

# Role of consumption values in the luxury brand experience: Moderating effects of category and the generation gap

Sang-Lin Han, Kihyung Kim<sup>\*</sup>

School of Business, Hanyang University, Seoul, 04763, South Korea

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## ABSTRACT

This study examined how the consumption values of luxury brands lead to their patronage. We examined the effects of functional, symbolic, experiential, and zero-moment-of-truth (ZMOT) values on patronage intention through the emotional response process of flow and compatibility using the stimulus–organism–response framework. Furthermore, latent mean analysis of the moderating effects of different groups was conducted. The findings demonstrate that experiential, functional, symbolic, and ZMOT values influence emotional reactions to luxury brand experiences, and these reactions vary among groups. Marketers should increase the value of the luxurious consumption experience and create different values for various consumer groups and categories to expand luxury brands.

## 1. Introduction

With the addition of digital transformation and millennials as consumers, emotion and experience have emerged as luxury consumers' important motivations to purchase (Pine and Gilmore, 2011). Technological investment is aimed at allowing consumers to use advanced technologies to bring themselves to experience new services. Approximately two billion millennial cohorts worldwide are luxury consumers (Fleming, 2016), comprising 27% of the world's population. Digital subcultural generations are increasing their influence in the luxury industry by sharing absolute value evaluations of luxury brands through various social networks (Danziger, 2018; Luxury Institute, 2018; Adegeest, 2019).<sup>1</sup>

Is it important to examine a consumer's motivation to purchase luxury goods? Vigneron and Johnson (1999, 2004) identified the motivation and value in buying luxury goods based on price, social reputation, and personal self-consciousness. Purchase motives related to interpersonal relationships include the Veblen effect (conspicuous value), snob effect (unique value), and bandwagon effect (social value). However, personal purchase motives include the hedonic effect (emotional value) and perfectionism effect (quality value). Giovannini et al. (2015) claimed that public self-consciousness and self-esteem are significant antecedents of Gen-Y's luxury fashion buying intention. To

understand the characteristics of the industry, it is necessary to compare studies centered on experiential consumption value with those on functional and symbolic consumption value. To reflect the extent to which technology has changed consumption (Danziger, 2018), it is necessary to examine the extent to which SNS affects consumption values. Reflecting the trend that high-quality food and hospitality luxury is growing faster than personal luxury items is also essential (Adegeest, 2019). Studying experiential consumption values primarily requires analyzing how consumers are immersed in luxury brands. Previous studies largely omitted millennials' luxury consumption value. It is necessary to present a new luxury consumption value by analyzing which value is important for Gen-Y. It is also essential to analyze the process by which this generation engages with the luxury brand. To gain insights into experiential marketing and hospitality services of luxury brands, the scope of research must be expanded to the service field.

This study analyzes how the consumption value of luxury brands creates patronage customers through the immersion process using the stimulus–organism–response (S-O-R) framework (Chang, 2015). We chose the S-O-R framework because the consumption value - a benefit for a luxury brand and a motive for consumers to buy the brand's products - is mainly correlated with consumers' affective changes; emotional value is transmitted through consuming experiences and the usage situation of consumers (Chang, 2015). Thus, the S-O-R framework

<sup>\*</sup> Corresponding author.

E-mail addresses: [slhan@hanyang.ac.kr](mailto:slhan@hanyang.ac.kr) (S.-L. Han), [khykim2362@hanyang.ac.kr](mailto:khykim2362@hanyang.ac.kr) (K. Kim).

<sup>1</sup> Simonson and Rosen (2014) claimed that, rather than the context or framing, it is the absolute value, a quality evaluated by actual use experience that influences the purchase process.

is appropriate for the analysis of the effect of affective changes on consumers' willingness to repurchase. We analyzed intergenerational differences and moderating effects of product categories (goods and services). Lissitsa and Kol (2016) argued that there is a big difference between Gen X and Gen Y's consumption behavior on luxury brand. By analyzing the processes of consumer engagement with luxury brands, consumption values of luxury brands influencing Millennials (i.e., Gen-Y) and Gen-X are compared.

The benefits of luxury brands and consumers' consumption value are related to consumers' affective response, and their emotional value is transmitted through the consumption experience and usage situation. The price of luxury brands is the price of the emotional value rather than the cost-based or comparative price. Therefore, the S-O-R framework is considered ideal to analyze this phenomenon. Consumption values that luxury brands convey through an experience motivate consumers, providing a stimulus for purchase motivation.

The product groups included are fashion, beauty, and automobiles, whereas the service groups included are hotels, restaurants, and spas. Respondents were divided into Gen-Y and Gen-X, and their latent means and moderating effects were analyzed to compare products and services.

To our knowledge, this is the first study to use the S-O-R framework in the luxury industry to demonstrate that consumption values lead to patronage intention through consumers' emotional change processes. We find differences in levels of consumption values required for goods and luxury services and differences between what millennials and other consumers pursue.

## 2. Literature review and conceptual framework

This study analyzes how the consumption value of luxury brands lead to their patronage through the commitment process using the S-O-R framework. Examining previous studies on luxury consumption values and the S-O-R framework is essential.

### 2.1. Dimensions of luxury consumption values

A luxury brand is a product/service brand that consumers perceive to be of high quality and provides them with real value—functionally and emotionally. These brands are known for craftsmanship and high-quality services; consumers are willing to pay a high price for these products because of the associated positive affect (Kapferer and Michaut, 2015; Ko et al., 2019). However, there is no simple definition of luxury or luxury brand, and the concept is constantly changing (Wiedmann et al., 2009; Hudders et al., 2013). Zeithaml (1988) defined consumption value as the price, the compromise between cost and benefit, the equilibrium between perceived product quality and price, and the general evaluation based on subjective value. According to Parks and Guay (2009), consumption value is the standard leading individual behavior that is closely related to motive. Nwankwo et al. (2014) identified perceived consumption value as the preceding element promoting willingness to buy a luxury product/service.

Functional consumption value concerns the utilitarian functions and services that a product can offer (Seo and Buchanan-Oliver, 2019), which consists of functional efficiency and performance (Smith and Colgate, 2007; Wiedmann et al., 2009; Choo et al., 2012), craftsmanship and excellent quality (Tynan et al., 2010), uniqueness and high quality (Wiedmann et al., 2009), and premium price (Keller, 1993). Symbolic consumption value is the consumption value from the perspective of the consumer, classified into individual consumer perspective and social relation perspective (Vigneron and Johnson, 2004; Seo and Buchanan-Oliver, 2019). Personal values include self-value, pleasure, experiential, and co-creation values (Vigneron and Johnson, 2004; Tynan et al., 2010; Chandon et al., 2016; Ko et al., 2016), while social values include the Veblen, bandwagon, and snob effects, social status, and scarcity pursuit (Vigneron and Johnson, 2004; Tynan et al., 2010; Chandon et al., 2016; Ko et al., 2016). Luxury consumption values, as

suggested by Tynan et al. (2010), are summarized in Table 1.

Shukla et al. (2015) argued that luxury consumption values should be classified into three dimensions—functional, symbolic, and experiential. Keller (1993) stated that brands should provide the three dimensions of functional, symbolic, and experiential benefits as consumption value to consumers. Schmitt (2012) described a brand's three psychological dimensions—object-centered, self-centered, and social-centered engagements—corresponding, respectively, with the product, individual, and social relationship, similar to the context of functional, experiential, and symbolic values. Studies added the economic and network community values as additional luxury consumption values.

We added the zero-moment-of-truth (ZMOT) value<sup>2</sup> to reflect Schmitt (2012) emphasis that community is important to brand and consumer connections, and the millennial generation's netizen influence. ZMOT related to digital subculture is defined as the degree to which netizens share experiences of luxury goods and services, use SNS, search for information, or depend on feedback—it is the degree to which netizens actively search and trust before procuring the product or service (Chu and Kim, 2011; Lecinski, 2011). Dependence on ZMOT can be measured by the degree to which one can check videos, read reviews, and find information on SNS and the Internet (Lecinski, 2011; Ertemel and Basci, 2015).

### 2.2. Conceptual framework

This study applies the S-O-R framework, which has been extensively employed in consumer behavior analysis. The S-O-R model is used in the analysis of environmental cues that stimulate organisms to react through internal processes (Jacoby, 2002).

In consumer behavior research, stimuli are external environmental cues, such as product, brand, logo, advertisements, website, packaging, electronic word-of-mouth (e-WOM), reputation, experience, value, convenience, cleanliness, amusement, comfort, and attractiveness (Wong et al., 2012; Huang, 2012; Hsu et al., 2012). These are exposed to stimulate individuals at specific times and influence their decision-making (Jacoby, 2002).

"The organism is represented by cognitive and affective intermediary states and processes that mediate the relationships between the stimulus and the individual's responses" (Chang and Chen, 2008, p. 820). Organisms undergo affective, psychological, and cognitive internal processes between stimulation and response. Internal processing is characterized by pleasure, arousal, and dominance, depending on the degree of familiarity. Organisms can be analyzed as a value system. Consumer behavior studies have measured emotions and flow variables (Chang, 2015). Bian and Forsythe (2012) argued that changes in affect strongly influence purchase intention and can explain why consumers pay premium prices for luxury brands.

Response refers to all physical, verbal, and nonverbal behavioral responses. Previous research has also measured purchase intention, revisit intention, WOM, and loyalty (Goi et al., 2014). The affective responses includes the emotions, moods, attitude, etc. and are the subjective feelings experienced by the people such as pleasure or complaint. (Bagozzi et al., 1999). Emotional response are what the physiological arousal is added to the affect. The affect tends to metastasize in the size of arousal to the following action (Adaval, 2001). Table 2 summarizes the previous studies on this topic.

This study considers the consumption value of experiencing luxury goods/service as the stimulus and reorganizes organisms by pleasure and arousal as flow (Kawaf and Tagg, 2012), and lifestyle consistency as compatibility (Karahanna et al., 2006), and measures patronage

<sup>2</sup> Lecinski (2011) argued that there are moments of truth in the search process (ZMOT), purchasing stage (MOT1), and use stage (MOT2); additionally, e-WOM evaluation in the search process accounts for more than 50%.

**Table 1**  
Value type of luxury consumption.

Value type	Smith and Colgate (2007)	Wiedmann et al. (2009)	Tynan et al. (2010)	Choo et al. (2012)
Functional	Correct Accurate Attributes Appropriate Performances Outcomes	Usability Quality Uniqueness Functional	Excellence Craftsmanship	Utilitarian Excellence Functional
Experiential	Sensory Emotional Social Epistemic	Hedonic	Hedonic Aesthetics Experience	Aesthetics Experience Pleasure Hedonic
Symbolic	Self-identity Worth Personal meaning Self-expression Social meaning Conditional meaning	<i>Individual</i> Self-identity Materialistic <i>Social</i> Conspicuous Prestige	Conspicuous Status Esteem Sign Social identity Uniqueness Authenticity Nostalgia Self-gift giving Consumer–brand Relationship Brand community Exclusivity	Self-expressive Social
ZMOT (Relational, Cost)	Economic Psychological	Price		Economic

Note: ZMOT, zero-moment-of-truth. Source: Developed from Choo et al. (2012).

**Table 2**  
Stimulus–organism–response model in previous studies.

	Configuration variables
Stimulus	Value of merchandise, service quality, and store location (Yoo et al., 1998) Convenience (Wong et al., 2012) Information quality and experience (Huang, 2012) Website quality (Hsu et al., 2012) Brand and reputation (Chang, 2015)
Organism	Emotions, cognition, and affect (Yoo et al., 1998) Flow (Hsu et al., 2012; Huang, 2012) Involvement (Huang, 2012) Risk and trust (Goi et al., 2014)
Response	Satisfaction and purchase intention (Hsu et al., 2012; Huang, 2012) Behavioral intention and loyalty (Goi et al., 2014) Recommendation (Chang, 2015) Patronage (Zhang et al., 2018)

Source: Developed from Goi et al. (2014).

intention for response (Zhang et al., 2018).

Flow is the state when one is completely immersed in action, in which attention is focused, without any thought other than of the action being performed (Bilgihan et al., 2015). The pleasure, arousal and the excitement are the flow Huang (2012); Hsu et al., (2012). Flow could be explained as the enjoyable experience that people (e.g., luxury shoppers) feel when totally immersed in an activity (e.g., luxury shopping) (Hung et al., 2012).

Compatibility stems from IDT (Innovation Diffusion Theory; Rogers, 2010). Karahanna et al. (2006) defined compatibility as the perceived distance between innovation and the lifestyle that has been adopted conventionally and stated that the perceived distance is affected by past experiences and beliefs. In other words, it means the unities of the style of living, experience, beliefs, and technical standards. Wang et al. (2017) emphasized that when it comes to compatibility, its congruity with past experiences is most important. They argued that consumers are mostly likely to select the brands that correspond to their past experiences, belief, value systems, and lifestyles. It is considered an important element of millennial consumers' motivation to purchase, who are the "For Me" class.

Depending on the goods and services, the perceived value of the consumer may be different (Kemp et al., 2012). Yoo et al. (1998), Peng and Kim (2014), and Gogan et al. (2018) identified that the values that shopping malls and products offer to consumers become a clue to stimuli in the S–O–R framework. Using the S–O–R framework, Haubl and Trifts (2000) and Liao et al. (2016) revealed the effect of product types on

willingness to buy. Similarly, using the S–O–R framework, Kawaf and Tagg (2012) reviewed the literature analyzing online shopping and found that shop atmosphere and product-related emotion adjust consumers' response to products. The present study expects that effects of organism (emotional change) on patronage intention vary depending on the type of products and services.

### 3. Hypotheses development

The study analyzes the process by which luxury consumption value influences consumers to immerse themselves in luxury shopping and become regular customers of a brand through the S–O–R framework. First, relationships between luxury consumption value and flow and between flow and patronage intention are examined.

The moderating effects of categories (goods and services) and differences among generations are analyzed for each variable. Fig. 1 presents the study model.

#### 3.1. Relationships between the functional value and flow/compatibility

Functional value is defined as a customer's perceived utility regarding the quality, service, and function (Choo et al., 2012). Consumption value is a key concept in understanding and predicting customer behavior in the marketing domain. Zeithaml (1988) analyzed the overall value of price, cost, and benefit; the balance between the perceived product quality and price; and the subjective evaluation with the consumption value. Functional consumption values are related to the degree to which a product or service has the desired characteristics, is useful or original, or performs the desired function; for luxury brands, they are related to physical performance (Sheth et al., 1991). Consumers pay high prices for excellent quality (Shukla et al., 2015).

The flow concept constituting an internal process is defined as the degree to which pleasure, happiness, and excitement are received from luxury brand experiences (Hsu et al., 2012; Huang, 2012).

Csikszentmihalyi and Csikszentmihalyi (1992) proposed the concept of flow, which means becoming deeply involved in an act when skills and challenges are balanced over a certain level. Flow is reached when familiarity and importance are balanced. In consumer behavior, components of flow include attention, pleasure, joy, fun, immersion, curiosity, oblivion of time, and challenge. Flow has been studied as a determinant of attitude in shopping. Flow plays a mediating role in consumer behavior such as purchase intention (Hsu et al., 2012; Huang, 2012). The two main characteristics of flow are concentration and the pleasure of doing the activity (Ghani and Deshpande, 1994). "Pleasure"

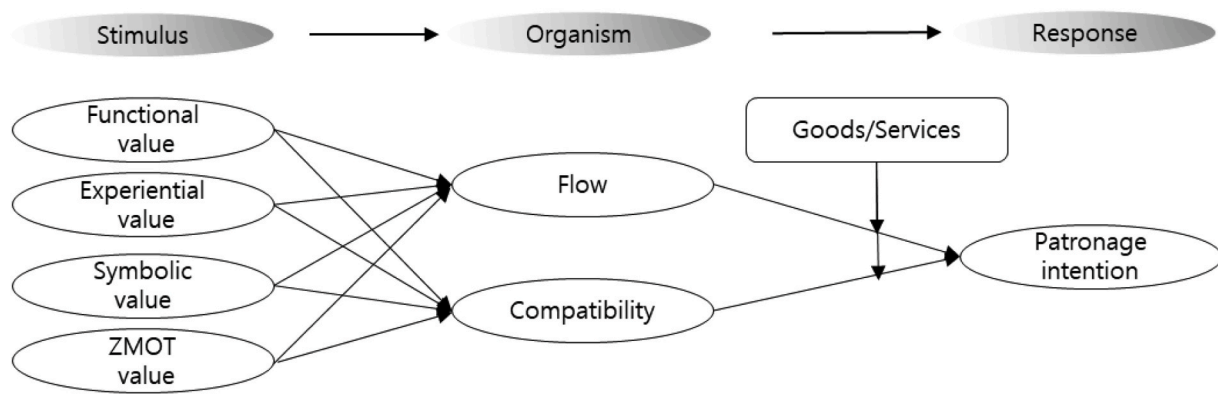


Fig. 1. The conceptual framework.

and “arousal” were used as parameters in the S–O–R model as components of flow (Mazaheri et al., 2011; Hsu et al., 2012; Huang, 2012). The stimulation of luxury consumption value is a change process for an organism when it is balanced with challenge, familiarity, and importance, unlike general physiological desire. This is consistent with the concept of flow in the reaction system, which occurs when balance is not a simple emotional change.

Compatibility is a positive emotion felt in experiencing the value of luxury brands; it is defined as confidence, active behavior, lifestyle consensus, brand self-consistency, and proficiency. This is the degree of congruity with past experiences, belief, value systems, and lifestyles (Mazaheri et al., 2011; Ekinci et al., 2013; Wang et al., 2017). Achieving a balance between the level of challenge and skill is an important condition for flow generation (Csikszentmihalyi and Csikszentmihalyi, 1992). Kahneman (2011) argued that experienced information is automatically processed without trouble. In the innovation diffusion theory, Rogers (2010) defined compatibility as the extent to which innovation is perceived as being consistent with existing rights, current business practices, and past experiences of latent consumers. Consumers are more likely to choose brands if they match their experiences, beliefs, values, and lifestyles. Related to the concept of emotional and contingent consumption values, the compatibility of consumers in choosing a product or service minimizes cognitive dissonance, which occurs when there is a contradiction in their lifestyles (Bhattacharya and Sankar, 2003; Mas-sara et al., 2010).

Consumption value reveals not only the symbolic meaning of the product and service but also the emotional state of immersion (Bilgihan et al., 2015). Understanding consumers’ emotional response based on the perceived value is important to gain competitive advantages (Zielke, 2014). Hsu et al. (2012) confirmed that perceived quality has positive effects on pleasure, emotional response, and flow. Compatibility is a positive emotional response elicited when the consumer’s expectations are met. In contrast, cognitive dissonance occurs when an unfamiliar scenario, inconsistent with expectations and beliefs, is encountered (Wang et al., 2017). Vigneron and Johnson (1999) described the luxury consumption value and its relationship with motivation. Chang (2015) confirmed that corporate reputation influences the functional value and purchase intention through commitment. Furthermore, Yoo et al. (1998) stated that values related to products and services affect excitement, pleasure, and attractiveness. Value is linked to motivation and benefits a brand. If the value matches a consumer’s motives for luxury consumption, the consumer will be emotionally comfortable and active. The high-functional value of a luxury brand will affect flow—an emotional response that excites and pleases the consumer—which will have a positive emotional impact. Thus, the following hypotheses are set.

**H1.** The functional consumption value of luxury brands has a positive (+) effect on flow.

**H2.** The functional consumption value of luxury brands has a positive

(+) effect on compatibility.

### 3.2. Relationships between experiential value and flow/compatibility

Experiential value comes from consumption experience rather than ownership. Luxury goods and services should provide consumers with appropriate hedonic, experiential, emotional, and aesthetic values (Keller, 1993; Choo et al., 2012). Schmitt (1999) suggested five dimensions of experience—sense (sensory), feel (affective), think (cognitive), act (physical/lifestyle), and relate (culture)—and emphasized that consumer experience in each process is more important than functional attributes. This experience is determined through communication, visual composition, product existence, and social media. Pine and Gilmore (1998) argued that in the experience economy transformation, consumers will buy a product when it provides an experience beyond mere distribution and convenience. The entire process must be staged for sales and consumers’ experiences of immersion and deviance through relationships, experiences, and culture. Yoo et al. (1998) stated that the consumption value creates positive or negative emotions, and Chang (2015) suggested that experience has a positive effect on flow. The value of a high-level luxury experience will have a positive impact on immersion, pleasure, and deviance. Therefore, the following hypotheses are set.

**H3.** The experiential consumption value of luxury brands has a positive (+) effect on flow.

**H4.** The experiential consumption value of luxury brands has a positive (+) effect on compatibility.

### 3.3. Relationships between symbolic value and flow/compatibility

Symbolic value is the degree to which symbolic elements such as self-expression at the time of brand consumption experience, social status, and other-directedness form the base of a luxury brand choice. This value can be classified as self-identity (e.g., hedonic) and social (e.g., bandwagon) value and is connected to psychological situations related to luxury goods/services, and to fame, nobility, history, self-identity, luxury, and social aspirations (Wiedmann et al., 2009; Tynan et al., 2010). Vigneron and Johnson (1999) found that motivations for luxury pursuits are caused by the Veblen, bandwagon, and snob effects. In other words, psychological symbolism is a motive for buying luxury brands. An increasing number of millionaires<sup>3</sup> have high net investment potential, and their spending is rising to express symbolism through scarce luxury. Millennials pursue luxury consumption value as a cultural symbol. Bilgihan et al. (2015) found that symbolic value has a positive

<sup>3</sup> Credit Suisse (2018) estimated that 42.2 million people worldwide (41% in the United States and 9% in China) are millionaires.

effect on flow. The higher the association with the symbolic value of self-expression, social exudation, and reference group, the more likely it is to affect emotional internal process flow and compatibility. Therefore, the following hypotheses are set.

**H5.** The symbolic consumption value of luxury brands has a positive (+) effect on flow.

**H6.** The symbolic consumption value of luxury brands has a positive (+) effect on compatibility.

### 3.4. Relationships between ZMOT value and flow/compatibility

ZMOT value is related to the digital subcultural value, which is defined as the ZMOT propensity: the degree to which one actively searches for and trusts netizens of the digital subculture on their shared experiences of luxury goods/services (Chu and Kim, 2011; Lecinski, 2011). Consumers can share information about their products for those who do not purchase the product (Nielson, 2015). Wiedmann et al. (2009) stated that the communicator's role is important in determining the purchase of a luxury brand by a consumer, and people tend to follow the opinions of many groups when forming an attitude. Therefore, he emphasized the importance of social networks. Lecinski (2011) argued that, during the purchase process, there is a moment of truth in the exploration evaluation (ZMOT), purchasing stage evaluation (MOT1), and usage stage evaluation (MOT2). Moreover, e-WOM evaluation of the search process affects more than 50% of purchasing decisions. This absolute value is shared among netizens. Schmitt (2012) emphasized that brand community is important in brand-consumer connections. Tynan et al. (2010) also emphasized the importance of the luxury community's consumption value. Huang (2012) argued that brand reputation and information quality affect emotional responses such as flow. Thus, consumer community level and emotional response have a positive relationship. Therefore, the following hypotheses are set.

**H7.** The digital subculture value of luxury brands has a positive (+) effect on flow.

**H8.** The digital subculture value of luxury brands has a positive (+) effect on compatibility.

### 3.5. Relationships between flow/compatibility and patronage intention of luxury brands

Patronage intention is the degree of expectation of a revisit, repurchase, recommendation, or positive WOM (Mehta et al., 2013; Zhang et al., 2018). Researchers analyzing consumer behavior using the S-O-R framework argued that emotional responses, such as flow, affect consumer behavior (Hsu et al., 2012; Huang, 2012). Yoo et al. (1998) claimed that positive and negative reactions affect purchase intention. In addition, an organism's positive emotional response affects its recommendation intention (Chang, 2015), loyalty (Goi et al., 2014), and patronage intention (Zhang et al., 2018). Consumers' emotional response level and patronage intention are positively related. Therefore, the following hypotheses are set.

**H9.** The flow of an organism has a positive (+) effect on patronage intention.

**H10.** The compatibility of an organism has a positive (+) effect on patronage intention.

### 3.6. Moderating effect of category in the relationship between flow/compatibility and patronage intention of luxury brands

The value perceived by customers would be differ depending on goods and services (Kemp et al., 2012). Haubl and Trifts (2000) and Liao et al. (2016) showed that the effects on the purchase intention would be different depending on the attributes of goods, by using the S-O-R

frame. The luxury consumption values of products and services are expected to be different. Hence, an organism's emotional response will also vary. Therefore, organisms' responses (flow) will affect their behavior (patronage intention) depending on the category (goods/services). Therefore, we developed the following hypotheses.

**H11.** The effect of flow on patronage intention is moderated by the product category (goods/services).

**H12.** The effect of compatibility on patronage intention is moderated by the product category (goods/services).

### 3.7. Multi-group gap between Gen-Y and Gen-X

Consumption value is the power influencing an individual's attitude and behavior (Rokeach, 1973). Therefore, millennial consumption value is the lifestyle pursued by millennial cohorts who likely have more influence than babyboomers and Gen-Xers in trendy luxury shopping. Gen-Xers are born between 1961 and 1980, whereas millennial cohorts are born between 1981 and 1999. However, this distinction differs among scholars. Millennials are also called Gen-Y and the "me" generation (Howe and Strauss, 2000; Guräu, 2012). Millennial cohorts are digital natives, shopping leaders, information gatherers, social connectors, game changers, and trendsetters (Thomas et al., 2016). Table 3 presents the attributes and needs of Gen-Y, which correspond to the luxury consumption value defined by Shukla et al. (2015), and the values that luxury brands should provide, as identified by previous studies.

The lifestyle of millennial cohorts, who are emerging as subjects of luxury goods consumption, is different from that of older generations. This generation collects and evaluates information through various social networks. They pursue momentary and intuitive aesthetics and are enthusiastic about concepts. The actions of this generation influence across borders. Thus, significant differences are expected in their ZMOT values. Therefore, the following hypothesis is set.

**H13.** Gen-Y will have a greater impact on functional, experiential,

**Table 3**

Luxury consumption value, millennials, and luxury brand orientation.

Luxury consumption values	Gen-Y attributes	Gen-Y needs	Luxury brand orientation
<i>Functional value</i> Usability, quality, utilitarian, excellence	Simplicity, variety, accuracy, quality, uniqueness, craftsmanship	Efficiency, capacity, push the envelope	Technology, marketing, novelty, accuracy, performance
<i>Experiential value</i> Feeling, affective, sensory, aesthetics, pleasure	Pursuit of happiness, hedonic, convenience, technology	Personalized experience, every moment matters (anytime, anyplace, in any way)	Emotional experience, pleasure, just-in-time stage, escape, mirror neuron
<i>Symbolic value</i> Self-expressive, social identity	Express personality, for me, enthusiastic, trendsetter	Worth, trust, identifying, uniqueness, prestige	Authenticity, identity signal, informational cue, culture, novelty
<i>ZMOT value</i> Network society, influential digital subcultures	Social networking, quick information, digital natives, curiosity	Community first, keep it real, absolute value	Provided community information, responsible, trust
Tynan et al. (2010), Shukla et al. (2015)	Vodanovich et al. (2010), Ordun (2015)	Dion and Arnould (2011), Duffett (2015), Chou et al. (2016)	Sweeney and Soutar (2001), Pine and Gilmore (1998), Giovannini et al. (2015)

Note: ZMOT, zero-moment-of-truth.

ZMOT, and symbolic values, as well as flow, compatibility, and patronage intention than Gen-X. In addition, the impact on consumption values will be greater in the service group than in the goods group.

#### 4. Research methodology

##### 4.1. Sample design and data collection

In collaboration with Embrain ([www.embrain.com](http://www.embrain.com)), a specialized research firm, an online survey was conducted between January 14–19 2019, with men and women aged 20–58 years living in South Korea. A total of 680 survey responses were received from customers who had experienced luxury goods and services at least once. Demographic characteristics of the respondents are reported in Table 4; 35% were men and 65% were women.

The survey was conducted in Korean; linguistic errors were minimized with the help of a linguistic specialist in Korean and English. The list of products and services offered to respondents was created after referring to existing research (Yang and Mattila, 2014), Luxury Institute (<https://www.luxuryinstitute.com>), and Luxury Service Magazine (<http://www.amberleycastle.co.uk>). To secure the validity of the list, the Delphi method was employed, and five luxury brand specialists evaluated the list. The chosen list of products and services scored 3 points or above on the 4-point scale in the specialists' evaluation (Lawshe, 1975).

For the product group, the standard was set by presenting the luxury brands, and for the service group, an example and price criteria were presented. The suggested brands for fashion are Armani, Burberry, Cartier, Gucci, Hermes, Louis Vuitton, Prada, and Rolex; for beauty, Dior and Lancôme; and for automobiles and other categories, Bentley, Dalmore, Maserati, Romanée-Conti, platinum liquor, and yachts. For hotels, five-star (i.e., diamond, crown) hotels charging over USD 300 per night, such as Signiel Seoul and L'Escape Seoul, were suggested. Establishments charging over USD 200 per person, such as Palais de Gaumont and Buonasera, well known by the Michelin Guide, (<http://michelin.com/kr/ko>), were listed for restaurants. For spas, establishments charging over US\$ 200 per person, such as The Shilla Seoul and Guerlain spa, were listed. Respondents were requested to choose one category and respond based on their brand experience. Respondents' brand experiences were measured at 54% in the service group and 46% in the product group.

**Table 4**  
Respondents' socio-demographic characteristics (n = 680).

	Group	Frequency	Percentage (%)
Gender	Male	236	35
	Female	444	65
Age	Gen-Y (20–38 years)	356	52
	Gen-X (39–58 years)	324	48
Education	<Associate degree	571	84
	>Bachelor's degree	109	16
Job	Student	63	9
	Office worker	473	69
	Own business	120	18
	Homemaker/other	24	4
Annual income	<\$50,000	330	48
	\$50,001–\$90,000	266	39
	>\$90,000	84	13
Category	Goods (46%)	Fashion	138
		Beauty	141
		Automobile/other	37
		Hotel	212
	Services (54%)	Restaurant	106
		Spa	46
			7

##### 4.2. Measurement of variables

This study analyzed the process by which luxury consumption value affects patronage intention through the emotional responses by the using structural equation model. Confirmatory factor analysis (CFA) and discriminant validity analyses were conducted to measure data reliability; additionally, path, multiple groups, and latent mean analyses were conducted for hypothesis testing. Latent mean analysis was conducted using MPLUS7 which facilitates measurement equivalence (i.e., measurement invariance). Using variables from previous studies, the present study used a seven-point Likert-type scale with responses ranging from *strongly disagree* (1) to *strongly agree* (7). The constituent items, validity, and reliability are reported in Table 5. The survey composition for variables of functional, symbolic, and experiential values was conducted by referencing and re-configuring the works of Smith and Colgate (2007), Wiedmann et al. (2009), Tynan et al. (2010), and Choo et al. (2012). Moreover, ZMOT variables were constructed referring to Chu and Kim (2011), Lecinski (2011), and Ertemel and Basci (2015). Flow and compatibility variable measurement items were based on Mehrabian and Russell (1974), Mazaheri et al. (2011), and Ekinci et al. (2013). Finally, the patronage intention variable was based on Zhang et al. (2018).

#### 5. Analysis and results

##### 5.1. Measurement model test

Using exploratory factor analysis, we eliminated items with low relevance. As shown in Table 5, the CFA had a good fit (comparative fit index [CFI] > 0.9 and root mean square error of approximation [RMSEA] < 0.05) (Bentler, 1990; Browne and Cudeck, 1992). Factor loadings for the 32 indicators ranged from 0.71 to 0.92. Cronbach's  $\alpha$  satisfied the levels of reliability with scores ranging from 0.87 to 0.92. Moreover, the CFA results for the overall goodness-of-fit ( $\chi^2 = 1034.877$ , degrees of freedom [DF] = 419,  $\chi^2/\text{df} = 2.47$ ,  $p < 0.00$ ) and standards of fit indices (normed fit index [NFI] = 0.95, Tucker-Lewis index [TLI] = 0.96, CFI = 0.97, RMSEA = 0.04, standardized root mean square residual [SRMR] = 0.04) were obtained. The average variance extracted (AVE > 0.5) was above the cut-off value of 0.50 with the composite reliability coefficient (CR > 0.7; see Table 5). Finally, Pearson's correlation matrix test was conducted, and the coefficient ranged from 0.59 to 0.80. The absence of the coefficient value of 1 in the correlation matrix suggests discriminant validity (Gerbing and Anderson, 1988, see Table 6). A slightly high correlation of 0.72 was found between symbolic value and experiential value. The variance influence factor (VIF) between the independent variables ranged from 1 to 2, and the condition number (CN) was 20 or below. Therefore, the researcher judged that there was no problem with multicollinearity (Gerbing and Anderson, 1988). Table 6 presents the results of the correlation analysis and discriminant validity.

##### 5.2. Structural equation modelling

To test the proposed hypotheses, we applied the SEM. The overall model fit was satisfactory ( $\chi^2 = 1125.951$ , DF = 423,  $\chi^2/\text{df} = 2.66$ , NFI = 0.94, TLI = 0.96, CFI = 0.96, RMSEA = 0.04, and SRMR = 0.03). The results show that functional, symbolic, experiential, and ZMOT values support H1–H8. Moreover, H9 and H10 are supported (Table 7).

##### 5.3. Moderating effect analysis

To examine the moderating effects, a multi-group (goods/services) analysis was conducted to compare the chi-square difference ( $\Delta\chi^2$ ) with one degree of cross-group equality constrained models and equality non-constrained models.

For flow, the effects of the goods versus service categories on the

**Table 5**  
Survey items, reliability, and validity.

	Indicator	Loading	$\alpha$	CR	AVE
FV	This brand has a reputation of making useful goods/services.	0.85	0.92	0.92	0.71
	The goods/services of this brand exhibit craftsmanship.	0.78			
	The goods/services of this brand are made sophisticatedly.	0.87			
	The goods/services offered by this brand are excellent.	0.88			
	The goods/services of this brand last long.	0.82			
SV	The goods/services of this brand hold a special meaning for me.	0.83	0.92	0.89	0.60
	The goods/services of this brand help me express myself.	0.78			
	A benefit of the goods/services of this brand is that they help customers express themselves.	0.75			
	This brand is considered by many symbols of success.	0.79			
	The name of this brand is considered by many to be reflective of social status.	0.78			
EV	This brand is considered a symbol of prestige.	0.82	0.89	0.87	0.64
	The goods/services of this brand are aesthetically superior.	0.79			
	The goods/services of this brand provide special pleasure value.	0.80			
	The goods/services offered by this brand have strong sensory appeal.	0.82			
	This brand competes mainly by offering a desirable experience to its customers.	0.82			
ZV	An information search for this brand saved time and costs.	0.71	0.89	0.88	0.65
	The evaluation of the electronic word-of-mouth for this brand is true and empathic.	0.87			
	Information about this brand is accurate and clear.	0.87			
	This brand provides necessary information and communication.	0.83			
	I was satisfied while experiencing this brand.	0.88			
FL	I was happy while experiencing this brand.	0.89	0.94	0.92	0.64
	I was pleased while experiencing this brand.	0.88			
	I was stimulated while experiencing this brand.	0.85			
	I was excited while experiencing this brand.	0.80			
	I felt hopeful while experiencing this brand.	0.79			
CP	I am confident about experiencing this brand.	0.86	0.87	0.83	0.63
	I can lead this brand experience myself.	0.80			
	Experiencing this brand reflects my lifestyle.	0.78			
PI	I will convey positive opinions about my experience with this brand.	0.86	0.91	0.90	0.70
	In other situations, I will purchase additional branded products/services from this brand.	0.85			
	I will continue to use this brand.	0.87			
	I am willing to recommend this brand to others.	0.80			

Notes: FV, functional value; SV, symbolic value; EV, experiential value; ZV, zero-moment-of-truth value; FL, flow; CP, compatibility; PI, patronage intention; CR, composite reliability; AVE, average variance extracted. Goodness of fit:  $\chi^2 = 1034.877$ ; degrees of freedom (df) = 419;  $\chi^2/\text{df} = 2.47$ ; normed fit index = 0.95, Tucker-Lewis index = 0.96; comparative fit index = 0.97; root mean square error of approximation = 0.04; standardized root mean square residual = 0.04.

route to patronage intention were more significant for the service category. For compatibility, these effects were not significant. Therefore, H11 is supported and H12 is rejected (Table 8).

#### 5.4. Latent mean analysis

Even if the sample size is smaller than that in the CFA model, we can still analyze multiple indicators and multiple causes (MIMIC) and verify the minimum measurement invariance, such as configural or pattern invariance. The remaining parameters are assumed to be the same at the covariance level. The MIMIC model is superior to the multivariate analysis of variance, which assumes no measurement error; the latent average was analyzed by applying this model (Bollen, 1989; Wang and Wang, 2012; Brown, 2014). To test the effect of quasi-experimental designs, we conducted latent mean analysis (Wang and Wang, 2012). Results show that the MIMIC model fits the chi-square test of the entire Gen-Y versus Gen-X group; with values of  $\chi^2 = 1435.026$ ,  $DF = 467$ , and  $p = 0.00$ , it was rejected. However, with CFI = 0.916, TLI = 0.901, and SRMR = 0.043, it is relatively positive, and configural or pattern invariance and scalar invariance ( $p = 0.199$ ) were confirmed.

Table 9 shows the mean difference of Gen-X based on Gen-Y. Here, “–” indicates that the average of the Gen-Y group is relatively high. Each row shows the latent variables, and the columns present a comparison with the following categories: total products (P), fashion (P1), beauty (P2), automobile (P3), service (S), hotel (S1), restaurant (S2), and spa (S3). The final column presents the goods/services (G/S) groups, and the latent averages are compared based on services. Here, “–” means that the latent average of the service group is relatively high. Therefore, H13 is partially supported.

## 6. Conclusions

### 6.1. Discussion

Schmitt (1999) stated that consumers expect positive affects from their experiences, which are essential motivations for consumers to purchase products. He also stated that if consumers have favorable and unique experiences with products and brands, their obtained value exceeds the information received about the brand. In other words, if functional, experiential, symbolic, and community values harmonize sensual, emotional, behavioral, physical, and cognitive responses, such values can establish luxury brand purchase decision criteria. On the basis of these emotional consumption values, consumers will assess their self-image, purchase the brand that expresses them, and identify with the preferred brand (Bhattacharya and Sankar, 2003). This study analyzed this mechanism using the S-O-R framework.

The S-O-R framework was found suitable for analyzing the luxury consumption value. Choo et al. (2012) and prior studies on luxury brands revealed the effect of symbolic, functional, and experiential values. Unlike previous studies, the present study found that experiential, functional, symbolic, and ZMOT values influenced consumer emotional response flow and compatibility. These results are consistent with the importance of experiential value for millennial cohorts. The added variable—ZMOT value—measured community influence and affected the purchase motive of luxury brands. However, it was not as powerful as claimed by Lecinski (2011).

Flow/compatibility, which was selected as an emotional response variable, showed a strong response to the stimulus that strongly influenced patronage intention (Hsu et al., 2012; Huang, 2012; Bilgihan et al., 2015).

The moderating variable test of goods versus services categories showed that, in the services group, the influence of flow on patronage intention was strongly moderated by product category. The same level of flow influences patronage intention in services more strongly than in goods. Hence, the difference between means of the two groups was significant. In contrast, the influence of compatibility variable on

**Table 6**  
Correlation analysis and discriminant validity.

	M	SD	1	2	3	4	5	6	7
1	5.094	0.885	<b>0.846</b>						
2	4.977	1.035	0.701**	<b>0.834</b>					
3	5.136	0.935	0.713**	0.723**	<b>0.798</b>				
4	4.854	0.938	0.591**	0.621**	0.660**	<b>0.808</b>			
5	5.302	1.001	0.723**	0.681**	0.728**	0.625**	<b>0.827</b>		
6	5.061	1.012	0.679**	0.681**	0.696**	0.601**	0.763**	<b>0.802</b>	
7	5.198	0.952	0.713**	0.675**	0.738**	0.633**	0.701**	0.785**	<b>0.840</b>

Notes: 1 = functional value; 2 = symbolic value; 3 = experiential value; 4 = zero-moment-of-truth value; 5 = flow; 6 = compatibility; 7 = patronage intention. The value along the diagonal line (bold letter) is the square root of AVE.

**Table 7**  
Results of hypotheses testing.

Structural path	Coefficient	t-Value	Result
H1: Flow $\leftarrow$ Functional value	0.324	5.948***	Supported
H2: Flow $\leftarrow$ Symbolic value	0.109	2.317**	Supported
H3: Flow $\leftarrow$ Experiential value	0.522	6.851***	Supported
H4: Flow $\leftarrow$ ZMOT value	0.103	2.234**	Supported
H5: Compatibility $\leftarrow$ Functional value	0.281	4.885***	Supported
H6: Compatibility $\leftarrow$ Symbolic value	0.147	2.924**	Supported
H7: Compatibility $\leftarrow$ Experiential value	0.472	5.937***	Supported
H8: Compatibility $\leftarrow$ ZMOT value	0.120	2.462**	Supported
H9: Patronage intention $\leftarrow$ Flow	0.417	8.323***	Supported
H10: Patronage intention $\leftarrow$ Compatibility	0.445	8.421***	Supported

Notes: ZMOT, zero-moment-of-truth. Goodness of fit:  $\chi^2 = 1125.951$ ; degrees of freedom (df) = 423;  $\chi^2/df = 2.66$ ; normed fit index = 0.94; Tucker-Lewis index = 0.96; comparative fit index = 0.96; root mean square error of approximation = 0.04; standardized root mean square residual = 0.03. \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

**Table 8**  
Category effect.

Unconstrained model $\chi^2 = 1744.849$		df = 846; $\chi^2/df = 2.062$ ; RMSEA = 0.04; CFI = 0.95; critical value 3.84
H11: Patronage intention $\leftarrow$ Flow	Supported	Equality constrained model: $\chi^2 = 1753.912$ ; $\Delta\chi^2 = 9.063$ , $p = 0.006$ Goods Coefficient = 0.213, $t = 9.190$ *** Services Coefficient = 0.475, $t = 9.418$ ***
H12: Patronage intention $\leftarrow$ compatibility	Not supported	Equality constrained model: $\chi^2 = 1748.554$ ; $\Delta\chi^2 = 3.705$ , $p = 0.054$ Goods Coefficient = 0.600, $t = 5.516$ *** Services Coefficient = 0.350, $t = 6.113$ ***

Note: df, degrees of freedom; RMSEA, root mean square error of approximation; CFI, comparative fit index.

**Table 9**  
Comparing Gen-Y and Gen-X of the latent mean.

	Total	P	P1	P2	P3	S	S1	S2	S3	G/S
1	-0.08+	0.04	0.03	-0.01	0.40	-0.17**	-0.08	-0.30+	-0.29	-0.02
2	0.03	0.11	0.19	-0.01	-0.10	-0.04	-0.07	0.05	0.02	0.16*
3	-0.01	0.09	0.05	-0.06	0.50	-0.09	0.14	-0.02	0.09	-0.02
4	-0.04	0.05	0.14	-0.02	-0.29	-0.09	-0.03	-0.04	-0.18	-0.15*
5	-0.17**	0.01	-0.01	-0.02	0.05	-0.29**	-0.34**	-0.25	0.06	
6	-0.04	0.10	0.14	0.02	0.28	-0.23*	-0.16	-0.25*	-0.08	
7	-0.16**	-0.07	-0.01	-0.17	0.28	-0.22*	-0.24*	-0.17	0.03	

Notes: 1 = functional value; 2 = symbolic value; 3 = experiential value; 4 = zero-moment-of-truth value; 5 = flow; 6 = compatibility; 7 = patronage intention. P, product category; S, service category; G/S, goods/services.

patronage intention between the two groups was not statistically significant, which indicates a weak moderating effect.

To test the effect of quasi-experimental designs, we conducted latent mean analysis that has an effect similar to multivariate ANOVA (Wang and Wang, 2012). In the latent average analysis, the services and the goods groups had higher ZMOT and symbolic values, respectively. Therefore, concerning luxury goods, symbolism and lifestyle consistency are interpreted as factors influencing the selection of luxury brands. Concerning luxury services, the brand is selected based on the influences of ZMOT value and flow (emotion).

In the latent mean comparison of the Gen-Y versus Gen-X groups, the Gen-Y group had a significantly higher latent average in functional value, flow, and patronage intention. The latent average was higher for all variables, except for the symbolic value. The analysis was also performed by category. The findings reveal that the average of Gen-Y's latent variables was high for service categories such as hotels and restaurants. Overall, Gen-X had high latent averages only in symbolic values. Gen-Y highly evaluated the benefits (value) that luxury brands offer compared to Gen-X. This shows Gen-Y's preference for the luxury of service aspects rather than the specialty or product. Therefore, the findings imply that the Gen-X group is interested in symbolic value, whereas the Gen-Y group is more interested in practical and functional aspects. Moreover, strong emotional responses from Gen-X make them increasingly likely to become regular customers than the Gen-Y group, as their patronage intention is high.

## 6.2. Conclusions and implications

C. Space Consulting explains the experiential value of customers by dividing it into relevance, convenience, truthfulness, compassion, and emotional compensation (C. Space, 2018). Accordingly, to be relevant, marketers should focus on sharing values with customers, communicate using the customer's language, and treat them well. For convenience, marketers should ensure customers feel joyful in the process. To be truthful, marketers should be honest with customers, capture their interest, and humbly listen to them. To be compassionate, marketers should be more insightful than their rivals and be compassionate towards customers' needs. Emotional compensation entails making customers feel pleasant, proud, respected, smart, and family-like (C. Space, 2018).

Benefits provided by luxury brands enable consumers to recognize consumption values and become motivated. This research examined the consumption value that the luxury industry should place importance on and whether any differences exist between groups. Moreover, this research also investigates the channels that can encourage customers to become loyal. The theoretical, practical contribution or implications based on the results of this study are as follows.

#### 6.2.1. Theoretical contribution

First, the study examined luxury consumers' motivation to purchase and defined the process of being brand advocates using structural equations. To investigate luxury consumers' motivation to purchase, the variables of patronage intentions, compatibility, and ZMOT, which are uncommonly used in general consumption research, were developed. Though the existing studies found the factors of luxury consumption values in consumers' motivation to purchase luxury goods, this is the first study that has found that congruity with consumers' lifestyles and the conditions of flow induce consumers' patronage of luxury brands.

Second, this study confirmed that luxury consumers' motivation to purchase differs between products and services as well as by generation. This study conducted a survey including not only products, but also services. It also analyzed the existence of any differences by generation using the data on latent variables as it is for the first time.

#### 6.2.2. Practical contribution

This study makes significant contributions. First, the experiential consumption value influences the choice of luxury brands in the process of consumption. A consumer's perceived value can be described in terms of social, personal, and functional dimensions. The importance of these values changes with time (Wiedmann et al., 2009; Tynan et al., 2010; Choo et al., 2012). In the past, although luxury values were important for personal and social symbolism (Choo et al., 2012), currently, the value of experience generates stronger emotional responses, leading to customer loyalty.

Therefore, marketers should provide consumers with appropriate hedonic, experiential, emotional, and aesthetic values so that they can gain experiential value (Keller, 1993; Choo et al., 2012). It is necessary for consumers to experience a mix of sensory, affective, cognitive, physical, lifestyle, and cultural values; this experience should be transferred through communication, visual composition, product existence, and social media (Schmitt, 1999). Consumers will purchase a product when they can experience it beyond mere distribution and convenience. The process of sales should present a theatrical experience through the integration of ICT, so that consumers can experience immersion and deviance through relationships, experiences, and culture (Pine and Gilmore, 1998; Chang, 2015).

Second, the consumption value that luxury brands should provide depends on the category and consumer groups (Kawaf and Tagg, 2012; Liao et al., 2016). The analysis shows that symbolic value and compatibility are important for luxury goods, and ZMOT value and flow are important for luxury services. In other words, luxury goods are highly likely to be selected by personal and social influences, especially when they match consumers' lifestyles. In the Gen-Y group, luxury services are primarily associated with the digital subculture (Nielson, 2015) and are sensitive to emotional situations (Chou et al., 2016). The Gen-Y group is more positive (except in symbolic value), especially in the categories of hotels and restaurants. They are more interested in services than luxury goods, which are seen as practical.

Marketers should reflect the social and personal symbolism and self-consistency pursued by consumers in products. Services require marketing that focuses more on experience and community values. Overall, Gen-Y is highly sensitive to luxury values and has a strong emotional response, indicating a high likelihood of becoming loyal customers. Millennials are enthusiastic about the experience of shopping in a different manner than others. For example, they are interested in Gucci's unique designs and luxury brands that incorporate new technologies.

Hence, providing a variety of shopping experiences through ICT integration is expected to promote growth in the luxury industry.

#### 6.3. Limitations and future research

This study has certain limitations. First, there are numerous luxury brand selection factors and consumption values. However, this study analyzed only some factors. Moreover, an error may have occurred in the process of modifying some of the variables used in previous studies. Second, as a measure of consumption value, it is mainly developed as a measure for consumers who purchase goods, and therefore, further development of the scale for the service part is needed. Third, this study aimed to minimize sampling errors during the sample selection process by examining luxury experiences of large-size brands, among the many brands available for sample selection. Nonetheless, there may be a selection bias. In particular, although the study surveyed six categories, a problem may occur because the sample size is different. The representation may be low due to the lack of samples. Forth, the study's analysis was performed using the data collected from a survey in Korea. For this reason, it could be problematic to generalize the results as globally applicable.

This study comprehensively analyzed consumer behavior across the luxury industry using the S-O-R model. Future studies should analyze the effects of consumption values on luxury brands on more specific categories and with more subdivided consumer groups. Experiential consumption values should also be examined through experimental design to determine which elements are more effective. As state-of-the-art technology is being introduced into the luxury industry, research on consumer behavior in relation to such technology is also important. Future research on luxury brands should continue to improve upon these limitations.

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