

How Millennials Perceive Luxury Fashion Brands – the Case of Indonesia

Yan Sun¹, Rachel Wang¹, Huifeng Bai², Georgina Whyatt, Tesalia Tamara Ohandi, Eleonora Cattaneo³

1 Oxford Brookes University, UK; 2 Liverpool John Moores University, UK; 3 Glion, Switzerland

Abstract

This empirical study examines millennials' perceptions towards luxury fashion brand values and how these influence their purchase intentions in Indonesia. Quantitative survey data was collected from 301 online self-completed questionnaires. The research reveals that Indonesian millennials regard consumption of luxury fashion brands as an investment. Meanwhile, ethical and sustainable issues have become increasingly important when they make decisions to purchase luxury fashion brands. This paper contributes valuable insights into younger consumers' perceptions of luxury fashion brands and these consumers' purchase motives, in the context of Southeast Asia. Using a framework of luxury value perceptions, the present study further recognises that Indonesian millennials prioritise symbolic and financial values and seek conspicuousness in line with self-identity.

Keywords: Luxury fashion brands, International marketing, Millennials

Track: International Marketing & Marketing in Emerging Countries

1. Introduction

The landscape of the international luxury fashion market has changed since the financial crisis of 2008, and especially since the COVID-19 pandemic. The key markets have transferred from developed markets to emerging economies due to rapid growth and solid performance in countries such as China (Bai, McColl, and Moore, 2022). BCG and Comite Colbert (2022) anticipate that other emerging economies, such as the Association of Southeast Asian Nations (ASEAN), which includes Indonesia, will produce the next wave of consumers in the international luxury fashion market.

Younger generation consumers, especially millennials, are expected to soon dominate the global luxury fashion market due to their wealth, purchase power, and values (Kapferer and Valette-Florence, 2022). This age group is technologically savvy and connected (Willems, Brengman, and Kerrebroeck, 2019). Their consumption behaviour is different from previous generations. For example, Sun, Wang, Cattaneo, and Mlodkowska (2022) recognise that millennials are more conscious of ethical and environmentally sustainable practices and expect these issues to be taken seriously by businesses.

In order to obtain sustainable success in the future global market, luxury fashion brands should not neglect the differences between millennials, especially across different countries and cultural zones (Shukla, Singh, and Banerjee, 2015). Therefore, the present study aims to shed light on millennials' perceptions of luxury fashion brand values, and these consumers' purchase motives through a critical examination of these factors in Indonesia.

2. Literature Review

2.1 Luxury brand values

The current literature reveals that consumers' perceived values towards luxury brands are different across business sectors and countries (Shukla, Singh, and Banerjee, 2015). Within developed markets, the brand luxury index (BLI) classifies both non-personal-oriented and personal-oriented perceptions towards luxury brands (Vigneron and Johnson, 2004). Wiedmann, Hennigs, and Siebels (2009) categorise luxury brand values into four dimensions: financial (price value); functional (values of usability, quality and uniqueness); individual (values of self-identity, hedonic and materialistic); and social (values of

conspicuousness and prestige).

2.2 Hypotheses development

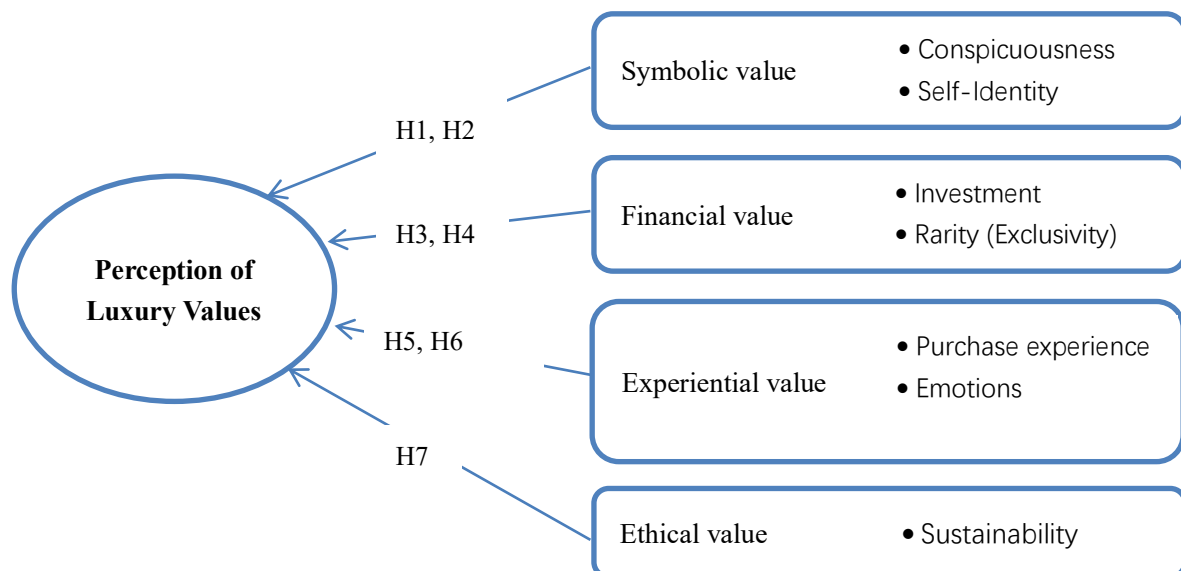
The full model explaining the proposed luxury perception values is presented in Figure 1 below. Firstly, as one of the most widely recognised characteristics, conspicuous consumption indicates that consumers strive to possess luxury products to symbolise their standing as individuals within their peer group (Dubois, Jung, and Ordabayeva, 2021). It is also widely accepted that individuals' purchases clearly reflect their desired self-identity and that this gives consumers a sense of belonging to a specific group or social class (Zhan and He, 2012).

The hypotheses relating to symbolic values are:

H1: Conspicuousness has a positive influence on the symbolic dimension of luxury value amongst millennials in Indonesia.

H2: Self-identity has a positive influence on the symbolic dimension of luxury value amongst millennials in Indonesia.

Figure 1: Development of research hypotheses



Secondly, perceptions of financial value address price perceptions, or direct monetary aspects such as investment, by justifying the benefits of possessing the luxury product or engaging with the brand. Zhang and Zhao (2019) reveal that ownership can be perceived as a personal benefit or psychological means of differentiation, given perceptions of exclusivity or

rarity. The hypotheses relating to financial values are:

H3: Investment has a positive influence on the financial dimension of luxury products' value amongst millennials in Indonesia.

H4: Exclusivity and rarity have a positive influence on the financial dimension of luxury value amongst millennials in Indonesia.

Thirdly, millennials are less interested in goods than in related experiences, when compared to other age cohorts among luxury consumers. Therefore, luxury fashion brands need to strengthen service quality across online and offline channels. Bai and McColl (2023) recognise that luxury fashion brands use their stores to combat counterfeits because the brands can add more intangible value through in-store services and thus to enhance brand awareness and even loyalty. Emotional benefits are linked to hedonic value and stimulate customers' perceptions of indulgence and pleasure (Dubois, Jung, and Ordabayeva, 2021). Indeed, emotions that are linked to memories have a significant impact on perceptions of luxury value. The hypotheses relating to experiential values are:

H5: A good brand experience has a positive influence on the experiential dimension of luxury value amongst millennials in Indonesia.

H6: Emotion has a positive influence on the experiential value dimension of luxury value amongst millennials in Indonesia.

Lastly, the fashion industry, as a whole, is considered to be the second largest cause of worldwide pollution (Pinto, Herter, Goncalves, and Sayin, 2019). The luxury fashion industry must solve these ethical issues and, as a result, its business models are increasingly claiming to be actively involved in the development and promotion of sustainable consumption. With an increasing number of customers who are sensitive and responsible to environmental and ethical issues, sustainability is no longer simply a trend or an option, but a prerequisite for practitioners in the industry (Vanhamme, Lindgreen, and Sarial-Abi, 2021). Thus, addressing these sustainability issues offers luxury fashion brands the opportunity to attract new generation customers, particularly millennials. The final hypothesis thus proposes that:

H7: Sustainability has a positive influence on the ethical value dimension of luxury value amongst millennials in Indonesia.

3. Methodology

The authors evaluated that a survey, distributed through an online questionnaire, would be the most appropriate research methodology. The questionnaire was designed in two sections. The first section includes closed questions about respondents' demographic features and past luxury purchase experiences, treated as independent variables. The second section includes questions and measurement items to test hypotheses, treated as dependent variables. The questions in the second section take the form of a five-point Likert Scale, which examines respondents' attitudes by asking the extent to which they agree or disagree with a statement based on hypotheses developed from the literature.

The samples for the present research were recruited by using the two criteria: 1) Indonesian citizens, and 2) millennials. The questionnaire was distributed online. A pilot study was conducted with a small group of respondents resembling the target population for this study. The participants' feedback enabled the questionnaire to be made clearer. In the end, 301 out of 323 respondents provided valid feedback. The authors identified that sample saturation had been achieved at this response level since no new information was being generated and repetition occurred (Balnaves and Caputi, 2014). Moreover, 301 was considered as a moderately large sample size and satisfactory for linear regression analysis.

Subsequently, the quantitative data were analysed via multiple tests by using STATA 12. The authors first verified the distribution of the datasets to ensure accuracy of the model and prevention of redundant information from the responses. Correlation analysis was then conducted to evaluate the relationship between variables. Lastly, the hypotheses were tested through the F-test (or ANOVA), coefficient of determination (or R^2), and independent samples T-test. The reliability and validity of the study were ensured through accuracy, completeness, consistency and stability, and internal validity of the data and model.

4. Findings

4.1 Descriptive statistics

The 301 respondents' demographic characteristics in this study are presented in Table 1, and the eight variables tested in the second section of the questionnaire in Table 2.

Table 1: Profiles of the survey respondents

Indicators	Categories	N	%
Gender	Female	191	63%
	Male	110	37%
Education	High School	3	1%
	Undergraduate	236	78%
	Postgraduate (Masters)	56	19%
	Postgraduate (Doctors)	6	2%
Occupation	Non-college Student	0	0%
	College Student	69	23%
	Entrepreneur/ Self-employed	64	21%
	Private Company Employee	114	38%
	Public/ Government Employee	18	6%
	Others	36	12%
Income	Below IDR 10,000,000 (<£526)	154	51%
	IDR 10,000,001 – 20,000,000 (£526 - £1,053)	86	29%
	Above IDR 20,000,000 (>£1,053)	61	20%
Number of Social Media Use	0	1	0%
	1	134	45%
	2	104	35%
	3 or more	62	20%
Purchase Frequency	Never	46	15%
	Weekly	2	1%
	Monthly	37	12%
	Every 3 Months	53	18%
	Every 6 Months	51	17%
	Every Year	112	37%
Average Age on First Luxury Purchase		19 years old	

Table 2: Descriptive statistical analysis of variables

Values	Variables	Min	Max	Mean
Symbolic Value	Conspicuousness	1	5	3.100498
	Self-Identity	1	5	3.848007
Financial Value	Investment	1	5	3.805382
	Rarity (Exclusivity)	1	5	4.114086
Experiential Value	Purchase experience	1	5	3.964286
	Emotions	1	5	4.025581
Ethical Value	Sustainability	1	5	3.947951

4.2 Hypotheses testing

Table 3 presents the results of hypotheses testing.

Table 3: Results of hypotheses testing on luxury fashion brand values

Hypothesis	Co-efficiency	Std. Err	T-value	Sig. (2-tailed)	Results
Conspicuousness	-.3814587	.0746856	-5.11	0.000	Accepted
Self-identity	.6221295	.1005414	6.19	0.000	Accepted
Investment	.4852983	.1247992	3.89	0.000	Accepted
Rarity	.0595697	.1310463	0.45	0.650	Rejected
Purchase experience	.1028396	.1498361	0.69	0.493	Rejected
Emotion	.5070715	.13957	3.63	0.000	Accepted
Sustainability	-.3382665	.12513	-2.70	0.007	Rejected

5. Discussion

It is revealed that both conspicuousness (H1) and self-identity (H2) have a positive influence on the symbolic dimension of luxury value amongst millennials in Indonesia. These have also been observed in other emerging markets (Pinto, Herter, Goncalves, and Sayin, 2019; Zhang and Zhao, 2019). Next, investment (H3) is recognised to have a positive influence on perceptions of luxury value among Indonesian millennials. Like other age cohorts of luxury consumers, millennials show appreciation of the financial value of luxury products and regard luxury fashion brands as long-term investments. Rarity (H4) shows no significant relationship to Indonesian millennials' perceptions of luxury value. This could be because luxury fashion brands are perceived as more accessible and affordable than before and have wider distribution due to fast growing emerging markets (Bai, McColl, and Moore, 2022).

Despite rapid developing e-commerce and multiple channel distribution strategies, especially after the COVID-19 pandemic, the present study finds that neither online nor offline experience (H5) is significantly associated with Indonesian millennials' perceptions of luxury value. This differs from prior studies, which identified shopping experiences as intangible values offered by luxury fashion brands (Bai and McColl, 2023). However, emotional attachment (H6) is found to have a significant impact on perceptions of luxury value, and consequently could influence Indonesian millennials' purchase decisions. Last, ethical value is measured by sustainability (H7). Interestingly, this study finds that

sustainability has a negative influence on the perception of luxury value among millennials in Indonesia. This suggests that sustainable consumption is seen as more challenging to promote in emerging markets.

5.1 Theoretical and managerial implications

The theoretical contribution of this study is fourfold. Firstly, it extends the existing literature in luxury fashion consumption by offering a framework of luxury value perceptions held by younger consumers. Secondly, the findings extend the current literature on international luxury marketing by offering an understanding of Indonesian consumers' perceptions towards the value of luxury fashion brands. Thirdly, conspicuous consumption remains important, especially in emerging markets. Fourthly, the results did not confirm prior findings in the literature from developed markets in relation to ethical consumptions.

The managerial implications of the present study are threefold. Firstly, practitioners in the luxury fashion industry should continuously highlight self-identity, investment, and emotional values through communication and distribution channels. Secondly, brand experiences across channels should be strengthened. Luxury fashion brands need to stress intangible values, especially services, rather than tangible goods. Thirdly, luxury fashion practitioners should prioritise sustainability as value, even DNA, in their brands.

5.2 Limitations and future research direction

Here, the limitations of the present study are considered and future studies are suggested. The present study focused on one market only. Comparable research in other ASEAN countries or regions would indicate differences or similarities to the Indonesian marketplace. This would enable judgements to be made as to how generalisable these findings are to other geographic areas. Moreover, the capacity for quantitative studies to explore consumers' perceptions in depth is limited. Future studies could investigate further details which cannot be explained with numerical data and analysis: for example, why experience as intangible value and sustainability are not important for Indonesian millennial. Finally, 301 respondents could be perceived as a small sample. However, this sample size makes it possible to draw noteworthy conclusions about the attitudes and values of Indonesian millennials. More

importantly, it was recognised as the sample saturation when no new information was generated.

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