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The Effects of Democratization of
Luxury: Exploring the Influence of Online Luxury
Consumption and Second-Hand Luxury Products
on the Symbolic Value of Luxury

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Dissertation written under the supervision of Prof. João Pedro Niza Braga.

Dissertation submitted in partial fulfilment of requirements for the MSc in Management with
Specialization in Strategic Marketing at the Universidade Católica Portuguesa, June 2023.

ABSTRACT

Title: The Effects of Democratization of Luxury: Exploring the Influence of Online Luxury Consumption and Second-Hand Luxury Products on the Symbolic Value of Luxury

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Abstract: Powered by globalization, new technologies like the internet, and an increase in demand for second-hand luxury markets, luxury democratization is a phenomenon that may impact considerably luxury consumption and the ways in which consumers perceive the symbolic value of luxury. This paper addresses a research gap in the literature regarding the impact of online luxury consumption and the emergence of second-hand luxury markets on the symbolic value of luxury. A 2 product type (new, second-hand) x 2 buying context (in-store, online) in-between subjects experiment shows how second-hand luxury items are perceived by consumers as having less status and are less prone to conspicuous consumption when compared to new luxury items. It also shows that the difference between second-hand and new luxury items is only relevant when discussing in-store contexts. This result provides interesting insights for luxury brands and businesses selling second-hand luxury items that will need to adapt their strategies in the face of luxury democratization.

Keywords: online, second-hand, luxury, symbolic value, status, conspicuous consumption, self-esteem, luxury democratization

SUMÁRIO

Título: Os Efeitos da Democratização do Luxo: Investigação da Influência do Consumo de Luxo Online e de Produtos de Luxo em Segunda-Mão no Valor Simbólico associado ao Luxo.

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Sumário: Impulsionada pela globalização, pelas novas tecnologias como a internet e por um aumento da procura de produtos de luxo em segunda-mão, a democratização do luxo é um fenómeno que poderá vir a ter impactos consideráveis na forma como os consumidores percecionam o valor simbólico do luxo. Esta tese aborda uma lacuna na literatura relativa ao potencial impacto que o consumo de luxo online e o surgimento dos mercados de luxo em segunda-mão podem ter no valor simbólico dos produtos de luxo. Uma experiência com 2 tipos de produto (novo, segunda-mão) x 2 contextos de compra (online, em loja) entre participantes prova que, não só os produtos de luxo em segunda-mão são vistos como tendo menos status quando comparados a produtos de luxo novos, também há uma menor propensão por parte dos consumidores para os consumir de forma conspícua. O estudo também mostra que esta diferença entre produtos de luxo novos e em segunda-mão só é relevante quando consideramos o contexto de uma compra em loja. Estes resultados fornecem informações importantes relativas à forma como as marcas de luxo já estabelecidas no mercado e os negócios de venda de produtos de luxo em segunda-mão poderão adaptar as suas estratégias para melhorarem a sua entrega de valor simbólico aos consumidores numa era de democratização do luxo.

Palavras-chave: online, segunda-mão, luxo, valor simbólico, status, consumo conspícua, auto-estima, democratização do luxo

ACKNOWLEDGEMENTS

I am deeply grateful to everyone who has played a significant role in shaping my journey and supporting me throughout the process of completing this dissertation.

First and foremost, I would like to thank my family for all their love and support. I was fortunate enough to grow up surrounded by people who inspired me, believed in me, and gave me the freedom to choose my own path while providing me with everything I needed to do so. I would like to thank my Mom, for always encouraging me, and for constantly reminding me that we should always strive to do our best. I would like to thank my Dad for always questioning everything, bringing new perspectives, and for all the effort and investment he had in this thesis making sure every single one of his contacts answered my survey. This dissertation would not have been the same without your support. I would also like to thank my uncle for introducing me to the field of management from a really young age and, for the past years, providing invaluable guidance. Finally, I would like to thank my brother for always keeping me entertained.

Second, a special thanks to my boyfriend for serving as an inspiration for the topic of this thesis, for making everything feel easy, and for always putting things into perspective. And thanks to my friends and colleagues that lived this process with me, especially Inês Silva for sharing materials that were crucial for this dissertation.

Third, I would like to thank all the teachers that crossed my path at Católica for all the knowledge shared and for nourishing my love for Marketing. A special thanks to my advisor, Professor João Niza Braga, for his guidance during this dissertation, and to Professor Kyril for his guidance throughout the entire program.

Finally, I would like to thank all the participants who completed the survey and made this experiment possible.

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CHAPTER 1: INTRODUCTION

1.1 Background and Relevance

Revenue in the Luxury Goods market is expected to reach an impressive amount of €346.10 billion in 2023, with a projected compound annual growth rate of 2.95% between 2023 and 2028. Within this market, the Luxury Fashion segment stands as the largest, with an expected market volume of €108.70 billion in 2023 (Statista, 2023).

In recent years, luxury consumption has witnessed notable shifts and transformations with consumers also changing the ways in which they buy and use luxury products. One of the factors driving the changing landscape of luxury consumption is the rise of online sales that, given the accelerated adoption during the Covid-19 pandemic, has experienced significant growth and is estimated to account for 22.4% of the total revenue in the luxury market in 2023 (Statista, 2023; Bain & Co., 2022). Furthermore, with the growing importance of sustainability issues and conscious consumption, consumers are increasingly showing interest in the second-hand luxury market that, in addition to representing a responsible alternative to acquiring items without the negative environmental impact, allows them to buy luxury items at more accessible price points (Deloitte, 2022). In 2021 alone, the market size of the second-hand luxury goods market was estimated to be approximately €33 billion (Bain & Co., 2022).

Online channels and second-hand markets have thus been contributing to making luxury more affordable and easily available, making it more accessible to a larger number of people - a phenomenon known as the democratization of luxury. However, making luxury more attainable to a larger number of people also means making it less exclusive, since exclusivity is maintained mainly by a high price point (Kapferer & Valette-Florence, 2021) and by limiting sales volumes (Statista, 2023).

Exclusivity is a fundamental aspect of the symbolic dimension of luxury brands. The symbolic dimension, as well as the functional and experiential dimensions, is proposed by Berthon et al. (2009) as a fundamental dimension through which luxury brands bring value to their consumers being a dimension specifically concerned with the social and cultural meanings often attached to luxury brands (like prestige and status) that are signaled to the consumer and to others.

This dimension plays a crucial role in luxury consumption since the latter is often driven by consumers' need for status and desire to improve their self-esteem. As social animals, humans

have an inherent desire for social approval, acceptance, and belonging which influences our consumption behavior and our preferences for certain products. This desire for social approval creates the need for consumers to communicate their identity to the external world, this might be achieved through the use of brands (particularly symbolic brands, like luxury brands) to help them create and communicate their self-concept to others (Escalas & Bettman, 2005).

Although researchers have already studied consumers' attitudes toward online luxury and second-hand luxury products, a significant gap in the literature pertains to the clarification of how these variables might impact the symbolic value of luxury. Specifically, how status perceptions and motivations for conspicuous consumption may be altered by online luxury consumption and second-hand luxury products. Furthermore, there's a considerable gap in research when it comes to examining how problems typically associated with second-hand items might be less relevant in an online context.

1.2 Problem Statement

This research aims to contribute to the existing body of knowledge by investigating the influence of online luxury consumption and second-hand luxury products on the symbolic value of luxury perceived by consumers. Namely, we want to gain a comprehensive understanding of how status perceptions, motivations for conspicuous consumption, need for approval, and sense of accomplishment might change in the consumers' minds when exposed to either one or both of these two variables. It is also within the scope of this research to study how consumers' perceptions of the symbolic value of second-hand luxury might change in an online context.

That being said, the problem statement for this research can be established as:

"The Effects of Democratization of Luxury: Exploring the Influence of Online Luxury Consumption and Second-Hand Luxury Products on the Symbolic Value of Luxury"

This problem statement is emphasized by the following research questions:

RQ1: How do Second-Hand Luxury Products impact the symbolic value of luxury for consumers?

RQ2: How does Online Luxury Consumption impact the symbolic value of luxury for consumers?

RQ3: Do consumers' perceptions of the symbolic value of Second-Hand Luxury products change in an Online context compared to an In-Store context?

1.3 Research methods

This study uses a combination of both primary and secondary data to provide an adequate answer to the research questions.

For this research, we start by reviewing the current literature available on luxury consumption, second-hand luxury, and online luxury. This literature review lays the foundation for understanding the research topic and identifying the key aspects for understanding the variables of interest. It is also based on the literature review that we develop the conceptual model and draw relevant hypotheses.

To gather the primary data, an online survey was conducted following a 2x2 between-subjects design. The design incorporated two independent variables - product type and buying context - and two levels for each variable. Regarding product type, products would be presented either as new or as second-hand. Regarding buying context, participants were told that they were either in-store or online. Participants were then randomly allocated to a combination of one of the two conditions of product type (new or second-hand) with one of the two conditions of buying context (in-store or online). For every combination, participants had to answer the same questions regarding product status, propensity for conspicuously consuming the product and need for approval. Data was collected over time using a non-probabilistic voluntary sampling design.

Finally, to draw significant meanings from the data and study the hypothesis derived from the literature review, the collected quantitative data was analyzed using SPSS software and using statistical methods like ANOVA and t-tests.

1.4 Dissertation outline

The next chapter provides a comprehensive review of pertinent literature concerning luxury purchase motivations and how the need for status and self-esteem can serve as main drivers for luxury consumption. Additionally, an extensive literature review is done on the topic of the democratization of luxury highlighting the importance of second-hand luxury products and online luxury consumption in driving such phenomenon. The methodology section delineates the approach employed in studying the hypotheses, as well as the construction of the

questionnaire and the procedures used for data collection, analysis, and interpretation. In the fourth chapter, a detailed analysis of the questionnaire results is presented, accompanied by a comprehensive discussion of the implications derived from these findings. Finally, we end the dissertation with a conclusion chapter that synthesizes and highlights the research's main findings as well as its limitations and implications.

CHAPTER 2: LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

This chapter provides a comprehensive review of relevant academic literature to enhance the understanding and scope of the present study. In order to answer the research questions provided in this thesis, the literature review has two main goals: (1) to investigate current knowledge and ideas, and (2) to lay the groundwork for the forthcoming empirical investigation.

The present chapter is divided into three topics: Luxury Purchase Motivations; Drivers for Luxury Consumption, which focuses on the importance of self-esteem and status; and Luxury Democratization, which looks at drivers like second-hand markets and online markets. Moreover, this study aims to understand how consumers' drivers to engage in luxury consumption might be affected by product type (new vs. second-hand) and buying context (online vs. offline)

2.1 Luxury Purchase Motivations

Despite the lack of a generally agreed definition of a luxury brand, Ko et al. (2017) highlight five essential elements of any luxury brand. The first is the consumer's perception of the product or service as high quality. The second is that it must provide genuine value to the customer, and the third is that it must have a prestigious image within the market. The fourth element is that it must be deserving of a premium price, and the fifth is that it must be able to inspire a deep connection with the consumer.

Building on the second element of a luxury brand above mentioned, Berthon et al. (2009) proposed that luxury brands have three dimensions through which they bring value to consumers: the functional, the experiential, and the symbolic. The functional dimension is a combination of the first and second essential elements of luxury brands and refers to tangible benefits, such as superior quality and performance. The experiential dimension focuses on the emotional and sensory aspects of luxury consumption, including pleasure, enjoyment, and sensory stimulation. Finally, the symbolic dimension relates to the social and cultural meanings attached to luxury brands, such as prestige, status, and exclusivity. For this research, we will be focusing on the symbolic dimension of luxury that is built upon two important aspects: the value the brand signals to others, and the value the brand signals to the consumer.

These two aspects are so important that there are even people who might only consume luxury brands for the symbolic meaning they communicate to the world about their wealth and value (Truong et al., 2008). To hold these meanings, luxury brands need to keep being exclusive, which means that there should be barriers (financial, geographical, or psychological) that ensure that luxury items are not widely available and easy for everyone to purchase. Thus, it is crucial for luxury brands that the number of people who know the brand is significantly higher than the number of people who can afford to own their products (Kapferer & Bastien, 2012).

2.2 Drivers for Luxury Consumption

As social animals, humans have a natural tendency to seek recognition and validation from others. This tendency is often driven by a desire for social approval and acceptance, which can have significant psychological and social benefits (Baumeister & Leary, 1995). In the context of consumer behaviour, seeking recognition and validation from others can be manifested through conspicuous consumption (Veblen, 1899).

Conspicuous consumption is often motivated by an individual's desire to improve their social standing and gain status and prestige through the consumption of goods and services in a highly visible manner (Veblen, 1899; Mason, 1984). This allows them to signal their wealth to others who then infer status and power, resulting in social recognition and validation. This behaviour is often driven by a desire to maintain or enhance one's self-image and self-esteem (Braun & Wicklund, 1989).

Social Comparison Theory (Festinger, 1954) suggests that individuals are constantly comparing themselves to others as a way to evaluate their worth and determine their social standing. In the context of consumption, Han (2010) proposes a taxonomy that assigns consumers to different groups according to their wealth and needs for status and clearly demonstrates how individuals compare their own material possessions and consumption patterns to those of others inside and outside their social group, showing how each group's preference for conspicuously or inconspicuously branded luxury goods corresponded predictably with their desire to associate or dissociate with members of their own and other groups. These comparisons play an important role in the formation of the self-concept.

Self-concept relates to how a person feels about himself or herself. Individuals often engage in behaviours that enhance their self-concept and self-worth. When individuals have a positive self-concept, it means they hold favourable views about themselves across different aspects of

their identity, which contributes to high self-esteem. Possessions can serve as means to fulfil psychological needs, such as actively shaping one's self-concept, expressing and reinforcing self-identity, and asserting individuality. Consumers use brands to create and communicate their self-identity, based on how well the brand aligns with their self-image and brand-user associations (Escalas & Bettman, 2005). Consumers do not only buy products for their functionalities but also for the symbolic meanings they convey. Therefore, luxury brands can serve as symbols that help consumers project to the external world their inner-self and alter their identities to fit their projections of who they are and aspire to be (Belk, 1988; Hung et al., 2011).

2.2.1 Self-Esteem

Self-esteem can be a significant motivator in human behaviour. Self-esteem is a global evaluative dimension of the self-concept that reflects a person's overall affective evaluation of their worth, value, or importance (Robinson et al., 2013; Forsman & Johnson, 1996). This is a vital aspect of psychological well-being that influences an individual's thoughts, feelings, and behaviours. Therefore, trying to gain or enhance one's self-esteem can be a powerful motivator, and people might engage in a variety of behaviours to boost their self-esteem.

When discussing self-esteem, it is also important to discuss Social Approval. Since the construction of the self is inherently shaped by social interactions and interpersonal relationships, individuals' self-perceptions and emotions are inherently linked to their beliefs about how others perceive them. Theories grounded in interpersonal frameworks propose that self-esteem is influenced by individuals' perceptions of their acceptability to others, suggesting that self-evaluations can serve as predictors of overall self-esteem when individuals attach importance to specific attributes for social approval. Previous research has shown that participants who rated themselves positively in a particular domain tend to exhibit higher levels of self-esteem if they believe that the domain significantly impacts social approval or disapproval (MacDonald et al., 2003). Conversely, individuals who do not perceive the domain as influential for social acceptability demonstrate lower self-esteem (MacDonald et al., 2003).

Consumer susceptibility to normative influence (CSNI) is defined as "the need to identify or enhance one's image with significant others through the acquisition and use of products and brands and the willingness to conform to the expectations of others regarding purchase decisions" (Bearden et al., 1989). CSNI might be seen as a way of seeking external validation

of one's self-worth. When granted, this validation might help to boost self-esteem (Forsman & Johnson, 1996).

This shows how efforts to boost self-esteem can not only affect individuals' motivations to consume but also their attitudes toward products and brands, their preference for the types of products and services they consume, the frequency of consumption, and the amount spent on consumption.

Furthermore, Truong and McColl (2011) found a very strong relationship between self-esteem and the consumption of luxury goods for self-directed pleasure, suggesting that an individual can maintain or boost self-esteem by purchasing luxury goods. Additional research also shows that individuals with high self-esteem tend to have a greater desire for self-enhancement, meaning they seek out products and services that improve their self-concept (Cisek et al., 2014). In some ways, higher prices themselves make consumers feel superior by creating a sense of belonging to an elite who can afford the product (Garfein 1989).

2.2.2 Status

It has already been discussed that people often seek approval from others as a means of validating their self-concept and improving their self-esteem. Status is one way in which individuals can receive this approval. Anderson et al. (2015) define status as "the respect, admiration, and voluntary deference individuals are afforded by others". Status is context-dependent and is conferred as part of a process of social exchange as a way of ranking individuals within a particular social environment according to a hierarchy of esteem, influence, and material resources.

To navigate the complex social hierarchies that exist within society, people engage in a wide range of behaviours aimed at attaining higher status and avoiding status loss. This includes closely monitoring status dynamics within their social environment, attempting to present themselves as socially valuable, selecting social contexts that provide higher status opportunities, and reacting strongly when their status is at risk (Anderson et al., 2015).

Status consumption is part of the activities individuals can engage in an attempt to attain higher status. Social status has always been closely related to wealth. However, since status is a social construct, it depends on other's willingness to grant it. Thus, the accumulation of wealth is not enough to confer status, it needs to be publicly displayed (Veblen, 1899; Han et al., 2010).

Eastman et al. (1999) suggest that status consumption is “the motivational process by which individuals strive to improve their social standing through the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others”.

As a result of status consumption, individuals are often keen to buy from luxury brands in a conspicuous way, making the purchasing and ownership of luxury goods more public than private (Bearden and Etzel, 1982). This happens because the mere use or display of a particular luxury item can bring the owner prestige and signal to others that one belongs to a certain social group (Grossman and Shapiro, 1988). Sometimes, it even happens that consumers pay a premium for functionally equivalent goods, just because the mere display of wealth gives them status (Bagwell and Bernheim, 1996).

Status consumption allows consumers to express and enhance their identity to socially important others, helping them gain prestige through the acquisition of luxury goods that most people do not regularly consume (Chan et al., 2015). Many consumers engage in status consumption intending to make an impression on others, such as their colleagues at work, social acquaintances, or potential partners (Lertwannawit & Mandhachitara, 2012).

Irrespective of their income or social standing, some consumers are willing to invest in status goods even if they have not yet acquired the necessary resources (Lertwannawit & Mandhachitara, 2012).

Furthermore, status is also known to affect individuals' self-esteem and social well-being. For example, individuals with higher status usually have higher self-esteem (Anderson et al., 2015).

2.3 Democratization of Luxury

As previously discussed, the symbolic value of luxury brands is important for consumers, especially for those seeking to climb the social ladder. In order to maintain this symbolic value, brands can't rely only on a premium price. Luxury brands need to select the right clients, that will be helping in the creation and development of the taste hierarchy (Kapferer & Bastien, 2012).

For luxury brands, it is important to ensure that everyone knows which the prestige brands are to refuel the dream of owning luxury products. On the other hand, it is also crucial to make sure that luxury products are not available to everyone, in order to maintain the exclusivity factor

that distinguishes luxury brands from fashion brands (Kapferer & Bastien, 2012). This is also why luxury brands typically do not offer discounts or go on sale, so they're not seen as "mass-market" or "discount" which could jeopardize their brand image (Swani & Yoo, 2010).

The democratization of luxury can be understood as the phenomenon of luxury goods and services becoming more accessible and attainable to a larger number of people, both economically and geographically. This phenomenon can threaten the associations of luxury goods with uniqueness and exclusivity, diminishing the symbolic value of luxury for consumers (Rosendo-Rios & Shukla, 2023).

Two trends that are contributing to the democratization of luxury are second-hand luxury, which makes luxury more economically attainable; and the internet, which eliminates geographic and psychological barriers to obtaining luxury products.

2.3.1 Second-Hand Luxury

Nowadays, we're seeing some major changes in the ways consumers look at luxury markets, especially in their approach toward buying, using, and selling luxury products. These include a notable increase in interest in the second-hand market, which was once primarily associated with vintage enthusiasts. (Deloitte, 2022)

The term "second-hand luxury" refers to luxury branded items that have been previously owned and used. These items are sold through alternative channels - such as luxury consignment websites and second-hand luxury stores - and often lack the experiential aspects offered by conventional luxury channels. These products are also priced lower than their new counterparts in designated luxury boutiques (Turunen et al., 2020)

The term "vintage" is often used as a parallel concept to "second-hand" but has substantial differences. Vintage items are pre-owned but not necessarily used items and are associated with a particular style of couturier or era of fashion. Vintage items might also be limited editions and rare iconic models. For this reason, vintage items may be priced higher than brand-new items (Sihvonen & Turunen, 2016). These distinctions are important to note as they provide a clearer understanding of the different types of previously owned luxury items.

While the motivation for purchasing second-hand luxury items may be different from buying new luxury items, the desire for social status and self-esteem may still be a driving factor. Turunen and Leipämaa-Leskinen (2015) show this by identifying five meanings used to

characterize luxury second-handed possessions: Sustainable Choice, Real Deal, Pre-loved Treasure, Risk Investment, and Unique Find. All these different meanings clearly illustrate the importance consumers give to owning items that serve as a way to build a positive self-concept and communicate their values to the world.

"Sustainable Choice" refers to consumers' motivations for purchasing second-hand items being related to their sustainable lifestyles. In this case, second-hand luxury can also help consumers express their values, for example by making a statement against consumerism or by speaking up for animal rights.

"Real Deal" involves meanings attached to bargain hunting and making a good deal. In this case, price savings may be a source of pride and accomplishment derived from the satisfaction of being able to buy items of high social value at a very low price (Korchia, 2006).

"Pre-loved Treasure" involves the emotional meanings attached to second-handed luxury possessions and the previous life of these products. In this case, knowing the story of the item helped the buyers to develop a stronger relationship and attachment to the product through feelings of nostalgia.

"Risk investment" represents the concerns consumers have with the authenticity of second-hand luxury items. Since counterfeit goods are a persistent problem in the luxury market, consumers may worry that they are overpaying for a fake item, or that they will face embarrassment or damage to their reputation if they are caught with a counterfeit item. This is especially true when purchasing through online marketplaces or from unknown sellers. Furthermore, consumers may worry that owning a second-hand luxury item may not convey the same level of status and exclusivity as owning a new luxury item.

"Unique Find" refers to consumers' motivations to own an item that represents them, which is closely related to consumers' need for uniqueness. On the opposite side, for some people, second-hand items are seen as "contaminated". For these people, wearing used clothes might damage their sense of self, since wearing something that belonged to somebody else threatens the feeling of difference, unity, and coherence (Korchia, 2006).

In conclusion, it is important to recognize that second-hand luxury products offer distinct value propositions to consumers, particularly in terms of affordability and sustainability. However, it is crucial to investigate whether the symbolic value attributed to luxury goods, which often

plays a central role in luxury consumption, differs when it comes to second-hand luxury products. For example, the perception of status associated with brand-new luxury items may not translate directly to second-hand counterparts. Thus, while second-hand luxury products bring value to consumers in certain aspects, their symbolic value might be different from that of brand-new luxury items.

2.3.2 Online Luxury

Due to the ease and convenience of online shopping, consumers expect to allocate fewer resources in an online context than in-store (Niza Braga & Jacinto, 2022). However, Kapferer and Bastien (2012) defend that luxury brands are "something that has to be earned" and that consumers' desire for luxury products is closely tied to their inaccessibility. Thus, luxury products shouldn't be "easy" to acquire, making it crucial to set up some obstacles in the acquisition of luxury products (either financial, cultural, time-related, or logistical).

The internet however has removed several barriers to the acquisition of luxury, making it easy to find luxury boutiques or even to buy products that are only sold on the other side of the world without leaving our homes. Examples of this ongoing trend are companies in which the business model revolves around connecting, through their online platforms (for example, *Farfetch*, *MyTheresa*, and *Net-A-Porter*), independent retailers, and brands selling luxury items with consumers around the world.

Farfetch, for example, connects customers in over 190 countries and territories with items from more than 50 countries and over 1,400 brands, boutiques, and department stores.

Furthermore, the Internet also changes the experience of luxury. Buying a luxury product online has nothing to do with the experience of going in-store, and while some consumers might prefer the convenience of buying online, others may see the onsite service as an additional benefit (Ryu, 2020). This is also true for second-hand markets, where consumers perceive value differently in online and offline stores, due to interactions between consumers (Chan and Li, 2010).

Besides the changes in the luxury experience, online settings also change consumers' decision-making processes. Research suggests that in an online setting, consumers are often primed to use low-effort decision-making processes, which favour intuitive and heuristic-based decisions (Niza Braga & Jacinto, 2022).

Additionally, online settings might also influence consumer behaviour, namely, they might elicit behaviours that consumers wouldn't have in an in-store setting (Suler, 2004). Internet usage also elicits upward social comparison, leading individuals to be more concerned with their social image, which increases their propensity to engage in activities that increase or maintain their social status (Ozimek & Förster, 2017). This prompts individuals to seek products and services that reflect the status they aspire to be, regardless of their income, making them more predisposed to buy counterfeit items (Islam et al., 2021).

2.4 Conceptual Framework

Based on the literature reviewed above, we can understand the importance of the symbolic value of luxury as a driver of luxury consumption. This symbolic value, as we've seen, is mainly built upon prestige, status, and exclusivity. In recent years we're experiencing a phenomenon of democratization of luxury (mainly due to online and second-hand markets) which is making luxury more widely available to consumers. This democratization of luxury can pose a threat to the symbolic value of luxury, changing the way in which consumers look at and consume luxury products.

This study looks at two different shopping contexts and how they may interact to impact consumers' perceptions and consumption behaviours toward luxury products.

Firstly, we hypothesize that consumers will display overall more positive attitudes for new luxury products than for second-hand luxury products. Since status and conspicuous consumption are commonly associated with and often require public display of wealth, and second-hand items are priced lower, it makes sense that consumers associate second-hand items with something that doesn't confer them the same status as a brand-new item, even though it is from a luxury brand, and thus they will be less prone to conspicuously consume them. We further hypothesize that this difference between status and propensity to conspicuous consumption for new and second-hand items will be more relevant for in-store contexts and might disappear in an online setting. This because with a second-hand item purchased in an online context, that ends up being a more "private" context, one could more easily pretend in front of peers that the product is new.

Additionally, we hypothesize that propensity to status consumption will predict consumers' attitudes towards luxury products. Since we're expecting that new luxury products will be seen as conferring more status to its user than second-hand luxury products, one could also expect

that for this reason people's propensity to status consumption will predict purchase intentions for new luxury products. Additionally, using the same reasoning, one could also expect that propensity to status consumption would predict consumers satisfaction with new luxury products. Finally, we hypothesize that propensity to status consumption and the degree to which an individual's self-esteem relies on external factors like approval from others are correlated.

To summarize:

H1: Consumers will have more positive attitudes for new over second-hand luxury products.

H1a: Consumers will see second-hand luxury items as giving them less status than brand-new luxury items.

H1b: Consumers will present higher tendency to conspicuously consume new luxury products than second-hand luxury products.

H1c: Preference for new over second-hand luxury products will disappear in an online context.

H2: Propensity to Status Consumption will be a significant predictor of consumers' attitudes towards luxury products.

H2a: Propensity to Status Consumption will be significant predictors of satisfaction for new luxury products.

H2b: Propensity to Status Consumption will be significant predictors of purchase intention for new luxury products.

H2c: Propensity to Status Consumption and Conditional Self-esteem will be positively correlated.

CHAPTER 3: METHODOLOGY

In this chapter, we present the methodology used to study the subject at hand and to reach conclusions about the hypothesis in the above section.

3.1 Participants

To study the subject at hand, an online survey was initially distributed among a total of 303 participants. However, upon closer examination, it was determined that only 162 participants provided usable responses that satisfied the criteria established for further analysis. Any participants who failed to complete the survey in its entirety were excluded from the analysis.

Data from the survey was collected using a non-probabilistic voluntary sampling design (Murairwa, 2015), meaning a final sample was selected from the respondents who were willing to voluntarily participate in the survey. This choice of technique is due to the fact that it is inexpensive and allows the researcher to reach a large number of participants in a short period of time.

In the end, the 162 participants were 72% female, 25% male, and the 2% left chose not to disclose their gender. The average age of the participants was 44 years old.

3.2 Research Design and Materials

The present study uses a full factorial design following a 2 product type (new, second-hand) x 2 buying context (in-store, online) between-subjects design. The design incorporates two independent variables: product type and buying context. The product type factor encompasses two levels: new and second-hand, signifying the state of the product being considered for purchase. The buying context factor encompasses two levels: online and in-store, representing the respective channels through which participants are imagining their purchase. Random and equitable assignment of participants to a combination of one condition from product type (new or second-hand) with one condition of buying context (online or in-store) will be employed to mitigate potential confounding variables.

By manipulating these variables, the study aims to understand the influence of product type (new vs. second-hand) and buying context (online vs. store) on participants' ratings of the product's status, conspicuous consumption, and need for approval. Thus, the dependent variables for the study are:

Status: This variable reflects the extent to which individuals believe that the product they're purchasing enhances or diminishes their social image or reputation, keeping in mind the product type and the buying context. To measure the product's perceived status, participants were requested to rate the product's status across four dimensions: the status conferred by the product, the sense of importance experienced post-purchase, the confidence in displaying the product, and the likelihood of utilizing the product as a means of impressing others. These measurements aimed to capture participants' perceptions and attitudes regarding the product's ability to enhance their status on 9-point scales from 1 (not at all) to 9 (extremely). Reliability analysis was performed to establish the consistency of this four-item scale, yielding a Cronbach's Alpha coefficient of 0.86, indicating satisfactory reliability.

Conspicuous Consumption: This variable captures the degree to which individuals are motivated to conspicuous consumption, according to product type and buying context. To measure the tendency to conspicuously consume the product the participants were asked to rate three items: the likelihood of sharing information about the setting in which the purchase occurred, the inclination to discuss their shopping experience with others, and the intention to share their purchase on social media platforms. These measurements aimed to assess participants' willingness to publicly showcase their consumption behaviour. Ratings were provided on 9-point scales, ranging from 1 (not at all) to 9 (extremely). A reliability analysis demonstrated the internal consistency of this three-item scale, yielding a Cronbach's Alpha coefficient of 0.784, indicating satisfactory reliability.

Need For Approval: This variable reflects to what extent are individuals concerned with others' opinions regarding their purchase choices, given the product type and the buying context. To evaluate the participants' need for approval regarding their purchase decision, two items were employed: their concern regarding others' opinions of their purchase and their susceptibility to judgment from others regarding their shopping choices. These measurements aimed to explore the extent to which participants considered external validation in their shopping decisions. Ratings were provided on 9-point scales, ranging from 1 (not at all) to 9 (extremely). The two items exhibited a significant Pearson correlation of 0.756 at a 0.01 level, indicating the viability of the scale in measuring the need for approval.

3.3 Procedure

For this study, an online survey was developed and distributed through several online channels (mainly through Facebook, Instagram, and WhatsApp). Given the issue in study, the aim was to target individuals of every gender and within a large age range to ensure diversity in the responses.

Upon opening the survey, participants were randomly and evenly allocated to a combination of one level of product type (either new or second-hand) with one level of buying context (either in-store or online). All participants had access to an initial page that provided an introduction to the study. On this page, participants were given information about the purpose of the study and ensured that their responses to the survey would be anonymous and only used for academic purposes. An estimate of the duration of the study was also provided and thank you message was left.

In the first part of the survey, participants were presented with a text that asked them to imagine that they were purchasing their first luxury item (a wallet) from their favourite luxury brand. The setting described the context in which they were purchasing the product (this could be either online or in-store) and the type of product they were purchasing (this could be either new or second-hand). The item chosen was a wallet to appeal to every gender and to avoid concerns with contamination often associated with clothing items (Korchia, 2006). Moreover, to avoid financial concerns the scenario might have triggered, participants were also asked to disregard the monetary value of the item in their judgments and purchase decision. To help in the immersion in the scenario, participants were asked what the luxury brand of the wallet they were imagining was. Participants were then asked to keep in mind the setting and product type of their purchase and answer questions on the likelihood of purchasing the product, the satisfaction with their purchase, how they perceived the product in terms of status, how prone were they to conspicuously consume the product, how concerned would they be with others judgment of their decisions and how accomplished would they feel for being able to purchase the product.

At the end of the first part, manipulation checks asked the participants to recall where they were imagining the purchase and in what condition was the product they were imagining. Control variables were also used to understand concerns with contamination and to what extent were

participants familiarized with shopping for luxury products, shopping online, shopping in-store, and shopping second-hand.

For the second part of the survey participants were asked to disregard the initial scenario they were presented with and answer questions about their consumption behaviour, namely about their propensity to status consumption and their need for approval.

Finally, the last part of the survey gathered participants' demographic data: age and gender.

3.4 Additional Measurements

Regarding consumption behaviour of the participants, we were interested in measuring their propensity to status consumption and how much the approval from others would weigh on their self-esteem.

To measure participants' propensity to status consumption, an adaption of the Status Consumption Scale proposed by Eastman et al. (1999) was used, asking participants to rate their propensity to status consumption on 9-point scales from 1 (not at all) to 9 (extremely). Participants were asked to rate 4 items: the likelihood of them purchasing a product just because it has status, their interest in a new product that gives them status, the likelihood of them paying more for a product that gives them status, and the importance they give to owning/acquiring status products. A reliability analysis yielded a Cronbach's Alpha coefficient of 0.935, indicating strong internal consistency and reliability of the adapted scale.

Additionally, an adapted version of the Earned Self-Esteem Scale proposed by Forsman and Johnson (1996) was employed. This scale examined the extent to which participants' self-esteem relied on external factors. Participants were asked to rate 4 items: the likelihood of seeking appreciation from others for their actions, the reinforcement of self-esteem when liked by others, the susceptibility of self-esteem to negative impacts from work or academic failures, and the attention paid to whether important individuals approve of their actions. Ratings were provided on 9-point scales, ranging from 1 (not at all) to 9 (extremely). A reliability analysis yielded a Cronbach's Alpha coefficient of 0.755, signifying the satisfactory reliability of the adapted scale.

Regarding the manipulation checks, participants were presented with two scales. The first scale asked participants to indicate from 1 (definitely in an online store) to 9 (definitely in a physical store) where they were imagining the purchase. The second scale worked in a similar fashion

and asked participants to indicate from 1 (definitely second-hand) to 9 (definitely new) which was the product they were imagining.

Regarding the control variables, four scales were used to measure participants' familiarity with different shopping contexts and types of products. The four scales asked participants to rank, from 1 (not familiarized at all) to 9 (extremely familiarized), their familiarity with shopping for luxury products, shopping for second-hand products, shopping online, and shopping in-store. Finally, a last scale was used to measure participants' concerns with contamination, asking them to rank from 1 (not at all likely) to 9 (extremely likely) on how likely they were to feel disgusted or uncomfortable with owning a wallet that previously belonged to someone they don't know.

3.5 Data Preparation and Cleaning

In order to ensure the uniformity and consistency of responses, the allocation of the 2 product type x 2 buying context conditions was carried out in a randomized and equitable manner. From the pool of 162 complete responses, each condition was assigned to a subset of participants in a balanced fashion, resulting in 41 participants being assigned to the New & In-store condition, 39 participants to the New & Online condition, 41 participants to the Second-Hand & In-store condition, and a final 41 participants to the Second-Hand & Online condition.

Upon data cleansing, the conditions underwent a recoding process, resulting in the creation of two dummy variables: "store" and "product." The variable "store" assumed a value of 0 to represent the in-store setting and a value of 1 to denote the online setting. Similarly, the variable "product" assumed a value of 0 to indicate new items and a value of 1 for second-hand items.

3.6 Data Analysis

Since the present research aims to understand the effects of the independent variables (product type and buying context) on the dependent variables (product status, conspicuous consumption, and need for approval) in four different groups randomly drawn from different populations, statistical methods such as ANOVA (analysis of variance) and t-tests will be conducted to analyse the data. These methods are well-suited for examining group differences and determining the statistical significance of the manipulations of the independent variables.

ANOVA is a statistical technique that allows the researcher to examine the differences in the mean values of the dependent variable associated with the effect of the independent variables (Malhotra et al., 2017). In this research, ANOVA tests will be conducted to examine if there

are significant differences between groups when comparing the four groups simultaneously. Moreover, this research will also examine if there is an interaction effect between the factors (product type and buying context) on the dependent variables. Interactions occur when the effects of one factor on the dependent variable depend on the category of the other factors. For example, if the status perceived for a second-hand product depends on whether it is bought in-store or online.

T-tests are popular parametric tests that provide inferences for making statements about the means of parent populations (Malhotra et al., 2017). In this research, t-tests will be utilized to compare two groups at a time, enabling further investigation into potential differences for the dependent variables. By conducting t-tests, we can assess whether the means of the dependent variables differ significantly between the two groups.

The implementation of t-tests and ANOVA in the analysis of the four groups will enable us to evaluate the significance of the observed differences, assess the validity of the formulated hypothesis, and draw meaningful conclusions regarding the effects that product type and buying context have on the dependent variables.

CHAPTER 4: RESULTS AND DISCUSSION

This section presents the results of the survey conducted to examine and test the hypothesis outlined in Chapter 2. As mentioned before, the survey aimed to investigate the relationships and patterns among variables related to the democratization of luxury and luxury consumption behaviors.

In this section, an analysis is conducted on the responses from 162 voluntary participants [Age (M = 44 years old, SD = 16.94); 72% female, 25% male, and 2% didn't disclose their gender].

The gathered data underwent rigorous analysis to uncover insights and validate the proposed hypothesis. By evaluating the survey responses and applying appropriate statistical methods, this section presents a comprehensive examination of the findings, shedding light on the hypothesis developed in Chapter 2.

4.1 Results

4.1.1 Control Variables

In order to provide accurate and valid findings, the first step in the data analysis was to understand if the control variables (familiarization and contamination concerns) were evenly distributed or if there were any significant differences that should be taken into account during the analysis.

An ANOVA was conducted to examine the distribution of the control variables and ensure that there were no statistically significant differences between the two buying context groups (in-store and online) and the two product type groups (new and second-hand). This analysis helped to identify any potential imbalances in the distribution of the control variables and account for them appropriately in subsequent analyses.

Overall participants were more familiar with shopping in-store (M = 8.47, SD = 1.047) than shopping online (M = 6.3, SD = 2.795). When comparing the two levels of buying context (online and in-store) we can see that, although there was no significant difference regarding familiarity with buying online [F (1,160) = 0.682, p = .410], it was possible to see a marginally significant difference in familiarity with buying in-store [F (1,160) = 3.597, p = .060]. In this case, people presented with an in-store context reported being more familiar with buying in-

store ($M = 8.62$, $SD = 0.826$) than those presented with an online context ($M = 8.31$, $SD = 1.218$).

Furthermore, respondents were equally familiar with shopping for luxury products ($M = 3.73$, $SD = 2.559$) and shopping for second-hand products ($M = 3.72$, $SD = 2.722$). That being said no significant differences were found between groups for familiarity with luxury [$F(1,160) = 1.790$, $p = .183$] and for familiarity with second-hand [$F(1,160) = 0.626$, $p = .430$].

Additionally, respondents overall expressed a moderate concern with contamination ($M = 4.13$, $SD = 2.86$). However, no significant differences were found among the different groups of participants (all $F < 1.142$ and $p > .287$).

4.1.2 Likelihood of Purchase

Given that this research focuses on investigating consumer attitudes towards luxury products by manipulating product types and buying contexts, it is also interesting to understand how the likelihood of purchasing the item may vary based on the manipulation of these two variables.

An ANOVA 2 product type x 2 buying context revealed no significant effects of product type [$F(1,162) = 0.068$, $p = .795$] indicating that there were no significant differences between the likelihood of purchasing a new luxury item ($M = 5.930$, $SD = 2.602$) when compared to the likelihood of purchasing a second-hand luxury item ($M = 5.817$, $SD = 2.872$). Additionally, there were also no significant effects of buying context [$F(1,162) = 1.198$, $p = .275$] between the likelihood of purchasing online ($M = 5.64$, $SD = 2.715$) when compared to purchasing in-store ($M = 6.11$, $SD = 2.749$). Furthermore, there was no significant interaction between product type and buying context [$F(1,162) = 0.130$, $p = .719$].

4.1.3 Purchase Satisfaction

The first hypothesis formulated in Chapter 2 posited that consumers will display more positive attitudes towards new luxury products than towards second-hand luxury products. To investigate this hypothesis, understanding how individuals anticipate their satisfaction levels based on varying product types and buying contexts might also provide valuable insights. In this section, the appropriate statistical analysis will be conducted to test the hypothesis.

An ANOVA 2 product type x 2 buying context was conducted to evaluate if there were any significant effects of the two independent variables on expected purchase satisfaction. The

analysis revealed a marginally significant effect of product type [$F(1, 158) = 3.573, p = .061$] indicating that participants might expect higher satisfaction from new luxury items ($M = 7.43, SD = 2.103$) than from second-hand luxury items ($M = 6.71, SD = 2.636$). Additionally, although overall participants expect higher satisfaction from purchases in-store ($M = 7.34, SD = 2.400$) than from purchases online ($M = 6.77, SD = 2.397$), the analysis indicated no significant effects of buying context [$F(1, 158) = 2.229, p = .137$]. Furthermore, no significant interaction was found between the two independent variables regarding expected purchase satisfaction [$F(1, 158) = 0.204, p = .652$].

T-tests were also conducted to compare specific groups within the sample. Firstly, we wanted to compare the group that was presented with a new product in-store with the group that was presented with a second-hand product in-store. This test showed us that for the specific hypothesis that participants anticipated their satisfaction to be higher for a new product bought in-store ($M = 7.78, SD = 2.208$) than for a second-hand product bought in-store ($M = 6.90, SD = 2.528$), the difference was statistically significant [$t(80) = 1.675, p = .049$]. Finally, we did the same comparison between a new ($M = 7.05, SD = 1.946$) and a second-hand product ($M = 6.51, SD = 2.758$) but for an online setting. However, this test showed that there were no significant differences between the two groups [$t(72) = 1.014, p = .157$]. Thus, the preference for new products over second hand products disappears in online contexts.

4.1.4 Product Status

Still concerning the first hypothesis formulated in Chapter 2, we hypothesized that second-hand luxury products would be perceived as having lower status compared to brand-new luxury products. In this section, the appropriate statistical analysis will be conducted to test the hypothesis.

An ANOVA 2 product type x 2 buying context was conducted to investigate the effects of the two independent variables on consumers' perception of product status. The analysis revealed a significant effect of product type on the status perceived from the product at a $p < .05$ level [$F(1,160) = 5.89, p = .016$], indicating that participants perceive new luxury products ($M = 5.731, SD = 2.281$) as having a higher status when compared to second-hand luxury products ($M = 4.878, SD = 2.194$). This result supports our first hypothesis that new luxury products have a higher perceived status compared to second-hand luxury products. Yet, the analysis indicated no significant main effect of buying context [$M_{\text{online}} = 5.426, SD_{\text{online}} = 2.229; M_{\text{in-store}} = 5.183,$

$SD_{\text{in-store}} = 2.319$; $F(1, 160) = 0.435$, $p = .510$]. Furthermore, no interaction effect was found to be significant for product type and buying context on the perceived status of the products [$F(1, 158) = 0.637$, $p = .426$].

Although the ANOVA showed no significant interaction between product type and buying context, we were still interested in understanding if the online context might decrease the differences in the perceived status of a new luxury product when compared to a second-hand luxury product. To accomplish this, t-tests were conducted.

In the first t-test, we were interested in comparing the perceived product status of brand-new luxury products bought in-store ($M = 5.75$, $SD = 2.344$) with second-hand products bought in-store ($M = 4.62$, $SD = 2.177$). The test confirmed a significant difference between the two groups [$t(80) = 2.270$, $p = .026$]. A second t-test was conducted to find out if this difference was also significant when comparing brand-new luxury products bought online ($M = 5.71$, $SD = 2.243$) with second-hand luxury products bought online ($M = 5.14$, $SD = 2.207$). However, this test did not find any significant difference between the two groups [$t(78) = 1.148$, $p = .254$]. Finally, a third test was used to compare the perceived status of brand-new luxury products bought in-store ($M = 5.75$, $SD = 2.344$) with second-hand luxury products bought online ($M = 5.14$, $SD = 2.207$). Interestingly, this test did not find any significant difference between the two groups [$t(80) = 1.213$, $p = .229$].

4.1.5 Conspicuous Consumption

Still regarding the first hypothesis in Chapter 1, we further hypothesized that new luxury products would exhibit a higher tendency for conspicuous consumption compared to second-hand luxury products. In this section, we will present the results pertaining to conspicuous consumption among the different groups of participants.

An ANOVA 2 product type x 2 buying context was performed to analyze the effect of product type and buying context on the tendency for conspicuous consumption. While the analysis revealed a significant effect of product type on the tendency for conspicuous consumption [$F(1, 158) = 4.323$, $p = .039$] indicating that new luxury products ($M = 4.97$, $SD = 2.358$) lead to a higher tendency for conspicuous consumption than second-hand luxury products ($M = 4.22$, $SD = 2.214$), we did not find a significant effect of buying context [$M_{\text{online}} = 4.66$, $SD_{\text{online}} = 2.305$; $M_{\text{in-store}} = 4.52$, $SD_{\text{in-store}} = 2.326$, $F(1, 158) = 0.170$, $p = .681$]. The analysis also revealed

that there was not a statistically significant interaction between the effects of product type and buying context [$F(1, 158) = 0.390, p = .533$].

However, looking at the descriptives we could see that the products that have a higher tendency for conspicuous consumption are brand-new luxury products bought in-store ($M = 5.01, SD = 2.292$), followed by brand-new luxury products bought online ($M = 4.93, SD = 2.454$), second-hand luxury products bought online ($M = 4.41, SD = 2.153$) and finally, second-hand luxury products bought in-store ($M = 4.03, SD = 2.284$). Thus, to test our second hypothesis we were still interested in conducting further tests.

Further tests were conducted to investigate the difference in conspicuous consumption between brand-new luxury products bought in-store and second-hand luxury products bought in-store, and brand-new luxury products bought in-store compared to second-hand luxury products bought online. The tests revealed that while conspicuous consumption for new luxury products bought in-store was significantly higher than for second-hand luxury products bought in-store [$t(80) = 1.931, p = .029$], the same was not true when compared to second-hand luxury products bought online [$t(80) = 1.225, p = .112$].

Finally, a Pearson correlation analysis confirmed the existence of a positive correlation between product status and conspicuous consumption [$r(160) = 0.514, p < .001$]. Confirming that conspicuous consumption is higher for products that are expected to bring higher status to the owner.

4.1.6 Need for Approval

When examining participants' level of concern regarding others' opinions of their shopping decisions across different scenarios, one might anticipate that individuals will display greater concern when purchasing second-hand luxury items. However, an ANOVA 2 product type x 2 buying context revealed that there were no significant effects of product type [$M_{\text{new}} = 3.06, SD_{\text{new}} = 2.358; M_{\text{second-hand}} = 2.68, SD_{\text{second-hand}} = 2.062; F(1, 158) = 1.196, p = .276$] and buying context [$M_{\text{online}} = 3.03, SD_{\text{online}} = 1.975; M_{\text{in-store}} = 2.71, SD_{\text{in-store}} = 2.426; F(1, 158) = 0.844, p = .360$] on the need for approval. The analysis also revealed that there was not a statistically significant interaction between the effects of product type and buying context [$F(1, 158) = 0.230, p = .632$].

4.1.7 Sense of Accomplishment

Considering that the aim of this research is to examine how the symbolic value of luxury might be affected by the democratization of luxury, we were interested in conducting an exploratory analysis to investigate potential variations in the sense of accomplishment experienced when acquiring a luxury product based on the product's condition and the purchasing context.

An ANOVA 2 product type x 2 buying context revealed a significant main effect of product type [$F(1, 158) = 8.522, p = .004$], indicating that buying a new luxury product ($M = 6.35, SD = 2.541$) lead to a higher sense of accomplishment when compared to buying a second-hand luxury product ($M = 5.07, SD = 2.936$). However, no significant effect was found for buying context [$M_{\text{online}} = 5.56, SD_{\text{online}} = 2.778; M_{\text{in-store}} = 5.85, SD_{\text{in-store}} = 2.855; F(1, 158) = 0.378, p = .540$]. Furthermore, there was no significant effect for the interaction of these two independent variables on the sense of accomplishment [$F(1, 158) = 0.373, p = .542$].

When looking at the descriptives we can see that sense of accomplishment achieves its highest value for brand-new luxury products bought in-store ($M = 6.61, SD = 2.587$) and its lowest value for second-hand luxury products bought online ($M = 5.07, SD = 2.970$). A t-test confirmed a significant difference in the sense of accomplishment acquired from buying a new luxury product in-store when compared to buying a second-hand luxury product online [$t(80) = 2.498, p = .015$].

4.1.8 Propensity to Status Consumption & Conditional Self-Esteem

The second hypothesis formulated in Chapter 2 posits that propensity to status consumption would be a significant predictor of consumers' attitudes towards luxury products.

Stepwise linear regressions were used to identify possible predictors of satisfaction out of a propensity to status consumption and conditional self-esteem. At each step, variables were chosen based on p-values $< .05$. First, we started by conducting regressions to understand what the predictors of satisfaction for online and in-store contexts were. A regression conducted only for an in-store context was found to be statistically significant [$R^2 = 0.065; F(1,80) = 5.582; p = .021$]. This regression showed that conditional self-esteem significantly predicted satisfaction for an in-store context [$\beta = 0.327, p = .021$], however, the propensity to status consumption was not a significant predictor [$\beta = 0.077, p = .543$]. Another regression, conducted only for an online context, was also statistically significant [$R^2 = 0.136; F(1,78) = 12.313; p < .001$]. This

regression shows that propensity to status consumption significantly predicted satisfaction for an online context [$\beta = 0.408$, $p < .001$] and that conditional self-esteem was not a significant predictor [$\beta = 0.089$, $p = .428$].

Further regressions were conducted to find possible predictors of satisfaction for new and second-hand products. A regression conducted only for brand-new luxury products was statistically significant [$R^2 = 0.088$; $F(1,78) = 7.509$; $p = .008$]. While it was found that propensity to status consumption significantly predicted satisfaction for brand-new luxury products [$\beta = 0.260$, $p = .008$], conditional self-esteem was not a significant predictor [$\beta = 0.045$, $p = .699$]. Furthermore, a regression conducted only for second-hand luxury products was also statistically significant [$R^2 = 0.079$; $F(1,80) = 6.830$; $p = .011$]. This regression found that conditional self-esteem significantly predicted satisfaction for second-hand luxury products [$\beta = 0.403$, $p = .011$], the propensity to status consumption on the other hand was not a significant predictor [$\beta = 0.102$, $p = .419$].

Additionally, we wanted to understand to which level could propensity to status consumption be a predictor of the purchase intentions for new luxury products compared to second-hand luxury products. A linear regression found that, while for new luxury products, the propensity to status consumption can be a significant predictor of purchase intentions [$R^2 = 0.117$; $F(1,78) = 10.302$; $\beta = 0.371$; $p = .002$] the same is not true for second-hand luxury products [$R^2 = 0.022$; $F(1,80) = 1.764$; $\beta = 0.199$; $p = .188$].

Finally, to assess the hypothesized relationship between propensity to status consumption and self-esteem being dependent on external factors, a Pearson correlation analysis was conducted confirming the existence of a positive correlation between the two variables [$r(160) = 0.426$, $p < .001$]. This indicates that the propensity to status consumption increases when individuals have a self-esteem that is highly conditioned by external factors.

4.2 Discussion

This research serves as a contribution to the existing body of knowledge on consumer behavior in relation to luxury consumption and provides insights into the potential impact of luxury democratization on the symbolic value of luxury.

Firstly, results confirm that consumers perceive second-hand luxury items as conferring them lower status when compared to brand-new luxury items (H1a validated). However, an

interesting finding emerged regarding the context of product acquisition. Specifically, when consumers were acquiring second-hand luxury items through online channels, the difference perceived in status between second-hand luxury items and brand-new luxury items decreases and becomes non-significant. Thus, the online context appears to attenuate the difference in the status perceived between brand-new luxury items and second-hand luxury items.

Secondly, buying context didn't seem to have a significant effect on the tendency for conspicuous consumption. However, product type was found to have a significant effect on conspicuous consumption (H1b validated), but just like it happened for product status this difference was only significant when comparing in-store contexts and became non-significant in an online setting. Furthermore, the propensity to conspicuous consumption was found to have a positive correlation with perceived product status, which aligns with previous findings from Bearden and Etzel (1982) on status consumption and on how individuals consume products that they perceive as being higher in status in a more conspicuous way.

In the two previous topics (product status and conspicuous consumption) we are able to notice an interesting pattern: while there are significant differences between purchasing a new product in-store and a second-hand product in-store, these differences stopped being significant in an online context (H1c validated). One explanation for this is that online platforms provide a certain level of anonymity, which may mitigate the reputational and embarrassment risks sometimes associated with second-hand luxury goods mentioned by Turunen and Leipämaa-Leskinen (2015), and corroborates findings from Suler (2004) that show that people might behave differently in online and offline settings. However, this also shows that the symbolic value of luxury that is associated with the value consumers want the brand to signal to others might be strengthened (instead of threatened) by the online context, bringing second-hand luxury products closer to brand-new luxury items sold in-store.

Regarding the value the brand signals to the consumers, it was interesting to understand that sense of accomplishment was at its lowest for consumers who were purchasing second-hand luxury products online. Having a significant difference in the sense of accomplishment of a brand-new luxury product bought in-store when compared to a second-hand product bought online might be the proof that democratization of luxury decreases the symbolic value the brand signals to the consumers. The acquisition of second-hand luxury products bought online might be seen as not having enough barriers to be considered an accomplishment from a consumer's perception, which aligns with Kapferer and Bastien (2012) that luxury brands should be

"earned", which presupposes some effort from the consumer. Furthermore, these differences in sense of accomplishment might also be a result of the status one can convey to oneself (Kapferer & Valette-Florence, 2021). While purchasing second-hand luxury products online can mislead others into believing that we're able to afford certain luxuries and thus we're deserving of a higher status, we won't ever be able to mislead ourselves. The consumer has the full knowledge of where the product was purchased, what the price paid was and what was the condition in which the product was purchased. Thus, the internal search for status might not be met by second-hand luxury products that, as we already discussed, are perceived as bringing lower status to the owner when compared to new luxury products.

Additionally, findings confirmed that propensity to status consumption was a significant predictor of satisfaction and purchase intentions for new luxury products (H2a and H2b validated). These findings, along with the positive correlation found between propensity to status consumption and conditional self-esteem (H2c validated), align with Bearden et al. (1989) notion of consumer susceptibility to normative influence showing that consumers who need approval from others will try to get that approval by using possessions as a way to signal their worth and enhance their image in the eyes of significant others. Furthermore, this also aligns with findings from Lertwannawit & Mandhachitara (2012) whereby consumers would engage in status consumption to make an impression on others.

CHAPTER 5: CONCLUSIONS AND LIMITATIONS

In this section, we will consolidate the results obtained from this research and answer the research questions presented in Chapter 1. Additionally, we will discuss academic and managerial implications derived from the findings, as well as the limitations of the present research and potential areas for future investigation.

5.1 Main Findings & Conclusions

RQ1: How do Second-Hand Luxury Products impact the symbolic value of luxury for consumers?

While second-hand products might be perceived as more sustainable and unique by some consumers, this research clearly shows that they do not serve the same purpose in communicating status as new luxury products do. It is also clear that consumers do not display the same tendency to conspicuously consume second-hand luxury products as they do with new luxury items.

Thus, we can conclude that second-hand luxury items do not possess the symbolic value commonly associated with luxury products that revolve around the concept of exclusivity and the ability to signal social status.

It was also interesting to understand that purchase satisfaction was significantly lower for second-hand luxury products when compared to new luxury products and that consumers feel less accomplished when buying a second-hand luxury product than they feel when buying a new luxury product. This also builds the argument that second-hand luxury products don't have the same symbolic value since they're not able to convey the same meanings neither to the consumer nor to others.

RQ2: How does Online Luxury Consumption impact the symbolic value of luxury for consumers?

Buying context overall didn't seem to have a significant impact on the symbolic value of luxury perceived by consumers. Although it is true that buying luxury online or buying luxury in-store has substantial differences, in this research consumers seemed to prioritize the type of product they were purchasing rather than the specific context in which they were purchasing it.

RQ3: Do consumers' perceptions of the symbolic value of Second-Hand Luxury products change in an Online context compared to an In-Store context?

Specifically, when it comes to second-hand luxury products, the online context seemed to enhance consumers' perceptions of the symbolic value of luxury bridging the gap between second-hand luxury products and new luxury products in all aspects related to the value signalled to others (like perceptions of status and the tendency to conspicuously consume the product). This indicates that when it comes to the external part of the symbolic value of luxury and signalling status to others, buying second-hand luxury products online is more efficient than buying second-hand luxury products in-store.

However, when it comes to internal aspects (such as the sense of accomplishment), buying a second-hand luxury product online brings significantly less sense of accomplishment than buying a brand-new luxury product.

Finally, we are able to conclude that the online context only bridges the difference between new and second-hand products for the external aspect of the symbolic value of luxury but doesn't have the same effect on the internal aspect, that is the one related to the value signalled to the consumers themselves.

5.2 Implications

Although second-hand luxury items are not perceived as having the same status as new luxury products, it is still important to understand that the search for second-hand luxury items is increasing due to consumers increasing environmental concerns. Luxury brands can tap into this opportunity by offering authentication programs. In this program, consumers can take their second-hand luxury items to a luxury brand store and have their luxury items examined by trained authenticators that can tell the consumer whether the item is original or counterfeit.

Additionally, luxury brands might want to consider new lines of products exclusively made from recycled materials. In this case, a new designer bag could be made only with recycled materials from bags that are not in good enough condition to re-sell but from which one could recycle materials to be used in a new design. These items could be limited editions, capitalizing on the exclusivity that brings symbolic value to new luxury items. This way brands would be able to have sustainable practices while still delivering to their clients the exclusivity and uniqueness they're searching for.

Since the online context has been shown to enhance the symbolic value of second-hand luxury items, it makes sense for businesses selling second-hand luxury items to invest in their online presence, mainly by making sure they have visually appealing websites with detailed product information and high-quality images. It might also be important to encourage consumer reviews and provide customer support so that they are able to create an image of trustworthiness in the eyes of consumers that might be more reluctant.

Since second-hand luxury products have different meanings in consumers' minds, it might not make sense to advertise second-hand luxury products as one would advertise a brand-new luxury product. That being said, advertisements for second-hand luxury products should emphasize the sustainable aspects and the previous life of the product as a key aspect of its uniqueness (each product could have its own story that would explain why that product, in particular, is special and is not just another second-hand luxury product). Furthermore, since high prices might be associated with exclusivity, it might not always be wise to advertise second-hand luxury products as bargains as this could diminish the symbolic value of the product.

5.3 Limitations and Further Research

Regarding the limitations of this research, it is important to note a few things. First, the research was conducted online and was solely reliant on participants' imagination. Since the participants were not very familiarized with luxury and second-hand consumption it might have been difficult for them to grasp every aspect of a new luxury purchase in-store compared to a new luxury purchase online namely when it comes to the customer service and the ambiance of the store, which are obviously things that can impact purchase satisfaction and the likelihood of purchase in an environment outside of this experience.

Additionally, participants were asked to ignore the budget and financial constraints, however, these also play an important role in the real world. Furthermore, the price was out of the equation in this experience, but it is proven to be a significant predictor of the desire for luxury products since it poses a barrier to the acquisition, making the products more exclusive.

Another limitation has to do with the fact that we assumed that the products were indeed original products and never counterfeit. However, this eliminated concerns that might exist regarding product origin for second-hand products and for the online context where consumers are not able to touch and feel the product, which obviously might also impact purchase intentions and

satisfaction and might also influence their perceptions of product status and tendency to conspicuously consume the item.

We also need to keep in mind that the majority of the respondents were women, which makes this research biased and thus we might not be able to replicate these findings in the general population.

Furthermore, it is important to note that all findings are based on the notion that the symbolic value of luxury revolves around the concept of exclusivity and the ability to signal status. However, consumer behavior and preferences are always evolving and the perceptions of luxury and what constitutes the symbolic value associated with it might also change. For example, in the future consumers may value more sustainability, and thus, their perception of luxury products might differ from the traditional perspective.

Regarding future research, although we didn't find significant results, it would be interesting to further investigate how the tendency to conspicuously consume second-hand products bought online might be different than to consume second-hand products bought in-store.

It might also be interesting to investigate the role of social media and online platforms in shaping the symbolic value consumers expect from luxury brands. Although for this research we were mainly interested in studying the online as a buying context, it has been shown that the online environment significantly impacts consumers' preferences and consumption of luxury brands (Ozimek & Förster, 2017). Thus, it would be interesting to understand how these platforms might help in shaping consumers' idea of the symbolic value of luxury. It might also be interesting to make this comparison across different online communities (fashion communities, environmental impact communities, etc) and understand if people within different online communities see the symbolic value of luxury in the same way and if this is significantly different between communities or if there are any major common aspects of the symbolic value of luxury in which everyone agrees.

Future research could also delve deeper into understanding if there are any specific elements from in-store and online experiences that contribute to the symbolic value of luxury brands and for the overall satisfaction of consumers when purchasing luxury items. It might also be interesting to understand if there are any specific consumer characteristics that lead them to prefer online or in-store settings. For example, is someone with a high propensity for status

consumption more likely to go purchase a luxury product in-store because everything in-store is more visible?

Finally, because luxury consumption is changing, it would be interesting to study how the brand image of luxury brands might be influenced by their presence in second-hand markets. For example, does the fact that Luxury Brand X items devalue less in the second-hand markets than Luxury Brand Y items have an impact on consumers' perceptions of quality associated with luxury brands? Are second-hand markets something consumers consider when purchasing luxury products? Does the resale value of luxury items influence consumers' preference for one brand compared to another? If a certain brand is more available in a second-hand market than another brand is the latter seen as more exclusive and thus as bringing higher status? In a world where consumers are changing their luxury consumption, it is increasingly important to accept the existence of second-hand markets and understand how luxury brand managers can capitalize on this to build stronger brands in consumers' minds.

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APPENDICES

Appendix 1: Online Survey

Introdução

Dear participant,

This research is being conducted for the fulfilment of the requirements for the Master's degree at Católica Lisbon School of Business and Economics.

The purpose of the survey is to gather information and opinions related to luxury consumption.

Your responses will be anonymous and will only be used for academic purposes. The survey will take approximately 10 minutes to complete and your participation is entirely voluntary.

Your responses will be kept confidential and will only be accessed by myself and my academic supervisor. Your participation in this survey is greatly appreciated.

Thank you in advance.

If you have any questions, please reach out to me (s-Impalma@ucp.pt)

Experiment (New; InStore)

In the first part of this survey you will be asked to imagine that you're buying your first item from a luxury brand. You can imagine you're buying it from your favourite

luxury brand (this can be Louis Vuitton, Gucci, Hermés, Chanel, Prada, Dior, etc.).

Please pay attention to the setting where you're buying this luxury item and try to imagine this situation the best you can.

Please try to disregard any budget or financial concerns this scenario may trigger, simply imagine that for this particular experience this aspect will not be a concern for your judgments and purchasing decisions.

You have been dreaming of owning a luxury wallet for a while now. As you stroll down the street, you excitedly enter your favorite **luxury brand store**.

You walk around the store looking at the different wallets available and finally find the perfect one. This **brand-new** wallet looks exactly as you envisioned your first luxury wallet to look like! The size is perfect, and the color is spot on. Not to mention the quality, which is amazing!

From which luxury brand is the wallet you're imagining?

Experiment (New; Online)

In the first part of this survey you will be asked to imagine that you're buying your first item from a luxury brand. You can imagine you're buying it from your favourite luxury brand (this can be Louis Vuitton, Gucci, Hermés, Chanel, Prada, Dior, etc.).

Please pay attention to the setting where you're buying this luxury item and try to imagine this situation the best you can.

Please try to disregard any budget or financial concerns this scenario may trigger, simply imagine that for this particular experience this aspect will not be a concern for your judgments and purchasing decisions.

You have been dreaming of owning a luxury wallet for a while now. You pick up your smartphone and excitedly browse through your favorite **luxury brand's website**.

You look at the different wallets available and finally find the perfect one. This **brand-new** wallet looks exactly as you envisioned your first luxury wallet to look like! The size is perfect, and the color is spot on. Not to mention the quality, which seems amazing!

From which luxury brand is the wallet you're imagining?

Experiment (Second-hand; In-store)

In the first part of this survey you will be asked to imagine that you're buying your first item from a luxury brand. You can imagine you're buying it from your favourite luxury brand (this can be Louis Vuitton, Gucci, Hermés, Chanel, Prada, Dior, etc.).

Please pay attention to the setting where you're buying this luxury item and try to imagine this situation the best you can.

Please try to disregard any budget or financial concerns this scenario may trigger, simply imagine that for this particular experience this aspect will not be a concern for your judgments and purchasing decisions.

You have been dreaming of owning a luxury wallet for a while now. As you stroll down the street, you excitedly enter a **second-hand store**.

You walk around the store looking at the different wallets available and finally find the perfect one, from your favorite luxury brand. This **second-hand** wallet looks exactly as you envisioned your first luxury wallet to look like! You can see that the wallet has been used, but it is in good condition. The size is perfect, and the color is spot on. Not to mention the quality, which is amazing!

From which luxury brand is the wallet you're imagining?

Experiment (SecondHand; Online)

In the first part of this survey you will be asked to imagine that you're buying your first item from a luxury brand. You can imagine you're buying it from your favourite luxury brand (this can be Louis Vuitton, Gucci, Hermés, Chanel, Prada, Dior, etc.).

Please pay attention to the setting where you're buying this luxury item and try to imagine this situation the best you can.

Please try to disregard any budget or financial concerns this scenario may trigger, simply imagine that for this particular experience this aspect will not be a concern for your judgments and purchasing decisions.

You have been dreaming of owning a luxury wallet for a while now. You pick up your smartphone and excitedly browse through a **luxury consignment website** (i.e. a website that sells second-hand luxury products).

Not at all likely 1 2 3 4 5 6 7 8 9 Extremely likely

Please indicate your intention to share this purchase on social media?

No intention at all 1 2 3 4 5 6 7 8 9 Extremely intend to

Having in mind the conditions and store where you imagined purchasing this luxury product, please answer the following questions

How concerned are you with what others may think of you when purchasing this item?

Not at all concerned 1 2 3 4 5 6 7 8 9 Extremely concerned

How likely are you to be affected by others judging your shopping decision?

Not at all likely 1 2 3 4 5 6 7 8 9 Extremely likely

How accomplished would you feel for being able to purchase this product?

Not accomplished at all 1 2 3 4 5 6 7 8 9 Extremely accomplished

Having in mind the conditions and store where you imagined purchasing this luxury product, please answer the following questions

How proud would you feel to own this product?

Not proud at all 1 2 3 4 5 6 7 8 9 Extremely proud

How proud would you feel if someone you know saw you buying this item?

Not at all proud 1 2 3 4 5 6 7 8 9 Extremely proud

How ashamed would you feel to own this product?

Not ashamed at all 1 2 3 4 5 6 7 8 9 Extremely ashamed

How ashamed would you feel if someone you know saw you buying this item?

Not at all ashamed 1 2 3 4 5 6 7 8 9 Extremely ashamed

Having in mind the conditions and store where you imagined purchasing this luxury product, please answer the following questions

Where were you imagining this purchase?

Definitely in an online store 1 2 3 4 5 6 7 8 9 Definitely in a physical store

The product you were imagining was...

Definitely Second-Hand 1 2 3 4 5 6 7 8 9 Definitely New

Not familiarized at all
1 2 3 4 5 6 7 8 9
Extremely familiarized

How familiarized are you with shopping second-hand?

Not familiarized at all
1 2 3 4 5 6 7 8 9
Extremely familiarized

Status Consumption Scale - 1999

Now please consider your consumption motivations and answer the following questions as truthfully as you can.

How likely are you to buy a product just because it has status?

Not at all likely
1 2 3 4 5 6 7 8 9
Extremely likely

How interested are you in a new product that gives you status?

Not interested at all
1 2 3 4 5 6 7 8 9
Extremely interested

How likely are you to pay more for a product that is associated with high status?

Not at all likely
1 2 3 4 5 6 7 8 9
Extremely likely

How important is it for you that a product you own/ purchase signals status?

Not important at all
1 2 3 4 5 6 7 8 9
Extremely important

Earned Self-Esteem - Need for Approval

Please answer the following questions as truthfully as you can.

How likely are you to need others' appreciation of the things you do?

Not at all likely
1 2 3 4 5 6 7 8 9
Extremely likely

How likely are you to have your self-esteem strengthened when others like you?

Not at all likely
1 2 3 4 5 6 7 8 9
Extremely likely

If you fail at work or in your studies, how much does it affect your self-esteem?

It doesn't affect it at all
1 2 3 4 5 6 7 8 9
It extremely affects it

How likely are you to pay attention to whether people who are important for you like what you do or not?

Not at all likely
1 2 3 4 5 6 7 8 9
Extremely likely

Demographic Questions

Finally, please answer the following demographic questions

Age

0 10 20 30 40 50 60 70 80 90 100

Gender

Male

Female

Non-binary / third gender

Transgender

Prefer not to say

Powered by Qualtrics