

Exploring millennial's value perception of second-hand luxury in the post-pandemic world

Ling JIANG
University of Quebec at Montreal

Nathalie VEG-SALA
Paris Nanterre University

Zied MANI
Paris Nanterre University

Manon MOLLET
University of Quebec at Montreal

Abstract

This paper examines meanings and values attached to the process of consuming second-hand luxury goods. To investigate this issue, twelve millennial consumers who had previously bought both *second-hand* luxury and *first-hand* luxury items were interviewed. The findings demonstrated that although the value perceptions of *second-hand* luxury are tightly attached to the first-hand luxury, they also have some specialties in relation to responsible *consumption* and millennial consumers' specific lifestyle.

Introduction

In a context where the problems of global warming and the depletion of natural resources are imposing themselves on consumers' daily lives, the luxury market continues to grow and evolve. Among the evolutions, there is a trend that consumers are turning to the resale market, i.e., second-hand luxury goods. According to Bain & Company, the global second-hand luxury market reached a value of 33 billion euros in 2021 (Bain & Company, 2021). The second-hand market grew by 65% between 2017 and 2021, compared with 12% for first-hand luxury during the same period. And it is expected to reach \$60 billion by 2025. The Millennials, specifically young women aged 18 to 34, are the driving forces for the second-hand luxury market (Adot & CMI Media, 2022).

What do second-hand luxury products mean for Millennials? What are the values that this young generation associates with second-hand luxury? By exploring these questions, from a theoretical perspective, we will be able to better define luxury and its dimensions with a contemporary perspective and, from a managerial point of view, we can provide efficient guidance for luxury brands to answer the consumers' growing demand for second-hand luxury. Therefore, this research aims to study Millennial consumers' value perceptions of second-hand luxury products. To do so, we conduct a literature review based on the work of Wiedmann et al., (2009) and a qualitative study with in-depth interviews.

Literature review

Perceived luxury values

Previous research identified luxury perceived value as a multidimensional concept (Jiang & Shan, 2018; Vigneron & Johnson, 2004; Wiedmann et al., 2009). That is, consumers seek multifaceted values through luxury brand consumption. A solid well-tested luxury value model is

Wiedmann et al., (2009)'s luxury value perception framework, which includes financial, functional, individual and social dimensions. The financial dimension refers to the monetary aspect of a luxury brand, i.e. prestige pricing. The functional dimensions, which include quality, usability, and uniqueness, address the luxury brand's essential utility and benefit in terms of a product. While the individual dimension is concerned with the consumers' personal orientation on luxury consumption which includes materialism, hedonism and self-identity; the social dimension focuses on consumers' interpersonal orientation and addresses the social effects such as conspicuousness and prestige. This four-dimension framework serves as a basis for identifying and segmenting different types of luxury consumers across different cultures (Hennigs et al., 2012; Jiang & Shan, 2018; Shukla & Purani, 2012).

Luxury and secondhand luxury goods

Referring to second-hand luxury goods, although previous research has linked it to multiple meanings, such as sustainable lifestyle, treasure hunting (Turunen & Leipämaa-Leskinen, 2015) and nostalgia (Sarial-Abi et al., 2017). It is important to note that a second-hand luxury product is still quite different from necessity goods in the product's discretionary nature and the brand's prestigious attributes (Amatulli et al., 2018; Kessous & Valette-Florence, 2019). Several influencing variables and value drivers related to the four key dimensions of luxury value perception (e.g., price, quality, individual and uniqueness) could still be prominent in the consumers' value perception. However, the specific antecedent value for second-hand luxury should be different from the general luxury perceived value because of the second-hand consumption nature. Hence, conceptualizing second-hand luxury value perception based on the multi-dimensional framework of Wiedmann et al., (2009)'s study is worthy to understand the motivation of today's consumers' evolving behavior in luxury consumption.

Method

Data for this study were generated through in-depth interviews with twelve luxury consumers, ranged age from 25 to 40, live in Montreal and Paris in the winter 2021. All twelve participants bought luxury and second-hand luxury items in the last 6 months. More precisely, to be part of the sample, millennials had to own at least one luxury product. They also had to be able to cite branded products whose prices were above the thresholds indicated as minimum to be considered as luxury goods (Kapferer & Laurent, 2016). They were found on Instagram, and were contacted through private messages, then invited for an interview. We began to asked participants to describe their definition of luxury, they were also asked to talk about the must-have for luxury brands. We then asked them to talk about their reaction when stores are closed during the pandemic. Participants were prompted to expound their experience and feelings about luxury consumption during and after pandemic. Further, we began to ask the questions about second-hand luxury as most of the respondents indicated that they turned to the online second-hand retailer during the pandemic (store closing). We asked them to describe the buying process, their views about buying second-hand luxury, and their willingness to buy when first-hand luxury are available etc. Interviews took place mainly via Zoom and lasted between 30 and 80 min, with an average duration of 45 min. They were audio recorded and transcribed manually.

Data were analyzed by inductive coding (Miles, Huberman, & Saldana, 2013). A provisional "start list" of codes was developed based on the conceptual framework, the research question, and the themes discussed during the interviews. Based on this initial list, the analyst proceeded to classify the material into categories and subcategories. As the analysis progressed,

some codes were revised and new codes emerged from the field. A final phase of analysis was aimed at verifying the unity and robustness of the categories and subcategories selected. The researchers debated and discussed the results in order to reach a consensus.

Results

Millennial consumers' luxury perceptions

By asking respondents what terms they associate with luxury and what words come to mind when talking about luxury, we are able to see their way of understanding luxury, which is essential to subsequently look at luxury second hand. By grouping the answers to this question in NVIVO word frequency analysis, we find that the key component of luxury, according to Millennial consumers, still correspond to the traditional concept of luxury. Such that, luxury brands are the highest level of prestigious brands which evoke exclusivity, impression, perfectionist and hedonist (Dubois & Laurent, 1994; O'Cass & Frost, 2002; Vigneron & Johnson, 2004). It combines a set of luxury value dimensions which reflects both personal and interpersonal aspect of consumption motivations. Here are the most frequency words mentioned by respondents: quality, durability, rarity, uniqueness, heritage, *savoir-faire*, authenticity, symbolism, class, style, good taste. Further, luxury is also associated with success, pride, and self-confidence. All the above words represent the multi-dimension construct of luxury which includes financial, functional, individual and social value (Wiedmann et al., 2009).

Nevertheless, an interesting finding is that luxury is perceived as both accessible and inaccessible. While the luxury literature pointed out the “dream effect” that luxury represents a desirable dream object which is hard to access in consumers' daily life (Kapferer, 2012; Pham et al., 2018), the word “*accessible*” is even more frequently presented than ‘*inaccessible*’ by our respondents. This contradictory finding leads us to further questioned their actual consumption behavior of luxury. Whether they combine luxury with second-hand luxury, or view them differently? If so, how they perceived second-luxury brand? The following sections examines the second-hand luxury value in the millennial consumer's perception through the existence of four latent luxury vale dimensions.

Financial dimension – price value

Second-hand luxury goods can be distinguished from new goods because they are pre-used and pre-owned (Luchs et al., 2011). They are usually less expensive than new products due to the traces of wear-and-tear. However, respondents mentioned that prices are sometimes even higher for rare goods that are no longer available in stores. Although the prices of second-hand luxury goods are still perceived to be expensive, it is judged as high quality and high status, and perceived as good value for money (compared to first-hand luxury), according to our respondents. Our findings show that respondents are not only buying for a better value for money, but also hunting for pre-loved treasures (Turunen & Leipämaa-Leskinen, 2015).

“In my opinion, it is to collect more pieces because of the low price.” (Alexis)

“Thanks to the second hand I can enjoy myself more, buy several items per year and my wallet will not suffer.” (Arije)

Functional dimension – unique/or original, and facility

Our respondents commonly agreed that second-hand luxury are often valuable classic or vintage pieces, which they can be used to create a personal and unique style. Young luxury consumers were found to care more about self-affirmation and differentiation, compared to the

older generation (Jiang & Shan, 2018). For them, consuming for expressing the unique self is a prominent goal, so that they are looking for distinction by buying original second-hand luxury products that are different from the mass. Traditional first-hand luxury stores adopt the « exclusivity » strategy that some iconic products are produced with limited quantity, usually with a long waiting-list. Second-hand luxury retail enables consumers to seek out one-off or unique item with a wide selection.

“It's the desire to own iconic, original pieces.” (Alienor)

“The choice is really an advantage, there are even vintage items that are of good quality and are really stylish.” (Arije)

“There are new and different products every day, there are thousands of products on different sites, a huge range of choice.” (Nolwenn)

Individual dimension – Recreational and emotional value

As some respondents mentioned, they are looking for distinction by buying luxury items that are currently not available on the market. Given that the characteristics of second-hand retailers differ from first-hand luxury channels in terms of product selections, price, shopping place (online vs. offline), among others, the second-hand shopping experiences could be fun, relaxing, or full of surprise. Further, some respondents mentioned that they are searching for certain second-hand items because they are something meaningful for themselves. Emotional attachment and nostalgia could be the main motivations here (Zonneveld & Biggemann, 2014). Further, previous literature had initially related the second-hand consumption to collecting in the literature (e.g. by Belk, 2001; and Zonneveld and Biggemann 2014).

“It's more about the exploration because you discover new things and you're excited to get a bargain.” (Lamia)

“It's very nice to be shopping from home (for me it's in the evening in front of a good movie or a netflix series when I'm done with my work day), it's my little moment that I love and that I wait for all day.” (Marwa)

Social dimension – Sustainable value

While the traditional luxury consumption is linked with conspicuous and/or status consumption. Second-hand luxury consumption is more related to the sense of ethic and ecology (recycling, avoiding fast-fashion). Yet, making a positive impact on the community and sustainable fashion become a trend attitude (Mohr et al., 2021). The luxury market's driving force, the Millennials and Gen Z, are considered as the “ecological” generation that are highly sensitive and interested sustainability and responsible consumption. Second-hand luxury shopping enables consumers to express sustainable and a socially conscious self (Carrigan et al., 2013).

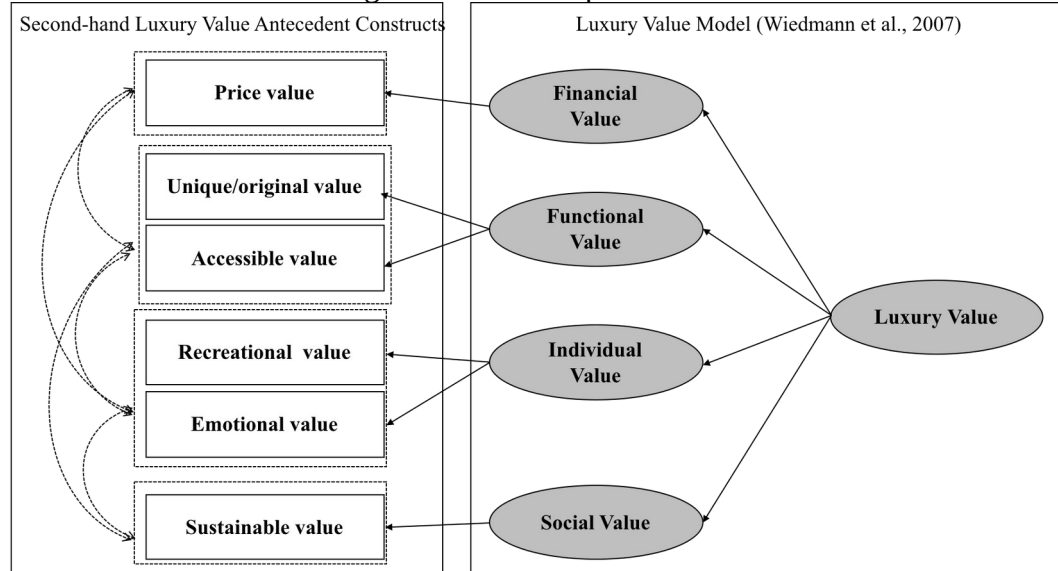
“I don't shop at zara h&m and all the fast fashion, I find it better to consume more ethically with second hand.” (Alexis)

“Online I can find items that are not available in stores, vintage bags jackets shoes that are still very clean and it's upcycling so it's good for me and the planet.” (Manal)

The conceptual model

The above key dimensions of second-hand luxury value perception, based on the framework of Wiedmann et al., (2007), are strongly correlated but not identical with each other as shown in figure 1. It will serve as the basis for further empirical studies.

Figure 1 The conceptual model



Discussion

This research explored millennials' value perception of second-hand luxury. In line with the model of Wiedmann et al. (2007), our results identify dimensions of financial, functional, individual and social value. This work enriches existing work in two ways. First, it sheds new light on the determinants of millennials' perception of the value of luxury, particularly second-hand luxury. While the academic literature in marketing is rich in works on the attitudes and behaviors of consumers towards new luxury products, the reactions of young consumers to second-hand products have been very little explored. Second, our work allows us to enrich the model of Wiedmann et al (2007) by integrating original variables. Indeed, the value of luxury second-hand products must be understood through new dimensions of value: accessibility value and sustainable value.

On the managerial level, several implications can be identified. First, for the companies specialized in the sale of second-hand luxury products, the challenge is to create a greater proximity with the millennials' target. An online communication strategy, including social networks, highlighting the value of accessibility could help approach this target. Similarly, retailers of second-hand luxury goods should focus on social selling in addition to the website. Second, for luxury brands, the second-hand market should not be considered as a competitor or as not very valuable for their image but as an additional opportunity to reach the millennials target. Following the example of the Richemont group, which has decided to invest in the second-hand market by buying the Watchfinder platform, specialized in the sale of second-hand luxury watches. The second-hand market could help luxury brands to retain young consumers by allowing them to make a first purchase in luxury. In the same way, for a luxury brand to invest in this market becomes a necessity in order to be in phase with the preferences and expectations of the young generation, notably concerning sustainable development issues.

Furthermore, despite its contributions, this qualitative study has some limitations. First, the exploratory nature and the composition of the sample (young women on Instagram) do not allow for generalizing the results of this work. Second, the study does not allow for the

heterogeneity of the second-hand luxury market. Indeed, young women consumers' perceptions could depend on the category and brand of the second-hand luxury product. A future study could test the impact of brand image and product category on perceived luxury value. Finally, in this research, we considered luxury globally, without differentiating the 3 levels (Allérès, 2003). This point should be taken into account in future studies because differences could emerge.

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