# LUND UNIVERSITY
School of Economics and Management

# The effect of Brand Heritage on Luxury Value Perception

## "European vs. American Approach to Luxury"

By

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*"Only diamonds are luxury objects appreciated without brand"*

- Kapferer & Bastien, 2012

# Abstract

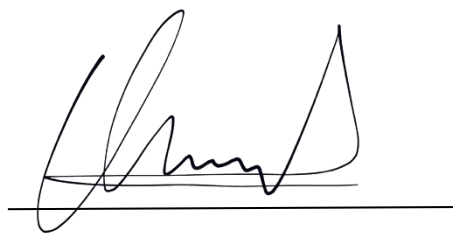| | |
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| **Title:** | The effect of Brand Heritage on Luxury Value Perception: "European vs. American Approach to Luxury'' |
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| **Examiner:** | Mats Urde |
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| **Purpose:** | The purpose of this study is to examine how brand heritage influences the different dimensions of luxury value perception. We aim to provide an explicit knowledge of the two modes of luxury brand building, the European and American approach to luxury, through the relationship of brand heritage on luxury value perception of customers. |
| **Methodology:** | The authors of this master's thesis have conducted a quantitative study with a deductive research approach based on an objectivism ontology and a positivist epistemological position. A questionnaire survey was conducted and analyzed through a moderated regression analysis. |
| **Theoretical Perspective:** | The study has been based on a deductive method, thus focused on reviewing areas of literature considered valuable for the research purpose. Hence, the phenomenon of brand heritage within the field of luxury brand building and value perception is explored. |
| **Empirical Data:** | The empirical material on which the analysis is based is obtained from a questionnaire survey of 12 questions answered by 128 participants. |
| **Conclusions:** | The findings that can be drawn from our research are that the brand heritage of luxury brands have a direct influence on all of the four luxury value dimensions perceived by consumers. Moreover, the results showed that the two modes of luxury approaches are perceived similarly. |
| **Keywords:** | *Brand Heritage, Luxury Value Perception, Two Modes of Luxury, European Approach to Luxury, American Approach to Luxury.* |

# Acknowledgements

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# 1. Introduction

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*In the first chapter of this thesis, a background is presented, followed by problematization, which then culminates in the study's purpose and research questions. The chapter ends with the study's intended contributions.*

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## 1.1 Background

Once upon a time, the luxury industry was quiet, managed by families, and driven by product excellence (Kapferer, 2014). Luxury started as a niche, where the ones who could afford it where limited. However, modern luxury is very different, it is an enormously growing sector, targeting vast clientele and flourishing in all capital cities of the world (Kapferer & Valette-Florence, 2016). Today the luxury industry is primarily dominated by conglomerates and multi-brand publicly owned groups (Brun & Castelli, 2013; Deloitte, 2018; Statista, 2018). According to Deloitte CIS research center (2018), the economic concentration of the top 10 biggest companies is accountable for 47,2 percent of all revenues in the luxury industry. Globally the luxury market exceeded €1.2 trillion in 2018, with positive performance across all divisions. Personal luxury goods reach €260 billion at constant exchange rates, with 6 percent growth (Bain & Company, 2018). According to Bain and Company's' luxury study (2018), there is a positive escalating trend that is expected to continuously grow with a range of 3-5 percent per year to 2025, potentially reaching €320-365 billion. Currently, the most valuable luxury group in the world is LVMH (Louis Vuitton Moët Hennessy), followed by the powerhouses Estée Lauder and Richemont (Statista, 2018; Deloitte, 2018).

According to the Oxford Dictionary (2019), luxury is defined as '*a state of great comfort or elegance, especially when involving great expense*'. However, there are many definitions of luxury, which change through time (Kapferer & Valette-Florence, 2016). Thus, a universal definition of luxury can be difficult to provide, considering that the meaning of luxury can differ between person and situation (Akther, 2014). In the last decade luxury has been a central focus of the academical research, considering the increasing number of papers and books exploring the luxury industry since 1998 (Kapferer, 2014; Brun & Castelli, 2013). The luxury brand phenomenon is intriguing, and it is a pure example of branding, considering that a brand's image and the brand itself are key competitive advantages (Keller, 2009). The luxury strategy aims to create intangible value that makes the brand incomparable with any other brand in the

world (Kapferer, 2012). Furthermore, Kapferer (2012) emphasizes that heritage and history are essential elements in order to produce the highest level of added value. He further emphasizes the significance by suggesting that history and heritage are one of the most important factors for adding value (Kapferer, 2012). This is further strengthened by the Ipsos's culture luxe report (2018), which describes these as luxury brands fundamentals. Heritage is defined as *'the history, traditions, and qualities that a country or society has had for many years and that are considered an important part of its character'* Oxford Dictionary (2019). According to Kapferer and Bastien (2012), traditional laws of marketing do not apply when managing a luxury brand. Understanding the concept of luxury can help define guidelines for its effective management. Luxury is a culture thus, culture is the biggest explanatory factor in the consumption of luxury goods (Kapferer & Bastien, 2012). Differentiating the historical view, which is focused on the past, heritage is defined by elements of brand history into current and future contexts, thus attributing a long-term strategic value to the brand (Frizzo, Korelo, & Prado, 2018; Hakala, Lätti, & Sandberg, 2011; Urde, Greyser, & Balmer, 2007). Kapferer and Bastien (2012), accentuate that there cannot exist a luxury brand without roots. The heritage aspect is seen as one of the crucial parts for luxury management, especially as it appears in modern society with different approaches in terms of leveraging brand's history (Kapferer & Bastien 2012). According to Wiedmann, Hennigs, Schmidt, and Wuestefeld (2011a), brands with heritage are perceived as more credible and authentic by consumers, as a result of perceived exclusivity based on personal identification and preferences. Several authors state that the dimensions of history and heritage have been strongly suggested as a fundamental part of luxury brands prosperity and welfare (Moore & Birtwistle, 2005; Fionda & Moore, 2009; Hudson, 2011; Kapferer & Bastien, 2012).

## 1.2 Problematization

*"Study the past if you would define the future"* - Confucius

This above quotation by the Chinese teacher Confucius is very straightforward, accurate, and simple to understand, though what is the differences between history and heritage? The difference may seem insignificant, yet Lowenthal (1998) formulated that history explores and explains what is often a blurry past, as contrasted with a heritage which clarifies and makes the past applicable for contemporary contexts and purposes. According to Urde, Greyser, and Balmer (2007), the historical overview is grounded in *the past* and heritage embraces three-time frames: *the past, the present, and the future*. This further applies to brands when viewed

through the lens of heritage by comparison to that of history. Heritage benefits and helps a brand to become relevant to the present and prospectively the future (Urde et al. 2007). Research about brand heritage has received significant attention over the past few years (Balmer & Burghausen, 2015; Urde et al. 2007; Wuestefeld, Hennigs, Schmidt, & Wiedmann, 2012). The literature suggests that heritage is a primary drive concerning brand value and equity (Wiedmann, Hennigs, Schmidt, & Wuestefeld, 2011a). Heritage drives value for a brand, reasoning that a brand becomes more authentic when it propels personally from its roots (Wuestefeld et al. 2012). This is further supported by Dion and Mazzalovo (2016), that assess how retaining potential brand equity can be obtained by rearticulating a brand's heritage. The authors mention that it may occur when brands revive luxury from the past. This topic is discussed around the value proposition that embeds a brand's heritage (Dion & Mazzalovo, 2016). As previously mentioned, various authors suggest that the dimensions of history and heritage are a fundamental part of luxury brands prosperity and welfare (Moore & Birtwistle, 2005; Fionda & Moore, 2009; Hudson, 2011; Kapferer & Bastien, 2012). According to Wiedmann et al. (2011a) heritage ads *'depth, authenticity, and credibility to the brand's perceived value'*, and it is an essential tool for brand managers. Heritage can also be a key instrument that helps brands to differentiate from competitors (Wuestefeld et al. 2012). Leigh, Peters, and Shelton (2006) suggest that brand heritage affects a consumer's trust in a brand and can provide positive attitudes and behaviors for that brand. Furthermore, Urde et al. (2007), defines brand heritage as a form of brand identity based on the brand's track record, longevity, core values, use of symbols and organizational belief that its history is important. From a strategic perspective, when a company is infused with heritage, it can provide an advantage for that brand. The authors believe that a way to strengthen a brand's corporate level marketing is through brand heritage. Furthermore, brand heritage can foster customer loyalty through the encouragement of clientele to collect artifacts associated with that brand. The heritage of a brand must be harnessed and implemented as a strategic resource that may generate value (Urde et al. 2007). Other than investigating core attributes of heritage brands, other researches focus on consumer's perception of brand heritage (Sewart-Allen, 2002; Wiedmann, Hennigs, Schmidt, & Wuestefeld, 2011; 2011b; Rose, Merchant, Orth, & Horstmann, 2016). Other studies have shown that brand heritage is a key component of brand's identity and image, that benefits to increase brand equity (Aaker, 1996; Aaker & Joachimsthaler, 2000; Liebrenz-Himes, Shamma, & Dyer, 2007; Rindell & Strandvik, 2010). Past research targets the management of the heritage brands, whereas the present research focuses on the transformation into a heritage brand (Dion & Mazzalovo, 2016). The difference between heritage brands and

a brand with history is that heritage brands position themselves based on their heritage value proposition, whereas brands with history do not constitute their identities based on their histories (Urde et al. 2007).

According to Interbrand (2017), European brands are characterized by their past and historical roots, which further emphasize the importance of heritage as part of their being. European brands, born with history, draw vast self-confidence from it, enormous uniqueness and a cult of inherited values (Kapferer & Bastien, 2012). The majority of the most influential luxury brands in the world are based in Europe (Interbrand, 2017). This is further strengthened by a report from Deloitte (2018), which states that Western Europe remains as the top geographic area by the size of revenue generation in the luxury segment. Tourism support in Spain and France, even though Europe's largest price increase in the global luxury market is in the past few years as a consequence of stronger euro and exchange volatility, have driven up the prices by 13,5 percent (Deloitte, 2018). European brands have remarkably inherited and preserved heritage, which contributes to an increase in communal brand value in the luxury industry (Statista, 2018). According to Kapferer and Bastien (2012), history provides the brand with a non-commercial aspect, quoting: *'it constitutes a fabulous treasure through the mythologization that it enables, by creating a sanctum of uniqueness, of non-comparability, while being the origin of an authentic lineage to which each new product can lay claim'*. History is not imprisonment in the past, as it gives depth to the brand and timelessness to the brand's products, trough heritage and continuity (Kapferer & Bastien, 2012). Furthermore, Kapferer and Bastien (2012) emphasize that history is not enough, but the myth that can be created around it, which is the source of the brand's social idealization. Therefore, if the brand does not have any history, it must be invented (Kapferer & Bastien, 2012).

According to Kapferer and Bastien (2012), building a brand means creating a unique and strong perception, which is inspired and aspirational. They have established two main modes of brand building, the first one is based on value creation, product quality, and heritage. This is referred to as the *'European approach to luxury',* where the symbolic level of the model is nurtured by history. The second mode is the *'American approach to luxury'*. While it is also based on value creation and product quality, it differentiates from the previous model by having a non-existent history and it does not hesitate to invent one. This is what modern American brands do since history invents the relationship with the object and with the client (Kapferer & Bastien, 2012). The *'American approach to luxury'* uses storytelling to create an imaginary story for customers, those types of brands are also called new luxury brands. For instance, such producers of

imaginary are Disney and Hollywood, giving high priority to the experiential (Kapferer & Bastien 2012). According to Grover (2009), a brand can position itself through story or narrative. Beverland (2006) states that the creation of a rich brand story is important in order to draw attributes of authenticity. Twitchell (2002) states that brand stories take after traditional fairy tales, as a story keeps the audience engaged. According to Mossberg and Johansen (2006), brand stories need to be believable in order to be successful, in addition to this it should be possible for the listeners to identify themselves as the characters. Furthermore, it is important that the message of the story puts the brand in a positive light (Mossberg & Johansen, 2006). However, there is a gap in the literature particularly concerning the *'American approach to luxury'* that uses storytelling as a substitute for history and heritage. There is limited research especially regarding how customers perceive the two modes of luxury and how the impact of brand heritage is perceived on them.

Brand heritage and history are highly valuable for marketers to understand, along with the motives behind luxury consumption and consumers' buying behaviors that include their beliefs, thoughts, and feelings toward the decision of selecting a brand (Namuri & Kusuma, 2014). The luxury brand literature has recently been focused on perceived luxury value to explain the desire for luxury goods that constitute the overall value of luxury products (Turunen, 2018). Understanding value perception has been regarded as an imperative necessity and it is creatural for successfully sustaining effective management in a highly competitive market (Huber, Herrmann, & Morgan, 2001). Furthermore, understanding the dynamics of customer's value perception helps to address the genuine motives that affect customers buying behavior (Wiedmann et al. 2012). Numerous quantitative studies of Wiedmann et al. (2011a; 2011b; 2012), aim to argue the relationship between heritage and customers value perception to obtain broader knowledge in terms of generalization of the industries and luxury brands. According to Wiedmann et al. (2012), the complexity of perceptions brings different aspects of customer values to the management of luxury brands. Wuestefeld, Hennigs, Schmidt, and Wiedmann, (2012) have developed a conceptual model that focuses on the key drivers behind brand heritage. They have examined the important effects of perceived brand heritage on perceived luxury value, with regards to customer's *affective, economic, functional* and *social* assessments of a brand. The research contends that brand heritage influences the consumer perception associated with the luxury brands and points out a significant relationship between heritage and customer value perception toward luxury brands (Wuestefeld et al. 2012). Additionally, the authors mentioned that there is a need to appeal to the new generation with new approaches in

luxury brand management to advance the assistance of heritage and to utilize different consumers' perceptions. Furthermore, consumers are becoming more aware of heritage and origin of the brands (Wiedmann et al. 2012). Thus, the investigation of different brand building approaches, such as the *'European approach to luxury'* and the *'American approach to luxury'* (Kapferer & Bastien, 2012), through consumers' value perception may provide significant insights toward the utilization of brand heritage for luxury brands.

Wiedmann et al. (2007) indicate the significance for researchers and marketers to understand how consumers buy luxury and how their perception of luxury value affects their consumption behavior. There is limited research, particularly in the area of luxury value perception. Therefore, understanding luxury value perception and brand heritage perception of consumers may help to address the determining factors of leveraging history for brands in order to strengthen their brand equity. Furthermore, it is highly convincing that using the perceived value dimensions associated with brand heritage helps marketers to improve purchasing value for customers and render value orientations more accurate for certain brands to satisfy customers' cognitive and emotional needs (Wiedmann et al. 2012). Although there are related researches in the literature that address the value perception and brand heritage concepts, those researches focus on limited product categories and brands. Wiedmann et al. (2012) selected merely the brand 'Chanel' as the questionnaire brand, which is one of the world's leading luxury brands that is known to have a strong heritage. In research conducted by Frizzo, Korelo, and Prado (2018), respondents were asked to choose their favorite brand. In another research that is focusing on the value of brand heritage and perceived value, Wiedmann et al. (2011b) considered only the automotive industry. Thus, exploring other brands in the luxury industry is needed. Finally, previous research that explores how brand heritage directly affects the luxury value perception of customers concerning the two modes of luxury approach has not been completed.

## 1.3 Research Purpose

Acknowledging the emphasis of brand heritage upon luxury brands, the purpose of this study is to examine how brand heritage influences the different dimensions of luxury value perception, these are *affective, economic, functional* and *social value*. Additionally, we aim to evaluate the impact of the two modes of luxury brand building, the *'European approach to luxury'* and *'American approach to luxury'* through the relationship of brand heritage on luxury value perception of customers. We want to evaluate the brand heritage impact on customer

value perception, and whether there are any differences of impacts between the two modes. The two modes have not been previously researched in terms of customer value perception and brand heritage perception. Moreover, there is a gap in the literature concerning the *'American approach to luxury'*, which uses storytelling as an approach to luxury brand building, thus we intend to contribute to the literature by providing useful insights which may provide information for future research. As mentioned earlier, the importance for researchers and marketers to understanding how consumers perceive luxury value and how it affects their consumption behavior is greater. Hence, we acknowledge the need to explore how consumers perceive brand heritage, luxury value dimensions, and the two modes of luxury approach.

## 1.4 Research Questions

Based on the insights and conclusions from previous chapters we came up with the following research questions:

*Question 1:* How does brand heritage influence consumers' luxury value perception dimensions towards a luxury brand?

*Question 2:* How does brand heritage affect differently the customers' luxury value perception dimensions towards a luxury brand between the *'European approach to luxury'* and the *'American approach to luxury'*?

## 1.5 Intended Contributions

The intended contribution of this research is aimed toward the academical literature, corporate organizations, brand managers and marketers in the luxury field. We want to extend the research of Wuestefeld et al. (2012), by incorporating the two modes of the luxury approach. Due to the lack of attention towards the two modes established by Kapferer and Bastien (2012), this research is expected to contribute to the luxury branding literature by pointing out its relevance and associations. Moreover, the *'American approach to luxury'*, which uses storytelling as a supplement for history, has not been researched to a great extent, and there is not enough academical background for it. Thus, we intend to contribute to the academical literature and provide new insights to this approach to luxury. The findings of this research will be valuable to large multinational corporations and conglomerates when acquiring new brands to their portfolio. Considering that we will provide constructive research on the two approaches of luxury, the knowledge from the analysis of the customers luxury value perception and the brand

heritage perception will provide them with insights and better understandings of how the two luxury approaches are perceived by customers. Hence, large corporations and luxury brand managers and markets will benefit from the outcome of this research and will be able to use this information to potentially improve the management of European and American brands.

## 1.6 Disposition

*Chapter 1:* In the first chapter of this thesis, a background is presented, followed by problematization, which then culminates in the study's purpose and research questions. The chapter ends with the study's intended contributions.

*Chapter 2:* The second chapter is a review of the theoretical background. The main focus of this chapter is the literature and research about brand heritage, luxury value perception and the two modes of luxury approach also referred to as the 'European' and 'American' approach to luxury.

*Chapter 3:* The third chapter consists of the conceptual framework we use to investigate the brand heritage and luxury value perception alongside the two modes of luxury. The chapter ends with a summary of the established hypotheses.

*Chapter 4:* In the fourth chapter, we will describe the research methodology. Starting with the research philosophy and then continuing to the approach, strategy, method, time horizon, data collection, and data analysis method. The chapter concludes with a quality criteria discussion and a review of the study's credibility by explaining its validity, reliability, replicability, and ethical aspects.

*Chapter 5:* In the fifth chapter, the results of our survey are presented. We will also report our hypotheses test and any calculations made to arrive at a result.

*Chapter 6:* The sixth chapter contains an analysis of the study's results. We discuss the reasons for the emergence of these results and compare these with the presented literature and theories.

*Chapter 7:* The seventh chapter of this thesis deals with the conclusion that has been derived from the conducted study. Both the theoretical and practical contributions of the study are presented in this chapter. Finally, this study's limitations and our proposals for future research are presented.

# 2. Theoretical Background

*The second chapter is a review of the theoretical background. The main focus of this chapter is the literature and research about brand heritage, luxury value perception and the two modes of luxury approach also referred to as the 'European' and 'American' approach to luxury.*

## 2.1 Brand Heritage

### 2.1.1 Concepts of Brand Heritage

One of the most commonly cited conceptualizations of brand heritage was studied by Urde, Greyser, and Balmer (2007), in their article *'Corporate Brands with a Heritage'*. Rather than focusing on history, their research attempted to define true heritage and heritage based brands. Considering that most of the brands have history, only some of them had valued the heritage element making it an essential component of their identity and core value proposition (Urde et al. 2007). The authors have developed five main elements that stand for whether, and to what extent, heritage is potentially existent in a brand. Those five elements of heritage are *track record, longevity, core values, use of symbols,* and the idea that *history is important to identity* (Urde et al. 2007). Additionally, those elements define what the author's term as a *heritage quotient*. According to Urde et al. (2007), the first element is *track record*, which proves that the brand has kept its promises over time and accumulate its credibility by staying loyal to its values. The second element, *longevity,* as an element of its own does not automatically result in a heritage brand. The authors state that even though most heritage brands have been functioning for several years, perhaps it is possible for a company to qualify as a heritage brand within a generation or two. Hence, the authors consider that longevity reflects a consistent demonstration of other heritage elements under many CEO's, when integrated with deep-rooted organizational culture (Urde et al. 2007). The third element is *core values*, for some companies it represents brands long-held values through continuity and consistency, which underlines and helps to define the corporate strategy and become part of the heritage. The fourth element, *use of symbols*, is a communication of the expressions of a brands' meaning in the form of logos and design looks. The brands that use symbols identify the company and signals what it stands for (Urde et al. 2007). Lastly, the fifth and final element developed by Urde et al. (2007), is the idea that *history is important to identity*. The history element influences how heritage brands operate today and their future choices. It is also regarded as brands communication that ensures brands perceive its history as relevant and meaningful to their identity (Urde et al. 2007). Those

five elements are all surrounding the *brand stewardship,* which the authors consider to be an important management way of thinking for nurturing, maintaining and protecting brand heritage (Urde et al. 2007). The authors argue that the more these elements are present in a brand the higher its *heritage quotient* will be.

Banerjee (2008) considered cultural heritage while developing his definition of brand heritage and explained it with three pillars: *history, image,* and *equity.* According to Banerjee (2008) brand history is a rich past of a brand. If the history is aligned with the brand's image and if the history is capable of meeting the expectation of consumers, the associated heritage of a brand creates a strong brand identity with differentiated value-set (Banerjee, 2008). Eventually, Wiedmann et al. (2011a) suggested a different approach to operationalize the concept of brand heritage. Referring to Urde et al. (2007), and their definition of brand heritage Wiedmann et al. (2011a) have developed multiple indicators that comprise all elements of brand heritage. They specified 15 drivers of brand heritage, which are *continuity, success images, bonding, orientation, cultural value, cultural meaning, imagination, familiarity, myth, credibility, knowledge, identity value, identity meaning, differentiation,* and *prestige (*Wiedmann et al. 2011a). Concentrating on the importance of brand heritage as a key performance driver, Wiedmann et al. (2011a) highlighted the impact of brand heritage on brand strength as a determining factor of consumer purchase and loyalty. Moreover, other works of literature have been quite similar to the concept of brand heritage such as retro-branding (Brown, Kozinets, & Sherry, 2003), iconic branding (Holt, Quelch, & Taylor, 2004), nostalgic branding (Davis, 2011), and more. However, those concepts focus on evoking consumer's memories of the past while brand heritage concepts take place as a strategic component of a brand that focuses on the brand's position and value proposition (Wiedmann et al. 2011a).

Napoli, Dickinson, Beverland, and Farrelly (2014) argue in their study that the creation of authenticity is a crucial way to provide the added value. The brand authenticity refers to the subjective evaluation of genuineness attributed to a brand by consumers, and the authenticity is formed around the perception of heritage (Napoli et al. 2014). Furthermore Bruhn, Schoenmüller, Schäfer, and Heinrich (2012) conducted a study on brand authenticity to gain a more in-depth understanding of its conceptualization and measurement. One of the significant findings that can be drawn from their research is the contribution of brand traditions to brand authenticity. The authors argue that the determination of historical key facts and maintaining value based traditions over time influence the brand continuity and brand authenticity (Bruhn et al. 2012). Additionally, as previously mentioned, Urde et al. (2007) develop a historical view,

which is primarily focused on the past, by emphasizing the heritage brands that are integrated with the present and the future. According to Urde et al. (2007), heritage brands differentiate themselves by assessing their heritage as a value proposition of their brand identity and position. In the article *'The effect of brand heritage on consumer-brand relationships'* by Frizzo et al. (2018), the authors seek to examine brand heritage as a determinant of consumer brand-relationship and to operationalize brand heritage variable by proposing a model that comprises the context of previous studies mentioned above, and use indicators of heritage that supplement the insights provided by Napoli et al. (2014), Bruhn et al. (2012), and Urde et al. (2007).

2.1.2 Consumers' Perception of Brand Heritage

According to Keller (2009), customers appreciate luxury brands that have history and heritage. Research based on luxury wine trade shows that heritage and pedigree entail brand authenticity (Beverland, 2006). As previously motioned Beverland (2006) states that the creation of a rich brand story is important in order to draw attributes of authenticity. This is further confirmed by Leigh, Peters, and Shelton (2006) that state in their research, about the subculture of consumption, that an object is authentic when it has a factual and spatiotemporal connection to history. Hence, history and heritage lead to credibility, authenticity, and legitimacy in the eyes of consumers (Beverland, 2006; Leigh et al. 2006; Alexander, 2009; Wiedmann et al. 2012). Customers appear to search for authentic brands with genuine history in a progressively worldwide and dynamic market (Wiedmann et al. 2011a). Corporate brand heritage literature has mostly been created from a managerial perspective by perceiving its likely impact (Rindell, Santos & Lima, 2015). Hence, asking what consumers find in corporate brand's history is worthwhile and relevant. In that sense, Rindell et al. (2015) focused on the interplay between corporate heritage and corporate image heritage to address a valuable aspect of the consumer's brand image. They proposed the concept of the image to portray how the past impacts the present image development forms giving guidelines for the future (Rindell et al. 2015). By highlighting the idea that contextual cues from memorable periods may upgrade affective responses or introspection among consumers, Rindell et al. (2015) note that the past influences consumers' present images. He further defines image heritage through three dimensions, which will further be explained. The first dimension is the consumer's time span of awareness in which they can recall their experience regarding the company spontaneously. The second dimension is the content of image heritage that consumers remember and reprocesses when developing images. The third and final one is the key time period, which refers to a particular cut of time or specific scenes that establish the fundamental effect on the purchaser's interpretative

structure. All mentioned dimensions and findings demonstrate that the consumer's perspective lines up with the heritage image, which may contrast to a limited degree from the company's viewpoint on its brand heritage. Therefore, it is essential not to neglect the consumer's points of view on heritage and how corporate images advance through time (Rindell et al. 2015).

Apart from image perception of customers, the investigation of brand heritage as a transporter of authentic qualities from the past to the present and future, and a component that includes the value proposition according to customers is a developing idea that has increased expanding enthusiasm for late years both in marketing research and administrative practices (Frizzo et al. 2018). Researchers have not just characterized brand heritage and built concepts around it, they have started to ponder how brand heritage can influence a person's perception of the brand, how organizations can tailor brand heritage to fit the requirements of the brand, and the effect of brand heritage on consumers purchase related practices (Rindell et al. 2015). The majority of the examinations are directed on how brand heritage drives customers' impression of the brand, and has demonstrated that brand heritage decidedly influences consumers' perceptions. For instance, in the investigation of brand heritage in the automotive industry by Wiedmann et al. (2011a), explores that brand heritage has a positive impact on the purchase decisions of consumers. A different report by Merchant and Rose (2013) found similar outcomes. Merchant and Rose (2013) researched whether promoted vicarious nostalgia affected brand heritage or prompt consumer brand attachment. The investigation found that nostalgia evoked via ads improved brand heritage perceptions for consumers who were inclined to nostalgic emotions (Merchant & Rose, 2013). In another study, Wuestefeld et al. (2012) contributed to the literature by revealing heritage effects on enhancing consumer's overall perceived value. It is also found that brand heritage inherently connected to consumers cognitive, affective, and intentional attitudes as they assess the brands (Wiedmann et al. 2011a). Additionally, according to Wiedmann et al. (2011a), customers put more prominent trust in heritage brands when they intend to reduce the financial risk of their investment. In all cases, researchers concur that brand heritage prompts a positive view of a brand.

## 2.2 Luxury Brand Building

2.2.1 Two Modes of Luxury Approaches

Building a brand is creating a set of unique and strong perceptions, when building a luxury brand, it also has to be inspirational and aspirational (Kapferer & Bastien, 2012). The literature about building luxury brands, based on history, is dominated by Kapferer and Bastien (2012). They acknowledge two fundamental modes as luxury brand strategies, referring to them as the *'European approach to luxury'* and the *'American approach to luxury'*, as you see in Figure 1.
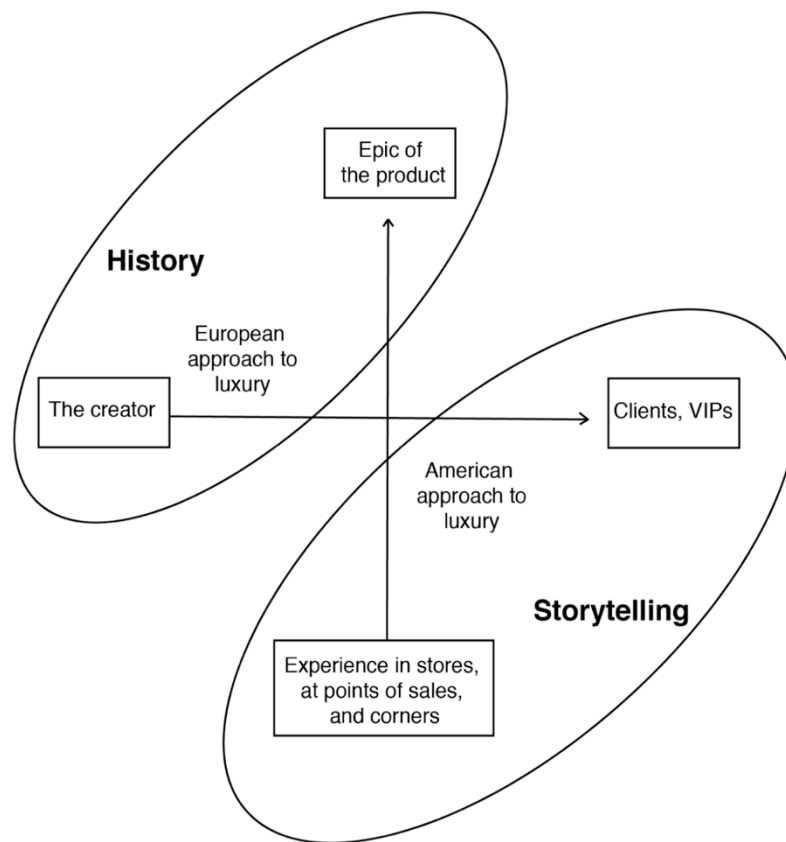


*Figure 1 Two modes of luxury brand building (Kapferer & Bastien, 2012)*

The *'European approach to luxury'*, is based on product history and heritage. It is also based on the formation of value and product quality. The symbolic level of the European approach is nurtured by history, of which the brand is the modern emanation (Kapferer & Bastien, 2012). According to Kapferer and Bastien (2012), the history can also pay allegiance to the spiritual legacy of its founder, who is embodied by a new creator, who is passing over their own personality in order to reincarnate the original spirit of the brand. A great example of that is

Coco Chanel, where the luxury brand Chanel tells its own story, as a brand story. Moreover, European brands which are born with history, draw a greater self-confidence from it, as well as a great uniqueness and inherited values, which further render into products that religiously respect and appreciate these values (Kapferer & Bastien, 2012). Furthermore, Kapferer and Bastien (2012) emphasize that history is not enough, but the myth that can be created around it, which is the source of the brand's social idealization. Thus, writing *'Established 1884'* does not make the brand luxurious, it makes it just old. More additional qualities must exist about the object and people (Kapferer & Bastien, 2012).

The second mode is the *'American approach to luxury'*. While it is also based on value creation and product quality, it differentiates from the previous model by having a non-existent history and it does not hesitate to invent one. This is possible through the use of storytelling in order to create an imaginary story for the customers. As previously mentioned, such producers of imaginary are Disney and Hollywood, giving high priority to the experiential (Kapferer & Bastien, 2012). According to Kapferer and Bastien (2012), those types of brands are also called new luxury brands. An example of that is when Mr. Ralph Lifshitz became Ralph Lauren, taking on his Great Gatsby-like character, which is a direct descendant of the ultra-chic Bostonian high society. Ralph Lauren shops were designed like homes bringing the imaginary of English aristocracy and concomitant lifestyle (Kapferer & Bastien, 2012). According to Grzeskowiak, Sirgy, Foscht, and Swoboda (2016) in terms of customer store experience, the satisfaction with a store for a customer is positively higher if the store type is congruent with the identity and lifestyle of the clientele (Kapferer & Bastien, 2012).

2.2.2 Heritage Approaches in Luxury Brand Building

The accomplishment of heritage brands depends on their capacity to utilize marketing strategies to distinguish themselves, and convey their unique image while constituting meaning, and making a passionate association with their customers (Templeton, 2013). Consumers respond decidedly to the images portrayed by these brands as being traditional since they summon emotional reactions. The sense of nostalgia comes with brand connections of the past and the idea of tradition. Therefore, the concept of tradition associated with heritage may support brands by creating a perception of quality product, calling for a preference for 'classic' style and evoking a sense of 'superiority' of elitism (Hobsbawm, 1983). In luxury management, the essence of these heritage brands depends on the power behind the narratives they tell and the lifestyles in which they design for customers (Templeton, 2013).

Chevalier and Mazzalovo (2012) described history and heritage by highlighting their association with the brand's country of origin. They further refer to central Europe, such as France and Italy, as the traditional center of luxury brands origin (Chevalier & Mazzalovo, 2012). These countries have the oldest luxury brands with the most prolonged heritage and history. Several luxury and glory brands such as Louis Vuitton, Burberry, and Chanel were established in the late nineteenth century during the times that exacting social class frameworks characterized society and aristocracy. Each brand still preserves its unique identity, true heritage, and expertise, all of which is delivered as a keystone of the long-term success of brands (Som & Blanckaert, 2015). Hence, European brands build their core values such as creativity and innovation based on their historical trademark. For example, Louis Vuitton today appreciates its global reputation as a high quality and creative producer, protecting the past and still arranged toward the future (Som & Blanckaert, 2015). According to Turunen (2018), Louis Vuitton differentiates its high-end luxury position by emphasizing its timeless and authentic style. Furthermore, the idea of excellent craftsmanship and the perfectionist product quality is built on true heritage along with the *'Made in France'* decoration (Som & Blanckaert, 2015). To illustrate the *'European approach to luxury'*, Coco Chanel can be taken as an example to highlight the importance of a brands' origin and historical roots. In 1910 Gabrielle Chanel started the brand 'Coco Chanel' and opened her first house of fashion in Paris. She introduced the perfume N°5 in 1921 and became a great success. The brand still maintains the spiritual legacy of its founder. Additionally, it is clear to see that Chanel takes advantage of its history and continually educates its customers concerning the brands legacy (Kapferer & Bastien, 2012). According to Som and Blanckaert (2015), Chanel's success in regards to combining the brand's values of tradition with superior designs renders the brand's identity into a strong identity.

The second mode is the *'American approach to luxury'*, as previously mentioned it is missing a history of its own and therefore, it uses storytelling to create imaginary stories for customers (Kapferer & Bastien, 2012). According to Liebrenz-Himes, Shamma, and Dyer (2007) heritage brands seem to have character, status, social class, and a history which is displayed in the form of narratives and brand stories. Furthermore, Morley and McMahon (2011) emphasize that American brand stories are correspondingly as valuable as their traditions and qualities to be perceived as heritage brands. The fundamental techniques, for American heritage brands, that are regularly used are the utilization of semiotics, emotional branding, and storytelling. The invention of tradition and the creation of identity are additionally examined as possible

significant parts of storytelling. Hence, for American luxury brand building, these branding techniques are essential to construct a substantial brand value and identity (Morley & McMahon, 2011). According to Templeton (2013), brands using the *'American approach to luxury'*, such as Ralph Lauren and Brook Brothers manifest their heritage brand ideals through images and words used in their advertisement or stores. Consumers can comprehend those ideals if they understand the meaning behind it, consequently becoming more likely to embrace the messages and values of heritage brands. In that sense, consumers respond emphatically to the images and stories depicted by these brands as being traditional because they bring out emotional reactions. Therefore, being traditional is provided by inventing traditions through storytelling for American heritage brands even if they do not have a real history (Templeton, 2013). Similarly, to other invented traditions they can be unspecific and dubious regarding their emphasis on attributes and characteristics which they frequently refer to as relating to history, quality, and classic image. American heritage brands often use storytelling to invent their own traditions through the restructuring of images of the past. Additionally, the sign of membership is served within symbolic and emotional components which create a sense of genuine traditions (Templeton, 2013). For instance, Ralph Lauren and Brook Brothers honor themselves on their historical roots, exceptional quality, a classical image, and a traditional American lifestyle. Therefore, the invented identity transfer to the customers desired image that enables them to be 'iconic', to have 'status' with the ideas of traditions, and to gain 'a sense of belonging to dreamy American style' (Templeton, 2013). According to Templeton (2013) brands that are using the *'American approach to luxury'*, such as Ralph Lauren and Brook Brothers, can be assessed as having heritage elements such as the one presented by Urde et al. (2007). According to Templeton (2013), American brands' track record is strong, as they have been consistent in their accomplishments in the fashion industry from the beginning. They possess the longevity elements since they have a comparatively long duration of service. Their core values represent their exceptional values such as American lifestyle, fine-quality, and personal service that help to define their image as a heritage brand. Their use of symbols provided by storytelling invites customers into the American dream and legacy. Lastly, they represent their success in parallel with their historical background, which can be seen as a strong representation of heritage image (Templeton, 2013).

## 2.3 Luxury Value Perception

2.3.1 The Concept of Value Perception

The concept of perceived value became an intriguing subject in the 1990s, primarily it was being used in marketing and business literature. It has extensively maintained its importance in the field and has continued to fascinate individuals in the present century (Sánchez-Fernández & Iniesta-Bonillo, 2007). After the Marketing Science Institute embraced the definition of *'perceived value'* as one of the research priorities, the concept of *'value creation'* became a reflected term which went along with perceived value among marketing researchers (Sánchez-Fernández & Iniesta-Bonillo, 2007). Strategic management organizations are increasingly drawing advantages from the customer value perceptions as a key factor (Spiteri & Dion, 2004). As previously mentioned, understanding value perception is regarded as an imperative necessity and key to success in sustaining effective management in a highly competitive market (Huber, Herrmann, & Morgan, 2001). When it comes to definition and conceptualization of perceived value, scholars seem to be disagreeing. According to Lapierre (2000), the perceived value is evaluated as a complex construct. Opinions about perceived value are built around two major perspectives in the literature, those are unidimensional construct and multidimensional construct. In the unidimensional construct, respondents are asked to rate the value that they receive in making purchasing decision so that 'perceived value' can be measured (Sánchez-Fernández & Iniesta-Bonillo, 2007). Zaithaml (1988) defines this unidimensional value as consumer's overall assessment of the utility of a product based on a perception of what consumers receive. However, in a multidimensional construct, *'perceived value'* has been regarded as a trade-off between benefit and sacrifice which includes a variety of notions such as perceived price and quality benefits (Holbrook, 1994; 1999).

2.3.2 The Perceived Value in Luxury Management

Considering the benefits of luxury consumption, the personal worth of a product comes into prominence with regards to perceived consumer value (Shukla, 2012). Furthermore, Shukla (2012) highlights that the instrumental and expressive dimension of brand management has a significant importance in luxury consumption due to its nature of focusing on social and personal outcomes. He further takes the role of instrumental and expressive dimensions into consideration by referring to those dimension as social and personal value perceptions in his research. In earlier studies, socially oriented values were classified as evident and status consumption, which refers to the motivational process of consumers to improve their social

standing. (O'Cass & McEwen, 2004). Furthermore, Tsai (2005) and Sharma (2011) emphasized that socially oriented motives are inadequate in evaluating luxury purchase decisions and mentioned that personally oriented motives which show self-image reflections are also required to be studied. In that context, Shukla (2012) proposed an additional examination of personally oriented motives such as materialism and hedonism. Following onto different conceptualization, Berthon, Pitt, Parent, and Berthon (2009), used three distinct value-based dimensions: material (objective), individual (subjective), social (collective). The authors further associate that three components of a luxury brand to product attributes that brands aim to provide for customers regarding the brand's benefits are; the functional, the experiential, and the symbolic (Berthon et al. 2009). Wuestefeld et al. (2012) extended this framework by adding a fourth latent dimension, which consists of affective, economic, functional, and social values. The research was aimed at understanding value perception in the view of a heritage brand (Wuestefeld et al. 2012). Furthermore, Wuestefeld et al. (2012) defined the four latent customer perceived value dimensions, based on their previous researches (Wiedmann et al. 2007, 2011a; 2011b, 2012). However, they extended the dimensions with the help of integrating the work of Park, Jaworski, and McInnis (1986), Sheth, Newman, and Gross (1991), Ulaga (2003), Woodall (2003), Holbrook (1999, 2005), and Heard (1993) on the conceptualization of customer value, in accordance to Smith and Colgate (2007).

2.3.3 The Affective Value Dimension

The *affective dimension* of customer value perception is associated with the consumer's experiences, emotions, and feelings toward a specific brand or products (Wuestefeld et al. 2012). Particularly in luxury consumption, there has been done a great amount of research identifying emotional and subjective responses such as pleasure, excitement and aesthetic beauty (Vigneron & Johnson, 2004). Furthermore, affective value depicts the perceived subjective utility and personal reward acquired from the consumption of a brand (Sheth et al. 1991; Westbrook & Oliver, 1991). This subjective utility can be regarded as intangible benefits that follow the individual fulfillment of customers (Wuestefeld et al. 2012). The affective value definition by Wuestefeld et al (2012) is also an extended version of the individual value definition of Wiedmann et al. (2007). Similarly, the individual dimension of luxury value perception points out customer's personal orientation on luxury consumption and refers to personal utility dimensions such as materialism, hedonistic and self-identity value (Wiedmann et al. 2007). Self-identity value explains one's self-image that reflects the impact of consumption on their perceptions, thus consumers may use luxury items to accommodate the

symbolic meaning into their own identity (Holt, 1995; Vigneron & Johnson, 2004). Moreover, hedonic value is the perceived value that is provided through pleasure and increased arousal as opposed to goal achievement (Hanzaee & Rouhani, 2011). In that respect, the affective approach to value perception requires a more comprehensive understanding of luxury consumption with different aspects. As a central construct of this research, the various aspects of brand heritage may help us to evaluate the possible outcomes of the affective value perception. Som and Blanckaert (2015) affirm that luxury customers are selective to brands that help them flourish through an exclusive and sensual experience and bring upon them an emotional state of mind. These customers wish to obtain something genuine, with a heritage and with personalized style. Luxury must be when the brand creates products that incorporate historical quality with the trendiest design in order for the customer to feel self-expression, (Som & Blanckaert, 2015).

When considering the review of the two modes of luxury approach, both American and European brands try to emphasize their core propositions by distinguishing their characteristics of uniqueness, spirit and dreamy attitudes. For instance, addressing American brands, Ralph Lauren's values include the American culture, the American dream, and timelessness. Even though they do not have a long history or heritage, they are transmitting their uniqueness of history by telling their Bostonian dream and East Coast culture (Som & Blanckaert, 2015). Hence, customers may perceive brands that are using the *'American approach to luxury'* as endowed with a great cultural heritage of the American dream. This perception especially might enable customer's sensual experience and emotional state of mind to increase and enhance their self-expression of luxury consumption through the understanding of unique heritage and personalized genuineness (Som & Blanckaert, 2015). The history and heritage of brands that are European, using the *'European approach to luxury'*, such as Louis Vuitton are highly valued among customers. Their exclusivity and uniqueness enhance the luxury status of customers and brings pleasure to them in an affective way as well (Turunen, 2018). The theories and literature presented in the theoretical background chapter lead us to the following hypotheses:

*Hypothesis 1a: The brand heritage of luxury brands has a direct influence on consumers' affective value perception.*

*Hypothesis 1b: The brand heritage of luxury brands has a similar influence on consumers' affective value for the 'European approach to Luxury' and the 'American approach to Luxury'.*

2.3.4 The Economic Value Dimension

The *economic dimension* of customer value addresses the value of the product explained in association with monetary associations such as price, discount, and investment. This is a tangible aspect that shows the expenses of consumers for obtaining a product (Wuestefeld et al. 2012). As similar to organizations, consumers also aim to minimize the cost of a product and to increase the utility of products (Smith & Colgate, 2007). Smith and Colgate (2007), further explain that the cost of a product may include psychological-relational costs such as stress, search costs, and learning costs. Furthermore, Keller (2009) and Choo, Moon, Kim, and Yoon (2012) state that the economic value of a luxury brand is directly related to the investment value of customers. Additionally, the limited availability of products leads to the increased price, resulting in consumers' value that may be strengthened by increasing the utility value of products (Keller, 2009; Choo et al. 2012). Moreover, Choo et al. (2012), found that even though the luxury definition does not imply that the economic consideration is an important factor, the rational decision making is increasing among luxury customers, especially in fashion brands. In that context, particularly the origin and heritage of a luxury brand plays an essential role, bringing the association of authenticity and credibility to the brand's perceived value. Consumers are prone and susceptible to prefer brands with heritage due to their perceived credibility and reliability (Wuestefeld et al. 2012). This consumer behavior can be considered as a way of feeling secure and comfortable, which is provided by the heritage aspect of a brand. The delimitation of certain economic risks by choosing trustworthy luxury brands that possess higher heritage orientation is one of the essential subjects of the literature and one of the test arguments of this research.

According to Wiedmann and Hennigs (2013), prestige is highly related to price. A luxury brand does not compromise on price so that consumers make a long-term investment by buying luxury products. Especially, in the times of crisis, consumers want to be sure that the economic value of the brand remains strong and the same (Wiedmann & Hennigs, 2013). According to Wiedmann and Hennigs (2013), luxury brands such as Louis Vuitton and Hermès never reduced their prices during a crisis, and even though they obtained positive sales results. The consumers' purchase behavior in that crisis time, represent credibility and reliability perceptions towards luxury brands. Furthermore, the prestige of Louis Vuitton's products has not declined over the years, despite being created in an industrialized manner (Kapferer & Valette-Florence, 2016). Considering that they applied rarity tactics and constructed their product as art to avoid the commoditization effect, which means their economic value of products has never decreased

(Kapferer & Valette-Florence, 2016). On the other side, American brands mostly use the iconic representation of authenticity, which relates to designer brands based on a story or lifestyle (Turunen, 2018). Hence, they create economic value for the customer by inventing successful historical stories and strong identities that are provided by storytelling. For instance, Ralph Lauren is the first American design center to successfully expand its brand name globally (Kim & Mauborgne, 1999). Consumers of Ralph Lauren appraise the value of the brand considering its designer name, the elegance of its stores, and the luxury of its materials. Its modernized classical look and price reach the ideal harmony together (Kim & Mauborgne, 1999). Both European and American and luxury brands seem to provide economic value to consumers according to their brand values and strategy. Therefore, it can be said that it is expected to acknowledge similar patterns between the two modes with regards to the influence of brand heritage on consumers' economic value perception. Hence, the theories and literature presented in this chapter lead us to the following hypotheses:

*Hypothesis 2a: The brand heritage of luxury brands has a direct influence on consumers' economic value perception.*

*Hypothesis 2b: The brand heritage of luxury brands has a similar influence on consumers' economic value for the 'European approach to Luxury' and the 'American approach to Luxury'.*

2.3.5 The Functional Value Dimension

The *functional dimension* of luxury value is reflected by core product benefits and utilities such as uniqueness, usability, reliability, quality, and durability (Wiedmann et al. 2009). Berthon et al. (2009) refer to this dimension as a physical appearance and accouterment of a product, due to the function that a product performs in the material world and not what it represents. It can be exemplified through the outstanding clothes of Christian Dior with high functionality, the great trunks made by Louis Vuitton to withstand world travel and Rolls-Royce's impressive performance and craftsmanship to make a driving experience seamless (Berthon et al. 2009). Superior brand quality and reassurance, mentioned as physical appearances above, are also associated with more value by consumers. Consumers use the price of the product frequently, when assessing the prestige (Brucks, Zeithaml, & Naylor, 2000). Price-quality perceptions that represent the uniqueness of a brand have a fundamental role in the consumption of luxury products (Tian, Bearden, & Hunder, 2001). Furthermore, Tien et al. (2001) mention the

perceived uniqueness of a product as a representation of societal hierarchy increases the value of the product. Moreover, Wuestefeld et al. (2012) distinguish the functional value perception under three essential aspects. Firstly, certain features such as aesthetics, customization, and creativity. Further to this, appropriate performance such as reliability and performance quality. Thirdly, appropriate outcomes such as strategic value, operational benefits and environmental benefits. Moreover, certain brands can be seen as more favorable in terms of satisfying the functional and practical needs of consumers (Wuestefeld et al. 2012).

Furthermore, Keller (1993) states that the driver of brand heritage can strengthen the brand associations held in consumer's memory regarding functional and practical needs such as safety and quality. Therefore, the quality perception of a brand can be closely related to consumer's heritage perception (Wiedmann et al. 2011). Considering the main differences of heritage formation among the two modes of luxury approach. Donzé and Fujioka (2017) have divide brands into two categories: brands that have corporate heritage and brands that lack a corporate heritage. Regarding uniqueness and exclusivity perception, they further assert that the corporate brand heritage, as an essential corporate value, supports the brand in terms of generating consumers who fully appreciate its quality and can afford to pay for it (Donzé & Fujioka, 2017). According to Som and Blanckaert (2015), the perceived value of a product with better quality and higher prices is an essential indicator of seamlessly transmitted heritage as same as its cultural and historical reflections based on its country of origin. Comparing to fashion that is subjected to short-term cycles and constant changes, the luxury concept is placed as the long-term traditions (Som & Blanckaert, 2015). Hence, the functional value perception of customers may reflect the long-term traditions of heritage and heritage phenomenon may come forward towards brands that possess corporate heritage in its core value.

According to Som and Blanchkret (2015), one of the key success factors of Louis Vuitton is that their stringent adherence provides the quality of products. Louis Vuitton ensures that all products are manufactured under strict quality controls with limited outsourcing, and that they have strict control over all distribution networks (Som & Blanchkert, 2015). Furthermore, Jin and Cedrola (2017), state the functionality and high quality are reflected with the help of the brands' historical know-how. By reaching its fifth generation now, Louis Vuitton maintains its international reputation as a high quality and creative producer (Jin & Cedrola, 2017). Similarly, Ralph Lauren characterizes the feature of its products, emphasizing on excellent craftsmanship and high quality (Jin & Cedrola, 2017). Consumers value the luxurious feel of Ralph Lauren, thanks to the fine craftsmanship of their products (Kim & Mauborgne, 1999). By building

history and story associated with craftsmanship, Ralph Lauren leverages the excellence of its products. Hence, the impact of the heritage on *functional value* perceptions are expected to be similar between two approaches to luxury. Hence, the theories and literature presented in this chapter lead us to the following hypotheses:

*Hypothesis 3a: The brand heritage of luxury brands has a direct influence on consumers' functional value perception.*

*Hypothesis 3b: The brand heritage of luxury brands has a similar influence on consumers' functional value for the 'European approach to Luxury' and the 'American approach to Luxury'.*

2.3.6 The Social Value Dimension

According to Hanzaee and Rouhani (2011), the use of luxury goods has an active social function. Moreover, the social dimension refers to the perceived use, that consumers obtain by having luxury products recognized within their social group (Hanzaee & Rouhani, 2011). With encompassing prestige values, social referencing and the construction of self-identity, *social value perception* highly relates to consumer's buying preferences that include the aim of impressing others (Bagwell & Bernheim, 1996; Corneo & Jeanne, 1997; Vigneron & Johnson, 2004). Wiedmann et al. (2007), categorize the social value dimension with two primary antecedent constructs, called conspicuousness value and prestige value. Conspicuousness value represents the individual's value of searching social status and representation, which means the ranking in a society regarded with a brand plays a crucial role for consumers (Wiedmann et al. 2007). Moreover, Berthon et al. (2009) define the 'conspicuous' nature of luxury brands as the symbolic power of brands that consumers use to represent others. Furthermore, consumers are prone to make their professional position confirmed by other members of the group, and they have desires to possess luxury brands that serve a symbolic sign of their group membership (Wiedmann et al. 2007). Hence, the prestige value significantly affects the evaluation of luxury brands. Heritage incorporates various elements of branding that can enhance personal identification with a brand as in line with one's behavior and self-image (Graeff, 1996). It also evokes a desire for customers to differentiate themselves, this can be fulfilled by using a particular brand that encourages status (Vigneron & Johnson, 2004). Furthermore, Vigneron and Johnson (2004), emphasize that a brand can serve as an anchor to symbolically represent a core of the self, and consumers reflect their self-status in their consumption behaviors. Frizzo

et al. (2018) reveal the positive and significant effect of brand heritage on enriching the self in their study, which is conducted to find the relationship between brand heritage and consumer relationship. Moreover, luxury brands should focus on the creation of memorable retail experiences that aim to integrate their symbolic capital with the prestige to the brand name itself. Beyond the creation of satisfaction value derived from the brand name, some luxury brands intend to design symbolic VIP clubs for consumers where they can get social recognition and distinction (Kapferer & Valette-Florence, 2016). Together with the elitism factor, these VIPs constitute the prestige level of the brand. Elitism factor stands for the representation of brands great history, unaffordable, and extremely expensive products (Kapferer & Valette-Florence, 2016).

Considering the two modes of luxury approaches to build symbolic and social value, they distinguish in terms of building dream values. According to Kapferer and Valette-Florence (2016), European brands such as Louis Vuitton, create their dream through elitism and unique heritage, which provides a perception of exclusivity and noble products. Louis Vuitton creates social values for consumers by providing a universal vision of class with regards to its elitism and unique heritage (Kapferer & Valette-Florence, 2016). American brands such as Ralph Lauren, base their dream on communication strategies which express status and class. By building dream value associated with status and class, Ralph Lauran is also able to provide social values for consumers (Kapferer & Valette-Florence, 2016). In that context, based on Kapferer and Valette-Florence (2016) evaluations, even though the way of building symbolic value differentiates between two luxury modes, brand heritage factor is still expected to be visible and similar for European and American brands in terms of consumers' *social value* perception. Hence, the theories and literature presented in this chapter lead us to the following hypotheses:

*Hypothesis 4a: The brand heritage of luxury brands has a direct influence on consumers' social value perception.*

*Hypothesis 4b: The brand heritage of luxury brands has a similar influence on consumers' social value for the 'European approach to Luxury' and the 'American approach to Luxury'.*

# 3. Conceptual Framework

*This chapter consists of the conceptual framework we use to investigate the brand heritage and luxury value perception alongside the two modes of luxury. The chapter ends with a summary of the established hypotheses.*

## 3.1 Framework
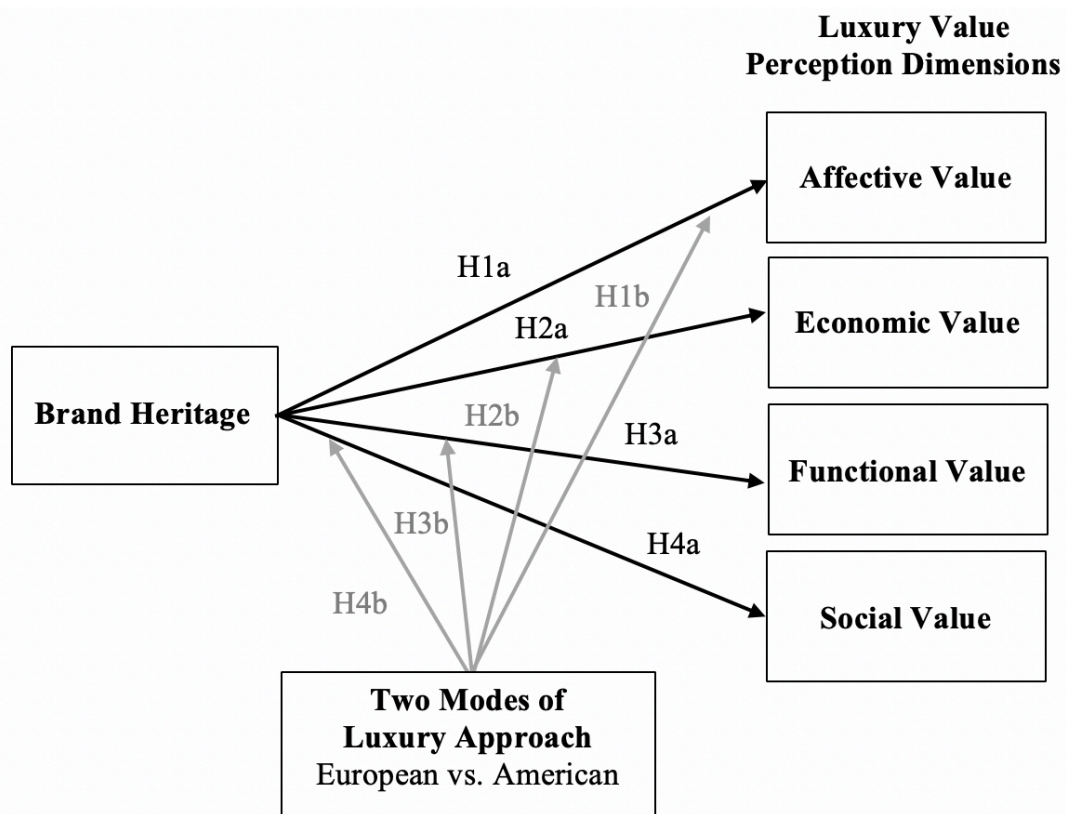


*Figure 2 Conceptual Framework*

The conceptual framework, as you in Figure *2*, shows how the perception of brand heritage will have an influence over the *luxury value dimensions*, which are *affective, economic, functional* and *social values*. The value dimensions are established by Wuestefeld, Hennigs, Schmidt, and Wiedmann (2012). Moreover, Wuestefeld et al. (2012) extended the dimensions with the help of integrating the work of Park, Jaworski, and McInnis (1986), Sheth, Newman, and Gross (1991), Ulaga (2003), Woodall (2003), Holbrook (1999, 2005), and Heard (1993) on the conceptualization of customer value, in accordance to Smith and Colgate (2007).

The *brand heritage* component is established by Frizzo, Korelo, and Prado (2018), which is based on previous studies and supplement the insights provided by Bruhn, Schoenmüller, Schäfer, and Heinrich (2012), Napoli, Dickinson, Beverland, and Farrelly (2014) and Urde, Greyser, and Balmer (2007).

Additionally, as a moderator the two modes of the luxury approach developed by Kapferer & Bastien (2012), were included suggesting that the brand heritage will have a similar effect on the value perception elements for the two modes of luxury, the '*European approach to luxury*' and the *'American approach to luxury'*.

## 3.2 Hypotheses Summary

According to Bryman and Bell (2013), the study's hypotheses must be derived from the theory and then tested. When we then test the hypotheses against our data, we will be able to draw conclusions about the case so that our data support the chosen theories we worked with (Eliasson, 2006). We have formulated the hypotheses presented earlier based on the theory we dealt with in the previous chapter. Here is a summary of all the hypotheses that we will be testing:

Hypothesis 1a: The brand heritage of luxury brands has a direct influence on consumers' affective value perception.

Hypothesis 1b: The brand heritage of luxury brands has a similar influence on consumers' affective value for the *'European approach to Luxury'* and the *'American approach to Luxury'*.

Hypothesis 2a: The brand heritage of luxury brands has a direct influence on consumers' economic value perception.

Hypothesis 2b: The brand heritage of luxury brands has a similar influence on consumers' economic value for the *'European approach to Luxury'* and the *'American approach to Luxury'*.

Hypothesis 3a: The brand heritage of luxury brands has a direct influence on consumers' functional value perception.

Hypothesis 3b: The brand heritage of luxury brands has a similar influence on consumers' functional value for the *'European approach to Luxury'* and the *'American approach to Luxury'*.

Hypothesis 4a: The brand heritage of luxury brands has a direct influence on consumers' social value perception.

Hypothesis 4b: The brand heritage of luxury brands has a similar influence on consumers' social value for the *'European approach to Luxury'* and the *'American approach to Luxury'*.

# 4. Methodology

*In this chapter, we will describe the research methodology. Starting with the research philosophy and then continuing to the approach, strategy, method, time horizon, data collection, and data analysis method. The chapter concludes with a quality criteria discussion and a review of the study's credibility by explaining its validity, reliability, replicability, and ethical aspects.*

## 4.1 Research Methodology

To gain a better understanding of how the different stages of the research methodology work, it can be helpful to use the research model developed by Saunders, Lewis & Thornhill (2009) called *'The Research Onion'*. The center of the research, as seen in Figure 3, depicts the issues underlying the data collection techniques and data analysis procedures. According to Saunders et al. (2009) before coming to the center of the onion, other important layers need to be peeled away. Those layers consist of philosophies, approaches, strategies, choices, and time horizons. When using this model, one should always start from the outer layers and continue working towards the center (Saunders et al. 2009).
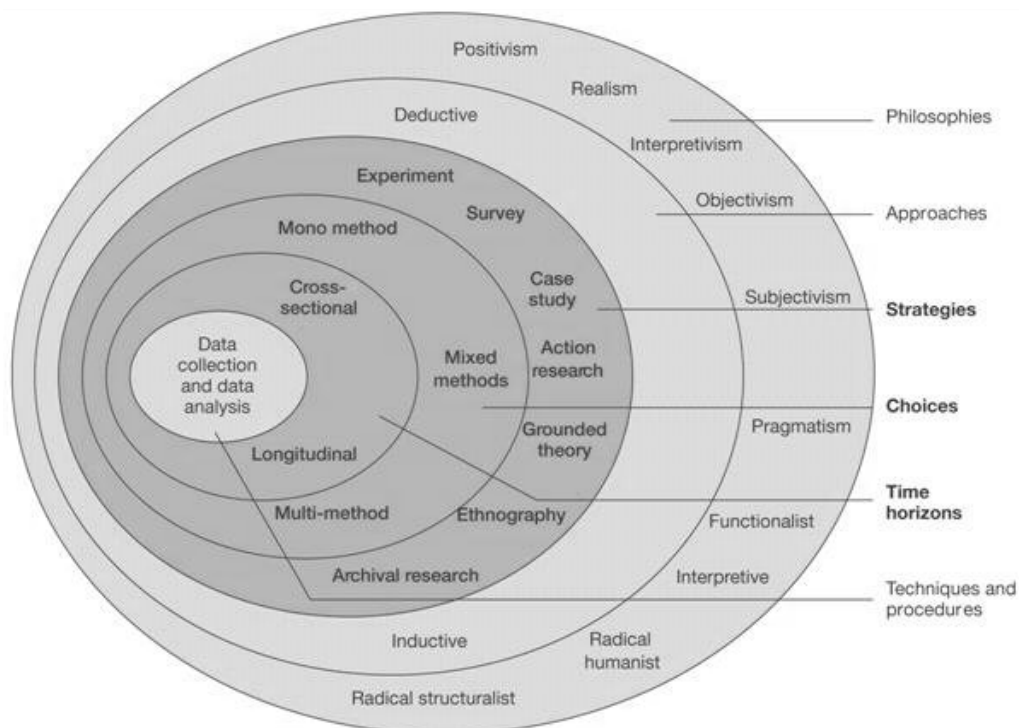


*Figure 3 The research 'Onion', (Saunders et al. 2009)*

## 4.2 Research Philosophy

The concept of research philosophy relates to the development and nature of knowledge. Moreover, it contains essential assumptions on how the researcher adopt and see the world, which will support the method and the strategies used (Saunders et al. 2009). With this study, we intend is to develop knowledge in the field of management in the luxury industry. Thus, we have to make ontological and epistemological assumptions, which will shape how we formulate the used method, research questions, and how the findings were interpreted (Crotty, 1998). According to Saunders et al. (2009), ontology is concerned with the nature of reality and existence, that raises questions concerning the way that the world operates, and the commitment held to particular views. However, epistemology is concerned about what constitutes acceptable knowledge in the field of study (Saunders et al. 2009). According to Bryman & Bell (2012), objectivism ontology and positivism epistemology are the two most common approaches of a quantitative study. Consequently, we were certain that those assumptions were relevant for the interpretation of our research.

Objectivism represents the position that social entities exist in reality external to social actors (Saunders et al. 2009). According to Bryman and Bell (2012), we encounter social phenomena in the form of external facts that lie outside our intellect, which we ourselves cannot influence. Objectivism includes concrete, real processes, and structures and sees things from an external point of view (Bryman & Bell, 2012). An objectivism ontology is most suitable to our thesis, since we collected statistical data, which we further examined and analyzed through our hypotheses. Furthermore, it is appropriate when we studied the differences between the two modes of luxury approach, European and American, from an external point of view. Throughout this master's thesis, we have been working to relate to as much objectivity as possible and not to weigh in our own prejudices and values about a certain phenomenon. This is allowing us to produce the findings of the study as accurately as possible. Moreover, we have frequently been open and receptive to new knowledge in the research areas we studied, which is in line with the objectivist ontology (Bryman & Bell, 2012).

Epistemology concerns the researcher's view regarding what constitutes acceptable knowledge in the field of study (Saunders et al. 2009). According to Bryman and Bell (2012), a central issue in an epistemological context is the question if the social world could be able and should be studied according to the same principles, procedures, and ethos as the natural sciences. We chose to take on the positivist epistemological position that affirms the importance of imitating

the natural sciences. According to Bryman and Bell (2012), positivism advocates the application of the methods of the natural sciences to the study of social reality and beyond. A key concept for positivism is the principle of deductivism, where the purpose of theory is to generate the hypotheses that can be tested, and that they will allow explanations of laws to be assessed. An additional principle is that science must be conducted in a way that is value free that is objective (Bryman & Bell, 2012).

## 4.3 Research Approach

According to Bryman and Bell (2015), there are two types of research approaches, referred to as deductive and inductive. Deduction owes much to what we would think of as scientific research. The deductive method uses literature and already existing theories to develop hypotheses. The approach begins with the theory of data collection, which is further used to test the hypotheses and ends with confirmation or rejection of the constructed hypotheses. Contrariwise, the inductive approach begins with data collection and then creates a new theory based on the collected data (Saunders et al. 2009). In this research plan, we have decided to use a deductive approach, considering it is the most common perception of how the relationship between theory and practice in social sciences is constructed (Bryman & Bell, 2015). The deductive approach will be best suited for our research since we start from existing and proven theories in the area of luxury brand management, such as the elements of brand heritage and luxury value perception. We will use the *'Two modes of luxury brand building'* by Kapferer and Bastien (2012), the *'Luxury Value Perception model'* by (Wuestefeld et al. 2012). As well as the conceptualization of *'Brand Heritage'* by Frizzo, Korelo, and Prado (2018), which is based on previous studies and supplement the insights provided by Bruhn et al. (2012), Napoli et al. (2014) and Urde et al. (2007). These theories will be the basis for deducing the hypotheses that we will test.

## 4.4 Research Strategy

According to Sanders et al. (2009), the choice of the research strategy is the next step in the *research onion model*. The research strategy of the study aims to create a framework for both the empirical and analytical work to be performed (Bryman & Bell, 2012). We considered between some kind of interview or questionnaire, but the research strategy we eventually chose was a questionnaire survey. According to Saunders et al. (2009), the survey strategy is usually associated with the deductive approach. It is also a popular and common strategy in business

and management research (Saunders, et al. 2009). Since, we want to look into consumers perception of brand heritage, luxury value perception, as well as do a comparison between the two modes of luxury approach '*European*' and *'American',* a survey is the most appropriate choice. We believe that a survey gives us the opportunity to get a wider view and perspective, as the consumers we intend to investigate will be significantly more in number with a questionnaire survey than if we choose interviews. This is confirmed by Kylén (2004), that state that a survey allows us to reach a large population spread over large areas in a relatively quick and easy way without visiting them. According to Ejlertsson (2014), the advantage of a questionnaire survey is that the respondents are not affected by any interviewer. Unfortunately, the questions asked in the survey are limited to an amount. Additional disadvantage is that the design of a surveys is not allowing the opportunity to ask any following questions or to develop a response from the respondent's answer (Saunders et al. 2009). Considering that we felt that we do not need more developed answers, than what the survey could give us, we saw it as more of an advantage. Nonetheless, we considered that a questionnaire survey was best suited for the purpose and intention of our dissertation.

## 4.5 Research Method

According to Sanders et al. (2009), the choice of research method is the next step in the *research onion model*. The authors acknowledge a mono-method and multiple methods such as multi and mixed method. Mono method is a single data collection technique and corresponding analysis procedures, whereas multiple methods use more than one data collection technique and analysis procedures to answer the research question. The authors refer to those types of choices to the way in which the researchers choose to combine quantitative and qualitative research techniques (Saunders et al. 2009). Consequently, we are going to use the mono-method, since it is relevant for this thesis, considering that we want to conduct a single data collection technique. Additionally, the mono method is applied when the researchers want to combine quantitative data collection technique, such as a questionnaire survey, with quantitative data analysis procedures (Saunders et al. 2009).

One of the most important things to take into account when choosing a method is the purpose of the study itself (Bryman & Bell, 2012). The purpose with this master's thesis is to provide explicit knowledge contribution to the luxury field through a research of brand heritage, luxury value perception, as well as constructive research on the two approaches of luxury. According to Malhotra (2010), the most popular quantitative method is the use of surveys also known as

questionnaires. Hence, we chose to use a quantitative method where the survey is done via a web survey to consumers. The questionnaire was answered by customers interested in fashion and luxury brands, about how they perceive brand heritage, luxury value, and the two modes of luxury brand building.

A quantitative research method is predominantly used for data collection techniques that focus on numeric data, whereas the qualitative method is used for interviews and focuses on non-numeric data (Saunders et al. 2009). According to Bryman and Bell (2013), quantitative research can be construed as a strategy that emphasizes quantification in data collection and analysis. Furthermore, it entails a deductive approach between the relationship of theory and research, with an accent on the testing of theory. Since, we are studying and using already existing theories instead of creating our own theories, a deductive analysis and a quantitative method is better suited. Additionally, the quantitative method incorporates the practices and norms of the natural scientific model in particular of positivism and embodies a view of social reality as an external, objective reality (Bryman & Bell, 2012). Hence, as mentioned before we are using ontological objectivism and epistemological positivism as a relevant approach of this study, considering their importance toward conducting a quantitative research method. Moreover, the quantitative method allows more accurate estimation of measurements and relationships between the studied concepts. If those concepts have more than one measurement, each measure should be considered independently and as a whole (Bryman & Bell, 2012). For the purpose of this investigation, luxury value perception had multiple measures in terms of dimensions. Taking into account all of the dimensions individually and as a whole, we would be able to draw conclusions regarding the brand heritages effect on each dimension and as a whole on the luxury value perception.

## 4.6 Time Horizons

In this research, we will conduct a cross-sectional study. Considering that this type of study gives a picture of the population at a certain time. With a cross-sectional study, one want to measure a particular aspect of a social phenomenon or a trend, by gathering facts to be able to test a theory (Denscombe, 2016). A cross-sectional study is well suited for our work because it allows us to examine consumers at a particular time (Burns & Burns, 2008). Furthermore, this type of study is conducted once which is relevant during the time horizon of our study. We have collected data through a survey and tested theory of luxury value perception by Wuestefeld et al. (2012), two modes of luxury approaches by Kapferer and Bastien (2012), as well as brand

heritage perception conceptualized by Frizzo et al. (2018) based on theories by Bruhn et al. (2012), Napoli et al. (2014) and Urde et al. (2007). One of the aims of a cross-sectional study is to discover links between two factors (Denscombe, 2016). As mentioned earlier, we want to investigate how consumers perceive the effect of brand heritage on the luxury value perception dimensions, and the moderation effect of the two modes of luxury approaches, the *'European approach to luxury'* and the *'American approach to luxury'*. Hence, a cross-sectional study is well suited for our research.

## 4.7 Data Collection Methods

4.7.1 Data Source

In this research, both primary and secondary data was used to gather the needed information. According to Burns and Burns (2008), primary data is a new data that is collected by the researchers, whereas secondary data includes gathering information that already exists in the associated literature.

According to Bryman and Bell (2012), one of the most popular quantitative research methods to obtain primary data are surveys. There are different formats of surveys, such as structured interviews and self-completion questionnaire. Structured interviews can be taken via face-to-face and telephone formats, whereas the self-completion questionnaire can be received via the internet, postal and supervised. Additionally, internet surveys can be gathered through the email or web (Bryman & Bell, 2012). In this research, we chose to conduct a web survey in the form of questionnaires due to its convenience and time horizons. According to Bryman and Bell (2012), web surveys function by inviting respondents to visit a website in which the questionnaire can be completed. After each respondent's replies are encoded and the data collection process is completed, resulting in a dataset that can be retrieved. Thus, we used Google Forms, which is a web survey software to design questionnaire. Conveniently, web surveys have essential advantages in data collection processes such as low cost, faster response, attractive formats, mixed administration, fewer unanswered questions, and better data accuracy (Bryman & Bell, 2012).

The secondary data is the data that has been collected by other researchers or other organizations in the course of associated literature or organization. To comprehend the fundamental insights into the research and to ensure the right kinds of questions keep being asked, secondary data is used in many studies (Bryman & Bell, 2012). The authors of this research collected secondary

data mainly from Lund University online database and Google Scholar. A large number of articles are accessible and reachable without time limitations. The articles used are primarily published in journals of brand management, business and consumer research. Moreover, the mentioned databases facilitate the research process cost efficiency and convenience. LUSEM library database was also used for obtaining secondary data. Mainly, the theoretical and methodological background was provided with some of the business, luxury management, and marketing related books that have high credibility.

4.7.2 Population and Sample

According to Bryman and Bell (2012), the need to sample is nearly invariably encountered in quantitative research. A sample is part of the population that is selected to be researched. Furthermore, the population is the universe of units from which the sample is selected (Bryman & Bell, 2012). The population can be defined by characteristics that all components involved in the purpose must have (Malhotra, 2010).

According to Bryman and Bell (2012), the method of selection can be either based on a probability or a non-probability approach. Probability sample means that a random sample draws from a population where everyone has the same chance of being selected, it aims to keep the sampling error to a minimum. Contrary, a non-probability sample has not been selected using a random selection method, which implies that some units from the population are more likely to be selected than others. Furthermore, the types of samples consist of a number of various sorts of selection (Bryman & Bell, 2012). The time frame for this master's thesis is limited, thus a non-probability sampling in the form of convenience sampling is best suited for our study. Additionally, the convenience sampling is appropriate for studies that have limited resources due to less cost requirements. Moreover, response rates are expected to be higher in this sampling method due to its convenience (Bryman & Bell, 2012). According to Bryman and Bell (2012) convenience samples are more prominent than probability-based samples in the field of business and management. However, some problems may arise in the convenience sampling, it is hard to generalize the findings because of the limited representatives of the sample. Notwithstanding, this type of sampling can provide a springboard for the future research and deliver important insights based on its findings (Bryman & Bell, 2012).

According to Bryman and Bell (2012), convenience sampling is common for business researchers to make use of the opportunities they have to draw a sample from their own

organization when they carry out a research. The type of the organization is usually a university (Bryman & Bell, 2012). Considering that we are studying a master's programme in International Marketing and Brand Management at Lund University, all of our colleagues are familiar with the theme of this research. They are all knowledgeable of topics such as brand building, value perception and especially brand heritage, since our professor Mats Urde, as previously mentioned, has developed the five elements of brand heritage as previously mentioned. We have studied and used his theories in class, and they have been a key part of our programme. Thus, we consider our colleagues to be a suitable sample group for our research. The population and sampling are essential challenges of the research since they will determine partly the error (Malhotra, 2010).

The online survey was conducted during the 13th, 14th and 15th of May 2019. We placed the questionnaire survey in our Facebook's class group from Lund University, and asked our classmates to borrow two minutes of their time to answer our survey. We received a total of 128 respondents of which 82 (64,1%) gave their answers for Louis Vuitton, which is representing the *'European approach to luxury',* and 46 (35,9%) for Ralph Lauren, which is representing the *'American approach to luxury'.* The choice of brand and their operationalization of measurements will be explained in chapter *4.7.5 Measurement Instruments.* Considering that we have conducted a convenience sampling in our university. The main age groups of the people who answered the survey was 18-24 and 25-34, responding for 94,5% of the sample size (42,2% and 52,3%). Consequently, only 5,5% of the respondents were over the age of 34 years.

### 4.7.3 Sampling Error

According to Bryman and Bell (2012), there are four sources of error in social survey research, those are sampling error, sampling and non-sampling related error, data collection error, and data processing error. Sampling error is the difference between the sample and the population from which is selected. The authors indicate that this error arises since it is very unlikely that one will end up with a true sample of respondents (Bryman & Bell, 2012). Furthermore, Bryman and Bell (2012), distinguish *sampling and non-sampling related error* as activities and events that are related to the sampling process, connected to issues such as generalizability and external validity of findings, those could be inaccurate sampling frame and non-responses (Bryman & Bell, 2012).

According to Berntsson et al. (2016), there are two types of dropouts, which are internal loss and external loss. An internal loss means that a person did not answer all the questions in the questionnaire, and external loss means that a person did not participate in the survey at all (Berntsson et al. 2016). We eliminated the internal loss opportunity as all respondents were required to answer all of the questions, before being able to finish the survey and submit it. According to Bryman and Bell (2012), surveys are usually associated with a low response rate and a loss of more than 50%, and many researchers consider that to be unacceptable. We believe that we have made efforts to minimize these risks and that our approach had a low risk of error. Considering that we exposed the survey to approximately 170 people and waited 3 days before we closed the survey and compiled the respondents' answers. This resulted in 128 completed questionnaires, which resulted in an external loss of 42 persons corresponding to 25 %, leading to a response rate of 75 %. Hence, our selection method has given us a high response rate, considering that the people completely decided on their own whether they are interested in participating or not. Additionally, they filled in the survey in peace when they wanted to. Moreover, the external validity is deeply discussed in under chapter *4.9.1 Validity*.

According to Bryman and Bell (2012), another error concerned with the implementation of the research process is called *data collection error*. The main problem is poor question wording in self-completion questionnaires, poor interviewing techniques, and flaws in the administration of research instruments (Bryman & Bell, 2012). All of the research questions used in our survey are previously established and tested measurements by well-known authors. The used measurements and questions will be explained in detail in the chapter *4.7.5 Measurement Instruments*.

The final error is the data processing error that arises from the incorrect management of the collected data and coding of the answers (Bryman & Bell, 2012). To construct the survey itself, we used Google Forms, which is a commonly used survey platform that is well suited for surveys. Before being able to analyze the data collected from the questionnaires, it is necessary to code it in the program SPSS (Statistical Package for the Social Sciences), which is a data analysis tool provided by IBM, to make all calculations. According to McDaniel and Gates (2010), a large number of errors are made when survey data is manually transmitted to coding sheets. It is much more accurate and efficient to directly transfer the data from the survey to the data entry device (McDaniel & Gates, 2010), in our case to SPSS. Hence, using Google Forms, we eliminate the possible risk of data coding mistakes. Google Forms gave us the opportunity

to quickly and easily transfer the results from the questionnaire directly to SPSS, where we have made the calculations for our established hypotheses.

4.7.3 Pilot Study

According to Bryman and Bell (2012), the purpose of the pilot study is to test and determine how well the research questions operate, as well as secure that the research instrument as a whole function well. Furthermore, pilot studies are essential in relation to research based on a self-completion questionnaire, considering that there will not be interviewer present to clear up if there is any confusion (Bryman & Bell, 2012). According to Ejlertsson (2014), a risk concerning the constructed questions might be their interpretation by the respondents, since we as designers of the questions have more knowledge and are more familiar with the topics that the questions concerns. Ejlertsson (2014) also state that the pilot study should be tested by persons similar to those who will then participate in the real survey. However, Bryman & Bell (2012), argue that the test study should not be performed on people who might have been participants of the sample in the full study. Thus, it is recommended to find a small group of respondents who are similar to those of the full study population (Bryman & Bell, 2012). In order to construct such a good survey as possible, we chose to make a pilot study of a total of 12 selected participants, who had comparable characteristics of those in the intended population of the full study.

After conducting the pilot study, we asked the participants for feedback. However, there was only a minor technical problem. When the participants were ready and finishing the survey, a new page came up saying *"Thank you for your participation"*, and underneath a button saying *"submit"*. Some of the participants perceived that as confusing, considering that on the previous page when they clicked on *"finish"*, they thought that their answers were recorded. Thus, we fixed the issue and the participants did not need to click on *"submit"*, their answers were recorded when they clicked on *"finish"*, which as motioned above was on the previous page.

4.7.4 Research Design

We have decided to conduct a self-completion questionnaire in the form of a survey. According to Bryman and Bell (2012), with a self-completion questionnaire, the respondents are answering the questions by completing the questionnaire themselves. In order to reduce dropout in the survey, it was designed in such a way that it should be perceived as professional and with clear instructions for how it should be answered (Bryman & Bell, 2012). The questionnaire began

with a presentation of the authors and topic, allowing the respondents to gain knowledge about the aim of the research. The survey started with some general demographic questions, such as gender and age. However, before moving on with the questions related to brand heritage and value perception, the participants had to answer two questions regarding their interested in fashion, and how often they purchase luxury. The first question is *''Are you interested in fashion brands?''* and can be answered with yes or no, according to Saunders et al. (2012), this question type is called dichotomous. The second question is *''How often do you purchase luxury items?'', it is a* multiple choice question and can be answered with four options: very often (every month), occasionally (2 - 3 times every six months), rarely (2 - 3 times a year) and never. Hence, we have the opportunity, if necessary, to exclude the people who are not interested in fashion and those who never buy luxury items considering that they might not be relevant for this research.

We consider the two modes of luxury approaches as independent variable groups. Thus, instead of having two separate surveys, the participants got the opportunity to choose which brand they want to give their opinion about. The brand Louis Vuitton was used for the *'European approach to luxury'* and Ralph Laurent for *the 'American approach to luxury'*. After the participants choose which luxury brand they want to give their opinion on, they had to answer a total of 12 questions, where four were about brand heritage and eight about luxury value perception. The questions are based on previously established and tested items which will be discussed in the next under chapter. To be able to measure our answers, we have chosen to use a five-degree Likert scale, which is a commonly used scale for measuring attitudes (Ejlertsson, 2014). The respondents are given several statements that they then ranked in the answer alternatives on a scale of 1-5 according to the extent to which the claim is consistent with their own perceptions (Bryman & Bell, 2012). The survey options have been arranged in a horizontal direction to make it as clear as possible (Bryman & Bell, 2012). The questionnaire answer alternatives mean that the answer '5' corresponded to 'Strongly Agree' and the answer '1' corresponded to 'Strongly Disagree''. According to Bryman and Bell (2012), one of the advantages of using closed questions is that they can be pre-coded, making the processing of data for computer analysis very simple, thus the answers to our survey will be coded as followed: Strongly Agree = 5 Agree = 4 Undecided = 3 Disagree = 2 Strongly Disagree = 1.

As previously mentioned in the research's theoretical part, the study is based on luxury value perception dimensions established by Wuestefeld et al. (2012), as well the conceptualization of brand heritage by Frizzo, Korelo, and Prado (2018), which is based on previous studies and

supplement the insights provided by Bruhn et al. (2012), Napoli et al. (2014) and Urde et al. (2007). Four of the questions in the survey are measuring the brand heritage perception based on those theories. The following eight questions measure the four luxury value dimensions, which are affective, economic, functional, and social (Wuestefeld et al. 2012). Hence, each dimension was measured by two questions: question 5 and 6 for the affective value, question 7 and 8 for the economic value, question 9 and 10 for the functional value, and question 11 and 12 for the social value. A summary of the surveys' questions in the conceptual framework is presented in Appendix 1, as well as the full list of asked questions in the survey in Appendix 2.

As previously mentioned, to construct the survey itself, we used Google Forms, which is a commonly used survey platform that is well suited for surveys. Our questionnaire included a cover letter, according to Ejlertssons' (2014) recommendations, where we briefly and concisely explained the purpose of our investigation in an objective manner. The letter began with a presentation mentioning that we are two students working on their master's thesis at Lund University. Thereupon, we explained the purpose of the study, mentioning that we are investigating consumers' luxury value perception and brand heritage. We concluded the information part with an acknowledgment that the answers are entirely anonymous. Our contact details were also included in the cover letter in the event that one of the respondents would like to contact us. The letter was then closed with a thank you to the respondents for having taken the time to answer our questionnaire and an offer that they have the opportunity to take part of the study's results in the future.

4.7.5 Measurement Instruments

When theory becomes empirical, concepts must be taken from the theory and made measurable and defined, which is called operationalization. This is done in order to test the theoretical hypotheses (Eliasson, 2018). Considering that we chose to conduct a quantitative method in form of survey, an operationalization of the theory has to be made in order to be able to measure the previously designed hypotheses and to answer the study's research questions.

We will focus on the four luxury value dimensions by Wuestefeld et al. (2012) which are based on their previous researches (Wiedmann et al. 2007, 2011a; 2011b, 2012). However, they extended the dimensions with the help of integrating the work of Park et al. (1986), Sheth et al. (1991), Ulaga (2003), Woodall (2003), Holbrook (1999; 2005), and Heard (1993) on the conceptualization of customer value, in accordance to Smith and Colgate (2007).

Evident variables of the measurement model include two questions for each variable, as you can see in Table 1, operationalization of concepts. The dimension items for affective value perception are '*This brand creates positive feelings*' and '*this brand evokes positive perception*', for economic value perception are '*This brand offers a lot for its price*' and '*This brand is worth its price*', for functional value perception are '*This brand stands for appropriate products*' and '*The products of this brand are very suitable*'; and for social value perception are '*People who own this brand will be seen in a positive light'* and *'The owner of this brand will be positively accepted by others*'. All items will be rated on a five-point Likert scale, where '1' is Strongly Disagree and '5' Strongly Agree.

To measure brand heritage elements, we will apply previously established measurements used by Frizzo, Korelo, and Prado (2018), which are based on prior studies. The indicator *'I think this brand offers continuity over time'* supplement the insights provided by Bruhn, Schoenmüller, Schäfer, and Heinrich (2012). The indicators '*This brand reflects a sense of tradition'* and *'This brand reflects a timeless design'* are adapted from indicators by Napoli, Dickinson, Beverland, and Farrelly (2014). Lastly, the measurement indicator *'This brand strengthens and builds on its heritage'* supplements the insights provided by Urde et al. (2007).

For the two modes of luxury brand building, we will use two brands as representatives for each of the modes to the luxury approach. For the *'European approach to luxury'* we will use Louis Vuitton, considering that it is a European brand that was established in the late nineteenth during the times that exacting social class frameworks characterized society and aristocracy. The brand differentiates its high-end luxury position by emphasizing its timeless and authentic style (Turunen, 2018). Furthermore, Louis Vuitton today appreciates its global reputation as a high quality and creative producer, protecting the past still arranged toward the future (Som & Blanckaert, 2015). For the *'American approach to luxury'* we will use Ralph Lauren, as previously mentioned the brand honor themselves on their historical roots, exceptional quality, a classical image, and a traditional American lifestyle. Therefore, the invented identity transfer to the customers desired image that enables them to be 'iconic', to have 'status' with the ideas of traditions, and to gain 'a sense of belonging to dreamy American style' (Templeton, 2013).

| CONCEPT | THEORETICAL REFERENCE | MEASUREMENT | QUESTIONS |
|---|---|---|---|
| LUXURY VALUE PERCEPTION | Wuestefeld, Hennigs, Schmidt, and Wiedmann (2012) | Affective Value | *This brand creates positive feelings* <br> *This brand evokes positive perceptions* |
| | | Economic Value | *This brand offers a lot for its price* <br> *This brand is worth its price* |
| | | Functional Value | *This brand stands for appropriate products* <br> *The products of this brand are very suitable* |
| | | Social Value | *People who own this brand will be seen in a positive light* <br> *The owner of this brand will be positively accepted by others* |
| BRAND HERITAGE | Frizzo, Korelo, and Prado (2018) | Brand Heritage | |
| | Bruhn, Schoenmüller, Schäfer, and Heinrich (2012) | | *I think this brand offers continuity over time* |
| | Urde, Greyser, and Balmer (2007) | | *This brand reinforces and builds on heritage* |
| | Napoli, Dickinson, Beverland, and Farrell (2014) | | *This brand reflects a sense of tradition* <br> *This brand reflects a timeless design* |
| TWO LUXURY MODES | Kapferer and Bastien (2012) | European approach | The brand Louis Vuitton |
| | | American approach | The brand Ralph Lauren |

*Table 1 Operationalization of concepts*

## 4.8 Data Analysis Method

To conduct all of the data, we have used the statistical tool SPSS (Statistical Package for the Social Sciences), which is a data analysis tool provided by IBM, to make all calculations. The data analysis tool SPSS helped us to get an accurate view of the results, as well as to conduct different types of analyses in order to test the hypotheses. In this research paper, we performed a factor analysis and a moderated regression analysis to test the hypotheses. Those types of analysis will be explained in the following under chapters.

### 4.8.1 Factor Analysis

According to Hair, Black, Babin, and Anderson (2010), factor analysis is *"an interdependence technique whose primary purpose is to define the underlying structure among the variables in the analysis"*. The main purpose of a factor analysis is to reduce the number of variables that the researcher has to deal with (Bryman & Bell, 2012). It is commonly used concerning multiple-item measures, in our case Likert scale, to see to what extent there is an inherent structure to the enormous amount of items that frequently make up such measures. Additionally, the method can be used to establish whether the dimensions of a measure, that the authors expect to exist, can be confirmed (Bryman & Bell, 2012). According to Hair et al. (2010), the main purpose is to find a way to condense and summarize the information in all of the original variables into a new set of smaller ones. Through this process of compression of factors, there is a minimum loss of information (Hair et al. 2010).

According to Sreejesh, Mohapatra and Anusree (2014), principal component analysis and factor analysis are often used interchangeably and that may create confusion with the usage, given that they are quite similar. The two methods are applied similarly with regards to determine to identify groups of observed variables that are prone to hang together, however they are distinct from eachother with their goals and underlying models (Sreejesh et al. 2014). The authors state that factor analysis is used for the correlations among data in exploratory model, whereas principal component analysis (PCA) is used to summarize or approximate the used data, using reduced dimensions to visualize it (Sreejesh et al. 2014). Considering that we decided to use already tested and pre-selected items that are demonstrated in the operationalization, see above in Table 1, we are only going to apply PCA and factor analysis with the purpose of reducing the number of variables without exploratory purposes. The goal behind the utilization of PCA, other than different methods, is that PCA condenses the interrelationships among different unique variables with regards to a smaller set of orthogonal principal components in which each component has a linear combination with original variables (Sreejesh et al. 2014).

### 4.8.2 Regression Analysis

According to Burns and Burns (2008), regression analysis, is a statistical technique that allows the researcher to predict the values of one variable basing it on the values of another variable. As well as describe if there is a relationship that exists between those variables (Burns & Burns, 2008). According to Sreejesh et al. (2014), multiple regression analysis is of the dependence

methods in which the researchers can analyze the relationship between a single dependent variable and several independent variables. In this type of analysis, an independent variable, whose values are known, is used to predict the single dependent variable, whose values are random. The dependent and independent variables in multiple regression analysis are metric in nature. Notwithstanding this, it is possible to use non-metric data, such as dummy variable or categorical data, as an independent variable (Sreejesh et al. 2014).

Considering that in this research we want to analyze the relationship between *brand heritage* and each *luxury value perception dimensions*, as well as to see what kind of impact the two modes of luxury approaches have on them, a moderated multiple regression is needed. According to Irwin and McClelland (2001), a moderated variable is used to determine the factors that affect the relationship between independent and dependent variables. Thus, the two modes of luxury approach have been used as a moderator to see how the relationship between *brand heritage* and each *luxury value perception dimension* changes depending on that. Due to the categorical (nominal) nature of the *two modes*, who have two levels that are the *'European approach to luxury'* and the *'American approach to luxury'*, it is coded as a dummy categorical variable. According to Garson (2014), the conversion of levels of each categorical variable into a variable of its own is usually coded as '0' or '1', the categorical variables are included into the regression variable. Moreover, moderation can be applied using PROCESS macro in SPSS developed by Andrew Hayes (2013) which apply the interaction terms automatically. PROCESS macro is an observed variable OLS and logistic regression path analysis modeling tool for SPSS. It is extensively used across social and business sciences for direct and indirect effects in single and multiple mediator models, as well as conditional indirect effects in moderated mediation models (Hayes, 2013). The SPSS version of PROCESS macro is utilized to proceed with our hypotheses testing.

According to Hayes (2013) moderation is depicted in the form of a conceptual diagram, as you see panel A in Figure 4, that represents a process in which the effect of some variable of interest X on Y is influenced or dependent on M. The arrow which is pointing from M to the line X to Y, is showing the reflection (Hayes, 2013). According to Hayes (2013), panel B in Figure 4, indicated the difference among the model that constrains the effect of X, to be definite and the one that allows the effect of X on Y to depend upon M. However, in panel A, the effect of X on Y is constrained to be independent of M. Hence, the slopes of the each of the lines that link X to Y are identical and consequently parallel. In panel B, the effect of X on Y is dependent on M. Visually, it might seem that there are slopes for each line linking X to Y that vary for

different values of M. Notwithstanding that, the lines are not parallel (Hayes, 2013). According to Hayes (2013), that state that *"the degree of non-parallelism that will exist in a visual representation of moderation will depend on β3, where β3 in graphical terms is the change in the slope of the line linking X to Y as M increases by one unit."* Additionally, Hayes (2013), state that the larger the β3 in in absolute value, the more divergent from parallel are the slopes.

The form of the equation in the model is $Y=i_1 +b_1X+b_2 M+b_3 XM$
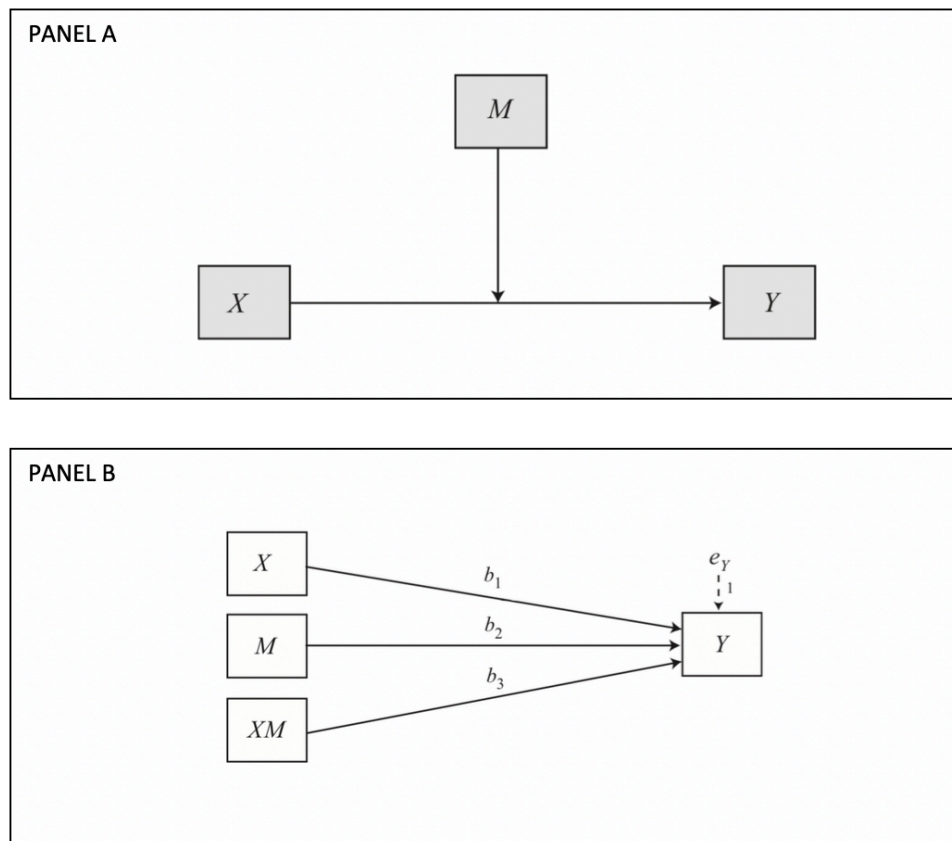


*Figure 4 A simple moderation model depicted as a conceptual diagram (panel A) and a and statistical diagram (panel B), (Hayes, 2013)*

As it is demonstrated in Figure 5 , Hayes' (2013) moderation model enables us to build a moderation regression model that estimates the moderation effect M on the relationship between X and Y (Hayes, 2013). To examine a possible relationship between brand heritage and each dimension of luxury value perception and whether those relationships are affected by the two modes of luxury approach, Hayes' (2013) multiple regression model was applied to test all of the hypotheses: H1a, H1b, H2a, H2b, H3a, H3b, H4a and H4b. As mentioned previously, the two modes of luxury approach are the moderator M, on the relationship between brand

heritage X on each luxury value perception dimension Y. The *'Two modes of luxury approach'* was processed as a dichotomous moderator for each hypothesis and the levels of the two modes of luxury were coded as *'European approach to luxury = 0'* and *'American approach to luxury = 1'*. The predictor variables were mean-centered before the interaction term was calculated, and an analysis using 5000 bootstrap samples with 95% confidence levels of the confidence interval was performed (Hayes, 2013). According to Hayes (2013), bootstrapping is a nonparametric procedure to be used in effect-size estimation and hypothesis testing. Bootstrapping is applied to discover approximate standard errors and generate a representation of the sampling distribution of the indirect effect. The number of bootstrap samples is recommended at least 5000 for scientific publications (Hayes, 2013), thus we used 5000 bootstrap samples for our moderation model. The software PROCESS developed by Hayes generates the confidence intervals of conditional indirect effects and does all of the model estimations (Hayes, 2013).



*Figure 5 The Moderation of the effect of the Two Modes of Luxury Approach and the effect of Brand Heritage on Luxury Value Perception, depicted as a conceptual diagram (panel A) and statistical diagram (panel B)*
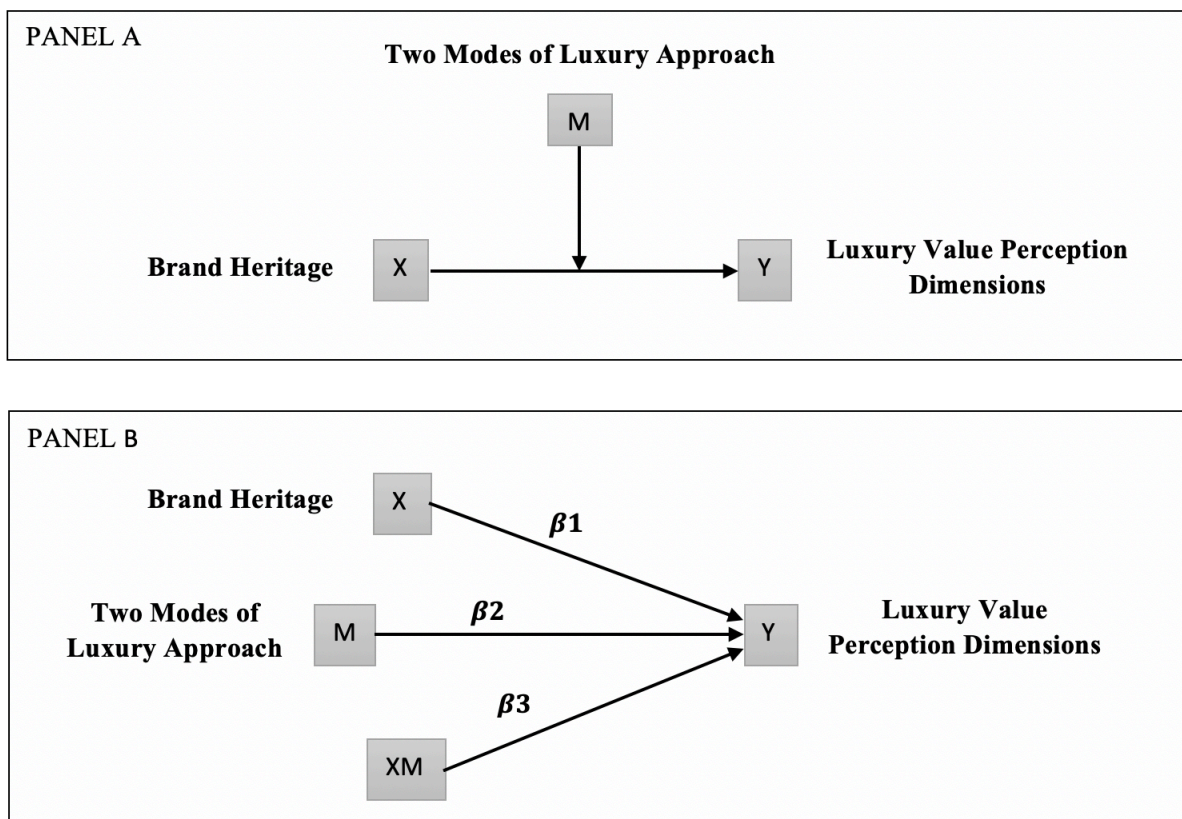
## 4.9 Quality Criteria

According to Bryman and Bell (2012), there are two crucial quality criteria that researchers have to take into consideration when evaluating a study, those are the researches validity and reliability. Validity refers to the issue of whether or not an indicator truly measures what it intends to measure. Reliability determines the coherence of a measure of a concept, it proves to what extent a measure is stable. Specifically, if an identical study was recreated, it would result in a similar conclusion. Furthermore, the studies replicability and ethical aspects should be inevitability considered by the researchers (Bryman & Bell, 2012),

4.9.1 Validity

According to Bryman and Bell (2013), validity means how well a measure for a particular concept actually measures what is measured. There are generally four diverse types of validity, those are content, construct, criterion, and external validity. Hence, all types must be considered when conducting a research (Bryman & Bell, 2012; Malhotra, 2010). Content validity examines to what extent the scales are adequate to describe and measure the components (Bryman & Bell, 2012). To ensure content validity, we conducted a pre-test with 12 participants that allowed us to perform a behavior test of the measurements and their conformity to the constructs. According to Bryman and Bell (2012), the construct validity refers to what degree the operationalization directly measures the concept that it is supposed to measure. Thus, the researchers should deduce the hypotheses from a theory that is relevant to the concept (Bryman & Bell, 2012). Hence, we ensured the construct validity supporting the measurements and constructs with a theoretical background. The two modes of luxury approach are established by Kapferer and Bastien (2012), the four luxury value dimensions are conceptualized by Wuestefeld et al. (2012), however they are extended with the help of integrating the work of Park et al. (1986), Sheth et al. (1991), Ulaga (2003), Woodall (2003), Holbrook (1999, 2005), and Heard (1993) on the conceptualization of customer value, in accordance to Smith and Colgate (2007). Finally, the last theory of brand heritage, is conceptualization by Frizzo, Korelo, and Prado (2018), and it is based on previous studies and supplement the insights provided by Bruhn et al. (2012), Napoli et al. (2014) and Urde et al. (2007). We designed our survey questions based on those previously used measurements and questions, which are proven by those previous researchers and with that in mind, we can very likely say that our questions really measure what is meant to be measured. This contributed to the increased validity of our study. According to Bryman and Bell (2012), if construct validity is not acquired correctly, it

indicates that the concepts are unstable, consequently becoming unreliable and questioned. Criterion validity defines to what extent the operationalization can further predict other constructs, possibly expected in connection to other variables (Bryman & Bell, 2012; Malhotra, 2010). The criterion validity in this study is assured by hypotheses testing, that was grounded in the operationalization. Lastly, the external validity is a requirement of generalization, signifying that the study's results can be applied for other contexts that go beyond the defined study. Thus, it is vital that careful sampling is necessary (Bryman & Bell, 2012). According to Bryman and Bell (2012), when a non-random method of sampling is used, the external validity becomes questionable. However, in this study, as previously mentioned, a non-probability sample method in the form of convenience sampling is used, making the result ungeneralizable. Since the results of our study could not be generalized to any great extent, the external validity will thus be reduced (Bryman & Bell, 2013). In order to be able to generalize the study's results, we had to make some sort of probability selection and a larger sample selection.

4.9.2 Reliability

As previously mentioned, reliability refers to the consistency of a measure of a concept. There are several measurement instruments to apply and measure reliability, and those are stability, internal reliability, and inter-observer consistency (Bryman & Bell, 2012). According to Bryman and Bell (2012), a stability method is used to ask if a measurement is stable over time. Internal reliability is used to solve the issue if the indicators that make up the scale or index is consistent. The third measurement instrument is inter-observer consistency, it occurs when a subjective judgment is involved, such as recording of observations. Hence, the reliability instrument that suits our study the best is Cronbach's alpha, which is the most commonly used method for internal reliability and strives to remain objective for the external reliability (Bryman & Bell, 2012). According to Bryman and Bell (2012), when in a research there are multiple item measures in which the respondents answer forms an overall score, there is a possibility that the indicators do not relate to the same thing, and thus there may be a lack of coherence. Consequently, we must ensure that all designed indicators are related to each other. The use of Cronbach's alphas has grown during the past few years as a consequence of its incorporation into computer software for quantitative data analysis, such as SPSS which we will be utilizing. Cronbach's alpha calculates the average of all possible split-half reliability coefficients. The Cronbach's alpha value range between 1 and 0, where 1 denotes perfect internal reliability and 0 denotes no internal reliability (Bryman & Bell, 2012). According to Schutte, Toppinnen, Kalimo, and Schaufeli (2000), the acceptable level of internal reliability is

0,7 which is considered to be efficient. However, Bryman and Bell (2012) state that the rule of thumb to denote the acceptable level differs between different authors, and according to them a level of 0,8 is typically used. Thus, if the alpha test shows an acceptable level, it indicates that the questions asked are properly developed for what they truly endeavor to measure (Bryman & Bell, 2012).

4.9.3 Replicability

According to Bryman and Bell (2012), scientists may seek to replicate and reproduce each other's experiments. Thus, the researchers must ensure that the reproduction of the study is confirmed, that the results are accurate and that the study is relevant, enabling other researchers to possibly replicate it. Replicability is mostly presented in cross-sectional research to the degree that the researchers explained the procedures for selecting respondents, designing measures of concepts, administration of research instruments such as self-completion questionnaire, and the analysis of data. However, if it is not possible to reproduce the studies results for other researchers, one can question the studies validity and findings. Consequently, researchers endeavor to explain precisely their procedures and findings so that their research can be replicated (Bryman & Bell, 2012). Thus, we have been careful to do be as pedagogical as possible in explaining all of the approaches in our study to increase its validity thereby. The detailed description that we have given about the implementation of our study can give a concrete example of how we worked with the replicability. Moreover, we have tried to describe in an easily explained, transparent and detailed way exactly how we have gone about in all parts of the data collection. In addition to detailing with how the survey questions are structured and exactly what each question intends to measure.

4.9.4 Ethical Aspects

According to Bryman & Bell (2013), when conducting a business research survey, ethical problems may have to be addressed. Commonly used ethical rules usually relate to integrity, anonymity, volunteerism, and confidentiality of the persons participating in the study's investigation. Bryman & Bell (2013), mention four main areas of ethical principles which are; *harm to participants, lack of informed consent, invasion of privacy*, and *whether deception is involved*. All of these principles mentioned above were achieved in the implementation of our study. Exactly how these requirements were met will be described here. According to Bryman & Bell (2013), ensuring that no harm comes to participants, entails several facets not only to

physical, but also psychological such as stress. Therefore, when we searched for respondents to the study, we informed the people who accepted to participate that their participation was completely voluntary and if they later would change their decision, they had full right to interrupt their participation. We treated all of the participants with respect, providing them with full information about the study, and allowing them to ask questions. Furthermore, the participants also had the advantage to answer the survey anywhere they prefer as it was spread online. The second ethical principle is lack of informed consent, meaning that prospective studied participants should be given information about the study, to make an informed decision about whether to participate or not (Bryman & Bell, 2012). Thus, we informed the possible participants that we were two students who worked on their master's thesis at Lund University. Thereupon, we explained the purpose of the study, mentioning that we are investigating consumers' luxury value perception and brand heritage. We concluded the information part with an acknowledgment that the answers are entirely anonymous. Hence, the third ethical principle is an invasion of privacy, and it is implicated in possible difficulties in connection with anonymity and confidentiality (Bryman & Bell, 2012). The final ethical principle, according to Bryman and Bell (2012), is deception, which implies that the researchers represent their research as something other than what it is. We followed all of the ethical principles with respect, and they guided the conduct of the current study leading to a truthful presentation of the results as they are. With this in mind, we consider, concerning Bryman & Bell (2012), guidelines for which ethical principles should be taken into account in this type of investigation are met to the greatest extent.

# 5. Results

*In this chapter the results of our survey are presented. We will also report our hypotheses test and any calculations made to arrive at a result.*

## 5.1 Descriptive Statistics

| | | Frequency | Percent |
|---|---|---|---|
| **Gender** | Female<br>Male | Female<br>Male | 70,3 %<br>29,7 % |
| **Age** | 18 – 24<br>25 – 34<br>35 – 44<br>45 – 54<br>55 + | 67<br>54<br>4<br>3<br>0 | 52,3 %<br>42,2 %<br>3,1 %<br>2,3 %<br>0 % |
| **Interest in Fashion** | Yes<br>No | 109<br>19 | 85,2 %<br>14,8 % |
| **Luxury Purchase History** | Very Often (every month)<br>Occasionally (2-3 times every six months<br>Rarely (2-3 times a year)<br>Never | 3<br>37<br>63<br>25 | 2,3 %<br>28,9 %<br>49,2 %<br>19,5 % |
| **Two Modes of Luxury approach** | Louis Vuitton *'European'*<br>Ralph Lauren *'American'* | 82<br>46 | 64,1 %<br>35,9 % |
| **Total** | | 128 | |

*Table 2 Descriptive Data of the Respondents*

The total number of responses gathered was 128, from which 90 (70,3%) were female and 38 (29,7%) male, as seen in Table 2 where a summary of the descriptive data of the respondents is presented. The people who were interested in fashion brands were 109 (85,2%), and 19 (14,8%) were not interested in fashion. From the total sample of respondents 82 (64,1%) of them gave their answers for Louis Vuitton, which is representing the *'European approach to luxury'*, and

46 (35,9%) of them gave their answers for Ralph Lauren, which is representing the *'American approach to luxury'*. Considering that we have conducted a convenience sampling in our university. The main age groups of the people who answered the survey was 18-24 and 25-34, responding for 94,5% of the sample size (42,2% and 52,3%). Consequently, only 5,5% of the respondents were over the age of 34 years. Finally, the purchasing behavior for luxury brands, was as followed: 63 people (49,2%) answered *'Rarely (2-3 times a year)',* 37 people (28,9%) answered *'Occasionally (2-3 times every six months)'*, 25 people (19,5%) answered 'Never' and finally 3 people (2,3%) answered *'Very Often (every month)'*.

## 5.2 Factor Construction

| Component Matrix | | | | | Initial Eigenvalues | |
|---|---|---|---|---|---|---|
| **Extracted Factors** | **Items** | | | | **Total** | **% of Variance** |
| **Brand Heritage (factor)** | *BH1* .761 | *BH2* .767 | *BH3* .785 | *BH4* .666 | 2.227 | 55,683 % |
| **Affective Value Perception (factor)** | *AFV1* .967 | *AFV2* .967 | | | 1.869 | 93,470 % |
| **Economic Value Perception (factor)** | *ECV1* .915 | ECV2 .915 | | | 1.675 | 83,774 % |
| **Functional Value Perception (factor)** | *FCV1* .873 | *FCV2* .873 | | | 1.525 | 76,263 % |
| **Social Value Perception (factor)** | *SCV1* .942 | *SCV2* .942 | | | 1.774 | 88,724 % |

*Table 3 Component Matrix with Eigenvalues and Total Variance Explained for each Factor*

Considering that all constructs and items were selected with the basis of existing literature and theory, factor analysis was performed only for confirmatory purposes. Each variable was tested separately, and the extraction of the construct was accepted by confirming the significant values. Kaiser's rule was applied when choosing common factors. According to Kaiser's rule, only factors having eigenvalues greater than '1' are extracted as common factors (Burns & Burns, 2008). As it can be seen from Table 3, all extracted factors have bigger eigenvalues than

1: Brand Heritage with 2.227, Affective Value with 1.869, Economic Value with 1.675, Functional Value with 1.525, and Social Value with 1.774. Moreover, the outcomes of total variances covered by each factor are satisfactory. Four extracted factors have good representation with an explanation of the variance higher than the 70%. Those the perception of affective value with 93.470 %, economic value with 83,774 %, functional value with 76,263 % and social value with 88,724 %. However, only the brand heritage factor accounts for 55,683% of the variance. Nevertheless, it is still acceptable to have a percent of the variance that approximate 60%.

| KMO and Bartlett's Test | | | | | | |
|---|---|---|---|---|---|---|
| **Extracted Factors** | | **Brand Heritage (factor)** | **Affective Value Perception (factor)** | **Economic Value Perception (factor)** | **Functional Value Perception (factor)** | **Social Value Perception (factor)** |
| **Kaiser-Meyer-Olkin Measure of Sampling Adequacy** | | 0.743 | 0.500 | 0.500 | 0.500 | 0.500 |
| **Bartlett's Test of Sphericity** | **Approx. Chi-Square** | 102.404 | 176.957 | 76.470 | 40.514 | 114.936 |
| | **df** | 6 | 1 | 1 | 1 | 1 |
| | **Sig.** | .000 | .000 | .000 | .000 | .000 |

*Table 4 KMO and Bartlett's Test*

Furthermore, Bartlett's test, as you see in Table 4, seems significant with all associated probabilities less than 0.05. This refers to the correlation of items with each other among constructed factors (Burns & Burns, 2008).

Additionally, Kaiser-Meyer-Olkin (KMO) test is used to measure the sampling adequacy and is significant with the values 0.5 and higher than 0.5 (Burns & Burns, 2008). As it can be seen in Table 4, the brand heritage value is 0,743 and all of the four values of value perception are 0,500 consequently signifying that all of the measures are adequate.

## 5.3 Reliability

| Reliability Statistics | | |
|---|---|---|
| **Construct** | **Cronbach's Alpha** | **N of Items** |
| **Brand Heritage** | 0.731 | 4 |
| **Affective Value Perception** | 0.930 | 2 |
| **Economic Value Perception** | 0.806 | 2 |
| **Functional Value Perception** | 0.689 | 2 |
| **Social Value Perception** | 0.873 | 2 |

*Table 5 Cronbach's Alpha for the factors*

According to Burns and Burns (2008) Cronbach alpha analysis is a significant way of completing internal consistency and homogeneity of groups of items in questionnaires. An alpha of 0.7 or above is considered as acceptable assuming the homogeneity of items (Burns & Burns, 2008). Through SPSS activity within 128 valid cases, the internal reliability of all variables (constructs) was tested using Cronbach alpha technique. For each dimension of value perception 2 item scale was applied, and for the brand heritage variable 4 item scale was applied. The Cronbach's Alpha indicators are demonstrated in Table 5. The brand heritage has an alpha level of 0.731, the affective value of 0.930, the economic value of 0.806, and the social value of 0.873, all suggesting a good internal consistency and reliability for the item's scales with values above the acceptable assuming the homogeneity of 0.7. However, the functional value perception has value of 0.689 and is the only construct that is under the coefficients of alpha 0.7. However, according to Taber (2018), it is a reasonable alpha value and it is acceptable because it is in the range of the acceptable values between 0.7 and 0.6 (van Griethuijsen et al. 2015).

## 5.4 Hypotheses Testing

5.4.1 Perception towards Brand Heritage's Influence on Affective Value

As output from SPSS version of PROCESS demonstrates in Table 6, effect of *'brand heritage'* on affective value perception was significant and positive ($\beta_1 = 0.43$, t (124) = 5.32, p < .001). The complete output from SPSS can be found in Appendix 3, where all of the model summaries of regression analysis are presented. This result supports the statement of the hypothesis H1a*,* which means that the higher consumers have brand heritage perception, the higher they have affective value perception towards a luxury brand. However, *'affective value perception'* was not significantly predicted by the *'two modes of luxury approach'* ($\beta_2 = 0.05$, t (124) = 0.34, p = 0.730), and the interaction term between '*brand heritage'* and *'two modes of luxury approach'* was not significant ($\beta_3 = -0.02$, t (124) = -0.15, p = 0.880). These results mean that the effect of brand heritage on affective value perception does not change depending on the two modes of luxury approaches and also supports the hypothesis H1b, which states that brand heritage has a similar influence on consumers' affective value perception for the *'European approach to luxury'* and the *'American approach to Luxury'*.
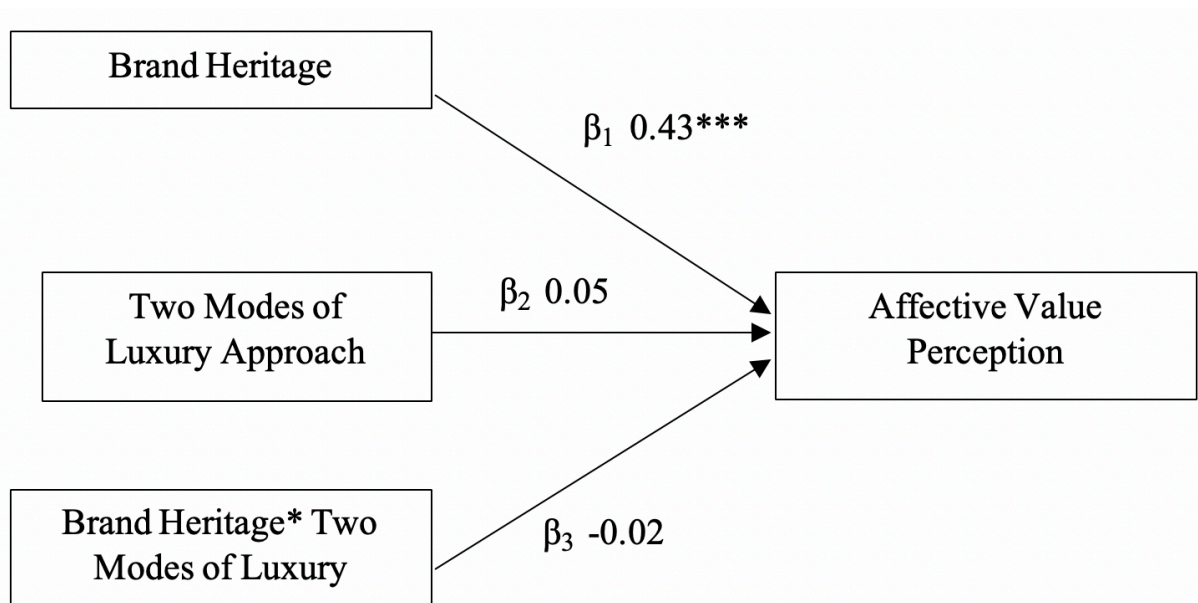


*Table 6 The Moderation of the effect of the Two Modes of Luxury Approach and the effect of Brand Heritage on Affective Value Perception, depicted as a statistical diagram*

5.4.2 Perception towards Brand Heritage's Influence on Economic Value

A multiple regression model was applied to test H2a and H2b to examine whether there is a significant relationship between *'brand heritage'* and *'economic value perception'* and whether this relationship associates with the two modes of luxury approach. As it can be seen in Table 7, *'brand heritage'* affected the economic value perception significantly and positively ($\beta_1$ = 0.31, t (124) = 3.74, p < .001). However, the *'two modes of luxury approaches'* were not significantly related to economic value perception ($\beta_2$ = 0.22, t (124) = 1.29, p = 0.196). Furthermore, the interaction between *'brand heritage'* and *'two modes of luxury approach'* was not significant either ($\beta_3$ = -0.06, t (124) = -0.37, p = 0.700); in that sense, two modes of luxury was not a significant moderator of the relationship between brand heritage and economic value perception. These outcomes support the statement of hypotheses 2a and 2b. Therefore, we accept the H2a which is *'The brand heritage of luxury brands has a direct influence on consumers' economic value perception'* and we accept H2b which is *'The brand heritage of luxury brands has a similar influence on consumers' affective value for 'European Approach to Luxury' and 'American Approach to Luxury'.*
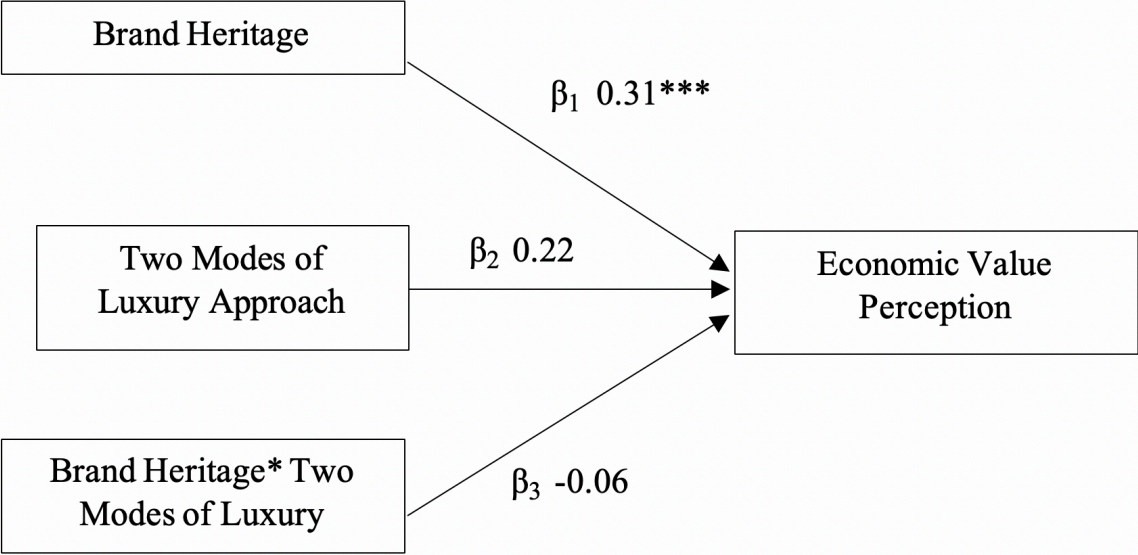


*Table 7 The Moderation of the effect of the Two Modes of Luxury Approach and the effect of Brand Heritage on Economic Value Perception, depicted as a statistical diagram*

## 5.4.3 Perception towards Brand Heritage's Influence on Functional Value

For the variable *'brand heritage'* the analysis shows a significant relationship with *'economic value perception'* variable and the coefficient indicator show that the brand heritage effects economic value perception positively ($\beta_1 = 0.41$, t (124) = 5.00, p < .001), as it can be seen in Table 8. On the other hand, the model suggests that no statistically significant relationship between *'two modes of luxury approach'* and *'functional value perception'* ($\beta_2 = 0.13$, t (124) = 0.79, p = 0.42). Accordingly, the moderation effect of *'two modes of luxury approach'* is found to not be statistically significant ($\beta_3 = 0.01$, t (124) = 0.07, p = 0.94). Therefore, it can be concluded that the proposed statements for H3a and H4b are supported by the results.
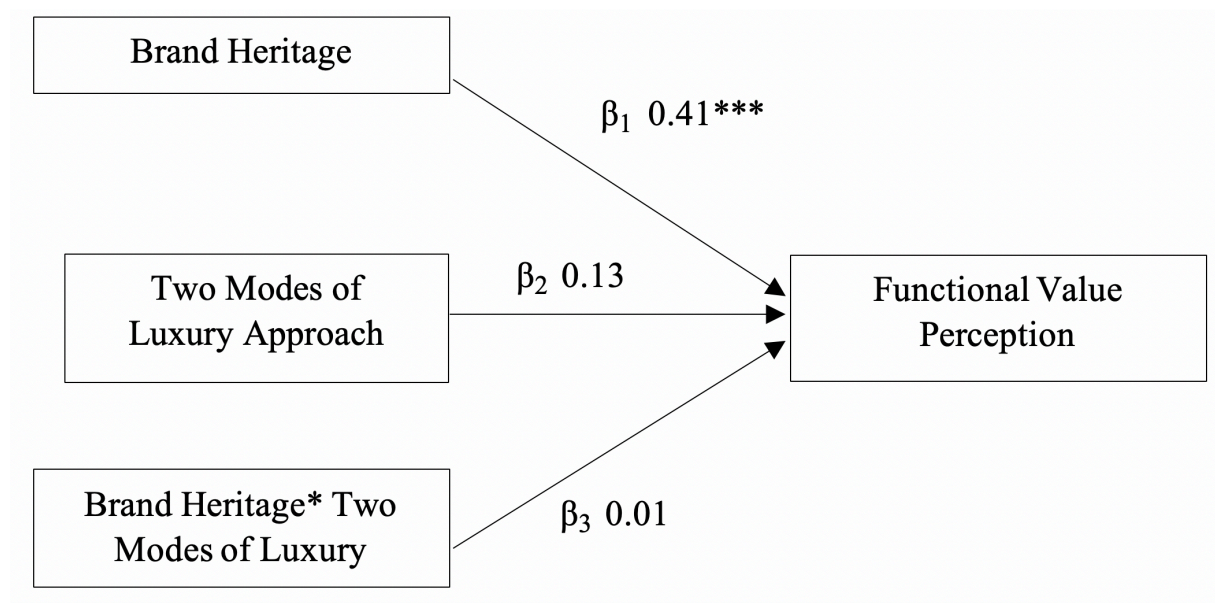


*Table 8 The Moderation of the effect of the Two Modes of Luxury Approach and the effect of Brand Heritage on Functional Value Perception, depicted as a statistical diagram*

## 5.4.4 Perception towards Brand Heritage's Influence on Social Value

As shown in Table 9, the regression model testing the effect of *'brand heritage'* on *'social value perception'* revealed a significant and positive effect ($\beta_1$ = 0.30, t (124) = 3.55, p < .001). However, the results show that *'social value perception'* was not significantly predicted by *'two modes of luxury approach'* ($\beta_2$ = -0.19, t (124) = -1.11, p = 0.26) and also the interaction between *'brand heritage'* and the *'two modes of luxury approach'* was not significant ($\beta_3$ = -0.22, t (124) = -1.25, p = 0.21). Thus, the *'two modes of luxury approach'* were not a significant moderator of the relationship between *'brand heritage'* and *'social value perception'*. These results support the statements of H4a and H5a. Hence, it can be concluded that the brand heritage of luxury brands has a direct influence on consumers' social value perception and the brand heritage of luxury brands has a similar influence on consumers' social value for the *'European approach to Luxury'* and the *'American approach to Luxury'*.
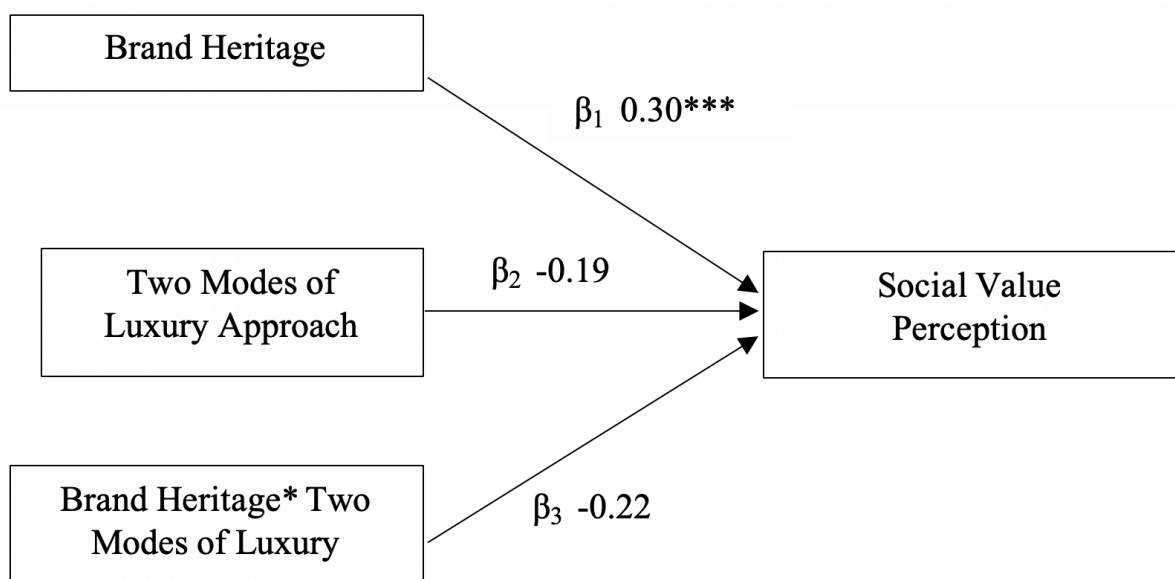


*Table 9 The Moderation of the effect of the Two Modes of Luxury Approach and the effect of Brand Heritage on Social Value Perception, depicted as a statistical diagram*

5.4.5 Hypotheses Acceptance

As a conclusion for the results and analysis, the hypotheses that have been tested are shown below in Table 10.

| | Hypotheses | Acceptance |
|---|---|---|
| **H1a** | The brand heritage of luxury brands has a direct influence on consumers' affective value perception. | Yes |
| **H1b** | The brand heritage of luxury brands has a similar influence on consumers' affective value for the *'European approach to Luxury'* and the *'American approach to Luxury'*. | Yes |
| **H2a** | The brand heritage of luxury brands has a direct influence on consumers' economic value perception. | Yes |
| **H2b** | The brand heritage of luxury brands has a similar influence on consumers' economic value for the *'European approach to Luxury'* and the *'American approach to Luxury'*. | Yes |
| **H3a** | The brand heritage of luxury brands has a direct influence on consumers' functional value perception. | Yes |
| **H3b** | The brand heritage of luxury brands has a similar influence on consumers' functional value for the *'European approach to Luxury'* and the *'American approach to Luxury'*. | Yes |
| **H4a** | The brand heritage of luxury brands has a direct influence on consumers' social value perception. | Yes |
| **H4b** | The brand heritage of luxury brands has a similar influence on consumers' social value for the *'European approach to Luxury'* and the *'American approach to Luxury'*. | Yes |

*Table 10 Hypotheses Acceptance*

# 6. Discussion

*This chapter contains an analysis of the study's results. We discuss the reasons for the emergence of these results and compare these with the presented literature and theories.*

The main focus of this study was to examine the phenomenon of brand heritage, and how it influences the different dimensions of luxury value perception, which are affective, economic, functional and social value, with regards to the two different modes of luxury approach to heritage. The purpose of this research was to evaluate the impact of the two modes of luxury brand building, the '*European approach to* luxury' and *'American approach to luxury'* through the relationship of brand heritage on luxury value perception of customers. We aimed to evaluate the brand heritage impact on customer value perception, and whether there are any differences of impacts between the two modes. Therefore, two main questions were presented regarding the brand heritage, luxury value perceptions, and their associations with the two modes of luxury approach. We came up with the following research questions:

Question 1: *How does brand heritage influence consumers' luxury value perception dimensions towards a luxury brand?*

Question 2: *How does brand heritage affect differently the customers' luxury value perception dimensions towards a luxury brand between the 'European approach to luxury' and the 'American approach to luxury'?*

The response for the first question asked was addressed by building the hypotheses H1a, H2a, H3a, and H4a. They state that *'The brand heritage of luxury brands has a direct influence on consumers' affective value perception, economic value perception, functional value perception, and social value perception.'* All hypotheses were examined exclusively and solely in the results chapter. In the first examination of the data set, all four value perception dimensions appeared to be directly affected by the heritage of the luxury brands. As illustrated in Tables 6, 7, 8 and 9, brand heritage has a positive influence on each of the consumers' value perception dimension. From the mentioned tables above it can be concluded that although the magnitude, which is the value of the coefficients, of the effects of brand heritage to each value dimensions does not differentiate dramatically, the highest impact of brand heritage on customers luxury value perception appears on affective value perception and functional value perception. These positive effects show that the brand heritage of luxury brands contributes to consumers' value

perception directly and positively. These outcomes go in line with the findings of Wuestefeld et al. (2012), which suggest a positive and significant relationship between brand heritage and the four aspects of consumers' luxury perceived value. Wuestefeld et al. (2012) conducted a PLS structural equation modeling to determine formative indicators of brand heritage and reflective indicators of the four types of consumers' perceived value. Notwithstanding that, our research proposes different statistical modeling and different brands to be conducted, the outcomes of the coefficient of determination of latent variables are found to be quite close to the findings provided by Wuestefeld et al. (2012). In our study, the determination coefficients were with the values of 0.43 for affective perceived value, 0.31 for economic perceived value, 0.41 for functional perceived value, and 0.30 for social perceived value. In their study, the coefficient was of 0.51 for affective perceived value, 0.39 for economic perceived value, 0.35 for functional perceived value, and 0.34 for social perceived value (Wuestefeld et al. 2012).

Considering the substantial effect of brand heritage on consumer's affective value perception, the statements regarding luxury consumers provided by Som and Blanckaert (2015), can be confirmed. This accentuates that luxury consumers are searching for luxury brands that are authentic, exclusive and with heritage for the purpose of developing their sensual experience and emotional state of mind. Furthermore, the finding of H2a, suggests the effect of brand heritage on consumers' *economic value perception* strengthens the arguments provided by Chevalier and Mazzalovo (2012) which states that the economic and utilitarian dimension of luxury brands underlie their success of transmission of their values and tradition. Moreover, Wuestefeld et al. (2012) remark that the heritage strengthens brands credibility and reliability in the eyes of consumers. Additionally, Wiedmann et al. (2011b) emphasize that historically provable facts with a brand story constitute authenticity and trust towards brands. By considering the statements' by Wiedmann et al. (2011b) and Wuestefeld et al. (2012), brand heritage stands for minimizing the quality concerns and buying risk. Thus, the findings from H3a supports the idea that heritage strengthens the *functional value perception* of consumers. The last hypothesis H4a, examines the effect of brand heritage on the *social value perception* of consumers. Frizzo et al. (2018) have discovered that the positive impact of brand heritage is enriching the self and self-status in consumers' consumption behavior. Our finding of the positive relationship between heritage and social value perception of customers seems to be in line with the results of Frizzo et al. (2018).

The second question we asked was, *How does brand heritage affect differently the customers' luxury value perception dimensions towards a luxury brand between the 'European approach*

*to luxury' and the 'American approach to luxury'.* This question extends the first research question and adds the moderation effect of the wo modes of luxury approach, which enables us to examine whether there are any significant differences between the two approaches building in terms of their impact of heritage on the value perception dimensions of consumers. The second question asked was addressed by building the hypotheses H1b, H2b, H3b, and H4b, where the influence of the two modes of luxury approach on the relationship between brand heritage and the value perception dimensions is tested. The results from all of those hypotheses showed that the two modes of luxury approach, are not a significant moderator and did not affect the relationship between heritage and value perception dimensions. Therefore, it can be concluded that brand heritage has a similar influence on all of the four value perceptions of customers for the *'American approach to luxury'* and the *'European approach to luxury'*. According to Kapferer and Bastien (2012), the two approaches differentiate particularly in terms of building heritage. As previously mentioned, the *'European approach to luxury'* is based on true heritage nurtured by its history, whereas the *'American approach to luxury'* differentiates by having a non-existent history and it does not hesitate to invent one through the creation of imaginary stories by using storytelling (Kapferer & Bastien, 2012). According to our findings through H1b, H2b, H3b, H4b, even though luxury brands build their heritage in different ways, consumers' value perceptions are formed similarly between those two approaches, with regards to brand heritage perception of consumers. Morley and McMahon (2011) state that stories told by luxury brands are correspondingly as valuable as their traditions and qualities in order to be perceived as heritage brands. This is strengthened by who Templeton (2013) that emphasizes that brands that use *'American approach to luxury'*, such as Ralph Lauren, manifest their heritage brand ideals through images and words used in their advertisement or stores. Hence, being traditional is provided by inventing traditions through storytelling for American heritage brands, even if they do not have a real history (Templeton, 2013). As a result of similar brand heritage effect on consumer value perceptions for the modes of luxury, both arguments provided by Morley and McMahon (2011) and Templeton (2013), seem to be supported according to our findings.

According to Som and Blanckaert (2015) luxury customers are selective to brands that help them flourish through an exclusive and sensual experience and bring upon them an emotional state of mind. These customers wish to obtain something genuine through heritage and with a personalized style (Som & Blanckaert, 2015). According to Turunen (2018) the history and heritage of brands that are European, using the *'European approach to luxury'*, such as Louis

Vuitton, are highly valued among customers. Their exclusivity and uniqueness enhance the luxury status of customers and brings pleasure to them in an effective way (Turunen, 2018). Moreover, customers may perceive brands that are using the *'American approach to luxury'* as endowed with a great cultural heritage of the American dream (Som & Blanckaert, 2015). Those arguments are supported by the findings of H1b, that shows the moderator effect of the two modes of luxury on the relationship between brand heritage and the affective value perception dimension. Additionally, the American luxury brand's iconic representation of authenticity, which is based on their story and lifestyle, delivers heritage reflections to consumers the same way as European luxury brands do (Turunen, 2018). Consumers of Ralph Lauren appreciate the brand regarding its designer name and modernized classical look (Kim & Mauborgne, 1999). Similarly, the prestige of Louis Vuitton's products and economic values have never declined over the decades (Kapferer & Valette-Florence, 2016). Hence, the statements above are supported by H2b. This explains the brand heritage effects on economic value perceptions of consumers. Furthermore, Louis Vuitton sustains its international reputation as a high quality and creative producer over the decades, and Ralph Lauren leverages the excellence of products by virtue of craftsmanship and high quality, while using storytelling as an approach to heritage (Kim & Mauborgne, 1999; Jin & Cedrola, 2017). It seems that both approaches of luxury utilize brand heritage on the functional value perceptions of consumers. This is supported by H3b which shows the brand heritage effect on functional value perceptions of consumers. Lastly, European brands, such as Louis Vuitton, create social values for consumers by providing a universal vision of class with regards to its elitism and unique heritage. American brands, such as Ralph Lauren, base their dream on communication strategies which express status and class (Kapferer & Valette-Florence, 2016). Hence, according to the findings provided by H4b, the social value perceptions of consumers are affected by brand heritage similarly among European and American brands.

# 7. Conclusion

*This chapter deals with the conclusion that has been derived from the conducted study. Both the theoretical and practical contributions of the study are presented in this chapter. Finally, this study's limitations and our proposals for future research are presented.*

This research study has thoroughly explored how brand heritage influences the different dimensions of luxury value perception, which are *affective, economic, functional*, and *social values* (Wuestefeld et al. 2012). The conclusions that can be drawn from our research is that the brand heritage of luxury brands, such as Louis Vuitton and Ralph Laurent, has a direct influence on all of the four luxury value dimensions perceived by consumers.

Additionally, we evaluated the moderation effect of the two modes of luxury brand building, which are called the *'European approach to luxury'* and the *'American approach to luxury'* (Kapferer & Bastien, 2012), between the relationship of brand heritage on luxury value perception of customers. The literature suggests that the two modes have different sources for creating heritage, European brands are nurtured and born with history, whereas American brands are inventing their history through the use of storytelling in order to create an imaginary story for the customers (Kapferer & Bastien, 2012). Notwithstanding, the two modes are perceived similarly by the consumption society.

## 7.1 Theoretical Implications

Our findings have extended the research of Wuestefeld et al. (2012), by incorporating the two modes of luxury approach. Wuestefeld et al. (2012) investigated the drivers of brand heritage and their effects on customers' value dimensions, focusing on the luxury industry and specified the context only referring to the brand Chanel. Similarly, one of the leading research questions of this research is regarding the effects of brand heritage on consumer value perceptions. However, there are certain differences while approaching this question. First and foremost, Wuestefeld et al. (2012) applied a measurement instrument based on formative indicators for brand heritage, in contrast in this research we used reflective brand heritage measurement by applying established multi-item scales from the study of Frizzo et al. (2018). Furthermore, Wuestefeld et al. (2012) conducted a snowball sampling method to reach the defined target group, which is consumers of the brand Chanel in Germany, whereas we conducted convenience sampling by targeting university students who study Brand Management at Lund

University Sweden. Additionally, we included all respondents in the sample group, not concerning their purchase history, for the benefit of obtaining a broader understanding. Lastly, we used a different brand than the one that Wuestefeld et al. (2012) used in their study. We used the brand Louis Vuitton for the *'European approach to luxury'* and the brand Ralph Lauren for the *'American approach to luxury'*. Hence, this study focused on the luxury industry, referring to the two distinctive luxury brands to investigate the effect of brand heritage on value perceptions dimensions.

Nevertheless, our findings confirmed and supported the results provided by Wuestefeld et al. (2012), that all value perception dimensions are significantly affected by the brand heritage. Moreover, this research provides an original conceptual model to understand the relationship between brand heritage and consumers' luxury value perception dimensions, with regards to the two modes of luxury approach. The two modes of luxury brand building presented by Kapferer and Bastien (2012) were used as a moderator variable to extend the understanding of the relationship between the brand heritage and the consumers' value perception dimensions. The heritage phenomenon was investigated following the literature around the two modes of luxury approach. Due to the lack of attention toward the two modes established by Kapferer and Bastien (2012), this research is expected to contribute the luxury branding literature by pointing out its relevance and associations. According to Kapferer and Bastien (2012), the primary differences between the two modes is their approach to history. The *'European approach to luxury'* is based on true heritage nurtured by its history, whereas the *'American approach to luxury'* differentiates by having a non-existent history and it does not hesitate to invent one through the creation of imaginary stories by using storytelling (Kapferer & Bastien 2012). However, both approaches seem to be able to utilize the brand heritage with regards to value perceptions of customers. The contribution of these findings is encouraging as they open the entryway for researchers to investigate a gap in the literature on the two modes of luxury brand building, as that they have not yet been studied combined with the brand heritage and luxury value perception dimensions. Lastly, the storytelling can be assessed as a substantial way of leveraging history, in fact, our findings support the idea that storytelling can also be used to leverage the brand heritage. Hence, this particular study may be promising to bring different approaches to brand heritage literature.

## 7.2 Managerial Implications

From a managerial and marketing perspective several implications arose, based on the results. The history and heritage of a luxury brand is something that consumers are progressively mindful of and that act as an incentive in the consumers buying behavior. Luxury brand managers and senior managers within luxury corporate organizations, conglomerates and groups, might want to consider focusing on the brand heritage, when managing or acquiring new brands to their portfolio. Additionally, considering that brand heritage has explicit impacts on consumers' value aspects, luxury brands can develop their marketing strategies being ensured that they utilize heritage elements towards consumers' value perceptions.

In this research, we revealed that consumers appraise brands affective, economic, functional, and social values associated with their understanding of brands heritage and history. Thus, to maintain the success and equity of the brand in the eyes of the customer, luxury brand managers must uncover and leverage the brands' heritage and history, following its core values and positioning. Moreover, with this research, we found that the two modes of luxury approach, exhibit similar impacts on consumers' value perception if they manage to leverage the elements of brand heritage. Therefore, even though luxury brands do not have a history it is own, by inventing it and positioning it as a core value they can still utilize brand heritage in order to add value in the eyes of customers. In the use of history for American brands, storytelling comes into prominence as a communication tool. Hence, luxury managers and marketers who are accountable for American brands can focus on storytelling aspects to reinforce their positioning associated with heritage and history.

We have provided constructive research on the two modes of luxury approach, suggesting that marketers need to understand the different perceptions of customers prior to any brand strategies that might be implemented in the future. The knowledge from the analysis of the customer's luxury value perception and the brand heritage perception will give them insights and better understandings of how customers perceive the two luxury approaches. Hence, luxury managers and marketers might be able to use this information and potentially improve the management of both European and American brands.

## 7.3 Limitations and Recommendations for Further Research

The main limitation of this paper is that it focuses solely on the luxury industry. The reason why the luxury industry was chosen is that it has flourished in the past decade, and it is showing positively escalating tendency as mentioned before. Furthermore, this research is only focusing on two luxury fashion brands, Louis Vuitton and Ralph Laurent, as representatives for the '*European approach to luxury'* and the *'American approach to luxury',* meaning that the findings cannot be generalized across all types of brands and other luxury products and goods. Louis Vuitton and Ralph Laurent are a part of the fashion and leather goods division in the luxury industry. According to Bain and Company (2018), the overall luxury industry is comprised of nine segments in total. Thus, we would recommend that future research is implemented on different brands as representatives of the two modes, as well as in diverse luxury divisions and segments, such as automotive, watches and jewelry, wines and spirits, and more. Additionally, research of the two modes and brand heritage can be conducted in different industries around the world. Finally, since we only focused on the European and American approach to luxury, other countries of origin can be taken into consideration, such as China and Russia. According to Deloitte (2018), Asia has registered a strong increase in sales over the course of 2017, forecasting a higher growth rate in the fashion and luxury markets in the near future. Moreover, there are indicators of stronger growth in Japan (Deloitte, 2018). Thus, exploring other countries' origin can extend the literature and provide additional insights for luxury brand managers and marketers.

It must be acknowledged that the presented findings, which were extracted from the online questionnaire survey, are to some extent limited. There were only 128 participants, of which 82 people (64,1%) gave their answers for Louis Vuitton, which is representing the *'European approach to luxury'* and only 46 people (35,9%) for Ralph Lauren, which is representing the *'American approach to luxury'.* The limited size of our research can mean that the findings cannot be generalized on the broad mass. Additionally, the sample size of respondents can be shown as relatively biased due to the gender ratio and age group limitations. From the total sample size, 90 people (70,3%) were female and 38 people (29,7%) male, which shows a significantly higher percentage participation of more females than males. In addition, the majority of the sample was conducted from our classmates in Sweden at the Lund University School of Economics and Management, which reduces the cultural perspectives of the study. Resulting in an age bias as 94,5% of the sample consisted of mainly people in the age groups of 18 to 24 and 25 to 34. Consequently, only 5,5% of the respondents were over the age of 34

years. Considering that we have conducted a convenience sampling in our university. Thus, a future research of a similar study with a higher number of participants, equal gender distribution, and age groups, would have been extremely interesting and fascinating to see whether this result would be separated from ours. However, it will also give a clearer vision of today's consumers luxury value and brand heritage perceptions. As well as it would also give businesses, marketers, and organizations an even clearer picture.

*"The only true wisdom is in knowing you know nothing"*

- Socrates

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# APPENDIX 1

Summary of survey questions in Conceptual Framework.
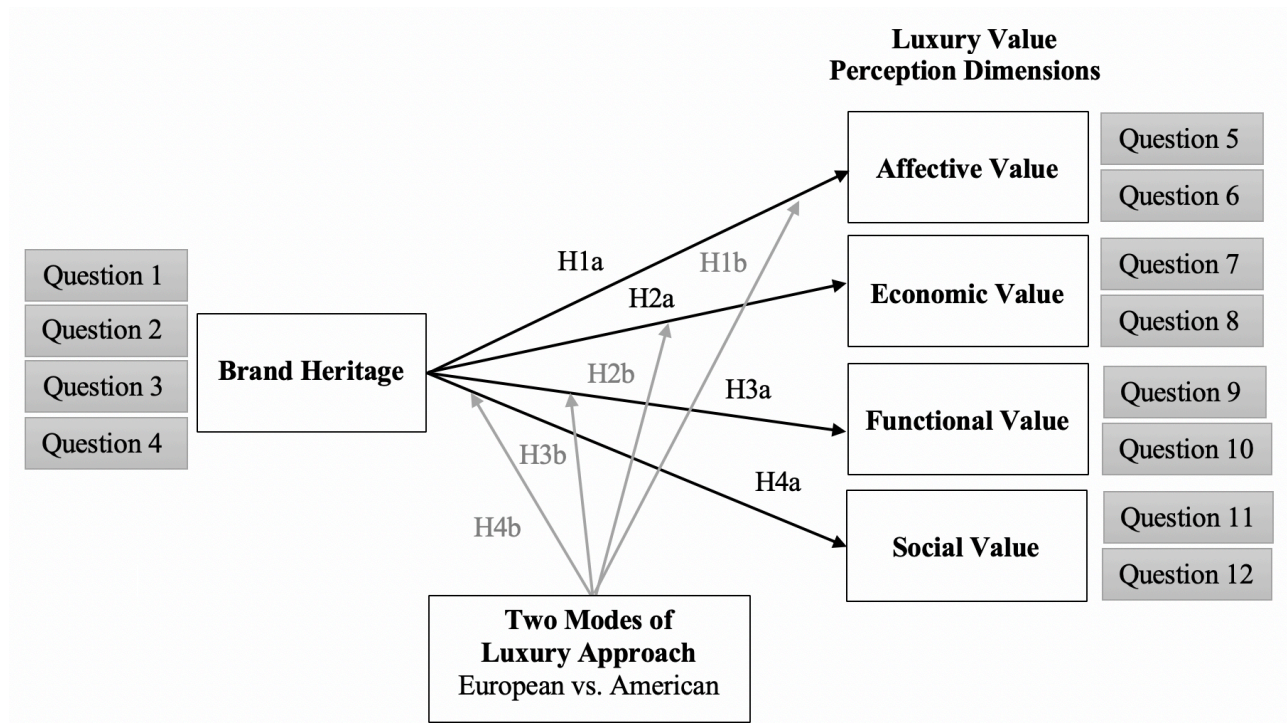
## APPENDIX 2

Summary of survey questions for participants.

**Which brand are you most aware of and would like to give your opinion on? However, it could also be a brand that you like the most, that you own or would like to purchase in the future.**



○  **Louis Vuitton**                    ○  **Ralph Lauren**

**Depending on which brand you previous choose, place answer the following questions:**

**1. I think this brand offers continuity over time ***

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

**2. This brand reinforces and builds on heritage ***

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

**3. This brand reflects a sense of tradition ***

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

## 4. This brand reflects a timeless design *

|  | 1 | 2 | 3 | 4 | 5 |  |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

## 5. This brand creates positive feelings *

|  | 1 | 2 | 3 | 4 | 5 |  |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

## 6. This brand evokes positive perceptions *

|  | 1 | 2 | 3 | 4 | 5 |  |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

## 7. This brand offers a lot for its price *

|  | 1 | 2 | 3 | 4 | 5 |  |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

## 8. This brand is worth its price *

|  | 1 | 2 | 3 | 4 | 5 |  |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

## 9. This brand stands for appropriate products *

|  | 1 | 2 | 3 | 4 | 5 |  |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

## 10. The products of this brand are very suitable *

|  | 1 | 2 | 3 | 4 | 5 |  |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

## 11. People who own this brand will be seen in a positive light *

|  | 1 | 2 | 3 | 4 | 5 |  |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

## 12. The owner of this brand will be positively accepted by others *

|  | 1 | 2 | 3 | 4 | 5 |  |
|---|---|---|---|---|---|---|
| Strongly disagree | ○ | ○ | ○ | ○ | ○ | Strongly agree |

BACK          SUBMIT

# APPENDIX 3

Model Summaries of Regression Analysis

```
OUTCOME VARIABLE:
 Affective Value

Model Summary
         R      R-sq       MSE         F       df1       df2         p
     .4329     .1874     .8323    9.5296    3.0000  124.0000     .0000

Model
           coeff        se         t         p      LLCI      ULCI
constant  -.0003     .0807    -.0034     .9973    -.1599     .1594
Heritage   .4317     .0811    5.3238     .0000     .2712     .5922
Two Modes  .0580     .1681     .3449     .7307    -.2748     .3907
Interaction -.0258    .1717    -.1503     .8808    -.3657     .3141
```

```
OUTCOME VARIABLE:
 Economic Value

Model Summary
         R      R-sq       MSE         F       df1       df2         p
     .3367     .1134     .9081    5.2852    3.0000  124.0000     .0018

Model
           coeff        se         t         p      LLCI      ULCI
constant  -.0007     .0842    -.0085     .9932    -.1675     .1660
Heritage   .3173     .0847    3.7461     .0003     .1497     .4850
Two Modes  .2281     .1756    1.2988     .1964    -.1195     .5757
Interaction -.0669    .1794    -.3728     .7099    -.4219     .2882
```

```
OUTCOME VARIABLE:
 Functional Value

Model Summary
         R      R-sq       MSE         F       df1       df2         p
     .4135     .1710     .8491    8.5260    3.0000  124.0000     .0000

Model
           coeff        se         t         p      LLCI      ULCI
constant   .0001     .0815     .0016     .9987    -.1611     .1614
Heritage   .4101     .0819    5.0074     .0000     .2480     .5723
Two Modes  .1348     .1698     .7940     .4287    -.2013     .4709
Interaction .0124    .1734     .0714     .9432    -.3309     .3557
```

```
OUTCOME VARIABLE:
 Social Value

Model Summary
         R      R-sq       MSE         F       df1       df2         p
     .3394     .1152     .9062    5.3815    3.0000  124.0000     .0016

Model
           coeff        se         t         p      LLCI      ULCI
Constant  -.0024     .0842    -.0285     .9773    -.1690     .1642
Heritage   .3012     .0846    3.5598     .0005     .1337     .4687
Two Modes -.1948     .1754   -1.1106     .2689    -.5420     .1524
Interaction -.2242    .1792   -1.2511     .2132    -.5789     .1305
```