

# A Multiple Group Analysis of Absolute versus Accessible Personal Luxury Goods Consumption Behavior among Generations X and Y in the US

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**Abstract**—The global luxury market reached €1.17 trillion in sales in 2018 and the global market for personal luxury goods is forecast to grow to €290 billion by 2020. Close to 70% of the global personal luxury goods sales are tribute by Generations X and Y. When considering the fact that Generation X is the smaller consumer segment based on a population size, compared to baby boomers or generation Y, Gen X segment's total expenditure on personal luxury goods, which was greater than that of either of generational cohorts is highly noteworthy. A recent study by Kim (2019) found that both generations X and Y are much heavily involved in luxury goods consumption through the ownership of multiple product categories including clothing, shoes, handbags and small leather goods, and jewelry, compared to older and younger baby boomers. Regarding personal luxury consumption at different price points such as absolute luxury vs. accessible luxury has not received much attention. Thus, this study aims to provide insights by investigating US affluent Generations X and Y consumers' perception and lifestyle variables and their predictability of behavioral variables in the personal luxury marketplace. Using a nationwide representative sampling and online survey, a final sample of 299 responses were collected and used for this study. The confirmatory factor analysis of the measurement more as well as proposed conceptual model revealed that data fit the proposed conceptual model well. All, except one, research hypotheses received statistical support. A structural equation modeling using multiple group analysis revealed that absolute luxury owners are significantly different from accessible luxury owners. Based on the findings, pragmatic implications and future research directions are provided.

**Index Terms**—Luxury, loyalty, perceived values, consumption.

## I. INTRODUCTION

The global luxury market reached €1.17 trillion in sales in 2018 [1] composing of €495 billion luxury automobile industry, €260 billion personal luxury goods industry, €190 billion luxury hospitality industry. The global market for personal luxury goods is expected to grow to €290 billion by 2020 [2]. The personal luxury goods market is comprised of fashion, handbags, shoes, jewelry and watches, beauty, and spirit [1]. Shoes and jewelry categories experienced higher growth rate of 7%, followed by handbags and beauty (growth

rate of 5% each), while growth rate of luxury apparel suffered especially menswear [1].

The demands of younger adult consumers and their preferences in the ever-changing retail industry is yet to be discovered. Close to 70% of the global personal luxury goods sales are tribute by Generations X and Y [1]. The Generation X, consisting of people who were born between 1965 and 1997, results in smaller population size, compared to Baby Boomers and Generation Y. However, Bain and Co. reported that Generation X segment's total expenditure on the personal luxury goods was greater than that of either baby Boomers or Generation Y. Therefore, the market purchasing power possessed by the Generation X is highly noteworthy. By 2025, Generation Y's market share is expected to grow to 45% of estimated sales revenues of €320-365 billions [1]. In terms of the regional distribution of global personal luxury goods market share, Europe remains as the top region (32%), followed by the Americas (31%) and Asia excluding Japan (24%) [1]. Therefore, Generations X and Y in the US are very highly qualified target market segments for an empirical study to deepen our understanding of their consumption behavior regarding personal luxury fashion goods.

A recent study reported that both Generations X and Y are much heavily involved in luxury goods consumption through the ownership of multiple product categories including clothing, shoes, handbags and small leather goods, and jewelry, compared to Older and Younger Baby Boomers [3]. Personal luxury goods consumptions at different price points such as absolute luxury versus accessible luxury has not received much attention [4]. Researchers articulated that this hierarchal conceptualization of the luxury market clearly demands a thorough examination to reveal how each target market processes and responses to the different level of luxury brand goods [1], [4].

Thus, based on the significant purchasing power of Generations X and Y documented in the white papers and trade publications [1], [2], in the present study the researcher investigated current personal luxury goods owners' cognitive, affective, and behavioral aspects to predict their loyalty intention toward personal luxury goods in the United States. In addition, the researcher compared structural relationships among such variables between absolute and accessible luxury goods owners to provide more accurate predictions of their future behaviors. With the findings of the current study, the researcher aims to offer pragmatic insights regarding interrelationships among the consumer's perception variables and behavioral intention toward the luxury goods consumption as well as the discrepancies and/or similarities between two levels of luxury goods ownership to the luxury marketing and retail industries.

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## II. THEORETICAL BACKGROUND AND RELEVANT LITERATURE

Previous literature highlights important factors influencing the consumer behavior in relation to personal luxury goods consumption including luxury brand-self congruity, perceived utilitarian and hedonic values, collecting tendency, and repurchase intentions. According to *Brand Congruency Theory*, consumers purchase a brand that is consistent with their self-image [5]. *Brand-Self Congruity* refers to the perceived match between consumers' image of themselves and the image of a brand [5]. Several studies have examined brand-self congruity to influence the consumers to have a better brand attitudes and/or positive evaluation of the branded product [6], brand loyalty [7], and purchase intention toward the brand [5]. In a recent study of luxury brands for fashion product categories, researchers confirmed that self-congruity positively predicted consumers' loyalty toward the luxury brand [3], [7].

In order to build a strong relationship with customers, brand marketers attempt to create a brand loyalty among their customers [5]. A loyal customer repurchases the same brand over time [3], [5]. According to *Value-Behavioral Intention model*, it has been suggested that creating the greater value perception of the brand/goods among potential and current customers, plays a key role in developing a loyalty around that brand [8]-[11]. For instance, Liu *et al.* [7] examined two product categories of personal luxury goods – watches and sunglasses – and found that luxury brand self-congruity positively predicted Australian consumers' loyalty toward the luxury brand goods. Examining U.S. consumers' behavior, previous studies found that congruity between luxury brand and consumers' self-image has a significant and positive impact on the consumer's purchase intentions of the luxury brand goods [12], [13]. Numerous studies provided empirical support of substantial roles of perceived value predicting the consumers' brand loyalty behaviors [14]-[17].

Although the personal luxury industry is a substantial sub-area of the luxury industry [1], little is known about collecting tendency on loyalty intentions toward personal luxury goods especially contrasting the levels of luxury goods. Consumers are interested in possessing objects for aesthetics and amusement, beyond utilitarian needs [18]. Belk and his colleagues emphasized the activity of collecting involves in acquiring a series of interrelated objects through a selection process over long period of time [19]. This definition is similar to Subkowski [20] who emphasized the enduring aspect of the collecting behavior. Literature articulated that individual consumers place a special meaning to the collected objects/possession, and in turn the individual consumer would eventually construe if the possession was a part of themselves [19]. Previous literature concluded that successful collecting involves one's expertise in the pursued objects such as connoisseurship, scholarship [20], preservation, judgment [21], emotional responses [20], investment aspects, and expressive nature of such behavior [22].

There has been a call for inquiry raised by researchers and trade consulting firms in terms of the specific target market within the personal luxury goods industry [1], [23]. Based on UK consumers' perspective, researchers noted that the concept of luxury has evolved over time [24], [25]. They

argued that it is imperative to expand the conceptualization of the luxury by including masstige elements due to the rapidly changing consumer demographics (e.g., increased wealth among the middle class) and luxury brand proliferations and widely ranged price points (e.g., increased accessibility of entry level luxury goods through spin-off/diffusion labels) [24]. They articulated two hierarchical levels of luxury market – absolute luxury and accessible luxury [4]. They argued that absolute luxury brands target the rich through the traditional conceptualization of luxury, while accessible ones target middle-class consumers [4], [24].

There is a little known about consumer loyalty intentions toward personal luxury goods between generational cohorts. Especially, overall emphasis on understanding of Generation Y in this area has not been compared to that of Generation X segment which has exhibited greatest total expenditure, even though its smaller population size compared to Generation Y. For instance, a recent study by Kim [3] highlighted the differences and similarities among four generational cohorts including Older and Younger Baby Boomers, Generation X, and millennials regarding their cognitive, affective, and behavioral responses toward the luxury brand goods. The recent study reported that there was significant group mean differences among four generational cohorts regarding number of product categories of luxury brand goods owned by each generation [3]. Her findings provided significant insight to the consumers' similarities and differences at the individual variable level; yet, it does not provide detailed understanding regarding interrelationships among the research constructs to provide the holistic overview of the impact of the consumers' value perceptions on collecting and loyalty behavior.

In addition, to the best of the researcher's knowledge, no empirical study delved into the comparison of absolute luxury goods owners and accessible luxury goods owners to strategize the marketing and retail strategies for the personal luxury goods industry. In the research of personal luxury goods consumption, no empirical study has investigated interrelationships among consumers' luxury brand self-congruity, hedonic and functional value perception of luxury brand experience, and collecting tendency to predict their loyalty intentions toward luxury brand goods based on empirical data collected from the actual luxury owners in the two hierarchical levels – absolute vs. accessible luxury.

Therefore, in the present study, the researcher aims to deepen the understanding of antecedents and consequences of Generations X and Y luxury goods consumers' collecting tendency regarding luxury fashion goods using structural equation modeling technique and multiple group analysis. The researcher intends to provide a holistic underpinning of the decision making as well as more pragmatic implications to the luxury brand marketers and retailers in the personal luxury goods industry.

Based on the previous literature, the following research hypotheses are proposed:

*H1: Luxury brand self-congruity has a positive impact on perceived hedonic value of personal luxury brand goods.*

*H2: Luxury brand self-congruity has a positive impact on perceived functional value of personal luxury brand goods.*

*H3: Perceived hedonic value of personal luxury goods has a positive and direct effect on one's collecting tendency*

toward the luxury goods.

H4: Perceived functional value of personal luxury goods has a positive and direct effect on one's collecting tendency toward the luxury goods.

H5: Perceived hedonic value of personal luxury goods has a positive and direct effect on one's loyalty intention toward the luxury goods.

H6: Perceived functional value of personal luxury goods has a positive and direct effect on one's loyalty intention toward the luxury goods.

H7: Collecting tendency has a positive and direct effect on one's loyalty intention toward the luxury goods.

H8: There are significant differences between the absolute luxury good owners and the accessible luxury goods owners regarding interrelationships among the research constructs.

### III. RESEARCH METHOD

#### A. Research Design and Sampling

The researcher employed a quantitative research design for the present study. A self-administered online survey questionnaire was developed, and a nationwide representative sampling technique was employed. The population of this study consisted of U.S. affluent consumers who annual household income of \$150,000 and more, due to appropriateness of this target market for the personal luxury goods industry [24], [26]. Upon approval of the Internal Review Board (IRB) on the research process and instrument, e-mail invitations for the online survey were sent out to the population. Four screening questions were asked at the beginning of the survey: Asking the participant's a) age of 18 years or older, b) annual household income, c) ownership of personal luxury brand goods, and d) specifying a luxury brand which the participant most frequently made purchases. Of a total of 788 responses, 345 of them did not meet the criteria and were removed. Additionally, 214 were removed based on generational cohort criteria. Thus, a final sample of 229 responses from Generations X and Y was achieved for data analysis for the present study.

#### B. Survey Instrument

The participants were asked to answer survey questions based on the personal luxury brand that they specified in one of the four screening questions described above. The specified personal luxury brand was automatically populated throughout the questionnaire to make sure that the participants are reminded about the brand that they previously specified. The questionnaire comprised of six sections: a) level of luxury categories owned the most, b) their perception of luxury brand self-congruity, c) perceived hedonic and functional value derived from experiencing the luxury brand goods, d) collecting tendency, e) loyalty intentions toward the luxury brand, and f) demographic characteristics. Instruments were adopted from the existing measures [3], [18], [25], [27], [28]. All adopted measures' wordings were modified to suit the personal luxury goods consumption context. The survey questionnaire was pilot tested on its readability before the data collection.

#### C. Sample Description

Of the 229 participants, the sample consisted of 128 females (55.9%) and 101 males (44.1%). Most of the

participants were married (71.6%) and Caucasian American/ Non-Hispanic White (73.4%), followed by Asian American/ Pacific Islander (14.0%) and Hispanic (5.7%). Over three-quarters of the participants reported that they acquired graduate degrees (41.9%) or bachelor's degrees (36.2%). A majority indicated that their annual household incomes are ranged between \$15,000 and \$199, 999 (40.1%), followed by \$200,000 and \$249,999 (19.7%) and \$250,000 and \$299,999 (11.8%). More than three-quarters reported that they held full-time jobs in two occupational categories - executive, administrative or managerial (42.8%) and professional or technical (32.3%).

To detect the non-response bias in the data, the researcher compared the responses on research constructs and demographic variables between two groups: Early (first 10%) and late (last 10%) respondents, using *t*-tests and *Chi*-square tests. No significant differences were found between these two groups on their responses to the variables. Thus, the research proceeded with further data analysis.

TABLE I: MEASUREMENT MODEL RESULTS OF THE PROPOSED MODEL CONSTRUCTS – ABSOLUTE LUXURY GOODS OWNERS

Constructs /indicators <sup>a</sup>	Absolute luxury goods owners (n = 155)		
	Standardized factor loadings	t-value	AVE
Xi (luxury brand-self congruity)			
x <sub>1</sub>	0.81	-	.74
x <sub>2</sub>	0.78	22.39	
x <sub>3</sub>	0.91	16.28	
x <sub>4</sub>	0.92	16.46	
Eta1 (Perceived hedonic value)			.57
y <sub>1</sub>	0.74	-	
y <sub>2</sub>	0.77	16.55	
y <sub>3</sub>	0.86	16.17	
y <sub>4</sub>	0.63	18.55	
Eta2 (Perceived functional value)			.60
y <sub>5</sub>	0.82	-	
y <sub>6</sub>	0.85	15.98	
y <sub>7</sub>	0.81	12.15	
y <sub>8</sub>	0.68	9.92	
y <sub>9</sub>	0.69	9.38	
Eta3 (Collecting tendency)			.65
y <sub>10</sub>	0.70	-	
y <sub>11</sub>	0.80	10.04	
y <sub>12</sub>	0.84	10.59	
y <sub>13</sub>	0.88	11.12	
y <sub>14</sub>	0.82	10.32	
Eta4 (loyalty intention)			.76
y <sub>15</sub>	0.86	-	
y <sub>16</sub>	0.88	14.01	

Note: <sup>a</sup> measurement for constructs shown in this table were based on a seven-point scale where 1 = "Strongly disagree" and 7 = "strongly agree."

### IV. FINDINGS

The proposed conceptual model consists of one exogenous variable (luxury brand-self congruity) and four endogenous constructs (perceived hedonic value derived from experience luxury brand goods, perceived functional value derived from experience luxury brand goods, collecting tendency, and loyalty intention toward the luxury brand).

#### A. Measurement Model Analysis

The results of confirmatory factory analysis of the

multiple-item measurements for research constructs showed that the average variance extracted values for all five constructs ranged from .56 to .77, which were acceptable; factor loadings indicated that the data fit the measurement model (see Tables I and II).

As the first step of the multiple group analysis, the invariance for measurement model between groups was established based on the suggestion made by Schumacker and Lomax [29]. When the all factor loadings for the measurement models to be equal between two luxury brand levels, the changes in *chi*-square were not significant for the constructs ( $\Delta\chi^2_{(df = 8)} = 12.83, p = .12$ ). The insignificant *chi*-square differences for all constructs show that the measurement model for the constructs are invariant between the levels of luxury brands – absolute and accessible luxury brands. Thus, the researcher concluded subsequent multiple group analyses using the measurement model to test the proposed model’s fit to the data, proposed research hypotheses based on the variance between level of the luxury brands.

TABLE II: MEASUREMENT MODEL RESULTS OF THE PROPOSED MODEL CONSTRUCTS – ACCESSIBLE LUXURY GOODS OWNERS

Constructs / indicators <sup>a</sup>	Accessible luxury goods owners (n = 77)		
	Standardized factor loadings	t-value	AVE
Zi (luxury brand-self congruity)			.74
x <sub>1</sub>	0.76	-	
x <sub>2</sub>	0.77	22.39	
x <sub>3</sub>	0.90	16.28	
x <sub>4</sub>	0.96	16.49	
Eta1 (Perceived hedonic value)			.66
y <sub>1</sub>	0.77	-	
y <sub>2</sub>	0.90	9.63	
y <sub>3</sub>	0.90	9.65	
y <sub>4</sub>	0.67	6.21	
Eta2 (Perceived functional value)			.56
y <sub>5</sub>	0.79	-	
y <sub>6</sub>	0.81	15.98	
y <sub>7</sub>	0.77	12.15	
y <sub>8</sub>	0.63	9.92	
y <sub>9</sub>	0.73	7.58	
Eta3 (Collecting tendency)			.56
y <sub>10</sub>	0.64	-	
y <sub>11</sub>	0.58	5.12	
y <sub>12</sub>	0.72	6.93	
y <sub>13</sub>	0.78	7.88	
y <sub>14</sub>	0.79	7.83	
Eta4 (loyalty intention)			.77
y <sub>15</sub>	0.91	-	
y <sub>16</sub>	0.91	14.05	

Note: <sup>a</sup> measurement for constructs shown in this table were based on a seven-point scale where 1 = “Strongly disagree” and 7 = “strongly agree.”

**B. Structural Equation Modeling Analyses: Testing Hypotheses**

The results of multiple group analysis testing the proposed structural model fit and path coefficients are shown in Fig. 1. To assess model fit, a *Chi*-square statistic, normative fit index (NFI), relative fit index (RFI), comparative fit index (CFI), incremental fit index (IFI), and root mean square error of

approximation (RMSEA) were used following criteria suggested by Schumacker and Lomax [29].

The results of multiple group analysis of the proposed model (unconstrained) in both absolute and accessible luxury brand levels fitted the data well. Descriptive statistics and correlation coefficients among summated constructs for the model for both absolute and accessible luxury level groups are presented in Tables III and IV.

TABLE III: DESCRIPTIVE STATISTICS OF MODEL CONSTRUCTS

Model constructs <sup>a</sup>	Absolute luxury goods owners		Accessible luxury goods owners	
	Mean	SD	Mean	SD
1. Luxury brand-self congruity	5.27	1.30	4.90	1.35
2. Perceived hedonic value	5.75	1.06	5.66	1.01
3. Perceived functional value	5.15	1.32	4.74	1.13
4. Collecting tendency	5.25	1.32	4.97	1.09
5. Loyalty intention	5.93	1.05	6.16	0.99

Note: <sup>a</sup> measurement for constructs 1 through 5 were based on a seven-point scale where 1 = “strongly disagree” and 7 = “strongly agree.”

TABLE IV: CORRELATION COEFFICIENTS OF MODEL CONSTRUCTS

Model constructs	Correlation coefficients <sup>a</sup>				
	1	2	3	4	5
1. Luxury brand-self congruity	1	.36**	.47**	.67**	.48**
2. Perceived hedonic value	.54**	1	.44**	.44*	.56**
3. Perceived functional value	.32**	.38**	1	.55**	.45**
4. Collecting tendency	.54**	.56**	.51**	1	.49**
5. Loyalty intention	.47**	.63**	.31**	.59**	1

Note: <sup>a</sup> Correlation coefficients for absolute luxury brand owners are presented in an upper triangle; ones for accessible luxury brand owners are presented in a lower triangle. \*\*  $p < 0.01$  using a two-tail test.

The confirmatory factor analysis of the proposed conceptual model revealed that data fit the model well ( $\chi^2_{(df = 339)} = 1.89, p < .001$ ; IFI = .91, TLI = .90, CFI = .91, RMSEA = .062). Overall, all, except one, hypotheses were statistically supported using a two-tail test ( $p < .05$ ). Hypothesis 1 proposed a positive and direct effect of luxury brand-self congruity on hedonic value perception of experiencing luxury brand goods. In both absolute and accessible luxury levels, when the consumer had higher level of luxury brand-self congruity had higher hedonic value perceptions of the luxury brand (H1:  $\gamma_{11\_absolute} = .41, t = 5.46$ ;  $\gamma_{11\_accessible} = .41, t = 5.46$ ). Similarly, in both absolute and accessible luxury levels, consumer’s level of luxury brand-self congruity had positive and direct impacts on the functional value perceptions derived from experiencing luxury goods (H2:  $\gamma_{21\_absolute} = .54, t = 6.57$ ;  $\gamma_{21\_accessible} = .29, t = 2.29$ ). Therefore, Hypothesis 2 was fully supported.

Hypotheses 3 and 4, examining positive and direct effects of individual consumer’s hedonic and functional value perceptions of luxury brand on their collecting tendency, also received full support in both luxury consumer groups (H3:  $\beta_{31\_absolute} = .30, t = 3.30$ ;  $\beta_{31\_accessible} = .56, t = 4.45$ ; H4:  $\beta_{32\_absolute} = .50, t = 5.93$ ;  $\beta_{32\_accessible} = .38, t = 5.93$ ). Hypothesis 5 proposed the positive and direct effects of one’s hedonic value perception of luxury brand goods on their loyalty intention (H5:  $\beta_{41\_absolute} = .40, t = 4.40$ ;  $\beta_{41\_accessible} = .57, t = 4.53$ ). Thus, Hypothesis 5 was fully supported in both luxury levels.

Hypothesis 6, testing a positive and direct effect of functional value perception of luxury brand on their collecting tendency received a partial support. In the case of absolute luxury consumer group, the proposed relationship was statistically significant (H6:  $\beta_{42\_absolute} = .26, t = 2.79$ ), while the relationship was not statistically significant among the accessible luxury consumers (H6:  $\beta_{42\_accessible} = -.06, t = -0.48, p = .63$ ). Hypothesis 7, proposing a positive and direct impact of individual consumer's collecting tendency on their loyalty intention toward the luxury brand goods, received a full support in both luxury level consumers (H7:  $\beta_{43\_absolute} = .26, t = 2.92$ ;  $\beta_{43\_accessible} = .29, t = 2.94$ ).

C. Multiple Group Analysis

By proposing research question 2, the research aims to compare the overall interrelationships among the research constructs between absolute luxury and accessible luxury goods owners. Hypothesis 8, which represents the research questions 2, proposed that there are significant differences in structural path coefficients of hypothesized relationships between absolute and accessible luxury goods consumers. This hypothesis was tested using a two-step process.

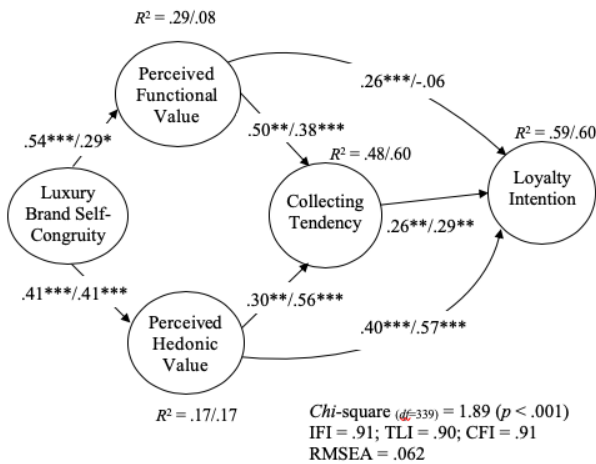


Fig. 1. Results of multiple group analysis of the proposed model.

First, a *Chi-square* difference test was employed to examine the proposed model comparing two groups (absolute vs. accessible luxury levels) before and after constraining the structural paths coefficient to be equal between two groups. Although *Chi-square* values for both constrained and unconstrained models were significant,  $\chi^2_{constrained\ model} (df = 353) = 641.21, p < .01$ ,  $\chi^2_{unconstrained\ model} (df = 341) = 663.66, p < .01$ , the incremental fit indices ranged between 0.90 and 0.91 for both levels, the results of the *chi-square* difference test comparing the constrained model with the unconstrained model yield significant changes in model fit ( $\Delta\chi^2_{(df = 1)} = 23.42, p = .024$ ).

This finding indicates that there are significant differences between luxury brand levels due to the differences in magnitude of the structural path coefficient level; thus, the researcher conducted the critical ratios for difference test between two luxury brand levels for all structural path coefficients in the proposed model (For the testing procedure, see Schumacker and Lomax [29]). The results of the critical ratios for difference test indicated significant difference in the path coefficient between absolute and accessible luxury

brand consumers (Critical ratios ranged from 1.98 to 3.56,  $p < 0.05$ ). Together two sets of statistical results provided strong support for accepting Hypothesis 8.

V. DISCUSSION AND IMPLICATIONS

A successful brand creates customer loyalty toward that brand. The retail industry has created brand loyalty to retain customers. It has been known that retaining the customers usually costs the company/brand less than acquiring and building a new customer base. In responding to the growth of the luxury market, this study examined loyalty intentions of luxury brand goods employing the brand congruency theory [5] and *Value-Behavioral Intention* model [8]-[11] to create a conceptual model proposing underpinning mechanism of how consumers process and response to the personal luxury branded goods in a contemporary multichannel retail environment.

This study offers the empirical evidence to support the luxury brand self-congruity as the crucial predicting factor on both hedonic and functional value perception derived from experiencing personal luxury brand goods. As consumers see their self-image congruent with that of luxury brand, they perceived significantly greater functional value derived from experiencing absolute luxury goods, compared to accessible luxury goods. However, the direction and strength of the path coefficients stayed the same for the hedonic value perception between two luxury brand level consumers. This implies that consumers who own absolute luxury brands tend to cognitively justify their functional value derived from experiencing absolute luxury brand goods much highly than consumers who own accessible luxury brand goods.

The significant discrepancy of the functional value perception between absolute luxury owners and accessible luxury owners can be explained by consumers' mental accounting/choice justification process of their choices in the marketplace [30]-[32]. The nature of the absolute luxury goods presents (much) higher product price points compared to the accessible luxury goods; thus, this present negative emotional state to the consumers when it comes to the time of choice making and consumption. For instance, consumers who is about to purchase absolute luxury goods may experience the guilt feelings [31], [33]. As a part of the guilt-reduction mechanism [31], they may justify such choices with recent achievement at work (self-gifting citations) or virtuous actions made at the personal level (for instance, recent donation to a charity [31], [33]) and/or functionality of the luxury/experiential goods [33], [34].

In turn, consumers' both perceived functional and hedonic value significantly predicted the consumers' collecting tendency in both absolute and accessible luxury brand levels. For the absolute luxury owners, functional value perception impacted their collecting tendency greater than did hedonic value; while for accessible luxury owners, there was opposite relationship, where hedonic value impacted the collecting tendency greater than did functional value. There is a plausible explanation for this one. Similar to the findings regarding the impacts of the luxury brand-self congruity on functional value, the absolute luxury owners may justify their choices using the functional/utilitarian route to alleviate the

guilty feelings [21], [33]. In addition, collecting does not only vet on the instrumental value of the objects being collected, it does also recognize the inquisitive nature where collectors view the collecting itself as an investment [35]. The summary of results of decomposition analysis of direct, indirect, and total effects are show in Table V.

TABLE V: RESULTS OF DECOMPOSITION ANALYSIS OF DIRECT, INDIRECT, AND TOTAL EFFECTS

Dependent variables	Direct effects (Absolute / Accessible)	Indirect effects (Absolute / Accessible)	Total effects (Absolute / Accessible)
<u>Collecting tendency</u>			
Luxury brand-self congruency	- / -	.397 / .330	.397 / .330
Perceived hedonic value	.276 / .503	- / -	.276 / .503
Perceived functional value	.515 / .410	- / -	.515 / .410
<u>Loyalty intention</u>			
Luxury brand-self congruency	- / -	.407 / .321	.407 / .321
Perceived hedonic value	.412 / .590	.065 / .127	.477 / .717
Perceived functional value	.262 / -.016	.121 / .104	.383 / .087
Collecting tendency	.234 / .253	- / -	.234 / .253

Both perceived values substantially explained the variance of the collecting tendency (.48-.60), especially in the case of accessible luxury brand level with greater impact from perceived hedonic value, compared to functional value. One’s collecting behavior was substantially explained by these value perceptions, which implies that these two value perceptions are central factors predicting the collecting tendency and behavior. Therefore, the industry marketers and brand managers need to pay attention to the consumers’ perception derived from the luxury product uses and consumption.

For both absolute and accessible luxury owners, perceived hedonic value exhibited strongest and more consistent impact on the loyalty intention toward the luxury goods. This finding is theoretically and empirically in line with that of *Value-Behavioral Intention* model [9], [36]. However, it is opposite of the findings of the Hung and his colleagues [35] who found that functional value perception had a greater impact on the purchase intention compared to that of hedonic value perception. Interestingly, in their study, consumers’ perception of functional value derived from luxury goods exhibited the strongest impact on their purchase intention, when controlling other variables such as social influences and physical and achievement vanity/signaling effects.

Commonly literature postulates that consumer’s hedonic value perception or emotion-related benefits derived from product/service consumption as a key influencing factor on satisfaction [9], [36], positive word-of-mouth [11], and repurchase intention [10], [11]. In this current study, the

findings revealed some counterintuitive yet interesting point to the literature by highlighting the significant impacts made by perceived functional as well as hedonic value in the case of the absolute luxury brand levels, while insignificant impact of functional value in the case of accessible value on loyalty intention.

Similar to the level of explaining the variance of collecting tendency, variance of loyalty intention toward the personal luxury fashion goods was explained substantially by the four predicting variables in the proposed model. This finding implies pragmatic suggestions to the personal luxury goods industry. First, regardless of the level of luxury goods, both absolute and accessible luxury goods market segments should focus on how to reflect the brand personality through the media that target market is using in order to create the closer match between the intended target market and the brand personality/image.

Secondly, personal luxury goods consumers’ hedonic value perception derived from experiencing such goods is the most powerful factor predicting their loyalty intention toward such goods among the Generations X and Y in the US. Therefore, understanding their level of hedonic value perception regarding the personal luxury goods would be critical as well as how their engage with the luxury brands and through which media. The insight on these areas would be of help to the marketers in order to strategically aligned the brand message to these consumers and to create a virtual community where these consumers can take apart in associating and growing their interests with one another.

Thirdly, accessible luxury segment could utilize deeper understanding of the accessible luxury owners process of justification of their purchases and collecting behavior. The finding revealed that perceived functional value was important to predict the collecting behavior among this particular segment; however, when looking at a big picture of which factors contribute to the accessible luxury owners’ loyalty intention, functional value perception felt short, while the other two predicting variables – perceived hedonic value and collecting tendency were significant. Especially, the level of impact of perceived hedonic value of accessible luxury consumption experience on their loyalty intention toward such luxury goods was extremely critical. Therefore, the researcher suggests the accessible luxury fashion goods marketers (such as Coach, kate spade New York, Michael Michael Kors) to pay very close attention to their target market’s evaluation of such product ownership and consumption to prolong the consumer-brand life engagement through brand loyalty.

## VI. LIMITATIONS AND FUTURE RESEARCH

This study is focused on affluent consumers residing in the U.S. based on the previous literature’s recommendation [3, 24]. In order to actively include the emerging accessible luxury consumer segments, future research could expand the sample to middle-class consumers to fully portray their accessible luxury consumption behavior. In addition, luxury purchase behaviors are frequently coined with their travels abroad or holiday gifts from the significant others. Therefore, future study could dissect the interrelationships influenced by

perceived functional and hedonic values derived from the perspective where the purchase and ownership eclipse. When the consumers who purchased the luxury brand goods by herself or himself may experience different level of involvement, level of perceived investment, pre-purchase planning process, etc. Therefore, during this intensive search and purchase process, one may build different level of the appreciation which could influence their post-consumption behavioral intentions such as collecting tendency or loyalty intention.

The circular economy – particularly resale market or ‘re-commerce’ – is a new opportunity for the personal luxury goods industry [2], [37], [38]. According to Bain and Company’s report, sales revenues in this pre-owned luxury resale market segment surged to 22 billion euros in 2018, more than 50% of which led by the E.U region and dominated by the watches and jewelry categories (80%) [1]. This trend in the resale market for previously owned luxury goods is parallel in the US as well. Especially vintage watches [2] and luxury personal fashion goods such as handbags and shoes [37], [38]. According to Internet Retailer 2019 Top 1000 [39], online retailers selling pre-owned luxury watches have shown drastic year-over year growth in 2018. For example, top five resale online retailers include WatchBox.com, TheRealReal.com, Jomaship.com, Bob’sWatches.com, and CrownAndCaliber.com. Among which, WatchBox.com experienced over 40% growth from 2017 [39], which clearly provided the evidence of the consumer trends and demands regarding re-commerce.

A recent article by Forbes [38] reported a new business collaboration between Neiman Marcus, a high-end department store, and Fashionphile.com, a “re-commerce” front runner, which was established in 1999. Using selected Neiman Marcus locations, Fashionphile.com will offer the in-person quotes, convenience of dropping-offs, and immediate payment for the pre-owned luxury items [39]. Both retailers identified the significance of Generations Y and Z as the driver of this market segment [38], [39]. Moreover, online-based luxury rental business model such as Rent the Runway has been highlighted as another disruptor to the traditional luxury retail industry [40]. The luxury rental business model focuses on a concept of fractional ownership, heavily supported by Instagram culture of Generations Y and Z, such generations’ craving for new fashion and sustainability, and affordability of new fashion at a fraction of retail prices [40]. Rent the Runway partnered with Neiman Marcus in the San Francisco location to showcase their merchandise in the physical space in the Neiman Marcus store. Also, in 2015, Neiman Marcus partnered with The Real Real.com to issue Neiman Marcus gift card with additional 10% of the cash value of the pre-owned items sold. All in all, the resale luxury industry in general is expected to reach \$64 billion by 2028 [38], which will disrupt the luxury goods retail industry even more.

For instance, Poshmark, a person-to-person commerce platform in the US [41], reported 4 million daily sellers and 25 million merchandise items available for sale [42]. An academic research pointed out that there is a lack of empirical research addressing understanding of consumer behavior via peer-to-peer platforms to share, trade, sell and/or buy their

second-hand items [43]. Another study provided evidence to support such rise of “pre-loved” luxury goods market via social media network [44] such as Facebook, which reported over 1.52 billion daily active users in 2018 [45]. However, the critical study understanding the level of engagement and frequencies of media uses. Therefore, future research could emphasize Generations X and Y’s interests, attitude, and intention toward selling and/or purchasing of previously owned personal luxury goods categories using the person-to-person or social media platforms to guide the luxury brands regarding their strategies for the future.

Digital media drastically changed the documentation of one’s own experience through a one person media broadcasting channel, such as YouTube and podcasting. Due to the public display of status quo via the luxury goods, YouTube has been extremely popular among the consumers especially for the luxury goods consumers [46]. For instance, a trade publication reported that there are 192 million all-time views about Louis Vuitton on YouTube. Among these, approximately 60% of video contents are generated by individual consumers and/or fans of the luxury brands rather than the brands’ professional marketers [47], [48].

In addition, YouTube has served as innovative ways to empower the consumers to share their experience and emotional responses (e.g., love, attachment, etc.) about luxury fashion brands. One of the most popular content on YouTube regarding the luxury fashion goods is sharing one’s collection as well as their know-how regarding maintenance, opinion on fashion, knowledge on authenticity and usage. Future research may examine the impacts of YouTube contents on consumers’ empowerment and ‘do-it-yourself’ activities in relation to know-hows on care and maintenance, refurbishment, preservation of the pre-owned luxury items to extend the product life cycle such as [39]. This phenomenon is also associated with the consumers’ perception about pre-owned luxury goods being contaminated by others’ touch/use [49] and/or importance of investing time to take care of the bags are another indicator for emotional attachment manifested through such behavior to learn how to take care of the items [13]. A recent study found that consumers prefer to buy the search goods from second-hand websites, while to buy experiential goods from new goods websites [50]. To summarize, there is a lack of conclusive findings to reveal the psychological underpinning of the pre-loved luxury goods. Therefore, future research could explore the nature of consumers’ consumption of social media contents and their subsequent attitudinal and behavioral changes in the pre-owned luxury goods consumption context.

#### CONFLICT OF INTEREST

The author declares no conflict of interest.

#### AUTHOR CONTRIBUTIONS

The author conducted research, analyzed data, wrote paper and approved the final version.

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