



Understanding the Aspired Attributes of Luxury Product for Millennials

¹Pramis B. Wibawa ,²Basuki Wibawa

¹Faculty of Engineering, State University of Jakarta, Indonesia

Abstract

Despite the concept of millennial has been a growing research object and interest; the lack of a clear conception of their buying behaviour on luxury products is still evident. Luxury has different meanings at different time, in different culture and amongst different demographics. This thesis aims to classify what are the most appealing attributes and/ or characteristics of luxury brands and how consumers, particularly millennials, determine it.

to gain crucial insights from the subject under investigation, this work introduces the concept of millennial generation cohort before discussing the buying behaviors of this cohort, as well as unique traits with which this customer segment continues to be associated. The discussion culminates into an examination of the concept of luxury and how millennials interact with luxury brands, as well as their motivation for preferring these brands. In turn, the results obtained from the primary research are presented in a quest to establish possible parallels with findings documented in the current literature. Finally, this paper offers a conclusion, some of the study limitations, and recommendations regarding future research.

Keywords: Millennials, characteristics, consumer behaviour, buying behaviour, luxury brands.

1. Introduction

Traditionally, the consumption of luxury products has been associated with the wealthiest societal members; especially due to a struggle to display social status and wealth superiority. However, the recent past has witnessed dramatic changes in the luxury goods' industry in which more modest social classes have dominated the customer bases. Some of the factors documented to account for these changes include purchasing power among less affluent customers, as well as increased disposable income. The eventuality is that most of the middle-income earners have begun spending more on luxury products; especially due to combinations of reasonable prices and high prestige in which product affordability has attracted more customer bases.

With this trend translating into a state of democratization, the Millennials have been targeted by the luxury industry. According to Mulligan (2012), success in attracting the millennials lies with the ability to invite feedback, upon which brand quality and loyalty might be enhanced.

2. Theoretical Review.

Defining Millennials

Millennials are also referred to as Generation Y members and constitute individuals who were born mostly between 1980 and 2000. The group is associated with distinctive and authentic consciousness in which most of the members are environmentally-conscious and also self-centered. Specific features associated with the group include being digital natives or tech-savvy, openness to change, independence, diversity, and confidence (Barton et al., 2013; Gustafson, 2015; Prensky, 2001; Young and Hinesly, 2012).

Indeed, technological advancement accounts for the perceived uniqueness of millennials. Specifically, this generation has interacted with technological innovations more frequently. With a dominance of social media platforms and interactions, members of this generation cohort have been affirmed to prefer company and enjoy socializing, ensuring further that they share life experiences through different social media sites and mobile or electronic devices (Barton et al., 2013).

Millennials as Consumers

Given its considerable size, the millennial group remains important to society. Linked via globalized networks, the group exhibits a lot of autonomy or independence (Hawkins and Mothersbaugh, 2012); mostly preferring purchase decisions marked by fashion consciousness and high branding levels (Morton, 2002). Given the substantial size, the millennial group exhibits significant influence on industry trends. The implication is that business operations targeting this customer segment have their success lie in the ability to consider this cohort's buying or purchase behaviors and product and service needs and preferences; including the luxury goods industry.



Compared to their predecessors, millennials have also evolved as a unique customer base whereby their global connection via the Internet has led to sophistications in appealing to the members. Particularly, the global connection allows the millennials to access company and product information (Nowak et al., 2006) and also accounted for the ever-changing needs and preferences of this customer segment (Pitta, 2012). With continuous digital connection, the millennials stretch beyond purchasing products and services to make better investments in the status and experience with company items. For the luxury goods industry, another crucial force that is worth considering involves the millennials' trend-setting culture. Apart from distinctive personal features with which members of this generation are associated, it is also notable that the globalized connection allows them to spread messages regarding the quality of products, both to other millennials and other demographic groups with unrelated features; a trend that plays a crucial role in shaping the buying behaviors of the affected customer segments or bases.

Millennials' Attitudes towards Luxury Brands

Findings from the primary study revealed that millennials exhibit great interest in luxury goods and services and that an increase in income tends to play a complementary role in steering this purchase trend. Major purchase patterns that the majority of the members of this cohort assume include trading up and trading down, aspects that have promoted the purchase of luxury brands. The eventuality is that most of the millennials have deviated from prioritizing their expenditure on daily commodities and instead, preferred products that exhibit greater enjoyment (Faw, 2012; Giovanni et al., 2015: 23); translating into a state of trading up.

It is also worth indicating that the findings demonstrate that most of the millennials are unlikely to prefer any product and that they prefer certain features. Some of these features include heritage, originality, craftsmanship, and authenticity. The implication is that most of the millennials' expenditures are calculative (Yarrow and O'Donnell, 2009). According to Faw (2012), the millennials are likely to be more demanding and expect more from products and services of their preference. Also, the study established that there is an increasing trend in their (the millennials') preference for luxury products due to their need for certain, specific experiences.

3. Results & Discussion

As mentioned earlier, the years between which the millennials were born suggest that most of them are aged 18 to 35. Major features that this cohort perceives in products, as established by most of study's participants, include a brand's global reputation, the uniqueness of the brand design, and quality. These findings concur with those documented by most of the previous scholarly researchers. Another important feature that most of the respondents indicated as one that determines purchasing decisions involves superior technical performance; with others include the rareness of the materials, brand heritage, and craftsmanship.

The study established further that the luxury brands' product materials are relatively important; implying that most of the millennials' buying behaviors are likely to be marked by a state of sustainability or preference for socially or eco-conscious products. In other words, luxury brands that establish a brand reputation for environmental stewardship among millennials have an opportunity in the future not only grow market share but also building brand-loyalty among the power-spending millennials.

Aforementioned, these findings are aligned with Yarrow and O'Donnell (2009) that millennials avoid spending money on any product, yet they rather value authenticity, craftsmanship, originality, and heritage to ensure that the money spent on products is well spent, in addition with Faw (2012) argues that millennials expect more from the products they decided to buy.

In fact, there are limitations which can be turned into opportunities for future research, namely for the future research, the researcher could assess the geographical as well as cultural differences and how and if they affect the demand of millennials in regards to luxury brands. Besides, how and through what channel consumers, in particular millennials, willing to personalise their preferable luxury products online turned out to be an un-researched field, which particularly calls for better understanding towards it. Additional suggested research could be extended to other categories in the luxury sectors. The author realises there might be a huge difference between generations and also luxury category regarding the valuations and perceptions of luxury.

4. Conclusion

All in all, although there is no complete definition of luxury brands available, luxury is an evolving yet subjective concept enclosed by ambiguity. Nevertheless, luxury is constantly surrounded by an aura of exclusivity and appreciated by its better quality, among other attributes that have always been appealing and desirable to consumers.

During the past couple of years, luxury brands have experienced steady growths in which millennials have contributed resulted in an increased demand for luxury brands. This particular generational cohort have increased the demand for luxury brands by being interested in them, as reflected in they purchased luxury products at younger ages given the fact that they are active social media users also due to how millennials have grown up surrounded by technological advancements and being influenced by today's pop-culture. Moreover, they have increased the demand by choosing brands with which they can identify themselves and which provide them quality and unique ownership experience.

Taking the results of the primary research, it showed that Generation Y is overall interested in luxury brands and will purchase them if possible along with being likely to increase their spending on luxury brands once their income permits them. Therefore, luxury brands need to take millennials into consideration and actively engage them in various ways and on different channels to stay relevant in the coming years. This might be best accomplished by keenly following trends amongst Generation Y along with employing them and by taking this generational cohort seriously as consumers.

References.

- [1] Barton, C., Haywood, J., Jhunjhunwala, P., and Vikrant B. (2013). Travelling with Millennials. Boston Consulting Group [Internet]. Available from <https://www.bcgperspectives.com/content/articles/transportation_travel_tourism_consumer_insight_travelling_with_millennials/> [Accessed 10 July 2017]
- [2] Gustafson, K., CNBC. (2015). Millennials redefine luxury and the stakes are high [Internet]. Available from <<http://www.cnbc.com/2015/02/18/millennials-redefine-luxury-and-the-stakes-are-high.html>> [Accessed 10 July 2017].

- [3] Mulligan Nelson, E. (2012). Millennials Want to Party With Your Brand But On Their Own Terms [Internet]. Ad Age. Available from: <<http://adage.com/article/digitalnext/millennials-party-brand-terms/236444/>> [Accessed 05 May 2017].
- [4] Prensky, M. (2001). Digital natives, digital immigrants part 1. *On the Horizon*, 9(5), pp.1-6.
- [5] Young, A. M., and Hinesly, M. D. (2012). Identify Millennials' key influencers from early childhood: insights into current consumer preferences. *Journal of Consumer Marketing*, 29(2), pp.146-155.
- [6] Morton, L.P. (2002). Targeting generation Y. *Public Relations Quarterly*, 47(2), pp.46-48
- [7] Nowak, L., Thach, L., Olsen, J.E. (2006) Wowing the Millennials: creating brand equity in the wine industry. *Journal of Product & Brand Management*, 15(5), pp.316-323.
- [8] Faw, L. (2012) Meet the Millennial 1%: Young, Rich and Redefining Luxury [Internet]. Available from <<http://www.forbes.com/sites/larissafaw/2012/10/02/meet-the-millennial-1-young-rich-and-redefining-luxury/#1ed69eeb8caa>> [Accessed 10 July 2017]
- [9] Giovanni, S., Xu, Y., and Thomas, J. (2015). Luxury Fashion Consumption and Generation Y Consumers; Self brand conscious, and consumption motivation.
- [10] Yarrow, K., and O'Donnell, J. (2009). Gen BuY. How Tweens, Teens, and TwentySomethings are Revolutionizing Retail. San Fransisco: Jossey-Bass.