td>Christodoulides, Michaelidou, and Li (2009)</td>
<td>Seven-point Likert-type</td>
</tr>
</tbody>
</table>

Sixteen items from (Sweeney & Soutar, 2001) perceived value scale, after modifications to a luxury brand perspective by (Hennigs, Wiedmann, Klarmann, & Behrens, 2015) were used to measure luxury value perception; the scale measures the value antecedents by luxury consumers for financial, functional, social, and individual values. The scale has shown to be reliable (financial value: 0.869, functional value: 0.729, social value: 0.912, and individual value:
Discriminant validity also has shown satisfactory results; hence the scale was found appropriate for understanding value in the luxury industry. Since economic value is important to this study, three measurements items were adopted from Mathwick et al., (2001)’s experiential value scale and were modified to fit the luxury brands’ perspective. The scale has been tested by Choo et al. (2012) and showed appropriate reliability of 0.706. A confirmatory factor analysis was also used which indicated satisfactory results.

To measure luxury consumption, three dimensions of consumption behavior (i.e. purchase intention, recommendation behavior, and willingness to pay a premium price) were included in the research. Therefore, luxury consumption was measured in terms of purchase intention, recommendation behavior, and willingness to pay a premium price. Four items from (Hung et al., 2011) and (Wiedmann, Hennigs, Schmidt, & Wuestefeld, 2011) scales were used to assess purchase intention. The purchase intention scale has shown reliability of 0.969 (Hennigs, et al., 2015). Recommendation behavior was assessed using two items from (Wiedmann et al., 2011) and (Hieke, 2010) where the scale’s reliability has an alpha of 0.945 (Hennigs, 2015). The willingness to pay a premium price was measured using three items from (Miller & Mills, 2012) scale, which has shown reliability of 0.936 (Hennigs, 2015). To ensure validity, (Hennigs, 2015) used Fornell-Larcker criterion which showed acceptable results for all value antecedents and luxury consumption items.

To assess visual appeal of the online luxury shopping website environment, three items from(Mathwick et al., 2001) experiential value scale were used, after modifications to fit the two different online websites that was used in the study (i.e. Gucci and Net-a-Porter). After several testing, the scale has shown to be reliable where all of the dimensions in the initial study yielded
reliability between 0.72 and 0.93. Convergent validity was also achieved (Mathwick et al., 2001).

To measure the attitude and personal action tendencies towards the websites, five measurement items were used to assess the overall feelings and six items to measure the personal action tendency towards the visited website. Ten of these eleven measurement items were adopted from (Spears & Singh, 2004) and adjusted to fit the luxury fashion websites strategy. The scale showed appropriate reliability of 0.97 and adequate level of internal consistency. Discriminant validity was also assessed and showed acceptable results. Four additional questions were also created that seemed relevant to the purpose of the study.

One item was adopted from (Deloitte, 2018) to determine the type of product searched. To evaluate the perceived luxuriousness from the website visited, twenty items of the brand luxury index adopted by (Christodoulides, Michaelidou, & Li, 2009) were used. Both reliability and validity indicated satisfactory results. In addition, frequency of visiting certain online shopping sources, retail preference, future patronage intention, and demographic information such as age and gender measurement scales were created that are relevant to the purpose of the study.

3.4. Statistical Analysis

Data obtained in this research was analyzed after entering into the Statistic Package for Social Sciences (SPSS) for statistical analysis. Descriptive analyses (e.g., frequency, means, and modes) were used to measure demographic information. Reliability, through factor analysis and Cronbach’s alpha, was assessed before subsequent analyses on all the scales used. Factor analysis was used to examine the basic structure of variables in the proposed research model. To
test H1-H4 regression analysis was run. To test H5, MANOVA was used to measure the difference across a multi-brand website and the brand’s official website. In terms of power, the collected sample (n=141) is relevant to the statistical techniques used. Previous research about Generation Y’s online shopping behavior was conducted on similar sample sizes and yielded significant results (Krbová & Pavelek, 2015).
CHAPTER 4. RESULTS

This Chapter consists of three major sections. The first is an explanation of descriptive statistics concerning participants, characteristics, and frequency of the products searched. The second section includes the exploratory factor analysis and identification of the dominating dimensions of luxury value. The last section discusses the hypothesis testing.

4.1. Descriptive Statistics

4.1.1. Participant Characteristics

A total of 168 individuals were issued the survey, however; only 141 of the surveys were usable. The demographic characteristics of the respondents are shown in Table 4.1. The descriptive statistics of the results show that 90% of the respondents were between the ages of 18-24 and 10% were between the ages of 24-35. Of these, 95% are undergraduate students and 5% are graduate students. Additionally, 60% of the respondents are working part-time.

Table 4.1. Demographic characteristics of the Sample (n=141)

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Percent</th>
<th>Characteristic</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td>Employment status</td>
<td></td>
</tr>
<tr>
<td>18-24</td>
<td>90.8</td>
<td>Full time</td>
<td>7.8</td>
</tr>
<tr>
<td>24-35</td>
<td>9.2</td>
<td>Part-time</td>
<td>59.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not working</td>
<td>32.6</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td>Ethnic Group</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>10.6</td>
<td>White</td>
<td>69.5</td>
</tr>
<tr>
<td>Female</td>
<td>89.4</td>
<td>African American</td>
<td>14.2</td>
</tr>
<tr>
<td>Academic Rank</td>
<td></td>
<td>Hispanic/Latino/Spanish</td>
<td>5.7</td>
</tr>
<tr>
<td>Freshman</td>
<td>25.5</td>
<td>Asian</td>
<td>5.0</td>
</tr>
<tr>
<td>Sophomore</td>
<td>10.6</td>
<td>Individual Annual Income</td>
<td></td>
</tr>
<tr>
<td>Junior</td>
<td>29.8</td>
<td>Dollar</td>
<td>40000</td>
</tr>
<tr>
<td>Senior</td>
<td>29.1</td>
<td>Minimum</td>
<td>0</td>
</tr>
<tr>
<td>Graduate student</td>
<td>5.0</td>
<td>Maximum</td>
<td></td>
</tr>
</tbody>
</table>

“(table cont’d.)”
4.1.2. Type of Product Searched

Descriptive statistics were used to examine the type of product searched on Net-a-Porter and on Gucci’s official website. Results showed that bags and accessories category was the most frequent product search on both Gucci.com (40.6%) and on Net-a-Porter.com (68.1). The next most searched product was clothing, Gucci.com (31.9%) and Net-a-Porter.com (13.9%).

Table 4.2. Frequency of Product Searched

<table>
<thead>
<tr>
<th>Type of Product</th>
<th>Net-a-Porter Percent</th>
<th>Gucci Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing</td>
<td>31.9</td>
<td>13.9</td>
</tr>
<tr>
<td>Footwear</td>
<td>21.7</td>
<td>8.3</td>
</tr>
<tr>
<td>Bags and Accessories</td>
<td>40.6</td>
<td>68.1</td>
</tr>
<tr>
<td>Cosmetics and Fragrances</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Jewelry and Watches</td>
<td>1.4</td>
<td>8.3</td>
</tr>
<tr>
<td>Others</td>
<td>2.9</td>
<td>0</td>
</tr>
</tbody>
</table>

4.2. Measurement Assessments

Exploratory factor analysis (EFA) was used to examine the basic structure of the measures of variables in the proposed research model. Using a principal axis extraction method,
the measures of luxury value, luxury consumption, website visual appeal, luxuriousness of product, attitudes toward the website, intention to shop the website, and intention to purchase from the website were analyzed with a varimax rotation respectively (Anderson and Gerbing, 1988). The two identified dependent variables, intent to shop the website, and intent to purchase from the website, merged to be one factor. The four items with the highest loadings were selected and other items. Items with low loadings were removed. The final factor analysis solution, with 43 items measuring 10 factors, accounted for approximately 78.99 percent of the total variance. Commonalities were between 0.64 and 0.94 (see table 4.2).

Cronbach's alpha was calculated to measure the reliability of the variables and the internal consistency of the measures. The value of Cronbach's coefficient usually ranges from 0 and 1, where 0 means unreliable measure and 1 means very reliable measure. Table 4.3 shows that all measures used in the study, to a certain degree reliable, as Cronbach’s alpha exceeds 0.70 for all items measured.

<table>
<thead>
<tr>
<th>Constructs/items</th>
<th>Cronbach’s alpha</th>
<th>EFA item loading</th>
<th>Scale/item mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury Value-Social</td>
<td>.93</td>
<td>.89</td>
<td>4.50</td>
</tr>
<tr>
<td>Luxury brands give me social approval</td>
<td></td>
<td>.87</td>
<td>4.77</td>
</tr>
<tr>
<td>Luxury brands improve the way I am perceived</td>
<td></td>
<td>.86</td>
<td>4.74</td>
</tr>
<tr>
<td>In my opinion, luxury brands make me a good impression on other people</td>
<td></td>
<td>.81</td>
<td>4.64</td>
</tr>
<tr>
<td>Luxury brands help me to feel acceptable</td>
<td></td>
<td>.80</td>
<td>5.01</td>
</tr>
<tr>
<td>Luxury brands make me want to use it</td>
<td></td>
<td>.78</td>
<td>5.45</td>
</tr>
<tr>
<td>Luxury brands make me feel good</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxury Value-Economic</td>
<td>.82</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

“(table cont’d.)”
<table>
<thead>
<tr>
<th>Constructs/items</th>
<th>Cronbach’s alpha</th>
<th>EFA item loading</th>
<th>Scale/item mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my opinion, luxury brands are economical</td>
<td>.83</td>
<td>5.20</td>
<td></td>
</tr>
<tr>
<td>In my opinion, luxury brands are good products for the price</td>
<td>.72</td>
<td>5.03</td>
<td></td>
</tr>
<tr>
<td>In general, I am satisfied with the price of luxury brands</td>
<td>.69</td>
<td>3.90</td>
<td></td>
</tr>
<tr>
<td>In my opinion, luxury brands offer value for money</td>
<td>.69</td>
<td>3.79</td>
<td></td>
</tr>
<tr>
<td><strong>Luxury Value- Quality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In my opinion, luxury brands have poor workmanship</td>
<td>.80</td>
<td>4.61</td>
<td></td>
</tr>
<tr>
<td>In my opinion, luxury brands have consistent quality</td>
<td>.79</td>
<td>5.31</td>
<td></td>
</tr>
<tr>
<td>In my opinion, luxury brands do not last a long time</td>
<td>.70</td>
<td>4.51</td>
<td></td>
</tr>
<tr>
<td>In my opinion, luxury brands perform consistently</td>
<td>.69</td>
<td>5.44</td>
<td></td>
</tr>
<tr>
<td><strong>Luxury Consumption</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am willing to pay a higher price for luxury brands than for other brands</td>
<td>.78</td>
<td>4.92</td>
<td></td>
</tr>
<tr>
<td>I have a strong possibility to purchase luxury brands</td>
<td>.77</td>
<td>5.16</td>
<td></td>
</tr>
<tr>
<td>Even though the luxury brand seems to be comparable to other brands I am willing to pay more</td>
<td>.77</td>
<td>4.09</td>
<td></td>
</tr>
<tr>
<td>I have intention to purchase luxury brands</td>
<td>.74</td>
<td>5.38</td>
<td></td>
</tr>
<tr>
<td>I intend to buy luxury brands in the future</td>
<td>.74</td>
<td>5.72</td>
<td></td>
</tr>
<tr>
<td>I always recommend luxury brands to my friends</td>
<td>.74</td>
<td>4.11</td>
<td></td>
</tr>
<tr>
<td>Even if the other brands are priced lower, I will still buy luxury brands</td>
<td>.73</td>
<td>4.06</td>
<td></td>
</tr>
<tr>
<td>It is very likely that I will recommend luxury brands to my friends</td>
<td>.72</td>
<td>5.15</td>
<td></td>
</tr>
<tr>
<td><strong>Luxuriousness- Uniqueness</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxurious: Upmarket</td>
<td>.84</td>
<td>5.23</td>
<td></td>
</tr>
<tr>
<td>Crafted: Manufactured</td>
<td>.84</td>
<td>4.57</td>
<td></td>
</tr>
<tr>
<td>Best quality: Good quality</td>
<td>.79</td>
<td>4.96</td>
<td></td>
</tr>
</tbody>
</table>

“(table cont’d.)”
<table>
<thead>
<tr>
<th>Constructs/items</th>
<th>Cronbach’s alpha</th>
<th>EFA item loading</th>
<th>Scale/item mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique: Unusual</td>
<td>.78</td>
<td>4.89</td>
<td></td>
</tr>
<tr>
<td>Glamorous: Attractive</td>
<td>.75</td>
<td>4.50</td>
<td></td>
</tr>
<tr>
<td>Luxuriousness-Extended Self</td>
<td>.765</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fairly powerful: Very powerful</td>
<td>.82</td>
<td>3.95</td>
<td></td>
</tr>
<tr>
<td>Better: Superior</td>
<td>.79</td>
<td>3.78</td>
<td></td>
</tr>
<tr>
<td>Memorable: Stunning</td>
<td>.74</td>
<td>4.29</td>
<td></td>
</tr>
<tr>
<td>Well regarded: Successful</td>
<td>.70</td>
<td>4.26</td>
<td></td>
</tr>
<tr>
<td>Luxuriousness-Conspicuousness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely Expensive: Affordable</td>
<td>.90</td>
<td>5.39</td>
<td></td>
</tr>
<tr>
<td>For wealthy: For well-off</td>
<td>.89</td>
<td>5.10</td>
<td></td>
</tr>
<tr>
<td>Webstore Display Appealing</td>
<td>.838</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I like the way the website looks</td>
<td>.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>is aesthetically appealing</td>
<td>.69</td>
<td></td>
<td></td>
</tr>
<tr>
<td>displays its products is attractive</td>
<td>.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude toward the website</td>
<td>.949</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likable: Unlikable</td>
<td>.92</td>
<td>6.19</td>
<td></td>
</tr>
<tr>
<td>Pleasant: Unpleasant</td>
<td>.90</td>
<td>6.13</td>
<td></td>
</tr>
<tr>
<td>Good: Bad</td>
<td>.87</td>
<td>6.14</td>
<td></td>
</tr>
<tr>
<td>Favorable: Unfavorable</td>
<td>.80</td>
<td>6.00</td>
<td></td>
</tr>
<tr>
<td>Appealing: Unappealing</td>
<td>.75</td>
<td>6.01</td>
<td></td>
</tr>
<tr>
<td>Intent to purchase from the website</td>
<td>.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy luxury brand product from</td>
<td>.93</td>
<td>4.03</td>
<td></td>
</tr>
<tr>
<td>Buy luxury brand product from</td>
<td>.91</td>
<td>4.07</td>
<td></td>
</tr>
<tr>
<td>Intend to buy luxury products from</td>
<td>.91</td>
<td>3.88</td>
<td></td>
</tr>
<tr>
<td>Interest to purchase luxury brands from</td>
<td>.86</td>
<td>4.31</td>
<td></td>
</tr>
<tr>
<td>Visit to search for luxury products from</td>
<td>.76</td>
<td>4.67</td>
<td></td>
</tr>
</tbody>
</table>
4.3. Identifying Dominating Dimensions of Luxury Value

Index variables were created through averaging scale items for each included research construct. Factor analysis showed only three dimensions of luxury value emerged. These three dimensions were social value, economic value, and Quality value. Although initially, the quality value was part of the functional value, all the results implied that young luxury consumers are only concerned with the quality dimension of functional value. To test if these three dimensions of luxury value equally affect young consumers' luxury consumption, a regression analysis with luxury consumption as the dependent variable, and the three dimensions of luxury value as independents variables was conducted. Results (Table 4.4) showed that only the social value ($\beta = .447$, $t= 7.203$) and economic value ($\beta = .457$, $t= 7.265$) affect luxury consumption.

Table 4.4. Results of Regression Analysis to Test Luxury Value Dimensions on Luxury Consumption

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable: Luxury Value Perceptions</th>
<th>t value</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury Consumption</td>
<td>Social Value</td>
<td>7.203</td>
<td>.447**</td>
</tr>
<tr>
<td></td>
<td>Economic Value</td>
<td>7.265</td>
<td>.457**</td>
</tr>
<tr>
<td></td>
<td>Quality Value</td>
<td>-.092</td>
<td>-.005</td>
</tr>
</tbody>
</table>

**p< 0.001; *p<0.05

4.4 Results Framework

The framework below identifies the resulted significant and non-significant relationships between variables.
4.5. Hypotheses Testing

Hypothesis 1 specifies that perceived luxury value will affect individuals’ evaluation of (a) visual appeal of an online luxury retail website, (b) attitudes toward the website, and (c) perceived luxuriousness of displayed products. In order to test how luxury value affect individuals’ evaluation of visual appeal of a luxury website, attitudes toward the online luxury retail websites, and perceived luxuriousness of displayed product, regression analyses were conducted with the identified three dimensions of luxury value, social, economic, and quality as independent variables, and visual appeal, attitudes, and perceived luxuriousness as the dependent variable respectively. Results (Table 4.5) showed only quality value affect individual’s evaluation of website visual appeal ($\beta = -0.246, t = -2.855$) of an online luxury retail website, and attitudes (Table 4.6) toward the online luxury retail website ($\beta = 0.303, t = 3.531$). Therefore, $H_{1a}$ and $H_{1b}$ were partially supported.
Table 4.5. Results of Regression Analysis to Test Luxury Value Dimensions on Visual Appeal

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable: Luxury Value Perceptions</th>
<th>t value</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website Visual Appeal</td>
<td>Social Value</td>
<td>-.747</td>
<td>-.069</td>
</tr>
<tr>
<td></td>
<td>Economic Value</td>
<td>-1.148</td>
<td>-.108</td>
</tr>
<tr>
<td></td>
<td>Quality Value</td>
<td>-2.855</td>
<td>-.246*</td>
</tr>
</tbody>
</table>

**p< 0.001; *p<0.05

Table 4.6. Results of Regression Analysis to Test Luxury Value Dimensions on Attitudes toward the Website

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable: Luxury Value Perceptions</th>
<th>t value</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude Towards the Websites</td>
<td>Social Value</td>
<td>.368</td>
<td>.034</td>
</tr>
<tr>
<td></td>
<td>Economic Value</td>
<td>.695</td>
<td>.065</td>
</tr>
<tr>
<td></td>
<td>Quality Value</td>
<td>3.531</td>
<td>.303*</td>
</tr>
</tbody>
</table>

**p< 0.001; *p<0.05

Factor analysis showed three dimensions of luxuriousness: uniqueness, extended-self, and conspicuousness. Results (Table 4.7) illustrate that only quality value affects an individual's perception of luxuriousness in terms of uniqueness (β=.280, t= 3.254). None of the identified value perception dimensions affect an individual's evaluation of luxuriousness in terms of extended self. Social value was found to affect an individual's perceptions of luxuriousness in terms of conspicuousness (Table 4.9) (β=.195, t= 2.017). Therefore, H1c was partially supported too.

Table 4.7. Results of Regression Analysis to Test Luxury Value Dimensions on Uniqueness

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable: Luxury Value Perceptions</th>
<th>t value</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury Index-Uniqueness</td>
<td>Social Value</td>
<td>.990</td>
<td>.092</td>
</tr>
<tr>
<td></td>
<td>Economic Value</td>
<td>.344</td>
<td>.032</td>
</tr>
<tr>
<td></td>
<td>Quality Value</td>
<td>3.254</td>
<td>.280*</td>
</tr>
</tbody>
</table>

**p< 0.001; *p<0.05
Table 4.8. Results of Regression Analysis to Test Luxury Value Dimensions on Extended-Self

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable: Luxury Value Perceptions</th>
<th>t value</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury Index-Extended-Self</td>
<td>Social Value</td>
<td>1.278</td>
<td>.123</td>
</tr>
<tr>
<td></td>
<td>Economic Value</td>
<td>-1.936</td>
<td>-.189</td>
</tr>
<tr>
<td></td>
<td>Quality Value</td>
<td>-1.036</td>
<td>-.093</td>
</tr>
</tbody>
</table>

**p< 0.001; *p<0.05

Table 4.9. Results of Regression Analysis to Test Luxury Value Dimensions on Conspicuousness

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable: Luxury Value Perceptions</th>
<th>t value</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury Index-Conspicuousness</td>
<td>Social Value</td>
<td>2.017</td>
<td>.195*</td>
</tr>
<tr>
<td></td>
<td>Economic Value</td>
<td>-1.746</td>
<td>-.171</td>
</tr>
<tr>
<td></td>
<td>Quality Value</td>
<td>-.085</td>
<td>-.008</td>
</tr>
</tbody>
</table>

**p< 0.001; *p<0.05

Hypothesis 2 specify that visual appeal of an online luxury retail website will affect an individual’s intention to shop the website for luxury brand products. In order to test how a website's visual appeal will affect young consumers' intention to shop the website, regression analysis was conducted. The independent variable is the website visual appeal and the dependent variable is the intention to shop the website. Results (Table 4.10) showed that visual appeal will affect the intention to shop the website ($\beta= .499$, $t=6.789$). Therefore, H2 was fully supported.

Table 4.10. Results of Regression Analysis to Test Website Visual Appeal on Intention to Shop the Website

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>t value</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intention to Shop the Website</td>
<td>Website Visual Appeal</td>
<td>6.789</td>
<td>.499**</td>
</tr>
</tbody>
</table>

**p< 0.001; *p<0.05

Hypothesis 3 specifies that attitudes toward an online retail website will affect individual’s intention to shop the website for luxury brand products. In order to test if attitudes towards an online luxury retail website will affect young consumers' intention to shop the
website, regression analysis was conducted. The independent variable is the attitude toward the website and the dependent variable is the intention to shop the website. Results (Table 4.11) showed that attitude towards the website will affect the intention to shop the website ($\beta = .522$, $t = 7.221$). Therefore, H3 was fully supported by the data.

Table 4.11. Results of Regression Analysis to Test Attitudes toward the Website on Intention to Shop the Website

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>t value</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intention to Shop the Website</td>
<td>Attitudes toward the Website</td>
<td>7.221</td>
<td>.522**</td>
</tr>
</tbody>
</table>

**p< 0.001; *p<0.05

Hypothesis 4 specifies that perceived luxuriousness of displayed products will affect an individual's intention to purchase the product online. In order to test if this is true, regression analysis was conducted. The independent variables are the three dimensions of luxuriousness: uniqueness, extended-self, and conspicuousness, and the dependent variable is the intention to shop the website (since both shop the website and purchase from the website were merged to be one factor). Results (Table 4.12) show that only perceived luxuriousness in terms of uniqueness ($\beta = .363$, $t = 4.275$), and conspicuousness ($\beta = -.239$, $t = -2.750$) affect young consumers' intention to shop at an online luxury website. Therefore, H4 was partially supported.

Table 4.12. Results of Regression Analysis to Test Luxury Value Dimensions on Intention to Shop the Website

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>t value</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intention to Shop the Website</td>
<td>Luxury Index- Uniqueness</td>
<td>4.275</td>
<td>.363**</td>
</tr>
<tr>
<td></td>
<td>Luxury Index- Extended-Self</td>
<td>-1.732</td>
<td>-.139</td>
</tr>
<tr>
<td></td>
<td>Luxury Index- Conspicuousness</td>
<td>-2.750</td>
<td>-.239*</td>
</tr>
</tbody>
</table>

**p< 0.001; *p<0.05
Hypothesis 5 specify that an individual’s (a) perceptions of website visual appeal, (b) attitudes toward an online retail website, and (c) perceptions of luxuriousness of displayed products will vary across multi-brand websites and a brand’s official website. To test the difference across a multi-brand website and the brand's official website, MANOVA was conducted with perceptions of visual appealing, attitudes towards online retail website, three dimensions of luxuriousness of displayed products as dependent variables, and the group viewing either the multi-brand website (Net-A-Porter) or the official online website (Gucci.com) as the quasi-independent variable. Results (Table 4.13) showed there are no significant difference across these two groups. Namely, no significant multivariate effects from shopping at different online websites were found on any of the dependent variables, including evaluation of website appeal, luxuriousness of displayed products, attitudes toward the online website, and intention to shop or purchase luxury brand products. Consequently, H5 was rejected.

Table 4.13. Multivariate Test Results

<table>
<thead>
<tr>
<th>Effect</th>
<th>Value</th>
<th>F Value</th>
<th>Hypothesis DF</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pillai's Trace</td>
<td>.992</td>
<td>3435.95</td>
<td>5.000</td>
<td>.000</td>
</tr>
<tr>
<td>Wilks' Lambda</td>
<td>.008</td>
<td>3435.95</td>
<td>5.000</td>
<td>.000</td>
</tr>
<tr>
<td>Hotelling's Trace</td>
<td>127.25</td>
<td>8</td>
<td>3435.95</td>
<td>.000</td>
</tr>
<tr>
<td>Roy's Largest Root</td>
<td>127.25</td>
<td>8</td>
<td>3435.95</td>
<td>.000</td>
</tr>
<tr>
<td>Gucci.com vs. Net-A-Porter</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pillai's Trace</td>
<td>.059</td>
<td>1.691b</td>
<td>5.000</td>
<td>.141</td>
</tr>
<tr>
<td>Wilks' Lambda</td>
<td>.941</td>
<td>1.691b</td>
<td>5.000</td>
<td>.141</td>
</tr>
<tr>
<td>Hotelling's Trace</td>
<td>.063</td>
<td>1.691b</td>
<td>5.000</td>
<td>.141</td>
</tr>
<tr>
<td>Roy's Largest Root</td>
<td>.063</td>
<td>1.691b</td>
<td>5.000</td>
<td>.141</td>
</tr>
</tbody>
</table>
CHAPTER 5. CONCLUSION

The overall objective of this study was to examine how luxury value perceptions can impact young luxury consumers, specifically Generation Y consumers’ online shopping intentions. Through focus on five luxury value dimensions: financial, functional, experiential, social, and economic, this research provides a framework to help in examining young consumer's luxury consumption. Specifically, the framework enabled the testing of five hypotheses to answer four research questions. This chapter provides a discussion of the findings, implications, and limitations of the study, followed by several suggestions for future research.

5.1. Discussion of Findings

The research expands upon previous studies by examining the impact of luxury value perceptions in terms of website visual appeal, attitudes toward the website, and perceived luxuriousness of the product, among young consumers. Many studies on luxury consumption have focused on experiential value. This study, however, focused on identifying the salient dimensions of luxury value perceptions. The consumers in this study are young luxury consumers. Due to the unique characteristics of Generation Y, a luxury website’s visual appeal, consumers’ attitude towards luxury websites, and luxuriousness of products can result in different luxury shopping intentions and thus different outcomes than the outcomes examined from studies on older consumers.

Results of the descriptive statistics revealed that bags and accessories were the most searched products on both Gucci.com and Net-a-Porter.com. Results also revealed that the maximum income for the participants was $40,000/year. Since the price range of Gucci handbags is relatively high, the results might seem to contradict logic, however, this may be due
to young consumers’ early desire for luxury consumption of expensive items or due to the desire of consuming accessories, which is relatively affordable compared to the other items available. Surprisingly, clothing was the second most searched product. This result may be the result of young consumers’ continuous access to social media and celebrities that wear luxury clothing, which results in their desire to search for similar items online.

Research objectives 1 and 2 specify examining young consumers’ luxury value perceptions and identifying the salient dimension(s) of luxury value perceptions. In examining young consumers’ luxury value perceptions, results revealed that not all value perceptions impact young consumers’ shopping intention, thus not all luxury value dimensions will influence young consumers’ luxury consumption. In identifying the dominating dimensions of luxury value perceptions among young luxury consumers, results revealed that only three dimensions of luxury value emerged. These values were social value, economic value, and what was renamed as “quality value”. These results revealed support for previous studies that found luxury brands have reconsidered economic value as part of the luxury consumer value perceptions, particularly when targeting young consumers (Giovannini et al., 2015). These results also support previous studies that identified young consumers’ luxury consumption to be correlated with status consumption and the need to feel belonging in social groups (Eastman et al., 2018; (Hennigs et al., 2015). This could explain why young luxury consumers identify social value as one of the dominating luxury value perceptions, as they consider luxury consumption to be a source of social fulfillment and a way to fit in certain social circles. Although initially, the quality value was part of the functional value, all the results implied that young luxury consumers are only concerned with the quality aspect of functional value. These results revealed support for previous
studies that found that luxury consumers mainly associate luxury brands with the quality dimension (Vigneron & Johnson, 2004); and that one of the major reasons for luxury consumption is the superior quality revealed by the brand name (Gentry, Putrevu, II, & Commuri, 2001). This may also be due to the assumption of good quality leather associated with luxury brands’ handbags and shoes, where consumers usually expect luxury items to almost never wear out or get damaged. However, when examining the effect of luxury value perceptions on luxury consumption, results revealed that only economic and social values impact young consumers’ luxury consumption. This maybe because consumers expect luxury brands to be of high quality and do not necessarily base their decisions on the quality dimension. Also, it might be due to high quality of the images on luxury brands’ websites that can help display products in a very clear manner.

When examining the influence of experiential value on young consumers' luxury perception, results show that experiential value does not have a significant effect on luxury consumption. These results are contradictory to previous works that identified the experiential value to have the primary influence on luxury consumption (Jung Choo, Moon, Kim, Yoon, & Journal, 2012). This may be because social media and internet influences have allowed in creating this new segment of young luxury consumers who have different shopping patterns and requirements.

Research objective 3 specify examining the relationship between luxury value perception and online consumption among young consumers in terms of website visual appeal, attitudes and luxuriousness of the products displayed. Interestingly, results showed significant relationships between luxury value perception and website visual appeal and between luxury value perception
and attitudes towards the website, but only for the quality value. One reason could be the
expectations of individuals from luxury brands websites. Consumers expect luxury brands’ web
atmospherics to be exclusive and innovatively attractive. This also correlates with
the results that revealed that website visual appeal and attitudes towards the website,
respectively, will affect the intention to shop the website. These results support previous
findings, indicating that appealing website designs and e-store atmospherics that provide unique
experiences can influence online shopping behavior and create positive attitudes that can lead to
an increase in shopping intentions (Kim et al., 2015).

When examining the relationship between luxury value perception and online
consumption among young consumers in terms of luxuriousness of the products displayed,
results illustrated that only uniqueness and conspicuousness of the dimensions of luxury had an
influence on both value perceptions and intention to shop the website. The results lend support
for previous findings, indicating that uniqueness increases consumers’ preference for a brand,
which exerts direct influence on luxury consumption (Lynn & Marketing, 1991).

As one may expect, only the quality value was found to affect luxuriousness of the
products displayed, in terms of uniqueness. This could also be related to consumers’ expectations
of luxury brands unique high-quality products. In terms of conspicuousness, only social value
was found to affect consumers’ luxuriousness of the displayed products. That might be because
individuals who consume luxury brands for status and social belonging reasons can easily assess
the conspicuousness of the displayed products in terms of attention and standing out.

Research objective 4 specifies profiling young consumers’ online consumption patterns
through different shopping platforms. The results showed that no significant difference was
found when using the official website versus the multi-brand website. This may be because in both websites consumers were only focused on the luxury brand “Gucci” which yielded the same results. Another reason could be due to the fact that luxury brands’ website are usually displayed in the same manner and provide the same accuracy of product related information, customer service, and ease of navigation.

5.2. Conclusion

From the perspective of luxury consumption, this study has shed some light on the influence of luxury value perceptions on luxury consumption among young consumers. Significant relationships between economic, social, and quality values and young consumers' online shopping intentions were found. Also, website visual appeal, attitudes towards a website, and luxuriousness of product were found to influence luxury value perceptions and intention to shop the website, to a certain degree. However, we did not find a significant relationship between young consumers’ luxury value perceptions of visual appeal, attitudes towards an online website, and luxuriousness of displayed products and the use of multi-brand websites or a brand’s official website.

5.3. Practical Implications

This research approached the examination of young consumers’ luxury consumption in a robust way by comprehensively reviewing previous research findings relating to this topic and developing practical implications. The findings of this study have practical implications for luxury brands because they could be used in a way that has potential to improve luxury brands’ online shopping and website strategies to fit young consumers’ needs. Since Generation Y is a large population of online luxury shoppers, it is important that these needs are met. The results
show that young consumers’ value perceptions influence their online luxury consumption. It is therefore important that luxury brands focus on understanding economic, social, and quality luxury value perceptions among young consumers. It is without a doubt that the use of online shopping is continuing to evolve, thus creating more potential for online luxury consumption.

Multi-brand websites can benefit from the results of this study. By focusing on creating more differentiative and effective marketing strategies than luxury brands’ official websites, multi-brand websites can increase online shopping intentions among young consumers. For example, multi-brand websites can offer limited edition product lines that are not available on the luxury brands’ official websites, thus create a more differentiated shopping platform that can drive consumers to shop from instead of the official website.

In addition, the results provide a preliminary venue for luxury retailers to focus on website visual appeal and how to deliver luxuriousness on websites. To effectively target young consumers, luxury brands must focus their online efforts based on young consumers’ luxury value perceptions. For example, marketing strategies aimed at young consumers may focus on affordable product lines while maintaining luxury quality.

5.4. Limitations and Future Research Directions

In this study the generalizability of findings beyond a specific sample is a limitation. The use of a convenience sample restricts the generalization of the results to a specific population. Since the sample was limited not only to one geographical area but also mainly from a certain university, future research may examine young luxury consumers among multiple geographical areas.
This study is focused on examining young consumers’ luxury value perceptions and its’ effect on luxury consumption. Future research can focus on the relationship between value perceptions and the luxuriousness of the displayed products. This can help to identify the major reasons of young consumers’ luxury consumption, despite their low income.

The study mainly focused on defining young luxury consumers to be college students (graduate and undergraduate), which limited the age demographic studied; future research should investigate different age groups and examine whether online shopping intentions and value perceptions will differ and affect luxury consumption.

Due to the use of Net-a-Porter, as the multi-brand website, participants were limited to only one luxury brand: Gucci as a website does not offer many luxury brands with the same popularity. The results would be more supported if a variety of official luxury websites such as Louis Vuitton and others were evaluated. Very little research has been conducted on multi-brands websites, and future research can focus on comparing two or more multi-brand websites such as Gilt, Moda Operandi, and Net-a-Porter and understanding what drives consumers to use multi-brands websites.

The results of this study showed that quality value was not found to impact young consumers’ luxury consumption. Future research can be conducted to examine the reasons behind this result. Also, examining the quality expectations of luxury brands among young consumers.

The results of the type of products searched showed that bags and accessories, followed by clothing, are the two most frequent product categories searched on both websites. Further research can be conducted to determine the reasons behind these results. Additionally, extending
the product categories to be more specific could provide significant information. For example, dividing the bags and accessories into two categories.

Finally, the use of online luxury consumption only limited the study; respondents may have different perspectives about physical-stores luxury consumption. Although previous research has examined the difference between online and physical store luxury consumption, future research could be extended to compare young consumers’ luxury consumption online and physical stores versus older generations’ online and physical stores consumption, and to understand how luxury value perceptions differ among each group.
REFERENCES


VITA

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