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How Millennial Consumers Have Increased the Demand for Luxury Brands.

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<p>This thesis researches how Millennials consumers have increased the demand for luxury brands. The global luxury market has experienced a steady growth during the past decade, exceeding €1tn. in 2015 and, perhaps surprisingly, Millennials have largely contributed to this growth.</p> <p>In order to give insight to the topic, the research starts by explaining why consumers consume in general, followed by a discussion defining what luxury brands are and why consumers desire to purchase their products.</p> <p>The research then provides an introduction to the Millennial consumer by explaining how the members of this generation have grown up and which traits make them unique as consumers in comparison to other generations. After this section, the research focuses on the relationship between Millennials and luxury brands and how this generation has increased the demand of these brands. The research then presents the results of the primary research, which was conducted in order to test and support the arguments of the literature review in regard to how Millennials have increased the demand for luxury brands.</p> <p>The final part of the research includes a conclusion of the topic, presents limitations, and suggests further research.</p>	
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Contents

1	Introduction	1
2	Introduction to Consumer Behaviour	2
2.1	<i>Why do Consumers Consume?</i>	2
2.2	<i>Need or Problem Recognition</i>	3
2.3	<i>Goals/Wants and Beliefs</i>	3
2.4	<i>Non-Buying States</i>	5
2.5	<i>Factors Influencing Consumer Behaviour</i>	5
3	Luxury Brands	6
3.1	<i>What are Luxury Brands?</i>	6
3.2	<i>The Reasons for Purchasing Luxury Brands</i>	10
4	Introducing the Millennial Consumer	15
4.1	<i>Who are Millennials?</i>	15
4.2	<i>The Upbringing of Millennials</i>	15
4.3	<i>Millennials as Consumers</i>	17
5	The Millennial Consumer and Luxury Brands	18
5.1	<i>Social Media and Pop Culture</i>	19
5.2	<i>Trading up and Trading down</i>	21
5.3	<i>Quality and Experiences</i>	22
5.4	<i>From Exclusivity to Accessibility</i>	23
5.5	<i>The Innovations of Luxury Brands</i>	24
6	Research findings	25
6.1	<i>Demographics</i>	25
6.2	<i>Attitudes towards luxury brands</i>	26
6.3	<i>Social Media</i>	30
6.4	<i>Results of Statements</i>	32
7	Conclusion	39
8	Limitations and further research	40
	References	41

Appendices

Appendix 1. Survey Questionnaire

List of Figures and Tables

Figure 1. Example of the linear display of purchase behaviour in marketing literature.

Figure 2. Factors influencing buyer behaviour.

Figure 3. The Conceptual Model of Wiedmann.

Figure 4. Age of Participants in study.

Figure 5. Important Characteristics of Luxury Brands.

Figure 6. Product groups of Luxury Brands bought by participants.

Figure 7. Breakdown of how often the participants purchase products from luxury brands.

Figure 8. Purpose of using social media.

Figure 9. Responses to the first two statements of Question 22.

Figure 10. Responses to Statements 3-5.

Figure 11. Responses to Statements 6-10.

Figure 12. Responses to Statements 11-15.

Figure 13. Responses to Statements 16-21.

Figure 14. Responses to Statements 22-24.

Table 1. Top 10 Luxury Good Companies.

1 Introduction

This thesis explores and researches how Millennial consumers have increased the demand for luxury brands. The global luxury market has experienced a steady growth during the past decade, exceeding €1tn. in 2015 and, perhaps surprisingly, Millennials have largely contributed to this growth.

The members of this generation, which is most commonly referred to as "Millennials" were born between the years 1980 and 2000. Every generational cohort has specific traits in common and what makes Millennials unique as a generation is the way they have been brought up by their parents and the time in which they have grown up.

Also being called "digital natives", Millennials have grown up surrounded by personal computers, Internet access, and are used to operating mobile devices, i.e. smartphones and tablets, with ease. Furthermore, this generation is often described as being optimistic, social, connected, tech savvy, diverse, open to change, and independent. It is this generation's upbringing combined with the personal traits attributed to Millennials that are reflected in the way Millennials behave as consumers, how they interact with brands, and what they expect from them.

In regards to luxury brands, Millennials have increased their demand due to this generation's social media usage and the influence of pop culture as well as their appreciation of quality and brand names. Furthermore, Millennials have been enabled to purchase luxury brands, and hence increased the demand, by benefitting from evolving purchase behaviours, namely trading up and down, and the fact that luxury has become more accessible over the past years and includes experiences, such as traveling and dining out, these days. Finally, knowing about the importance of capturing this large generation and trying to establish long-lasting relationships, also luxury brands themselves have undergone innovations in order to become and stay desirable to consumers.

The research starts by examining why consumers consume in general, followed by a discussion defining what luxury brands are and why consumers desire to purchase

their products. The research then provides an introduction to the Millennial consumer by explaining how the members of this generation have grown up and which traits make them unique as consumers in comparison to other generations. After this section, the research focuses on the relationship between Millennials and luxury brands and how this generation has increased the demand of these brands. The research then presents the results of the primary research, which was conducted in order to test and support the arguments of the literature review in regards to how Millennials have increased the demand for luxury brands. The final part of the research includes a conclusion of the topic, presents limitations, and suggests further research.

2 Introduction to Consumer Behaviour

As a starting point as to how Millennials have increased the demand for luxury brands, this chapter is going back to the very essence of why consumers purchase and consume in general, as defined in marketing literature.

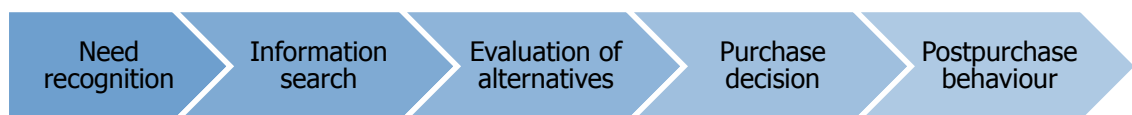
2.1 Why do Consumers Consume?

Consumers purchase and consume products and services for several reasons. To give a few general examples to start the topic, a consumer might notice that he is hungry and will hence buy food. Another consumer might see another person wearing a certain pair of shoes and will decide to buy the same or similar ones. Yet another consumer might realise that he or she does not want to use the supermarket's plastic bags anymore, due to perhaps ecological reasons, and will therefore decide to buy a reusable bag for groceries. These examples are a fraction of reasons as to why consumers purchase. However, they all have one factor in common: the consumer recognises a need or a want for something that he or she currently does not possess (O'Shaughnessy, 2013: 53; Kotler et al., 2005: 279; Blackwell et al., 2006: 71).

2.2 Need or Problem Recognition

In the marketing literature there are several approaches as to how and why consumers purchase and consume. Purchase behaviour is often displayed in a linear manner starting with the recognition of a need before proceeding to various other stages and, finally, acquiring a product followed by the post-purchase evaluation thereof (Kotler et al., 2005: 291). Figure 1. gives an example of how the stages of purchasing behaviour are often displayed.

Figure 1. Example of the linear display of purchase behaviour in marketing literature (Kotler et al., 2005: 279).



To many authors writing about consumer behaviour, need or problem recognition represents the foundation of buying and hence the basis of all future purchasing activity – although not every recognition of a need must and will result in purchase eventually. The rationale as to why consumers satisfy a need is often given by the concept of motivation. A motive is “a need that is sufficiently pressing to direct the person to seek satisfaction of the need” (Kotler et al., 2005: 916). Here, there are different approaches given in the literature. While for example Kotler et al. (2005: 268) claim that a need transfers to a motive or drive when urgent enough, Blackwell et al. (2006: 310) describe motivation more as a stimulus of one’s overall readiness to act – also assuming that the need is perceived as strong enough. Nevertheless, both approaches lead to the same conclusion. Hence, if the experienced need is strong enough, the consumer will be motivated enough to act on it and eventually purchase the product he or she believes will satisfy or overcome a specific need.

2.3 Goals/Wants and Beliefs

Another approach - in opposition to the consumer feeling deprived of something, to why consumers buy is provided by John O'Shaughnessy (2013: 53) who defines the interplay of consumers' goals, wants and beliefs as the starting point of all purchase activity. According to O'Shaughnessy (2013: 53), consumers buy with the broad goal of achieving overall happiness or their "preferred life vision" and/or seek to eliminate or prevent negative impacts on their lives. A consumer's goal can be for example to be healthy and avoid being unhealthy and his or her purchase behaviour might be therefore in accordance with this goal, depending on how important this goal currently is to the consumer. However, there is neither a guarantee nor a secure path readily available for every consumer to follow to achieve their particular goals, which is because goals and how they are achieved are highly individual (O'Shaughnessy, 2013: 57). Each consumer has a personal vision of what his or her goals in life are and these goals are reflected in what they choose to buy. O'Shaughnessy (2013: 57) points out that purchases are rarely "an isolated event but part of an overall lifestyle". Furthermore, consumers usually have several goals at once and not all of them can be pursued simultaneously and they hence have to prioritise some goals over others, which is referred to as the "consumer's value system" (O'Shaughnessy, 2013: 56). The goals of a consumer therefore set the basic guidance, i.e. and not a complete plan, to what needs to be undertaken to achieve the set goal as well as which products are likely to achieve it (O'Shaughnessy, 2013: 57). These could be for instance a washing machine to wash clothes or a watering can to water plants etc.

In order for a product to be considered for purchase, a consumer must want it - regardless if he or she will actually buy it (O'Shaughnessy, 2013: 57). Most of what consumers buy is based on specific wants rather than needs or desires (O'Shaughnessy, 2013: 58). This is because it is debatable whether all needs, as they are often mentioned in consumer behaviour literature, are actually needs by nature or rather a want (O'Shaughnessy, 2013: 58). Consumers need nutrition in order to survive but most commonly, consumers do not just purchase any food in order to fulfil this need and rather choose what they want instead. Simultaneously, a consumer might need a car as a means of transport but might want that car to be manufactured by a specific maker. Hence, purchasing a car is no less than a means of transportation as it is a way of symbolising something about the consumer to his or her environment. Consumers often want rather than need, which applies especially to societies where the majority

of needs can be easily satisfied with the resources available to the consumer (O'Shaughnessy, 2013: 59). Finally, the consumer needs to believe that a certain product will enable him or her to achieve the overall goals he or she seeks to satisfy in order to want a product - regardless whether this belief is true or false (O'Shaughnessy, 2013: 60).

2.4 Non-Buying States

Having a want and a belief towards a product does not automatically result in the consumer buying it. This is due to:

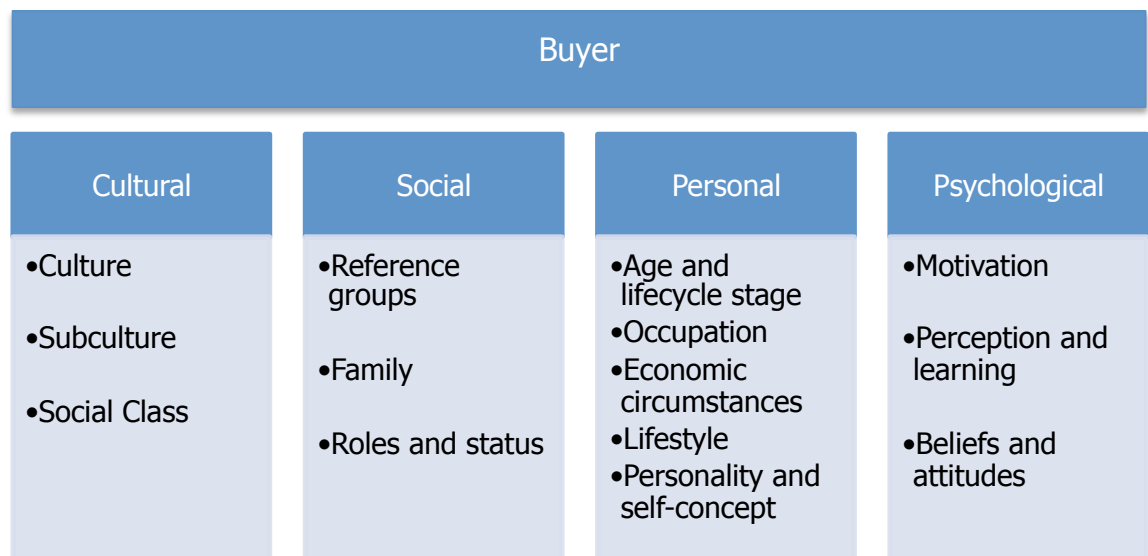
- Latent wants – i.e. the consumer might not be aware of wanting a product,
- Passive wants – i.e. the consumer wants a product but has no intention to actually buy it,
- Exclusionary reasons – e.g. lack of financial resources (O'Shaughnessy, 2013:67).

Hence, it is possible that even if a consumer wants a product, he or she will still not buy it. Wanting a certain product is no guarantee for actually purchasing it in the end (O'Shaughnessy, 2013: 67).

2.5 Factors Influencing Consumer Behaviour

As consumers are not isolated individuals but part of cultures, societies, groups etc. several factors of the consumer's environment have an influence on buying behaviour, too. These factors are shown in Figure 2. below.

Figure 2. Factors influencing buyer behaviour (Kotler et al., 2005: 256).



As can be seen from Figure 2., environmental stimuli, including culture and social factors as well as the consumer's variables, shown as personal and psychological features all have an influence on the consumer's behaviour – in addition to situational factors and marketing stimuli.

3 Luxury Brands

This chapter gives insight into what luxury brands actually are as well as the primary reasons to why consumers purchase them.

3.1 What are Luxury Brands?

Definitions on what is a luxury brand vary broadly. This is because the essential definition of luxury and what it means to consumers changes continuously, is highly subjective and overall a concept that has progressed and altered for centuries (Brun & Castelli, 2013: 826; Bellaiche et al., 2010: 2). While there are some basic concepts available that suggest what a luxury brand should encompass, the literature on this topic appears to have difficulties to provide a universal definition (Brun & Castelli, 2013: 828; Doss & Robinson, 2013: 426). Nonetheless, one widely recognised definition by Nueno and Quelsh (1998: 62) determines that "luxury brands are those whose ratio of

functional utility to price is low while the ratio of intangible and situational utility to price is high". According to this definition, luxury products have, in relation to their price, little functional advantage over their, for instance, lower-priced competitors' products but the consumer can justify their price by their ability to signal status and other hedonistic values important to those purchasing these brands.

Although the definition provided by Nueno and Quelsh (1998: 62) describes the topic in its essence, it is perhaps too rational when describing such an emotionally loaded and even philosophical subject. In terms of luxury, for instance, to some finding time to read a book can be a luxury, to others spending a vacation in an expensive resort might be a luxury - although the underlying concept in both examples given here is time. Others might think of luxury in terms of very expensive products or a certain lifestyle that is only available to the wealthiest. Some might have a negative attitude towards luxury – perhaps also due to the fact that luxury only used to be available to the wealthiest and wealth stemming from societal inequalities; and thus view it as unnecessary, while others think positively about it and think that luxury is in fact necessary (Mortelmans, 2005: 500). Hence, if there is an agreement on how the term luxury is understood, perceived, and valued it is by accepting that it varies to a great extent (Bellaiche et al., 2013: 2).

Due to the absence of an explicit definition, many authors writing about luxury brands rather look at the characteristics unique to such brands in order to illustrate the concept further. Although perceived differently, there are some characteristics common to so-called luxury brands that give some guidance and understanding to the matter. Authors Chevalier and Mazzalovo (2008: 19) claim that luxury brands are differentiated from mass-market products by their design processes that ultimately result in unique, esthetical signature products, resulting from years of experience and exceptional craftsmanship. Further features attributed to luxury brands that support this image are premium quality, the usage of rare and/or quality materials, heritage, a global reputation, a distinguishing style, unique design, as well as superior technical performance (Nueno & Quelch, 1998: 62; Brun & Castelli, 2013: 831; Bellaiche et al., 2010: 2; Chevalier & Mazzalovo, 2008: 14). Bellaiche et al. (2010: 2) further add that luxury brands are characterised by producing goods that are exclusive and "superior to the ordinary", which again highlights how subjective this topic can be. Furthermore, these

characteristics also partly reflect the premium prices at which luxury brands most commonly sell their products. It should be noted though, that while having these attributes helps to be perceived as a luxury brand, none of them are a guarantor for being perceived as one. Mortelmans (2005: 504) claims that any product can become a luxury product once some of the necessary characteristics are in place.

Moreover, the concept of a luxury brand is not limited to just a few companies in specific industries. Luxury brands can be found among many companies who produce and sell “such goods as cars, yachts, wines and spirits, clothing, leather goods, shoes, accessories, watches, jewellery, cosmetics and perfumes, but also services including luxury hospitality and spas” (Brun & Castelli, 2013: 823). Furthermore, luxury brands are often comparatively small in size, although they often belong to large groups, and enjoy a high level of brand awareness (Chevalier & Mazzalovo, 2008: 4). This is because consumers are often exposed to advertisement of these brands, e.g. in magazines, and generally seem to be curious about them since luxury brand products are usually those that then set the trends of the time (Chevalier & Mazzalovo, 2008: 2; 14). This curiosity towards luxury brands is also a result of the exclusive, rare and sometimes even mysterious aura that surrounds these brands and that luxury brands eagerly try to maintain in order to stay in the focus and desirable (Mortelmans, 2005: 505). Table 1. gives examples of the Top 10 luxury good companies defined by Deloitte in 2016.

Table 1. Top 10 Luxury Good Companies (Deloitte, 2016: 20).

Luxury goods sales ranking FY14	Company name	Selection of luxury brands	Country of origin	FY14 Luxury goods sales (US\$m)
1	LVMH Moët Hennessy-Louis Vuitton SA	Louis Vuitton, Fendi, Bulgari, Loro Piana, Emilio Pucci, Acqua di Parma, Donna Karan, Loewe, Marc Jacobs, TAG Heuer, Benefit Cosmetics	France	23,297
2	Compagnie	Cartier, Van Cleef & Arpels,	Switzerland	13,217

	Financiere Richemont SA	Montblanc, Jaeger-LeCoultre, Vacheron Constantin, IWC, Piaget, Chlo�, Officine Panerai		
3	The Est�e Lauder Companies Inc.	Est�e Lauder, M.A.C., Aramis, Clinique, Aveda, Jo Malone; Licensed fragrance brands	US	10,780
4	Luxottica Group SpA	Ray-Ban, Oakley, Vogue Eyewear, Persol, Oliver Peoples; Licensed eyewear brands	Italy	10,172
5	The Swatch Group Ltd.	Breguet, Harry Winston, Blancpain, Longines, Omega, Rado; Licensed watch brands	Switzerland	9,223
6	Kering SA	Gucci, Bottega Veneta, Saint Laurent, Balenciaga, Brioni, Pomellato, Girard-Perregaux, Ulysse Nardin	France	8,984
7	Chow Tai Fook Jewellery Group Limited 周大福珠宝集团有限公司	Chow Tai Fook, Hearts on Fire	Hong Kong	8,285
8	L'Or�al Luxe	Lanc�me, Biotherm, Helena Rubinstein, Urban Decay, Kiehl's; Licensed brands	France	8,239
9	Ralph Lauren Corporation	Ralph Lauren, Polo Ralph Lauren, Purple Label, Black Label, Double RL, RLX Ralph Lauren	US	7,620
10	PVH Corp.	Calvin Klein, Tommy Hilfiger	US	6,441

To sum it up, there is no clear definition on what luxury brands are precisely. Nonetheless, those brands that are seen as luxury brands all have specific attributes in common that often link back to the unique features of their products combined with clever marketing strategies, encompassing all steps from product, price, promotion to distri-

bution. The result of these strategies is that these brands are perceived as exclusive and not as readily attainable as lower priced products in the same categories and further feed into the image of something exclusive, only available to a few lucky ones and out of the ordinary. It should be noted that while luxury brands aim to be perceived as luxurious, in the end it is up to each and every consumer to decide if it has indeed achieved this status, as a result of marketing and branding tactics and techniques.

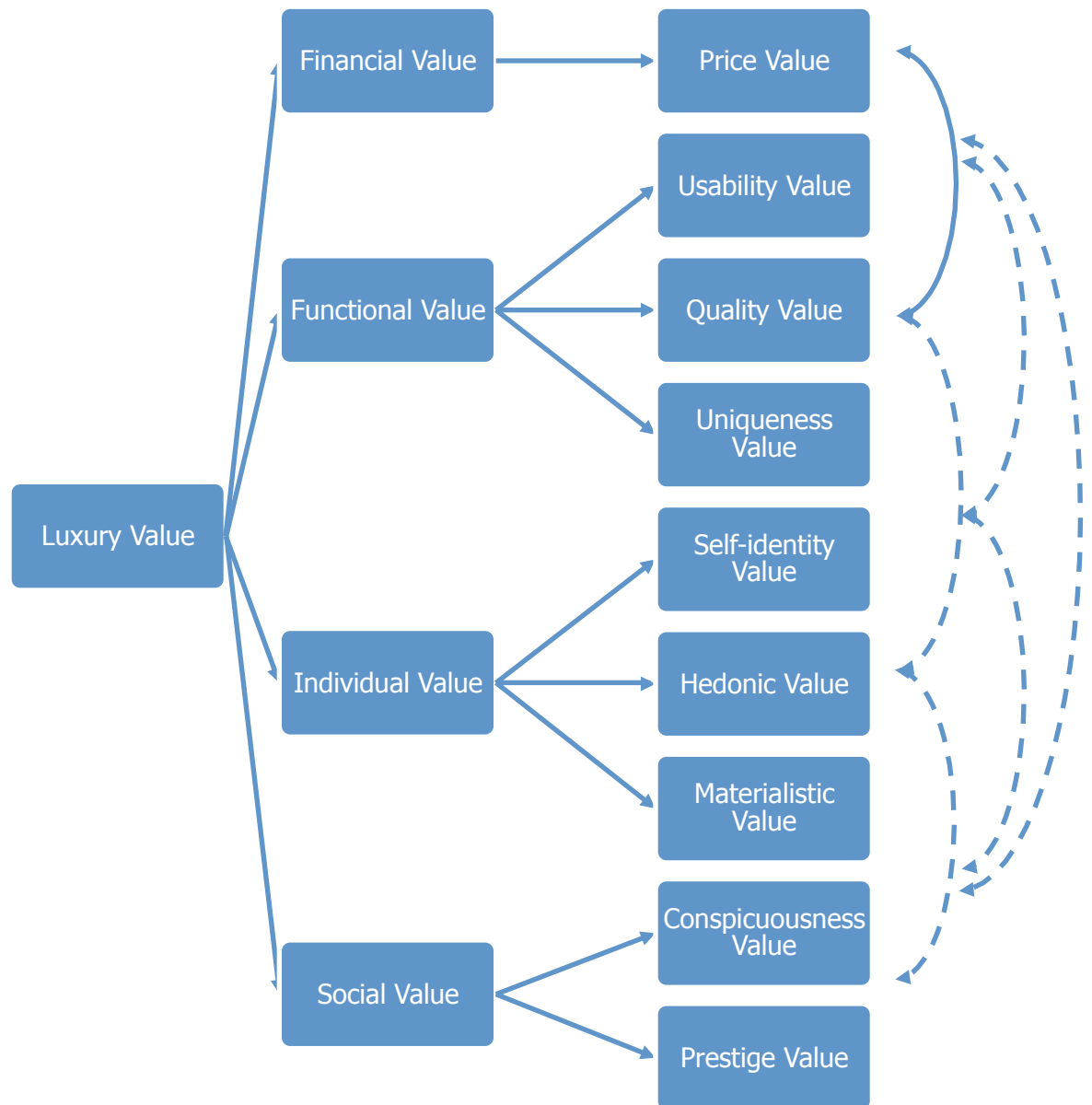
3.2 The Reasons for Purchasing Luxury Brands

There are several different factors present that give insight to the reasoning of buying luxury brands. As many authors writing about the subject point out, luxury brand products often do not perform better than their lower-priced counterparts and are therefore often purchased for different reasons, or goals, than their mere functional features. Purchasing hence also often occurs because of specific "psychological benefits" that consumers seek (Hudders, 2012: 609; Sivanathan & Pettit, 2010: 565; Wiedmann et al., 2009: 627). However, the psychological benefits and motives for purchasing luxury brands, including wanting to create, enhance or maintain a certain image, are often not the sole explanation of the desirability of these brands either. There are other factors that come into play, often linking back to the basic characteristics of what makes a brand a luxury brand. Thus, consumers equally buy luxury brands because of their appreciation of craftsmanship and overall outstanding design, or superior technical performance (Wiedmann et al., 2009: 627).

Wiedmann et al. (2009: 628) have developed a model (see Figure 3.) explaining the different factors and dimensions of luxury brands that are important to understand why consumers purchase them. The model is based on different dimensions, which are "financial, functional, individual, and social" (Wiedmann et al., 2009: 628). The financial dimension refers to the overall value and price of the product and the functional dimension refers to the core functionality of it, taking into account additional factors such as "quality, uniqueness, usability, reliability, and durability" (Wiedmann et al., 2009: 628). Additionally, the individual dimension encompasses the consumers' overall attitudes towards luxury brands by individual traits including "materialism, hedonism and self-identity" (Wiedmann et al., 2009: 628). Finally, the social dimension includes

the social benefits gained when acquiring a luxury brand product (Wiedmann et al., 2009: 628).

Figure 3. The Conceptual Model of Wiedmann et al. (2009: 269).



At the same time, Wiedmann et al. (2009: 628) attribute a number of values to luxury brands, that are in line with their overall characteristics as discussed in Chapter 3.1, and that are of significance when explaining why consumers purchase these brands.

The first value is the price. Although, the prices of luxury brands are often significantly higher than those of other brands selling similar products, a high price can often serve as an appreciated indicator of superior quality to some consumers, which are therefore willing to buy the product. Higher prices can thus increase the desirability of a product. It should be noted though that a high price does not automatically indicate that a product is luxurious (Wiedmann et al., 2009: 629).

The “usability value” refers to the overall functionality of the product and its ability to satisfy the goals sought by the consumer (Wiedmann et al., 2009: 630; Mortelmans, 2005: 508). Consumers have high expectations of luxury brands and therefore demand the products to perform outstandingly (Wiedmann et al., 2009: 630). Generally, the promise of a perfectly performing product can be a reason for consumers to buy the luxury version available and therefore spend more (Wiedmann et al., 2009: 630). Luxury brands praise themselves for their rigorous quality standards that are reflected in the claimed superiority of their products. This reassurance of high quality can be a motivator for consumers to purchase these products, hoping or believing that it adds more value to the product (Wiedmann et al., 2009: 630; Hudders, 2012: 611).

Another important feature is the “uniqueness value” of luxury brands, which assumes that the more unique, exclusive and rare a product is – in addition to a high price, the more desirable and valuable it becomes to some consumers (Wiedmann et al., 2009: 630; Hudders, 2012: 611; Mortelmans, 2005: 505). What further adds to this value is that the product is not accessible for anyone but a few because of the high price. Due to these premium prices, the products are not easily accessible to everyone and hence feed into the aura of exclusivity that is often attributed to luxury brands. By being able to afford luxury brands, consumers may wish to signal to their environment that they are able to afford something that others cannot, which means that luxury brands enable them stand out from the masses and hence serve as a differentiating factor (Wiedmann et al., 2009: 630; Mandel et al., 2006: 57).

While the previous mentioned product or brand values refer to the luxury brands and what they can offer to consumers, the following values refer to the general mind-set of the consumers. The “self-identity value”, as the name suggests, refers to the consumers’ self-concept and the relationship of thereof with the image of certain products and

how they fit together (Wiedmann et al., 2009: 631). Consumers often purchase and portray products as a means to communicate their personality and/or other information about themselves to others, which for example Dubois & Duquesne (1993: 43) call the extended self-personality model (Sivanathan & Pettit, 2010: 565; Mandel et al., 2006: 57; Wiedmann et al., 2009: 631; Hudders, 2012: 610). Whether or not a product fits to a consumer, depends on the product's promises and overall desirability as well as the consumer's mind-set.

Furthermore, luxury brands often have a certain emotional value attached to them, which Wiedmann et al. (2009: 631) refer to as "hedonic value". According to them "hedonism describes the perceived subjective utility and intrinsically attractive properties acquired from the purchase and consumption of a luxury brand as arousing feelings and affective states received from personal rewards and fulfilment" (Wiedmann et al., 2009: 631). In regards to luxury brands, also the consumer's level of materialism needs to be considered, as some consumers are more materialistic than others - defined by Wiedmann et al., (2009: 632) as "materialistic value". Materialistic consumers are prone to have a favourable attitude towards luxury brands due to the general importance placed on possessing certain items (Wiedmann et al., 2009: 632; Hudders, 2012: 612). It is also the materialistic consumers who are likely to view their possessions as an important means to communicate and display a certain image to the public (Wiedmann et al., 2009: 632; Hudders, 2012: 612). This ties in with the "conspicuous value" of luxury brands, as publicly consumed brands are likely to be more conspicuous than those intended for private consumption (Wiedmann et al., 2009: 632). The conspicuous value is hence important to consumers who wish to display themselves to their environment as e.g. wealthy and belonging to a certain social group (Wiedmann et al., 2009: 633; Hudders, 2012: 610). This desire to portray and/or enhance a specific image about oneself is an especially strong motivator leading to purchase action in regards to publicly consumed luxury brands, i.e. the ones that are obvious to the environment (Wiedmann et al., 2009: 633; Hudders, 2012: 618). Since these products, which can be anything from clothes, to accessories, to cars etc., are publicly displayed, they give the owner the possibility of being perceived as unique and differentiated from the mass and/or social classes of lower ranks (Wiedmann et al., 2009: 633; Mandel et al., 2006: 57). Simultaneously, purchasing luxury brands may enable the consumer to fit in with the standards of their reference groups while also sharing infor-

mation about their personality to these groups (Wiedmann et al., 2009: 633; Hudders, 2012: 610). In contrast to public luxury brands are privately consumed luxury brands. When it comes to the latter category of luxury brands, the consumer's image and aspirational groups are not as much of a motivator for purchasing (Hudders, 2012: 618). Here, consumers tend to be more motivated to conform to the norms of their reference group, including friends and family, as these are the ones who are most likely to see these products (Hudders, 2012: 618).

Finally, luxury brands, due to their "prestige value" in social networks, may be used by consumers with the goal of fitting in with specific groups such as the work environment, friends, family but also the aspirational groups, as previously stated (Wiedmann et al., 2009: 633; Hudders, 2012: 610; Mortelmans, 2005: 510). Being able to afford luxury brands can mean to some consumers that they are perceived as being wealthy and belonging to a certain social class and status – whether this is true or not (Wiedmann et al., 2009: 633; Truong et al., 2010: 346). In this case, consumers either imitate the purchasing patterns of the group they would like to belong to, thus their aspirational group, or, if they are already part of what others perceive as aspirational group, their reference group (Hudders, 2012: 610; Truong et al., 2010: 347). If consumers seek to conform to the norms of their aspirational group, they might purchase luxury brands in order to lift their social status and prestige to be associated with this group (Hudders, 2012: 612; Mortelmans, 2006: 516; Kapferer & Valette-Florence, 2016: 122). Sivanathan & Pettit (2010: 564) note that seeking a higher status is a common drive and motivator for all human beings and can be achieved through various means, e.g. "through the accumulation of wealth, education, and social ties with high-status individuals". Nonetheless, some consumers take a "shortcut" and use luxury brands in order to be perceived as wealthy or of a certain status even though they are not (Sivanathan & Pettit, 2010: 564). It should be noted, that luxury brands only function as a social compass if the product and/or its brand are recognisable enough by the public (Kapferer & Valette-Florence, 2016: 122). Unless this is the case, the consumer owning said luxury brands would not achieve the desired outcome.

4 Introducing the Millennial Consumer

The media and also literature have paid a lot of attention to Millennials. Before examining the relationship between luxury brands and Millennials, this chapter will provide an introduction to who Millennials are, how they have grown up, and how their consumer behaviour differs from previous generations.

4.1 Who are Millennials?

The term "Millennials" is used to describe the generation consisting of those born between 1980 and 2000 (Young & Hinesly, 2012: 147). This generation is 1.8 billion members strong and is therefore to date the largest generation (Millennial Week, 2014). Millennials grew up in times of steady economic growth - ended by the global financial crisis in 2008, rapid technological developments and innovations, but also experienced a world shaken by terror attacks, most evidently starting with 9/11 (Lyons, 2016a; Yarrow & O'Donnell, 2009: 11; Ellwood & Shekar, 2008: 91; Parment, 2012: 5). Moreover, this generation grew up in a world where the global climate change has become predominant and its consequences are reflected in lifestyle changes and the adaption of thereof (Barton et al., 2012b).

4.2 The Upbringing of Millennials

To a large extent, the terms used to describe this generation range from being confident, tech savvy, diverse, open to change, independent, optimistic to being connected (Barton et al., 2013; Gustafson, 2015; Lyons, 2016b; Young & Hinesly, 2012: 147; Ellwood & Shekar, 2008: 91). However, especially older generations and also organisations have the tendency to refer to Millennials as selfish, lazy, entitled and narcissistic, to name a few and also Millennials themselves refer to their generation rather negatively than previous generations have done so (Boston Consulting Group, 2013; Lyons, 2016b).

That a whole generation is characterised as being particularly open, self-confident and carefree is not entirely a coincidence. The majority of Millennials have been raised by

parents belonging to the Baby Boomer Generation, whom themselves have often been raised by war-affected parents (Yarrow & O'Donnell, 2009: 6). Yarrow and O'Donnell (2009: 6) point out that Millennials have been raised by parents that have been actively involved in and interested in the upbringing of their children unlike any generation before. These parents have paid a lot of interest and attention to subjects like child psychology as well as the overall positive and individual development of their children (Yarrow & O'Donnell, 2009: 6). The parents of Millennials wanted to be an active part in the lives of their children and provided them with the best the world could offer them (Lyons, 2016a). The results are often strong and positive relationships between Millennials and their families and are shown in the overall positive attitudes towards life and its opportunities to this generational cohort (Yarrow & O'Donnell, 2009: 7).

Another major factor contributing to the fact that Millennials are noticeably different from precedent generations are the technological advancements that this generation has experienced and grown up with (Boston Consulting Group, 2013; Barton et al., 2012b; Yarrow & O'Donnell, 2009: 7). Starting from an early age, the members of this generational cohort are used to having access to personal computers and learnt how to operate them intuitively (Barton et al., 2012b; Yarrow & O'Donnell, 2009: 8; Parment, 2012: 25). More recently followed by the adaptation to high-tech mobile devices that are now also an integrative part of the lives of many Millennials (Barton et al., 2012b). Furthermore, Millennials have witnessed the widespread adoption of the Internet, and also the evolution of social media platforms, and are therefore used to having steady access to whichever information and knowledge they desire to seek from an early age on (Yarrow & O'Donnell, 2009: 8).

It is this steady access to information and connectedness that majorly shape the lives of this generation, which is furthermore highly social and tends to be surrounded by a large network consisting of their family, friends, colleagues and other like-minded people – whether on- or offline (Barton et al., 2012b; Yarrow & O'Donnell, 2009: 9; Parment, 2012: 92). The members of this generation enjoy socialising and surrounding themselves with people and do not hold back to share and display their lives and experiences on various social media channels, including Facebook, Instagram, YouTube or Pinterest (Barton et al., 2012b; Ellwood & Shekar, 2008: 94).

4.3 Millennials as Consumers

Due to these influences, this generation is often seen as very different and unique in comparison to previous generations. The influences of the two major factors that contribute to the uniqueness of this generation that were outlined above are also reflected in the Millennials' consumer behaviours (Boston Consulting Group, 2013; Yarrow & O'Donnell, 2009: 2).

Firstly, Millennials engage far more with companies and brands than any other generation before them (Boston Consulting Group, 2014; Baron, 2015; Barton et al., 2013). Given the development of various social media platforms on which one cannot only find the profiles of individuals but also have become important platforms for many companies, Millennials are used to the ability of reaching out to brands directly via e.g. messaging them directly on Facebook (Barton et al., 2012b; Cardamenis, 2015). Also for example on Instagram, consumers can share images on which they can tag the products and companies that can be seen on these images (Yarrow & O'Donnell, 2009: 52). At the same time, this leads to a shift in communication between brands and their consumers. Whereas before, the communication was predominantly one-sided with companies communicating about their brands and what they stand for, these days also consumers contribute a large amount to this communication (Yarrow & O'Donnell, 2009: 30; Ellwood & Shekar, 2008: 95). Millennials know that they are influential due to the option of sharing anything they want about a brand quickly and knowing that they will reach a large amount of people with it (Barton et al., 2012; Yarrow & O'Donnell, 2009: 12). This can also put companies in a difficult position as negative feedback can spread much quicker than before and companies are expected to handle these types of feedback effectively (Boston Consulting Group, 2014; Yarrow & O'Donnell, 2009: 12). Nonetheless, the ability of being directly in touch with their consumers also provides immense opportunities as companies can see how their consumers are using their products and what their consumers think about them (Baron, 2015). At the same time, this also deepens the relationship between a brand and its consumers, which can lead to an increased brand loyalty (Yarrow & O'Donnell, 2009: 28).

In terms of brand loyalty, Millennials seem to be less loyal to brands in general than the members of older generations (Giovanni et al., 2015: 23; Jay, 2012; Parment,

2012: 89). Given the large array of brands available to them, Millennials are picky shoppers that expect their own values to be represented by the brands that they purchase (Boston Consulting Group, 2014; Barton et al., 2012b). As the majority of Millennials are now in their twenties and thirties, it can be assumed that a large amount of them are still in stages in their lives where their values will still alter (Giovanni et al., 2015: 24). Hence, if Millennials are buying brands that currently represent their values, one can expect that it is natural for Millennials to grow out of the brands they buy more quickly than e.g. Gen X'ers (Barton et al., 2012b).

Millennials are very thoughtful about buying brands that represent and reflect who they are and what they stand for (Boston Consulting Group, 2014). However, at the same time the opinions of others are also very important to them (Boston Consulting Group, 2014). In comparison to other generations, Millennials tend to shop in groups and the opinions of others are a large influence on whether they are going to purchase something or not (Barton et al., 2012a; Giovanni et al., 2015: 23). This does not only have an effect on what Millennials buy but also how they purchase. Due to their overall scepticism towards e.g. advertisement and other information provided by companies themselves, Millennials rather trust and base their purchase decisions on peer-reviews that they can easily access on the Internet – often while they are still in the store (Barton, 2015; Barton et al., 2012b). This also means that they find a lot of information about products online (Yarrow & O'Donnell, 2009: 9).

Given the fact that Millennials have whichever information readily available to them also leads to this generation often being portrayed as impatient and as having a "I want it all and I want it now" attitude, resulting in them being viewed as demanding consumers (Barton et al., 2012b; Yarrow & O'Donnell, 2009: 9).

5 The Millennial Consumer and Luxury Brands

This chapter examines the relationship between Millennials and luxury brands and how and why they constitute to the increased demand for these brands. During the past decade, the global luxury market has benefited from a constant growth, "exceeding

€1tn" globally in 2015, and is experiencing a seismic demographic shift as Millennials are reaching their peak earning years and Baby Boomers start to retire (Kollewe, 2015; Gustafson, 2015; Schmidt, 2015). Already now, Millennials contribute largely to the growth of the luxury market as they spend more money on luxury brands than any generation before them and are expected to spend more money on luxury brands than Baby Boomers by 2017 (Gustafson, 2015; Baron, 2015; Cardamenis, 2015). What is also unique about this generation is that Millennials start buying luxury brands at a younger age than previous generations (Jay, 2012). The Economist (2014) forecasts that "by 2026 the main consumers of luxury will be Millennials".

Even though the majority of Millennials are yet to reach their peak earning years, commonly reached at the ages between 35-54, this generation already spends a significant amount of their disposable incomes on luxury brands and hence also contribute to the on-going growth of this market (Schmidt, 2015; Barton et al., 2013). There are various factors contributing to Millennials spending on luxury brands and increasing the demand thereof – many of them pointing to an evolved type of consumer as well as the concept of luxury evolving with and because of them.

5.1 Social Media and Pop Culture

The popularity of social media platforms and blogs in combination with Millennials' overall desire for branded products have increased the demand for luxury brands. This is due to several reasons. First of all, in comparison to previous generations, Millennials place a lot of importance on brands as a means to communicate their identity to their environment, which, as discussed in the Chapter 3.2, is, among others, an overall motivator for purchasing luxury brands (Giovanni et al., 2015: 23; Yarrow & O'Donnell, 2009: 27; Ellwood & Shekar, 2008: 101; Parment 2012: 1). Therefore, given the popularity of social media platforms, a lot of Millennials do not only portray their identities to an offline environment but also online (Baron, 2015; Yarrow & O'Donnell, 2009: 52). According to a report on social media usage by Andrew Perrin (2015), 90% of young American adults aged 18 to 29 use social media. Hence, a lot of Millennials are avid social media users and do not only consume the content displayed on these platforms but also actively contribute content (Boston Consulting Group, 2014; Baron, 2015; Barton et al., 2012b; Cardamenis, 2015). Social media platforms, including Facebook, In-

stagram, YouTube, Pinterest, and Snapchat, are highly visual and a lot of focus is placed on appearance and experiences that are shared with a large community (Faw, 2012). Moreover, portraying a certain image on social media platforms and getting a lot of "likes" on the content shared can be an important self-validation factor and confidence boost to some (Baron, 2015; Barton et al., 2012b). Also celebrities use these platforms to give insights to their lives as well as the brands that they buy and possess, ready for anyone to observe who is interested. Therefore, there is a certain amount of pressure on Millennials to conform to the norms of their reference group – while also being perceived as individual, as well as the norms of their aspirational group (Yarrow & O'Donnell, 2009: 111). Furthermore, the popularity of celebrities, in real life and on social media, can lead to the goal of wanting to own the same products and brands as they do, either to feel closer to this celebrity or to imitate their behaviour in order to boost one's own ego (Boston Consulting Group, 2014; Yarrow & O'Donnell, 2009: 114). Another interesting factor to observe is that social media platforms, and also blogs, themselves have enabled some of their users to reach a similar level of popularity or celebrity status (Yarrow & O'Donnell, 2009: 116). Combining this with the fact that today's pop-culture is filled with reality TV formats, à la "The Kardashians" for instance, who display ordinary people reaching fame and fortune by doing nothing much more than having their lives filmed, it is not surprising that a lot of Millennials aspire to achieve something similar as well (Yarrow & O'Donnell, 2009: 40). How did this development increase the demand for luxury brands? These influencers have an effect on what Millennials view as desirable to consume as most of what they portray on these platforms needs to be influential, desirable and unique enough for others to be wanted as well and are thus often products of luxury brands (Barton et al., 2012b; Yarrow & O'Donnell, 2009: 42). The major influencers on social media platforms have the financial resources necessary in order to purchase luxury brands and are hence portraying them online as well as often being brand ambassadors of certain luxury brands who receive items to portray on social media for free (Barton et al., 2012b; Yarrow & O'Donnell, 2009: 28). To give an example, Kylie Jenner, a Millennial herself, has 65 million (!) followers on Instagram and not only is she showing herself wearing and using certain luxury brands but she also indicates their names. This has an impact on the spending on luxury brands by Millennials who wish to imitate the person they are inspired by. And Kylie Jenner is just one of many (social media) influencers. Also, seeing other people "succeeding" on social media and being able to afford

certain types of products can motivate other consumers to think “if she can afford it, so can I” (Giovanni et al., 2015: 23). As the standard of what makes inspirational and aspirational content on these platforms is raised to exceptional experiences, extravagant travels and/or owning luxury brands, naturally this serves as a motivation to many to live by these “rules” or new standards.

5.2 Trading up and Trading down

Millennials increase the demand for luxury brands by finding ways to make luxury accessible for themselves. Given the fact that not every member of the Millennial, or any other, generation is affluent enough to purchase luxury brands at all times, they benefit from a purchasing pattern of trading up and trading down, which ultimately also results in an evolved type of luxury consumer as well as increasing the possibility of purchasing luxury brands. This trend, or behaviour, means that consumers prioritise their spending activities differently than before by spending less money on everyday commodities (trading down) in order to save additional financial resources to spend on other products, services or experiences that provide more enjoyment (trading up) (Faw, 2012; Giovanni et al., 2015: 23; Ellwood & Shekar, 2008: 101). What has been previously looked down at as penny pinching is these days considered smart and has become common practice. As pointed out by Kapferer and Valette-Florence (2016: 122), the world of luxury is a dream world that many consumers would like to have access to and which many achieve, even if on an irregular basis, by trading down on other product categories (Giovanni et al., 2015: 23). Additionally, the rise of “discounter” grocery stores, including Aldi and Lidl, have made it possible, as well as fashionable, to save money by offering everyday necessities with similar quality but at lower prices. This behaviour can be also observed for other categories where consumers mix and match affordable, e.g. fashion items, with luxury brands (Yarrow & O’Donnell, 2009: 44; Ellwood & Shekar, 2008: 91). For instance a consumer might shop the basics at, e.g. Zara, but then purchase handbags and shoes from a luxury brand. As stated before, Millennials earn currently less on average than members of older generational cohorts, but by trading down in certain product categories, also this generation is able to spend on luxury brands among others (Cardamenis, 2015). Hence, not only are Millennials interested in brands but also ensure to be able to purchase these brands by adjusting their purchasing patterns.

As pointed out before, Millennials are interested in and attracted to brands and place high importance on displaying these to their environments as a means to communicate their identity - also with the goals of displaying a certain status (Giovanni et al., 2015: 23; Yarrow & O'Donnell, 2009: 22). This is where the age of Millennials should be considered as a lot of them are still young and in the process of "finding themselves" where a lot of importance is placed on reflect a certain image to the environment which is unique enough but still conforming to the norms (Giovanni et al., 2015: 24; Barton et al., 2012a; Ellwood & Shekar, 2008: 109). By finding unique ways on how to mix and match affordable items with luxury brands, this enables them to differentiate themselves from the masses while still conforming to the norms of their reference groups.

5.3 Quality and Experiences

Additionally, Millennials have increased the demand for luxury brands because of them valuing products differently as well as redefining the concept of luxury. As pointed out before, it has been noticed that Millennials expect brands to represent the values important to them (Boston Consulting Group, 2014; Ellwood & Shekar, 2008: 108). Moreover, Millennials avoid spending money on just any product but value authenticity, craftsmanship, originality and heritage to ensure that the money used on products is well spent (Yarrow & O'Donnell, 2009: 44; MSLGROUP PBJs, 2015). Some argue that this makes Millennials natural consumers for luxury brands, as these are the brands offering the value these consumers are looking for (Gustafson, 2015; MSLGROUP PBJs, 2015). It is not necessarily only about trying to establish an image of being rich and wealthy, or pretending to be, rather than naturally choosing brands that embrace and incorporate their values and offer them the best quality possible (Ellwood & Shekar, 2008: 95). While previous generations are portrayed as making expensive purchases as a one-time event, Millennials expect more from the products they decide to buy (Faw, 2012; Jay, 2012). This is because a product in order for them to be worthy of possessing, needs to provide an experience – which also implies how the term luxury is evolving as it is no longer exclusive to certain products but also starts applying to, for instance, dining out and travels (Schmidt, 2015; Gustafson, 2015; Baron, 2015; Faw, 2012; MSLGROUP PBJs, 2015, The Economist, 2014). It must be an experience of its

own to own a particular product and there also should be stories revolving around it and the brand involved. After all, Millennials are the generation of sharing every aspect of their lives with the broader community, whether in the form of a share-worthy photo posted on Instagram or in the form of physically meeting up with friends. Simultaneously, this also ties in with their strive of wanting to stand out from the masses by investing in products that enable them to achieve this (Ellwood & Shekar, 2008: 99).

5.4 From Exclusivity to Accessibility

Furthermore, Millennials have grown up in times where the nature of luxury has and is changing from something that has only been available to an exclusive and wealthy set of consumers to being also accessible to consumers of lower incomes. This so-called "democratisation of luxury" or "new luxury" has the effect that luxury is being viewed as the norm rather than something exclusive these days and luxury brands being more accessible (Silverstein & Fiske, 2002: 2; Brun & Castelli, 2013: 833). To give an example, traditional luxury brands like, for instance, Marc Jacobs or Chlo  , have introduced cheaper and hence more accessible product lines, targeted to those whose income might not be high enough (yet) to purchase their traditional product lines (Silverstein & Fiske, 2013: 6). Also other traditional luxury brands have started selling so-called entry-level products by, for instance, offering make-up and accessories (Deloitte, 2016: 4; Brun & Castelli, 2013: 833). Both Millennials and luxury brands benefit from this strategic move, also called "masstige" or "old luxury brand extensions", because it enables these brands to establish themselves in the minds of consumers whose income might not be at a point where they could purchase products of their traditional product lines (Brun & Castelli, 2013: 833; Silverstein & Fiske, 2013: 6). For Millennials this means being able to afford luxury and hence being able to access it, which in turn increases the chances for brands to secure a long-term relationship with these consumers up until a point where they earn enough to afford their traditional product lines (Cardamenis, 2015). At the same time, a lot of web stores and outlets selling luxury brands, for instance the Outnet.com, at lower prices have emerged over the last years, which make it even more accessible to purchase luxury brands on a budget and from which Millennials benefit (The Economist, 2014; Schmidt, 2015). Luxury has always been a dream and desired by many and the fact that this dream becomes more accessible, makes it sensible for Millennials to access it rather than settling for anything un-

branded or products of lower (perceived) quality (Kapferer & Valette-Florence, 2016: 122).

5.5 The Innovations of Luxury Brands

Finally, challenged by the currently lower income levels of Millennials as well as their shift in preferences towards experiences rather than possessions, this generation further influences the evolution of luxury brands as they have to adapt to the preferences of this generation to capture it and to build long-lasting relationships (The Economist, 2014; Gustafson, 2015; Boston Consulting Group, 2014). A lot of this evolution is linked to the Millennials' preference towards mobile usage as many luxury brands these days ensure to be present and reachable through various (online) channels (Schmidt, 2015; Gustafson, 2015). By investing in e-commerce, as well as mobile-commerce, luxury brands make themselves more accessible and easy to purchase on channels that Millennials value and are present on, which in turn also increased the accessibility of other non-Millennial consumers (Barton et al., 2012a; Baron, 2015; Boston Consulting Group, 2014). At the same time, luxury brands take into account the visual preferences of Millennials by employing social media to publish engaging content and as an outlet for creativity and story telling to further engage with their younger audiences – and also by collaborating with bloggers and other influencers of this generation (The Economist, 2014; Schmidt, 2015; Boston Consulting Group, 2014; Barton et al., 2012a).

In the end, Millennials have not only increased the demand for luxury brands by wanting and displaying these brands themselves but also by influencing luxury brands to find new ways to engage with a new and younger audience, which in turn also inspires members of older generations to purchase.

6 Research findings

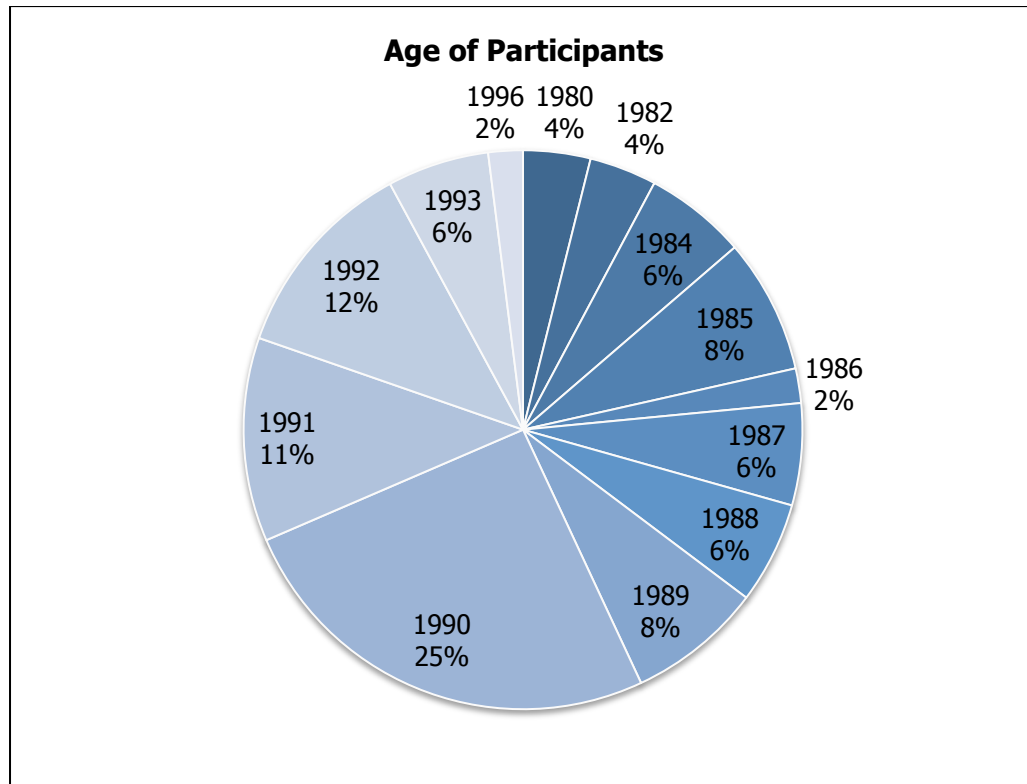
In order to gain further insights into the topic and to support and test the arguments of how Millennials have contributed to the increase in demand of luxury brands, primary quantitative research was undertaken in the form of an online questionnaire. The online questionnaire was selected as a means to conduct primary research due to its fast and efficient way to collect data. The participants were given a total of 22 questions, most of which were closed questions or closed/open questions, leaving room for the participants to choose several answers and/or leaving an answer by choosing „other“. The question types employed ranged from multiple choice, dichotomous to Likert scale. All of the closed questions were mandatory to answer and could hence not be skipped, whereas the open questions were voluntary.

The questionnaire was created on www.esurveycreator.com and distributed mainly on Facebook and through the author's contacts by emails after having been tested by two participants and adjusted according to the feedback received. The reason for distributing the questionnaire on Facebook was to reach as many relevant participants as possible, thus, those born between 1980 and 2000. Due to its popularity, Facebook therefore appeared as the most suitable channel. The questionnaire was open for participants to take part for a duration of two weeks. Finally, the results were gathered and statistically analysed with the help of Microsoft Excel. In total, 51 participants have responded to the survey out of which 49 have thoroughly completed it. All of the questionnaire's questions can be seen in Appendix I.

6.1 Demographics

Out of the 51 participants, 38 (74.5%) were female and 13 (25.5%) male. When asked for their year of birth, participants could choose any year from 1980 to 2000 - the years used to define the Millennial generation. Out of the 21-answer choices, 13 were chosen at least once. The year with the largest amount of participants, 13 (25.5%) was 1990, followed by 1991 with 6 (11.8%) participants and 1992, also with 6 (11.8%) participants. Figure 4. shows the breakdown of ages.

Figure 4. Age of Participants in study.



6.2 Attitudes towards luxury brands

The next questions of the questionnaire focused on the participants' attitudes and behaviours towards luxury brands. When asked if they are interested in luxury brands, out of the 51 participants, the majority of 32 participants (62.7%) answered yes. This is a first crucial finding, as it demonstrates that Millennials are in fact as interested in luxury brands as portrayed in the literature review.

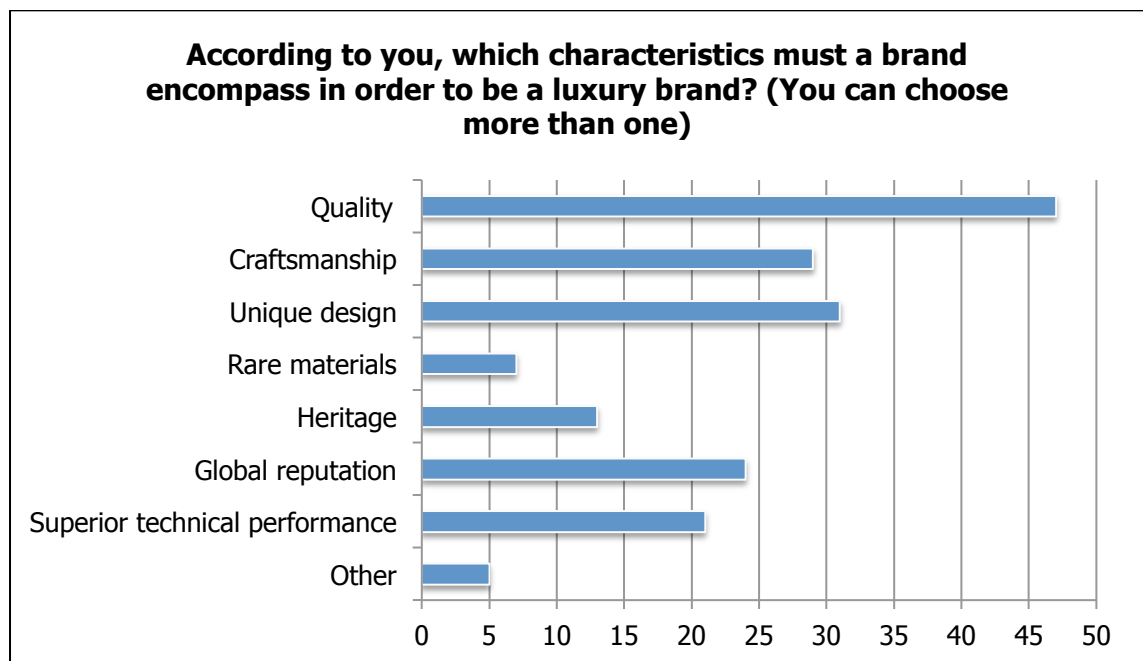
Question 4 asked the participants to indicate which characteristics a brand must have in order to qualify as a luxury brand. In this question, several answers could be selected as well as indicating "other". 47 (92.2%) participants stated quality, followed by unique design (60.8%) and craftsmanship (56.9%), which is in line with the explanation given by marketing literature. Also global reputation and superior technical performance were chosen as important criteria with 24 (47.1%) and 21 (41.2%) participants selecting these answers respectively. Less important, but not to be neglected

were heritage with 13 (25.5%) participants and rare materials with 7 (13.7%) participants. 5 (9.8%) participants furthermore answered with "other" giving the following answers:

- Famous customer,
- Distinctive & clean design,
- Expensive,
- Ethical, sustainable,
- High durability (materials/products).

Figure 5. below displays the breakdown of the answers to this question.

Figure 5. Important Characteristics of Luxury Brands.



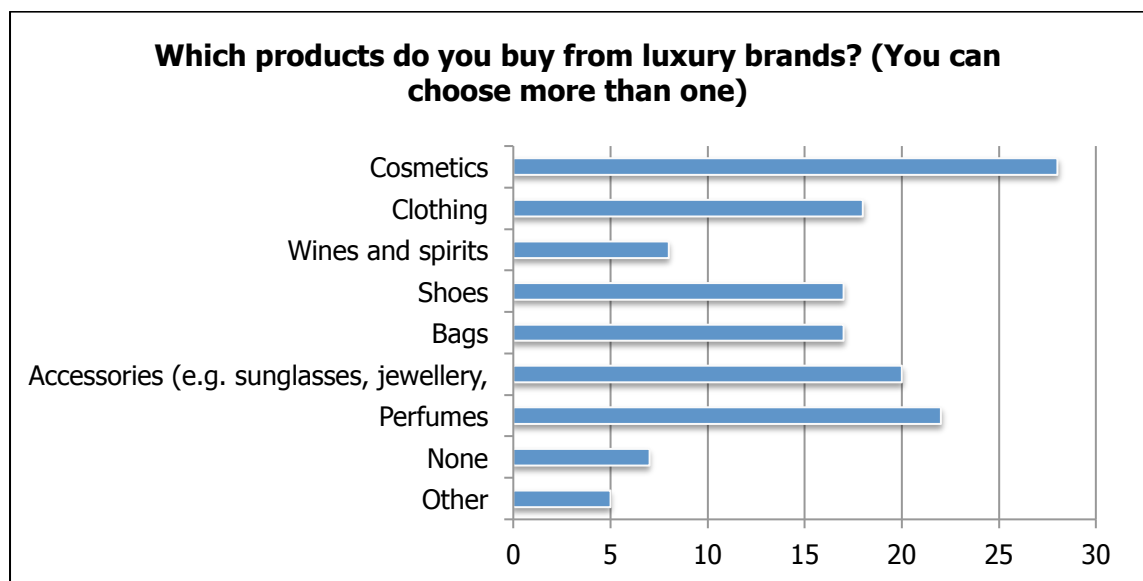
When asked whether or not the participants have purchased any products from luxury brands in the past 12 months, the majority with 37 (72.5%) replied with yes. Question 6 followed up by asking which products the participants buy from luxury brands and the participants were allowed to select as many answer choices as possible while also giving additional answers in an "other" field. The top ranking luxury brand product groups purchased by the participants were cosmetics, chosen by 29 (54.9%) participants, perfumes, chosen by 22 (43.1%) participants, and accessories, chosen by 20

(39.2%) participants. These groups were followed by clothing with 18 (35.3%) participants, shoes with 17 (33.3%) participants and bags with 17 (33.3%) participants. The result shows that so-called entry-level products, including cosmetics and perfumes, seem to be especially popular among the participants, which is in line with the “mass-tige” phenomenon. The answer option “other” yielded the following answers:

- Tableware, furniture,
- Wallets,
- Hotel accommodation, restaurants,
- Skincare,
- Furniture, design, art.

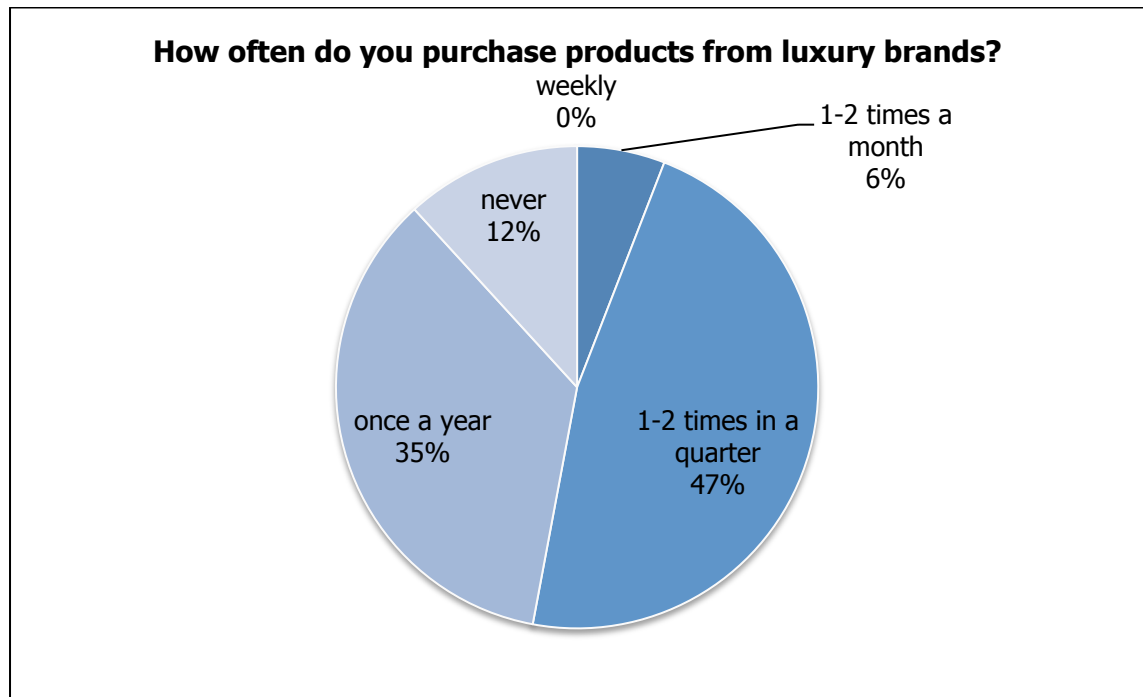
Figure 6. displays the answers to this question in more detail.

Figure 6. Product groups of Luxury Brands bought by participants.



Question 7 asked the participants to answer how often they purchase products from luxury brands to which 24 (47.1%) participants answered 1 or 2 times in a quarter, followed by 18 (35.3%) participants who purchase from luxury brands once a year. The answers are presented in more detail in Figure 7. below.

Figure 7. Breakdown of how often the participants purchase products from luxury brands.



Surprisingly, given the importance of online presence and e-commerce stressed by journals and articles, the option of buying luxury brands online is not as important to the participants as one would assume taking into account that this generation is crowned as being digitally-native. The majority, with 28 (54.9%) participants answered that this option is not important to them. Additionally, 17 (66.7%) participants claim that they do not search for offers on luxury brands online. Nonetheless, 29 (59.2%) of the participants answered that they look for the sought for product elsewhere if the brand's web store is not user friendly enough.

Question 12 asked the participants to name their top 3 luxury brands that they are currently buying from. This question was open, i.e. no ready-made answers to pick from were given and voluntary to answer. A total of 35 participants answered. The luxury brands that were mentioned more than once are Mulberry (3 participants), Dior (5 participants), Ray-Ban (3 participants), Tommy Hilfiger (3 participants), Michael Kors (3 participants), Chanel (7 participants), Louis Vuitton (3 participants), Lancôme (4 participants), Clarins (3 participants), YSL (4 participants).

Similarly, Question 13 asked the participants to name the luxury brands they would buy products from if money were not an obstacle. Again, this question was not mandatory to answer and no given answers were provided to pick from. Among the answers given by the 34 participants, these brands were mentioned more than others: Louboutin (3 participants), Chanel (9 participants), Acne (3 participants), Dior (3 participants), Burberry (3 participants).

When asked if they mix and match affordable brands with luxury brands, 42 (82.4%) of the participants answered with yes. Hence, this trend is clearly present and followed by Millennials, as pointed out in the previous chapter.

6.3 Social Media

Questions 15 to 21 were designed to give an insight into the social media consumption of the participants. From this question onwards, the total number participants decreased from 51 to 49.

Out of 49 participants, 47 (95.5%) use social media. All of the 47 participants who use social media use Facebook, followed by 38 (77.6%) using Instagram, 31 (63.3%) using YouTube and 14 (28.6%) using Pinterest. The question also gave the participants the option to choose "other", which 10 chose while providing the following answers:

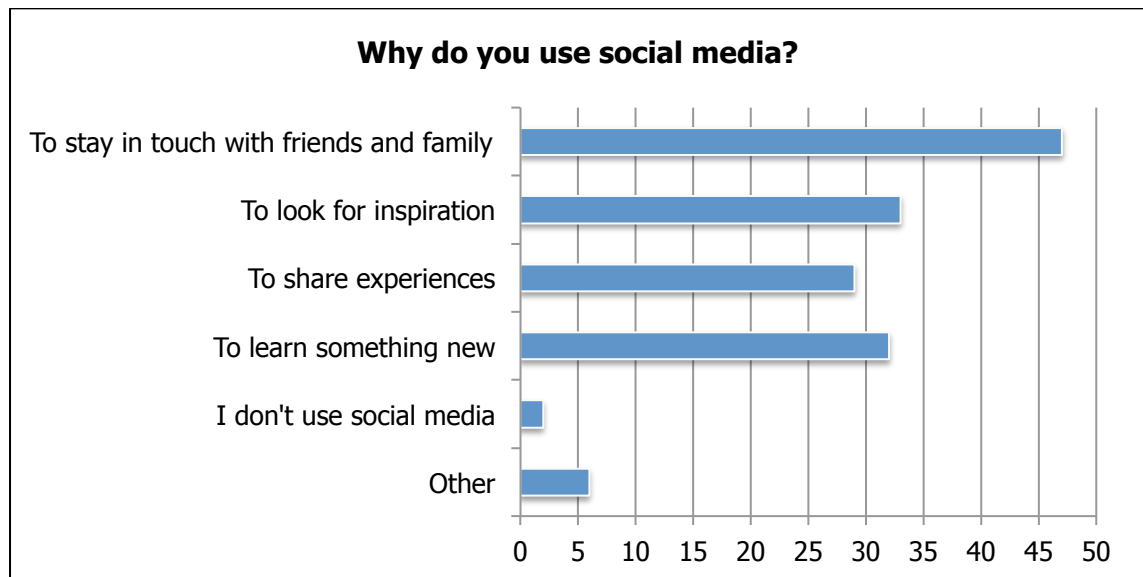
- Twitter (6 participants),
- Snapchat (3 participants),
- Blogloving, Music.ly, Anchor, Medium (1 participant each).

When asked about how much time they spend on social media per day, out of the 49 participants, 18 (36.7%) responded that they spend 30 minutes to an hour daily on social media, 15 (30.6%) spend more than two hours and 13 (26.5%) spend 1 to 2 hours. Only 1 participant spends less than 30 minutes every day on social media and 2 answered that they do not use social media at all.

Question 18 was designed to find out more about the reasons behind using social media. The question contains 6 answering options of which more than one could be se-

lected with an "other" section in addition to take into account answers that were not given as options in the answering section. With 47 (95.9%) participants, the majority uses social media to stay in touch with friends and family, followed by 33 (67.3%) using social media to look for inspiration, and 32 (65.3%) to learn something new (e.g. through tutorials) Simultaneously, 29 (59.2%) use social media to share their experiences. Finally, 6 (12.2%) participants choose „other" to answer this question, by mentioning that they use social media for receiving news, working out, to read blogs, professionally, for their work as well as to get event information. The breakdown of the answers are shown in Figure 8. below.

Figure 8. Purpose of using social media.



Questions 19 to 21 were designed to see if and how social media has an impact on the purchasing behaviour of the participants. When asked if they follow celebrities on social media, 31 (63.3%) participants responded with yes. Less distinct were the answers given on whether or not the participants have ever bought something based on what they saw on social media, to which 28 (57.1%) participants answered with yes versus the 21 (42.9%) participants who answered with no.

Finally, Question 21, an open-ended, voluntary question, gave the participants the opportunity to name some of the products they have bought based on what they saw on

social media to which 26 out of the 28 who responded "yes" to the previous question gave an answer. The answers given are shown below:

- Bags, sunglasses and holidays,
- Shirt,
- Multiple items based on reviews by others,
- Bag,
- Software,
- Clothes, accessories, cosmetics,
- A lot of things! Makeup, shoes, bags, accessories, clothes etc.
- Shoes, home decorations,
- Lazytube,
- Cosmetics based on reviews on YouTube,
- Cosmetics,
- Cosmetics,
- Shoes,
- Watch - Cluse,
- Clothes, accessories, cosmetics, food,
- Sunglasses that I saw on a blog,
- Shoes form TH,
- Clothes but not necessarily a luxury brands,
- Ace & Tate sunglasses,
- Communism, it's a party-shirt,
- Clothing items & makeup,
- T-Shirts von Deus Ex Machina,
- Shoes,
- Cosmetics,
- Yoga mat bag

6.4 Results of Statements

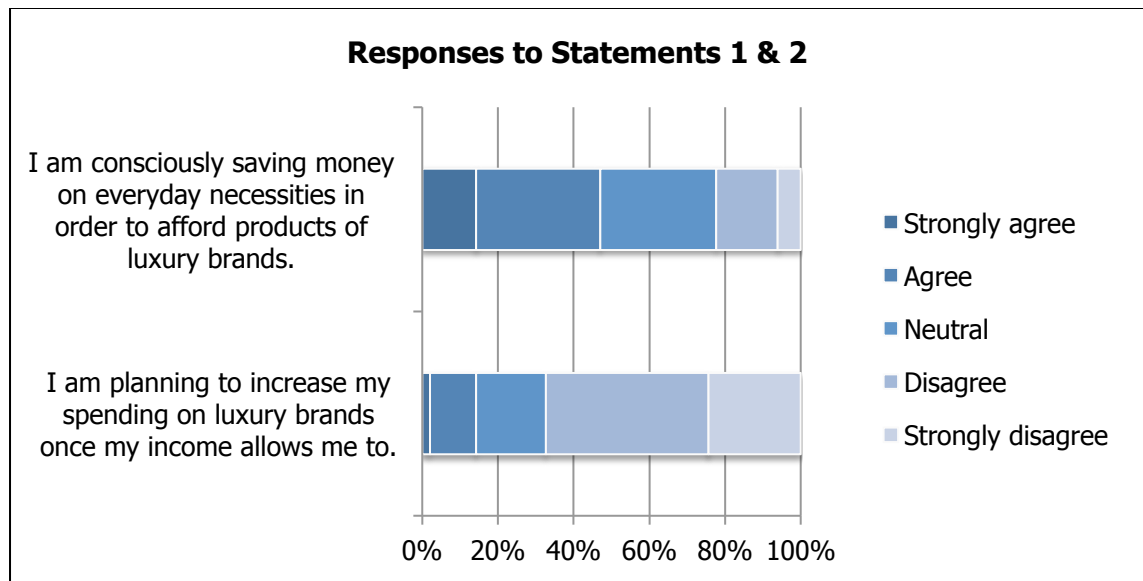
The last question, Question 22, was designed to ask the participants to state how they feel about certain statements to which they could answer strongly agree, agree, neu-

tral, disagree, and strongly disagree. A total of 24 statements were provided to the participants.

The first statement was intended to test the trend of trading up and trading down among the participants with the goal of identifying if in fact this trend plays as much of a role as claimed in the literature. The statement was phrased as "I am consciously saving money on everyday necessities in order to afford products of luxury brands." and, perhaps surprisingly, the majority of participants either answered with disagree (42.9%) or strongly disagree (24.5%). In conclusion, based on these responses, the trend of trading down in some areas to be able to trade up in others is not as much of a behavioural phenomenon as presented in the literature. At least from this questionnaire, the majority of participants did not identify with this trend. However, the participants must engage in some form of trading up and trading down when taking into consideration the results of Question 14 to which 82.4% of the participants answered that they mix and match affordable brands with luxury brands. Therefore, the result of the statement in Question 22 might be due to having been unfortunately phrased.

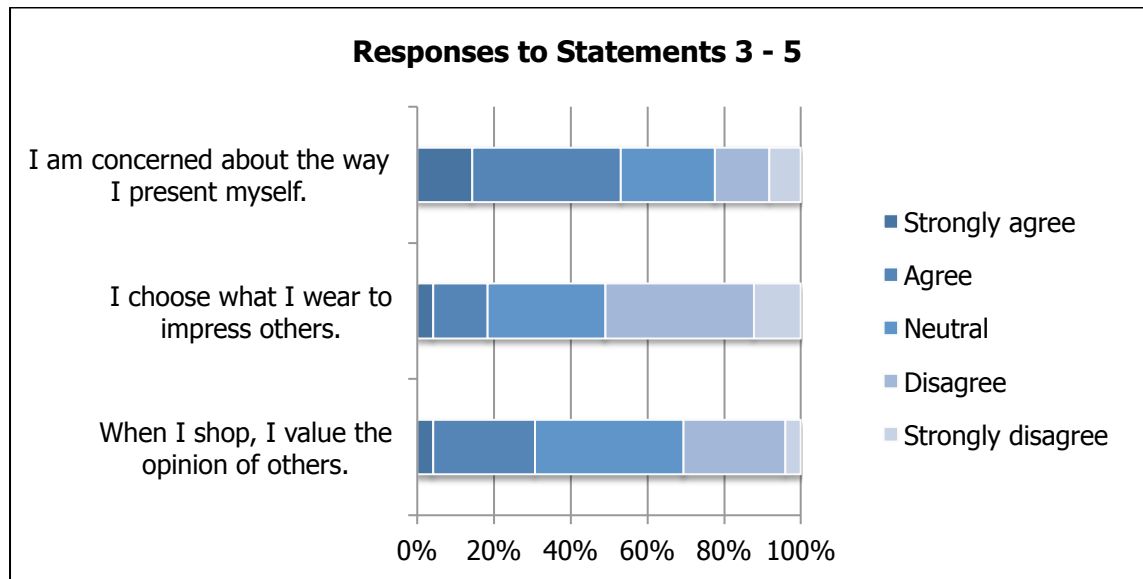
When asked whether the participants would increase their spending on luxury brands in the future if their income allows them to, 21 participants answered with strongly agree (14.3%) and agree (32.6%). Here, even though the answering option neutral was chosen frequently as well (30.1%), the attitude towards this statement was more favourable than the previous one. These results demonstrate that an interest in luxury brands and the awareness of thereof exists and is likely to increase once the participants have more financial resources available, which ties in with the argument of Millennials being naturally interested in luxury brands. The answers to the first two statements are shown in Figure 9. below.

Figure 9. Responses to the first two statements of Question 22.



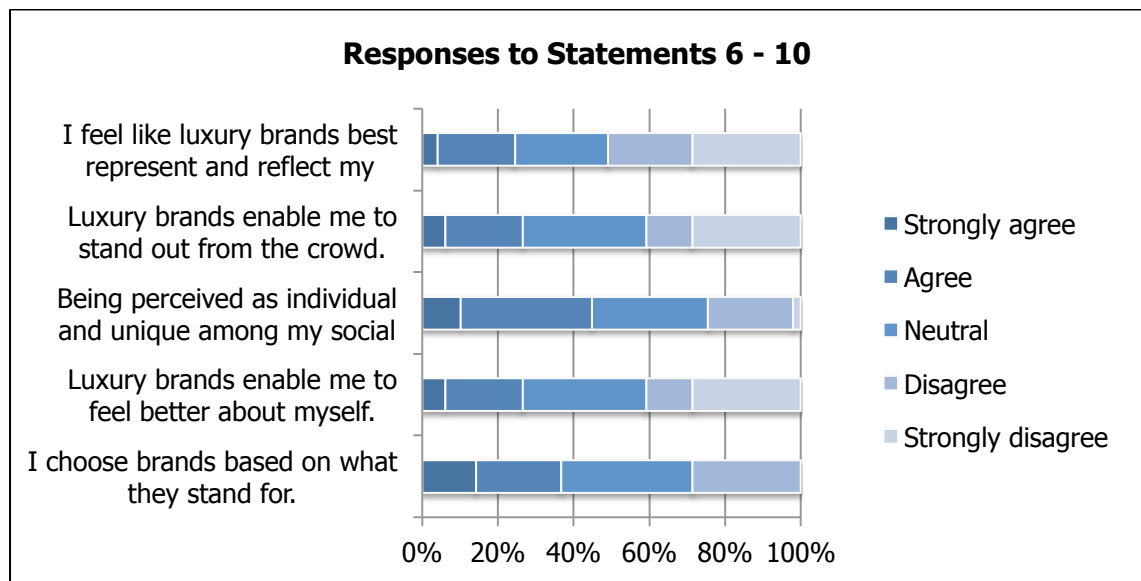
The next three statements were designed to test the attitudes of the participants in regard to how important the opinions of their environment are. For example in Statement 3, "I am concerned about the way I present myself", the majority of participants either strongly agreed (14.3%) or agreed (38.8%). In comparison to other statements, this one also had little neutral (24.5%), disagree (14.3%) or strongly disagree (8.2%) answers. Concluding from this result, the participants are generally careful on how they present themselves to their environment. Interestingly enough, though, the next statement, "I choose what I wear to impress others" received mostly disagreeing answers, i.e. disagree (38.8%) and strongly disagree (12.2%). Although it is important to the participants how they present themselves, dress to impress does not seem to apply to these participants - at least according to the results. Statement 5 asked the participants to indicate if the opinion of others is important to them when shopping to which the participants equally agreed (30.6%) as well as disagreed (30.6%) and the majority answered with neutral (38.8%). Given the age of the participants, it might be that the previously mentioned argument that Millennials value the opinion of others when shopping is perhaps stronger for younger age groups. The results of the three Statements are shown in Figure 10. below.

Figure 10. Responses to Statements 3-5.



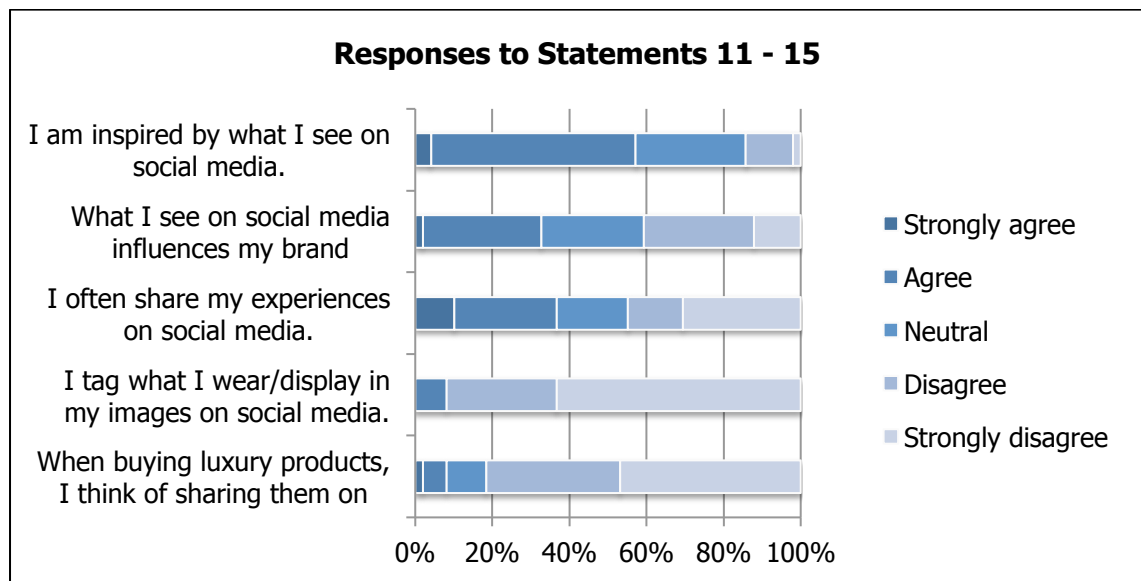
At the same time, the majority of the participants disagreed (51%) when asked if they feel that luxury brands best represent and reflect their values, and further do not feel like these brands enable them to stand out from the crowd. This result is interesting as it stands in contrast to the reasons for buying luxury brands and also Millennials' brand affinities as a means to differentiate themselves from the masses. The next statement asked if being perceived as individual and unique among social circles (e.g. friends, work) is important to the participants to which the majority agreed to (44.9%). Hence, even though it is important to the participants to stand out, they might find other means to do so rather than choosing luxury brands primarily. Moreover, most participants disagreed, i.e. 40.8%, that luxury brands make them feel better about themselves but the majority (36.7%) agreed that they choose brands based on what they stand for. Even if the participants do not think that luxury brands best represent and reflect their values, it is still important to them to know what brands stand for and choose them accordingly. The responses to these statements are shown in Figure 11. below.

Figure 11. Responses to Statements 6-10.



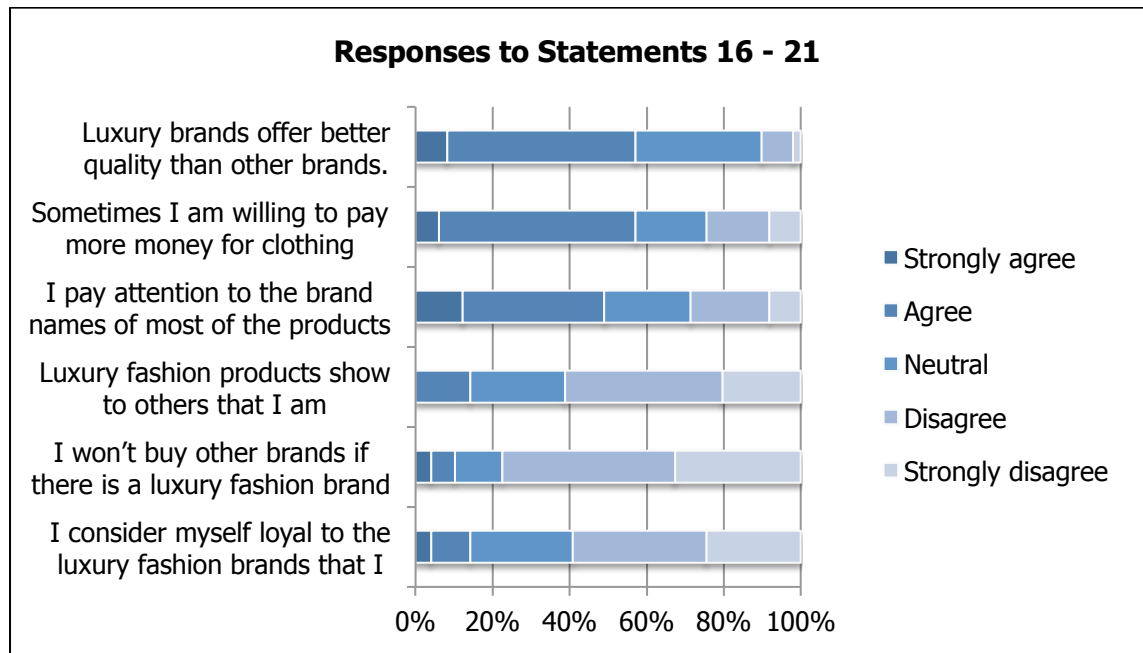
The next four statements were designed to gain further insights into the participants' views on social media. 57.1% of the participants agreed that they feel inspired by what they see on social media, even though they also claim that what they see on social media has no effect on their brand preferences as 40.1% disagreed. It is still fair to mention that social media is influencing the brand preference of 32.6% of the participants. Even if the participants' social media usage might not have an immediate effect on their brand preferences, still 57.1% of the participants had bought something based on what they saw on social media as indicated in the results of Question 20. When asked if the participants often share their experiences on social media, the answers were split into two fronts of 44.9% disagreeing and 36.7% agreeing. Nonetheless, as shown in the results of Question 18, 59.2% of the participants claimed to use social media to share their experiences. The answers to if the participants tag what they wear or display in their images on social media and if the participants think of sharing when they bought luxury products on social media were more homogenous with 91.8% disagreeing to the first statement and 81.6% to the next one. The responses to these statements are shown in Figure 12. below.

Figure 12. Responses to Statements 11-15.



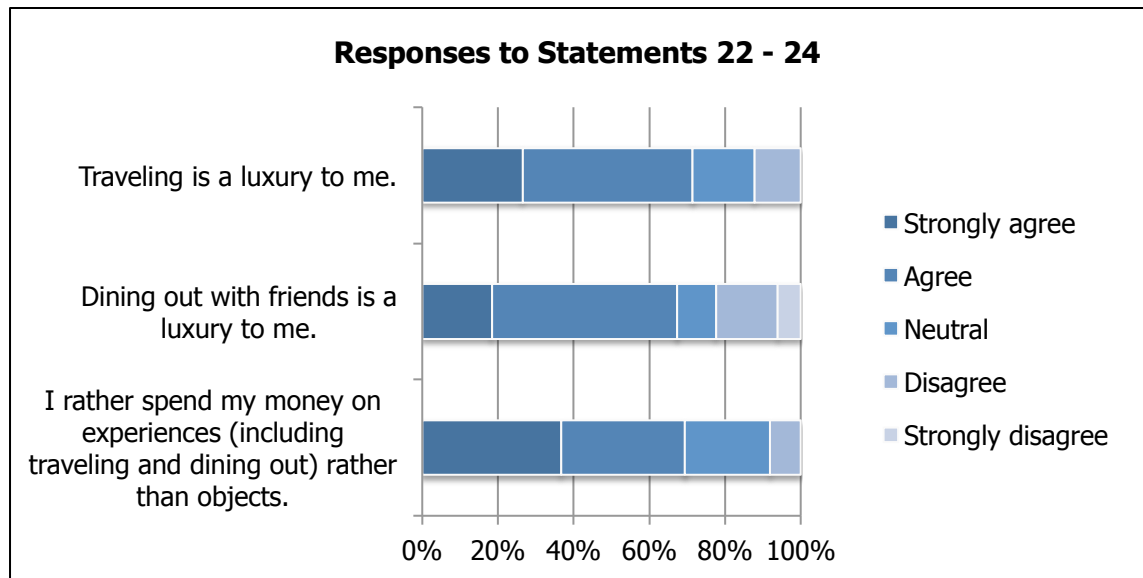
The participants were also asked if they believe that luxury brands offer better quality than other brands to which 57.1% agreed. They further stated that they are willing to pay more for a piece of clothing because of its brand name (57.1% agreed versus 24.5% disagreed). Both results are in line with the argument that Millennials value quality and hence choose to buy luxury brands while also being highly brand-conscious. Furthermore, this is an interesting result taking into account that the majority of participants disagreed on luxury brands enabling them to differentiate themselves from the masses. Judging from these results, the participants appear to be buying luxury brands based on the belief that these are the brands that deliver products with better quality. Hence in this case, quality might be more of an important factor for buying luxury brands than being differentiated. Although the majority of participants together either felt neutral or disagreed with the statement, still, 49% agreed that they pay attention to the brand names of most products they buy. Moreover, 61.2% do not think that luxury brands show that they are sophisticated and another 77.5% state that they would still buy other brands even if luxury fashion brands were offering a similar product. In terms of brand loyalty, only 14.3% of the participants claim that they are loyal to the luxury brands that they have purchased in the past, which is in accordance with what has been previously observed in terms of Millennials being disloyal to brands and switching brand more often than previous generations. The responses to these statements are shown in Figure 13. below.

Figure 13. Responses to Statements 16-21.



The last three statements focused on Millennials re-defining the term luxury and the responses are shown in Figure 14.

Figure 14. Responses to Statements 22-24.



71.4% of the participants agreed that traveling is a luxury to them and also the majority of participants (67.3%) agreed that dining out with friends is a luxury to them. Finally, 69.4% agree that they rather spend their money on experiences than objects.

7 Conclusion

In conclusion, although there is no complete definition of luxury brands available, luxury is an evolving, subjective concept surrounded by ambiguity. Nonetheless, luxury is surrounded by an aura of exclusivity and perceived better quality, among other attributes, that have always been attractive and desirable to consumers. At the same time, the concept of luxury has been evolving from something that was only available to a few lucky ones to having become something in the reach of a greater variety of consumers. Luxury exists in every industry, some of which is more accessible than others. During the past decade, luxury brands have experienced steady growth to which Millennials have contributed actively, which results in an increased demand for luxury brands. Millennials have increased the demand for luxury brands by being interested in them, which is also reflected in them purchasing luxury at younger ages, by the fact that they are active social media users - also as a result of how they have grown up surrounded by technological advancements, and being influenced by today's pop-culture. Furthermore, they have increased the demand by naturally choosing brands with which they can identify themselves and that provide them with quality and experiences. Furthermore, they have increased the demand by benefitting and influencing changes in consuming patterns as well as the "new luxury" phenomenon, by which luxury brands have become more accessible and hence in the reach of Millennials who are yet to reach their peak earning years. At the same time, being 81 million members strong and the consumer of the future, luxury brands have and are innovating themselves to stay or become appealing to Millennials, which in turn is also beneficial and interesting for other generations.

The results from the primary research further showed that Millennials are overall interested in luxury brands and will buy them if possible as well as being likely to increase their spending on luxury brands once their income allows them to. At the same time, the results further highlighted that the term luxury is also evolving towards being more

connected and linked to social activities and traveling, which can be a challenge but also an opportunity for luxury brands in the future. Luxury brands will therefore need to actively take Millennials into consideration and try to connect with them in various ways and on different channels to stay relevant in the coming years when Millennials reach their peak earning years. This might be best achieved by actively following trends as well as employing Millennials and by taking this generation seriously as consumers.

8 Limitations and further research

The results of the questionnaire give interesting insights into Millennials' attitudes towards luxury brands as well as behavioural patterns, which partly confirm and complement the findings from the literature review. Nonetheless, given that only 49 participants completed the survey, the sample size is too small to give a complete picture of the topic and would require further in-depth research. Furthermore, the questionnaire did not take income, nationality or education into account.

The literature review provides a general overview to how Millennials have increased the demand for luxury brands. However, it needs to be noted that geographical differences have not been taken into consideration in this thesis.

These limitations lead to further research opportunities, which could assess the geographical as well as cultural differences and how, and if, they affect the demand of Millennials in regards to luxury brands. Furthermore, the literature on this topic still has a tendency to define Millennials as one homogenous group. Therefore, it is advisable to conduct more research in regards to how Millennials differ from each other - also taking into consideration that not every member of this generational cohort is interested in luxury or will ever be able to afford it.

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Appendix I. Survey Questionnaire

What is your gender? *

Please choose... ▾

In what year were you born? *

Please choose... ▾

Are you interested in luxury brands? *

yes

no

According to you, which characteristics must a brand encompass in order to be a luxury brand? (You can choose more than one) *

Quality

Craftsmanship

Unique design

Rare materials

Heritage

Global reputation

Superior technical performance

Other

Have you purchased any products from luxury brands in the past 12 months? *

- yes
- no

Which products do you buy from luxury brands? (You can choose more than one) *

- Cosmetics
- Clothing
- Wines and spirits
- Other
- Shoes
- Bags
- Accessories (e.g. sunglasses, jewellery, watches)
- Perfumes
- None

How often do you purchase products from luxury brands? *

- weekly
- 1-2 times a month
- 1-2 times in a quarter
- once a year
- never

Is the option of buying luxury brands online important to you? *

- yes
- no

Do you search for offers on luxury brands online? *

yes

no

If yes, please specify the websites that you use the most to find deals and offers on luxury brands

Do you search for the product elsewhere (e.g. on another web store) is the web store is not user friendly enough? *

yes

no

Please name the top 3 luxury brands that your are currently buying from

If you had all the money in the world, which brands would you buy from?

Do you mix and match affordable brands with luxury brands? *

yes

no

Are you using social media? *

- yes
- no

Which of the following social media platforms do you use? (You can choose more than one) *

- Facebook
- Instagram
- YouTube
- Pinterest
- None
- Other

How much time do you spend on social media per day? *

- Less than 30 minutes
- 30 minutes - 1 hour
- 1 hour - 2 hours
- More than 2 hours
- I don't use social media

Why do you use social media? *

- To stay in touch with friends and family
- To look for inspiration
- To share experiences
- To learn something new
- I don't use social media
- Other

Do you follow celebrities on social media? *

If you don't use social media, select no.

- yes
- no

Have you ever bought something based on what you saw on social media? *

- yes
- no

If you answered yes to the previous question, please specify what you have bought

How do you feel about the following statements? *

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
I am consciously saving money on everyday necessities in order to afford products of luxury brands.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am planning to increase my spending on luxury brands once my income allows me to.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel like luxury brands best represent and reflect my values.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luxury brands enable me to stand out from the crowd.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Being perceived as individual and unique among my social circles (e.g. friends, work) is important to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I choose what I wear to impress others.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I shop, I value the opinion of others.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What I see on social media influences my brand preferences.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am inspired by what I see on social media.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luxury brands enable me to feel better about myself.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I often share my experiences on social media.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I tag what I wear/display in my images on social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Luxury brands offer better quality than other brands.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I choose brands based on what they stand for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When buying luxury products, I think of sharing them on social media.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Traveling is a luxury to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dining out with friends is a luxury to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I rather spend my money on experiences (including traveling and dining out) rather than objects.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sometimes I am willing to pay more money for clothing because of its brand name.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I pay attention to the brand names of most of the products I buy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luxury fashion products show to others that I am sophisticated.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I won't buy other brands if there is a luxury fashion brand offering similar products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I consider myself loyal to the luxury fashion brands that I have purchased in the past.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I'm concerned about the way I present myself.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



