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Summary of WP

**SHAPING THE FUTURE OF LUXURY:
Digital transformation as influencing key trend in
Gen Z consumer behavior**

Student Name	Program	Individual Title
Melina May (57862)	Management	Shaping the future of luxury: Digital transformation as influencing key trend in Gen Z consumer behavior

Work project carried out under the supervision of:

Advisor: Professor João Castro

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SHAPING THE FUTURE OF LUXURY:

Digital transformation as influencing key trend in Gen Z
consumer behavior

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Abstract

Sustainability, masstige and digital transformation are current trends, reshaping the luxury market, especially for Gen Z. This work project combines literature review and survey data to explore how these trends affect the consumer behavior, more specifically the purchasing decisions and potential shift in loyalty of Gen Z toward luxury brands. The research highlights Gen Z's demand for sustainable practices, preference for accessible luxury, and openness to digital tools like VR. Using a modified purchase model, the findings reveal that Gen Z expects brands to align with their values while maintaining authenticity and quality. The study provides actionable recommendations for luxury brands to integrate these preferences and adapt to a quickly evolving market.

Keywords: luxury, luxury trends, sustainability, masstige, digital transformation, Gen Z, consumer behavior, purchasing decisions, future trends

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List of Abbreviations

AI	Artificial intelligence
AR	Augmented reality
Gen Z	Generation Z
H	Hypothesis
NFT	Non-fungible Token
RQ	Research question
VR	Virtual reality

1. Introduction

1.1. Relevance of the topic and problem statement

The luxury industry, long synonymous with only exclusivity and prestige, now faces a period of profound transformation driven by shifts in consumer values and technological advancement. Today's younger generations, especially Generation Z (Gen Z), are reshaping luxury expectations with demands for sustainability, inclusivity, and digital interaction. While these demands present growth opportunities, they also challenge the traditional luxury model, requiring brands to innovate without compromising their exclusivity. The global market for personal luxury goods has grown rapidly over the past three decades. According to Bain & Company, it is projected to reach EUR 540 to 560 billion by 2030, assuming an annual growth rate of five to seven percent (D'Arpizio et al., 2024). This highlights the necessity for the industry to adapt to evolving consumer demands to maintain its success.

Sustainability, masstige, and digital transformation have emerged as critical areas where luxury brands must evolve to meet modern consumer needs. These trends reflect a deeper societal shift towards conscious and affordable consumption, and digital-first experiences. However, many brands remain cautious, fearing that broader accessibility, digital interaction and the integration of sustainable practices could dilute their exclusivity and luxury appeal.

Gen Z, with its growing purchasing power and social influence, is expected to fundamentally change the definition of luxury by 2030 (D'Arpizio et al., 2024). While sustainability, masstige, and digital transformation are widely discussed in literature, the specific relationship between these trends within the luxury sector remains underexplored. This gap underscores the need to better understand how these factors influence luxury consumption among Gen Z.

This thesis explores how luxury brands can align with the evolving values of a diverse consumer base, particularly Gen Z, to secure their position for the future, attract the consumers of

tomorrow, and build lasting loyalty with Gen Z today. By analyzing current trends and consumer behavior, the study aims to provide actionable insights on how sustainability, masstige and digital transformation shape luxury consumption and how brands can strategically leverage these trends to effectively engage Gen Z while maintaining their brand identity.

1.2. Objective of the work and outline

The objective of this Master's thesis is to comprehensively examine the evolving luxury industry, focusing on three transformative trends that are reshaping consumer behavior and brand strategies: sustainability, masstige, and digital transformation. As younger generations, particularly Gen Z, enter the luxury market, brands face mounting pressure to align their practices with the values and preferences of a more conscientious and trend-sensitive audience.

This study aims to investigate how these trends influence Gen Z consumer expectations and the strategic responses of luxury brands to stay relevant in a competitive market. Through a combination of literature review and survey data, this thesis seeks to answer the following central research question:

RQ: How do the trends of sustainability, masstige, and digital transformation affect the consumer behavior, more specifically the purchasing decisions and potential shift in loyalty of Gen Z toward luxury brands?

To address this research question, the core of this study is structured into three distinct chapters, each dedicated to exploring a different trend of luxury.

*RQa: How and which aspects of **sustainability** affect the consumer behavior, more specifically the purchasing decisions and potential shift in loyalty of Gen Z toward luxury brands?*

*RQb: How and which aspects of **masstige** affect the consumer behavior, more specifically the purchasing decisions and potential shift in loyalty of Gen Z toward luxury brands?*

*RQc: How and which aspects of **digital transformation** affect the consumer behavior, more specifically the purchasing decisions and potential shift in loyalty of Gen Z toward luxury brands?*

The findings will aim to offer a nuanced understanding of these trends' impact on consumer behavior, providing luxury brands with actionable insights for strategic positioning and customer engagement. The research is guided by the belief that these insights can aid luxury brands in navigating the evolving expectations of Gen Z and other key demographics, ensuring both relevance and resilience in a rapidly transforming market landscape.

2. Literature Review

2.1. Luxury definition

The word 'luxury' originates from the Latin 'luxus', meaning an excess or display of wealth beyond essential needs. Stehr et al. (1968) also argues, luxury involves any expenditure beyond necessity. The concept of luxury is therefore fluid, shaped by time and societal context. Without a single, fixed definition, luxury is a multifaceted concept that adapts to different interpretations in different cultures and eras, making it difficult to define universally (Cabigiosu 2020). Therefore, the question 'What is luxury?' cannot be answered unequivocally, as luxury is an ever-evolving concept without a standardized definition. Nevertheless, the concept of luxury is deeply rooted in ideals of exclusivity, rarity, high quality, and premium pricing typically associated with items or experiences that signal wealth and prestige (Christodoulides et al. 2021). Luxury goods should evoke a sense of exclusivity in the buyer, carrying a high emotional value that enhances the consumer's sense of being special (Statista 2024). This Master's thesis is based on Bain's luxury classification because it can be applied to goods and services, takes into account current data and is generally applicable. This categorization consists of a total of nine categories: Personal luxury goods, luxury cars, luxury hospitality, fine wines and spirits,

gourmet food and fine dining, high-end furniture and homeware, art, private jets and yachts, and luxury cruises (D'Arpizio et al. 2024).

Overall, the luxury market is highly resilient. By the end of 2023, the global luxury market after this classification broke the 1.5 trillion-euro mark and is growing steadily despite challenging macroeconomics (D'Arpizio et al. 2024).

2.2. The changing concept of luxury

The concept of luxury is shifting, expanding beyond traditional attributes like exclusivity and wealth to encompass a broader consumer base, particularly the middle class. Rising income levels, the increasing number of global millionaires, the significant resurgence of the Asia luxury market and rapidly evolving consumer preferences are all reshaping this landscape. Luxury is no longer just a privilege of a few but a sought-after experience across different socioeconomic groups (Arthur D. Little 2024). Historically, luxury has been deeply embedded in human societies, evolving alongside cultural values and social structures. Cristini et al. (2022) describe a progression from 'having-to-being' and 'owning-to-experiencing'. Consumers now prioritize meaningful experiences over mere ownership. Younger consumers, known as 'digital natives', see luxury as an extension of their self-expression rather than simply purchasing high-priced items. This influence is leading to a shift in the luxury offering towards a balance between exclusivity and affordability (Alexandrova 2024). Gen Z appears to prefer personalization and experiential value over the purely functional aspects of ownership (Alruthaya et al. 2021). Digital engagement through virtual experiences, interactive online shopping and social media interactions are becoming increasingly important to the way this generation perceives and consumes luxury (Wong and Park 2022). In contrast to previous generations, Gen Z has a more nuanced understanding of luxury, encompassing not only material aspects but also cultural and ethical dimensions. They place a higher value on

sustainability and authenticity and seek out brands that are transparent about their environmental practices (Chang et al. 2022).

2.3. Challenges

As the global market dynamics shift, luxury brands face new challenges that require them to adapt their long-standing business models to meet the demands of a more conscious and diverse consumer base. Geopolitical tensions, such as trade wars and sanctions, disrupt supply chains and access to global markets raise the need for strategic risk management as brands expand worldwide (Seo & Buchanan-Oliver 2015). Alongside these external pressures, economic uncertainties including inflation and potential recessions add complexity, forcing luxury brands to balance exclusivity with accessibility as material and production costs rise (McKinsey & Company 2023). The COVID-19 pandemic has acted as a catalyst for change in the luxury industry. As highlighted by Grigorescu and Ion (2021), consumer psychology has changed and traditional buying behavior is giving way to a demand for brands that adopt innovative and sustainable practices. The increased online activity of Gen Z and millennials, especially during the pandemic, has opened new opportunities for luxury brands to engage with consumers and emphasized the need for digital experiences. This shift presents luxury brands with the challenge of redefining their value proposition in an environment where consumer engagement goes beyond mere transactions. The megatrend sustainability and ethical consumption are also gaining prominence as critical concerns for modern consumers. Younger generations are becoming more conscious of the environmental and social impact of their purchasing decisions and are demanding greater transparency and accountability from luxury brands.

While digital transformation is changing the way we purchase, artificial intelligence (AI) and other technologies are improving customer engagement but also risk challenging traditional values such as craftsmanship and exclusivity (Rangel-Perez and Lopez Vazquez 2022). Another

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pressing challenge for the luxury industry is the increasing democratization of luxury goods, as noted by Seo & Buchanan-Oliver (2015). In the past, luxury was the domain of a few, but the growing middle class, particularly in emerging markets, has made luxury increasingly accessible to a broader consumer base. This democratization has led to the emergence of new segments within the luxury market, each with their own preferences and ideas of what constitutes true luxury. In addition, modern luxury customers are demanding personalized, high-quality experiences that reflect their unique tastes. Summarized, these factors highlight the future challenges and opportunities facing the luxury industry as it adapts to a rapidly changing market landscape. As the luxury industry continues to evolve, awareness and understanding of these dynamics will be critical for brands looking to succeed amidst the complexity of modern consumer expectations.

2.4. Trends

In response to these challenges, certain trends have emerged as counter-movements. Each of these trends affects luxury brands to varying degrees. The following section provides an overview and brief discussion of the nine most significant trends.

Digital transformation

Digital transformation has quickly emerged as a major trend over the past decade. This shift includes implementing advanced technologies that improve customer experiences and meet the evolving expectations of tech-savvy consumers, particularly Gen Z. Digital tools, such as social media, AI, blockchain, virtual reality (VR) and augmented reality (AR) are now critical for luxury brands aiming to remain competitive and resonate with modern consumers (Annamma Joy et al. 2022). Technologies like blockchain and non-fungible tokens (NFTs) additionally enhance product transparency and authenticity (Pangarkar & Shukla 2023). Despite the advantages, the luxury sector struggles with fully embracing digitalization. Many brands have

been reluctant to engage with digital integration, concerned that it could erode the exclusivity. A recent survey by BCG and Comité Colbert revealed that two-thirds of luxury consumers feel the sector is lagging in digital adoption (Hazan et al. 2022). This indicates a growing consumer demand for more sophisticated digital options.

Personalization

Personalization is the adaptation of products to individual preferences, with a focus on unique, customizable elements. This trend is being driven by luxury brands such as Rolex, who offer customized dials for their watches, or Bentley, which states that 75% of its customers have added customized elements in 2023 (Bruce & Reed, 2024). Consumers value personalized items because they feel these products reflect their individual tastes, preferences and identity, while also offering a heightened sense of exclusivity (Chatterjee et al. 2022). The trend towards personalization also extends to services, with top hotels and restaurants increasingly catering to the individual preferences and needs of their guests (Christodoulides et al. 2021).

Nevertheless, while consumers appreciate a certain amount of design freedom, such as the ability to customize sizes, colors, and features of luxury goods, there is a risk that offering an excess of options may dilute the brand's exclusive designer appeal and potentially undermine its luxury positioning (Moreau et al. 2020).

Masstige

Luxury brands have traditionally targeted a narrow and exclusive group of high-end consumers who are willing to pay a high price for high quality and exclusive products. Over the last 20 years, there has been a significant increase in the number of luxury brands worldwide that have expanded their business into the masstige market. Masstige involves the introduction of products and services at lower prices to appeal to a wider audience and is therefore part of product diversification (Ishihara & Zhang 2017). Product diversification is an important

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approach to growth in the luxury industry, with luxury brands expanding their product portfolios to enter new markets, reach a wider audience and adapt to the growing and differentiated needs of consumers (Boisvert & Ashill 2022). Tiffany & Co. offers a diverse product portfolio ranging from luxurious gold and platinum jewellery priced in the tens of thousands of dollars to more accessible options such as home decor items starting at \$60 (Tiffany & Co. n.d.). Research has shown that for most luxury brands, broadening their product portfolio, for example by adding more affordable products, has a positive impact on their market presence and brand resilience (Ahn & Gao 2024).

Sustainability

Sustainability is one of the trends of our time and therefore also plays a major role for luxury companies and their strategies. As consumers become increasingly conscious of environmental and social issues, businesses are compelled to adapt to these evolving expectations.

Gen Z is maturing into a group of adult consumers who will reward brands that have a positive impact on the environment and society and turn away from those that do the opposite (D'Arpizio et al. 2024). Atkinson & Kang (2022) describe that luxury consumers' awareness of sustainability has increased significantly in recent years. Today, sustainability is an important criterion for more than half of luxury consumers, a significant increase from just under 10% in 2013. This growing awareness has led to the luxury industry's practices being scrutinized, such as the use of unsustainable materials. In response, many luxury brands have introduced comprehensive sustainability programs to address these concerns and adapt to the changing expectations of their customers (Atkinson & Kang, 2022). However, the relationship between sustainability and luxury consumption in younger generations remains complex and underexplored. Despite the potential for sustainability initiatives to enhance brand perception and consumer loyalty, there is still a lack of consensus on their effectiveness (Vock 2022).

Glocalization

Globalization has fundamentally changed the luxury sector over the last few decades, transcending international boundaries. Luxury brands have adapted to global markets and have strategically expanded their presence in emerging markets to capitalize on the growing global demand for luxury goods (Singh 2020). Entering foreign markets, however, requires a deep understanding of regional consumer preferences, which are often very different from the markets in which brands have traditionally focused (Singh 2020). This is where localization, understood as adapting to regional specifics, becomes important. Culture plays a central role in luxury consumption, profoundly shaping consumer behavior and motivations (Lu et al. 2022). The trend towards glocalization, which combines the global orientation of companies with the regional localization of industrial production, describes the strategic integration of global brand identity with local adaptation (Wahlrab 2022). This hybrid strategy allows brands to maintain their global exclusivity while responding to regional consumer habits and cultural nuances. Particularly in the dynamic and increasingly important Asian markets, China and India, the balance between global prestige and local relevance will be critical to the long-term success of luxury brands (Singh 2020).

Luxury experience

When most people think of luxury, they first think of expensive products. In contrast to luxury products as a sign of wealth, interest in luxury as an experience has increased over the last ten years (Holmqvist et al., 2019). Atkinson and Klang (2022) describe that consumers expect products and services of the highest quality, but that providing unique, emotional, and intrinsic experiences is key to consumers' new luxury needs, which are characterized by fantasy, emotion and enjoyment. Mrad et al. 2022 stated that a luxury experience is the enjoyment of exceptional products or services that exceed expectations through quality, convenience and

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personalization. It is characterized by exclusivity, attention to detail and a sense of prestige that encompasses every moment of the customer journey, from entry to purchase. Gupta et al. 2023 show in their article that the latest luxury trend even shows that luxury experiences such as hospitality, cruises, private jets, cars, yachts, fine wines and gourmet food are growing faster and more promising than luxury fashion. Luxury brands must therefore ensure that they offer exceptional emotional experiences.

Health and wellness

Today's modernized lifestyles, such as increased stress at work, depression and sedentary habits, have increased society's awareness of wellness, health support and preventative approaches. The growth of luxury offerings in the health and wellness industry shows that people are increasingly investing in luxury health and spa solutions, and for some, 'feeling good' is the new ultimate luxury (Garg 2016). Luxury wellness retreats have become increasingly successful in recent years. Trends in the wellness sector include healthy ageing, weight management, fitness and sleep. Millennials and Gen Z are the generations that buy more wellness products and services than the previous generations (Callaghan et al. 2024). The wellness and well-being trend is particularly recognizable in the luxury hotel sector. Luxury hotels are increasingly focusing on innovative approaches to increase the well-being of their guests like yoga retreats or sleep trackers for individual temperature regulation. Luxury brands such as Dior are also expanding their network of brand spas in luxury hotels worldwide. There, guests experience exclusive 'Dioriginel' beauty rituals that bring the history and values of the brand to life in a unique way (Nahas et al. 2024).

Sharing economy

Sharing economy is a concept using technology to let people share (luxury) goods and experiences. This model includes borrowing, renting, swapping and co-ownership and is

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gaining popularity as it places less emphasis on private ownership (Christodoulides et al. 2021). The secondhand luxury market, which is just one of the new forms of luxury consumption, is expected to be worth \$50 million by 2025, growing at 13% per year, compared to +5% per year for the first-hand market (Hazan et al. 2022). Cost savings are often cited as a primary but not sole benefit. The business models of these platforms vary from individual rentals to subscription services, often also offering purchase options after the rental period. For example, Luxury Closet, the leading online boutique for buying and selling new and used luxury items (Christodoulides et al. 2021). This trend promotes a more efficient use of resources, reduces overconsumption, and allows consumers to experience luxury without making a long-term commitment, which is particularly appreciated by Gen Z (Dobre et al. 2021).

Inconspicuous luxury

For a long-time, luxury was associated with conspicuous consumption, which was about gaining social recognition through visible behavior and showing off wealth. However, more and more consumers are opting for inconspicuous luxury consumption. Large brand symbols are even increasingly perceived as unattractive and flashy. The value of luxury today seems to lie in its superior quality and the perception of exclusivity (Pangarkar and Shukla 2023). This is why luxury brands are increasingly focusing on collections with subtle statement designs. Today's luxury consumers appreciate these understated designs, unobtrusive logos, simple styles and cuts that are only recognised and appreciated by a small group and signal specialness and exclusivity for them (Pangarkar and Shukla 2023; Kuşcu 2021). The trend of inconspicuous luxury, while not brand new as highlighted already by Eckardt et al. in 2015, remains highly relevant in recent studies, underscoring its ongoing significance. An example of this are Louboutin's shoes, which are recognizable as luxurious due to their red soles with no prominent logos.

3. Methodology

3.1. Design of the Research

A comprehensive review of the existing literature helped to identify three key trends, that play a significant role in shaping the consumer behavior of Gen Z in the context of luxury items: sustainability, masstige, and digital transformation. This thesis adopts a quantitative research approach using a survey designed to explore how these trends influence purchasing decisions within this demographic. The figure below illustrates an overview of the approach used in this study. This structure is used for the overall thesis and for the individual parts respectively.

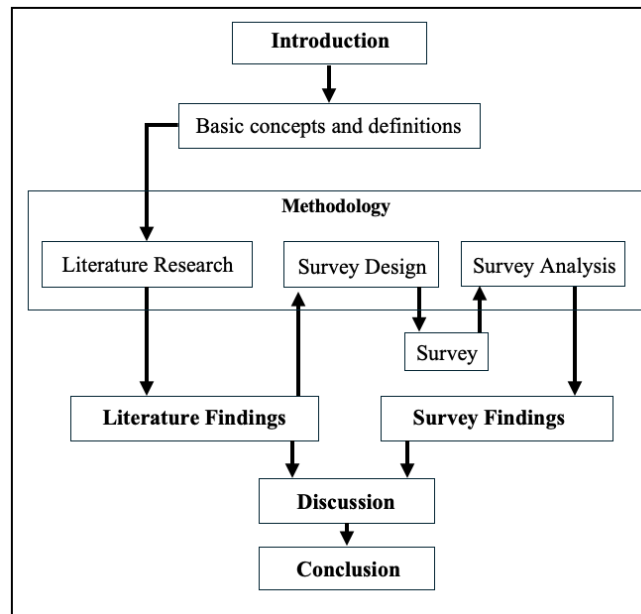


Figure 1: Structure of the work project (own creation)

To gather insights, a standardized questionnaire aimed at capturing the preferences, attitudes, and behaviors of Gen Z consumers, was designed. The survey served as the primary data collection method. A pretest was conducted with five participants, aged 20 to 55 and with varying levels of technical expertise. This process ensured that the final survey met the study's quality criteria, including objectivity, reliability, and validity (Bourke et al. 2016). Conducting the survey in English ensured that language barriers did not pose any challenges. A survey as the sole research method was chosen due to the ability to collect standardized, objective, and

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comparable data efficiently and reliably. Surveys allow for the collection of quantitative data from large samples while minimizing researcher influence, aligning well with the goals and constraints of this thesis. Given the collaborative nature of this project, the thesis is structured into three distinct sections, each dedicated to one of the identified trends: sustainability, masstige and digital transformation. Each section is independently organized into key components: an introduction, literature review, identification of research gaps, methodology, findings, discussion, theoretical and practical implications as well as limitations and future research. This structure ensures that each trend is analyzed in depth, highlighting its unique impact on luxury consumption within Gen Z. In the final shared findings and discussion section, these results are integrated and compared to examine how the trends relate to one another and their collective impact on Gen Z's consumer behavior. The project examines the consumer behavior of Gen Z, with a particular focus on the purchase decision process and the factors that influence customer loyalty. To create a logical and consistent structure, the findings section is based on a modified model of the purchase funnel. This well-established tool for analyzing consumer behavior is illustrated in the figure below.

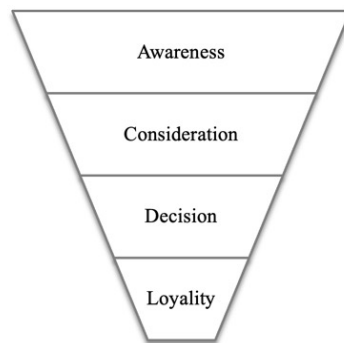


Figure 2: Modified purchase funnel (own creation)

The funnel helps break down the customer journey into stages, enabling a systematic understanding of what influences consumers at each stage of their decision-making process. This model is particularly relevant to the luxury segment, where purchase decisions often involve high emotional, financial and social stakes. Basing insights on this model provides a

clear and structured analysis of how Gen Z's behavior aligns with these trends, making it easier to interpret their motivations and loyalty patterns.

3.2. Derivation of Hypotheses

To address the central research question of this study, various trends were initially analyzed. Based on these analyses, three key trends were identified and selected for further investigation. Three hypotheses were then developed and surveyed to assess whether these trends are truly relevant to Gen Z when considering luxury:

- H_{1a} : Sustainability is important to Gen Z when it comes to luxury items
- H_{1b} : Masstige is important to Gen Z when it comes to luxury items
- H_{1c} : Digital Transformation is important to Gen Z when it comes to luxury items

Building on these hypotheses, further analyses were conducted on the three topics. Finally, the trends were compared to determine which factor ultimately has which influence on Gen Z's purchasing decisions. This approach ensures a detailed and well-rounded understanding of the relevant trends in the luxury context. The following figure demonstrates the objective of the research, which is to categorize and clarify the impact of the three identified key trends on the consumer behavior of Gen Z.

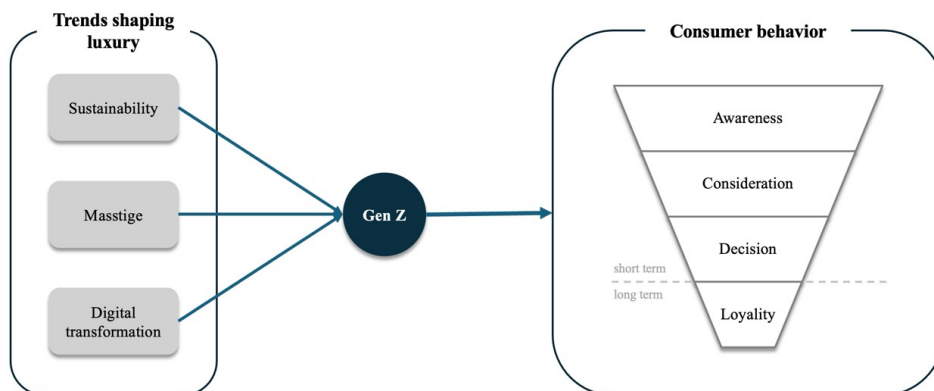


Figure 3: Trends shaping Gen Z's consumer behavior (own creation)

3.3. Collection of Data

The online survey was created using the Microsoft Forms survey tool and made available to participants via a publicly accessible, non-personalized link over a two-week period. The survey was distributed to friends and family via social media and the online platform SurveySwap to reach an even larger and more diversified target group. One of the main advantages of conducting an online survey is the ease with which spatial and time constraints can be overcome (Knapp & van den Bogaert 2023). This allows the online questionnaire to survey a large sample and thus obtain representative results. In order to obtain high quality data, certain quality criteria must be met (Aguinis 2024). This study meets the main quality criteria of objectivity, reliability, and validity, as a standardized, anonymous online questionnaire, validated by pre-tests, was administered to a large sample (Bourke et al. 2016).

The aim of the study is to create a representative sample that is smaller than the population, but still accurate (Bourke et al. 2016). Focusing on the three age groups, Gen Z, Millennials, and individuals aged 45+, allows the study to identify and analyze cross-generational trends in the luxury industry. While people aged 45 or older and Millennials are an established target group of luxury brands, Gen Z is particularly relevant as they are characterized not only by their digital consumer behavior, but also by their growing influence on current and future market trends. The study of three age groups with a clearly prominent share of Gen Z therefore provides a differentiated view of the factors and behaviors that influence luxury demands and their future trends.

3.4. Survey Structure

The survey consisted of 30 questions, 17 single choice and 13 multiple choice. The five-point Likert scale was used for nine of the questions. It is a rating system that allows respondents to express their degree of agreement from strongly agree to strongly disagree, including a neutral option. Every question had the option 'None of these' or a neutral response to ensure that

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participants, who could not relate to any answer, could not distort the results. The design of the online survey followed a clear, logical structure. At the beginning, participants were given a general introduction, followed by two demographic questions on age and gender to categorize respondents and enable filtering specifically for Gen Z participants. Following this, a pivotal question identifies the respondent's luxury consumption type (Beaverstock et al. 2010). This question classifies individuals into multiple categories, ranging from those who never purchase luxury, to those who occasionally treat themselves on special occasions and to those for whom luxury is a lifestyle, such as owning only high-end items or extravagant assets like a helicopter. These examples illustrate the broad spectrum of luxury consumer types addressed in the survey and enables a more transparent interpretation of the results.

Next, two general questions investigate what participants value most about luxury and which luxury sectors they find most appealing. To ensure a differentiated and scientifically based analysis, the luxury market is divided into the nine segments described in the Bain & Company Luxury Report (D'Arpizio et al. 2024). The survey then progresses to its core sections, with nine questions focusing on sustainability, seven on masstige and seven on digital transformation. Each section begins with a Likert scale question asking participants to rate the importance of the respective theme, allowing for a comparative analysis of the relevance of the three trends to Gen Z. Finally, the survey concludes with two questions aimed at understanding customer loyalty. These questions examine the factors most influential in fostering loyalty and identify the primary barriers to purchasing decisions that brands should avoid. This carefully structured approach ensures that the survey captures diverse perspectives on luxury consumption among Gen Z while aligning with the thesis's overall objectives. All specific questions and answers from the survey can be found in the Appendix.

3.5. Descriptive Insights

The following section presents the results of the quantitative online survey conducted as part of this thesis. The data was analyzed using the software tool Jamovi. To test hypotheses H_{1a} , H_{1b} and H_{1c} the Pearson chi-square test for normal distribution was selected. This test is used to analyze whether the frequencies observed in the sample deviate significantly from the normal distribution. The chi-square test is characterized by its robustness and ease of use, which makes it a proven tool for analyzing survey data. The methodological requirements for carrying out the chi-square test are fully met in the present study: The variables under consideration are categorical, specifically ordinal in nature, with a response scale ranging from expressing strong importance to expressing strong unimportance. Additionally, all expected cell frequencies were ensured to be ≥ 5 , fulfilling the conditions necessary for the application of this test (Chi-Square Test of Independence n.d.). We chose an alpha value of 0.05 as the significance level as it is an established standard and provides a good balance between accuracy and practicality.

The sample size for the study was sufficient to ensure valid and reliable statements about the population. A total of 314 individuals completed the questionnaire in full. Among these, more than half of the participants, specifically 189 individuals (60.2%), belong to Gen Z. Millennials are represented by 74 participants (23.6%), while 51 participants (16.2%) belong to the generations aged 45 or older. Given this distribution and the total sample size, all categories had more than 30 respondents. According to the central limit theorem, this sample size is adequate for the application of statistical methods based on the normal distribution, ensuring reliable and statistically validated results (Kwak & Kim 2017).

With 162 respondents (51.6%) identifying as female compared to 152 respondents (48.4%) identifying as male, there is no significant gender imbalance overall. This relatively balanced structure runs through all generations. While slightly more Gen Z women (52.9% to 47.1%) and Millennial women (52.7% to 47.3%) responded to the survey, slightly more men (54.9%

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to 45.1%) responded among the generations over the age of 45. These demographics provide a solid basis for interpreting the results in terms of gender differences and generational consumption habits in the luxury sector. Interestingly, the survey results indicate no significant differences between male and female respondents in this context.

The single choice question about the type of luxury consumer of the respondents shows that most respondents in all age groups buy luxury items rather rarely, i.e. for special occasions. In Gen Z, as many as 75.1% state that they 'rarely' buy luxury goods, while around 9% buy luxury goods 'occasionally' and 3.2% 'frequently'. Only 2.1% 'regularly' buy luxury items and 7.4% are 'interested in luxury items and trends but cannot afford them'. A further 2.6% have 'no interest in luxury'. The distribution is similar for the other two groups. Although it is noticeable that people aged 45 and over are slightly more likely to buy luxury goods 'frequently' (23.5%) than younger generations. Nevertheless, the basic tenor here also remains that luxury items are predominantly bought rarely by the respondents of the survey.

The multiple-choice question on which areas of luxury are of most interest to respondents revealed that Gen Z is most interested in 'Personal luxury' at 87.3%, followed by 'Luxury hospitality' at 58.2% and 'Luxury cars' at 21.2%. The other areas were met with less interest: 'High-end furniture' with 9.5%, 'Fine wines and spirits' by 7.4%, and 'Fine art' by 4.2%. Interest in 'Luxury cruises' at 2.1% and 'Private yachts' with 1.6% was the lowest, while 4.2% stated that they were 'Not interested in any of the areas' mentioned. The distribution of the first three categories is similar among millennials and aged 45+, with 'Personal luxury', 'Luxury hospitality' and 'Luxury cars' being mentioned most frequently. However, it is noticeable that interest in the areas of 'Fine wines and spirits', 'High-end furniture' and 'Fine art' tends to increase with age. Interest in 'Fine wines and spirits' (31.4%) and 'Fine art' (19.6%) is particularly higher among people aged 45+ than among the younger generations.

Shaping the future of luxury: Digital Transformation as influencing trend in Gen Z consumer behavior

Melina Leoni May

4. Digital Transformation

4.1. Introduction

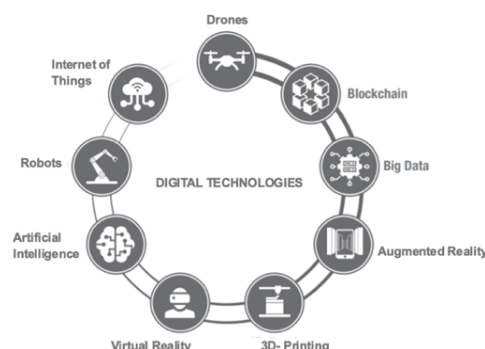
Digitalization has transformed nearly every industry, and the luxury market is no exception. The integration of digital tools and technologies has challenged traditional concepts of luxury while creating new opportunities for brands to engage with their consumers. For Gen Z, often regarded as digital natives, digitalization significantly influences consumption patterns and brand loyalty as they seem to seek more personalized, immersive, and seamless experiences (Deloitte 2024). In order to maintain competitiveness in a fast-evolving market, luxury brands are compelled to adapt their strategies (D'Arpizio et al. 2024). Social media for example has become an indispensable tool for luxury brands to engage with consumers, especially Gen Z. As another impactful example, the COVID-19 pandemic has highlighted and accelerated the importance of a strong online presence and seamless internal digital processes for brands. This digital development is particularly relevant for sectors that have previously paid little attention to e-commerce, such as the high-end fashion and jewelry industry, where physical stores were long considered indispensable for the exclusive status. Digital tools such as AI, VR, AR and blockchain hold great potential for luxury brands to improve customer loyalty, personalize marketing, and provide more transparency in sourcing and sustainability (Achille et al. 2018). While existing literature has broadly examined digital transformation in various industries, the luxury sector's unique relationship, especially regarding its impact on Gen Z consumer behavior, remains underexplored. Thus, this study is guided by the research question: *How and which aspects of digital transformation affect the consumer behavior, more specifically the purchasing decisions and potential shift in loyalty of Gen Z toward luxury brands?*

Beginning with a literature review, this section on digital transformation explores the key topics currently discussed in academic and field research, emphasizing on the most prominent and debated areas in the current knowledge. Following this, the methodology and survey design are described in detail, outlining how these methods are intended to bridge the identified gaps in the literature. The findings section presents the results of the survey in a structured manner using the modified purchase funnel model (Figure 2), which are then further explored in the discussion part. The topic concludes by highlighting its theoretical and practical implications, alongside its limitations and recommendations for future research.

4.2. Literature Review

Digital transformation as a driver of change in the luxury market

Before the term digital transformation can be explained, it is helpful to define the term digitization. Digitization refers to the conversion of analogue into digital data, for example the conversion of analogue images into a digital format. This can enable fundamental changes in the use of communication and information technologies, which can be used to develop new business models and processes (Harwardt, 2020). Ebert and Duarte (2018) define digital transformation as the introduction or use of digital disruptive technologies to increase productivity and value creation and improve social security. At the heart of digital transformation is the ever faster and more cost-effective processing and storage of data. This data is generated by companies and customers and is then analyzed and integrated into the value chain (Dörr 2020). The World Economic Forum DTI (2018) describes the digital technologies shown in the figure below as the drivers of this transformation.



This study focuses on the impact of Big Data, VR, AR and AI on the luxury market, with Blockchain also briefly considered. Big Data enables the analysis of large datasets to predict behavior, personalize offerings, and enhance customer engagement. VR and AR offer immersive experiences like virtual showrooms and try-on solutions, creating exclusivity and innovation. AI supports personalized marketing, customer management, and trend prediction, driving operational efficiency. Blockchain adds transparency by verifying authenticity and ethical sourcing. Together, these technologies drive digital transformation in luxury, offering new opportunities while addressing evolving consumer expectations and industry challenges. Digital transformation is revolutionizing the luxury industry, offering previously unimaginable opportunities to innovate and expand market reach. Experts predict that by 2030, online sales will account for 33% of total sales of personal luxury goods, up from approximately 20% in 2024 (D'Arpizio et al. 2024). This rapid growth is attributed to substantial investments in digital infrastructure and the integration of omnichannel strategies, aiming to blend in-store and online experiences into a seamless, premium journey for consumers (Coherent Market Insights 2024). Despite this optimistic outlook, the luxury industry has historically been slow to adopt digital technologies. The hesitation stems from a desire to preserve the exclusivity and prestige associated with luxury products, which are often closely tied to tangible, physical experiences such as high-quality materials, premium packaging, and the atmosphere of flagship stores (Christodoulides et al. 2021).

While other industries have embraced digitalization without reservations, the luxury sector continues to place significant importance on the in-person, sensorial elements that define its value proposition. On the one hand, researchers emphasize the boundless potential of digital tools to enhance the luxury experience. Technologies such as AR, AI and blockchain are being praised for their ability to personalize shopping experiences, ensure supply chain transparency, and immerse consumers in virtual environments that reflect brand exclusivity (Pangarkar &

Shukla 2023). Digital touchpoints like online flagships, social media campaigns, and influencer marketing are supposed to be proving effective at reaching younger, tech-savvy demographics like Gen Z, who increasingly engage with luxury brands in digital spaces (Wong & Park 2022). On the other hand, significant resistance persists, particularly among consumers who value the traditional, high-touch experience of physical stores. Research indicates that physical environments, luxury boutiques with attentive staff and haptic materials, remain crucial to fostering trust and authenticity. High-end paper, elaborate packaging, and personalized interactions are seen as irreplaceable elements of the luxury experience, making physical retail far more crucial in this sector than in most others (Christodoulides et al. 2021).

Consumer trust in digital luxury channels is another big challenge. While most studies portray Gen Z as confident digital natives who seamlessly navigate and embrace online platforms, others suggest that even this demographic has significant doubts about digital environments. Key concerns include fears of encountering counterfeit products, scams, and breaches of data privacy (Alruthaya et al. 2021). Many consumers feel disconnected from the online luxury shopping experience due to the lack of human interaction, such as a friendly in-store associate to guide and reassure them during their purchase. Moreover, the impersonal nature of digital platforms often undermines confidence in finding reliable customer support. Studies highlight a growing demand for digital systems that replicate the trust and care traditionally provided in physical luxury retail environments (McKinsey 2024). Without addressing these concerns, the full potential of digital transformation in the luxury sector may remain unrealized.

Online presence influence on luxury brand perception

The digital era has transformed how consumers interact with brands, making a strong online presence now crucial to maintaining competitiveness. For luxury brands, online presence extends beyond e-commerce to encompass digital storytelling, social media engagement, and

immersive virtual experiences. As Gen Z emerges as a dominant consumer demographic, their digital fluency and new expectations are reshaping the luxury market's approach to online platforms. Advertisement tools, including social media campaigns and Google ads, enhance visibility, while email newsletters foster personalized communication. These tools align with Gen Z's preference for integrated, omnichannel experiences (Hazan et al. 2022). However, their effectiveness is debated. Some studies emphasize third-party platforms like Farfetch for accessibility, while others highlight the role of official websites in building authenticity and exclusivity (WBR Insights 2024). Online advertisements are praised for broad reach but criticized for potentially lacking the depth needed to build trust in the luxury sector. Regarding Gen Z there remains some uncertainty as to which tools are most effective in engaging with this target group. Only social media is perceived as the most influential factor in shaping Gen Z's perception of luxury brands by most studies (Dobre et al. 2021). Platforms like Instagram, TikTok, and YouTube play a key role in influencing purchasing decisions through targeted advertisements, influencer collaborations, and branded content. Many studies agree that social media serves as a cornerstone for engaging Gen Z, offering the immediacy and interactivity they value in digital communication (Elkatmış 2024). Yet, even within the consensus on social media's importance, significant differences exist regarding its most impactful elements. Some researchers argue that influencer collaborations drive the most engagement, as they create a sense of authenticity and relatability. Others highlight the effectiveness of sponsored advertisements and curated branded content in reinforcing exclusivity and prestige.

Forward-thinking digital innovations in the luxury sector

Digital innovations are reshaping the luxury sector, offering transformative possibilities. Among these, VR and AR stand out as widely recognized tools with immense potential. These technologies enable immersive experiences such as virtual try-ons, digital showrooms, and virtual fashion shows, promising to bridge the gap between the touchable nature of luxury and

the convenience of digital platforms. However, while the industry agrees on their transformative role, it remains unclear which aspects of VR and AR will resonate most with consumers in the future, given the vast array of possibilities these tools provide. Beyond AR and VR, other emerging innovations have potential for redefining luxury. Blockchain technology, for example, offers enhanced transparency in sustainability efforts as well as authenticity of their products. Similarly, biometric payment methods and exclusive digital memberships are being debated as potential tools to enhance personalization, security, and exclusivity (PYMNTS 2024). However, consumer demand for these advancements remains uncertain, requiring further exploration. A particularly polarizing topic in the digital luxury landscape is the concept of digital luxury items, such as NFTs, digital fashion, and virtual ownership in the metaverse. NFTs gained significant attention in recent years, with items selling for thousands to millions of dollars during the initial boom. However, their current value has drastically declined, leading to skepticism about their long-term relevance. Some researchers argue that NFTs and digital ownership still hold immense potential to shape the future of luxury, while others view them as a fleeting trend with limited staying power (Giroud 2023).

4.3. Research Gap

While the literature thoroughly documents the digital transformation of luxury brands and the shift in consumer behavior among younger generations, there remains a gap in understanding the specific digital tools and innovations that genuinely impact Gen Z's consumer behavior. Existing studies often focus on the potential of digital transformation in enhancing brand engagement or discuss technology in a broader luxury context without delving into which innovations resonate most with Gen Z consumers. This research seeks to address this gap by surveying Gen Z's preferences in digital experiences and their effects on purchasing behavior, aiming to determine which emerging trends in digital transformation are most influential in shaping their luxury consumption.

4.4. Methodology

The first step in examining the role of digital transformation is to assess its fundamental relevance as one of the three key trends identified in this study. The hypothesis H_{1c} states: *Digital tools and technologies are important to Gen Z when it comes to luxury items*. It is tested, using the question from the questionnaire ‘How important are digital tools and technologies in your decision to purchase luxury items?’ presented in a Likert scale format with responses ranging from ‘very important’ to ‘not important’. This approach also allows for a comparative analysis with the other trends in terms of their significance and the weight of their impact.

While the literature emphasizes the importance of digitalization and its growing significance in everyday life, this trend must be specifically evaluated within the target group to confirm its influence on luxury purchasing decisions. To gain deeper insights into the factors that influence and motivate consumer behavior in the context of digital transformation, particularly among Gen Z, the survey includes additional questions designed to explore specific aspects of this trend. These multiple-choice questions focus on areas highlighted during the literature review as either particularly significant or lacking clear scientific consensus.

One such area is the hesitation to purchase luxury goods online. Understanding consumer hesitation to purchase luxury goods online remains a critical challenge for luxury brands, particularly when addressing Gen Z. Barriers such as concerns over authenticity, security, or the inability to inspect products physically can discourage digital engagement. To investigate these concerns, the survey examines the key reasons behind this hesitation, providing insights into areas that require improvement. These findings help luxury brands identify how they can build trust and refine their digital strategies to align better with Gen Z’s expectations.

Additionally, the survey examines the impact of different digital platforms on consumer purchasing behavior. Given their digital-native background, it is crucial to gain a deeper

understanding of how Gen Z interacts with online media. This will enable brands to identify the most impactful channels, such as official brand websites, social media, or third-party platforms. Especially social media has a significant impact upon perceptions of luxury brands. This research is designed to identify which aspects of social media engagement have the greatest impact on this generation, including influencer collaborations, viral trends and branded content. The findings will provide actionable insights for brands seeking to enhance their presence on these platforms. The study also considers future innovations, evaluating which digital technologies, such as augmented and virtual reality, sustainability-focused blockchain solutions, or exclusive digital memberships, are most likely to enhance Gen Z's luxury experience. By examining Gen Z's preferences for engaging, interactive technologies, the analysis identifies potential opportunities for luxury brands to develop transformative digital experiences that align with the expectations of this tech-savvy demographic.

Lastly, the research addresses the concept of digital luxury ownership, including items such as NFTs and virtual real estate. While opinions on these innovations remain divided, this study provides valuable insights into their relevance to Gen Z, offering a nuanced perspective on the potential of these digital trends for the future of luxury. The specific wording of the questions and the responses can be found in Appendix 4.

4.5. Findings

The following section outlines the results of the seven survey questions on the topic of digital transformation. Based on the answers to the first question, the hypothesis $H_{1c} = \textit{Digital tools and technologies are important to Gen Z when it comes to luxury items}$ is tested. The null hypothesis H_{0c} , which states that digital transformation is not important to Gen Z when it comes to luxury items, can be rejected. To test whether digital tools and technologies are considered important for the Gen Z target group, a Pearson chi-square test for normal distribution was

conducted. The p-value is < 0.001 , which is smaller than the specified alpha of 0.05. The survey is therefore not normally distributed, and the null hypothesis can be rejected. The responses show a clear shift toward 'important', indicating that digital tools and technologies are a significant factor for Gen Z in the context of luxury goods. To gain a deeper understanding of how and which aspects of digital transformation influence the purchasing intentions of Gen Z, the other questions are analyzed within the framework of the modified purchase funnel.

Awareness

Gen Z shows a significant recognition of the importance of digital tools and technologies in their luxury purchasing decisions. According to the survey, 39.7% of Gen Z respondents consider digital tools 'very important', with an additional 45.5% rating them as 'somewhat important'. This totals 85.2%, demonstrating that the majority of Gen Z acknowledges the relevance of digital transformation in shaping their luxury consumption decisions and indicating a strong consensus within this group. The survey results reveal that other generations are noticeably less influenced by digital tools and technologies compared to Gen Z. Regarding online presence, Gen Z identifies online reviews, blogs, or influencers as the most impactful digital touchpoint, with 73.5% stating that these channels influence their purchasing decisions. Social media advertisements are the second most impactful channel, with 50.3%, followed by the brand's official website at 43.9%. Third-party retailers (13.8%) and email newsletters (2.7%) have less influence on Gen Z, highlighting a preference for more direct and interactive forms of digital engagement. T

he question regarding the importance of social media aspects was designed to pinpoint the specific aspects of social media that resonate most with Gen Z, providing clarity on which strategies luxury brands should prioritize to effectively connect with this generation. Among respondents, 74.6% identified viral social media trends as the most impactful aspect and

influencer endorsements were selected by 61.9%, emphasizing the importance of trusted individuals in influencing brand perception. Brand advertisements also play a notable role, with 43.9% indicating their relevance. In contrast, other elements such as collaborations between luxury brands and celebrities (10.1%) and exclusive limited time offers (5.3%) seem to have less impact on the Gen Z respondents. Older Generations in comparison stated brand advertisements and collaborations between luxury brands and celebrities as the two most influential aspects of social media.

Consideration

When it comes to hesitations about online luxury shopping, Gen Z primarily highlights the inability to physically inspect products as a key barrier, with 75.1% selecting this reason. Other notable concerns include product authenticity (31.2%) and website security or data protection (24.3%). Interestingly, issues such as negative past experiences (19.1%) and poor customer service or returns (19.1%) are less frequently cited, indicating that tangible, product-related factors are the stronger influence for Gen Z when considering online luxury purchases.

Decision

When asked about digital innovations that would enhance their luxury experience, the majority of Gen Z respondents (64.6%) selected virtual and augmented reality experiences, such as exploring luxury items in immersive environments. This indicates that Gen Z sees immersive technologies as a significant factor in improving their purchasing experience. Sustainability-focused innovations, such as transparency through blockchain, were also appealing to 41.8% of respondents, suggesting that ethical considerations remain important in a digital context. Meanwhile, exclusive digital memberships (36.5%) and biometric payment methods (13.2%) were less favored, highlighting that while personalization and convenience are appreciated, they are secondary to immersive and ethical experiences. Only 7.4% of Gen Z indicated that 'none

of these' innovations were appealing, confirming a strong openness to transformative digital tools.

When exploring preferences for AR/VR experiences, Gen Z showed the greatest interest in participating in personalized experiences, such as tailored product recommendations or virtual styling sessions, with 66.1% selecting this option. This highlights a strong desire for customized, interactive engagements that make their luxury shopping experience more personal and immersive. Using augmented reality to visualize products, such as trying on items virtually, was the second most popular choice, with 54.5% of respondents expressing interest, indicating a preference for practical, user-friendly applications of AR/VR technologies. Exploring virtual showrooms was selected by 46.6%, while attending virtual events with interactive elements appealed to 32.8% of Gen Z. Notably, only 6.35% of respondents indicated that 'none of these' experiences were appealing, demonstrating an overwhelming enthusiasm for immersive technologies.

Loyalty

The last question regarding digital luxury items showed a different response distribution than expected. The majority of Gen Z respondents (47.1%) selected 'none of these', indicating that digital luxury goods are currently not highly relevant to this generation. Despite the prominence of digital trends like NFTs and virtual luxury in discussions around the future of the industry, nearly half of Gen Z does not yet see value in these offerings. This aligns with older generations, where the disinterest rates are even higher. Among the half of respondents who did express interest in digital luxury, the most popular category was exclusive digital memberships (41.3%), such as access to private brand events or offers. This suggests that personalized and exclusive digital privileges resonate more strongly with Gen Z compared to other forms of digital luxury. Dual ownership, where physical luxury items are paired with digital twins, followed with

32.8%, highlighting some enthusiasm for integrating physical and digital luxury experiences. Digital fashion items, such as NFTs for virtual clothing or accessories, were chosen by 28.0% of respondents, indicating moderate interest in self-expression through digital luxury. However, virtual real estate, such as purchasing and owning exclusive spaces in the metaverse, garnered significantly less interest, with only 12.7% selecting this option, suggesting that this concept feels less relevant or tangible to Gen Z at this time.

4.6. Discussion

The survey results confirm that digital transformation is particularly relevant for this tech-savvy generation, as it significantly shapes their purchasing decisions and brand loyalty. In the following, the survey results are analyzed in relation to the existing literature to provide deeper insights and context. It was previously mentioned that the literature debates the barriers that hinder online luxury purchases, with a lack of clarity on which factors are most critical. This study shows that the inability to physically inspect products is the most significant concern for Gen Z consumers, far outweighing other issues such as authenticity or security. However, the findings also point to emerging solutions. Innovations such as augmented and virtual reality (AR/VR), tactile sensors, and advanced visualization tools have the potential to bridge the gap between physical and digital luxury. For example, future technologies could simulate fabric textures through haptic feedback or provide detailed audio and visual descriptions of materials, allowing consumers to virtually ‘feel’ and assess products. Research in this area is ongoing, and luxury brands that successfully integrate these innovations could eliminate one of the biggest obstacles to online shopping, gaining a significant competitive advantage in the process. The literature often emphasizes the importance of personalization in luxury, but its specific applications in the digital space remain underexplored. This study shows that Gen Z values immersive, tailored experiences, such as virtual styling sessions or personalized product recommendations. These findings align with existing research highlighting the potential of

AR/VR to enhance the consumer journey (Pangarkar & Shukla 2023). However, the study also sheds light on the importance of merging digital and ethical priorities. For example, sustainability-focused innovations, such as blockchain transparency, resonate strongly with Gen Z. This suggests that brands should not only focus on immersive technologies but also integrate values-driven approaches to meet the holistic expectations of this generation. Social media and digital tools play a pivotal role in engaging Gen Z, as confirmed by both the literature and the findings of this study. Platforms such as Instagram, TikTok, and YouTube are highlighted as essential channels for influencing this demographic, with viral trends, influencer collaborations, and interactive content emerging as the most impactful elements. These findings align with existing research emphasizing the immediacy and interactivity that Gen Z values in digital communication (Luxe Digital 2024). However, while the literature broadly agrees on the importance of social media, it lacks consensus on which specific strategies are most effective. The study results contribute to this debate by clarifying that Gen Z responds most strongly to relatable, dynamic, and authentic content, such as influencer-led campaigns and viral trends, while more traditional approaches like celebrity collaborations or exclusive offers on social media are less impactful. This suggests a shift in priorities, with Gen Z favoring genuine connections over exclusivity-driven marketing. Furthermore, the results underscore the importance of a well-rounded digital strategy that incorporates multiple touchpoints. Tools like online reviews, branded websites, and social media advertisements also play a significant role in shaping perceptions, demonstrating that a single-channel approach is insufficient. For luxury brands, the challenge lies in seamlessly integrating these tools to create an omnichannel experience that resonates with Gen Z's preferences. The concept of digital luxury ownership, such as NFTs and virtual real estate, remains polarizing in both the literature and among consumers. While some studies position these innovations as the future of luxury, this study reveals limited interest among Gen Z respondents. Nearly half of the participants expressed no

interest in digital luxury items, reinforcing the skepticism found in recent academic discussions. At first glance, these findings suggest that digital luxury ownership is not a major area of interest for Gen Z at present. It appears to be a relatively niche topic with limited relevance for the broader luxury market. However, this should not lead to the conclusion that it lacks future potential. As technologies evolve and digital ecosystems such as the metaverse develop further, consumer attitudes may shift. Luxury brands would do well to keep this area on their radar, as it could still emerge as a significant trend in the years to come. By closely monitoring developments and adapting to changing consumer preferences, brands can position themselves to capitalize on this opportunity should it gain greater traction.

Nevertheless, the study highlights that exclusive digital memberships and dual ownership models (e.g., pairing physical items with digital twins) hold more immediate appeal for this demographic. These findings suggest that while purely digital assets may not yet be fully embraced, hybrid models that combine physical and digital elements could offer a more viable path forward for luxury brands.

4.7. Theoretical and practical implications

The findings of this study offer several practical recommendations for luxury brands aiming to successfully engage with Gen Z and adapt to the evolving digital landscape. One of the most critical takeaways from this study is the ongoing tension between digital and physical luxury. The literature often portrays these as opposing forces, with digital transformation threatening to erode the high-touch, sensory aspects traditionally associated with luxury (Christodoulides et al. 2021). However, this study suggests that the two can complement each other if approached strategically. For instance, while Gen Z values the convenience and accessibility of digital platforms, they also demand trust, authenticity, and sensory engagement which are qualities traditionally found in physical stores. By leveraging technologies such as AR and VR, brands

can create hybrid experiences that combine the best of both worlds, enhancing digital engagement without sacrificing the exclusivity and craftsmanship of traditional luxury. Therefore, investment in immersive technologies is essential. Gen Z demonstrates strong interest in personalized, interactive experiences like virtual styling sessions, augmented reality product visualizations, and virtual try-ons. These tools not only enhance the online shopping experience but also address barriers such as the inability to physically inspect products.

By bridging the gap between the tactile and digital realms, luxury brands can overcome trust issues and create seamless, engaging customer journeys. Luxury brands should embrace hybrid models that seamlessly integrate physical and digital elements. For instance, exclusive digital memberships that grant access to special events or limited collections provide a way to blend traditional luxury values with modern digital innovation. Additionally, social media strategies must be refined and diversified. Viral trends, influencer collaborations, and dynamic content are proven to resonate most strongly with Gen Z, while more traditional approaches like celebrity endorsements or exclusivity-driven campaigns are less effective.

Luxury brands should focus on creating authentic and relatable content that speaks directly to Gen Z's values, such as sustainability, inclusivity, and innovation. At the same time, maintaining a presence on multiple platforms, from branded websites to social media, is critical for creating an integrated omnichannel experience. In conclusion, luxury brands must balance innovation with authenticity, leveraging advanced digital tools while staying true to the values of exclusivity, craftsmanship, and trust that define the luxury experience. By doing so, they can meet the demands of Gen Z and position themselves for long-term success in an increasingly digital and values-driven market.

4.8. Limitations and future research

One key limitation of this study is the narrow scope of analysis, restricted by the amount of only seven survey questions on digital transformation, limiting a deeper exploration of its full impact on luxury consumer behavior. The study primarily focused on the role of specific digital tools and technologies, such as social media, AR/VR, and blockchain, and how these influence Gen Z's purchasing decisions and brand loyalty. Broader topics, such as the integration of digital tools in luxury services or the long-term implications of digital transformation on brand identity, were not fully addressed.

Additionally, while this study focused on the influence of digital transformation on Gen Z, the homogeneity of the respondent group may limit the generalizability of the findings to other consumer segments. Moreover, the study does not consider regional or cultural variations in digital behavior, which can significantly affect how Gen Z interacts with digital tools and platforms. Replication studies in different geographic and cultural contexts could provide insights into how regional factors shape digital engagement with luxury brands also including a more diverse sample in future research. Future research should also explore emerging digital innovations that are still in their infancy, such as tactile feedback technologies and multisensory AR and VR experiences, to understand their potential to bridge the gap between digital and physical luxury. Investigating these technologies could uncover new opportunities for brands to address existing barriers, such as the inability to physically inspect products and provide a more seamless and engaging digital experience. As technology and consumer expectations continue to evolve, future research should examine how these dynamics shift over time, particularly in response to advancements in artificial intelligence, metaverse developments or changing societal values. Expanding the scope to include these factors could offer a more comprehensive understanding of long-term implications for the luxury industry and provide actionable recommendations for brands aiming to stay ahead in an ever-changing market.

5. Common findings

The three final general questions of the survey were added to provide valuable insights into purchasing decision factors and the key drivers of brand loyalty in the luxury market for consumers. These results serve as a crucial basis for comparison and discussion between the three trends analyzed, helping to contextualize their relative importance and influence on Gen Z consumer behavior.

The results of the question on motivation for luxury purchases highlight significant generational differences in motivations for luxury purchases, with Gen Z showing a strong sensitivity to trends, influencers, and peer influence (72%) compared to Millennials (5.4%) and the group aged 45 and older (0%). This finding highlights the importance of social validation and digital influence on Gen Z consumer behavior in the luxury market, suggesting that their purchasing decisions are heavily influenced by cultural trends and the perceptions of their social networks. The fact that none of all the participants cited 'My admiration and loyalty to the brand' as a motive for buying luxury goods shows that brand heritage has lost influence in favor of quality, exclusivity, and social relevance. This signals a crucial challenge for luxury brands as they can no longer rely solely on their heritage or reputation to maintain or build on their success. Previous achievements and established brand images now need to be reinforced with contemporary values and tangible offerings that reflect changing consumer priorities.

When asked about factors that might lead to a last-minute decision not to purchase a luxury product, 57.7% of Gen Z respondents cited 'high price point and affordability concerns' as the most significant deterrent. Other notable concerns for Gen Z included 'ethical concerns, such as sustainability or labor practices', selected by 42.9%, what highlights the growing importance of sustainability as a decisive factor in their purchasing decisions. Additionally, concerns over quality and authenticity ranked high at 38.6%. These findings underscore that, alongside cost,

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values-based and quality-related issues also play a crucial role in Gen Z's decision-making process. Less frequently mentioned is the fear that the product may not meet expectations (36%) suggesting that respondents generally trust luxury brands to deliver on their promises of quality and experience, highlighting the strength of luxury brands reputations. The fact that less than 17.5% of Gen Z respondents see luxury as 'unnecessary or too extravagant' underlines the continued appeal and desire to own luxury goods among this generation. This is also an indication that practical and ethical considerations trump concerns about the intrinsic value of luxury. Only 1.1% of Gen Z respondents chose 'none of these', showing that most participants identified at least one significant barrier to their purchase.

When examining what drives brand loyalty among luxury consumers, 'high quality and excellent craftsmanship' emerged as the most important factor for Gen Z, with 38.6% selecting this option. This finding is consistent with the other generations analyzed. For Gen Z, 'more affordable and accessible products and services' ranked second, with 21.2%. This suggests that, while quality remains the most critical factor, affordability and therefore the masstige strategy is becoming an increasingly important factor in fostering long-term brand loyalty among this demographic, who place a high value on both affordability and accessibility. Other factors were less significant for Gen Z. 'Sustainable and ethical practices' and 'personalized and innovative online and in-store experiences' were each selected by 16.9%, indicating a moderate influence on loyalty. The brand's history and image, often emphasized in luxury marketing, had the least impact, with only 6.3% of Gen Z respondents considering it the strongest driver of loyalty. In contrast, 56.9% of respondents aged 45 and older selected 'the brand history and image' as the strongest positive influence on their loyalty when buying luxury goods.

6. Common Discussion

Based on findings from the standardized 30-question survey, this study contributes to a deeper understanding of Gen Z's luxury consumer behavior. The results not only validate existing theories, but also explore the complex interplay between three key trends for Gen Z: sustainability, masstige and digital transformation. The survey results clearly address the research question by showing how these three trends influence consumer behavior, especially in shaping Gen Z's purchasing decisions and shifts in brand loyalty within the luxury market.

The survey results are broadly consistent with the literature by D'Arpizio et al. (2023), which identifies personal luxury goods as the largest area of luxury spending, followed by luxury cars and luxury hospitality. Similarly, this study also identifies personal luxury goods as the most dominant segment for Gen Z. However, the order of priority shifts slightly, with luxury hospitality ranking second and luxury cars third. The discrepancy in results may be attributed to the demographic composition of the study sample, which consisted primarily of younger, occasional luxury consumers whose spending patterns and priorities may differ from those of more established luxury consumers. Interestingly, the survey found that brand history and image were rarely selected as drivers of brand loyalty by younger respondents, probably due to the single response survey design. However, this finding should not be over-emphasized as brand image remains a well-known factor, often influencing consumers subconsciously rather than being an active decision driver.

For Gen Z, sustainability is identified as an indispensable component of modern luxury and is no longer seen as an option, but as a basic requirement that must be fundamentally compatible with luxury. The survey shows a clear preference for sustainable thinking and thus reflects the general shift towards sustainable luxury described in the literature (Amatulli et al. 2020; Stolz 2022). The results also underline the depiction of Gen Z as digital natives with a strong affinity

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for online engagement and technology-driven experiences (D'Arpizio et al. 2024; Wang et al. 2022). This suggests that engagement in the areas of sustainability and digitalization is essential for luxury companies to reach this target group.

Among these trends, Gen Z stands out as particularly influential, with masstige strategies offering companies a valuable opportunity to build long-term appeal within this target group. The responses to the question regarding the most positively influential factors on brand loyalty indicate that the introduction of more affordable products, implemented as part of a masstige strategy, is generally well received and aligns with the existing literature on the subject (Mansoor et al. 2024; Al-Issa et al. 2024). However, this finding should be interpreted in the context of the survey sample, which consists primarily of occasional luxury buyers who would presumably be happy with more favorable prices. In addition, most respondents are members of Gen Z, who often do not yet have the financial means to purchase high-priced luxury items due to factors such as their early career stage, rising cost of living, and the economic uncertainty. These factors highlight the importance of considering both economic constraints and generational characteristics of the target audience when assessing preferences for more accessible luxury offerings (Kapferer & Valette-Florence 2021).

In contrast to more recent articles that tend to emphasize innovative approaches and mention quality just briefly, the findings of this study demonstrate that quality is still perceived as the central characteristic of luxury, with consumers of all generations reluctant to compromise on this fundamental attribute. These findings confirm that quality and craftsmanship remain the cornerstones of luxury for Gen Z, even as trends such as sustainability, masstige and digital transformation gain traction. As digital natives, Gen Z expects brands to deliver digital innovation and seamless online experiences. Sustainability is also a key priority, shaped by their growth in a world marked by climate change, pollution, and plastic waste, as well as their awareness of humanity's impact on the environment. Meanwhile, masstige has emerged as a

modern strategy to engage with Gen Z and build early brand loyalty, positioning this generation as a valuable future customer base.

Ignoring these trends can severely affect the future viability of luxury companies, as Gen Z, with their values and demands, will make up a large proportion of the buying public in the future. However, the degree to which these trends are realized must be in line with the brand identity to ensure authenticity and maintain brand equity. Only by rethinking and keeping their finger on the pulse can luxury companies prepare for the future and successfully meet changing customer needs.

7. Conclusion

7.1. Theoretical and practical contribution

The findings of this thesis provide both theoretical and practical recommendations for companies that want to target Gen Z. Clearly, there is no universal approach that meets all the diverse requirements of this target group. Rather, success requires a flexible and differentiated approach that considers the specific circumstances of the luxury company.

One key realization is that quality and craftsmanship are top priorities for Gen Z. Quality, as the defining characteristic of luxury, continues to be the most important factor across generations. At the same time, however, trends such as sustainability, masstige and digital transformation also increase in significance and must not be neglected to appeal to this younger generation. Sustainability and digitalization have evolved beyond mere trends to become essential pillars for future readiness. For Gen Z, sustainability is a baseline expectation, while seamless digital integration is crucial for meeting the demands of this tech-savvy demographic. Masstige, on the other hand, is a strategic opportunity for the long-term cultivation and retention of the Gen Z customer group. Nevertheless, it is neither a prerequisite for long-term market success nor a universal solution, as its applicability and impact can vary considerably depending

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on the brand's positioning and core values. Rather, it often exerts a complementary effect that strengthens the brand image within the young group of luxury buyers. Ultimately, the challenge is to combine traditional values such as exclusivity and craftsmanship with the expectations of modern, innovative solutions.

Achieving a balance between these aspects, in line with brand values, is an opportunity not only to position oneself attractively for Gen Z, but also to remain competitive in the future. Nevertheless, companies must carefully consider which trends they want to incorporate into their strategy and promote externally, as it is not necessary to pursue all three trends in equal measure. The trends are fundamentally independent, but not mutually exclusive, allowing for combinations of varying degrees to achieve synergistic effects.

Sustainability

A luxury company that can act in a comprehensively sustainable manner, for example by using certified organic fabrics and creating transparent supply chains, can clearly demonstrate its commitment to responsible luxury. This can significantly improve the brand's image in the eyes of Gen Z, which values sustainability, and authentic sustainability communication. However, for luxury companies whose production still relies heavily on non-sustainable raw materials or whose processes cannot be implemented sustainably due to the nature of the materials, it can be challenging to put sustainability at the heart of their marketing strategy. This can even be counterproductive, as there is a risk of being perceived as inauthentic and being accused of greenwashing. With a focus on sustainability, digital transformation is a key component to effectively reach target groups. By combining sustainability with aspects of digitalization, companies can enhance the transparency and efficiency of supply chains while showcasing sustainable production practices online. This can also be a way to gain the trust of the target group and stand out from the competition. A complementary masstige strategy does not

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contradict the idea of sustainability to bind younger customers to the brand at an early stage and build long-term customer loyalty. However, the question arises as to whether this can be realized due to the potentially higher costs of green production.

Masstige

Masstige is particularly advantageous for brands that want to appeal to Gen Z, who value quality but often lack the budget or willingness to invest in the higher price points associated with traditional luxury. This strategy is particularly promising in sectors such as fashion, cosmetics, or accessories, where brand loyalty can be strengthened through lower entry-level prices. With a masstige strategy targeting Gen Z, companies can build brand loyalty among younger consumers early on and position themselves to capitalize on their potential for increased future purchasing power. Masstige can be combined particularly well with digital transformation and online offerings, as digital platforms enable broad accessibility and appeal directly to the tech-savvy Gen Z, who are increasingly inclined to engage in online shopping. However, this strategy is less suitable for companies that prioritize exclusivity and rely on customized production in small quantities to maintain their brand prestige. Brands that have traditionally positioned themselves as rare and luxurious and are currently thriving in the luxury market should not adopt the masstige strategy. In this case, offering affordable products would damage the exclusive market position and reduce the target group's trust in the brand.

Masstige and sustainability can also be reconciled if companies design their products in a way that makes them affordable for a broad target group, without neglecting the principles of sustainability, for example by launching limited collections made from recycled materials. At the same time, communicating sustainable production processes can reach a broad customer base that values responsible consumption without emphasizing exclusivity. This could achieve a balance between affordability and environmental sustainability.

Digital Transformation

In today's digital landscape, a simple online shop is no longer enough to stand out. To truly capture attention and preserve the essence of luxury, brands must go beyond traditional e-commerce. Innovations like virtual consultations, 3D visualizations, and exclusive digital events for VIP customers offer a powerful way to deliver an exceptional brand experience. These advanced digital solutions not only meet the demands of a tech-savvy audience but also uphold the exclusivity that defines luxury in an increasingly digital world.

Luxury brands that embrace digital innovation have a unique opportunity to connect with Gen Z. As digital natives, this generation values creative and innovative digital experiences. By positioning themselves as early adopters of emerging technologies, brands can distinguish themselves from competitors and solidify their reputation as forward-thinking leaders in the industry. Trying products in person and receiving personalized advice on the spot are key elements of luxury that remain the most difficult to replicate with today's digital solutions. For luxury manufacturers that rely heavily on sensory or haptic experiences such as tasting, feeling or smelling (e.g. perfume brands), digitalization presents both challenges and opportunities. The challenge of digitizing real-life sensory experiences presents great opportunities for brands that can innovate and solve them effectively, using online shops and cutting-edge visual simulation tools to engage their audiences and maintain a strong digital presence. Additionally, luxury brands must prioritize building trust in digital spaces. Concerns around authenticity, security, and data privacy remain significant for Gen Z. Technologies like blockchain can provide transparency in sourcing and supply chains, reinforcing a brand's ethical and sustainable practices. In addition, creating brand-owned platforms for second-hand sales or exclusive memberships can foster trust and loyalty by ensuring quality and authenticity.

To conclude, this research finds that successfully engaging with Gen Z requires luxury brands to not only balance digital innovation with traditional authenticity but also address the generation's growing emphasis on sustainability and affordability. Gen Z expects luxury brands to integrate ethical practices into their digital strategies, ensuring transparency and trust across both physical and digital channels. At the same time, affordability plays a critical role, as this generation seeks accessible luxury experiences without compromising quality or exclusivity. By embracing hybrid models, luxury brands can position themselves to resonate with Gen Z's values while sustaining their market relevance in the evolving digital era.

7.2. Limitations and future research

While this study has provided valuable and meaningful insights into Gen Z's behavior toward luxury brands in the context of the three trends examined, it is important to recognize that the topic is highly complex and multifaceted. Consumer behavior is inherently diverse, as it reflects the varying preferences, motivations, and values of individuals. As such, the findings of this research are not universally or unrestrictedly applicable but must be interpreted within the specific context of this study. The limitations of this work highlight the need to approach the results with an understanding of their scope and constraints. At the same time, these limitations offer an incentive for future research to explore this topic further, building on the foundation laid here to uncover additional insights. Given the comprehensive and dynamic nature of consumer behavior, certain aspects could not be fully addressed within the time and scope of this work, leaving opportunities for continued exploration in future studies.

One key limitation of this study is the composition of the respondent group. A significant portion of the Gen Z participants identified themselves as 'rare luxury consumers' and 'occasional luxury consumers'. These are individuals who purchase luxury items only for special occasions or selected specific products, meaning they represent the lower end of the

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spectrum of luxury customers. As a result, the findings of this study are more relevant for brands targeting this segment of occasional or selective luxury buyers, rather than the ultra-high-net-worth individuals at the top of the luxury market. Brands aiming to cater to the top 1% of luxury consumers may find that the preferences and opinions explored in this research do not fully align with their target audience. This composition is partly due to Gen Z's current financial limitations, which naturally restrict their purchasing power compared to older, more affluent consumer groups but also due to the pool of participants. While efforts were made to reach a diverse pool of participants, a large portion of the respondents came from our own network of friends, family, and acquaintances, many of whom are Nova students. As a result, the participant group is relatively homogenous, reflecting a specific demographic that may not fully represent the broader diversity of Gen Z luxury consumers. Future research could address this gap by focusing on and exploring other backgrounds and luxury consumer profiles to gain a more comprehensive understanding.

Another significant limitation of this study lies in the scope and time constraints that shaped our research design. Given the vast number of trends that could be explored in the context of luxury consumption, we had to limit our focus to just three key trends: sustainability, masstige and digital transformation. While these were chosen based on their relevance and importance in the existing literature, many other trends also warrant attention. Future research could build on this framework and examine additional trends in similar detail to provide a more comprehensive understanding of the evolving luxury landscape.

Additionally, although the survey and analysis were designed to include both luxury products and services, the study became largely product focused. Many respondents, as revealed through feedback and clarifications, primarily associated their answers with products rather than services. This unintended bias likely reflects the general perception of luxury as being predominantly product-driven, but it also highlights a gap. Future research could focus more

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explicitly on luxury services, crafting service-oriented survey questions and methodologies to better capture the role of services in shaping consumer attitudes and behaviors within the luxury market.

The survey design itself presents another limitation. To maintain participant engagement and ensure a high completion rate, we deliberately kept the number of questions limited, with only seven to nine questions per trend. While this approach allowed us to cover a broad range of topics efficiently, it inevitably restricted the depth with which we could explore each trend. Each question aimed to address complex, multifaceted issues, but due to the constraints, it is possible that not all nuances of these topics were fully captured. Additionally, it is unclear whether all respondents interpreted the questions as intended, meaning that the results may reflect general tendencies rather than definitive insights.

By exploring additional trends, focusing more on luxury services, and designing more extensive survey instruments, future studies can build upon the foundation laid here and further refine the understanding of luxury consumption across generations.

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Appendix

Appendix 1: Survey questions General

Which luxury sectors are you most interested in?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
Personal luxury goods	165	63	21	87,3%	85,1%	41,2%
Luxury cars	40	44	17	21,2%	59,5%	33,3%
Luxury hospitality	110	46	18	58,2%	62,2%	35,3%
Fine wines and spirits	14	14	16	7,4%	18,9%	31,4%
High end furniture and housewares	18	16	15	9,5%	21,6%	29,4%
Fine art	8	5	10	4,2%	6,8%	19,6%
Private yachts and jets	3	1	0	1,6%	1,4%	0,0%
Luxury cruises	4	0	5	2,1%	0,0%	9,8%
None of these	8	4	4	4,2%	5,4%	7,8%
Total						

What kind of luxury consumer are you?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
My life essentially revolves around luxury items (e.g. owning a helicopter, private boat, extremely rare art)	0	1	0	0,0%	1,4%	0,0%
I regularly purchase luxury items (e.g. luxury cars, designer clothes, jewellery, very luxurious holidays)	4	2	1	2,1%	2,7%	2,0%
I frequently purchase luxury items (e.g. always the latest iPhone, some luxury fashion items, a luxury holiday once a year)	6	7	12	3,2%	9,5%	23,5%
I occasionally purchase luxury items (e.g. owning a designer handbag, occasionally go on luxury holidays and owning some luxury jewellery)	17	22	12	9,0%	29,7%	23,5%
I rarely purchase luxury items, mostly for special occasions (e.g. gifts for family and friends, luxurious trip for a milestone birthday)	142	29	20	75,1%	39,2%	39,2%
I am interested in luxury items and trends, but I can't afford them	14	9	2	7,4%	12,2%	3,9%
I am not interested in luxury at all	5	4	4	2,6%	5,4%	7,8%
None of these	1	0	0	0,5%	0,0%	0,0%
Total	189	74	51	100,0%	100,0%	100,0%

What would motivate you to purchase luxury items?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
The superior quality and craftsmanship	54	47	31	28,6%	63,5%	60,8%
My admiration and loyalty to the brand	0	0	0	0,0%	0,0%	0,0%
The feeling of uniqueness and standing out	33	55	8	17,5%	74,3%	15,7%
To be part of an exclusive and prestigious	51	47	9	27,0%	63,5%	17,6%
Trends, influencers or peers	136	4	0	72,0%	5,4%	0,0%
None of these	4	1	6	2,1%	1,4%	11,8%
Total						

Imagine you're ready to purchase a luxury product or service. What might cause you to change your mind and decide not to buy it at the last moment?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
High price point and affordability concerns	109	48	17	57,7%	64,9%	33,3%
Fear that the product or service may not meet my expectations	68	35	10	36,0%	47,3%	19,6%
Lack of trust in the authenticity or quality	73	35	22	38,6%	47,3%	43,1%
Ethical concerns, such as sustainability or labor practices	81	30	6	42,9%	40,5%	11,8%
Perception that luxury is unnecessary or too extravagant	33	23	9	17,5%	31,1%	17,6%
None of these	2	2	18	1,1%	2,7%	35,3%
Total						

Which of the following has the strongest positive impact on your brand loyalty when buying luxury?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
High quality and excellent craftsmanship	73	19	14	38.6%	25.7%	27.5%
Personalized and innovative online and in-store experiences	32	16	2	16.9%	21.6%	3.9%
More affordable and accessible products and services	40	9	0	21.2%	12.2%	0.0%
Sustainable and ethical practices	32	10	4	16.9%	13.5%	7.8%
The brand's history and image	12	18	29	6.3%	24.3%	56.9%
None of these	0	2	2	0.0%	2.7%	3.9%
Total	189	74	51	100.0%	100.0%	100.0%

Appendix 2: Survey questions Sustainability

How important is sustainability to you when it comes to luxury items?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
Very important	88	9	7	46,6%	12,2%	13,7%
Somewhat important	66	42	21	34,9%	56,8%	41,2%
Neutral	26	16	19	13,8%	21,6%	37,3%
Somewhat unimportant	5	5	2	2,6%	6,8%	3,9%
Very unimportant	4	2	2	2,1%	2,7%	3,9%
Total	189	74	51	100,0%	100,0%	100,0%

How important is sustainability to you when it comes to non-luxury items?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
Very important	35	2	6	18,5%	2,7%	11,8%
Somewhat important	83	22	10	43,9%	29,7%	19,6%
Neutral	64	36	17	33,9%	48,6%	33,3%
Somewhat unimportant	4	12	18	2,1%	16,2%	35,3%
Very unimportant	3	2	0	1,6%	2,7%	0,0%
Total	189	74	51	100,0%	100,0%	100,0%

To what extent do you agree that luxury and sustainability are compatible concepts?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
Strongly agree	72	13	3	38,1%	17,6%	5,9%
Somewhat agree	102	38	17	54,0%	51,4%	33,3%
Neutral	10	22	22	5,3%	29,7%	43,1%
Somewhat disagree	4	1	5	2,1%	1,4%	9,8%
Strongly disagree	1	0	4	0,5%	0,0%	7,8%
Total	189	74	51	100,0%	100,0%	100,0%

If a luxury brand implements sustainable practices and clearly communicates them, how would that impact your perception of the brand?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
Improve significantly	86	6	12	45,5%	8,1%	23,5%
Improve slightly	92	37	14	48,7%	50,0%	27,5%
Neutral	9	28	21	4,8%	37,8%	41,2%
Decrease slightly	2	3	4	1,1%	4,1%	7,8%
Decrease significantly	0	0	0	0,0%	0,0%	0,0%
Total	189	74	51	100,0%	100,0%	100,0%

Would you be able to do without certain luxury goods (e.g. leather goods, jewellery, exotic materials) if they were considered to be unsustainable?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
Very likely	89	8	8	47,1%	10,8%	15,7%
Somewhat likely	82	31	7	43,4%	41,9%	13,7%
Neutral	11	28	8	5,8%	37,8%	15,7%
Somewhat unlikely	6	7	25	3,2%	9,5%	49,0%
Very unlikely	1	0	3	0,5%	0,0%	5,9%
Total	189	74	51	100,0%	100,0%	100,0%

What aspects of sustainability are most important to you in the luxury industry?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Use of environmentally friendly materials	98	43	24	51,9%	58,1%
Recycling and reuse of resources	151	42	38	79,9%	56,8%	74,5%
Reduction of CO ₂ emissions	84	43	18	44,4%	58,1%	35,3%
Transparency across the supply chain	66	24	9	34,9%	32,4%	17,6%
None of these	2	11	9	1,1%	14,9%	17,6%

For sustainable products or services from luxury brands, I am willing to:						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Pay a significantly higher price	9	3	2	4,8%	4,1%
Pay a slightly higher price	55	33	19	29,1%	44,6%	37,3%
Pay the same price	115	38	23	60,8%	51,4%	45,1%
None of these	10	0	7	5,3%	0,0%	13,7%
Total	189	74	51	100,0%	100,0%	100,0%

Would you purchase second-hand luxury products through a brand's own platform?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Yes, but only if it's through the brand's own platform	107	24	10	56,6%	32,4%
Yes, but I would also consider purchasing from third-party platforms	55	14	8	29,1%	18,9%	15,7%
No, I would buy second-hand, but not in the luxury segment	11	13	21	5,8%	17,6%	41,2%
No, I prefer new products and would not consider second-hand options	6	22	12	3,2%	29,7%	23,5%
None of these	10	1	0	5,3%	1,4%	0,0%
Total	189	74	51	100,0%	100,0%	100,0%

Which offers from luxury brands would interest you most in the future?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Brand-owned second-hand options	133	37	16	70,4%	50,0%
A company-owned rental platform to borrow a luxury item (leasing concept)	107	55	8	56,6%	74,3%	15,7%
Recycling and repair programs (e.g. free repair, credit when returning an old product)	81	54	21	42,9%	73,0%	41,2%
More digitalisation to reduce CO ₂ emissions (e.g. virtual fashion shows)	62	38	9	32,8%	51,4%	17,6%
None of these	3	2	15	1,6%	2,7%	29,4%

Appendix 3: Survey questions Masstige

How important is it to you that luxury brands launch a new product or service at a more affordable price?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Very important	49	17	8	25,9%	23,0%
Somewhat important	92	31	11	48,7%	41,9%	21,6%
Neutral	23	10	16	12,2%	13,5%	31,4%
Somewhat unimportant	17	9	10	9,0%	12,2%	19,6%
Very unimportant	8	7	6	4,2%	9,5%	11,8%
Total	189	74	51	100,0%	100,0%	100,0%

Which add-on do you find most attractive and appealing for luxury brands to offer?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	More affordable products/services	130	33	9	68,8%	44,6%
Expansion into new markets	41	31	7	21,7%	41,9%	13,7%
Exclusive collections with higher prices	4	4	21	2,1%	5,4%	41,2%
None of these	14	6	14	7,4%	8,1%	27,5%
Total	189	74	51	100,0%	100,0%	100,0%

Are you aware that famous luxury brands have adopted a strategy of launching more affordable products or services to reach a broader audience?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Yes	150	61	15	79,4%	82,4%
No	39	13	36	20,6%	17,6%	70,6%
Total	189	74	51	100,0%	100,0%	100,0%

A popular luxury brand launches a new product or service at a more affordable price. How likely would you be to buy it?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Very likely	56	20	6	29,6%	27,0%
Somewhat likely	95	31	9	50,3%	41,9%	17,6%
Neutral	17	15	21	9,0%	20,3%	41,2%
Somewhat unlikely	12	7	11	6,3%	9,5%	21,6%
Very Unlikely	9	1	4	4,8%	1,4%	7,8%
Total	189	74	51	100,0%	100,0%	100,0%

When luxury brands consider offering more affordable items, which of the following customizations would you find most desirable?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Collaborations with non-luxury brands	110	45	2	58,2%	60,8%
Smaller sizes	17	35	12	9,0%	47,3%	23,5%
More affordable materials	26	25	1	13,8%	33,8%	2,0%
New, more affordable product/service categories	114	59	12	60,3%	79,7%	23,5%
Simplified versions	88	28	9	46,6%	37,8%	17,6%
None of these	11	2	28	5,8%	2,7%	54,9%
Total						

Buying an item from a luxury brand (regardless of the specific product, price or quality) makes me feel proud and boosts my self-confidence?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Strongly Agree	57	22	2	30,2%	29,7%
Agree	89	40	9	47,1%	54,1%	17,6%
Neutral	22	6	20	11,6%	8,1%	39,2%
Disagree	14	5	16	7,4%	6,8%	31,4%
Strongly Disagree	7	1	4	3,7%	1,4%	7,8%
Total	189	74	51	100,0%	100,0%	100,0%

Which of the following characteristics would you be least willing to accept for a lower price in luxury brands?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	If it results in lower product or service quality	127	64	34	67,2%	86,5%
If too many people own the same item, reducing its exclusivity	116	48	28	61,4%	64,9%	54,9%
If it lowers premium elements like unique packaging or exclusive experiences	6	22	13	3,2%	29,7%	25,5%
If the brand collaborates with non-luxury or mass-market brands	32	3	24	16,9%	4,1%	47,1%
If non-exclusive distribution channels were used (e.g. mass-market retailers)	35	9	21	18,5%	12,2%	41,2%
None of these	28	0	2	14,8%	0,0%	3,9%
Total						

Appendix 4: Survey questions digital transformation

How important are digital tools and technologies in your decision to purchase luxury items?						
single choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Very important	75	9	4	39,7%	12,2%
Somewhat important	86	34	8	45,5%	45,9%	15,7%
Neutral	15	26	15	7,9%	35,1%	29,4%
Somewhat unimportant	8	4	12	4,2%	5,4%	23,5%
Very unimportant	5	1	12	2,6%	1,4%	23,5%
Total	189	74	51	100,0%	100,0%	100,0%

What are the main reasons you hesitate to trust online shopping for luxury items?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Negative past experiences or reviews from others	36	15	8	19,0%	20,3%
Concerns about product authenticity	59	54	20	31,2%	73,0%	39,2%
Lack of trust in website security or data protection	46	44	21	24,3%	59,5%	41,2%
Inability to physically inspect products before purchase	142	47	30	75,1%	63,5%	58,8%
Concerns about poor customer service or returns	36	20	13	19,0%	27,0%	25,5%
None of these	8	2	14	0,0%	0,0%	0,0%

Which online presence of a luxury brand influences your purchasing decision?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Brand's official website	83	53	33	43,9%	71,6%
Online reviews, blogs or influencer	139	30	9	73,5%	40,5%	17,6%
Online advertisement (e.g. on Social Media, Google advertisement)	95	54	4	50,3%	73,0%	7,8%
Third-party retailer (e.g. Farfetch, MisterSpex)	26	22	5	13,8%	29,7%	9,8%
Email newsletters or brand communications	5	47	23	2,6%	63,5%	45,1%
None of these	5	3	13	2,6%	4,1%	25,5%

Which aspects of social media have the most impact on how you view luxury brands?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Influencer endorsements	117	18	2	61,9%	24,3%
Brand advertisements	83	60	33	43,9%	81,1%	64,7%
Viral social media trends	141	3	3	74,6%	4,1%	5,9%
Collaborations between luxury brands and celebrities	19	66	14	10,1%	89,2%	27,5%
Exclusive social media drops or limited-time offers for followers	10	6	0	5,3%	8,1%	0,0%
None of these	15	2	18	7,9%	2,7%	35,3%

Which of the following digital innovations do you believe would most enhance your experience with luxury brands in the future?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Virtual and augmented reality experiences, allowing you to explore luxury items in real time, at real size and in interactive, immersive environments	122	56	19	64,6%	75,7%
Exclusive digital memberships providing (early) access to events, limited collections or special offers reserved for members	69	25	10	36,5%	33,8%	19,6%
Sustainability-focused digital innovations that provide transparency (e.g. tracking the ethical sourcing and supply chain of products) through digital tools like blockchain	79	36	10	41,8%	48,6%	19,6%
Biometric payment methods (e.g. fingerprint, facial recognition) for faster and more secure checkout when shopping both online and in-store	25	36	19	13,2%	48,6%	37,3%
None of these	14	8	21	7,4%	10,8%	41,2%

Which of the following virtual or augmented reality experiences with luxury brands would be the most appealing to you?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Exploring virtual showrooms (e.g. view luxury items like exclusive cars and high-end hotels in real-life dimensions)	88	45	18	46,6%	60,8%
Attending virtual events with interactive elements (e.g. fashion shows and brand events)	62	21	10	32,8%	28,4%	19,6%
Using augmented reality to visualize how products would look on me (e.g. clothing, shoes or jewellery)	103	44	20	54,5%	59,5%	39,2%
Participating in personalized experiences (e.g. tailored product recommendations or styling sessions in a virtual environment)	125	20	7	66,1%	27,0%	13,7%
None of these	12	7	25	6,3%	9,5%	49,0%

Looking into the future... which types of digital luxury items would you be most interested in owning?						
multiple choice	responses in absolute numbers			in percentages		
	Gen Z	Millenials	45+	Gen Z	Millenials	45+
	Digital fashion items (e.g. NFTs for virtual clothing or accessories to use in virtual worlds or social media)	53	6	1	28,0%	8,1%
Virtual real estate (e.g. purchasing and owning exclusive spaces or properties in virtual environments like the metaverse)	24	10	10	12,7%	13,5%	19,6%
Exclusive digital memberships (e.g. NFT-based access to private brand communities, virtual events or early access to collections)	78	6	3	41,3%	8,1%	5,9%
Dual ownership (e.g. physical luxury items paired with a digital twin, such as a designer bag with a virtual counterpart)	62	11	2	32,8%	14,9%	3,9%
None of these	89	57	38	47,1%	77,0%	74,5%