



# **The impact of celebrities on generation Z: Hanging out with the kids makes you look younger?**

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Dissertation submitted in partial fulfilment of requirements for the MSc in  
Management with Specialization in Strategic Marketing, at the Universidade Católica  
Portuguesa, 2022



## Abstract

**Title:** The impact of celebrities on generation Z: Hanging out with the kids makes you look younger?

The extensive existing literature argues for the benefits of co-creation namely, the connections between brands and consumers and the competitive advantage that can be achieved, with the main objective of creating loyalty and identification with brands. Young consumers (generation Z) are digital natives who are surrounded by information who intend to use it as fuel to be unique and irreverent showing more traditional luxury brands that they need to change their strategies to face this generation. This generation buy products to make a statement and to reflect their individuality and their values. Luxury brands have taken the first steps to develop co-creation strategies that can be perceived as innovative for this generation. However, little is known about the impact of co-creation in the luxury fashion brands with celebrities, the trend that has been setting in the luxury market for the past year. To deepen the knowledge regarding this matter, 223 participants took part on a study to understand whether luxury fashion brands co-creating with cutting-edge celebrities (e.g., Rihanna) are more attractive to younger generations (generation Z) compared to older generations (generation Y and generation X). Findings show that co-creating with celebrities increases self-congruency, perceived product innovation which leads to higher purchase intentions among generation Z consumers. Nevertheless, the perceived expertise of the co-creator decreases as product complexity increases, leading to reduced purchase intention towards high complexity products. Also, product category plays such an essential part regarding luxury brands, as product complexity increases, purchase intention decreases, working on the selected celebrity's confidence in the connection with the product is critical for the collaboration to succeed. Consumers, when faced with such strategy, feel part of an 'elite' who has a unique product embedded with the DNA of a heritage brand wrapped up in a twist that makes it irresistible for this generation.

**Keywords:** co-creation, luxury, celebrities, self-congruency, innovation, expertise, generation Z

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## Sumário

**Título:** The impact of celebrities on generation Z: Hanging out with the kids makes you look younger?

A extensa literatura existente defende os benefícios da co-criação, nomeadamente, as ligações entre marcas e consumidores e a vantagem competitiva que pode ser alcançada, com o objetivo principal de criar identificação com a marca. Os jovens consumidores são conhecidos como nativos digitais, rodeados de informação que pretendem utilizar para se tornarem únicos e irreverentes, mostrando às marcas de luxo tradicionais que precisam de mudar para se adaptarem a esta geração. Para esta geração os produtos servem para refletir a sua individualidade os valores pessoais. As marcas de luxo têm dados os primeiros passos para desenvolver estratégias de cocriação inovadoras para esta geração. No entanto, pouco se sabe sobre o impacto da co-criação das marcas de luxo com celebridades, tendência que vem se estabelecendo no mercado de luxo no último ano. Para aprofundar este tema, 223 indivíduos participaram num estudo para entender se as marcas de luxo que cocriam com celebridades irreverentes (por exemplo, Rihanna), são mais atrativas para as gerações mais jovens (geração Z). Os resultados comprovam que a cocriação com celebridades, aumenta autocongruência e a inovação do produto, o que leva a maiores intenções de compra por parte da geração Z. No entanto, conforme a complexidade do produto aumenta, o nível de experiência do co-criador diminui aos olhos destes consumidores, o que leva à redução da intenção de compra para produtos mais complexos. Além disso, a categoria do produto desempenha um papel essencial, à medida que a complexidade do produto aumenta, a intenção de compra diminui. Assim, trabalhar no nível de experiência perceptível da celebridade escolhida, é fundamental para que a colaboração seja bem-sucedida. O consumidor desta geração, ao se deparar com esta estratégia, sente-se parte de uma ‘elite’ que possui um produto único embutido no ADN de uma marca fiável, envolto num *twist* que o torna irresistível.

**Palavras-chave:** cocriação, luxo, celebridades, autocongruência, inovação, expertise, geração Z

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## **Acknowledgements**

This dissertation is a work that, in addition to dedication, time, detail and study, also depended on the support of countless parts that made the whole come true. This moment is the culmination of a year and half of learning, studying, dedication, passion, and a lot of love placed in what I want my future to be. I look back and realize that without the sum of the parts that were part of my journey through Universidade Católica Portuguesa, the whole would not have had half the impact and importance. First of all, I want to thank, with all the respect and affection, to the Universidade Católica Portuguesa, for having provided me with the best teaching I could have had, in particular, to the team of teachers who nurtured my knowledge and allowed me to explore paths I would never have envisioned before.

Secondly, to professor Cláudia Isabel de Sousa Costa, for her time and dedication and for all the help she offered me during the development of this dissertation. But, especially, to my parents who saw a potential in me and never forbade me to take my knowledge further. They have always driven me to want to be more and better, to be more educated, to seek to be a completer and more knowledgeable being. To them I owe this journey through Universidade Católica Portuguesa, and I will always be eternally grateful.

Finally, to my boyfriend, Frederico Martins, who always encouraged and challenged me to be more and better and to want to know more, who supported me in the most difficult times, my master's colleague, Mariana Labisa, and all the friends who were present at this very important moment, a huge and eternal thank you.

# List of abbreviations and acronyms

- Gen Z**      Generation Z
- Gen X**      Generation X
- Gen Y**      Generation Y

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# 1. Introduction

## 1.1 Industry Research

The private French luxury house, Chanel, has been forging a singular and strong relationship with Pharrell Williams. As an American rapper, producer, singer, and songwriter, developing an exclusive collection of sneakers since 2019, the artist stands for a unisex inclusive collection that allows accessibility for all identities. This statement allows Chanel to show that it cares about all identities which creates an incessant desire to buy this collection, especially by those who identify with the campaign.

Luxury fashion houses are struggling to connect and engage with generation Z, despite the popularity of brands such as Louis Vuitton and Gucci (Business Insider, 2020). According to Deloitte and BCG & Altagamma (2018), generation Z accounts for nearly 10% of the luxury market, but by 2025 this generation will represent 45% of the market together with generation Y, those born between 1981 and 1996 (Deloitte, 2019). Luxury is a huge market but needs to keep engaging with generation Z, consumers born after 1995, which is going to be the market of the future. Generation Z represent 350 billion dollars in potential revenues for the fashion industry (Mckinsey & Company, 2019) but have unique characteristics that make marketers work challenging, namely for their preference for collaborations in the luxury market (BCG & Altagamma, 2018). Such preferences are highlighted when compared to millennials (generation Y), and generation X (overall true-luxury consumers), those born between 1965 and 1980 (BCG & Altagamma, 2018). Generation Z has been characterized by using consumption as an expression of self-identity, and a strong desire for ethics, expecting brands to take a stand regarding topics such as racism, women's rights, and sustainability (Mckinsey & Company, 2018).

Innovation scholars have regarded the creative potential of co-creation with users and its benefits for the relationship between companies and users (Dahl, Fuchs & Schreier, 2015). Co-creation using the generated promising ideas of users is widely seen as a source of competitive advantage (Fuchs, C., Prandelli, E., Schreier, M., Dahl, W., 2021), that can lower product development costs, improve time-to-market, and derive innovative products that better meets the consumers' needs (Hoyer, W. D., Chandy, R., Dorotic, M., Krafft, M., & Singh, S. S. 2010; Von Hippel 2005; Ogawa & Piller 2006). The outcome is that for the broader market, consumers that buy the products but do not take part in

co-creation, the product labelled as co-created and designed with the consumers against products fully developed by the company, have a more positive impact on purchase intention and create a more positive view on the product (Fuchs & Schreier 2011; Schreier, Fuchs & Dahl, 2012). Nevertheless, in luxury fashion brands, (high status products), using users as a source of innovation backfires (Fuchs, Prandelli, Schreier, Dahl., 2013), since user-design luxury products do not provide the right feelings to the observing consumer, transmitting feelings of lower-quality. Lower quality represents a failure in delivering the agentic feelings of belonging to an elite with higher status (Fuchs et al., 2013). Nonetheless, research identifies that the negative effects of labelling a product as user-design in luxury fashion brands is attenuated when the brand's designer legitimize the users, for example, if the users are labelled as artists or when celebrities are involved instead of ordinary users (Fuchs et al., 2013).

This thesis aims to deepen the literature regarding co-creation in luxury fashion brands, by understanding and testing whether the benefits of co-creation in luxury fashion houses extends to new contexts, such as co-created luxury fashion products with celebrities. Does using a celebrity to co-create with a luxury fashion brand, benefit luxury fashion brands? Specifically, this thesis examines how this innovation strategy can reach and catch generation Z' attention and encourage its purchasing intention towards luxury fashion brands. Luxury co-creations make consumers who do not yet be interested in luxury (generation Z) become more knowledgeable and aware (Mrad, Farah & Haddad, 2018). Respecting luxury fashion products, co-creations in luxury allow not only to create desire but also identification with the brand (Okonkwo, 2007), attributing an 'author' to a product gives a sense of authenticity (Hernando, 2014), creating brand recognition, easy recall of the brand which translates into purchase intention (Pradhan, Duraipandian, & Sethi, 2016). This is critical for generation Z, since 67% of consumers from this generation purchase from special edition collaborations with artists/brands (Statista, 2021). Such collaborations allow consumers to express their individuality and values (BCG & Altagamma, 2018). The fashion industry suits this study since the world spends around 80 billion euros in clothing every year (Statista, 2021). Also, as collaborations between luxury fashion brands and celebrities are key to the new luxury era (BCG & Altagamma, 2018), generation Z is looking for innovation in design, along with unique collections that reflect their individuality and values. It looks like that luxury fashion houses are realizing this already.

## 1.2 Research aim and research questions

The purpose of this thesis, is to acquire a better knowledge of how luxury fashion brands that prioritize co-creation as a tool of innovation, may earn young consumers attention and lead them to have higher purchase intention towards their products. The research will also give information on how factors such as self-congruency, perceived innovation, perceived expertise, and product complexity may influence the co-creation strategy of luxury fashion brands. An overview of the existing literature on the relevant topics is provided at the outset for this purpose. Following this line of thinking, two studies will be performed to answer the following research questions. Finally, the findings of this study are examined, with suggestions for practical applications. The following issues are being investigated:

- Does the co-creation claim with celebrities influence young consumers' demand for luxury fashion products?
- Including celebrities as co-creators for luxury fashion products, influence generation Z consumers perceived innovation, self-congruency, and expertise towards the product?
- Does the type of product co-created have an impact on purchase intention towards luxury fashion brands products?

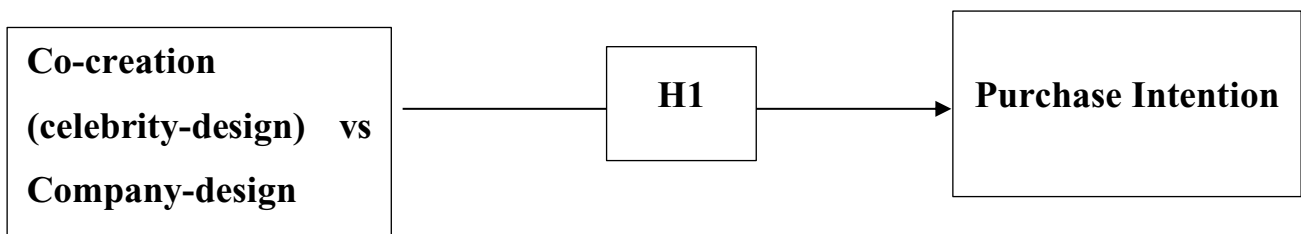


Figure 1: Conceptual model 1

Source: Author

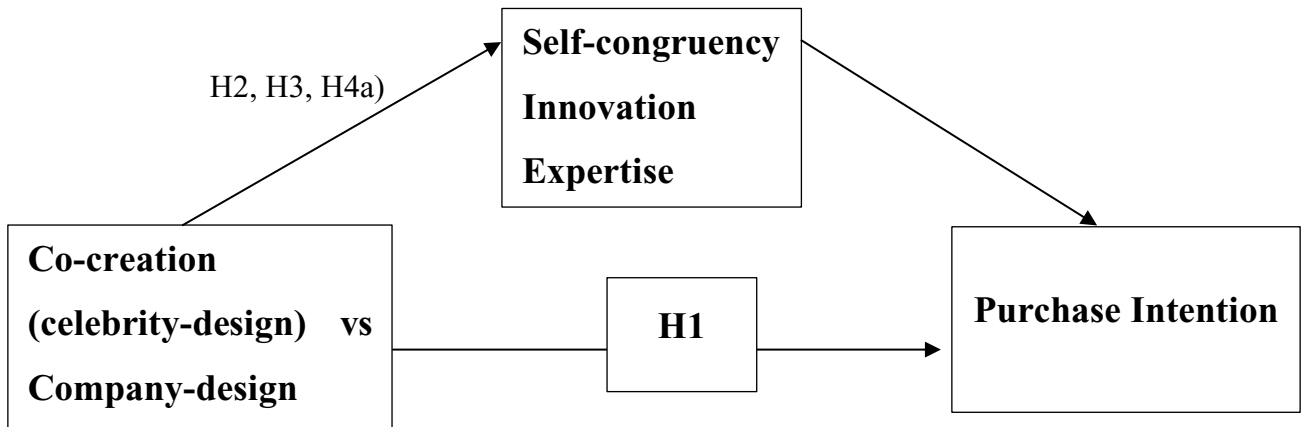


Figure 2: Conceptual model 2

Source: Author

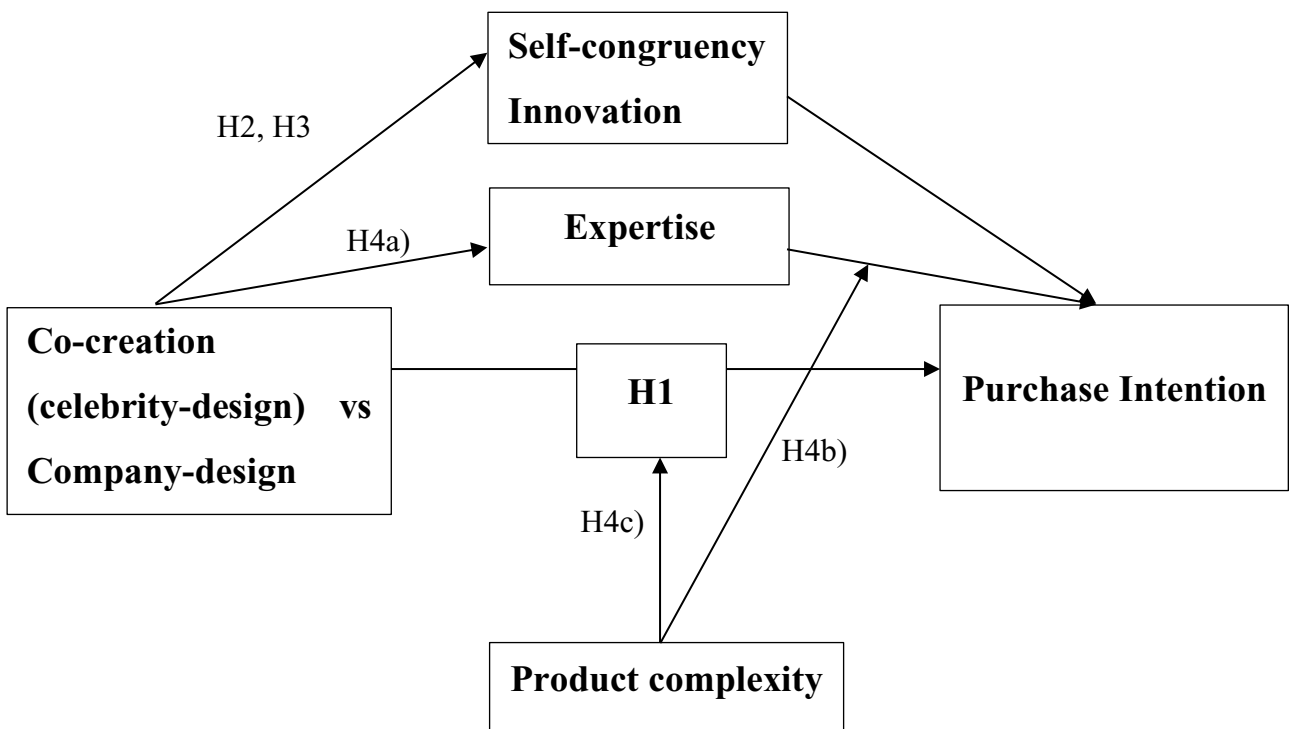


Figure 3: Conceptual model 3

Source: Author

## **2 Literature review**

### **2.1 A look at luxury**

Luxury “a branded product or service that consumers perceive to be high quality, offer authentic value via desired benefits, whether functional or emotional” (Vinerean, 2019, p.145), offers value beyond the functional value. Luxury elicits a link between the brand, the product, and the consumer, that allows the feeling of exclusivity, prestige, and recognition. Megehee and Spake (2012, p. 1436) describe luxury as “a configuration of a unique, aesthetic, functional, and expensive product–service experience”. Kapferer and Bastien (2012, p. 22) propose an integrative view asserting that “luxury designates objects or services which are needlessly expensive: non necessary, one can live without it, no functional argument can ever justify their price, only the feeling of privilege made of hedonistic experience”. Hedonic experiences go beyond the possession of luxury products, it is a feeling of identification, interaction, up-to-date information, and relevant information (Baldus, Voorhes and Calantone, 2015).

In the beginning of the history of luxury, the craftsmanship, the design, the very high-quality rare materials, the number of hours and detail put on the work to create a piece of art, were the most valued characteristics of a luxury piece, the functional dimension. But, with the emergence of the digital era, with the younger generations calling the emergence for relevant issues such as inequality, human rights, sustainability, among others, luxury brands have been paying more attention to their position regarding such matters as the case of the collaboration between Pharrell Williams and Chanel, as previously mentioned. This collaboration is a success with a revenue of more than 32 million dollars in just the first launch of the capsule collection and has a higher social cause than what it looks like at first, since the luxury brand Chanel does not have a menswear line, the artist came to defend that gender should not keep individuals to buy from the brands they love so they developed a unisex capsule collection. The symbolic value gives a unique identity to the brand, and this has been gaining increasing importance (Barnier, Falcy, & Florence, 2012). A luxury brand can only create value to their customers if they invest in quality and in the ability to deliver meaningful associations (Fournier, 1998; Chernev, Hamilton & Gal, 2011). So, to stay relevant luxury brands must adapt to today’s world consumers needs and wants, delivering more value for the price, offering not only a product/service but a meaning that connects to this younger generation that looks for

products/services that take root and blend with their own persona values, being an extension of their own self.

Luxury has a demanding business model, with several distinguished rules of their own, such as no licenses, no rebates, attaining scarcity through suppressing supply in relation to demand, and keeping a tight connection with art and *avant-garde* contemporary artists, keeping celebrities out of advertising and to not pander to their wishes (Kapferer & Bastien, 2013). However, during 2021, luxury fashion houses have been breaking the conventions of luxury brand management. Consumers are faced with limited editions collaborations between luxury fashion houses and cutting-edge celebrities, where celebrities co-create and design the product (Vogue, 2019; Forbes, 2021)

## **2.2 Generation Z**

These younger consumers have brought new requirements for the luxury industry, forcing brands to adapt their traditional luxury values and identity to cater the need for 'identity statement' which has driven the growth in collaborations (BCG & Altagamma, 2018) since these new products are embodied in new values brought by the new personality. Generation Z have been demonstrating extremely differentiated behaviors in comparison with previous generations (Bain & Company, 2018). For instance, consumers from this generation look for products that reflects their personalities and identities (Bain & Company, 2018) and are more influenced by important social causes having a strong opinion regarding ethical behaviors towards luxury brands (BCG & Altagamma, 2019) so is critical and demanding that luxury brands take a stand and adapt to this new urgencies. Currently generation Z accounts for 8% of the luxury market (BCG and Altagamma, 2019), spending power is now estimated in 143 billion dollars (Forbes, 2021) and this generation is spending more now than what they did before the Covid-19 pandemic (Bloomberg, 2021). Generation Z, also known as digital natives (Prensky, 2001), are individuals born in the last two decades, after 1990, that grew up with full access to technology (Tapscott, 1998; Prensky, 2001; Oblinger & Oblinger, 2005; Palfrey & Gasser, 2008). Gen Z is the first age cohort fully born with technology and thus, developed new cognitive capabilities (Prensky, 2001). Surrounded by global information, social uncertainty, terrorism, school violence, and other relevant causes (Williams, 2007) shaped the behavior of younger consumers. Also, this generation is different from the previous generations since they have a high impact on the family purchase intention, so they not only are gaining purchasing power, but also influence the family purchase decisions (Belch, Krentler & Flurry., 2005).

Generation Z interacts with brands almost exclusively online (95% of generation Z uses digital platforms to interact with brands (BCG, 2019)) values uniqueness, the need to express individualism and to avoid stereotypes, focusing on the self-identity (Mckinsey & Company, 2018), willing to pay extra for innovation and unique products and services. For this age group consumption is an expression of the individuality of each identity, preferring brands who can reflect their actual or aspiration self-concept (Mckinsey & Company, 2018; Ismail, Nguyen, Chen, Melewar & Mohamad., 2020) having a never satisfied need for uniqueness.

Also, this generation has social causes and issues on the top of their mind, especially regarding racial justice, inequality, and the environment (Deloitte, 2021). This is an active generation that wants to see the difference being made in the world, purchasing from brands, and spending their money with brands that reflect their values and that pushes for a change (Deloitte, 2020). For brands to keep relevance, managers need to adapt to today's consumer needs, generation Z is willing to pay a premium price for brands that stand out for causes they identify with (Mckinsey & Company, 2018). Consumption is anchored on ethics expecting brands to take a position and defend a relevant cause and aligning with this is the fact that generation Z is considered the most materialistic (Flurry and Swimberghe, 2016), such characteristics make this generation an attractive generation for brands, especially those who charge a premium price for their products.

These younger consumers are creating a tension between brand consistency, that appeals to older generations such as generation X, and brand relevance (Moussa and Barnier, 2018). Is not a surprise that this generation is nothing like their parents or grandparents (BCG, 2019) so if luxury brands do not adapt to tomorrow's luxury consumers, they will be perceived as outdated, being urgent for brands to be in constant adaptation, innovating their strategies to remain relevant in such a volatile time (Kim and Ko cited by Vinerean, 2019).

Luxury consumption motivations are almost unknown, each consumer purchases luxury products based on one's own personal definition and perception of luxury (Kapferer & Laurent, 2016), allowing consumers to meet their need for uniqueness and exclusiveness by creating distance from others while offering affiliation with groups they associate with (Kastanakis & Balabanis, 2012) and these feeds and fuels younger consumers' need to be unique (Mckinsey & Company, 2018). Celebrities, (Leibenstein, 1950, Vigneron and Johnson, 1999, Amaldoss and Jain, 2008), are aligned with luxury products that carry social approval because these individuals are a synonym of success,

and membership in relevant status groups (Belk, 1988). The fame of these status groups and the products/services they consume, provide signals to the broad universe of individuals (Han et al., 2010) generating foster appeal for these luxuries. Celebrities are the symbolic stars of the world, with their feeling of success and privilege (Kapferer & Florence, 2016).

## **2.3 The impact of celebrities**

These stars of the world are known for their ability to create brand awareness and positive associations with brands (Kahle and Homer, 1985) since through celebrities' brands can absorb and incorporate the meanings and values associated with celebrities and, by association, convey these values and meanings to consumers (McCracken, 1989; Miller and Allen, 2012, Erfgen, Zenker & Sattler 2015).

Using celebrities as endorsers allows brands to meet consumers' self-congruency by easily demonstrating their position regarding relevant values, social causes, symbols which will lead to a successful image in the eyes of consumers (Choi, Lee, and Kim., 2005). Adding, possessions can amuse psychological needs such as building one's own self-concept, expressing self-identity, and allowing one to extricate from others, asserting its own individuality (Belk, 1988; Ball and Tasaki, 1992; Allen 1995; Aaker 1997; Fournier, 1998; Escalas and Bettman, 2003, 2005). Research has proven that to deepen the relationship and to better resonate with consumers on a personal level it is effective to use culturally relevant celebrities as endorsers (Low and Lamb Jr, 2000). Luxury brands are chosen especially regarding their self-esteem and hedonic dimension which, in partnership with a celebrity with the right values and meanings, that aligns with the brand image, can enhance those values and perceptions. Celebrities are part of an elite (McCracken, 1986) who is often admired by young consumers, who borrow from such celebrities for their identity construction (Boon and Lomore, 2001). Celebrities are inspirational figures and references as they are seen as high standards of achievement and a symbol of success (Escalas and Bettman, 2003).

Celebrities are a source of credibility and likeability which have a major importance on consumers (Centeno & Wang, 2017), being able to increase brand visibility (Friedman and Friedman, 1979), levels of attention (Friedman and Friedman, 1979), positive attitudes towards the products and purchase intention (Friedman, Termini and Washington, 1976). A huge lack of literature on the impact of celebrities in the co-creation process exists, especially in luxury brands that, in the last year, have been betting so much on these figures to take an active position regarding relevant social causes that are gaining increasing importance. But this is a relevant field of study since 67 per cent of

consumers from generation Z states that they purchase from limited editions or collaborations between a luxury brand and a celebrity (BCG, 2019). And, even better, 89 percent of 12 000 (10 680) respondents of the BCG and Altagamma survey, said that they are aware and know about the collaborations introduced by luxury houses because they follow the artists, celebrities, and designers and not because they follow the luxury brands. Collaborations with celebrities, as limited-edition products, create awareness and a feeling of exclusivity (Chan, To & Chu, 2015; Mittal, Chawla, & Sondhi, 2016), while offering a range of products different from the classic offering with a sensation of uniqueness and innovation, while persevering the heritage and the classical feeling of the brand.

## **2.4 Co-creation**

Research has proven that co-creation is a strategy that allow companies to develop and design a product that better fits the intended target (Sanders and Stappers, 2008; Nambisan & Baron, 2009; Hoyer, Chandy, Dorotic, Krafft, & Singh, 2010; Mahr, Lievens, & Blazevic, 2014), as a source of innovation (Bogers, Afuah & Bastian, 2010), achieving more customizable products (Syam and Pazgal, 2013). Co-creation has been researched extensively (Mustak, Jaakkola & Halinen 2013; Galvagno and Dalli, 2014; Ramaswamy, & Ozcan, 2018), and is recognized as a source of competitive advantage (Fuchs, et al., 2013) since consumers prefer products co-created by users compared to company designed (Schreier et al., 2012). However, brands need to pay attention to some risks regarding the loss of control and the changing image and DNA of the brand (Kozinets and Handelman, 2004; Hoyer et al., 2010). Co-creation is a source of innovation, allowing brands to achieve a new product (Schreier et al., 2015) making consumers willing to pay more and being more disposed to incur in purchase intentions (Schreier et al., 2012). Nevertheless, besides the promising positive effects of co-creation with users, it is known that these effects can be damaging for luxury brands (Fuchs et al., 2013) being that in the scope of luxury, observing consumers do not recognize the expertise and ability of other users to co-create products of this product context decreasing the agentic effect of luxury (Fuchs et al., 2013).

To eliminate the negative effects of using user's as co-creators in luxury fashion brands, using celebrities as co-creators has been a new wise strategy rapidly identified by luxury fashion houses (Balmain x Beyoncé, Chanel x Pharrell Williams, LVMH x Rihanna) (Vogue, 2018; Vogue, 2019, Vogue, 2021) due to an extensive literature regarding the psychological effect of social distance and comparison (Wood, 1996), the use of celebrities as co-creators can enhance the desire to buy and acquire such products.

Particularly for the generation Z, since younger consumers are more open to co-creation, as co-creation initiatives are mostly done online (Bayus, 2013), and younger generations spend most of their time online, they are more prone to know about co-creation (Tietz, Fuller & Herstatt 2006; Raasch, Herstatt & Lock, 2008) and this will increase the familiarity and the perceived innovation ability of firms who co-create (Schreier et al., 2012). Since generation Z sees innovation as a utilitarian need (Business Insider, 2019).

**H1: Labeling a luxury fashion brand's product as co-created with a celebrity increases product purchase intention in generation Z consumers than when the product is fully designed by company's professionals**

## **2.5 Luxury is not only about expensive, but also about the self**

Luxury brands create value to their customers on the quality level and on the ability to serve meaningful associations to their customers, filling the products with symbolic values (Fournier, 1998; Chernev et al, 2011). This can be translated in a product of high quality and high performance, conveying social attractiveness and recognition (the brand awareness must exist) and it must translate into individual value creation, that is, translate the values that the individual wants broadcast and have hedonic value to oneself (Wiedmann, Hennings & Siebels, 2007). Creating an identity, in a luxury brand, is imperative to nurture the dream and the timeless value of the brand (Kapferer & Bastien, 2009). The challenge arises with the changes in the market such as the digitalization, consumption supported by ethical behaviors, consumers imperative action by brands regarding relevant causes, so the identity of the brands must adapt and to keep relevant in today's world.

Luxury brands are highly influenced by the change in the society (Kapferer, 2014), since if the new generations consumers do not relate to the identity of the brand (Kapferer, 2014)), they simply do not buy it since luxury brands are highly supported by their symbolic meaning (Kapferer, 1998). Luxury brands have the capacity to influence and communicate the consumer's self-concept, complementing the own self (Tsai, 2005). The consumption of luxury is highly influenced by social function attitudes (self-presentation and self-expression), as the users of luxury brands express their individuality and exhibit social standing through the possession of such products (Wilcox, Kim & Sen., 2009). According to the self-congruity theory (Sirgy, 1982), consumers choose one product over another because the chosen product better reflects or is more similar to one's self-image and, therefore, uses

that product to communicate one's own beliefs to the world. Thus, the consumption of a certain product serves the consumer to validate one's self-concept and identity. In an ever-changing digital world, brands that are 'liked' by digital native consumers are brands that reflect beliefs about themselves (Wallace, Buil & Chernatony, 2017). When a consumer believes their oneself (ideal or actual) matches a brand's personality and values, they experience a greater satisfaction with positive outcomes such as positive self-perceptions and intention to purchase (Sirgy, 1982; Aguirre-Rodriguez, Bosnjak & Sirgy 2012; Roy and Rabbane, 2015).

Self-image in the luxury market has reached a new importance. Hedonic consumption is highly aligned with the extension of the self-image, and this is dictated by the consumer-brand congruence (Belk, 1988). Luxury brands need to pay special attention to the younger consumers and how these generations want to be perceived by others, since consumers attribute a set of personality traits to brands (Keller and Richey's, 2006). If luxury brands wish to appear relevant to a generation Z' consumer, their image, values, personality, and meanings must correspond to the values and meanings these generation desires (Rodriquez & Kerviler, 2012; Sirgy, 2018). Specifically, several studies have proven that the consumption of luxury products allows users to fit into specific groups they associate with and disassociate with those who they do not belong (Belk, 1988; Kleine and Allen, 1995; Richins, 1999; Escalas and Bettman 2003).

Luxury has entered the era of 'new luxury', where meaningful experiences, meanings and lifestyle branding replaces traditional consumption (Passport, 2016), status was replaced by cognitive, sensory, rational, and emotional values for consumers (Atwal and Williams, 2017). Creating a strong identity and image, where values and meanings are aligned with consumer's self and ideal image (Schmitt, 1999; Smith and Hanover, 2016) is the innovation that is entering the luxury world.

**H2: The positive effect of co-creation with celebrities on product purchase intention is explained (and positively mediated) by consumers self-congruency**

## **2.6 Perceived innovation**

Extensive research has shown that co-creation is a process that leads to innovation (Perks, Gruber and Edvarsson, 2012) due to the better fit of the product in terms of customers' needs which reflects on increasing product/service likelihood (Von Hippel, 2001; Poetz and Schreier, 2012), obtain market information in terms of desires, needs attaining competitive advantage (Kaplan and Haenlein, 2006) this effort of listening and concretizing customers' wishes as shown significant benefits for companies

such as positive company reputation making consumers willing to pay a premium price for such product (Fuchs and Schreier, 2011; Franke and Piller, 2004). Also, for the consumers side, co-creating with company has relevant psychological benefits such as sense of belonging to a community (Nambisan and Baron, 2009), ‘strong feeling of accomplishment’ (Franke and Schreier, 2010), hedonic feelings (Franke and Schreier, 2010) and feeling that the company offers better products (Franke et al., 2006). Since luxury brands have their own rules, as previously mentioned, some of these relationships are not completely verified for luxury brands (Fuchs et al., 2013) and little is known about the relationship between co-creation and perceived innovation regarding fashion houses. Nevertheless, it is known that the luxury market means that brands need to distinguish their unique characteristics to achieve relevance and competitive advantage (Ko and McGehee, 2012). Tynan, Mckechnie and Chhuon (2010) discovered that artist collaborations and artist support contribute to value co-creation in luxury brands, allowing to smooth the ambidexterity between heritage and innovation. Using artists is a luxification strategy (Kapferer, 2014), which is to transform the products into pieces of art (Baumgarth, 2018) since the artist allows luxury brands to achieve authenticity, raising the perception of a work of art (Hernando, 2014). Also, it is known that including the artist’s name on a collaboration increases the perception of prestige, exclusivity, and innovation (Marin, Barra and Moyano, 2021). Without forgetting about heritage and tradition, luxury brands need to keep relevant while aligning with the brand DNA, since it’s the heritage and tradition of a luxury brand that creates appeal (Hudson, 2011) and is associated with brand authenticity and reliability (Beverland, 2005; 2006).

**H3: The positive effect of co-creation with celebrities on product purchase intention is explained (and positively mediated) by consumers perceived innovation**

## **2.7 Expertise**

Expertise has been found a key concept in the luxury market since time and design take a lot of known effort by luxury houses (Miller, 2013). Craftmanship is synonym of expertise and time, a symbol of tradition and every piece is a fruit of manual know-how (Amatulli & Guido, 2011). To better understand what can impact the purchase intention of co-created products it is important to understand the perceived expertise of the co-creators and those who design the product/service (Delgado-Ballester & Munuera-Aleman, 2001). When observing consumers do not perceive expertise in the co-creators, co-created products can lead to skepticism in consumers, questioning the ability to deliver a quality product (Thompson and Malaviya, 2013) and especially regarding luxury brands (Fuchs et

al., 2013) and complex products (Costa and Coelho do Vale, 2018). When product complexity increases, consumers expect that the level of expertise of those developing the product, also increases (Costa and Coelho do Vale, 2018). Several studies have found that regarding the aesthetic part of the product, little expertise is needed but regarding functional and performing attributes, consumers ask for expertise (Dhar and Wertenbroch, 2000; Voss, Spangenberg & Grohmann, 2003; Schnurr, 2017). To further deepen the power of expertise, studies have even found that companies relying only on users to create new product insights will probably not succeed on the market (Schulze & Hoegl, 2008). Nevertheless, Fuchs and colleagues (2013) found relevant insights on how to possibly revert the negative effects of the perceived expertise. This thesis believes that using celebrities as co-creators can help on the perceived expertise of the co-creator, due to the social identification theory (Tajfel and Turner, 1986). Additionally, it posits that the level of perceived expertise of the celebrities have an important and significant impact on purchase intention.

**H4a): Purchase intentions is increased by the perceived expertise of the product designer (i.e., product expertise positively mediates the relationship between co-creation and purchase intention) for luxury fashion brand's products**

## **2.8 Product Complexity**

Product complexity refers to the complexity of designing the product (Schreier et al., 2012) and is synonym to the necessary knowledge to achieve the final product, complexity of the creation process, required number of distinct skills and type of expert knowledge (Hobday 1998; Novak and Eppinger, 2001). Users of luxury brands perceive co-created products with other users as having less quality and having worst capabilities of achieving innovation, this is explained by the fact that consumers understand that the professionals have more capabilities and more knowledge than a common mortal (Moreau and Herd, 2010), as product complexity increases, consumers perceived expertise of other users to co-create decreases (Schreier et al., 2012). The difference between the complexity of designing a t-shirt compared to a car is easily and simply identified by consumers (Schreier et al., 2012). Regarding luxury, there are different level of product complexity aligned with the three levels of luxury products: accessible luxury, products designed using industrialized processes and the price is based on competition (perfumes, cosmetics, accessories), aspirational luxury, characterized by limited series and capsule collections, selective retail, strong symbols explored (ready-to-wear, luxury restaurants) and finally the absolute (true) luxury characterized by the excellence of the product, low and restricted access where rarity is a key concept (haute couture, jewelry, luxury cars, private planes,

yachts) (Kapferer, 2012). Research has found that consumers prefer the company professionals to design more complex products, due to their level of perceived expertise and knowledge, when compared to lower complex products (Moreau and Herd, 2010). This effect of product complexity is important as the positive effects of co-creation have a boundary condition with product complexity on purchase intentions (Schreier et al., 2012).

Skepticism towards the co-creator expertise can heavily negatively impact the product evaluation (Thompson & Malaviya, 2013). Besides the perception of innovation that comes with the word co-creation (Schreier et al., 2012), this is not a synonym of quality, especially when compared to professional generated ideas, since innovation only means the likelihood of generating good ideas but that does not mean that all ideas have good quality. When designing a t-shirt (low-complexity product), the perceived needed expertise is considerably low and may not be even relevant (Schreier et al., 2012) but, on the other side, as the product requires a more complex design (a set of skills regarding technology, processes, materials) is needed, it is harder for consumers to perceive other consumers as capable of making a good contribution (Schreier et al., 2012). The perceived expertise of users as co-creators is likely to change across product types and industries since the know-how required changes parallelly (Poetz & Schreier, 2012; Meißner, Haurand, & Stummer, 2017). This phenomenon was proven to happen in luxury as well (Fuchs et al., 2013). This can be explained by the fact that users know their unmet wants and needs compared to companies, but users also know that brands are more familiar and have more experience regarding technical features of the products (technology, materials, know-how) compared to users (Poets & Schreier, 2012). Since little research has been done regarding the perceived expertise of celebrities regarding luxury fashion items, the present research will test if the past research applies to this context.

While the extensive literature provides significant evidence on the impact of product complexity as a moderator of perceived innovation ability of firms regarding the use of users as co-creators, there is a lack of information regarding the perceived innovation of firms who use celebrities as co-creators and how they perceive them in terms of expertise to participate in the design process of such products.

**H4b): The effect of perceived expertise is moderated by the level of product complexity, so that, for high complexity products the effect of co-creation on purchase intention is attenuated**

Co-creation, as mentioned above, have several benefits towards companies and consumers (Schreier et al., 2012; Dahl et al., 2014) but, when entering product complexity to the equation, Schreier (2012)

found that positive feelings towards co-creation with users are mitigated by the complexity of the design task, as product complexity increases, consumers prefer products designed by the company professionals. Professional designed has an advantage compared to user-design products due to the perceived knowledge and experience with the market compared to users that do not have developed any set of skills to develop such products (Moreau and Herd's, 2010).

Also, product complexity comes with a price, when product complexity increases, price also increases.

**H4c): Product complexity negatively moderates the relationship between co-creation and purchase intention for luxury fashion brand's products**

### **3. Methodology and Research Framework**

This chapter focuses on explaining what methodology was chosen and why it was chosen to respond to the research questions presented above, how the process of data collection was and what were the steps used to analyze the data obtained. Two studies were conducted to investigate the ideas analyzed above. First, a pilot study was conducted to determine if the product category and celebrity chosen were well suited for the main study. In the main study, an experimental approach was adopted to investigate the hypothesis presented early. Four scenarios were altered and randomly presented to the participants for the tests to provide meaningful findings.

The goal of the main study was to obtain knowledge about consumer's attitudes toward co-creation with celebrities by determining the impact of design mode on consumer's purchase intention (H1), as well as how self-congruency (H2), innovation (H3) and perceived expertise (H4a)) affects purchase intention and how product complexity moderates this relationship (H4b)) and how product complexity also effects perceived expertise (H4ac)).

#### **3.1 Methodology**

The methodology chosen to test the conceptual framework and its associated hypothesis, was quantitative research due to the range of methods encompassed that allow the study of social phenomena, using statistical or numerical data (Roger., W. 2014). A quantitative approach is a systematic method with a clear procedure, where manipulation control, development of hypotheses, random sampling selection, data collection and statistical testing are characteristics of such experiment, suitable when a high amount of data is needed. The purpose of experimental research is to establish whether or not two variables have a cause-and-effect connection (Ross and Morrison, 2004). The goal is to see if co-creation with celebrities have an influence on purchase intentions toward luxury fashion products, *ceteris paribus*, which means that all other important aspects are kept constant. Since experimental research involves the manipulation of variables, it is the best method for testing the previous mentioned hypothesis. A between-groups study design will be performed, with different participants testing each scenario for each design mode (co-creation vs company professionals).

## 3.2 Pilot Study

A pilot study was conducted with the main objective of understanding if the respondents understood the differences in terms of product complexity between the two products presented: bag (high complexity product) and a t-shirt (low complexity product). This study focused on these two categories since they are the ones where attempts at co-creation with celebrities were chosen (Pharrell Williams x Chanel and Rihanna x LVMH). The goal was to understand if the respondents genuinely comprehended the differences between the two products in terms of product complexity. The pilot study was also conducted to analyze if respondents could clearly recognize Rihanna as a celebrity and if there is general knowledge about her. This celebrity was chosen due to being the first woman celebrity who co-created with a luxury fashion house (People, 2019).

### 3.2.1 Procedures and Findings

The study was conducted using the software Qualtrics, in English. The study was distributed through social media networks (LinkedIn, Instagram, Facebook) and through Amazon Mechanical Turk. Amazon Mechanical Turk allows us to quickly gather a big and varied sample at a low cost and receive trustworthy results (Follmer et al., 2017; Bartneck et al., 2015; Rouse, 2015). However, the platform has some drawbacks, such as the presence of extrinsically motivated participants (e.g. money as motivation) (Follmer et al., 2017), some participants' effortless input when answering surveys (Hauser and Paolacci, 2013), and Mturk workers' *nonnaïveté*, which means that some participants may participate in studies with the same or similar variables, which is related to their interest and previous knowledge on the research (Chandler, et al., 2014). These drawbacks lead to the possibility of sample bias (Follmer et al., 2017). As a solution, it was included a manipulation check question to make sure that respondents concluded the survey with the right attention and dedication, this is a common procedure among researchers (Follmer et al., 2017).

103 participants took part on the pilot study but three of them did not finish the survey, ending with 100 valid responses. Forty-two respondents were male and fifty-nine were female. Sixty respondents were aged between 15-25 years old (generation Z), 26 were aged 26-35 years old, 11 were aged between 36-59 years old and 4 respondents were above 51 years old.

All the construct measurements were rated on a 7-point Likert scale. A seven-point scale was used, instead of a five-point scale, to allow respondents to have more variety of answers that may increase the probability of meeting respondents' opinion. Since a respondents' absolute agreement may fall between two topics of response on a five-point scale. The provision of number of scale points is more interesting when the items in the scale reflect the respondents' true opinion, both for respondents and the surveyor (Joshi, Kale, Chandel, & Pal, 2015).

<b>Construct</b>	<b>Items</b>	<b>Source of measurement</b>
<b>Product complexity</b>	I think this product is a highly manufactured product I think this product requires a lot of detail/work I think this product is complex	<b>Adapted from Schreier, Fuchs and Dahl (2012)</b>
<b>Celebrity awareness</b>	I recognize this celebrity I can recognize this celebrity among other celebrities I am aware of this celebrity I can quickly recall the face/image of this celebrity	<b>Adapted from Yoo and Donthu (2002)</b>

Table 1: Pilot study scale items measure

Source: Author

Regarding product complexity, the bag is perceived as a more complex product ( $Mean_{Complex} = 6.0759$ ) while the t-shirt is perceived as a less complex product ( $Mean_{Complex} = 3.5083$ ). In terms of awareness regarding the celebrity Rihanna, the respondents are aware of the celebrity ( $Mean_{Awareness} = 6.1980$ ). Having in mind these results, these two products as well as the celebrity Rihanna were chosen for the main study.

### **3.3 Main study**

#### **3.3.1 Procedure and sample**

An online survey, created and performed on Qualtrics in English, was conducted to obtain the data to respond to the research questions presented above. The survey was published on social media platforms (Instagram, LinkedIn, and Facebook) and on Amazon Mechanical Turk. When compared to more traditional research approaches (LinkedIn, Facebook, and other social networks), Amazon Mechanical Turk allows us to quickly gather a big and varied sample at a low cost and receive trustworthy results (Bartneck et al., 2015; Rouse, 2015; Follmer et al., 2017). However, the platform

has some drawbacks, such as the presence of extrinsically motivated participants (e.g. money as motivation) (Follmer et al., 2017), some participants' effortless input when answering surveys (Hauser and Paolacci, 2013), and Mturk workers' *nonnaïveté*, which means that some participants may participate in studies with the same or similar variables, which is related to their interest and previous knowledge on the research (Chandler, et al., 2014). These drawbacks lead to the possibility of sample bias (Follmer et al., 2017). As a solution, a manipulation check question was included to make sure that respondents concluded the survey with the right attention and dedication, this is a common procedure among researchers (Follmer et al., 2017).

373 participants took part in a 2 (design mode: co-creation vs professionals) x 2 (product: low vs high complexity) between subject design. Owing to failure to complete the survey, 135 respondents were removed from the study, and 15 respondents were removed due to outlier analysis, leaving 223 legitimate responses. From these 223 valid responses, 161 (72.2%) were female participants, 59 (26.5%) were male participants, 2 (0.9%) were non-binary/third gender respondents and 1 respondent preferred not to say the gender. The focus of this study is generation Z, with a number of participants of 165 respondents aged between 18-25 years old (the target population of this study), 45 with aged between 26-35 years, 4 aged between 36-45 years, 4 aged between 46-55 years and 4 aged more than 56 years old.

	<b>Co-creation</b>	<b>Company Design</b>	<b>T-shirt</b>	<b>Bag</b>	<b>Allocation</b>
<b>Scenario 1</b>	X		X		60
<b>Scenario 2</b>	X			X	53
<b>Scenario 3</b>		X	X		56
<b>Scenario 4</b>		X		X	54

Table 2: Scenarios' allocation pilot study

Source: Author

### 3.3.2 Procedure

As seen on appendix 2, participants started by answering a question about their involvement with luxury by reporting their purchase habits (to introduce the theme of the survey). Those participants with a positive response, were asked the type of product they bought. Then participants read a scenario asking them to imagine they were at a luxury fashion store buying a luxury product. In this moment,

four scenarios were randomly evenly distributed to all respondents to allow the same number of responses for each scenario. In the first scenario, the respondents were presented to a company-design t-shirt, in the second scenario, respondents were presented to a celebrity-design t-shirt, in the third scenario respondents were presented to a company-design bag and in the fourth scenario, respondents were presented to a celebrity-design bag.

After the scenarios were presented, respondents were faced with a manipulation check question (), asking who they perceive to be the designer of the product (“Please indicate by whom do you think the product was designed by? 1= By the celebrity; 2 = By the company; 3 = By the company in co-creation with a celebrity”). Afterwards, the participants were presented with statements regarding self-congruency (see appendix 2), to analyze their level of agreement and to see if there is a difference in the levels of self-congruency between a non-co-created product and a co-created product. This allowed us to understand if there is a significant difference between a product designed by the company vs a product designed by the company in co-creation with a celebrity. To explore how these mediators affect the dependent variable, purchase intention, a similar technique was designed for perceived product innovation and designer expertise.

### 3.3.3 Measure of constructs

All the construct measurements were rated on a 7-point Likert scale. Instead of a five-point scale, a seven-point scale was used to allow respondents to have more variety of answers that may increase the probability of meeting respondents’ opinion. Since a respondents’ absolute agreement may fall between two topics of response on a five-point scale. The provision of number of scale points is more interesting when the items in the scale reflect the respondents’ true opinion, both for respondents and the surveyor (Joshi, Kale, Chandel & Pal 2015).

<b>Construct</b>	<b>Items</b>	<b>Source of measurement</b>
<b>Manipulation Check</b>	‘Please indicate by whom do you think the product was designed by?’ - By the celebrity - By the company - By the company in co-creation with a celebrity	<b>Own construct</b>

<p><b>Self-congruency</b></p>	<p>‘Please indicate, from 1 to 7 (being 1=strongly disagree and 7=strongly agree), your level of agreement with the following statements’</p> <ul style="list-style-type: none"> <li>- The image of the typical user of this product is similar to how I am;</li> <li>- The image of the typical user of this product is similar to how I see myself;</li> <li>- The image of the typical user of this product is similar to how others believe that I am;</li> <li>- The image of the typical user of this product is similar to how others see me;</li> <li>- The image of the typical user of this product is similar to how I would like to be;</li> <li>- The image of the typical user of this product is similar to how I would like to see myself;</li> <li>- The image of the typical user of this product is similar to how I would like others to see me;</li> <li>- The image of the typical user of this product is similar to how I ideally like to be seen by others.</li> </ul>	<p><b>The scale items derived from Sirgy and Su (2000) and Ekinci and Riley (2003).</b></p>
<p><b>Innovation</b></p>	<p>‘Please indicate, from 1 to 7 (being 1=strongly disagree and 7=strongly agree), your level of agreement with the following statements’</p> <ul style="list-style-type: none"> <li>- The product is unique</li> <li>- The product is creative</li> <li>- I think the firm has the ability to develop really innovative new products</li> <li>- I think this product is designed by a genius creator</li> <li>- I think the company is in the position to derive very original product ideas</li> <li>- I think the company has a large potential to foster creativity</li> <li>- I think the company can create very interesting new products</li> </ul>	<p><b>The items were adapted from Lou and Bhattacharya (2006).</b></p>
<p><b>Expertise</b></p>	<p>Please indicate, from 1 to 7 (being 1=strongly disagree and 7=strongly agree), your level of agreement with the following statements’</p> <ul style="list-style-type: none"> <li>- In my opinion, the expertise of people developing for this company is high</li> <li>- In my opinion, I think that the people developing for this company have necessary scales (know-how) and competence to develop new products</li> </ul>	<p><b>The scale items derived from Ratneshwar and Chaiken, (1991)</b></p>
<p><b>Purchase Intention</b></p>	<p>‘How likely, from 1 to 7 (being 1= extremely unlikely; 7= extremely likely), are you to buy the product?’</p> <p>‘How likely, from 1 to 7 (being 1= extremely unlikely; 7= extremely likely), are you to recommend this product to your friends and family?’</p>	<p><b>The scale derived from Schreier et al (2012)</b></p>

Table 3: Main study scale items measure of construct

Source: Author

### 3.3.4 Manipulation check

A manipulation check question was presented to each respondent to ensure the effectiveness of the induced independent variable (Hauser, Ellsworth, & Gonzalez, 2018). To understand if the respondents understood the scenarios presented and could state who had designed the product (company vs co-creation), since the two variables analyzed are categorical, which mean that they do not have an order, a chi-square analysis was conducted. The Sig. is inferior to 0.05 (Sig. < 0.01) which means that the respondents understood which scenarios they were presented to. The differences in the means for the two groups (co-creation vs company-design) are statistically significant ( $M_{\text{company-design}}=0.51$ ;  $M_{\text{co-creation}}=0.53$ ; Sig<0.01), according to the findings.

### 3.3.5 Reliability Analysis

In this study, a Cronbach's Alpha analysis was conducted, to analyze the reliability of the multiple scale item questions. Regarding the reliability analysis, the Cronbach's Alpha value is above 0.70 (Total Cronbach's alpha=0.967), being no item deleted from the scale since the adjusted item-correlation values were above 0.3 (Field, 2005). In the inter-item correlation matrix, all the correlations are positive due to all the questions being worded positively and in the same direction. Table 4 demonstrates the Cronbach's Alpha value that is above 0.7 for all constructs, indicating an acceptable result (George & Mallery, 2003) since Cronbach's Alpha values over 0.6 are considered universally acceptable for scale dependability (Ursachi, Horodnic & Zait, 2015).

Construct	Measures	Cronbach's Alpha
Self-congruency	<ul style="list-style-type: none"> <li>- The image of the typical user of this product is similar to how I am;</li> <li>- The image of the typical user of this product is similar to how I see myself;</li> <li>- The image of the typical user of this product is similar to how others believe that I am;</li> <li>- The image of the typical user of this product is similar to how others see me;</li> <li>- The image of the typical user of this product is similar to how I would like to be;</li> <li>- The image of the typical user of this product is similar to how I would like to see myself;</li> <li>- The image of the typical user of this product is similar to how I would like others to see me;</li> </ul>	0.963

	- The image of the typical user of this product is similar to how I ideally like to be seen by others.	
<b>Perceived innovation</b>	<ul style="list-style-type: none"> <li>- The product is unique</li> <li>- The product is Creative</li> <li>- Never out of fashion</li> <li>- Designed by a genius creator</li> <li>- Belonging to a minority</li> <li>- At the cutting edge of fashion</li> <li>- Feeling of exceptionality, exclusivity, special</li> </ul>	<b>0.963</b>
<b>Expertise</b>	<ul style="list-style-type: none"> <li>- In my opinion, the expertise of people developing for this company is high</li> <li>- In my opinion, I think that the people developing for this company have necessary scales (know-how) and competence to develop new products</li> </ul>	<b>0.977</b>

Table 4: Main study reliability analysis

Source: Author

	<b>Self-congruency</b>	<b>Innovation</b>	<b>Perceived Expertise</b>
<b>Self-congruency</b>	1.000	0.926	-0.252
<b>Innovation</b>	0.926	1.000	-0.255
<b>Perceived Expertise</b>	-0.252	-0.255	1.000

Table 5: Main study inter-item correlation matrix

Source: Author

### 3.4 Results

**H1: Labeling a luxury fashion brand’s product as co-created with a celebrity increases product purchase intention in generation Z consumers than when the product is fully designed by company’s professionals**

Hypothesis 1 indicates that when a product is celebrity designed (vs company-designed), purchase intention among generation Z consumers increases. To analyze the above statement, this study faced consumers with a product designed by a company and a product designed by a celebrity. This is a scenario-based experiment with 1 factor (design mode: celebrity-design vs company-design) and to conduct the analysis one-way ANOVA was performed.. The one-way ANOVA technique determines whether or not there are any statistically significant differences between the treatment means ( $\mu_1, \mu_2, \mu_c$ ).

<b>Design mode</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>0</b> (company-design)	110	1.78	1.330
<b>1</b> (celebrity-design)	113	5.71	1.314

Table 6: Main study ANOVA analysis

Source: Author

<b>Purchase intention</b>	<b>Levene Statistic</b>	<b>Sig</b>
	2.896	0.09

Table 7: Main study homogeneity of variances

Source: Author

	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
<b>Between groups</b>	859.210	1	859.210	491.770	<0.001
<b>Within Groups</b>	386.126	221	1.747		
<b>Total</b>	1245.336	221			

Table 8: Main study ANOVA analysis

Source: Author

The tables above show that there is homogeneity of variances since the Levene's test for homogeneity of variances is verified so  $H_0$  (Sig. > 0.05 (Sig. = 0.09)) can be rejected. ( $H_0$ : All treatments have the same effect on mean responses ( $\mu_1 = \mu_2 = \mu_3$ )) so the alternative hypothesis is accepted ( $H_a$ : At least 2 of the  $\mu_1, \mu_2, \dots$ , are different (at least 2 of the  $\mu_1, \mu_2, \dots$ , are different)). And looking directly to the means of the source of design (0= company-design, 1=celebrity-design) it is possible to see that the mean of the celebrity-design ( $M_{\text{celebrity-design}}=5.71$ ) is considerably higher than the mean of the company design ( $M_{\text{company-design}}=1.78$ ). This means that consumers have higher purchase intentions towards celebrity-design products. This is proven by the Sig. (Sig. < 0.01). The means are significantly different, participants in the main study have higher purchase intentions towards co-created products with celebrities.

## Conclusion

Hypothesis 1 is verified since respondents of the main survey prefer products co-created with celebrities compared to products designed by the company. The positive direction of the demand for celebrity-design products is further explained in the following hypothesis.

### **H2: The positive effect of co-creation with celebrities on product purchase intention is explained (and positively mediated) by consumers self-congruency**

Hypothesis 2 states that self-congruency positively impacts the dependent variable purchase intention regarding the luxury fashion market. To analyze this statement and to obtain a preliminary test that self-congruency explains the impact of co-creation in purchase intention, a bootstrapping analysis by Preacher and Hayes, PROCESS Model 4, was conducted in SPSS. The independent variable is co-creation, the dependent variable is purchase intention, and the mediator is self-congruency.

		<b>Coefficient</b>	<b>Sig.</b>	<b>Result</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Self-congruency</b>	Co-creation	3.2104	0.0000	Significant	2.9256	3.4951
	<b>Mediators</b>	<b>Coefficient</b>	<b>Sig.</b>	<b>Result</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Outcome variable:</b>	Self-	0.8802	0.0000	Significant	0.7669	0.9935
<b>Purchase intention</b>	congruency					
	<b>Mediators</b>	<b>EFFECT</b>	<b>BOOTULCI</b>	<b>BOOTULCI</b>		
<b>Indirect effect of X</b>						
<b>on Y</b>	Self-	0.5684	1.5860	1.0182		
<b>For 95% CI</b>	congruency					
<b>Direct effect of X</b>		1.1004	0.6629	1.5379		
<b>on Y for 95% CI</b>						

Table 9: Main study bootstrapping analysis

Source: Author

The mediator self-congruency has a significant impact on purchase intention (Sig. < 0.01). If self-congruency is increased, purchase intention will parallelly positively increase (effect = 0.8802). Self-congruency (b =0.8802, Sig. <0.0) is a significant positive predictor (mediator) of purchase intention (this is explained by the self-congruency theory which means that when consumers feel congruent

with the celebrity analyzed, the desire to purchase the item promoted increases. The bootstrapping shows that self-congruency is a true mediator of this relationship (CI 95%: [1.5860;1.0182] as the confidence interval does not convey the value zero.

### Conclusion

By analyzing the data, it easily understood that self-congruency has a significant effect on purchase intention. Hypothesis 2 is verified. In the hypothesis 3 this study will further extend these findings by providing another important factor that explains the reason behind the positive effect of co-creation in purchase intention.

### H3: The positive effect of co-creation with celebrities on product purchase intention is explained (and positively mediated) by consumers perceived innovation

Hypothesis 3 states that innovation positively mediates the effect of co-creation in purchase intention for the luxury fashion brand’s products. The main objective of this study is to deepen the knowledge regarding the impact of co-creation in luxury purchase intention for the generation Z consumer. Furthermore, this study aims to test if the different design (celebrity design vs company design) affects the innovation perception of the products. To analyze this statement and to obtain a preliminary test if innovation explains the impact of co-creation in purchase intention, a bootstrapping analysis by Preacher and Hayes, PROCESS Model 4, was conducted in SPSS. The independent variable is co-creation (vs company-design), the dependent variable is purchase intention and the mediator is perceived innovation of the product.

		Coefficient	Sig.	Result	LLCI	ULCI
<b>Innovation</b>	Co-creation	3.5026	0.0000	Significant	3.2209	3.7842
	<b>Mediators</b>	<b>Coefficient</b>	<b>Sig.</b>	<b>Result</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Outcome variable:</b>						
<b>Purchase intention</b>	Innovation	0.7536	0.0000	Significant	0.9147	1.1053
	<b>Mediators</b>	<b>EFFECT</b>	<b>BOOTULCI</b>	<b>BOOTULCI</b>		
<b>Indirect effect of X</b>						
<b>on Y</b>	Innovation	2.0078	3.1823	2.6395		
<b>For 95% CI</b>						

<b>Direct effect of X on Y for 95% CI</b>	0.3885	-0.0020	0.7789
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Table 10: Main study bootstrapping analysis

Source: Author

The mediator innovation has a positive significant effect on purchase intention ( $b=0.7536$ ,  $\text{sig.}<0.01$ ), which means that when consumers are exposed to the co-created (celebrity-design) product, the perception of innovation increases and parallelly purchase intention also increases. Celebrity-design luxury fashion products are attributed to higher perceptions of innovation regarding generation Z consumers. Innovation is a true mediator of the causal effect of co-creation on purchase intention since (CI 95%: [3.1823;2.6395], as the confidence interval does not convey the value zero Self-congruency and innovation mediate the positive effect of the celebrity-design on purchase intention.

### Conclusion

By analyzing the data, it is possible to understand that innovation has a significant effect on purchase intention. Hypothesis 3 is verified. Hypothesis 4 will further explain the positive effect of celebrity-design on purchase intention by analyzing an important factor (expertise) and his implication on purchase intention and perceptions of consumers.

#### **H4a: Purchase intentions is increased by the perceived expertise of the product designer (i.e., product expertise positively mediates the relationship between co-creation and purchase intention) for luxury fashion brand’s products**

The primary objective of hypothesis 4a) is to fully understand how expertise plays a role in luxury product’s purchase intention. Also, this hypothesis will allow that further research can pursue alternatives to mitigate the possibly negative perceptions of expertise in this product context. This study tested how perceived expertise can explain the higher or lower purchase intention when the product is designed by a celebrity. To further analyze this hypothesis, a bootstrapping analysis by Preacher and Hayes, PROCESS Model 4, was conducted in SPSS. The independent variable is co-creation (vs. company-design), the dependent variable is purchasing intention and the mediator is perceived expertise of the designer of the product (celebrity-design vs company-design).

		<b>Coefficient</b>	<b>Sig.</b>	<b>Result</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Expertise</b>	Co-creation	-1.4945	0.0000	Significant	-1.9369	-1.0520
	<b>Mediators</b>	<b>Coefficient</b>	<b>Sig.</b>	<b>Result</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Outcome variable:</b>						
<b>Purchase intention</b>	Expertise	-0.1095	0.0000	Significant	0.9147	1.1053
	<b>Mediators</b>	<b>EFFECT</b>	<b>BOOTULCI</b>	<b>BOOTULCI</b>		
<b>Indirect effect of X</b>						
<b>on Y</b>	Expertise	-0.1876	-0.3140	-0.0814		
<b>For 95% CI</b>						
<b>Direct effect of X</b>		4.3013	3.9380	4.6645		
<b>on Y for 95% CI</b>						

Table 11: Main study bootstrapping analysis

Source: Author

Hypothesis 4a) shows a significant negative mediator of purchase intention ( $b=-0.1095$ ,  $\text{sig.}<0.01$ ) when co-creating with a celebrity, consumers perceive the designer has having less expertise than the company design, which leads to lower purchase intention. This finding validates the strategic alternatives that luxury fashion brands should pursue when co-creating with a celebrity. This thesis found that consumers resonate negatively with celebrity-design products compared to company-design products regarding the perception of expertise. This is explained by the fact that consumers perceive celebrities has having lower expertise than companies to develop such products, this finding is similar to the findings of Fuchs and colleagues (2013) regarding co-creation in luxury fashion brands context. The bootstrapping analysis confirm that perceived expertise is a true mediator since (CI 95%: [-0.3140; -0.0814], the confidence interval does not convey the value zero.

## Conclusion

Product expertise is a mediator for this study. When the perceived expertise of the product designer increases, purchase intention also increases. In this specific analysis, its easily observed that perceived expertise is negative since the dependent variable is co-creation so when a product is co-created by a celebrity, the level of perceived expertise diminishes so purchase intention also diminishes parallelly.

**H4b): The effect of perceived expertise is moderated by the level of product complexity, so that, for high complexity products the effect of co-creation on purchase intention is attenuated**

Hypothesis 4b) states that when the co-creation between a celebrity and a company is done for complex products (e.g., bag) compared to low complex products (e.g., t-shirt), consumers perceive more negatively the product which causes less purchase intention. To test this hypothesis a two-way ANOVA test was conducted to understand if product complexity and co-creation (two factors) would moderate the purchase intention (dependent variable).

Co-creation	Product complexity	Mean	Std. Deviation	N
0	0	5.60	1.196	56
	1	5.31	1.218	54
1	0	5.58	1.142	60
	1	2.14	1.007	53

Table 12: Main study ANOVA analysis

Source: Author

When the product is co-created (n=1) and is a complex product (n=1) the mean for purchase intention is 2.14 ( $M_{CC\ HighComplex}=2.14$ ), whereas when the product co-created (n=1) is a low complexity product (n=0) the mean for purchase intention is 5.58 ( $M_{CC\ LowComplex}=5.58$ ). This effect is explained by the lower perceived expertise of the celebrity when compared to the company.

To analyze the statement above an ANOVA test was performed where the dependent variable is product expertise, and the two factors are product complexity and co-creation. Levene's Test of Equality of Variances has a Sig. > 0.05 (Sig. = 0.193), which means one cannot reject the null hypothesis ( $H_0$ : The variances of the 2 groups are equal ( $\sigma^2=\sigma^2$ )). Tests of Between-Subjects Effects – Analyze the main effects and the interactions between the variables analyzed. The main effects, as Sig. < 0.05,  $H_0$  is rejected, which means there is a significant main effect. Interactions show a Sig. < 0,05,  $H_0$  is rejected (significant effect of interaction). In the table of the Descriptive Statistics, it is possible to confirm that the means are different. When facing a complex product co-created, the mean is 2.14 ( $M_{CC\ HighComplex}=2.14$ ) compared to a low complexity product co-created, the mean is 5.58 ( $M_{CC\ LowComplex}=5.58$ ).

Co-creation	Product complexity	Mean	Std. Deviation	N
0	0	5.60	1.196	56
	1	5.31	1.218	54
1	0	5.58	1.142	60
	1	2.14	1.007	53

Table 13: Main study ANOVA analysis

Source: Author

	Sig.	Type III Sum of Squares	df	Mean Square	F
Co-creation	<0.001	142.090	1	142.090	108.440
Product complexity	<0.001	192.118	1	192.118	146.620
Co-creation x product complexity	0.000	137.992	1	137.992	105.312

Table 14: Main study ANOVA analysis

Source: Author

## Conclusion

Consistent with H4b), the findings state that for high complex products (e.g., bag), consumers demand company-design items more strongly than celebrity-design products. Whereas for low complexity products (e.g., t-shirt), consumers seem to prefer co-created products, even if the underlying luxury brand is the same.

### **H4c: Product complexity negatively moderates the relationship between co-creation and purchase intention for luxury fashion brand's products**

Hypothesis 4c) states that product complexity negatively impacts the relationship between the independent variable (co-creation vs company design) and the dependent variable (purchase intention). To analyze this statement, a bootstrapping analysis by Preacher and Hayes, PROCESS Model 1, was conducted in SPSS. The independent variable is co-creation, the dependent variable is purchase intention, and the moderator is product complexity.

	<b>Product</b>	<b>Effect</b>	<b>Sig.</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Product complexity</b>		-0.5536	0.0000	-0.9755	-0.1317
<b>Co-creation</b>		4.5464	0.0000	4.1354	1.9575
<b>Co-creation x product complexity</b>		-1.3483	0.0000	-1.9415	-0.7551
<b>Product complexity</b>	0 (t-shirt)	4.5464	0.0000	4.1354	4.9575
	1 (bag)	3.1981	0.0000	2.7704	3.6258

Table 15: Main study bootstrapping analysis

Source: Author

<b>Co-creation</b>	<b>Product complexity</b>	<b>Purchase intention (mean)</b>
0 (company design)	0 (t-shirt)	2.0536
1 (co-creation)	0 (t-shirt)	6.6000
0 (company design)	1 (bag)	1.5000
1 (co-creation)	1 (bag)	4.6981

Table 16: Main study bootstrapping analysis

Source: Author

Observing the tables above it is possible to see that product complexity is a moderator for the relationship between co-creation (celebrity-design vs company-design) and purchase intention (Sig. < 0.05). When comparing the co-created t-shirt (low complexity product), the mean of the purchase intention is 6.6 ( $M_{CCLowComplex}=6.6$ ) and when looking at a co-created bag (high complexity product), the mean of the purchase intention is 4.6981 ( $M_{CCHighComplex}=4.6981$ ). It is important to say that there is a clear difference between purchase intention when the product is co-created (celebrity-design) compared to a product design by the company.

## Conclusion

Hypothesis 4c) is verified by a bootstrapping analysis by Preacher and Hayes, there is a significant moderator effect of product complexity between the co-creation claim and purchase intention.

## 4. Further Analysis

Besides the fact that the analysis above proved that self-congruency and innovation mediates the effect of co-creation on purchase intention, it is believed that innovation is partially explained by self-congruency. Furthermore, this study defends that if consumers do not feel congruent with the celebrity, they will perceive the co-created product as less innovative as if they felt congruent with the celebrity chosen to co-create the product. This can be explained by the fact that consumers are more satisfied with products/brands that reflect their current or ideal self-image (Sirgy & Su, 2000) so, if they relate or like the celebrity chosen by the luxury fashion brand to co-create, they will perceive the product as more interesting and hence feeling of innovation. To analyze this statement, a bootstrapping analysis by Preacher and Hayes, PROCESS Model 6, was conducted in SPSS, where the independent variable is the co-creation scenario (celebrity-design vs company-design), the dependent variable is purchase intention and the first mediator is self-congruency followed by the second mediator innovation. The study had the following results:

<b>Outcome variable:</b>	<b>Coefficient</b>	<b>Sig.</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Self-congruency</b>				
<b>Co-creation</b>	3.2104	0.0000	0.7974	1.4743

Table 17: Main study bootstrapping analysis

Source: Author

<b>Outcome variable:</b>	<b>Coefficient</b>	<b>Sig.</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Innovation</b>				
<b>Co-creation</b>	1.1358	0.0000	0.7974	1.4743
<b>Self-congruency</b>	0.7372	0.0000	0.6496	0.8248

Table 18: Main study bootstrapping analysis

Source: Author

Conducting a bootstrapping analysis by Preacher and Hayes, PROCESS Model 6, allowed us to understand that the effect of co-creation on purchase intention has a serial mediation. Innovation is mediated by self-congruency, which means that when respondents do feel self-congruent with the co-creator, in this case Rihanna, they perceive the product as more innovative than those who do not feel

self-congruent with the co-creator (celebrity). The indirect effect of co-creation on self-congruency leading to perceived innovation is statistically significant (Sig. < 0.05, Sig. = 0.0000, b= 0.7372).

Also, when analyzing the answers for the main study, relevant answers were presented to the open question (see appendix 5) that drove attention for the consistency of the answers revealing an interesting relationship between the celebrity chosen, the feeling of uniqueness and something different (innovation) and the DNA of the brand.

### Conclusion

This finding is very relevant for luxury fashion brands when co-creating with celebrities since consumers seem to perceive the product as more innovative the more, they relate with the celebrity chosen to co-create with the company. It is important for luxury brands to truly understand who their consumers are and with whom they identify with in terms of celebrities and artists since they will only perceive the product as innovative as possible if they feel related to the celebrity chosen.

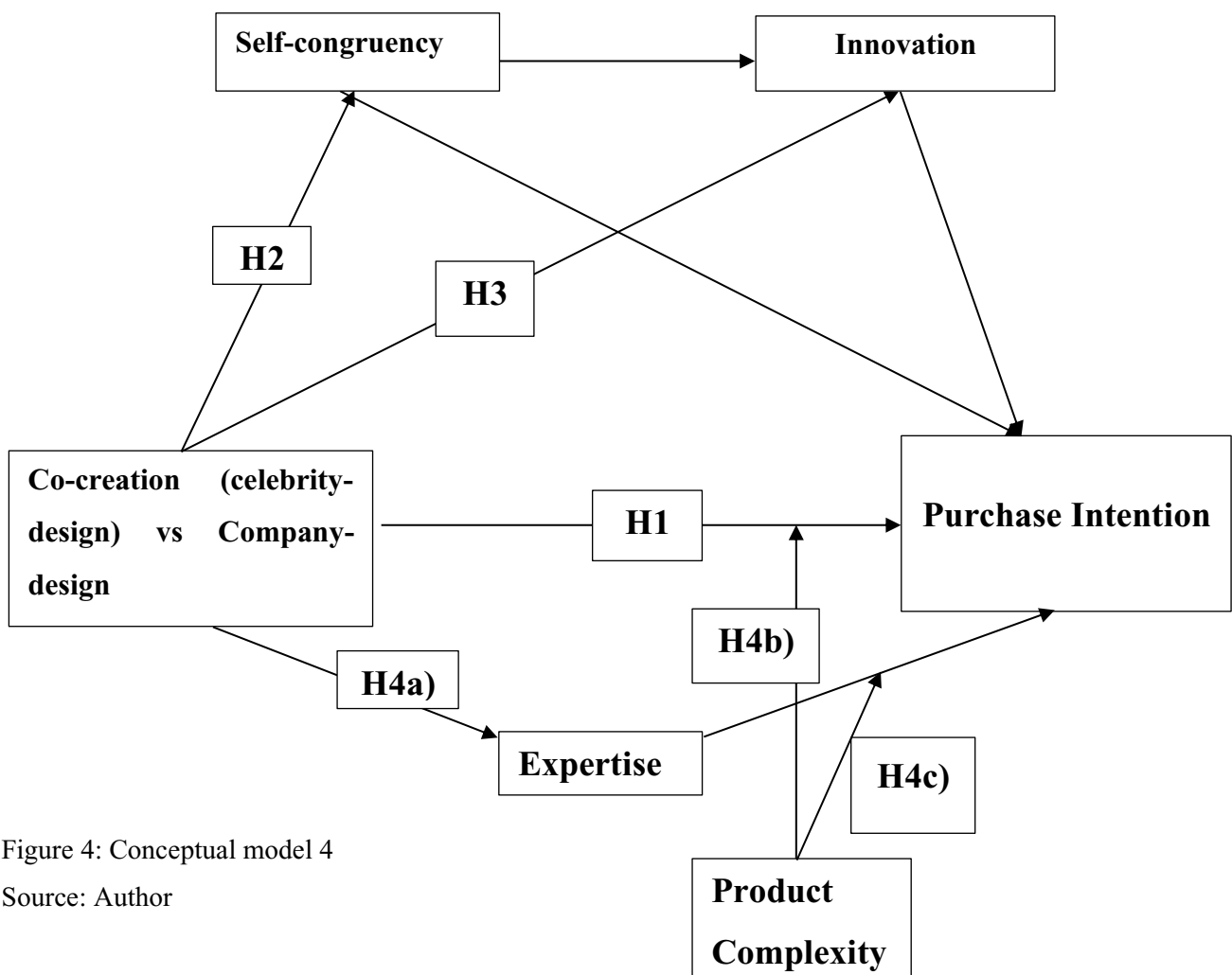


Figure 4: Conceptual model 4

Source: Author

## 5. Discussion

The main objective of this dissertation is to understand if co-creation with celebrities may increase purchase intention towards luxury fashion brand products regarding generation Z consumers. The function of self-congruency, innovation and expertise in driving customer demand was examined. According to the literature, when a consumer feels congruent with a brand's personality and values, they experience a greater satisfaction with positive outcomes such as intention to purchase (Sirgy, 1982; Kressmann, Sirgy, Herrmann, Huber, Huber & Lee., 2006; Aguirre-Rodriguez et al., 2012; Roy and Rabbanee, 2015). In addition, the perceived innovation ability of co-created products increases purchase intentions (Schreier et al., 2012) but, because skepticism towards the perceived expertise of the co-creators (Thompson and Malaviya, 2013) can affect the intention to buy, especially regarding luxury brands (Fuchs et al., 2013), the perceived expertise of the celebrity needs to be aligned with the type of product developed (Costa & Coelho do Vale, 2018). This study findings suggest that collaborating with a celebrity on the development of new luxury fashion products can improve purchase intention among generation Z consumers.

To begin with, this study reveals that the co-creation claim is directly linked to higher purchase intention. There were significant variances in this study's findings between buying a co-created products compared to a company-design products for generation Z consumers, since they seem to prefer the co-created product. This study hypothesized, that this happens as a result of consumer self-congruency with the celebrity, according to the literature, customers' willingness to buy luxury products is contingent on their connection with the brand (Sirgy, 1982) and due to the perceived innovation ability that co-creation attaches to the brands (Von Hippel, 2001; Magnussen, 2009; Poetz and Schreier, 2012). The findings revealed that a product co-creation claim increases purchase intention behaviors near generation Z consumers, since this generation feels more congruent with the product/brand and perceives the product as unique and more innovative in the market.

Secondly, these findings extend the research done by Fuchs and colleagues (2013), understanding that despite the promising effects of co-creation with users, these effects can be harmful to luxury brands, as observing consumers do not recognize the expertise and ability of others to co-create luxury products, reducing the luxury brand's agentic feelings (Fuchs et al., 2013). The findings from this thesis, show that co-creating with cutting-edge celebrities increase the agentic feelings by providing the luxury brands with a personality and values that the consumers may identify with. Nevertheless, the findings also show that the perceived expertise is an attention point for luxury brands, since co-

creator highly impacts the intention to purchase the product (Thompson and Malaviya, 2013) especially regarding luxury brands (Fuchs et al., 2013) and complex products (Costa and Coelho do Vale, 2018). The ability of co-creation to increase purchase intention is attenuated by product complexity. This phenomenon was proven to happen in luxury (Fuchs et al., 2013) and the results from the current study, show that when product complexity increases, the perceived expertise of the celebrity decreases, and purchase intention also decreases.

Thirdly, the findings add to the literature on how co-creation contributes to perceived innovation through self-congruency, as further analysis. The perceived innovation ability of firms who co-create is partially explained by the self-congruency effects of the celebrity chosen to co-create. If consumers do feel attached and congruent with the celebrity, they will perceive the product/brand as more innovative. This is particularly relevant due the fact that if consumers do not relate with the celebrity chosen, they may not perceive the product as innovative and may not intend in purchase behaviors.

## **6. Theoretical implications**

While there is extensive research in the fields of co-creation with user's, the current thesis builds on Fuchs et al (2013) study on the effect of co-creation in luxury fashion brands, suggesting that if users as co-creators are replaced by celebrities, this strategy can emphasize the perceived innovation (Schreier et al, 2012) and increase self-congruency with the product and the brand leading to higher purchase intention among generation Z consumers. But for the collaboration between luxury fashion houses and celebrities to be a success, specialists must communicate and convey the co-creator knowledge and expertise to develop the product that will result from the co-creation. Depending on the type of product chosen to be co-created, low complex product versus high complex product, the company needs to establish a tenue line between product complexity and the perceived expertise of the celebrity. This thesis also, brings to light and unveils the necessity of aligning the personality and values of the brand with the chosen celebrity. Adding to this mixture joins the necessity of the younger consumers to reflect their own identity through the products and brands they use, which comes to unveil that luxury fashion houses need to raise their eyes and look at younger consumers to try to understand what they are trying to say as a statement of their identity, personality and values and transforming this into a high quality product, handcrafted with the greatest detail, showing the brand's heritage but making a statement that luxury houses are not outdated but rather renewed and looking younger than ever before.

## 7. Managerial implications

During several years, the creation and development of new products was solely reserved to the boundaries of the firm, but with the increasing competition of markets and with the growing consumer appetite for different and disruptive products, consumers have been taking a role in the product development with the main objective of obtaining better products (Von Hippel, 2005) and to increase purchase intention (Schreier et al., 2012). In the study developed by Fuchs and colleagues (2013), the authors found out that when co-created products were labeled as co-created by ‘celebrities’ (labelling users as celebrities or artists), the negative effects of co-creation in the luxury context were mitigated. This study extended this line of thinking, reinforcing previous findings.

This thesis provides evidence to managers that conveying co-creation can be an effective method to increase purchase intention among generation Z consumers, since younger consumers seem to prefer products co-created by celebrities compared to company-design products and even compared to user'-design products (Fuchs et al., 2013). One way to increase this generation interests for luxury fashion brands is to incur in collaborations with celebrities that reinforce the brand's values, identity, and personality, offering a face that is easily recognizable as a symbol for this generation. This study proven that the chosen celebrity can charge the brand with values and meanings that are easily transported to consumers (McCracken, 1989; Miller and Allen, 2012, Erfgen et al., 2015). So, the chosen celebrity needs to transmit the values consumers want to communicate to others. Nevertheless, consumers prefer low complex products when co-creating with celebrities and such finding is explained by the lower perceived expertise of celebrities. Since luxury brands have been slowly experimenting to use celebrities as co-creators, it is important that brands aligned the co-creation in terms of product category with the chosen celebrity and with the level of expertise of such celebrity. If consumers do not perceive the celebrity has having expertise with respect to the co-created product, they will not engage in purchase intentions.

## 8. Limitations and future research

To isolately understand the impact of design mode (designed by celebrity vs designed by the company), this study kept the design quality constant across the different experimental conditions used to avoid biased results. The first limitation observed is the fact that only one celebrity (Rihanna) was assessed in the survey and throughout the entire study. Nevertheless, on this study was decided to focus on a celebrity that most of the population is aware of (as tested and proven on the pilot study) and that is already co-creating with luxury brands in real time (Rihanna x LVMH) showing a success partnership between traditional luxury brands and cutting-edge celebrities. Therefore, generalizations must be made with caution so, it is important that in the future research, studies should incorporate different celebrities in different fields (e.g., sports, cinema, music, entertainment) and to observe real differences between the use of different celebrities on the co-creation process with different luxury brands but maintaining the DNA and the image of the brands (Cappeta, Cillo and Ponti, 2006; Davis 1994; Postrel 2003).

Despite the significant results obtained, other elements could and should be incorporated to obtain a broader and deepen view on the subject. It is necessary to understand how the celebrity's personality impacts the DNA of the luxury brand with which it is co-created. Will this co-creation change the idea that other generations (generation Y and generation X) have of the brand in question? Will this financially impact the brand? Will this limited-edition collaboration translate into extended long-term damage across the entire brand? It is also necessary to understand which personality traits of celebrities are most valued by this new generations to really translate into exponential purchase intention. Nevertheless, this study main objective was proven, co-creation with a celebrity increases purchase intention near generation Z consumers, so further research should emphasize and explore the impact of this strategy on other generations.

Also, research has yet to understand how consumers create judgments regarding associations between brands and celebrities to understand the consumer behavior from the first stage (problem/need identification) to the actual purchase momentum. Do previous cognitive cues about brands and/or celebrities influence the decision-making process? – and how this process occurs. This study proven a positive and significant relationship between co-creation with celebrities and purchase intention bringing to light that self-congruency, innovation and expertise play a role in this relationship and explain, partially, the reason behind this strategy being promising. But, for luxury fashion brands to

choose the right celebrity, it would be interesting to understand the line of thought of consumers regarding the associations between celebrities and brands.

Finally, this study analyzed the luxury fashion industry, to obtain a more complete overview of the impact of celebrities on the co-creation process, it is also relevant to study the impact on other luxury industries such as wine, art, jewelry, among others. To finalize, this study adds to the fact that co-creation is a complex field of study and requires more understanding and careful consideration when pursuing this strategy.

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## 10. Annexes

### Appendix 1 – Pilot Study Survey

#### Introduction:

Dear Participant,

Thank you for taking part in today's study. This study was built for academic purposes, to understand perceptions of products, as I am developing my master thesis at Universidade Católica Portuguesa.

This study takes approximately 5 minutes to complete. There are no right or wrong answers, so please answer truthfully. All data gathered from participants will be kept confidential and will only be reported on the aggregate format. All questions will be concealed and no one other than the primary researchers will have access to the information.

Thank you for participating.

#### Question 1:

Imagine you are in a luxury fashion store and you want to buy a new luxury product for yourself. You enter Prada's store and see this bag.



Please indicate, from 1 to 7 (being 1=strongly disagree and 7=strongly agree), your level of agreement with the following statements

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I think this product is a highly manufactured product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think this product requires a lot of detail/work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think this product is complex	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 2:**

Imagine you are in a luxury fashion store and you want to buy a new luxury product for yourself. You enter Prada's store and see this t-shirt.



	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I think this product is a highly manufactured product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think this product requires a lot of detail/work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think this product is complex	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 3:**

Please observe the image below:



Please indicate, from 1 to 7 (being 1=strongly disagree and 7=strongly agree), you level of agreement with the following statements

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I recognise this celebrity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can recognise this celebrity among other celebrities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am aware of this celebrity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can quickly recall the face/image of this celebrity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 4:**

Gender

- Female
- Male
- Non-binary / Third gender
- Prefer not to say

**Question 5:**

Age

- 18- 25 years old
- 26 – 35 years old
- 36 – 50 years old
- Above 51 years old

**Appendix 2 – Main Study Survey**

**- Introduction:**

Dear Participant,

Thank you for taking part in today's study.

This study was built for academic purposes, to understand perceptions of products, as I am developing my master thesis at Universidade Católica Portuguesa. This study takes approximately 5 minutes to complete. There are no right or wrong answers, so please answer truthfully.

All data gathered from participants will be kept confidential and will only be reported on the aggregate format. All questions will be concealed and no one other than the primary researchers will have access to the information.

Thank you for participating.

**- Question 1:**

Have you ever purchased any luxury item?

- Yes
- No

**- Question 2:**

(Only displayed for those who answered yes to the previous question)

If you answered yes, what product was purchased?

- Handbag
- Clothing
- Shoes
- Cosmetics
- Fragrances
- Food
- Wine
- Art
- Car
- Other:

**Question 3: Scenario 1**

Imagine you are in a luxury fashion store, and you want to buy a new luxury product for yourself. You enter Prada's store and see the new collection. Right away you feel drawn to this new Prada t-shirt.



### **Scenario 2**

Imagine you are in a luxury fashion store, and you want to buy a new luxury product for yourself. You enter Prada's store and see the new collection. Right away you feel drawn to this new Prada t-shirt co-created with Rihanna.



### **Scenario 3**

Imagine you are in a luxury fashion store, and you want to buy a new luxury product for yourself. You enter Prada's store and see this bag.



#### **Scenario 4**

Imagine you are in a luxury fashion store, and you want to buy a new luxury product for yourself. You enter Prada's store and see this bag co-created with Rihanna.



#### **Question 4:**

Please indicate by whom do you think the product was designed by?

- By the celebrity
- By the company
- By the company in co-creation with a celebrity

#### **Question 5:**

Please indicate from 1 to 7 (being 1= strongly disagree and 7= strongly agree) your level of agreement with the following statements

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
The image of the typical user of this product is similar to how I am	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The image of the typical user of this product is similar to how I see myself	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The image of the typical user of this product is similar to how others believe that I am	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The image of the typical user of this product is similar to how others see me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The image of the typical user of this product is similar to how I would like to be	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The image of the typical user of this product is similar to how I would like to see myself	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The image of the typical user of this product is similar to how I would like others to see me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The image of the typical user of this product is similar to how I ideally like to be seen by others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 6:**

Please indicate from 1 to 7 (being 1= strongly disagree and 7= strongly agree) your level of agreement with the following statements

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
The product is unique	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The product is creative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Never out of fashion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Designed by a genius creator	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Belonging to a minority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
At the cutting edge of fashion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Feeling of exceptionality, exclusivity, special	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question7:**

Please indicate from 1 to 7, how likely (being 1= extremely unlikely and 7= extremely likely) are you to purchase and recommend the product to your friends and family?

	Extremely unlikely	Moderately unlikely	Slightly unlikely	Neither likely nor unlikely	Slightly likely	Moderately likely	Extremely likely
Purchase Intention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recommend the product to your friends and family	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Question 8: Co-creation introduction

Companies are constantly looking for new ways to remain relevant to their target market, being co-creation a popular strategy. Co-creation occurs when one company/brand involves external agents, such as stakeholders, consumers or other relevant figures, such as celebrities, in the development process of a product or service.

For example, Dior is collaborating with the rapper Travis Scott, to create a new relevant collection to their audience. This way, Dior creates excitement around the new collection and reaches a new audience, the Travis Scott fans.

### Question 9:

**Are you aware of luxury brands that have been co-creating with celebrities?**

- Yes
- No

### Question 10: (only for those who responded yes to the previous question)

Thinking about special editions created by luxury fashion brands in collaboration with different celebrities, have you ever purchased any of the following special editions?

- Fenty (LVMH X Rihanna)
- Travis Scott (Cactus Jack x Dior)
- Pharrell Williams z Chanel
- Coach x Jennifer Lopez
- Other:

### Question 11:

Thinking about special editions realized in collaboration with different brands / artists, which of the following statements best applies to you?

- I feel they express my personality
- I feel they are special and unique collections
- Something new without changing the identity of the brand
- Indifferent
- Negative impact on the image of the brand

**Question 12:**

Do special editions created by luxury fashion brands in collaboration with different celebrities make you feel tempted to buy those products?

- Yes
- No

**Question 13: (only presented to those who responded yes in the previous question)**

If yes, why?

**Question 14:**

Gender:

- Female
- Male
- Non-binary/third gender
- Prefer not to say

**Question 15:**

Age:

- 18 – 25 years old
- 26 – 35 years old
- 36 – 45 years old
- 46 – 55 years old
- 56 years old or older

**Appendix 3 - Pilot Study Demographics**

<b>Gender</b>	<b>Female</b>	59	58.4%
	<b>Male</b>	42	41.6%
<b>Age</b>	<b>18-25 years</b>	60	59.4%
	<b>26-35 years</b>	26	25.7%
	<b>36-50 years</b>	10	10.9%
	<b>&gt; 50 years</b>	4	4%

Source: Author

#### **Appendix 4 – Main Study Demographics**

<b>Gender</b>	<b>Female</b>	161	72.2%
	<b>Male</b>	59	26.5%
<b>Age</b>	<b>18 – 25 years old</b>	165	74%
	<b>26-35 years old</b>	45	20.2%
	<b>36 – 45 years old</b>	5	2.2%
	<b>46- 55 years old</b>	4	1.8%
	<b>Above 56 years old</b>	4	1.8%

Source: Author

## Appendix 5 – Main Study Open Question

- Most of it because it expresses my personality, it puts me comfortable using it and also gives me satisfaction by using a piece of the co-created collection.
- I feel like I am part of the artist that I like.
- It transfers cultural values and relevance, which the original brand may do not have. It's a differentiation from other brands.
- Unique product.
- Because in general the items are cool and in fashion, innovative and very unique.
- For the uniqueness of the piece from a capsule collection.
- I guess it depends on the celebrity, but if it's one I like and admire I am definitely more interested in seeing what they have come up with. Sometimes, celebrities bring some opinions and ideas that fit what other people wish to see in a brand. So basically, they sometimes bring ideas that are what we want into brands we might not purchase from on other days since it isn't usually our style.
- As a fan of an artist "Z", I might feel tempted to know more about a brand "X" that is co-creating with him/her, because that co-creation is likely to have the artist's values/style embedded on it. And somehow, I may feel like being part of the fans community for having such innovative product.
- I like to see the creative ideas of the celebrities that I follow.
- If I like the celebrity I like to buy what she/he creates because I identify myself with him/her and think he/she have some special inputs to bring to such traditional brands.
- New style ideas with the DNA of the brand.
- Differentiated pieces, different from the others from the brand.
- Because they mix the brand and celebrity personalities with a different unique product.
- New style, new pieces, new ideas and more innovation.
- Cool designs different from the obvious.
- Unique designs with the ADN of a brand that as heritage and is well stablished in the market.
- Brings new life to classic luxury brands.
- High quality pieces with a twist.
- Make the pieces feel more luxurious.
- Mostly because of the artist, if it is someone that I like or admire I feel more tempted to buy.
- When you like a celebrity, you are more likely to be drawn to a product that they are associated to.

- Get to obtain an exclusive product, innovative .
- Uniqueness of the product, something new in the market.
- If I like the product and the celebrity, I will want to buy it due to the innovative product.
- Identification with celebrity.
- It is quality and innovation together with a brand that is trustworthy.
- The product gains embedded personality from the celebrity it's a cool touch.
- Support the collaborating artist for his/hers new disruptive ideas.
- It depends strongly on the celebrity, if I identify myself with him/her I will buy it.
- If makes the brand feel cool again, it expresses unique feelings.
- It is unique, makes part of the luxury history is *avant garde*.
- Differentiated products that have personality.
- Cool designs, being part of a disruptive series of products from luxury brands.
- Because its good quality product but limited edition makes it feel more special.
- Because it showcases what I like, and who I like to "follow" with a twist.
- Because it's original, comes from a different mind.
- If we like the celebrity, it will make us buy something that she/he has made to support new inputs.
- If I feel some empathy for the celebrity, I would like to be a part of something different.
- Scarcity aligned with innovation and with an amazing well stablished brand.
- Because if I identify with the celebrity then it's one more reason to buy it - to express myself.
- If I connect to the celebrity/endorser I automatically feel connected to the collaboration and find that it expresses my liking.
- Because I like different products and new styles.
- Unique collections that allow me to have a special connection with the brand.
- Unique designs made by the people I follow.
- Making part of something different from a status brand that I love is cool and innovative.
- Good combination of safety (from a brand with heritage and quality) and unique innovated styles (brings the new cool).
- Because they also represent an icon, which comprehends what the celebrity symbolizes.
- Because it shows at the same time two things, the personality of the celebrity that is collaborating with the brand and the brand statement that wants to do something new in the market.
- Because whenever a brand does a collaboration with a celebrity, usually the brand try to have a connection with that celebrity, sharing the same values or culture or a similar vision, for instance. And then, they are trying to reach a whole new level, always keeping in mind their identity and

DNA, but thinking out-of-the-box. Then, they will end up sticking to the brand's heart but will deliver a new and more exciting and appealing collection or item.

- Since the editions are created in collaboration with some celebrities, they are seen as more trustworthy and therefore I am more tempted to buy some of these items. I feel I am not risking it all in a new innovative high-priced product.

- If it is a celebrity I identify with, I would appreciate the extra value it gives to the product and owning it.

- They are rarer almost elitism pieces, innovative in the market.

Source: Author