

Snob effect continuum to Di-Elite effect: analysis of the raise and impact of this driver of HENRYs luxury consumption

(conceptual paper)

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Abstract

Luxury goods and services market was considered always as one of the most conservative, traditional and quite closed to be analyzed. But new environmental and innovations changes impact on all the participants of the global luxury market: manufacturers, conglomerates, and customers. Luxury manufacturers nowadays cannot be silent anymore and ignore changes of consumers, raise of new segments with different motivations and behaviors. Changes in the external environment, technological and managerial innovations, changes in consumer and competitors' behavior encourage luxury manufacturers to implement digitalization, new cyber technologies, additive manufacturing, 3-D printing, blockchain, improve e-commerce, develop electronic channels of communications and sales. New customer segment rises and plays more and more important role on the global luxury market. High earners, not rich yet consumers (HENRY¹) are active young professionals with advanced in digital and other technologies, who are quite fast had studied and build internal perceptions of the luxury specifics. The traditional core segments: rich² (HNWI - High Net Worth Individuals) and ultrarich individuals³ (UHNWI – Ultra High Net Worth Individuals) are still important for Authentic Luxury. New segment of HENRYs needs new (affordable) luxury and positively percept tech innovations, which are used in manufacturing and marketing. Luxury companies had answered on this challenge and carefully collect consumers' data and become data-driven organizations, they introduce new collections of products, more actively use

1 Millennials or HENRYs (High Earners Not Rich Yet), or representatives of the "new" luxury consumer segment. According to Pamela Danziger, the leading luxury consultant in the US and the owner of Unitymarketing, this is the largest segment of consumers in the US, with incomes ranging from \$100,000 to \$250,000, willing to spend about 40% of their household income on luxury and premium goods, and whose behavior deserves the close attention of every marketer and brand manager. // Danziger P. Meet the HENRYs: The Millennials that Matter Most For Luxury Brands [electronic resource] <https://unitymarketingonline.com/shop/affluent-consumers/attitudes-motivations/meet-the-henrys-the-millennials-that-matter-most-for-luxury-brands/>

2 HNWI - High Net Worth Individuals - A term for "wealthy" consumers individuals who are defined as having financial and other liquid assets of at least \$1/1.5 million. Or at least \$750,000 in investment assets. [electronic resource] <https://corporatefinanceinstitute.com/resources/knowledge/finance/high-net-worth-individual-hnwi/>

3 UHNWI - Ultra High Net Worth Individuals - "ultra-wealthy" consumers whose wealth is valued at \$30 million or more. [electronic resource] https://finance.yahoo.com/news/defining-ultra-high-net-worth-195451398.html?fr=sycsrp_catchall

technological innovations in order to sustain its positions on the global luxury market. Pandemic, and the changes in the global context during post-pandemic situation even more impact on the decisions of luxury market participants. In this article, the authors attempt to trace how the snob effect motivation, fundamental for luxury consumers, proposed by Leibenstein in 1950 is transformed in the present day, when young, active, digital consumers are beginning to play a major role in the market of luxuries. Having studied papers and analytical reports, considering the observations of the behavioral models of young consumers especially in the luxury jewelry market, the continuum of the motivation “from Snob effect” to “Di-elite effect”⁴ was proposed.

Key words: evolution of luxury perception, attributes of traditional (authentic luxury), affordable and new luxury; motives of HNWI and HENRY consumers, generation Y (millennials); generation Z (centennials); jewelry marketing strategies and operational decisions, di-elite effect, snob effect.

Introduction and Objectives

The luxury market is going through a difficult time, due to the suspension of business activity during the pandemic and after its active phase (2020-2021). However, industry experts say not only about the recovery and growth of the market (in the pandemic 2020 the capacity of the global personal luxury goods market was €220 billion, in 2021 the market recovered to the level of 2019 and amounted to €288 billion (Bain & Co)). It is obvious that the development of digital solutions, the rapid growth of technological innovation affects changes in consumer behavior, and it is not only the emergence of a new segment of young professionals with a high level of digital competence and the development of the level of use of digital technology by traditional segments of the rich and the ultra-wealthy. Interestingly, consultants, market experts talk about the growing influence of HENRY, but as our analysis shows, there is very little research on the impact of digitalization on the behavior of luxury consumers. It is of scientific and practical interest how the fundamental motivation of luxury consumers evolves: the snob effect in the current digital economy and techno-innovation?

It is hypothesized that young, well-paid but still not wealthy professionals (HENRYs), considering it important to enter the segment of the elite, are simultaneously very advanced in digital technology and modern interesting solutions, which, when used, increase the value, and modify the attributes of luxury, especially in the jewelry market.

Objectives:

⁴ **Di-Elite effect - (digitalization + elite)** - motivation of HENRYs to choose and buy rare, exclusive luxury, which reflects the desire of consumers to stand out, differ from the majority and help to self-identification of belonging to the elite group stand in line with core traditional luxury, with requirements to make process of the study and making choice of luxury based decision the analysis of digital solutions of creation and delivery luxury products values and attributes.

- To identify changes in marketing strategies of jewelry companies under the influence of technological and managerial innovations,
- To define the attributes of luxury products value creation to percept by new, but important segment HENRY.

Research questions:

- 1) Are the classical attributes (values) of luxury products still relevant at the current stage of market development, demand, technology?
- 2) Can we consider that the category of Traditional (Authentic) Luxury has lost its relevance and can be assessed as rudiment in the process of development of consumer motives and demand?
- 3) How do the value attributes of the product evolve in the categories of "Affordable Luxury" and "New Luxury"?
- 4) How digital technology affects the formation of new motivations of consumers, changes in the model of consumer behavior, a continuum of development from the *snob effect* (Leibenstein 1950) to *di-elite effect (digitalization + elite)* (Sholomova, 2022)

Conceptual Framework / Literature Review

Since the beginning of the 20th century, many scientists - sociologists, psychologists, economists, as well as representatives of practice and business - have paid special attention to the analysis of consumer perception of luxury and consumer motivation patterns. For example, T. Veblen believed that the key motives for consumer choice of luxury goods is the desire to demonstrate their wealth, the thirst for competition and superiority to maintain a high social status and level of respectability (Veblen, 1901). Veblen's concept of ostentatious, demonstrative behavior (Veblen effect) was developed by Harvey Leibenstein, who in his work "The Majority Effect, the Snob Effect and the Veblen Effect in Buyer Demand Theory" justifies these three key motivations that drive consumers in their choice and decision to purchase premium goods. (Leibenstein, 1950).

The comprehensive (multi-attribute) approach to presenting the market (consumer) goods was proposed by the classics of economics and marketing, first by Harvard Business School professor T. Levitt (Levitt, 1960), and this concept was developed by legendary marketing guru Philip Kotler, professor emeritus at Kellogg School of Management (Kotler, 2021). For luxury goods, the concept of multi-attribute goods is especially important, French researchers Dubois and Duquesne proposed six key characteristics of premium goods to differentiate them from mass-market goods (Dubois, Duquesne, 1993). Researchers of the phenomenon of consumer choice, evaluation and consumption of luxury goods offer to take into account, first of all, the system of values of such goods (attributes perceived by consumers) of such goods and determine that, as sources of values in modern

conditions, innovation and technical and design solutions that are used to create functional attributes (usefulness) of goods, in integration with the qualitative, often intangible characteristics perceived by consumers, should be considered Professor Irina Skorobogatykh notes that the stimulus, the motivation to choose and purchase luxury goods is formed under the influence of all human senses. (Skorobogatykh, 2008).

Currently, due to the rapid development of digital technology, online sales, marketplaces, which was only intensified during the pandemic and business restrictions, even the most conservative companies (and their associations, conglomerates) of luxury goods and services market, which did not understand and did not accept the digital environment and technology for quite some time, also began to use digital communications, develop e-commerce sales from their official brand sites, form partnerships with major marketplaces. Online sales are carried out by companies both through specialized marketplaces for premium goods: Farfetch, Net-a-Porter, Tmall Luxury Pavilion, Amazon Luxury Stores, and directly from mono- or multi-brand websites of the companies. LVMH group introduced a multi-brand site with online sales capability <https://www.24s.com/>, Gucci group - [/www.gucci.com](http://www.gucci.com) (Deloitte, 2021). Online sales revenue in the luxury goods market will reach 20.8% in 2022 (Statista). McKinsey predicts that CAGR of online sales in the jewelry and watch segment will be 9-12% by 2027, and the market for pre-owned goods will also grow to \$32 billion by 2025, up from a pre-decade 2019 of \$18 billion. Analysts note that demand growth is primarily in the following luxury goods categories: watches, handbags, and jewelry (McKinsey, 2022)

French luxury market experts Chevalier M. and Mazzalovo G. point out that the growth of interest in premium goods and services of the HENRY segment is due to increased consumer activity based on income growth, and, in response to this, manufacturers bet on the formation of new categories of luxury goods and services: a) Affordable or Intermediate Luxury; b) New luxury (Chevalier, Mazzalovo, 2021). The concept of masstige goods, also known as Affordable Luxury, was proposed by Silverstein and Fisk (2003). They argued that luxury, in the original sense of its authenticity, inaccessibility, exclusivity cannot and should not be focused only on the rich strata of the population, its audience has expanded into mass segments due to the accelerated desire of consumers to maintain a premium standard of living, the desire to raise their status and join the group of "happy few". In spite of the unceasing interest among scientists, practitioners, analysts and consultants in the development of research on the motivation of choice and purchase of luxury products, consumer behavior patterns, including the new segments that have appeared and are gaining strength, it seems that in the current scientific discussion not enough attention has been paid to the analysis of the problem of similarities and differences in consumer perception of premium products by different consumer generations, including consumers of the centennials, whose activity will only grow and become more active.

Segmentation of Luxury Consumers

Luxury products/services are not intended for mass consumption, they are available only to a small group of consumers, which the researchers call the "happy few". It is obvious that this group of consumers is not homogeneous either, that is why, according to the report published annually by the Credit Suisse Research Institute, it is proposed to identify two segments whose representatives are both similar to each other and differ in such parameters as age, income level, behavioral patterns and motivations (Global Wealth Report, 2021).

- *Segment 1*: Dollar millionaires (roughly 1.1% of all adults in the world). Possess 45.8% of the world's wealth and have at least \$30 million of disposable income ready to invest and buy. In the demographic structure of the world's population, we can make a kind of rating of countries (regions) as places of residence of such consumers, selectively it can be presented as follows: 1. the USA (39.1% of the global amount), 2. China (9.4%), 3. Japan (6.6%), 4. Germany (5.3%), 5. the UK (4.4%), 6. France (4.4%), 7. Australia (3.2%), 8. Canada (3.0%). The size of this share depends on three factors: the number of adults living in the country, the average wealth index in the country, and the wealth inequality index. The segment of dollar millionaires is dominated by Generation X and baby boomers, with behavioral patterns specific to those generations. In analytical reports and scientific research, this segment is divided into two subgroups (subsegments): subsegment: HNWI (high net-worth individuals) individuals with a high net worth between \$1 and \$10 million and subsegment: UHNWI (Ultra-high-net-worth individuals) ultra-rich individuals with a net worth between \$30 and \$50 million.
- *Segment 2*: 11.1% of all adults in the world. The income level of these consumers ranges from \$100,000 to \$1 million per year, and they own 39.1% of the world's wealth. They are called "High Earners, Not Rich Yet (HENRYs), they are not the owners or CEOs of large companies, investment bankers with multi-million-dollar fortunes. Most often representatives of this segment work at the level of middle management, may be the heads of departments of large companies. These are professionals in areas such as medicine, law practice, heads of marketing departments, IT specialists, but also, they can be entrepreneurs who develop their own business. Most often representatives of this segment belong to millennial (Generation Y, born in 1981-1996) and centennial (Generation Z, born in 2001 and later).

This data allows us to say that consumers of HNWI, UHNWI, and HENRY segments are at the core of the target audience for luxury goods and services

manufacturers in the world, but HENRY segment representatives are taking an increasingly active role. In 2020, members of Generation Y (millennials) purchased 36% of all luxury goods, while the share of luxury goods purchases made by members of Generation Z was only 4%. In 2025, members of Generation Y are projected to make 45%-50% of luxury goods and services purchases, while the share of Generation Z will increase to 20%. (Bain and Company, 2021)

Representatives of segment 1 (rich and super-rich consumers) of traditional luxury products especially value such an attribute of luxury goods as "exclusivity" or rarity, in response to this request the manufacturers produce limited collections, using the places and channels of sales inaccessible to the mass consumer, necessarily put the highest level of customer service, creating an accompanying atmosphere of luxury, which forms the perception of the consumer value of "elitism", "belonging to a "happy few" group.

The representatives of segment 2 identify the purchase of premium goods more with "exceptionality", as opposed to "exclusivity". They value personalized communications, welcome companies' efforts to customize goods fully or partially, emphasizing their individuality.

Attributes (values) of luxury goods, aimed at members of the HENRY segment

Modern researchers revise and interpret the classic attributes of luxury goods/services with a focus on HENRY consumers. The differentiating characteristics should include other parameters of consumer perception of luxury, which are formed in the context and coordination with global trends and changed consumer preferences of millennials and centenarians. There is a shift in consumer priorities toward healthy lifestyles, sensible consumption, care and preservation of nature, and maintaining a work-life balance, a desire for a more democratic lifestyle, while generally maintaining (or increasing) each individual's income.

These behavioral trends affect not only the evolution of the traditional (inaccessible) Authentic Luxury sector, whose actors are adapting their strategies and solutions, processes and operational actions are becoming increasingly digital and modern, while remaining important in shaping consumer preferences. As for the more democratic sectors of Affordable (or Intermediate) Luxury and New Luxury, all the developments in both technology and the transformation of consumer behavior have a positive impact on their growth and development. The development of the Affordable and New Luxury sectors is forcing companies to diversify their product portfolio and create more democratic collections (affordable to consumers), while at the same time meeting the needs of modern consumers (new original designs, combination of materials), forcing companies to use additive technology, among other things, to implement a more flexible technological policy. Such a strategy aims to target a younger, more active, but less affluent group of consumers, it allows to build brand

loyalty among new generations of consumers, which will provide the company with an increase in current profits and sales and help to maintain sustainability and competitiveness in the future. Nevertheless, when implementing this strategy, there are potential risks of losing loyal customers of the main brand due to the reduction of "exclusivity" and the company's exit to a more democratic sector of the market.

Transformation of motives for choice and consumption of affordable and new luxury goods by representatives of the HENRY segment

Contemporary consumers, especially younger consumers, can be safely called digital consumers, or «connected consumers». Russian researchers Skorobogatykh and Musatova in their publications generalize the features and motivations of behavior of such consumers: "Generally speaking, digital consumers have a higher level of consumer confidence. They make more purchases of a variety of product categories online, banking and insurance products, jewelry, clothing, shoes. Digital consumers demonstrate significantly greater tolerance and interest in various electronic media channels, have a positive attitude toward both advertising messages, including on social networks, and respond positively to manufacturers' customized offers, and demonstrate a high degree of involvement in the process of choosing and purchasing goods and services online. (Skorobogatykh&Musatova, 2018). Thus, it seems possible to develop Leibenstein's meanings in presenting the "snob effect" motivation that drives consumers of luxury goods, and in the case of analyzing the behavior of the HENRY segment, a certain continuum of motives in modern conditions should be presented. (fig.1) Based on an increase of digital content, digital marketing communications used in brand interaction with customers, the trend towards the development of online sales in the premium market segment.

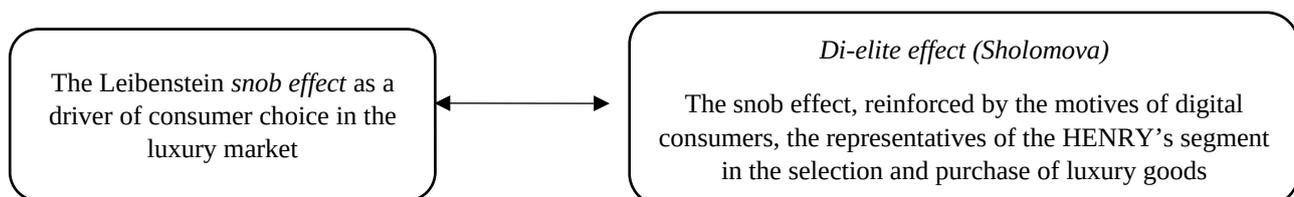


Figure 1. Evolution of the consumer-driven motive of the Snob Effect in modern conditions. Authors' interpretation

The conceptual contribution is the formation of a new model of centennials behavior, the development of the idea will be proposed in further research.

Traditionally, in international scientific discussion and in practice, the following classification of luxury products is proposed:

1. Traditional luxury (Authentic luxury),
2. Affordable (New) luxury.

The modern conditions of market development and consumption have also led to the emergence of the New Luxury sector. However, experts say that these sectors

of the market differ in terms of the fundamental attribute, so for the traditional luxury category the attribute should be called "exclusivity", according to the findings of Chevalier and Mazzalovo (Chevalier, Mazzalovo 2021), while for the categories of accessible and new luxury the attribute is Exceptionality. The main differences between the categories of traditional and new luxury are shown in table 1.

Table 1. Differentiating parameters for the traditional (Authentic) and affordable or new luxury sectors

Authentic Luxury	Affordable (Intermediate) and New Luxury
<i>Fundamental attribute: Exclusive</i>	<i>Fundamental attribute: Exceptionality</i>
<i>Consumer's priorities in product selection:</i>	
social environment, opinions, social status, rarity, symbolic value of product/brand, customer experience	personal factors, consumer identification of him/herself, his/her identity, expectation of individualization in products and sales process
<i>Distinctive characteristics, motives, values and insights of consumers:</i>	
HNWI and UHNWI consumers, hedonistic, highly educated, quite conservative in product choice, lifestyle, communication preferences, aware and appreciative of symbolic meaning and brand heritage, level of exclusivity, appreciative of comfort and service in the customer experience, appreciative of social status level	Income level is stable but lower than of HENRYs true luxury consumers, value the level of creativity, design, innovation, use of modern brand communication formats, value remixing (updating) classic models, legal production, privacy value of possession of goods/brand
<i>The main motives of behavior in the process of choosing and buying:</i>	
Demonstrative consumption; following "snob effect" motivation. Perceive traditional luxury goods as an object of investment, collecting, possibility of inheritance	Interest, journey into the world of the luxury brand, willingness to spend time searching for and choosing the right product
<i>Attributes of product properties that are important to the consumer:</i>	
Elitism, exclusivity, sophistication, inaccessibility, possibility of use as an investment, understanding of the secondary role of luxury goods (services).	Innovation in design, technology, materials, communication with the consumer; accessibility, authenticity, availability, customizing

Source: adapted and expanded by the authors from (Chevalier, Mazzalovo 2021)

Methodology

The research is based on the analysis of scientific literature, open sources, materials of research and marketing agencies. The main method is content analysis of scientific texts and analytical reports from open sources, and authors observations of young consumers behavior to identify categories and meanings (elements) to determine the presence of certain words, themes, or concepts within qualitative data.

Findings and discussion

The luxury goods market, previously considered quite stable and even conservative, is currently undergoing major transformations. The development of a digital economy, the emergence and development of new production technologies, opportunities to present luxury goods on the market, arrange their sales and make payments motivate American and European jewelry market leaders, companies and conglomerates such as Cartier (Richemont group), Tiffany & Co (LVMH), Bvlgary (LVMH), Van Cleef&Arpels (Richemont Group), Chopard (private), Mikimoto (private), Boucheron (Kering Group) to adapt their growth and marketing strategies to the new reality. Companies from China Chow Tai Fook, Lao Feng Xiang, Chow Sang Sang also understand the modern challenges of time and development. (Chevalier, Mazzalovo, 2021). The researchers highlight the following main drivers for the adaptation of business and functional strategies for companies in the jewelry market and luxury watches:

- The introduction of modern manufacturing technologies resulting from scientific and technological advances.
 - o Technological innovation: 3D and digital technologies, new materials and assemblies, improved technical quality of products
 - o Management and process innovations: digitalization of production processes, development of e-commerce, interaction and communication between market participants and consumers, improvement of technological and production processes, including the optimization of production costs.
- Changes in the values, motivations, and behavior patterns of consumers:
 - o The growing popularity of the model of responsible (reasonable) consumption, including in the luxury category,
 - o Appearance of new norms, preferences, needs, motivations, attitudes and perceptions, typical for different cultures and subcultures of consumers. If previously the purchase of exclusive luxury goods as a marker of status and wealth, today young consumers are thinking about the moral values of wealth, with a greater gender identity and inclusiveness, willingness to combine luxury goods and mass-market items.
 - o The changing structure of media consumption of consumers.
- Development of marketing concepts, due to the transformation of consumer behavior and perception of luxury: from Authentic Luxury and its inaccessibility to Affordable Luxury and the emergence of the New Luxury category, from exclusivity to exclusivity.

Based on this research we can resume that even in a situation where traditional companies, offering traditional (inaccessible) Authentic Luxury goods to the market, which in response to new challenges of the time, using various digital technologies, should not forget about the importance of multi-attribute analysis of luxury goods, on

the contrary, the classic areas of marketing and research are complemented (enriched) by new technological solutions.

French researchers Bernard Dubois and Patrick Duquesne in "The Market for Luxury Goods: Income versus Culture" identified six key attributes (values) of premium goods (Dubois, Duquesne, 1993):

1. Exceptional quality
2. High price
3. Rarity and uniqueness
4. Aesthetics and sensuality
5. Heritage and history
6. Superfluosity

Our research interests are compelled by the organic constraints of the scope of research and focus on a specific category of the luxury goods and services market: jewelry and watchmaking; this interest stems from an understanding of the degree of uniqueness and particularities of this category of luxury goods, because on the one hand the production of jewelry of this level is akin to the creation of a work of art. When they are presented on the market, they not only respond to and anticipate consumer demand, but they also, like works of art, often become desirable items for private collectors. Designers and professionals who work in this sector should have a well-developed creative mind, which can be combined with natural talent and a willingness to explore technology and advances in the field. Entrepreneurs and marketers not only thoroughly study all tendencies and changes on the market, including the way competitors act, but also pay much attention to the study of motives, values of consumers of different segments and, therefore, the patterns of choice and consumption of certain products. Specialists understand that in this sector one of the key challenges is to ensure high quality, identity and accuracy of the product. This challenge forces specialists and companies in general to implement technological innovations in their production processes. The common name for innovation is Additive Manufacturing, or the method of creating three-dimensional objects, parts, or things by adding material in layers: plastic, metal, concrete, other materials⁵. In jewelry making it is mainly used to create a master model (prototype) using 3D modeling technology and making the finished product, often using 3D printing, which can significantly reduce time costs, labor costs and eliminate human factor, but most importantly, it allows to realize the most daring designs⁶. It is not for nothing that some articles on the use of additive technologies are included in the

⁵ Additive technologies and their capabilities. <https://trends.rbc.ru/trends/futurology/6284222d9a79472c8b9a67bc>

⁶ Additive technologies in the production of jewelry: briefly about the essentials. [electronic magazine Additive Technologies]. <https://additiv-tech.ru/publications/additivnye-tehnologii-pri-proizvodstve-yuvelirnyh-izdeliy-kratko-o-glavnom.html>

futurology section of respected editions. Companies in the jewelry sector, while remaining representatives of Authentic Luxury, are trying to move away from their conservative perception and change their traditional approaches, implementing new business models, looking for new ways of communicating with consumers, thus anticipating future potential needs of customers. Companies have to adapt and use new possibilities of additive, blockchain, NFT technologies, which could be hardly imagined just recently.

Let's consider, for example, how additive technologies are used in the work of the legendary Boucheron jewelry house, founded by Frederic Boucheron in 1885, and enable this company to maintain its competitive advantages and remain the market leader. Boucheron's jewelry in the style of Edwardian, Art Nouveau and Art Deco was distinguished by its beauty and elegance and was highly valued by members of the royal families of the Russian Empire, Great Britain, Monaco, Iran, as well as Hollywood stars and collectors. In 2018, in honor of the company's 160th anniversary, the jewelers developed the Nature Triomphante collection, whose pieces wanted to pay homage to the beauty of nature, whose versatility, diversity and aesthetics are endless sources of inspiration for the jewelry house. This collection was represented by eighty pieces of jewelry and conditionally divided into three lines:

- o Naturaliste, dedicated to the founder of the brand, presented selected models of the House (with elements of leaves and flowers), recreated with extraordinary precision, thanks to the company's patented technology (know-how) and the first use of 3D technology. One of the ornaments from the *Lierre Givrée* line has an ivy branch shape, for which a real ivy branch was scanned and reproduced by 3D printer. The jewelry is light and multifunctional; it can be worn as a necklace or a head piece.
- o Surrealist, reflecting all the exuberant imagination of Boucheron creative director Claire Choisne, emphasizing the strength and DNA of the brand.
- o Alchemist, which included 9 rings of flowers, to create which natural rose, hydrangea, poppy and anemone petals were used for the first time. To obtain the exact image and proportions of each flower, all of its components - petals, pistils, stamens - were first scanned. They were then stabilized without chemical agents to preserve their natural colors, and then the petals were covered with protective layers of jewelry inks and materials to completely safeguard the jewelry from moisture, water, or heat. At the final stage, the treated petals were decorated with gemstones and finally joined with jewelry metal: gold, platinum. (Fig.2.) (Boucheron, 2018)



Figure 2. Alchemist Collection by Boucheron

(Source: <https://www.katerinaperez.com/ru/articles/boucheron-nature-triomphante>)

Boucheron jewelry collection is, of course, aimed to customers of the HNWIs (high net-worth individuals) and UHNWIs (Ultra-high-net-worth individuals) segment. Based on the concept of multi-attribute presentation of product, it should be said that each jewelry piece of any collection line includes both functional values (functional attributes), correlated with the attributes of luxury goods proposed by Dubois and Duquesne, and that along with functionality jewelers touch the emotional values of consumers, showing both naturalness (forms, colors of flowers, leaves present in nature) and processed using the latest technologies in a way that allows the consumer immediately understand and accept them.

Jewelry companies operating in the luxury sector are also applying other seemingly inherent new digital (crypto) technologies. Let us look at a few examples:

- o Conglomerates: Richemont, LVMH and the Prada brand in 2021 invested in the Aura Blockchain⁷ platform, the first blockchain in the luxury industry, designed to allow consumers to track not only the history of the jewelry, but also the "biography" of diamonds and other precious stones, to obtain confirmation of their authenticity. (Vogue Business, 2021);
- o The use of NFT (non-fungible token, NFT), prepared by the Dutch Kröller-Müller Museum. The first jewelry lot at Sotheby's "Magnificent Jewels Part Two" auction in 2021 was organized. Lot No. 1601 were earrings of 18-karat white and yellow gold and platinum, set with diamonds, in the making of which the jewelers were inspired by Van Gogh's painting "Café Terrace at Night" (Sotheby's, 2021). (fig.3)

⁷ Official site Aura Blockchain Consortium <https://auraluxuryblockchain.com/>

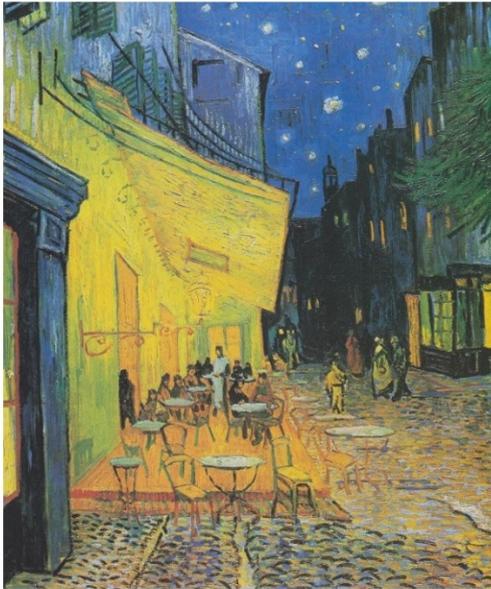


Figure 3. Lot № 1601, earrings

(Source: Sotheby's)

- o The legendary Tiffany brand has released a limited edition NFTiff collection of only 250 pendants designed exclusively for CryptoPunks holders, whose holders will be able to create a pendant with an individual design, receive a digital NFT and a certificate of authenticity. The company's jewelers will work with 87 attributes and 159 colors in a collection of 10,000 CryptoPunks NFTs to create such a customizable piece. The jewelry is purchased in digital currency only, with a preliminary cost of 30 ETH (Ethereum) or about \$50,000. (Vedomosti, 2022). (fig.4)

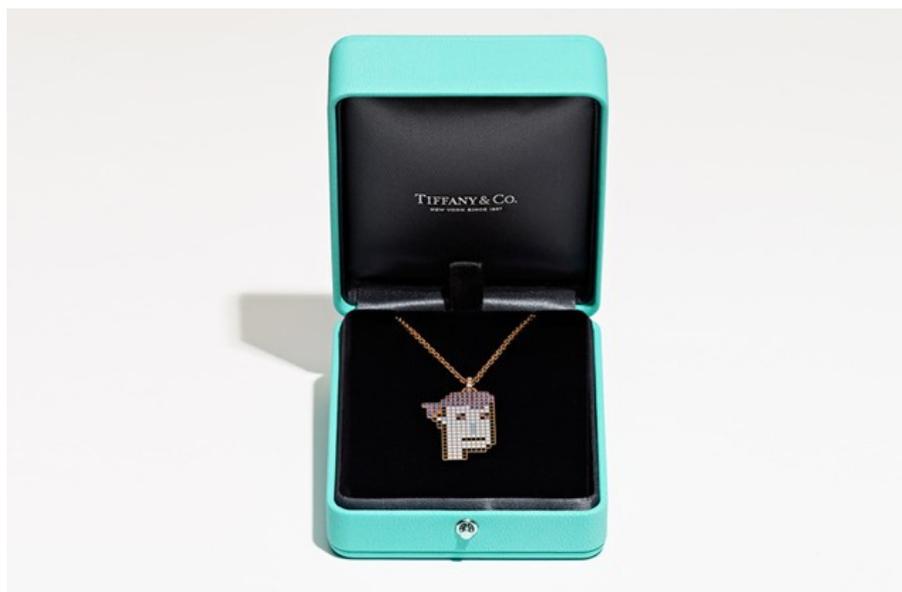


Figure 4. NFTiff by Tiffany &Co

(Source: Vedomosti)

These examples had shown how luxury jewelry companies are changing their production technologies and processes and business strategies, due to a deepening understanding that consumers in the 21st century are driven by a motive described by Leibenstein, which he called the "snob effect", which implies the desire to be different, to set yourself apart from other consumers (from the majority), but in the contemporary environment, this motive is transformed and takes on a new meaning in the digital space. (Leibenstein, 1950). Today, consumers can buy rare, exclusive, designer jewelry not only in a boutique, but also in the intangible space of the crypto market. The exclusivity of goods is confirmed by limited edition lots, inaccessible for most consumers because they may be purchased only by token holders, which are just representatives of the HENRY and HNWI segments, which certainly shows a new stage in the evolution of jewelry companies operating in the luxury sector.

The interpretation of the attributes (values) of jewelry and watches in the sectors of affordable and new luxury in accordance with the main motives of choice of young consumers, representatives of the HENRY segment (centenarian generation), was proposed by the author in the article Transformation of consumer perception of jewelry in the categories of affordable and new luxury (Sholomova 2022). Jewelry manufacturers operating in the market of premium and luxury goods and oriented towards the needs of modern consumers combine a deep understanding of the importance and specificity of the attributes of goods (value creation) and processes delivering value to consumers in order to have a positive perception not only of the functional utility of a product, but also to form a positive emotional perception of technology, product quality, innovation in technology, processes, strategic and operational marketing decisions. (Table 2)

Table 2. Identification of the presence of attributes (values) of luxury jewelry at the stages of creation and delivery of value to the consumer

Attribute (value) of luxury jewelry	Description	Stages of Luxury product's value creation and delivering it to HENRYs		
		Luxury value creation (attributes)	Delivering luxury value to new customers HENRYs	Consumers' emotional perception of luxury value
<i>Innovations</i>	3D technologies, AR/VR, digital technologies in customer communications (AI, chatbots)	●	●	●
<i>Passion</i>	Customers emotions in making pre-purchase choices, in the buying process, and in communicating the experience of ownership (positive or negative)		●	●

<i>Personality</i>	Personalization of processes of interaction with customers on a personal level; customization, individualization of products.	●	●	
<i>Selection/ search</i>	online sales through brand sites and marketplaces, development of relationships with influencers and bloggers	●	●	
<i>Privacy</i>	the desire to preserve one's personal space, the privacy of ownership.			●
<i>Renewal (classic remix)</i>	Adapting the design of classic collections, an invitation to participate in advertising campaigns of "new age icons"	●	●	
<i>Journey, an adventure in the world of luxury</i>	Creating an atmosphere of emotional impressions, storytelling		●	●
<i>Novelty</i>	Expanding the range with models-transformers, the use of new materials	●		
<i>Resources</i>	The importance of the origin/"biography" of natural gemstones	●		
<i>Sustainability</i>	Use of cultured diamonds, companies support the concept of sustainability	●		
<i>Accessibility</i>	The affordability of luxury goods and the accessibility and convenience of the place of purchase (online sales)	●		

Source: composed by authors

The table is based on the analysis of scientific literature, data from specialized research agencies and expert interviews with representatives of the business community.

Conclusion

Theoretical implication: The study shows, based on the analysis of open-source data and our own observations, that all the motivations described by Leibenstein are undergoing evolutionary transformations due to the development of digital and innovative technologies. The key segment of luxury consumers remains, it consists of representatives of HNWI and HENRY, according to the income markers that financial institutions note as the main differentiator, only the structure within the segment changes, the share of HENRY consumers in the future will increase. The modern digital, technological world has brought changes in the patterns of customer behavior, as a consequence changing: the processes of collecting and analyzing

information about premium goods and services; the places and methods of shopping (from boutiques to online sales, from cash to digital (crypto) NFT); methods of communicating the value of luxury goods to consumers. The simple, traditional understanding of snob *effect*, proposed by Leibenstein in the middle of the XX century, transforms to the *di-elite effect* as more relevant for the digital economy, combining the concepts of digitalization and elite group membership (digitalization & elite), an effect more characteristic of HENRY consumers, whose importance is increasing, both in Russia and around the world.

Further research proposal: The empirical study would be organized in 2023 to evaluate the proposed conceptual theoretical concept of the changes of HENRYs consumer behavior and perception new (affordable) jewelry luxury values will be tested in an empirical study and will be included the following steps:

- Making of conceptualization and model of the empirical study.
- Create the research model of the relationships between elements of the evolution of HENRYs behavior, core motivation and attributes (values) the new luxury in Jewelry sector.
- Develop the research hypothesis to be tested.
- Create the profile of respondents to whom researchers should be contacted: will be: participants of luxury jewelry market:
 - a. companies, professionals, innovators, designers;
 - b. representatives of HENRYs segment;
 - c. luxury business experts.

Online survey in combination of in-depth expert interview will be used, proposed sample for the survey will not be less than 500 respondents (individuals) (Europe, Asia, and Russia) and not less than 5 interviews with experts.

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