How does **Gen Z's** purchase behaviour towards luxury differ from that of **Millennials**?

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"We would like to express our heartfelt gratitude to everyone who supported us throughout our thesis journey. Thanks to our families and friends who always encouraged us during this time. Special thanks to our dedicated supervisor, Prof. Dr. Holger Roschk, for his invaluable expertise and constant support."

Melissa and Riccardo

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Abstract

The research question at the core of this study focuses on understanding the differences in luxury purchase behaviour between Generation Z and Millennials, driven by the significant growth of the luxury market and the evolving demographics of luxury consumers. With Generation Z emerging as a powerful force in luxury consumption alongside Millennials, luxury brands face the challenge of understanding and catering to the distinct preferences of these two generations. The study seeks to bridge the gap in existing literature by understanding the key drivers that influence the luxury purchasing behaviour of these age cohorts and exploring their similarities and differences. To achieve this objective, it is adopted an approach that includes, firstly, a systematic review of the existing literature on luxury consumption behaviour, with a specific focus on Generation Z and Millennials. This review provides an understanding of luxury consumption behaviour, including the underlying factors and unique characteristics associated with these generational cohorts. Subsequently, a survey is employed to gather quantitative data on purchase intention drivers, encompassing motivators such as exclusivity, self-expression, and sales promotions. The subsequent chapters of the study outline the research methodology, including the data collection and then the analysis procedures. The results of this study are intended to contribute to the existing literature on purchasing behaviour in the luxury industry and to provide valuable insights for luxury brands wishing to effectively target and market their products to Generation Z and Millennials.

Keywords: luxury market, Generation Z, Millennials, purchasing behaviour.

1. Introduction and research question

The first chapter presents the research question of this academic paper as well as an introduction to its background and objectives. To make the reader aware of the context and the reasons that prompted the researchers to investigate this topic, the paragraph about the research background will give an overview of the actual luxury market situation and trends. Thereafter, a paragraph about the research objectives will follow.

1.1 Research question

How does Gen Z's purchase behaviour towards luxury differ from that of Millennials?

1.2 Background of research question

The luxury market has been experiencing a significant growth in recent years, driven in part by the rising affluence of emerging markets. According to the recent report by Bain & Company with Altagamma, the Italian luxury goods industry association, the global luxury goods market reached €1.4 trillion in sales revenue during 2022, showing a growth of 21% from the previous year (Bain & Company, 2020, B).

In recent years, the luxury market has also experienced a major shift in the demographics of its consumers, particularly with the emergence of Generation Z (Gen Z) as a major purchasing force (Dobre, 2021). While Millennials have been the primary focus of luxury brands for the past decade, Gen Z is rapidly becoming the new target audience for luxury brands. This shift presents a challenge for luxury brands as they must now cater to the distinct and evolving preferences of two different generations (Dobre, 2021). This expansion of the market to younger generations was also driven by the rise of social media and increased accessibility to luxury products. In particular, Gen Zers and Millennials have emerged as two distinct and influential groups in the luxury market. Despite the growing interest in understanding the luxury consumption behaviour of Gen Z and Millennials, there is a gap in the literature when it comes to comparing the purchasing behaviour of these two groups.

1.3 Problem statement and problem aim

The luxury industry is one of the most dynamic and evolving sectors in the global economy (Sarahassaraf, 2022). With the emergence of Gen Z and Millennials as key consumers of luxury products, understanding their distinct purchasing behaviours has become essential for luxury brands. However, there is a lack of research that directly compares the luxury purchasing behaviour of these two generations. This gap in the literature makes it difficult for luxury brands to effectively target and market their products to these distinct groups. Therefore, the primary aim of this research is to identify the major drivers that influence the luxury purchasing behaviour of Generation Z and Millennials. By doing this, the researchers want to show whether and what are the differences between them. This study will contribute to the existing literature on luxury purchasing behaviour and provide valuable insights for luxury brands looking to effectively target and market their products to these two generations.

1.4 Boundary conditions

To define the scope of the research and to set limits on what is included and what is not in this project, some boundary conditions will be presented. One main boundary is related to the research question as our research will focus on the differences in purchase behaviours between the generations of Millennials and Gen Zers, not including any other age cohort. This was chosen because these two generations are the newcomers in the luxury market and their potential to shape and transform the industry has already been recognised. Furthermore, the existing literature on Generation Z and Millennials in relation to this specific topic is relatively limited in scope and depth. It is important to acknowledge another pertinent boundary of this study, namely that its focus is not on comprehensively examining the entire purchasing behaviour process of both generations. Instead, the primary objective is to gain insights into the key drivers of their purchasing behaviour and any discernible distinctions between the two cohorts.

In order for everyone involved in the research project to have a shared understanding, it is important that the boundaries are clearly communicated to both the research participants and readers.

1.5 Research outline

The structure of this academic paper is based on five main chapters which are the following: introduction and research question, theoretical background, methodology, analysis and discussion.

In the first chapter it is explained how and why the researchers came up with the research question, as well as what are the boundaries of the research. In the second chapter, the theoretical background focuses on a systematic review of the literature, which will provide an in-depth overview of the existing research on luxury consumption behaviour, with a particular focus on Gen Z and Millennials. This review will help to identify any gaps in the literature and provide a solid foundation for the subsequent research. Thereafter, in the methodology section, the choice of paradigm will be exposed, influencing the implemented research strategy, data collection as well as the perspective in which the research is presented. Then, in the analysis chapter, the data collected will be analysed in order to provide an answer to our research question. In the discussion chapter, the findings of the research will be debated together with

some recommendations and managerial implications. Eventually, in the conclusion, there will be the final answer to the research question.

2. Theoretical background

In this chapter, it will be proposed a literature review of the topics that are considered relevant for this research, focussing on **generations**, the **luxury market** and **purchase behaviour**. The context of this theoretical background is settled within the generations of Millennials and Gen Zers. These are the object of research that has to be carried out within the field of purchase behaviour. To do this, it has to be first explained the meaning of a generation and the meaning of luxury, which is the market of interest.
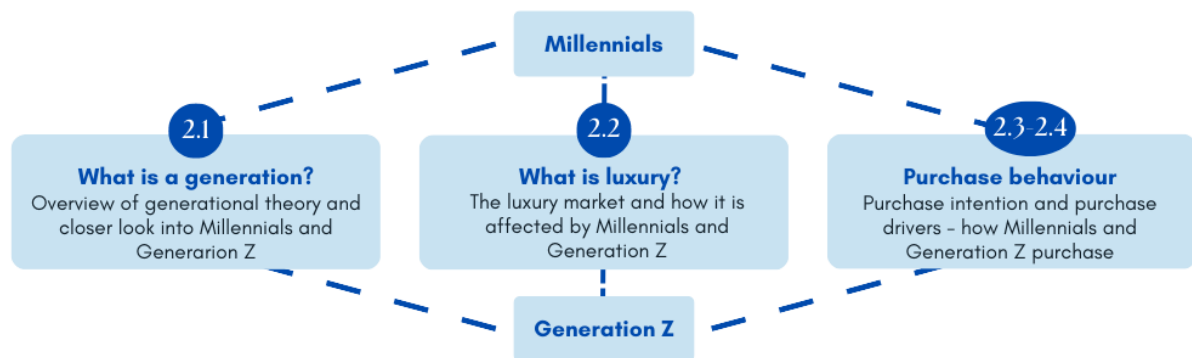
Figure 1. Conceptualization of theoretical background

2.1 What is a generation?

In the following paragraphs, the generational theory will be explained, followed by a closer look into the generations of Millennials and Generation Z.

2.1.1 Definition and overview of the generational theory

A **generation** is a group of people that can be identified by location, birth year, and significant events that create their personality (Smola & Sutton, 2002). As it is clear from the information presented, people from the same generation have a lot of things in common and their personality, values, and expectations are developed by significant life events such as wars, new technologies, or major economic transitions (Hauw & Vos, 2010). The idea that people from the same generation share common experiences and characteristics is known as generational theory.

The **generational theory** suggests that people who are born within the same time period tend to share certain cultural, social, and historical influences that shape their worldview and values (Howe & Strauss, 1991). For example, the rise of the internet and digital technology has had a profound effect on the way Gen Zers (born between 1997 and 2012) interact with the world, shaping their expectations around communication, work, and social relationships, as they have little or no memory of the world as it existed before smartphones (Parker & Igielnik, 2020).

However, it is important to note that generational theory is not a perfect or deterministic model, and not everyone within a particular generation will necessarily share the same characteristics or experiences. In fact, individuals at opposite ends of a generational spectrum may identify more with adjacent cohorts than their designated one. This highlights that generations are heterogeneous groups, rather than oversimplified stereotypes (Dimock, 2019). As Dimock (2019) wrote in his article for the Pew Research Center, "generations are a lens through which to understand societal change, rather than a label with which to oversimplify differences between groups". Nonetheless, it can be a useful framework for understanding the cultural and historical context that shapes our individual and collective identities.

In addition, as people within a generation have some similarities, each generation is different from the last (Smith & Nichols 2015). For example, the Silent Generation (born between 1928 and 1945) experienced the Great Depression and World War II as defining events of their formative years, which shaped their attitudes towards work, family, and civic duty. In contrast, the Baby Boomers (born between 1946 and 1964) grew up in the post-war era of prosperity and social change, which shaped their attitudes towards individualism, self-expression, and political activism. Similarly, Generation X (born between 1965 and 1980) experienced the rise of the information age, economic uncertainty, and changing family structures, which shaped their attitudes towards work-life balance, diversity, and social justice (Howe & Strauss, 2000).

The range of age that is comprised in a generation is not exact science, in fact there is no agreed upon formula for how long that span should be (Dimock, 2019). However, it will be considered here the classification of generations made by the Pew Research Center (Dimock, 2019) that is the following.
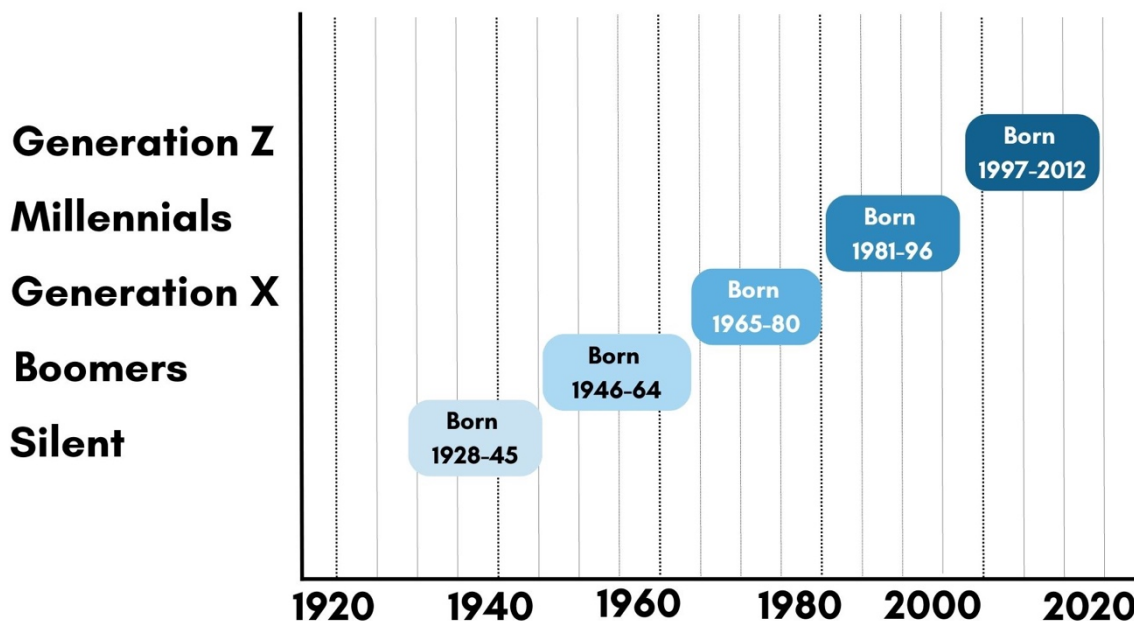
Figure 2. Generation timeline illustration

In this research, we will focus on two generations: the **Millennials** (born between 1981 and 1996) and the **Generation Z** (born between 1997 and 2012). Looking at figure 2, it is evident that the cut-off between these two generations is the year 1996 and this is due to different reasons that comprehend political, economic and social factors that define the formative years of the Millennial generation (Dimock, 2019). In fact, the majority of Millennials were between the ages of 5 and 20 when the 9/11 terrorist attacks in the USA occurred, and they were old enough to grasp the historical importance of that moment. In contrast, many members of Gen Z have little to no recollection of the incident due to their young age at the time (Dimock, 2019). In addition, most Millennials reached adulthood and joined the workforce during a severe economic downturn. This period is well-documented as having a lasting impact on their life decisions, earning potential, and transition to adulthood, in contrast to younger generations who may not have experienced the same circumstances. Lastly, Millennials came of age during the rapid growth of the internet era. What sets Generation Z apart is that they have had access to these technological advancements from the beginning of their lives (Dimock, 2019). For these reasons, the year 1996 was chosen by the Pew Research Center as the cut-off which distinguishes Millennials from Generation Z.

2.1.2 Millennials – Characteristics and values

The **Millennials**, also known as Generation Y, are the generation born between 1981 and 1996 (Dimock, 2019). Noble et al. (2009) depict them as a well-educated generation, highly tolerant and receptive to diverse lifestyles.

In the previous paragraph were mentioned some of the significant events that occurred when Millennials were reaching adulthood and that somehow shaped their personality and values. For example, in their teens and 20s at the start of the 21st century, Millennials experienced the rise of social media, the economic rise of China and the global economic downturn (Hoyer, MacInnis & Pieters, 2017). Probably due to the economic recession, many Millennials in their 20s and 30s have been delaying their economic independence, moving back with their parents after college (Hoyer, MacInnis & Pieters, 2017). This because the economic downturn had a profound impact on their career opportunities and financial stability.

The fact that they grew up in an era marked by **economic and social instability** has led them to become disillusioned, practical, and doubtful. (Hennigs et al., 2012). Furthermore, due to the rapid growth of **technology** and the internet, Millennials are considered the first high-tech generation (Melović et al., 2021). They had to adapt to a lot of innovations such as constant connectivity, on-demand entertainment and social media (Dimock, 2019), and this has influenced their communication and media consumption habits, but it has also let them capable to cope with frequent change (Borges, 2006). Millennials make use of social media, but they don't care much about their online image and tend to post general items (Laor & Galily, 2022).

In addition, the utilization of technology has had a downside for the Millennial cohort as they have developed an expectation for instant gratification, according to Behrens (2009) and Cahill & Sedrak (2012). Other than immediacy, Millennials seek also entertainment, social interaction and self-expression (Hoyer, MacInnis & Pieters, 2017). In fact, compared to earlier generations at the same age, Millennials exhibit higher levels of self-esteem and assertiveness (Deal et al., 2010).

2.1.3 Generation Z - Characteristics and values

Generation Z, also known as, Gen Tech, iGeneration, Post Millennials, Facebook Generation, Switchers, Online Generation and "always clicking," is the first generation of the 21st century

(Świerkosz-Hołysz, 2016; Hysa, 2016; Dudek, 2017). Generation Z is the age cohort born in the mid-1990s to the mid-2000s, who have grown up in a technologically advanced world where the internet, social media, and digital technology are ubiquitous. More precisely, Generation Z comprehend all the people born between 1997 and 2012 (Dimock, 2019). Here it will be provided an overview of the characteristics of Generation Z and the factors that shaped the identity and values of the generation.

According to Fry et. al (2020), Generation Z is considered as the generation with the widest **diversity** in terms of ethnic groups and the generation with the highest education level compared to all the previous ones. For these reasons, individuals belonging to the younger generations are more willing to accept the way society is shaping and transforming, and they are also more open to change (Fry et. al, 2020). One of the most important factors that shaped the cultural and economic context of Gen Z is the **financial crisis** of 2008 (Eastman, 2020). This crisis led to a wave of economic and employment instability that strongly affected their parents, causing them to be stricter with their children (Eastman, 2020). As a result, Gen Z members are more financially responsible and motivated. According to Sladek and Grabinger (2014), Generation Z is incredibly money conscious and content to stall a purchase to take the time to do research. They read reviews, virtually or physically try the product, and scour the internet for the best deals. Additionally, the financial crisis increased class differences and inequalities, and as a result, many parents strove to position themselves in the upper classes, to avoid economic or social deprivation. For this reason, Generation Z individuals are extremely competitive (Mabuni, 2017).

Another distinguishing feature of Generation Z is their ability to navigate between the real and virtual worlds and see them as complementary to each other (Żarczyńska-Dobiesz & Chomątowska, 2014). As Marc Prensky (2001, p. 67) wrote about Generation Z, they were "born into a world full with info communication devices and because of that we need to face several changes regarding the online socialisation, learning and living habits of the new generation". Generation Z is **tech-savvy** and uses different mobile devices to communicate their opinions and attitudes on platforms such as Instagram, Pinterest, Snapchat, YouTube, and Facebook (Hardey, 2011). In particular, Gen Zers tend to share content on social media that presents themselves in a positive light, designated for their defined target audience (Laor & Galily, 2022). As reported by Csobanka (2016), although the connectivity level and ability on

multitasking is really deep, Generation Z may struggle with concentration and memory due to the applications that support multitasking (Tari, 2011)

2.2 What is luxury?

As this research intends to investigate the differences between two age cohorts' purchase behaviours towards luxury, it is fundamental to understand what **luxury** means, what the luxury market looks like and how it is changing.

2.2.1 Old and new luxury

The concept of luxury can vary depending on cultural, social, and economic contexts. According to a report by Kapferer (2016, p. 7), luxury goods are defined as " expensive products or services, priced above their functional value." These products and services are often associated with exclusivity, high quality, and a strong brand image. In particular, there can be four main groups of luxury goods: apparel (ready to wear), jewellery & watches, perfumes & beauty products, spirits & wines (Jackson, 2004).

Today, luxury is not all the same. In fact, Rodrigues and Rodrigues (2019) talk about an "**old luxury**" and a "**new luxury**". Traditional luxury, or old luxury, is characterized by a focus on aesthetics, superior quality, premium pricing, rarity and authenticity (Jung et al., 2014; Kapferer, 1997). This is the luxury that glitters, that is visible to everyone and that distinguishes restricted groups from the rest of the society. "Luxury brands must be desired by all but consumed only by the happy few (Kapferer, 1997, p.255)".

On the other hand, the concept of new luxury comprises "products and services that possess higher levels of quality, taste and aspiration than other goods in the category but are not so expensive as to be out of reach" (Silverstein et al., 2008, p. 7). As Truong et al. (2009) say, new luxury fashion brands are perceived by consumers almost as prestigious as traditional luxury brands although their prices are considerably lower. This intends to be a democratization of luxury, so that not just the elite can feel worthy (Roper et al., 2013).

However, for both traditional and new luxury, the **feelings** that the consumers have when buying and utilizing a luxury good are a sense of security, social approval and self-gratification (Keller, 2009; Roper et al., 2013).

2.2.2 The luxury market

In 2023 the revenue in the Luxury Goods market worldwide amounts to **US $354.80bn** and the market is expected to grow annually by 3.47% (CAGR 2023-2027) (Statista, 2023). Even though the COVID-19 pandemic resulted in a significant decline in demand in 2020, the luxury market has had a strong revival thanks to different factors including the growing influence of Millennials and Generation Z and the strength of the online channel (Baron, 2022). In particular, Europe is accelerating its recovery thanks to a "back to normal" attitude, the US luxury market is growing thanks to the power of diversity and inclusion, while China has been challenged by the COVID-19 restrictions, but the desire of the consumers remains strong (Bain & Company, 2022, A). Going back to the strength of the online, 22.4% of total revenue will be generated through online sales by 2023 (Statista, 2023), but this does not mean that the importance of the physical store is decreasing. Companies want to enhance their retail experience and even the digital-born luxury companies are opening physical stores in order to improve community engagement and provide the feeling of actually touching a luxury good in the store (Baron, 2022). Furthermore, in 2023, the market's largest segment is the Luxury Fashion one, with a market volume of US$111.50bn (Statista, 2023).

In these recent years, the luxury industry is undergoing remarkable transformations as a result of multiple factors, including **technological advancements** and the digital revolution, the rise of social media platforms, the emergence of novel consumption patterns and the changes in behaviours and consumer attitudes (Dobre et al., 2021). These transformations can lead to opportunities for future growth. For example, as **sustainability** concerns and conscious consumption become increasingly significant, to be able to embrace it and innovate having sustainability principles in mind, can result in a competitive advantage for luxury companies (Bain & Company, 2022, A). In fact, luxury companies are beginning to recognize the importance of resale as a strategic solution for minimizing the adverse environmental effects of their products (Szegedi, 2022). As the second-hand market is growing, new technologies such as the digital passport are becoming more and more popular, in order to avoid the risk of counterfeited goods (Szegedi, 2022).

Another opportunity for the growth of the luxury market that is related with new technologies is the **metaverse**. Here, luxury companies have a unique chance to reimagine the luxury experience, foster brand engagement and loyalty, and establish credibility within metaverse

communities. This digital realm provides novel means for both their conventional and a new generation of tech-savvy customers to engage with their products in ways that align with the brand's core values and identity (Szegedi, 2022). "By the end of 2030, digital assets and the metaverse will comprise 5-10% of the luxury market (Bain & Company, 2022, A)".

2.2.3 How Millennials and Generation Z affect the luxury market

It has been already mentioned that the Millennials and the Generation Z have been crucial for the recovery of the luxury market after the COVID-19 pandemic, but they are also affecting the market in other ways.

First of all, it has to be said, that Millennials have high purchasing power (Rodrigues and Rodrigues, 2019) and Generation Z is still young but has money to spend on their own and can also influence family purchases (Hoyer, MacInnis & Pieters, 2017). Furthermore, both generations' consumers will comprise over 40% of the total world luxury goods market by 2025 (Arienti, 2018), so it appears obvious that they have a strong influence in the market. Due to this impact, the luxury market is evolving to adapt to their preferences (Bain & Company, 2018). Moreover, according to Danziger (2017), Millennials have a different perception towards luxury, compared to previous generations, as they do value the status, but when it is defined by what they have achieved in life and not just by a luxury good. As a result, luxury brands have to find a way to convey the meanings and values which their customers believe in, to their brand (Danziger, 2017).

To begin with, both Millennials and Generation Z are more socially conscious consumers, and this has led them to actually shift the luxury industry towards producing more **sustainable and ethical** products and experiences. In fact, the industry of luxury has always been notorious for promoting excessive consumerism and disregarding environmental concerns, but now a change is occurring with the emergence of these young generations (Baron, 2022). Indeed, luxury goods companies have now made sustainability a central priority (Deloitte, 2022). This means that more and more companies are applying the concept of being "sustainable by design", that refers to the fact that the items are intentionally designed with sustainability principles in mind, starting from the earliest stages of product development (Deloitte, 2022). This green transition will be essential in the fight against the climate change and will enable a circular economy. According to the Ellen MacArthur Foundation, the circular economy model consists in an

economy where waste is eliminated, resources are circulated, and nature is regenerated. This economic model involves the creation and production of products with sustainability as a core principle. The products are designed to follow circularity, which means they are reused instead of becoming waste after use. This can be done by using the appropriate fibres and materials to design products that last longer and can be safely discontinued, resulting in benefits for both the business and the society, as well as the environment (Deloitte, 2022). This is in contrast with the economy that works in a take-make-waste system, called linear model.
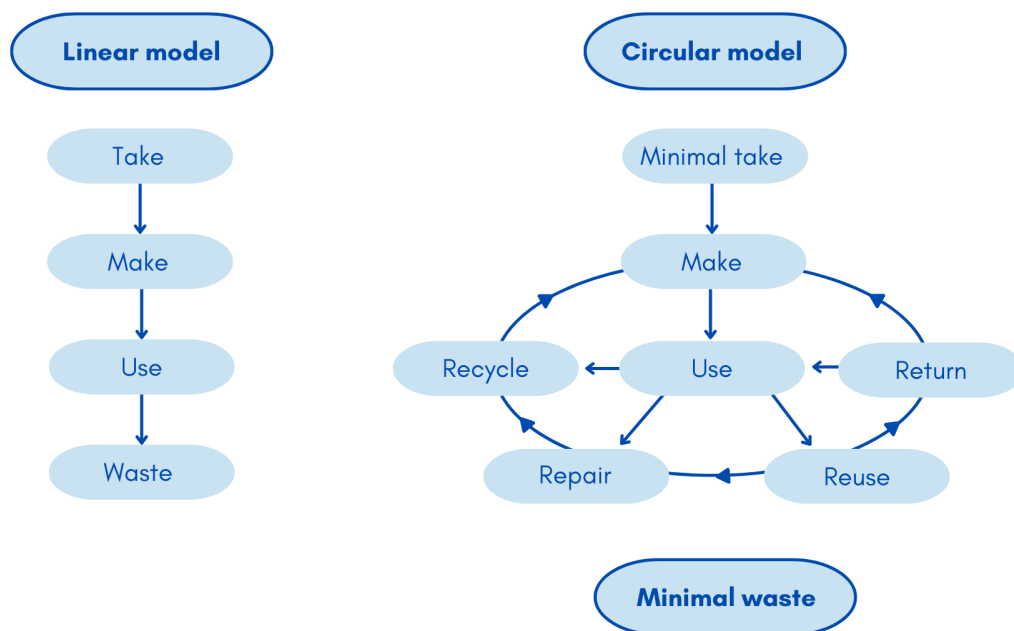
Figure 3. Economy models

"The foundation of circularity is to create products that are safe, innovative, and durable in order to reduce waste, carbon emissions, and pollution (Deloitte, 2022)". Indeed, the effects that a circular economy have on the environment are significant, as it could reduce Greenhouse Gas emissions by 22% to 44% in 2050 compared to the current linear model (Ellen MacArthur Foundation).

In order to apply the circular economy, it is also necessary to implement new digital technologies and innovations that can help make the process easier. In fact, **technology** is another great change in the luxury market that is driven by the young generations of Millennials and Gen Zers. As already stated, both these generations enjoy using technology and social media, it is essential for them, and they are dependent on it (Smith & Nichols, 2015). That is why luxury brands are now adopting digital technologies not only for their online stores, but

also to design and produce, to communicate and to increase the customer experience inside the physical stores. For example, companies are using artificial intelligence, virtual and augmented reality to enhance the shopping experience, but also 3D printing to create shapes in luxury fashion (Baron, 2022).

Lastly, as mentioned before, these two young generations are the most diverse ones, which makes them open-minded and extremely tolerant (Noble et al., 2009). Because of this, they want brands to embrace their values and become more **diverse and inclusive**, and this is what luxury brands are welcoming now (Bain & Company, 2022, A). For example, they are producing clothing with looser, more inclusive fits, or Muslim-specific garments (Bain & Company, 2018).

2.3 Purchase behaviour

Purchase behaviour refers to the actions and decisions made by consumers when buying goods or services. It encompasses the entire process from recognizing a need, searching for information, evaluating options, making a purchase, and then evaluating the satisfaction of the purchase (Solomon, 2019). Purchase behaviour is influenced by various factors such as individual characteristics, cultural and social factors, psychological factors, and marketing efforts (Solomon, 2019).

This research aims specifically to understand the differences in purchase drivers and intentions between the Millennial generation and the Generation Z. For this reason, in the following sections it will be presented a closer look into what the purchase intention and drivers are, and how the two generations of interest usually purchase.
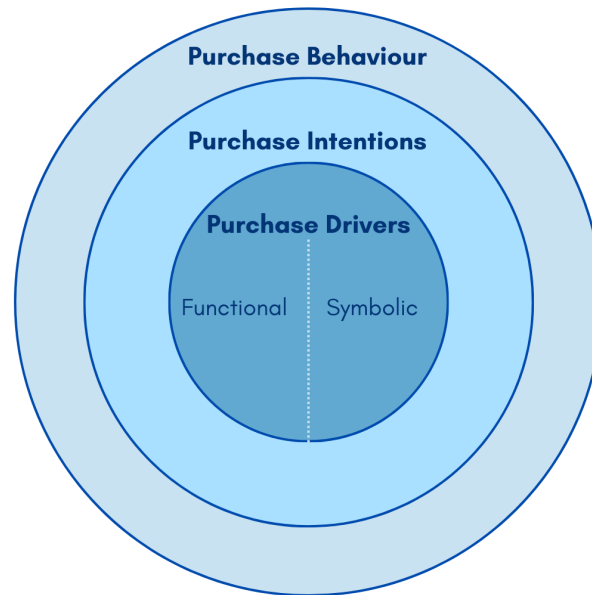
Figure 4. Conceptualization of Purchase behaviour

2.3.1 Purchase intention and purchase drivers

Purchase intention represents "the possibility that consumers will plan or be willing to purchase a certain product or service in the future (Wu et al. 2011, p.32)" and it has been defined as immediate antecedent of behaviour (Fishbein and Ajzen, 1975). Purchase intention is influenced by the attitudes towards a brand and by brand loyalty (Srinivasan et al., 2002). This is why it is fundamental to develop a good customer-brand relationship, as it impacts their perceptions and behaviours towards the brand (Aaker, 1996; Fournier, 1998). These attitudes and behaviours are developed through socializing agents, including mass media, peers, and family (Moschis, 1987), but the actual purchase intention may be influenced by different needs such as physiological and/or socio-psychological ones (Huang, 2014). These needs are the drivers of the purchase intention.

Purchase drivers are the factors that influence a consumer's intention to buy a particular product or service. These factors can include anything from price and quality to brand reputation and social value. Understanding purchase drivers is fundamental for businesses as it can help them identify what truly motivates consumers to make purchases and how to tailor their marketing strategies accordingly.

In the next paragraphs, it will be presented the drivers that will be taken into consideration for this research, as related to luxury consumption. More specifically, the chosen drivers

comprehend different types of motivations including symbolic (self-expression, need to escape, impulsiveness, social status, exclusivity, customer experience) and functional ones (perceived quality, perceived risk, perceived value, sales promotions), as they refer respectively to social identity-related motivations and utilitarian motivations (Maehle & Supphellen, 2011).

2.3.2 Symbolic drivers

Self-expression represents the motivation of consumers' purchase intention when their primary goal of consumption is to express their identities and improve their personal value (Kang & Park, 2016). It is known that luxury brands allow consumers to express themselves, and this motivates them to buy luxury goods (Seo & Buchanan-Oliver, 2019). Luxury brands help to reinforce consumer's identity and self-confidence, therefore these brands are sought after by consumers when they have a desire to express themselves (Davari et al., 2022).

Luxury consumption can also represent for some people a **need to escape** from reality. This means that consumers may be willing to buy luxury goods in order to escape into a world of beauty and pleasure (Kapferer, 2012). Their need to escape can come from having to cope with a stressful moment (Wiedmann et al., 2009) or celebrating an achievement with a reward (Walasek & Brown, 2015).

"Impulsive buying is the tendency of a customer to buy goods and services without planning in advance. (The Economic Times, 2023)."
)". Luxury buying behavior is typically characterized by impulsive decision-making, as suggested by Liao & Wang (2015), and can even develop into an obsessive pattern where purchasing luxury items may manifest as a way to fulfill repressed desires.

In most societies, a social class structure exists where certain groups of people are granted higher status compared to others. These classes are composed of groups of individuals who display distinct behaviours and lifestyles compared to members of other classes. Individuals belonging to different social classes have a different **social status** and some are more prestigious than others (Hoyer, MacInnis & Pieters, 2017). Therefore, people tend to buy luxury products that have recognizable logos or other elements to publicly announce status (Hoyer, MacInnis & Pieters, 2017). In fact, as Hoyer et al. (2017, p.361) state, "consumers' quest to acquire items that reflect not only their current social class but also their class

aspirations can explain some acquisition and consumption behaviours. By acquiring items that members of their own social class cannot typically afford, consumers can increase their perception of self-worth". In this regard, social status can be one of the key influencers in determining the customers' purchase intentions for luxury brands (Paswan et al., 2015).

In recent years, consumers are more educated and have high needs for distinctiveness (Chan, 2012). Therefore, they demand **exclusivity** and originality, things that they find in luxury products.

Peppers and Rogers (2016) argue that **customer experience** is a crucial factor that can either encourage customers to make purchases and become loyal to a brand, or discourage them from doing business with the company in the future. Scholars and marketers recognize customer experience as a crucial marketing concept that aims to provide customers with a unique, pleasurable, and memorable experience. It is viewed as a strategic process for creating holistic customer value, which can help companies achieve differentiation and sustainable competitive advantage (Carbone 1994).

2.3.3 Functional drivers

Perceived quality refers to consumers' evaluation of a product overall excellence or superiority (Zeithaml, 1988) and it influences purchase intentions and behaviour (Cronin et al. 2000). In particular, products that meet or exceed customers' expectations about quality strongly encourage repurchase behaviour and discourage customers from switching to alternative products or services (Deng et al. 2010).

Perceived risk is related to the fact that any action taken by a consumer is likely to result in consequences that cannot be predicted with a high degree of certainty, and some of these consequences may prove to be unpleasant (Bauer,1960). Wu et al. (2011) define perceived risk as consumers facing products or services they are not certain of because of some kind of expected loss in mind. Perceived risk can be divided into functional, financial and social risk (Dowling and Staelin, 1994; Taylor, 1974). Functional risk refers to the possibility of experiencing losses as a result of inadequate performance by the product (Del Vecchio, 2001). Financial risk is related to a monetary loss due to a repair or replacement of the product that didn't perform well (Wu et al., 2011), while social risk comprehends the beliefs of consumers

that "his or her peers may evaluate them negatively due to a purchase" (Del Vecchio, 2001, p242). In order to reduce risk perceptions, customers prefer to buy products belonging to well-known brands that have a good image, as a form of insurance against negative evaluations (Bearden and Etzel, 1982; Childers and Rao, 1992). Furthermore, when customers perceive high risk, they relate high price to high quality, therefore they tend to choose products with high prices to avoid risks (Wu et al., 2011). However, if they perceive risks that seriously affect the purchase decision, they may experience decreased purchase intention (Bauer,1960).

Perceived value refers to the consumer evaluation of a certain product/service based on different aspects. It has a fundamental role in consumer's decision-making process and in consumers' willingness to purchase (Grewal et al., 1998). The perceived value differs from each individual and it is a personal evaluation of different aspects. Indeed, a product/service can be evaluated relatively to its price (Wu et al. 2011). In this case we are talking about perceived value in terms of money, and it refers to the economical evaluation of the product/service: is the product worth the money? A second perspective in which it is possible to evaluate a product/service is through its benefits. It considers all the aspects and efforts made in order to receive the product benefits (McDougall and Levesque, 2000). The perceived value is also affected by the social aspects of the product. It is crucial to consider the product social dimension that reflects the value created from the use of the product/service (Chi & Kilduff, 2011).

Sales promotions refer to discounts and special offers (Davari et al., 2022). Promotions are not usual for luxury brands and may be in contrast with their principles of social desirability, vanity etc. However, sales promotions may enhance purchase intentions and trigger consumers' latent purchase intentions for some customers (Davari et al., 2022).

2.4 Generations and purchase behaviour

As generational theorists suggested, the changes in the environment of a generation can create **different consumption patterns** (Howe & Strauss, 2000). This is because people of the same age cohort share similar experiences such as changes in the economy or in the society and therefore, they have similar preferences, attitudes and purchasing behaviour (Mundel et al., 2021). In addition, their shopping behaviour can also be shaped due to which products were available in the market when they were becoming of age (Holbrook & Schindler, 1994;

Twitchell, 2003). For this reason, Hauck and Stanforth (2007) argue that products that were not available when a generation was reaching adulthood might be considered as something that is not needed, for example a luxury good.

Since the age cohort in which a person belongs might influence their purchase behaviour, in the next paragraphs it will be proposed a distinction between the purchase behaviour of Millennials and Gen Zers.
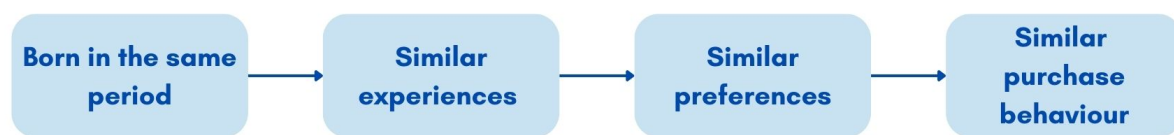

Figure 5. Conceptualization of Generations and purchase behaviour

2.4.1 How do Millennials purchase?

Millennials are tech savvy and conscious consumers. That is why they make purchasing decisions based on information from multiple sources such as magazines, videos and websites (Deloitte, 2017). According to Ferguson (2011), Millennials are seeking a **sense of rebellion** and want to differentiate themselves from Baby Boomers thorough their consumption patterns. Millennials came of age during the rise of reality television and the phenomenon of becoming a celebrity (Ferguson, 2011). This is why they are in their search to acquire ''cool'' through consumption and it is visible through the labels that they wear and the meaning that consumption have for them (Goodman and Dretzin, 2001). Millennials are typically impulsive (Viswanathan and Jain, 2013), self-directed (Deloitte, 2017) and sceptical about marketing communications (Rodrigues & Rodrigues, 2019). Furthermore, they don't seem to be loyal to brands as previous generations, but they value brands that are aligned with their personal beliefs (Deloitte, 2017), and talk about brands they like with peers and online communities (Thomas et al., 2007).

2.4.2 How does Generation Z purchase?

Generation Z has emerged as a unique and influential segment of the market that possesses distinct characteristics, needs, and attributes (Kahawandala, 2020). They rely heavily on their friends' recommendations and opinions when making purchasing decisions, and the three main sources of information for Gen Zers are family and friends, retail stores, and social networks.

They are also known for their advanced technical skills, and marketers can benefit from using web and social media advertising to target this generation (Kahawandala, 2020). Furthermore, **social media** plays a significant role in shaping the purchase behaviour of Generation Z, particularly Instagram, which is a source of fashion inspiration and trends for females (Djafarova, 2021). Instagram users, including opinion leaders and micro-celebrities, heavily influence purchasing decisions, especially among females. Gender is an essential factor in determining the influence of Instagram marketing strategies, as females are more likely to engage in impulse purchasing than males, driven by stimuli such as advertisements, micro-celebrities, and user-generated content that induce positive emotions like pleasure and arousal (Djafarova, 2021).

3. Methodology

The following chapter presents the **methodological considerations** made in this research. The methodology discussion includes the philosophy of science, providing a rationale for the chosen paradigm, followed by an exposition of the research strategy employed in the study and the data collection. Through this chapter, the reader will gain an understanding of the research process, including the critical realism perspective adopted by the researchers.

3.1 Philosophy of science

The philosophy of science is concerned with examining the fundamental assumptions, concepts, and principles that underlie scientific inquiry (Aliyu, et al., 2015). Methodology and research techniques refer to the approach or methods used to investigate the world, shaped by both ontology and epistemology (Aliyu, et al., 2015).

In this chapter, the research paradigm, ontology, and epistemology that support the research study will be presented, illustrating the basic ideas that guide the research approach, how reality is perceived, and how knowledge is acquired. Specifically, the chapter will elaborate on the framework and perspective that guided this research, as well as the assumptions made about the nature of reality and knowledge.

3.1.1 Choice of paradigm

The research is based on the philosophical paradigm of **critical realism**, which has been chosen due to its acknowledgement of the existence of an objective truth that is independent of the narrator's knowledge. It provides a framework for understanding the relationship between the social world and our knowledge of it (Sayer, 2004). The paradigm of critical realism claims the existence of an intrinsic truth of the world that is independent from the narrator's knowledge. This because the narrator's perspective of the world is always mediated by its experience of it (Sayer, 2004). Also, the critical realism paradigm aims to uncover structures and mechanisms that contribute to the phenomenon that is observed (Sayer, 2004). In other words, it seeks to go beyond surface-level appearances and understand the underlying factors that shape and influence the phenomenon.

Another paradigm that was taken into consideration is positivism. Positivism is a philosophical approach that aims to apply the scientific method to study society and human beings in order to develop a comprehensive understanding of social phenomena (Al-Ababneh, 2020). It values direct experience and rejects speculation, with knowledge firmly grounded in what is given through direct experience (Al-Ababneh, 2020). Positivism is closely associated with empirical science and seeks to produce law-like generalizations, similar to the results obtained by physical and natural scientists. It emphasizes the role of scientific discovery and technology as drivers of progress, and maintains a clear distinction between objective, verifiable knowledge and subjective, unverifiable knowledge (Al-Ababneh, 2020). Positivism was not chosen as paradigm for this research because it only recognizes the world as objectively existing and assumes that the truth can only be discovered through scientific investigation. This approach ignores the subjective experiences and interpretations of individuals and the complex social context (Kaboub, 2008; Al-Ababneh, 2020).

The choice of critical realism was based on the researchers' perception of the world, which aligns with the perspective of critical realism and its emphasis on uncovering the underlying structures and processes that shape our experiences.

3.1.2 Ontology

"*Ontology… is the science of what is, of the kinds and structures of objects, properties, events, processes and relations in every area of reality*" (Smith, 2012, p. 47).

Ontology refers to the branch of philosophy that explores the nature of existence and the fundamental characteristics of reality. It is concerned with the question of how we perceive the world and how we define what exists, and it can be seen as the lens through which we interpret and understand the world around us. Essentially, ontology deals with how we think about the world, what we believe to be true about it, and how we conceptualize the nature of existence (Smith, 2012).

Critical realists acknowledge that there are limitations in every theory, interpretation, or explanation of the world. This point of view recognizes that our access to the world and its reality is always mediated through our experiences, perceptions, and conceptual frameworks. This means that our understanding of the world is never complete or objective, but it is always subject to interpretation and revision (Fleetwood, 2005). In other words, the individual experience of the world or of a phenomenon, is always mediated by pre-existing conceptual resources, that are used to interpret and understand what is happening and what has been experienced. The resources can be both subjective of the individual or social-constructed (accepted theories etc.) (Fleetwood, 2005).

Critical realism's ontology suggests that the world is not a homogeneous or uniform entity, but rather, it is complex and stratified (Fleetwood, 2005). This implies that the world is comprised of various interconnected layers, which can be studied and analysed separately (Sayer, 2004). For instance, the interactions between two objects can give rise to a new layer that is distinct from and irreducible to the objects on which it is dependent (Sayer, 2004). An example of the interconnected layers in critical realism can be illustrated through the phenomenon of biology, which can be understood as a combination of physical and chemical processes. This means that the study of biology requires an understanding of both the physical and chemical layers that constitute it (Sayer, 2004). The concept of stratification in critical realism's ontology emphasizes the need to recognize the interdependence of different layers of the world and the complexity of their interactions (Sayer, 2004).

According to the critical realism ontology, social reality is composed of three interconnected domains: the empirical, the actual, and the real (Smith, 2014). The empirical domain refers to what we can directly perceive or observe through our senses, such as what we see, hear, touch, smell, and taste. It involves the information we gather from our immediate experiences of the

world around us (Smith, 2014). The actual domain of critical realism refers to the physical existence of things and the events that happen to them. It includes the tangible and measurable aspects of the world, such as objects, organisms, and natural processes. Critical realism proposes that there are phenomena and events that have objective existence, irrespective of whether they are subjectively experienced or observed (Smith, 2014). The real domain consists of the underlying and not directly visible structures and mechanisms that generate the events observed in the empirical and actual domains. (Smith, 2014). These three domains are not separate, but rather interact and influence each other, forming a complex and multifaceted reality that can be studied and analysed in different ways (Smith, 2014).

To fully understand the differences in purchasing behaviour of luxury products among Generation Z and Millennials, it is essential to explore not only their observable actions but also the underlying social and structural factors that influence their decisions. Critical realism ontology acknowledges that there are complex causal mechanisms and social structures that determine people's purchasing behaviour, which may vary across different generations. For instance, the need to escape from reality may influence Generation Z differently than Millennials. Therefore, this research aims to study the social structures that shape the purchasing behaviour of these two generations towards luxury products.

3.1.3 Epistemology

"E*pistemology is the issue of how we know the world around us or what makes a claim about it true*" (Neuman, 2014, p.95).

Epistemology deals with **how we create knowledge** and what features define scientific knowledge once it has been created (Walsh, 2014). In simpler terms, it is the study of how we know what we know. Epistemology is concerned with the methods we use to generate knowledge, such as observation, experimentation, and logical reasoning, as well as the characteristics of knowledge that result from these methods (Walsh, 2014; Audi, 2010). It explores the sources of knowledge and examines the extent to which we can trust the knowledge we acquire through different methods (Audi, 2010).

Adopting a critical realist paradigm in this research involves acknowledging that social phenomena are not simply a result of observable actions, but rather are shaped by underlying structures and mechanisms. This means that in order to fully understand the differences in purchasing behaviour of Gen Z and Millennials towards luxury products, it is necessary to examine not only the surface-level actions, but also the deeper mechanisms that contribute to these behaviours. By identifying these underlying structures and mechanisms, we can gain a deeper understanding of the social factors that influence purchasing decisions and develop more effective strategies for marketing and branding luxury products to these generations.

As previously stated, the critical realism epistemology acknowledges that our understanding of social reality is always mediated by our own perspectives and experiences (Smith, 2012). Thus, it is important to maintain reflexivity and self-awareness of our own biases and limitations as researchers. It means being transparent about our own positionality and the assumptions that underlie our research, aiming to improve the rigor and validity of our findings.

3.2 Research Strategy

A research strategy refers to the overall approach or plan that a researcher employs to answer a research question (Saunders et al., 2019). It encompasses the methods, techniques, and procedures used in collecting and analysing data. Here we will focus on research design and sampling strategy.

Regarding the **research design**, research methods can be categorized into two groups depending on the nature of data they collect. The first group is quantitative, which involves gathering data in the form of numerical values. The second group is qualitative, which involves collecting data in the form of text, visual images, or other non-numeric forms (Neuman, 2014).

Taking into consideration the choice of paradigm, as well as the research question and the phenomenon being studied, for this academic paper, it has been chosen a quantitative method of research. More specifically, this choice was made for several reasons. First, because the research question requires numerical data to measure and quantify the phenomenon being studied. In fact, being this exploratory research, we don't know if there is actually a difference between the purchase drivers of Millennials and Gen Zers, therefore numerical data is needed to support the hypothesis. Furthermore, the final aim of the research is to generalize the findings

to the complete population of these two generations, and this could be done with a representative sample size, which can be achieved more easily with a quantitative rather than a qualitative research method. This will indeed increase the statistical power of the study. Lastly, quantitative research methods involve the collection of objective data through standardized measures, and this reduces the potential for bias and subjectivity in the data collection process. Thus, the data collection method used in this research is the survey, which will be presented in detail in the paragraph of data collection.

Regarding **sampling strategy**, it has been used a random sample strategy. This can help ensure that the sample of Gen Z and Millennials selected for the study is representative of the larger population, which is important for generalizing the findings, as well as for enhancing the credibility of the study (Kelley, 2003). Moreover, by selecting participants randomly from the population, each member of the population has an equal chance of being selected, regardless of their characteristics or opinions, reducing the potential for bias.

3.3 Data collection

Data collection is a fundamental aspect of any research, and it entails the acquisition of relevant and reliable data to inform research questions. For the purpose of data collection in this research study, the survey method has been chosen.

3.3.1 What is a survey

A survey is a research method that uses a standardized questionnaire to collect data from a sample of a population. It is a quantitative data collection tool that allows researchers to obtain information on attitudes, opinions, behaviours, and other variables of interest (Creswell, 2017).

The scope of this research is to analyse and compare two different population behaviours: Millennials' and Gen Zers'. Surveys are well-suited for such comparative studies, as they enable researchers to collect standardized data from both populations and compare the results using statistical analysis (Morgan et al., 2001). By utilizing a survey, the researchers were able to gather a large amount of data from each population quickly and efficiently, in order to analyse and compare the results in a timely manner. Through the use of this approach, it was

possible to gain insights into the similarities and differences in purchasing behaviour between the two populations and draw conclusions based on the data collected.

3.3.2 Survey design

The 32-item survey (Appendix 1) used in this study was carefully crafted to gather detailed information about purchase behaviour towards luxury goods among Millennials and Generation Z.

The first five questions of the survey were specifically designed to gather demographic information about the respondents and distinguish between the two age cohorts. By asking the participants to indicate their year of birth, it was possible to differentiate between the two groups, with Millennials being born between 1981 and 1996 and Gen Zers born between 1997 and 2012. The remaining 27 questions of the survey were focused on evaluating the participants' drivers of purchase intentions towards luxury goods. The statements presented to the participants were carefully formulated to be relevant to the current landscape of the luxury goods market. Each statement was designed to provide insights into specific purchase drivers, such as perceived value or exclusivity of luxury goods.

The evaluation tool chosen in the research is the Likert scale. The Likert scale is a well-established tool for measuring attitudes and opinions in research. It consists of a set of statements or items that are presented to participants in a real or hypothetical situation. Participants are asked to indicate their level of agreement with each statement on a metric scale, usually ranging from "strongly disagree" to "strongly agree" (Joshi, 2015).

The use of a 7-point Likert scale in the survey provided a reliable and efficient method of data collection, allowing for a more nuanced analysis of purchase behaviour. Indeed, a 7-point scale may be a better choice compared to a 5-point scale (Joshi, 2015). This because the 7-point scale offers more options and thus increases the likelihood of capturing the objective reality of the respondents. The increased range of options allows for a more precise representation of the attitudes or opinions being measured (Joshi, 2015). In addition, a 7-point scale may be more appealing to participants' sense of reason. The additional options provide more opportunity for respondents to express the subtleties and complexities of their views, which can lead to more

accurate and meaningful data. This aligns with the idea of "measurement validity," which aims to ensure that a scale accurately measures what it intends to measure (Joshi, 2015).

The scale allowed participants to express their degree of agreement or disagreement with each statement, rather than simply indicating a binary yes or no response. This approach allowed for more accurate and detailed information to be collected, which in turn facilitated a more thorough understanding of the complex relationships between different behaviours towards luxury goods.

3.3.3 Constructs and items

The survey items were designed to measure the constructs (purchase drivers) related to participants' purchasing behaviour towards luxury products.

The constructs that have been measured in this survey include self-expression, need to escape, impulsiveness, social status, exclusivity, customer experience, perceived quality, perceived risk, perceived value, and sales promotions. The constructs were selected based on a thorough literature review of luxury consumer behaviour and the factors that drive individuals to purchase luxury items (Kang et al., 2016). Self-expression refers to the desire to express one's unique personality and style through luxury purchases. Need to escape represents the desire to reward oneself for hard work and to find pleasure and distraction from problems (Kapferer, 2012). Impulsiveness refers to the tendency to make quick, unplanned purchases of luxury products (Liao et al., 2015). Social status refers to the belief that owning luxury items enhances one's prestige and social status in the eyes of others (Hoyer et al., 2017). Exclusivity is the desire to own luxury items that are unconventional, rare, or stand out from the crowd (Hracs,2012). Customer experience represents the impact of exclusive events, personalized services, and luxurious shopping experiences on purchase decisions (Peppers, 2016). Perceived quality refers to the belief that luxury brands offer superior quality and design (Bilge, 2015). Perceived risk reflects concerns about the unknown quality or durability of luxury items from unfamiliar brands (Bauer,1960). Perceived value refers to the belief that the high price of luxury items is justified by their unique features and benefits (Grewal et al., 1998). Finally, sales promotions reflect the impact of discounts or special offers on luxury purchase decisions (Davari et al., 2022).

Following the identification of these constructs, it has been developed a set of survey items to measure each construct. Adhering to the critical realism paradigm, the items were selected based on the researchers' personal opinion and judgement, informed by the relevant literature of Bargoni et al. (2023) and of Mazodier and Merunka (2014). The researchers made every effort to ensure that the items were grounded in the literature and had demonstrated validity and reliability in previous research.

The items were carefully formulated to capture the nuances of each construct and were selected based on the insights gleaned from the literature review. Each item was designed to be specific, measurable, and easy to understand, while also being able to capture the complexity of the construct being measured. The use of multiple items for each construct helps to increase the reliability and validity of the survey. Each construct is represented by two to four items, this allows for a more comprehensive measurement of each construct (Hair, 2009). By employing these measures, the researchers aim to collect valid data that accurately reflect the behaviours of luxury consumers towards various drivers of luxury consumption.

Constructs	Items
Self-expression	I enjoy buying luxury items as a way to express my unique personality and style.
	Purchasing a luxury product makes you feel more valuable.
	I am willing to pay for luxury items that are aligned with my personal values and beliefs.
Need to escape	I buy luxury items as a way to reward myself for my hard work and accomplishments.
	When I buy luxury items, it gives me pleasure and I don't think about my problems.
Impulsiveness	I carefully evaluate the features of luxury products before making a purchase.
	When I see a luxury product that I like, I buy it immediately.
	Before purchasing a luxury item, I spend some time thinking about it.
Social status	I believe that owning luxury items can enhance my social status and prestige in the eyes of others.
	People prefer to buy luxury products where the logo of the brand is clearly visible.
	People buy luxury brands just to show their superior social status.
Exclusivity	People prefer to let their peers know that the luxury brands they buy are expensive.
	I am more likely to purchase luxury items that are unconventional or stand out from the crowd.
	People buy luxury products to be different from the others.
	The more a luxury product is rare, the more people are attracted to it.
Customer experience	I am more inclined to buy from luxury retailers when they offer exclusive events or experiences, such as private shopping appointments or product launches.
	A luxurious shopping experience, such as champagne or personalized gift wrapping, is a factor that positively impacts my purchase decisions.
Perceived quality	Superior quality and design are the main reasons for buying luxury brands.
	People buy luxury brands at high prices because they are sure of their excellent quality.
Perceived risk	I am hesitant to purchase luxury items from brands that I am not familiar with.
	People purchase luxury brands rather than non-luxury brands to be sure of their friend's approval.
	The high price of luxury items makes me feel certain about the quality and durability of it.
Perceived value	The high price of luxury items is justified by their unique features and benefits.
	I am willing to pay for luxury items because they are perceived as more prestigious from others.
	When people buy a luxury product, they are sure that it is worth their money.
Sales promotions	I am more inclined to buy luxury items if there is a discount or a special offer.
	When I see a luxury item in discount, I perceive it as less desirable.

Table 1. List of constructs and items

3.3.4 Distribution of survey

The survey was distributed online over a period of 15 days during April/May 2023. It has been spread out among various social media platforms (Facebook, Instagram and LinkedIn) and sent directly to the researchers' personal network via WhatsApp, encouraging them to share the survey link with their networks. On the social media platforms, the survey has been posted both on the researchers' personal feed and on several groups such as university groups, as they are aligned with the target audience of the survey (Gen Z and Millennials). Furthermore, the survey has been posted on a community website (Survey circle) that helps finding participants to surveys for academic purposes.

The distribution of the survey resulted in 227 respondents and **123 completed**, with a 54% completion rate. However, two of those responses were not taken into consideration due to the fact that they did not represent the target group of this research.

4. Analysis

In this chapter, the researchers will present the analysis of the data obtained from the online survey. The first part will regard the demographic data in order to give a better understanding of the participants of the survey. Following, the responses to the 27 items will be analysed to find similarities and differences between the two target groups, Gen Zers and Millennials. The complete survey can be found in Appendix 1.

4.1 Demographic analysis

The first five questions of the survey were intended to gather information about the characteristics of the respondents. This can provide valuable context for the analysis and can let the researchers examine how different subgroups within the population may have varied responses and identify potential patterns or differences.

The first question asked the gender of the participants. Out of the total 121 respondents, the data reveals that 45 (37%) are males and 74 (61%) are females. It is worth noting that 2 respondents, constituting approximately 2% of the sample, either identified as "other" or chose not to disclose their gender preference.

Then, the survey included a question to determine the age distribution of the participants, shedding light on the generational composition of the sample, as intended by the research question of this paper. Among the respondents, 47 individuals fell into the Millennial age group (born 1981-1996), representing approximately 39% of the total sample, while 74 participants belong to the Gen Z generation (born 1997-2012), accounting for around 61% of the sample. The data highlights that there is a discrepancy between the representation of the two age cohorts and the researchers are aware that this could lead to bias in the interpretation of the results.
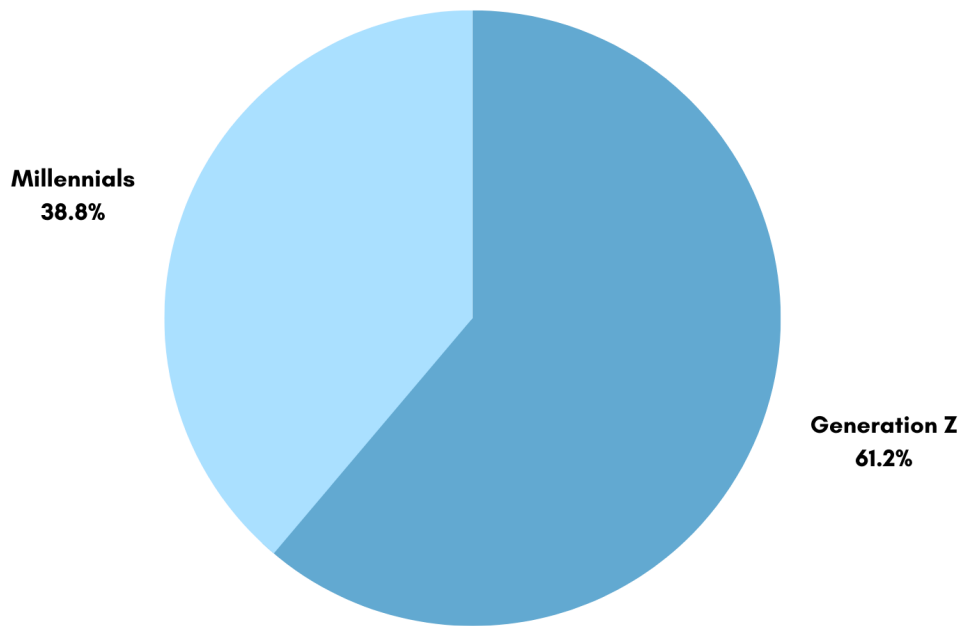
Figure 6. Generation distribution of respondents

The next question was intended to gather information about the nationality of the participants. This question sought to understand the diverse backgrounds and origins of the respondents. By collecting data on nationality, researchers can explore potential variations in responses based on cultural, social, or geopolitical factors. Furthermore, the data on nationality contributes to the overall understanding and contextualization of the survey results within a broader global context. Out of the total 121 respondents, 59 are Italians, representing approximately 48% of the entire sample population. The remaining 52% is composed of various nationalities.

The last two demographic questions regard the educational background and the household monthly income of the participants. These questions help the researchers to have a more complete understanding of the respondents and to identify similarities and differences between the two age cohorts. The survey revealed that the majority of participants, comprising 46% of the sample, have either completed or are currently pursuing a master's degree. Furthermore, the same number of participants reported a monthly income after taxes ranging between €1001 and €3000. These findings highlight the prevalence of individuals with advanced educational backgrounds and a moderate-income level within the surveyed population. Understanding the educational attainment and income range provides valuable insights into the socioeconomic

characteristics of the participants, which can be further analysed in relation to their responses and behaviours in the survey.

4.2 Symbolic constructs and items analysis

The following paragraphs dive into the analysis of the collected survey data, focusing on the two key generations: Generation Z and Millennials. The primary focus will be on examining the constructs and items related to symbolic purchase drivers. This analysis aims to provide a better understanding of the factors influencing the purchase behaviour of these generational cohorts.

4.2.1 Self-expression

The first symbolic driver that has been analysed in the survey is **self-expression**. This construct was examined through the use of three separate items that sought to gauge the impact of self-expression on respondents' purchasing choices.
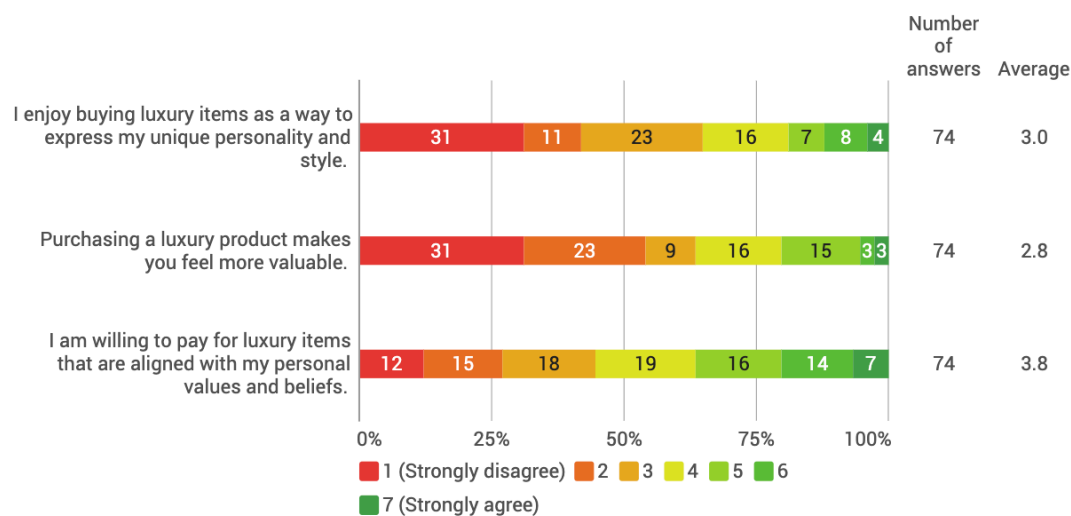

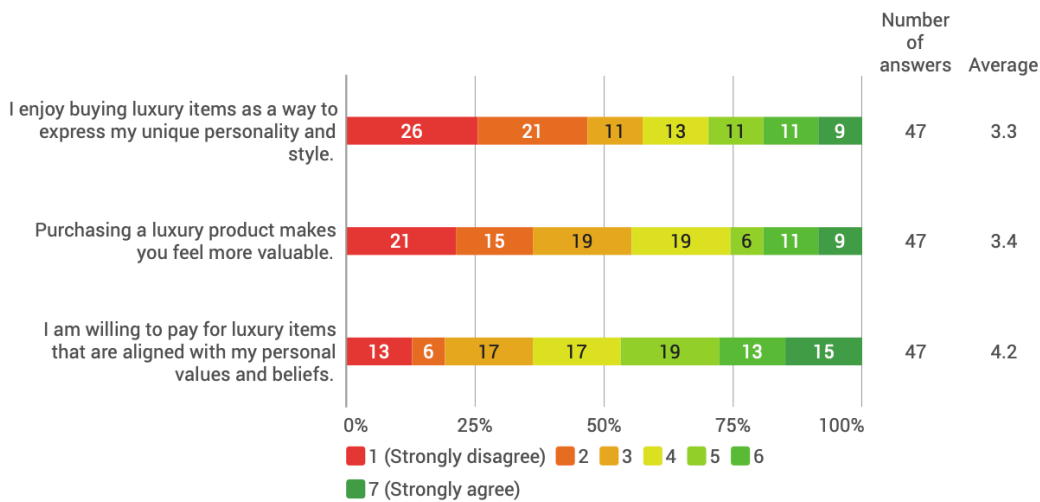Figure 7A. Self-expression survey data of Gen Z

Figure 7B. Self-expression survey data of Millennials

The first item that all the respondents answered in the survey was:

"*I enjoy buying luxury items as a way to express my unique personality and style*".

The statement received an average response of 3.0 on the 7-point Likert scale from the 74 Generation Z respondents. Notably, 31% of the total respondents (representing a significant portion) strongly disagreed with the statement, selecting a score of 1, and overall, 62% of them disagreed with the item (score 1-3). This indicates that a substantial number of Gen Z participants did not align with the idea of finding pleasure in purchasing luxury items as a means of expressing their individuality. The average response from Millennials for the same statement was 3.3 on the 7-point Likert scale. Looking at the distribution of Millennials' answers, 58% of them disagreed with the statement, as they selected a score between 1 and 3. Furthermore, the majority of them (26%) are represented in the first point of the Likert scale.

The second item utilized to examine the impact of the self-expression driver was:

"*Purchasing a luxury product makes you feel more valuable*".

The Gen Z respondents provided an average response of 2.8 to this statement, indicating a moderate level of disagreement overall. Notably, more than 50% of the Gen Z participants responded with scores between 1 and 2, with 31% strongly disagreeing (score of 1) and 23% moderately disagreeing (score of 2). In contrast, Millennials provided an average response of

35

3.4 on the Likert scale for the same item, reflecting a different trend compared to Generation Z. In fact, the percentage of answers in the range of 1-2 in the Likert scale is the 36%, showing a more moderate disagreement.

The third and last item used to investigate the self-expression driver was:

"I am willing to pay for luxury items that are aligned with my personal values and beliefs".

The Gen Z respondents displayed a nearly equal distribution of responses, resulting in an average score of 3.8 on the Likert scale. This indicates a balanced perspective among Gen Z participants regarding the statement. The responses were spread across the range of the Likert scale, indicating a comparable distribution across all possible response options. Similarly, the responses from Millennials exhibited an evenly distributed pattern, resulting in an average score of 4.2 on the Likert scale. Their responses were spread across the various options on the Likert scale, suggesting a comparable distribution of agreement and disagreement.

The analysis of the first construct underlines the fact that Generation Z seems to be little motivated by the driver of self-expression. Regarding the Millennial group, the data shows a similar pattern with Generation Z, even if the disagreement with the statements is less radical.

4.2.2 Need to escape

The second symbolic construct that the researchers wanted to investigate was the **need to escape**. This construct aims to examine the psychological desire for escapism and explored its relationship to luxury consumption. To assess this construct, research participants were presented with two specific items. The objective was to understand the extent to which individuals sought escapism through luxury consumption and the motivations behind this behaviour.
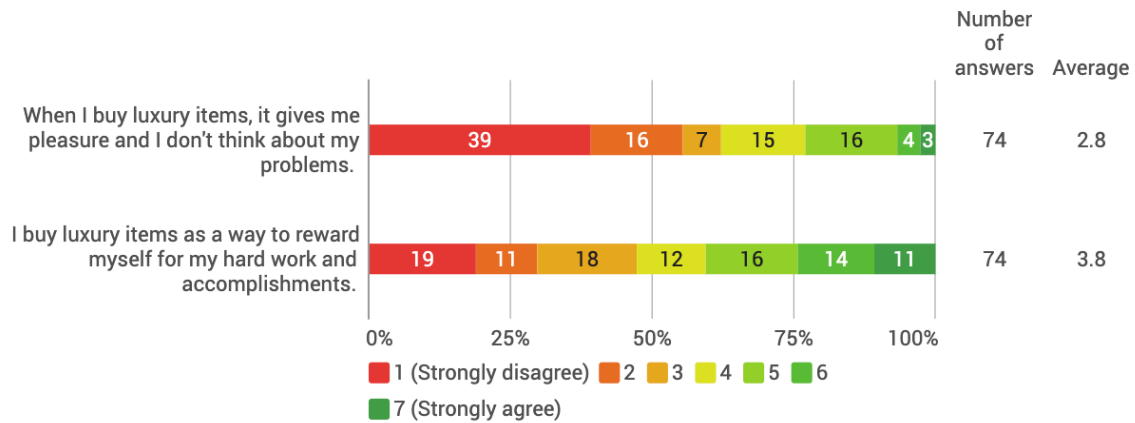
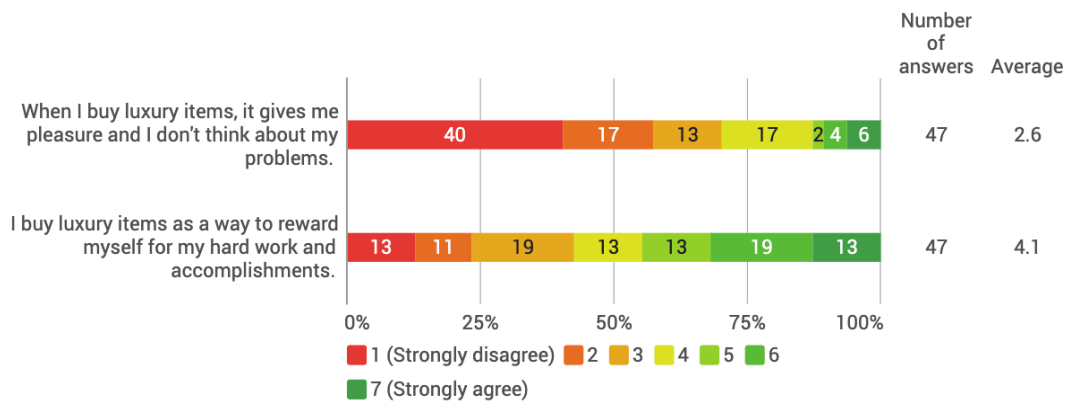Figure 8A. Need to escape survey data of Gen Z

Figure 8B. Need to escape survey data of Millennials

The first item was:

> *"When I buy luxury items, it gives me pleasure and I don't think about my problems"*.

Interestingly, both Generation Z and Millennials demonstrated similar responses to this item. Gen Z respondents provided an average response of 2.8, with 39% of participants selecting a score of 1 (indicating strong disagreement). Similarly, Millennials had an average response of 2.6, with 40% of respondents also choosing a score of 1. These findings suggest a comparable trend between the two generations, with a significant portion of both Gen Z and Millennials expressing a strong disagreement with the statement.

The second item used to analyse the driver was:

"I buy luxury items as a way to reward myself for my hard work and accomplishments".

When considering this item, it is worth noting that Gen Z respondents provided an average response of 3.8 points on the Likert scale, proving a moderate level of agreement overall. Millennials exhibited a slightly higher average response of 4.1 points for the same item. This indicates that, on average, Millennials demonstrated a stronger inclination towards agreement with the statement.

In conclusion, the influence of need to escape when purchasing luxury goods is comparable between Millennials and Gen Zers. Both groups answered with a similar pattern to the items used to investigate the construct, showing to be little influenced by the driver.

4.2.3 Impulsiveness

In this research, the third symbolic construct considered significant for analysis was **impulsiveness**. Understanding the role of impulsiveness in consumer behaviour provides valuable insights into decision-making processes. To investigate impulsiveness, three items were employed in the survey.
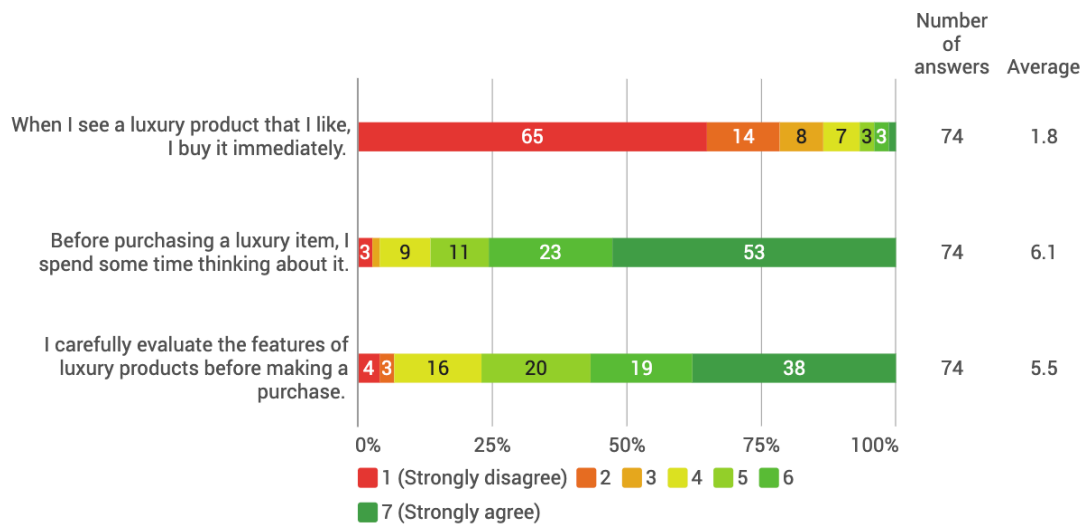

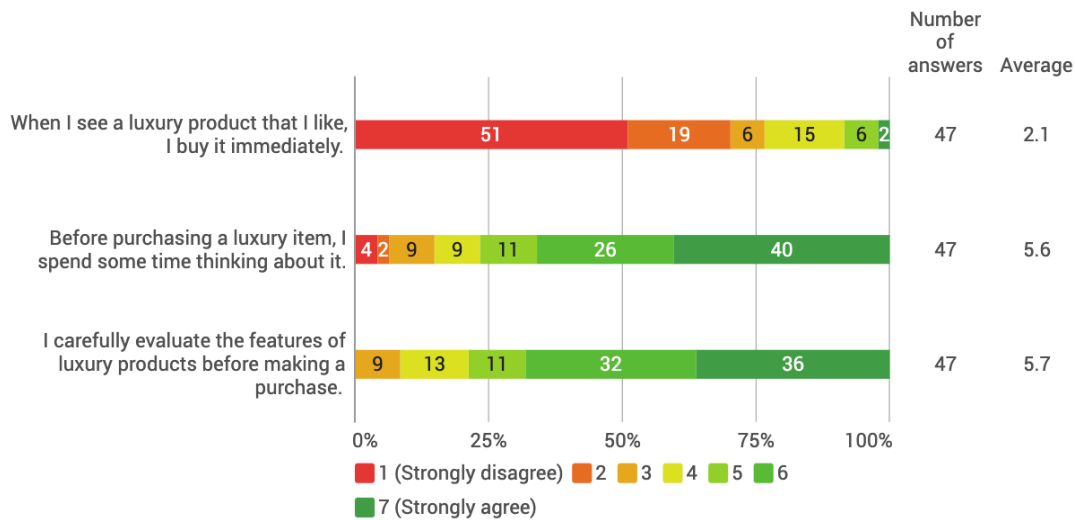Figure 9A. Impulsiveness survey data of Gen Z

Figure 9B. Impulsiveness survey data of Millennials

The first item corresponded to:

"When I see a luxury product that I like, I buy it immediately".

The responses from Gen Zers to this specific item presented an interesting and noteworthy finding. The average response from Gen Z participants was 1.8 on the Likert scale, indicating a strong disagreement with the statement. Moreover, a substantial majority of 65% of the respondents selected a score of 1, signifying a robust rejection of impulsive tendencies. Similarly, Millennials also demonstrated a tendency to disagree with the statement related to impulsiveness, as indicated by their average response of 2.1 on the 7-point Likert scale, with 51% of the respondents that opted for "strongly disagree" (1 point on the Likert scale).

The second item that the researchers used in order to investigate the purchase driver of impulsiveness was:

"Before purchasing a luxury item, I spend some time thinking about it".

Respondents from the Generation Z group displayed a notable tendency to spend some time thinking about their decisions. The average response for this item among Gen Z participants was 6.1 on the 7-point Likert scale. A significant majority of 76% of Gen Z respondents selected scores of 6 and 7, highlighting a consistent pattern of dedicating substantial consideration to their luxury buying decisions. This high average score indicates a strong

agreement with the statement, suggesting that a significant majority of Gen Z individuals take the time to carefully contemplate their luxury purchases before making a decision. In contrast to the Gen Z respondents, the Millennials showed a slightly lower average score of 5.6 on the Likert scale for the item. In particular, 66% of the respondents selected scores of 6 and 7, indicating a tendency to firmly agreeing with the statement as well.

The third and final item used to assess impulsiveness among the respondents was:

"I carefully evaluate the features of luxury products before making a purchase".

In this specific case, the responses from both Gen Z and Millennial generation exhibited similarities in their evaluation of the statement. Gen Z respondents had an average score of 5.5 on the 7-point Likert scale, while Millennials had a slightly higher average score of 5.7. Interestingly, for the Millennial group, nobody answered with the point 1 of the Likert scale.

Analysing the impact of impulsiveness in buying luxury products, it is evident that even though the answers have the same overall tendencies, Gen Zers are very cautious in approaching the luxury market, while Millennials seems to be slightly more impulsive. However, neither of the two groups seem to be driven by impulsiveness to buy luxury products.

4.2.4 Social status

After examining the construct of impulsiveness, the researchers proceeded to analyse the items that aimed to investigate the significance of **social status** when purchasing a luxury product. These items were developed to assess the extent to which individuals consider social status as a motivating factor or influence in their luxury buying behaviour.
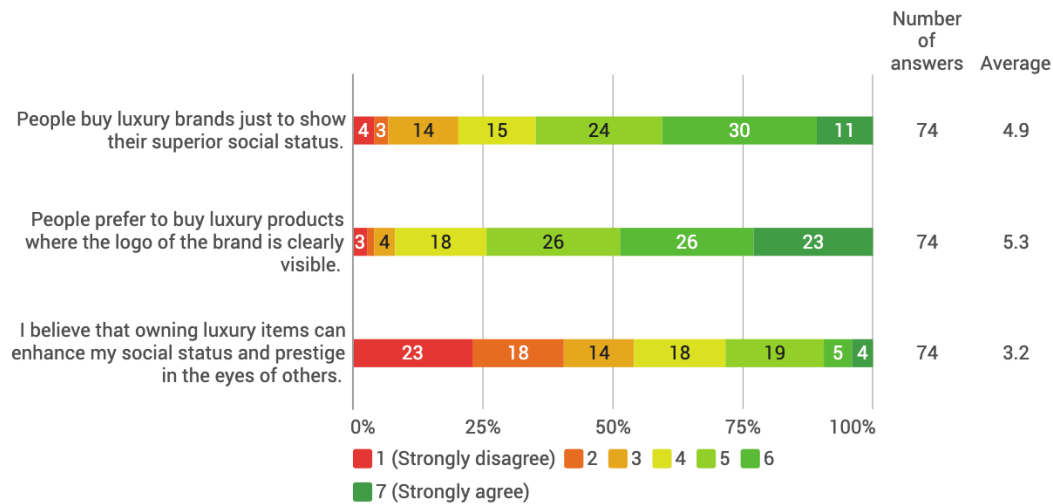
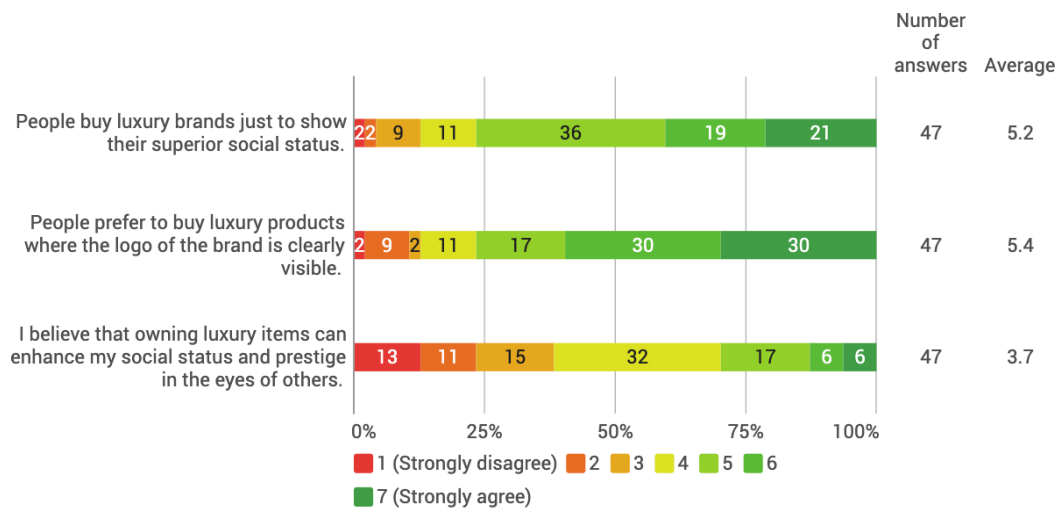Figure 10A. Social status survey data of Gen Z

Figure 10B. Social status survey data of Millennials

The first item was:

"People buy luxury brands just to show their superior social status".

In the evaluation conducted among Gen Z respondents, the average score on the 7-point Likert scale was 4.9. Notably, the largest group of respondents (30%) selected a score of 5, indicating a moderate agreement with the statement. Similarly, among the Millennial participants, the average score on the Likert scale for this item was 5.2. However, the majority of respondents (36%) chose a score of 3, suggesting a mild degree of disagreement with the statement.

The second item employed in the research to examine the significance of social status in luxury purchases was:

"People prefer to buy luxury products where the logo of the brand is clearly visible."

This item aimed to assess whether individuals prioritize purchasing luxury items with prominently visible brand logos as a means to enhance their social status. Interestingly, the average scores for this item among Gen Z and Millennial respondents were quite similar, differing by only 0.1 points. The average score for the Gen Z group was 5.3 on the 7-point Likert scale, while Millennials had an average score of 5.4. This indicates a moderate agreement among both generations regarding the preference for luxury products with prominently displayed brand logos. The minor difference in average scores suggests that both Gen Z and Millennials perceive the visibility of brand logos as somehow important when making luxury purchases.

In addition to the previous items, the researchers examined social status through the use of a third statement:

"I believe that owning luxury items can enhance my social status and prestige in the eyes of others".

This statement aimed to gauge individuals' perceptions regarding the impact of luxury possessions on their social standing and how they are perceived by others. The responses to this statement revealed some differences between the Gen Z and Millennial groups. Among the Gen Z respondents, the average score was 3.2 on the 7-point Likert scale, indicating a slight level of disagreement with the belief that owning luxury items can enhance their social status. Conversely, the average score among the Millennials was somewhat higher at 3.7. Interestingly, 32% of the responses fell within the 4-point range, suggesting that the group expressed a neutral stance towards the notion that luxury possessions contribute to their social standing and prestige in the eyes of others.

In conclusion, through the analysis of this driver, it is possible to state that both groups consider social status as a relevant driver when buying luxury items. This being said, it is clear that there

is a difference between the two groups. Indeed, Millennials have the tendency to be more influenced by the social status driver than Generation Z.

4.2.5 Exclusivity

The researchers identified **exclusivity** as the fifth significant driver when purchasing a luxury good. To explore this construct, they employed four distinct items to gauge the importance of exclusivity in luxury product purchases. By utilizing these items, the researchers aimed to capture respondents' perceptions of exclusivity as a motivating factor when considering luxury purchases. The items were designed to assess various aspects related to the concept of exclusivity and its influence on consumer behaviour.
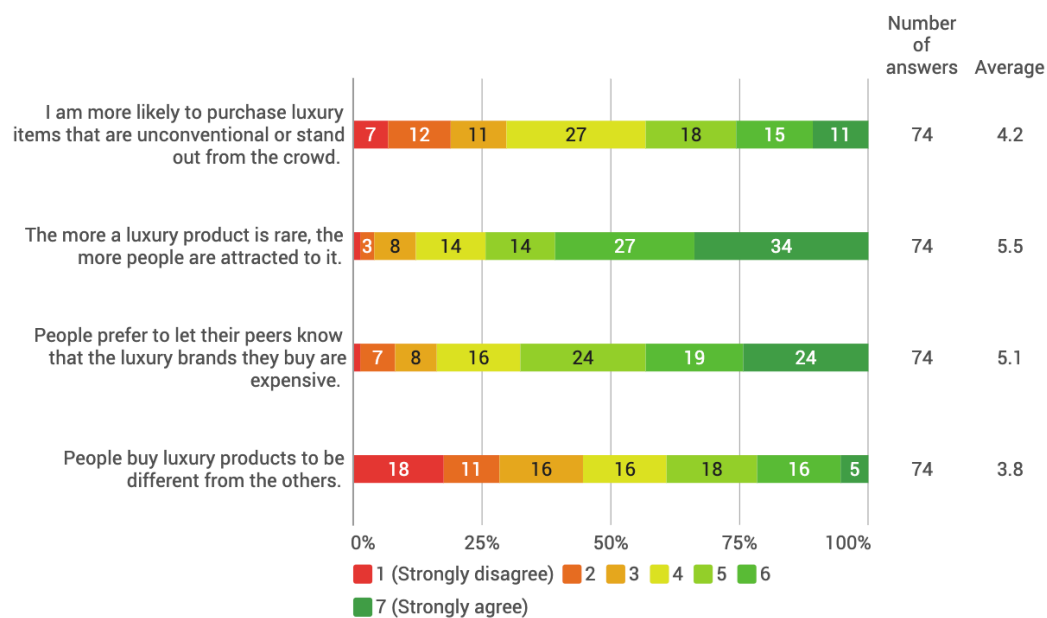

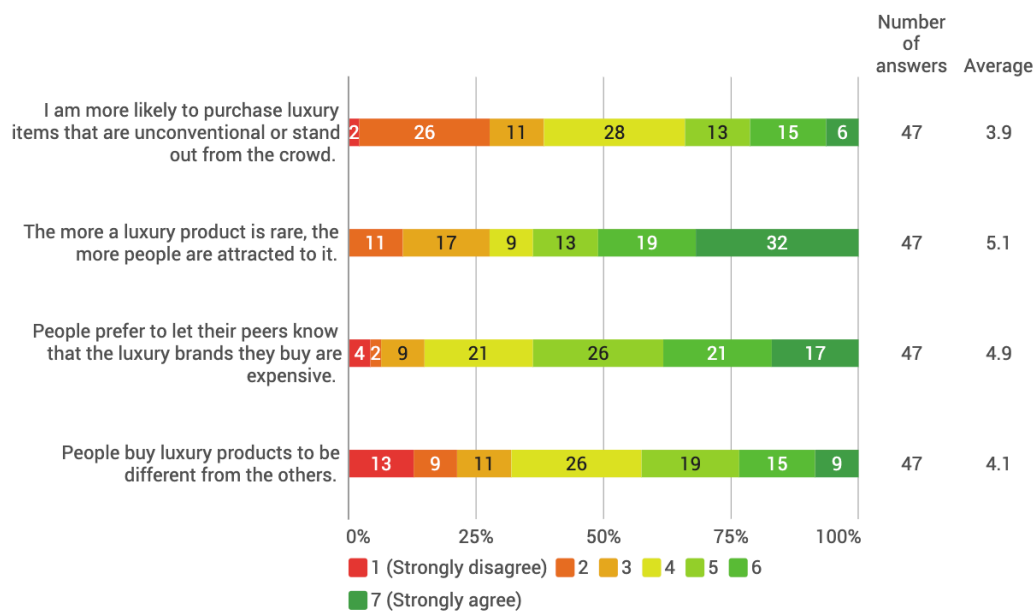Figure 11A. Exclusivity survey data of Gen Z

Figure 11B. Exclusivity survey data of Millennials

One of the items used to investigate the construct of exclusivity was:

"I am more likely to purchase luxury items that are unconventional or stand out from the crowd."

This item aimed to assess individuals' inclination to choose luxury products that deviate from conventional norms and attract attention. The responses to this item revealed some differences between the Gen Z and Millennial groups. The average score among Gen Z respondents was 4.2 on the 7-point Likert scale, indicating a moderate agreement with the statement. On the other hand, Millennials had an average score of 3.9, with 39% of answers in the range between 1 and 3. This suggests a modest disagreement with the idea of preferring unconventional or standout luxury items.

Another item used to explore the concept of exclusivity was:

"*The more a luxury product is rare, the more people are attracted to it."*

This statement aimed to assess individuals' perceptions regarding the relationship between rarity and the appeal of luxury products. According to the survey data, Gen Z respondents provided an average score of 5.5 on the 7-point Likert scale for this item, indicating a relatively

high level of agreement with the statement. On the other hand, Millennials had an average score of 5.1, suggesting a slightly lower degree of agreement regarding the influence of rarity on attraction towards luxury items. These finding highlights differences between Gen Z and Millennials regarding the impact of rarity on the appeal of luxury goods. Gen Z respondents, on average, expressed a stronger belief in the connection between rarity and attractiveness. Meanwhile, Millennials displayed a slightly lower degree of agreement with it.

The third item employed to investigate the significance of exclusivity in the context of luxury goods was:

"People prefer to let their peers know that the luxury brands they buy are expensive".

This statement aimed to explore individuals' tendencies to actively communicate the high cost associated with the luxury brands they choose to purchase, thereby signalling their exclusivity and financial investment. Analysing the survey responses, it is evident that both Gen Z and Millennials recognise the importance of exclusivity through the display of luxury brand spending. The average score of Gen Z respondents for this particular item was 5.1 on the 7-point Likert scale, indicating a moderate level of agreement with the statement. Similarly, Millennials scored an average of 4.9, denoting a comparable level of agreement with the intention to explicitly communicate the expensive nature of luxury brands to their peers. Interestingly, a considerable portion of respondents from both generational groups showed a strong inclination towards agreement with the statement. In particular, 24% of Gen Z respondents gave a score of 7 on the Likert scale, indicating a high level of accord. Among Millennials, 17% expressed the same degree of agreement, emphasising the recognition of the significance attached to conveying the expensive nature of their luxury brand purchases.

The fourth and final item utilized to investigate the relevance of exclusivity as a driving factor in luxury purchases was:

"People buy luxury products to be different from others."

This statement aimed to explore individuals' motivations for acquiring luxury goods as a means of setting themselves apart and expressing their uniqueness. Analysing the data from the survey, it is apparent that both Gen Z and Millennials perceive a certain level of importance in

expressing their uniqueness through luxury purchases. The average score of Gen Z respondents for this item was 3.8 on the Likert scale, indicating a moderate level of agreement with the statement. Similarly, Millennials had an average score of 4.1, suggesting a slightly higher level of agreement with the desire to stand out from others through luxury products.

Concluding, both groups expressed the relevance of exclusivity when buying luxury items. A mild difference can be seen in the evaluation patterns. In fact, Gen Zers expressed a stronger relevance regarding exclusivity than Millennials.

4.2.6 Customer experience

Lastly, the researchers have examined the importance of **customer experience** as a symbolic driver in the purchase decision-making process. This construct has been investigated through the use of two specific items.
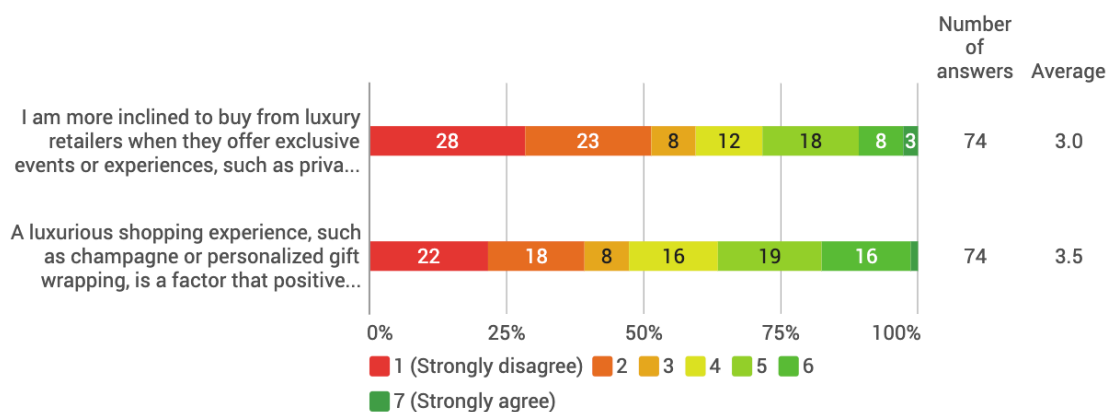

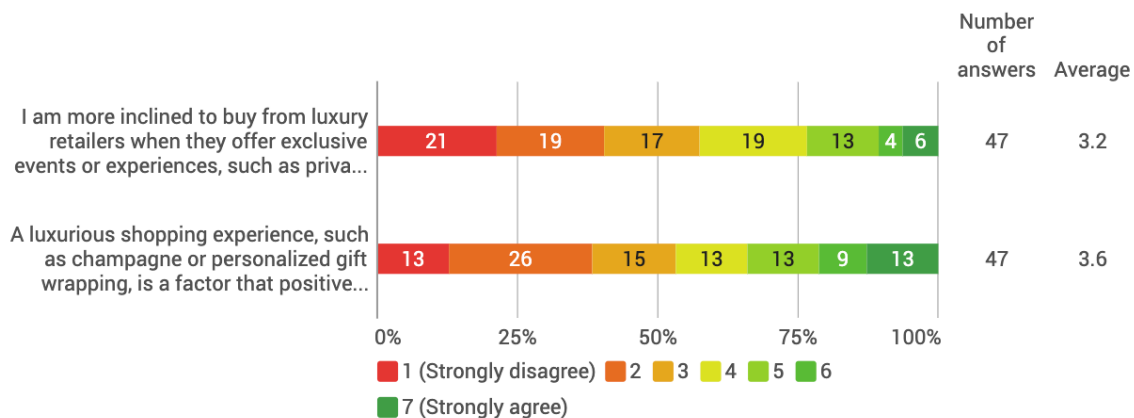Figure 12A. Customer experience survey data of Gen Z

Figure 12B. Customer experience survey data of Millennials

The first item used to explore the significance of customer experience was:

"I am more inclined to buy from luxury retailers when they offer exclusive events or experiences, such as private shopping appointments or product launches."

This statement focuses on the influence of exclusive events and experiences offered by luxury retailers on consumers' purchasing decisions. It was found that the average response of the Gen Z group to this item was 3.0 on the Likert scale, indicating a mild level of discord with purchasing from luxury retailers when exclusive events or experiences are offered. Similarly, the average response of the Millennial group was 3.2, indicating also a contrary stance, with 40% of responses being between the range 1-2 on the Likert scale.

The second and final item used to investigate the importance of customer experience was:

"A luxurious shopping experience, such as champagne or personalized gift wrapping, is a factor that positively impacts my purchase decisions."

This item aimed to explore how luxurious elements during the shopping experience influence consumers' purchase decisions. From the data analysis, the results are that Gen Z respondents gave an average response of 3.5 on the 7-point Likert scale for this item, with 40% of responses between 1-2. Similarly, among respondents from the Millennials group, the average response to this item was 3.6, with 39% of responses between 1-2. This reflects a level of disagreement comparable to that of respondents in the Gen Z group.

All in all, the data shows that customer experience is not one of the main motivators to buy luxury products for both the Gen Z group and the Millennial one. However, the latter proved to be slightly more influenced by this driver.

4.2.7 Conclusion of symbolic drivers' analysis

In conclusion, the analysis of symbolic constructs and items provides insights into the purchase behaviour of Generation Z and Millennials. The analysis of self-expression indicates that both generations are less motivated by self-expression when purchasing luxury items. The need to

escape does not strongly influence their luxury consumption. Impulsiveness is not a significant driver for either generation, with Generation Z being more cautious. Social status plays a role in luxury purchases for both groups, but Millennials are more influenced by it. Exclusivity is moderately important, with Generation Z showing a stronger belief in rarity and Millennials valuing communication of luxury brand expenses.

Overall, the findings suggest that while there are similarities, there are also nuanced differences in the symbolic drivers influencing the purchase behaviour of Generation Z and Millennials.

4.3 Functional constructs and items analysis

In the following analysis, we will shift our focus to the functional purchase drivers, exploring the constructs and items that influence the buying decisions of Generation Z and Millennials. These functional drivers encompass factors such as perceived quality, perceived risk, perceived value and sales promotions, which play a crucial role in determining the practical aspects of luxury purchases.

4.3.1 Perceived quality

Starting with the construct of **perceived quality**, it refers to the subjective assessment or judgment individuals make about the overall quality of a product, that can influence consumer decisions and preferences. The corresponding items that were used to assess the influence of the driver on the purchase intentions of the respondents were two.
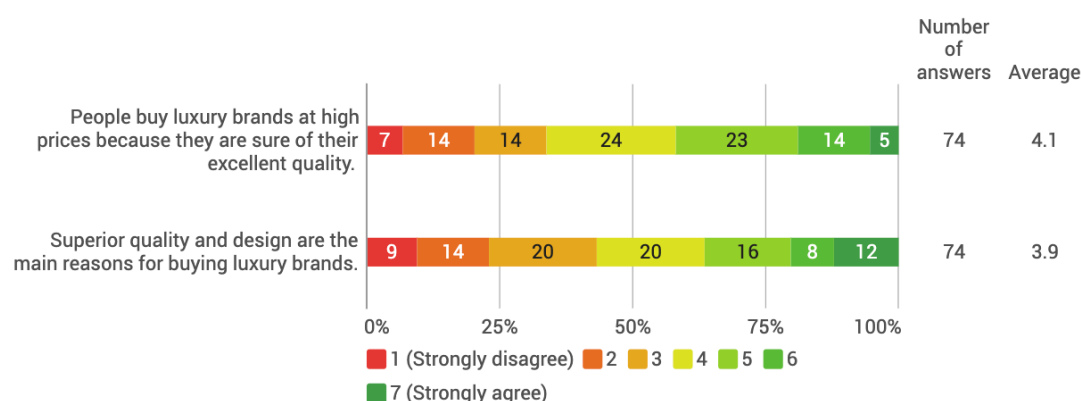

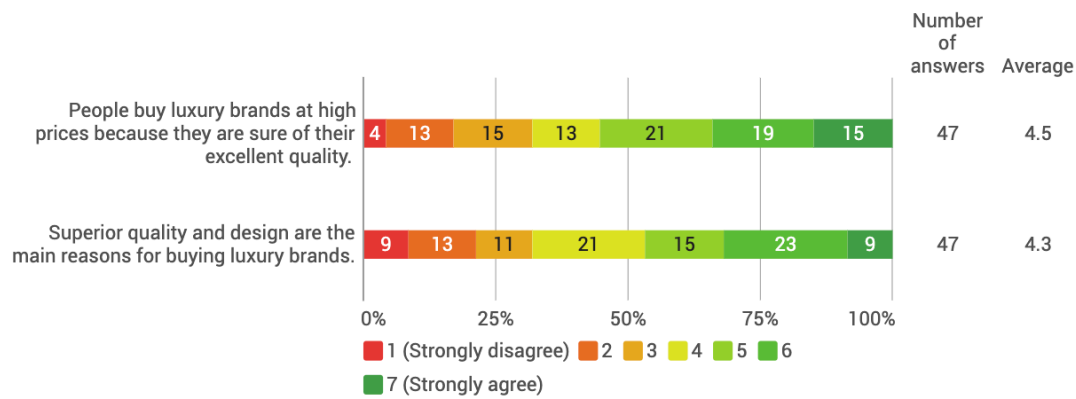Figure 13A. Perceived quality survey data of Gen Z

Figure 13B. Perceived quality survey data of Millennials

The first item was:

"People buy luxury brands at high prices because they are sure of their excellent quality".

When looking at the 74 responses from the Gen Zers, this statement received an average of 4.1 on a 7-point Likert scale. 47% of the respondents selected an answer between 4 and 5 meaning that the overall sentiment of the item is in the direction of a moderate agreement with it. On the other hand, the Millennial generation has an average response of 4.5, with 55% of the answers being between 5 and 7, showing a higher level of agreement with the item.

The second item of this construct was:

"Superior quality and design are the main reasons for buying luxury brands".

This statement received a 3.9 average response from Gen Z participants. However, it is noteworthy that 43% of the responses fell within the range of 1 to 3 on the Likert scale, indicating a tendency towards disagreement. In contrast, Millennial generation's average response is 4.3, with 47% of the participants that have selected an answer between 5 and 7, showing an inclination to agreement with the item.

To sum up, both generations seem to be somehow driven by perceived quality when buying luxury items. However, the Millennial group is clearly giving more relevance to it.

4.3.2 Perceived risk

Regarding the construct of **perceived risk**, it refers to the subjective evaluation or assessment individuals make regarding the potential negative outcomes or uncertainties associated with a purchase. The items presented in the survey for this construct were three.
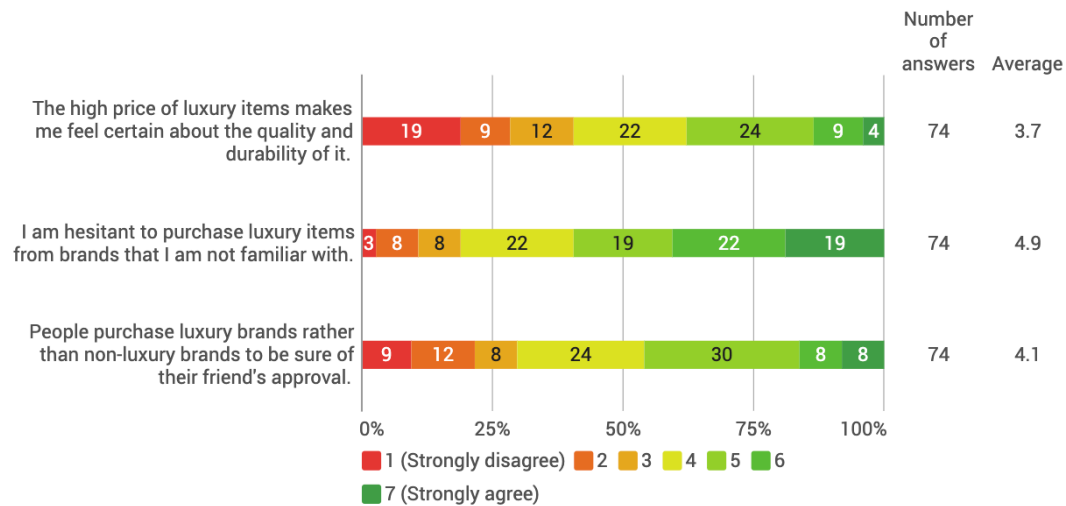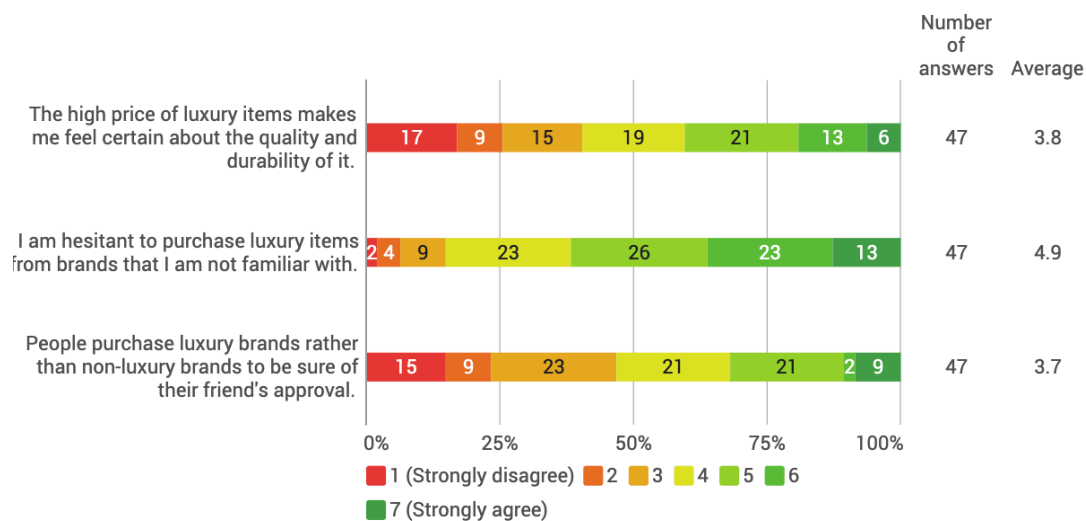

Figure 14A. Perceived risk survey data of Gen Z

Figure 14B. Perceived risk survey data of Millennials

The first item was:

"The high price of luxury items makes me feel certain about the quality and durability of it".

This item received a 3.7 average response from the Gen Z generation. Nevertheless, looking at the percentages of the different points in the scale, there is not a clear tendency to agreement

or disagreement. In fact, 24% of the participants selected point 5 in the scale, indicating a moderate agreement, but at the same time 19% of the responses fell into the point 1, showing a strong disagreement with the item. The situation is very similar for the Millennial group, as the average response is 3.8. In the same way as for Gen Zers, Millennials seem to be spread between the whole range on the Likert scale, with for example 15% on point 3 and 21% on point 5.

The second item presented to the respondent group in the survey was:

"I am hesitant to purchase luxury items from brands that I am not familiar with."

Impressively, this item received an average score of 4.9 from both the Gen Z and Millennial groups, indicating an equal level of consideration among participants. However, there were noteworthy distinctions in the voting patterns between these two demographic groups. Gen Z respondents opted voting for points 3 and 5 on the Likert scale. Indeed, 22% of voters from Gen Z expressed their preference with the score 3 and the same amount for score 5. In contrast, Millennials displayed a preference for a more moderate rating, with 26% of voters opting for a score of 4.

Third and last item for the construct of perceived risk was:

"People purchase luxury brands rather than non-luxury brands to be sure of their friend's approval".

The average scores on the 7-point Likert scale differed between Gen Zers and Millennials. Gen Z respondents gave this item an average score of 4.1, indicating a moderate level of agreement with the statement. On the other hand, Millennials scored it slightly lower, with an average of 3.7. Interesting is the fact that 30% of Gen Z respondents favoured the rating of 5 points on the Likert scale, indicating a prevailing trend for this item. In contrast, for Millennials, the prevailing trend was the rating of 3, chosen by 26% of voters, representing a quite different perception on the item.

To conclude, when purchasing luxury products, the driver of perceived risk is almost equally perceived by both generations.

4.3.3 Perceived value

The construct of **perceived value** examines the extent to which individuals are influenced by their perception of a product's value when making luxury purchases. It focuses on assessing the importance given to the perceived value and benefits of the product during the decision-making process. The driver has been investigated in the survey through the use of three items.
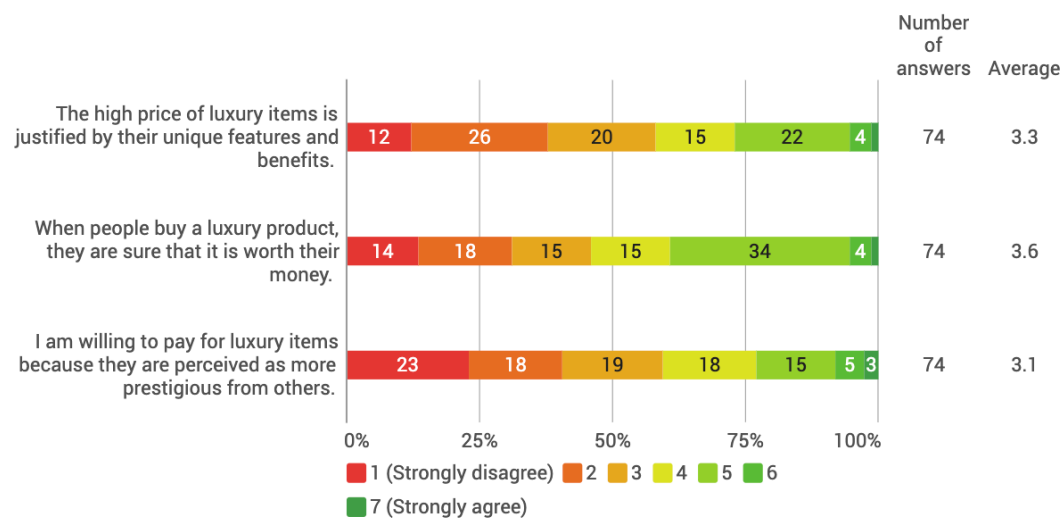

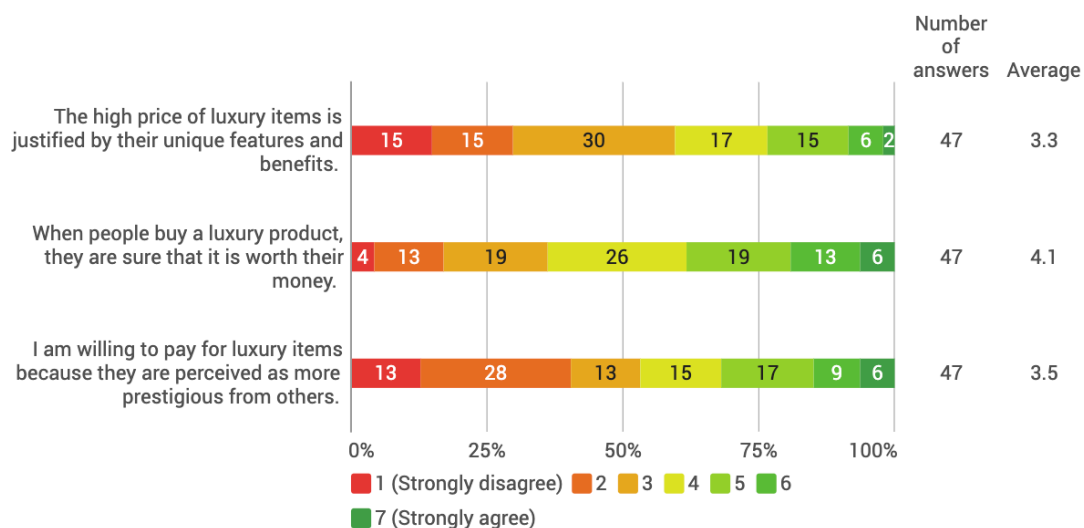Figure 15A. Perceived value survey data of Gen Z

Figure 15B. Perceived value survey data of Millennials

The first item was:

"The high price of luxury items is justified by their unique features and benefits".

Within the Generation Z group, there was a moderate level of disagreement concerning the statement, as evidenced by an average score of 3.3 on the 7-point Likert scale. The highest portion of respondents, accounting for 26% of them, selected the rating of 3. Similarly, Millennials also exhibited an average score of 3.3 on the 7-point Likert scale regarding the perceived value construct. However, their trend differed, with a majority of 30% of respondents selecting the score of 4, showing a quite neutral tendency.

The second statement that the groups of respondents had to evaluate was:

"When people buy a luxury product, they are sure that it is worth their money".

As well as the previous statement, also for this one the majority of Gen Zers opted for a moderate level of disagreement, with an average score of 3.6. Millennials average score was a little higher, equal to 4.1. A key aspect that came to light during the analysis is that there is a major difference between the two groups voting patterns. In fact, regarding Gen Zers it is clear that, even if the average score is 3.6, a large portion of the group (34%) opted for score 5 on the Likert scale, showing an inclination to agreement with the item. On the other hand, Millennials preferred a more neutral answer, with the trend that is assessed on score 4 with 26%. Regarding the Millennials' evaluation pattern, it is curious to note the distribution of votes, which were almost equally spread across both ends of the Likert scale.

The third and last item for this construct was:

"I am willing to pay for luxury items because they are perceived as more prestigious from others".

Among the Generation Z group, the average score for this item was 3.1 on the 7-point Likert scale. The most prevalent trend within this group was the selection of score 1, with 23% of participants expressing strong disagreement with the statement. On the other hand, Millennials had a slightly higher average score of 3.5 on the Likert scale for this item. Here the prevailing trend among this group was the selection of score 2, with 28% of participants indicating a level

of disagreement as well with the notion that luxury items are valued for their perceived prestige by others.

All in all, the driver of perceived value seems to be little motivating for buying luxury products in both age cohorts. However, Gen Zers perceive it as a mild higher motivating factor.

4.3.4 Sales Promotions

The tenth and last construct examined in the research was **sales promotions**, which was investigated through the use of two items presented to the participants. This construct aimed to explore the impact of sales promotions on consumers' perceptions and behaviours related to luxury purchases.
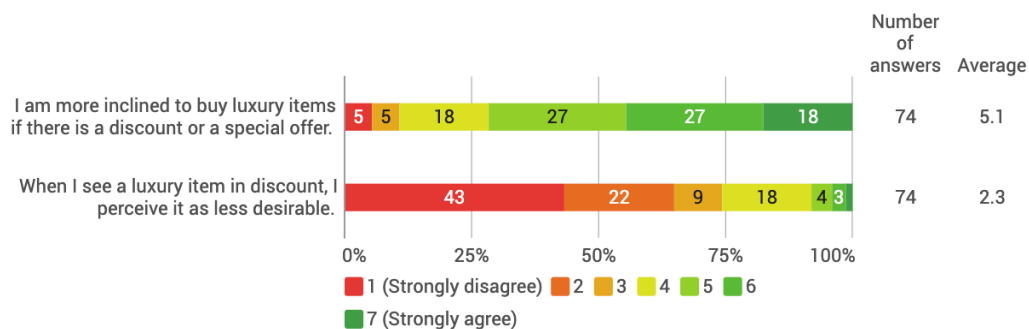

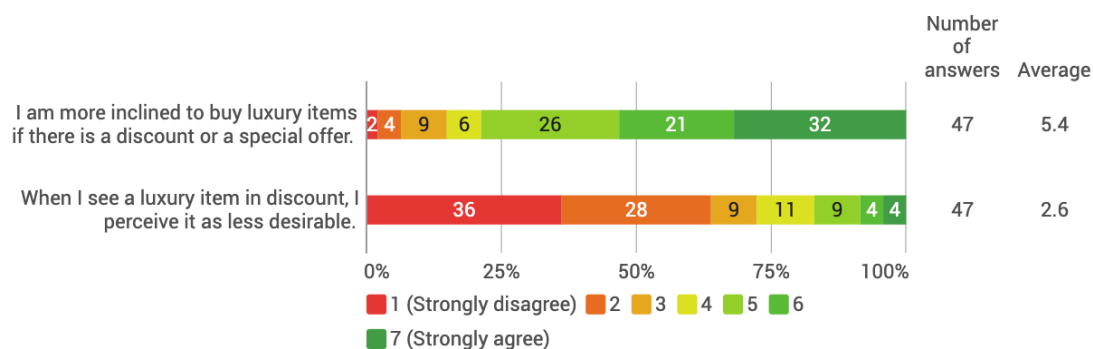Figure 16A. Sales promotions survey data of Gen Z

Figure 16B. Sales promotions survey data of Millennials

The first item was:

> *"I am more inclined to buy luxury items if there is a discount or a special offer"*.

To this first statement Generation Z group exhibited a high level of agreement with it, as indicated by an average score of 5.1 on the 7-point Likert scale. The voting trend for this item was predominantly centred around scores 5 and 6, with 27% of respondents selecting each option. Collectively, these two scores accounted for a majority preference of 54%. In a similar way, the Millennial group also displayed a strong level of agreement with the statement, with an average score of 5.4 on the Likert scale. Notably, the prevailing trend for Millennials was the highest score of 7, chosen by 32% of the voters. Upon closer examination, it becomes evident that out of the 47 participants from the Millennial group, 37 of them (approximately 79%) expressed agreement by selecting a score equal to or greater than 5. This highlights the significant impact of sales promotions on the purchasing decisions of Millennials.

The second and last item was:

"When I see a luxury item in discount, I perceive it as less desirable".

Regarding the last item both the Generation Z and Millennial groups exhibited a high level of disagreement with this statement. Within the Generation Z group, the average score on the 7-point Likert scale was 2.3. The prevailing trend was the lowest score of 1, selected by 43% of the participants, indicating a really strong disagreement. Likewise, the Millennial group also showed a high level of disagreement with the statement, as evidenced by an average score of 2.6 on the Likert scale. The trend for this group was also centred around the lowest score of 1, chosen by 36% of participants. This indicates that a significant portion of Millennials does not perceive discounted luxury items as less desirable, contradicting the statement. As it is evident from the average scores, both groups strongly disagreed with the statement. In fact, both groups collected more than 60% of the entire group's preferences between Likert scale scores 1 and 2.

In summary, the data shows sales promotions as a strong driver for purchase intentions of luxury products for both Gen Zers and Millennials, with the latter being more drastic about their answers.

4.3.5 Conclusion of functional drivers' analysis

In conclusion, both Generation Z and Millennials are influenced by functional purchase drivers when making luxury purchases. Perceived quality plays a significant role, with Millennials

giving it more relevance than Generation Z. Both generations have a similar level of perceived risk as motivator in their purchase intentions. Perceived value has little impact on their buying decisions, although Generation Z considers it slightly more motivating. Sales promotions strongly influence both groups, increasing their inclination to purchase luxury items. Additionally, both generations disagree that discounted luxury items are less desirable.

Overall, Millennials prioritize perceived quality and sales promotions, while Generation Z places slightly more importance on perceived value.

5. Discussion

This chapter will discuss the results of the survey data analysis, focussing on the constructs analysed and their influence on the buying behaviour of Generation Z and Millennials. The analysis compares the buying behaviour of the two generations, their similarities and differences with respect to their purchasing behaviour in luxury, providing valuable insights into the motivations and preferences of these generational groups.

5.1 Research findings

The research question of this academic paper aimed to identify the drivers of luxury purchase behaviour and detect the similarities and differences in such behaviour between Generation Z and Millennials. Existing literature has indicated that the two generations are very different in terms of past experiences, preferences and behaviour. However, this study has revealed that when it comes to purchase behaviour of luxury items the two age cohorts reflect some similar trends. Despite these similarities, in the assessment of the different items, substantial differences can be highlighted, which reveal different perceptions of the same drivers by the two groups.

To begin with, it is important to identify the drivers that have been indicated as relevant and therefore the ones that are actually perceived as motivators for the purchase of luxury products. The researchers have determined these purchase drivers to be social status, exclusivity, perceived quality, perceived risk and sales promotions as the responses clearly agreed with the items.

In the case of social status, both Generation Z and Millennials considered it as a relevant driver when buying luxury items. However, there was an expressed difference between the two groups. In fact, Millennials showed a greater tendency to be influenced by the social status driver compared to Generation Z. Furthermore, the study found that exclusivity played a significant role as a driver of luxury purchase behaviour for both Generation Z and Millennials. Nonetheless, there were relevant differences in how Generation Z and Millennials evaluated the significance of this driver. Indeed, Gen Zers displayed a stronger inclination towards it, considering the driver a crucial factor when acquiring luxury products. For the younger generation, it is clear that being exclusive by purchasing a luxury product is important. The effect could also be amplified if the product is rare and difficult to find. On the other hand, Millennials, while recognizing the importance of exclusivity, exhibited a slightly lower emphasis on it compared to Generation Z.

Moving on to another crucial driver, perceived quality emerged as a significant factor influencing luxury purchase behaviour for both Generation Z and Millennials. Nevertheless, there was a substantial difference between the two generations regarding the relevance they attributed to perceived quality. Millennials, in fact, showed a greater emphasis on perceived quality as a driver of luxury purchases. This suggests that they tend to favour products that demonstrate superior craftsmanship and durability compared to Generation Z. In addition to the previous drivers, perceived risk emerged as another important driver influencing the luxury purchase behaviour of both Generation Z and Millennials. The study findings, indeed, indicate that both generations recognized the presence of perceived risk in their decision-making process when it comes to purchasing luxury items. They demonstrated a similar level of awareness regarding the potential risks involved, highlighting that luxury consumption is not exempt from uncertainties and concerns. Examining the last important driver of luxury purchase behaviour, sales promotions was found as a significant factor influencing both generations. The study findings indicated that this driver has an important role in driving the purchase intentions of luxury products for both Generation Z and Millennials. Both age cohorts demonstrated a considerable responsiveness to sales promotions when considering luxury purchases, highlighting the influence of promotional activities on their decision-making process. However, there was a noteworthy distinction between Generation Z and Millennials in terms of the intensity of their response in the survey. Indeed, Millennials exhibited higher relevance towards sales promotions, displaying a greater sensitivity to special offers. Importantly, although Millennials expressed a higher propensity to buy luxury goods during

special price offers, Generation Z showed a lower perceived loss of value for discounted products. This means that even if Millennials are more likely to buy the discounted product, they might be more likely to consider it less exclusive or less valuable than its full price.

On the other hand, the research also showed that some of the constructs that have been analysed, don't have a relevant impact on the purchase behaviour and decision-making process of the two groups. In fact, among the constructs analysed, self-expression was found to be of medium relevance for both Generation Z and Millennials. This suggests that while this chosen driver plays a role in their luxury purchases behaviours, it does not hold a significant weight in their decision-making process or at least it is not clearly and deeply felt from the groups. Likewise, the construct of need to escape was perceived as having a moderate relevance by both Gen Zers and Millennials. This indicates that both generations do not prioritise luxury purchases as a means of escapism. Moreover, the driver of impulsivity was expressed by both Generation Z and Millennials as not present and not relevant as a factor influencing their purchasing behaviour. This implies that both groups show a thoughtful approach to buying luxury items, taking time to analyse possible alternatives, rather than making impulsive decisions. This finding is particularly interesting because it challenges the existing literature, which commonly associates impulsivity with luxury purchases. As highlighted in the paragraph 2.3.2, the prevailing notion suggests that people tend to purchase luxury products without much thought, implying that impulsivity plays a significant role in this specific type of purchase. The customer experience construct is another driver that was perceived as moderately relevant by both generational groups. This suggests that although customer experience does indeed have an effect on their purchasing behaviour, it is not seen as a key factor for either Generation Z or Millennials. Finally, the construct of perceived value was also felt as having a moderate relevance by both groups. This suggests that while both groups in this research do take the value proposition and perception of luxury items into account when making their purchasing decisions, it is not a dominant factor for either of them.

Nonetheless, the research also revealed that despite the similarities between Generation Z and Millennials in terms of these relatively significant constructs, there are noteworthy differences in their purchase behaviour and decision-making process. For instance, in terms of impulsiveness, the findings indicated that Millennials tend to exhibit slightly higher levels of impulsivity compared to Generation Z. This suggests that Millennials may be more prone to making spontaneous and impulsive luxury purchases, while Generation Z demonstrates a more

thoughtful and deliberate approach. Additionally, when it comes to the driver of customer experience, it was observed that Millennials are somewhat more driven by the overall customer experience compared to Generation Z. This implies that Millennials place a greater emphasis on factors such as personalized service, exclusive events, and brand engagement when making their luxury purchase decisions. These differences highlight that while there may be some similarities in the purchase behaviour of the two generations, there are notable nuances that distinguish their attitudes and preferences towards luxury items.

The research analysis showed another significant finding regarding the drivers of luxury purchase behaviour among Generation Z and Millennials. Interestingly, the functional drivers emerged as more relevant from both generations compared to the symbolic ones. Out of the ten constructs analysed, six symbolic drivers and four functional drivers, the research underscored the greater emphasis placed by both Generation Z and Millennials on the functional motivators. In fact, it is evident that out of the four functional drivers, three were considered relevant when purchasing luxury goods. Instead, for the symbolic ones, only two out six were considered as important factors when buying luxury products. This means that considerations such as perceived quality, perceived risk, and sales promotions hold greater weight in their decision-making process when it comes to luxury purchases. These findings could mean that younger consumers prioritize the tangible benefits and utilitarian value offered by luxury products. An alternative interpretation of this finding is that both Millennials and Generation Z face challenges in perceiving and evaluating the relevance of symbolic drivers, as their effects are often intangible and less easily quantifiable. Consequently, the significance attributed to the functional drivers becomes more pronounced. The intangible nature of symbolic drivers, such as need to escape or self-expression, may make them more difficult for these younger generations to evaluate. In contrast, the functional drivers, provide more concrete and measurable criteria when reasoning about purchase behaviours. This finding opens potential future research to investigate the possible challenges faced by Millennials and Generation Z in perceiving and assessing the relevance of symbolic and functional drivers in the context of luxury consumption.

5.2 Managerial implications

With regards to managerial implications, the researchers wanted to give some practical and actionable insights derived from the research that can guide decision-making and strategy implementation in an organizational setting.

The aim of the research was to identify the drivers that influence the luxury purchasing behaviour of Gen Z and Millennials, showing whether and what were the differences between them. Now, it is important to provide valuable insights for luxury brands looking to target their products to these two generations.

First, based on the findings of this study, which revealed that both Generation Z and Millennials exhibit a thoughtful and non-impulsive approach to luxury purchases, there are significant managerial implications for luxury brands. Recognizing that impulsive buying behaviours may not be prevalent among these target demographics, luxury brands could consider reallocating their marketing budgets towards retargeting campaigns. By implementing retargeting strategies, brands can effectively remind potential customers of their luxury offerings, allowing them ample time and opportunities to make informed decisions about their purchases. This approach takes into account the deliberate and calculated mindset of Generation Z and Millennials, providing them with the necessary reminders and information to evaluate their luxury options. By adopting such strategies, luxury brands can enhance customer engagement, reinforce brand presence, and potentially increase the conversion rates among these consumer segments.

Moreover, it is known that the luxury market is very different from every other market, therefore luxury brands don't necessarily follow the same marketing strategies as other brands (Kapferer & Bastien, 2013). For instance, one common marketing strategy to increase sales would be to do sales promotions. However, for luxury brands this is not completely true as it can be perceived from the consumers as if the products in sale would be less valuable and in general would compare the luxury brand with any other mass-market brand (Rungtrakulchai, 2015). Nevertheless, the data from this research gives a different perspective about it. In fact, it is clear from the analysis of the construct of sales promotions that both the young generations of Millennials and Gen Zers see sales promotions as a positive attribute and a motivator to buy

a luxury product. With this data, practitioners can adjust their strategies in terms of sales promotions when it comes to target the younger generations.

5.3 Limitations and further research

Despite the findings and insights gained from this research, it is essential to acknowledge and discuss its inherent limitations. These limitations are intended to identify all possible research shortcomings that are known to researchers. These areas can be a basis for future research to make improvements.

A crucial role in the research has been played by time. Indeed, due to the limited time period of four months allowed to conduct the study, the data collection process was significantly affected. Two weeks was the period available for gathering data, which resulted in certain limitations and influenced the outcomes of the study. Specifically, the constrained timeframe allowed for a relatively modest sample size of 121 relevant participants, which may have impacted the generalizability and statistical power of the results obtained. In addition to the time-related limitation, a second restriction that emerged in this research study was the uneven distribution between the two participant groups. Indeed, it is worth noting that the unequal distribution of respondents between the two age cohorts could have a potential impact on the accuracy and generalisability of the results. A more balanced representation of respondents from each generation could have provided a more accurate understanding of the research topic. Furthermore, the results may also be influenced by the close age difference between the two generational cohorts. In fact, individuals positioned at opposite ends of the generational spectrum may find themselves relating more closely to adjacent cohorts than to their own, emphasising the importance of shared experiences that transcend traditional generational boundaries. Due to the closeness of age, there may be overlaps and similarities in experiences, cultural influences and technological advances between late-born Millennials and individuals born in the early years of Generation Z.

A third limitation of this research study was the scarcity of extensive literature available on the topic. Given that Gen Z is still a relatively recent generation and Millennials are not considerably a much older one, the researchers have found a lack of in-depth studies and extensive research specifically regarding their purchasing behaviour towards luxury products. This scarcity of literature limited the depth of background information that could have been

used to deepen and contextualise the study. Consequently, this limitation underscores the need for further research and exploration into this emerging area to enhance the understanding of the luxury consumption patterns of these generations.

Additionally, the items used in the research survey, were based on a thorough review of existing literature in the field but were ultimately formulated by the researchers themselves. This process introduces the possibility of unintentional bias or subjectivity in capturing the intended constructs accurately. Consequently, the reliability and validity of the measurements obtained from the survey may be affected to some extent. Furthermore, the evaluation and analysis of the data relied on the researchers' reasoning and judgment. While this approach allows for flexibility and interpretation, it may introduce subjectivity and potential biases into the analysis process. The absence of more objective or standardized analytical techniques could impact the robustness and objectivity of the findings. Following the chosen research paradigm of critical realism, it emphasises the need to recognise the role of human interpretation and subjectivity in research. In fact, by recognising the potential for bias or unintentional subjectivity in item design, the study aligns with the principles of critical realism.

Another limitation of this research study is the need to consider the subjectivity inherent in the interpretation of the survey items by the respondents. While efforts were made to design clear and unbiased questions, the understanding and perception of the items can vary among individuals. Respondents may interpret the items based on their own personal experiences, beliefs, or cultural backgrounds, which can introduce subjectivity into their responses. On the same topic, another important aspect to consider as a limitation of this research is the subjectivity associated with the interpretation of the concept of luxury. Luxury is a multifaceted and subjective concept that can vary greatly among individuals. Each respondent may have their own unique understanding and perception of what constitutes luxury, which can influence their responses to the survey questions. While the survey did include a definition of luxury, the researchers acknowledge that the interpretation of this concept ultimately depends on the respondents' perspectives. This subjectivity can potentially impact the accuracy and reliability of the data collected. It is important to acknowledge this limitation as it highlights the potential influence of individual perspectives on the findings and emphasizes the need for cautious interpretation when drawing conclusions from the survey results.

The identified limitations in this research study offer compelling motivations for future investigations in the field of luxury consumption among Millennials and Generation Z. Expanding and diversifying the scope of this research, while addressing its current limitations, can produce new insights and interesting research approaches. Moreover, the scarcity of comprehensive literature available on this specific topic underlines the urgent need for in-depth studies and comprehensive research dedicated to unravelling the intricate dynamics of luxury consumption patterns among Millennials and Generation Z. In addition to trying to broaden the generalization of this research, future research could expand its focus by studying and analysing other possible drivers of the luxury world as well as comparing more generations. This would lead to interesting findings that would definitely bring value to the subject matter as well as enlarge the literature already present.

Another area for future research would be to complement the quantitative approach employed in this study with qualitative research methods. While the quantitative analysis provided valuable insights into the purchase behaviour of Generation Z and Millennials towards luxury items, a qualitative investigation could explore deeper into their underlying motivations, perceptions, and experiences. Qualitative research methods, such as in-depth interviews or focus groups, can capture the richness and nuances of participants' perspectives, allowing for a more comprehensive understanding of their luxury consumption behaviour. By combining both quantitative and qualitative approaches, future studies can provide a more holistic and multi-dimensional understanding of the factors influencing the purchase decisions of these target demographics, thereby enriching the body of knowledge in this area.

5.4 Conclusion

In conclusion, to answer the research question, the analysis of purchase drivers between Millennials and Generation Z reveals remarkable similarities, especially indicating that both generations are more or less influenced by the same motivators when making purchase decisions on luxury products. However, notable distinctions emerge in the intensity of how these factors influence their respective purchasing behaviour. These differences highlight the unique characteristics and preferences of each generation, underlining the importance of customised marketing strategies to effectively engage and resonate with these evolving consumer groups. By recognising and adapting to these differences, companies can optimise their approach to effectively target and capture the attention of both Millennials and Gen Z.

For instance, Millennials tend to show a heightened interest in social status and perceived quality, recognizing their significance in shaping their purchase decisions. In contrast, Generation Z places a greater emphasis on exclusivity, valuing the rarity and difficulty in acquiring luxury products. For the younger generation, owning an exclusive item holds crucial importance. While Millennials also appreciate exclusivity, their emphasis on it is slightly lower in comparison to Generation Z. These contrasting tendencies shed light on the unique priorities and aspirations of each generation, highlighting the need for tailored marketing strategies to effectively engage and appeal to their distinct desires. The research also revealed interesting findings in the response to sales promotions. Contrary to the common belief that sales promotions can detract from the perceived value of luxury products, both Generation Z and Millennials view sales promotions positively. However, Millennials show a greater sensitivity to special offers, preferring to purchase products during sales promotions. Generation Z, on the other hand, perceives the loss of value of discounted products to a lesser degree. This implies that Millennials may be more inclined to shop during promotional periods, but they may perceive discounted products as less exclusive or valuable than their full-price counterparts. Understanding the implications of these findings is crucial for luxury brands looking to capture the attention of Gen Zers and Millennials. Indeed, some of the key findings of this research can be studied and implemented into the techniques and considerations of luxury companies by their managers. For example, by recognising the non-impulsive nature of consumers, luxury brands can refine their strategies by implementing retargeting campaigns. By providing continuous reminders and ample time for evaluation, brands can foster informed decision-making processes and improve customer engagement.

In essence, this research provides valuable insights into the purchase drivers in the luxury market among Generation Z and Millennials. By understanding common trends and differences, luxury brands can align their strategies to meet the preferences and motivations of these influential consumer groups. As the luxury consumption landscape continues to evolve, understanding the nuances of Generation Z and Millennials becomes imperative for brands that wish to thrive in this competitive market.

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Appendix 1 – Survey questions

Dear participants,

Thank you for taking the time to participate in our survey.

We are conducting this survey as part of our master's thesis at Aalborg University, with the guidance of our supervisor Prof. Dr. Holger Roschk. Our research aims to examine purchase intention differences towards luxury, between generations.

Completing the questionnaire will take approximately **5 - 8 minutes**. All questions are assessed anonymously, ensuring that no personal information is disclosed, and no conclusions can be drawn about you as an individual. Remember, there are no right or wrong answers - we simply want to understand your thoughts and opinions. Your honest and thoughtful responses are greatly appreciated and will help us improve our understanding of the topic.

If you have any questions, please feel free to contact mcarlo21@student.aau.dk or rturco21@student.aau.dk.

We appreciate your participation.

Sincerely,

Riccardo Turco and Melissa Carlomagno

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Gender

○ Male

○ Female

○ Other

○ Prefer not to say

Please select your year of birth

-- Choose --

Nationality

Educational backround

○ Primary education or none

○ Middle school education

○ High school education

○ Bachelor's degree

○ Master's degree

○ PhD/Other higher education

Household monthly income after taxes

○ Below €1000

○ €1001 - €3000

○ €3001 - €5000

○ €5001 - €7000

○ €7001 - €9000

○ more than €9000

○ Prefer not to say

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In the next part of the survey, we will present a series of statements and ask you to indicate to what extent you agree with each statement. To do this, you will use a 7-point scale, where 1 corresponds to "strongly disagree" and 7 corresponds to "strongly agree." Please carefully consider each statement and choose the point on the scale that best reflects your level of agreement with it.
Base your idea of luxury on the definition below.

"luxury can be defined as something that is not essential for daily living, but is considered special and exclusive, often associated with high quality, comfort, pleasure and a higher price."

Some examples, not exhaustive of the luxury market but which can be referred to, are:

- High-end designer fashion and accessories, such as Louis Vuitton, Gucci, and Prada.
- Luxury cars, such as a Rolls Royce, Bentley, or Ferrari.
- High-end technology, such as the latest and most advanced smartphones, laptops, and home entertainment systems.
- Fine jewellery and watches, such as Rolex, Cartier, and Tiffany & Co.

	1 (Strongly disagree)	2	3	4	5	6	7 (Strongly agree)
I enjoy buying luxury items as a way to express my unique personality and style.	○	○	○	○	○	○	○
Purchasing a luxury product makes you feel more valuable.	○	○	○	○	○	○	○
I am willing to pay for luxury items that are aligned with my personal values and beliefs.	○	○	○	○	○	○	○

	1 (Strongly disagree)	2	3	4	5	6	7 (Strongly agree)
When I buy luxury items, it gives me pleasure and I don't think about my problems.	○	○	○	○	○	○	○
I buy luxury items as a way to reward myself for my hard work and accomplishments.	○	○	○	○	○	○	○

	1 (Strongly disagree)	2	3	4	5	6	7 (Strongly agree)
When I see a luxury product that I like, I buy it immediately.	◯	◯	◯	◯	◯	◯	◯
Before purchasing a luxury item, I spend some time thinking about it.	◯	◯	◯	◯	◯	◯	◯
I carefully evaluate the features of luxury products before making a purchase.	◯	◯	◯	◯	◯	◯	◯

	1 (Strongly disagree)	2	3	4	5	6	7 (Strongly agree)
People buy luxury brands just to show their superior social status.	◯	◯	◯	◯	◯	◯	◯
People prefer to buy luxury products where the logo of the brand is clearly visible.	◯	◯	◯	◯	◯	◯	◯
I believe that owning luxury items can enhance my social status and prestige in the eyes of others.	◯	◯	◯	◯	◯	◯	◯

	1 (Strongly disagree)	2	3	4	5	6	7 (Strongly agree)
I am more likely to purchase luxury items that are unconventional or stand out from the crowd.	◯	◯	◯	◯	◯	◯	◯
The more a luxury product is rare, the more people are attracted to it.	◯	◯	◯	◯	◯	◯	◯
People prefer to let their peers know that the luxury brands they buy are expensive.	◯	◯	◯	◯	◯	◯	◯
People buy luxury products to be different from the others.	◯	◯	◯	◯	◯	◯	◯

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88%

	1 (Strongly disagree)	2	3	4	5	6	7 (Strongly agree)
I am more inclined to buy from luxury retailers when they offer exclusive events or experiences, such as private shopping appointments or product launches.	◯	◯	◯	◯	◯	◯	◯
A luxurious shopping experience, such as champagne or personalized gift wrapping, is a factor that positively impacts my purchase decisions.	◯	◯	◯	◯	◯	◯	◯

	1 (Strongly disagree)	2	3	4	5	6	7 (Strongly agree)
People buy luxury brands at high prices because they are sure of their excellent quality.	○	○	○	○	○	○	○
Superior quality and design are the main reasons for buying luxury brands.	○	○	○	○	○	○	○

	1 (Strongly disagree)	2	3	4	5	6	7 (Strongly agree)
The high price of luxury items makes me feel certain about the quality and durability of it.	○	○	○	○	○	○	○
I am hesitant to purchase luxury items from brands that I am not familiar with.	○	○	○	○	○	○	○
People purchase luxury brands rather than non-luxury brands to be sure of their friend's approval.	○	○	○	○	○	○	○

	1 (Strongly disagree)	2	3	4	5	6	7 (Strongly agree)
The high price of luxury items is justified by their unique features and benefits.	○	○	○	○	○	○	○
When people buy a luxury product, they are sure that it is worth their money.	○	○	○	○	○	○	○
I am willing to pay for luxury items because they are perceived as more prestigious from others.	○	○	○	○	○	○	○

	1 (Strongly disagree)	2	3	4	5	6	7 (Strongly agree)
I am more inclined to buy luxury items if there is a discount or a special offer.	○	○	○	○	○	○	○
When I see a luxury item in discount, I perceive it as less desirable.	○	○	○	○	○	○	○

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100%

Thank you for your participation in our survey.
We are grateful for the time and effort you took to provide us with your thoughts and opinions.

Riccardo and Melissa

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