



WHAT IS “LUXURY” TO GENERATION Y?

CARRIER Serge A.¹, JEAN Stéphane¹, GERMAIN Anne-Marie¹, FAUST Marie-Ève¹

¹Université du Québec à Montréal, Montréal, Canada

Corresponding author: Serge Carrier, carrier.serge@uqam.ca

Abstract: *In the last decades, numerous articles have been written on luxury products (goods and services), their importance in terms of consumption, the growth of this market segment, their importance in the eyes of the consumer, etc. Yet one thing remains elusive: what exactly is a luxury product?*

If one is to believe the existing literature, luxury products range from anything (and everything) a producer wishes to make us believe is “luxurious”: the rarest of items (an original masterpiece from a renaissance painter, for example), a high quality handbag made of the finest materials and selling for thousands of dollars, an horrendously overpriced piece of clothing bearing the name of an unknown (yet French or Italian sounding) designer that is made in China or Bangladesh. The current paper looks at the most important future clientele of luxury products: members of Generation Y. It identifies what, in their eyes, make a product/brand “luxurious”. Through a literature review, we first review the most generally accepted definitions of luxury. We then proceed to present the results of our quantitative research conducted in Québec which highlight the characteristics that members of this subgroup consider to be necessary components of a luxury brand or product.

This paper concludes on some possible avenues to an acceptable definition of “luxury” and recommendations to participants in this industry on the points to emphasize in their brand promotion and product design and production.

Key words: *Gen Y, Luxury, Marketing*

1. INTRODUCTION

The present paper has roots in two different literature streams.

The first deals with the definition of “luxury”. The literature is replete with articles dealing with the design, production, and marketing of luxury products, yet the definition of what constitutes a luxury product or brand varies from one author to the next. Many, to avoid the argument as to “what is” and “what is not” simply take for granted that all readers will know exactly what they are referring to.

The second literature stream that is of interest pertains to the actual markets for luxury products. Whereas some segment on a geographical basis (Asia versus Europe versus America, for example), others will focus more heavily on consumer types (e.g. fashionista, social wearer, megacitier, etc.), and others yet on age groups.

2. LITERATURE REVIEW

What is luxury? In a recent article [1] The Economist pointedly asserted that this concept is, to use their words, *slippery and divisive*. Andrea Doyle, in an article in Incentive [2] put it simply: *Luxury means different things to different people*. As both articles state, a number of words are repeatedly used when authors define luxury products: “authentic”, “absolute”, “aspirational” or “affordable”.

Turunen and Leipämaa-Leskinen [3] identify three dimensions to luxury (1) functional (utilitarian), (2) experiential (hedonic), and (3) symbolic (status). The Bernstein Research Report [4] looks at it from a more practical point of view and looks at it more from a “what it takes to win” (to paraphrase the report) than from a definitional point of view. They come up with a number of criteria,

two of which are particularly important to the definition of a luxury brand/product: intrinsic value and “made-in” (country of origin).

When it comes to current and future buyers of luxury, most researchers agree that we are looking at a democratization of luxury (younger and less affluent buyers) [5] and that the future consumer will come from Asia [2] and America where Gen Y already accounts for 60% of those purchases in 2011 [6].

3. METHODOLOGY

We developed two questionnaires comprised of 16 questions each of which 7 pertained to socio-demographic information. Of the other 9 questions 3 focused on the respondents’ purchase of luxury items in the past 2 years and were identical on the two questionnaires. The last 6 questions differed slightly.

On the “luxury brand questionnaire” they asked the respondents to indicate their level of agreement (on a scale of 1 to 5) with statements (3 for each point) on (1) what the history of a luxury brand should, (2) what its marketing communication should be, (3) whether a luxury brand must originate from a specific region, (4) where luxury brands should be distributed (what types of retail outlets), (5) the social recognition conveyed by a luxury brand to its buyer, and (6) the level of quality that products from a luxury brand should have. On the “product questionnaire” the 6 questions (again asking for the level of agreement on a scale of 1 to 5 for 3 statements) focused on: (1) product quality, (2) manufacturing processes, (3) price, (4) distribution (types of retail outlets), (5) social recognition conveyed, and (6) the importance that a luxury product be manufactured by a recognized luxury brand. The “brand” questionnaire led to 1779 valid responses whereas the “product” questionnaire gave us 1468. The questionnaires purposefully did not offer a definition of either a luxury brand or a luxury product in order to let the respondents totally free in his/her perception of that concept. As an example one sub-question asked the respondent for his/her level of agreement with the following statement “A luxury brand only offers products produced in a limited quantity”. This approach, we felt, enabled us to acquire the individuals’ true perception of luxury.

The survey was limited to the province of Québec for convenience purposes. Our samples were non-probabilistic using a snowball, or chain sampling, approach. It was passed on the internet during the month of October 2014 using Survey Monkey, with the help of two of our students’ groups who were asked to transfer the surveys to as many people as possible in these age groups with the only caveat that they must not be related to the Fashion School. The data were analyzed with SPSS.

4. RESULTS

We first looked at raw frequencies; we present the most interesting ones (where over 70% of our respondents agreed or very much agreed (4 & +) or disagreed / very much disagreed (2 & -) with a statement) in Tables 1 and 2 respectively focusing on the results for our brand survey and for our product survey. Two conclusions immediately stand out from these raw frequencies, in accordance with the Bernstein Research referred to above [4]:

- the “made-in” is a strong determinant of luxury;
- intrinsic value is important to the coming generation of luxury buyers.

Table 1: Brand Survey

	Frequency	
	Score	
The origin of a brand determines whether it is a luxury brand or not.	70.3	2 et -
All European brands are luxury brands.	83.6	2 et -
A high level of quality in the manufacturing of a product determines whether a brand will be perceived as a luxury brand or not.	73.9	4 et +
The use of high quality materials in the manufacturing of its products determines whether a brand will be perceived as a luxury brand or not.	75.0	4 et +



Table 2: Product Survey

Frequency		
	Score	
A luxury product never includes non-noble materials (i.e. fake leather or fur, synthetics, etc.).	82.6	4 & +
High quality in the materials used is one of the characteristics used to identify a luxury product	70.1	4 & +
A luxury product is easily recognizable by the apparent quality in its production.	81.1	4 & +
Luxury products always are expensive.	78.8	4 & +
A luxury product can never be purchased on the Internet.	83.5	2 & -
A luxury products come from European brands.	83.7	2 & -

In tables 3 and 4 we present those results where a significant difference exists between our male and female respondents. The first thing that stands out is that there are relatively few significant differences between males and females when it comes to what makes a luxury brand or product. One can only note that women place a bit more emphasis on the intrinsic quality of the product. More importantly, women appear to give a higher level of importance to (1) the relationship between brand and product and (2) the presence of a creator at the helm of a luxury brand.

Table 3: Brand Survey

T-test Sex			
	t	Sig	Score in % F-M
A luxury brand bears the name of its creator (ex. Dior, Armani, Chanel, etc.).	0.024	-2.261	56.3-48.3
A luxury brand is managed by a highly renowned designer.	0.007	-2.708	65.3-55.1
The origin of a brand determines whether it is a luxury brand or not.	0.040	2.051	71.7-65.8
All European brands are luxury brands.	0.020	-2.337	83.2-74.9

Table 4: Product Survey

T-test Sex			
	t	Sig	Score in % F-M
High quality in the materials used is one of the characteristics used to identify a luxury product	0.000	-3.834	73.3-61.2
Luxury products always are expensive.	0.000	-5.567	82.1-69.6
A luxury product can never be purchased on the Internet.	0.004	-2.905	82.6-86.1
A well-known brand (i.e. Chanel, Dior) only offers luxury products,	0.000	-6.798	57.6-34.2
A product's brand tells whether it is a luxury product or not.	0.000	-3.529	59.9-51.9

Although we tested for differences between three age subgroups of Gen Y consumers (18-24, 25-29, 30-34) we could only find very few variations in our brand survey: all pointing to what appears to be a more subdued perception on the part of the older subgroup (Table 5). It therefore appears that Gen Y constitutes a fairly homogeneous group, both in terms of age and sex, when it comes to its perception of luxury.

Table 5: Product Survey

Anova Age			
	F	Sig	18/24-29/34
A luxury brand bears the name of its creator (ex. Dior, Armani, Chanel, etc.).	3.946	0.019	53.8-61.9
A luxury brand is managed by a highly renowned designer.	3.637	0.027	63.9-59.9
A luxury brand necessarily originates from Europe.	3.618	0.027	63.2-71.3
Luxury brands are only sold through a limited number of high end retailers.	5.392	0.005	58.7-53.3
Apparel/accessories of a luxury brand are always manufactured in very limited quantities.	4.521	0.011	39.5-35.1

Before closing this section we should note that although we tested for concepts such as the image conveyed to the wearer by a luxury brand, the consistent perceived high prices (and non-availability of discounts), or the distribution (or non-distribution) on the internet, Gen Y members do not place much emphasis on these points in their determination of what constitutes a luxury brand/product.

5. CONCLUSIONS AND RECOMMENDATIONS

The results presented above show that, in the 18-34 age group, two factors stand out in determining if a fashion brand/product falls in the luxurious category: intrinsic quality of the product and country of origin. We could also add that, for women, the presence of a reputable designer at the helm of the fashion also constitutes an element.

In light of our original question as to “what is luxury”, the above findings are of interest as, in spite of the numerous articles written on the subject, there appears to be a rather straightforward answer to the question from a Gen Y point of view: **a luxury product or brand is something of constant high quality offered by a reputable fashion house.**

In light of these findings three recommendations stand out to the Romanian leather producer: (1) target the Gen Y consumer who represents an important part of the future of luxury, (2) emphasize its European origin, and (3) its product quality.

An important weakness of our research is that it was conducted only in the province of Québec. Yet other research has shown that the results found in Québec are partially generalizable to the rest of the country and from there to the rest of North America. We attempted to conduct similar research in the Eastern U.S.A. yet the low response rate we had does not permit us to confirm this generalizability.

A number of interesting research avenues arise from our findings. The first is on the pertinence of clearly defining “luxury” to the value of future research as well as recommendations to the industry: i.e. are we better off leaving the concept a bit fuzzy or should it be clearly defined? In the case of a positive answer to the previous question a corollary would be on finding a generalizable definition through the sexes, ages, and countries of origin of the respondents.

REFERENCES

- [1] Anonymous, 2014. “A Rose by Any Name”. *The Economist*, Vol. 413, Dec. 13, pp. 5-6
- [2] Doyle, Andrea, 2014. “Choose Your Luxury”. *Incentive*, Vol. 188, Iss. 3, May/June, pp. 10-16
- [3] Turunen, Linda Lisa Maria, Leipämaa-Leskinen, Hanns, 2015. “Pre-loved luxury: identifying the meaning of second hand luxury possessions”. *Journal of Product & Brand Management*, Vol. 24, Iss 1
- [4] Sanford C. Bernstein Global Offices, 2014. European Luxury Goods: “True Luxury Global Consumer Insight”. New York
- [5] Anonymous, 2014. “Exclusively for Everybody”, *The Economist*. Vol. 413, Dec. 13, pp. 3-5
- [6] Giovannini, Sarah, Yingjiao Xu, Boyd Thomas, Jane, 2015. “Luxury fashion consumption and Generation Y consumers: self, brand consciousness, and consumption motivations”. *Journal of Fashion Marketing and Management: An International Journal*. Vol. 19 Iss 1