

Prudential Value in the Luxury Industry

Prada or nada? A qualitative study of how wellbeing and meaningfulness met the luxury industry

Abstract: The purpose of this study is to examine how prudential value manifests itself in a commercial luxury setting. Even though the concepts of luxury and value are substantially researched topics, there is no real consensus on their conceptualisation. In the midst of traditional and unconventional conceptualisation of luxury, there exists an understudied factor, that has proved valuable in understanding the role of meaningfulness and wellbeing in *non-commercial* luxury, namely prudential value. As this phenomenon has not been observed in *commercial* luxury settings yet, we choose a qualitative study approach to, first, establish whether prudential value exists in such settings, and then, to further the understanding of its core components and surrounding factors. We are able to establish that prudential value, embodied mainly by the established factors wellbeing, being good, and meaningfulness, does, indeed, play an important role in consumers' perception of luxury in a commercial setting, in that luxury purchases enhance consumers' lives primarily through a deeper perceived meaning. Our study also demonstrates that accomplishment is a main driver of prudential value in commercial luxury settings, and that, even though the altruism component of prudential value should not be neglected, it is mostly outweighed by self-concerned value. Within our participants' discourses, anticipation and preparedness are identified as influencing the perception of prudential value, thereby creating entirely new findings. Furthermore, our study allows us to reinforce the claim that the unconventional conceptualisation of luxury is much better suited than the traditional one to represent modern consumers' understanding of luxury and to explain the appeal of luxury and its consumption, highlighting the importance of the consumer in co-creating luxury meaning and value.

Keywords: prudential value, luxury, value, meaningfulness, wellbeing, unconventional luxury

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1. Introduction

In recent years, the luxury industry has experienced major shifts that have led to a reconceptualisation of luxury itself, to a change in the perception of and the relationship to the luxury customer, and ultimately to a transformation of how value is captured in luxury purchases and experiences. These shifts are partly of macroeconomic nature while others are specific to the luxury industry, yet luxury brands need to take all of them seriously and adjust their practices accordingly in order to meet their customers' changing needs and to remain relevant.

Firstly, over time the luxury customer segment has changed and became more heterogeneous (Kastanakis & Balabanis, 2012), mainly driven by a phenomenon termed the “democratisation of luxury” (Brun & Castelli, 2013). Even though the adoption of online sales channels has been rather slow in the luxury industry (Kapferer & Bastien, 2009; Okonkwo, 2009), dreading the loss of exclusivity and scarcity caused by the internet (Kapferer, 2014; Berridge, 2018), online distribution has finally made luxury products available to a much broader audience than the one merely visiting exclusive physical stores. At the same time, with rising income levels, especially middle-class households have been more prone to purchase products priced at the higher end of their category, willing to “trade up” in some areas in order to receive higher value and to convey a certain status (Silverstein & Fiske, 2003; Ko & Sung, 2007; Brun & Castelli, 2013). Concurrently, luxury brands are introducing so-called “entry-level products” at lower prices, often referred to as accessible or mass luxury, making luxury products more affordable to target a wider customer segment (Brun & Castelli, 2013; Cristini et al., 2017). Therefore, the democratisation of luxury has made luxury products more available both physically and financially and, consequently, has changed the target audience.

Secondly, the internet and the inherently increased availability of information have made consumers considerably more empowered and, therefore, changed their relationship with brands (Pires et al., 2006; Labrecque et al., 2013). For decades, heritage-rich luxury brands executed an inward-focused, almost authoritarian “anti-law of marketing” strategy in which the customer would take a passive role of simply accepting and evaluating the company offerings (Kapferer & Bastien, 2012; Choi et al., 2016). Nowadays, with the vast amount of data readily available with just a few clicks, consumers want to take on a more active part and make more educated choices as industry reports show (McKinsey & Company, 2018). With that comes also a rising awareness for sustainability and ethical concerns (Kapferer & Michaut-Denizeau, 2014; Marshall et al., 2016; Gazzola et al., 2020). Especially younger generations are more and more concerned with brand values; they are interested in what drives a brand and they expect brands to take a stance on important matters. Consequently, luxury brands might need to take on a more customer-centric approach, like non-luxury brands have, in which they listen closely to what their customers want and adjust their offering accordingly.

Indeed, those customer needs have changed in even more ways, indicating a major shift towards Pine and Gilmore's Experience Economy (1998). What used to be perceived as ‘luxury services’ is now turned into ‘luxury experiences’ (Berthon et al., 2009). Old luxury was constructed by the company and was centred around the product, while new luxury is defined by the consumer and is experiential (Florin et al., 2007). It is no longer enough for brands to merely excel on price and/or product quality, but instead consumers are looking for experiences that elicit emotional reactions

(Choo et al., 2012; Han & Kim, 2020). Emotional value is often a much stronger factor in consumers' evaluations of a luxury product's price than the actual cost-based or comparative one and it is especially relevant for building brand loyalty (Kim et al., 2010). In fact, the process of making a purchase decision has become increasingly multidimensional rather than a mere cost-quality trade-off (McKinsey & Company, 2020) affecting the way in which consumers derive value from a luxury product.

There exists ample literature on customer value and especially on the different types of value that are central in luxury purchases (Smith & Colgate, 2007; Wiedmann et al., 2009; Tynan et al., 2010; Choo et al., 2012). However, considering the previously described developments such conceptualisations of value may no longer be fully representative of today's consumers. Luxury brands may have recognised and partly implemented the increasing importance of experiential value by turning the luxury purchase into an experience in itself and putting the customer experience more and more at the centre of their efforts (Berthon et al., 2009). Still, this might not be enough to create real, long-lasting value to luxury consumers. Interestingly, in a qualitative study exploring the meaning of luxury to contemporary consumers, Kauppinen-Räsänen et al. (2019) have discovered so called *prudential value* in non-commercial luxury settings. They observed that luxury can heighten a person's perception of life by providing a deeper meaningfulness contributing to their individual wellbeing and, thereby, providing prudential value. This discovery may have significant consequences for the luxury industry and how they construct their offerings and it should, therefore, be investigated further. The ongoing growth of the luxury industry (Kapferer & Michaut-Denizeau, 2014; Cristini et al., 2017; Kapferer & Michaut-Denizeau, 2020) demonstrates that there is, indeed, a rising desire for luxury, but in order to capture this demand, luxury brands need to properly understand what type of value their customers are looking for and how they can provide it. Prudential value may play an important role in what consumers are looking for in luxury brands' offerings and, thereby, it may also shape the individual sense-making of luxury itself.

1.1. Purpose and research question

The existing literature on prudential value is rather scarce and, so far, it has only been identified in a non-commercial luxury setting, i.e. unrelated to material consumption (Kauppinen-Räsänen et al., 2019). However, we believe that prudential value may also exist in commercial luxury settings and may, therefore, have noteworthy potential for the luxury industry. Especially to younger generations (McKinsey & Company, 2018), consumption is becoming more and more a means of self-expression (Brun & Castelli, 2013). They are striving for more authenticity and are, thereby, looking to align brand values with their own. These consumers are willing to spend more on a product if it fulfils their needs, especially if it provides them with a certain level of uniqueness (Brun & Castelli, 2013; Kastanakis & Balabanis, 2012). The meaningfulness component of prudential value has the ability to capture those desires for self-expression and authenticity as discovered by Kauppinen-Räsänen et al. (2019) and it seems like it may play a crucial role in luxury purchases. However, it is necessary to further understand the concept of prudential value and how it is captured in such settings.

The purpose of this thesis is, therefore, to answer the following research question:

How does prudential value manifest itself in commercial luxury purchases?

Our aim is to contribute to the current literature on prudential value by demonstrating its existence in luxury commercial settings as well as understanding its role in such an environment. After gaining a thorough understanding of the concepts of value and luxury and how the two are combined as presented in the following chapter, we then conducted qualitative interviews in order to fully understand consumer discourses of how they perceive value in luxury purchases and to draw consequences for our research question. Finally, we will present and discuss our results and connect back to our initial theory to illustrate those findings' implications.

Because we aim to extend Kauppinen-Räsänen et al.'s (2019) study, we will only focus on luxury goods, disregarding luxury services. Luxury goods as opposed to services have shown to be more connected to consumers' need for status portrayal and less so to their self-concept (Yang & Mattila, 2013). Considering that, the potential for prudential value might be less obvious in luxury goods. However, taking into account the rising consumer need to express oneself through one's purchases and aligned brands as described before (Florin et al., 2007; Gentile et al., 2007), we argue that this assumption might have changed. Therefore, we deem it beneficial to only focus on luxury goods to draw a stronger line between commercial and non-commercial luxury settings and the role of prudential value therein.

2. Theory

As the main purpose of this thesis is to comprehend prudential value in commercial luxury settings, we will, first, present an overview of the way *value* and *luxury* are conceptualised in luxury research at large. We, then, deep dive into how their conceptualisation differs in the traditional and unconventional conceptualisation of luxury. Lastly, we will probe into prudential value and the state of existing research regarding its place in luxury commercial and non-commercial settings.

2.1. Conceptualising value

There are many different ways of conceptualising and defining value, which mainly depend on the assumptions made by different social sciences. Within this thesis, it is important to differentiate between the term *values* as in personal values or beliefs and the term *value* as in a good's value. The literature defines *personal values* as beliefs about certain desired states that guide the evaluation of events or behaviours in which they are non-specific to a certain situation and ranked by importance (Schwartz, 1994). These values are thereby guiding individuals' behaviours, whilst the type of *value* we are focusing on is the value of an economic good or service as it is perceived by consumers. From a marketing perspective there are still many different notions of value that are interrelated but often used without having a proper conceptual understanding, such as exchange value, brand value, or social value (Karababa & Kjeldgaard, 2014). One of the more central value concepts, and the most relevant one within this thesis, is *customer value* which has long been recognised as a means for organisations to create competitive advantage in order to secure long-term success (Woodruff, 1997; Huber et al., 2001; Payne & Holt, 2001). The study of value is predominant in marketing research as it allows researchers and practitioners to understand the motivational constructs that are considered as a standard or criteria for the selection and/or evaluation of an action or a product (Chiu et al., 2014). As value regulates consumers' actions both singularly and in the long-term (loyalty), it is necessary to understand the influential elements in consumers' environments that shape shopping experiences (Gallarza et al., 2011). In this sense, customer value can be seen both from the consumer perspective and from the perspective of the organisation. The latter then refers to the value a customer has to the overall organisation, often in financial terms, defined in the notion of "customer lifetime value". Within this thesis, however, we will solely focus on the customer's perception of value.

The literature offers a vast variety of definitions of customer value, yet two characteristics seem to be especially dominant: the trade-off character of customer value and the individual perception of each customer. Zeithaml (1988), for example, defines customer value as the "customer's overall assessment of the utility of a product based on perceptions of what is received and what is given" and, thereby, emphasises the cost-benefit trade-off. Gale (1995) introduces a competitive dimension when he constructs customer value as the "customer's opinion of your products (or services) as compared to that of your competitors" highlighting the importance of a customer-centric focus in building competitive advantage. Woodruff (1997) on the other hand, in his definition, focuses more on consumers' individual perceptions of value relative to their goal achievement: "a customer's perceived preference for, and evaluation of, those product attributes, attribute performances, and consequences arising from use that facilitates (or blocks) achieving the customer's goals and purposes

in use situations”. Butz and Goodstein (1996) suggest an emotional dimension of customer value in that they view it as an emotional bond which is formed between a customer and an organisation after the customer has used the product and deemed it valuable. This emotional aspect is especially relevant in building customer loyalty.

Again, this array of definitions suggests a number of important characteristics inherent to customer value: Each individual consumer perceives customer value uniquely, it is dependent on a specific context or situation, it is identified relative to known or assumed alternatives, and it changes within individuals over time (Smith & Colgate, 2007).

The construct of customer value is sometimes used synonymously with *customer satisfaction* and *perceived quality* (Gilbert & Veloutsou, 2006; Rust & Chung, 2006). Yet, although closely related, they are distinct concepts. Quality is agreed to be an antecedent of customer value as a product’s perceived quality is the result of an individual process by which a consumer evaluates a given product (Zeithaml, 1988; Bolton & Drew, 1991). Consequently, customer value entails many more components than just perceived quality. Customer satisfaction, on the other hand, is thought of as a construct that may or may not arise during a post-consumption assessment. Customer value is, therefore, an antecedent of customer satisfaction as it can be evaluated in different stages of the purchasing process (Sweeney & Soutar, 2001; Eggert & Ulaga, 2002).

Customer value is a complex construct that might not have been commonly defined and captured by literature thus far. Yet, moving forward, we will define customer value as *an individual’s perception of the received benefit compared to the given sacrifice of purchasing a specific product based on a process of evaluation*. Taking this perception-based perspective, also referred to as *perceived value*, highlights the importance of prioritising the consumer’s individual viewpoint as well as their influence and participation in the value creation process. More recent views express a shift towards a co-creation of value between the marketer and the consumer in which the consumer plays an active role in creating value and meaning that goes beyond a mere exchange (Vargo & Lusch, 2004). It is, therefore, even more important to understand what is valuable to consumers and how they *perceive* value, which is why we choose to focus on this conceptualisation of value within this thesis. This perspective also allows us to consider the single specific value components entailed in this broader concept (Karababa & Kjeldgaard, 2014) and which role they play in luxury as we will see in more detail later.

2.2. Conceptualising luxury

When thinking of the term *luxury*, what often comes to mind are features such as *expensive*, *high-quality* or *exclusive* to name only a few examples. Indeed, most of those attributes are commonly accepted when trying to define luxury. Luxury brands are often established as those that can consistently charge higher prices for their products (Phau & Prendergast, 2000; Wiedmann et al., 2009), with the ratio of functionality to price of such products being rather low (Nueno & Quelch, 1998). This indicates that it is the psychological benefits, much more than the functional ones, which distinguish luxury products from non-luxury ones and, therefore, form the basis for a higher price (Nia & Zaichkowsky, 2000). These psychological benefits include, among others, the power of symbolism, making luxury brands especially dominant in markets in which the brand can be a means of conveying a specific image or social status (e.g. fashion, cars, jewellery) (Phau & Prendergast, 2000). Taking a closer look at the existing literature on luxury, however, one will notice that there is no one clear definition of the term (Phau & Prendergast, 2000; Wiedmann et al., 2009). This is mainly due to the fact that the concept of luxury is a very subjective one — what seems ordinary to one person, might be a luxury to another (Kapferer, 1997; Phau & Prendergast, 2000). Based on this, we can observe two different conceptualisations of luxury. The traditional conceptualisation is centred around the luxury product and even the luxury brand itself, while the unconventional conceptualisation one focuses more on the luxury consumer taking individual perceptions into account.

2.2.1. Traditional conceptualisation of luxury

As early as 1899, we can find traces of a conceptualisation of luxury focusing on functional utility and rational decision making (Verben, 1899 in Gurzki & Woisetschlager, 2016). The traditional conceptualisation is, indeed, focused on luxury consumption as being product-focused, ontologically scarce, and receptive (Thomsen et al., 2020).

Product focus

At the core of the traditional conceptualisation of luxury is the focus on the product itself as the central component of the offering (Tynan et al. 2010). Luxury is characterised by outstanding quality (Choo et al. 2012; Kapferer, 1997) and a more appealing appearance than non-luxury offerings (Kauppinen-Räsänen et al., 2019). However, this product focus goes beyond the mere functionality of the product: In 1922, Sombart defined luxury as product features that serve needs beyond necessity. “Luxury goods are traditionally defined as goods such that the mere use or display of a particular branded product brings the owner prestige apart from any functional utility” (Han et al., 2010). In that, the traditional conceptualisation is very coherent with the luxury associations we mentioned earlier, including exclusivity, craftsmanship, connoisseurship, creativity, and innovation (Kapferer & Laurent, 2016) as well as uniqueness and rarity (Jackson & Shaw, 2008; Roper et al., 2013). It focuses on high-quality products, selling at a premium price (or a price significantly higher than similar products in non-luxury categories) (Godey et al., 2013; Husic & Cicic, 2009) offering the owner prestige and recognition based on the *products’* public or shared symbolism (Ko et al., 2019).

Public symbolism

With the focus on the luxury product itself comes also a preoccupation with the symbolism embedded in that product. In the traditional conceptualisation, this type of symbolism of luxury consumption, also referred to as expressive value, is usually perceived in the form of “public symbolism” (Thomsen et al., 2020), hence conspicuous consumption and social comparison. It is concerned with the extent to which consumers attach or associate psychological meanings to a product (Smith & Colgate, 2007).

Conspicuous consumption represents the purchase of high-priced items aimed at communicating wealth and achieving a higher social status (Bagwell & Bernheim, 1996). Social comparison focuses on consumers’ desire to be recognised and accepted by others (Vigneron & Johnson, 1999) and brings satisfaction through such recognition and compliments. In those cases, consumers may purchase an item from a specific brand merely for the purpose of image building: They may intend to demonstrate that they are in the position to afford higher prices charged by a specific brand because they value higher quality and longevity, a certain design, or simply for the purpose of spending more money and, thereby, indicating a higher social status (Nia & Zaichkowsky, 2000). In fact, many luxury consumers own luxury products for this exact social demonstration purpose, while at the same time, they may own products for daily use in a private setting that are of equivalent functionality at a typically lower price and not considered part of the luxury segment and, thereby, lack this symbolising function.

Two effects play a role here, the bandwagon and the snob effect (Leibenstein, 1950). The bandwagon effect refers to the phenomenon by which consumers wish to purchase a commodity purely for the reason that others are doing so as well. They want to be part of and comply with this group and, thereby, wish to symbolise relevant linked characteristics.

The snob effect illustrates the opposite phenomenon in that the demand for some commodity may decrease because other consumers are buying it as well. This points more towards consumers’ desire to be exclusive and unique and to differentiate themselves from others. From a social perspective, both these needs for conformity and uniqueness are explanations for conspicuous consumption (Tian & Hunter, 2001), which is mainly seen as externally motivated since goods are overtly displayed (Amaldoss & Jain, 2015), and as status consumption, which can include subtler ways of gaining prestige (O’Cass & McEwen, 2004).

This traditional view of luxury symbolism is deeply embedded in historical structures of social stratification and the consumption habits of the so-called leisure class (Veblen, 1902). Price is, therefore, central to the traditional theory as the price paid for a good is a signal of its owner’s prestige and economic capital and, consequently, its social class (Amaldoss & Jain, 2015). More than just economic capital, luxury is a marker of social capital à la Bourdieu, displayed via material possession and showcasing one’s tastes and materialistic orientations, thereby playing a crucial part in the construction of social classes (Holt, 1998). By displaying high price levels, luxury products are believed to be exclusive, unique and rare, which in turn suggests to many consumers that those products are inaccessible to them and, therefore, reinforces the symbolising power of luxury goods as perceived by consumers (Jackson & Shaw, 2008; Roper et al., 2013).

Ontological scarcity

According to the traditional conceptualisation, public symbolism is directly related to the concept of ontological scarcity. Ontological scarcity refers to the inaccessibility of luxury goods in terms of (high) price, physical accessibility (small number of stores) or ownership (small number of products available) (Reyneke et al., 2011). The focus on ontological scarcity is expressed through the emphasis put on the fact that luxury products are expensive, owned by an individual, and only accessible to a few (Kapferer & Bastien, 2009). It is also reinforced by the belief that luxury requires some education or knowledge of codes, such as dress codes and socially valued brands, as well as the ability to evaluate the real quality of a product and the acquisition of taste over time (Chandon, Laurent & Valette-Florence, 2016). Berry and Berry, in 1994, exemplify the importance of scarcity in defining luxury goods as “a widely desired (because not yet widely attained) good that is believed to be ‘pleasing’”. Luxury goods’ attractiveness is, indeed, believed to decrease with availability (Frank, 1985; Solnick & Hemenway, 1998) as availability counters the signalling of value (Corneo & Jeanne, 1997). Dubois and Paternault (1995) suggest this in their ‘Rarity Principle’ by which luxury brands should aim to maintain exclusivity in the sense that not everybody can or does own their products, which is thought to positively contribute to a brand’s prestige. In the light of the increasing importance of online sales posing a potential threat to the perceived scarcity and inaccessibility of luxury goods, the authors illustrate this dilemma by stating that “the dream value of a brand increases with awareness but decreases with actual penetration”. Ensued are debates about inclusiveness or exclusiveness of the online community, especially heightened by the rise of blogging.

Receptive consumers

In the past, value in the luxury industry was created mainly by meeting consumer demands (whilst not exceeding them). The traditional conceptualisation of luxury has been qualified as receptive with respect to the consumer’s relationship with luxury brands (Thomsen et al., 2020). Whereas most brands opted for a consumer-centric approach, the luxury industry had focused on top-down, aspirational, and brand-focused strategies. The consumer’s role was to passively accept and then evaluate company offerings (Choi et al., 2016). Consequently, in the traditional conceptualisation, luxury is mainly considered from a managerial perspective, as it is firmly believed that marketing managers have the means to determine how consumers perceive the luxury brand instead of focusing on the consumer’s intrinsic perceptions (e.g. Kapferer & Bastien, 2009; Keller, 2009). In this, luxury brands are thought to symbolically charge their products through, for instance, marketing activities, before they are then purchased by the consumer (Thomsen et al., 2020).

2.2.2. Unconventional conceptualisation of luxury

Over time, a new stream of luxury research has emerged accounting for the rising consumer needs for experiences and self-expression as well as the subjectivity of luxury per se. This *unconventional* or *contemporary* conceptualisation of luxury turns away from the product-focused, ontologically scarce, receptive view of luxury towards a focus on the experiential nature and epistemological scarcity of luxury as well as agentic consumers (Thomsen et al., 2020). Before explaining this newer conceptualisation in detail, we will first illustrate the surrounding conditions that have caused its emergence.

Several socio-cultural and technological shifts can explain the emergence of this newer conceptualisation. Firstly, the democratisation of luxury has transformed the perception of luxury itself and has created a more fragmented market where target customers can be found at all income levels. Indeed, whether that be in terms of price or physical accessibility, luxury is now more accessible than ever (Cristini et al., 2017). This challenges the status-driven, exclusivity concept that has long ruled the luxury literature (Kastanakis & Balabanis, 2012). Secondly, even though the adoption of online sales channels in the luxury industry has been debated in its early years, nowadays almost all luxury brands are available online. In addition to the introduction of lower-priced luxury entry-level items, this challenges the idea that luxury should remain inaccessible to a wide customer segment (Brun & Castelli, 2013).

Furthermore, the focus of attention has shifted from the intrinsic characteristics of the product to what the product represents (Cabigiosu, 2020). In those terms, luxury consumption has become a tool of self-expression and brands will have to embed this in their offering in order to be successful. The literature is slowly opening up towards the growing desire for pleasurable or emotional value (Choo et al., 2012; Karababa & Kjeldgaard, 2014; Lee et al., 2015; Kapferer & Valette-Florence, 2016) that was long overlooked in luxury studies, focusing on purely functional, financial, or utilitarian benefits (Kauppinen-Räsänen et al., 2019).

As aforementioned, the receptive role of the luxury customer is central to the traditional conceptualisation. However, as consumers are getting more empowered thanks to access to information via the internet in general and more specifically social media (Pires et al., 2006), luxury brands have had to turn their backs on their old marketing practices and focus on listening to their customers. Already in its early days, authors predicted that the internet would result in a shift of power from marketer to consumer (Bakos, 1991; Kozinets, 1999; Levine et al., 2000; Deighton & Kornfeld, 2009). Indeed, consumers now have the opportunity to gain a hypothetically unlimited amount of information and to make educated choices, based on that information, if they desire. The internet and, even more so, social media have allowed consumers to share their experiences with products or services and created a multiplicity of platforms that have fundamentally changed consumers' browsing behaviours. Consumers are no longer solely dependent on what (luxury) brands dictate, but instead they get inspiration from a variety of sources such as social media and peer groups which have a big influence on purchase decisions. In fact, especially younger generations have become a lot more confident in their relationship with brands as illustrated by this quote from an industry report: *"I'm not interested in what the brand is saying about itself. I'm interested in coming up with my own perceptions based on all these sorts of sources"* (McKinsey & Company, 2020). Brands need to recognise this growing consumer independence and adjust their practices accordingly.

Consumer power is traditionally conceptualised around two individual-based power sources (demand and information-based power) and increasingly completed by two network-based power sources (network and crowd-based power) (Labrecque et al., 2013). In the early days of the internet, consumer empowerment research has focused primarily on the internet's role in allowing consumers to access an increased quantity of information, choices and options, and to then impose market sanctions via raising their voices or exiting markets (Bickart & Schindler, 2001). However, with the development of social technologies and platforms, consumers have gained additional network power in the sense that it is now possible to build personal reputation and influence markets through the distribution, remixing, and enhancement of digital content (Labrecque et al., 2013). Furthermore, advances in mobile technology, allowing for even more connectivity, have created the opportunity to develop crowd power. Crowd power describes the possibility for consumers to “pool, mobilise and structure resources in ways that benefit both individuals and the groups” (ibid). Concrete examples of this are the rise of crowdfunding, crowd-generated content (SoundCloud, Wikipedia etc.), crowdsourcing, crowd-selling (Etsy) and crowd-support. Blogs for instance are recognised to have considerably increased consumer power (Kerr et al., 2012) which has always been recognised as a pervasive and fundamental component of social behaviour (Russell, 1938; Fiske, 1993; Magee et al., 2007). However, there seems to be a lack of studies on the power of consumer behaviour and its repercussions on brands (Rucker et al., 2011).

As mentioned by Kerr et al. (2012), contemporary consumers can now quite easily communicate directly with a company, a regulatory body or other industry actors, as well as individually choose non-consumption, boycott or sharing their (dis)satisfaction with other consumers (Volker et al., 2002). In an online environment, consumer power can be translated into four strategies: control over the relationship, information, aggregation and participation (Denegri-Knott, 2006). This consumer empowerment has direct implications for consumption both in terms of the way it is operated but also in what products and services are selected. With information being increasingly important in the purchase decision process, brands across all industries must provide easily accessible information (Apostolidis & McLeay, 2019). It seems that, more and more, consumers see and use their purchase as a way to express their beliefs and values and, therefore, use the aforementioned ways to influence businesses into offering products that correspond to those beliefs and values (Shaw et al., 2006; Spaargaren & Oosterveer, 2010). This phenomenon also applies to the luxury industry: In 2015 already, O'Guinn and Muniz highlighted a more equal power balance between consumers and niche brands. It is relevant to enrich studies with this perception of power as the feeling of power considerably influences consumer behaviour, particularly in a luxury setting (Lee & Kim, 2019).

As the typical luxury consumer shifts from the traditional wealthy customer who buys luxury in a few select stores (Kapferer & Bastien, 2009) to a younger, connected and global consumer, authors claim the need to broaden the understanding of luxury purchases in (post)modern times of the experience economy (Pine & Gilmore, 1998), governed by digitalisation and social media (Hoffman & Novak, 2018) where ethics and sustainability are central concerns (Lubin & Esty, 2010).

Experiential focus

Consumer research as a whole has shifted towards a more experiential focus in the last forty years (Thomsen et al., 2020). Consequently, the sole definition of luxury goods being “goods such that the mere use or display of a particular branded product brings the owner prestige apart from any functional utility” (Han et al. 2010) is questioned by the unconventional conceptualisation. In their infamous 2003 essay, Lipovetsky & Roux declared that luxury as we knew it is not anymore, that the definition and practices traditionally attached to it are no longer relevant, arguing that it is time to move away from the tangible and product-focused view of luxury towards an intangible and experiential conceptualisation.

The luxury good itself is, therefore, no longer the central component of the offer, but rather a vehicle of meaning putting consumers’ self identity and their ability to create value at the centre (Thomsen et al., 2020). By focusing on consumers’ emotions (e.g. Canniford & Shankar, 2013), activities and experiences (e.g. Woermann & Rokka, 2015), the unconventional conceptualisation has emphasised the importance of value-in-use, and that this value, rather than being solely produced by products and/or brands, is ultimately decided by the consumer (Vargo & Lusch, 2004). More specifically in the luxury industry, the very idea is that luxury represents something more than just the product quality, which is also why it sells at a higher price than the functional one (Han et al., 2010). Instead, luxury is to a large extent a social construct with perceived benefits beyond the product quality (Kapferer, 2010; Roper et al., 2013) such as symbolism or experiential pleasure for instance, which changes with societal developments.

As presented by Choi et al. (2016), experiences influence customer value which in turn affects brand value and, consequently, purchase intentions. Moving beyond goods, the focus has shifted towards a more holistic view of the purchase. Experiences occur when consumers search for and shop products, receive services, and when they consume them (Brakus et al., 2009). Increasingly, we can see that the demand for luxury goods has shifted to products offering intangible features such as emotions. Brands’ focus is shifting according to consumer expectations and demands for meaningful experiences in the consumption process creating a network of experiences connected across diverse consumer product lines (Kim et al., 2007). As Balenciaga’s chief executive Cédric Charbit stated *“[a] product can no longer be only and purely craftsmanship plus creativity and heritage: we need to add values and emotion to it.”*

Private symbolism

In the unconventional conceptualisation, there is a shift from the public symbolism of luxury, characterised by the phenomena of conspicuous consumption and social comparison, towards a private symbolism (Thomsen et al., 2020). Authors like Belk (1988), Rucker and Galinsky (2009), and Sivanathan and Pettit (2010) challenge the idea that the signalling mechanism of luxury needs to be conspicuous. Berger and Ward in 2010 for instance, state that, if the receiver of the signal transmitted by a certain product, has the necessary knowledge and ability to decode it, said signal can be inconspicuous, i.e. subtle. The unconventional conceptualisation does not invalidate the idea that material possession can serve as signals to others, but rather focuses on the perceived meaning of said possession from the consumer’s own perspective, not as an interaction with others (Gurзки &

Woisetschlager, 2016). Instead of transmitting shared public meanings, luxury products, in this view, are understood to carry private meanings attached to luxury experiences, however short-lived those might be (Thomsen et al., 2020). Luxury is an idiosyncratic experience as it is subjectively perceived by each individual, and applying this to a commercial setting, the unconventional conceptualisation advocates towards the idea that any good can be seen as a luxury.

Still, parts of symbolic value have been highly driven by a strong increase in the portrayal of celebrity status. Modern media has, on the one hand, produced new types of celebrities, but it has also made celebrity much more observable by a wider public, which induces a strong demand for products that have been showcased by such celebrities. In that sense, even counterfeits have become a means of portraying a certain status and, thereby, carry symbolic value (Florin et al., 2007). Yet, we know that, increasingly, young consumers perceive luxury brands as identity-affirming tools to build and corroborate their actual and desired self-images and nourish their self-esteem (Wattanasuwan, 2005; Yang et al., 2018). For younger generations, this might represent a distancing from wealth display to showcasing consumption in accordance with moral principles such as environmental or ethical concerns. Expression being a key concern for younger generations, and for younger consumers still building their identity, symbolic value might represent a substantial part of the purchase decision. Bauer et al. (2011) uncovered a strong private connection between the consumer and luxury in the sense that the latter supports the idea of the former's self-identity through, for instance, transformative experiences. The unconventional view, thus, highlights the disconnectedness of luxury from social class and conspicuous consumption.

Interestingly, Florin et al. (2007) have observed these two effects in recent trends: On the one hand, there is an increase in the desire for individualism in the sense that consumers want to be acknowledged as special, unique, and interesting, which corresponds to the self-actualisation dimension of symbolic value. On the other hand, consumers may wish to be affiliated with a community and this split between individualism and affiliation has been so prevailing that it has been described as "indi-filiation".

Epistemological scarcity

Another pillar of the traditional conceptualisation that is questioned is the nature of scarcity in luxury. The unconventional conceptualisation views luxury as epistemologically scarce instead of ontologically scarce (Thomsen et al., 2020). This means, that luxury may be restricted as perceived by the consumer, more so than being actually restricted as in physical (by access, ownership, or price) inaccessibility (Kapferer & Bastien, 2009). This, again, focuses on the luxury *experience* which is, technically, accessible to many, yet rare in the sense that the consumer is wary of it and that they "possess" the luxury object (Thomsen et al., 2020). In this view, luxury products should be internalised by the consumer and relevant to their self (Belk, 1988), rather than to external consumers through the means of display. Catry (2003) for instance, argues for the replacement of ontological scarcity by the notion of perceived rarity through the use of, on the short-term, rare ingredients or components and in the long term, leveraging "techno-rarity", i.e. the use of innovative methods, limited editions, or information-based rarity.

Agentic consumers

While the traditional conceptualisation of luxury looks at the consumer as a receptive entity, the unconventional one paints the picture of a more active or *agentic* consumer (e.g. Banister et al., 2020; Thomsen et al., 2020). Instead of using a top-down marketing approach from the luxury brand to the customer, the unconventional view puts the customer at the centre of creating the meaning of a product, taking on the perspective of co-creating value (Vargo & Lusch, 2004) and thereby making luxury more inclusive. Rather than merely accepting a product charged with meaning by the luxury brand's marketing activities, consumers will perform, construct, and enact the meanings of their luxury experiences. The "agency" (i.e. the luxury brand) in the process of symbolically charging a product is thereby omitted. Bauer et al. (2011), in an exploratory study, uncovered that consumers define what they perceive as luxury, rather than what brand managers market as luxury. Consequently, consumers are able to integrate luxury in their everyday life, rather than only in traditional luxury spaces or contexts. This integration is considered "escapist" rather than part of an overall lifestyle. It challenges the idea that luxury is objective, and that luxurious goods will be considered as such across contexts.

2.2.3. Concluding comparison

As the previous chapters have illustrated, the two main conceptualisations as presented in the literature have quite different ways of approaching luxury. The following table shall summarise the main distinctions:

Category	Traditional conceptualisation	Unconventional (contemporary) conceptualisation
Main focus	Product focused	Experiential focus
Symbolism	Public symbolism	Private symbolism
Scarcity	Ontological scarcity	Epistemologic scarcity
Consumer role	Receptive (brand-generated)	Agentic (consumer-generated)

Table 1. Comparing the traditional and unconventional conceptualisation of luxury

Within this thesis, we chose to adopt the perspective of the unconventional conceptualisation of luxury as we believe that it is the most suitable representation of today's society and environment. We agree that reflecting consumer empowerment, the democratisation of luxury as well as the increasing consumer need for self-expression through consumption (Pires et al., 2006; Brun & Castelli, 2013) requires leaving behind the traditional, product-focused view of luxury and instead moving towards a more consumer-focused view. In this sense, the definition of luxury or more so luxury goods is subjective and centres around the meaning each individual attaches to what they perceive to be luxury goods. Therefore, we also choose the unconventional definition of luxury in

order to enhance the body of existing research by letting consumers define their perception of luxury completely freely and then examining the related consequences.

The following chapter will bring both the concept of value and the concept of luxury together, in order to paint a picture of how value is conceptualised in a luxury context. Even though we choose to focus on the unconventional conceptualisation of luxury, it is still important to understand how value is fathomed in both conceptualisations as the different models build on each other.

2.3. Conceptualising value in a luxury setting

Luxury goods are generally thought of as selling at higher price points and less accessible than non-luxury goods. It has, therefore, been crucial for academia to understand which factors exactly make consumers willing to spend more money and efforts on acquiring such goods (Gallarza et al., 2011). The study of customer value is key to understanding influential elements in consumption environments that shape consumers' shopping experiences (Leroi-Werelds et al., 2014). After previously having defined customer value as *an individual's perception of the received benefit compared to the given sacrifice of purchasing a specific product based on a process of evaluation*, we now want to present the specific value frameworks dominating each conceptualisation of luxury.

2.3.1. Luxury value under the traditional conceptualisation

Most value scales inscribed in the traditional conceptualisation of luxury are based on the Personal Shopping Value framework (PSV) developed by Babin et al. in 1994 (Picot-Coupey et al., 2021). This model assesses consumers' shopping experiences along the two dimensions of utilitarian and hedonic value and is omnipresent in academia (Gallarza et al., 2011).

Utilitarian value refers to "*rational, instrumental, and task-related shopping*" (Picot-Coupey et al., 2021), in which shopping is a means to an end. Also called functional value, it relates to *the extent to which a good or service has the desired characteristics and functions and is perceived as useful by the consumer* (Smith & Colgate, 2007). The main measures of utilitarian value in a luxury context are uniqueness and quality (Srinivasan et al., 2014; Roux et al., 2017). Uniqueness can be defined as the perceived exclusivity and rareness of a product (Wiedmann et al., 2009), and is perceived within a category according to functional features (Romani et al., 2012). Quality refers to the consumers' assessment of the overall brand excellence (Li et al., 2012), i.e. their judgement of product quality, craftsmanship, and performance (Vigneron & Johnson, 2004). Luxury products are generally perceived to have superior quality which communicates the product owner's intrinsic values such as an upscale lifestyle or status to the outside world (Bian & Forsythe, 2012). This superior quality has been identified as one of the main reasons why consumers believe that luxury goods are of higher value (Vigneron & Johnson, 2004).

Hedonic value, which is often used synonymously with the term experiential value, is concerned with *the experiences, emotions, and feelings a product or the shopping itself may offer to the customer* (Smith & Colgate, 2007; Picot-Coupey et al., 2021). The concept, thereby, links value associated to feelings with economic value (Karababa & Kjeldgaard, 2014) and may be especially useful to reveal the value of aesthetic or multi-sensory products, product-related fantasies, and feelings associated with

consumption (Holbrook & Hirschman, 1982) as well as to explain the higher than necessary price point of luxury. Luxury is attached to lived moments — it is an experience in itself (Berthon et al., 2009; Kauppinen-Räsänen et al., 2019) and the emotional value this experience can create is especially crucial to luxury purchase intention and customer loyalty (Kim et al., 2010; Han & Kim, 2020).

The PSV scale presents the consumer in both an intellectual and an emotional way, acknowledging the fact that not all behaviour addresses the fulfilment of some functional, physical, or economic need (Babin et al. in 1994). This is especially relevant in a luxury context, considering that consumers' needs regularly exceed merely functional ones in such settings. The scale's contribution to value research is certainly undeniable and many additional models are based on this initial scale. However, constant adaptation attempts by researchers to changing shopping environment hints to the notion that the scale might be outdated in many ways (Picot-Coupey et al., 2021), especially having in mind the shifting view of luxury under the unconventional conceptualisation.

2.3.2. Luxury value under the unconventional conceptualisation

Several authors have attempted to incorporate the unconventional conceptualisation of luxury into a value scale by turning away from the traditional two-dimensional view of the shopping experience to a more diverse set of values that better reflect the growing demand for pleasurable and emotional experiences and value (Choo et al., 2012; Kapferer & Valette-Florence, 2016).

Choo et al. (2012), for instance, have developed a four-dimensional luxury value model based on previous literature that augments the PSV scale by adding economic and symbolic value. Their findings confirm that luxury value represents a second-order construct that can be measured by first-order factors such as self-expression, social meaning, excellence, experience, and pleasure.

Economic or financial value is connected to *monetary dimensions of a purchase* such as price, resale value, or investment costs (Wiedmann et al., 2009). It refers to *what a customer sacrifices in order to acquire a certain product* and the other benefits that come with it, such as quality or hedonic value (Kauppinen-Räsänen et al., 2019). Choo et al. (2012) define it as “*the economic investment value, price satisfaction and price-considered brand worth*”. As mentioned before, luxury goods are often associated with a higher price, usually higher than functionally justified (Phau & Prendergast, 2000; Wiedmann et al., 2009).

Symbolic value, also called expressive value, involves the *psychological meaning consumers ascribe to a specific product* (Smith & Colgate, 2007). As presented under the traditional conceptualisation of luxury, symbolic value may include aspects of public symbolism to demonstrate a certain wealth or status to others as in conspicuous consumption (Bagwell & Bernheim, 1996; Vigneron & Johnson, 1999; Tian & Hunter, 2001). However, under the unconventional conceptualisation, symbolic value is primarily concerned with self-expression and self-actualisation, and the symbolic meaning a product carries to the owners themselves (Truong et al., 2010; Thomsen et al., 2020). These aspects of self-fulfilment and self-confidence in symbolic value are some of the main factors distinguishing luxury from ordinary purchases as it gives consumers a way to reflect their personality (Amatulli & Guido, 2011).

When looking at those value dimensions, one can observe a shift from a preoccupation with utilitarian and public symbolic value to an increasing focus on private symbolic, experiential and thereby emotional value in a luxury context (Gentile et al., 2007; Kapferer & Valette-Florence, 2016; Wiedmann et al., 2018). However, it is important to note that this shift is not equivalent to a complete disregard of functional value by consumers. Instead, they might perceive such functionalities as a required standard (industry point-of-parity) or even as a means to facilitate an optimal experience. In their study, Gentile et al. (2007) have discovered that consumers assign about equal importance to both utilitarian and experiential value, which illustrates the rising importance of the customer experience and the need for brands to deliver an appropriate balance of utilitarian and experiential value.

Nonetheless, recent literature suggests that what consumers seek in luxury may even go beyond emotional value components towards deeper meanings and expression of one's own self-concept (Hemetsberger et al., 2012; Cristini et al., 2017; Kauppinen-Räsänen et al., 2019). Kauppinen-Räsänen et al. (2019), in a mixed-methods qualitative approach, contributed to this unconventional conceptualisation by uncovering that contemporary consumers' interpretations of luxury are highly subjective, relative, and contextual. By demonstrating that the meaning of luxury for contemporary consumers derives from the role that luxury plays in their lives, rather than being confined to the qualities of the product itself, the authors have opened the door to more research on the meaning of luxury in consumer-focused and, more precisely, consumer-generated research. By highlighting the experiential dimension of luxury consumption in commercial and non-commercial settings, this study emphasises the multidimensionality of luxury consumption. Indeed, the authors have exposed an additional value dimension, namely prudential value, that they have added to the existing dimensions of utilitarian, hedonic/experiential, economic, and symbolic value.

Given the aim of this thesis — to further understand prudential value in a commercial luxury setting — we want to dedicate the next part to presenting the literature's current stand on prudential value, specifically in a luxury setting.

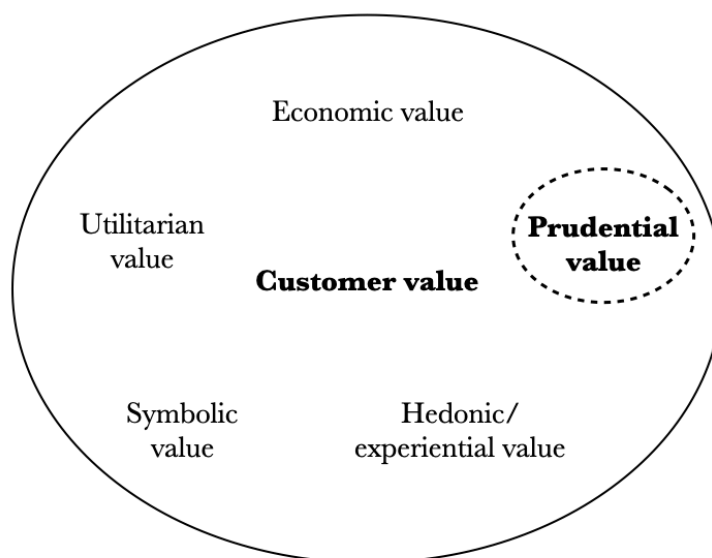


Figure 1. Value components of a product purchase perceived as luxury by consumers

2.3.3. Prudential value

Prudential value theory deals with the *value of an object, event or activity that enhances a human's life* (Griffin, 1986; Qizilbash, 1997; Gentzler, 2003). It is, therefore, concerned with *what is good for a person* and, hence, *makes that person's life go better*. There is, however, an ongoing disagreement to what degree prudential value is subjective or objective, that is whether it relates to a specific person or to human nature in general (Gentzler, 2003). The subjective perspective on prudential value argues that, for something to contribute to a person's wellbeing, this person has to have a positive attitude towards it (Tiberius, 2007). One might lead a life that perfectly adheres to moral standards and could, thereby, be considered as good for this person, however if, to said person, this does not seem justifiable and she does not perceive any enjoyment from it, but rather sees it as her duty, this life will not be good for her from her own perspective (Gentzler, 2003). Subjective theories, therefore, make prudential value dependant on a person's desires (Tiberius, 2007).

Objective theories, on the other hand, look at prudential value as independent from individual desires and, instead, establish an objective list of prudential values irrespective of a person's attitude towards those. This does not imply, however, that people will be careless about the items on that list, they are more so perceived as beneficial to human nature in general (Gentzler, 2003; Tiberius, 2007). In that sense, subjective and objective theories of prudential value tend to disagree on why a certain item may or may not be on that list. Tiberius (2007), however, argues that these two types of theories complement each other in the sense that subjective (or procedural) theories establish the conditions for why something should be considered prudential value based on specific attitudes that may create the right standards. Objective (or substantive) theories, then, establish an actual list of items offering prudential value, and thereby determine what is good for a person, given the necessary conditions.

This requires us, as human beings, to have a shared set of values to some degree in order to create intelligibility (Qizilbash, 1997). Some of those (partly) agreed upon concepts contributing to prudential value include enjoyment, liberty, autonomy, accomplishment, personal relationships as well as a minimum level of health and material provision (Liang & Wang, 2014). Qizilbash (1997) suggests that, at the prudential value level, there is no single value that all others are reducible to, but that all are relevant to some degree. Interestingly, on top of contributing to a person's self-interest, prudential value also entails a component of altruism: it is ethical, but also voluntary, in the sense that it is harmless to one's self and others (Liang & Wang, 2014).

As became evident, prudential value is closely linked to wellbeing. Even though it is highly subjective, wellbeing is generally tied to positive emotions like joy or happiness and an overall satisfaction with life (Diener et al., 1999; Magyar-Moe et al., 2015). Prudential value contributes to wellbeing in that it makes someone's life go better by fulfilling certain desires. It is, therefore, a particular type of beneficial value (Gentzler, 2003). Approaching wellbeing and the quality of life from a prudential value point of view makes those concepts much more comparable by having these shared values (Qizilbash, 1997).

In the study conducted by Kauppinen-Räsänen et al. in 2019, participants saw luxury “as something that could improve the quality of life and wellbeing” and thereby provide prudential value. More specifically, luxury was able to add a greater meaningfulness to some participants' lives.

The Cambridge Dictionary defines *meaningfulness* as “the quality of being useful, serious, or important”. In this sense, luxury allowed participants to experience life in a more meaningful way by providing them with a higher-order experience and thereby contributed to their wellbeing. Participants were able to derive self-value through experiencing luxury as, on top of boosting their self-esteem and self-worth, luxury addresses their intrinsic values and allows them to remain authentic (Kauppinen-Räsänen et al., 2019). Thereby, prudential and experiential value are likely intertwined.

Whilst this type of meaningfulness corresponds to the self-interest component of prudential value, there might be another part of luxury consumption that adheres more to the altruistic element. The strong increase in consumers’ ethical awareness with respect to issues such as environmental sustainability or fair trade (Pookulangara & Shephard, 2013; Kapferer & Michaut-Denizeau, 2014), consumers may also be looking for a different type of meaningfulness. The rising consumer demand for brands to take a stance on such important matters gives way to the argument that consumers are more and more looking for a deeper meaning in the product or the brand they are purchasing from. By those means, they may want such products to contribute to their wellbeing from a meaningfulness point of view, and therefore to provide prudential value.

Nonetheless, Kauppinen-Räsänen et al. (2019) only found prudential value in non-commercial luxury settings, which are characterised by immaterial goods such as performing specific activities, going on vacation or having extra time available. In their study, material objects appeared to be only a vehicle for prudential value while the actual value was more so derived from the experience, such as spending time in a summer house. The authors argue, therefore, that even though there remains a desire for uniqueness and exclusivity as embodied by luxury consumption, these desires may not be attached to a brand or product but more so to an experience. This connects back to the focus on experiences within the unconventional conceptualisation of luxury.

However, given consumers’ rising search for authenticity and meaningfulness in brand values as mentioned earlier, we argue that prudential value may also play an important role in commercial luxury consumption, i.e. in purchasing goods consumers perceive as luxury. The democratisation of luxury and rising consumer empowerment make it much harder for brands to gain customer loyalty, which creates a need for brands to stand out of the crowd and to make an actual, lasting impact on consumers. Delivering prudential value could, therefore, be the way to differentiate from the competition for both traditional and unconventional luxury brands.

3. Method

This section intends to shed light upon this study's methodological fit to answer the following research question: *How does prudential value manifest itself in commercial luxury purchases?*

Firstly, we will present the methodological fit using the Research Onion framework (Saunders et al., 2012), then we will present how data has been collected and analysed. We will also discuss the challenges that studying luxury and value presents. Lastly, we will evaluate the quality and trustworthiness of our study.

3.1. Methodological fit

The quality of a study depends on one's ability to achieve internal consistency among the various research elements (Edmondson & McManus, 2007). To build and outline our research methodology, we have chosen to use the Research Onion model developed by Saunders et al. in 2012 that is composed of (from the outer layers to the core) the research philosophy, the research approach, the research choice, and the research strategy.

3.1.1. Research philosophy

To answer our research question, we need to analyse how respondents shape their understanding of the world, whilst taking into consideration the complexity of the social world, therefore inscribing our research in an interpretivist philosophy (Saunders et al, 2012). We, indeed, aim to understand how people make sense of their environment and, by conducting interviews, focus on “how” things are rather than explaining the “what” (Bell & Thorpe, 2013) corresponding with an interpretivist stance on the studied phenomenon (Burrell & Morgan, 2017). Following the interpretivist paradigm we have elected, we will focus on identifying themes and patterns in our interviewees' discourse. This thematic analysis will allow us to further understand whether and how consumers identify and generate prudential value in their luxury consumption.

3.1.2. Research approach

Firstly, we have conducted an in-depth literature review of peer-reviewed literature in order to better understand the phenomenon we intend to study. In the early stages of our literature review, we uncovered that it was difficult, if not impossible, to find peer-reviewed articles relating to prudential value in a commercial setting. We were, however, able to build our understanding by focusing on prudential value in non-commercial settings and value theories and literature both in traditional and unconventional conceptualisations of luxury. Therefore, theory played an abductive role in this study, allowing us to enrich our current understanding of the phenomenon with the knowledge we gained from our interviewees as well as research on related topics. Indeed, theory has been consistently considered throughout the process and compared with our observations, arriving at a holistic understanding which harmonised particular findings with the whole (Martela, 2015). The current literature allowed us to build a better understanding of the nature of value in the luxury industry, both in commercial and non-commercial settings, and provided the beginning of an

understanding of prudential value, what it entails and how it manifests itself. However, as the existing literature is limited in the specific topic we are studying, it can only serve as orientation for exploring the existence of prudential value in commercial settings and can, therefore, not be considered as exhaustive or fully applicable to the context we wish to study. An abductive approach following a qualitative research design is therefore the right choice for the setting of this study.

3.1.3. Research choice

In order to uncover the underlying factors regarding consumers' prudential value in luxury commercial settings, qualitative research was identified as most appropriate. As our research was not aimed at studying the amount, intensity or frequency of prudential value, but rather at gaining an in-depth understanding of the phenomenon, quantitative research was considered inappropriate (Creswell, 2015).

Additionally, the scarcity of academic research is supporting the qualitative method allowing open-ended learning and rich, detailed and evocative data (Edmondson & McManus, 2007). This thesis aims to answer a "how-framed" research question, which makes qualitative data more suitable than quantitative data (Bryman & Bell, 2015).

3.1.4. Research strategy

To understand a fairly unexplored phenomenon, specifically one of "how" nature, analysing data from in-depth interviews is appropriate (Saunders et al., 2012). Semi-structured interviews were chosen for their structure and flexibility, which allow for "rich, detailed answers" (Bryman, 2012), that take into account the context and the human acting in it (Soni 2014; Welch et al., 2011). Semi-structured interviews indeed allow us to include and account for both past and current perspectives of the studied phenomenon (Gioia et al., 2013).

We intend to keep all questions broad and the conversation comfortable to avoid imposing theoretical terminology as well as our predetermined understandings on the lived experience of our interviewees (ibid). The interviewees will be encouraged to speak freely and to broaden the discussion out of the scope of the interview guide if they wish. Following the interpretivist paradigm we have elected, we will focus on identifying themes and patterns in our interviewees' discourse. This thematic analysis will allow us to further discern how consumers understand and capture prudential value in their luxury consumption. We will focus on asking interviewees about their experiences to understand both the surface meaning (intended) and the underlying meaning of their discourse (Denzin, 2001). To bring forth the underlying meanings that reside in interviewees' experiences, we will enact "experience distant" interpretations of the participants' situations.

3.2. Data collection and analysis

3.2.1. Interview guide

An interview guide was developed and used, as suggested by Bryman and Bell (2015) based on our initial literature review. However, following the abductive logic, the interview guide has been recurrently refined to ensure the proper generation of data needed to answer our research question (Lee & Aslam, 2018). The interview guide and notes regarding its use can be found in Appendix 1.

3.2.2. Participant sampling

As our research adopted a contemporary vision of luxury, defined as an “out-of-the-ordinary”, “non-essential” purchase excluding “affordable indulgences” (e.g. Starbucks or Häagen-Dasz), participants were selected per their likeliness to do such purchase. By likeliness, we intend to interview consumers that tend to indulge in purchases that fit the contemporary definition of luxury which we have elected for this research. Our interviewees were selected through a convenience sample, allowing us to target participants inclined to make purchases that fit those criteria. Our sampling pool being quite large, as most people do not only make rational purchases that are an absolute necessity, we have also considered the income of our interviewees, in the sense that they have a disposable income which they can choose to allocate as they wish and that luxury purchases would not jeopardise their standards of living. Respondents were indeed selected using the purposive sampling method, suitable for qualitative studies, where the aim is to achieve representativeness or comparability (Bryman & Bell, 2015).

We elected to interview participants based in Sweden, Germany and France to increase generalisability of our results in a Western European context. As previously explored, we believe that our results will be strengthened by focusing on young consumers and therefore our interviewees were all aged from 18 to 30 years old, disregarding genders.

We have decided to focus on younger consumers (between 18 and 30) as they are most likely to be close to a modern approach of luxury. We know from industry reports that younger generations have become a lot more confident in their relationship to brands. Furthermore, the target audience for luxury brands has shifted from a traditional, wealthy customer who buys luxury in a few selected stores (Kapferer & Bastien, 2009) to a younger, connected and global consumer, posing a need to broaden the understanding of luxury purchases in (post)modern times of an experiential economy (Pine & Gilmore, 1998), in an era governed by digitalisation and social media (Hoffman & Novak, 2018) where ethical and sustainability are central concerns (Lubin & Esty, 2010). As prudential value, concerned with human life enhancement and, therefore, deeply connected to factors such as wellbeing, meaningfulness, and ethical concerns, we deem it necessary to focus our study on consumers that are most likely to have adopted those traits and pursue these types of values.

3.2.3. Data processing

Saturation was reached at 17 interviews, at which point we were able to see clear patterns that were repeated in our different interviews. We then proceeded to transcribe our interviews to allow for textual analysis. We opted to follow the Gioia methodology, as it allows for a “systematic

approach to new concept development and grounded theory articulation” (Gioia et al., 2013) and limits considerably the influence of a single researcher over the results as it requires the researchers to find consensus on interpretation before framing both the first and second-order themes (Gioia et al., 2013). Firstly, the coding of our data into core themes (both within and between interviews) allowed us to identify first broader categories, composed of interview quotes without iteration from the researchers as to their meaning. This ground-up approach allowed us to see the narrative emerge from the raw data rather than theories driving our process, aligned with the abductive approach we have identified as most suitable for our research.

In order to build our second order constructs, as defined by Gioia et al. (2013), we proceeded in comparing our first-order categories to the theories we have identified previously. This process allowed us to group our first order constructs into aggregated themes that have been discussed during the interviews. By repeating this last step one more time, we were able to identify which construct were motivating our interviewees’ purchase, the role of prudential value and the role of positive values (e.g sustainability or ethicality) in purchase decision and allowed us to extend our conceptual and theoretical framework with empirical insights that will be presented and discussed in the next chapter.

3.2.4. The challenge of studying luxury

The study of luxury and value is quite challenging. There is no consensus in the literature as to their definition or their scope nor is there one established way of studying them. This is one of the reasons we have elected an abductive approach, allowing us to refine our understanding during the research, and allowing us to not remain too attached to the literature that sometimes contradicts itself.

Studying luxury in a contemporary approach presents its own set of challenges. It is, indeed, that many consumers have strong preconceived ideas of what luxury is and what it is not, and many would only consider luxury to be the offering of commonly known and recognised luxury brands (for instance, Chanel, Louis Vuitton, Diptyque, or Cartier). However, many other of their purchases can fit the definition of luxury purchases in the contemporary conceptualisation that we have discussed previously as non-essential, out-of-the-ordinary purchases excluding affordable indulgences such as Starbucks coffee. In the conduction of our interviews, we have sought to counter those preconceived ideas by presenting early on the aforementioned definition to keep the topic of the conversation as broad as possible and as sheltered as possible from preconceived ideas and mental blockages.

Additionally, we, as researchers, have made the conscious effort to not dismiss any ideas that do not meet the mental images and preconceived ideas that we have of luxury, and the knowledge we have gained by studying this topic. As aforementioned, we have adopted commonly recognised methods of interviews and analysis that ensure the most objective result of our study, and prevent from our own points of view and opinions to transpire in our analysis and/or results.

3.3. Quality and trustworthiness

3.3.1. Credibility

Credibility to the study is given by ensuring that the research was carried out appropriately. All materials (interview guide) were pre-tested before conducting our study to ensure comprehensibility and to avoid biases. Furthermore, the researchers were aware of possible biases that can occur when holding interviews. Therefore, both researchers were present during the interviews. The role of the main interviewer was alternated while the use of an interview guide enhanced the comparability of the interviews. A relaxed atmosphere and ensuring anonymity contributed to receiving as open and honest answers as possible. Furthermore, interviewees were provided with the opportunity to pose questions or add comments at any point (Bryman & Bell, 2015).

3.3.2. Transferability

Even though our study has been conducted on a limited amount of interviewees, in a particular setting, we argue that since our interviewees are from different countries, cultural backgrounds and gender, regardless of their opinions of the matter or other factors, our study is transferable to some extent.

3.3.3. Dependability

A third aspect, dependability, is judged by the researchers' auditing process. Whereas we have not opted to perform an external dependability audit, we have ensured all throughout the process to perform internal checks, to avoid any careless mistakes and to make sure that our literature review, data collection and processing as well as the interpretation of our findings and reporting of our results have been done in the most consistent and rigorous way. All interviews have been recorded and transcribed in detail, and both researchers have been present at the interviews. Our raw textual data and the ensuing results have been analysed at various occasions to make sure that nothing was overlooked. We can, therefore, confirm that to the extent that this study aims to reach, the findings are consistent and repeatable with our results and our study process.

3.3.4. Conformability

The fourth aspect of trustworthiness is conformability, meaning that the interviewers should not transfer any personal values to the interviewees. The nature of the semi-structured interviews might have created some conformability issues. In a few instances, the interviewer needed to interpret the interviewees' views in order to move forward, and these interpretations may have been biased by the interviewer's opinions to a certain extent. However, ensuring the proper transcription of the interviewees, the presence of both researchers as well as further along in the process, the separate coding and comparison of our result has ensured to reduce the risks of personal opinions or values being translated into our results or interpretations.

Taking all four aspects of trustworthiness together, we assess the trustworthiness of this study to be considerably high.

4. Findings and discussion

In the following chapter, we want to give an overview of the core themes we were able to discover in our interviews and connect them to the theory as presented above in order to draw implications for our research question (*How does prudential value manifest itself in commercial luxury purchases?*). As described in the methods section, our coding process allowed us to identify specific constructs related to prudential value. We divided these constructs into components of prudential value versus factors accompanying prudential value in a luxury commercial setting. However, before presenting those findings and their implications, we first want to provide a clear description of how our participants conceptualise luxury. The understanding of luxury is a crucial component of our research and, taking the perspective of the unconventional conceptualisation as described earlier, it is important to emphasise individual sense-making. Like that, we aim to delineate a more precise context in which we were able to observe prudential value as well as to contribute to shaping the contemporary understanding of luxury.

4.1. Participants' perception of luxury

We purposely did not impose a strict definition of the term luxury on our interviewees to be able to gain an understanding of how they perceive luxury, matching the idea of conceptualising luxury under the unconventional stream. When asked about how they would define luxury, most participants' first associations were such as "expensive", "prestigious brands", "exclusivity" or "high quality". For instance, respondents claimed: *"I think about the typical brands to be honest, Louis Vuitton or Prada.. that's kind of what I directly associate luxury with. Then also a higher price, so something you would spend more money on to get higher quality"* (Interviewee 13). These associations are very much in line with how luxury is perceived under the traditional conceptualisation that defines luxury as product-focused and ontologically scarce (Thomsen et al., 2020). We could observe that those traditional beliefs are still very much inside of consumers' minds and often drive their relationship to luxury.

However, after dedicating more time to this question, it became obvious that our participants' ideas of luxury entail a lot more. Almost all participants stated that, to them, luxury is something that is not essential but that its presence makes their lives much better: *"I think a luxury purchase is something that is not really a need, you could live without it but living with it is just more fun"* (Interviewee 11) and *"considering the product side, it's something that makes your life easier in general"* (Interviewee 12). In that, what our participants identified as luxury purchases includes a wide range of products that are mostly different from what would be traditionally classified as luxury purchases like a Louis Vuitton bag or a Rolex watch. Even though most participants would still spend a higher than usual amount, it is not primarily the high price that makes it a luxury to them, but rather factors like an occasional character of the purchase, a way to treat themselves, or the fact that it is special to them in some way: *"I wouldn't say luxury is related to price necessarily, but purchases like that laptop just stick to your mind. I remembered it because it doesn't happen often"* (Interviewee 8) and *"to me luxury is something special, treating yourself and something not everyday"* (Interviewee 17). The table below lists each interviewee's luxury purchase that we based our findings on.

Interviewee	Luxury purchase
Interviewee 1	Wedding dress, designer chairs & table
Interviewee 2	Limited Edition sneakers (second-hand)
Interviewee 3	Watch collection, Funko Pop
Interviewee 4	Lancôme Face cream
Interviewee 5	Sandro shirt
Interviewee 6	Leather jacket
Interviewee 7	Plants
Interviewee 8	Laptop
Interviewee 9	Dior sneakers
Interviewee 10	Bridal shoes
Interviewee 11	Coffee machine
Interviewee 12	Mac mini
Interviewee 13	Cosmetics, jewellery
Interviewee 14	Bag
Interviewee 15	Face oil
Interviewee 16	Limited edition books
Interviewee 17	Candle

Table 2. Purchases considered luxury by our interviewees

It is important to note here, that on top of products, participants also mentioned immaterial things to be a luxury to them, such as spending time with friends or going on vacation. More specifically, luxury was also perceived as something participants were lacking in general or in the moment: *“a lot of things can be luxury. When you are sick, health would be luxury, when you are poor, money would be a luxury, if you aren’t happy, happiness would be a luxury”* (Interviewee 8).

Interestingly, the idea of privilege played a very important role in our participants’ conceptualisation of luxury. To many, the fact that they were in a position to buy or do something that others might not be was a significant dimension of why they would consider something luxury: *“for example the fact that I can go to school everyday or that I can go online and look up whatever I want to, those are things not everybody is fortunate enough to do, so I would consider this luxury”* (Interviewee 12) and *“I am lucky enough to be in a situation in which I don’t have to think about how much money I spend and that in itself is a luxury to me”* (Interviewee 11). It seems like those participants were very aware of their overall situation compared to others and their perceptions highlight dominant dimensions of the traditional conceptualisation of luxury such as exclusivity and scarcity in that luxury is not for everybody and may exclude certain individuals (Kapferer & Bastien, 2009). However, the fact that those statements always had

rather modest connotations that were almost opposed to the idea of using luxury for the purpose of bragging or demonstrating superiority hints to the notion that the ideas of public symbolism and exclusivity might be replaced by more private forms of symbolism that emphasise self-expression and uniqueness as described under the unconventional conceptualisation of luxury (Thomsen et al., 2020).

In sum, our results support the emphasis on consumer perceptions and their role in shaping the meaning of luxury brought forward by the unconventional conceptualisation. What can be considered luxury is very specific to the individual consumer, their circumstances as well as their inner beliefs and values, however it is dominantly related to treating oneself and feeling special.

4.2. Core components of prudential value

Within our study, we were able to identify the most elemental components of prudential value as described by the existing literature, namely *wellbeing*, *meaningfulness*, *enhancement*, and something being *good*. We also observed the less dominant elements *accomplishment* and *self-interest/altruism*. We will now present our findings and their implications in more detail.

Wellbeing and something being good

When it comes to wellbeing, almost all participants mentioned a physical and a mental component. To them, wellbeing was a state in which they felt good both physically and mentally, where none of their urgent needs were unmet: *“You’re happy and calm and you’re in a really good state of mind but also physically you are energised and you’re calm and not tired or stressed or sad, you’re just feeling strong and good”* (Interviewee 16). Specific components of wellbeing that came up during our interviews include financial security, a fulfilling career (*“wellbeing is very related to my current financial status, my career and all those things”*, Interviewee 14), relationships (*“when I think about wellbeing relationships and being in contact with other people comes to my mind”*, Interviewee 9) as well as physical and emotional health (*“I would say it’s being healthy, that’s something I perceive both physically and mentally”*, Interviewee 4). Many described wellbeing as feeling content and being in line with oneself and one’s actions, highlighting a certain balance: *“Something that is in line with my own values, and how I conduct myself, in relation to my family and the people around me”* (Interviewee 7).

Within our interviews, participants have perceived goodness in two different ways: *good for me* and *feeling good*. When it comes to something that was *good* for them, most participants differentiated between a short and long-term view: *“some things can be good for you now but not in the long run”* (Interviewee 11). They approached this from a more rationalised, reflected perspective, in which they distinguished between something that they would like to do in the moment because it made them *feel good*, but they knew that this might not be the most sensible choice in the long run in terms of what *was good* for them, for example: *“I would say maybe not eating the whole bag of chips during the night even though I really wanted it, but it’s better for me in the long run because my body would be happier”*, (Interviewee 1). Here, they highlighted factors relating to their health or moral issues. The idea of *feeling good* on the other hand, was more so related to emotions like happiness, joy, satisfaction, or pleasure. We observed these feelings when our interviewees were talking about different purchases that they considered luxury: *“the purchase made me feel really happy and satisfied and excited”* (Interviewee 4) and *“I’m so*

happy with my decision because I was really happy afterwards and it feels so good” (Interviewee 1). In the end, most participants agreed that what makes them feel good is also good for them, thereby connecting the two: *“it gives me a moment of wellbeing, of pleasure, then it’s good for me”* (Interviewee 6).

Goodness and wellbeing were related to all our interviewees in that something they perceived as good for them also contributed to their wellbeing: *“if it’s good for me then it contributes to my wellbeing”* (Interviewee 17). Whilst they, then, agreed that purchases can be good for you and enhance your wellbeing in general, they can also be bad for you, for example when they put you in financial struggle or by simply adding another unnecessary thing to an already large pile of existing things: *“if you buy too much that’s not good for you, your apartment just gets fuller but your bank account emptier so you kind of need to pay attention”* (Interviewee 10). Furthermore, most believed that even though purchases can increase one’s wellbeing, the value of objects will most of the times be outweighed by immaterial aspects like spending time with friends and family: *“it’s more about the company and having a good time all together”*, (Interviewee 6). In that sense, it is also and often the immaterial benefits provided by a product that contributed to our participants’ wellbeing alongside non-commercial experiences.

Going back to prudential value, we have previously established that it is concerned with *what is good for a person and makes that person’s life go better*. Taking this definition into account, we could clearly identify prudential value with respect to wellbeing and something being good within our interviews. As described before, all participants stated that, what they considered a luxury purchase, contributed to their wellbeing as it made them experience positive emotions which they deemed good for them. Enjoyment is a significant component of prudential value (Liang & Wang, 2014) which we could clearly identify in our interviewees’ discourses about their luxury purchases. The idea of treating oneself, that we identified as central to defining luxury within our interviews, plays a crucial role in eliciting such positive emotions: *“I really treated myself with this necklace and that gave me so much joy”* (Interviewee 13). Interestingly, most interviewees assumed that the positive impact of purchases on wellbeing is of rather short duration for ordinary purchases, whereas more long-lasting and sustainable for luxury purchases: *“This feeling of well-being is something I can very easily forget with random purchases but with more special purchases it is very long-lasting and it remains and can even get better with time.”* (Interviewee 6). This highlights the role and potential impact of prudential value in luxury purchases.

Enhancement

Prudential value is the *value of an object, event or activity that enhances a human’s life* (Griffin, 1986; Qizilbash, 1997; Gentzler, 2003). Enhancement is, thereby, a central component that is closely related to the previously described concepts. When talking about their luxury purchases, many interviewees highlighted that those made their life better in some way: *“I am a lot more productive with it and I can achieve a lot more in less time”* (Interviewee 8) and *“the Mac mini just makes my life easier”* (Interviewee 12). Oftentimes, in our interviews enhancement appeared to be a benefit that was considered during the purchase but truly appreciated post-purchase. It is when consumers use the product, that they fully comprehend the benefit added to their life. In that, we found that prudential value was commonly expressed through the perceived enhancement a luxury purchase represented. This is

different from utilitarian value, central to the traditional conceptualisation of luxury (Picot-Coupey et al., 2021), in that enhancement is deeply personal and does not have to correspond with commonly recognised benefits nor be purely practical. It is the specific benefits individuals perceive to gain, as often seems to be the case for special purchases.

Meaningfulness

Another crucial component of prudential value as identified by Kauppinen-Räsänen et al. (2019) is meaningfulness — *the quality of being useful, serious, or important* — to recall the definition provided in the theory section. Yet again, we wanted to understand our interviewees' comprehension of the term, highlighting the importance of individual perceptions. Our participants described meaningfulness as something important, something bigger, or something that could make a difference: *"I think meaningfulness is something bigger than oneself, it's the environment around and all emotions within"* (Interviewee 17). It had a bigger purpose and was, therein, also related to wellbeing: *"something that has a purpose and also feels good in a way"* (Interviewee 1). Purchases were perceived as meaningful when they represent one's values or have a bigger purpose: *"for example that it was fairly produced or if you can do something bigger with the purchase in general, that would be meaningful to me"* (Interviewee 13).

We identified two different types of meaningfulness in our interviews: *meaningfulness in the object* and *meaningfulness in use*. Our respondents stated that meaningfulness, to them, could arise from the object itself, the owning of the object, and the emotions attached to it: *"the fact that possessions can carry a history and move from owner to owner is really meaningful and represents something bigger"* (Interviewee 2) and *"when you just have those pieces that you can wear for a long time and that mean something to you, that you can always carry with you"* (Interviewee 13). At the same time, we have identified meaningfulness derived from using the object over time, resulting in a personal experience with it, a feeling of uniqueness or the creation of a ritual: *"every time I wear it I feel extra special and I'm still very happy with my purchase, like I brought this moment of wellbeing or this emotional part of the jacket with me and I can relive it every time I wear it or look at it"* (Interviewee 6).

Indeed, it seems to be a meaningfulness that leads to increased wellbeing rather than a heightened wellbeing itself that primarily drives prudential value in luxury purchases. While most participants believed that purchases in general could contribute to their wellbeing by making them experience positive emotions, it seems to be the level of meaningfulness provided by luxury purchases that distinguishes them from non-luxury ones. These observations are in line with Kauppinen-Räsänen et al.'s (2019) findings. However, the authors argued for the object being only a vehicle of meaningfulness leading to an increased detachment from the product itself and, thereby, claiming a certain non-commerciality surrounding prudential value. Within our study, we were able to refute this claim to some degree: It still holds true that it was mostly what a product represents that provided meaningfulness and, thereby, prudential value to our participants. That could be a special shopping experience, the idea of treating oneself, or knowing that one worked hard to be able to afford said product (*"even buying something with my friends is meaningful to me because that is then attached to memories"*, Interviewee 10; *"I guess it's meaningful to me because it often reminds that it is nice to be able to afford stuff like this and to treat yourself"*, Interviewee 11.) The product would then remind them of those

moments or feelings, which highlights the rising importance of experiences surrounding the purchase and usage of the product and also likely confirms that prudential and experiential value are intertwined (Kauppinen-Räsänen et al., 2019). Still, the participants directly derived value from the purchase and the product itself as it made them feel special and had a specific meaning to them: *“It makes me feel much more confident because I feel good in it, I think it just makes me look like a badass and yeah, I just feel super confident in this leather jacket”* (Interviewee 6). By conveying this meaningfulness, the prudential value provided by luxury products is likely to have a long-lasting impact on the consumer as it offers a stronger emotional bond attached to memories or special feelings.

Accomplishment

A concept that has been dominant throughout most interviews and is considered a crucial component of prudential value (Griffin, 1986) is accomplishment. The idea of using luxury purchases as a means of rewarding oneself for having accomplished something seemed to be a major driver of the perceived prudential value. More specifically, that could include working hard (*“it made me feel special because I worked hard to be able to afford it and that really motivated me”*, Interviewee 14), saving money (*“it’s extra special because I saved for it to be able to buy it”*, Interviewee 6), or achieving certain milestones (*“I had just graduated and it was kind of a gift to myself”*, Interviewee 5). Our participants felt proud and confident to be able to treat themselves like that, making that purchase even more special. At the same time, the ability to afford what they consider luxury purchases also had a motivating effect on our interviewees, making them want to accomplish something even more: *“it pushes me to always get better and to reach a level where I am able to buy those things”* (Interviewee 9). Thereby, participants tied strong emotions to purchases that rewarded certain accomplishments which strengthens the potential impact of prudential value even further.

Self-interest and altruism

Prudential value is harmless to others and to oneself and, in that, self-interest versus altruism are significant elements (Liang & Wang, 2014). In order to determine which was the stronger component, we explored our interviewees’ intrinsic motivations for making certain purchases. While most participants felt good when their own purchase could benefit others (*“I felt good because I felt like I did something good, I supported somebody with my purchase, so not only I am happy but I helped others also”*, Interviewee 15), ultimately, they prioritised their own wellbeing and benefit: *“it’s kind of difficult to make everybody happy and the best option then is obviously the one making me happy”* (Interviewee 9). Contributing to a greater cause with one’s purchase was definitely something that provided meaningfulness to our participants and it could make the difference when deciding between different products: *“if I see several products online and one is sustainably produced and a similar one isn’t, I would rather choose the sustainable one”* (Interviewee 13). This highlights a rising preoccupation with ethical and environmental issues surrounding purchase decisions in general that, of course, should not be neglected. However, especially with luxury purchases, our interviewees were more concerned with their own wellbeing, emphasising the concept of treating themselves: *“the coffee machine I bought to treat myself, it really was for me”* (Interviewee 11). The prudential value derived from fulfilling self-interested needs, therefore, seemed to outperform more altruistic purchase motivations (*“I am trying to minimise my environmental footprint as long as I can sustain my wellbeing”*, Interviewee 12).

4.3. Factors accompanying prudential value

Alongside those core components of prudential value, we were also able to identify factors that influence the perception of prudential value in luxury purchases, which can be described as *preparedness* and *anticipation*. As far as we are aware, those concepts have not been described in the context of prudential value so far.

Preparedness

Within our interviews, almost all participants stated that they spent a considerable amount of time “preparing” their luxury purchase by engaging in research, comparison, and even trial and error behaviours: *“I went to every single interior design store and also online, I couldn’t find any other table that I liked this much, I did my research, it wasn’t a hasty purchase” (Interviewee 1)*. As brought forward by the unconventional conceptualisation of luxury (Choo et al., 2012; Kapferer & Valette-Florence, 2016) and seen in our interviews, emotions play a crucial role in what participants perceived as luxury purchases. Still, they seemed to be everything but impulsive and, instead, our participants tried to make sure that they considered enough thought and available information before making the purchase. This strategy seemed to make them feel more assured about their decision and, consequently, they were able to enjoy their purchase more, increasing the perceived level of prudential value (*“I didn’t question my choice and in the end I was really happy with my decision”, Interviewee 8*).

Anticipation

A concept related to *preparedness*, as both concern the pre-purchase phase of the customer purchase funnel, is *anticipation*. Both engaging in pre-purchase research as well as having to wait for a product, for example due to delivery times, prolong the time until one can own or use a product. One might assume that this additional time may create frustration or even anger, but the majority of our participants described feelings of anticipation when having to wait for their luxury product: *“the time before receiving the shoes is the one I preferred actually, like just looking forward to it” (Interviewee 9)*. In fact, many stated that this anticipation was a significant part of why this purchase was so special to them: *“they are hard to find and I had to do some research; I think waiting for them to be delivered almost made it more special, I had to actively wait and not just go to the store and get them” (Interviewee 2)*.

Another important component of anticipation was that related to what one could do with the product, drawing back to derived meaningfulness in use: *“after clicking on the buying button, I was looking forward to my first espresso” (Interviewee 11)* and *“you’re just looking forward to what you can use them for” (Interviewee 10)*. Therefore, anticipation seems to considerably strengthen the perceived prudential value in luxury purchases.

4.4. Prudential value under the conceptualisations of luxury

After having discussed both the traditional and unconventional conceptualisation of luxury, we chose to take the latter perspective as we deemed it more fitting to our study and the subject of study at hand. However, our abductive stance demanded us to revisit theory iteratively and to enrich it with our findings. The following part will, therefore, connect our findings to both conceptualisations of luxury as described in the theory section.

Agentic focus

Firstly, the way our interviewees perceived luxury and their relationship to it was in line with the agentic view of consumers under the unconventional conceptualisation, in which consumers themselves decide what they perceive as luxury instead of simply accepting luxury brands' value prescriptions (e.g. Banister et al., 2020; Thomsen et al., 2020). The mere fact that our interviewees, as described before, perceived purchases such as skincare, a coffee machine or limited edition sneakers as luxury shows that the traditional conceptualisation of luxury is outdated. To them, luxury is personal, idiosyncratic and unique. Indeed, consumers seem to play a crucial role in shaping the meaning of luxury, breaking away from what luxury brands would traditionally dictate. By attaching individual meaning, such as special memories or personal rituals, to both the luxury product itself and its use, it appears that consumers act as co-producers of the value they derive from luxury (Vargo & Lusch, 2004). Also, the fact that our interviewees were seeking rather detailed information before making a luxury purchase, including brand values, shows their willingness to take a much more active role in the relationship with the brand: *"I do a lot of research to get the best match for my needs and I want to know who I am buying from"* (Interviewee 11). Contemporary luxury marketing is moving away from dictating value to passive consumers towards recognising the customer as an active part in shaping and capturing value within this relationship.

Symbolism

As previously presented, the traditional conceptualisation of luxury focuses on a public form of symbolism expressed through conspicuous consumption and social comparison (Smith & Colgate, 2007; Thomsen et al., 2020). Contrarily, the contemporary conceptualisation challenges the omnipresence of conspicuous motives in luxury consumption by exploring private symbolism, the phenomenon by which luxury products or experiences can carry private meanings to consumers (Sivanathan & Pettit, 2010; Thomsen et al., 2020). In our interviews, we observed that both types of symbolism were relevant to the participants to some degree. Indeed, some interviewees stated that other people's opinions relating their purchase are important to them: *"especially when I tried them on for the first time, you want people to see you"* (Interviewee 9) and *"luxury means, that if I hold the bag, people would probably admire me"* (Interviewee 14). It seemed like those luxury products allowed participants to express a certain uniqueness and exclusivity as brought forward by the traditional conceptualisation. However, as we have described before, meaningfulness of luxury products in terms of attached private meanings played a crucial role to our interviewees, highlighting a more private form of uniqueness providing prudential value: *"I don't know anybody who has that many POP and if people come and visit, we can talk about it and it's a way of expressing my love for the show in my own way"* (Interviewee 3).

As most participants prioritised their own feelings towards a luxury item and the meanings they attached to it, it seems like conspicuous reasons are no longer the primary driver of luxury purchases. This reinforces the contemporary idea that any good can be seen as a luxury depending on one's subjective perception and experience with the product.

Alongside these phenomena, we were also able to observe a dimension of symbolism related to self-value, which is a significant component of prudential value as discovered by Kauppinen-Räsänen et al. (2019). Indeed, many participants stated that wearing or using their luxury products made them feel more confident, boosted their self-esteem or allowed them to express themselves to the outside world: *"I think that when I put it on I feel like it suits me, it's a stylish piece because it feels like it has some character but also it makes me feel much more confident because I feel good in it"* (Interviewee 6) and *"it makes me feel good because with that necklace I can kind of show a piece of my personality to the outside world"* (Interviewee 13). This channel of self-expression seems to be especially relevant in providing prudential value as it allows consumers to perceive a higher meaningfulness by consuming goods that are able to represent their own intrinsic values and to be authentic.

Scarcity

Scarcity of luxury in terms of physical inaccessibility and price creating exclusivity are central components of the traditional conceptualisation (Reyneke et al., 2011). In our interviews, price played a role in the perception of luxury and in luxury purchase decisions, however, it seemed to be outweighed by other factors, specifically immaterial benefits: *"so it might not necessarily justify the price, but I will still spend that amount of money because it's worth it and I can treat myself"* (Interviewee 11). At the same time, as touched upon before, our participants did value a certain level of uniqueness and exclusivity attained through luxury products: *"I am trying to find something that not everybody knows, I want to wear something that is a limited edition and that I cannot find everywhere"* (Interviewee 9). Setting oneself apart from others has been identified as a source of prudential value within our interviews, as it increased participants' perception of wellbeing and happiness post-purchase. However, we saw that the perception of exclusivity was not primarily driven by that ontological scarcity as defended by the traditional conceptualisation. Our respondents, in majority, perceived exclusivity as being able to have their own experiences with the product, to own and use it in a way that is only available to them as exemplified by this quote: *"I have my own experience with each and every one of them and that what makes them really unique, I can never replicate or replace that"* (Interviewee 3). This corresponds to the idea of epistemological scarcity articulated by the unconventional conceptualisation. Luxury does not have to be expensive, it needs to provide a higher order of experience, one that cannot be replicated and that belongs to oneself only. Again, the meaningfulness this kind of scarcity can create is a major source of prudential value.

Scarcity also relates to the level and amount of information luxury consumers have access to. As opposed to the traditional conceptualisation, the unconventional view of luxury advocates for not keeping information scarce, but rather to make information available and to, instead, create scarcity in the interpretation of the luxury offering. This relates to Griffin's (1986) reasoning that, in prudential value theory, needs are more important than desires. Quite obviously, this statement contradicts the whole idea of luxury as it is usually perceived as something unnecessary that one could easily live without and, therefore, does not represent a proper need, which we were also able

to confirm within our interviews. However, Griffin (1986) also establishes that, in prudential value, *informed desires* are more important than needs. Qizilbash (1997) then, however, argues that within that notion, wellbeing will be limited due to the fact that human beings will never be able to develop fully informed desires based on a lack of knowledge, quite in line with luxury brands' goal to limit the amount of information given to consumers under the traditional conceptualisation. Of course, consumers will most likely never reach complete information, however, in the light of increased consumer empowerment and access to information, consumers are, indeed, able to make much more informed purchase decisions. We could observe this in our interviews, as almost all participants took considerable time to research available options and information before making their luxury purchase, leading us to assume that they were very much able to develop informed desires. Thereby, the fact that consumers tend to make more information-based, thought-through choices might make it easier to provide longer lasting prudential value.

Even though scarcity in the traditional sense might still play a role in the value of luxury, the way it is perceived seems to have changed in that consumers want be part of creating that scarcity, often pre-purchase, through researching information and building some sort of anticipation as described above: *"it made me really happy because they are hard to find and I had to do some research"* (Interviewee 15). At the same time, it is more and more the perception of exclusivity rather than actual inaccessibility that is important in creating scarcity. This also becomes evident in consumers' recent attraction to limited editions and obscure brands. What makes them special is not their inaccessibility but the ability to differentiate oneself by creating a unique story and experience with the product: *"they're unique because they're second hand and have been loved before. It makes me feel like I own something that mattered and I think that's special"* (Interviewee 2). The idea is strengthened that uniqueness and exclusivity are very subjective and shaped by one's experience with the purchase, before in the researching phase when the want is generated and nurtured, but also after when one has to wait for the product to be available or to be able to use or admire it.

4.5. Concluding remarks

As described above, our findings have allowed us to draw implications on how prudential value manifests itself in commercial luxury purchases by, first, confirming Kauppinen-Räsänen et al.'s (2019) theory and, then, extending it to commercial luxury settings by describing essential components of prudential value such as wellbeing, meaningfulness, and enhancement. We were further able to broaden the understanding of prudential value by discovering how preparedness and anticipation influence the perception of it. The fact that all our interviewees' discourses were highly similar in talking about components of prudential value not only creates a certain representativeness, but it also strengthens Griffin's (1986) idea of a shared prudential value project. He expressed that, in order to create intelligibility about what is good and contributes to wellbeing, humans need a common base of specific values. Both the emotions and feelings our interviewees were experiencing in regards to luxury purchases as well as the conditions that caused these feelings were overall highly similar, signalling towards this intelligibility. We observed a couple of specific concepts on the list of prudential value, namely enjoyment and accomplishment, as well as adding others, and there was no single dominant prudential value component that outweighed all others. Rather, there are multiple factors offering prudential value and, thereby, contributing to individual wellbeing, confirming Qizilbash's (1997) assumptions.

Finally, our study contributed to the understanding of luxury as described under both the traditional and unconventional conceptualisation. As described above, we saw that our interviewees expressed elements of both conceptualisations in their perception of luxury. It was often their initial associations that corresponded with the traditional view of luxury (e.g. high quality, price premium, heritage brands), and only after some further consideration we were able to dig deeper into our participants' discourses that clearly disclosed elements of the unconventional conceptualisation (e.g. out-of-the-ordinary, feeling special, deeper meaning). One could argue that the traditional definition of luxury has left its mark on consumers' minds after decades of brand-dominated marketing and thought leadership, but that it is slowly overturned by an experiential, agentic focused view of luxury in which the consumer co-creates meaning and value, wherein prudential value may play a significant role. This is strengthened by the fact that many of our interviewees did not view their luxury purchase as such in the moment they acquired it, but more so whilst experiencing the product and the meaning attached to it, and this value even matured and amplified over time: *"with other more special purchases it's (the feeling of meaningfulness and happiness) just very long-lasting and it remains and it can even get better with time."* (Interviewee 6). In that, prudential value was identifiable along the entire purchase funnel within our interviews: pre-purchase in terms of information search and anticipation; during the purchase as a special, memorable experience; and post-purchase in using and experiencing the product and its attached meaning.

As we can see in the summarising figure below, many factors are part of consumers' perceived prudential value. The core factors are accompanied by other components that our study has allowed to highlight, namely preparedness and anticipation. The highly subjective, relative, and contextual nature of prudential value seems very connected with the core components of the unconventional conceptualisation of luxury in that they allow for deeply personal and non-replicable experiences and interpretation. As much as luxury companies can build an enhanced customer experience enabling an environment in which prudential can be better captured by customers, prudential value

is co-created and consumer-centric and, therefore, cannot solely be produced by the consumer or the producer alone, in a commercial luxury context. The interaction and collaboration of both parties is paramount to customer satisfaction and, therefore, to consumption and loyalty.

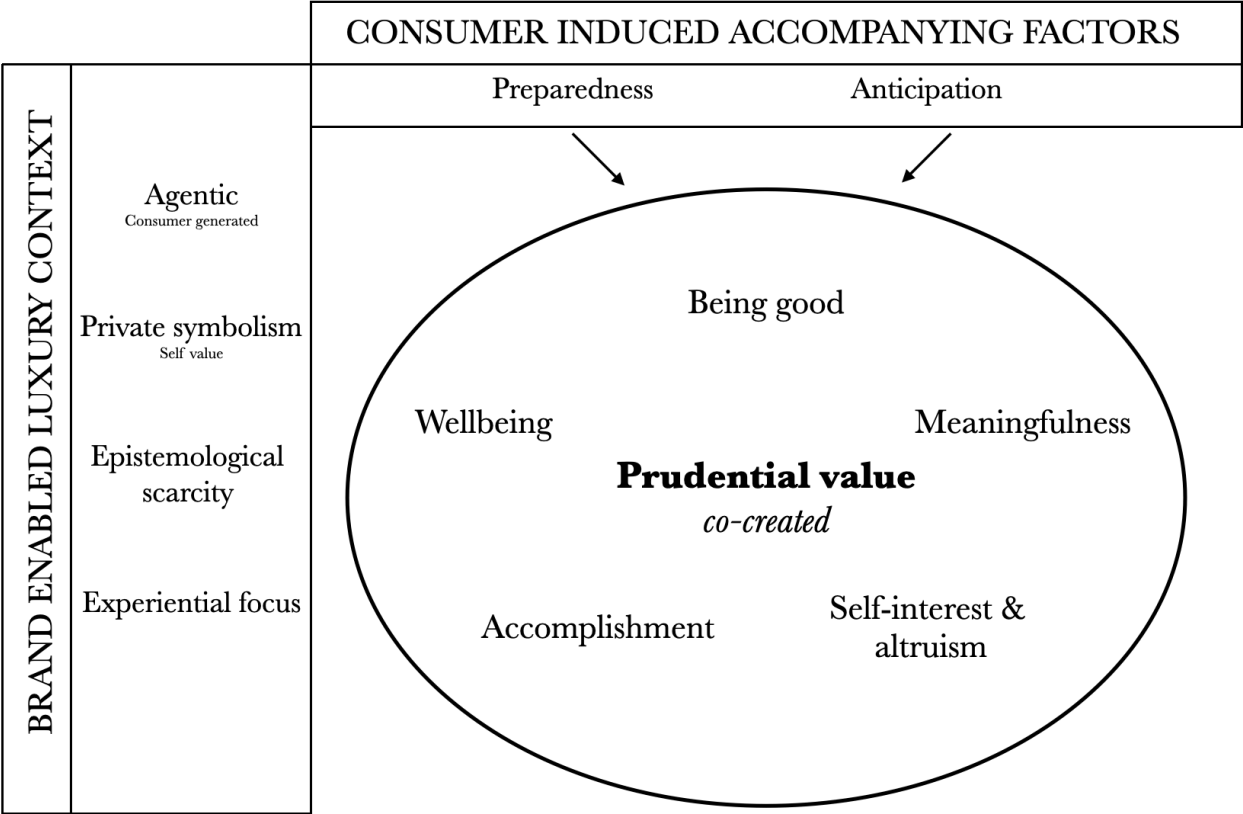


Figure 2. Summary of our findings

5. Conclusion

As we have seen within this thesis, the world of luxury and luxury research is vast and varied. Still, the rise of the internet and e-commerce have profoundly changed consumer demands and standards, requiring brands to adapt the way they operate. Specifically, the democratisation of luxury has made luxury goods more available, both physically and in terms of price, leading to a new, changed genre of luxury consumers (Brun & Castelli, 2013; Kastanakis & Balabanis, 2012). Especially the changing purchase and consumption behaviours of younger generations including rising concerns for sustainability and ethicality as well as the pursuit of customisable and emotional experiences have to be taken seriously by both researchers and practitioners because they change the ways in which value is captured and perceived in a luxury context.

As we have discovered in our research, those developments have led to a newer, unconventional conceptualisation of luxury characterised by increased consumer empowerment promoting personalised and experiential offerings (Thomsen et al., 2020) that oppose the traditional stream of research focusing more on the product itself and traditional ideas of exclusivity and scarcity (e.g. Kapferer, 1997; Tynan et al. 2010). While studying both streams of luxury research and how value is captured in both, we stumbled upon the concept of prudential value and its potential in luxury settings: Kauppinen-Räsänen et al. (2019) offered the beginning of an understanding of prudential value in luxury, however not being able to identify its existence in commercial luxury settings. Still, as meaningfulness, enhancement, and wellbeing — all components of prudential value — seem to be such central topics in the research of luxury shopping, it seems that it holds great potential to further understand consumers' behaviours when it comes to luxury commercial purchases to, ultimately, as marketers, better capture what matters to consumers.

By adopting a qualitative approach using in-depth semi-structured interviews, our aim was to close this research gap concerning the manifestation of prudential value in commercial luxury settings. It allowed us to accommodate for the highly subjective, relative, and contextual nature of prudential value and the emphasis put on individual perceptions under the unconventional conceptualisation of luxury. Abductive reasoning enabled us to combine the existing knowledge on luxury, value in luxury and consumer behaviour with the discoveries from our interviews in an iterative approach throughout the entire research process. Therefore, our study allowed us to both confirm the existence of prudential value in luxury commercial settings and to further the understanding of the concept itself. This included actual components of prudential value, namely wellbeing, goodness, enhancement, meaningfulness, accomplishment, and self-interest versus altruism as described by existing literature (e.g. Griffin, 1986; Qizilbash, 1997; Liang & Wang, 2014) as well as the discovery of the accompanying factors preparedness and anticipation. Our main findings were that, even though prudential value in luxury purchases is directly experienced through pleasant emotions leading to a heightened wellbeing, it is primarily driven by meaningfulness that can be derived from multiple factors such as accomplishment, contributing to a good cause, creating a meaningful ritual, or increased self-value. The perception of this prudential value was often influenced by a certain level of preparedness in terms of pre-purchase research behaviours as well as a desirable anticipation that made the purchase experience even more special. Additionally, our study contributed to the understanding of luxury in line with the unconventional conceptualisation by expanding what is traditionally considered luxury to purchases that have a higher meaning to the

individual consumer emphasising ideas of feeling special and treating oneself. In that, our study ultimately highlights the importance of consumers' individual input in shaping, capturing and co-creating the meaning and value of luxury and related consequences for theory and practice.

6. Contributions and implications

6.1. Managerial implications

Our study has shown that prudential value plays a relevant role in consumers' purchase and even more so experience of luxury products. Perhaps the most relevant finding for luxury brand managers is the importance of meaningfulness in the prudential value of luxury products. On the one hand, consumers are looking for a bigger meaning either in the product itself or in what they can do and relate with the product such as creating a ritual around using the product or connecting with other people through it. On the other hand, consumers also want to express themselves through the product and represent their inner values and convictions to the outside world in order to add to their self-value, their uniqueness and their authenticity. It, therefore, seems to be predominantly immaterial benefits surrounding the luxury product that make it special and that make consumers want to buy it. Luxury brands should acknowledge this by building a bigger experience around the product itself as well as the purchase and the usage so that consumers can attach stronger emotions, which can positively influence brand loyalty. Like this, marketing activities should attach a greater meaning to the product itself while, at the same time, allowing the consumer to be part of the value creation process and to create meaning themselves.

Whilst the power of public symbolism in luxury consumption, both in terms of conveying a certain image and in contributing to somebody else's wellbeing with one's purchase, as a component of prudential value should not be neglected, private symbolism is becoming more and more important. Consumers want to be able to attach a greater meaning to a certain product that is special to them, and luxury brands can leverage this component of prudential value by building images around the concepts of accomplishment, rewarding or treating oneself. Consumers want to feel special and unique, likely posing the need for brands to go beyond means such as limited editions or personalisation and construct entire experiences around the product that allow consumers to live those feelings and to express themselves. In line with the contemporary view of luxury, this experience should be unique to one individual and not be replicable over time or with other consumers. Luxury brands are notoriously good at providing great experiences in the traditional sense through e.g. in-store experiences or exclusive events. However, it seems like they need to take it to the next level by providing personal experiences that can be individually perceived and co-created by each consumer.

Moreover, being able to access relevant information before making a purchase that is special to them seems to be vital to consumers, posing the need for brands to actually make that information available. In that sense, such purchases might be more thought-through as opposed to more impulsive purchases and brands should, therefore, be even more aware of how they position themselves in consumers' minds. This makes the traditional conceptualisation's idea that luxury should remain exclusive and inaccessible by keeping information scarce seem more and more outdated.

Lastly, it is not only luxury brands in the traditional sense that can benefit from these findings. As we have seen, a variety of products that goes well beyond what might traditionally be considered a luxury product is perceived as luxury by consumers and has the potential to make them feel special. The existence of prudential value in such commercial settings should, therefore, be considered by a wider range of brands that should investigate their offering's potential in eliciting such special feelings in consumers. It is those immaterial benefits that seem to have the bigger and longer lasting effect on consumers and, therefore, allow brands to build a stronger, potentially more durable relationship with their customers by reevaluating their value offering and integrating the implications of prudential value.

6.2. Theoretical implications

As mentioned before, our study contributes to the existing literature, first, in confirming the existence of prudential value in luxury settings as discovered by Kauppinen-Räsänen et al. (2019). However, we were able to extend their findings to a commercial luxury setting by detecting considerable components of prudential value in luxury purchases as perceived by our participants. Most significantly, our study enhances the current understanding of prudential value by both confirming and extending existing theories (e.g. Qizilbash, 1997; Tiberius, 2007; Liang & Wang, 2014) on components of prudential value like enhancement, accomplishment, pleasure, or meaningfulness in object and in use, as well as highlighting factors that surround prudential value in a commercial luxury setting such as scarcity, preparedness, or anticipation.

By allowing us to further the understanding of these components, our study increases the potential for quantification and deeper study. Our results may allow other researchers to identify and quantify prudential value, and categorise it as such. As meaningfulness, wellbeing, enhancement, and other mentioned aspects play a key role in consumer behaviour and account for a significant portion of the literature in the field, it is important to properly conceptualise it. In order to cater for quantitative studies on prudential value, we believe that the correct definition and delimitation of the concept is of utmost importance. Now, we have the possibility to conduct larger-scale studies, on one hand, allowing for an even deeper understanding on the qualitative side and, also, examining the extent and frequency of prudential value in luxury commercial settings.

Lastly, we were also able to contribute to existing conceptualisations of luxury and customer value in luxury (e.g. Wiedmann et al., 2009; Choo et al., 2012; Thomsen et al., 2020). Our study emphasises the individuality of luxury, highlighting that it is primarily the consumer's perception that makes something a luxury and moving on from the traditional conceptualisation. It underlines the importance of the consumer in creating both the meaning of luxury and the value derived from such purchases promoting an agentic view of the consumer. This challenges the receptive focus of the traditional conceptualisation of luxury but also of consumer research at large. In fact, this might be one of the most critical aspects in studying younger, modern consumers to acknowledge the importance of consumer involvement in co-creating and co-producing value.

7. Limitations and further research

Even though our research provides valuable insights, it is limited in a couple of ways, suggesting opportunities for further research. Firstly, within our study, we only focus on consumers based in Europe, which might make it difficult to apply our results to other geographical areas. Further research should thereby investigate to what extent cultural differences may be consequential in the context of prudential value in a luxury commercial setting. The same holds true for possible influences of variables such as gender or age.

Furthermore, our findings might have been impacted by the fact that all interviews were held online. Even though the usage of video calls ensured the most effective communication possible under the given circumstances, allowing us to capture our interviewees' emotions in terms of facial expressions at least to some degree, still the interpersonal level of communication might have been hindered in some way, possibly affecting the interpretation of consumer discourses. Additionally, the current global pandemic may have had a significant influence on the way our interviewees talked about their recent luxury purchases. It is likely, that most of them have been made online due to the closure of retail stores which may have impacted consumers' purchase experience. Also, the general impact of the pandemic might have changed consumer priorities and preferences in multiple ways that have potentially influenced their perception of luxury. Again, this should be further examined by additional research.

Furthermore, our research provides a good basis for furthering the understanding of prudential value in a commercial setting from a consumer perspective. Yet, the explorative nature and the inherently small sample size make the study statistically unrepresentative, and further research should test our study's insights in a quantitative format. Lastly, we solely focused on what has been perceived as luxury *goods* by our interviewees neglecting luxury *services*. Future research may investigate what role prudential value might play in such luxury services as well as what capacities it might offer in a non-luxury setting, what implications this may have for brands and how those might differ.

Appendices

Appendix 1: Interview guide

Note: This interview guide is only an indication of the questions we would like to have answered during our interview and serves only as a basis for the conduction of our interviews. The researchers have indeed taken the liberty, as advised during semi-structured interviews, to drift away from it to follow the reasoning of the respondent and to allow for the discussion to be relaxed and flowing seamlessly. This has provided us with a rich amount of textual data but also with precisions and insights that we would have most likely not have been able to gain if we had formally applied our predefined interview question. That being said, we have ensured that the quasi-majority of the questions we aimed to enquire were answered, either by rephrasing them to adapt to the discussion or by allowing for the participant to finish his or her train of thought before asking any question that could have interfered.

Preliminary questions

- What do you usually spend your money on?
- What is important to you when you spend money?
- What is it that makes you spend more?

Contemporary luxury and prudential value

- What was something that you bought recently that was special to you? Why was it special to you?
- How did this purchase make you feel?
- Why do you think it made you feel this way?
- What is a luxury purchase to you?

From the interviewer: In this interview, we would like to talk about purchases that you made for yourself that we define as non-essential and out of the ordinary. We exclude “affordable indulgences” (ex: Starbucks, Häagen-Dazs).

Meaningfulness & wellbeing

- Was this purchase meaningful for you? Why?
- What is wellbeing to you?
- What do you define as being good for you?

How do both differ?

- Do you think certain purchases can be good for you? If so, give examples.
- Do you think that the special purchase we were talking about earlier was good for you / contributed to your wellbeing? If so why and in what ways?
- What exactly is it about the product that is meaningful to you or makes you feel good?

Brand values and prudential value

- Do you ever think about the values a brand stands for? Do they matter to you?
- Can you think of a time when a brand's values were in line with your own values? How did that make you feel?
- Can you think of something that you bought where you felt that the brand stands for values that are important to you? How did that make you feel?

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