



**The impact of co-creation on enhancing trust, ethical
and sustainability perceptions of luxury fashion brands,
and willingness to pay for luxury goods:**

To what extent do luxury brands inviting consumers to co-create sustainable fashion products lead to a word-of-mouth effect?

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Title: The impact of co-creation on enhancing trust, ethical and sustainability perceptions of luxury fashion brands, and willingness to pay for luxury goods:

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Abstract

From irreversible damage to the planet and its raw materials, to involvement in deforestation and plastic pollution, to high water consumption and disregard for human rights, the production and consumption of luxury products has led to worrisome social and environmental complications. Against this backdrop, some companies started to incorporate corporate social responsibility measures to act more ethically, while luxury brands have made some efforts to adopt more sustainable and innovative practices. Yet, the way these practices have been communicated has been ineffective. Co-creation, a process where consumers are part of companies' product development process, has emerged as an interesting tool to improve a brand's sustainable and ethical perception. To further examine co-creation's role, an experimental study was conducted to investigate the effects of co-creation on word-of-mouth, consumer trust, sustainability perceptions, consumer perceived ethicality, and willingness to pay. Moreover, the mediating effect of perceived consumer effectiveness was tested on that relationship. The results show that co-creation has a positive impact on word-of-mouth and brand valuations. They also show that perceived consumer effectiveness indirectly influences the relationship between co-creation and word-of-mouth, consumer trust, and sustainability perceptions, while partially mediating the relationship between co-creation and consumer perceived ethicality. This dissertation provides important theoretical and practical contributions that strengthen the sustainable and ethical role of brands in the luxury sector. It also provides important implications for companies interested in learning more about the positive effects of co-creation and the benefits its implementation can bring to the company as a means of communicating with consumers.

Keywords: Sustainability, Luxury, Co-creation, Word-of-Mouth, Perceived Consumer Effectiveness, Consumer Trust in Brands, Consumer Perceived Ethicality, Sustainability Perception and Willingness to Pay.

Título: O impacto da cocriação no aumento da confiança, percepções éticas e de sustentabilidade de marcas de moda de luxo e disposição para pagar por bens de luxo:

Até que ponto as marcas de luxo convidarem os consumidores a cocriar produtos de moda sustentáveis leva a um efeito boca a boca?

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Resumo

Desde danos irreversíveis ao planeta e às suas matérias-primas, passando pela poluição de plásticos, o elevado consumo de água e pela negligência dos direitos humanos, a produção e consumo de produtos de luxo geram danos sociais e ambientais. Neste contexto, empresas começaram a incorporar medidas de responsabilidade social corporativa para agir de forma mais ética, enquanto marcas de luxo têm feito esforços para adotar práticas mais sustentáveis e inovadoras. Contudo, a comunicação dessas práticas tem sido inadequada. A cocriação, processo no qual os consumidores participam no desenvolvimento de novos produtos, surge como ferramenta para melhorar a percepção de sustentabilidade e ética de uma empresa. Para aprofundar o conhecimento sobre cocriação, realizou-se um estudo experimental que analisou os efeitos da mesma no boca a boca, confiança do consumidor, percepções de sustentabilidade e de ética, e disposição para pagar. Analisou-se, também, o efeito mediador da eficácia percebida do consumidor neste relacionamento. Os resultados mostram que a cocriação impacta positivamente o boca a boca e as avaliações da marca. Adicionalmente, que a eficácia percebida do consumidor influencia indiretamente a relação entre cocriação e boca a boca, confiança do consumidor e percepções de sustentabilidade, enquanto media parcialmente a relação entre cocriação e percepções de ética. Esta dissertação fornece contribuições teóricas e práticas que fortalecem o papel sustentável e ético das marcas de luxo. Também é útil para empresas interessadas em perceber os efeitos da cocriação e os benefícios que a sua implementação pode trazer para a empresa como meio de comunicação com os consumidores.

Palavras-chave: Sustentabilidade, Luxo, Cocriação, Boca a Boca, Eficácia Percebida pelo Consumidor, Confiança do Consumidor nas Marcas, Ética Percebida pelo Consumidor, Percepção de Sustentabilidade e Disposição a Pagar.

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1. Introduction

1.1 Problem Definition and Relevance

The global fashion market is expected to grow from US\$1.53 trillion in 2022 to approximately US\$1.94 trillion in 2027, indicating that global demand for apparel and footwear is increasing annually (Statista Research Department, 2023). This industry can be considered a significant economic force and is a key driver of global GDP (Deloitte, 2019). However, the rapid growth of this industry over the years has led to significant social and environmental impacts associated with the excessive production and use of clothing (Allwood et al., 2006). The fashion industry is one of the most environmentally damaging industries in the world. It can be divided into sub-industries, from textiles and apparel to footwear and accessories manufacturing. The textile industry is the fourth most polluting industry regarding overconsumption of water and raw materials (EEA, 2019). Over time, environmental concerns have increased (Laroche et al., 2001) and, as a result, consumers have begun to pay attention to environmental and social issues in their purchases by becoming more aware of environmental and social impacts. This meant a growth opportunity for businesses to increase environmental awareness and establish more communication between brands and consumers (Mueller, 2015). To improve global environmental conditions, companies are willing to try new tactics and adaptive measures to produce greener products (Chen et al., 2012). As a result of increasing environmental challenges and market competition, multiple brands have already begun to incorporate corporate social responsibility practices to achieve more sustainable performance (Padilla-Lozano & Collazzo, 2021). As a result, consumers seem to prefer to buy from purpose-driven brands that promote sustainability (White et al., 2019).

High-quality, expensive, and non-essential products/services that consumers perceive as exclusive, authentic, and prestigious and that have high emotional and symbolic value are the definition of "luxury brands" (Tynan, McKechnie, & Chhuon, 2009). Since luxury products represent excess, the question arises as to whether or not luxury brands can be considered sustainable (Arrigo, 2010). The few studies that have been conducted on luxury and sustainability have found that consumers often perceive the two concepts as opposites (De Pierre & Barki, 2015; Kapferer & Michaut-Denizeau, 2013).

Some categories of luxury fashion pollute the environment and generate significant waste. These products contribute to deforestation and plastic pollution and consume large amounts of water (Zhou, 2022). Furthermore, luxury can also be seen as non-essential and a symbol of

inequality, in contrast to sustainability, which seeks equality of opportunity along the value chain and is based on economic and environmental concerns (Kapferer, 2010).

However, the merging of the two concepts is attractive to consumers (Truong et al., 2008). The younger generations are mostly better informed about environmental concerns and show more interest in companies and associated brands that integrate sustainable practices into their brand values (Truong et al., 2008). As consumer interest in sustainability increases and brands seek to achieve their expectations, innovative sustainability practices have been introduced. Their application at different stages of the manufacturing process can be seen as a differentiator between luxury fashion companies. (De Pierre & Barki, 2015). Indeed, luxury brands have made some efforts to adopt more sustainable and innovative practices, but the way these practices have been communicated is inadequate (Kapferer, 2010; Kapferer & Michaut-Denizeau, 2013).

Once companies and their associated brands understood that social and environmental responsibility had potential benefits, they began to involve consumers in the company's creative process because they are well informed (Sheth, 2020) and willing to take an active role in the product development process of creating something new (Martínez-Cañas et al., 2016). Co-creation can be referred to a business strategy that emphasizes the creation and continuous implementation of shared value between companies and consumers (Etgar, 2008). Dervojeda *et al.* (2014) found that an effective co-creation process can lead to a deeper relationship between consumers and brands while improving consumer loyalty. To maximize benefits, consumers must be engaged according to their talents and the needs of the brand' (Gruner & Homburg, 2000). Specifically, by working directly with consumers, companies are able to better understand them and identifying their needs (Gemser & Perks, 2015; Von Hippel, 2001). Consumer involvement in product development has been shown to give companies a competitive advantage (Prahalad & Ramaswamy, 2000; Vargo & Lusch, 2004) which is why many companies are beginning to engage in co-creation activities (Cui & Wu, 2016; Von Hippel & Katz, 2002; Hoyer et al., 2010).

However, the extent to which co-creation impacts consumers' valuations of luxury brands engaged in co-creation lags behind. This is important to explore in order to understand whether the co-creation process can help improve consumers' sustainable and ethical perceptions of a luxury brand, and whether it also affects consumers' willingness to pay for luxury goods and consequently recommend the brand to relatives and friends. Additionally, the extent to which

consumers believe they can make a difference in the world through their individual actions is also important. This concept, also referred to as *perceived consumer effectiveness*, has been the subject of previous research and needs to be explored in more detail, as co-creation requires the participation of individual consumers. Therefore, companies can create a more productive and effective co-creation process if they take steps to build consumer trust and give them the opportunity to contribute in a meaningful way. This can lead to the development of products and services that better meet consumer needs and preferences, ultimately resulting in higher customer satisfaction and loyalty.

Lastly, the mediating effect of perceived consumer effectiveness on the relationship between co-creation and word-of-mouth, ethical and sustainable brand perceptions, consumer trust, and willingness to pay is examined.

1.2 Objectives and Research Questions

The main objective of this study was to develop a deeper understanding of how luxury brands implementing co-creation processes and inviting consumers to co-create sustainable luxury products influences consumer brand perceptions, trust, willingness to pay, and creates a word-of-mouth. Therefore, the first research question is as follows:

RQ1: What impact do co-creation processes have on WOM, brand valuations (brand trust, ethical and sustainability perceptions) and consumers' willingness to pay?

The objective of the second research question is to understand whether *perceived consumer effectiveness* (PCE) can influence word-of-mouth, brand valuations and consumers' willingness to pay for luxury brands involved in co-creation. Since prior literature suggests that PCE relates to how customers defend their behavior and perceive that their personal efforts can help reduce environmental harm, it seems important to understand how PCE impacts consumers' WOM, brand valuations, and willingness to pay.

RQ2: What influence does perceive consumer effectiveness have on WOM, brand valuations (brand trust, ethical and sustainability perceptions) and consumers' willingness to pay?

Finally, since PCE is a personality trait that leads consumers to pay attention to the morality of their consumption acts and to assess the nature and extent of the environmental impact of their behavior, it seems necessary to understand on more detail how PCE indirectly affects brands'

co-creation initiatives on WOM, brand valuations (brand trust, ethical and sustainability perceptions) and consumers' willingness to pay.

RQ3: To what extent does consumer perceived ethicality indirectly affect the relationship between co-creation and WOM, brand valuations (brand trust, ethical and sustainability perceptions) and consumers' willingness to pay?

1.3 Dissertation Structure

The dissertation begins (first chapter), with a discussion of the research problem and its relevance, the dissertation objectives, and research questions. Chapter two contains the literature review upon which the dissertation is based and focuses on the relevant theoretical concepts under study.

The third chapter describes the conceptual model and hypotheses, and the fourth chapter provides a description of the experimental research methodology and process of data collection used. The fifth chapter analyses the results, and the final chapter presents the conclusions, theoretical and managerial implications, as well as the study's limitations and suggestions for further analysis.

2. Literature review

2.1 Sustainability

To understand sustainability, it is appropriate to begin the discussion with a definition of sustainable development as proposed in the Brundtland Report (1987, pp. 37): "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*". The Brundtland Report represents a milestone in the field of sustainability (Hopkins 2016), symbolizing a moment in history when awareness of global environmental issues and debate about sustainability-related issues were brought to light in a constructive way. A road was created to achieve the goal of sustainability through four principles: (i.) by managing the use of natural resources, we contribute to environmental protection; (ii.) by practicing within an efficient ecosystem; (iii.) by using environmentally friendly materials; and (iv.) by meeting human needs, both domestically and globally, we contribute to society (Robért et al., 2002). Among the recommendations of the Brundtland Report is the fact that in order to reduce resource consumption in industrialized countries, it is necessary to develop new technologies and improve the skills and knowledge of the population (Brundtland Report 1987). The Brundtland Commission also pointed out the disparity between the consumption patterns of the rich and the poor, which opened up space for discussions on consumption behavior. From the published report, sustainable development requires "*a production system that respects the obligation to preserve the ecological base for development*" (WCED, 1987, pp. 50).

With sustainability, it is possible to find new ways to live, think, and work, and allows the population to live healthier and safer lives what causes less damage to the environment or harm future generations (Scoones, 2007). Therefore, to achieve sustainability, a strong commitment to three pillars (economic, social, and environmental) is required (Evans et al., 2017, Lozano 2008, Kuhlman et al., 2010). Sustainability is a long-term goal for the future, and in the pursuit of an improved quality of life, environmental, social, and economic considerations must be aligned through a common language with concrete goals, indicators, and metrics (UNESCO 2020).

First, the Millennium Development Goals and, in 2015, during the Paris Agreement, the inclusion of new goals in the 2030 Agenda for Sustainable Development (Tsalis et al., 2020). The Sustainable Development Goals (SDGs), also known as the Global Goals, are a set of

targets that are part of a universal agreement to protect everything that makes the planet livable, end poverty, and ensure that all people are able to enjoy prosperity and peace now and, in the future (Morton et al, 2017). The SDGs provide an evidence-based framework for national, regional, and global sustainable development that was planned and programmed for a 15-year period until 2030 (United Nations General Assembly 2015). The 2030 Agenda, with its 17 goals, 169 targets, and 232 indicators, was built on the success of other indicator-based frameworks and targets such as the Millennium Development Goals (MDGs) (McArthur 2013; McArthur & Rasmussen 2017a). However, part of its purpose was also to address the limited progress made on other major international environmental agreements (Tollefson & Gilbert 2012).

The SDGs provide us with the best opportunity to ensure the necessary alignment and collaboration while implementing approaches to safeguard a healthy, equitable, and prosperous future for ourselves, our children, and our grandchildren (Morton et al., 2017). The SDG directly related to this topic is Goal 12, which calls for responsible consumption and production patterns. It aims to dissociate economic growth from the exploitation of natural resources and environmental damage. SDG 12 includes eight targets that aim to achieve the efficient use of natural resources and their management, the responsible management of waste and chemicals, and the elimination of various types of waste. Production and consumption are two essential components of the global economy, and anthropogenic damage to human health and the environment is largely due to production and consumption activities (Chan et al., 2018), especially of the fashion industry.

2.1.1 The Fashion Industry and Sustainability

The fashion industry is one of the most polluting industries in the world (EEA, 2019). One can divide the fashion industry into a number of sub-industries, from textiles and apparel to footwear and accessories manufacturing. For example, the textile industry is the fourth largest category in terms of overconsumption of water and raw materials (EEA, 2019). Therefore, sustainability in the fashion industry has been a subject of study (Brydges, 2021; Rathinamoorthy, 2019; Vadakkepatt et al., 2021), with a major focus on fast fashion brands and luxury fashion (Kong, Witmaier, & Ko, 2021).

The growing popularity of the concept of "sustainability" underlies the belief that it is an important trend that is here to stay (Dauvergne & Lister, 2012). Increasing environmental

awareness among consumers and managers presents a growth opportunity for companies (Mueller, 2015). 60% of online consumers are willing to pay more for environmentally friendly products (Orazi & Chan, 2020), and a recent survey found that nearly 65% of respondents prefer to purchase from purpose-driven brands that actually promote sustainability (White et al., 2019).

In order to make the world a better place, brands are willing to develop new tactics and adaptation measures to produce environmentally friendly products. (Chen et al., 2012). As a result, due to increasing environmental challenges and commercial competition, several brands have already adopted corporate social responsibility practices with the aim of achieving a more sustainable performance (Padilla-Lozano & Collazzo, 2021).

2.2 Sustainability in the Luxury Sector

The term "luxury brands" refers to high-end, expensive, and non-essential products and services that consumers perceive as rare, exclusive, authentic, prestigious, and have high symbolic and emotional value (Tynan, McKechnie, & Chhuon, 2009).

The few studies that have been conducted on luxury and sustainability have found that consumers often perceive the two concepts as opposing each other (De Pierre & Barki, 2015; Kapferer & Michaut-Denizeau, 2013). Convincing customers of the convergence of sustainability and luxury is a challenge for the luxury industry. However, the contradiction can be resolved by the following consideration: resources are scarce, luxury goods have a high price and are produced only in small quantities. In this case, since the industry remains small-scale, it should control the environmental damage (Kapferer, 2010). So, it relies on sustainability concerns to guarantee that the scarce resources remain available.

However, some luxury fashion categories result in waste and have significant environmental impacts, such as clothing and footwear. These items consume massive amounts of water and contribute to deforestation and plastic pollution (Zhou, 2022). There are also a number of shortcomings in the supply chain, such as pollution during production, extensive use of natural materials, unfair treatment of animals, packaging waste, and inhumane working conditions (Kapferer & Michaut-Denizeau, 2013). Luxury can also be seen as irrational, non-essential, and a symbol of inequality (Kapferer, 2010). Since luxury is perceived as an excess that leads to

inequalities in society (Gardetti & Torres, 2015), it cannot be considered sustainable given this perspective.

The merging of the two concepts is also attractive to consumers (Truong et al., 2008). New generations are more aware of environmental issues and are more interested in companies that incorporate sustainable practices as part of brand value (Truong et al., 2008). As consumer interest in sustainability increases and companies seek to meet their expectations, innovative sustainability practices have been incorporated (De Pierre & Barki, 2015).

Luxury companies have made efforts to adopt more innovative and sustainable practices, but these efforts have not been adequately communicated, and that is the starting point of this study. The luxury industry needs to more fully communicate the social and environmental stance it has taken (Kapferer & Michaut-Denizeau, 2013). Therefore, this study aims to understand alternative ways of communicating with consumers by informing them that its products are in fact developed in collaboration with their peers through co-creation processes, as explained below.

2.3 Co-Creation

Over the last decades, consumers have been overloaded with several types of services and various products, but still showed dissatisfaction with the offerings, which in turn made it difficult for companies to create more value (Prahalad & Ramaswamy, 2004a). This is due to firms funding diversification of services and manufactured products without addressing consumer needs and wants (Prahalad & Ramaswamy, 2004b). Traditional innovation models assume that the internal employees of the company are responsible for developing and creating new products for customers (company-centric model) (Marske & Stempowski, 2008).

Recently, consumers started to be included in the company's creative process. Nowadays, they are well informed, have more creativity and important skills to participate in the different stages of product development (Sheth, 2020). Consequently, consumers are willing to take an active role in the process of creating and developing new goods (Martínez-Cañas et al., 2016).

Co-creation began with co-production, where customers participated in supply chain activities (Chathoth et al., 2013). In the 1990s, a different perspective of co-creation was introduced: the collaboration of company employees with consumers leads to higher consumer satisfaction (Lehrer et al., 2012). Among the many definitions, co-creation can be defined as a process in

which consumers actively and consciously participate in a company's innovation process by being part of activities traditionally carried out by the company (Gemser & Perks, 2015). Thus, co-creation is a form of market or business strategy that emphasizes the creation and ongoing implementation of shared value between companies and customers (Etgar, 2008). Co-creation can take various forms, but the common element is collaboration in developing something new (Krasteva, 2017). An effective co-creation process can lead to a deeper bond between consumers and businesses, improving loyalty and increasing the likelihood that they will engage in future co-creation activities (Dervojeda, et al., 2014).

Both the level of consumer involvement and the success of new products depend on the stage of the product development process at which collaboration occurs. This means that companies need to engage consumers at the right stage, based on their talents and the company's needs, in order to maximize benefits (Gruner and Homburg, 2000). Working with consumers enables companies to better understand consumers, learn more about them and improve the identification of their needs (Von Hippel, 2001). Gaining specific details about desires and needs through co-creation helps translate them into product features (Gemser & Perks, 2015).

Involvement in the co-creation process allows consumers to gain trust, as co-creation activities require greater involvement and participation in the development of ideas and also help build a relationship with the brand (Randall et al., 2011). Previous literature in this area also suggests that consumers must have some initial knowledge of the brand and some trust to engage in the product development process, as activities require sharing or exchanging information. Therefore, it can be assumed that the co-creation process has a significant impact on building greater trust (Cossío-Silva et al., 2016).

Numerous studies show that companies are more inventive and consumer-oriented when they involve consumers in the innovation process, which translates into positive behavioral intentions such as a greater willingness to share the company's name and a desire to pay for co-creation products (Saarijärvi et al., 2013b). The consumer-business relationship is increasingly seen as a source of value creation and involving the consumer in the product development process improves the company's competitive advantage (Prahalad & Ramaswamy, 2000; Vargo & Lusch, 2004). Therefore, the number of companies conducting co-creation activities is increasing, and they are trying to actively involve consumers in the company's innovation activities (Cui & Wu, 2016; Von Hippel & Katz, 2002; Hoyer et al., 2010).

Research has shown that consumers who purchase products resulting from co-creation activities are likely to feel more connected to the process participants who contributed to the product's development than to the company's professionals at the time of purchase. For this reason, the level of trust in the market will increase, leading consumers to show positive feelings and attitudes toward the product (Tuan et al., 2019). Some studies indicate that co-creation can reduce risk (lower possibility of product rejection), increase consumer loyalty, and speed up time to market (Payne et al., 2008). This leads to a higher likelihood of purchase intentions, product recommendations (Barroso, 2016), and positive word of mouth (Vázquez-Casielles et al., 2017).

2.4 Perceived Consumer Effectiveness

The psychological phenomenon in which consumers demonstrate positive attitudes toward sustainable and renewable causes in order to protect the environment is referred to as Perceived Consumer Effectiveness (PCE) (Kinnear et al., 1974). PCE refers to the way customers defend their behavior and believe that their personal efforts can help reduce environmental damage (Van der Werff & Steg, 2015). In other words, consumers are more likely to reduce pollution if they trust that their actions are environmentally friendly. To stimulate behavioral change, consumers need to be convinced that their behaviors and attitudes have positive effects on social and environmental issues (Roberts 1996), such as combating social inequality and environmental degradation. Consumers may feel successful when their actions contribute to the protection of the environment, but may also be upset when those actions contribute to the destruction of the ecosystem (Zanxin Wang et al., 2020b). Because they cannot suppress their sense of responsibility for social and environmental issues affected by their decision, consumers are led to perceive themselves as active agents during the consumption process, which can have a positive impact on their brand valuations (Stan et al. 2013). When consumers feel they have a say in a brand's practices, they are more likely to consider the brand authentic and trustworthy (Randall et al., 2011), which is why it is important for brands to actively involve consumers in co-creation to increase brand value (Saarijärvi et al., 2013b).

Perceived Consumer Effectiveness helps measure consumers' ability to make an impact on environmental issues. It is a subjective decision, and studies have shown that PCE has a significant impact on customers' green behavior. High PCE is important in encouraging

consumers to translate their positive attitudes into actual consumption (Ellen et al., 1991; Berger and Corbin, 1992; Roberts, 1996; Lee and Holden, 1999).

2.5 Word-of-Mouth

Consumers frequently exchange opinions, information, or news with others. The exchange of positive or negative remarks by a potential, actual, or former customer about a product, service, or company that reaches multiple people can be referred to as word-of-mouth (WOM) (Hennig-Thurau et al., 2010). Interpersonal communications, also defined as WOM, can include mere mentions, exchanges of product-related content, and product-related discussions. Interpersonal communication increases product awareness, motivates and influences people to try things (Van den Bulte & Wuyts, 2009).

Research studies have shown that experiential purchases trigger more interpersonal conversations than material purchases. Consumers are more willing to talk about a personal purchase in a social setting if it involves experiences, which explains why they are more pleasurable than objects (Van Boven and Gilovich 2003). The importance of consumers talking about their personal purchases is related to the many benefits of interpersonal communication: improved social relationships (Collins & Miller 1994; Gable et al., 2006), affirmation and support (Gatignon & Robertson 1986), learning (Bandura 1977), and creation of positive affect and well-being.

Erkan & Evans (2016) found that WOM can influence recipients' attitudes and purchase intentions, which is why companies are beginning to look at managing customer relationships. Close interactions between consumers and service providers have the ability to prevent and address product and service failures, which has encouraged companies to take a proactive approach to enable co-creation activities that foster consumer loyalty behaviors (Cambra-Fierro et al., 2018; Carlson et al., 2019). When companies accept consumers' suggestions, consumers feel respected and are most likely to recommend the company to friends and family. Cambra-Fierro *et al.* (2018) suggest that co-creation can lead to positive word-of-mouth. In a study, it was mentioned that word-of-mouth can be considered as the main factor for 20% to 50% of all purchase decisions (Bughin, Doogan, & Vetvik, 2010). By involving customers in the co-creation process, companies can create a more engaged and loyal customer base, which can lead to more word-of-mouth and a positive brand reputation. Whether the same conclusions apply to luxury brands and luxury goods will hopefully be answered by this study.

2.6 Consumer's Brand Valuations

2.6.1 Consumer Trust in Brands

Research on consumer trust in brands has increased significantly since the 2000s to better understand the influence of trust in business-consumer relationships (Johnson & Grayson, 2000; Sirdeshmukh et al., 2002). Trust can be defined as the belief that a brand has the ability to fulfil and deliver on its promises along the relationship path (Chaudhuri & Holbrook, 2001; Morgan & Hunt, 1994).

Consumers' trust in brands goes far beyond their expectations of a product's features and benefits to include symbolic evaluations that encompass cognitive beliefs, shared purpose, and affective perceptions, resulting in a synergy that reinforces a sense of shared value (Becerra & Badrinarayanan, 2013; Morgan & Hunt, 1994). According to Mowen and Minor (1997), consumer trust is a behavioral response based on post-purchase analysis and comparison between product performance and prior expectations (Tse & Wilson, 1998).

In the context of sustainability issues, Stanaland *et al.* (2011) realized that a socially responsible company is more likely to improve the level of trust among stakeholders. In addition, the SDGs are believed to have the same effect, increasing the likelihood of trust enhancement, particularly among consumers as awareness of the company's impact on society increases (Edelman, 2019). Therefore, the level of trust is key in the brand-consumer relationship and can be directly connected with social and sustainable responsibility.

In connection with trusting relationships with consumers, several studies have shown that positive brand-consumer interactions are a key factor in consumer trust in brands (Delgado-Ballester & Munuera-Alemán 2005; Fournier 1998; Wong & Sohal 2002). Co-creation can increase consumer trust because it involves shared responsibility for the value creation process, leading to higher levels of trust and commitment (Füller et al., 2010).

In light of this, consumer trust is a relevant variable for this study and is worth further empirical investigation.

2.6.2 Consumer Perceived Ethicality

Consumer Perceived Ethicality (CPE) is a variable that represents the beliefs and perceptions that consumers have regarding the ethicality of a particular product, brand, or company. In other

words, it is the extent to which consumers believe that a product or brand acts in a social and ethically responsible way (Brunk, 2012).

When it comes to choosing a brand, consumers no longer limit their choices to factors such as price and quality. They also consider innovation, the company's commitment to environmental sustainability, honest business practices and fair working conditions (Bussey, 2006). Consumers' brand choices reflect their social and ethical concerns (Maxfield, 2008), so brands are aware of the need to communicate their purpose-driven strategy to consumers. CPE is important because it can influence consumer behavior and affect the reputation of the company or brand (Brunk, 2010b).

Bendell and Kleanthous (2007) state that luxury brands have both the responsibility and the opportunity to promote sustainable consumption. Luxury companies often engage in local production and the cultural tradition of securing material sources to reinforce their anchoring of provenance and craftsmanship that aims for sustainability (Cervellon & Shammas, 2013). However, these views do not always align with consumers' views on the link between luxury and ethics. For example, numerous studies have found that consumers do not directly associate luxury with ethical concepts such as sustainability (Achabou & Dekhili, 2013; Voyer & Beckham, 2014). From extensive research in consumer behavior, it is known that consumers seek a number of specific benefits when purchasing luxury products that are different from those when purchasing consumer durables (Nia & Zaichnkowsky 2000; Vigneron & Johnson 2004; Ward & Chiari, 2008). The study by Moreas *et al.* (2017) shows that consumers of luxury goods need a common construction on what ethical initiatives can be introduced into luxury. Kapferer and Michaut-Denizeau's (2015) study explains that consumers are not yet convinced that luxury is compatible with the defining characteristics of sustainability because luxury is a symbol of excessive spending and social inequality. They also argue that luxury is not perceived as unsustainable per se, but that luxury is expected to already implement ethical sourcing in the production of its goods.

Co-creation can be defined as a process in which consumers are actively involved in the creation of a product or service (Gemser & Perks, 2015). Research on its impact on CPE is very limited, but because co-creation creates a sense of shared responsibility between consumers and the brand (Prahalad & Ramaswamy, 2004), it could also have a positive impact on consumer perceived ethicality. One of the objectives of this study is to test this previous assumption and

investigate whether a co-creation process can influence consumers' ethical perceptions of luxury products.

2.6.3 Sustainability Perceptions

Sustainability perceptions can be defined as the extent to which consumers believe that a company's sustainable actions meet current and future needs and desires. It refers to consumers' beliefs and attitudes about the environmental and social impacts of products, services and businesses. The perception of a brand's sustainability can have a significant impact on consumer behavior. Research shows that consumers are increasingly looking for sustainable brands and products (Nielsen, 2015). Luchs *et al.*, (2010) recognize that consumer perceptions of a brand's sustainability are influenced by several factors, including the brand's social and environmental responsibility, innovation in sustainable practices and transparency.

When consumers perceive a company as socially responsible, they tend to identify more strongly with the company and have an affective commitment towards it. Such perception can lead to positive attitudes towards the company, increase motivation to support the company and increase purchase intentions for its products (Hur et al., 2018).

Sustainability-related co-creation involves combining resources, knowledge, and skills between different market actors to improve products or services (Darby & Karni, 1973) and create value through new forms of interaction (Zwass, 2010; von Hippel, 2005). This increases market transparency and reduces information asymmetries. (Darby & Karni, 1973). Sustainability-related co-creation processes open up discussions about environmental and social standards, sustainable strategies, and through these processes products and services are jointly developed (Arnold, 2010; Hoffmann, 2007).

As co-creation raises awareness of products, it has been shown to have a positive impact on the perception of sustainability. It increases the acceptance of the product/service by a wider public. Since the final product is more likely to be accepted and successfully disseminated in the market, consumers are engaged in choosing more sustainable practices (Lüthje & Herstatt, 2004; Urban & von Hippel, 1988). The aim of this study is to investigate whether co-creation processes can also have a positive influence on the sustainability perception of luxury brands.

2.6.4 Willingness to pay

As stated above, consumers are increasingly considering purchasing products that help minimize social impact (Sweetin et al., 2013), and recent statistics show that consumers are willing to pay more for sustainable fashion products than for "regular" products (Statista, 2020).

Willingness to pay (WTP) refers to the maximum amount of money a consumer is willing to spend on a product or service. It symbolizes the value a consumer assigns on the features and benefits of the product/service and reflects how much the product/service is worth to them. It is usually represented by a monetary figure and can vary among consumers (Stobierski, 2020).

WTP is a critical concept in luxury fashion because luxury goods are frequently high-priced. Consumer willingness to pay for luxury products can be influenced by several factors such as (1) Brand reputation and image, since luxury brands are associated with exclusivity and upscale quality, a solid brand reputation and image can increase consumers' WTP for more expensive products (Han et al., 2010); (2) The perceived value of a luxury product, which includes the uniqueness, design, and quality of that product, as well as emotional attachment to the product, can also influence a person's WTP for luxury products (Kapferer, 2012); (3) Personal income and wealth, as consumers who have higher disposable income are more likely to have higher WTP for luxury goods (Berger & Ward, 2010); and finally, (4) Social status may also increase a consumer's willingness to pay, as owning luxury goods may be associated with prestige (Berger & Ward, 2010).

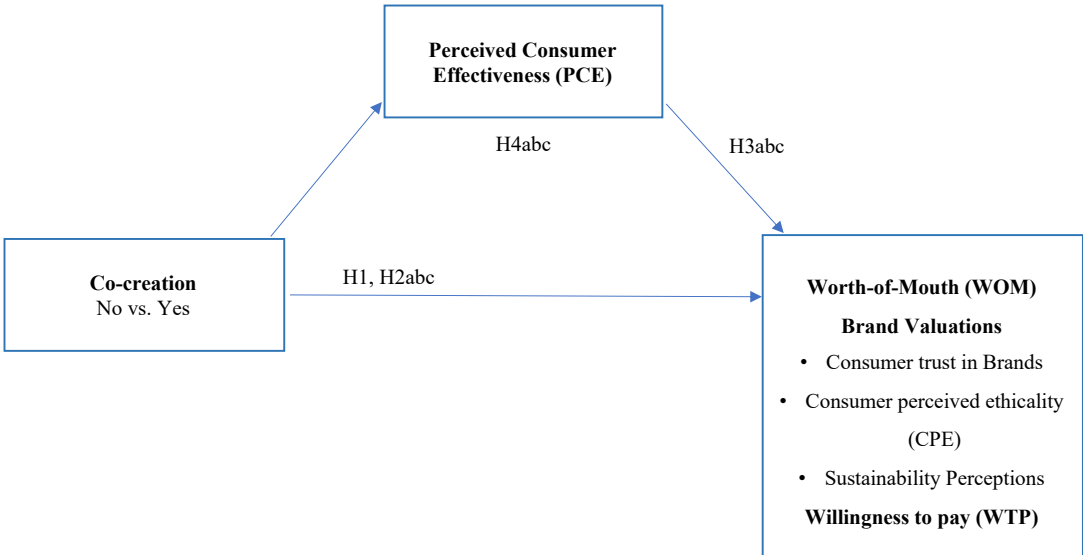
With respect to co-creation processes, while there is limited information in the literature on how co-creation processes affect WTP, a study by Kwok Thye Yip (2011) found that co-creation attributes have an impact on consumers' decision to purchase a service and, to that extent, may affect their WTP for the service. It remains to be investigated whether the same conclusions apply to the decision to purchase luxury products or services.

3. Conceptual Model and Hypothesis

3.1 Conceptual framework

Based on the literature review, the present dissertation aimed to better understand the impact of co-creation processes conducted by luxury brands on consumers' brand trust, perceptions of ethical and sustainability issues, and willingness to pay. It also investigates whether co-creation processes can generate a word-of-mouth effect. In addition, the study will examine the moderating role of perceived consumer effectiveness on the aforementioned relationship. Thus, the independent variable is co-creation (no versus yes), the dependent variables are word-of-mouth, consumer trust, ethical and sustainable consumer perceptions, and willingness to pay, and the mediator is perceived consumer effectiveness.

Figure 1 - Conceptual Framework



3.2 Hypotheses

As discussed in the literature above, researchers have found that consumer-business collaboration is increasingly seen as a source of value creation (Prahalad & Ramaswamy, 2002, 2004b). Co-creation can take various forms, but most often involves collaboration in developing something new or improving a product/service (Krasteva, 2017). Co-creation processes demonstrate that the brand benefits from input and feedback from its customers, which can lead to increased loyalty and advocacy (Cambra-Fierro et al., 2018; Carlson et al., 2019). As such brands that communicate such initiatives can make consumers feel respected,

making them more likely to recommend the company to family and friends while increasing the perceived value of a brand (Cambra-Fierro et al., 2018). Specifically, consumers may perceive co-created products or services as more valuable and relevant, which may affect consumers' decision to purchase a product (Kwok Thye Yip, 2011). Therefore, the first hypothesis is as follows:

H1: Communicating a brand's co-creation initiative will have a stronger impact on word-of-mouth (WOM), brand valuations (consumer trust, consumer perceived ethicality, sustainability perceptions) and willingness to pay (WTP) than if the brand does not communicate such initiative.

Moreover, co-creation initiatives can help foster a sense of ownership and engagement among consumers (Gemser & Perks, 2015). An effective co-creation process can lead to a deeper connection between consumers and companies and improve brand loyalty and perception (Dervojeda, et al., 2014). Involving consumers in co-creation processes allows them to gain trust, as co-creation activities require greater involvement in the development of ideas and strengthen their relationship with the brand (Randall et al., 2011). Overall, these initiatives can be a powerful tool for brands to build stronger relationships with their customers, improve the perceived value of a brand, and increase their competitive advantage (Prahalad & Ramaswamy, 2000), leading to the proposal of the second set of hypotheses:

H2: Co-creation processes of luxury brands will positively impact:

H2a: Word-of-mouth (WOM).

H2b: Brand valuations (consumer trust in brands, ethical and sustainable perceptions).

H2c: Willingness to pay (WTP).

When choosing a brand, consumers look for innovation, the company's commitment to environmental sustainability, honest business practices, and fair labor practices (Bussey, 2006). When consumers believe they can make a difference by supporting socially responsible brands and products, they are more likely to choose conscious consumption (Ellen et al., 1991; Berger and Corbin, 1992). Recent statistics also show that consumers are willing to pay more for products that they perceive as socially responsible or environmentally friendly (Statista, 2020). This means that consumers are increasingly considering purchasing products that help minimize social impacts (Sweetin et al., 2013).

Furthermore, when consumers feel that a company is responsive to their concerns and values, they are more likely to develop a sense of loyalty and trust toward that brand (Hur et al., 2018). Thus, the third set of hypotheses is suggested as follows:

H3: Perceived consumer effectiveness will positively impact:

H3a: Word-of-mouth (WOM).

H3b: Brand valuations (consumer trust in brands, ethical and sustainability perceptions).

H3c: Willingness to pay (WTP).

Finally, it is important to consider how perceived consumer effectiveness affects the relationship between co-creation and word of mouth, perceptions of sustainability and ethics, consumer trust in brands, and willingness to pay. Therefore, it is hypothesized that perceived consumer effectiveness will indirectly affect the relationship between co-creation and word-of-mouth, brand valuations, and willingness to pay. Based on the foregoing, the following set of hypotheses is:

H4: Perceived consumer effectiveness will mediate the relationship between a brand's co-creation initiative and:

H4a: Word-of-mouth (WOM).

H4b: Brand valuations (consumer trust, ethical and sustainability perceptions).

H4c: Willingness to pay (WTP).

4. Methodology and Data Collection

4.1 Research Method

After analyzing the secondary data presented in the literature review, primary data were collected to answer the research questions of this study.

Two experimental studies were conducted: a pilot test of the main study and the main study, for each of which an online survey was developed. The platform used for the pre-designed questionnaires was Qualtrics, an intuitive research software with several useful and efficient tools to facilitate respondent management, secure data processing, and simplify the data collection process, such as randomization of questions and the ability to download data directly into SPSS.

The studies were conducted in the form of online surveys, which make it possible to obtain a large and rapid number of responses at a low cost (Evans & Mathur, 2005). This method gives participants the opportunity to complete the survey in their natural environment and at the most convenient time (Evans & Mathur, 2005). Additionally, the survey guarantees complete anonymity and confidentiality of the information provided by the participants, which increases their willingness to participate. The questionnaires were distributed via a platform-generated link that was disseminated through central messaging platforms and social media such as Instagram and LinkedIn. This allowed for much greater reach and accessibility than face-to-face surveys.

However, it should be kept in mind that online surveys may also have some disadvantages, as it is not possible to ensure that respondents are focused and concentrated on the questions, nor is it possible to clarify respondents' doubts when they arise. Therefore, the questionnaires were designed to be concise, comprehensive, and contain closed-ended questions to reduce these disadvantages.

4.2 Sampling

The sampling method chosen for this study was non-probability convenience sampling. This is a type of sampling method in which the researcher selects the sample based on convenience or accessibility when time and resources are limited. Participants in a target population who meet

certain practical criteria, such as ease of access, geographic proximity, availability at a particular time, or willingness to participate, are included (Dornyei, 2007). This method was chosen because of its speed, ease of availability, accessibility to participants, and cost-effectiveness (Malhotra et al., 1999). This method results in an unequal probability that members of the population will have the opportunity to participate in the studies.

It is important to mention that participants were informed in each survey that their responses would be kept anonymous and completely confidential to encourage honest participation.

4.3 Research Instruments

Two experimental studies were developed in Qualtrics survey software and distributed via an anonymous platform-generated link through direct messaging and multiple social media platforms to reach the largest possible sample. The survey was conducted anonymously to minimize social desirability bias, which is likely to occur when ethical intentions are in question (Carrington et al., 2010).

4.3.1 Pilot study

Prior to the start of the main study, a pilot study was conducted to determine which luxury brand was most memorable to participants for later inclusion in the main study, to verify that the manipulations developed were fully understood by respondents and that the flow of scenarios worked correctly (*Appendix 1*). The pilot study included 32 respondents who did not participate in the main study.

The results show that when participants were asked to name the first three luxury brands that came to mind, Dior was named most often with 21.8%, followed by Chanel with 17.2%, and in third place Louis Vuitton with 14.9%. Based on these results, Dior was selected as the brand mentioned in the main study (*Appendix 2*).

The results of the manipulation checks questions for the control scenario showed that participants understood that the jacket was developed only by Dior employees, whereas participants in the co-creation scenario correctly assumed that the jacket was actually developed by both Dior employees and consumers (*Appendix 3*).

Based on the feedback received from participants and results, adjustments were made in the main study.

4.3.2 Main study

The main survey was distributed via direct messaging and social media platforms, launched on February 13, 2023 and responses were collected through February 22, 2023. For the main survey, 246 responses were received, of which 182 were completed and analyzed. The demonstrated high dropout rate is a common problem in web experiments, as respondents tend to be easily interrupted and/or do not feel forced to answer all survey questions (Reips, 2002; Tijdens, 2014). Nonetheless, the sample size of 91 participants per cell is considered sufficiently large, which is higher than the necessary number of responses per cell that experimental research should have in order to achieve the validity of a randomized experimental study (Maxwell & Delaney, 2004).

4.4 Design and Procedure

The questionnaire design followed a two-group (Co-Creation: Yes vs. No) between-within subject's design, while testing Perceived Consumer Effectiveness as measured (mediator) variable. To better understand the impact of co-creation on consumers' brand valuations, it was important to measure the dependent variables at two moments: before and after information about the brand's involvement in co-creation was provided. The survey consisted of four sections (*Appendix 4*), and all participants were randomly assigned to a single scenario after a brief introduction to the scope of the survey was given (see Table 1).

Table 1 - Manipulation Scenarios

		Scenario	
		1	2
With Co-Creation	Yes	X	
	No		X

The survey began by introducing participants to the luxury brand Dior. First, participants were asked about their level of familiarity of the brand. Then, they were asked to rate their ethical perception of the brand (CPE), their trust in the brand, their sustainability perceptions, their willingness to recommend Dior (WOM), and finally their willingness to pay for a Dior product (WTP). In the next section, participants were shown a brief information about Dior, either about the brand's introduction of a co-creation process to develop a new jacket, or about Dior's product development department carrying out this process itself. Immediately after reading the scenario,

manipulation checks were performed to ensure the reliability of the stimuli. Then, the same dependent measures were applied (CPE, consumer trust, sustainability perception, WOM, and WTP), and two additional questions were added to assess whether consumer involvement in the product development process could actually improve product utility, aesthetics, and overall quality.

In the third section, after responding the questions about the co-creation (vs. no-cocreation) scenario, the measure of perceived consumer effectiveness was administered, followed by a question about whether inflation has been influencing the purchasing decisions of participants.

The final section contained the demographic questions, which captured gender, age, current occupation, education level, nationality, and annual income. Before the survey ended, participants were thanked for their participation.

4.5 Stimuli Development

According to the results of the pilot study, the Dior brand was used as stimulus. Two stimuli were developed to fulfill the purpose of the study. When designing the experimental conditions, care was taken to ensure that the scenarios were as understandable and as simple as possible. Stimuli A informed participants that Dior was committed to producing its products from environmentally responsible materials and that a co-creation process had been introduced in which consumers were invited to participate in the development of a new jacket. Consumers were able to participate in the selection of raw materials and had access to privileged information about all stages of the production process. Stimuli A included a definition of co-creation; Stimuli B was neutral information (scenario without co-creation) to inform participants that Dior produces luxury goods from materials that promote sustainable practices and that Dior's product development department developed a new jacket in which materials were carefully selected. Stimuli B also stated that more information was available on the brand's website. Visual content was shared along with each text to reinforce the stimulus (*Appendix 5*).

To prevent possible bias, both stimuli followed a similar structure, font, wording, amount of information, and visual content (O'Keefe, 2003). The scenarios were previously tested in the pilot study to ensure that the manipulations were perceived correctly.

4.6 Variables Descriptions

4.6.1 Manipulation checks

Immediately after participants were exposed to the stimuli, they were asked questions to test the manipulation. The questions were aimed at checking whether the respondents understood the two scenarios and, more specifically, whether they understood that co-creation processes involve consumers in the development process of a product together with the company. The first question was assessed using a 7-point Likert scale (1 - strongly disagree to 7 - strongly agree) with 3 items. Participants were asked to what extent they agreed with three statements about who is involved in the development of the Dior jacket: "The Dior jacket is developed only by the consumers"; "The Dior jacket is developed only internally by the designers of the brand"; "The Dior jacket is developed by both the consumer and the designers of the brand". The second manipulation check asked participants whether the scenario presented was indeed an example of collaboration between the company and consumers, which was also evaluated using a 7-point Likert scale (1 - strongly disagree to 7 - strongly agree). Further results of the manipulation check are analyzed in the next chapter.

4.6.2 Independent Variable

Co-creation – was manipulated and randomly presented to participants to either a luxury brand co-creation process or neutral information about the same brand.

4.6.3 Dependent Variables

All dependent variables were assessed using a seven-point Likert scale (1 - strongly disagree to 7 - strongly agree), with the exception of purchasing behavior measure related to willingness to pay (see *Appendix 4*).

Word-of-Mouth – The variable was measured through a three-item scale, adapted from Maxham and Netemeyer (2002): "I would spread a positive word about this brand."; "I would recommend this brand to my family and friends."; "If my friends were looking for a jacket, I would recommend them to choose this brand".

Consumer Trust - To assess consumer trust in brand, participants were asked their level of agreement with two statements adapted from Chaudhuri & Holbrook (2001): "I trust Dior."; "Dior delivers what it promises."

Consumer Perceived Ethicality (CPE) - Consumer ethical perceptions were assessed using a seven-point scale with five items adapted from Brunk (2012): “Dior respects moral norms.”; “Dior always adheres to the law.”; “Dior avoids damaging behavior at all cost.”; “Dior is a socially responsible brand.”; and “Dior is a good brand.”.

Sustainability Perception - In order to assess sustainability perception, respondents were asked their level of agreement with six sentences adapted from the scale developed by DeVellis’ (1991): “Dior’s transparency in business management is good.”; “Dior’s accountability is good.”; “Dior serves social responsibility.”; “Dior cares about human rights.”; “Dior invests for the environment”; “Dior produces eco-friendly products.”.

Willingness to Pay (WTP) - To measure willingness to pay, respondents were asked how much they would be willing to pay for a Dior jacket (from 0 to 5000 euros): "How much would you be willing to pay, in euros, for a Dior jacket?".

4.6.3 Mediator

Perceived Consumer Effectiveness (PCE) – The PCE was assessed by asking participants on a scale from 1 (completely disagree) to 7 (completely agree) their level of agreement with three statements related to their perception of the effectiveness of their behaviors (e.g., “I feel that by choosing to buy more sustainable products I can make a difference”), adapted from Ellen et al. (1991) and White et al. (2011).

5 Analysis and Results

5.1 Sampling Characterization

In the last section of the main survey, participants were asked some demographic questions to build an accurate picture of the final sample. The demographic characterization of the sample is crucial to portray the profile of the participants and to gain a deep understanding of the nature of the sample under study, as it may represent factors of interest that influence the final results. Therefore, all participants were required to answer the demographic section of the survey (*Appendix 6*).

The sample was composed of 182 participants, of which 76.9% were female and only 23.1% were male. Regarding the age of the participants, 1.1% are under 19 years old, 15.9% are aged between 19 and 24 years old, followed by 25 to 34 years old, which represent the largest group of the sample with 52.2%. In addition, 4.9% and 15.4% of the sample are between 34 to 44 and 45 to 54 years old, respectively. The last two groups consist of the 55 to 64 years old, who make up 8.8%, and only 1.6% are 65 years old or older. The majority of respondents are from Portugal (93.4%), with the remaining percentages composed of respondents from Brazil (1.1%), Algeria (0.5%), Venezuela (0.5%), the United States (0.5%), Germany (0.5%), Spain (0.5%), Australia (0.5%), Tunisia (0.5%), Barbados (0.5%), and France (0.5%).

Concerning the educational level of the participants, 4.4% have a High School degree, 23.1% have a Bachelor's Degree, most of the participants have a Master's Degree, which is the largest group with 68.7%, and finally 3.8% have a Doctorate Degree. In terms of the professional occupation of the respondents, it was found that the majority of the sample is either studying in a university (12.6%) or is currently employed (80.8%). 1.6% of the respondents are high school students, 3.8% are unemployed, and 1.1% are retired.

Lastly, the annual household income of participants is below 10.000€ for 10.4% of the sample, between 10.000€ and 19.999 for 29.7% of respondents, and between 20.000€ and 29.999€ for 18.1% of the sample population. Participants with income between 30.000€ and 39.999€ represent 10.4%, ranging from 40.000€ and 49.000€ represent 7.7%, and between 50.000€ and 74.999€ represent 9.9%. 1.1% of the sample has an annual income between 75.000€ and 99.999€, 4.4% between 100.000€ and 150.000€ and 3.3% above 150.000€. 4.9% of the participants preferred not to provide any information.

5.2 Scales' Reliability and Factor Analysis

All scales used in this dissertation were taken from the existing literature. However, in order to obtain the most accurate results, it is necessary to analyze the reliability of the scales. It is important to understand whether all items in the scale adequately measure the intended variable and whether there is a strong relationship between the different items used that were assessed. Since the survey was composed by two moments (before and after the stimuli), the variables are also measured before and after the presentation of the scenarios. For coding purposes, the variables measured before the stimuli are considered pre-measures (labeled as "Pre") and those measured after are considered the post-measures (labeled as "Post"). The measurement process of a scale may differ between scales with two items or with three or more items, and a bivariate correlation analysis was conducted to assess the correlation between the two items used to measure consumers' trust in brand (see Table 2).

The Pearson correlation (r) indicates how strong the relationship is between the two variables. (r) can range from -1.0 to 1.0, with a correlation of 0 indicating no relationship between the variables tested, a correlation of 1.0 representing a perfect positive correlation, and a value of -1.0 representing a perfect negative correlation. (Ahlgren et al., 2003).

Table 2 - Consumer Trust Pearson Correlation

	<i>Pearson Correlation (r)</i>	<i>Sig (2-tailed)</i>
Pre Consumer Trust	.68	<.001
Post Consumer Trust	.83	<.001

According to Cohen (1998), the (r) should be above .5 to be classified as strongly correlated. However, the analysis is not complete until the 2-tailed significance value is determined, which must be less than 0.05 to confirm the correlation of the scales. From the analysis of Table 2, it appears that the variables have a significance value below .001 and a Pearson correlation value above .5, indicating that the items have high reliability levels.

Three or more item scales (Sustainability Perception, Word-of-Mouth, Consumer Perceived Ethicality, and Perceived Consumer Effectiveness) were measured using a factor analysis procedure with principal component analysis and varimax rotation. The next step is to perform

a descriptive scale reliability analysis that generates a Cronbach's alpha that certifies how closely related each set of items is. Values above .9 are considered excellent, values above .8 are considered good, and values above .7 are considered acceptable (George & Mallery, 2003). The Cronbach's alpha values of the variables analyzed are shown in Table 3.

Table 3 - Dependent variables scales (Cronbach's Alpha)

	Initial number of items	Cronbach's alpha	Cronbach's alpha if deleted	Items deleted	Final number of items
Pre Sustainability Perceptions	6	.93	.92	-	6
Pre Word-of-mouth	3	.86	.93	1	2
Pre Consumer Perceived Ethicality	5	.88	.87	-	5
Post Sustainability Perceptions	6	.96	.96	-	6
Post Word-of-mouth	3	.92	.93	-	3
Post Consumer Perceived Ethicality	5	.93	.92	-	5
Perceived Consumer Effectiveness	3	.85	.88	-	3

Since all alphas of the variables are between .8 and .9, according to Devellis (1991), the range of a very good scale is confirmed. Consequently, this analysis indicates a high degree of internal consistency for the seven variables. However, the Cronbach's alpha of Word-of-Mouth (pre-measure) can be increased by deleting item 3 "If my friends were looking for this product category, I would recommend them to choose this brand.". By deleting item 3 from the scale, the word-of-mouth (pre-measure) variable was modified and now consists of only 2 items.

After analyzing the reliability of the scale, new variables were created as a combination of all the items used to measure each dependent variable in the entire survey, which was done by averaging the items in each scale used, and these will be the variables used to test the hypothesis.

5.3 Manipulation Check Results

On account of the experimental study design, it is mandatory to control whether the manipulated conditions had the expected effect on respondents. The manipulations were tested with an

independent samples *t-test*, which compares the significant difference between two means. Thus, if participants perceived the manipulations correctly, they must have significantly different means.

The manipulation aimed to assess whether the purpose of the co-creation process was recognized by the respondents.

Table 4 - Manipulation check "Dior jacket developed by both the consumer and the brand" Main study (Independent t-test)

	Mean	SD	<i>t-test</i>
No Co-Creation	3.58	1.82	- 10.38 ***
With Co-Creation	5.99	1.24	

*Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$*

The result of the independent sample *t-test* concerning the consumer and Dior brand joint participation in the jacket development process showed that the co-creation scenario was correctly perceived by participants ($M_{\text{Co-creation}} = 5.99$ vs. $M_{\text{No Co-creation}} = 3.58$, $t(154) = -10.38$, $p \leq .001$), demonstrating a statistically significant difference in means and consequently confirming the manipulation check (see Table 4).

Table 5 - Manipulation check "Dior jacket is developed internally only by the brand" Main Study (Independent t-test)

	Mean	SD	<i>t-test</i>
No Co-Creation	4.79	1.69	9.95 ***
With Co-Creation	2.30	1.68	

*Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$*

For the manipulation where the jacket is only developed by the Dior brand, the results of the *t-test* also revealed to be statistically significant. With a higher mean, the control scenario was perceived by the participants ($M_{\text{No Cocreation}} = 4.79$ vs. $M_{\text{Co-creation}} = 2.30$, $t(180) = 9.95$, $p < .001$) (see Table 5).

In summary, manipulation checks were shown to be correctly understood by the participants, allowing the analysis to proceed with confidence.

5.4 Main Results

5.4.1 The impact of a brand communicating a co-creation initiative on word-of-mouth, brand valuations and willingness to pay.

H1: Communicating a brand's co-creation initiative will have a stronger impact on word-of-mouth (WOM), brand valuations (consumer trust, consumer perceived ethicality, sustainability perceptions) and willingness to pay (WTP) than if the brand does not communicate such an initiative.

To test the first hypothesis, a paired samples *t-test* was conducted on the dependent variables before and after the stimuli in order to test whether a brand communicating a co-creation (vs. without) initiative has an impact on word-of-mouth, brand valuations, and willingness to pay (see Table 7).

The results show a significant mean difference in the values for all the dependent variables before and after the presentation of the co-creation stimuli, in particular: WOM ($M_{\text{Pre Co-creation}} = 4.77$ vs. $M_{\text{Post Co-creation}} = 5.08$, $t(92) = -2.57$, $p < .05$); Consumer Perceived Ethicality ($M_{\text{Pre Co-creation}} = 4.80$ vs. $M_{\text{Post Co-creation}} = 5.20$, $t(92) = -8.25$, $p < .001$); Sustainability Perceptions ($M_{\text{Pre Co-creation}} = 4.45$ vs. $M_{\text{Post Co-creation}} = 5.13$, $t(92) = -6.40$, $p < .001$); Consumer Trust ($M_{\text{Pre Co-creation}} = 5.11$ vs. $M_{\text{Post Co-creation}} = 5.23$, $t(92) = -1.67$, $p < .1$); Willingness to pay ($M_{\text{Pre Co-creation}} = 469.97$ vs. $M_{\text{Post Co-creation}} = 553.12$, $t(92) = -2.59$, $p < .05$).

Table 6 - Paired Samples *t*-test Brand Communication of Co-Creation Initiative

	No Co-Creation			Co-Creation		
	Mean	SD	<i>t</i> -test	Mean	SD	<i>t</i> -test
Pre Word-of-mouth	4.63	1.53	2.77**	4.77	1.39	- 2.57*
Post Word-of-Mouth	4.31	1.39		5.08	1.03	
Pre Consumer Perceived Ethicality	4.62	.93	- .67	4.80	.79	- 8.25***
Post Consumer Perceived Ethicality	4.49	.92		5.20	.80	
Pre Sustainability Perceptions	4.27	.99	1.48	4.45	.77	- 6.40***
Post Sustainability Perceptions	4.32	1.03		5.13	.89	
Pre Consumer Trust	4.97	1.08	4.86***	5.11	.92	- 1.67+
Post Consumer Trust	4.56	1.12		5.23	.83	
Pre Willingness to Pay	475.09	474.60	- 2.50*	469.97	413.99	- 2.59*
Post Willingness to Pay	554.93	523.33		553.12	557.14	

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

Findings shows that communicating co-creation initiative between brands and consumers has a positive and significant impact on word-of-mouth, brand valuations (consumer perceived ethicality, sustainability perceptions and consumer trust) and willingness to pay. The mean scores increase for all variables when the co-creation information is provided. However, without co-creation, this effect does not occur and may even be detrimental as mean scores decrease and, in some cases, the difference is not significant (see Table 6). Therefore, the paired samples *t*-test suggests that the effect of communicating a co-creation initiative has significant positive impact on WOM, brand valuations and WTP, fully supporting H1.

5.4.2 Co-creation processes of luxury brands will have a positive impact on word-of-mouth, brand valuations and willingness to pay.

H2: Co-creation processes of luxury brands will positively impact:

H2a: Word-of-mouth (WOM).

H2b: Brand valuations (consumer trust in brands, ethical and sustainability perceptions).

H2c: Willingness to pay (WTP).

To test the second hypothesis, a one-way multivariate analysis of variance (MANOVA) was performed, to validate if the co-creation processes implemented by luxury brands impacts word-of-mouth, brand valuations and willingness to pay of consumers.

Table 7 - Co-creation Initiative Communication Effect (One-way MANOVA)

	No Co-Creation	Co-Creation	F-test
	Mean	Mean	
Word-of-mouth	4.32	5.08	17.88***
Consumer Perceived Ethicality	4.49	5.20	32.19***
Sustainability Perceptions	4.32	5.13	30.88***
Consumer Trust	4.56	5.23	21.09***
Willingness to Pay	554.93	553.12	.001

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

The results show a significant main effect of the co-creation process, on word-of-mouth ($F(1,181) = 17.88, p < .001$), consumer perceived effectiveness ($F(1,181) = 32.19, p < .001$), sustainability perceptions ($F(1,181) = 30.88, p < .001$), and also on consumer trust ($F(1,181) = 21.09, p < .001$). However, there was no significant effect for the willingness to pay variable.

To complete the analysis and gain a deeper understanding about the effect, an independent samples *t-test* was performed on the DVs where significance was present (see Table 8).

The results of the *t-test* show that there is a statistically significant mean difference in the values of the dependent variables when the co-creation process is exposed compared to when no co-creation is present: WOM ($M_{\text{No Co-creation}} = 4.32$ vs. $M_{\text{Co-creation}} = 5.08, t(180) = -4.20, p < .001$), CPE ($M_{\text{No Co-creation}} = 4.49$ vs. $M_{\text{Co-creation}} = 5.20, t(180) = -5.67, p < .001$), Sustainability Perceptions ($M_{\text{No Co-creation}} = 4.32$ vs. $M_{\text{Co-creation}} = 5.13, t(180) = -5.67, p < .001$), and Consumer Trust ($M_{\text{No Co-creation}} = 4.56$ vs. $M_{\text{Co-creation}} = 5.23, t(180) = -4.56, p < .001$).

Results show that the difference between the scores of the two scenarios (with and without co-creation) are higher when consumers are exposed to the co-creation information versus without. That is, communicating a co-creation initiative improved participants' ethical and sustainability perceptions of the Dior brand, strengthened consumers' trust and also had a positive word-of-mouth effect, fully supporting H2a and H2b. However, since H2c could not be confirmed (see Table 7), hypothesis two is partially validated.

Table 8 - Co-creation Initiative Communication Effect (Independent samples t-test)

	No Co-Creation		Co-Creation		t-test
	Mean	SD	Mean	SD	
Word-of-mouth	4.32	1.39	5.08	1.03	- 4.20***
Consumer Perceived Ethicality	4.49	.92	5.20	.80	- 5.67***
Sustainability Perceptions	4.32	1.03	5.13	.89	- 5.56***
Consumer Trust	4.56	1.11	5.23	.83	- 4.56***
Willingness to Pay	554.93	523.33	553.12	557.14	.023

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

5.4.3 Perceived consumer effectiveness will have a positive impact on word-of-mouth, brand valuations and willingness to pay.

H3: Perceived consumer effectiveness will positively impact:

H3a: Word-of-mouth (WOM).

H3b: Brand valuations (consumer trust in brands, ethical and sustainability perceptions).

H3c: Willingness to pay (WTP).

To test hypothesis three about evaluate the effect of perceived consumer effectiveness on the dependent variables, a simple linear regression was performed.

Table 9 - Impact of Perceived Consumer Effectiveness on the Dependent Variables (Linear Regression)

	Correlation	p-value	R-Square	Coefficients
Word-of-mouth	.28	< .001	7.9%	.38
Consumer Perceived Ethicality	.45	< .001	20.2%	.45
Sustainability Perceptions	.33	< .001	10.6%	.36
Consumer Trust	.32	< .001	10.5%	.36
Willingness to Pay	-.05	.54	2%	- 26.55

A significant effect for word-of-mouth was found ($p < .05$) with a correlation of .28 (see Table 9). The coefficient is .38, indicating that perceived consumer effectiveness has a moderate effect on word-of-mouth, as the coefficient is not as close to 1. In practical terms, this means that for every unit by which perceived consumer effectiveness increases, word-of-mouth also increases by .38 units, assuming everything else remains constant. Since this impact is statistically significant and positive, H3a is validated.

A significant effect was also found for consumers' perceived ethicality ($R^2 = .08$, $F(1,181) = 45.43$, $p < .001$). The evaluation of the coefficients shows a positive effect of this variable, similar to word-of-mouth. For every unit of growth in perceived consumer effectiveness, there was .45 units increase in *consumer perceived ethicality*, considering all other variables remain constant. Furthermore, a significant effect was also found for sustainability perceptions ($F(1,181) = 21.44$, $p < .001$), with an explanatory power of $R^2 = .11$. It is assumed that a one unit increase in the level of perceived consumer effectiveness leads to a .36 unit increase in consumer sustainability perceptions, assuming all other variables remain constant. Finally, a significant main effect of perceived consumer effectiveness transpired on consumer trust in the brand ($R^2 = .11$, $F(1, 181) = 21.07$, $p < .001$). The results confirmed a positive impact of perceived consumer effectiveness, as each unit increase in a consumer's perceived effectiveness leads to a .36 unit increase in consumer trust in brands. Overall, the results show that the higher consumers' perceived effectiveness, the greater consumers' trust, ethical and sustainability perceptions fully validating H3b.

Concerning H3c no significant results were obtained when testing the impact of perceived consumer effectiveness on the willingness to pay variable, not validating H3c (see Table 9). Based on these results, hypothesis three is partially validated.

5.4.4 Perceived consumer effectiveness will mediate the relationship between a brand's co-creation initiative and word-of-mouth, brand valuations and willingness to pay.

H4: Perceived consumer effectiveness will mediate the relationship between a brand's co-creation initiative and:

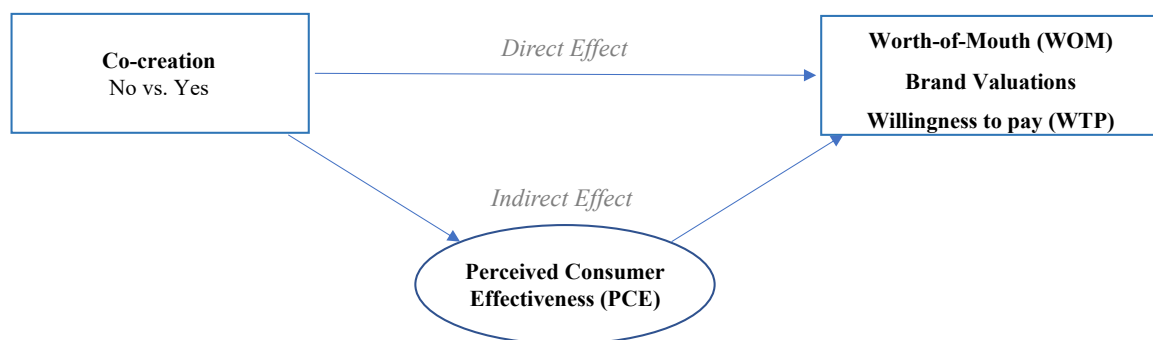
H4a: Word-of-mouth (WOM).

H4b: Brand valuations (consumer trust in brands, ethical and sustainability perceptions).

H4c: Willingness to pay (WTP).

To test hypothesis four, a mediation analysis was conducted using Model 4 of Hayes (2013, 2015) PROCESS macro for SPSS to analyze how perceived consumer effectiveness mediates the relationship between co-creation and the dependent variables. The purpose of a mediation model analysis is to understand the effect of an independent variable on a dependent variable, which can be either complete, when the direct effect is no longer significant, or partial, when this relationship is significantly reduced (Hofmann, Curtiss & Hayes, 2020), through a mediator variable. Furthermore, bootstrap analysis results show that a non-significant mediation effect exists when the confidence intervals span zero (Hayes, 2013, 2015).

Figure 2 - Explanatory Diagram of the Analysis on the Mediation Model



Results indicate that perceived consumer effectiveness partially mediates the effect of co-creation on the word-of-mouth variable (*indirect effect* = .16, *SE* = .08, $p < .01$, 95% CI [.016, .336]). Both the influence of co-creation on perceived consumer effectiveness (*SE* = .13, $p < .001$, 95% CI [.30, .82]) as well as the effect of perceived consumer effectiveness on word-of-mouth (*SE* = .10, $p < .01$, 95% CI [.09, .48]) are significant. Since the direct effect still straddles zero and remains significant, there is partial mediation (*direct effect* = .61, *SE* = .19, $p < .01$, 95% CI [.24, .97]) (see Table 10).

Table 10 - PCE as a Mediator on the relationship between Co-Creation and Word-of-Mouth

Outcome Indirect Effect Paths	Indirect Effect	Model Specification	Lower CI	Upper CI
1 Co-Creation → PCE	.56***	.81	.30	.82
2 PCE → Word-of-Mouth	.28**	1.43	.09	.48
3 Co-Creation → PCE → Word-of-Mouth	.16**	-	.016	.336
Direct Effect Path	Direct Effect		Lower CI	Upper CI
4 Co-Creation → Word-of-Mouth	.61**	-	.24	.97

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

Since there is a significant relationship between co-creation and WOM, it can be concluded that co-creation has a positive association with WOM. The relationship between co-creation and WOM has a better model specification (MSE = 1.43) than co-creation and PCE (MSE = .81), so co-creation explains greater variation in WOM when PCE is considered. The results show that WOM is higher when co-creation leads to deliberate actions to minimize negative environmental impacts. When the mediating effect of PCE on the relationship between co-creation and WOM was examined, a value of .16 ($p < 0.01$) was found. This implies that there is a mediation effect, suggesting that word-of-mouth is stronger when exposed to co-creation via PCE, even if partial mediation occurs. Therefore, hypothesis 4a is supported.

Moreover, it was examined whether consumer perceived effectiveness mediated the effect of co-creation on consumer perceived ethicality. The impact of co-creation on perceived consumer effectiveness ($SE = .13$, $p < .001$, 95% CI [.30, .82]) and the effects of perceived consumer effectiveness on perceived consumer ethicality ($SE = .07$, $p < .001$, 95% CI [.23, .50]) showed to be significant. This analysis also showed a significant indirect effect (*indirect effect* = .20, $SE = .07$, $p < .001$, 95% CI [.083, .359]) while the direct effect also remained significant (*direct effect* = .51, $SE = .12$, $p < .001$, 95% CI [.26, .75]), confirming the partial mediation of PCE (see Table 11).

Table 11 – PCE as a Mediator on the relationship between Co-Creation and Consumer Perceived Ethicality

Outcome Indirect Effect Paths	Indirect Effect	Model Specification	Lower CI	Upper CI
1 Co-Creation → PCE	.56***	.81	.30	.82
2 PCE → CPE	.36***	.64	.23	.50
3 Co-Creation → PCE → CPE	.20***	-	.083	.359
Direct Effect Path	Direct Effect		Lower CI	Upper CI
4 Co-Creation → CPE	.51***	-	.26	.75

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

Above, it was confirmed that co-creation is positively related to CPE, but the relationship between PCE and CPE doesn't have a better model specification (MSE = .64) than co-creation and PCE (MSE = .81). Additionally, when examining the indirect effect of PCE on the relationship between co-creation and CPE, a value of .20 ($p < 0.01$) was found. This implies that there is a mediating effect, but the results show that co-creation does not necessarily have to work through PCE to strengthen CPE.

Furthermore, findings show that perceived consumer effectiveness also partially mediated sustainability perceptions of consumers. Both the influence of co-creation on perceived consumer effectiveness ($SE = .13$, $p < .001$, 95% CI [.30, .82]) and perceived consumer effectiveness on sustainability perceptions ($SE = .08$, $p < .01$, 95% CI [.11, .41]) showed to be significant. While, the indirect effect (*indirect effect* = .14, $SE = .07$, $p < .001$, 95% CI [.020, .306]) was significant the direct effect (*direct effect* = .67, $SE = .15$, $p < .001$, 95% CI [.38, .96]) also remained significant, indicating once again partial mediation (see Table 12).

Table 12 - PCE as a Mediator on the relationship between Co-Creation and Sustainability Perceptions

Outcome Indirect Effect Paths	Indirect Effect	Model Specification	Lower CI	Upper CI
1 Co-Creation → PCE	.56***	.81	.30	.82
2 PCE → Sustainable Perceptions	.25**	.88	.11	.41
3 Co-Creation → PCE → Sus. Perceptions	.14***	-	.020	.306
Direct Effect Path	Direct Effect		Lower CI	Upper CI
4 Co-Creation → Sustainable Perceptions	.67***	-	.38	.96

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

Lastly, it was analyzed whether perceived consumer effectiveness also mediated the effect of co-creation on the consumer trust variable. The impact of co-creation on perceived consumer effectiveness ($SE = .13, p < .001, 95\% \text{ CI } [.30, .82]$) and perceived consumer effectiveness on consumer trust ($SE = .08, p < .01, 95\% \text{ CI } [.12, .43]$) emerged as significant. Similarly, the indirect effect ($\text{indirect effect} = .15, SE = .08, p < .001, 95\% \text{ CI } [.022, .318]$) was also significant, while the direct effect ($\text{direct effect} = .51, SE = .15, p < .001, 95\% \text{ CI } [.22, .80]$) also remained significant confirming the partial mediation of PCE (see Table 13).

Table 13 - PCE as a Mediator on the relationship between Co-Creation and Consumer Trust

Outcome Indirect Effect Paths	Indirect Effect	Model Specification	Lower CI	Upper CI
1 Co-Creation → PCE	.56***	.81	.30	.82
2 PCE → Consumer Trust	.27**	.90	.12	.43
3 Co-Creation → PCE → Consumer Trust	.15***	-	.022	.318
Direct Effect Path	Direct Effect		Lower CI	Upper CI
4 Co-Creation → Consumer Trust	.51***	-	.22	.80

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

The positive relationship among co-creation and sustainable perceptions, and co-creation and consumer trust was verified. Additionally, PCE and sustainable perceptions relationship has a better model specification ($MSE = .88$) than co-creation and PCE ($MSE = .81$), and the relationship between PCE and consumer trust also has a better model specification ($MSE = .90$) than co-creation and PCE ($MSE = .81$). This implies that co-creation explains greater variation in sustainability perceptions and consumer trust when PCE is considered. The results suggest that perceptions of sustainability and consumer trust are higher when co-creation leads to deliberate actions to minimize negative environmental impacts. When examining the mediating effect of PCE on the relationship between co-creation and sustainability perceptions, and co-creation and consumer trust values of .14 ($p < 0.01$) and of .15 ($p < 0.01$) were found respectively. This implies that there is a mediation effect, suggesting that consumer perceptions of sustainability and trust are stronger when exposed to co-creation via PCE, even if partial mediation occurs. Therefore, hypothesis 4b is partially supported.

On the other hand, the results demonstrate that the effect of perceived consumer effectiveness as a mediator of the relationship between co-creation and willingness to pay showed to be non-significant. The impact of perceived consumer effectiveness on willingness to pay ($SE = 44.99$, 95% CI [-117.61, 59.96]) is not significant, and both direct (*direct effect* = 14.28, $SE = 84.17$, 95% CI [-151.82, 180.38]) and indirect effects (*indirect effect* = -16.09, $SE = 24.29$, 95% CI [-67.469, 29.505]) are not significant (see Table 14). This means that perceived consumer effectiveness does not mediate the relationship between a brand's co-creation initiative and willingness to pay, which invalidates H4c.

Table 14 - PCE as a Mediator on the relationship between Co-Creation and Willingness to Pay

Outcome Indirect Effect Paths	Indirect Effect	Model Specification	Lower CI	Upper CI
1 Co-Creation → PCE	.56***	.81	.30	.82
2 PCE → Willingness to Pay	- 28.82	293509.76	- 117.61	59.96
3 Co-Creation → PCE → Willingness to Pay	- 16.09	-	- 67.469	29.505
Direct Effect Path	Direct Effect		Lower CI	Upper CI
4 Co-Creation → Willingness to Pay	14.28	-	- 151.82	180.38

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

6 Conclusion

The purpose of this dissertation was to investigate whether the introduction of co-creation processes, involving the consumer participation in product development, can lead to an improvement in brand perceptions. Furthermore, this study examined how perceived consumer effectiveness (PCE) and the interaction between this concept and co-creation impacted word-of-mouth, brand valuations, and willingness to pay (WTP) for luxury fashion goods.

With respect to the first and second research questions, the results provided compelling evidence that co-creation processes do have a positive impact on brand perceptions and word-of-mouth. A successful co-creation process can lead to a deeper connection between consumers and companies and improve consumer valuations (Dervojeda, et al., 2014). This effect shows to have a positive impact on consumer trust and brand perceptions concerning sustainability and ethics, as well as the word-of-mouth that can occur when consumers are aware of such initiatives. One problem in the luxury industry is the lack of information about the brand's sustainable initiatives and practices (Kapferer, 2010; Kapferer & Michaut-Denizeau, 2013). The information about Dior involving consumers in the product development process enhances (other) consumers ethicality and sustainability perceptions towards a luxury brand such as that Dior. This in turn, may induce consumers to spread the word and recommend the brand to family and friends. In contrast, the willingness to purchase a luxury product was not influenced by the presence of co-creation showing that there is still progress to be made in that regard. However, in the study, participants indicated that involving the public in the product development process could actually improve the utility, aesthetics, and overall quality of the products (*Appendix 7*).

The third research question addressed the impact of PCE on word-of-mouth, consumer trust, ethical and sustainability perceptions, and WTP. The results show that the higher consumers' perceived effectiveness, the greater their perceptions of sustainability and ethics, as well as consumer trust in brands and word-of-mouth. These findings support previous research indicating that consumers with high PCE show a strong tendency toward socially responsible attitudes and behaviors (Tucker & Lewis, 1978) and are more aware of the relationship between their behavior and ecology (Roberts, 1996). This effect did not affect WTP, implying that PCE does not affect consumers' willingness to pay directly.

Finally, the mediating effect of perceived consumer effectiveness on the relationship between co-creation and the dependent variables was tested, which to the best of the author's knowledge provides new and valuable information, as this effect has not been tested before. It was found that word-of-mouth, sustainability perceptions, and consumer trust in brands are higher when the brand is environmentally conscious and promotes sustainable practices due to the effect of co-creation on PCE. This suggests that PCE is an especially relevant mediator variable on relationship between a brand's co-creation initiative and these dependent variables. As an individual's assessment, PCE is likely to be present in an evident or unconscious forms (Sharma & Sharma, 2016) in consumers' actions that follow their beliefs and values.

Overall, this research provides a contribution to the impact of co-creation processes on consumer perceptions of brands' values, practices, and initiatives. It shows a yet unexplored effect of perceived consumer effectiveness as mediator on the relationship between a brand's co-creation process and final consumers, which in turn favors its evaluation. From a theoretical and managerial perspective, a number of implications can also be drawn, as discussed below.

7 Theoretical Implications

This dissertation contributes to the literature on co-creation (Prahalad & Ramaswamy, 2004a; Marske & Stempowski, 2008; Martínez-Cañas, Ruiz-Palomino, Gemser & Perks, 2015; Cossío-Silva et al., 2016) and sustainability in the luxury sector (Wiedman, Hennigs, & Siebels, 2007; O'Cass & McEwen, 2004; De Pierre & Barki, 2015; Kapferer & Michaut-Denizeau, 2013). Specifically, this study contributes to the literature on the luxury fashion industry by examining the effects of co-creation processes on brand perceptions, word-of-mouth, and willingness to pay, and by testing whether perceived consumer effectiveness can indirectly influence these effects.

The results confirm the positive effects of co-creation (Dervojeda, et al., 2014). Furthermore, they confirm Füller *et al.*'s (2010) statement that co-creation can increase consumer trust as well as confirming that co-creation has a positive effect on perceptions of sustainability, as it can raise awareness of products and encourage consumers to choose more sustainable practices (Lüthje & Herstatt, 2004; Urban & von Hippel, 1988). In addition, they provided important information to the limited evidence on the impact of co-creation on consumers' perceived

ethicality (Gemser & Perks, 2015) by demonstrating that co-creation can have a positive impact on the latter concept. Finally, the results did not confirm Kwork Thye Yip's study, which found that co-creation attributes may influence willingness to pay.

Regarding the influence of perceived consumer effectiveness on word-of-mouth, brand valuations and willingness to pay, the results show that perceived consumer effectiveness positively influences word-of-mouth and brand valuations, which is consistent with both the research of Tucker & Lewis (1978), suggesting that consumers with a high PCE score tend to exhibit socially responsible attitudes and behaviors, and the study of Ellen *et al.* (1991), which advocates that PCE has a significant impact on customers' pro-environmental behaviors. In addition, the results showed that willingness to pay is not positively affected by perceived consumer effectiveness.

Lastly, this dissertation extends the previous literature by examining the mediating effect of perceived consumer effectiveness on the impact of co-creation initiatives on the dependent variables. The results show that perceived consumer effectiveness can indirectly influence, i.e., mediate, the relationship between co-creation and word-of-mouth, consumer trust, and sustainability perceptions. These results are consistent with those of Sharma & Sharma (2016), who suggest that companies need to develop strategies to improve PCE among consumers because the mediation effect of PCE seem to be important and significant.

8 Managerial Implications

This research provides important implications regarding the benefits of luxury brands undertaking co-creation initiatives partnering with consumers, as well as the benefits that perceived consumer effectiveness brings to the relationships between co-creation and word-of-mouth, brand valuations and willingness to pay.

Specifically, the results show that co-creation initiatives have a positive impact on ethical and sustainable brand perceptions, consumer trust, and the word-of-mouth effect. Successful brands work hard to build relationships with consumers, and in times of crisis, these connections can either get stronger or weaker, to the point where they no longer exist (Malyarov, 2021). Since we are in a crisis period where prices have generally increased, consumers report that inflation

has affected their purchasing decisions (*Appendix 7*), implying that consumer purchasing power may decrease over time (Floyd, 2023). As luxury goods are a market category that requires special attention and consideration before a purchase decision is made (Pask, 2018), and co-creation is a form of shared value (Etgar, 2008) that increases consumer trust (Randall et al., 2011), leads to deeper consumer-company bonding, and improves brand loyalty (Dervojeda et al., 2014), the co-creation process creates stronger connections and further improves the company's competitive advantage compared to other luxury brands. The results suggest that consumers would be more likely to buy from a brand with co-creation initiatives than another luxury brand.

Furthermore, perceived consumer effectiveness was found to have a positive impact on word-of-mouth and brand valuations and mediate the relationship between co-creation and word-of-mouth, consumer trust, and sustainable perceptions of the brand. Thus, companies are encouraged to develop strategies that promote PCE since it indirectly impacts a brand's CSR initiative and consumers' valuations about a brand.

To conclude, this study shows that consumers in the luxury fashion industry are increasingly aware of environmental, social and ethical issues and are beginning to value brands that demonstrate transparency, and that co-creation initiatives are a powerful business tool which can provide companies with important benefits and competitive advantages.

9 Limitations and Future Research

Although this research reveals interesting theoretical and managerial insights into the concepts of co-creation and perceived consumer effectiveness in the context of the luxury fashion industry, there are still limitations that must be considered.

The primary limitation has to do with the online surveys that were used as research instruments. This method implies a low level of control over the participants, it is impossible to know their attention while answering, and it is difficult to control whether the participants are interested and answer honestly.

Another limitation related to online surveys is that they were mainly disseminated through social media platforms, and therefore, the interest of participants in taking part in these surveys

is low. As a result, the sample size was rather small, the number of younger participants in the survey was high, and the participants were mainly Portuguese (almost 93.4%). These facts could represent a biased view of the subject, so further research is recommended to reach more comprehensive conclusions for the general population.

It is important to note that some researchers have described the inconsistency between consumers' attitudes and their actual consumption behaviors (Shaw et al., 2016) as a phenomenon referred to in the literature as the ethical attitude-behavior gap (Auger & Devinney, 2007; Carrington et al., 2010; Moraes et al., 2012; Shaw et al., 2016). Therefore, it is likely that some participants indicated their intentions rather than their actual behaviors when completing the survey, which may have affected the results. Therefore, further research should be conducted to test actual consumer behavior in the field.

Furthermore, due to time constraints the study only focuses on one single brand of moderate brand familiarity levels, therefore further research is recommended to study how different brands of different brand familiarity play different roles on the effect studied as Cossío-Silva et al. (2016a) suggested that consumers should have some previous knowledge and trust in the brand to engage in a co-creation process, as activities require exchanging information.

In conclusion, given the increasing presence of sustainability in the luxury fashion industry and the limited public knowledge about it, these issues deserve special attention and further research, as the results showed that consumers' perceptions of sustainability, ethicality, and trust in a particular brand' change when they learn about the existence of a co-creation initiative. In addition, knowledge about these topics can add value for business leaders, who can develop strategies and create competitive advantages based on these insights.

10. Appendices

Appendix 1 – Pilot Study

Introduction to the survey

Dear participants,

Thank you for participating in this study, which is part of my master thesis.

This questionnaire will last less than two minutes.

All the information provided will be anonymous and confidential. Therefore, I ask you to answer honestly and spontaneously. There are no right or wrong answers.

Thank you for your help.

Sofia Tenente

Question 1: Brand Choice

Please name the first luxury clothing and accessories brands that come to your mind.

Brand 1	<input type="text"/>
Brand 2	<input type="text"/>
Brand 3	<input type="text"/>

Manipulations Check

On the next page you will see an information about Dior. Please take a moment to have a careful look. You may even scroll up and down to better review it.

..... Page Break



Dior is committed to producing its luxury goods with environmentally responsible materials. The brand asked consumers for help to develop a jacket together with the Product Development Department. Consumers had access to privileged information about the entire production processes, and participated in the search and selection of the raw materials and made sure that it would be manufactured by local producers.

Co-creation is a method of collaborative innovation between companies and consumers. It refers to the joint design process of products or services.

Question 2: Based on the information provided above, please rate your level of agreement with each of the following statements on a scale from 1 (strongly disagree) to 7 (strongly agree):

	Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither Agree or Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
The Dior jacket is developed only by the consumers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Dior jacket is developed only internally by the designers of the brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Dior jacket is developed by both the consumer and the designers of the brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 3: On a scale from 1 - strongly disagree to 7 - strongly agree, please rate to what extent do you agree that this scenario is an example of a collaboration between Dior employees and consumers.

Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither Agree or Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

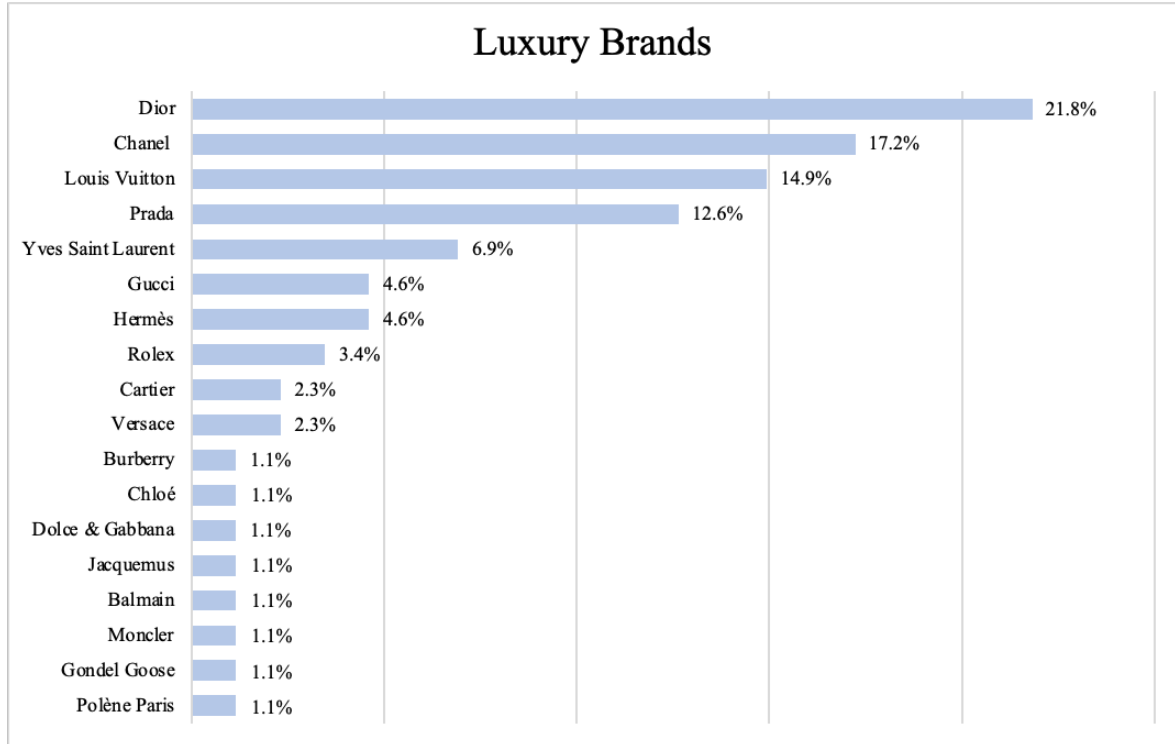
End of Survey

We thank you for your time spent taking this survey.

Your response has been recorded.

Appendix 2 – Pilot Study, Brand Choice Results (N = 32)

Please name the first luxury clothing and accessories brands that come to your mind.



Appendix 3 – Pilot Study, Manipulation checks

Table 15 - Manipulation check 1 "Dior jacket developed only internally by the brand" Pilot test (Independent samples t-test)

	Mean	SD	t-test
No Co-Creation	5.67	2.02	3.03 **
With Co-Creation	3.33	2.19	

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

Table 16 - Manipulation check 1 "Dior jacket is developed by both the consumer and the brand" Pilot test (Independent samples t-test)

	Mean	SD	t-test
No Co-Creation	3.0	2.37	- 5.69 ***
With Co-Creation	6.56	.81	

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

Table 17 - Manipulation check 2 Pilot test (Independent samples t-test)

	Mean	SD	t-test
No Co-Creation	3.31	2.47	- 5.26 ***
With Co-Creation	6.67	.62	

Note: *** $p < .001$, ** $p < .01$, * $p < .05$, + $p \leq .1$

Appendix 4 – Main Study

Introduction to the survey

Dear participants,

Thank you for participating in this study, which is part of my master thesis.

Your participation is very important and contributes to its completion. This survey takes approximately 7 minutes to complete.

All the information provided will be anonymous and confidential. Therefore, I ask you to answer honestly and spontaneously. There are no right or wrong answers.

Thank you for your help.

Sofia Tenente

Block 1: Moment 1

Christian Dior, better known as Dior, is a luxury goods company.

DIOR

Q1. Brand Familiarity

Please think about what you have heard, seen or experienced about Dior. On a scale from 1 (not at all) to 7 (very much), how familiar are you with Dior?

	Not at all familiar (1)	2	3	4	5	6	Very much familiar (7)
How familiar are you with Dior?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q2. Consumer Perceived Ethicality

On a scale from 1 (strongly disagree) to 7 (strongly agree) please rate your level of agreement with the following statements:

	Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree or disagree (4)	Somewhat agree (5)	Agree (6)	Strongly Agree (7)
Dior respects moral norms.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior always adheres to the law.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior avoids damaging behavior at all cost.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior is a socially responsible brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior is a good brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q3. Consumer Trust

On a scale from 1 (strongly disagree) to 7 (strongly agree) please rate your level of agreement with the following statements:

	Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree or disagree (4)	Somewhat agree (5)	Agree (6)	Strongly Agree (7)
I trust Dior.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior delivers what it promises.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q4. Sustainability Perception

On a scale from 1 (strongly disagree) to 7 (strongly agree) please rate your level of agreement with the following statements:

	Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree or disagree (4)	Somewhat agree (5)	Agree (6)	Strongly Agree (7)
Dior's transparency in business management is good.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior's accountability is good.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior serves social responsibility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior cares about human rights.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior invests for the environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior produces eco-friendly products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q5. Word-of-Mouth

On a scale from 1 (extremely unlikely) to 7 (extremely likely) please rate your level of agreement with the following statements:

	Extremely unlikely (1)	Unlikely (2)	Slightly unlikely (3)	Neither likely or unlikely (4)	Slightly likely (5)	Likely (6)	Extremely likely (7)
I would spread a positive word about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would recommend this brand to my family and friends.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If my friends were looking for a jacket, I would recommend them to choose this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q6. Willingness to Pay

How much would you be willing to pay, in euros, for a Dior jacket?



Block 2: Moment 2

On the next page you will see an information about Dior. Please take a moment to have a careful look. You may even scroll up and down to better review it.

Page Break



Dior is committed to producing its luxury goods with environmentally responsible materials. The brand asked consumers for help to develop a new jacket together with the Product

Development Department. Consumers had access to privileged information about the entire production processes and participated in the search and selection of the raw materials.

Co-creation is a method of collaborative innovation between companies and consumers. It refers to the joint design process of products or services.

Q7. Manipulation Check

Based on the information provided above, please rate your level of agreement with each of the following statements on a scale from 1 (strongly disagree) to 7 (strongly agree):

	Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither Agree or Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
The Dior jacket is developed only by the consumers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Dior jacket is developed only internally by the designers of the brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Dior jacket is developed by both the consumer and the designers of the brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q8. Manipulation Check

On a scale from 1 - strongly disagree to 7 - strongly agree, please rate to what extent do you agree that this scenario is an example of a collaboration between Dior employees and consumers.

Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither Agree or Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q9. Brand Familiarity

Please think about what you have heard, seen or experienced about Dior. On a scale from 1 (not at all) to 7 (very much), how familiar are you with Dior?

	Not at all familiar (1)	2	3	4	5	6	Very much familiar (7)
How familiar are you with Dior?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q10. Consumer Perceived Ethicality

Based on the information provided above, please rate your level of agreement with each of the following statements on a scale from 1 (strongly disagree) to 7 (strongly agree):

	Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree or disagree (4)	Somewhat agree (5)	Agree (6)	Strongly Agree (7)
Dior respects moral norms.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior always adheres to the law.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior avoids damaging behavior at all cost.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior is a socially responsible brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior is a good brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q11. Consumer Trust

Based on the information provided above, please rate your level of agreement with the following statements on a scale from 1 (strongly disagree) to 7 (strongly agree):

	Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree or disagree (4)	Somewhat agree (5)	Agree (6)	Strongly Agree (7)
I trust Dior.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior delivers what it promises.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q12. Sustainability Perception

Based on the information provided above, please rate your level of agreement with each of the following statements on a scale from 1 (strongly disagree) to 7 (strongly agree):

	Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree or disagree (4)	Somewhat agree (5)	Agree (6)	Strongly Agree (7)
Dior's transparency in business management is good.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior's accountability is good.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior serves social responsibility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior cares about human rights.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior invests for the environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dior produces eco-friendly products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q13. Word-of-Mouth

Based on the information provided above, please rate your level of agreement with each the following statements on a scale from 1 (extremely unlikely) to 7 (extremely likely):

	Extremely unlikely (1)	Unlikely (2)	Slightly unlikely (3)	Neither likely or unlikely (4)	Slightly likely (5)	Likely (6)	Extremely likely (7)
I would spread a positive word about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would recommend this brand to my family and friends.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If my friends were looking for this product category, I would recommend them to choose this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q14. Co-Creation

On a scale from 1 (strongly disagree) to 7 (strongly agree) please rate your level of agreement with the following statement - "Involving consumers in product development can improve":

	Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree or disagree (4)	Somewhat agree (5)	Agree (6)	Strongly Agree (7)
The utility of products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The aesthetics of products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
the overall quality of products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

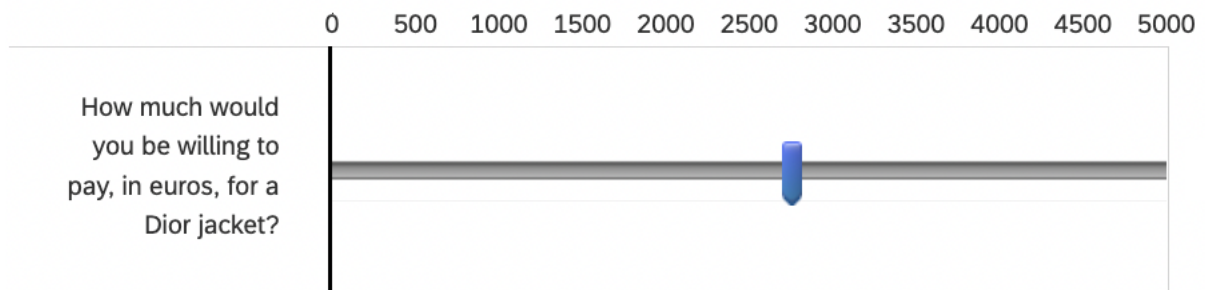
Q15. Company Only

On a scale from 1 (strongly disagree) to 7 (strongly agree) please rate your level of agreement with the following statement - "The brand's expertise alone is enough to achieve..."

	Strongly Disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree or disagree (4)	Somewhat agree (5)	Agree (6)	Strongly Agree (7)
The best product utility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The best product aesthetics.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The best overall quality of products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q16. Willingness to Pay

How much would you be willing to pay, in euros, for this Dior jacket?



Block 3: After Stimuli

Q17. Perceived Consumer Effectiveness

Based on the information about Dior, please rate your level of agreement with the following statements:

	1 - Completely disagree	Disagree	Slightly disagree	Neither agree nor disagree	Slightly agree	Agree	7 - Completely agree
I feel it is worth for each individual to make efforts to preserve natural resources and improve the environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that by choosing to buy more sustainable products I can make a difference.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The sustainability efforts by a single individual are useful as long as other people are behaving sustainably.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Page Break

Q18. Inflation

On a scale from 1 (not at all) to 7 (very much), please rate to what extent has inflation been influencing your purchasing decisions.

Not at all (1)	2	3	4	5	6	Very much (7)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Block 4: Demographics

Now, please answer some demographics about yourself.

..... Page Break

Q19. Gender

What is your gender?

- Male
- Female

Q10. Age

What is your age?

- Under 19 years
- 19 to 24 years
- 25 to 34 years
- 34 to 44 years
- 45 to 54 years
- 55 to 64 years
- 65 years and over

Q21. Occupation

What is your occupation?

- High School Student
- University Student
- Employed
- Unemployed
- Retired

Q22. Education

What is the highest level of education you have completed?

- Less than High School
- High School
- Bachelor Degree
- Master Degree
- Doctoral Degree
- Professional Degree

Q23. Nationality

Where do you come from?

▼ Afghanistan (1) ... Zimbabwe (195)

Q24. Annual Income

What is your current annual income in Euros

- Under €10,000
- €10,000 - €19,999
- €20,000 - €29,999
- €30,000 - €39,999
- €40,000 - €49,999
- €50,000 - €74,999
- €75,000 - €99,999
- €100,000 - €150,000
- Over €150,000
- N/A

Q25. End of Survey

Thank you for participating in the survey today. Please do not discuss the nature of the study with any other participants, as it may bias future results. Please click on the button below to end the study.

Appendix 5 – Stimuli presented in the main survey

A: Scenario with Co-creation



Dior is committed to producing its luxury goods with environmentally responsible materials. The brand asked consumers for help to develop a new jacket together with the Product Development Department. Consumers had access to privileged information about the entire production processes and participated in the search and selection of the raw materials.

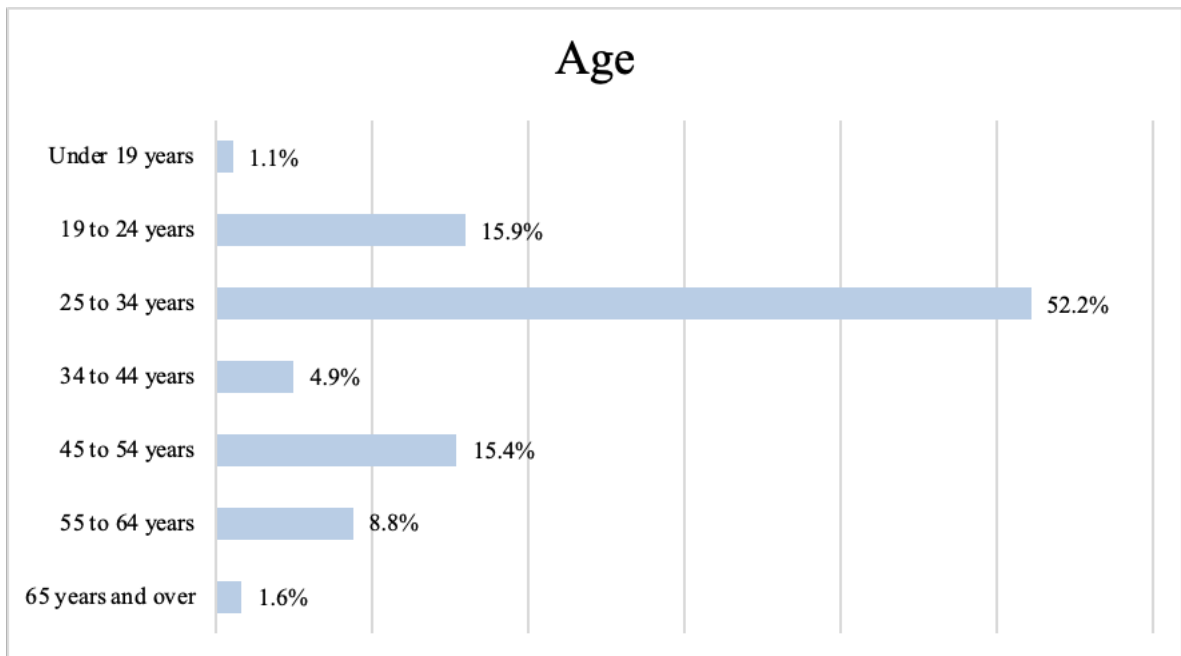
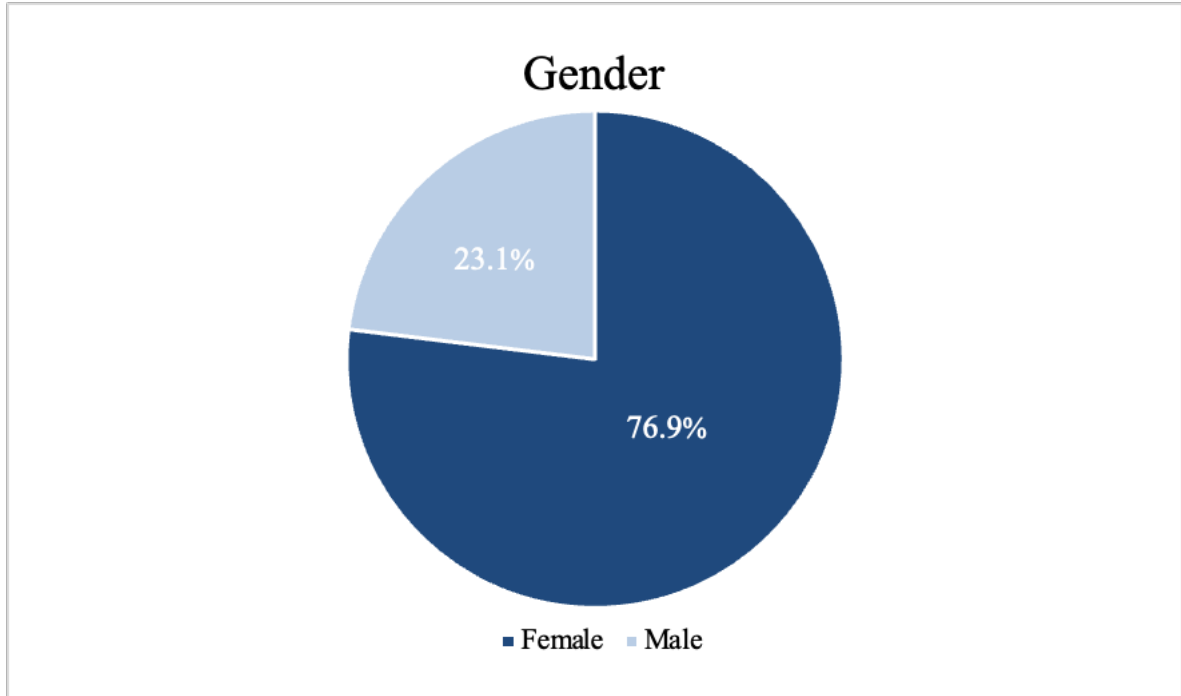
Co-creation is a method of collaborative innovation between companies and consumers. It refers to the joint design process of products or services.

B: Control Scenario

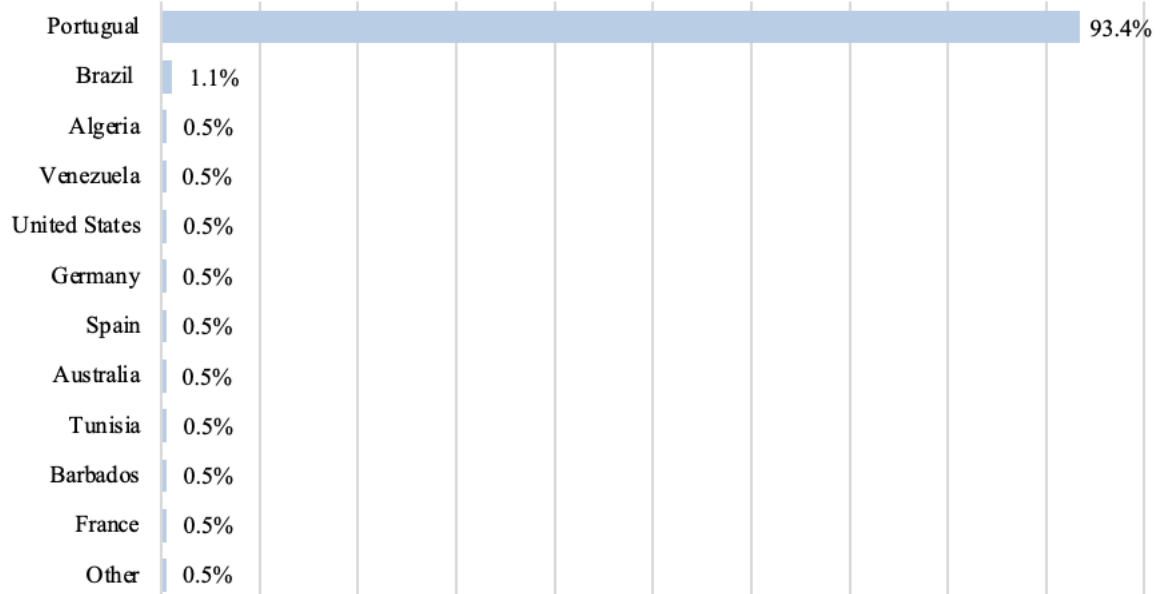


Dior is committed to producing its luxury goods with environmentally responsible materials. Dior’s Product Development Department developed a new jacket and selected its raw materials meticulously. For more information access the brand’s website

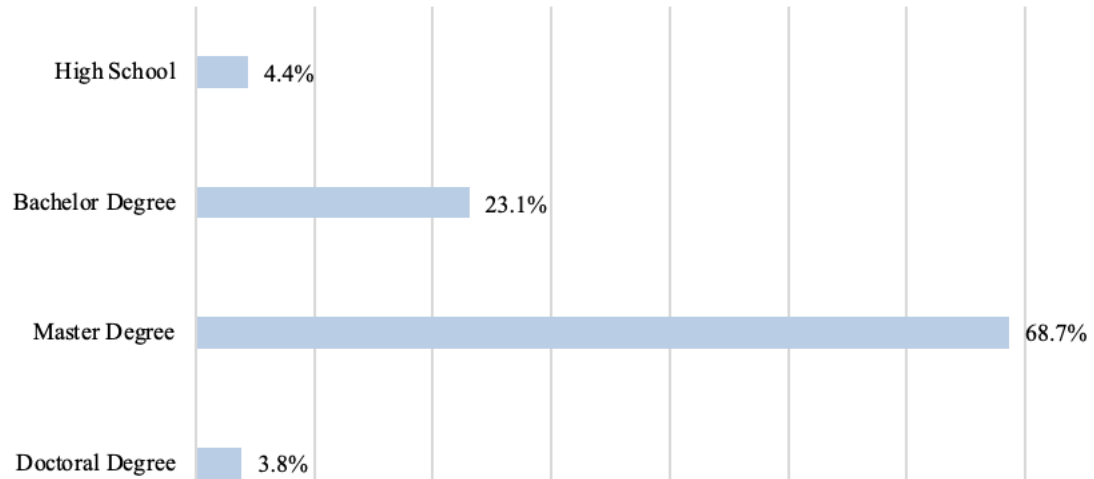
Appendix 6 – Demographics



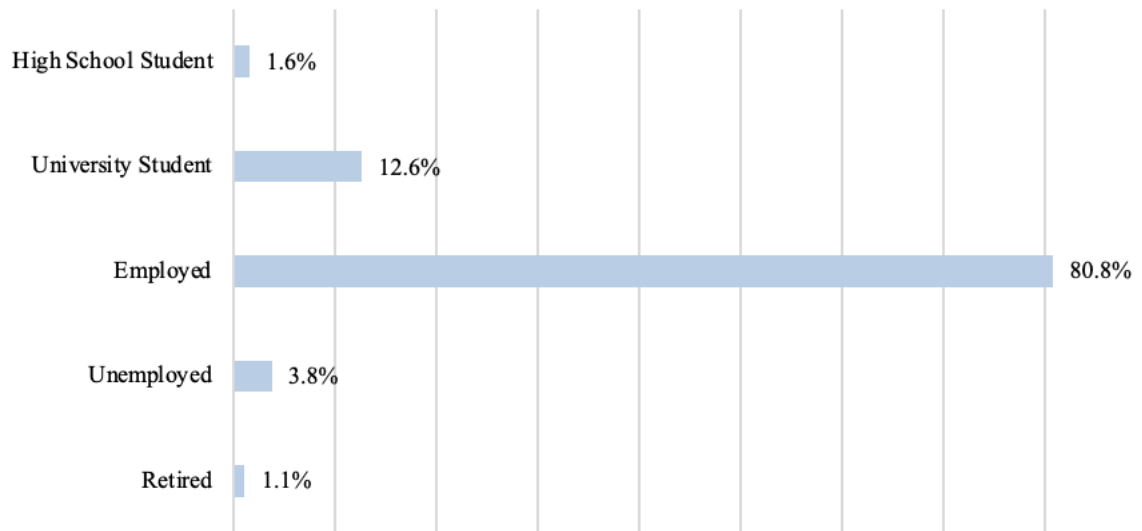
Nationality



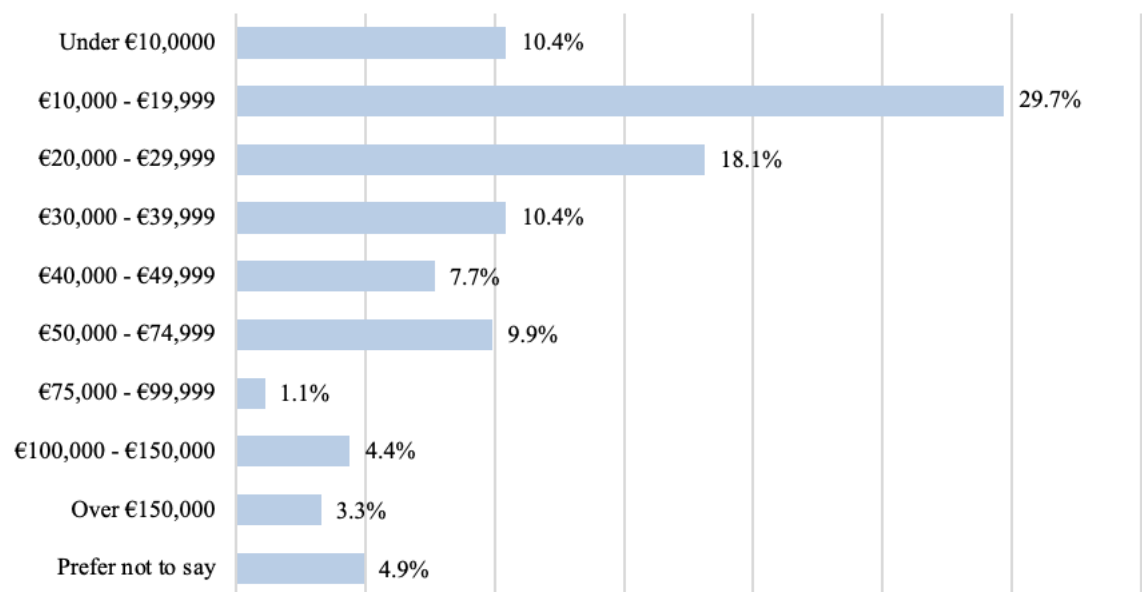
Level of Education



Current Occupation



Personal Annual Income



Appendix 7 – Descriptive Statistics

Consumer participation in product development improves the utility, aesthetics and quality of products

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
On a scale from 1 (strongly disagree) to 7 (strongly agree) please rate your level of agreement with the following statement – "Involving consumers in product development can improve": – The utility of products.	182	1	7	5,58	1,103
On a scale from 1 (strongly disagree) to 7 (strongly agree) please rate your level of agreement with the following statement – "Involving consumers in product development can improve": – The aesthetics of products.	182	1	7	5,14	1,208
On a scale from 1 (strongly disagree) to 7 (strongly agree) please rate your level of agreement with the following statement – "Involving consumers in product development can improve": – the overall quality of products.	182	1	7	5,21	1,217
Valid N (listwise)	182				

Influence of inflation on purchasing decisions

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
On a scale from 1 (not at all) to 7 (very much), please rate to what extent has inflation been influencing your purchasing decisions.	182	2	7	5,40	1,270
Valid N (listwise)	182				

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