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The growing tendency of selling luxury goods in online platforms, and strategies that luxury houses can implement.

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Abstract in English

Title: The growing tendency of selling luxury goods in online platforms, and strategies that luxury houses can implement.

Researchers state that luxury houses should only use online platforms to communicate with consumers and never to sell products, because, in order to be successful in selling the product, one should be able to replicate the hedonic experience through the web (Kapferer & Bastien, 2009). However, there has been a growing tendency of selling luxury products through their websites and mobile applications (Deloitte, 2017). Thus, this dissertation looks to explore and test consumers' associations while purchasing online, and whether this applies or not into luxury products, hypothesizing if there are strategies that can be implemented to improve it.

To investigate the subject, it was conducted a study, where it was tested the already suggested tendency of consumers to look for more utilitarian products, while purchasing online, and if it extends to the luxury industry. Moreover, it was assessed if psychological distance, through temporal distance, could be a factor that influences consumers' behaviour in purchasing luxury goods online. This study evaluated participants' decisions between utilitarian and hedonic descriptions, regarding luxury products, both in online and offline platforms; and also assessing the participants' attitudes towards utilitarian and hedonic dimensions of a product.

Results suggest that the previously mentioned tendency can be extended to luxury products. However, it was not clear that temporal distance constituted a good manipulation, once it only presented significant differences in the way participants evaluated the utilitarian dimensions of product characteristics, when going from low to high temporal distance.

The fact that consumers' behaviour can be justified, not-only but also, by the nature of the product (if it is utilitarian or hedonic) constitutes a main insight to take from this dissertation. Also, the fact that psychological distance can be a relevant manipulation for creating strategies to improve one's performance in online platforms, originates a series of new possible researches that can be conducted in the future.

Abstract em Português

Titulo: A tendência, cada vez maior, de vender produtos de luxo, através de plataformas online, e possíveis estratégias, que marcas de luxo podem implementar.

Estudiosos afirmam que as marcas de luxo devem apenas utilizar plataformas online para comunicar com os consumidores, mas nunca para vender os produtos, dado que, para uma marca de luxo ter sucesso a vender produtos online, esta deveria ser capaz de replicar a experiência hedónica, através da Internet (Kapferer & Bastien, 2009). No entanto, tem-se verificado uma tendência, cada vez maior, de vender produtos de luxo através de websites e aplicações móveis (Deloitte, 2017). Desta forma, esta dissertação procura explorar e testar associações que os consumidores tenham, enquanto compram online, e se estas se aplicam ou não a produtos de luxo, questionando se existem estratégias que possam ser aplicadas para melhorar este processo.

Para explorar este assunto, foi realizado um estudo, onde foi testado uma possível associação dos consumidores em procurar produtos utilitários, ao realizar compras online e, se esta associação é extensível para a indústria do luxo. Foi ainda avaliada a possibilidade da distância psicológica, através de distância temporal, constituir um fator que influencie o comportamento dos consumidores, ao comprar produtos de luxo, online. Este estudo analisou as decisões dos consumidores entre descrições hedónicas e utilitárias, relativas a produtos de luxo, quer em plataformas online como offline. Estudou também as atitudes dos consumidores relativamente às dimensões utilitárias e hedónicas dos produtos.

Os resultados sugeriram que a tendência mencionada anteriormente é extensível para produtos de luxo. No entanto, não foi claro se a distância temporal constituiu uma boa manipulação, uma vez que só revelou diferenças significativas na maneira como os participantes avaliaram a dimensão utilitária das características de um produto, ao passar de uma pequena para uma grande distância temporal.

O facto do comportamento dos consumidores ser justificado, não só mas também, pela natureza do produto (se é utilitário ou hedónico) constituiu uma informação importante a retirar desta tese. O facto da distância psicológica poder ainda ser uma manipulação relevante para criar estratégias para melhorar a prestação em plataformas online, origina ainda uma série de novos possíveis estudos, a serem conduzidos no futuro.

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Table of Contents

Abstract in English	2
Abstract em Português	3
Acknowledgements	4
Chapter 1 – Introduction	7
<i>Research Topic</i>	7
<i>Research Problem</i>	7
<i>Dissertation Structure</i>	8
Chapter 2 – Literature Review	9
<i>The Luxury Market</i>	9
Defining Luxury.....	9
Luxury Marketing.....	10
Luxury Consumers.....	10
<i>Hedonic Experiences and Experiential Marketing</i>	11
<i>Online Retail</i>	12
The growing usage of the Internet.....	12
Online VS Offline.....	13
Online Luxury.....	14
<i>Psychological distance</i>	15
Construal levels and psychological distance.....	15
<i>Summary</i>	16
Chapter 3. Methodology and Data Collection	18
Online Survey Method.....	18
<i>Study 1. Methodology and Data Collection</i>	19
Sample Characterization.....	19
Research Materials.....	19
Procedures.....	21
<i>Study 1. Results' Analysis</i>	22
Data collection and Data Cleaning.....	22
Reliability Analysis.....	22
Study 1 – In-depth Analysis.....	22
<i>Study 2. Methodology and Data Collection</i>	24

Sample Characterization	24
Research Materials	25
Procedures	26
<i>Study 2. Results' Analysis</i>	26
Data Collection and Data Cleaning.....	26
Reliability Analysis	27
<i>Study 2 – In-Depth Analysis</i>	27
Chapter 4 – Conclusion and Further Discussion	32
<i>Conclusion</i>	32
<i>Limitations and Future Research</i>	33
Appendix	35
1. <i>Global personal luxury goods market (D'Arpazio, Levato, Zito, Kamel, & Montgolfier, 2016)</i>	35
2. <i>Number of Internet users worldwide from 2005 to 2017 (in millions) (Statista, 2017)</i> ... 35	35
3. <i>E-commerce share of total global retail sales from 2015 to 2021 (Statista, 2017)</i>	35
4. <i>Deloitte Luxury Multi-country Survey for Global Powers of Luxury Goods 2017 (Deloitte, 2017)</i>	35
5. <i>Thesis' studies structure</i>	36
6. <i>Demographic Information for the first study</i>	36
7. <i>The first study's surveys</i>	36
8. <i>Demographic information regarding the sample of the 2nd study</i>	40
9. <i>Surveys used in the 2nd study</i>	40
Bibliography	46

Chapter 1 – Introduction

Research Topic

As it is possible to observe in Deloitte statistics, there is a considerable large share of the luxury goods being traded in the digital platforms, such as: brand's website and mobile application. However, scholars have been always alerting for the fact that Luxury products should not be traded online. The online extension of a Luxury brand should go as further as to serve as a communication channel and never as sales channel (Kapferer & Bastien, 2009).

Moreover, with the increasing usage of the Internet, one easily faces de decision of whether to buy in online or offline platforms (Anvari & Norouzi, 2016). Online platforms have been suggested to be more associated with utilitarian products, thus making, physicals stores to be associated with more Hedonic products and experiences (Kakar & Ashish, 2017).

Based on this information and the fact that the Luxury Industry has a close connection to Hedonic Experiences (Kapferer & Bastien, 2009), which are defined by the stimulation of the human senses (Hirschman & Holbrook, 1982), one may question how can Luxury Brands use and take advantage of Online Platforms.

In this line of reasoning, the research problem that this dissertation dwells upon is the difference in experience that luxury consumers face when deciding to purchase luxury products through digital platforms, instead of doing it in a store. In other words, what is the consumer behaviour when purchasing luxury products online, and how can the online experience be changed for one to be more willing to use it.

Research Problem

With that being said, there will be the attempt to understand whether the afore mentioned association between online platforms and utilitarian related products, and offline/physical stores and hedonic related products, will or not have an impact on the perceived and expected consumption experience when consumers acquire luxury products through online platforms.

Then, there will be the attempt to understand if there is a way to complement online consumption to enhance the hedonic experience associated with it. Based on this, the following hypothesis will be tested in order to address the research problem:

1. Considering that luxury goods are hedonic related products and associated with hedonic experiences by definition, and given that online platforms are mostly

associated with utilitarian related products, will this have an impact on consumers' perceptions when conducting online purchases of luxury products?

In order to understand if consumers will face luxury products differently while going through online platforms, it will be conducted a study to understand if, when conducting purchases through a digital platform, people are more likely to buy the product taking into consideration the characteristics of the said product or if they are motivated by the hedonic components of luxury.

2. Is there a way to increase the hedonic component of online luxury product consumption?

To answer this second question, it will be conducted a second study, where it will be manipulated psychological distance, initially through temporal distance, so as to understand if higher psychological distance would or not increase desirability for luxury products, in online platforms.

Dissertation Structure

Five chapters compose the present dissertation. To begin, there is an introduction where it is presented the research topic, followed by the presentation of the research questions that the dissertation looks to answer. On the second chapter, there is an exposition of the already conducted researches on the topic of this thesis. The third chapter aims at explaining the method through what it was collected the information necessary to tackle the research problem previously presented. On the fourth chapter it is presented the results acquired from the research conducted. To finish the dissertation, conclusions are drawn and some conclusions are presented for future researches.

Chapter 2 – Literature Review

The following chapter aims at presenting a review of the already existent literature regarding the research problem in question and, at the same time, explain and present the academic and managerial relevance of the said research problem being studied in this dissertation. It starts by presenting an overview of the current state of the luxury market, presenting a definition and introducing the experiences associated with luxury brands. Then, it is explained what is hedonic consumption and how it relates to the world of luxury. Thirdly, there is an approach of the current situation of digital usage, where it is developed the opposition of buying online or in-store, concluding by connecting the luxury market with the online platforms and how do, existent articles about luxury, approach this subject.

To finish, and as a way to possibly relate the type of product with the way it is purchased, it is explored the concept of level of construal that will allow the reader to understand that different products require a higher or lower construal level, and consequently leading consumers to buy it online or offline.

The Luxury Market

Once this dissertation is dedicated to a specific type of products, the luxury ones, this section is to start by explaining how scholars have been defining luxury, and how has the market been behaving for the last few years. Then, it is presented the customer segment associate with this market, it is explained the way marketing in luxury has been conducted and, according to scholars, how should it be done, taking into consideration that hedonic experiences play a major role in the luxury.

Defining Luxury

“Luxury is the ultimate version of a range, marked by all the well-known criteria of rarity, high price, sensuality, creativity, attention to detail, age, quality, imagination.” (Kapferer & Bastien, 2009)

This was the definition of Luxury provided by (Kapferer & Bastien, 2009), however, there still is a lot of controversy about what is the more accurate definition. This situation is due to the fact that, for different people, the meaning of the word “Luxury” is different, assuming, by that line of reasoning that, one is luxury for one may not be luxury for the other. Nevertheless,

there are some common grounds between the majority of the definitions, which are the following components: exclusivity, awareness, perceived quality, and scarcity (Phau & Prendergast, 2000).

Despite the recent economic and financial crisis, that also affected the consumption of luxury products, it is possible to say that the luxury industry has been growing for a long period of time. Only in the last 20 years, the luxury segment has tripled its value, as it is possible to observe in Appendix 1 (D'Arpazio, Levato, Zito, Kamel, & Montgolfier, 2016).

Luxury Marketing

It has been a common strategy to see both scholars and luxury brands to defend and practise mass marketing strategies in order to achieve better results in a very short period of time (Chandon, Laurent, & Valette-Florence, 2016). However, this strategy is not the most appropriate one, given that luxury and non-luxury products are two completely different types of products, which require different strategies for each of them, presenting a relevant challenge for scholars and managers, once there are still some luxury brands that continue not to use the most adequate marketing strategies (Tynan, McKechnie, & Chhuon, 2010).

When defining marketing strategies for a luxury product it is fundamental to take into consideration that these types of products face a paradox: the good must have high awareness, but it cannot be “over-diffused”, because that will devalue the brand (Dubois & Paternault, 1995). Luxury brands are to be considered the “extraordinary of the ordinary and the ordinary of the extraordinary”. This phrase transmits the message that, luxury products are only to be accessed by the “extraordinary” that use such goods on their daily lives, but, at the same time, the “ordinary people” must be aware of such eccentricities of the “happy few” (Kapferer & Bastien, 2009).

Luxury Consumers

For one to understand a market, it is also important to understand the consumers to whom the market in question serves. Starting by considering four dimensions (individual, functional, social and financial), Wiedmann, Hennings, & Siebels (2009) were able to divide the market into several types of consumers. The key values drivers (quality value, hedonic value, prestige value, price value, among others) that are individuals judgement of values will influence the dimensions that, consequently will alter the perceptions of value and ways of consumption.

As the outcome of this research, there were created four types of customers (“materialists”, “rational functionalists”, “extravagant prestige seekers”, and “introvert hedonists”).

Not feeling the necessity to impress the people that surround them, the “materialists” seek to fulfil their personal need and extremely high quality standards by acquiring luxury products. “Rational Functionalists”, on the other hand, seek very limited editions and exclusive products as a distinction component. Their standards for quality are very high. Both types of consumers incur into acquiring luxury products to indulge themselves, attributing lower importance on others’ impressions.

On the other hand, there are the “extravagant prestige seekers” that, as the name implies, take very attention on others’ opinions, and organize their priorities based on quality of life and pleasure aspects of luxury consumption. The last segment are the “introvert hedonists” that, because they like to avoid any type of sign to others regarding status, are more likely not to be interested in luxury consumption.

This research is very important on the grounds that it provides luxury brands an overview of the different types of customers that these managers should take into consideration.

A luxury brand develops its image to achieve hedonistic and symbolic association. Besides creating and providing customers with the history and heritage of the products, the brand must also create a multi-sensory experience (it must have certain sounds, smells, textures that are uniquely associated with that product or brand). To assure success, the luxury house must also create a “very strong personal and hedonistic component” to avoid being mistaken by a premium product or an expensive good with no meaning (Kapferer & Bastien, 2009).

Hence, the importance of this thesis to understand how does a luxury consumer, faced with the possibility of conducting online purchases, will most likely act, given it is deprived of the multi-sensory experience mentioned in the preceding paragraph.

Hedonic Experiences and Experiential Marketing

“Hedonic Consumption designates those facets of consumer behaviour that relate to the multi-sensory, fantasy and emotive aspects of one’s experience with products” (Hirschman & Holbrook, 1982). This concept goes hand in hand with Experiential Marketing, an also relatively recent concept that can be defined by a conjugation of consumers being both rational and emotional, thus looking to have pleasurable experiences that incorporate sensory, affective, creative, and physical experiences as well as behaviours and lifestyles (Schmitt,

1999). This type of marketing goes beyond the so-called Traditional Marketing, once it aims at “attract the consumers through creating positive and engaging memories about the brand, resulting in an emotional attachment to the brand” (Verma & Jain, 2015).

Hirschman and Holbrook developed the concept of Hedonic Consumption, focusing on the impact that multi-sensory stimuli (sound, taste, touch, smell, and sight) have a positive effect on the purchase process. Usual this types of stimuli aim at two dimensions: past events and memories – evoking good moments that customers had where some sense was specially present; fantasies and aspirations – the association of certain factors present in one’s fantasy will increase customers’ willingness to pay a certain type of product. (Hirschman & Holbrook, 1982) In opposition to Hedonic Consumption, Utilitarian Consumption is associated at purchases that are driven by the functions and the performance associated to each product. (Voss, Spangenberg, & Grohmann, 2003)

This information is in agreement with the strategy of the luxury marketing, when creating both history and heritage, and also by providing highly personalized experience, which stimulates all senses, when consumers are inside the store.

Online Retail

After exploring and introducing the concepts associated with luxury, it is important to explore the other part of the research question, which is associated with the usage of digital platforms to conduct purchases. Consequently, in this second section, it is provided an overview of the current situation regarding online shopping. Within this thematic, it is also drawn the parallel between the online shopping with the in-store experiences. To finalize this online retail and, in order to make the bridge with the first section, it is explored the reality of luxury brands with digital technologies.

The growing usage of the Internet

“The Internet and its several applications (such as e-commerce) have been growing and changing the global economy, for the last two decades.” (Anvari & Norouzi, 2016).

Data collected in 2017 by (Statista, 2017), show that there are 3 578 million Internet users (Appendix 2), a number that has been constantly changing over the last few years, recording growth rates between 5 and 9%.

Also according to (Statista, 2017), online consumption has also been increasing at a fast pace. In 2017, it was estimated that online consumption represented 10,1% of global retail sales. This value is expected to grow 15,5% by 2021, as it is possible to observe in Appendix 3.

Online VS Offline

Nowadays, consumers face themselves with a dilemma of which method of shopping to utilize when considering acquiring a product. More specifically, consumers need to decide whether to buy it online, or to conduct an online-purchase.

Researchers such as (Kakar & Ashish, 2017) or (Park, Hill, & Bonds-Raacke, 2015) have largely covered this duality of possibilities. The majority of the studies base their arguments on direct and indirect costs associated with both types of purchase (like pre-switching evaluation and search costs, uncertainty costs, learning costs, and sunk costs) and on the benefits associated (hedonic benefits, utilitarian benefits, and social benefits). More concretely, it has been found that online purchases have lower transportation costs and pre-switching evaluation and search cost and, at the same time, to have higher benefits on the utilitarian dimension. As expected, when contemplating in-store consumption, the results were opposite: uncertainty costs decrease, once consumers are able to better test and try the product when analysing it inside the store; hedonic and social benefits were found to be higher in in-store purchases, once shopping is still associated with a social phenomena, and given the fact that consumers are subject to a multi-sensory experience when contacting with the brand, developing a more pleasurable occasion.

Although there has been an increase in online retail shopping, as mention in the preceding section, there still is a great number of people that prefer to conduct their purchases inside the store, once they are able to touch it and closely examine it. Retailers are trying to devalue this feature, by providing a more detailed description of the product features and filling the experience with as much visual components as possible (Park, Hill, & Bonds-Raacke, 2015).

Also, it was found that, in a great number of occasions, specially associated with fashion products, consumers have been struggling to buy online, once they are not able to try the product on and assess fit and size. To eliminate this fear and uncertainty towards the fashion products, there has been a constant investment in technology like “3-D images, virtual models, digital images, and zooming technology”. However, there has not been a clear

perception if this technology is being effective on increasing online purchases, since there have not been significant changes in the statistics (Kim & Lennon, 2008).

Online Luxury

The online platforms allow the possibility of having combinations of both visual and sound components when customers are purchasing online. However, web applications are not yet able to incorporate the olfactory and sonorous stimuli, neither they allow customers to feel the textures of the products.

According to (Kapferer & Bastien, 2009), these Internet flaws constitute impediments for the successful adaptation of luxury brands to the online platforms. They also state that, even if it were possible to create smells, tastes or textures through online platforms, it would never be an exact replica of the real product, which would only decrease brands' value. They finish by vehemently stating that luxury brands must never sell online, they can only communicate by this channel.

(Dubois & Paternault, 1995) go further and create the doubt of whether if it is possible for luxury brands to be present online and, at the same time, keep its "dream value" (with this, they imply that, by using digital platforms, the dream and the reality of luxury brands fade away, and consequently decrease their value).

It is also interesting to observe the approach that (Chandon, Laurent, & Valette-Florence, 2016) have on the integration of marketing in luxury products, specially because the researchers raise several questions concerning the implications that a luxury house should consider when using digital, and the problems that it can create, such as: how to increase awareness without diluting attractiveness; how to use the internet and maintain, at the same time, the feeling of rarity, confidentiality and restricted access; how to keep it confidential but increase awareness at the same time; how to coordinate the huge flow of information in the internet and still have in-store benefits; among several others.

Even with all the obstacles provided before, the usage of digital platforms has been increasing in luxury brands, as it is possible to observe in Appendix 4, where we can observe data from (Deloitte, 2017) showing that, in 2017, 37% of luxury products were bought through internet website or mobile application, which leads us to the research problem of this dissertation, of how are luxury brands and luxury consumers' experience impacted by online platforms (Research Question 1).

Psychological distance

In this last section, it is explored the concept of high and low level of construal, in order to understand that different types of products are associated with different construal levels and, consequently, that this may lead to different types of purchase (online and offline).

Construal levels and psychological distance

The Construal Level Theory associates a small psychological distance to a more specific way of thinking and, consequently, when psychological distance increases, there is a feeling that something is further apart to the self, increasing abstraction of one's assessment. This will consequently lead to different consumers looking at the same product in two different ways, depending of their psychological distance towards the product and the situation they are facing. (Aerts, Smits, & Verlegh, 2017) This supports the research problem of this dissertation on basis that it looks at understanding if consumers will face luxury products with small or higher psychological distance when buying them through online platforms.

When an individual faces a situation, there may be several ways for one to examine and react to it: it may go into extreme scrutiny of what it is happening and analyses all the small components – low level of construal; or it may try to understand the situation and what is the motive why the situation is occurring – high level of construal (Trope, Liberman, & Wakslak, 2007).

In the same study, the researchers created an example that helps to understand such concepts. The example is about two kids playing in a backyard, while in a low construal level one would say that the two kids are dressed in a specific manner and are playing in a specific way. At the same time, there may be an individual, which observes the situation with a high construal levels, so it would analyse the situation as two kids having fun. These distinct perspectives that one can have, may influence the way people evaluate the products when buying online rather than in a physical store, which is one of the points that this dissertation aims at answering.

On the other hand, there is psychological distance that includes the concepts related with time, place, and social distance. When someone is facing a situation, its way of analysing it and judging it will be affected by how long the situation happen, where it happened, whom did it involve, what will create different psychological distances (Trope, Liberman, & Wakslak,

2007) and (Trope & Liberman, 2010).

Now that construal levels and psychological distance has been defined, one can state that when an individual have a higher psychological distance over a certain event, it is more likely that its construal level of the said event should also be higher, given that, when someone distances itself from something, it tends to see the bigger picture, not giving so much attention to details and trying to capture the central features (Trope & Liberman, 2010).

Moreover, when people consider situations in a distant future, they are more likely to attribute bigger weight to desirability over feasibility aspects (that tend to be a priority in low levels of construal and, consequently, low temporal distance). Provided that hedonic aspects are closely linked with the desirability component, it would be expect that hedonic products will be favoured, once they are considered in a distant future, even in situations where they would not initially be chosen. Hence the expected increase in luxury products demand, when there is a manipulation of temporal distance, while being purchased through online platforms (Liberman & Trope, 1998).

Summary

Online strategies have been commonly used in the Luxury Market in the last few years. This strategy may have positive results, that are more likely to appear in the short-term, but they can also have a negative impact, that will eventually happen in the long-term, once it may shift the categorization of such brand, from a luxury status for a different market. From the scholars that were analysed, it is a broad conviction that the transition of luxury to online can be a very risky strategy, however this has not stopped brands of the said market to actually do it.

At the same time, it is understandable that such strategy may be very appealing given the ever-growing online world that it is being witnessed. Bearing this in mind, the question have somehow shifted from whether or not to do it, to how should they do it. This is clear when one reads that, for luxury to work in the digital era, it should be able to replicate the senses that brands seek to stimulate when consumers are in-store Given that, such stimulation is currently impossible in online platforms, one seeks to understand an other way for luxury to continue to be luxury, even in online platforms.

Lastly, it is important to consider that, different products and different brands are associated with different levels of construal and different levels of psychological distance, which may be

a decisive factor for luxury brands' success when integrating online platforms, because if luxury brands are able to manipulate temporal distance (i.e.), they can eventually highlight the hedonic characteristics of the product, once these are strongly associated with desirability factors. This comes in line with the main question of this dissertation regarding the impact on consumers' experience when conducting online purchases of luxury goods, and the possibility of manipulating some factors to improve the experience.

Chapter 3. Methodology and Data Collection

In this chapter, there will be provided a description of the methods used to conduct the study that was divided in two parts. Study 1 aimed at testing whether the association would lead consumers to choose products with more utilitarian than hedonic features in online stores, when compared to choices made in physical stores, and also understand if this association extends itself to luxury products. Study 2 was an improvement of the first, and an attempt to understand manipulations one can use to better sell luxury product in online platforms.

To describe the study, first it will be explained why was Online Survey, the method used to conduct the study, then it will be presented a separate description of the participants, materials, procedures, and results, of each part of the study.

Online Survey Method

As all research methods, online surveys also have advantages and disadvantages. Regarding this dissertation, this research method was useful once it allowed to reach a great number of participants, given that it was easily distributed via an online link that is simply sent to a great majority of people, using online messages, e-mails and social media. Also, the platform where the surveys were hosted allows for a personalization of the questionnaires, which creates the advantage of designing the study in the most appropriate manner for each case. Moreover, in this platform, one can easily extract the results in the format that is preferred by each individual, to conduct the analysis. Lastly, it constitutes a great advantage to have the possibility to include more than one language in the survey, so it is possible to capture people from different nationalities that do not speak the same language.

However, this research method is not efficient in controlling the environment in which the participant is answering the questions and depends highly on the effort that participants put into the task. It also constitutes a limitation the fact that participants cannot have any potential doubt or question answered while they are answering the survey, allowing for participants to interpret the answers in different ways.

The study was conducted, using Online Survey Research Method through the Qualtrics Platform that is available to students, and the structure can be observed in Appendix 5. All questionnaires were available in Portuguese and English.

Study 1. Methodology and Data Collection

As mentioned before, now it will be presented the participants, the materials and procedures of study 1, where it was made an attempt to test the possible association or tendency between the type of product and the platform where it is purchased.

Sample Characterization

The participants that composed the sample of the first part of the study consisted of 78% female participants and 22% male participants. Regarding age, the average of all participants' age was 36,125. However, there was a great majority of respondents with ages between 22 and 26 (25 participants that correspond to 39% of the sample). Almost all of the participants were Portuguese (61 participants). A great majority of them were full-time workers (41 participants), with second most common occupation among the sample being "full-time students" (13 participants).

Participants were also inquired if they had ever conducted online purchases and, the number of participants that had never used such platforms to conduct purchases went as high as 17 participants.

More detailed demographic information is presented in Appendix 6.

Research Materials

The study that was conducted intends to analyse possible differences in behaviour of consumers while buying luxury goods in online platforms.

Both conditions of Study 1 had a common structure, which was composed by four sections:

1. The utilitarian/hedonic descriptions section (first section) of the said structure embodied a set of four questions, and each question presented a product with a luxury connotation, accompanied by pictures to help the participant to imagine the situation that he/she was being asked to imagine. The participant was supposed to choose between a bundle of descriptions (hedonic or utilitarian), according to what they would most likely by, taking into consideration the scenario they were asked to imagine (whether that was the online or offline condition). An example of a question from this section is: "*Please consider that you are buying a watch and you reach the store. To help your imagination below you can see an example of a store of a luxury watch brand*". Then it was presented

the following descriptions: *“This watch is extremely elegant. The bracelet is composed of unique leather that provides a feeling of having an extension of your own skin. Its design is at the same time classic and innovative. It is the last trend on watches.”* and *“This watch is extremely easy to use and very easy to know the time. It is made of the most resistant steel and it never gets late, given that its pendulum is very sensitive. It also comes with a useful chronometer and it tells the date”*. This design was based on (Lu, Liu, & Fang, 2016), where the researchers evaluated the difference between the hedonic or the utilitarian description (of products like chocolates, laptops, headsets, among others), depending if they were buying the product for themselves, or to offer to someone else. In this section, the dependent variable is the consumers’ behaviour, which is studied by the choice they make (between hedonic or utilitarian) considering the independent variable of platform they are conducting the purchase

2. The utilitarian/hedonic judgement section (second section) presents, once more, a scenario, where the participant has to imagine that he/she is interested in buying a specific product. The participant is asked to imagine the totality of the experience (choosing, trying the product, paying, etc., if the scenario is offline; choosing, adding to the basket, paying, etc. if in online store). Also in this section, there were provided pictures, in order to help the participant to imagine the experience they were asked to consider. Then, the respondents were asked to evaluate the product (sunglasses, which is a product that can be considered has both utilitarian and hedonic) in a scale from one to nine (with one representing utilitarian and nine representing hedonic) (Khan & Dhar, 2006).

3. Still regarding the product from the previous question (sunglasses), there was a set of ten bundles of adjectives, where, in each of them, the participant had to evaluate the product (from one to seven). Each bundle was composed by a specific adjective and its opposite (i.e.: enjoyable/un-enjoyable). This section aimed at analysing the dependent variable of participants’ evaluation of a product, regarding its hedonism or utilitarianism, and according to the manipulation that is being conducted in that condition, which was regarding the platform they are conducting the purchase. This question design was based on (Voss, Spangenberg, & Grohmann, 2003) scale, which was developed to “measure the hedonic and utilitarian dimensions of consumer attitudes towards products”.

4. The last section of the structure of this study was composed by a set of demographic questions, in order to collect information that may be relevant to understand specific results or limitations that may appear throughout the analysis.

The independent variable of Study 1 (the platform where people should imagine themselves buying the product – online or offline) was analysed by running an Independent Samples T-Test. It is possible to find the complete Study 1 in Appendix 7.

Procedures

Study 1 had two conditions and aimed at testing the association, or at least tendency, of consumers to use online platforms for utilitarian products, preferring to conduct hedonic related consumption in-side a physical store. It also intended to understand to which extent does it apply to the luxury industry.

All participants were assured that all answers and contributions were completely anonymous and untraceable. They were also asked to answer the questions as if there was no financial or economic limitation in the scenarios presented in the study, once the objective was to understand their perspective and not their purchasing power.

Moreover, the different conditions inside each part of the study were randomly assigned to each respondent, through a randomiser that evenly presented one of the questions that would redirect the participant to the respective condition. Participants were also inquired, in an initial phase if they had ever conducted online purchases. In case of a negative answer, his/her participation would finish.

Dependent and Independent Variables:

In Study 1, the independent variables were the platform or type of store where the consumer is conducting the purchasing act: if it is online or offline. Therefore, the study had two different scenarios, where there is analysed the expected difference in behaviour, from one scenario to the other. In order to study this variable, it will be analysed and compared the behaviour of the dependent variable, in each of the scenarios.

Then, it was study a different dependent variable, which is the participants' attitudes towards a product regarding the dimensions of utilitarianism and hedonism, that it is evaluated according to two scenarios: their decisions when they are faced with a duality of possibilities between choosing a hedonic or an utilitarian product; and, the way participants evaluate a fifth product that is presented, in characteristics included in dimensions of hedonism and utilitarianism.

Study 1. Results' Analysis

In this section, it will be analyzed the results that were collected in the Study 1. However, firstly, it is explained the procedures relating to data cleaning, screening and validity. In the end, data results will be used to address the research problem and the research questions.

Data collection and Data Cleaning

In Study 1, there were a total number of 79 people that initiated the study. However, from the total amount of participants, only 64 completed it, the remaining did not even completed 50% of the task, hence they were automatically disregarded, due to lack of information. From the 64 participants, 32 people answer the survey with the scenario of an online platform, and 32 people answer the survey with the scenario of a physical store.

In order to be able to use and analyse the data, it was necessary to recode specific variables of the study (e.g.: adjectives of the Utilitarian/Hedonic Scale), in order to have the perceived positive and negative side of each bundle in the same end of the scale.

Reliability Analysis

Once the scales used in Study 1 were adapted from previous literature, it is important to analyse the scales' reliability concerning the context of the present dissertation. In order to do it, one should analyse the Cronbach's alpha of the scale used in this dissertation, measuring the internal consistency of the items/variables as a group. In this study, the (Voss, Spangenberg, & Grohmann, 2003) scale proved to have high reliability, once the Cronbach's alpha was of 0.823.

Study 1 – In-depth Analysis

As mentioned before, the utilitarian/hedonic descriptions section intended to test the association of the type of product (hedonic or utilitarian) and the platform where the purchase is being conducted (offline or online), and this association also extends itself to luxury products. To assess this, it was used an average among the different questions. However,

before this test was conducted, it was important to assess each of the questions/products individually first.

Based on this, a Chi-Square Test was conducted to compare the participants' choices between hedonic and utilitarian descriptions, in each product separately, in offline platforms (condition 1) and online stores (condition 2), as it can be seen in the next table:

Chi-Square		Value	df	Asymptotic Significance (2-sided)
Watch	Pearson Chi-Square	0,721	1	0,396
	N of Valid Cases	64		
Bag	Pearson Chi-Square	1,004	1	0,316
	N of Valid Cases	64		
Pen	Pearson Chi-Square	0,075	1	0,784
	N of Valid Cases	64		
Perfume	Pearson Chi-Square	0,638	1	0,424
	N of Valid Cases	64		

None of the four products reported significant differences between the two conditions (online and offline). However, the question regarding the pen, reported a more extreme result. There was not a significant difference in the proportion of offline and online that chose utilitarian $X^2(1, n = 64) = 0.08; p = .784$.

Based on this result, the analysis was conducted using an average of the participants' decision between both descriptions only in three products (excluding the pen). Once the average was computed, it was conducted an Independent Samples T-Test to compare the average of participants' answers in the three questions in both conditions. There was a significant difference in the scores for offline ($M = 1.35; SD = 0.28$) and online ($M = 1.59; SD = 0.32$) conditions; $t(45) = -2.77; p = .008$. This result clearly suggests a difference in respondents' behaviour between online and offline purchases, more specifically, it suggests that, when online, respondents' tended to choose the utilitarian description.

Please note that the variables were coded as 1=hedonic description and 2=utilitarian description, which means that, the higher the mean, the more utilitarian was the average of responses.

Regarding the utilitarian/hedonic judgement of Study 1, where it was asked for participants to evaluate the product in a scale from 1-Utilitarian to 9-Hedonic, considering that they were purchasing the product in an online or an offline platform, it was also conducted an Independent Samples T-Test, where no significant difference was reported for offline ($M = 5.13; SD = 2.12$) and online ($M = 5.22; SD = 2.01$); $t(62) = -0.18; p = .857$. This result

suggests that participants did not evaluate a conceptually ambiguous product regarding its utilitarian/hedonic nature in different ways when purchasing it in an online or offline platform.

On the last question of Study 1, that intended to “measure the hedonic and utilitarian dimensions of consumer attitudes towards products” (Voss, Spangenberg, & Grohmann, 2003), having as independent variable the platform where they were purchasing the product, there was created an average of consumers evaluations in the adjectives regarding hedonic and utilitarian aspects of the product.

Then, for both averages, an analysis was conducted through an Independent Samples T-Test:

- Average of Hedonic Characteristics: did not report significant difference in the scores for offline ($M = 5.46$; $SD = 1.52$) and online ($M = 5.11$; $SD = 1.37$) conditions; $t(45) = 0.84$; $p = .408$;
- Average of Utilitarian Characteristics: did not report significant difference in the scores for offline ($M = 5.02$; $SD = 0.76$) and online ($M = 4.82$; $SD = 1.22$) conditions; $t(45) = 0.70$; $p = .486$;

These results show that participants’ attitudes towards the products did not change depending the platform they were purchasing the product.

Study 2. Methodology and Data Collection

Approaching the second part of the study, it is important to also present the participants, explain the materials, and procedures, taking into consideration that Study 2 embodies an improvement of the Study 1, and an attempt to understand if it is possible to create online strategies for luxury houses, by manipulating temporal distance.

Sample Characterization

The composition of the sample was fairly similar to the first part of the study. There were 20,8% of male participants and 79,2% of male respondents. In what age is concerned, the average was 36 years old, with around 34% (43 participants) of the sample having ages between 22 and 25 years of age. Also in this sample, almost the totality of the respondents was of Portuguese nationality (98,4%), considering that there were only 2 non-Portuguese participants. In the sample, the most common occupation status was “Full-time worker”

accounting for 61,6% and “Full-time students” represented 20,8%.

Concluding this description, there were 29 individuals that never bought products using online platforms (representing 23,2% of the sample).

More detail on demographic characteristics can be found on Appendix 8.

Research Materials

As mentioned, Study 2 was created to have deeper knowledge of the reality of Luxury Online Consumption, and it was composed by four conditions.

The first two conditions were a repetition of Study 1, in an attempt to improve its design, by substituting the question “pen” by the a new product (that also fits in the luxury categorization) in order to understand if the product in itself originated differences in outcome. Moreover, it was also added a “text entry” question, where participants were asked to briefly describe their last purchasing experience, in order to help participants emerge into the scenario of that condition.

Still regarding improvements concerning the first part of the study, it was included a final question where it was asked for the participants to evaluate their perceived capacity to imagine themselves in the scenarios that were presented to them. This question may help justifying and understanding some results, once the capacity with which people imagine themselves in specific situations affects their decision making in the scenario.

The last two conditions of the second part of the study were aligned with the objective to deepen the analysis and understand if there is a way to manipulate the experience of online luxury consumers, by manipulating psychological distance, through the temporal component. This factor was chosen as one possible element that could be manipulated, never forgetting that it does not constitute the totality of psychological distance possible manipulations. In order to manipulate the independent variable of temporal distance, there was the introduction of key phrases where it was asked for the participants to project their decision-making in a very short period of time (the day after), or in a more distant future (six months after), e.g.: “Please imagine that you intend to buy this product six months from now”. This approach was taken in order to understand if consumers would make different decisions regarding online luxury shopping, when they are thinking about the experience/scenario with a low or high temporal distance from the present, which could constitute a starting point to create strategies for luxury brands to implement in their online platforms.

It is possible to find the complete second part of the study in Appendix 9.

Procedures

Study 2 had four conditions, and had two objectives: re-evaluate the two conditions of the Study 1, which was accomplished by improving the design; and to manipulate psychological distance, regarding temporal distance, in order to understand if there is a way to improve online transactions of luxury products. This independent variable is studied through the manipulation of the scenarios, imposing a temporal distance between the moment participants are answering the questions and the moment they would be purchasing the product. The manipulation of this variable was achieved by telling the participants to imagine what would their decision be if they would find that scenario in a low temporal distance (the day after) or in a high temporal distance (six months after).

The procedure of manipulating temporal distance was conducted in both sections of Study 2: utilitarian/hedonic descriptions and utilitarian/hedonic judgements.

Once more, it was assured to the participants the complete confidentiality of their answers, and also not to consider any possible economic or financial limitation, while going through the scenarios.

Also in Study 2, conditions were randomly assigned to participants, and it was inquired to each person if they had ever conducted online purchases. By answering “no”, their participation would finish.

Study 2. Results’ Analysis

Now, it will be presented the results from study 2, but not before it is explained the procedures of data collection and cleaning, and reliability analysis.

Data Collection and Data Cleaning

Mirroring Study 1, for the second part of the study, it was set a minimal number of responses that, when that point was reached, the surveys were closed to begin the analysis. For these four conditions, there were 245 participations, but only 125 completions (51%). A great number of people did not go any further than the first question (once it was an open question), and the remaining did not even reach the study’s middle point of. All the incomplete answers

where discarded once they did not provide enough information.

The distribution among the four conditions was fairly balanced, 31 responses in three of them, and 32 answers in the fourth one.

In order to be able to use and analyse the data, it was, once more, necessary to recode specific variables of the study (e.g.: adjectives of the Utilitarian/Hedonic Scale), in order to have the perceived positive and negative side of each bundle in the same end of the scale.

Reliability Analysis

In Study 2, it was also important to assess internal consistency of the scale from (Voss, Spangenberg, & Grohmann, 2003), especially in the Low and High Temporal Distance surveys. Once more, it was used Cronbach's alpha. The result was favourable to the usage of this scale, given that the value was of 0,840.

The last question of Study 2 aimed at analysing participants' perception of their ability to imagine and emerge in the scenario of each condition (in a scale from 1="it was really difficult to picture myself in the scenario" and 5="it was really easy to picture myself in the scenario"). Given that only 4,8% of the respondents reported extreme difficulty to imagine themselves in the scenario of that condition, and 78 participants (62,4%) answered easy or very easy to imagine themselves in the scenario, one can hardly invalidate any answer or participation.

Study 2 – In-Depth Analysis

As mentioned before, in Study 1, regarding the utilitarian/hedonic descriptions section, there was excluded from the analysis, the responses concerning the question of the pen. Considering this, in Study 2, in the same section, it was added a new product, specifically a piece of cloth.

The question where participants were asked to describe their last purchasing experience was not analysed because it only intended to lead people to better emerge in the scenarios of that condition. This was done because the last section of Study 1 did not show significant differences, which may imply that participants did not effectively emerge in the scenarios.

Then, in order to analyse the utilitarian/hedonic descriptions section of Study 2, it was firstly conducted an ANOVA, to understand the general behaviour of the variables in study, taking into consideration the four conditions that were tested:

- There was no significant effect of participants' decision regarding utilitarian or hedonic at $p < 0.05$ level for the four conditions [$F(3, 92) = 2.59, p = .057$]. However the significance value was very close to the significance level, which indicates that there can actually have be a difference in participants' behaviour in choosing hedonic descriptions when going from offline to online high temporal distance. This may indicate that the respondents were more prawned to choose the hedonic description of the product, when they had a higher psychological distance.

In order to have a more complete analysis, it was conducted, once more, an Independent Samples T-Test, analysing the behaviour of each of the variables, regarding the respondents' decisions between hedonic and utilitarian descriptions, considering the four conditions:

- Offline and online conditions: It was found a significant difference in the scores for offline ($M = 1.41; SD = 0.28$) and online ($M = 1.67; SD = 0.36$) conditions; $t(43) = -2.75; p = .009$. This means that the initial assessment on Study 1 was confirmed. Results suggest a difference in participants' behaviour, specifically a more likelihood of choosing utilitarian descriptions in online platforms;
- Offline and online high temporal distance: also did not present a significant difference in the scores for offline ($M = 1.41; SD = 0.28$) and online high temporal distance ($M = 1.56; SD = 0.35$) conditions; $t(47) = -1.59; p = .119$. This result would suggest that the manipulation had the expected result of getting consumers' behaviour closer to the offline scenario.
- Offline and online low temporal distance: did not display a significant difference in the scores for offline ($M = 1.41; SD = 0.28$) and online low temporal distance ($M = 1.49; SD = 0.33$) conditions; $t(44) = -0.89; p = .378$. According to the literature, it was expected that this result presented different information.
- Online low and high temporal conditions: It was not found a significant difference in the scores for online low temporal distance ($M = 1.49; SD = 0.33$) and online high temporal distance ($M = 1.56; SD = 0.35$) in online conditions; $t(49) = -0.70; p = .490$. These results suggest that participants' behaviour is not affected by temporal distance, which could also mean that psychological distance is not an affective manipulation to include in an online strategy.

Please note that, once more, the variables were coded as 1=hedonic description and 2=utilitarian description, which means that, the higher the mean, the more utilitarian was the average of responses.

To continue the analysis, it was conducted, once more, an ANOVA, to understand the participants' general attitude towards the product, in all four conditions. To conduct the test, there were computed averages of the answers regarding the characteristics that evaluated the product in the hedonic and utilitarian dimensions, separating the test accordingly:

- Hedonic Dimension: There was no significant effect of participants' attitudes towards the product regarding characteristics of hedonic dimensions at $p < 0.05$ level for the four conditions [$F(3, 92) = 0.73, p = 0.54$]. This indicates that, apparently, respondents' attitudes did not significantly change, regarding the hedonic dimension;
- Utilitarian Dimension: There was no significant effect of participants' attitudes towards the product regarding characteristics of utilitarian dimensions at $p < 0.05$ level for the four conditions [$F(3, 92) = 2.55, p = 0.06$]. However, the significance value was very close to the significance level, which may indicate possible differences in consumers' attitudes in the utilitarian dimension.

To continue, and mirroring what was done in the same section of Study 1, it was conducted an Independent Samples T-Test, to study the variables in more detail, in the different conditions that were used in Study 2:

- Offline and online conditions:
 - For the "average of the scale in hedonic dimension": there was no significant differences found in the scores for offline ($M = 5.55; SD = 1.46$) and online ($M = 5.58; SD = 0.97$) conditions; $t(43) = -0.08; p = .940$;
 - For the "average of the scale in utilitarian dimension": it also did not show any significant difference in the scores for offline ($M = 4.98; SD = 0.95$) and online ($M = 5.17; SD = 0.66$) conditions; $t(43) = -0.75; p = .455$;
 - These results suggest that there was no significant changes recorded in participants evaluations of the products regarding hedonic nor utilitarian characteristics, when comparing purchases in offline and online platforms;
- Offline and online high temporal distance:
 - Hedonic Dimensions: It was not found a significant difference in the scores for offline ($M = 5.55; SD = 1.46$) and online low temporal distance ($M = 5.33; SD = 1.14$) conditions; $t(47) = 0.61; p = .541$;

- Utilitarian Dimensions: It was found no significant difference in the scores for offline ($M = 4.98$; $SD = 0.95$) and online low temporal distance ($M = 4.92$; $SD = 0.95$) conditions; $t(47) = 0.23$; $p = .818$.
- These results suggest the possibility that temporal distance helps manipulating the online experience to get closer to the offline scenario.
- Offline and online low temporal distance:
 - Hedonic Dimensions: It was not found a significant difference in the scores for offline ($M = 5.55$; $SD = 1.46$) and online low temporal distance ($M = 5.83$; $SD = 1.22$) conditions; $t(44) = -0.68$; $p = .498$;
 - Utilitarian Dimensions: It was found a significant difference in the scores for offline ($M = 4.98$; $SD = 0.95$) and online low temporal distance ($M = 5.53$; $SD = 0.81$) conditions; $t(44) = -2.17$; $p = .040$. This result suggests that there was a difference in the attitude towards the product, regarding utilitarian characteristics, when going from offline to online low temporal distance, supporting the initial assumption that participants tend to choose utilitarian over hedonic, when going from offline to online.
- Online low and online high temporal distance:
 - For the “average of the scale in hedonic dimension”: it displayed no significant difference in the scores for low temporal distance ($M = 5.82$; $SD = 1.22$) and high temporal distance ($M = 5.33$; $SD = 1.14$) conditions; $t(49) = 1.51$; $p = .138$; which means that, participants’ evaluation of the product regarding hedonic related characteristics did not significantly change when manipulating temporal distance;
 - For the “average of the scale in utilitarian dimension”: It was found significant differences in the scores for low temporal distance ($M = 5.53$; $SD = 0.81$) and high temporal distance ($M = 4.92$; $SD = 0.95$) conditions; $t(49) = 2.46$; $p = .017$. This result translates a difference in respondents’ evaluations of the product regarding utilitarian characteristics, when changing from online low to online high temporal distance, of the act of purchase. Suggesting that participants did not attributed as much weight on utilitarian dimensions, while having an online high temporal distance, when compared to a the same scenario in the online low temporal distance condition. This result is encouraging, once it suggests the phenomenon that is studied in this dissertation.

On the scale where participants had to evaluate the product between 1=Utilitarian and 9=Hedonic, there was also no significant differences between offline ($M = 4.91$; $SD = 2.34$) and online ($M = 4.30$; $SD = 2.23$); $t(43) = 0.89$; $p = .380$. Neither there was significant

differences between offline ($M = 4.91$; $SD = 2.34$) and online high temporal distance ($M = 4.93$; $SD = 2.34$) conditions; $t(44) = -0.03$; $p = .980$, which would support the theory that, with high temporal distance in online, the behaviour would come close to the offline behaviour. However, the remaining results show no significant difference, which is very discouraging, once the relation offline ($M = 4.91$; $SD = 2.34$) and online low temporal distance ($M = 4.71$; $SD = 2.61$) conditions; $t(44) = 0.27$; $p = .786$ (this result was not expected because it suggests that there is no difference in participants' judgement between offline and online low temporal distance); and there was also no significant difference between online low temporal distance ($M = 4.71$; $SD = 2.61$) and online high temporal distance ($M = 4.93$; $SD = 2.34$) online conditions; $t(49) = -0.31$; $p = .755$.

Chapter 4 – Conclusion and Further Discussion

In this final chapter, it will be described the research problem of this dissertation, and the answers it looked to give. Then, it will be presented the way that problem and those questions were approached, and the results that could be extracted. To finish, there will be appointed the limitations found throughout the dissertation, and future researches that can be conducted to mitigate these limitations and to continue studying this subject.

Conclusion

The main objective of this dissertation was to analyse what has been happening in the luxury industry regarding the growing tendency to use online platforms to sell their products (Deloitte, 2017). For that, the rationale was to understand how people tend to conduct the online purchases, more specifically, and from previous literature, the possibility of an association or tendency to look for more utilitarian products or a more utilitarian oriented consumption, when purchasing products online and, consequently, to use physical stores/offline platforms to conduct more hedonic consumption (Kakar & Ashish, 2017). Hence, this dissertation primarily looked to test if this tendency could actually be observed, and if this tendency could be extended to the luxury industry.

Regarding this first point, there were significant results showing that this tendency could actually be observed in the luxury industry, specifically, once the study showed significant differences in participants' decisions on utilitarian/hedonic descriptions sections, suggesting that consumers tend to choose products based more on utilitarian characteristics, while shopping online, and more on hedonic characteristics, while buying in physical stores.

This result is very important, once it proves a tendency that was already suggested in previous researches, but that was never actually tested.

As supported by the literature, this creates a problem to the luxury industry, because this is highly associated with hedonic experiences and products, something that still cannot be created or replicated in the online platforms (Hirschman & Holbrook, 1982). However, it is important to highlight that this significant difference was not observed when participants had to evaluate a product in a scale of hedonism, or when they were asked to characterize the product in different characteristics of utilitarian and hedonic dimensions.

This could be interpret as contradictory results, however, in the first section, one is analysing the tendency to choose hedonic or utilitarian descriptions/products in the different platforms;

and, in the second section, it is being analysed the way participants evaluated the product in utilitarian and hedonic dimensions. This creates a difference, because one evaluates decisions and the other analyses perceptions.

Then, it was assessed the second objective of this dissertation, which was regarding the possibility to create strategies to enhance luxury stores' success in the online platforms. This objective was tackled by the manipulation of psychological distance, more specifically by one of its components, temporal distance, in order to understand if, by increasing temporal distance, there would be a higher tendency to prefer hedonic products (main characteristic of luxury products), due to higher levels of construal that have been shown to be associated to the desirability aspects of a product (Liberman & Trope, 1998).

As it was explained in results' analysis, the majority of the results did not report significant differences arising from this manipulation. Considering the first section of the study, there were no significant differences between choosing utilitarian or hedonic descriptions, when faced with low or high temporal distances in online platforms. It was only on the second section of the study, where respondents had to characterize the product that was presented, that it was found significant differences regarding the utilitarian dimensions of the product characterization. This result suggests that participants did not evaluate the product so strongly on utilitarian dimensions when evaluating it on the online high temporal distance condition, when compared to the same scenario, on the online low temporal distance condition.

Lastly, there were some positive indications regarding the analysis in study, given that the majority of comparisons between offline and online high temporal distance conditions did not show significant differences, which may imply that, by increasing temporal distance, the respondents' evaluation of the online experience grew closer to their evaluation of in-store purchasing experience. However, this is merely an indication, for concrete findings, it will be necessary to conduct further researches.

Limitations and Future Research

Throughout this dissertation, there were found, at least, three main limitations, that can be mitigated in future researches.

Provided that this dissertation looked to study a very specific area that is the Luxury Industry, in future researches, it would be important to attempt to only include participants that are luxury consumers, or have, at least, some experience in the luxury market. This constituted a

limitation, because, even after asking participants to neglect any economic or financial limitations, it is not possible to assure that participants had a mind-set where they considered that they could buy any product.

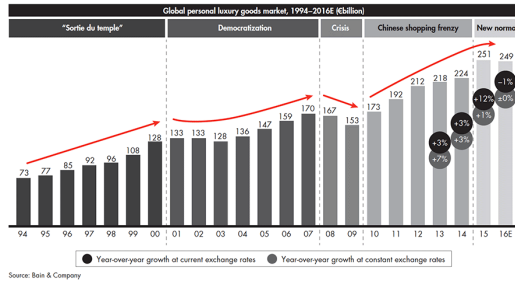
Also, it would be important to assure a more diversified sample, provided that around 79% of the total sample was woman, and that 98% were Portuguese. Also, the size of the sample could be bigger, which would create more representative results.

Thirdly, this study relied highly on participants' ability to imagine themselves in the scenarios of each condition. It would be important to, in future studies, improve this component by making the participants experience the scenarios in the most realistic possible way.

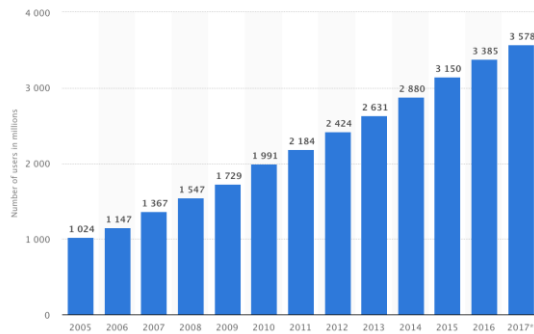
To finish, in this study, the only component of psychological distance that was manipulated was temporal distance. However, it is important to conduct future studies where more components of psychological distance are incorporated. This is important because, one can only state that a manipulation in psychological distance constitutes a possible strategy for luxury houses to improve their online performance, if the totality of psychological distance components is studied.

Appendix

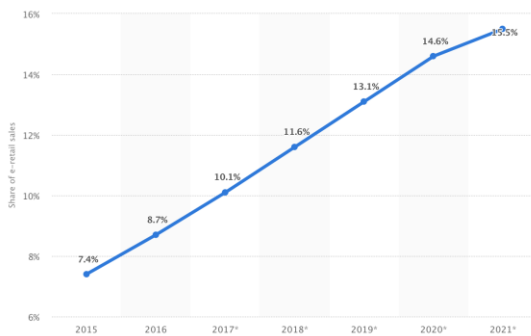
1. Global personal luxury goods market (D'Arpazio, Levato, Zito, Kamel, & Montgolfier, 2016)



2. Number of Internet users worldwide from 2005 to 2017 (in millions) (Statista, 2017)

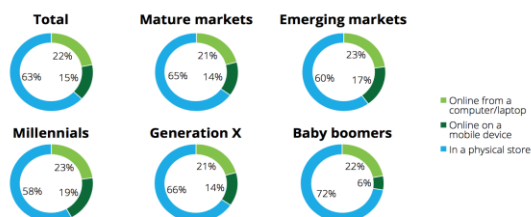


3. E-commerce share of total global retail sales from 2015 to 2021 (Statista, 2017)



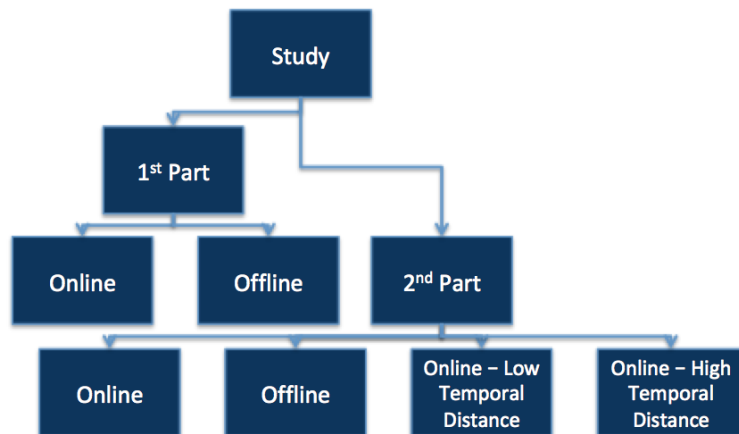
4. Deloitte Luxury Multi-country Survey for Global Powers of Luxury Goods 2017 (Deloitte, 2017)

Figure 7. How many of your luxury products purchases take place in a physical store, online from a computer/laptop or online on a mobile device?

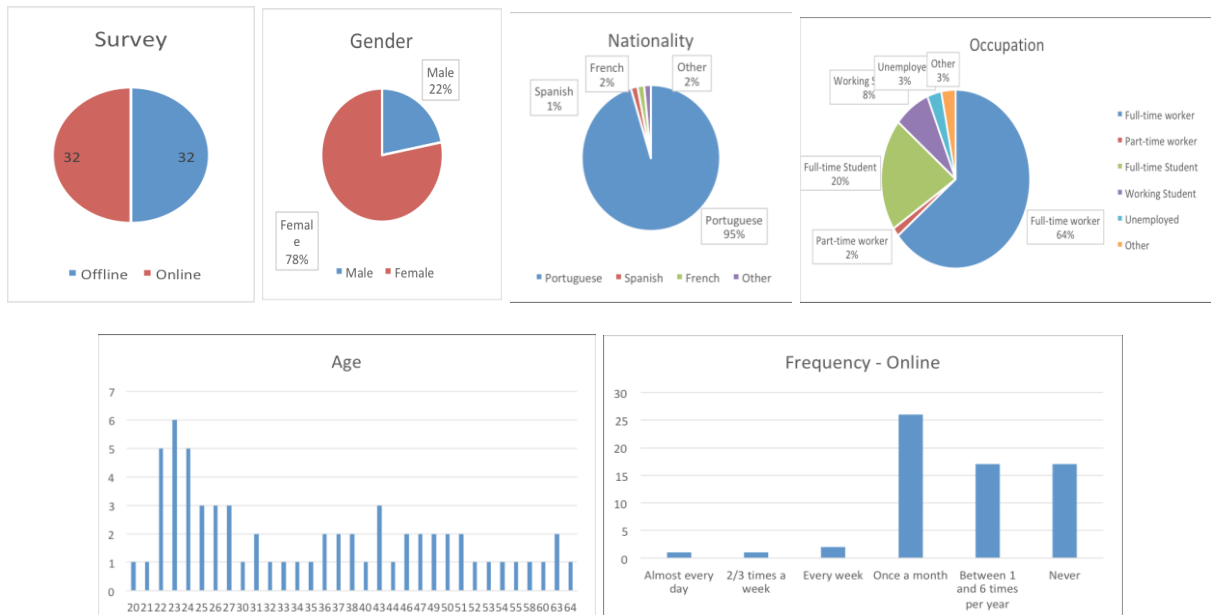


Percentages may not add up to 100% due to rounding
Source: Deloitte Luxury Multicountry Survey for Global Powers of Luxury Goods 2017

5. Thesis' studies structure.



6. Demographic Information for the first study



7. The first study's surveys

1st Block:

In the following questions, please consider you are entering the store in the picture and you intend to buy a specific product.

Then, please consider both descriptions presented to you and choose one of them.

Moreover, please assume that there is no financial or economical limitation; you have infinite budget and no concern for the value of the product.

You can change the language of the questionnaire, in the upper right corner.

2nd Block:

Imagine you intend to buy a watch, and enter in this store to buy it. (One image was used in here to help people imagine they were in the store)

Which watch would you buy?

Hedonic Description: This watch is extremely comfortable to use. The bracelet is composed of unique leather that provides a feeling of having an extension of your own skin. Its design is both classic and innovative. It is the latest trend on watches.

Utilitarian Description: This watch is extremely easy to use and very easy to know the time. It is made of the most resistant steel and it never gets late, given that its pendulum is very sensitive.

3rd Block:

Imagine you intend to buy a bag, and enter in this store to buy it. (One image was used in here to help people imagine they were in the store)

Which bag would you buy?

Hedonic Description: This extremely elegant bag was hand made by the most skilful seamstress from Paris. It can be used with your favourite set of clothes. It is perfect to take to that special event that you have been waiting for so long.

Utilitarian Description: This bag is very resistant. Given the leather that it is used, you can transport all the things you want, that the bag will not break. It also has smaller pockets inside that will make it easier to organize everything.

4th Block:

Imagine you intend to buy a pen, and enter in this store to buy it. (One image was used in here to help people imagine they were in the store)

Which pen would you buy?

Hedonic Description: This pen is extremely elegant. It is a collection item that can only be found in a museum. It is from a renowned brand, only used by presidents and other very important people.

Utilitarian Description: This pen is extremely comfortable to use. It writes without failing and it lasts for at least three years. It fits in the pocket of every coat you have and you can use it for every occasion.

5th Block:

Imagine you intend to buy a perfume, and enter in this store to buy it. (One image was used in here to help people imagine they were in the store)

Which perfume would you buy?

Hedonic Description: This perfume makes you feel younger, sexier, and more attractive. It makes you remember/imagine days of better success. It makes you feel like everything is possible.

Utilitarian Description: This perfume has a very enjoyable sent. It lasts the whole day. It makes you feel like you have just put it on a minute ago.

6th Block:

(One image of a store was shown to help people imagine they were inside the store)

Now, please consider that you want to buy sunglasses from a luxury brand that you know very well.

Imagine the sunglasses, all the details. Imagine yourself using it. Picture the sunglasses in your mind.

Imagine you enter in a store to buy your sunglasses. Imagine that you actually try them.

When you have an idea of what you want to buy, press the button >>.

Now, how would you place the product in a scale from 1-Utilitarian to 9-Hedonic?

Utilitarian: A utilitarian, or a necessary, item that is mainly desired to fulfil a basic need or to accomplish a functional or practical task

Hedonic: A hedonic, or a luxury, item that is something motivated primarily by a desire for pleasure, fantasy, and fun.

Utilitarian: 1 2 3 4 5 6 7 8 9: Hedonic

Based on the product you imagined, please answer the following question by rating the product in each of the characteristics.

(The following bundles were presented so respondents would analyse it from 1 to 7)

Effective/Ineffective; Helpful/Unhelpful; Functional/Not Functional; Necessary/Unnecessary; Practical/Impractical; Not Fun/Fun; Dull/Exciting; Not Delightful/Delightful; Not Thrilling/Thrilling; Unenjoyably/Enjoyable.

7th Block:

Now, I would like to ask you to answer the following demographic questions:

What is your gender? Male/Female;

How old are you?

Nationality: Portuguese, Spanish, French, English, German, Other.

What is your occupation? Full-Time Worker; Part-Time Worker; Full-Time Student; Working Student; Unemployed; Other.

On average, how frequent do you conduct online purchases (website, app, etc.)? Almost every day; 2/3 Times a Week; Every Week; Once a month; Between 1 and 6 times per year; Never

On average, how frequent do you go shopping (in a physical store)? Almost every day; 2/3 Times a Week; Every Week; Once a month; Between 1 and 6 times per year; Never

8th Block:

Thank you very much for your time and patience.

Your answers are extremely important for my thesis.

In case you have any doubt, please feel free to contact me to using r.r.freitas95@gmail.com or this box.

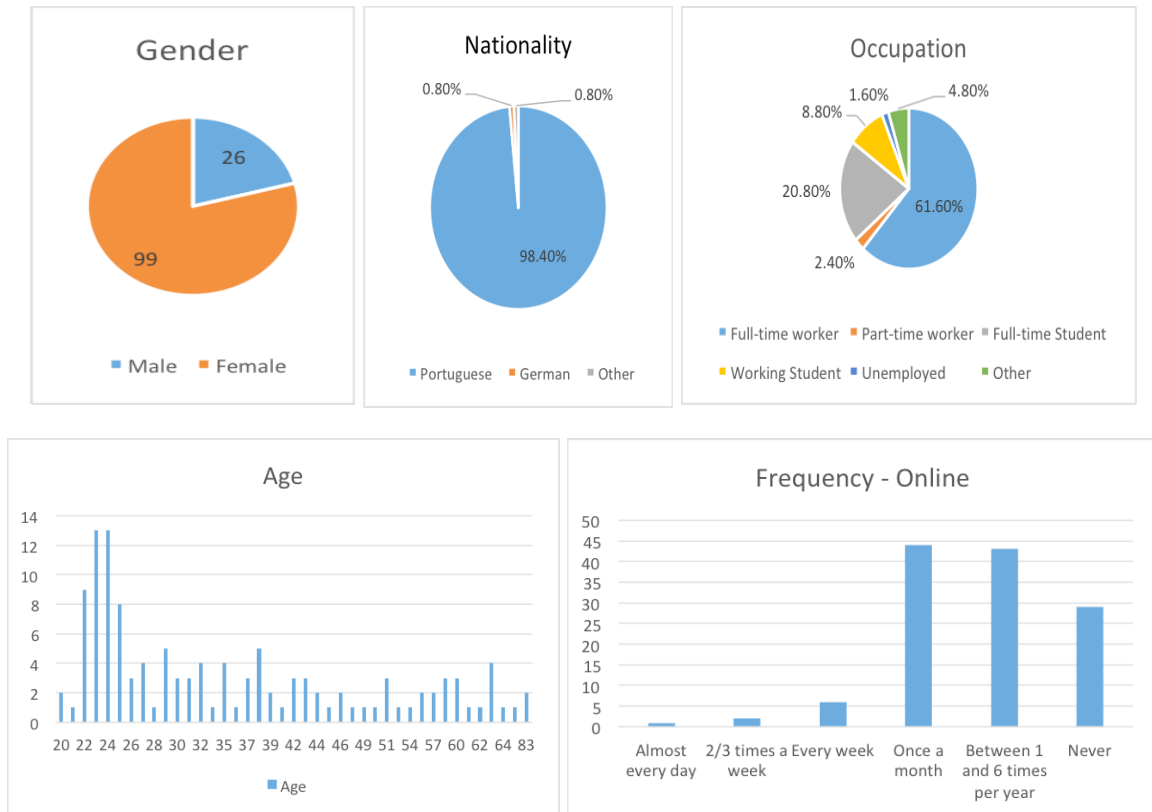
Best Regards

Ricardo Freitas

Please press ">>" to finish the survey

(Note: The other survey of the first study was fairly equal, but with images of websites)

8. Demographic information regarding the sample of the 2nd study



9. Surveys used in the 2nd study.

1st Block:

In the present study we are interested in understanding consumer's memory and ability to imagine different consumer experiences.

Through this study you will be asked to make several judgments and decisions regarding different consumer scenarios.

Remember there are not right or wrong answers and your responses are confidential, anonymous and will be used for academic purposes only.

Please move forward to your first task.

Thank you

2nd Block:

In your first task we ask you to remember the last time you went shopping in a physical store. Please remember the process of searching, choosing, and buying the product.

When you finished remembering that in store shopping experience, please describe it, bearing in mind some details of that experience. Specifically, how did you find the store, how did the store look like, how did you choose the product you bought, basically try to briefly describe the main steps of your purchase.

3rd Block:

In the following task we will ask you to imagine that you decided to make several purchases inside the store.

For each product you will have to imagine yourself buying one of two different products.

It is very important that you picture yourself, heading to your favourite luxury brand's store, entering the store, observing the disposition of the different products, consider the several possibilities in store, choosing the product, buying the product and taking it home.

For each scenario, imagine that you will find two products you are considering to buy. They have similar prices but differ in a few features, as you will be able to see in the following descriptions.

Your task is then to imagine which of the two products would you buy.

Please have in mind that you are making your purchase inside the store.

4th Block:

Please consider that you are buying a watch and you reach the store. To help your imagination below you can see an example of a store of a luxury watch brand. (Two images were used in here to help people imagine they were in the store)

Which watch would you buy?

Hedonic Description: This watch is extremely elegant. The bracelet is composed of unique leather that provides a feeling of having an extension of your own skin. Its design is at the same time classic and innovative. It is the latest trend on watches.

Utilitarian Description: This watch is extremely easy to use and very easy to know the time. It is made of the most resistant steel and it never gets late, given that its pendulum is very sensitive. It also comes with a useful chronometer and it tells the date.

5th Block:

Please consider that you are buying a bag and you reach the store. To help your imagination below you can see an example of a store of a luxury bag brand. (Two images were used in here to help people imagine they were in the store)

Which bag would you buy?

Hedonic Description: This extremely elegant bag was hand made by the most skilful seamstress from Paris. It is the bag that everyone wants to have at the moment. It is associated only with the most famous celebrities. It is a piece of art.

Utilitarian Description: This bag is very resistant. Given the leather that it is used, you can transport all the things you want, that the bag will not break. It goes along with every clothes. The most useful accessory with several pockets to organize everything.

6th Block:

Please consider that you are buying a piece of cloth and you reach the store. To help your imagination below you can see an example of a store of a luxury-clothing brand. (Two images were used in here to help people imagine they were in the store)

Which shirt would you buy?

Hedonic Description: This shirt is the latest scream of fashion. It was just presented in the Paris Fashion Show. It has a great aesthetics, the best of design. It is that beautiful piece of cloth you would love to use.

Utilitarian Description: This shirt is the most useful shirt piece of clothing. It has a classic design and a natural composition. The fabric of this shirt his extremely easy to clean and is super resistant. It is a practical piece of cloth you would love to use.

7th Block:

Please consider that you are buying a perfume and you reach the store. To help your imagination below you can see an example a store of a luxury perfume brand. (Two images were used in here to help people imagine they were in the store)

Which perfume would you buy?

Hedonic Description: This perfume makes you feel younger, sexier, and more attractive. It makes you remember/imagine days of better success. It makes you feel like everything is possible. With this perfume, you will never feel old.

Utilitarian Description: This perfume lasts the whole day. You should store the bottle out of the sun. Apply in very specific zones of higher temperatures, like neck and wrists, so it may work effectively.

8th Block:

Now, please consider that you want to buy sunglasses from a luxury brand that you know very well.

Again imagine you are accessing the store of your favourite brand.

Imagine yourself choosing between the several alternatives until you finally choose one option.

Imagine the sunglasses you chose, all the details. Visualize the situation the best you can.

Picture yourself trying the product, taking it to the counter and buying them.

To help your imagination, below you have an example of a store of a luxury brand where you could buy the sunglasses.

This study will proceed automatically in a few seconds.

Please take this time to imagine the aforementioned scenario the best you can.

(Two images were used in here to help people imagine they were in the store)

Please consider the product you imagined and answer the following question by rating the product in each of the following characteristics. (The following bundles were presented so respondents would analyse it from 1 to 7)

Effective/Ineffective; Helpful/Unhelpful; Functional/Not Functional; Necessary/Unnecessary; Practical/Impractical; Not Fun/Fun; Dull/Exciting; Not Delightful/Delightful; Not Thrilling/Thrilling; Unenjoyably/Enjoyable.

Now, how would you place the product you imagined in a scale from 1-Utilitarian to 9-Hedonic?

Utilitarian: A utilitarian, or a necessary, item that is mainly desired to fulfil a basic need or to accomplish a functional or practical task

Hedonic: A hedonic, or a luxury, item that is something motivated primarily by a desire for pleasure, fantasy, and fun.

Utilitarian: 1 2 3 4 5 6 7 8 9: Hedonic

9th Block:

Please it is very important that you give an honest response to this question. How much did you managed to imagine yourself buying the several products in a physical store?

It was really difficult to picture myself buying the products in a store: 1 2 3 4 5 It was really easy to picture myself buying the products in a store.

10th Block:

Now, I would like to ask you to answer the following demographic questions:

What is your gender? Male/Female;

How old are you?

Nationality: Portuguese, Spanish, French, English, German, Other

What is your occupation? Full-Time Worker; Part-Time Worker; Full-Time Student; Working Student; Unemployed; Other.

On average, how frequent do you conduct online purchases (website, app, etc.)? Almost every day; 2/3 Times a Week; Every Week; Once a month; Between 1 and 6 times per year; Never

On average, how frequent do you go shopping (in a physical store)? Almost every day; 2/3 Times a Week; Every Week; Once a month; Between 1 and 6 times per year; Never

11th Block:

Thank you very much for your time and patience.

Your answers are extremely important for my thesis.

In case you have any doubt, please feel free to contact me to using r.r.freitas95@gmail.com or this box.

Best Regards

Ricardo Freitas

Please press ">>" to finish the survey

(Note: The other three surveys of the second study were fairly equal, but with images of websites, and small additional phrases, inducing to low and high temporal distance)

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