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The Drivers of Second-hand Luxury Fashion Consumption among Generation Z and Millennials: An Exploratory Study

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Dissertation

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Abstract

The luxury fashion industry has placed sustainability and circularity on their agenda and priority list in response to the continuous increase of goods production on a global scale with a negative impact on climate. A paradigm shift has been taking place with consumers looking for innovative, more sustainable, and less expensive forms of consumption.

Nevertheless, the resale market for luxury fashion remains under-explored in the literature. Despite the growing popularity of second-hand luxury products, there has been limited research on the drivers of this market, particularly in Generation Z and Millennials. This gap in the literature needs further research.

The aim of this research is to explore the factors that drive the purchase of second-hand luxury fashion items, by Generation Z and Millennials consumers. This research investigates consumers perceived sustainability's role in the luxury fashion industry, how it influences their choices, and the main motivations for these purchases.

We conducted an exploratory study through the content analysis of semi-structured interviews with seven CEOs of second-hand luxury fashion companies and eight active consumers in this segment from the Millennials and Generation Z. This research approach allowed us to understand the two perspectives – managers (supply side) and consumers (demand side) – and investigate possible gaps between them.

We identified key motivations driving second-hand luxury fashion consumption. These include economic factors, the need for uniqueness, status, perceived product quality, and accessibility. On a second level, the impact of perceived emotional value and investment have an influence on decision-making, while environmental awareness and sustainability concerns have a lower impact.

Although Gen Z do not impact on sales within the luxury second-hand fashion market, CEOs acknowledge their role in shaping market dynamics and their potential to drive future sales. Organizations and universities can develop awareness initiatives about the importance of product reuse and sustainability in the context of luxury fashion.

Keywords: Fashion, Luxury, Second-hand, Sustainability, Motivations, Customer Decision Making, Generation Z, Millennials.

Resumo

A indústria da moda de luxo colocou a sustentabilidade e a circularidade na sua agenda e lista de prioridades em resposta ao contínuo aumento da produção de bens numa escala global, associado ao seu impacto negativo nas alterações climáticas. Uma mudança de paradigma está a ocorrer, com os consumidores à procura de soluções de consumo inovadoras, mais sustentáveis e com menor custo.

Apesar disso, o mercado de venda de moda de luxo em segunda mão ainda é pouco explorado na literatura. Apesar da crescente popularidade dos produtos de moda luxo em segunda mão, a investigação sobre os impulsionadores de compra desse mercado ainda é escassa, principalmente na Geração Z e Millennials. Essa lacuna na literatura carece de mais pesquisas e investigação.

O objetivo desta pesquisa é explorar os fatores que impulsionam a compra de moda de luxo em segunda mão, tanto consumidores da Geração Z como Millennials. Esta investigação analisa o papel da sustentabilidade na indústria da moda de luxo, como influencia as escolhas dos consumidores, e as principais motivações de compra.

Foi desenvolvido um estudo exploratório, através da análise de conteúdo de entrevistas semiestruturadas a sete CEOs de empresas de moda de luxo em segunda mão e oito consumidores ativos neste segmento. Os consumidores que participaram neste estudo são predominantemente da geração Millennials, com alguns pertencentes à Geração Z. Esta abordagem de pesquisa permitiu analisar duas perspetivas – gestores (oferta) e consumidores (procura), e investigar possíveis lacunas entre eles.

Identificamos as principais motivações que impulsionam o consumo de moda de luxo em segunda mão. Estas incluem fatores económico, necessidade de exclusividade, status, qualidade percebida do produto e acessibilidade. Num segundo nível, o impacto do valor emocional percebido e do investimento influenciam o processo de tomada de decisão, enquanto a consciência ambiental e a sustentabilidade têm um impacto menor.

Apesar da Geração Z não ter impacto nas vendas do mercado de moda de luxo em segunda mão, os CEOs reconhecem a sua influência na dinâmica do mercado e o seu potencial para impulsionar vendas futuras.

As organizações e universidades podem desenvolver iniciativas de consciencialização sobre a importância da reutilização de produtos e sustentabilidade no contexto da moda de luxo.

Palavras-chave: Moda, Luxo, Segunda Mão, Sustentabilidade, Motivações, Tomada de Decisão do Cliente, Geração Z, Millennials.

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1. Introduction

The concerns with sustainability are changing the perception of new generations of consumers towards the fashion industry, and the second-hand market is flourishing in this new context (Gazzola *et al.*, 2020). The circular economy values have gained prominence in the fashion industry since it is a highly polluting industry and requires sustainable changes (Hugo *et al.*, 2021). The fashion industry contributed to 2.1 billion tonnes of GHG emissions in 2018, which represents approximately 4% of the global total (Berg *et al.*, 2020). Globalization has highly contributed to the alarming rate of fashion overconsumption (Diddi *et al.,* 2019). The negative impact of the fashion industry has spotlighted the need for an environmentally friendly approach to fashion products (Kim *et al.*, 2021), and the industry is under pressure to take immediate action (Berg *et al.*, 2020).

In response to these challenges, new business models are emerging. According to the Boston Consulting Group´s (2019) report the sale of second-hand luxury fashion items is considered a key trend in the sector. This market is growing four times faster compared to the primary luxury fashion market (Aycock *et al.*, 2021) as consumption patterns are changing. The high prices of brand-new items are occasionally perceived as a barrier, leading consumers to search for more affordable alternatives (Kessous & Valette-Florence, 2019). Therefore, both consumer demands and marketplace shifts, have led to the steady growth of second-hand retail, forcing traditional retailers to acknowledge and respond to this trend (Ferraro *et al.*, 2016). There is an emerging opportunity for luxury brands to embrace and recognize the status of second-hand sellers, providing them with an exclusive shopping experience (Turunen *et al.*, 2020).

The growth of luxury resale was driven by several factors, including the impact of the pandemic, the advancement of digitization, and the generational headwind. Moreover, younger buyers (Generation Z and Millennials) are more open and actively looking for than Generation X and older to purchase pre-owned products. From the perspective of consumer behavior, the literature suggests that younger generations are increasingly paying attention to sustainability matters (Gazzola *et al.*, 2020).

Circular economy-based models are currently emerging within the fashion industry

(Charnley *et al.*, 2022), expected to rise as a key business trend in the next decade. Therefore, several questions arise regarding the future of the luxury fashion industry. Can we consider the circularity and second-hand sales as a turning point for the fashion industry as we know it? Do brands really want to enter this second-hand market by themselves and play a leading role (Arribas-Ibar *et al.*, 2022)? Thus, the luxury resale market holds great promise for both customers and brands (McKinsey & Company, 2021). A paradigm shift is expected in the fashion industry, second-hand goods will play a huge role in the future fashion landscape (Berg *et al.*, 2020).

Although previous studies have acknowledged the growth of the second-hand luxury fashion industry and the motivations of consumers, there is still a lack of understanding regarding the distinct factors that drive Generation Z and Millennials to engage in luxury resale.

Therefore, the aim of this study is to acquire knowledge on the motivations and other factors that drive the purchase of second-hand luxury fashion items, by both Generation Z and Millennials consumers. The development of successful business strategies requires the understanding of consumer's profiles and their awareness of the subject, as well as understanding the real demand for second-hand luxury products. We hope with this study to contribute to that.

1.1 Scope of the Research

The scope of this research is exploring the main motivations that drive Generation Z and Millennials consumers to purchase second-hand luxury fashion items. For this research we used a qualitative methodology through in-depth interviews, to gather relevant data.

The study offers an analysis of fifteen interviews with seven CEOs from luxury fashion second-hand marketplaces and brick-and-mortar stores, as well as eight active consumers in this market.

Through interviewing CEOs of luxury fashion second-hand businesses, the purpose is to acquire revealing information about the industry, by understanding their strategies, key trends, and barriers within this market.

On the other hand, by interviewing active consumers, the study aims to explore the Gen Z and Millennials motivations, preferences, and attitudes toward buying second-hand luxury fashion items, to explore their decision-making process behind the purchase of second-hand luxury fashion. The selection of participants for the research was determined by the accessibility and availability of the individuals.

The findings of this research contribute to the existing literature on the drivers of second-hand luxury fashion consumption of Generation Z and Millennials, and provide insights for executives and businesses to boost effective strategies and improve their competitiveness.

1.2 Structure of the Dissertation

The structure of this dissertation includes five main sections.

Introduction presents the scope of the research, the relevance of the topic and the research problem, by analysing the drivers of second-hand luxury fashion consumption.

In section 2. literature review is presented. It begins with the definition of the luxury industry, the evolution, and current trends, and describes the luxury in the fashion industry. The central theme of sustainability in luxury fashion is then addressed, through the analyses of second-hand luxury fashion players, both brands and retailers. And the main drivers of second-hand luxury fashion consumption, focusing on Gen Z and Millennials. Lastly, the sustainability awareness of these two generations, the main characteristics of second-hand luxury fashion consumers, and consumer trends are presented, as these topics will be the object of study.

Section 3. describes the research framework and study design. The main research question that guides the study, along with its specific objectives is introduced. It provides the conceptual framework, thereby connecting, and ensuring consistency among the upcoming chapters, to guide the studies.

Section 4. presents the analyses of interviews and a discussion of the results.

Section 5. details main conclusions, contributions of the study, limitations, and suggestions for future research.

2. Literature Review

The purpose of this section is to perform an analysis of the existing literature regarding the luxury fashion industry, with a focus on the second-hand luxury fashion market. The review will explore the role and contributions of the brands, retailers, and marketplaces. Furthermore, it will investigate the fundamental factors that influence consumer behavior to purchase second-hand luxury fashion, among Generation Z and Millennials. Moreover, consumer characteristics and the current trends in this industry acquired from the literature will be presented.

2.1 Definition of Luxury and Characteristics of Luxury Brands

When talking about luxury, several and divergent definitions, concepts, and opinions come to the forefront. The term luxury has its origins in the Latin word "luxus" which means abundance, extravagance, and desires beyond basic needs (Cabigiosu, 2020). One of the fundamental principles stated by luxury brands is offering consumers pleasure and prestige, and, in turn, generate high profits to retailers (Klaus, 2020). In this industry, the brand´s heritage remains one of the most significant and highly valued attributes. As Cabigiosu (2020) points out, luxury products often have a story narrative and uphold tradition, thereby expressing the idea of something valuable and refined.

The luxury industry is led by key brands that have a significant impact on the sector's global performance. Some of the largest business groups in the fashion luxury sector LVMH (Moët Hennessy – Louis Vuitton), Gucci and Compagnie Financière Richemont (which owns, among others, the Cartier, Chloé and Montblanc brands) which currently appear at the top of global financial rankings (Nobre, 2019). From an economic perspective, luxury brands represent substantial consumer product sales worldwide (Bian & Forsythe, 2012).

In general, luxury is often associated with a sense of superfluous and (Nobre, 2019). Nonetheless, there is no unique definition of luxury, it takes on different forms and meanings in the spatial and temporal context and the perspective of the study (Cabigiosu, 2020). According to Ozdamar-Ertekin (2019), the definition of luxury is mostly linked to rarity and exquisiteness. Customers are willing to pay a higher price for luxury items (Cabigiosu, 2020).

In terms of prestige and brand image, luxury products attract consumers, which can be easily distinguished from other products with a relatively high unit price, in the luxury product category (Ünal *et al.*, 2019) in comparison with other products on the market.

The status that luxury can confer varies on individuals' personal characteristics, economic and social condition, as well as their aspirations and involvement with the product (Nobre, 2019), the author also underlines that luxury is the expression of individual identity and therefore highly subjective. Furthermore, the worth of a luxury product is intricately linked to the perception that others have of the product itself, the social status and prestige it brings the owner, and the associated sense of prestige (Blasi *et al.*, 2020). The personal value of buying luxury goods resides in the experience of acquiring them from luxury boutiques, the sensory and aesthetic satisfaction of the product itself, and in the emotional bond formed through ownership (Turunen *et al.*, 2020).

As a result, consumers attribute a symbolic value of status to luxury products that go beyond their practical functions, justifying the willingness to pay a premium price (Blasi *et al.*, 2020). Turunen *et al.* (2020) also observed that being acknowledged as a luxury customer by prestigious brands bestows a sense of status.

Nevertheless, as Nobre and Simões (2019) state luxury domain has evolved into a more accessible and widespread experience that challenges the traditional perceptions of luxury consumption (e.g., rarity, expensiveness, elitism, and not for the masses). These authors also suggest that consumers perceive new luxury as an individual option, and as an experience embedded with subjectivity and uniqueness.

2.1.1 Evolution of Luxury and Current Trends

The perception of luxury has evolved over time and embraces new dimensions today, far from conventional definitions (Nobre, 2019). Luxury value perceptions have evolved, driven by emerging patterns in new luxury consumption and growing perspectives of sustainability value (Kelleci, 2022). Today, heritage luxury brands, like Hermès, Louis Vuitton, Prada, and others provide to customers the possibility to purchase their products online, while also coaching them on how to preserve, resell, and engage in second-hand buying (Nobre, 2023).

Luxury consumption is characterized by the availability of a diverse range of products and services from brands that vary in terms of price and accessibility, allowing for more inclusive and democratic access (Nobre, 2019). Therefore, luxury consumption has become more psychologically connected to the ties consumers establish with new luxury brands, related to self-identification, experiences, and socioemotional benefits (Nobre & Simões, 2019).

Moreover, the spread of affordable luxury has changed trends and consumption patterns. A new approach to luxury consumers emerges. Turunen *et al.* (2020) propose that contemporary luxury consumers no longer view themselves as end-customers but are instead considered as temporary owners throughout the product's lifecycle.

Digital technologies have also played a significant role in the luxury fashion resale industry, transforming the way customers engage with brands, and making luxury items more accessible to a broader audience. In the past few decades, the internet and e-commerce development have contributed to the growing prominence of luxury vintage in luxury consumption (Amatulli *et al.*, 2018). Online and offline channels now form part of the overall luxury customer experience, catering to customers´ preferences (Klaus, 2020). Online second-hand and luxury rental platforms are on the rise (e.g., Vestiaire Collective, Luxury Closet), together with changing luxury value perceptions (Kelleci, 2022).

Furthermore, luxury fashion brands have started to incorporate environmental concerns as part of their core business strategy, rather than considering them as complementary value (Blasi *et al.*, 2020). This reflects a growing awareness and commitment to sustainability within this sector.

2.1.2 Sustainability in Luxury Fashion

The textile and clothing industry is currently undergoing a sustainability transition, pushing related businesses to embrace circular economy (CE) models, including recycling and reuse (Ta *et al.*, 2022a). For a company to be be classified as sustainable, it should reduce negative impacts several stages of the supply chain and throughout the lifecycle of its products (ThredUp, 2022).

Fletcher and Grose (2012b) emphasize that systemic innovation around sustainability begins with a shift in thought patterns and behaviors, leading to the establishment of structures and practices that define economic activities within ecological limits. Moreover, according to Blasi *et al.* (2020), sustainability in the fashion industry relies on collaborative efforts to enhance the commitment of all the actors engaged in the business.

One of the drivers behind sustainability is reducing the environmental impact, including pollution, gas emissions, and resource exhaustion. For ecological reasons, companies have started investing in new practices to minimize energy and water consumption, implemented across headquarters, stores, and distribution centres (Blasi *et al.*, 2020). Although progress is being made, the transition to a net-zero economy is not progressing fast enough (McKinsey & Company, 2023). Strategies for achieving circular economy include switching virgin materials with bio alternatives, utilizing resale and rental services, as well as implementing recycling or upcycling methods to extend the lifecycle of products (Charnley *et al.*, 2022).

Hugo *et al.* (2021) assumes that circular initiatives, including the reduction, reuse, and recycling of goods have already been implemented. The study identified barriers and drivers for implementing circular economy practices in the fashion industry: technological, economic/financial/market, institutional/regulatory, and social/cultural, stakeholders.

Through the analyses of BOF Sustainability Index, while some luxury players are leading in sustainability, the luxury segment still barely claims leadership on the topic (Amed *et al.*, 2022), when compared to masstige or mass brands. In the same report, the Kering group tops luxury leader board of sustainability in the luxury segment, attaining an overall score of 47. The score was determined through assessments across eight categories, such as gas emissions, transparency, water and chemicals usage, materials, labor rights, and waste management. Following are the luxury brands Burberry and PVH with an overall score of 41, LVMH with an overall score of 36, Ralph Lauren and Hermès both achieving an overall score of 32, Tapestry with an overall score of 22, Richemont achieved a core of 20, Capri with an overall score of 18, and lastly, Prada Group with an overall score of 16.

The luxury fashion industry is responding to sustainability concerns by forming partnerships with resale platforms. An example is Gucci´s collaboration with The Real Real to recycle and upcycle garments (McKinsey & Company, 2021).

Another alternative approach proposed by Sun *et al.* (2021) involves promoting product durability as an effective strategy and encouraging customers to adopt more ecological practices.

Hence, a solid understanding of the mechanisms behind the combination of luxury and sustainability can provide insights for both enhancing individual firm success and achieving a broader shift towards more sustainable products (Kunz *et al.*, 2020). Nonetheless, fashion companies still have uncertainties regarding how consumers perceive their sustainability investments when adopting new production models (such as circular approaches) or working to reduce their environmental impact (Blasi *et al.*, 2020).

Fletcher and Grose (2012) emphasize that distinct fashion business models will emerge with sustainability at the core. While commerce will remain a primary driver for these models, their success will be measured in social, cultural, and environmental values. This reflects a shift in the industry´s priorities, sustainability is becoming central to business practices and consumer preferences.

2.2 Second-hand Luxury Fashion

The second-hand market is growing worldwide, leading to potential changes in conventional luxury consumption through planned and unplanned reselling (Turunen *et al.*, 2020). Consumers are prioritizing value and longevity approaches towards products.

As described by Fletcher and Grose (2012), the concept of reuse has a long-established history dating back to the textile production industry, however, the dynamics of clothing reuse are changing due to the increased levels of consumption and disposal. To address this issue and promote sustainability, new business models and consumption patterns are emerging, to extend the lifecycle of products (Gopalakrishnan & Matthews, 2018).

The second-hand market, involving transactions between purchasers and sellers (Turunen *et al.*, 2020), provides an opportunity for individuals enable their social status by selling used luxury items, and for others a way to contribute to sustainable consumption. The attributes of luxury products: durability, uniqueness, use of premium materials, and timeliness, are aligned with the core principles of sustainability. In response to the growth of

resale businesses, it becomes more important to verify and prove authenticity and trace the history of products, particularly in the luxury (Amed *et al.*, 2022).

The customers experience in resale is a dynamic phenomenon in which knowledge, emotions, and social interaction are related and together shape customers' willingness to adopt, choose, and buy circulated products (Ta *et al.*, 2022b). For consumers, the second-hand market offers an interesting and growing arena to engage with luxury brands to buy and sell their products (Sihvonen & Turunen, 2016). Furthermore, sellers are transforming the traditional dynamics of the luxury market (Turunen *et al.*, 2020).

2.2.1 Second-hand Luxury Fashion - Brands Approach

As stated in the introduction of this research, several questions emerge concerning the future of the luxury fashion industry, particularly with regard to luxury brands.

Arribas-Ibar *et al.* (2022) set a few intriguing questions on this matter: Why have not luxury brands developed and designed their own resale business models yet? Do they genuinely want to enter this second-hand market by themselves and play a leading role? Despite some progress made by brands on the subject, many of these answers remain unexplored or answered. One of the primary concerns for brands revolves measuring the potential impact of their engagement in resale on their existing operations (McKinsey & Company, 2021).

Indeed, a paradigm is notorious within luxury brands, exemplified by the Kering group, which owns and manages renowned luxury brands such as Gucci, Yves Saint Laurent, Bottega Veneta, Balenciaga, and Alexander McQueen. Kering invested in the luxury resale marketplace Vestiaire Collective to enhance customer experience and boost sustainability efforts (McKinsey & Company, 2021). According to them, the growth in the second-hand luxury market has been predominantly triggered by younger consumers' focus on sustainability and their growing affinity for social shopping and online communities (Kelleci, 2022).

Regarding barriers identified by executives to enter the second-hand ecosystem have decreased over time. These barriers include concerns about resale not aligning with the lack

of proven ROI around resale in the retail industry, the brand narrative, or the potential cannibalization of sales for new products.

ThredUp´s (2022) report shows three primary motivations of executives in the fashion industry for entering second-hand sales: (1) becoming more sustainable; (2) acquiring more customers; and (3) driving revenue growth. Moreover, luxury conglomerates have started getting involved in new second-hand business models (Turunen *et al.*, 2020).

Efforts are underway to create a significantly reformed fashion landscape by 2023, with the aim of having one out of five garments traded through a circular business model (McKinsey & Company, 2020), promoting sustainability and circular economy, reducing waste, and encouraging responsible consumption.

2.2.2 Second-hand Luxury - Retailers and Marketplaces Approach

Resale has become a fundamental solution to address the enormous environmental challenges we face today (McKinsey & Company, 2020). Thus, several stores and marketplaces specializing in second-hand luxury fashion have arisen on the market. Sellers play an important role in this market (Turunen *et al.*, 2020), with a wide variety of retailers, including consignment stores, thrift stores, and resale stores (Gopalakrishnan & Matthews, 2018). Moreover, as stated by Ferraro *et al.* (2016), today's retail marketplace is a mix of thrift stores, high-end stores, and online retailers, recognising the value of second-hand fashion and incorporating vintage products or hosting flea markets. Consumers pointed to an increasing interest in luxury second-hand retail stores. Moreover, luxury conglomerates have started getting involved in the new second-hand business models(Turunen *et al.*, 2020), exemplified by Burberry's partnership with the consignment platform TheRealReal, to encourage a circular economy.

ThredUp´s report (2022) reveals that over 50% of the retail managers who do not have resale programs perceived themselves as falling behind their industry peers.

Among online retail of second-hand luxury goods, Vestiaire Collective marketplace has emerged as reference in the sector, recognized as the most frequently used by consumers (Boston Consulting Group, 2019) . The same report points the consumers' preferences for

purchase second-hand products in online retail: Vestiaire Collective is in the first position with 16%; Vinted comes in second place with 14%; the platforms Instant Lux, Le Bon Coin, and Vide Dressing appear in the following positions, each with 11%.

Online second-hand resale industry is a booming industry, driven by the economic, environmental, and recreational benefits of buying and selling used items (Bae *et al.*, 2022). Second-hand retailers are also noticing a growing interest in online shopping (Sorensen & Jorgensen, 2019). Moreover, as the industry undergoes further digitalization, strategies that contribute to users´ perceptions of usefulness, ease of use, and enjoyment, are likely to be implemented, leading to increased user satisfaction (Bae *et al.*, 2022). Thus, Aycock *et al.* (2021) propose that online second-hand luxury fashion retailers can explore collaborative opportunities with consumers in the resale market, enabling consumers not only to purchase pre-owned luxury fashion products but also resell their used clothing and accessories.

Max Bittner, the CEO of Vestiaire Collective, considers that buying and selling pre-owned clothes will become a widespread habit among consumers, as it already is among many young consumers today (McKinsey & Company, 2020).

2.3 Drivers of Second-hand Luxury Fashion Consumption

Several drivers for the purchase of second-hand luxury fashion have been identified in the literature. Therefore, previous studies have identified (1) economic reasons; (2) desire for uniqueness; (3) eco-consciousness; (4) status; (5) investment; (6) e-commerce accessibility; (7) perceived emotional value; (8) perceived product quality, as some of the motivations.

The rise of eco-consciousness has made the second-hand goods market a preferred alternative, alongside recycling and renovating (Hristova, 2019). Consumers perceive eco-friendliness as having a positive influence on the brand image, with higher impact on luxury rather than fast fashion brands (Blasi *et al.*, 2020). Furthermore, Kessous and Valette-Florence (2019) assert that drivers for second-hand luxury consumption are linked to social climbing, eco-conscious concerns, brand heritage, and windfall opportunities. McKinsey & Company´s (2021) research state that both pre-owned and new luxury products buyers often choose pre-owned items largely due to their rarity value and sustainability factors.

Authenticity plays a crucial role in consumer perception, extending beyond a simple dichotomy between fake and authentic. Sihvonen and Turunen (2016), argue that perceived authenticity is shaped by the interpretation of brand-related attributes and dimensions, e.g. brand heritage, product availability (scarcity), and quality The perceived authenticity significantly contributes to the perceived value of second-hand luxury fashion.

Investment stands out as another prominent motivation. Limited edition goods are linked to customers motivations for investment and can impact sales profits (Kim & Kim, 2020), and the prospect of reselling luxury items for financial gains empowers consumers (Turunen *et al.*, 2020).

Moreover, the opportunity to have access to rare and exclusive products is a significant factor that attracts buyers (McKinsey & Company,2021). Sorensen and Jorgensen (2019) suggest that consumers determine the value of fashion brands on resale through six antecedents: quality, price, design, brand availability, origin, and authenticity.

Prakash and Tiwari´s research (2021) concludes that consumer´s economic benefits are major drivers of the second-hand fashion business. Furthermore, Boston Consulting Group´s report (2019) reveals the perceived price-quality ratio as the primary motivation. Sorensen and Jorgensen (2019) also distinguish price and quality as the main aspects when determining the value of used branding in second-hand markets.

Sihvonen and Turunen (2016) concluded that the perceived value of luxury fashion is a multifaceted and relative construct, shaped by subjectivity and context-dependency. In the online second-hand fashion industry, the element of time appears to be an important factor in grounding consumer´s considerations of the perceived value (Sorensen & Jorgensen, 2019), as well as usefulness and ease of use (Padmavathy *et al.*, 2019).

In summary, the second-hand market offers valuable insights for targeted interventions focused on understanding consumer behaviour, motivations, capabilities, and opportunities (Wagenaar *et al.*, 2022).

2.3.1 Generation Z and Millennials

The description and defining birth years of Generation Z and Millennials vary across researchers and literature, and there is still no consensus on the precise boundaries for each generation. Thangavel *et al.* (2022) support that there is a considerable dispute and debate about the definition of Generation Z.

Despite the lack of agreement, general authors suggest two common definitions: (1) Millennials or Generation Y comprises individuals born between 1981 and 1995; (2) Generation Z or the Post Millennials include those born after 1995 (Prakash & Tiwari, 2021). Gen Z is commonly recognized as the generation that follows the Millennials (Thangavel *et al.*, 2019).

However, other researchers, such as Gazzola *et al.* (2020), propose a slightly different timeframe, defining individuals belonging to Generation Y or Millennials as those born between 1980 and 1994. Dolot (2018) mentions Millennials as individuals born between 1980 and 1995. In several studies, the term Generation Y is also used to describe Millennials (Sorensen & Jorgensen, 2019).

According to the literature, from the perspective of consumer behaviour, the younger generations are paying growing attention to sustainability and the concept of the circular economy (Gazzola *et al.*, 2020). Moreover, Generation Z is also known as iGeneration, Gen Tech, Online Generation, Post Millennials, Facebook Generation, Switchers (Dolot, 2018).

Understanding different perspectives and attitudes across groups of individuals that belong to different generations can be valuable. In this line, Generational studies have a vital role in understanding the behavior, characteristics, attitudes, perceptions, and work values of the different generational cohorts in the field of Business and Management (Prakash & Tiwari, 2021).

2.3.2 Characteristics of the Second-hand Luxury Fashion Consumers

The rise of the second-hand market has been driven by new trading formats, the consumer behavior of modern generations, the development of social media, the internet, and environmental protection (Hristova, 2019).

Nowadays, customers are not only considering purchases for personal use but also evaluating the potential resale value and future uses of products(Sorensen & Jorgensen, 2019). Furthermore, pre-owned luxury goods are perceived as similar or potentially equivalent to new luxury items.

ThredUp (2022) states that 82% of consumers shared a positive emotion when they purchase a second-hand item. Even so, there is still need for further efforts to change consumers' perceptions of the value dimensions of second-hand clothing, through education or campaign activities (Kim *et al.*, 2021).

Hristova (2019) identifies the primary drivers of the second-hand goods market as financial, emotional, and social. These drivers are rooted in the behavior of digitally active users who seek high brand, luxurious and unique products, all desiring satisfying, and convenient shopping experiences offered at a reasonable price.

In terms of generational behavior, second-hand items are gaining popularity among consumers around the world, especially the X, Y and Z generations (Hristova, 2019). Millennials are becoming more conscientious about the products they buy, considering their social and environmental implications. Nevertheless, Millennials with lower incomes have limited choices in today's marketplace (Sorensen & Jorgensen, 2019). Gazzola *et al.* study (2020) underlines the importance of sustainability issues in driving the demand for Generation Z in the fashion industry today.

2.3.3 Consumer Trends among Gen Z and Millennials in the Resale Luxury Fashion Market

Digitalization and sustainability offer growth opportunities for fashion industry (Amed *et al.*, 2022) , the expansion of the resale luxury market can be attributed to several factors, such as

the success of specialized digital trading platforms and changes in consumer behavior (McKinsey & Company, 2021). Online second-hand luxury shoppers contribute to promote circularity within luxury fashion, businesses can provide fashion products designed for digitally native Millennial and Gen Z customers (Aycock *et al.*, 2021). On the other hand, retail stores should not be merely transactional but experiential, Millennials expect pre-owned retail stores to reflect the aura of selling dreams and creating value (Rathi *et al.*, 2023).

Geographically, ThredUp´s data (2022) shows an exponential growth trend within the global second-hand clothing market, with a major impact in North America, Europe, and Asia. In turn, Africa, Australasia, and South America appear a much slower evolution. The same report presents a forecast growth of the global second-hand clothing industry with a progressive rise in market value: $168 billion in 2024, $196 billion in 2025, and a substantial upsurge to $218 billion by 2026. This growth projection supports the second-hand clothing market's potential to become a significant contributor to the fashion industry.

When examining consumer drivers, the top three motivations for purchasing second-hand fashion are saving money as the primary motivation, followed by affording higher-end brands, and finding one-of-a-kind items (ThredUp, 2022). However, the same report presents different data when analysing only Generation Z, the major driver is saving money, being more sustainable as the second position, and having more fun while shopping the third reason.

3. Research Framework and Study Design

In the previous chapter, the research began with the literature review, which allows us to observe with other authors the topics previously studied, as well as the results and conclusions. In this chapter, will be presented the research question and objectives, and the methodology chosen to answer the problematic of the dissertation and specific questions.

3.1 Study Objectives and Research Question

The main purpose of this study is to examine the new paradigm of second-hand luxury fashion and explore the purchase motivations of Generation Z and Millennials. Thus, the main research question is:

RQ: What are the main motivations that drive younger consumers (Generation Z and Millennials) to purchase second-hand luxury fashion items?

In the endeavor, we formulated some specific objectives that serve as guidelines in the development of study design, data analysis, and study contributions:

1. To explore the main motivations for purchasing second-hand luxury fashion.

2. To examine the predisposition of Generation Z and Millennials to acquire second-hand products over primary items.

3. To examine the predisposition of Generation Z and Millennials to sell their items in the second-hand market.

4. To identify the most valued brands, the best-selling categories of products, and the most used sales channels in the second-hand luxury fashion market.

5. To analyse the main consumption trends of second-hand luxury fashion among Generation Z and Millennials.

Table 1: Framework

Motivations	References
Economics	(Diddi *et al.*, 2021; Ferraro *et al.*, 2016; Kim *et al.*, 2021; Kim & Kim, 2020; Machado *et al.*, 2019; Padmavathy *et al.*, 2019; Tangri & Yu, 2023; Turunen & Leipämaa-Leskinen, 2015)
Need for Uniqueness	(Diddi *et al.*, 2021; Ferraro *et al.*, 2016; Kim *et al.*, 2021; Kim & Kim, 2020; Machado *et al.*, 2019; Padmavathy *et al.*, 2019; Turunen & Leipämaa-Leskinen, 2015; Ünal *et al.,* 2019)
Eco-consciousness	(Diddi *et al.*, 2021; Ferraro *et al.*, 2016; Kessous & Valette-Florence, 2019; Kim *et al.*, 2021; Machado *et al.*, 2019; Tangri & Yu, 2023; Turunen & Leipämaa-Leskinen, 2015)
Status	(Bian & Forsythe, 2012; Ferraro *et al.*, 2016; Kessous & Valette-Florence, 2019; Kim *et al.*, 2021; Kim & Kim, 2020; Machado *et al.*, 2019; Tangri & Yu, 2023; Ünal *et al.*, 2019)
Investment	(Bian & Forsythe, 2012; Kim & Kim, 2020; Turunen & Leipämaa-Leskinen, 2015)
Acessibility E-commerce	(Kim & Kim, 2020; Padmavathy *et al.*, 2019)
Perceived Emotional Value	(Ferraro *et al.*, 2016; Kessous & Valette-Florence, 2019; Kim *et al.*, 2021; Machado *et al.*, 2019; Padmavathy *et al.*, 2019; Tangri & Yu, 2023; Turunen & Leipämaa-Leskinen, 2015; Ünal *et al.,* 2019)
Perceived Product Quality	(Diddi *et al.*, 2021; Kim *et al.*, 2021; Machado *et al.*, 2019; Sun *et al.*, 2021; Ünal *et al.,* 2019)

3.2 Research Framework

The conceptual model for this research is presented (Figure 1), based on the findings from the literature review and the research question. This empirical model illustrates the structural paths that will be examined, aiming to achieve a more holistic understanding of the intention behind second-hand fashion luxury consumption. By investigating these pathways, the model attempts to provide a meaningful comprehension of the factors that influence individual´s decisions to engage in second-hand fashion luxury consumption.

Figure 1: Proposed Conceptual Framework

| Economics |
| Eco-consciousness |
| Need for Uniqueness |
| Staus |
| Investment |
| Accessibility E-commerce |
| Perceived Emotional Value |
| Perceived Product Quality |

→ Purchase Second-hand Luxury Fashion
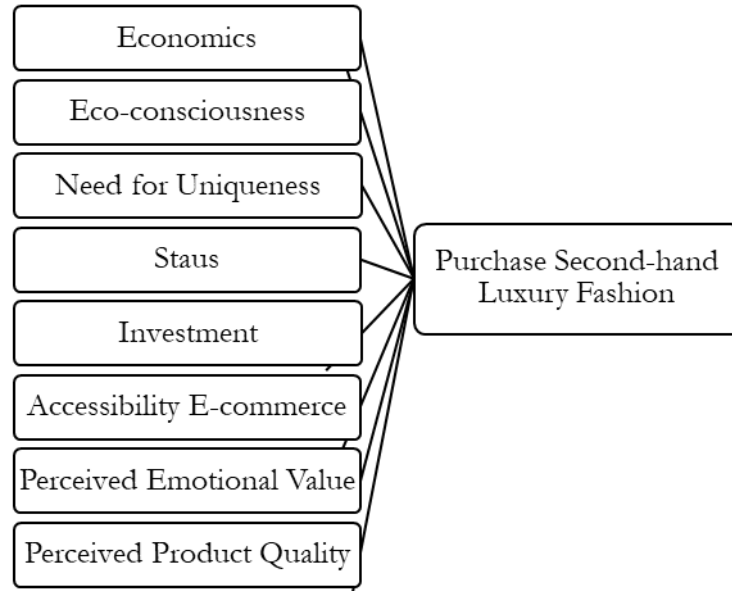
3.3 Methodology

This study follows an exploratory approach through a qualitative research methodology to explore the motivations behind second-hand luxury fashion consumption among Generation Z and Millennials. Qualitative research helps to understand the richness, depth, and complexity of consumers (Malhotra & Birks, 2007) and allows for an in-depth investigation of the human experience from the participant's point of view (Gopalakrishnan & Matthews, 2018). The qualitative interview, identified as a powerful method for capturing experiences (Kvale, 1996), involves an empathic dialogue with the subjects studied.

A total of fifteen semi-structured interviews were conducted among luxury and second-hand fashion managers and consumers (Generation Z and Millennials). For the in-depth interviews, two convenience groups of participants of CEOs and consumers were chosen (Gopalakrishnan & Matthews, 2018). The first participant group consists of (1) CEOs of second-hand luxury fashion companies worldwide, to gather information on their business models, strategies, and perceptions of the luxury fashion resale market; and (2) CEOs of key luxury resale stores in Portugal, that could provide constructive insights into the market, consumer profiles, demand dynamics, and barriers that may arise in the future. The second participant group consists of active consumers among Generation Z and Millennials.

Participants were interviewed by video call and telephone call, as the most convenient method for their diverse locations. The interviews were conducted with a planned set of questions that will provide a framework for the discussion. But also allows the interviewees to provide additional perceptions into the topic, thereby enabling the exploration of new ideas and enhancing understanding of the subject. The data collected is analysed through an explicit interpretation of the meanings and functions of consumer actions (Malhotra & Birks, 2007).

By investigating and understanding reasons that influence the behavior of these two generations for second-hand luxury fashion purchases, the qualitative methodology aims to provide a deeper and more comprehensive analysis of the research topics. It enables an in-depth investigation of the research question since it can capture the intrinsic nature of human behavior and provide rich information on the interviewer's opinions and attitudes. Moreover, qualitative research enables individuals to reflect upon and express their views or to observe their behavior (Malhotra & Birks, 2007). The development of themes and categories into patterns, theories, or generalizations suggests varied endpoints for qualitative studies (Creswell & Creswell, 2017).

The research followed fundamental ethical values, including the voluntary participation of individuals, and consent to the recording of the interview. Ensuring the confidentiality of the participant's information, and preserving anonymity throughout the study (Frost, 2021).

4. Empirical Study and Analysis of Results

In this chapter, a semi-structured interview will be presented, and the characterization of the participants. The data analysis was conducted using NVivo, enabling the coding and systematic examination of the data. Lastly, an analysis of the interviews with CEOs and active consumers will be provided, followed by the discussion of the findings.

4.1 Semi-Structured Interviews

Semi-structured interviews allow a deeper exploration of the participant´s ideas, experiences, and perspectives on this topic. An in-depth interview is an unstructured and personal interview, conducted by an experienced interviewer to uncover underlying motivations, beliefs, attitudes, and feelings on a topic (Malhotra & Birks, 2007).

The purpose of selecting this group of participants was to achieve insights into the second-hand luxury fashion industry from a business perspective.

The participant selection process involved identifying the luxury resale companies and stores, through database analyses and online research, as well as personal networks. Once the potential interviewees were identified, they were contacted through LinkedIn and email, to provide further information on the research project and the purpose of their participation.

After that, semi-structured interviews were conducted with the selected CEOs who agreed to be interviewed, placed by video call or phone call, for their convenience and flexibility. The interviews were performed in English and Portuguese, due to the participant's nationality. Furthermore, the questions were designed to gain detailed responses about their experiences in the second-hand luxury fashion market, as well as their perceptions of the industry evolution, and their insights into consumer behavior and major trends.

Participants in the study were properly informed on the nature and purpose of the research, obtaining their consent prior to their involvement. The interviews were audio-recorded with their agreement and transcribed for analysis. The appendix section of the document contains the interview guides (Appendix 1, Appendix 2).

Each interview session extended over approximately 20 to 52 minutes. Systematic cataloguing procedures were observed throughout the process, including dating, classification, and transcription of the recorded interviews, while searching for patterns of meaning (Camic *et al.*, 2003). The interviews were conducted between April and July of 2023.

The data collected from interviews were subjected to manual coding to extract the core information. The interview data were read through and processed to generate codes (Bae *et al.*, 2022), and afterward were analysed.

Semi-structured interviews are a suitable approach for collecting relevant qualitative data (Ta *et al.*, 2020), allowing the identification of patterns within the data, and providing insights into the analyses of conversation: pauses, intonation, lexical choice, repair (Camic *et al.*, 2003).

Qualitative interviews empower market researchers to manage accurate predictions and implement effective strategies to control consumer behavior (Kvale, 1996).

4.2 Characterization of Interviewees

In this study, semi-structured interviews were conducted, divided into two convenient participant groups, with a total of fifteen interviews among luxury and second-hand fashion managers and consumers (Generation Z and Millennials). To ensure relevance and involvement in the subject under investigation, the recruitment process focused on selecting individuals who were directly related to the subject (Frost, 2021).

In the first group of participants, the pre-recruiting questionnaire was sent to 30 respondents through LinkedIn and email, from which only seven agreed to participate and were recruited for the in-depth interviews.

The questionnaire was applied to (1) two CEOs of second-hand luxury fashion businesses worldwide; (2) five CEOs of the main second-hand luxury fashion stores in Portugal (Table 2). The selection of these participants was determined to get substantial results for the study, considering their role as CEOs of prominent players in the market worldwide, as well as CEOs of the key luxury resale stores in the sector in Portugal.

Table 2: CEOs of Second-hand Luxury Fashion Companies

#	Company	Company Headquarters Location	Sales Channel	Date of Interview	Method
Interviewee 1	Luxury Garage Sale	United States of America	Online	26th April 2023	Phone call
Interviewee 2	Luxclusif (Farfetch Group)	Philippines	Marketplace	12th May 2023	Video Call
Interviewee 3	Yeahllow	Portugal	Online & Store	24th April 2023	Phone call
Interviewee 4	Du Chic a Vendre	Portugal	Online	25th April 2023	Phone call
Interviewee 5	Le Quartier Latin	Portugal	Store & Online	26th April 2023	Phone call
Interviewee 6	Efforie	Portugal	Online	27th April 2023	Phone call
Interviewee 7	La Petite Coquette	Portugal	Online & Store	6th May 2023	Phone call

Table 3: Active Consumers Generation Z and Millennials

#	Participant Nationality	Country of Residence	Profession	Date of Birth	Generation	Date of Interview	Method
Interviewee 1	Portuguese	Portugal	Fashion Designer	September 1988	Millennials	17th June 2023	In person
Interviewee 2	Portuguese	Portugal	Fashion Designer	April 1996	Millennials	19th June 2023	Phone call
Interviewee 3	Portuguese	Portugal	Business	May 1980	Millennials	19th June 2023	Phone call
Interviewee 4	Portuguese	Portugal	Business	May 1983	Millennials	21st June 2023	Phone call
Interviewee 5	Portuguese	Germany	Nurse	May 1982	Millennials	29th June 2023	Phone call
Interviewee 6	French	France	Events Manager	November 1986	Millennials	7th July 2023	Phone call
Interviewee 7	Portuguese	Portugal	Student	October 2003	Gen Z	6th July 2023	Phone call
Interviewee 8	Portuguese	Portugal	Student	February 2003	Gen Z	7th July 2023	Phone call

In the second group of participants, eight interviews with active consumers were conducted (Table 3), including six Millennials and two Gen Z individuals. The interviews were conducted between 17th of June and 7th of July.

The participants were chosen purposively to enhance the understanding of the meanings attached to second-hand luxury items (Turunen & Leipämaa-Leskinen, 2015). To ensure the selection of respondents aligned with the sampling criteria, filter questions were inquired in advance of the interviews, regarding their Generation (age) and previous experience with purchasing second-hand luxury fashion. We aim to obtain a diverse group of individuals in terms of nationality, country of residence, profession, behaviours, and experiences.

4.3 NVivo Software for Coding and Analysis

For the data analysis, which involved a total of fifteen sessions, and it was not considered necessary to exclude any participation, all interviews were validated. The participants were requested permission to record the interviews, to collect the main details and keywords, and to avoid notes that weren't recalled. The data sources for the analyses included transcripts of task observation checklists and interview transcripts.

To process and analyse the information, all data were combined and introduced into the qualitative analyse software NVivo. After transcribing all conducted interviews, the researcher applied the NVivo software to process coding.

Coding was the initial stage in the analytic method, involving labelling the research materials (Frost, 2021), excerpts from the interviewees were coded with more than one code, determining the interrelationships between concepts from different dimensions (Machado *et al.*, 2019). Recurrent codes were subsequently categorized into the theme of data management (Bae *et al.*, 2022).

NVivo coding is performed by using hierarchical 'trees' and nodes to separate higher-level discourses and lower-level ideas, which individually constitute parts of a discourse (Frost, 2021). Each node collects references related to a specific theme, subject, person, or place.

Figure 2: Analysis of CEO Data through NVivo Word Cloud

Through the Nvivo software, it was possible to identify and generate the most frequent words during the CEO´s interviews (Figure 2). Luxury, fashion, purchase, company, market, and brands were the most listed words. In the context of the theme drivers of second-hand luxury fashion consumption, the word value emerged as the most frequently used term.

Figure 3: Analysis of Consumer Data through NVivo Word Cloud

Additionally, highly recurring words from consumer interviews were identified (Figure 3). Luxury, second-hand, purchase, products, and fashion were the most referenced terms.

4.4 Analysis of CEO Interviews

Table 4: CEOs Data Analysis Matrix

Categories	Subcategories	Subsubdivisions
Evolution and Changes in the Second-Hand Luxury Fashion Market	Growth Enablers	Less Stigma
		Consumer-to-seller Ease
		Rise of Specialized Selling Platforms
	Consumer Trends	Growing Willingness for Purchase
		Consumer Trends Gen Z
		Consumer Trends Millennials
Strategies to Increase Sales and Attract Customers	Website	
	Social Media	
	Influencers	
	Publicity	
	SEO	
	Diversity of Products	
	Direct Consumer Interaction and Engagement	
	Use of Data Analysis to Identify Fashion Patterns	
Drivers of Second-hand Luxury Fashion Consumption	Economic	
	Need of Uniqueness	
	Ecological Awereness	
	Status	
	Investment	
	Ease of Use in E-commerce	
	Perceived Emotional Value	
	Perceived Product Quality	
Consumer Buying Behavior	Best-Selling Brands	Louis Vuitton
		Chanel
		Hermès
		Gucci
		Prada
		Burberry
		Miu Miu
		Saint Laurent
	Top-Selling Products	Bags
		Clothing
		Accessories
		Shoes
	Average Spending per Purchase (€)	Amount Spent per Purchase
		Growth Trend
Key Challenges in the Industry	Key Challenges	Authentication and Security
		Market Competition Impact
		Market Expansion and the Role of Marketplaces
		Building Reputation and Distinction in the Industry
		Access to the Supply

The content analysis of CEO interviews was guided by a predefined set of categories identified in the literature review. The analysis of data (Table 4) is presented in the respective categories: (1) evolution and changes in the second-hand luxury fashion market; (2) strategies to increase sales and attract customers; (3) drivers of second-hand luxury fashion consumption; (4) consumer buying behavior; (5) key challenges in the industry.

4.4.1 Evolution and Changes in the Second-Hand Luxury Fashion Market

In the initial stage of the interviews, the goal was to analyse the evolution and primary changes observed in the second-hand luxury fashion market. Regarding growth enablers, participants noted their alignment with global trends, particularly a higher willingness to acquire pre-owned products, and also changes in online shopping behaviors driven by technological advancements.

> *"The emergence of platforms like Vinted and Vestiaire Collective is helping shift people's mindsets and behavior."* (Participant G)

> *"Consumers feel that is a smart way to acquire luxury products, a more accessible approach, they get access to luxury items that might otherwise be out of reach."* (Participant C)

Furthermore, the results reveal less stigma within this market. In the past, buying pre-owned luxury fashion pre-owned was often seen with social stigma, as inappropriate, or even linked to financial issues. However, the data unveils a substantial change in this perception.

> *"The market has grown significantly. The primary change lies in the general population's willingness to purchase second-hand products, proving a reduced stigma associated with buying these items."* (Participant C)

> *"Mindsets are changing. I also believe that there is increasingly less prejudice, although some still exist. But I would say that 95% of people hold a positive perspective of the concept, with only 5% keeping negative."* (Participant G)

Another relevant topic is the experience of consumers becoming sellers and vice versa. Online platforms like Vestiaire Collective and other players provide consumers to engage in

both buying and selling luxury fashion items, and allow the consumers to contribute to the market's dynamic.

> *"Luxury consumers are also becoming sellers through platforms such as Vestiaire Collective and many others. (...) Luxury clients are also entering this market as sellers, which gives them significant influence."* (Participant G)

As a result, it has led to a higher demand for a larger selection of brands and pre-owned products.

One of the participants also revealed that there was a distinct behavioral trend prior to the pandemic. Nevertheless, the pandemic had an impact on changing consumption patterns (Participant B).

In terms of consumption trends across generations, the results were divided into two sub-categories: Generation Z and Millennials. Millennials have become a prominent driver within the luxury second-hand fashion market, the majority of interviewees state that they constitute the largest percentage of sales.

> *"Millennials are our primary customers, our main segment."* (Participant D)

> *"When it comes to Millennials, there is a clear trend to value luxury brands, while simultaneously understanding to embrace second-hand purchases positively."* (Participant A)

On the other hand, participants refer to Generation Z as a promise generation with potential for such purchases, exposing interest and a search for second-hand luxury fashion items. However, they still represent a smaller fraction of overall sales.

> *"They visit our website but do not purchase. I think they are interested, but when it comes to paying that price for second-hand luxury fashion products, they do not pull the trigger."* (Participant F)

> *"We predict Generation Z to become extremely important, acting as a catalyst for the industry, since they generally prioritize experiences."* (Participant C)

> *"Currently, they may lack the financial power for these products, but they will in the future. I believe it will effectively take another 10 years. In terms of sales, their contribution remains minor, perhaps less than 5%."* (Participant D)

Lastly, one of the interviewees points out that the luxury fashion remains relevant across all generations (Participant E).

4.4.2 Strategies to Increase Sales and Attract Customers

Companies within the sector adopt different approaches in the fields of marketing and sales, to optimize sales, and attract and retain customers. Outcomes suggest that positive results occur from the implementation of multiple strategies, from online presence to product diversification and data analysis, to increase sales and enable customer loyalty. This analysis is relevant for a better understanding of how market players operate. One of the participants emphasizes that the strategy comprises a mix of physical stores, marketplace, and social media (Participant D).

The study results highpoint the following strategies implemented by companies: website, social media, influencers, publicity, SEO, diversity of products, direct consumer interaction and engagement, and use of data analysis to identify fashion patterns.

Social media platforms are widely mentioned, with 5 participants actively using these platforms to display products, increase sales, and reach closer connections with consumers (Participant A, Participant B, Participant D, Participant E, Participant G).

Regarding websites and SEO, one participant cites working extensively on the website in terms of SEO and content organization (Participant G). On the other hand, another participant notes that they started building a website but later stopped due to high costs and realized that the Instagram social network would be a better platform to exhibit their products (Participant G).

As for the use of influencers to increase business growth, two participants pointed out their importance (Participant A, Participant G).

Advertising also appears as a fundamental tool for multiple participants. Through it, companies improve visibility, accelerate consumer interest, establish emotional connections with customers, and reach a more diverse audience.

> *"We invest in marketing and advertising to access the widest possible audience."* (Participant A)

"The main factor is online advertising, which we have always done. Advertising is certainly the tool that works best for us." (Participant G)

Another factor is the diversity of products to drive sales. A broader product selection is available to consumers, with larger diversity in terms of items, product categories, and prices, achieving different market segments.

Moreover, personalized and close communication with customers is also stated, as shared by five participants. Individualized interactions with customers to address their distinct needs.

"Close communication with the customer through different digital networks and channels, via WhatsApp, phone, email. In other words, having multiple channels where the customer has support, feels secure, and can clarify all doubts regarding a product, a schedule, etc." (Participant G)

"I can keep strong connections, even virtual friendships with clients I have never met. I establish meaningful relationships with them through quick chats, prompt responses, and solid discussions." (Participant B)

"Personalized contact with consumers." (Participant E)

Conclusions suggest that data analysis has a crucial role in the strategies of companies within the sector. By analysing the market data and identifying consumer preferences, companies can make more suitable decisions to manage their products and improve sales in line with consumer needs.

"Understanding the popularity of the designs, identifying discontinued or changed items, which ones are increasing in price and how often, etc. This data is important both for adjusting our available offerings, deciding which products to acquire, and determining the most appropriate price." (Participant A)

"We have an in-house data team that monitors multiple platforms to understand the top-performing factors, also in terms of prices. We need to find a balance between competitive pricing and the speed of sales." (Participant C)

"We are heavily working with wishlists, we can provide a more personalized service. We also use keyword searches through Google Analytics to understand the keywords our audience is searching for." (Participant G)

On the other hand, one participant mentions that with nearly a decade of experience, the company has developed the ability to predict product demand.

4.4.3 Drivers of Second-hand Luxury Fashion Consumption

Regarding the drivers to purchase second-hand luxury fashion, several factors are pointed out: economic, need for uniqueness, ecological awareness, status, investment, ease of use e-commerce, perceived emotional value, perceived product quality, and sustainability. The economic factor, need of uniqueness, and status were the most emphasized, by 5 interviewees.

The economic motivation was cited by 5 participants (Participant A, Participant C, Participant D, Participant E, Participant G), described through different approaches: finding the same product for a lower price, connecting value to the product, and reaching a good deal. The desire to acquire luxury fashion items at an affordable price stands as a key motivation that influences purchasing decisions.

> *"For me, it is clearly about value. People want access to appealing products, and they can acquire them through this way. Value is clearly at the core of most people's motivations."* (Participant C)

> *"Price factor. Recently, we had a Bottega Veneta bag on sale for 400€, when that specific design usually goes is nearly 2000€. This provides consumers with the feeling of having made a good deal."* (Participant G)

The need for uniqueness is also underlined by the participants. The preference for limited edition, products that have been discontinued in the market, customized and unique products, are some of the factors that drive their demand.

> *"There are some highly desirable designs that have been discontinued by the brands and therefore can only be acquired in the second-hand market."* (Participant A)

> *"The exclusivity of certain brands."* (Participant E)

Another widely stated motivation is the social status acquired through the purchase of these items (Participant B, Participant C, Participant D, Participant E, Participant G). Buying

luxury products conveys prestige and high social standing.

> *"The core motivation for middle-class individuals and high society is status. The middle-class individuals look for appearance as if they are part of the high society, while the high society aims to strengthen their high-class status."* (Participant D)

Investment also emerges as a motivation, where consumers can experience the products and later contribute to circularity by bringing them back into the market. Some consumers look for certain products such as limited-edition bags or accessories, that have the potential to grow in value over time.

> *"Pre-owned allows people to buy the product, use it, and perhaps resell it for the same price or even slightly higher, or with minor loss. This is extremely attractive and allows people to experience the products."* (Participant C)

> *"There is a new interest in buying luxury, often driven by an investment perspective. For instance, if I were to invest in a Chanel item and decide to sell it in 1 or 2 years, I could get some money back."* (Participant B)

> *"Regarding handbags, consumers often think as an investment, looking for classic pieces and limited editions."* (Participant E)

Accessibility to products also attends as a driving factor. The unavailability of products through online sales channels, the non-existence of products in physical stores, or having the waiting lists for exclusive designs, encourage consumers to look after alternatives choices like the second-hand market. Allowing them access to brands and products that might otherwise remain inaccessible due to limitations in availability and distribution.

> *"For instance, if a customer wishes to purchase a Hermès product, buying it online is usually not possible unless through pre-owned options. The same situation applies to brands like Chanel, Louis Vuitton, and more."* (Participant C)

Participants noted several attributes concerning perceived product quality, such as the high quality of luxury products themselves, products often highly valued by previous owners due to their monetary cost and symbolic significance, and products that are preserved with care ensuring excellent condition.

> *"We ensure that only products in perfect condition are offered, and consumers value and acknowledge this proposition as an intelligent and equally satisfying purchase."* (Participant A)

Environmental awareness and sustainability concerns create some controversy among the participants, with two interviewees mentioning these factors as motivating influences for customer purchases.

On the other hand, more than half of the participants exclude environmental awareness associated with sustainability as a key motivating factor for purchasing second-hand luxury products.

> *"I have noticed a lack of ecological awareness. Customers who think about the environment are incredibly rare."* (Participant B)

> *"As for environmental awareness, I would love to say that it is. However, in reality, it does not happen."* (Participant D)

> *"In my company, it does not happen. I still think that those who buy second-hand luxury care about sustainability, but it is not their primary factor."* (Participant G)

4.4.4 Consumer Buying Behavior

Concerning top-selling products, the results have been grouped into four codes: bags, clothing, accessories, and footwear. Bags appeared as the top category in terms of sales performance, with unanimous agreement from all participants. Accessories came next, cited by two participants (Participant B, Participant E). Additionally, clothing was mentioned by only one interviewee (Participant F), who mentioned that in terms of units sold, it is the most popular category. Lastly, shoes were not mentioned by any participant.

All participants mentioned Louis Vuitton as the best-selling brand in their companies (Table 5).

Table 5: Best-Selling Brands in Second-hand Luxury Fashion

Best-Selling Brands	Number of Participants
Louis Vuitton	7
Chanel	5
Hermès	3
Gucci	2
Prada	2
Burberry	1
Miu Miu	1
Yves Saint Laurent	1

Regarding average spending per purchase (€), six of the participants engage in B2C sales while only one participant conducts B2B sales, with distinct sales presented for these two groups. Regarding the participants with B2B sales, the sales differ due to the client´s size (store/retailer), the market in which they operate, and the products available at the time. As for participants with B2C sales, the average spending per purchase varies based on the product category (bags, clothing, accessories), specific attributes such as quality, and the product´s availability at the time of purchase.

> *"Bags in the range of 500€-600€ might be the ones we sell the most. But high- quality bags can go up to around 7000€ like one we sold 15 days ago. It was in very good condition and was a good deal, it only stayed in the store for 2 days. It also depends on the products available at that time."* (Participant D)

> *"The average purchase value is currently 1040€. The best-selling products have been the more expensive, as they correspond to the more exclusive and in-demand products."* (Participant A)

> *"Currently, the average is €750."* (Participant G)

Regarding changes in consumption and sales, three participants noted an increase in their sales (Participant B, Participant C, Participant G), and one participant reported a decrease in sales (Participant D).

4.4.5 Key Challenges in the Industry

Participants identified five key challenges: authentication and security, market competition impact, access to the supply, market expansion and the role of marketplaces, building reputation and distinction in the industry.

One of the topics underscored by the interviewees is the importance of authentication and security. This is a critical aspect to ensure transparency in the buying process and build consumer trust and security. There is also a concern regarding the acquisition of second-hand luxury fashion through e-commerce, which some companies address through product certification methods.

> *"Ensuring the authenticity of items. This means working every day for better and faster analysis of each piece, offering customers higher security."* (Participant G)

> *"Some doubts still linger regarding product authentication."* (Participant C)

> *"The second-hand luxury market's greatest barrier is counterfeiting. People need validation from a third party because they do not trust, the counterfeit market is always evolving."* (Participant B)

> *"There is still some concern regarding e-commerce in general, and even more to the purchase of second-hand luxury goods. Consumers question whether the products are genuinely authentic and if the purchase is secure."* (Participant A)

One of the interviewees states the importance of merging different sales channels, both e-commerce and physical stores. Despite having a lower sales volume through the physical store, it allows for effective product exhibition and supports trust with their customers.

> *"Building trust is not as easy as before (...) We do not sell much in the store, but we have the products advertised there, all of which boost its image, improving security and trust."* (Participant D)

Additionally, the exponential growth of physical stores and specialized online platforms in second-hand luxury fashion is identified by most of the interviewees as one of the major challenges the sector will face in the coming years. Study participants reveal that despite the increase in the number of players in the market, a process of consolidation is predicted, the leading companies will expand and occur as dominant drives in the industry.

"Excessive competition. While the overall market value is growing exponentially, each player share is not that significant." (Participant D)

"Competition is also increasing, which can be a challenge. This growth in the second-hand market means that there are also more and more stores and platforms." (Participant G)

Access to supply is presented as a significant challenge. Logistical and customs issues can become barriers, especially considering transactions on a global scale.

"The main challenge is the supply. As buyers on a global scale, how can we access to local supply? This is crucial, not only from a service perspective but also for product competitiveness. Finding and accessing local supply is of extreme importance, and I would say that this is the biggest challenge." (Participant C)

Reputation and differentiation are topics that study participants identified as fundamental for the growth and success of companies in this evolving market. Building a strong reputation and establishing a reliable relationship with customers become decisive factors in attracting and retaining clients. Furthermore, as the industry evolves, a natural trend of consolidation is expected in the second-hand luxury fashion sector. The CEOs predict that the largest players and dominant companies will expand their market share, which is attributed to their ability to establish more efficient access to the supply chain for acquiring second-hand luxury fashion products. The rise of major players as market leaders is a trend to be observed.

"The market is already quite crowded, instead of new players, a consolidation will occur. Larger groups will expand and get a stronger position in the industry. (...) Access to the supply will become more difficult for some players to operate, and this will lead to the market being stratified in that manner." (Participant C)

"Bigger online companies will "devour" the smaller ones, Vestiaire Collective and Vinted, are growing more and more." (Participant B)

4.5 Analysis of Consumer Interviews

Table 6: Active Consumers Category Matrix

Categories	Subcategories	Subsubdivisions
Consumer Shopping Experience	Purchase Period (years)	
	Purchase Intent	
	Purchase Frequency	
	Average Spending per Purchase (€)	Bags
		Clothing
Consumer Behavior in Second-Hand Fashion Luxury Purchases	Product Categories	Bags
		Clothing
		Shoes
		Accessories
	Preferred Brands for Acquisition	Gucci
		Burberry
		Miu Miu
		Prada
		Saint Laurentt
		Valentino
		Maison Margiela
		Jil Sander
		Balenciaga
		Louis Vuitton
Buying Channels for Second-Hand Luxury Products	Physical Stores	-
	Marketplace	
	Online Stores	
	Social Media	
Drivers of Second-hand Luxury Fashion Consumption	Economic	
	Need of Uniqueness	
	Ecological Awareness	
	Status	
	Investment	
	Ease of Purchase	
	Perceived Emotional Value	
	Perceived Product Quality	
	Product Authentication	
	Packaging	
Considerations and Strategies for Selling Second-Hand Luxury Products	Sales Experience	
	Sales Channels	Marketplaces
	Sales Volume	
Impact of Industry Evolution on Consumer Buying Intention	Shift in Buying Behavior	
	Generational Impact on Buying Patterns	

4.5.1 Consumer Shopping Experience

To provide a comprehensive analysis of the market dynamics, the researcher examined the consumer shopping experience, particularly focusing on their initial period of engagement with second-hand luxury fashion. The findings revealed the following patterns on the participant´s journey:

1) Five participants began purchasing these items approximately 1-3 years ago.

2) One participant has been actively acquiring second-hand luxury fashion for more than 4 - 5 years.

3) Two participants have been engaged in this market for over 5 years, with one mentioning a consumption behavior of approximately 10 years.

Regarding a generational approach, we aimed to analyse the difference in the purchasing period, between Generation Z and Millennials. The findings revealed that Generation Z participants began their engagement with second-hand luxury fashion around 1-3 years ago. As for Millennials, three participants began acquiring these items within the same, 1–3-year timeframe, one participant between 4-5 years ago, and two participants for more than 5 years ago.

4.5.2 Consumer Behavior in Second-Hand Fashion Luxury Purchases

One of the key themes in this study is an in-depth exploration of consumer behavior, through the following sub-categories: product categories, purchase frequency, average spending per purchase (€), purchase intention, and preferred brands for acquisition.

Regarding product categories, the findings have been clustered into four key categories: bags, clothing, footwear, and accessories. Bags emerged as the top-selling category, with six consumers expressing their preference for acquiring bags (Participant H, Participant I, Participant J, Participant K, Participant L, Participant M).

> *"I am more comfortable buying second-hand luxury handbags and belts that are in good condition, practically unused, they feel like new items."* (Participant H)

"What I mostly look for are handbags." (Participant J)

"Handbags are what I primarily search for." (Participant M)

Moreover, accessories also prevailed as one of the preferences, with five interviewees mentioning their disposal to acquire these items.

"Mostly sunglasses, but also handbags and belts, depending on the opportunity." (Participant M)

"Accessories like sunglasses, handbags, scarves." (Participant N)

Clothing emerged as the third most acquired product category, with four participants expressing their interest in purchasing apparel items.

"I am always looking for clothing, dresses, and tops, it is about the opportunity." (Participant I)

Footwear, however, was only mentioned by one participant as a lower preference in comparison to the other categories.

The purchase frequency (Table 7) is described below.

Table 7: Purchase Frequency

Purchase Frequency	Number of Participants
1 item per month	1
1-3 items per year	6
1 item per year	1

The consumer´s spending on second-hand luxury fashion items ranged from 200€-2500€, with an average of approximately 1000€.

Regarding clothing, the value is lower compared to handbags, ranging between 200€-400€.

The analyses also extended to generational differences in terms of spending. We observe that the purchase value for Generation Z consumers ranges between 350€-800€, while for Millennial consumers it is around 200€-2500€

Yves Saint Laurent and Gucci were the luxury fashion brands most purchased in the second-hand market (Table 8).

Table 8: Luxury Brand Acquisition in Second-hand Market

Luxury Brand Acquisition	Number of Participants
Yves Saint Laurent	5
Gucci	4
Burberry	2
Louis Vuitton	2
Prada	2
Valentino	2
Balenciaga	1
Chanel	1
Diane Von Furstenberg	1
Dolce & Gabbana	1
Hermès	1
Jacquemus	1
Jil Sander	1
Maison Margiela	1
Maje	1
Miu Miu	1

Furthermore, the study's findings reveal a growing intention among consumers to acquire second-hand luxury fashion. Seven participants increased their willingness to purchase these products and emphasized a rising trend in their buying behavior.

> *"I am currently more willing to buy these products. I prefer to invest a higher amount of money and buy a smaller quantity, prioritizing quality."* (Participant J)

> *"I always look for second-hand options first. I am much more open to buying second-hand products with each passing year."* (Participant N)

Some consumers also add that the increased buying intention is linked to positive shopping experiences in the past.

> *"I am increasingly attracted to these luxury fashion items. Given the highly satisfying experiences So far, I have purchased products that truly pleased me, and I am becoming even more interested in acquiring more items."* (Participant H)

4.5.3 Buying Channels for Second-hand Luxury Products

For a better analysis of the market and consumer preferences in buying channels, were identified physical stores, online stores, marketplaces, and social media platforms for acquiring these products.

Among the buying channels, marketplaces appear as the most commonly used by consumers in this study, with Vestiaire Collective being the primary platform of choice.

> *"I usually buy online through apps like Vestiaire Collective."* (Participant I)

> *"I buy online more often, especially on platforms like Vestiaire Collective and Vinted. I trust platforms like Vestiaire Collective, they have an authentication system where the product goes to their offices for authentication before being sent out. If the product doesn't meet their standards, they reject it."* (Participant K)

> *"In general, marketplaces like Vestiaire Collective or Vinted."* (Participant N)

Regarding Generation Z consumers, we observed that online shopping is generally preferred.

> *"I buy through a specialized app in second-hand luxury fashion, Vestiaire Collective."* (Participant M)

> *"I do my shopping online, mostly through Vinted."* (Participant J)

However, despite half of the participants being using online platforms, some expressed scepticism about buying these items. One participant cited concerns about the quality of the products as a potential barrier.

> *"I have been paying more attention to online stores, but since these are not brand-new items, I confess that I am still quite sceptical about purchasing them without seeing, touching, or inspecting the interior of the pieces."* (Participant H)

Physical stores also represent one of the choices for consumers. Half of the consumers state that they purchase through these retail channels. All participants belong to the Millennial generation. It is also significant that consumers purchase in physical stores located in other countries, such as Paris, Madrid, London, Stockholm, or Shanghai, during their travels.

"I generally like to see the items in person., since they are second-hand, they have already been used and may have some defects. (…) I always buy in other countries. I purchased in London, Stockholm, and Shanghai." (Participant O)

"I buy from physical stores in several cities. I bought it in Paris, which is very good, and in Madrid." (Participant K)

We also observed that only one participant mentioned buying from physical stores in their home country (Participant H).

Lastly, none of the participants mentioned social media as a channel for buying second-hand luxury fashion.

4.5.4 Drivers of Second-hand Luxury Fashion Consumption

Regarding drivers behind the acquisition of second-hand luxury fashion items, several motivations are cited: economic, need for uniqueness, ecological awareness, status, investment, ease of purchase, perceived emotional value, perceived product quality, product authentication, and packaging.

The economic motivation stands out with the highest number of references throughout the interviews with consumers. Participants frequently mentioned the economic factor in their responses to explain their purchasing intentions. The economic driver, mostly linked to lower prices, is also tied to limited edition products (need of uniqueness), providing the opportunity to find items in perfect condition almost unused (perceived product quality), or gaining access to luxury brand products.

"The ability to acquire luxury brands that I highly appreciate, at much more accessible prices." (Participant H)

"Knowing that there is a platform selling items from these brands, and moreover, in good condition and at a lower price, is a strong motivation." (Participant J)

"It offers the opportunity for individuals to access luxury brands without having to pay significantly higher prices compared to new products released." (Participant O)

Moreover, perceived product quality is a significant motivation for all participants. This

factor is closely attached to the extended durability of luxury products, which in turn justifies a higher price point. One of the participants states that the quality of the product is more valued in product categories such as bags and accessories, while it may not influence clothing.

> *"The quality of the product. Choosing a quality item, knowing that I have a product that can last a long time."* (Participant I)

> *"Primarily, the quality of these items, despite sometimes having a slightly higher price, tends to be more long-lasting."* (Participant N)

The need for uniqueness is significantly valued by the participants. Most consumers prefer acquiring exclusive pieces, considering it a key motivational factor, products that they wouldn't otherwise have access to. Participants also describe the opportunity to buy items from limited luxury brand collections that will not be restored to the market.

> *"The key motivation is exclusivity. There are collections with limited editions that we eventually could not purchase at the time."* (Participant M)
> *"I am looking for exclusivity. Not so much what was released in the previous collection and is still fresh in people's memory, but rather older pieces, unique items that I know nobody else will have."* (Participant O)

Social status is only mentioned by two participants (Participant H, Participant I). We observe that consumers do not perceive status as one of their primary motivations.

The concept of investment also appears as a motivation to seven participants, allowing consumers to engage in circular practices, by reselling the products after use. This motivation is also connected with other factors, such as product quality, luxury brand heritage, and the scarcity of products in the market.

> *"I consider it a good investment, as long as the product is well taken care of."* (Participant M)
> *"The investment factor is also important to me, as I consider the longevity of the product."* (Participant N)

The ease of access to products has a positive impact on purchase intent. The results present an increased accessibility of second-hand products, with companies investing in marketing campaigns to reach a larger audience of consumers. Furthermore, the increase of platforms

selling these products, globalization, and the convenience of online commerce also contribute to the improved accessibility of such items.

> *"The increased ease of use, and availability of more websites, encourage our trust. Buying online is definitely much easier nowadays."* (Participant K)

> *"Accessibility is a strong factor. We now have more options to choose from, making us more persuaded to buy second-hand items."* (Participant L)

As for the perceived emotional value, four participants cited as a motivation (Participant I, Participant J, Participant K, Participant O).

> *"These acquisitions are always very special, and you don't forget them."* (Participant K)

Regarding environmental awareness, while initially not prominently underlined as a primary factor by any participant, as the discussions progressed it reveals a nuanced perspective. This shift could be attributed to participant's reflection on their preferences. Hence, the results show that it is not one of the most relevant factors for consumers.

Packaging is considered relevant by three participants (Participant J, Participant K, Participant L). It offers assurance regarding the previous owner's care and handling of the product. Furthermore, is recognized as more valuable within bags and accessories.

> *"Packaging is connected to the product itself, for instance, when you buy a watch, you want it to come with its box, or when you purchase a bag from a particular brand, you expect it to come with that brand's dust bag."* (Participant K)

> *"If the original box comes with the item, along with the serial number, it becomes an additional reason for trust."* (Participant J)

On the other hand, several consumers admit that packaging is not relevant to their purchase decision. However, in online shopping, the attention given to transportation and packing has significant value.

Lastly, the authentication of products, to ensure the protection and trust of consumers. Some platforms offer product authentication services, a service highly valued by customers, and an item is rejected if does not meet the quality parameters.

4.5.5 Considerations and Strategies for Selling Second-Hand Luxury Products

A valued theme by consumers is the possibility of selling personal luxury products. We observed that half of the participants have already sold luxury fashion items (Participant I, Participant K, Participant L, Participant M), which includes three Millennial consumers and one Gen Z consumer.

> *"I initially started with selling, and it was only later that I began buying second-hand luxury products. My selling journey began in 2019-2020."* (Participant L)

> *"I have already sold some products."* (Participant M)

One of the participants cited that despite not having conducted any sales yet, is considering the possibility of selling personal luxury fashion items in the future. However, emotional factors related to the products and brand heritage are inhibiting the sales.

Regarding the number of sales conducted, only two consumers provided this information. One participant has already sold around 30-40 products (Participant L), while another participant rarely sells her luxury products (Participant K).

4.5.6 Impact of Industry Evolution on Consumer Buying Intention

The study results show a shift in consumer behavior, with an increased preference towards buying second-hand luxury fashion.

> *"If I have the chance to buy the same item second-hand, in good condition, for half the price, it will influence my decision."* (Participant I)

> *"There has been a significant change in the consumer´s mindset, mainly due to the availability of platforms for selling or exchanging products. This is also crucial for sustainability and the planet."* (Participant L)

However, one participant within the Generation Z group reported that, despite the growing interest and increased purchases of these products, there remains a stigma attached to second-hand items.

"There is still a stigma over second-hand items. Few people think it is related to financial obstacles, rather than recognized as a sustainable option or a good business opportunity, especially when the item is in excellent condition." (Participant J)

Two Generation Z participants also point out the influence of generation on the buying intention of these products.

"Consumers buy everything second-hand more often." (Participant M)

Furthermore, two the participants mentioned that the primary approach is searching for second-hand luxury fashion items.

"My focus is to first look for second-hand options, if I do not find any then I consider buying new products." (Participant O)

"Now I look for second-hand items before considering new ones. I am more willing to buy older items than products entirely new." (Participant N)

4.6 Discussion of Results

The findings contribute to explore the motivations driving the purchase of second-hand luxury fashion among Generation Z and Millennials, a topic under-explored in the literature. The results discussion investigates the second-hand luxury fashion market, examining the perspectives of both business leaders (CEOs) and consumers while establishing correlations with the existing literature.

The findings support the literature review regarding the continuous growth of this market (Tangri & Yu, 2023). From the CEOs' perspective, the fast market expansion was underlined, attributed to the reduced stigma more prominent among Generation Z, and the rise of specialized platforms for selling these items. Additionally, there is a growing willingness to purchase second-hand luxury fashion products (Aycock *et al.*, 2021), with many consumers now considering these products as their first choice, showing a shift in consumer preferences Active consumers emphasized factors such as accessibility through e-commerce platforms, the entry of new players in the market, and the availability of exclusive items, which expanded the opportunities to purchase these products.

Economic motivations are a primary driver for consumers, corroborating with the existing literature. Both CEOs and consumers cited value and affordability as significant motivations for choosing second-hand luxury products over new items. Consumers consider making valuable choices, allowing them to buy luxury brands for lower prices (Silva *et al.*, 2022).

In contrast to the literature that suggests ecological awareness (sustainability) as a major motivation in consumer´s purchasing decisions (Gazzola *et al.*, 2020), most CEOs and active consumers did not consider it a primary motivation for purchases. Despite the increasing awareness of the negative impact of the fashion industry, sustainability did not influence the decision-making process. These findings align with the results of the Rathi *et al.* study (2023), which observed a divergence between consumer´s ecological concern when engaging with second-hand luxury and their main drivers. Tangri & Yu (2023) also revealed that despite resale commerce being considered a sustainable business model, consultants should recognize that environmental awareness is not a key driver.

The literature identifies status as a major motivation for buying pre-owned luxury fashion products (Ünal *et al.*, 2019). However, the findings reveal two contradictory perspectives: status being widely denoted by the CEOs; on the other hand, active consumers perceive it as a minor or non-existent motivation (Tangri & Yu, 2023).

Moreover, the investment motivation was also mentioned by several consumers. They frequently refer to investment since luxury products can be easily resold (Silva *et al.*, 2022). This motivation involves product quality, exclusivity, and resale potential as an advantage for investing in luxury second-hand fashion. Several CEOs also observed that consumers buy these items for personal use but also with the intention of reselling them in the future.

Need for uniqueness is a prominent motivation for most of the interviewees, both CEOs and consumers, supporting the existing literature. Recognizing uniqueness as a central motivation for purchasing pre-loved luxury, due to the accessibility of exclusive and prestigious products that are often limited in original luxury retail stores (Silva *et al.*, 2022). Consumers are driven by the desire to acquire exclusive pieces: limited editions, customized products, or discontinued items.

Regarding perceived product quality, consumers recognize the superior quality associated with luxury fashion products, justifying their willingness to pay a higher price compared to

items from non-luxury brands. This perception of quality aligns with the findings from the literature, on the intrinsic value of second-hand luxury products. Furthermore, durability, quality of materials, authenticity, and defect-free products were prioritized for consumers (Rathi *et al.*, 2023). Another point of discussion is the influence of perceived quality in online shopping vs. physical stores. Some consumers expressed their doubts about accepting potential defects when buying. The experience offered by physical stores, where they can inspect items. In line with the literature review, the findings show the importance of product authentication through online channels and the role of perceived product quality in shaping consumer trust.

Although some authors in the literature do not point out the impact of authenticity, the results show its key role as a critical concern in establishing consumer trust. Due to the growth of resale businesses, it has never been more important to prove authenticity and track a product's history (Amed *et al.*, 2022), significant attributes when discussing second-hand luxury (Turunen & Leipämaa-Leskinen, 2015). For CEOs, preserving high standards of authentication through advanced technology is essential for building trust. Customers reported being secure when buying through platforms like Vestiaire Collective, which provides them with confidence in acquiring genuine products. Consumers fear a lack of luxury knowledge leading to being duped by counterfeit sellers (Rathi *et al.*, 2023). Digital authentication offered by product passports will help boost trust in second-hand luxury goods (Amed *et al.*, 2022).

In terms of perceived emotional value motivation, consumers describe these acquisitions as unique and exceptional, creating lasting memories. While the brand heritage was not underlined by the interviewees as one of the motivations, it is linked to emotional value. The meanings attached to pre-loved luxury reflect the connections between the previous history behind the item, evoking an emotional commitment to the second-hand luxury possession and its new owner (Turunen & Leipämaa-Leskinen, 2015).

Another topic for discussion is consumer buying behavior and preferences. Bags appear as the top-selling category in the study´s results. Furthermore, Louis Vuitton, Chanel, Hermès, Gucci, and Yves Saint Laurent were mentioned by multiple interviewees as the best-sellers. The reputation, status, and nostalgic values associated with these brands remain a factor in purchasing decisions.

Regarding sales channels and potential barriers, participants identified online marketplaces as one of the most used, with a prominent mention of platforms like Vestiaire Collective, which have also been recognized in the previous literature as one of the main purchasing channels. The preference for online channels is attributed to the ease of access (Padmavathy *et al.*, 2019) and a wide variety of products. However, concerns about product quality were also raised particularly in online shopping. Furthermore, consumers choose to shop in physical stores mostly when traveling internationally, and allowing them to inspect the quality of the products and identify potential defaults before purchasing.

The study reveals that a significant number of consumers are also sellers, many started their journey by selling their own luxury items through online marketplaces. After becoming familiar with these platforms and engaging in this industry, they also began acquiring pre-owned items. Businesses operating in the sector can focus on long-lasting strategies and effective communication with the sellers, providing them proactive assistance (Kim & Kim, 2020), given the potential for them to transition into buyers.

In addition, the findings show the impact of industry evolution on consumer buying behavior, revealing the complexity of managing the luxury customer experience (Klaus, 2020). The evolution from traditional retail to specialized online platforms has changed the preferences and demand of Millennials and Gen Z consumers. This transformation has positioned second-hand luxury fashion as a first-choice option for several consumers. Furthermore, the growth of this market has been accelerated by the entry of new players.

As the second-hand luxury industry evolves, companies face key challenges. These include ensuring product authentication and security to prevent fraud and counterfeits; the need for differentiation and reputation strategies; the potential for market consolidation and stratification driven by the increased industry competition; and the requirement for effective supply chain management and strategic partnerships to ensure access to the supply.

5. Conclusions

In this section, findings will be discussed, as well as the theoretical and managerial implications. At the end, limitations for this study are addressed and recommendations for future investigation presented.

5.1 Summary of Results and Managerial Implications

The research contributes to exploring the second-hand luxury fashion industry, providing findings into the drivers in buying consumption among Millennials and Gen Z. The study examines the business from two central perspectives: (1) CEOs of businesses in the sector, and (2) active consumers.

One of the conclusions is the growth of the second-hand luxury fashion market, which is gaining popularity among consumers, and is linked by several factors. The research findings suggest that economic motivations (value) are the most relevant for both groups of participants, including terms such as lower price, connecting value to the product, and seeking good deals. Moreover, the importance of exclusivity and uniqueness (discontinued products, limited editions, and personalized items) and accessibility were also underlined. The search for status and social distinction was only emphasized by CEOs. Furthermore, for active and experienced consumers, motivations related to investment, perceived product quality are also significant factors in shaping their behavior. Luxury second-hand fashion businesses may find a balance between competitive pricing, high product quality, exclusivity of items, and personalized service (Machado *et al.*, 2019).

From the CEOs and consumers perspectives, sustainability was not considered a primary factor for purchasing second-hand luxury fashion. However, as the interviews with consumers progressed, ecological awareness motivations began to emerge, mostly among Gen Z. Hence, businesses that implement eco-friendly initiatives have the potential to release growth opportunities (McKinsey & Company, 2023), and position themselves for long-term success (D'Adamo & Lupi, 2021).

Another finding relates to the impact of sellers in the market. The increasing willingness of consumers to resell luxury fashion, also driven by an investment motivation, contributes to

increasing the availability of products. Consumers become active players in the circular economy (Machado *et al.*, 2019). Furthermore, many individuals begin their journey as sellers and later transition into becoming buyers.

Moreover, findings show a shift in consumer buying intention, with less stigma and a growing preference for buying second-hand luxury fashion. Several consumers are search for second-hand luxury fashion items as their primary approach, rather than new products. Positive past shopping experiences, characterized by high product quality, good value for money, exclusivity of the products, ease of access, and personalized consumer experiences, contribute to increased customer satisfaction and influence future purchase decisions.

Regarding consumer buying behavior, brand heritage remains a decisive driver in this market, with both CEOs and consumers identifying renowned luxury brands as major preferences. Consumers are attracted by their preferred brands due to prior experiences and a desire to acquire them pre-owned (Rathi *et al.*, 2023). Bags perform as the top-selling product category, while accessories and clothing have less prominence. Nevertheless, product diversification, personalised and unique shopping experiences emerge as key strategies to attract a larger and global audience and to build customer loyalty.

Digital platforms have a significant impact on the industry. Online channels become a prominent buying channel, offering a convenient shopping experience and the ability to access a wide variety of products on a global scale. Online pre-owned luxury stores are considered the future of the market (Silva *et al.*, 2022).

The research has identified key challenges within the industry, (1) authentication and security, as the demand upsurges, concerns regarding counterfeiting also grow. Authentication systems using advanced technology, along with data scientists and analysts, become relevant in supporting consumer trust. Another challenge is (2) the intensification of market competition, requiring companies to develop distinctive management models. Leading to market stratification and the extinction of some players. Furthermore, (3) the access to supply, including challenges like limited access to local supply and product scarcity, is an obstacle for companies aiming to offer a diverse and attractive product range.

5.2 Contributions for Theory and Practice

The research findings presented in this study contribute to theoretical and practical implications within the fields of Management and Marketing in the second-hand luxury fashion industry. Decision-makers, including executives and managers, can use consumer feedback regarding their perception of brand quality and resale value (Sihvonen & Turunen, 2016), to develop strategies targeted to meet the demands of Millennials and Gen Z.

Findings show the importance of expanding into online channels. For companies with a limited online sales presence, executives can consider a strategic expansion, by implementing a mix of online sales platforms, social media, advertising, events and experiences, and collaborations with influencers. Moreover, using data analyses and optimizing SEO to identify patterns, primary preferences, and demand among Generation Z and Millennials.

Findings also point out the importance of personalized experiences. Businesses may invest in personalized services adapted to each customer, both in physical stores and online. Managers may prioritize a premium buying experience for their clients (Silva *et al.*, 2022). Moreover, brick-and-mortar retailers may expand the marketing and communication strategies to increase their visibility and reach a global audience.

The data collected from in-depth interviews with CEOs of luxury fashion businesses reveals three main motivations driving the purchase of these items: economic factors, exclusivity, and status. These findings can be used to develop targeted strategies for brands and retailers. Managers may consider consumer preferences and best-sellers when selecting products.

As many consumers primarily engaged with this industry by selling their own products and later transitioned into becoming buyers, executives can develop strategies to attract more sellers and improve their selling experience.

Despite Generation Z not having a significant impact on sales in the luxury second-hand fashion market yet, CEOs recognize their influence on market dynamics and emphasize Gen Z's potential for boosting future sales. Executives can strategically develop storytelling campaigns, exclusive sales campaigns, digital partnerships, choose brands and products targeted to this demographic.

The findings also contribute to future research and academic publications to explore the drivers of second-hand luxury fashion consumption. Organizations and universities can develop awareness initiatives about the importance of product reuse and sustainability in the context of luxury fashion.

Lastly, findings can promote the discussion about the restructuring of the business models in the luxury fashion industry. One potential change that may be explored is the inclusion of second-hand items within the brands and distribution channels, as well as their integration with primary product sales.

5.3 Limitations and Suggestions for Future Research

As an exploratory study, there are limitations to the research design. By identifying and understanding the limitations of the investigation, recommendations and new design approaches can be proposed for future research in the second-hand luxury fashion topic.

First, a limited number of CEOs and active customers were successfully recruited, despite the attempts to contact CEOs across the global industry, a significant challenge occurred due to their lack of response. Several key players also expressed their inability to participate due to the restrictions of sharing the company's data. Although these limitations, the interview´s expertise and depth made a significant contribution to the research findings.

Moreover, the geographic scope of the study. Economic, cultural, and social contexts may influence consumer behavior in different regions. Although the effort to extend the study beyond a single country, it remains limited.

Furthermore, the gender representation in the active consumer participants is limited to females. This decision was made based on their higher involvement and larger purchasing power in the second-hand luxury fashion market.

Future research can address these limitations, by expanding the analyses of a larger number of participants and including representation of both genders.

Furthermore, conducting a multi-country study could also provide a comparison of the drivers that influence the purchase of these products in different regions or cultures. Given

the impact of the globalization and growth of the e-commerce, understanding these differences could be meaningful for the industry.

Moreover, a mixed-methodology approach that combines qualitative and quantitative analysis, complementing the results with statistical analyses from quantitative research methods.

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Appendixes

Appendix 1 - CEO of Second-hand Luxury Fashion Companies Interview

Thank you for accepting the invitation to participate in the investigation for my master's degree in Sales Management, at the School of Economics and Management at the University of Porto.

On behalf of my thesis research, focusing on "Exploring the motivations behind second-hand luxury fashion consumption among Generation Z and Millennials", my goal is to analyse consumer decision making and identify trends within the luxury fashion resale industry.

I would like to point up that your participation in this study is entirely voluntary, and you have the autonomy to decline to answer any questions or suspend the interview at any point. Furthermore, I assure that your identity will remain anonymous, any mention of names or other identifying elements will be removed or replaced with pseudonyms for the transcriptions. Please be aware that the interview is expected to last approximately 50 minutes.

To enable data analysis, I kindly ask for your consent to record the interview in audio format. The recording will be only used for the purpose of transcribing the content. Extracts from the interview may be incorporated into my dissertation or future publications.

I request your sincere opinion regarding the topics we will be discussing.

I am grateful for the opportunity to conduct an interview with you to study the decision-making process and the motivations behind consumers' purchases of second-hand luxury fashion. Your company is a reference in this sector and would be a valuable source for my research.

Could you please confirm your agreement to this procedure and authorize the start of the recording? If you provide your consent, we will proceed with the interview questions.

1.   How has the luxury fashion resale market changed in the last few years, in terms of consumer trends and preferences?

2.   According to ThredUp's report (2022), second-hand fashion is becoming a global phenomenon, expected to grow 127% by 2026. What are the key reasons for this growth? And the barriers?

3.   Are consumers currently more willing to buy luxury fashion second-hand?

4.   What strategies your company has implemented to drive sales and attract customers to your resale platform?

5.   In your point of view, what are the leading buying motivations of second-hand luxury fashion consumers?
        -Economics
        -Need of Uniqueness
        -Eco-consciousness
        -Status
        -Investment
        - Accessibility E-commerce
        -Perceived Emotional Value
        -Perceived Product Quality
        -Other

6.   According to the literature and reports, Gen Z is the most environmentally conscious. Do you consider Generation Z as one of the main consumers of second-hand fashion luxury? What about Millennials?

7.   What are your company's bestselling brands?

8.   What are the best-selling products per product category? (e.g. handbags, shoes, clothing and accessories)

9.   On average, how much do customers typically spend per purchase at your company? Has it increased from 2021 to 2022?

10. Can you discuss the role of data analysis in your company's decision-making process? To identify trends, and forecasting future demand for particular luxury items.

11. How do you see your company's business grow in the long term?

12. What are some of the major challenges your company faces in the luxury fashion resale industry? How are they addressed?

Thank you very much for your availability for this interview!

Appendix 2 - Active Consumers Generation Z and Millennials Interview

Thank you for accepting the invitation to participate in the investigation for my master's degree in Sales Management, at the School of Economics and Management at the University of Porto.

On behalf of my thesis research, focusing on "Exploring the motivations behind second-hand luxury fashion consumption among Generation Z and Millennials", my goal is to analyse consumer decision making and identify trends within the luxury fashion resale industry.

I would like to point up that your participation in this study is entirely voluntary, and you have the autonomy to decline to answer any questions or suspend the interview at any point. Furthermore, I assure that your identity will remain anonymous, any mention of names or other identifying elements will be removed or replaced with pseudonyms for the transcriptions. Please be aware that the interview is expected to last approximately 50 minutes.

To enable data analysis, I kindly ask for your consent to record the interview in audio format. The recording will be only used for the purpose of transcribing the content. Extracts from the interview may be incorporated into my dissertation or future publications.

I request your sincere opinion regarding the topics we will be discussing.

I am grateful for the opportunity to conduct an interview with you to study the decision-making process and the motivations behind consumers' purchases of second-hand luxury fashion.

Could you please confirm your agreement to this procedure and authorize the start of the recording? If you provide your consent, we will proceed with the interview questions.

1. Name, Nationality, Age, Profession

2. On average, what is your monthly income?

3. How long have you been a customer of second-hand luxury fashion?

4. How has your purchasing behavior on luxury fashion resale changed in the last few years? Are you currently more willing to buy these products?

5. How often do you purchase second-hand luxury fashion items per year?

6. On average, how much do you spend on luxury fashion resale per year? Has it increased in the last year?

7. What types of luxury fashion items do you typically buy? (e.g. handbags, shoes, clothing and accessories)?

8. What brands do you typically purchase?

9. In general, do you purchase from online stores, physical stores, marketplaces, or social media? Do you primarily purchase from companies in your own country, or do you also acquire from businesses based in other countries?

10. What are your main reasons to purchase second-hand luxury fashion products?

11. Considering the buying motivations listed below, which are the main drivers behind your purchase decisions?

      -Economics

      -Need of Uniqueness

      -Eco-consciousness

      -Status

      -Investment

      - Accessibility E-commerce

      -Perceived Emotional Value

      -Perceived Product Quality

      -Other

12. Did the accessibility to second-hand luxury products impact your demand for these products?

13. How important is packaging for second-hand luxury fashion purchases, both in-store and online? (e.g., packing design, sustainable materials, sensory experience)

14. Have you ever sold your own luxury fashion items? If yes, where did you sell them?

15. Will the evolution of the luxury fashion resale industry influence your purchase behavior towards new luxury products?

Thank you very much for your availability for this interview!