

Developing a Shopper Typology of Millennial Luxury Consumers Using a Holistic Systems Framework

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Background. The millennial segment has stimulated a dramatic change in consumer shopping behavior, and as a result, luxury department stores have struggled to find relevancy with this consumer group. According to Beauloye (2021, para. 5), "...millennials are the growth engine of the luxury industry and the new power purchasers." O'Carroll (2019) noted that millennial consumers expect a great customer experience at every touchpoint in the consumption process including same and next-day delivery options, real-time shipping updates, and customer-focused returns models. Interestingly, millennials seemingly have an increased desire for luxury items, whether it be watches, jewelry, clothing, or shoes yet hold a negative attitude towards luxury department stores (Donnelly & Scaff, 2013). However, luxury department stores are finding it difficult to attract and retain the millennial cohort, the largest living adult consumer group in the market today (Fry, 2020) with major purchasing power (Beauloye, 2021; Donnelly & Scaff, 2013). Therefore, luxury department stores, like luxury brands, must find a way to gain traction with millennials to grow their market share. Thus, they must gain an understanding who these consumers truly are. Thus, the purpose of this study was to develop a shopper typology of the luxury millennial consumer segment based on a holistic systems perspective. While considerable research has been conducted on consumer shopping typologies, there is a void of literature relating to luxury shopper typologies or studies classifying the emerging generation of dynamic luxury shoppers. Therefore, a major need for a study such as this exists.

Theoretical Framework. For this study, the human ecosystem framework (Bubolz et al., 1980), a version of general systems theory (von Bertalanffy, 1968), was utilized to gain a better understanding of the system of the millennial luxury consumer. The current study similarly employed systems theory to provide a means for conceptualization of the millennial luxury consumer and their interactions with the luxury department store in the context of the changing retail environment. This model embeds the millennial luxury consumer (human environment unit; HEU), human behavioral environment (HBE), and the human constructed environment (HCE) all within the context of the natural environment (NE).

Methods. To gain a better understanding of millennial luxury shopper psychographics and ultimately develop shopper typologies, 18 shopper psychographics, previously found by Slaton et al. (2021), were used and tested quantitatively, first with a pretest sample and then with a larger national sample of millennial luxury consumers using an online survey. The online survey, which consisted of demographic questions and reliable scales (Nunnally & Bernstein, 1994), was distributed in partnership with Qualtrics Research Services. To identify the millennial luxury shopper typologies based on shopper psychographics, latent profile analyses were performed using Mplus Version 8 (Muthén & Muthén, 2017).

Results. Of the 1,374 surveys collected by Qualtrics Research Services, 270 were deemed usable (19.7%) and available for analysis by the researcher. The sample demographics included 52.2% female and 47.4% male. Most respondents were white (65.9%), had a bachelor or graduate degree (33.0% and 33.7%, respectively), and had an income of \$50,001-\$150,000 (55.5%). After reliability and validity testing, the following 11 millennial luxury shopper psychographics were revealed: (1) multichannel shopper, (2) peer pressure, (3) need for uniqueness, (4) special occasion/gift giver, (5) social media user, (6) self-identity, (7) frugality, (8) quality, (9) need for personalization, (10) need for technology, and (11) sustainability. These factors provided a representation of the components of the theoretical framework including the HEU (e.g., self-identity, need for uniqueness, quality, and frugality), the HBE (e.g., peer pressure, special occasion/gift-giver, and social media user), the HCE (e.g., need for digital technology, multichannel shopper, and need for personalization), and the NE (e.g., sustainability). Latent profile analyses was then conducted based on the 11 millennial luxury shopper psychographics, revealing a four-class solution as best fit for describing millennial luxury shoppers. The four classes included: (LC1) *The Image-Driven Luxury Shopper*, (LC2) *The Hyper-Social Luxury Shopper*, (LC3) *The Values-Driven Luxury Shopper*, and (LC4) *The “I Want it All” Luxury Shopper*. Finally, group membership based on demographic variables (e.g., gender, ethnicity, etc.) was analyzed for each group concluding differences based on gender only. Each shopper profile is summarized in Figure 1.

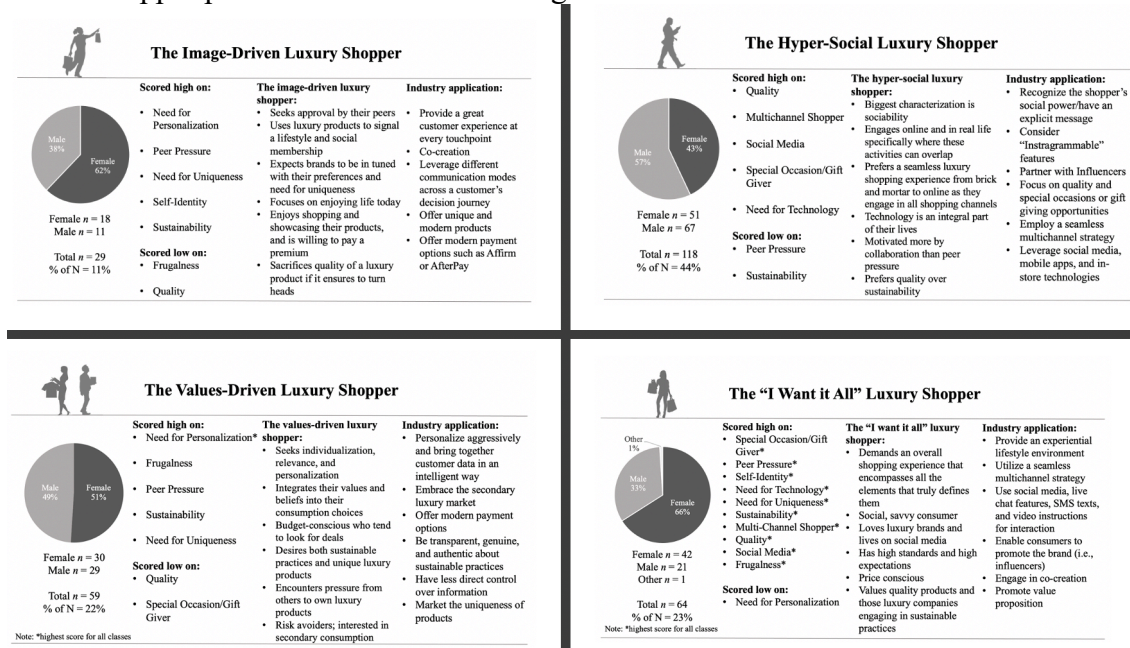


Figure 1. Summary of The Image-Driven Luxury Shopper, The Hyper-Social Luxury Shopper, The Values-Driven Luxury Shopper, and The “I Want it All” Luxury Shopper Profile.

Conclusions. The findings of this study aligned with the theoretical framework, suggesting that the millennial luxury consumer (HEU) interacts with and is influenced by the HBE (i.e., social influences, digital technology, experience), the HCE (i.e., retailing selling channels, social media), and the NE (i.e., the retailing industry, market, trends). Results of the current study provide industry executives in-depth information on customer profiles which includes shopping and product preferences, motivations, and customer expectations. In addition, the findings can influence strategic adaptations for luxury retailers to help attract and retain millennial luxury consumers while also supporting business sustainability in the current challenging retail environment. Additionally, results from this study can further inform future course curriculum that will enable students to learn about the changing retail environment and the changing customer preferences which will inform proper skills when entering the workforce.

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