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Master of Science in Business Administration

**“Consumer Behaviour in the Luxury Industry: Getting a
Grasp on Consumers’ Intrinsic and Extrinsic Motivations”**

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Abstract (EN)

EN. To our knowledge, previous studies have mostly focused on understanding reasons that lead to the purchase of luxury products, not focusing on characterizing consumers and understanding the similarities and differences on their decision-making processes. Therefore, the aim of this thesis was to provide a better understanding of luxury consumers, identifying luxury consumption beliefs and motivations and characterizing possible different profiles of the global consumer of luxury goods.

To perform this analysis, first a literature review was done in order to understand what could be the drivers that lead someone to need or desire a luxury good. The outcome was a conceptual framework for luxury consumption that enables the reader to understand that there are two main orientations that a consumer can pursue when buying a luxury good: A personal and/or a social one. After this hypothesis, a cluster analysis was performed in order to find homogeneous groups of consumers that would have similar behaviours. In the end, three clusters were originated, enabling to define three different profiles of consumers and their motivations when buying luxury products.

Despite the limitations and necessary steps in future research, the primary contribution of this thesis was to develop a framework for luxury consumption, integrating personal and social orientation drivers, in order to characterize and identify relevant behavioural patterns across different segments of customers in the market, enabling luxury brands to better understand their customers and their characteristics to create more efficient marketing strategies.

Abstract (PT)

PT. Com base nos nossos conhecimentos, estudos anteriores focaram-se principalmente na compreensão de razões que levam à compra de produtos de luxo, não incidindo sobre a caracterização dos seus consumidores e o entendimento das semelhanças e diferenças nos seus processos de decisão. Desta forma, o objectivo desta tese foi proporcionar uma melhor compreensão dos consumidores de luxo, identificando as suas crenças e motivações, possibilitando caracterizar diferentes perfis do consumidor mundial de produtos de luxo.

Para realizar esta análise, em primeiro lugar, foi feita uma revisão de literatura para se compreender quais poderiam ser os *drivers* que levam alguém a necessitar ou desejar um bem de luxo. O resultado foi uma *conceptual framework* para o consumo de luxo, que permite ao leitor compreender que existem duas principais orientações que um consumidor pode seguir quando compra um bem de luxo: Uma orientação pessoal e/ou uma orientação social. Após esta hipótese, foi realizada uma análise de *clusters* a fim de encontrar grupos homogêneos de consumidores que tivessem um comportamento similar. No final, três grupos surgiram, permitindo definir três diferentes perfis de consumidores e as suas motivações ao comprar produtos de luxo.

Apesar das limitações e passos necessários em futuras pesquisas, a principal contribuição desta tese foi desenvolver uma *conceptual framework* de consumo de bens de luxo, integrando drivers de orientação pessoal e social, a fim de caracterizar e identificar padrões comportamentais relevantes em diferentes segmentos de clientes no mercado. Esta análise permite que as marcas de luxo possam entender melhor os seus clientes e as suas características de forma a criar estratégias de marketing mais eficientes.

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After almost 24 years of life and almost 20 years of studies, this thesis represents the end of a stage in my life. My phase as simply a student. From now on, I will hopefully be a successful business woman, but for that to happen, a lot has happened before and this is the time to acknowledge everyone that has been a part of it.

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Chapter 1 | Introduction to the Problem

1.1. Introduction

Known by a lot but only affordable by a few, the luxury industry has for ever been able to raise attention from most of us. Being the most valuable brands in this industry brands as Louis Vuitton (24,312 million Euros), Hermès (11,917 million Euros) or Gucci (7,449 million Euros), according to BRANDZ (2011), it is understandable why this is a billionaire industry that attracts millions of people every year according to Nielsen (2008), that stated that 15% of consumers in the world agreed that they bought designer brands, while other 31% knew someone that frequently bought them.

According to Bain & Company (2011), the industry was expected to grow 8% in 2011, when compared to 2010, reaching a stunning business volume of 185 billion Euros, more 13 billion Euros than in 2010. This can be described as the comeback of the industry after a huge declining of 17 billion Euros during the peak of the economic crisis between 2008 and 2009.

But these are not values just from recent years, the growing trend of the industry has been happening throughout decades mostly due to the democratization of luxury. Luxury is today a mass marketing phenomenon of every day as it has become a common-place (Twitchell 2001 in Yeoman and Mc-Mahon-Beattie 2006; Berry 1994 in Yeoman and Mc-Mahon-Beattie 2006), enabling new business opportunities, but also raising enormous challenges to brands (Tsai 2005).

Nowadays, luxury goods are not just for kings and queens, as the sumptuary laws stated some centuries ago (Han, Nunes and Drèze 2010). These brands are now for the ones that can afford them, enabling considerable growth in the industry demand as can be seen by data, since it was expected that 2011 would probably be the best year for the

industry, so far, and counting as it is also predicted a significant grow for the next three years, where an estimated size of 214 to 221 billion Euros is forecasted to 2014 (Bain & Company 2011).

The demand is mainly driven by two key aspirations that consumers follow when buying a luxury good: intrinsic and/or extrinsic aspirations (Kasser and Ryan 1993, 1996). This idea is supported in Vigneron and Johnson (2004), where a distinction between personal and interpersonal luxury is made.

When the consumer has intrinsic aspirations, the purchase is personally oriented and internally driven, reflecting self-fulfilment goals (Tsai 2005). The purchase is made by independent reasons looking for satisfaction, enjoyment and/or personal meaning from attainment (Truong 2010).

When the consumer has extrinsic aspirations it is entirely the opposite of intrinsic ones, as the purchase is socially oriented, reflecting the desire to impress others (Tsai 2005). Consumers that share this type of motivations are mostly concerned about what others might think of them owning a luxury product, as their ultimate goal is to earn praise and rewards from others (Truong 2010). Truong (2010) showed that there is a positive and direct relationship between extrinsic aspirations and conspicuous consumption behaviour, that occurs when a consumer demonstrates a higher willingness to pay for a functional equivalent good. According to the author, this is mainly due to the fact that the purchase will be perceived as a more prestigious one due to its elevated price, which will provide consumers the desired and wanted status at the eyes of the society (Bagwell and Bernheim 1996), since it is generally accepted that people make judgments about others based on their possessions (Belk, Bahn, and Mayer 1982; Burroughs, Drews, and Hallman 1991; Richins 1994a,b). However, one consumer can have extrinsic and intrinsic aspirations at the same time, as these are driven by different

imperatives (Kasser and Ryan 1993, 1996), although Kasser and Ryan (1993, 1996) argue that one will always be followed more persistently than the other.

Moreover, it is important to have in mind that each one of these aspirations represents a set of drivers (Kasser and Ryan 1993, 1996) that lead consumers to pursue one aspiration or another. These drivers play a critical role in the decision-making process of a luxury good purchase of every consumer, being extremely important to understand them to comprehend the consumer and his/her motivations.

To our knowledge, previous studies have mostly focused in understanding reasons that lead to the purchase of luxury products, not focusing on characterizing these consumers, looking for similarities and differences on their process of decision-making. We believe this represents a lack in literature. Therefore, the aim of this thesis is to provide a better understanding of luxury consumers, identifying luxury consumption beliefs and motivations and characterizing possible different profiles of the global consumer of luxury goods.

1.2. Thesis Relevance

1.2.1. Academic Relevance

By observing the growing demand witnessed on the last decades in the luxury goods industry, this market has entered the thoughts of several researchers. Consequently, many have started to study this market and the behaviour of its consumers. Previous research has mainly focused in brand typology (Calori, Melin, Atamer, and Gustavsson 2000; Dubois and Duquesne 1993; Vigneron and Johnson 2004), acquisition of luxury product and brands (O’Cass and Frost 2002), cross-cultural comparison of luxury brands (Dubois, Czellar, and Laurent 2005; Shukla, Shukla and Sharma 2009; Shukla

2010; Wong and Ahuvia 1998) and counterfeit (Commuri 2009; Shultz and Saporito 1996; Wilcox, Kim, and Sen 2009).

We believe there is a gap in literature as no previous research has illustrate the profile of luxury consumers taking into account all the steps of their decision making process. Therefore, with the present research we expect to provide a better understanding of the challenges consumers face when experiencing the need or desire to acquire a luxury good.

1.2.2. Managerial Relevance

This thesis proposes to define a profile for the global luxury consumer enabling luxury companies to gain better and broader knowledge of its consumers and the processes that these engage before and after buying their products.

By knowing how consumers think, are influenced, choose and use their products, luxury brands will be able to create goods that connect directly with consumers desires and will, as well, be capable to have a much clearer definition of what their marketing objectives should be in order to reach the potential consumer. Also, this will allow a more efficient management of the available budget.

Furthermore, , it is important for luxury brands to know their consumers so that they are able to clearly define their positioning.

Additionally, by better understanding luxury consumer's decision-making process, companies will be able to identify opportunities and threats that might arise in the marketplace.

1.3. Problem Statement

The aim of this study is to provide a better understanding of luxury consumers, identifying luxury consumption beliefs and motivations and characterizing possible different profiles of the global consumer of luxury goods.

1.4. Research Questions

- ***Research Question 1: What is a luxury product and how is it different from other products?***

It is widely accepted that luxury goods have different and unique characteristics from mainstream goods that lead consumers to have different beliefs and motivations about them. Therefore, before we start our study, it is mandatory to understand what is considered a luxury product and how do they differ from the other products.

- ***Research Question 2: What are the different drivers of luxury consumption?***

If one wants to understand the decision-making process of luxury consumption it has to be able to understand what drives them into their acknowledgement of the need and/or desire for it. Therefore, we will try to identify all the different factors that can drive luxury consumption.

- ***Research Question 3: Who are the consumers of luxury products?***

To define some segments in the market, we first must know who the consumers are and how they are similar or not to each other. Therefore, the aim of this question is to understand what are the main characteristics of the consumers buying in the luxury industry.

- ***Research Question 4: What are the main factors that influence the choice of the consumer in the decision-making process?***

Consumers might or not be widely influenced by external factors during their process of decision. What this question wants to determine is which are the sources that mainly influence the final decision. Either reference groups, which consumers want to associate and/or disassociate, with family, media, brand image and connotation, beliefs, loyalty towards other brands, price, etc. can highly influence the decisions.

Therefore, this question aspires to understand if consumers are mainly driven by extrinsic or intrinsic motivations when the desire or need for a luxury good is recognized.

1.5. Thesis Structure

This thesis will be divided in five main chapters. In the first chapter – Chapter 1| Introduction to the Problem - a brief introduction is made to the luxury goods industry and the problem statement is defined as well as its research questions. The academic and managerial relevance of this study is also included in this chapter. Then, in a second chapter - Chapter 2| Literature Review – a literature review on several topics concerning the luxury goods industry and its consumers will be presented. From this review, a conceptual framework of drivers of luxury consumption will be formulated. In a third chapter – Chapter 3 | Research Design and Methodology – the study to take place will be explained as well as the techniques and tools used for its implementation. In the following chapter – Chapter 4 | Results Analysis – the results of the study will be presented and analyzed. Finally, on the fifth chapter – Chapter 5 | Main conclusions – conclusions on the results will be made. In this chapter, the reader will also be able to find the main limitations and future research directions.

Chapter 2 | Literature Review

This chapter is divided in four main parts. The first part – The Luxury Construct – is divided in two sections. The first section aims to define “luxury” and the second explains the evolution that has occurred since the appearance of luxury in the world.

The second part of this chapter - The Luxury Brand - is, as well, divided in two sections. The first section aims to explain which are the components of luxury brands and its specificities, while the second section proposes some new challenges that these brands have to be aware of to be successful.

The third part – The Luxury Consumer – makes a brief explanation of what leads consumers to consume luxury goods, making then a deeper analysis on the social and personal drivers that lead to this type consumption.

Finally, the fourth part – Conceptual Framework – provides a conceptual framework for Luxury Consumption.

2.1. The Luxury Construct

2.1.1. The Luxury Definition

Although luxury is a term that we all know and use in our life's, how “luxury” is defined depends on each one perceptions. Previous studies did also not reach high consistency regarding what luxury is about. Some define luxury in a romantic and complicated way, while others define it simply as “non-essential items” (Webster 2002). For example, Cornell (2002) says that “Luxury is particularly slippery to define” as it requires “a strong element of human involvement, very limited supply and the recognition of value by others”. On the other hand, Kapferer (1997) takes a more emotional definition stating that the term “defines beauty” and that “it is art applied to

functional items.” Also states that luxury is “like light, is enlightening” as “luxury items provide extra pleasure and flatter all senses at one”. Berry (1994), similarly, characterizes luxury goods as items that rise desire and provide pleasure to its consumers. Another Scholar defining luxury is Webster (2002) that takes a particularly straightforward view arguing that luxury goods are “non-essential items or services that contribute to luxurious living”. While Nia and Zaichkowsky (2000) argue that luxury goods enable consumers to satisfy their functional and psychological needs, and that this is what makes the distinction between luxury and non-luxury goods, as these last do not fulfil the psychological need because they are not able to provide esteem to its owners.

Also the concept of rarity and exclusivity has not been forgotten, being highlighted by Pantzalis (1995). On the other hand, McKinsey (1990 in Wiedmann, Hennings, and Siebels 2009) states that luxury goods are the ones that have the higher ratio of price-quality. Phau and Prendergast (2000) argue that luxury goods are the ones which are able to evoke exclusivity, brand identity, brand awareness and perceived quality at the eyes of the consumers. Finally, Kapferer and Bastien (2008) argue that “luxury is qualitative and not quantitative” and is when “hedonism takes over functionality” as it has to be “multi-sensory and experiential” to each consumer. Thus, both authors claim that luxury is only a truly luxury when some part of it is handmade and the brand has the capacity to provide exclusive services to their consumers.

Thus, it seems that luxury is seen in very diverse ways by different authors. In this study, we opted to use our own definition shaped from a mix of the definitions transcript above. Our proposal of definition states that luxury is either a service or a good that is able to fill both functional and psychological needs of the consumer (Nia and Zaichkowsky 2000). Hence, the service and/or good has to be able to transmit to the

customer extra pleasure (Kapferer 1997) and a truly multi-sensorial experience (Kapferer and Bastien 2008), as consumers are increasingly seeking more personal fulfilment and aspiration through experience (Yeoman, McMahon-Beattie and Brown 2005 in Yeoman and Mc-Mahon-Beattie 2006). Luxury goods should present a high level of perceived quality (Phau and Prendergast 2000), as a high price (McKinsey 1990) and also a limited supply (Cornell 2002, p.47) to ensure the exclusivity and rarity required by customers (Pantzalis 1995; Phau and Prendergast 2000). Finally, we believe that luxury goods have to have some part of it handmade and that the brand has to be able to answer to customer's wishes and needs with special and customized offers (Kapferer and Bastien 2008).

2.1.2. The Luxury Evolution

Luxury was not always as we know it these days. Today luxury is almost everywhere, but in the middle ages, luxury was something that only the higher classes were entitled to support since the sumptuary laws specified in detail what could be worn and what was forbidden to each one of the social classes, even including the maximum price that each good could have (Berry 1994 in Han *et al.* 2010). Each one had a specific place at birth in the society that would allow or not the use of these precious goods.

The underlying principle of these laws was to preserve particular fabrics and ornaments to specific classes of the society, in a way that social classes could be distinguished by the products they wore. The richness of these fabrics and ornaments were positively correlated with the place that each individual occupied in the hierarchical society that was observed those days (Han *et al.* 2010).

However, the luxury concept has been changing and experiencing evolution during the last decades and, as the world and its habitants got richer, also the desire for luxury

goods increased, changing drastically its definition. Today, a luxury good can be owned by anyone that can afford it, being no longer exclusive of kings and queens of the monarchies of the world. Luxury is today a mass marketing phenomenon of every day as luxury has become a common-place (Berry 1994 in Yeoman and Mc-Mahon-Beattie 2006; Twitchell 2001 in Yeoman and Mc-Mahon-Beattie 2006). Thus, it is possible to appreciate that the concept of luxury is unbelievably fluid, having changed noticeably across time, with the changes it brought to societies (as the emancipation of women, the liberalization of the divorce, or the fact that people are getting married older, enable affording higher priced products until a later stage of their lives, etc), and cultures (Yeoman and Mc-Mahon-Beattie 2006).

Consumers are now enjoying more material comfort in comparison with its ancestors that guide the modern societies to seek more personal fulfilment and aspiration through experience (Yeoman et al. 2005 in Yeoman and Mc-Mahon-Beattie 2006). Hence, one can support that the modern definition of luxury is the quest for experience and authenticity (Yeoman et al. 2005 in Yeoman and Mc-Mahon-Beattie 2006) rather than just the monetary value of it.

Accordingly, if we look closely to the world today and how people are perceived we will be able to understand that the main difference is that today we do not have sumptuary laws, but we do have a globalized and ruthless society that continues, on its majority, to judge people by their looks, criticizing the handbag they bring, the car they drive, the pair of shoes they use, the suit they wear or even the pen they use to sign contracts, organizing and distinguishing people in their minds by the goods they own, just as in the antique ages. Thus, within the actual society there is a huge pressure for individuals to consume luxury products as people are motivated to create admirable impressions on others, to gain the difficult and so desired social approval (Schelenker

1980 in Escalas and Bettman 2003) in today's severe society, especially if consumers have a need for a high level of self-esteem (Baumeister, Tice, and Hutton 1989).

So, commonly people continue to use luxury goods as a manner to display their wealth and thus to signal their social status.

2.2. The Luxury Brand

The management of a luxury brand is fairly different from the management of a typical brand. Luxury brands have some specific attributes that a manager needs to be aware of when managing the brand in this industry. So, this sub-chapter will be dedicated to emphasize those specificities. This sub-chapter is divided in two sections. In this first one, an analysis of the components that a luxury brand manager should take into consideration will be made, while in the second part some challenges that luxury brands have to be aware of will be addressed.

2.2.1. The Luxury Brand Components

There are various studies made about the management of luxury brands topic. One of these studies, conducted in England, performed interviews to Managing Directors, Brand Managers and CEO's of twelve luxury brands, from the United States of America, United Kingdom, France, Japan and Italy. This led to the creation of a framework of analysis, developed by Fiona and Moore (2009). We chose to use this framework to characterize the critical dimensions necessary to create and maintain a successful luxury brand because it was based on the opinion and experience of Managing Directors, Brand Managers and CEO's of these companies.

The framework presents nine critical key dimensions that need to be, according to Fiona and Moore (2009), managed in a unified manner, in order to lead a brand to the success path (a diagram of the framework can be seen on Appendix 1).

First, Fiona and Moore (2009) argue that all the brands state that a *clear brand identity* and its understanding by customers is essential to the success of a luxury fashion brand. As in the luxury industry there are no competitors (Kapferer and Bastien 2008), since each brand is unique, it is of extreme importance that the brand identity is clear otherwise the uniqueness of each brand (that is a mixture of other two elements: the designer and the heritage) might be misunderstood by its customers. So, the brand identity has to be able to appeal emotionally to the customer, enabling him/her to understand the brand DNA/values.

When communicating their brands, luxury managers argue that it is essential to spread the brand and worth awareness further than the target group, otherwise the brand will not be recognized by others and some of the enchantment of the brand will vanish (Kapferer and Bastien 2008). However, luxury brands have to be *communicated worldwide in a carefully and coordinated manner* to ensure that communication strategies communicate the desired image (Nueno and Quelch 1998). These strategies are a mix of sponsorships, fashion shows, celebrity endorsement, advertising and PR (Fiona and Moore 2009). Also, there is a usage of direct marketing in order to create long-term relationships with customers as these represent a competitive advantage for brands (Damkuvieve and Balciunas 2010).

Quality and product integrity are also a must in this industry. This dimension is one where a big distinction can be made between luxury brands and others. To infer quality on consumer's perceptions, luxury brands use high prices as people perceive higher prices as a signal of higher quality (Rao and Monroe 1989). Hence, Quelch (1987)

argues that in luxury markets “excellent quality is a sine qua non, and it is important that the premium marketer maintains and develops leadership in quality”. Additionally, if consumers perceive a product has being of higher quality, their predisposition to acquire it will also increase (Groth and McDaniel 1993).

Thus, the *premium pricing* is also a topic extremely recognized as it is a great helper of the image of luxury, as these brands have to have a pricing strategy that is coherent with the high positioning in the market that they look for (Fiona and Moore 2009). However, this does not mean that luxury brands cannot include in their product lines more affordable products (e.g. Louis Vuitton key holder 120€) (Kapferer and Bastien 2008), so that some new customers might acquire the brand.

The tendency of this market is for prices rise continuously, even in recession times (Nunes, Drèze, and Han 2010) as the one we are living in right now. In some brands, as Louis Vuitton, the refuse to down prices is so severe that brands prefer to destroy the goods that are in stock instead of selling them at lower prices (e.g. Sales) (Substance of style 2009). Moreover, the pricing has to be high also to ensure that brands are only worn by some and not by everyone, representing a barrier to entry (Fiona and Moore 2009).

Another key element that makes a great difference between the luxury industry and other industries is creativity (Nueno and Quelch 1998). Each brand has its own *signature* that is of enormous importance as this is what makes each brand unique, it is its DNA (Nueno and Quelch 1998). The creativity is so important in this industry that even the packaging is thought in a way that can carry the signature as it also helps to enhance the desired image of luxury. All brands also state that they invest a lot in design teams to have the best team of designers and most importantly, to have an amazing head

designer as they “*very much personify the brand- they are our spokesperson*” as one manager interviewed recognizes (Fiona and Moore 2009).

Exclusivity is also key in any luxury market (Fiona and Moore 2009), as previous studies show that a limited supply enhances the image, value and preference that consumers have for a brand (Lynn 1991; Pantzalis 1995; Verhallen 1982). Moreover, rare goods are the ones that order the respect and prestige (Solomon 1994) that luxury brands seek.

Luxury brands also have to have a story, their *heritage*. This is of major importance as heritage is recognized as being a mechanism to deliver brand value (Interbrand 2009). As this, heritage is a main piece of the puzzle of luxury, leading some brands to organize expositions in museums and galleries (e.g. Louis Vuitton in China) to educate the consumers about the origins of the brand and what it entails (Fiona and Moore 2009).

Another characteristic of a luxury brand is to control everything from the raw materials to the point of sale (Interbrand 2009), also known as *vertical integration*. In order to maintain the coherence of the service worldwide, there has to be a globally controlled distribution system, where all the stores, either wholesale or retail channels, portrait the same image, being typically located in the best avenues, department stores and luxury shopping malls. Brands invest heavily on *store environment* projects looking for luxurious interiors but never forgetting the coherence with the brand image, as this is also part of the experience that the customer is paying for (Fiona and Moore 2009). Also, an *exquisite service* is provided by these brands. For that, employees are carefully recruited and trained as the service in this industry is key to success (Damkuvienė and Balciunas 2010).

Finally, the *culture of the brand* has to be promoted internally and externally so that a coherent image around all the stakeholders is delivered (Fiona and Moore 2009).

Fiona and Moore (2009) argue that all these nine key components are necessary to create and maintain a successful luxury fashion brand. The authors also argue that the components have to be taken simultaneously as they are supposed to be interdependent of each other's, otherwise they will not infer the luxury status to the consumer's eyes. Perceptibly, as each brand is unique, each will have its own objectives, thus making a unique mix of these nine components according to its needs and aspirations.

2.2.2. The Luxury Brand Challenges

Considering the nine key components to build a luxury fashion brand, there are some challenges that these brands must be particularly aware of in order to maintain the positioning of their brand and to place the brand in the success path.

2.2.2.1. Strong and Coherent Brand Image

The brand is definitely the engine of the entire luxury business model (Interbrand 2009) being able to transmit meaningful social signals to others about who the consumer is based on his/hers choices (Wernerfelt 1990). Hence, it is extraordinarily important that luxury brands treat their brand and its image as their most precious item, since a bad reputation among the general consumers will be half-way for them to stop buying it, especially the ones that engage in conspicuous consumption. Accordingly, Chevalier and Mazzalovo (2008, in Shukla 2011) argue that luxury brands spend an uneven amount of their budget in their image building.

One method that luxury brands adopt to help to build their image is to use strong brand origin cues in their promotion actions (Money and Colton 2000), as in a market

like the luxury one, a strong image of a country of origin, in general, will be seen as a sign of prestige (Douglas and Wind 1987), working as a crucial competitive advantage element (Keller 2009).

As a result, one of the main challenges faced by these companies is the ability to create a strong and coherent brand identity that will lead to a global and coherent reputation of the brand.

2.2.2.2. Brand Extensions

Another point that is very sensitive in this industry is brand extensions.

Brands have to be aware of the positioning they stand for, known as “brand identity”, otherwise they might lose their global reputation of luxury brands if its products become widely accessible. This is especially important in the case of luxury brand extensions, as is happening now, since brands are now creating lines with lower price-tags to get a wider range of consumers, forgetting the crucial fact that actual consumers might not perceive this as a good strategy, because some people that they do not want to see associated with the brand are now able to buy it. Therefore, extensions might noticeably destroy brand value, usually translated in loss of wealthy customers (Kapferer and Bastien 2008). Thus when luxury brands move in this direction they run the risk of destroying long-term value (Interbrand 2009), that is precisely the core of the business.

2.2.2.3. Moving beyond the “brick and mortar” format

Online channels are becoming an increasingly important vehicle for brands to reach their clients and luxury brands are no exception (Dall’Olmo Riley and Lacroix 2003), as some independent studies, mentioned by Seringhaus (2005), show that affluent consumers are not only net-savvy but also frequent online shoppers and that the number

is forecasted to grow rapidly. However, Seringhaus (2005) and likewise Kapferer and Bastien (2008) also disclosed that there is still some resistance from luxury brands to move online. Though, the presence of luxury brands online seems unquestionable, but some challenges arise as the image of selectivity and rarity has to be maintained, thus brands should try to maintain the same brand identity online and offline (Dall’Olmo Riley and Lacroix 2003). To achieve this, luxury brands have to be able to convey in their online communication a mix of selectivity and diffusion, rarity and enlargement, elitism and awareness (Geerts and Veg-Sala 2011). This can be achieved by using on their E-Shopping sites the same luxury codes in terms of content and layout, according to Geerts and Veg-Sala (2011).

2.3. The Luxury Consumer

2.3.1. Main Consumption Drivers

Some years ago, the main motive that was pointed out by researchers for the consumption of luxury goods was the desire of impressing others (Berry 1994; Corneo and Jeanne 1997; Dittmar 1994; O’Cass and Frost 2002; Vigneron and Johnson 1999). This driver for consumption of luxury goods was mainly due to the association that the modern world has made between merit and success. This association defends that a well-paid job, which enables someone to have the resources to buy luxury goods, is allowed by ones intelligence, perseverance and ability. Thus, inferring that richer are not just more wealthy, they are also better and more intelligent persons (Han *et al.* 2010). So, by having the possibility to display luxury goods, consumers will also be seen as someone more intelligent and wealthy.

This definition still applies but some Scholars as Coulter, Price and Feick (2003), Gentry, Putrevu, Schultz and Commuri (2001), Hansen (1998), Vigneron and Johnson

(1999), Wong and Ahuvia (1998) and Wong and Zaichkowsky (1999), have previously agreed that a broader notion of the drivers for consumption of luxury brands had to be put in practice. Thus, investigation has been made and the recent perspectives suggest that the consumption of luxury goods is mainly driven by two orientations: a social or a personal one (Tsai 2005).

The social orientation is driven by extrinsic inspirations, while the personal orientation is driven by intrinsic inspirations. Each aspiration, either extrinsic or intrinsic, represents a set of values that each consumer follows during the decision-making process. In the next sections a development of the constructs will be made in order to understand what are the different drivers of luxury consumption.

2.3.1.1. Social Orientation

The social orientation, as the name indicates, continues to serve the first narrow perspective that consumers buy luxury goods just to impress others (Berry 1994; Corneo and Jeanne 1997; Dittmar 1994; O’Cass and Frost 2002; Vigneron and Johnson 1999). These consumers follow extrinsic aspirations (Kasser and Ryan 1993, 1996) as these entail the concern of how they will be perceived and the desire of gaining the admiration and praise of relative others (Truong 2010).

Consumers pursuing these aspirations can be driven by three different values: conspicuous consumption value, uniqueness value and sociability value. A review of each one of the values and its drivers will be performed in the next sections.

2.3.1.1.1. Conspicuous Consumption Value

Consumers engaging in this type of buying behaviour can engage in conspicuous consumption (Truong 2010). This designation was defined by Veblen (1899) in his

teatrise The Theory of the Leisure Class and is said to occur when a consumer demonstrates a higher willingness to pay for a functional equivalent good, just because it will be perceived as a more prestigious one due to its elevated price, which will be the one providing the desired and wanted status at the eyes of the society (Bagwell, and Bernheim 1996). Since it is generally accepted that people make judgments about others based on their possessions (Belk *et al.* 1982; Burroughs *et al.* 1991; Richins 1994a,b) this designation makes great logic.

According to Kasser and Ryan (1993, 1996), by using luxury brands, the main objective of consumers is to pass an appealing image of financial success and to be recognized socially by their reference groups. In addition, a materialistic orientation can also be acknowledged as these consumers desire to use possessions to signal their status (Wiedmann *et al.* 2009). As the desired status is conferred with the evidence of the usage of these expensive goods, there is a requirement for others to see it, in order to recognize it, leading to a wasteful exhibition (Veblen 1899). Accordingly, Charles, Hurst and Roussanov (2007) argue that these consumers will use categories of products where great expenditures can be associated with higher incomes as fashion (e.g. clothes, shoes, handbags, accessories), jewellery and cars. Inside these categories they also prefer to choose louder branding signs as these are easier to be recognized by others (Han *et al.* 2010).

Data from the Future Foundation (2010) shows that groups of younger ages are the ones that are constantly the more aspirational ones, paying more for a car or over 40% for a pair of jeans.

2.3.1.1.2. Uniqueness Value

The uniqueness of the product can also be key as consumers driven by social orientation wish to be perceived as different from other individuals (Vigneron and Johnson 1999), expressing a “need for uniqueness” (Snyder and Fromkin 1977).

To accomplish this desire of differentiation, these consumers look mainly for brands that are only sold to an elite, since they look for exclusive products (Leibenstein 1950; Vigneron & Johnson 1999, 2004), that can only be afforded by a few.

Accordingly, the scarcity of the products is also something that these consumers consider. Thus, if the supply of any product is limited, consumer’s perceived value and preference for it will increase significantly (Lynn 1991; Pantzalis 1995; Verhallen 1982). Moreover, if the product, besides being perceived as unique, is also perceived as popular and expensive the demand for it will also suffer an increase (Verhallen and Robben 1994).

2.3.1.1.3. Sociability Value

Finally, consumers engaging in social orientation suffer influences from different social groups, as they look to use the goods as a symbolic sign of group membership or connection (Vigneron and Johnson 1999).

These consumers are prone to be influenced as their main concern is the image they will pass to others. Hence, consumers with social orientation are frequently influenced by several sources from their own group of reference (Bearden and Etzel 1982; Whittler and Spira 2002), to those who they aspire to be like (Escalas and Bettman 2003, 2005) and even by those with whom they do not want to be associated with (White and Dahl 2006, 2007). The outcome is that these consumers choose to use the brands that have a coherent image with the group they are in or with the group they aspire to be in, than the

brands that do not have this coherent image, since they seek to create a psychological association with those groups (Escalas and Betman 2005).

2.3.1.2. Personal Orientation

Contrary, consumers with a personal orientation, when buying luxury goods, do not look to impress others as they buy these goods with a value-expressive function and not with a social-adaptive one (Wilcox *et al.* 2009), as this is a behaviour driven by autonomous reasons and not due to the influence of others.

These consumers pursue intrinsic aspirations (Truong 2010) that are driven by three values: quality value, hedonic value and self-identity value. Each of these drivers will be discussed in more detail in the following sections.

2.3.1.2.1. Quality Value

One reason that leads consumers to buy luxury goods is the perceived superior quality reflected in the brand (Gentry *et al.* 2001). This is a concern of consumers that engage in personal orientation when buying luxury goods, since there is a positive and direct relationship of this type of aspiration and quality search (Truong 2010).

2.3.1.2.2. Hedonic Value

Luxury goods are known to comprise both non-functional and functional values, differing from other goods. Thus, luxury goods are able to provide intangible benefits to consumers (Vigneron and Johnson 1999) that other type of goods most likely cannot.

Therefore, Silverstein and Fiske (2003, 2005) argue that personal oriented consumers are also motivated by self-directed pleasure, buying luxury goods to treat themselves, with little or no desire to signal status or wealth (Truong 2010). In consequence,

consumers look for personal pleasure and emotion that enables them to feel satisfaction and personal meaning from attainment (Truong 2010). These drivers of personal oriented consumption are so individual that Lipovetsky and Roux (2003, in Geerts and Veg-Sala 2011) have defined this type of behaviour as emotional luxury. The emotional responses associated with luxury consumption such as sensory pleasure, aesthetic beauty and excitement (Benarrosh-Dahan 1991; Fauchois and Krieg 1991; Roux and Floch 1996; Vigneron and Johnson 2004) are the ones that consumers seek.

Hence, as these consumers are looking to experience something unique and inherent to each one, as emotions, these are less prone to be influenced by others than consumers engaging in socially oriented reasons and are also more predisposed to use quieter goods, as the need of recognition is no longer present.

2.3.1.2.3. Self-Identity Value

The self-identity value refers to the private aspect of each one in terms of self-perception (Jamal and Goode, 2003; Mehta, 1999; Sirgy and Johar, 1999). As this, it is acknowledged that there is a relationship between the self-concept that each one has of him/her and the goods that the consumer buys, affecting the purchase behaviour (Sirgy 1982). As this, consumers look for a high self-congruity which can also have an impact on luxury brand purchases (Puntoni 2001).

So, consumers can possibly buy luxury goods to help to build their self-concept, integrating symbolic meaning into their own identity (Holt 1995; Vigneron and Johnson 2004) or to help support and develop it (Dittmar 1994; Hirschman 1988).

2.4. Conceptual Framework

As could be understood, extrinsic and intrinsic aspirations are driven by different imperatives, although this does not mean that one consumer can only be driven by one or another type of aspiration. Kasser and Ryan (1993, 1996) argue that individuals tend to pursue one aspiration more firmly than the other, but both can be present in the same consumer, which shows that Veblen's (1899) designation of conspicuous consumption as the only driver for luxury good purchases might be too restrictive (Truong 2010), as, for example, consumers with extrinsic aspirations look mainly for conspicuous consumption but might also look for quality and self-directed pleasure.

As this, each consumer will have his/her own combination of drivers for luxury consumption, making the decision-making process of each consumer unique.

It is also important to notice that price is not a driver by its own, but is present in all the decision-making process, influencing both social (e.g. status-conscious consumer use price as a cue to the prestige of the brand (Berkowitz, Kerin, Hartley and Rudelius 1992; Groth and McDaniel 1993) and personal (e.g. the price of the good is often used to infer its quality (Erickson and Johansson 1985; Lichtenstein, Bloch, and Black 1988; Tellis and Gaeth, 1990) orientations.

Considering all that has been analysed in this sub-chapter, we propose then the following conceptual framework for the consumption of luxury goods.

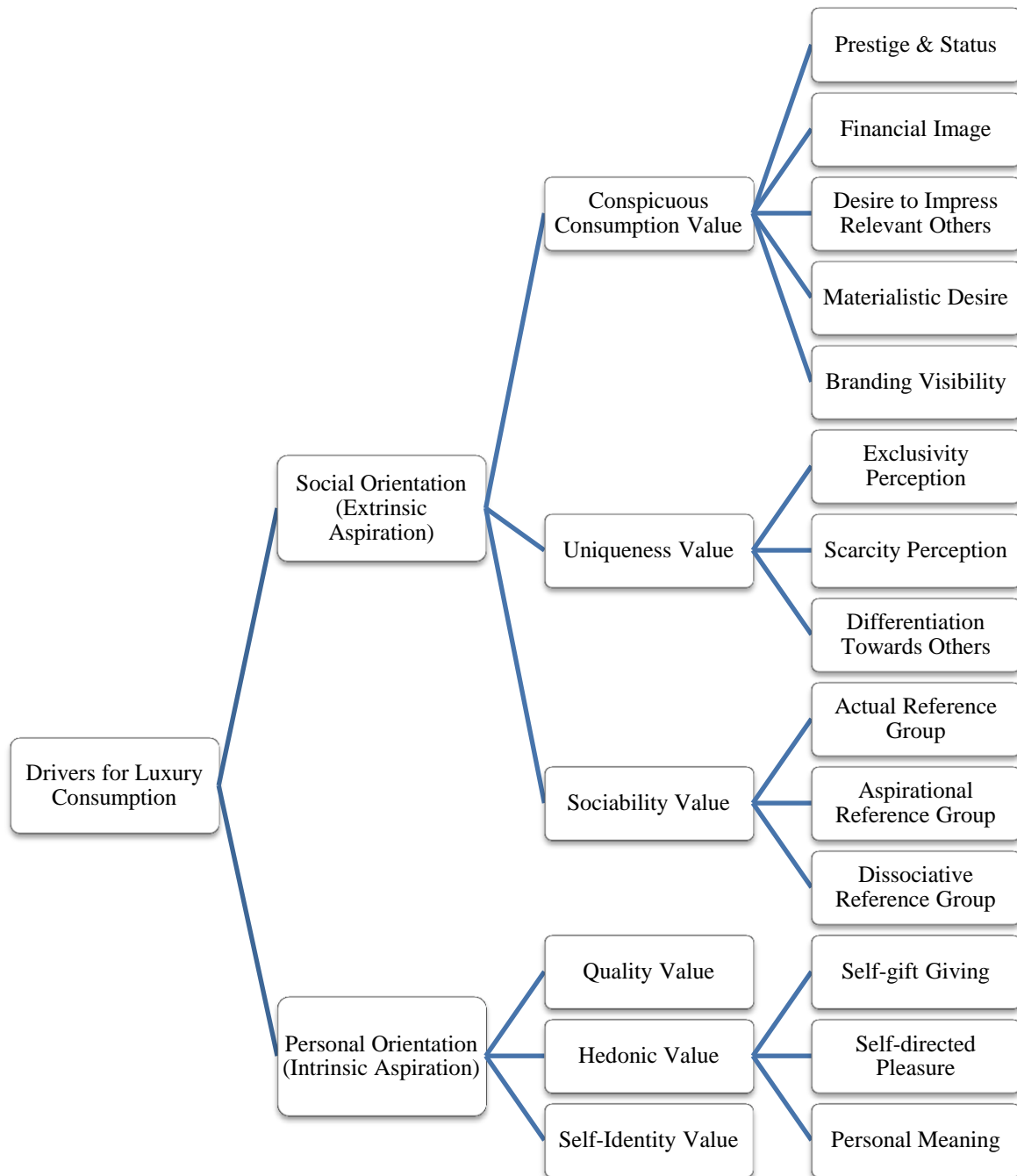


Figure 1: Conceptual Framework for Luxury Consumption

Chapter 3 | Research Design and Methodology

This chapter has the main purpose of describing in a detail manner the methodology used to collect the relevant data to answer this thesis central research question. The research method will be explained, as well as its advantages and limitations. Also, the variables that were chosen to perform the study will be described and explained.

3.1. Research Method

The research mechanism used in this study was an online survey, using the software QuestionPro (QuestionPro Survey Software – Online Research Made Easy™, 2009).

This software was chosen to run the questionnaire because it enables any authorized user to construct and assemble different types of surveys with the possibility of putting together various types of questions, as we desired to. The questionnaire used open-ended questions, multiple choice questions and non-comparative scales measures. Considering the non-comparative scale measures, Likert Scales were used, as we sought to identify the respondents' degree of agreement or disagreement with a variety of statements that were presented.

QuestionPro enables the survey to be recorded, to then be sent by various possible means to the potential respondents, since the system provides a link where the survey can be answered. The survey was shared with the potential respondents via e-mail, through a list, that was pre-designed, of Institutes and Universities in Portugal. The link was also shared via facebook.

QuestionPro also saves and puts together in a real-time report all the answers given by the respondent, which allows a follow up of all the surveys that are being answered in real time.

The survey was conducted in Portuguese.

3.1.1. Questionnaire Advantages and Limitations

As any other method that could have been chosen, online surveys methodology has advantages and limitations that have to be taken into account when analysing our data.

There are some primary advantages in this type of surveys. First, the costs of running a survey like this are low or even inexistent, as it was our case. Then, we get direct access to the potential respondents and the data is collected quicker than in any other method, as we can experience the answers in real time. Moreover, as it is a survey that is automatically saved into a database, the results can be downloaded and a lot of time and money can be saved because there is no need to have someone to insert the data collected into a database. Also, by e-mail or via social media is easier to get hard-to-reach people to answer. Another important fact is that the length of the questionnaires can be bigger because people are usually in their environment when answering the questions, having more time to complete it. Moreover, there are no intermediaries performing the questionnaire, which means that there is less pressure from the respondent to give the answers others might think are the correct ones instead of giving his/hers own insight.

However, the limitations have also to be taken into consideration. First, there can be low response rates, as people are able to drop-off at any time as there is no one controlling if the respondent finishes answering the survey. Then, there is no or just a little control over who the respondents are, whom or what they consult while answering the questions and the speed of the responses. Moreover, with an online survey there is no opportunity to clarify possible questions, which may lead to some doubts and less accurate answers, therefore, the questionnaire was revised several times and by different people, before being shared, to ensure the accuracy and clearness of all the questions.

Finally, as the surveys are anonymous and it is impossible to know who the respondents are, these might not be representative of the population.

3.1.2. Questionnaire Composition

The questionnaire was structured in ten different parts.

The first part of the questionnaire was used to invite and explain the main purpose of the study. In this part, it was emphasized that each questionnaire was anonymous and that there were no right or wrong answers to avoid biased responses.

In the second part of the questionnaire, the concept of luxury was explained to the respondents, to position them. After this, Participants were able to read “After having read the above definition, please, give your own definition of luxury”, so it was asked to the respondents for them to give their own vision of luxury, in an open-ended question.

The third part of the questionnaire was composed by screening questions to assess if the respondents were or not luxury consumers and also some general questions about luxury, regarding general knowledge, behaviour and affect with these products. The respondents that were not considered as luxury consumers, being the ones that answered that they never buy luxury products, passed directly to the tenth part of the questionnaire. The others answered to the whole questionnaire. In this part, we also accessed the amount spent on these products, the most bought categories and for whom these respondents usually buy these products.

The main purpose of the study was to understand the main drivers that lead these respondents to buy luxury products.

The fourth part was dedicated to measure the conspicuous consumption concept, meaning, if people buy luxury products and services to show to others that they can

have it and to pass an image of a wealthy person and to gain status, with the desire to impress others.

The fifth part was about the uniqueness value of luxury consumption. This part of the questionnaire aimed to comprehend if exclusivity, scarcity and the possibility of differentiating from others that luxury consumption enables had or not an impact on the buying process.

The sixth part of questionnaire was about the sociability value and how this affects the buying behaviour, meaning, if luxury consumers are influenced by their actual, aspirational or dissociative reference groups when considering acquiring a product or service of this nature.

The seventh part of the questionnaire was about the power of the quality of the products and its importance in the decision-making process.

The eight part was about the hedonic value that a purchase like this enables the consumer to feel. The concepts that were analysed were self-gift giving, self-directed pleasure and personal meaning.

The ninth part was to assess how important it was for the consumer that the brand of the product that he/she is acquiring shares the same values that he/she believes in. This is identified as the self-identity value.

Finally, the tenth part was about demographics and all the respondents were asked to answer to this (Questionnaire is presented in Appendix 2)¹.

¹ The questionnaire is being included in Portuguese, for requests of it in English, please, contact the author.

3.1.3. Questionnaire Variables

Throughout the questionnaire, there were six constructs to be evaluated. Each construct was assessed by asking participants to answer multiple-items scales, most of them adapted from previous studies.

The questionnaire was also composed by a characterization section that aimed to understand the differences between the various respondents.

3.1.3.1. Social Orientation

The social orientation tries to assess if the real motives behind the consumption of luxury are due to social reasons, as for example, to impress others. The social orientation was assessed by 26 variables, divided by the three constructs below.

3.1.3.1.1. Conspicuous Consumption Value

This construct assesses to what extent luxury consumers acquire luxury goods with the purpose of showing to others that they can afford this type of products and to gain a better image on the society. The conspicuous consumption value was assessed through 12 items divided on the following five variables.

Prestige & Status. The level of prestige and status that a luxury product can convey to its consumers can highly influence the purchasing decision. To measure this variable a three-item scale, adapted from Wilcox *et al.* (2009), was used and respondents were asked to rate the following statements: “Luxury brands help me fit into important social situations.”, “I like to be seen wearing luxury brands.” and “I enjoy it when people know I am wearing a luxury brand.” (5-points scale; Totally Disagree - Totally Agree).

Financial Image. The purchasing of luxury products can also serve as a manner to pass to others an image of wealth. To measure this variable a two-item scale, adapted from Truong (2010), was used and respondents were asked to rate the following statements: "I like to use luxury products because it passes the image to others that I am wealthy." and "I like to use luxury products because it passes the image to others that I am financially successful." (5-points scale; Totally Disagree - Totally Agree).

Desire to impress relevant others. When acquiring this kind of products, consumers might be interested solely on impressing others. To measure this variable a three-item scale, adapted from Wiedmann *et al.* (2009), was used and respondents were asked to rate the following statements: "Before purchasing a luxury product it is important to know what kind of people buy the brand or product.", "Before purchasing a luxury product it is important to know what my friends think of different luxury brands or products." and "When I buy a luxury product, I worry about what others will think of me." (5-points scale; Totally Disagree - Totally Agree).

Materialistic Desire. Sometimes, consumers might acquire luxury goods just for the pleasure of having many. To measure this variable a two-item scale was created and respondents were asked to rate the following statements: "I buy a lot of luxury products just for the pleasure to have them." and "The more luxury products I have the happier I tend to be." (5-points scale; Totally Disagree - Totally Agree).

Branding Visibility. Another important aspect when purchasing luxury products might be the visibility of the brand. To measure this variable a two-item scale was created and respondents were asked to rate the following statements: "I like to buy luxury products where the brand is visible to others, so that others are able to identify it." and "I only

buy luxury products if the brand is visible to others.” (5-points scale; Totally Disagree - Totally Agree).

3.1.3.1.2. Uniqueness Value

The fact that these products convey an image of uniqueness, since not a lot of people can afford them, can be a significant feature on the decision making process. The uniqueness value was assessed through seven items divided on the following three variables.

Exclusivity Perception. The perception that luxury products can only be acquired on specific points of sale and that the supply has limited numbers is important to decide the final purchase. To measure this variable a three item-scale was used. From these three-items, two were adapted from Wiedmann *et al.* (2009) (“True luxury products cannot be mass-produced.” and “A luxury product cannot be sold in supermarkets.”). The other statement that respondents were asked to rate was created (“Luxury products need to be sold in unique and highly restricted stores.”) (5-points scale; Totally Disagree - Totally Agree).

Scarcity Perception. The fact that these products have a truly limited supply due to its characteristics can be a factor of major importance on the final decision. To measure this variable a two-item scale was created and respondents were asked to rate the following statements: “I prefer luxury products with limited edition, that only few can own.” and “I am willing to pay an extra premium to hold a product that only few own the same.” Both items were created. (5-points scale; Totally Disagree - Totally Agree).

Differentiation towards others. Due to the fact that only some people can acquire this kind of products, consumers who purchase them might look to differentiate themselves from others, looking for a unique image. To measure this variable a two-scale items was used. One of the items was adapted from Wiedmann *et al.* (2009) (“People who buy luxury products try to differentiate themselves from others.”), while the other statement was created (“I am willing to pay an extra premium for products that will help me differentiate.”). (5-points scale; Totally Disagree - Totally Agree).

3.1.3.1.3. Sociability Value

This value tries to study if luxury consumers acquire products of this kind with the purpose of integrating themselves better in reference groups that they are or aspire to be in or to disassociate themselves from others. The sociability value was assessed through seven items divided on the following three variables.

Actual Reference Group. Acquiring a luxury product that our actual reference group uses might be a way of better integrating. To measure this variable a three-item scale, adapted from Shukla (2010), was used and respondents were asked to rate the following statements: “I rarely purchase the latest luxury fashion styles until I am sure my friends approve of them.” and “When buying luxury products, I generally purchase those brands that I think others will approve of.” and “If other people can see me using a luxury product, I often purchase the brand they expect me to buy.” (5-points scale; Totally Disagree - Totally Agree).

Aspirational Reference Group. If we want to start to be connected to a specific group, acquiring products that people on it use might be a good tactic. To measure this variable a two-item scale, adapted from Shukla (2010), was used and respondents were asked to

rate the following statements: “If I want to be like someone, I often try to buy the same brands that they buy.” and “I often identify with other people by purchasing the same luxury products and brands they purchase.” (5-points scale; Totally Disagree - Totally Agree).

Dissociative Reference Group. The fact that people we want to disassociate from use a certain product can also be an important factor on our decision. To measure this variable a two-item scale was used and respondents were asked to rate the following statements: “I would not buy a product that is used by people I do not associate myself with.” and “I would stop using a product if I would find out that it is being used by people from a different status than mine.” Both items were created. (5-points scale; Totally Disagree - Totally Agree).

3.1.3.2. Personal Orientation

Concerning the personal orientation for the acquisition of luxury products, some consumers might acquire these products also for the meaning that these have to them and some of their characteristics, instead of acquiring them just for displaying. The personal orientation was assessed by 17 variables, divided by the three constructs below.

3.1.3.2.1. Quality Value

Quality. Luxury products are known, typically, for their higher level of quality. This might be an important factor for the consumer on the decision making process. To measure this variable a four-item scale, adapted from Tsai (2005), was used and respondents were asked to rate the following statements: “The product quality superiority is my major reason for buying a luxury brand.”, “I place emphasis on the

quality assurance over prestige when considering the purchase of a luxury brand.”, “I incline to evaluate myself the substantive attributes and performance of a luxury brand rather than listening to others’ opinions.” and “The luxury brand preferred by many people but that does not meet my quality standards will never enter into my purchase consideration.” (5-points scale; Totally Disagree - Totally Agree).

3.1.3.2.2. Hedonic Value

Consumers might acquire these products also for the meaning that these convey to them. The hedonic value was assessed through nine items divided on the following three variables.

Self-Gift Giving. Consumers may buy luxury goods as a gift, representing a mean to reward themselves for their achievements. To measure this variable a three-item scale, adapted from Tsai (2005) was used and consumers were asked to rate the following statements: “When in bad mood, I may buy luxury brands as self-given gifts for alleviating the emotional burden.”, Purchasing luxury brands can be seen as giving myself gifts to celebrate something I do and feel excited about.” and “Purchasing luxury brands can be seen as giving myself gifts to celebrate an occasion that I believe significant to me.” (5-points scale; Totally Disagree - Totally Agree).

Self-Directed Pleasure. For some consumers products of this nature represent a true pleasure. To measure this variable a three-item scale, adapted from Tsai (2005) was used and the respondents were asked to rate the following statements: “I buy a luxury brand only because it is pleasant to me, so I do not care about whether it pleases others.”, “Luxury brands are one of the sources for my own pleasure without regard to the feelings of others.” and “I can enjoy luxury brands entirely on my own terms no

matter what others may feel about them.” (5-points scale; Totally Disagree - Totally Agree).

Personal Meaning. Some consumers see in a luxury products a way to enrich their life's. To measure this variable a three-item scale, adapted from Wiedmann *et al.* (2009), was used and respondents were asked to rate the following statements: “Purchasing luxury brands provides deeper meaning in my life.”, “Self-actualization is an important motivator for my luxury consumption.” and “Luxury consumption enhances the quality of my life.” (5-points scale; Totally Disagree - Totally Agree).

3.1.3.2.3. Self-Identity Value

Self-Identity Value. Some consumers acquire certain luxury brands as these represent values that are also the ones that the consumer believes in. To measure this variable a four-item scale, adapted from Wilcox *et al.* (2009), was used and respondents were asked to rate the following statements: “Luxury brands reflect the kind of person I see myself to be.”, “Luxury brands help me communicate my self-identity.”, “Luxury brands help me express myself.” and “Luxury brands help me define myself.” (5-points scale; Totally Disagree - Totally Agree).

3.1.3.3. Characterization

A characterization section was presented at the beginning of the questionnaire to understand the differences of knowledge, affection and behaviour on the luxury market between respondents. To measure these the following three variables were used.

Knowledge-Related Themes. This variable aimed to assess the knowledge of both groups regarding luxury. To measure this variable a ten-item scale, adapted from

Dubois *et al.* (2005), was used and respondents were asked to rate statements, as for example, “A fine replica of a luxury brand is just as good.” or “A product must be somewhat useless to be a luxury product.” (5-points scale; Totally Disagree - Totally Agree).

Affect-Related Themes. Some consumers might feel more attachment to luxury than others. To measure this variable a three-item scale, adapted from Dubois *et al.* (2005), was used and respondents were asked to rate the following statements: “Luxury makes me dream.”, “Luxury products make life more beautiful.” and “I could talk about luxury for hours.” (5-points scale; Totally Disagree - Totally Agree).

Behaviour-Related Themes. Different consumers behave differently in the same market. To measure this variable a three-item scale, adapted from Dubois *et al.* (2005), was used and respondents were asked to rate the following statements: “I would feel at ease in a luxury shop.”, “One needs to be a bit of a snob to buy luxury products.” and “Today, everyone should have access to luxury goods.” (5-points scale; Totally Disagree - Totally Agree).

3.1.4. Data Collection and Analyses

The questionnaire was viewed by 856 persons, from whom 671 started to fill the survey, however only 161 surveys were entirely completed. From these 161 surveys, 45 are from non-consumers of luxury, while the other 116 are luxury consumers. Therefore, the total sample used had 116 participants.

The data collected was analysed through the program SPSS – Statistical Package for Social Sciences 17.0 in order to acquire concrete and substantial conclusions on the problem statement defined on the first chapter.

Chapter 4 | Results Analysis

4.1. Data Cleaning

To improve the quality of our data, before start analysing the results, we applied a data cleaning process. This process consisted of an outlier analysis for both univariate and multivariate outliers.

4.1.1. Univariate Outliers

The outlier's univariate analysis enabled us to identify cases with extreme and uncommon values for the 43 single variables that the dataset presented initially.

To check the presence of univariate outliers in the single variables, we converted all the scores of each variable into standardized z-scores. For a significance level of 5% ($p < 0.05$), Z-scores larger than 3.3 and smaller than -3.3 represent outliers. As this, we were able to find some univariate outliers, that were then analyzed together with any multivariate outliers (The list of variables containing univariate outliers can be seen on Appendix 3).

4.1.2. Multivariate Outliers

The multivariate analysis allowed us to identify cases of respondents with an uncommon combination of values in two or more variables.

To test this, we calculated the Mahalanobis D^2 for each respondent. Our objective was to identify consumers with a critical value greater than the Mahalanobis D^2 ($CV = 59,304$; $p < 0,05$). Results indicated that there were apparently 16 outliers.

Given that we found outliers in the sample and since there is not an absolute position on literature about whether outliers should or should not be removed from the dataset, we did not eliminate them from the dataset, as we believe these were also representative of the population. However, analyses were conducted with and without outliers, checking for any possible differences.

4.2. Data Reliability

4.2.1. Reliability Analysis

After accomplishing the data cleaning process, we did a reliability analysis to evaluate the reliability of the scales used in the study. Accordingly, we calculated the Cronbach's alpha for each scale, that had three or more items. The results are presented in Table 1.

Table 1: Reliability Test

Scale	Initial number of items	Cronbach's α^a	Cronbach's α^b if item deleted	Item deleted	Final number of items
Prestige & Status	3	0,883	---	---	3
Exclusivity Perception	3	0,763	---	---	3
Actual RG (Group where the consumers belongs to)	3	0,804	---	---	3
Quality	4	0,817	---	---	4
Self-gift giving	3	0,811	---	---	3
Self-directed please	3	0,783	---	---	3
Personal meaning (Life enrichment)	3	0,772	---	---	3
Self-identity	4	0,878	---	---	4
Affection-Related Themes	3	0,8	---	---	3

^a - Cronbach's alpha for the total measure

^b - Cronbach's alpha after excluding items

Table 1 demonstrates that all the scales showed good levels of internal consistency with alpha values greater than 0,70. With exception of the Knowledge-Related Themes

scale and the Behavior-Related Themes scale, none of the scales reliability could be improved by deleting items.

Regarding the scale Knowledge-Related Themes, it revealed a cronbach alpha equal to 0,597 that could not be improved by eliminating items. Accordingly, a factor analysis was performed in order to understand if the consistency level could be improved by dividing these 10 items in new scales with fewer items that were correlated.

The analysis was performed with a varimax rotation. The choice of performing a Varimax Rotation was due to the fact that we intended to simplify the interpretation of the items and with a varimax rotation each item tends to be associated with one of few factors, and each factor represents only a small number of variables, enabling the construction of new scales with items that are correlated. This will enable to achieve simplicity and the interpretability of the factors will be enhanced (Malhotra and Birks 2008).

Subsequently, to decide the number of factors we looked to the eigen values and to the scree plot. Regarding the eigen values, considering the ones bigger than 1, the analysis suggested two factors, but the scree plot suggested three factors. This happened due to the fact that the third eigen value was equal to 0.989, being very close to 1. So, to reach to the optimal choice of number of factors, the consistency of the scales on both scenarios was calculated. Tables 2 and 3 show the consistency levels for each factor.

Considering the levels of consistency and taking into account that none of the scales could be improved by deleting items, the eigen values scenario, two factors, was the one chosen to continue the analysis as the levels of consistency were higher than the option with three factors, as suggested the scree plot.

As this, factor 1 presented a good level of consistency, with a cronbach alpha greater than 0,7, and this consistency level could not be improved by deleting items. For factor

2, the cronbach alpha presented was not above 0,7 but as it was a very close number, we considered it a decent level of consistency. The consistency level could be upgraded if the item “In my opinion, luxury is good taste.” was deleted for 0,674, expanding in 0,001 the consistency level, hence we decided to let the scale with the five initial items.

Table 2: Cronbach Alpha for factors identified in the Scree Plot Scenario

Factor 1 Reduced Usability	Cronbach α
A product must be somewhat useless to be a luxury product.	0,775
In my opinion, luxury is useless.	
In my opinion, luxury is old fashioned.	
Factor 2 Excessive Pricing	Cronbach α
Luxury products inevitably are very expensive.	0,602
A fine replica of a luxury brand is just as good.	
In my opinion, luxury is too expensive for what it is.	
In my opinion, luxury is flashy.	
Factor 3 High Taste and Quality	Cronbach α
In general, luxury products are better quality products.	0,629
In my opinion, luxury is pleasant.	
In my opinion, luxury is good taste.	

Table 3: Cronbach Alpha for factors identified in the Eigen Values Scenario

Factor 1 Reduced Usability and Usage of Replicas	Cronbach α
A fine replica of a luxury brand is just as good.	0,761
In my opinion, luxury is too expensive for what it is.	
A product must be somewhat useless to be a luxury product.	
In my opinion, luxury is useless.	
In my opinion, luxury is old fashioned.	

Table 3: Cronbach Alpha for factors identified in the Eigen Values Scenario (Cont.)

Factor 2 High Taste and Quality	Cronbach α
In general, luxury products are better quality products.	0,671
Luxury products inevitably are very expensive.	
In my opinion, luxury is pleasant.	
In my opinion, luxury is flashy.	
In my opinion, luxury is good taste.	

4.2.3. Correlation Analysis

For the scales constituted by only two items, a correlation analysis was done to test the strength and significance of the correlations between the items. Results can be observed in table 4:

Table 4: Correlation Test

Scale	Pearson Correlation
Financial Image (Wealth)	0,871 *
Materialistic Desire	0,474 *
Branding Visibility	0,884 *
Scarcity	0,689 *
Differentiation toward others	0,485 *
Aspirational Reference Group	0,6 *
Dissociative Reference Group	0,617 *

Note: * Correlation is significant at the 0,05 level

All the scales showed significant correlation among items.

Additionally, the three items from the Behaviour-Related Themes were used as single items on the study, as these did not present a good level of consistency among themselves, but we believed these were good indicators for profiling the customers.

The final composition of the scales can be seen on Appendix 4.

4.3. Identification and Characterization of Clusters

This section provides the analysis of the main results obtained in our online survey.

The main purpose of this thesis was to identify and characterize different types of luxury consumers. Therefore, we started by performing a cluster analysis in order to find homogeneous groups of consumers.

To perform the cluster analysis, and find the similarities and differences between the respondents, 17 items were used. These 17 items can be divided in three big groups.

The first group of items used was purely demographics such as gender, age, civil state and number of children. Along with the level of education of the respondent as well as the level of education of both his/her parents, this group of items aimed to characterize the composition of each cluster.

It was likewise important to take into account what were the shopping habits of the respondents, thus, the frequency of purchase, the annual amount spent and for whom the purchases are made were items used to differentiate the clusters.

Finally, the third group aimed to understand how each cluster behaved towards luxury and what their main perceptions of this industry were. Thus, items related with behaviour, affection, usability, quality and taste were used (The final composition of the scales can be seen on Appendix 5).

Concerning the analysis, in a first step, a hierarchical method was chosen over a non-hierarchical one, because in the non-hierarchical methods the number of clusters must be specified before the analysis and the selection of the clusters is random depending on the initial cluster centres that the program used by the researcher generates (Malhotra and Birks 2008). As this, the use of a hierarchical method seemed more prone to deliver a better result to the analysis.

The clustering procedure chosen to perform the cluster division was the Ward's method, therefore the distance measure used was the Euclidean square distance as it is acknowledged that the clustering method and the choice of the distance measure should be connected (Malhotra and Birks 2008). We chose the Ward's method as this is, from the hierarchical methods of clustering, the one that has consistently proven better results generating clusters, by minimizing the within-cluster variance (Malhotra and Birks 2008), enabling more homogeneous groups of consumers.

In hierarchical clustering, some methods are part of agglomerative clustering and the Ward's method is one of them. In agglomerative clustering, each object starts out in a separate cluster and then clusters are formed by grouping objects into bigger clusters until there is only one cluster with all the objects (Malhotra and Birks 2008). As this, at some moment, objects start being grouped at large distances, reaching to a point where heterogeneous objects are being grouped, losing the essence of the cluster analysis. Thus, one of the ways that can be used as a criteria to choose the number of clusters is the distance at which clusters are combined (Malhotra and Birks 2008). Accordingly, to know the more correct number of clusters that should be used in the analysis, the dendrogram plot was analysed in order to understand the distances at which the various clusters had been grouped. The final number of clusters chosen was three, because it was clear that in the last two stages, the distances at which the clusters had been combined were large.

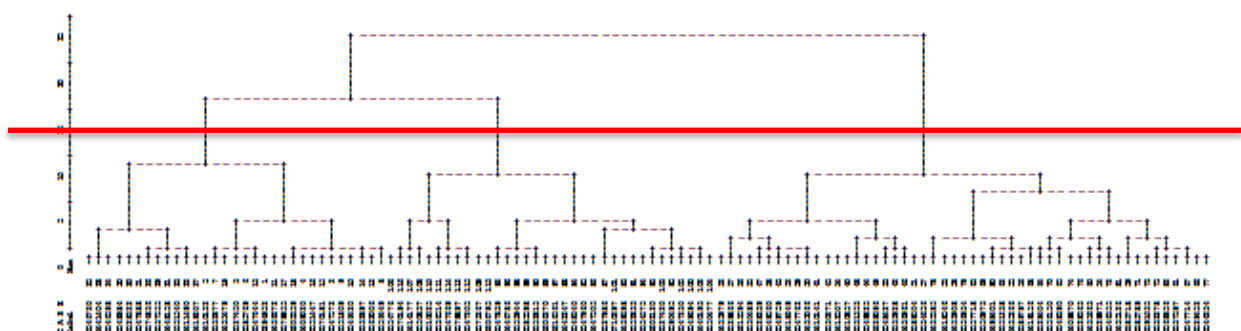


Figure 2: Dendrogram Plot

From the three clusters, cluster 1 was composed by 31 consumers, cluster 2 by 51 consumers and finally cluster 3 by 34 consumers.

To divide the customers by cluster, a new variable called Cluster Membership was computed.

It is also important to make reference to the fact that the cluster analysis was performed both with outliers and without outliers and the composition of the clusters did not change, therefore, the outliers were maintained on the analysis. Moreover, to ensure the reliability and validity of the data, the dataset was split in two random half's and the analysis was conducted on each half. The cluster centroids on both samples were similar, which ensures the validity and reliability of the data (Malhotra and Birks 2008).

4.3.1. Cluster Profiling

According to the characteristics of each cluster a name was attributed to each one. Cluster 1 is called "*Aspirational Youngsters*", Cluster 2 is called "*Distinction Seekers*", and Cluster 3 is called "*Independent-Minded*". On Table 5 (p.47) a diagram of demographics can be observed (The frequencies of each cluster of each variable can be observed on Appendix 6).

Cluster 1. Aspirational Youngsters. Typically these are the consumers that buy luxury products less regularly, as 58,1% state that they only buy these products rarely, but also 38,7% of the cluster says that it buys with some frequency. These customers spend, on their majority (54,8%) less than 500€ annually on luxury products, but also some of them (35,5%) state that spend a little bit more, between 500€ and 1500€, buying mostly ready-to-wear (48%) and cosmetics (35%). Almost all the consumers from this cluster

buy these type of products for themselves (87,1%) and the majority are females (61,3%). The fact that these consumers are the ones spending less and basically only for themselves can be explained by the fact that these customers are the younger ones (80,7% have between 23 and 32 years old), being on its majority single (80,6%) and consequently without kids (87,1%). Moreover, as these are the youngest consumers, these are also the ones that started their careers later and are, therefore, earning less (42,1% earn between 15.000€ and 30.000€ annually). These are also people with undergraduate or master degrees, after the Bolonha agreement (58,1%). These people were mainly born in Lisbon (54,8%) or overseas (16,1%) and the majority lives in Lisbon (64,5%). These consumers have usually a father that has an undergraduate (32,2%) or a master degree (16,2%) and a mother that has the 9^oano/12^oano (48,4%) or an undergraduate degree (29,1%).

Cluster 2. Distinction Seekers. These consumers buy more than the consumers on cluster 1, as 52,9% say they buy regularly these products, although 37,3% state that they buy rarely, nevertheless when they do it is generally for themselves (86,3%), mostly in categories as ready-to-wear (39%) and leather goods (45%). These consumers are also the ones spending more in art (22%). They also spend more money on luxury goods, having the majority of the costumers spending until 1500€ on average annually, whose from 31,4% state that spend more than 500€. This fact might be explained by the fact that these is the older cluster with 51% of its consumers between 43 and 62 years old and that are on its majority married (60,8%) and have kids (56,8% have 1 or 2 kids) having other things to spend their monthly budget on. As the *aspirational youngsters*, this cluster is also composed on its majority by women (72,5%). This is also the most educated cluster with 86,3% of the consumers having an MBA or a PhD degree. The

fact that these are the most educated consumers can also be linked to the fact that these are the ones with the most educated parents as the father either has an undergraduate or a master degree (49%), as the mother also does (47,1%). Accordingly, consumers in this cluster also earn similar incomes compared to the *independent-minded*, with 54,7% of the sample, earning from 60,000€ onwards. In common, these consumers live in Lisbon (68,6%) and were also born there (51%).

Cluster 3. Independent-Minded. This is the cluster that buys and spends more in luxury products, as 64,7% state that they buy between 500€ and 2500€ annually, but there are also 20,6% that state that they buy more than 4500€ annually on luxury products, preferring the categories of shoes (53%) and ready-to-wear (50%). As would be expected, this is also the cluster that buys more frequently, with 61,8% saying that they buy luxury goods quite frequently or frequently. Contrary to the other clusters, these consumers buy luxury products for themselves (73,5%) but also buy for their partners (20,6%), which is understandable as 91,2% of the cluster states that is married or lives in “União de Facto” and , as the *distinction seekers*, these consumers have also 1 or 2 kids. With a family type like this, the age range is also similar to cluster 2, but a little bit younger as most part of the *independent-minded* has between 28 and 42 years old (73,5%). This is also an educated cluster with 91,1% of the consumers having an undergraduate or master’s degree, with 47% stating that they earn more than 75.000€ annually. Regarding the parents education, the typical father of this cluster has an undergraduate or master degree (67,6%), while the mother has the 12º ano (47,1%). This cluster is also majorly composed by women (67,6%) and also similarly to the other clusters, consumers were also born in Lisbon (58,8%) and still live there (67,6%).

Table 5 – Demographics, Education and Shopping Habits



4.3.2. Cluster Drivers for Luxury Consumption

With such a diversity of consumers, it would be expected that their drivers for luxury consumption would be different. Thus, to evaluate this, we calculated the averages of each cluster for each construct, which can be observed on Table 6 and 7.

Table 6: Cluster Centroids

		Scales	Aspirational Youngsters	Distinction Seekers	Independent-Minded
Extrinsic Aspirations	Conspicuous Consumption Value	Prestige & Status	2,80	2,60	2,74
		Financial Image	2,27	2,14	2,24
		Desire to Impress	2,14	1,79	1,91
		Materialism	2,65	2,45	2,49
		Brand Visibility	1,86	1,56	1,59
		Value Mean	2,34	2,11	2,19
	Uniqueness Value	Exclusivity	3,13	2,95	3,68
		Scarcity	2,74	2,57	2,93
		Desire to Differentiate	2,84	2,96	2,81
		Value Mean	2,90	2,83	3,14
	Sociability Value	Actual RG	2,07	1,70	1,94
		Aspirational RG	2,29	1,89	1,90
		Dissociative RG	2,39	2,08	2,16
Value Mean		2,25	1,89	2,00	
Value Mean (Extrinsic Aspirations)			2,47	2,24	2,40
Intrinsic Aspirations	Quality Value	Quality	4,09	4,06	4,30
	Hedonic Value	Self-Gift Giving	2,93	2,87	3,29
		Self-Directed Pleasure	3,55	3,80	3,92
		Personal Meaning	2,58	2,50	2,68
		Value Mean	3,02	3,06	3,30
	Self-Identity Value	Self - Identity	2,59	2,77	2,88
Value Mean (Intrinsic Aspirations)			3,15	3,20	3,41

Table 7: Cluster Profiling

Items		Aspirational Youngsters	Distinction Seekers	Independent-Minded
Perceptions and Behavior	I would feel at ease in a luxury shop.	3,03	3,22	3,68
	One needs to be a bit of a snob to buy luxury products.	2,29	2,37	2,24
	Today, everyone should have access to luxury goods.	3,06	2,69	2,44
	Affection	2,98	2,68	3,25
	Usability and Usage of Replicas	2,34	2,40	2,11
	Taste and Quality	3,72	3,59	3,72

With the data from the Tables 5, 6, 7, the drivers for Luxury Consumptions for each cluster can be simply understood.

Starting with the *Aspirational Youngsters* (Cluster 1), by being the younger cluster and the one that has more recently entered the job market, there is clearly a need of social and professional recognition and this can be achieved by the use and display of luxury products, as mentioned by the data of the Future Foundation (2010). These consumers clearly purchase luxury products mainly with this purpose, as can be assumed by the high scores on the Conspicuous Consumption Value items ($M_{AspirationalYoungsters} = 2,34$; $M_{DistinctionSeekers} = 2,11$; $M_{Independent-Minded} = 2,19$) that this cluster presents. However, it is essential to note that as their objective is to gain the recognition and appreciation from others, it is of extreme importance that these others recognize the products that they will be using and approve them (Vigneron and Johnson 1999). Therefore, it is understandable that this is also the cluster with higher scores on the Sociability Value ($M_{AspirationalYoungsters} = 2,25$; $M_{DistinctionSeekers} = 1,89$; $M_{Independent-Minded} = 2,00$), as without the recognition of the products by others, the purchase and the consequent use of these products will have little or no effect at all.

These are also the consumers with less disposable amount to spend on this kind of products (Until 500€/year), as their annual income (AI) is also the lowest ($AI_{AspirationalYoungsters} = 15.000€$ to $30.000€$; $AI_{DistinctionSeekers} = 60.000€$ to $75.000€$; $AI_{Independent-Minded} = \text{More than } 100.000€$), so it is comprehensible why these customers argued that everyone should have access to luxury ($M_{AspirationalYoungsters} = 3,06$; $M_{DistinctionSeekers} = 2,69$; $M_{Independent-Minded} = 2,44$), as this is something that they have to struggle a lot to acquire and, in the end, they are looking for the image of a luxury brand that a counterfeit can similarly provide.

However, besides the noticeable tendency to buy luxury products due to a social orientation, this cluster is also influenced by personal drivers, as it also acknowledges that luxury products have high quality ($M_{AspirationalYoungsters} = 4,09$; $M_{DistinctionSeekers} = 4,06$; $M_{Independent-Minded} = 4,30$) and are synonymous of good taste ($M_{AspirationalYoungsters} = 3,72$; $M_{DistinctionSeekers} = 3,59$; $M_{Independent-Minded} = 3,72$), just as the *Independent-Minded* consumers. This confirms the theory of Kasser and Ryan (1993, 1996) that argue that individuals tend to pursue more one aspiration over the other, but that both can be present in the same consumer, showing that the Veblen's (1899) theory of conspicuous consumption as being the only driver for luxury consumption can be too restrictive (Truong 2010).

Nonetheless, besides the closeness of the scores to the ones of the *Independent-Minded*, it is important to recognize that the high scores that this cluster presents on the personal orientation items ($M_{AspirationalYoungsters} = 3,15$; $M_{DistinctionSeekers} = 3,20$; $M_{Independent-Minded} = 3,41$) show that the main drivers of luxury consumption between these two clusters are undoubtedly different, as for the *Independent-Minded* the acquisition of these type of products presents mainly a way of personal rewarding and achievement and not a mean to show to others their latest accomplishments, as can be understood by

the hedonic values that each cluster presents ($M_{AspirationalYoungsters} = 3,02$; $M_{DistinctionSeekers} = 3,06$; $M_{Independent-Minded} = 3,30$). Thus, this is why this cluster is called *Independent-Minded*, as they are not easily influenced by others on their purchases, since they do not need others recognition, since they buy luxury products mainly for their own pleasure and enjoyment and due to the recognized level of quality that luxury products entail. With this logic, it is explicable why this cluster is the one that feels more enjoyment on a luxury store ($M_{AspirationalYoungsters} = 3,03$; $M_{DistinctionSeekers} = 3,22$; $M_{Independent-Minded} = 3,68$) as well as the one that has the higher degree of affection for these products ($M_{AspirationalYoungsters} = 2,98$; $M_{DistinctionSeekers} = 2,68$; $M_{Independent-Minded} = 3,25$), since luxury products are a way to represent special personal successes or events. Thus, the desire for exclusivity ($M_{AspirationalYoungsters} = 3,13$; $M_{DistinctionSeekers} = 2,95$; $M_{Independent-Minded} = 3,68$) and scarcity ($M_{AspirationalYoungsters} = 2,74$; $M_{DistinctionSeekers} = 2,57$; $M_{Independent-Minded} = 2,93$) of the products can also be understood, as one desires more to have unique products, since these give much more pleasure than to own a regular product that everyone can have. The same could not happen with the *Aspirational Youngsters*, since if the products they buy are too exclusive will not serve the main purpose for which they were bought, to be recognized.

For the *Independent-Minded*, it is also important that they can relate to the values of the brands that they buy luxury products from (Self-Identity Value: $M_{AspirationalYoungsters} = 2,59$; $M_{DistinctionSeekers} = 2,77$; $M_{Independent-Minded} = 2,88$). This can be explained by the fact that these consumers buy luxury products mainly with a personal meaning, therefore it is important that these entail values and premises with which they can relate to and they believe.

Lastly, the *Distinction Seekers*, are consumers that do not pursue a personal or a social orientation specifically when buying luxury products. Their interest on luxury lives in

the fact that they desire to be unique, by differentiating from others ($M_{AspirationalYoungsters} = 2,84$; $M_{DistinctionSeekers} = 2,96$; $M_{Independent-Minded} = 2,81$), so these products can be a way of differentiation as it is often seen in this industry personalized and unique products, as pieces of art. As this, it is understandable why these consumers do not recognize the usability of a luxury product (Reduced Usability and Usage of Replicas: $M_{AspirationalYoungsters} = 2,34$; $M_{DistinctionSeekers} = 2,40$; $M_{Independent-Minded} = 2,11$), stating that a replica could work in the same way. Accordingly, they also state that one needs to be somehow snob to acquire this kind of products ($M_{AspirationalYoungsters} = 2,29$; $M_{DistinctionSeekers} = 2,37$; $M_{Independent-Minded} = 2,24$).

Concluding, in this study three different clusters can be distinguished.

Cluster 1, the *Aspirational Youngsters*, which are mainly influenced by extrinsic influences when buying luxury products. These consumers have as main aim to impress others and to create an image of wealth and success, due to the need of social and/or professional recognition. This makes them to be highly influenced by what others use and their judgements about specific brands and products when deciding the purchase to make.

Then, the *Independent-Minded* that clearly recognize the quality that luxury products entail and that buy them, mostly, to reward themselves or due to a special occasion as a gift with a personal meaning. They also look for exclusivity and scarcity on the products as these two conditions enable the buyer to experience a higher level of satisfaction when acquiring the products due to the higher effort they have to do to acquire them.

Finally, the *Distinction Seekers*, that buy luxury products mainly for the differentiation that these can give to its owner, and that do not pursue any orientation in particular.

Chapter 5 | Main Conclusions

In a world of dynamic growth as in the global luxury market, it is critical for managers, researchers and marketers to understand the reasons why consumers buy luxury, what influences them on the buying process, what they believe luxury is and what their perceptions are.

In this perspective, one of the major advantages that luxury brands can have is to know well its consumers. Who they are, how they live, what categories of products they buy, by what and whom they are influenced and what are they looking for in a luxury good are just some of the numerous variables that are crucial to comprehend better the consumer. This specific and valuable knowledge enables luxury brands to build a differentiated marketing mix, enabling improved communication, segmentation of products and services to specific customers and markets, defining pricing policies, the degree of availability of the products, the most appropriate distribution channels, creation of new products more suited to consumers' needs and tastes etc., providing a better allocation of all the resources used, representing a huge competitive advantage over other luxury brands.

To know well its consumers, customer segmentation seems to be the best technique as it groups homogeneous consumers, enabling an easier analysis by companies, since it simplifies the analysis of the data. Therefore, this thesis had as major objective to identify and characterize different types of luxury consumers.

As this, in this chapter the main conclusions regarding the academic and managerial implications of this thesis will be explained. Moreover, the limitations and future research suggestions will also be stated.

5.1. Academic Implications

Previous studies have found that consumers buy luxury goods as a form of conspicuous consumption, in order to signal their wealth and status to others (Bagwell and Bernheim 1996; O’Cass and Frost 2002). However, this explanation assumes that these consumers have sufficient wealth and status to be worth signalling (Tsai 2010), ignoring the individuals that aspire to buy luxury but do not have the financial resources to do it often. The study presented on this thesis entails those individuals, performing the analysis on luxury consumers that either buy a lot or that buy only once or twice a year and that do not spend a lot of money because they cannot (as the *aspirational youngsters* that spend, on average, until 500€ per year). Thus, the study investigates the drivers for luxury consumption besides the actual degree of wealth and/or status of the respondents. This seems to make great sense since middle and middle-high classes have nowadays more disposable income to spend on this type of products, as these aspire to a lifestyle similar to the wealthier ones (Tsai 2010), having become also a target segment for luxury brands. This can be proven by brand and lines extensions that some luxury brands have been doing to appeal to a wider socio-economic range of consumers.

Furthermore, the existent literature does not seem to have investigated and characterized consumers both on their personal and social orientation towards luxury consumption, enabling the identification of the drivers that present a higher influence on the decision-making process. On this study, this is performed, presenting different profiles of customers and their respective drivers for luxury consumption. Also, with this characterization process, the study also shows that the Veblen’s (1899) concept, that luxury is bought with the aim of conspicuous consumption might be too restrictive, as the study showed that consumers are influenced both by intrinsic and extrinsic inspirations, however whit one inspiration always stronger than the other.

5.2. Managerial Implications

The knowledge of all relevant aspects of consumer perceptions of luxury and its value in different market segments are crucial to a virtuous management. With a deeper understanding of the reasons why different consumers segments buy luxury goods, marketers may prompt more sales from their target consumers by effectively address their perceptions and attitudes towards luxury goods. Thus, understanding better the different segments of consumers and their beliefs, enabling to better communicate with them and enhancing the profitability of the brand is the main objective of segmenting customers.

Thus, the first managerial implication that the knowledge of different segments of consumers has is communication and the different messages that brands should entail concerning the fact that consumers are heterogeneous. By knowing their different types of consumers, luxury brands can reach more effectively consumers. With the study presented in this thesis, luxury brand marketers can understand that they should avoid conducting their communications efforts only on the perspective that consumer's buy luxury goods just with the desire to impress others. A comprehensive marketing strategy should be designed for every luxury brand based on the social drivers for luxury consumption, but also on the personal ones, as presented on the proposed conceptual framework. Thus, marketers should also manage their brands with multi positioning strategies, such as enhancing the social status or enhancing consumer's quality perception, in order to address all kinds of consumers. So, luxury marketers should consider this duality in their campaigns. For example, in Asian markets, that are more materialistic than Western markets (Wong and Ahuvia 1998), the social values should be more emphasized than in Western markets. Accordingly, an adaptation of luxury marketing strategies across markets is advisable, in order to improve purchase value for

the several segments of luxury consumers, who differ in their mix of orientations for luxury consumption, leading to the preference of certain brands that satisfy most either the cognitive or their emotional needs. It is also important to state that in any communication campaign the emotional side of luxury must never be forgotten, as one of the most important aspects of luxury as Nia and Zaichkowsky (2000) state.

This study also has validity both in terms of market segmentation and market positioning.

From a market segmentation point of view, by clustering groups of consumers accordingly to their drivers for luxury consumption, marketers will be able to outline different sets of luxury goods that are more suitable for a specific group of consumers. This is important to acknowledge for three main reasons. First, if the employee of the store is able to understand the type of customer that is dealing with, during the selling time, he/she can suggest other products that he/she might think the consumer will also appreciate. This will enable cross-selling, enhancing the profits of the brand and the loyalty of the consumer, as the consumer will acknowledge the experience and the quality of the service. The good experience will also, probably, place the brand on the evoked set of the consumer, making this brand one of the ones that he/she will remember the next time that considers buying a luxury good.

Secondly, luxury firms spend considerable amounts of money on their distribution channels as their plants are located in specific points as good craftsmanship is essential to a luxury good, meaning that these companies have to settle their plants where the trained human resources are. However, the products have to reach every part of the world. By knowing customers and what drives them, luxury brands can ship only certain products to specific markets saving in transportation costs, enabling spending this budget on profitable areas. For example, if in Asian cultures what mostly drives

consumers are extrinsic aspirations, it will be expected that these consumers will mostly prefer products with louder branding signs that enable others to recognize the brand and make the desired association with status and wealth. Thus, a more efficient management of the distribution efforts can be performed.

Finally, by understanding the values that each set of consumers believes in, the designers are also able to design better collections, that meet the desires and needs of the eclectic set of consumers, going more in line with what the consumers are looking for.

On the point of view of market positioning, with the understanding of the values that should be stressed and how and what are the benefits that must be emphasized in order to compete with other luxury brands, according to consumers insights, luxury marketers can constantly monitor the positioning of their brands on the market, enabling a fast action if needed. As this, marketers and researchers can monitor the luxury brand and identify potential declining levels of luxury perceptions, identifying the weaknesses and threats that the brand has faster. Thus, marketers can comprehend if any of the marketing mix parameters might have to be altered, in order to get to the desired and unique positioning. This is of extreme importance as the objective is to be unique, otherwise most of the magic of a luxury brand will be lost.

Concluding, as the luxury market is far from being homogeneous, luxury brands must know well its consumers motivations, values and beliefs in order to incorporate them on their marketing strategies. Moreover, when designing these strategies, managers must also recall in mind that each product category and situational characteristics play an important role on the decision making process, as for each different consumer, each product delivers a certain set of values that can be more or less appropriate for certain situations than others.

Understanding these differences is an important starting point on the process of designing appropriate and effective marketing campaigns.

5.3. Limitations and Future Research

The main goal of this thesis was to establish and discover a multidimensional luxury consumption framework as a basis for identify and characterize different types of luxury consumers. However, in the development of our study, some limitations aroused.

One limitation that the study faced was the number of respondents that was not high. With a higher number of responses a more accurate perception of each cluster could have been acquired.

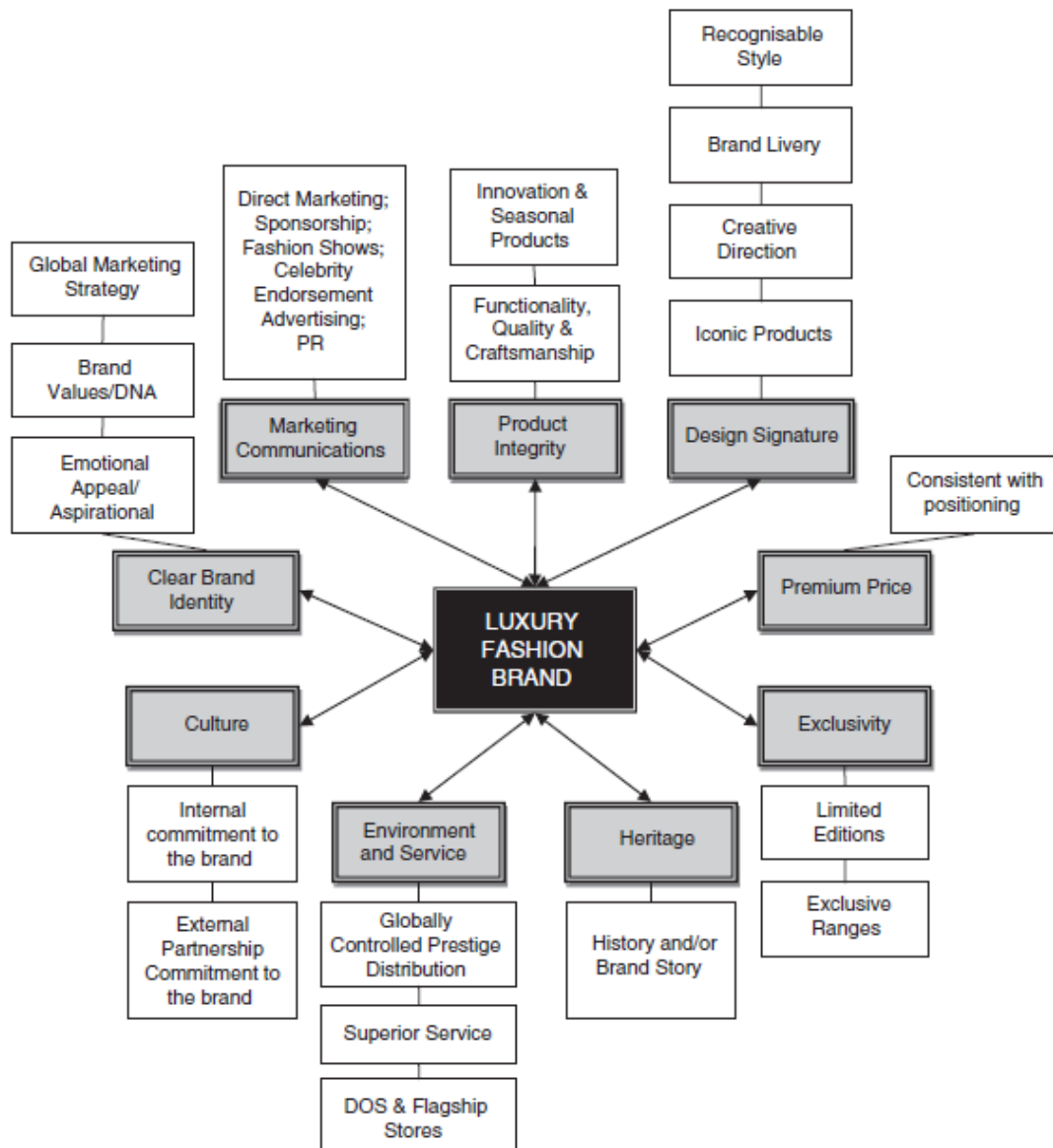
Other limitation was the questionnaire being answered only by Portuguese, residing in Portugal and mainly in Lisbon (59,49%). Thus, the findings can be generalized only to countries that are culturally similar to Portugal, as besides luxury brands have international images (Chu and Keh 2006), the relative importance of the aspirations that drive the luxury consumption may vary from country to country (Truong 2010). As this, it might be foreseen that these results could be slightly inferred to some Western countries, because of the similarity in cultural norms, values and customs (Truong 2010) with Portugal. The same could not be said about Asian countries as these have very different forms of living, being more collective and materialist, contrary to the Western countries that are more individualistic (Hofstede 2001). Therefore, although the results of this study can be carefully extrapolated to other countries similar to Portugal, it would not be correct to extend them too generally. So, to identify luxury consumers on a global level, the next research step could be a cross-cultural study with the collaboration of researchers from different parts of the world, in order to identify global segments of customers.

Another future research step that could be performed is to perform a regression analysis to understand what are the values that most impact each one of the constructs of the conceptual framework proposed. For example, assess if on the Social Value, the Associative Reference Group is more powerful on the decision making process than the Dissociative Reference Group. This will enable a broader and more profound analysis of the drivers of luxury consumption.

Despite the limitations and necessary steps in future research, the primary contribution of this thesis was to develop a framework for luxury consumption, integrating personal and social orientation drivers, in order to characterize and identify relevant behavioural patterns across different segments of customers in the market, enabling luxury brands to better understand their customers and their characteristics to create more efficient marketing strategies.

Appendices

Appendix 1: The Components of a Luxury Fashion Brand



Appendix 2: Online Questionnaire

Introdução:

Gostaríamos de o/a convidar a responder a este questionário, pois a sua opinião é única e relevante.

Os dados recolhidos neste estudo serão utilizados numa tese de mestrado da Católica Lisbon- School of Business & Economics da Universidade Católica Portuguesa, que pretende caracterizar o comportamento dos consumidores de produtos de luxo no mercado português.

Desta forma, as suas respostas serão totalmente anónimas e confidenciais, sendo utilizadas apenas para investigação académica e/ou leccionação. Não há respostas certas ou erradas, pelo que lhe pedimos que responda, por favor, de acordo com as suas reais motivações e crenças. O estudo demora cerca de 10 minutos a ser preenchido.

Desde já agradecemos a sua participação.

Definição de Luxo:

No âmbito deste estudo são entendidos como produtos de luxo os bens que são capazes de preencher tanto as necessidades funcionais como as necessidades emocionais, gerando habitualmente satisfação e prazer naqueles que os adquirem.

Os produtos de luxo são percebidos pela sociedade como tendo altos padrões de qualidade bem como um preço alto e uma oferta limitada, para que a exclusividade e raridade indispensável dos mesmos seja assegurada.

Pedimos-lhe que, por favor, inicie o questionário.

Definição Pessoal de Luxo:

Descreva, por favor, o que luxo significa para si (Questão Aberta).

Conhecimento Geral de Luxo:

Indique, por favor, o seu grau de concordância com as seguintes afirmações (5-points scale – 1 = Discordo Totalmente to 5 = Concordo Totalmente).

- Em geral, considero que os produtos de luxo tem uma qualidade superior.
- Inevitavelmente, os produtos de marcas de luxo são caros.
- Uma réplica de um produto de luxo serve tão bem como o verdadeiro produto de luxo.
- Na minha opinião, os produtos de luxo são demasiado caros para a função que desempenham.
- Um produto para ser de luxo tem que ser, de alguma forma, inútil.
- O luxo é agradável.
- O luxo é inútil.
- O luxo já não se usa.
- O luxo é chamativo.
- O luxo reflecte bom gosto.
- Produtos de luxo fazem-me sonhar.
- Produtos de luxo tornam a vida mais bonita.
- Poderia falar sobre o mercado do luxo durante horas.
- Eu sinto-me à vontade dentro de uma loja de uma marca de luxo.
- Quem compra produtos de luxo tem que ser um pouco "snob".
- Hoje em dia, todos deveriam ter acesso ao luxo.

Frequência de Compra:

1. Por favor, indique com que frequência compra produtos de luxo.

- Nunca
- Raramente
- Com alguma regularidade
- Frequentemente
- Muito Frequentemente

Comportamento do Consumidor no Processo de Compra:

1. Qual o montante anual que habitualmente dispensa, em média, para a compra de produtos que considera de luxo?

- < 500€
- [500€ - 1500€[
- [1500€ - 2500€[
- [2500€ - 3500€[
- [3500€ - 4500€[
- > 4500€

2. Qual a categoria de produto em que habitualmente compra produtos de luxo?

(Escolha até máximo de 3 categorias)

- Pronto-a-vestir
- Alta costura
- Produtos em pele genuína(ex.: Malas, porta moedas, porta-chaves, etc)
- Sapatos
- Acessórios (ex.: Óculos de sol, Lenços, Joalheria de fantasia)

- Relógios
- Alta Joalheria
- Carros
- Arte
- Cosmética

3. Habitualmente, compra este tipo de produtos para quem?

- Para mim mesmo(a)
- Parceiro(a)
- Filhos
- Outros familiares e amigos

Motivações para Comprar Produtos de Luxo:

Gostaríamos agora de compreender o que o/a motiva a adquirir produtos de luxo.

Desta forma, continuaremos o questionário que se encontra dividido em seis secções que visam identificar a sua percepção relativamente a diferentes aspectos relacionados com a compra de produtos de luxo.

Conspicuous Consumption Value:

Nesta primeira secção, pretendemos aferir características que considera relevantes quando está a utilizar um produto de luxo.

Indique, por favor, o seu grau de concordância com as seguintes afirmações (5-points scale – 1 = Discordo Totalmente to 5 = Concordo Totalmente):

- A utilização de marcas de luxo ajuda-me a inserir melhor em situações sociais importantes.
- Gosto de ser visto/a a utilizar marcas de luxo.

- Gosto quando os outros sabem que estou a utilizar marcas de luxo.
- Gosto de utilizar produtos de luxo porque passa uma imagem para os outros de que sou bem sucedido/a financeiramente.
- Gosto de utilizar produtos de luxo porque passa uma imagem para os outros de que tenho posses financeiras.
- Antes de adquirir um produto de luxo é importante saber quem é que usa a marca e/ou produto que estou prestes a adquirir.
- Antes de adquirir um produto de luxo é importante saber o que é que os meus amigos e família pensam da marca e/ou produto que estou prestes a adquirir.
- Quando compro um produto de luxo preocupo-me com o que os outros irão pensar de mim.
- Eu compro muitos produtos de luxo apenas pelo prazer de ter os ter.
- Quanto mais produtos de luxo tenho mais feliz me sinto.
- Gosto de comprar produtos de luxo em que a marca esteja visível para que seja possível outros identificarem-na.
- Só compro produtos de luxo se a marca estiver bem visível.

Uniqueness Value:

Agora, gostaríamos de compreender até que ponto é que a exclusividade e raridade dos produtos de luxo é importante para si quando escolhe produtos de luxo.

Indique, por favor, o seu grau de concordância com as seguintes afirmações (5-points scale – 1 = Discordo Totalmente to 5 = Concordo Totalmente):

- Produtos de luxo têm que ser vendidos em lojas exclusivas e altamente restritas.

- Verdadeiros produtos de luxo não podem ser produzidos em massa.
- Um produto de luxo não pode ser vendido em supermercados.
- Prefiro adquirir produtos de luxo com edições limitadas que apenas alguns podem ter.
- Estou disposto/a pagar um preço mais alto por um produto que apenas alguns têm o privilégio de poder comprar.
- Pessoas que compram produtos de luxo fazem-no para se diferenciarem dos outros.
- Estou disposto/a a pagar um preço mais alto por um produto que me ajude a diferenciar dos outros.

Sociability Value:

Ao vivermos em sociedade, cada um de nós está sujeito a influências externas que influenciam as decisões que tomamos. Nesta secção pretendemos compreender de que forma é estas afectam a sua decisão de comprar produtos de luxo.

Indique, por favor, o seu grau de concordância com as seguintes afirmações (5-points scale – 1 = Discordo Totalmente to 5 = Concordo Totalmente):

- Raramente compro produtos lançados recentemente sem antes saber qual a opinião dos meus amigos.
- Quando compro produtos de luxo, geralmente compro marcas que sei que os outros irão aprovar.
- Se compro um produto de luxo em que a marca é visível, compro a marca que os outros esperam que eu compre.
- Se eu me quero parecer com alguém, geralmente compro nas mesmas marcas que essa pessoa.

- Geralmente identifico-me com outras pessoas por comprar os mesmos produtos de luxo e marcas que elas.
- Eu não compraria um produto ou uma marca de luxo que seja utilizada por pessoas com as quais não me quero associar.
- Eu deixaria de comprar um produto e/ou marca de luxo se descobrisse que alguém que não pertença ao meu estrato social a está a utilizar.

Quality Value:

Recorrendo agora às influências mais pessoais, nesta secção, pretendemos compreender de que forma é que a qualidade percebida por si influencia a sua selecção final de produtos de luxo.

Indique, por favor, o seu grau de concordância com as seguintes afirmações (5-points scale – 1 = Discordo Totalmente to 5 = Concordo Totalmente):

- A superior qualidade do produto é a minha principal razão para comprar produtos de luxo.
- Quando compro um produto de uma marca de luxo coloco mais importância na qualidade do mesmo do que no prestígio que posso adquirir ao utilizar a marca.
- Quando compro um produto de luxo considero como mais importante a performance e as características do mesmo em vez da opinião dos outros.
- Não considero comprar uma marca de luxo que seja preferida por muitos mas que não preencha os meus requisitos de qualidade.

Hedonic Value:

Agora nesta secção iremos fazer-lhe algumas questões relacionadas com a forma como se sente quando compra produtos de luxo.

Indique, por favor, o seu grau de concordância com as seguintes afirmações (5-points scale – 1 = Discordo Totalmente to 5 = Concordo Totalmente):

- Quando estou de mau humor compro produtos de luxo para mim mesmo/a, como presentes, para aliviar a carga emocional.
- Compro produtos de luxo como meio para me presentear quando quero celebrar algo que fiz e do qual me sinto orgulhoso/a.
- Compro produtos de luxo como meio para me presentear quando quero celebrar alguma ocasião significativa para mim.
- Compro produtos de marcas de luxo só porque é algo que é agradável para mim, independentemente de ser ou não ser agradável para outros.
- Produtos de marcas de luxo são, para mim, fontes de prazer, independentemente dos sentimentos dos outros.
- Desfruto das marcas de luxo que compro, independentemente do que outros possam sentir e/ou pensar sobre elas.
- Comprar marcas de luxo traz significado à minha vida.
- A minha auto-realização é um factor que me leva a comprar produtos de luxo.
- Consumir produtos de luxo melhora a minha qualidade de vida.

Self-Identity Value:

Agora gostaríamos de compreender de que forma é que é importante para si que o produto de luxo adquirido e a marca deste o/a espelhem a si e às suas convicções.

Indique, por favor, o seu grau de concordância com as seguintes afirmações (5-points scale – 1 = Discordo Totalmente to 5 = Concordo Totalmente):

- As marcas de luxo que compro reflectem a pessoa que acredito ser.
- As marcas de luxo que compro ajudam-me a comunicar aos outros quem eu sou.
- As marcas de luxo que compro ajudam a expressar-me.
- As marcas de luxo que compro ajudam a definir-me.

Dados Demográficos:

Para terminar, gostaríamos de lhe perguntar algumas questões de foro demográfico.

1. Género:

- Feminino
- Masculino

2. Indique por favor a sua idade:

- < 18
- 18-22
- 23-27
- 28-32
- 33-37
- 38-42
- 43-47
- 48-52
- 53-57
- 58-62

- 63-67
- > 67

3. Estado Civil:

- Solteiro/a
- Casado/a
- Separado/a
- Divorciado/a
- Viúvo/a
- União de Facto

4. Quantos filhos tem?

- 0
- 1
- 2
- 3
- 4
- 5
- Mais do que 5

5. Por favor indique qual a sua formação académica:

- 4º Ano
- 9º Ano
- 12º Ano
- Licenciatura (Pré-Bolonha)

- Licenciatura (Pós-Bolonha)
- Mestrado (Pré-Bolonha)
- Mestrado (Pós-Bolonha)
- Pós-Graduação
- Doutoramento

6. Por favor indique qual o rendimento anual do seu agregado familiar.

- 15000-30000 euros
- 30000-45000 euros
- 45000-60000 euros
- 60000-75000 euros
- 75000-100000 euros
- mais que 100000 euros
- Não sei / Não quero responder

7. Em que distrito reside?

- Aveiro
- Beja
- Braga
- Bragança
- Castelo Branco
- Coimbra
- Évora
- Faro
- Guarda

- Leiria
- Lisboa
- Portalegre
- Porto
- Santarém
- Setúbal
- Viana do Castelo
- Vila Real
- Viseu
- Açores
- Madeira
- Não vivo em Portugal

8. Em que distrito nasceu?

- Aveiro
- Beja
- Braga
- Bragança
- Castelo Branco
- Coimbra
- Évora
- Faro
- Guarda
- Leiria
- Lisboa

- Portalegre
- Porto
- Santarém
- Setúbal
- Viana do Castelo
- Vila Real
- Viseu
- Açores
- Madeira
- Não nasci em Portugal

9. Formação Académica do seu Pai:

- 4º Ano
- 9º Ano
- 12º Ano
- Licenciatura
- Mestrado
- Pós-Graduação
- Doutoramento

10. Formação Académica da sua Mãe:

- 4º Ano
- 9º Ano
- 12º Ano
- Licenciatura

- Mestrado
- Pós-Graduação
- Doutoramento

Agradecimento:

Mais uma vez, muito obrigada por colaborar connosco. O seu contributo é muito importante. Se estiver disposto/a a ser contactado/a novamente para futuros estudos, por favor insira o seu e-mail: _____.

Appendix 3: Univariate Outliers

Variable	Variable Name	Number of Univariate Outliers
Before purchasing a luxury product it is important to know what my friends think of different luxury brands or products.	Desire to Impress 2	1
I like to buy luxury products where the brand is visible to others, so that others are able to identify it.	Brand Visibility 1	2
I only buy luxury products if the brand is visible to others.	Brand Visibility 2	2
When buying luxury products, I generally purchase those brands that I think others will approve of.	Actual Reference Group 2	2
If other people can see me using a luxury product, I often purchase the brand they expect me to buy.	Actual Reference Group 3	1
I would stop using a product if I would find out that it is being used by people from a different status than mine.	Dissociative Reference Group 2	2
The product quality superiority is my major reason for buying a luxury brand.	Quality 1	2
I place emphasis on the quality assurance over prestige when considering the purchase of a luxury brand.	Quality 2	1
I incline to evaluate myself the substantive attributes and performance of a luxury brand rather than listening to others' opinions.	Quality 3	1
The luxury brand preferred by many people but that does not meet my quality standards will never enter into my purchase consideration.	Quality 4	2

Appendix 4: Final Constitution of the Scales for Profiling

Drivers	Construct	Scale	Items	Adapted from
Social Orientation	<i>Conspicuous Consumption Value</i>	Prestige & Status	Luxury brands help me fit into important social situations.	Wilcox, Kim, and Sen 2009
			I like to be seen wearing luxury brands.	
			I enjoy it when people know I am wearing a luxury brand.	
		Financial image (Wealth)	I like to use luxury products because it passes the image to others that I am wealthy.	Truong 2010 (Adapted)
			I like to use luxury products because it passes the image to others that I am financially successful.	
		Desire to impress relevant others (Prestige value in social networks)	Before purchasing a luxury product it is important to know what kind of people buy the brand or product.	Wiedmann, Hennings, and Siebels 2009 (Adapted)
			Before purchasing a luxury product it is important to know what my friends think of different luxury brands or products.	
	When I buy a luxury product, I worry about what others will think of me.			
	Materialistic desire	I buy a lot of luxury products just for the pleasure to have them.	Created by the author	
		The more luxury products I have the happier I tend to be.		
	Branding Visibility (Brand Origin)	I like to buy luxury products where the brand is visible to others, so that others are able to identify it.	Created by the author	
		I only buy luxury products if the brand is visible to others.		
	<i>Uniqueness Value</i>	Exclusivity Perception	Luxury products need to be sold in unique and highly restricted stores.	Created by the author
			True luxury products cannot be mass-produced.	Wiedmann, Hennings, and Siebels 2009
A luxury product cannot be sold in supermarkets.				
Scarcity		I prefer luxury products with limited edition, that only few can own.	Created by the author	
		I am willing to pay an extra premium to hold a product that only few own the same.		
Differentiation toward others		People who buy luxury products try to differentiate themselves from others.	Wiedmann, Hennings, and Siebels 2009	
	I am willing to pay an extra premium for products that will help me differentiate.	Created by the author		

Final Constitution of the Scales for Profiling (Cont.)

Drivers	Construct	Scale	Items	Adapted from
Social Orientation	<i>Sociability Value (Reference Groups)</i>	Actual RG (Group where the consumers belongs to)	I rarely purchase the latest luxury fashion styles until I am sure my friends approve of them.	Shukla 2010
			When buying luxury products, I generally purchase those brands that I think others will approve of.	
			If other people can see me using a luxury product, I often purchase the brand they expect me to buy.	
		Aspirational RG	If I want to be like someone, I often try to buy the same brands that they buy.	Shukla 2010
			I often identify with other people by purchasing the same luxury products and brands they purchase.	
		Dissociative RG	I would not buy a product that is used by people I do not associate myself with.	Created by the author
I would stop using a product if I would find out that it is being used by people from a different status than mine.				
Personal Orientation	<i>Quality Value</i>	Quality	The product quality superiority is my major reason for buying a luxury brand.	Tsai 2005
			I place emphasis on the quality assurance over prestige when considering the purchase of a luxury brand.	
			I incline to evaluate myself the substantive attributes and performance of a luxury brand rather than listening to others' opinions.	
			The luxury brand preferred by many people but that does not meet my quality standards will never enter into my purchase consideration.	
	<i>Hedonic Value</i>	Self-gift giving	When in bad mood, I may buy luxury brands as self-given gifts for alleviating the emotional burden.	Tsai 2005
			Purchasing luxury brands can be seen as giving myself gifts to celebrate something I do and feel excited about.	
			Purchasing luxury brands can be seen as giving myself gifts to celebrate an occasion that I believe significant to me.	
	Self-directed pleaseue	I buy a luxury brand only because it is pleasant to me, so I do not care about whether it pleases others.	Tsai 2005	
		Luxury brands are one of the sources for my own pleasure without regard to the feelings of others.		
		I can enjoy luxury brands entirely on my own terms no matter what others may feel about them.		
Personal meaning (Life enrichment)	Purchasing luxury brands provides deeper meaning in my life.	Wiedmann, Hennings, and Siebels 2009		
	Self-actualization is an important motivator for my luxury consumption.			
	Luxury consumption enhances the quality of my life.			

Final Constitution of the Scales for Profiling (Cont.)

Drivers	Construct	Scale	Items	Adapted from
Personal Orientation	<i>Self-identity Value</i>	Self-identity	Luxury brands reflect the kind of person I see myself to be.	Wilcox, Kim, and Sen 2009
			Luxury brands help me communicate my self-identity.	
			Luxury brands help me express myself.	
			Luxury brands help me define myself.	
Characterization		Usability and Replicas	A fine replica of a luxury brand is just as good.	Dubois, Czellar, and Laurent 2005
			In my opinion, luxury is too expensive for what it is.	
			A product must be somewhat useless to be a luxury product.	
			In m opinion, luxury is useless.	
			In my opinion, luxury is old fashioned.	
		Taste and Quality	In general, luxury products are better quality products.	Dubois, Czellar, and Laurent 2005
			Luxury products inevitably are very expensive.	
			In my opinion, luxury is pleasant.	
			In my opinion, luxury is flashy.	
		Affected-Related Themes	In my opinion, luxury is good taste.	Dubois, Czellar, and Laurent 2005
			Luxury makes me dream.	
			Luxury products make life more beautiful.	
		Single Items	I could talk about luxury for hours.	Dubois, Czellar, and Laurent 2005
			I would feel at ease in a luxury shop.	
			One needs to be a bit of a snob to buy luxury products.	

Appendix 5: Final Cluster Scales

Group	Item
Demographics	Gender
	Age
	Civil State
	# of Children
	Annual Income
	Level of Education
	Level of Education of the Father
	Level of Education of the Mother
Shopping Habits	Purchase Frequency
	Average Annual Amount Spent
	Who do you buy for?

Group	Item	Items Composition	Adapted from
Perceptions and Behavior	Single Items	I would feel at ease in a luxury shop.	Dubois, Czellar, and Laurent 2005
		One needs to be a bit of a snob to buy luxury products.	
		Today, everyone should have access to luxury goods.	
	Affection to Luxury	Luxury makes me dream.	Dubois, Czellar, and Laurent 2005
		Luxury products make life more beautiful.	
		I could talk about luxury for hours.	
	Usability and Replicas	A fine replica of a luxury brand is just as good.	Dubois, Czellar, and Laurent 2005
		In my opinion, luxury is too expensive for what it is.	
		A product must be somewhat useless to be a luxury product.	
		In my opinion, luxury is useless.	
		In my opinion, luxury is old fashioned.	
	Taste and Quality	In general, luxury products are better quality products.	Dubois, Czellar, and Laurent 2005
		Luxury products inevitably are very expensive.	
		In my opinion, luxury is pleasant.	
		In my opinion, luxury is flashy.	
		In my opinion, luxury is good taste.	

Appendix 6: Frequencies of Demographics and Shopping Habits

Gender:

Gender	Aspirational Youngsters	Distinction Seekers	Independent-Minded
Female	61,3%	72,5%	67,6%
Male	38,7%	27,5%	32,4%
	100,0%	100,0%	100,0%

Age:

Age	Aspirational Youngsters	Distinction Seekers	Independent-Minded
18 - 22	6,5%	0,0%	0,0%
23 - 27	48,4%	0,0%	2,9%
28 - 32	32,3%	7,8%	20,6%
33 - 37	12,9%	19,6%	17,6%
38 - 42	0,0%	21,6%	35,3%
43 - 47	0,0%	19,6%	11,8%
48 - 52	0,0%	11,8%	11,8%
43 - 57	0,0%	17,6%	0,0%
58 - 62	0,0%	2,0%	0,0%
	100%	100%	100%

Civil State:

Civil State	Aspirational Youngsters	Distinction Seekers	Independent-Minded
Single	80,6%	15,7%	2,9%
Married	19,6%	60,8%	61,8%
União de Facto	0,0%	7,8%	29,4%
Divorced	0,0%	11,8%	2,9%
Separated	0,0%	2,0%	2,9%
Widow	0,0%	2,0%	0,0%
	100%	100%	100%

Number of Children:

# Children	Aspirational Youngsters	Distinction Seekers	Independent-Minded
0	87,1%	33,3%	29,4%
1	9,7%	13,7%	11,8%
2	3,2%	43,1%	41,2%
3	0,0%	7,8%	17,6%
4	0,0%	2,0%	0,0%
	100,0%	100,0%	100,0%

Level of Education: Consumer, Consumer's Father and Consumer's Mother:

Level of Education	Consumer		
	Aspirational Youngsters	Distinction Seekers	Independent-Minded
12º Ano	3,2%	0,0%	5,9%
Undergraduate	12,9%	0,0%	73,5%
Bolonha Undergraduate (3ys)	25,8%	0,0%	0,0%
Masters	9,7%	5,9%	17,6%
Bolonha Masters	32,3%	7,8%	0,0%
Pós-Graduação	6,5%	25,5%	2,9%
Doutoramento	9,7%	60,8%	0,0%
	100%	100%	100%

Level of Education	Consumers' Father			Consumers' Mother		
	Aspirational Youngsters	Distinction Seekers	Independent -Minded	Aspirational Youngsters	Distinction Seekers	Independent -Minded
4º Ano	19,4%	17,6%	2,9%	12,9%	23,5%	8,8%
9º Ano	19,4%	17,6%	8,8%	25,8%	17,6%	0,0%
12º Ano	12,9%	15,7%	20,6%	22,6%	11,8%	47,1%
Undergraduate	32,2%	41,2%	44,1%	29,1%	45,1%	38,2%
Masters	16,2%	7,8%	23,5%	9,7%	2,0%	5,8%
	100%	100%	100%	100%	100%	100%

Annual Income:

Annual Income	Aspirational Youngsters	Distinction Seekers	Independent-Minded
15.000€ - 30.000€	42,1%	9,5%	5,9%
30.000€ - 45.000€	21,1%	21,4%	17,6%
45.000€ - 60.000€	31,6%	14,3%	23,5%
60.000€ - 75.000€	5,3%	21,4%	5,9%
75.000€ - 100.000€	0,0%	19,0%	17,6%
More than 100.000€	0,0%	14,3%	29,4%
	100,0%	100,0%	100,0%

Place of actual residence/birth:

Where does the consumer...	Lives ?			Was born at?		
	Aspirational Youngsters	Distinction Seekers	Independent-Minded	Aspirational Youngsters	Distinction Seekers	Independent-Minded
Braga	0,0%	5,9%	0,0%	3,2%	2,0%	0,0%
Castelo Branco	3,2%	2,0%	2,9%	3,2%	2,0%	0,0%
Coimbra	9,7%	5,9%	5,9%	6,5%	3,9%	0,0%
Évora	0,0%	0,0%	0,0%	0,0%	0,0%	5,9%
Faro	3,2%	5,9%	0,0%	0,0%	3,9%	5,9%
Guarda	0,0%	0,0%	0,0%	0,0%	3,9%	0,0%
Leiria	0,0%	0,0%	2,9%	0,0%	2,0%	0,0%
Lisboa	64,5%	68,6%	67,6%	54,8%	51,0%	58,8%
Porto	9,7%	2,0%	5,9%	9,7%	13,7%	11,8%
Santarém	0,0%	2,0%	2,9%	3,2%	0,0%	2,9%
Setúbal	3,2%	3,9%	8,8%	0,0%	0,0%	2,9%
Viana do Castelo	0,0%	2,0%	0,0%	0,0%	0,0%	0,0%
Vila Real	3,2%	2,0%	0,0%	0,0%	2,0%	0,0%
Viseu	3,2%	0,0%	0,0%	3,2%	0,0%	2,9%
Açores	0,0%	0,0%	2,9%	0,0%	0,0%	2,9%
Overseas	0,0%	0,0%	0,0%	16,1%	15,7%	5,9%
	100%	100%	100%	100%	100%	100%

Frequency of Purchase of Luxury Items Annually:

Frequency of Purchase	Aspirational Youngsters	Distinction Seekers	Independent-Minded
Rarely	58,1%	37,3%	38,2%
Quite Frequently	38,7%	52,9%	47,1%
Frequently	3,2%	9,8%	14,7%
Very Frequently	0,0%	0,0%	0,0%
	100,0%	100,0%	100,0%

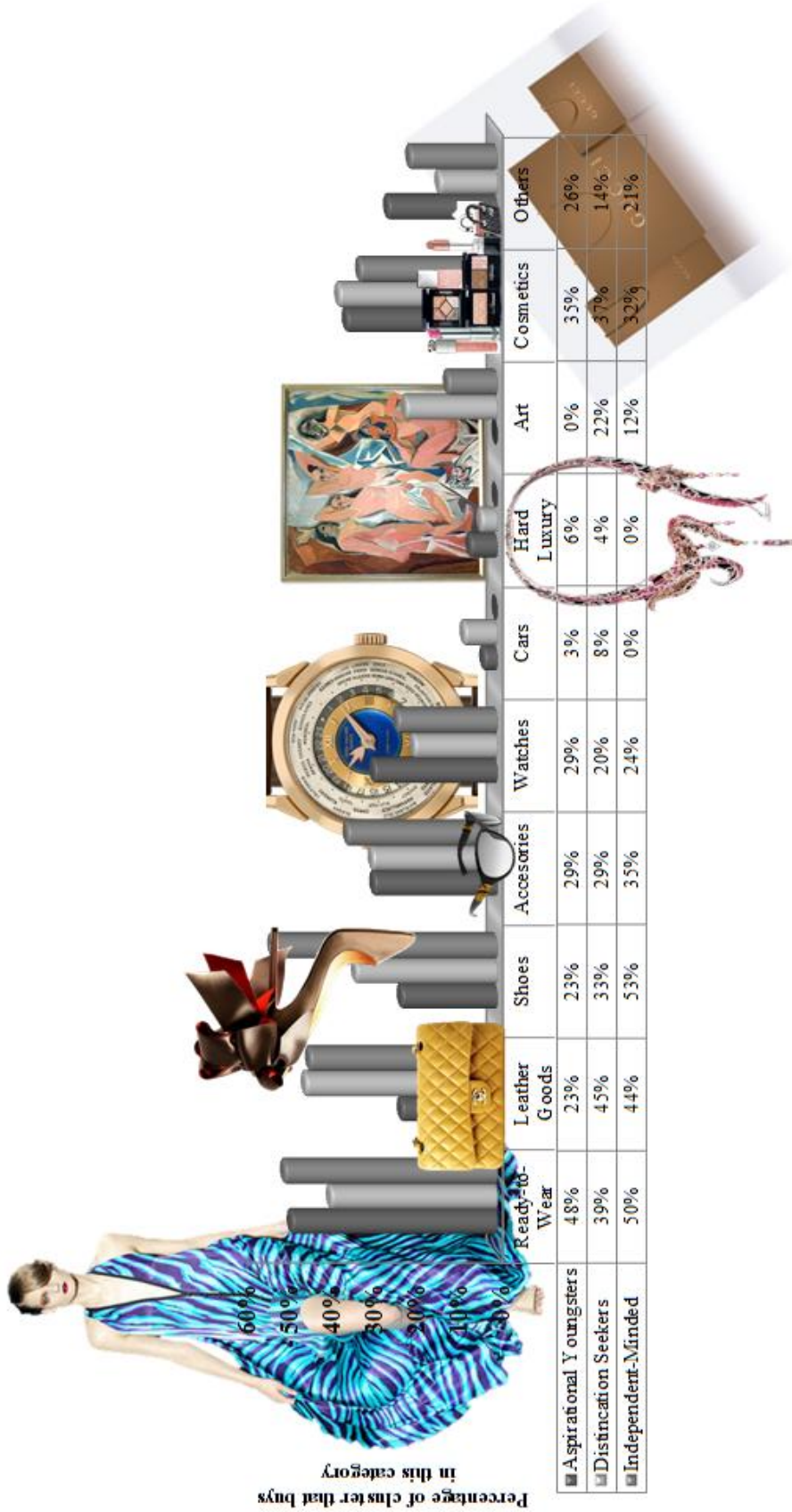
Amount Spent, on Average, Annually on Luxury Goods:

Amount Spent on Luxury/Year	Aspirational Youngsters	Distinction Seekers	Independent-Minded
Less than 500€	54,8%	23,5%	14,7%
500€ - 1500€	35,5%	31,4%	29,4%
1500€ - 2500€	6,5%	11,8%	23,5%
2500€ - 3500€	0,0%	9,8%	11,8%
3500€ - 4500€	0,0%	7,8%	0,0%
More than 4500€	3,2%	15,7%	20,6%
	100,0%	100,0%	100,0%

Destination of the Purchases:

For whom are the purchases?	Aspirational Youngsters	Distinction Seekers	Independent-Minded
For me	87,1%	86,3%	73,5%
For my partner	9,7%	9,8%	20,6%
For my children	0,0%	3,9%	2,9%
Others and family	3,2%	0,0%	2,9%
	100,0%	100,0%	100%

Most bought categories:



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