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*Luxury retail brands and their consumers in  
emerging markets:  
developing mobile marketing and sustaining the brand value*

*Larry w.k. LEE*

*Thesis submitted in fulfillment of the Degree of Doctor in  
Business Administration*

*Durham University*

*Business School*

*(Supervisors: Professor Michael Blakemore*

*Professor Michael Nicholson)*

**MAY 2016**

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without the prior written consent and information derived from it should be acknowledged.*

## Acknowledgement

*This thesis is dedicated to my parents who were the professional tailors. Since they would not be able to compete with the technological developments for mass productions, machines finally replaced their jobs. The programmed production lines provide ready-to-wear fashions that could satisfy the explosive demand from the middle classes who benefited from globalization. Before the ready-to-wear fashions, the tailoring services were for individual customers who would afford to consume. The common disadvantages of handicraft industries are: slow and expensive. Especially during the era of modernization, the middle class might look for time and cost efficiency and the variety to uplift their quality of livings. Results of these technological and economic developments, the skilled labours were replaced by production lines and my parents were forced to retire.*

*The thesis is aiming to create jobs for human to work with machine (not for) based on the availability of interactive emerging technologies. The proposed concept of Gearbox of Exchange would create secured and interactive individualized interface between the consumers and the brands to generate more personalized services. It simply means to integrate more humans into the services through virtual engagements to satisfy the needs of individuals.*

*To justify the debate and arguments, my supervisor team offered me excellent supports. Professor Blakemore enlightened me to think "out-of-box" for the development of Gearbox of Exchange linking up the mobile technology with luxury consumptions. And Professor Nicholson guided me through the academic jungle to present the concepts in scholastic approaches.*

*Thankfully, during the difficult time to write the arguments, I have received unparalleled supports from my wife Grace and my daughters Michelle and Yinyin as well as my assistant, Brenda, in Avanti. They encouraged me to fulfill the tasks. Indeed, I am grateful to engage with my customers of the luxury brands into the study. They understood my intention to integrate academic knowledge and business know-how through the study of mobile technologies for luxury consumptions. Therefore, I would understand through their lens into operational philosophies about the consumer marketing and applications of technology. This direct learning experience to generate knowledge from perspectives of major luxury conglomerates was exclusive and it would be the first attempt so far.*

*For the understanding of consumers, Mr. Chris McDonald, Ms. Jacqueline Ip and Mr. Richard Chen had organized a series of individual interviews. All invited interviewees had extensive shopping experience in traditional luxury markets such as London, New York, Tokyo, Paris and Hong Kong and have been living in Dubai, Moscow and Shanghai for a long while. Thus, the findings from the brand managers and individual consumers would triangulate and qualify the data analysis. Therefore, I was so pleased to have their local knowledge to navigate into unknown markets.*

*Most importantly, Dr. Dave Brauer has been energetically pushing me forward with books and ideas. Honestly, without all these passionate individuals, I might not be able to comprehend the complicated academic and business knowledge constructively into this DBA thesis.*

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## Abstract

Understanding an individual's self-interests remains a challenging task for consumer marketing because brands have no direct access to individual's inner mind in order to satisfy his or her consumption-related wants, needs and expectations. In the case of luxury brands, customer service experts only seek to maintain close relationships with wealthy and elite customers, and they cannot extend the same individualized services to mass-market consumers. Among the new middle classes in emerging markets, consumers do not have strong brand attachments, but they do have high purchasing power with regard to luxuries. To bridge this gap, mobile technology could be an ideal interface through which luxury brands could enhance interactive communication and engagement with consumers. Nevertheless, research findings have revealed major discrepancies in the adoption of technology. While luxury brands have been 'slow' in their adoption of such technologies, consumers have adopted mobile devices as extensions of themselves in the digital world, which greatly enrich their lifestyles. Therefore, a medium should be developed to bridge this gap. The Gearbox of Exchange is proposed to help integrate the consumer's self-interests with those of luxury brands. Through conditional access with a mutually agreed-upon exchange value to balance privacy concerns and financial risks, the consumer might be willing to share customized information with the brands with which they trust to engage. The luxury brands will benefit from the sharing of this customized information, as they can better predict an individual's preferences and choices. This virtual engagement will revitalize customization to activate personalized services for every individual. These mutually agreed-upon interactions will develop into a mutual interdependence, a B2B2C relationship. This bond will protect brands from severe competition. More importantly, their knowledge of customized information, which is provided through their direct access to consumers' self-interests, will fill the black box of radical behaviourism and enhance these brands' abilities to predict individual choices. Therefore, the knowledge generated from the Gearbox of Exchange will not be meaningless to transform consumer analysis into micro marketing.

## Chapter 1 Introduction

The innovations enabled by the Internet have transformed the role of marketing functions from the agency of marketers to the agency of consumers. For example, consumers can base their shopping habits on their self-interests and surf the web sites to search the products that they would like, rather than be restricted to products that are available in place-based retail locations (Lindridge et al., 2015, Paul and Veena, 2015, Waters, 2013, Kucuk, 2009, Shapiro, 1999, Kotler, 1989, Achrol and Kotler, 1999).

Indeed, internet-enabled technologies have successfully enabled the interactive mobile telecoms context. The ubiquity and flexibility of mobile phones has facilitated the popularity of mobile devices, both in work and social contexts. Mobile devices have also become essential for the extended self of consumers in the virtual digital world, and to stay connected with (almost) anyone and anything that they would like to engage anytime and anywhere (Belk, 2013, Kolsaker and Drakatos, 2009, Brown and Palvia, 2015, Wachter et al., 2012, Kim et al., 2013).

The interactivity and connectivity of mobile technologies offers consumers the easy ability to access retail opportunities, but it also requires that retailers also have ubiquitous access to the data relating to the consumers. This presents considerable privacy and security challenges. There is not unanimous consent between the USA, the European Countries, the Middle East and the Asian countries about how to standardize regulatory controls for the use of Internet. Thus, consumers might lack sufficient data protection, or they may risk invasions of their privacy through the abuse or misuse of their data. More importantly, these risks can affect the behavior of consumers, making them more resistant to using Internet retail, or being annoyed by the social cost of receiving unwanted communications, knowing that their personal data was used in the targeting of the communication. There also are monetary costs, where consumers bear the monetary burdens (mainly in terms of

wasted time) of receiving irrelevant communications. Therefore, the opt-out and opt-in decisions are often the mechanisms provided to consumers to minimize unwanted communication. Thus, consumer opt-in permission for acceptance has become a critical factor for the success of mobile engagement (Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Jayawardhena et al., 2009, Smutkupt et al., 2010, Goldfarb and Tucker, 2011b, Petty, 2000, Peters et al., 2007, Baltierra et al., 2016, Eastin et al., 2016, Campbell and Kwak, 2010, Yermekbayeva, 2011).

Successful engagement requires acceptance. But acceptance and engagement are different in terms of definition, conceptual foundation, and application. Acceptance generally refers to the stage in which something is selected. Engagement refers to the state of being involved, occupied, retained and intrinsically interested in something. Engagement is not a momentary and specific state but it is a more persistent and pervasive cognitive-affective state. Thus, engagement is beyond the concept of acceptance, which is a subset of engagement (Kim et al., 2013).

Mobile engagement refers to the consumers' continuous engagement with the brands through mobile devices.

Engagement behavior is facilitated by a smartphone's variety of applications and the range and flexibility of consumer choices to access services and to communicate. Engagement behaviors include individual self-interests in relationship to the perceived value, motivations, experience and control to choose and to engage with the brands. A consumers' continued engagement is important as it offers immediacy, relevance to user, efficiency and productivity in daily activities. Therefore, the interactions between consumers and the brands can work to create a new and secured social system to engage in order to satisfy the needs of individuals through mobile technology (Koloğlugil, 2015, Kim et al., 2013, Wachter et al., 2012, Kearsley and Shneiderman, 1998, Babin et al., 1994).

Indeed, engagement behavior was the traditional way for luxury brands to serve their customers in the past. Highly personalized service would satisfy the

expectations of individual customers, who would represent a highly heterogeneous group. Individualisation worked where the customer community was small enough (and elite enough) for the luxury brand to afford personalisation. However, after the transformation through mass production and globalization, it was more the super rich and the elite customers could be afforded and enjoy the interactive personalized services from the luxury brands.

The potential consumer market for luxury goods has increased dramatically, for example through the increasingly affluent consumers in growing economies (China being a particular example), and through expanding consumer desire to purchase luxury good (airport shopping malls being a particular example of the positioning of luxury outlets). Especially, a new demand landscape of the middle class of the emerging economies has strong aspiration to pursue betterment of life through the luxury consumption (Kapferer and Florence, 2016a, Chen et al., 2015b, Sumich, 2015, Wang, 2015, Song et al., 2015, Tsang, 2015, McEwan et al., 2015).

Even though luxury brands have been diversifying their target markets, consumers could generally only consume through the point of purchase and the purchase options were not tailor-made for individuals. In order to match the heterogeneity of demands, luxury brands need to understand the needs of individuals from the mass market as well. Through the mobile technology, it might be feasible for the luxury brands to engage individual consumers to understand and predict the choices for their self-expressions (Bomme et al., 2014, Molesworth and Knott, 2013, Jung et al., 2013, Rudawska and Frąckiewicz, 2015, Merlo et al., 2015, Akinc et al., 2015a, Hursh and Roma, 2015, Fagerstrøm et al., 2015, Schaefer, 2014, Foxall, 2014, Kim et al., 2016, Kapferer and Laurent, 2016).

This pushes the luxury goods to adopt “trading down” supply from traditional rarity of happy few towards abundant rarity of happy many to meet the “trading up” demand from the middle class (Kapferer and Bastien, 2009b, Kapferer, 2012, Silverstein et al., 2008). Thus, the demand particularly from emerging economies has been predicted to sustain the growth of the luxury goods while the demands of

developed economies remained largely flat and stable (The Economist, 2014b, Liu et al., 2016, Cynanthia et al., 2016).

Using conventional personal channels is not a cost-effective option for luxury brands when focusing on the newer more mass-market consumers, but at the same time some form of personalization is important in discriminating luxury brands from other retail brands, and digitization has been the opportunity. The luxury brands have been facing financial challenges to invest heavily into the traditional place-based retail context, but this can be challenged by fluctuations in economic circumstances in emerging economies (and changes in perceptions of luxury such as China has experienced recently). Thus, the digitalization might be an effective and cost-efficient option for the luxury brands to penetrate into the emerging markets (Gapper, 2015, Friedman, 2014a, Okonkwo, 2009b, Okonkwo, 2009a).

In particular with the rapid uptake of mobile technologies, luxury brands could engage and understand the customers of mass market through mobile engagement in a way that previous communication technologies could not (Kim et al., 2013, Karjaluo et al., 2008b, Rogers, 2003, Park, 2009a, Thong et al., 2011, Venkatesh et al., 2011, Venkatesh et al., 2008, Shaikh and Karjaluo, 2015, Shukla et al., 2016). However, personalization would require access to potentially sensitive data about the consumers, and the more affluent the consumers the greater the risk if their personal data are compromised or misused.

Many luxury brands have transformed themselves successfully from family-owned stores into global conglomerates through the adaption to industrialization, innovation and globalization (Chadha and Husband, 2010). Furthermore, the definition of luxury consumption also follows the trends of developments to vary from time to time and place to place, and as a result it is difficult to define the unanimous concept of luxury consumption (Ali et al., 2016, Okonkwo, 2009b). Luxury consumption can be a philosophy referring to the lifestyle of individual rather than a specific products and services to consume (Okonkwo, 2009b). Indeed, the code of luxury would be more than cultural. The luxury brands might position at the

confluence between culture and conspicuous of the social success (Kastanakis and Balabanis, 2014, Wang and Griskevicius, 2014). However, monetary value would not be enough to define luxury goods because it would only measure the wealth of the buyer and not their 'taste' (Kapferer and Bastien, 2009b, Sjostrom et al., 2016), or their power, wealth and exclusivity – elements that have long been recognized as fulfillment of non-basic necessities for the self-expression of individual (Ali et al., 2016, Chandon et al., 2016).

*“Therefore, the definition of the luxury consumption would further extend into the self-concept of individual consumers to pick their choices with the subjective experiments, self-interests and self-motivations in order to match individual’s expectations from hedonic or symbolic or intrinsic and extrinsic needs” (Schultz and Jain, 2015, Porter, 2016, Ardelet et al., 2015).*

Through personalized consumption for their self-expressions, each individual would have their own ways to pursue the luxury consumptions. Based on the self-concept to encapsulate the consumers’ personality and self-perception, luxury items would be services or products that the consumers perceive the quality lifestyle with value such as fashions, jewelry, shoes, watches, wines, hotel, traveling and so on (Llamas and Thomsen, 2016, Schade et al., 2016, Campbell et al., 1996, Neisser and Usher, 1993).

In spite of the wider digital opportunities taken up by the retail sector, luxury brands have been slower in their participation into online business, often because of their traditional beliefs in land context retail, and being cautious about engaging with consumers in the virtual context. While the luxury brands are developing their online presence (adopt the trading down strategy to meet the trading up demand), consumers have already extended their digital self into digital world through mobile devices. Thus adoption of innovative technology might be solution for the luxury brands to engage individuals through virtual and personalized access (Gapper, 2015, Mosteller et al., 2014, Scarpi et al., 2014, Richard and Chebat, 2015, Michaud Trevinal and Stenger, 2014, Smith et al., 2013, Okonkwo, 2010, Kapferer and

Michaut-Denizeau, 2014, Mahyari, 2013, Wachter et al., 2012, Kim et al., 2013, Belk, 2013).

Increasing market share, diversifying the customer base (by targeting the affluent middle classes who have new money and new aspirations), while still maintaining exclusivity, is a key challenge, and the new group of middle class consumers is a key target market. Indeed, the Asian middle class has expanded by 525 million people. By 2030, 3 billion people will be in the middle class and the two third of them are living in the emerging economies. Chinese consumers have recently comprised more than 50% of luxury consumption in the global context. Most of their spending was conducted through the overseas and cross-border shopping. Even though the demands of luxury products have been retreated by the slowdown of the global economic crisis, and a crackdown of corruption (particularly affecting luxury consumption) in China during 2015, the future projection of demand remains optimistic. Especially, for the overseas shopping, the Chinese consumers enjoy the price arbitrage from the current exchange, the refund of VAT, and the price, to justify the trips (Tett, 2014, Sanderson, 2014, Zhou, 2013, *The Economist*, 2010, Bain, 2016, Waldmeir, 2016a).

In terms of value, the worldwide of luxury consumption topped €200 billion in 2013 and the forecasts are that consumption will continue to grow, with an expectation that the global demand might reach US\$40 trillion by 2020. This optimistic projection is mainly based on the future demand of the explosive growth of middle class from the emerging economies. For the production levels, the European Union estimated that production of luxury goods would reach €930 billion by 2020. Thus, emerging markets will create significant demands for individual luxury brands to sustain their growth, while also delivering exclusivity and personalisation. Therefore, it would be an opportunity for luxury brands to adopt the mobile technology to engage the new customers with new demands in the emerging markets (ECCIA, 2013, ECCIA, 2012, Paton and Sanderson, 2014a, D'Arpizio, 2014, Schultz and Jain, 2015, *The Economist*, 2014b, Chen et al., 2015b, Sumich, 2015, Wang, 2015, Song et al., 2015, Tsang, 2015,



McEwan et al., 2015, Kandogan and Johnson, 2015, Hout, 2015, Birdsall, 2015, Gapper, 2015, Schmitt, 2015).

## 1.1 The Knowledge Gaps and Solution

The objective of this thesis attempts to resolve the two knowledge gaps for phenomena associated with the availability of the emerging mobile technology through the introduction of a Gearbox of Exchange.

The first knowledge gap is how to get the permission from individual consumers to engage with the brands through mobile context, and this phenomenon has not been effectively resolved since the availability of interactive mobile technology for marketing.

The second knowledge gap is how to apply mobile technologies to engage the new luxury customers in the new emerging economies. This phenomenon arises from the luxury brands to trading down the supply to meet the trading up demand from the growing numbers of middle class consumers in the emerging markets.

For the gap of permission, mobile technologies offer, the brands to access the consumer's personal information. Through the interactive ability, consumers could choose not to permit access in order to avoid any potential threats from untrustworthy marketers. Consumers would not grant unconditional acceptance to marketers and thereby bear all the risks and costs in associations to the mobile marketing. Building trust is critical for the establishment of mobile engagement, and permission should only be granted voluntarily to match with the individual's self-interests, and the costs (such as transaction costs for a call/message) being at the expense of the marketing firms that they would trust to engage with (Salojärvi et al., 2015, Laszlo, 2009, Jayawardhena et al., 2009, Smutkupt et al., 2010, Barnes and Scornavacca, 2004, Kavassalis et al., 2003, Seth, 1999, Foxall, 1999, Kim et al., 2013).

After getting the permission, the second gap will be how to communicate luxury brand value so as to engage the new customers interactively and continually in the mobile contexts. Overcoming the second gap would avoid unnecessary financial investments into the land retail contexts, especially in some more (economically) volatile emerging economies. Furthermore, the increased market size generated when luxury brands adopt the strategy for trading down supply to meet the trading up demand, risks losing direct connectivity and personal engagement with new customers. Luxury brands need both to recruit and retain new consumers from the emerging markets, especially when the consumers may lack brand knowledge. It is essential for the brands to invest and establish into the long-term relationship with the new customers with strong purchasing power (Schmidt et al., 2016, Lawry and Choi, 2016, Shukla et al., 2016, Bain, 2016, Waldmeir, 2016a, Grewal et al., 2016, Schultz and Jain, 2015, Ye et al., 2015, Giovannini et al., 2015, Kastanakis and Balabanis, 2014, Kastanakis and Balabanis, 2012, Rocereto et al., 2015, Merlo et al., 2015, Duh, 2015, Bilge, 2015, Akinc et al., 2015a, Ardelet et al., 2015, Millan and Reynolds, 2011, Bartels and Johnson, 2015, Fagerstrøm et al., 2010, Foxall, 2014, Foxall, 2010a, Landon, 1974, Elster, 1986, de Araujo Gil et al., 2016, Llamas and Thomsen, 2016, Hillenbrand and Money, 2015, Compeau et al., 2015, Gil et al., 2012, Sirgy, 1982, Truong and McColl, 2011).

Therefore, the concept of a Gearbox of Exchange would create a virtual interface for the luxury brands to understand the consumers individually, securely, and with trust. Based on the individual needs, luxury brands would develop personalized shopping assistance for individual consumers based on their self-interest. There is much academic research focusing on the self-interest of consumer for the luxury consumptions. Thus, the Gearbox of Exchange would provide a mechanism for accessing the customized information to understand the individual needs of individuals.

As a potential solution for filling up the gaps, the Gearbox of Exchange is a concept to develop for integration the interests of the consumers and the luxury brands within the virtual context. Trust is the foundation-stone of the relationship between

consumers and luxury brands. Through the mobile engagement, consumers would exchange their customized information with the luxury brands in exchange for personalized services. Thus, the new group of consumers could be recruited into the luxury environment to enjoy virtual customization and personalization (Bomme et al., 2014, Molesworth and Knott, 2013, Jung et al., 2013, Rudawska and Frąckiewicz, 2015, Kotler, 1989, Achrol and Kotler, 1999, Shaikh and Karjaluoto, 2015, Sanakulov and Karjaluoto, 2015).

## 1.2 The BPM for the operation of the Gearbox of Exchange to fill the Gaps

The Behavioral Perspective Model is selected to elaborate and evaluate the conceptual development for the Gearbox of Exchange. The concept of the Gearbox will facilitate the relationship through relevant incentives to motivate consumer engagement.

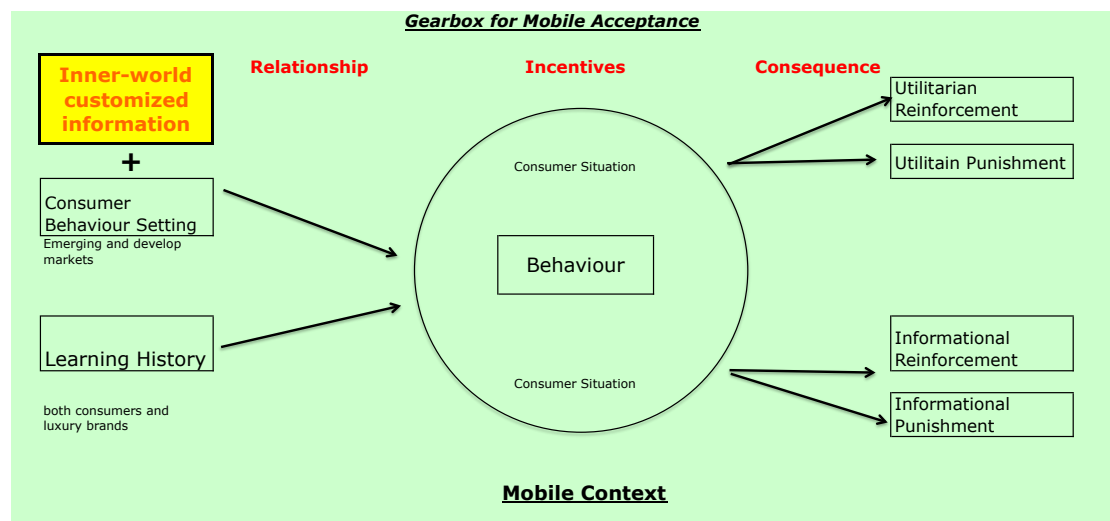


Figure 1 Behavioral Perspective Model (Foxall, 2010b) modified by Author

Through the dual-value concept, consumers may be remunerated to provide customized information to the luxury brands that they would trust to engage. The operation of the BPM explains the logical flows and influence between the relationship, incentives and consequence for the engagement process (Graca et al., 2015, Wansink, 2015, Foxall, 2015a, Foxall, 2015b, Foxall, 2014).

Concerning the gaps for luxury brands to engage with the customers, the bilateral contingency elaborates the interactions between the brands and the consumers. The brands would evaluate the consumer behavior setting of the customized information and learning history. Therefore, personalized offers and services should be relevant to motivate and influence the individual's purchase intent. As the consequence, the consumers might respond positively to the personalized offers. Since the final decision to engage is based on the individual's self-interests, the self-interests would change from time to time so that the consumers might accept or refuse the personalized offers. Nevertheless, the frequent interactions through pleasure, arousal and dominance would increase the relevance to enhance the experiences of both parties. Therefore, the customized information with interactivity would reduce the reward predication error so that the brands would offer the stimuli matching the individual's expectations (Foxall, 1986b, Foxall, 2014).

Through the Gearbox of Exchange, the virtual engagement will take place in a secure virtual environment between the brand and the consumer individually. It would offer the brands and the consumers to circulate with the brand value (trust) to maximize the behavioral outcomes through reinforcements and minimize the damage of negative outcomes (Shaikh and Karjaluto, 2015, Sanakulov and Karjaluto, 2015, Nwankpa, 2015, Jayawardhena et al., 2009, Foxall, 2014) .

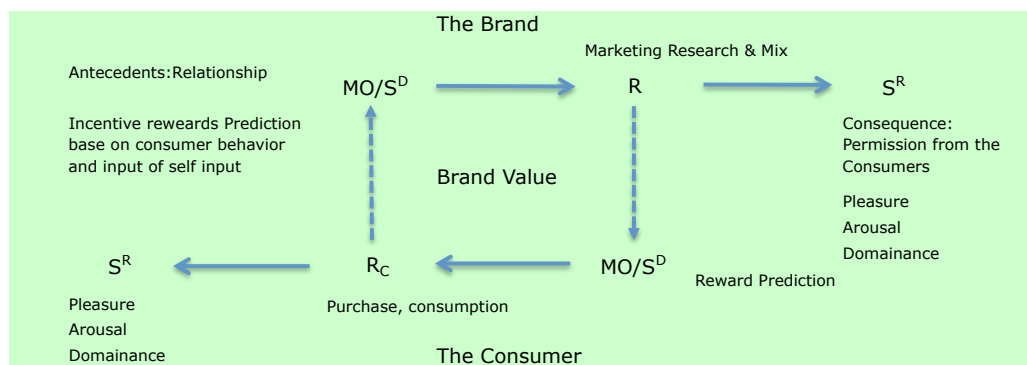


Figure 2 Marketing Bilateral Contingency (Foxall, 2010b)

### 1.3 Theoretical Justifications for the Gearbox

The concept of Gearbox might facilitate customization for the middle class luxury consumers to enjoy personalized service in the virtual market context. It would integrate the consumption and production into the new mobile context through the interactions between the consumers and the brands. The transformation process will stimulate the motivation for consumption before production with following theoretical justifications.

First, the costs of the access to services via mobile devices are currently borne by the consumers, who pay for the data costs and bear the social costs (Peters et al., 2007). However, in the Gearbox the brands should be responsible to all marketing costs. In the media operation, the brands should pay costs to intermediaries like Facebook and Google for the implementation of mobile marketing. However, in conventional marketing contexts the intermediary company would not share the media revenue with the end-users, the consumers. Thus, not only is it unfair for the consumers to bear the operational costs of mobile marketing, and they should be compensated. Therefore, the Gearbox operates to justify the fair exchange process between the consumers and the brands in the mobile context. Upon the mutual consent of a fair value mechanism, the consumers will be incentivized to provide the customized information to the brands in the secured mobile context (Foxall, 1999, Ladhari and Tchetgna, 2015, Sarmiento et al., 2015, Mayser and von Wangenheim, 2013).

Second, based on the Marx's theory of dual value, the commodity should have two values, the use value and the exchange value. As the consumer owns the mobile device, it has the use value for the consumer and the exchange value to provide mobile access for the luxury brands (Marx, 1992b). Therefore, with a pre-agreed and fair compensation for the value incurred, the consumers might justify granting conditional acceptance in exchange for the relevant personalized services. The continual interactions would adjust and minimize discrepancies between the values

of exchange for the customized information and the personalized service. However, the exact of combinations of exchange with informational and monetary incentives would vary from individuals and situations. Both parties should collaborate to maximize the benefits among the choices to match and satisfy the self-motivation of individual for consumption. Because of the continual collaboration, the mutual interdependence will develop for a long-term relationship (Bolderdijk and Steg, 2015, Liu and Shih, 2014, Restuccia et al., 2015, Shen et al., 2012, Alba et al., 1997, Yamabe et al., 2009, Seth, 1999, Kavassalis et al., 2003, Barnes and Scornavacca, 2004, Karjaluoto et al., 2008a, Karjaluoto et al., 2008b, Jayawardhena et al., 2009, Smutkupt et al., 2010, Yermekbayeva, 2011, Foxall, 2014, Foxall, 2015b, Foxall, 2015a, Richins and Dawson, 1992, Graham, 1999, Hudders and Pandelaere, 2012, Duh, 2015).

Third, the monetary and informational incentive would not override the opt-out decision by consumers to any marketers that they do not trust, or wish to engage with. Therefore, trust is the foundation-stone for the consumers to justify the risk with the social costs for the exchange process (Peters et al., 2007). In the event, consumers find that where marketers are not trustworthy, they should opt-out and have their customized information removed. Thus, with untrustworthy marketers, the incentive value would be meaningless. Nevertheless, the trust of the brand value is the key asset of the luxury brands in charging premium prices for their quality products and services. Therefore, the trust value remains the key for the technological evolutions to establish the relationship through mobile engagement (Song et al., 2012, Lantieri and Chiagouris, 2009, Chaudhuri and Holbrook, 2001, Kim et al., 2010, Christopher, 1996).

Fourth, through the development of the interactive one-on-one engagement, individualization would transform the marketing focus from the traditional 4Ps marketing technique into the relationship marketing for the individual. More importantly, academic research emphasizes studying the inner states of individual in order to understand their needs and wants. Before the availability of the emerging interactive mobile technologies, there was no single experiment that would examine

the spider's web of an individual's mind map. Therefore, the Gearbox offers an interactive and ongoing exchange process between the brands and the consumers. Thus, brands would understand the inner states of consumers through customized information for the individual's interests. Learning from the self-interests with the intrinsic and extrinsic needs of individuals, the brands should match the choices through the relevant personalized service. Thus, the interactive relationship would transform into the mutual interdependence and the bonded relationship will help 'immunize' the brands from the competitive threats (Foxall, 1984a, Compeau et al., 2015, Bettencourt et al., 2015, Jones et al., 2015, Diffley and McCole, 2015, Verma et al., 2015, Khakimova Storie, 2015, Gressgård and Hansen, 2015, Storbacka et al., 1994, Sheth and Parvatiyar, 1995b, Sheth and Parvatiyar, 1995a, Grönroos, 1994, Rocereto et al., 2015, Costa, 2015, Fagerstrøm et al., 2015, Yani-de-Soriano et al., 2013, Foxall, 2014, Foxall, 2015b, Foxall, 2015a, Foxall and Sigurdsson, 2013, Maslow, 1965, Maslow et al., 1970, Maslow and Lewis, 1987, Giovannini et al., 2015, Hillenbrand and Money, 2015, Wilson, 2012, Kastanakis and Balabanis, 2014, Schaeffers, 2014, Wang and Griskevicius, 2014).

Fifth, the individualized gearbox would avoid the concerns about marketing across geographic, cultural and demographic differences. The customized information represents the direct self-interest and self-control about the choices so that accuracy is verifiable. Through the interactive and self-regulatory procedures, the outcomes would also be more predictable. For instance, the correct match of incentive would generate hedonic consumption for the consumers. This can avoid an incorrect match being punished by the consumer. Therefore, the availability of the Gearbox might be a viable alternative to provide a secure virtual environment for the consumers and the brands to engage and interact for consumption. The interactions between the consumer and the brand would enhance the accuracy of predications to increase the relevancy (Moon et al., 2008, Goss, 1995, Lu et al., 2009, Punj, 2011, Leitner and Rinderle-Ma, 2014, McCarthy, 2013b, Landon, 1974, Lee et al., 2011a, Lu et al., 2014, Baltierra et al., 2016, Eastin et al., 2016, Foxall, 2014).

Sixth, the Gearbox operates closely with the individual's self-concept. It provides an interface to communicate with the inner-states of the individual. The knowledge from the inner states might overcome blind spots of behaviorism, to treat the consumers as one-self to interact with the outer-world. From the logical positivism approach, the knowledge should be analytic and verifiable or meaningless. Thus, customized information is directly accessed through interactivity in an ongoing process with individual. The knowledge is analytic and verifiable and it will not be meaningless. Moreover, the information exchange may help speed up consumption. The Gearbox of Exchange will facilitate the process and provide relevant incentives for both the consumers and the brands to match their choices. Moreover, without the proper application of the technology, the improper access might be an illusion for the brands to pursue (Blumberg and Feigl, 1931a, Foxall, 1986a, Smith, 1986, Friedman, 1991b, McKelvey, 1997a, Murzi, 2007a, Skinner, 2011, Rogers, 2003, Scharl et al., 2005).

Finally, the Gearbox of Exchange integrates the self-interests of the individual with the luxury brands through virtual customization. Thus, the Exchange process offers a platform for the participants to share the expected outcomes through the medium of mobile technology. The success of exchange information would reduce uncertainty, and maximize the matching to create a favorable consequence for both parties. The integration through the exchange value would build the mutual interdependence for a B2B relationship based on the trust and mutual understanding to operate. Thus, the brands would base offers on customized information. The relevancy might stimulate the consumers to pursue the consumption with a simple B2C relationship. Eventually, through integration of information, the Gearbox has the potential to create a new virtual social context to establish a B2B2C relationship between the brands and the consumers. The relationship stimulates the motive of consumption before production (Marx, 1992b, Sixel, 1995, Marx, 1973, Kolođlugil, 2015, Sawhney et al., 2005, Qualman, 2009, Achrol and Kotler, 1999, Hoppe et al., 2014, Wachter et al., 2012, Kim et al., 2013, Landon, 1974, Rogers, 2003, Scharl et al., 2005, Robertson and Gatignon, 1986).



Therefore, the development of the emerging technology would transform the traditional marketing of 4Ps into the relationship marketing in order to develop a deeper and stronger mutual interdependence with the consumers. Moreover, the virtual engagements would ease the luxury brands' financial burden of land retail context to develop the relationship with the extended self of new customers in the new market contexts (Wachter et al., 2012, Kim et al., 2013, Costa, 2015, Rocereto et al., 2015, Belk, 2013).

#### **1.4 Academic Contributions of The Gearbox of Exchange**

The concept of the Gearbox of Exchange offers an opportunity for the consumers to share their needs and wants from the inner state of minds individually with the marketers. More importantly, marketers would interact with the consumers simultaneously and timely according to their self-interests. Because of this, the Gearbox of Exchange will respond to radical behaviorism that assumes the consumers to interact with the outer-world with oneself. Therefore, the consumers would share their inner-self and mind with the marketers and the concept might be able to satisfy the expectations of the dualism. Thus, the marketers would influence the consumers' behaviors through the understanding of the inner-world. Most importantly, the knowledge from the customized information is analytic and verifiable and it will not be meaningless (Skinner, 2011, Foxall, 1986a, Blumberg and Feigl, 1931a, Friedman, 1991b, McKelvey, 1997a, Murzi, 2007a, Smith, 1986, Baum, 2007)

For a luxury retail brand the concept of the Gearbox of Exchange would offer an interactive opportunity to integrate the interest of the consumers and the brands into a single platform. The engagement will create the mutual interdependent relationship to enhance the customization and personalization. Since the engagement is simply one-on-one through the mobile context, it should meet the criteria of simplicity, humanity and relevance to operate (Kotler and Pfoertsch, 2006, Akinc et al., 2015a, Costa, 2015).

From the relationship perspective, the exchange of the information for engagement will create a mutual interdependence B2B relationship. The relevant personalized services will stimulate the consumption to actualize through a B2C relationship. Therefore, the gearbox will integrate the interactive relationship into a B2B2C for the consumers and the luxury brands. More importantly, the mobile engagement is individualized and the situation could be replicated and modified anytime and anywhere (Grewal et al., 2015, Costa, 2015, Stavros et al., 2012, Bruhn et al., 2014, Chiu et al., 2014, Lemmens, 2015, Kang and Sohaib, 2015, Ta et al., 2015, Jipa and Marin, 2014b, Wachter et al., 2012, Kim et al., 2013).

Through interactive engaged relationship, the Gearbox of Exchange will stimulate the motive of consumption before production. When the motive of the luxury consumption stimulates the production, the customized production will need more skilled workers to produce the quality products to satisfy the expectations (Moore and Doyle, 2010, Riot et al., 2013, Merlo et al., 2015, Diffley and McCole, 2015, Anker et al., 2015). Eventually, the customized consumptions will create more job opportunities to serve the customers for both virtual and land market contexts (ECCIA, 2012, ECCIA, 2013). Indeed, personalized service will minimize the risk of over productions when the demand is more predictable. The mutual interdependence would then strengthen the competitive edges of the luxury brands (Costa, 2015, Verma et al., 2015, Sidin et al., 2015, Ruiz-Molina et al., 2015, Kauppinen-Räsänen et al., 2015).

## 1.5 The Analytical Framework

The Gearbox offers a virtual engagement for the luxury brands and the consumers to operate. Two individual analytical frameworks will be used to understand the intent of mobile engagement between two parties respectively.

### Framework for Project 1 with the luxury brand managers

Luxury brands are “slow” in their technological adoptions for the marketing activities. Since have been slow in the adoption, the development of interactive mobile engagement for the consumers remains under-developed.

Therefore, the analysis framework will be based on Theoretically Interesting Model (Park, 2009a) modified from the TAM2 model to test and analysis the technological acceptance of the brand managers through cognitive, affective and behavioral domains. The model looks into the individual, social and organization factors affecting the cognitive knowledge, affection and behavioral intent of the luxury brands to engage the customers in the mobile context.

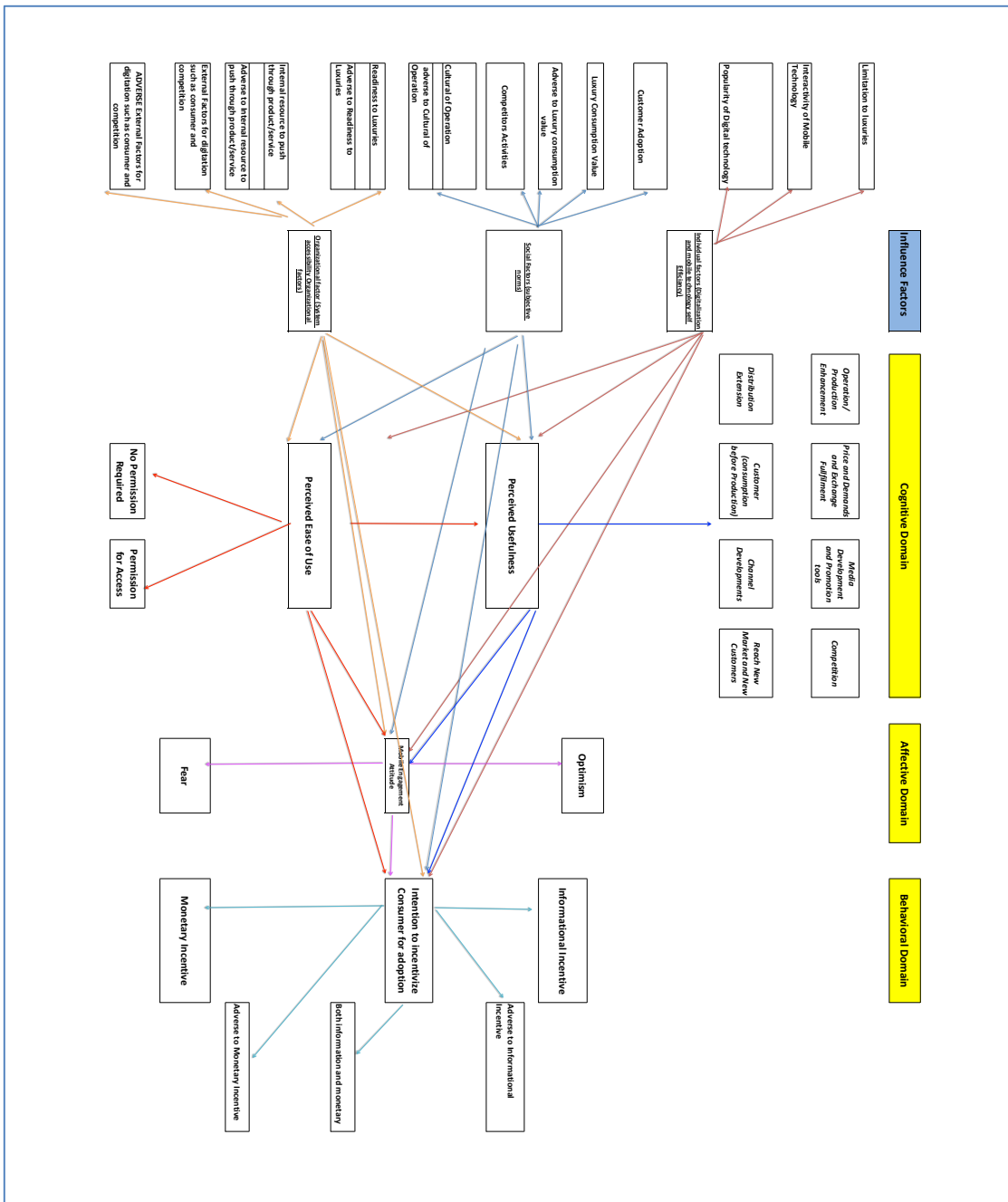


Figure 3 Modified from Theoretical Interesting Model (Park, 2009b) Source: Author

### Framework for Project 2 with consumers

For the consumers, the analytical framework is based on the concept of the unified theory of acceptance and use of technology 2 (UTAUT 2). The UTAUT 2 was developed to predict the consumer acceptance and user behavior (Venkatesh et al., 2011, Williams et al., 2015, Thong et al., 2011, Venkatesh et al., 2012b).

The framework focuses on interactions between the individual self-concept and the relevant mediators. The self-motivations of individualized drivers refer to the self-interests, extrinsic and intrinsic needs, and the trust in the brand. The mediators refer to the internal and external stimuli. The internal stimuli refer to the self-experience of individual consumers. The external stimuli refer to informational and monetary incentive offered by the brands to motivate the consumers. Therefore, the evaluation will discuss how the self-motivation of individual will be influenced by the self-experience and incentives of the brands to affect the self-control to select the choice for engagements with luxury brands (Wachter et al., 2012, Kim et al., 2013, Babin et al., 1994, Kearsley and Shneiderman, 1998).

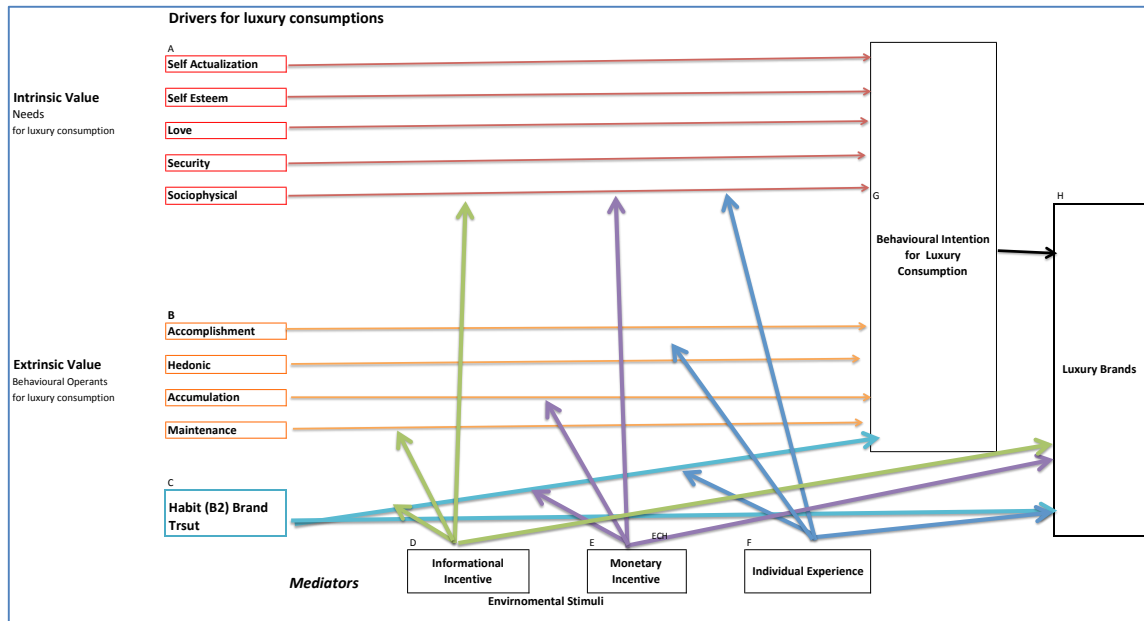


Figure 4 Modified UTUAT 2 (Venkatesh et al., 2012a) Source: Author

## The integrations

Before the availability of the mobile technology, it would not be commercially feasible to connect the consumers and the brands individually, interactively and simultaneously. Thus, the Gearbox is a new social system to integrate the intents between the brand and the consumer individually through virtual engagement. The virtual linkages would exchange the interests of the consumers and the luxury brands interactively through the Gearbox.

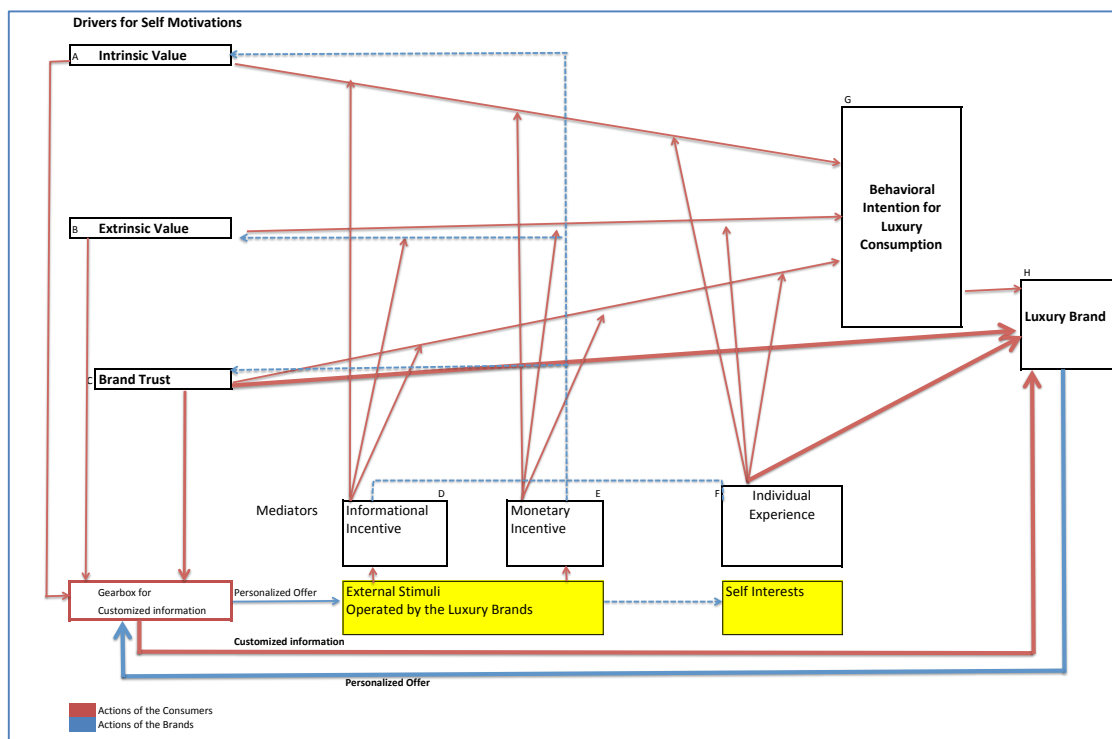


Figure 5 The Circulation of the Gearbox of Exchange source: Author

Most importantly, the operation of the Gearbox exchanges the knowledge of intents and interests between two parties. The outcomes of relevant personalized offer would stimulate the motive of consumption and production. The red lines refer to the action of the consumers and the blue lines refer to actions of the brand. Both the consumer and the brand would connect through the Gearbox of Exchange based on

trust. As a result, the brands would consolidate consumer information through the customized information and the behavioral outcomes, to construct the strategic mediators to stimulate the consumer individually. The interactions would transform the simple dependence into mutual interdependence through virtual engagement, a B2B2C relationship. When the consumers enjoy more personalized services, the Gearbox will stimulate the motive of consumption before production.

## **1.6 The Research Objectives and Methods of Inquiry**

The key research objective is to explore how the concept of Gearbox as a linkage to connect the consumer and the luxury brand individually for customization. The concept of the exchange value might be the changing agent and the mobile device would be just a tool for the adoption.

Nevertheless, mobile technology offers an opportunity to access the inner state of individual. This will facilitate the marketers to understand the choice of the consumer individually and match the complicate mind-map from the self-concept perspective.

Therefore, interactive discussions through interviews using a qualitative approach are more appropriate than quantitative research methods. Through interviews, the researcher will be able to participate, understand, evaluate, triangulate, interpret and discuss with the respondents (Mishler, 1990, Stenbacka, 2001, Seale, 1999, Morse et al., 2008, Golafshani, 2003, Maxwell, 1992, Denzin and Lincoln, 1994).

More importantly, the support from previous academic research is not strong enough to inform the expectations of this study. In particular with the information study areas for the mobile adoption at the individual level, the availability published literature reviews is quite limited (Sanakulov and Karjaluo, 2015). Also, limited qualitative research was found for the consumer behavior study of information technology and systems (Shaikh and Karjaluo, 2015).



For luxury consumption, with the limited studies of consumer behavioral through the self-concept of individual, the previous research was focused on consumer behavior towards brand value. Moreover, the consumer behavior literature generally views conspicuous consumption as the homogenous driver for the luxury consumption. Indeed, from the self-concept perspective, the self-motivations and self-experiences would drive the consumer needs for luxury consumption (Schultz and Jain, 2015, Kastanakis and Balabanis, 2014, Rocereto et al., 2015, Ye et al., 2015, Turunen et al., 2015, Zheng et al., 2015).

Therefore, the new knowledge should be developed for the concept of the Gearbox of Exchange. Thus, the qualitative research method is selected for the both studies, and non-probability sampling is applied for the both projects. Interviewees were selected based on their individual backgrounds and the experiences with luxury consumptions.

To ensure that both 'ends' of the Gearbox were evaluated, the direct involvement of luxury brand managers was critical. All the invited managers were senior executives of the luxury brands, and were responsible to the daily operation of marketing and media strategies for the regional and global contexts. It is normal corporate policy of many luxury brands not to allow their involvement in interviews without prior approvals at the executive level. However, because of the personal working relationship with the researcher, the brand managers were willing to participate at the personal level to discuss how the mobile technology would affect the luxury consumption, but on the strict condition of anonymity both of themselves and of their brand. Thus, the researcher was obliged to anonymise data, and to assure interviewees that data will not be used for any commercial activities. Importantly the researcher agreed to present an executive summary (abstract) of this thesis to all the participants.

The researcher directly participated into the discussion, the personal interpretation, triangulations and understanding of phenomenon. There is therefore a risk that

personal judgment might affect the quality of the findings and the analysis. Consequently, a systematic validity process is adopted to assure the quality of findings.

The validity process is evaluated through five broad categories: the descriptive, interpreting, theoretically, generalizability and evaluative validity (Maxwell, 1992). Thus, it aims to enhance the interpretation and understanding of the data through triangulations between concepts and relationship for different constructs, and to assure the applicability of findings.

### **1.7 The findings and knowledge**

The findings of the two studies (consumers and brand managers) indicated that 'contradiction' might be the keyword for luxury brands and the consumers to utilise mobile technology for engagement. Brand managers understood the optimism about the use of mobile technology, but feared the potential inappropriate applications of technology which might upset their consumers. Thus, managers are struggling with the conflict mind, risking that fear might take over from optimism in the development of mobile marketing.

Therefore, the concept of Gearbox Exchange could enhance the knowledge the managers' experience through the direct linkage with the individual consumers. Through the exchange process for matching, the luxury brands would learn how to communicate with individual and reduce and eliminate the fear of upsetting the consumers, with the incentive being the changing agent. Therefore, the adoption of innovative digital technology could enhance a competitive edge for the brands, and also enhance the consumption behaviors of the consumers (Van Harreveld et al., 2015, Van Harreveld et al., 2009, Rachlin, 2009, Bomme et al., 2014, Hirt and Willmott, 2014, Rogers, 2003)

For the consumers, they would explain their needs of the luxury consumption through the Gearbox of Exchange, expressing their needs from self-interests directly to the brands. Most importantly, the consumers would consider granting the conditional acceptance to engage with the luxury brands that they could trust to engage. Without the trust, the consumers would not risk with their customized information for the financial loss and their privacy. Thus, any incentive would be meaningless to the consumers from the untrustworthy marketers (Kim et al., 2013, Shaikh and Karjaluoto, 2015, Karjaluoto et al., 2008a, Sanakulov and Karjaluoto, 2015, Grewal et al., 2016, Kapferer and Florence, 2016a).

With regard to the application of incentive, the consumers would receive both monetary and informational incentives. The luxury brand managers found that the concept of incentive could trigger the awareness of value in the luxury consumption. Indeed, the luxury brands often do not display the price of retail goods to avoid the consciousness of monetary impact. Therefore, the concept of incentive might cause struggles for the brands to pursue. However, consumers have demonstrated their monetary consciousness through overseas shopping for take advantage of price arbitrage. Moreover, the off-seasonal sales would be a shopping moment for the price conscious middle class consumers. Nevertheless, it would need more research to justify the incentive as an instrument to motivate and reward the consumers for mobile engagement (Bolderdijk and Steg, 2015, Alba et al., 1997, Demirag et al., 2011, Kubanek and Snyder, 2015, Smith and Delgado, 2015, Shen et al., 2015, Jai and King, 2015, Bain, 2016, Waldmeir, 2016a, Adler, 2013, Parguel et al., 2016).

Luxury brands have been late entrants into the development of online stores. Therefore, the developing applications with m-Commerce with the mobile engagement may be a bigger challenge than conventional retail, particularly in the need for personalization. By using mobile technology to enhance customized service, and to engage, evaluate and predict the choices for individual consumers, luxury brands may increase their commercial reach and secure new affluent customers. The virtual marketplaces might develop into a new social environment to create the customized demands, and to match the personalized production and distribution in

order to satisfy individual consumers (Friedman, 2014a, Gapper, 2015, Mahyari, 2013, Schultz and Jain, 2015, Chen, 2015, Lawry and Choi, 2016, Koloğlugil, 2015, Sixel, 1995, Burkett, 1996, Shukla et al., 2016, Dyson et al., 1996, Christian and Ojasalo, 2015, Sheth and Parvatiyar, 1995b, Gronroos, 1990, Sheth and Parvatiyar, 1995a, Grönroos, 1994, Grönroos, 1984).

Chapter 2 presents the literature reviews to justify the knowledge gaps of this thesis and Chapter 3 sets out the methodology to investigate into the phenomena with systematic validity and reliability checks for the data analysis. The Chapter 4 elaborates the results and discussions. It will explain how the Gearbox of Exchange would fill the gaps for existing phenomena. Therefore, it is followed by conclusions in order to finalize the investigations and recommend the forward-looking steps.

## Chapter 2 Literature Review

### 2. The Luxury Retail Market

The demand for luxury products contributes significantly to European economies. ECCIA (2012), the European Cultural and Creative Industries Alliance, has predicted the new demand from the Asian markets and the high growth economies would stimulate the increased output of luxury producers. The prediction of growth would be up to €930 billion at 2020 from the level of €440 billion in 2010. To quantify the economic significance, €400 billion of 2010 outputs represented 3% of European GDP and 10% of all exports from Europe. More importantly, European luxury products accounts for 70% of luxury production globally. Increased demand of luxury production could generate jobs, and it is anticipated that around 2.2 million people will be involved in luxury production by 2020 (ECCIA, 2013, ECCIA, 2012, Daneshku, 2013, Bollen and Salsberg, 2013). This production will aim to meet the predicted demand, where the Associate Chambers of the Commerce and Industries of India also projected that total spending on luxury consumption would reach US\$40 trillion globally by 2020 (Schultz and Jain, 2015).

*The Economist* (2014b) notes (Figure 6) the new demand of consumption from the Chinese and other emerging economies has grown rapidly, while the demand from existing developed markets remained static, although these markets are important 'base' markets which must be retained while expansion happens in newer markets. In 2013, Chinese consumers contributed up to 50% of global luxury consumption, and most of the purchases were through their overseas shopping to the high streets of developed markets, such as Tokyo, New York, London, Paris and Hong Kong (Bain, 2016, Zhou, 2013, KPMG, 2014). Thus, the new middle class consumers of the emerging markets have clearly demonstrated their purchasing abilities and desire for luxury consumption (Kandogan and Johnson, 2015, Kravets and Sandikci, 2014).

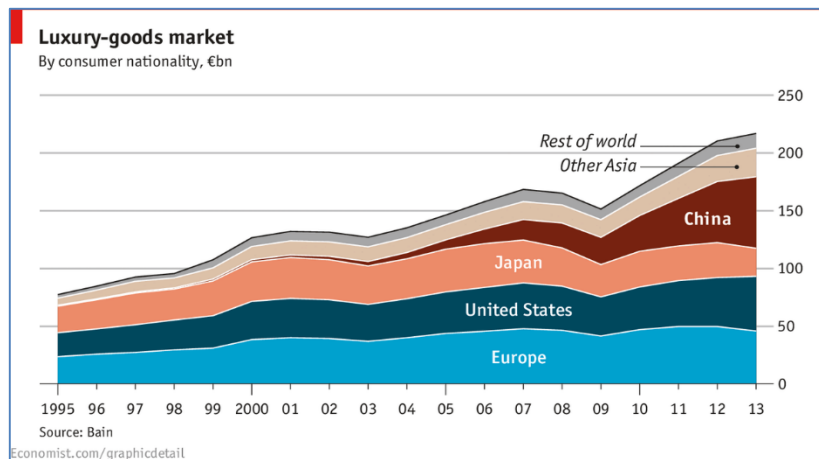


Figure 6 Luxury-goods market by consumer nationality (*The Economist*, 2014b)

For place-based consumption, new consumers are traveling to high streets in Europe, USA, Japan or Hong Kong to gain price arbitrage through the tax benefits, currency exchange rates, and pricing. The wider range of product choices, and levels of service justify the travelling costs of the shopping trips. (Friedman, 2014a, Marc, 2014, Smith et al., 2013, Kim and Kim, 2014, Resnick et al., 2014, Sigurdsson et al., 2010). The emerging middle classes are both physically and virtually mobile. They enjoy the economic freedom and travel overseas for the shopping of luxury products. In that context consumers of emerging markets from Brazil, Russia, India, China and Korea have already proven their purchasing abilities (Chadha and Husband, 2010, D'Arpizio, 2012, Husic-Mehmedovic et al., 2011, Auguste and Gutsatz, 2013, Schultz and Jain, 2015, Kandogan and Johnson, 2015, Song et al., 2015, Birdsall, 2015, Wang, 2015, Sumich, 2015, Schmitt, 2015, Rovai, 2014).

While the new markets have dramatically increased demand for luxury products and services, they are often sensitive to political and global economic turbulence. For example, in China in 2015 the anti-corruption campaign and the slowdown of economic developments significantly reduced the purchasing power for luxury products. Consequently, the fluctuations of demand in emerging economies could prove risky for developments through brick and mortar land retail. Since the establishment of traditional quality in-store environments might create heavy financial burdens for the luxury brands to bear, it can be difficult for the luxury brands to justify the financial commitment into the emerging markets, when the

sales revenue to be generated may fluctuate widely (*The Economist*, 2014b, Chen and Sethi, 2007, ECCIA, 2013, ECCIA, 2012, Fastft News, 2015, Brown and Daneshkhu, 2016, BBC Business, 2015, Paton, 2015).

## **2.1 Where are the customers for the luxury consumptions in the future?**

By 2030, it is predicted that 3 billion people would be in the 'middle class' and 2/3 of them might come from the emerging markets. More importantly, 525 million people have already been classified as the middle class living in Asia (Tett, 2014). The upward mobility into the middle class will strengthen their purchasing abilities and improve the standard of living (Prahalad, 2009, Samli, 2008, Jain et al., 2015, Seo et al., 2015, Hennigs et al., 2013, Daneshkhu, 2015, Resnick et al., 2014, Mishra and Ansari, 2013, Lee and Sundar, 2015, Carlin et al., 2014, Yim et al., 2014, Sandra et al., 2014). *The Economist* (2014b) forecasts would triangulate and match with projections of production from the ECCIA about the increase of luxury production (ECCIA, 2013, ECCIA, 2012) and the forecasts of consumption from the Associate Chambers of the Commerce and Industries of India (Schultz and Jain, 2015).

In developed economies, the growth of demand would be more difficult to expand. The middle class could be between the rich and the poor (the term 'squeezed middle class' referring to those who are experiencing wage increases less than the increase in the cost of living) with limited opportunities to grow and improve their standard of living, especially in the context of discretionary luxury spending. Therefore, the headroom for the luxury consumption in the developed economies might be very limited (D'Arpizio, 2014, D'Arpizio, 2013, D'Arpizio, 2012, Schultz and Jain, 2015, Hout, 2015, Pimlott, 2011, Lucas, 2013). Consequently, the forecasts for luxury consumption show a large and increasing, but volatile, middle class demand in emerging economies, and a need to retain the demand in developed economies even as their middle classes have pressures on their consumption patterns.

Therefore, luxury marketing needs to efficiently and effectively capture the upcoming demand of the emerging markets. In order to meet the challenges of massive number of new customers, the traditional high street brick and mortar approach might not be the single solution. The luxury brands could therefore transform from the traditional marketing into digital engagements to meet with new demands of the emerging markets (Kapferer and Bastien, 2009b, Kapferer and Bastien, 2009a, Kapferer and Michaut-Denizeau, 2014, Kapferer, 2015, Okonkwo, 2010, Okonkwo, 2009a, *The Economist*, 2013a, Hennigs et al., 2012, Mahyari, 2013).

## **2.2. The Future Development of Luxury Sector needs Virtual Market Context**

Even though the future demand for luxury products is optimistic, the levels of success for individual luxury brands will depend on how to utilize resources to profitable and sustainably secure this identified potential demand for consumption. It cannot be guaranteed that the demand would be spread unconditionally and evenly between the luxury brands. From a consumer perspective, each consumer might have their individualized pattern and reasons to consume, and the luxury brands would need to plan for the uncertainties and potential risks of the high volatile of emerging economies to invest into the land retail context. In order to minimize the risk exposure and optimize the extensions, the luxury brands could integrate the emerging technologies to engage with the new consumers in the emerging markets through the virtual market context (Daneshkhu, 2015, Friedman, 2014a, Gapper, 2015, Chen, 2015, Mosteller et al., 2014, Scarpi et al., 2014, Richard and Chebat, 2015, Michaud Trevinal and Stenger, 2014).

Nevertheless, land retail outlets remain key transaction locations for the most of the new demand. All the situational factors like the exchange rates and the better price and choice, the well designed and the quality of services of the flagship stores are key to satisfying the expectation of the consumers (Atwal and Williams, 2009, French et al., 2013, Daneshkhu, 2015, Bilge, 2015).



However, luxury brands cannot assume the new customers who can always undertake shopping trips to the physical shops. There can be unpredictable factors to influence their schedules like political circumstances, economic downturns, and travel problems or restrictions, in addition to an increasing uptake of ecommerce channels. Therefore, it would not be a sustainable strategy to rely on the consumers oversea shopping to spend. New physical outlets have significant sunk costs in terms of physical and human resources. Overall, there are strong motivations to look carefully at a blend of virtual and physical presence, but where both address the consumption expectations of old and new luxury consumers (Nueno and Quelch, 1998, Barrett, 2011, Butterfield, 2007, Felsted and Wembridge, 2013, Iglesias et al., 2011, Shotter, 2013, Rachman, 2014, Bilge, 2015, Daneshkhu, 2015, Reyneke et al., 2012).

The Gartner Hype Cycle (Gartner, 2014, Gartner, 2013) predicted that emerging technologies could evolve the relationship between humans and machines so that the software system would apply technology to provide humanlike or human-replacing capabilities to enhance the service with the consumers. Therefore, the application of technology would offer alternative option for the luxury brands to engage the customer through virtual engagement.

However, the connectivity should not be just functional matter, Bill Gates (Waters, 2013) has argued that the focus on social connectivity without considering the value of social contribution, might not cope with future challenge from improvement of the health and standard of living. Indeed, no matter how impressive or sophisticated the technology is, the critical success would be how to apply it correctly to generate value. Thus, the motivation of connectivity might be valuable if it would create benefit to both the marketers and the consumers (Arnould and Rose, 2015, Waters, 2014)

More importantly, in the highly interactive communication context, media communication focuses more on a one-on-one individual basis, inviting audience participation and response, with big data increasingly providing intelligence about individual characteristics and needs. In that context the concept of mutual value might become essential to both sender and receiver (Eastin et al., 2016, Altarteer et al., 2013).

Therefore, the development of mutual value enhances the needs for connectivity between the buyers and the sellers, and to do it more directly than currently exists through analytics looking at past data. Sharing the value would build up the stronger motivations and better relationship for fulfilling customer expectations and satisfaction (Möhlmann, 2015, Belk, 2010). Nevertheless, sharing might be good, but a mobile approach without the prior consent from consumer can risk invading the privacy of individual, consequently damaging brand value (Cannon and Chung, 2015, Belk, 2014, Dey et al., 2016, Baltierra et al., 2016, Eastin et al., 2016, Campbell and Kwak, 2010).

Building up a mobile communications platform with customers will be challenging. Academic research concludes that consumers could be reluctant to engage in the virtual context, for example because their lack of trust in the security of cyberspace, and consequent loss of personal data and privacy and the receipt of excessive irrelevant information. (Steinfeld, 2015, Najafi, 2015, Parvinen et al., 2015, Weber, 2015, Yermekbayeva, 2011, Kim et al., 2013, Shaikh and Karjaluoto, 2015, Sanakulov and Karjaluoto, 2015, Van Harreveld et al., 2015, Van Harreveld et al., 2009, Brown and Rachlin, 1999, Rachlin, 2009).

With knowledge of the complications of the virtual context, the Kering Group (Kering Digital Academy, 2015) developed its digital platform, the Digital Academy, to promote digital applications and encourage integrated interactions, including the participation of designer, retail and distribution experts, marketing executives and customers. More importantly, the Kering Group acknowledged the importance of

integration between online and offline shopping. The group has been willing to adapt to new digital technologies and continue building relationships with customers to meet their expectations of a quality shopping experience.

LVMH Moët Hennessy Louis Vuitton SE (LVMH) manages its own online store. Armani extended its online shops into China. Chanel launched ecommerce. The Swiss luxury conglomerate Richmonde Group took more proactive steps to merge two major online luxury stores, Yoox and Net-a-Porter, into a single mega-outlet for luxury products. This online store would offer seasonal luxury fashions and provide a secure shopping environment for customers to enjoy luxury consumption. Yoox Net-a-Porter would assure consumers of the genuineness of their goods and avoid black-market counterfeits. More importantly, the chairman of Richmonde, Johann Rupert, has publicly invited Richmonde's strongest competitors, LVMH and the Kering Group, to join Yoox Net-a-Porter, forming a strong online alliance to strengthen the firms' presence in the virtual market (Gapper, 2015, McCarthy, 2013b, Xiao and Nicholson, 2010, Xiao and Nicholson, 2011a, Tehcnology, 2015, Yoo and Lee, 2009, Zhou and Lu, 2015, Yoo and Lee, 2012, Armani, 2015, Livesy, 2015, Mau, 2015).

In addition to the development of online stores, luxury brands are revitalizing themselves to adapt to rapid changes in the market. Two major relocations of chief designers occurred during 2015: Gucci appointed Alessandro Michel as its creative director in January and Raf Simons departed Christian Dior in October (Ellison and Thomson, 2015).

More importantly, Alessandro Michel has met the challenges within his first year as Gucci's chief designer. He has delivered a new series of design concepts and the market has welcomed his innovative ideas. Gucci's sales have recovered, revitalizing demand. Michel's new design concept may shift the focus of consumption from fashion trends towards consumers' personal interests. Alexander Michel stated:

*“The most important thing is the way to let the people dream about something. Now what is real, what is fake, fashion is all fake” (Porter, 2016).*

In the era of the Internet, digitalization is an important tool to accommodate consumer lifestyles and make consumers enjoy wearing clothes. The old tension of being on or off trend would be irrelevant. Therefore, Michel might lead the way for luxury consumption to transform in a direction towards individuals’ personal interests and away from fashion trends (Porter, 2016).

Interactive emerging technology might also generate relevant offers to customers with interactive services to create added value through a mutual engagement. Like fashion, mobile engagement can involve virtual interactions; however, consumer interest in individualized service is real. Through individualized engagement, consumers inform brands what and how they want to be served. The results create a quality value through customer-centric marketing. Customers will subsequently enjoy more personalized service through interactions. Because of the interactive function, the personalized offer will be real, thus matching the individual’s expectations.

Therefore, the interactions will enhance exchange information to create value through connectivity. Based on a deeper understanding of consumers, luxuries can create personalized choices for future consumption in a virtual context. A relationship-driven application will individualize by matching personal interests and lifestyles. Thus, interactive functions will provide customers with a comprehensive shopping experience instead of a mere click-to-purchase transaction.

For example, fast-moving consumer products have been manufactured to achieve optimal productivity with a homogenous option. They may not easily match the heterogeneous choices of individual consumers. However, luxury brands have the ability to create better choices by trading down to satisfy the different needs of individuals trading up from mass markets (Kapferer and Bastien, 2009b, Kapferer

and Bastien, 2009a). More importantly, luxury consumption originated from customization, and luxury brands should have better service-related knowledge and skills. Thus, virtual engagement through mobile technology should constitute a tool to revitalize personalized service, a technologically driven opportunity that previously might not have been available. Therefore, it could be worthwhile for luxury brands to individually and interactively strengthen their relationships with customers in the mass market (Bergen et al., 1992, Fagerstrøm et al., 2015, Azad and Ahmadi, 2015, Sheth et al., 2000, Sheth and Parvatiyar, 1995b, Verma et al., 2015, Ruiz-Molina et al., 2015, Kauppinen-Räsänen et al., 2015, Diffley and McCole, 2015, Arslanagic-Kalajdzic and Zabkar, 2015, Anker et al., 2015, Alamgir and Shamsuddoha, 2015, Foxall, 2014, Hursh and Roma, 2015, Foxall, 2015a, Schultz and Jain, 2015, Rocereto et al., 2015, Nicholson and Xiao, 2010, Xiao and Nicholson, 2011b, Sanderson and Hille, 2010, Moore and Wigley, 2004, Sanakulov and Karjaluoto, 2015, Wachter et al., 2012, Kim et al., 2013).

### **3. Mobile technology of digitization enhances luxury consumption**

Internet applications have evolved into social networks for both interactive and sharing activities. A virtual social platform offers users interactive opportunities to share mutual benefits (Belk, 2014, Lemley and Lessig, 2000, Arnould and Rose, 2015, Belk, 2010). Thus, the Internet is not only a mechanism for transactions, but is also a novel social system for interactions (Kolođlugil, 2015, Lamberton and Rose, 2012, Kim et al., 2015). It has enabled the creation of both sharing and a digital economy in which consumers can directly participate in the production process, either co-creating or coproducing with the marketer (Felländer et al., 2015, Hamari et al., 2015, Labrecque et al., 2013, Lanier and Schau, 2007). A sharing economy can also provide an opportunity for users to share the possession of a product without the transfer of ownership (Hamari et al., 2015, Bardhi and Eckhardt, 2012, Kim et al., 2015). Thus, digitization would not only create a digital economy but also evolve traditional marketing into customer-centric relationship marketing (Gronroos, 1990, Grönroos, 1994, Grönroos, 2007, Sheth and Parvatiyar, 1995a, Sheth and Parvatiyar,

1995b, Verma et al., 2015, Achrol and Kotler, 1999, Kotler, 1989). Interaction enhances the marketer's opportunities to understand their consumption choices. It transforms the relationship between consumers and marketers, resulting in a relationship built for a longer term based on service, not merely a transaction (Storbacka et al., 1994, Kotler and Pfoertsch, 2006, Sheth et al., 2000, Sidin et al., 2015, Rocereto et al., 2015, Costa, 2015).

The sharing economy has shifted the focus of exchange value between consumption and production. Consumer participation has disrupted the traditional distribution setting to separate mass production from consumption. With direct engagement between a buyer and seller in a virtual context, distribution serves the physical function of delivery after the transaction has concluded. From the perspective of materialistic consumption, consumers cannot possess a product immediately after the acquisition. Thus, consumption through bespoke, tailored service is made before production (Jaakkola et al., 2015, Kolođlugil, 2015, Möhlmann, 2015, Ritzer and Jurgenson, 2010, Marx, 1992a, Sixel, 1995, Marx, 1973, Belk, 1985, Duh, 2015, Graham, 1999, Hudders and Pandelaere, 2012, Yang and Stening, 2016).

Future developments will evolve the relationship between humans and machines. Gartner's Hype Cycle for Emerging Technologies predicts that software systems will identify an individual target through predictive analytics, speech recognition and location intelligence. Thus, software will operate the machine to create a service interface for communication with an individual consumer (Gartner, 2013). Gartner further predicts that companies with technological abilities will provide human-like or human-replacing capabilities for customer relationships (Gartner, 2014, Campani and Vaglio, 2014). Through their interactive abilities, marketers will assess consumers anytime, anywhere, with or without their permission. Therefore, access-based communication has generated two critical cost factors—social and monetary—for consumers to consider for mobile engagements. More importantly, the interactive function has offered consumers the choice to opt either in or out of mobile access based on their trust and self-interest (Peters et al., 2007,

Yermekbayeva, 2011, Thomas and Bond, 2015, Wachter et al., 2012, Kim et al., 2013, Shaikh and Karjaluoto, 2015, Sanakulov and Karjaluoto, 2015).

Innovative technological applications have provided value, for example through real-time remote medical and health care services, and online booking. Thus, technology should also be able to create value for marketing functions. Emerging technology has created a new interactive social environment for direct interactions between consumers and marketers. Because of this virtual market context, both the consumer and the brand behave differently than they do in the traditional market context. The virtual context requires a new concept and knowledge both to regulate the relationship and to provide access. Particularly for interactive mobile technology, mobile engagements require two interactive subjects to operate. Mobile access without consumer participation is an invasive tool that the marketer can use to intercept consumers anytime, anywhere (Koloğlugil, 2015, Moglen, 1999, Lemley and Lessig, 2000, Lanier and Schau, 2007, Cannon and Chung, 2015, Koehler, 2001, Foxall, 2003, Sanakulov and Karjaluoto, 2015, Shaikh and Karjaluoto, 2015, Wachter et al., 2012, Kim et al., 2013, Baltierra et al., 2016, Eastin et al., 2016, Campbell and Kwak, 2010, Babin et al., 1994).

### **3.1 How digitalization transforms the role of marketing in luxury consumption**

The advancement of digital technology has enabled the evolution of the role of marketing functions. Before digitalization, marketing was marketers' broadcast tool to reach consumers in a mass market. Now, the development between consumption and production has entered a new chapter, and marketing becomes a consumer tool to search for market and product information. With interactive, mutual-access technologies, both marketers and consumers may interactively participate to establish a new value-exchange process for consumption (Achrol and Kotler, 1999, Kotler, 1971, Kotler, 1989, Foxall, 2014, Kubanek and Snyder, 2015, Mullahy, 2001, Felländer et al., 2015, Arnould and Rose, 2015, Zhang et al., 2015b).

Technology development has facilitated the industrialization and globalization of mass production, which has changed the landscape of consumption for consumers. In the era of mass production, consumption choices have been limited by narrowing the bandwidth of varieties. Thus, mass-market customers could select only the homogenous choice of mass-manufactured luxury products at the point of purchase. More importantly, mass-market customers could not afford to consume expensive personalized services, despite their heterogeneous needs. Exclusivity is available mainly to super-rich, elite customers (Duh, 2015, Hudders and Pandelaere, 2012, Graham, 1999, Belk, 1985, Richins and Dawson, 1992, Merlo et al., 2015).

Nevertheless, mass production would meet massive demand in the global context, and market extensions have transformed family-owned luxury brands into global enterprises. The drawback of this expanded operation has diminished the ability of luxury brands to maintain close relationships with individual customers. Moreover, the substantial customer base of the global market can render traditional customization unable to function. The key constraints are the physical limitations of product varieties, store space and staff to serve all customers individually. Mass customization, including personal adjustments for mass-produced products, might be feasible for limited items. Thus, genuine customization has not been lost in the jungle of technological developments and the privilege of customization remains at the heart of luxury brands' ability to provide unique personalized service to super-rich, elite customers (Chadha and Husband, 2010, Okonkwo, 2009a, Kotler, 1989, Edouard, 2009, Coorevits et al., 2014, Rudawska and Frąckiewicz, 2015, Merlo et al., 2015, Akinc et al., 2015a, *The Economist*, 2014a, Moore and Doyle, 2010, Riot et al., 2013, Resnick et al., 2014, Fadnavis, 2014, Pfanner, 2010).

To date, digitalization has enabled the creation of interactive platforms for access-based consumption for the sharing economy. Co-creation generates mutual value between consumers and marketers in many businesses, including online banking and shopping and online booking for hotels and tickets. Therefore, the digital era might represent a challenge for luxury brands to evolve with emerging technology to revitalize their traditional customization for individual customers (Smyth and



Lecoeuve, 2015, Salojärvi et al., 2015, Gambetti et al., 2015, Dyson et al., 1996, Belk, 1999, Belk, 2013, Shultz, 2007, Lindridge et al., 2015).

More importantly, the availability of interactive mobile technology has shifted marketing functions toward customer-centric marketing, where customers actively participate. If a consumer does not trust the brands, they will refuse to participate in interactive activities. Thus, trust should be the key word for collaboration between marketers and consumers. If luxury brands manage technology to individually access customers, they should be able to individually understand their customers and create a service that their customers would enjoy. Thus, access to consumers through virtual spaces might establish an opportunity to revitalize customization (Sheth et al., 2000, Foxall, 2015a, Grönroos, 1994, Grönroos, 2004, Sheth, 2015, Kotler, 1989, Schultz and Jain, 2015, Friedman, 2014a, Hennigs et al., 2012, Hoffmann and Coste-Maniere, 2011, House, 2012, Kapferer and Bastien, 2009b, Morley and McMahon, 2011, Okonkwo, 2009b, Okonkwo, 2009a).

### **3.2 How digitalization transforms the relationship between consumers and luxury brands**

Collaboration between brands and consumers constructs interactive communication. Brands and consumers may establish an interdependent relationship to understand each other. Thus, the exchange of information through interaction would enhance not only relevancy but also efficiently and effectively match a consumer's choice. Mutual respect will make transactions similar to a B2B business transaction if marketers work closely with consumers to build a long-term working relationship instead of a mere transaction (Sarmiento et al., 2015, Grönroos, 1984, Grönroos, 2004).

This leads to access-based consumption through sharing without the transfer of ownership (Labrecque et al., 2013, Hamari et al., 2015). Sharing requires mutuality and reciprocal benefits for the exchange for engagements, not ownership. Most importantly, the exchange of information creates a higher, relevance-based value

that enables brands to offer personalized services. Thus, the process of building a relationship between consumers and marketers in the virtual space requires permission. When consumers permit access, they become active participants, sharing consumption with brands. Thus, consumers are no longer passengers who merely “ride along” as consumption progresses, for example, through product availability and store locations. Instead, they join in the decision-making process with the marketers to create economic benefits via participation. Thus, interactive mobile technology can create the opportunity to develop a close and complex interdependent relationship between sellers and buyers (Ta et al., 2015, Jaakkola et al., 2015, Hatch and Schultz, 2010, Sarmiento et al., 2015, Degbey, 2015, Möller and Parvinen, 2015, Valtakoski, 2015, Dowell et al., 2015, Costa, 2015, Foxall et al., 2010).

Luxury consumption previously originated from bespoke or haute couture service for super-rich and elite customers. During the pre-industrial and early industrialization era, luxury brands individually served elite customers by providing unique customization (Merlo et al., 2015, Husic and Cicic, 2009, Schultz and Jain, 2015). The buyers knew the sellers, and they worked on trust to build mutual interdependence. The relationship was integrated based on the results of quality assurance, credibility and commitment to consumption and production. The sellers never worried about inventory or financial risks because all their products were custom-made, and the sellers could collect advance payments and deposits from the buyers. This scenario would explain why the relationship is the key in luxury consumption (Sheth and Parvatiyar, 1995b, Sheth and Parvatiyar, 1995a, Gronross, 2000, Christy et al., 1996, Briggs and Grisaffe, 2009, Dyson et al., 1996).

From the perspective of global marketing, however, there is no guarantee that customers would unconditionally attach to the brands. The luxury brands need to meet customers’ expectations to gain their loyalty. The magic of the brand logo is not the only way to sustain customer loyalty. Once consumers experienced logo fatigue, their loyalty would diminish (Dion and Arnould, 2011, Kapferer, 2014).

More importantly, lifestyle improvements caused consumers to seek personalized consumption with respect to quality and style, not merely a logo to show off. An increasing demand for luxury products reflects an increasing sophistication, and consumers demonstrate their knowledge, passion and taste through luxury consumption. Thus, conspicuous consumption might not be the homogenous driver for consumers to pursue luxury consumption. Consumers could utilize their self-interest and self-experience to pick and choose the products and services that they would like to consume (Kastanakis and Balabanis, 2014, Wang and Griskevicius, 2014, Andonova et al., 2015, Wolfe and Sisodia, 2003, de Araujo Gil et al., 2016, Rachlin, 2009, Ye et al., 2015, Giovannini et al., 2015, Hillenbrand and Money, 2015, Compeau et al., 2015, Rocereto et al., 2015, Tsai et al., 2015, Millan and Reynolds, 2011, Maslow, 1965, Schultz and Jain, 2015).

In the era of digitalization, consumers educate themselves about luxury consumption through information obtained from websites. Homogenous choices might not easily satisfy the needs of individual customers. Consumers want more quality services from luxury brands. Therefore, the luxury brands must build a strong, interdependent relationship with individual customers in a mass market to sustain demand (Okonkwo, 2009a, Okonkwo, 2007, Friedman, 2014a, Ellison, 2015, Ellison, 2014, Banks, 2015, Giovannini et al., 2015, Compeau et al., 2015, Rocereto et al., 2015, Liu et al., 2012, Landon, 1974, Costa, 2015).

Furthermore, the key question would be how to engage with new customers in emerging economies who have strongly demanded luxury products. The demand from developed economies would be flattened, with limited room to grow. However, new customers in emerging markets might lack the shopping experience to engage in luxury consumption. They might not develop loyalty to a specific brand (Czarniewski, 2015, *The Economist*, 2014b). Therefore, if luxury brands maintain close contact with new customers via mobile engagement, they can more quickly establish a strong, deep relationship (Wachter et al., 2012, Al - Maghrabi and Dennis, 2011, Peng et al., 2014, Kim et al., 2013).

Thus, the correct application would revitalize customization and maximize optimism related to sustaining both market share and profitability. More importantly, mutual acceptance would also minimize fears of a loss of brand trust and threats of lagging behind technological developments. Once luxury brands manage their fear to maximize the optimism of mobile technology, they will be able to enjoy interactive relationships with their customers. Thus, the technology may transform their relationship from the dependence of a product-driven relationship into the mutual interdependence of a service-driven relationship. The mutual interdependence would bond the brand and the customer and prevent severe competition (Liao et al., 2015, Kubanek and Snyder, 2015, DiClemente and Hantula, 2003b, Foxall, 2015a, Foxall, 2015b, Foxall, 2014, Kapferer and Michaut-Denizeau, 2014, Schultz and Jain, 2015, Mittelstaedt et al., 2015, Mittelstaedt et al., 2006, Dyson et al., 1996, Costa, 2015, Foxall et al., 2010).

### **3.3 How digitalization transforms the process of exchange between luxury production and consumption**

Digitalization could transform the relationship between consumers and marketers into mutual interdependence, where a mobile device may be a tool to bridge the gap between production and consumption. In the era of industrialization for mass production, the physical gap between production and consumption is filled by the distribution system. Physical barriers also separate marketers from customers, and marketers would not have the physical access to be able to directly and interactively engage with individuals (Marx, 1992b, Marx, 1973, Sixel, 1995, Kim et al., 2010).

Therefore, mass production has diminished the customized services and choices available in the mass market. For mass-market consumers, the availability of choices might depend on the variety of mass-produced outputs. Machine-driven production facilities would not be altered for individual customers. Conversely, mass-market consumers might have to adapt to the narrowed bandwidth of mass production (Graham, 1999, Belk, 1985, Richins and Dawson, 1992, Duh, 2015, Hudders and Pandelaere, 2012, Bartels and Johnson, 2015, Robinson et al., 2012).

Standardization through globalization would ultimately narrow choices to a homogenous supply to maximize control and profitability through economic scales. Thus, the elite and super-rich can afford to enjoy personalized services for luxury consumption in the traditional retail context (Belk, 1985, Duh, 2015, Richins and Dawson, 1992, Achrol and Kotler, 1999, Kotler, 1971, Kotler, 1989, Arora et al., 2008, Akinc et al., 2015a, Czarniewski, 2015, Bilge, 2015, Carrier and Miller, 1998, Ngo and O'Cass, 2013).

### 3.3.1 An Individual's Self-Concept for Luxury Consumption

The consumption of luxury goods is a customized experience. The pleasure of the self-experience can represent satisfaction with product value, along with the trust and loyalty attached to a brand. Moreover, the value of luxury consumption can vary between individuals and change with place and time (Bowden, 2009, Okonkwo, 2007, Carpenter, 2008, Michman and Mazze, 2006). Therefore, the study of consumer behaviour related to luxury consumption should focus on consumers' self-concept, not brand values (Schultz and Jain, 2015).

An individual's mind map is complicated and sophisticated, and 'big data' might not be able to generate a tightly fit solution for an individual's needs and wants. It is especially important in the field of luxury consumption for marketers to obtain customized information directly from consumers to understand individuals' needs and motivations. Without customized information, big data's predictions are illusory, and offers might not match the individual's expectations (Baltierra et al., 2016, Eastin et al., 2016).

Therefore, mobile technology can provide an interface to individually connect consumers and brands. If consumers are willing to share their customized information, then collaboration will create value to revitalize customization in the virtual context (Belk, 2014, Cadeaux, 2000, Kolođlugil, 2015, Foxall, 1999, Foxall,

2014, Foxall, 2015b, Kotler, 1989, Akinc et al., 2015a, McCarthy, 2013a, Harkin, 2013, Landon, 1974, Maslow et al., 1970, Nwankwo et al., 2014, Seeley, 1992, Truong and McColl, 2011, Gressgård and Hansen, 2015, Kastanakis and Balabanis, 2015, Ta et al., 2015).

Digitalization creates a sharing economy, which can operate differently from the traditional marketing setting. Sharing should involve the direct participation of consumers in interaction with producers. Thus, it is essential to understand individual consumers' self-interest for mobile engagement (Ritzer and Jurgenson, 2010, Belk, 2013, Kolođlugil, 2015). Previously, there was no feasible tool for marketers to access individuals' self-concepts for study in a structured manner. Thus, mobile technology accesses an individual's contextualization. Subsequently, luxury brands understand an individual's motivations that arise from their self-interest. The exchange of relevant information results in the collaboration of mutual stimuli, the relevance of which generates reciprocal emotional rewards and satisfactions for both the individual consumer and the manager to enjoy (Foxall, 2014, Arnould and Rose, 2015, Botsman and Rogers, 2011, Foxall, 2015a).

The sharing of customized information results in the evolution of exchange values for collaborative consumption (Ritzer and Jurgenson, 2010, Möhlmann, 2015). Nevertheless, the interactive mobile access of m-commerce might require prior consent and acceptance from consumers. Trust and a relationship are key components of the consumer's decision to grant mobile access. In online shopping through Websites, consumers control access based on their self-interest. However, in the mobile context with interactive functions, marketers access consumers anytime, anywhere. Thus, online and mobile technologies might operate differently, and luxury brands should not use the logic and knowledge of online websites for mobile engagement (Cao et al., 2015, Chong et al., 2012, Kang, 2014, Li et al., 2011, Kluge et al., 2013, Kim et al., 2013, Karjaluoto et al., 2008b).

More importantly, without prior permission, access can invade individuals' privacy. Customer refusal can lead to damaged brand value (Weber, 2015, Peters et al., 2007,

Michell et al., 2001, Christopher, 1996, Keller, 2010, Samu et al., 2012, Campbell and Kwak, 2010, Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Jayawardhena et al., 2009).

Thus, luxury brands obtain prior acceptance to understand the individual value of consumption. They might be able to build strong brand engagement. From this perspective, relevance motivates matching with personal interests for luxury consumption (Belk, 1988, Fournier, 1998, Foxall, 1986b, Foxall, 2010b, Foxall, 2014, Foxall, 2015a, Hennigs et al., 2013, Schultz and Jain, 2015, Wachter et al., 2012, Kim et al., 2013, Karjaluoto et al., 2008b).

Miller and Mills (2012) suggest that only limited literature has focused on luxury branding and investigated an understanding of how brands impact consumer purchasing and the consumption process. Bilge (2015) has attempted to address the concept of luxury consumption in terms of consumers' perceptions and attitudes, along with the value of luxury; however, that author has not addressed self-concept. More importantly, a few studies have attempted to understand the self-concept of individuals regarding luxury consumption and mutual interdependence with luxury brands (Rocereto et al., 2015, Kastanakis and Balabanis, 2014, Kastanakis and Balabanis, 2012).

Schultz and Jain (2015) have conducted a literature review of research studies of luxury and determined that there were only limited studies on consumer buying behaviour. Most importantly, that review also indicates that no study has investigated the perception of consumer self-concept with luxury consumption. Thus, it would be a major research oversight for scholarly works to investigate how an individual's self-concept affects luxury consumption.

### 3.3.2. Accessing the Individual Self through Interactive Mobile Technology

To fill the knowledge gap regarding the self-concept in luxury consumption, this thesis focuses on how consumers' self-concepts interact with the external influences of luxury brands that they trust to engage in the mobile context.

Foxall (2015a) suggests that an individual's consumption choice is complicated and sophisticated. Nevertheless, most situational studies might consider conspicuous consumption a homogenous reason for consumers to consume luxury products. Moreover, consumers can use individual contextualization for consumption, and their heterogeneous needs increase the difficulty in predicting their choices. Therefore, customized information is critical to the prediction because it is logical and sensible to understand the choices of the inner self through the individual's intrinsic and extrinsic needs. Thus, the brands utilize customized information to match the individual's needs from the inner-state perspective, such as self-actualization, self-esteem, hedonics, and utilitarian, conspicuous or materialistic consumption (Lindridge et al., 2015, Yang et al., 2015a, Schultz and Jain, 2015, Maslow, 1965, Maslow, 2012a, Maslow et al., 1970, Arnold and Reynolds, 2003, Jones et al., 2006, Kronrod and Danziger, 2013, Miller, 2013, Kastanakis and Balabanis, 2014, Schaefers, 2014, Wang and Griskevicius, 2014, Wilson, 2012, Graham, 1999, Hudders and Pandelaere, 2012, Richins and Dawson, 1992, Xiao and Nicholson, 2011a, Xiao and Nicholson, 2011b, Giovannini et al., 2015).

New consumers in the emerging markets might not have extensive knowledge of how to consume luxuries. Therefore, emerging markets might provide brands with a good opportunity to educate individuals about their value through mobile access or a virtual context. If the brands understand an individual's self-interest, they should be able to utilize different gears to match the intrinsic and extrinsic values for the culture of luxury consumption (Maslow, 1965, Maslow, 2012a, Maslow, 2012b, Maslow et al., 1970, Maslow and Lewis, 1987, Rocereto et al., 2015, Sirgy, 1982, Truong et al., 2010, Wiedmann et al., 2013, Belk, 1999, Oliveira-Castro et al., 2007, Vázquez-Carrasco and Foxall, 2006, Yani-de-Soriano et al., 2013).



For example, although Chinese consumers consume 50% of luxury goods worldwide, most of their parents or grandparents might have worn uniforms only when they were young. Thus, Chinese consumers would not learn from their parents about personal image for individualization through luxury consumption. Thus, peer groups exert a substantial influence on Chinese consumers' intent to consume luxuries, whereas their knowledge would not sustain their decisions. Therefore, the learning process is essential to build an individual's self-interest. Through an appreciation of brand quality, consumers establish brand loyalty and attachment to luxury consumption. Therefore, mobile technology can facilitate the learning process through customization. From this interactive perspective, interactive mobile technology offers an opportunity for the consumer to collaborate with brands for consumption. Knowledge eventually motivates consumers to seek the maximum individualization to satisfy their self-interest. Thus, the consumption motive stimulates production. The customer commits to consumption before production (Kastanakis and Balabanis, 2015, Rocereto et al., 2015, Chen et al., 2015b, Rakowski, 2011, Zhan and He, 2012, Zhang and Kim, 2013, Zhou, 2013, Bloemer and Kasper, 1995, Marx, 1992a, Marx, 1973, Kolođlugil, 2015, Burkett, 1996, Duh, 2015, Hudders and Pandelaere, 2012, Graham, 1999, Belk, 1985, Richins and Dawson, 1992).

### **3.4 Interactive mobile technology challenges privacy and accesses the personal interests represented by consumer choices**

Digitalization triggers the process of transformation from mass marketing into customer-centric relationship marketing. Interactions enable consumers to participate in the production progress and transform the exchange value between production and consumption. Thus, the availability of mobile technologies can structurally change the consumption setting of consumption. More importantly, the Internet is not used only for transactions. Connectivity is not only a matter of communication; instead, it enables a new social system to integrate the interests of the consumer and those of the marketer. This mutual collaboration creates new

value for consumption and production (Kolođlugil, 2015, Waters, 2013, Diffley and McCole, 2015, Chandler and Vargo, 2011, Labrecque et al., 2013, Ritzer and Jurgenson, 2010, Jaakkola et al., 2015). Self-interest eventually drives individualized consumption and customization. Particularly in the virtual context, an individual consumer operates in his or her individual context for consumption (Foxall, 2015a).

It was previously not feasible to engage an individual in the mass market. Emerging technology would create a machine service to replace human service through mobile devices. In the event of an ongoing process, consumers would agree with the opt-in proposal and provide customized information. A brand should be able to obtain a deeper understanding of consumer choice and provide relevant personalized service to individually fulfill consumer expectations (Schultz and Jain, 2015, Foxall, 2014, Foxall, 2015a, Foxall and Yani-de-Soriano, 2011, Xiao and Nicholson, 2011b, Yermekbayeva, 2011, Gartner, 2013, Gartner, 2014).

Regardless of how advanced a technology is, that technology should serve humans. The machine ultimately replaces human service; however, the consumer should always be treated as a subject rather than as an object. From the engagement perspective, the consumer should decide how to share their wants and needs with marketers. Therefore, customized information is generated directly from an individual to a marketer to ensure that the marketer utilizes it to enhance the relevance of the personalized service. In that event, consumers are treated as objects by the big-data analysis and relevance would be related to the group as a homogenous groups of individuals. In the specific luxury context of personal lifestyle, relevance should represent the key to matching an individual's personal image and statement to identify their individual needs and wants (Thompson and Loveland, 2015, Yang et al., 2015a, Hwang et al., 2015b).

Once luxury brands obtain a deeper understanding of the self-concepts of individuals for consumption, they can maximize their resources to motivate positive behavioural outcomes (Papista and Dimitriadis, 2012, Lindridge et al., 2015, Ladhari and

Tchetgna, 2015, Johnson et al., 2015, Fournier, 1998, Fillis, 2015, Foxall, 2015a, Foxall, 2014).

Accordingly, technological development enables marketers to fulfill individualized consumption choices instead of promoting production-driven consumption. As the result of virtual interactions, brands and consumers collaborate to create value for consumption with mutual interdependence. When luxury brands adopt the trading-down strategy to meet the trading-up demand from the mass market, demand for interactions with individual customers increases significantly. Thus, virtual engagements can provide a feasible solution for brands to simultaneously interact and engage with a massive number of customers through virtual space (Krush et al., 2015, Labrecque et al., 2013, D'Arpizio, 2012, D'Arpizio, 2013, Kapferer and Bastien, 2009b, Okonkwo, 2010, Pfanner, 2010, Seo et al., 2015, Sung et al., 2015, Tynan et al., 2010, Zaglia, 2013).

#### 4. Behavioural barriers to virtual mobile access

The advantages of using emerging technology for mobile access may include the use of an interactive platform in which both marketers and consumers can participate. A mobile-access application offers an ideal opportunity for marketers to reach consumers anytime, anywhere (Restuccia et al., 2015, Vatanparast and Asil, 2007 December, Wagner, 2011). However, consumers are not obligated to permit unconditional access (Yermekbayeva, 2011, Barnes and Scornavacca, 2008, Barnes and Scornavacca, 2004, Zhang and Mao, 2008). Moreover, mobile devices are used by consumers as the extended self in the digital world, and such devices are not marketers' tools. Therefore, consumers can exercise control by choosing either the opt-in or the opt-out function for mobile engagement based on their individual interests (Lee et al., 2015a, Lin and Lu, 2015, Sanakulov and Karjaluoto, 2015, Belk, 2013).

Marketing firms should have the ability to understand and capitalize on trends in consumer behaviour related to online consumption (Xiang et al., 2015). Particularly with mobile access, offers should be personal and related to individual consumers. Thus, the study of consumer behaviour should view the consumer as one individual to understand their choices through the concept of self-interest for consumption (Rachlin, 2009).

The use of attitudinal approaches to study consumer behaviour from the perspective of cognition and emotion regarding purchases and loyalty does not satisfy the need to understand individuals. Therefore, without an understanding of the individual, it would not be possible to predict patterns of consumer behaviour (Dawes et al., 2015, Lange et al., 2015, Moorthy et al., 1997, Richard and Chebat, 2015, Scarpi et al., 2014, Michaud Trevinal and Stenger, 2014, Compeau et al., 2015, Mosteller et al., 2014).

Accordingly, knowledge related to a deeper understanding of shopping may remain uneven. Thus, it is essential to establish a relationship with consumers to obtain

their approvals in order to access their choices. Relevant and quality knowledge of an individual's inner state enhances the understanding of an individual's experiences and decision-making process (Jones Christensen et al., 2015, Avery et al., 2015, Friestad and Wright, 1994, Fransen et al., 2015, Spiteri Cornish and Moraes, 2015, Compeau et al., 2015).

In the interactive mobile context, both the marketing firm and consumer are responsible to shape the expectations and relationships that serve self-enhancement functions (Murphy and Dweck, 2015). Based on the self-control of the internal process, the individual interacts with the world in a manner that involves information inputs for cognition and stimuli for motivations to construct behavioural outputs (Rachlin, 2009). Thus, consumer refusal of mobile access can be explained through the self-control of behaviourism. Unauthorized access can be treated as an invasion that triggers an individual's act of self-defence in blocking access.

More importantly, such an invasion would further affect cognitive knowledge, thus damaging brand value. This might explain why luxury brands might be worried about unauthorized mobile access. Therefore, luxury brands are reluctant to pursue mobile engagement without prior consent from customers (Marc, 2014, O'Regan et al., 2011, Okazaki et al., 2007, Taylor, 2010, Rachlin, 2009, Rachlin, 2014, Wachter et al., 2012, Kim et al., 2013, Van Harreveld et al., 2015, Van Harreveld et al., 2009).

For this reason, brands should establish relationships with consumers to obtain fine-grained information. A deeper understanding of consumer intent would assure that brands have adequate knowledge to prepare relevant incentives and personalized offers to match an individual's interests. More importantly, it is a marketing firm's duty to fulfill an individual's consumption-related needs and desires (Ajzen and Fishbein, 1977, Alba et al., 1997, Altuna and Konuk, 2009 Winter, Bright and Daugherty, 2012, Broeckelmann, 2010, Chen and Hsieh, 2012, Steel, 2013a, Foxall, 1999, Rachlin and Locey, 2011, Foxall, 2014).

#### 4.1 Behavioural barriers are caused by social and monetary gaps

For mobile engagement, Peters et al. (2007) states that social and monetary barriers are two key obstacles to consumers agreed to opt in. Consumers do not grant unconditional opt-in permission to any marketers; thus, permission must comply with individual consumers' personal interests. Therefore, marketing firms need to bridge the barriers of acceptance for consumers (Foxall, 1999, Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Jayawardhena et al., 2009).

The social barrier hinders consumers because of their fear that the virtual context will damage them. Consumers might worry about the loss of their personal data and their privacy in the virtual context (Cleff, 2007, Dao et al., 2012, Dhar and Varshney, 2011). Therefore, the value of trust and the value of the relationship affect the individual's cognitive mind. Brand trust represents the key asset value that enables luxury brands to charge a premium for their services. Consumers rely on that trust to build the relationship and pay for perceived quality. Therefore, consumer trust related to brand value strengthens the relationship and minimizes fears related to mobile access (Karjaluoto et al., 2008b, Kavassalis et al., 2003, Kolsaker and Drakatos, 2009, Ma et al., 2009 Winter, Okazaki et al., 2009, Rapp et al., 2009, Christopher, 1996, Kim et al., 2010, Mosteller et al., 2014).

With respect to the monetary barrier, the cost can involve irrelevant and excessive messages impose time and monetary burdens upon consumers (Ling et al., 1999, Peters et al., 2007). For that reason, the value of a relevant incentive can offset both the social and monetary barriers to mobile access if it motivates consumers to grant access for customized information (Poltrack and Bowen, 2011, Qualman, 2009, Rashid et al., 2008). More importantly, relevance enables consumers to enjoy the satisfaction and incentive benefits of luxury consumption (Foxall, 2014, Rolls, 2015).

Accordingly, luxury brands enhance customer satisfaction through a deep, direct understanding of individual consumers. Prior to mobile access, it was not an option to serve a customer individually in a mass market. The manifestation of brand value

through digitalization could offer personalized service for a consumer to enjoy luxury consumption. Moreover, a stronger engagement would build better bonds that are more resistant to competition (Lee et al., 2012, Sundar and Marathe, 2010, Thirumalai and Sinha, 2011, Dyson et al., 1996).

Without accessing fine-grained personal information, mobile access would be difficult for marketers. Without a proper application of customization technology, luxury brands may invade consumers' privacy and damage brand value (Kotler, 1989, Kotler and Pfoertsch, 2006, Kotler, 1971, Arnould and Rose, 2015).

In this event, the incentive mechanism would bridge individual customers' social and cost barriers to mobile access. Access would also generate a personalized attachment for consumers to appreciate brand loyalty. Thus, consumers enjoy personalized services and control their individualized engagement platforms. A consumer eventually develops and owns their interactive media and is no longer an object to receive broadcast messages from the mass media. Based on the interactive function, consumers share their self-interested choices related to the exchange of personalized services for customization. The adoption of innovative technology would be based on the quality of the information exchanged between consumers and brands. Thus, fine-grained personal information will motivate the brands to offer relevant personalized services. Without an exchange of quality information, engagement would be poor (Restuccia et al., 2015, Mollah, 2015, Ashley and Tuten, 2015, Zheng et al., 2015, Navd Khan and Allil, 2010 Summer, Andonova et al., 2015, Foxall, 2008, Foxall, 2010b, Foxall, 2014, Schultz and Jain, 2015, Sung et al., 2015, Shultz, 2007, Papista and Dimitriadis, 2012, Johnson et al., 2015, Hillenbrand and Money, 2015, Hlland et al., 2015, Jussila et al., 2015, Karahanna et al., 2015, Kirk et al., 2015, Arnould and Rose, 2015, Rogers, 2003, Scharl et al., 2005).

In reality, social and monetary barriers may be contributing factors in the fear of mobile access. Barriers require different incentives and motivations. Incentives should provide sensible rewards, inclusive knowledge and economic benefits that

satisfy the individual (Foxall, 2014, Foxall, 2015b, Vázquez-Carrasco and Foxall, 2006, Peters et al., 2007).

For mobile barriers, there might be no homogenous solution to cater for heterogeneous situations involving individuals' varying expectations. Therefore, the findings from big data analysis might not fulfill an individual's needs and desires to grant access (Imran et al., 2013, Lohr, 2015, Belk, 1985, Graham, 1999, Hudders and Pandelaere, 2012). More importantly, mobile adoption should be action-driven to ensure the investigation of perspectives on behavioural outcomes related to an individual's self-interest involving engagement and consumption (Lee et al., 2015a, Sanakulov and Karjaluoto, 2015, Schultz and Jain, 2015).

Particularly in the digital context, consumers and marketers might behave differently from the traditional retail market context. Therefore, the knowledge gaps require a novel platform to integrate the dynamic matching problems in the virtual context.

Mobile access offers luxury brands a cost-efficient, effective way to penetrate emerging markets. Virtual access leverages human services at brick-and-mortar stores. New consumers might have limited knowledge of luxury consumption. Thus, mobile access provides learning and an opportunity to establish a relationship of mutual interdependence (Kolođlugil, 2015, Foxall, 2015a, Foxall, 2014, Maslow, 1965, Maslow, 2012a, Kapferer and Michaut-Denizeau, 2014, Schultz and Jain, 2015, Millan and Reynolds, 2011, Hennigs et al., 2013, Gronroos, 1990, Akinc et al., 2015a, Rocereto et al., 2015).



## 4.2 Trust is fundamental for luxury consumption

Luxury consumption may build on brand value and trust to ensure that consumers pay a premium for quality products and services (Seo et al., 2015, Sung et al., 2015, Hennigs et al., 2013, Bilge, 2015, Brun and Castelli, 2013). As previously discussed, social cost represents the relationship barrier to mobile access. Consumers may not trust unidentified operators with access, and they fear the loss of personal data and privacy that can result from engaging with unknown or untrustworthy operators. From a behavioural perspective, without trust and an interdependent relationship as antecedents, consumers' behavioural outcomes are that they are unwilling to accept mobile access. Thus, consumers do not provide customized information (Lee et al., 2015a, Lin and Lu, 2015, Sanakulov and Karjaluoto, 2015, Foxall, 2008, Peters et al., 2007).

Moreover, interdependence would be built only through interactions based on mutual understanding. If mutual interdependence balances the fears of social barriers, brands should make an effort to build trust and respect with consumers. Consumers may subsequently justify granting conditional access for mobile engagement based on mutual interdependence (Sheth and Parvatiyar, 1995a, Peters et al., 2007, Valtakoski, 2015, Stanaland et al., 2011, Kapferer and Michaut-Denizeau, 2014).

Mutual trust connects the brand and the consumer to establish information-exchange collaborations. The exchanged information can have shared value for the customer and the brand, ensuring that the gap is narrowed and that mobile access can operate. Thus, consumers' direct participation in the exchange process brings marketers closer to their customers. Therefore, it is up to the marketers to develop the relevant value for the individual to engage. Furthermore, customers share their self-interest with marketers regarding their consumption intent. Prior to the availability of mobile interactive technology, brands could not access individual

consumers in an ongoing manner. Thus, no exchange process was performed to directly understand consumer choices. Therefore, it was not possible to use customization to serve the mass market (Foxall, 1984b, Foxall, 1994b, Foxall, 1999, Foxall, 2010b, Foxall, 2014, Foxall, 2015a, Foxall and James, 2003, Schultz and Jain, 2015).

Luxury brands adopt a trading-down strategy to match the mass market's trading-up demand. Because of this enlarged customer base, luxury brands might not have the resources, such as store space and staff, to manage the massive demand for individualization. Thus, mass-market consumers cannot afford to pay a premium for the personal service of luxury consumption in the traditional (land-based) retail context. Therefore, the adoption of mobile technology is essential for luxury brands to create an interactive engagement with individual consumers who cannot afford to enjoy personalized in-store services. Virtual personalized service also strengthens the relationship with individual customers and creates brand loyalty and attachment to defend against severe competition (Seo et al., 2015, Sung et al., 2015, Kastanakis and Balabanis, 2014, Truong and McColl, 2011, Belk, 2013, Belk, 1988, Lee et al., 2015a, Williams et al., 2015, Venkatesh et al., 2012b, Shaikh and Karjaluoto, 2015, Kapferer and Bastien, 2009b, Kapferer and Florence, 2016a).

From the mass-production perspective, the value of products or services for distribution has been pre-produced for customers. This may imply that consumption is the outcome of the production process and that consumers do not participate in the production process. Thus, luxury consumers might pay a trust-based premium, which would account for only transactional consumption (Gronross, 2000, Sheth and Parvatiyar, 1995b). Therefore, the motive of mass production may stimulate consumption (Sixel, 1995).

Nevertheless, virtual engagement enhances luxury consumption from an interactive perspective. In a digital economy, a sharing and collaborative relationship can change the landscape of marketing (Weber, 2015, *The Economist*, 2013a, Ritzer and Jurgenson, 2010, Belk, 2010). The sharing economy enables consumers and

marketers to participate in a value-creating process. The sharing concept focuses on the relationship of trust rather than the products. Trust supports the mutual commitment to consumption and the usage process. Relationship-driven consumption creates values for both consumers and producers. Thus, the consumption motive stimulates production to ensure that consumer enjoys the revitalized customization of luxury consumption in the virtual context (Gronross, 2000, Sixel, 1995, Zhang et al., 2015b, Tang et al., 2012, Shuford, 2015, Hamari et al., 2015, Belk, 2014, Sheth and Parvatiyar, 1995b, Sheth et al., 2000, Burkett, 1996, Kolođlugil, 2015).

## **5. Theoretical justifications for mobile engagements with luxury consumption**

The development of mobile technology integrates consumers and marketers to exchange customized information and personalized offers on a regular basis. Thus, the implementation of customer-centric marketing can enhance individualization. Customer-centric marketing emphasizes understanding and satisfying the needs, wants and resources of individual consumers. With mobile access, marketers directly and regularly understand consumers' self-interest. Big data obtained on an occasional, non-interactive basis does not directly, timely or regularly produce information for marketers. The interactive exchange process would also create new opportunities for luxury brands to interactively engage with individuals anytime, anywhere (Sheth and Parvatiyar, 1995b, Sheth et al., 2000, Wiedmann et al., 2013, Belk, 1988, Gensler et al., 2012, Hogg and Michell, 1996, Johnson et al., 2015, Landon, 1974, Thirumalai and Sinha, 2013, Verma et al., 2015, Jones et al., 2015, Fillis, 2015, Mittelstaedt et al., 2015, Labrecque et al., 2013).

### **5.1 Luxury consumption requires trust and relationships**

If luxury brands access customized information, they should treat their customers individually based on relevant information. Thus, trust is the key cost in building relationships to engage customers. The bonded relationship binds the customers to luxury brands and prevents competition (Dyson et al., 1996, de Mazancourt and Schwartz, 2012, Jones et al., 2006, Sheth et al., 1991, Zaharna, 2015).

Figure 7 indicates the relationship between services and products. Services require a mutual, interdependent relationship, whereas products require an independent relationship.

Thus, high mutual interdependence and value creation motivate luxury brands to offer personalized service in the traditional retail context to super-rich consumers for the maximization of resources in the land-based retail context. Because of limited

physical spaces and human resources, it would not be feasible to offer premium service to the mass market. Therefore, the middle-class customer can obtain only transactional, independent and product-oriented services from traditional retailers (Costa, 2015, Bhanu and Madheswari, 2010, Dion and Arnould, 2011, Gronross, 2000, Sheth and Parvatiyar, 1995a).

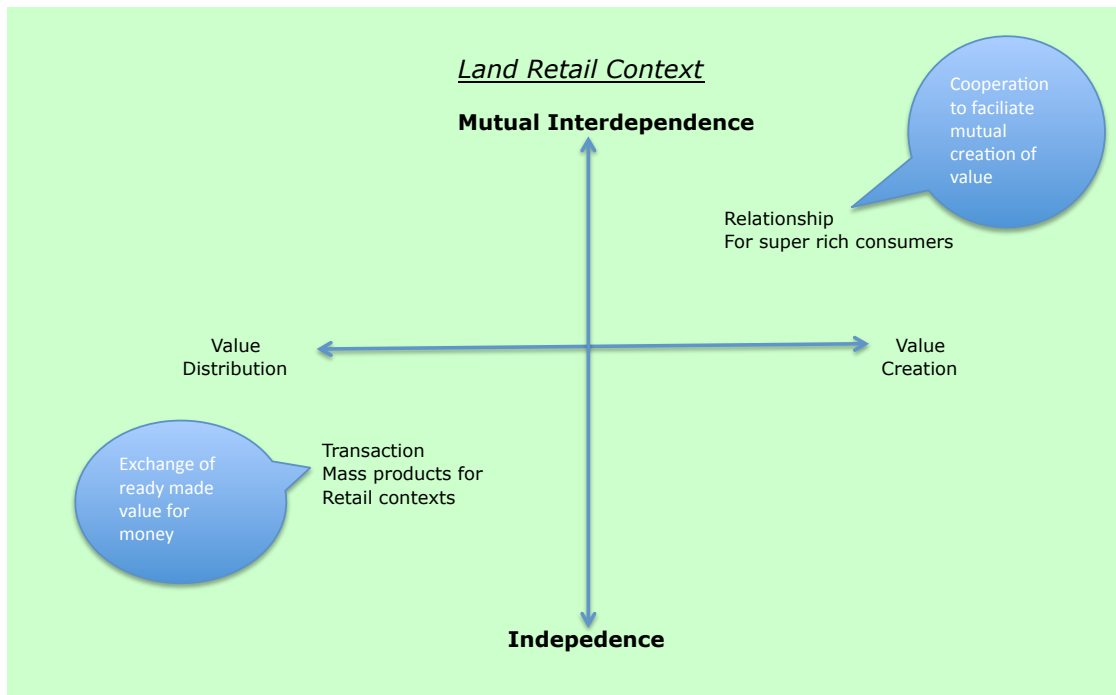


Figure 7 Value Creation and Interdependence (Costa, 2015, Gronross, 2000)

The middle class aspires to enjoy the privileges of the luxury shopping experience for a better life. Because of physical limitations, it would be not feasible for every consumer to enjoy real, interactive, personalized service in the traditional market context, as do the super-rich. More importantly, not every luxury brand or product has the ability and capacity to offer personalized service. Luxury brands have the ability to shift gears, trading down supply to match the trading-up demand of the mass market. Nevertheless, luxury brands do not provide personalized service to mass-market consumers as they do to elite groups. Thus, mobile technology may provide an option for luxury brands to pursue individualization for the mass market, in which technology replaces the human interface (Mollah, 2015, Parvin, 2014, Surechchandar et al., 2002, Sanderson and Hille, 2010, Moore and Wigley, 2004, Morley and McMahon, 2011, Nueno and Quelch, 1998, Okonkwo, 2009b, Okonkwo, 2010, Riley et al., 2013, Roper et al., 2013, Seo et al., 2015, Sung et al., 2015, Zhan

and He, 2012, Thomas and Kohli, 2009, Birdsall, 2015, McEwan et al., 2015, Schmitt, 2015, Sumich, 2015, Kapferer and Bastien, 2009b).

Interactive mobile technology can reach customers anytime, anywhere; thus, it may represent the 'live' option for luxuries to execute customization in a virtual context. If middle-class customers aspire to enjoy a unique shopping experience and satisfaction, they might be willing to trust luxury brands and provide customized information for engagement. Once consumers engage, the relationship is transformed from dependence (transaction base) to mutual interdependence (service base). Collaboration creates novel opportunities for middle-class consumers to enjoy personalized service by sharing their customized information in the virtual space. Without the digital economy, middle-class customers might not be able to access personal treatment. However, in virtual engagement, the system can replace humans when providing customer service to individuals. Thus, middle-class customers eventually benefit from virtual customization (Gronross, 2000, Sheth and Parvatiyar, 1995b, Sheth et al., 2000, Bettencourt et al., 2015, Czarniewski, 2015, Hanna et al., 2011, Martínez and Rodríguez del Bosque, 2013, Muñoz Jr and Schau, 2011, Costa, 2015, Wang et al., 2013, Wuestefeld et al., 2012, Rust et al., 2004, Roper et al., 2013, Miller and Mills, 2012, Li et al., 2012, Wang, 2015).

For the development of emerging markets, mutual interdependence is important to build trust and understanding of new customers' demands. Specifically, support from the land-based retail context may be weak, and a customer relationship would be premature in emerging markets. Thus, interactive mobile access fills the gap for luxuries to create customer value and fulfill new customers' demands. Financially, digital marketing obviates the need to make a substantial investment in brick-and-mortar retail outlets for luxury brands to penetrate volatile, uncertain economies (Friedman, 2014a, Gapper, 2015, Zhan and He, 2012, Thomson, 2015, Zhang and Kim, 2013).

## 5.2 The virtual context requires an interactive relationship to balance trust for social barriers

The virtual market setting facilitates an interactive relationship between luxury brands and consumers. Because of the new and innovative environment, both parties may behave differently than they do in the traditional market context; however, the relationship remains an important asset for the brands to manage (Koloğlugil, 2015, *The Economist*, 2013a). More importantly, the customer relationship is the conceptualized asset that provides a foundation for the virtual market setting. Thus, the virtual setting offers consumers the opportunity to interactively participate in co-creating value for production and consumption. This participation will result in evolved consumer relationships. Thus, marketers might have to adapt to a new environment to serve customers satisfactorily enough to retain the relationship (Helm and Özergin, 2015, Molesworth and Knott, 2013, Labrecque et al., 2013, Lemley and Lessig, 2000, Megehee and Spake, 2012, Jaiswal et al., 2010, Srivastava et al., 1998).

In the traditional market context, salespeople directly interact with customers, who decide when, how and where to visit stores for purchase transactions. Consumers control the timing of visiting the stores to engage the salespeople. Therefore, for in-store activities, luxury brands could invite customers to visit, thus allowing brands to gain, retain and grow their business (Wolf, 2013, Wang et al., 2013, Okonkwo, 2009a, Okonkwo, 2007, Nueno and Quelch, 1998, Mishra, 2010, Megehee and Spake, 2012, Fuchs et al., 2013, Ehbauer and Gresel, 2013, Djelic and Ainamo, 1999, Dion and Borraz, 2015, Dion and Arnould, 2011).

In the virtual context, the system literally replaces the salesperson to directly interact with every individual (Gartner, 2013, Gartner, 2014). Because of the interactive function, the system accesses consumer personal information. Consumers might be exposed to the risk of privacy and loss of personal data. Therefore, brands should develop strong, direct trust with consumers to facilitate permission for personal data access. This explains why consumers might feel

insecure in the digital context: the system has the ability to access their private data (Leach and Liu, 2014, Low and Blois, 2002, Bruhn et al., 2014, Sarabdeen, 2008, Phelps et al., 2000, Weber, 2015, Okonkwo, 2009b, Mahyari, 2013).

The digital market has been transforming the landscape into an access-based relationship. A relationship of mutual respect creates trust, which can lead to sharing exchanged information in an effort to remain relevant. Mutual trust builds a strong relationship, and the exchange may provide a deeper understanding of a consumer's value for consumption. The successful exchange of relevant information may create an efficient and effective service for consumption. Without access to customized information, excessive and irrelevant information can damage the relationship and make the bond weaker, causing customers to detach from the brands. The asset of the customer relationship might be lost to competitors. This should be the real virtual access-related concern of luxury brands (Yani-de-Soriano et al., 2013, Lodish and Reed, 2011, Freitag, 2015, Grewal et al., 2015, Jing and Zhou, 2012, Hennigs et al., 2012).

### **5.3 Trust is the cost of social barriers**

Relationships are based on trust, and trust is a key component of social costs. Trust represents a better determinant than satisfaction for consumers to engage with marketers. Particularly in the virtual context, marketers adopt emerging technology to access consumer information anytime, anywhere (Briggs and Grisaffe, 2009, Holmqvist et al., 2015, Christy et al., 1996, Sanakulov and Karjaluoto, 2015, Karjaluoto et al., 2007 December, Karjaluoto et al., 2008b, Jayawardhena et al., 2009, Wachter et al., 2012, Kim et al., 2013).

Therefore, luxury brands should manifest the quality of their brand value for customers to engage with trust in the virtual context. The development of a mutually interdependent relationship strengthens the trust between luxury brands and consumers. This trust may bridge the social barriers of mobile acceptance. If the



outcomes of acceptance give consumers better personal service, luxury brands would also benefit from bonding with the engaged customers (Huang, 2015, Verma et al., 2015, Kauppinen-Räsänen et al., 2015, Dyson et al., 1996, Samu et al., 2012, Sanakulov and Karjaluoto, 2015).

It has been argued that the development of mutual interdependence enhances the trust between the brands and individual consumers. The concept of collaborative marketing should not be limited to corporate customers in the B2B context. The mutual interdependence of the B2B relationship should also extend to individual consumers (Stavros et al., 2012, Ta et al., 2015, Foxall, 2014, Foxall, 2015b, Kotler and Pfoertsch, 2006, Belk, 2014). Virtual access builds interactions and helps brands interactively, regularly and simultaneously understand consumer self-interest. Customized information may reduce influences from attitudinal perspectives, such as gender and cultures (Blocker et al., 2011, Kastanakis and Balabanis, 2015, Belk, 2013, Hwang et al., 2015b, Kang et al., 2014, Sanakulov and Karjaluoto, 2015).

The interactive relationship is the stepping-stone to constructively transform fear into optimism.

#### **5.4 Monetary barriers require an exchange value for balance**

If a relationship transforms into a mutual interdependence to offset fear, trust may bridge the cost of the social barrier. However, the relationship would not be sufficiently strong to drive through the monetary barrier. Thus, consumers would not forego the implication of the economic value to the marketing firm to utilize his or her mobile device to perform marketing functions.

As previously discussed, consumers would not be willing to pay for irrelevant and excessive data. Moreover, consumers will not grant unconditional access. Permission should not cause fear among consumers, for example, of economic burdens, financial losses or the risk of losing personal interests. Furthermore, consumers

should obtain benefits and compensation for accepting instead of bearing the marketing firms' costs (Peters et al., 2007, Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Jayawardhena et al., 2009, Smutkupt et al., 2010).

Marketers should be responsible for organizing all marketing activities for consumers (Foxall, 1999). Consumers should not either finance marketers or bear the costs of marketing activities. Particularly for virtual engagement, brand trust should increase value to consumers, not burdens. Therefore, consumers should be free from mobile costs when they enjoy personalized service via the exchange of customized information with marketers (Foxall, 1999, Krush et al., 2015, Phelps et al., 2000, Jai and King, 2015, Lee et al., 2011b, Möhlmann, 2015, Ritzer and Jurgenson, 2010, Foxall, 2014).

#### 5.4.1 Dual values of mobile devices for mobile access

In Marx's value theory (Marx, 1992a), two factors of commodity—the use value and the exchange value—were presented. From the perspective of use value, a mobile device may have a use value to consumers because they own it. From the perspective of exchange value, marketers may consume the mobile device's exchange value to carry their marketing information. From the perspective of labour cost, if the marketers do not pay for the mobile service, devices might be interpreted as the marketers' slaves (Marx, 1992a). Therefore, the marketers should either remunerate or incentivize consumers for accessing their mobile devices to provide marketing information. If mutual engagements are bridged for the exchange of customized information with personalized service, consumers should be compensated, incentivized or otherwise motivated to grant access to the mobile device (Jai and King, 2015, Hwang et al., 2015b, Sixel, 1995, Marx, 1973, Ladhari and Tchetgna, 2015).

From the perspective of media cost, consumers are the owners of their mobile devices and should be responsible to maintain their devices for the purpose of receiving marketing information. Therefore, marketers should pay the media cost for

media tools' accessing the mobile device. When marketers adopt social media to reach consumers, they incur media expenses related to social networks such as Google, Facebook, and Twitter. Social media might offer their user data to marketers; however, consumers do not derive economic benefits. Social media can play the role of traditional broadcasting mass media. They can identify target customers only through data mining via the use of algorithmic techniques. Social media would not provide marketers with direct and interactive access to the individual consumer. Thus, if marketers desire interactive engagement with their individual customers, they should manage their websites and mobile activities with care. Customers can subsequently enjoy interactivity in a secure environment. Mobile devices would subsequently constitute the platform for the engagement, not social media (Foxall, 1999, Foxall, 2014, Esteban and Hernandez, 2012, Hanna et al., 2011, Hennig-Thurau et al., 2010, Ngo and O'Cass, 2013, Pfeiffer and Zinnbauer, 2010, Schamari and Schaeffers, 2015, Hamel and Prahalad, 2013, Khakimova Storie, 2015, Bergen et al., 1992, Blocker et al., 2011).

Based on the concept of a toll, digitalization has enabled direct participation for consumers. Direct participation transforms the relationship between consumption and production through the sharing and accessing of individuals' personal data without the possession implied by ownership (Ritzer and Jurgenson, 2010, Möhlmann, 2015). From this perspective, therefore, if consumers grant brands conditional access and permission, they should receive media revenue (Foucault, 1995, Belk, 2010, Möhlmann, 2015).

Direct participation has evolved the function of distribution. The key function of distribution may be to separate mass production and consumption to deliver products more efficiently and effectively through wholesale and retail systems. Mobile access has generated direct interactions for the co-creation and co-production of products and services for consumption. Thus, a mobile device would enhance the penetration of distributions into the individual level. Marketers would treat the exchange value as the cost of distribution through a mobile device (Lazzarato, 1996, Burkett, 1996, Sixel, 1995, Marx, 1992a, Thomas and Bond, 2015,

Klanjsek, 2012, Ngo and O'Cass, 2013, Powers et al., 2012, Taylor and Lee, 2008, Ritzer and Jurgenson, 2010, Kolođlugil, 2015).

From the materialistic consumption perspective, consumption occurs through the mobile device without immediate possession of the products. Thus, marketers would utilize customized demands from the exchange process to produce personalized services. Nevertheless, the fair marketing cost of the virtual interface has not been developed for new virtual marketing processes (Belk, 1985, Duh, 2015, Richins and Dawson, 1992, Ladhari and Tchetgna, 2015).

For example, marketers are obligated to pay for data and labour costs associated with mobile devices. Because of the customized environment, purchase intention originates from extrinsic values, such as utilitarian, hedonic, conspicuous or materialistic consumption, to integrate with intrinsic intentions. Thus, the mobile device constitutes only a functional interface for the shopping process (Ehbauer and Gresel, 2013, Dion and Borraz, 2015, Jones et al., 2006, Miller, 1998, Carrier and Miller, 1998, Foxall, 2015a, Krush et al., 2015, Kim et al., 2015).

#### 5.4.2 The exchange value of accessing individuals' self-interest

In terms of asset value, customized information represents the intellectual asset of an individual customer. Marketers should pay for the exchange value of using customized information. In reality, the mobile device allows for a personalized 'live' media channel. The customized information should subsequently represent the secret road map that marketers are longing to weave into the individual's spider web to understand his or her choices. Therefore, marketers should be required to pay, incentivize or reward consumers for the exchange of this valuable customized information (Belk, 2010, Appelquist et al., 2015, Lemley and Lessig, 2000, Sirgy, 1982, Graham, 1999, Foxall, 2015a, Foxall, 2010b, Belk, 1976, Aslam et al., 2014).

Understanding consumer choice may remain a difficult question for marketers. The availability of this knowledge is underdeveloped. In the B2B context, corporate consumers might be easier to predict and control because corporate consumption can be more rational, simple and straightforward. However, in the B2C context with its many emotional components, human behaviour can be complex. Therefore, it is difficult to conduct a single experiment to test human behaviour and predict an individual's choices (Foxall, 2015a, Oliveira-Castro et al., 2007, Foxall, 2010b).

More importantly, the analysis of big data in a mass market does not provide information about choice patterns at the individual level. If the exchange process motivates and incentivizes consumers to share their individual information, the data collected from the engaged customer can enhance marketers' ability to analyse and understand complex minds individually; thus, knowledge would not be meaningless (Fagerstrøm et al., 2009, Fagerstrøm et al., 2010).

Without the option of direct access, marketers may adopt views of understanding through different situational perspectives, such as behavioural economics, consumer psychology and the utilization of their marketing mix (Hursh and Roma, 2015, Foxall, 1986b, Foxall, 2003, Foxall, 1994a). Moreover, without mobile engagement for interactions, the intellectual challenge would be related to the interpretation of how consumers would like to maximize their returns on matching choices and what they are attempting to maximize (Foxall and James, 2003, Foxall et al., 2004, Foxall et al., 2010). Therefore, customized information offers insights to match the needs of consumers. Thus, the brands will also utilize their marketing mix to maximize pattern reinforcements and avoid punishment to influence consumer behaviours. Therefore, the customized information would not be meaningless (Bartels and Johnson, 2015, Oliveira-Castro et al., 2007, Poling et al., 2011, Killeen, 1972).

For consumers to serve their self-interest, they may go beyond merely seeking to maximize the economic value of their choices. The matching choice would not obey a general law of economics but might represent an optimal (or near-optimal) consumption strategy. More importantly, the matching and behavioural economics

would be related and might not be absolutely related to time and cost. The selection of options should be related to the value of the reinforcement, and the choice should match an individual's self-interest related to needs and desires. Thus, consumers' mind maps are complex and complicated (Kubanek and Snyder, 2015, Hantula and Crowell, 2015, Herrnstein, 1970, DiClemente and Hantula, 2003a).

From a situational perspective, most studies of consumer behaviour regarding luxury consumption utilize the homogenous driver of a conspicuous approach. Conspicuous consumption is the marketer-assigned intent that describes consumer behaviour. However, an individual's inner state is more complicated and individuals may have different needs that drive luxury consumption (Kastanakis and Balabanis, 2014, Wang and Griskevicius, 2014, Schaefers, 2014, Pipes, 1999).

From the perspective of individuals' inner states, consumers control their luxury-consumption choices based on their self-interest. Thus, intrinsic needs, extrinsic needs and individual experiences interact with luxury brands. More importantly, consumption intent varies from individual to individual. Self-actualizing consumers may seek hedonic reinforcements, whereas self-esteeming consumers may seek informational reinforcement and social endorsements. Peer group influence affects an individual's learning process regarding choices. Thus, without technological support, it is not feasible for marketers to access complicated information from individual consumers to understand their choices and decision-making processes (Schultz and Jain, 2015, de Araujo Gil et al., 2016, Ardelet et al., 2015, Rachlin, 2009, Ye et al., 2015, Giovannini et al., 2015, Hillenbrand and Money, 2015, Rocereto et al., 2015, Gil et al., 2012, Liu et al., 2012, Foxall, 1986a, Foxall, 2015b, Foxall, 2014, Foxall, 2010b, Foxall and Sigurdsson, 2013).

Therefore, with the support of emerging mobile technology, direct mobile access generates interaction and the exchange of relevant information for customization. Thus, the incentive is the toll fee paid by marketers to consumers to assess the mind map of their choices (Freeder, 2011, Mayser and von Wangenheim, 2013, Ngo and

O'Cass, 2013, Rudawska and Frąckiewicz, 2015, Thirumalai and Sinha, 2013, Wolfe and Sisodia, 2003, Xiao and Nicholson, 2011b).

From the perspective of exchange value, marketers may be obligated to offer rewards and incentives to obtain customized information. Thus, consumers will be willing to take the exchange value and provide customized information, and the marketers may match and optimize consumers' choices and preferences. More importantly, customized information can guide marketers to understand consumers' self-interest. This option has not been available previously (Hantula and Crowell, 2015, Herrnstein, 1970, DiClemente and Hantula, 2003b, Foucault, 1995, Bartels and Johnson, 2015, Foxall, 2015a, Xiao and Nicholson, 2011b).

The value of an incentive would be monetary or involve information reinforcement. Incentives must match an individual's conditional expectations. The result of stimuli should create enjoyment and satisfaction, not punishment. More importantly, the incentive may generate only a temporary influence and not create a strong, long-term relationship with the target consumers (Perna et al., 2015, Bolderdijk and Steg, 2015).

Thus, brands should understand individual consumers' values and needs to ensure that they offer incentives for individualized consumption to create a mutual interdependence. Moreover, an individual's value might vary from person to person, time to time and place to place. There may not be a standard equation to match all individuals. Therefore, incentives should be personalized to fulfill the valuation, needs and self-interest of individuals via access to customized information (Maslow, 1965, Maslow et al., 1970, Yani-de-Soriano et al., 2013, Wang et al., 2010, Foxall, 2015b, Foxall, 2010b, Belk, 1999, Belk, 1985, Hopkins and Powers, 2015, Perna et al., 2015, Shen et al., 2015, Hursh and Roma, 2015).

### 5.4.3 Customized information satisfies logical positivism

If luxury accesses customized information through the value-exchange process, individual consumers can share their needs and wants directly from their inner state. From the behaviourism perspective, brands utilize their knowledge to prepare a relevant incentive to motivate consumers. The knowledge obtained from the interactive process should be accurate and verifiable, and it will not be meaningless. Moreover, from the perspective of logical positivism, customized information is generated through an individual's inner state; thus, the knowledge of behaviourism is no longer based on oneself, is verifiable and can be logically justified. For that reason, behaviourism is a science, not merely a philosophy (Skinner, 2011, Foxall, 1986a, Blumberg and Feigl, 1931a, Friedman, 1991b, McKelvey, 1997a, Murzi, 2007a, Smith, 1986).

If consumers do not trust brands, however, they could be unwilling to share customized information or might provide incorrect information. Thus, knowledge concerning such consumers would be meaningless. Furthermore, if the information was generated from big data without individual consumer consent, the knowledge would not be verifiable with the individual and would also be meaningless (Jai and King, 2015, Phelps et al., 2000).

## 5.5 Collaboration builds an integrated B2B2C relationship for virtual operation

A deeper understanding of consumers would enhance customized solutions for personalized consumption. An interactive collaboration would be established through brand trust, the loyalty relationship and the exchange of information to create value, and might be the key characteristic of B2B transactions (Leek and Christodoulides, 2011). To establish the exchange of customized information, the brand should treat the consumer individually through the virtual context as an informational partner similar to a business customer. This would transform the customer relationship from a simple purchase transaction into a mutual



interdependence for quality service (Gronroos, 1990, Grönroos, 1994, Grönroos, 2004, Christian and Ojasalo, 2015, Sheth and Parvatiyar, 1995a, Sheth and Parvatiyar, 1995b).

Therefore, the customer-centric approach to the virtual relationship would be viewed as a B2B context for the information-exchange process. Once consumers engage the brand for upstream value creation in a digital context, the B2B relationship can channel consumers to participate in the decision-making process with marketers. The result of direct participation is to generate stronger trust, the enjoyment of better service, and the creation of additional economic benefits for both parties (Bruhn et al., 2014).

Because of the interactive function, consumers justify sharing customized information based on trust and enjoy the benefit of relevance for mobile engagement. This logistical operation of customized service might represent the traditional approach in which luxury brands served their customers in the pre-industrial and early industrial economies to ensure that they could revitalize personalized service with future virtual engagements (Emerson and Grimm, 1999, Freitag, 2015, Asare et al., 2011, Bendixen et al., 2004, Beverland, 2005, Beverland et al., 2007, Håkansson and Ford, 2002, Kang and Sohaib, 2015).

In the B2C context, consumers represent passive recipients of marketing information. Consumers do not directly participate in value creation for consumption (Jipa and Marin, 2014b, Clarke, 2006, Freitag, 2015). More importantly, the B2C context might primarily involve emotional aspects related to brand loyalty and attachment (Lemmens, 2015, Pedeliento et al., 2015). Mass-market transactional consumption might lack interactive communications; thus, transactional consumption would not easily satisfy the specific needs of individual consumers (Rauyrueen and Miller, 2007, Schellhase et al., 1999).

B2B offers consumers interactions to share the upstream value-creation process; moreover, the marketer understands the customer's expectation and presents a

relevant personalized offer for individualized consumption, i.e., B2C. This interaction makes it sensible for the B2B engagement to pursue individualization. Therefore, the virtual marketplace would integrate a mutually operated platform for the seller and buyer to exchange customized information and personalized services. This virtual engagement would transform B2B and B2C into B2B2C for customization (Muzellec et al., 2015, Schellhase et al., 1999, Sheth and Parvatiyar, 1995b, Standing et al., 2015). Thus, luxury brands should directly incentivize consumers for engagement and individualized rewards motivate consumers to share customized information in the secure environment (Sheth and Parvatiyar, 1995b, Akinc et al., 2015a, Broillet et al., 2010, Wachter et al., 2012, Kim et al., 2013, Babin et al., 1994, Kearsley and Shneiderman, 1998).

That said, the incorrect application of technology leads to punishment. In cases of the abusive use of technology, both parties destructively damage their mutual interdependence. Therefore, without proper knowledge of an application, technology will not have constructive results. The optimistic contribution of mobile technology is only an illusion. Luxury brands are particularly likely to fear an improper approach that might damage both the brand value and the trust value among customers. Because of this lack of knowledge, luxury brands behave 'slowly' in the virtual context (Aaker, 2009, Becerra et al., 2013, Djelic and Ainamo, 1999, Ehbauer and Gresel, 2013, Fuchs et al., 2013, Hur et al., 2014, Mahyari, 2013, Sanakulov and Karjaluto, 2015, Van Harreveld et al., 2015, Van Harreveld et al., 2009, Rachlin, 2009, Sheth and Parvatiyar, 1995b).

The value created through a B2B exchange enhances both trust and economic outcomes (Briggs and Grisaffe, 2009, Standing et al., 2015, Jones et al., 2015). Consumers are the value creators because they are the end users of the service. Marketers can represent value co-creators by interacting with consumers' self-interest, thus narrowing the knowledge gap and psychological distance between the two parties (Costa, 2015, Holmqvist et al., 2015, Foxall, 2014).

The close interactive relationship would create more relevant offers and reduce or eliminate the frictions of irrelevance. As a result of this informational enhancement, the marketer also increases productivity and enhances profitability (Costa, 2015, Briggs and Grisaffe, 2009, Sheth and Parvatiyar, 1995a, Kauppinen-Räsänen et al., 2015).

For this reason, the researcher would argue that the value-exchange concept for mobile acceptance justifies developing an interactive and integrated relationship between consumers and luxury brands into a B2B2C individualized and personalized virtual market context. The existing knowledge for the relationship can be developed through the needs of the land-based retail-driven environment and might not be able to match the needs and expectations of the interactive environment. Therefore, a new integrated system, the Gearbox of Exchange, should be developed to gear up self-interest to match the self-control of individual consumers and luxury brands for operation (Koloğlugil, 2015).

## **6. Development of research interests for luxury brands to obtain mobile access to their customers**

The uneven take-up of mobile engagement has been identified for luxury consumption between luxury brands and consumers. A key question is how luxury brands can bridge consumers' behavioural barriers to mobile engagements through the incentivized exchange of customized information and personalized service.

From the perspective of diffusion progress, the exchange of information reduces the uncertainty through a process that might occur over time and consists of a series of different actions. The interactive quality of new communication technologies has created interdependence among adopters, luxury brands and customers in a new social system. Therefore, individual users access control of the context to select the timing content and sequence of a communication act. Thus, a communication platform should serve as a linkage to match the innovation to sustain engagement over time. Thus, the research question seeks and locates the exchange agencies to incentivize to participants to accelerate the rate of adoption. The relevant incentives match both parties' expectations for mobile engagements. The consequences are changes that might occur in adopting instead of rejecting the innovation (Rogers, 2003, Rogers, 2002, Wachter et al., 2012, Kim et al., 2013, Karjaluo et al., 2008b).

From a marketing perspective, the marketing firm should formulate its activities based on customer needs and desires. Therefore, it is the firm's duty to match consumer needs and wants to maximize consumer returns through the innovative mobile social system. More importantly, prior to the establishment of structural regulatory controls for virtual society, marketers should make policies that both protect consumers from invasions and help them make better choices. Consumers should eventually gain the benefits of a unique personalized shopping experiences from mobile engagements instead of bearing the risks and costs (Gronroos, 1990, Kubanek and Snyder, 2015, Foxall and James, 2003, Bartels and Johnson, 2015, Nicholson and Xiao, 2010, Nicholson and Xiao, 2011, Fontanella-Khan and Budden,

2013, Vasagar and Fontanella-Khan, 2014, Shapiro, 1999, Lindridge et al., 2015, Goldstein, 2012, Dembosky, 2013, Jai and King, 2015, Tschersich et al., 2011, Weber, 2015, Sundar and Marathe, 2010, Okazaki et al., 2009, McCreary, 2008, Kasper, 2005, Goldfarb and Tucker, 2011b, Lee et al., 2011b, Phelps et al., 2000, Stanaland et al., 2011, Rapp et al., 2009, Cleff, 2007, Conitzer et al., 2012).

Therefore, this study determines how the following three elements work together:

- A. How luxury brands perceive digitalization related to production and consumption based on the cognitive, affective and behavioural domains.
- B. How consumers perceive the needs and values related to luxury consumption in a virtual context. Particularly in the new innovative mobile environment, consumer engagement in the virtual context will be accompanied by real threats.
- C. How both parties manifest the relevance of the incentives of exchange and verify the feasibility of the Gearbox concept.

The research will investigate the knowledge and behavioural intents flowing between luxury brand managers and consumers.

For luxury brands, the availability of knowledge regarding the virtual consumption of luxuries might not be sufficient to develop the new theory. Thus, the research must generate data related to luxury brands' attitudes about responding to the new social mobile economy from various key knowledge domains with respect to social, cognitive, affective and behavioural aspects.

For consumers, this research will indicate how intrinsic and extrinsic needs and values both meet individuals' expectations and provide them with satisfaction. By matching expectations, the findings provide a novel academic perspective on consumption and production. These interactions match the interests and controls between luxury brands and their customers. Moreover, the findings may offer relevant solutions for emerging markets in which luxury brands suffer from weak land-based retail coverage to serve new customers who might have insufficient

brand knowledge but nevertheless possess abundant purchase abilities for consumption.

## **6.1 Selection of research approach to consumer behaviour**

Emerging technology can enhance the development of digitalization, and digitalization can create and establish a new social system for consumers to directly interact with marketers. Thus, the development of digitalization also affects the choice of research tools between the attitudinal and behavioural approaches to predict consumer behaviours. Marketers use one or both approaches to understand consumer preferences.

The attitudinal approach involves the preference tendency to consistently exhibiting positive or negative and favourable or unfavourable reactions. For a specified brand, consumers may have a favourable attitude but for various reasons, they might not stick with a single brand. Attitude can influence many aspects of buying behaviour, such as brand loyalty. Attitude also represents the individual's psychological tendency to engage in repetitive buying. Moreover, the evaluation of consumer attitudes towards a specific brand might be important because consumers choose among several options available in the market.

The attitudinal approach focuses on the investigation of consumer attitudes through key components, such as cognitive, affective and behavioural factors related to behavioural intention. Several determinants have been identified to directly or indirectly impact predictions of attitude, such as an individual's belief. However, the attitudinal approach would not require action from the consumer, and the possibility of an attitude measure would change occasionally for reasons of individual preference (Khan et al., 2015, Obermiller, 2015, McKimmie, 2015, Ajzen and Fishbein, 1977, Ajzen, 1991, Ajzen and Madden, 1986, Huang et al., 2015).

The behavioural approach reflects a customer's actions, which can involve both previous purchase measurements of the same brand or the same brand-set and the measurement of future purchase probabilities based on a specific purchase behaviour.

Behavioural measurements view consistent and repeat buying behaviour as a loyalty indicator; however, the cognitive processes that underlie the behaviour are not considered. Therefore, radical behaviourism assumes the inner self and the outer self-interacting with the outer world as a single self. Thus, the behavioural prediction of radical behaviourism considers the consumer based on existence in the world, not inside the individual. Therefore, the individual can be viewed as a whole organism that interacts with other organisms and objects in the world. More importantly, the perspective of the inner self from dualism has been excluded from behavioural studies. Thus, the inner world's knowledge of an individual's self-concept and individuals' self-interest in consumption may have limited the methods to study. Therefore, consumer behavioural analysis focuses on experimental investigations of outer behaviours through motivations to predict and influence consumer behavioural outcomes (Khan et al., 2015, Rachlin, 2009, Baum, 2005, Foxall, 2015a, Fagerstrøm et al., 2010, Foxall, 2010b).

Consumer research aims to predict consumer behaviour and provide insights for marketers to influence choices. Nevertheless, the applications of research methods might depend on the availability of interfaces that interact with consumers.

The two approaches are differentiated through the research objectives of the targets to be reached, the actions to be predicted, the context of the engagement and the time required to make an adoption decision (Ajzen and Fishbein, 1977).

## 6.2 Attitudinal approach to mass marketing

The adoption of the traditional 4P (pricing, product, promotion and distribution) approaches might be popular for investigations from the attitudinal perspective of consumer behaviours prior to the introduction of digitalization. Before the Internet era, there might have been limited direct interaction with individual consumers. Thus, individual consumers might have been either barely visible or semi-transparent from demographic terms but physically unreachable by marketers. Because of physical barriers, the marketing function of the 4Ps should be the marketing firm's key agent to serve mass-market consumers. Specifically, the distribution function might be critical when marketers lack physical engagement with individual customers.

Therefore, individual marketing campaigns have been designed for unique cognitive messages to influence specific target groups with either well-defined demographic backgrounds (such as age, culture, and gender) or geographic perspectives. More importantly, the attitudinal approach need not predict a given action. A single act would be predictable from the attitude towards a specific contextual influence. This single performance could remain within the attitudinal arena and would not be classified as a repeated action in terms of ongoing behaviour. Therefore, before the Internet, marketers used mass media such as television, newspapers, and magazines.

Those media were the key tools for attitudinal research to convey a cognitive message, creating both affective and behavioural outcomes. Therefore, attitudinal research would be essential for brands to engage in transactional and retail marketing for mass markets. Moreover, each demographic group of customers might have unique consumption propositions; thus, a mismatch of the communication messages would waste the advertising budget and damage brand value (Ajzen and Fishbein, 1977, Finnegan et al., 2015, Kotler, 1971, Kotler, 1989, Ostrom, 1969).



### 6.3 Consumer-centric marketing with the availability of the Internet

Digitalization transforms communication methods between consumers and brands. Using Internet access as an interaction platform, consumers surf the Web to locate information that they would like to know. Therefore, the availability of digitalization turns marketing tools into the agents of consumers instead of marketers (Achrol and Kotler, 1999). More importantly, the Internet offers a substantial opportunity for marketers to pursue relationships and social marketing based on extensions of the traditional 4Ps to build a stronger bond with their customers (Dyson et al., 1996, Gronroos, 1990, Sheth and Parvatiyar, 1995a). Moreover, relationship marketing has been adopted for organizational buyers in B2B and has emphasized the performance outcomes of long-term relationships instead of a transactional or impulse-based consumption (Graca et al., 2015).

As a result of the Internet, marketing firms can individually reach massive numbers of customers in the virtual market, a feat that was not previously possible. Therefore, social marketing provides more intensive information to individual consumers, influencing consumers' attitudes and subsequent behaviours (Wright, 2004).

Social-driven relationship marketing emphasizes engagement with customers, which might involve the applications of exchange theory. The cognitive-behavioural models and social learning paradigm enable a deep understanding of consumption behaviour. Particularly in the technology-driven market context, consumers and marketers evolve in a new communications setting through virtual connections. Thus, the research approach should also transform itself from an attitudinal analysis into a behavioural analysis through the psychological perspective. A consumer behavioural analysis would focus on behavioural outcomes via interpretations of the operant classes of consumer behaviour. Consumer behavioural analysis emphasizes repeated performance to predict consumer choice-related behaviours using behavioural economics, consumer psychology and a marketing mix (Nicholson and Xiao, 2011, Foxall, 1994b, Foxall, 2010b).

The Behavioural Perspective Model (BPM) is a selective device for the interpretation and explanation of consumers based on reward learning. The operant classes of consumer behaviour can also be influenced by the pattern of reinforcement signalled by the current consumer setting, as shown in Figure 8. The key objective of the model is to maximize the pattern of reinforcement and avoid punishment (Foxall, 2010a, Foxall, 2003, Oliveira-Castro et al., 2007).

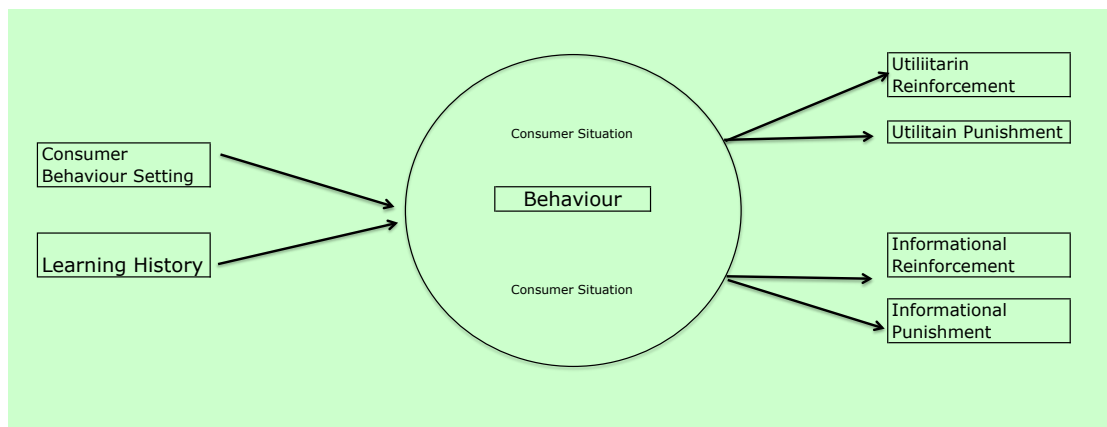


Figure 8 Summary of the Behavioural Perspective Model (Foxall, 2010b)

Moreover, the behaviour setting scope would classify the operant classes based on maintenance, accumulation, hedonism and accomplishments to reflect emotional response through pleasure, arousal and dominance in a manner that is based on Mehrabian and Russell's theory of environmental psychology (Russell and Mehrabian, 1976, Mehrabian and Russell, 1974).

Therefore, the BPM measures emotion by hypothesizing predictable consumer behaviours. Thus, utilitarian reinforcement can be expected to generate pleasure, which may imply satisfaction and utility. Informational reinforcement is associated with arousal, which can reflect behavioural feedback. The scope of the control behaviour setting corresponds to dominance. The result of this approach can confirm the prediction and the prediction might have considered the emotional attributes of the consumers through their consumer settings and learning experiences (Foxall and Yani-de-Soriano, 2005, Foxall, 1999, Foxall and Greenley, 1999, Foxall, 2010b).

More importantly, the BPM has evolved to the supra-personal level of an exposition firm's behaviour. Thus, a marketing firm's manager would use the firm's consume rate to interact with individual consumers (Foxall, 2014).

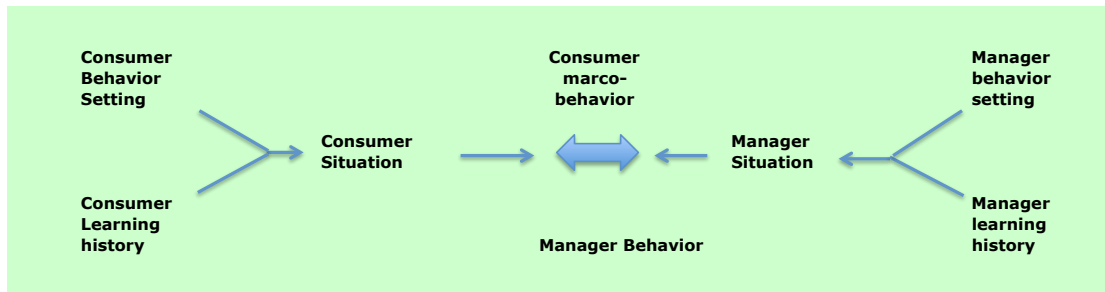


Figure 9 Bilateral contingency between an individual consumer and an individual manager (Foxall, 2014)

Thus, the advanced model would explain the ongoing exchange process to ensure that the individual manager understands and engages with the individual consumer. Nevertheless, this supra-personal level of BPM can continue to treat the individual as one self to interact with the world.

However, from the dualism perspective of realism, an individual would be considered to have both an inner world and an outer world. The BPM would consider only the behavioural analysis to address one world and the behaviour present in that one world. Nevertheless, there might not be an objective method of investigating the inner world to identify an individual's self-interest (Baum, 2005). Therefore, there remains a key question regarding how to understand consumer choices based on their self-interested perspectives. Foxall (2015a) states that it is impossible to conduct research to address both complex human behaviour and complex human problems using the same conceptual apparatus. Thus, the knowledge of how self-interest influences consumer behaviours remains unknown.

For this reason, this study proposed the adoption of a systematic and cyclic method, the Gearbox of Exchange, to integrate consumers' self-concepts to interact with and gear up to consume luxury brands in the mobile context. The Behavioural Perspective Model explains the Gearbox's operation by strengthening the customized information for brand managers. Through the interactive process, brand

managers might be able to make a relevant, personalized offer to the engaged consumer. More importantly, the customized information can reduce the worry of uncertainty and prevent the imposition of behavioural punishments on luxury brands. Knowledge obtained from individuals should be analytical and verifiable; thus, it will not be meaningless.

## 7. Development of conceptual frameworks for the Gearbox of Exchange using a Behavioural Perspective Model

Technology might not be used for only connectivity. Instead, the quality of human life should improve because of innovation. Thus, the concept of the Gearbox of Exchange bridges the gap to enhance not only the service value of consumption but also connectivity. The Gearbox solution requires the participation of both parties to build the relationship and form an understanding of mutual values. The outcome will create direct interactions between consumers and marketers. This approach will transform the marketing scenery into an individualized consumer-centric approach (Arnould and Rose, 2015, Belk, 2014, Waters, 2013).

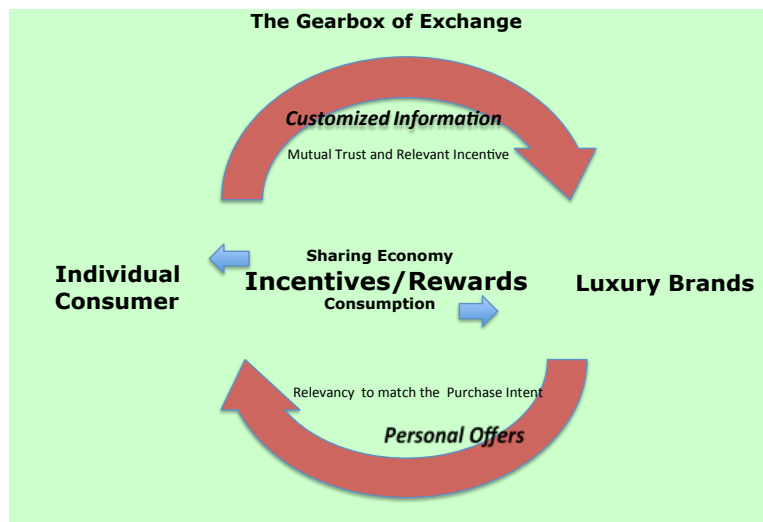


Figure 10 The Gearbox of Exchange Source: Author

More importantly, interactive engagement will identify consumers who are proud of their participation. The psychological ownership of participation will drive consumers to engage to enjoy sharing customized information to optimize their satisfaction (Kirk et al., 2015, Karahanna et al., 2015, Hulland et al., 2015, Hillenbrand and Money, 2015, Jussila et al., 2015, Babin et al., 1994, Kearsley and Shneiderman, 1998, Wachter et al., 2012, Kim et al., 2013).

However, the illusion of technology would be a threat. The improper application of the emerging technology would damage brand value. An individual consumer's brand experience could be critical for luxury consumption. The luxury brand cannot afford to lose customer satisfaction, loyalty and brand preference. Therefore,

pushing unwanted messages via consumers' mobile devices can trigger adverse behavioural and relational consequences that punish the brands (Foxall, 1986b). More importantly, information is gathered based on individuals' self-interest and self-concepts; thus, recommendations make the behavioural stimuli more sensible and relevant to the interests of individual consumers. For that reason, the outcomes of consumer behaviour are more predictable (Foxall, 2003, Foxall, 1994a, Landon, 1974, Sirgy, 1982, Johnson et al., 2015, Belk, 2013).

Therefore, the Gearbox of Exchange was developed for the new social environment and would provide an innovative solution to maximize brands' optimism and minimize their fear related to participation. Luxury brands manage uncertainty by building mutual interdependence with individuals as antecedents. Based on customized information, the brand presents its individualized offer to stimulate outcomes. Thus, individualization makes the consequences of choices predictable. The result of the collaboration would generate prior expectation, pleasure and arousal for an individual's satisfaction.

Moreover, the digital marketplace is not only a means for consumption but also a new social system for participation. In this the new virtual system, brands integrate the consideration of personal interests into the applications of behavioural economics. This interactive relationship between brands and consumers render purchase intent more predictable and visual (Liao et al., 2015, DiClemente and Hantula, 2003b, Jussila et al., 2015, Qian et al., 2015, Kolođlugil, 2015, Foucault, 1995, Schmidt et al., 2009, Russell and Mehrabian, 1976, Foxall, 2014, Hursh and Roma, 2015, Foxall and Yani-de-Soriano, 2005).

The Gearbox concept provides relevant knowledge to fill the gaps between mass marketing and customer-centric marketing to fulfill the needs and desires of individual consumers. Consumers' demands might be heterogeneous, and individuals' tastes might also occasionally vary. Thus, a Gearbox could regulate marketers and customers' shared interest in a simultaneous update and response. Therefore, the Gearbox offers a process of engagement to predict an individual's

consumption in different gears with respect to their self-interest and behavioural patterns. These interactions can direct the motivation to consume before production (Foxall and Greenley, 2000, Foxall, 2015a, Foxall, 2014, Foxall, 2015b, Foxall, 2010b, Foxall, 1999, Krush et al., 2015, Belk, 2014, Möhlmann, 2015, Lemley and Lessig, 2000, Mittelstaedt et al., 2015, Mittelstaedt et al., 2006, Sheth and Parvatiyar, 1995b, Sheth et al., 2000, Sheth and Parvatiyar, 1995a, Kotler and Pfoertsch, 2006, Kotler, 1989, Achrol and Kotler, 1999, Hatch and Schultz, 2010, Schultz, 1996, Schultz and Jain, 2015, Kolođlugil, 2015, Babin et al., 1994, Kearsley and Shneiderman, 1998, Wachter et al., 2012, Kim et al., 2013).

### **7.1 The Gearbox is a social system that regulates interests and fills gaps**

The digital economy should be viewed as a new social system rather than a means for connection. In the virtual context of a sharing economy, consumers and marketers collaborate to create new value for the social system. Consumers participate directly with producers; thus, the digital economy interactively transforms the relationship between consumption and production. In a traditional mass-production setting, the distribution may separate consumption and production through wholesaling and retailing networks for efficiency and effectiveness; thus, consumption and production do not interactively communicate. With interactive technology, consumption and production directly communicate and transform the distribution function into a logistical support. Therefore, consumers and marketers behave differently in the virtual context. More importantly, the collaborative consumption and sharing economy represent a new form of capitalism that can create an opportunity to revitalize customization (Ritzer and Jurgenson, 2010, Kolođlugil, 2015, Rauch and Schleicher, 2015).

Accordingly, the Gearbox of Exchange can provide a social platform to regulate consumers and brands' shared interests. Those actors' collaboration will develop into mutual interdependence through the concept of an incentivized value for the exchange of customized information, similar to the B2B context (Costa, 2015, Bruhn

et al., 2014, Grewal et al., 2015, Sheth et al., 2000, Sheth and Parvatiyar, 1995a, Sheth and Parvatiyar, 1995b, Gronross, 2000, Palmatier et al., 2013). Thus, the brands will utilize the individual's personal interest to match his or her choices through a marketing mix, a B2C context (Foxall, 2003, Foxall, 1994a, Foxall, 2015a, Bartels and Johnson, 2015, Foxall, 2014). This collaboration will overcome fears and uncertainties in the virtual context and maximize behavioural outputs, enabling consumers to enjoy their consumption (Arnould and Rose, 2015, Lemley and Lessig, 2000, Ritzer and Jurgenson, 2010, Cannon and Chung, 2015, Weber, 2015, Ta et al., 2015, Goldfarb and Tucker, 2011b, Goss, 1995, Kasper, 2005, McCreary, 2008, Shapiro, 1999, Tschersich et al., 2011).

The Gearbox will ultimately reward both parties through the exchange process for access to an individual's wants and needs for consumption (Foxall, 2010b, Foxall, 2015a, Yani-de-Soriano et al., 2013, Smith and Delgado, 2015, Kubanek and Snyder, 2015). Customized information facilitates marketers' ability to produce a service to match the individual's intent. Virtual engagement will revitalize customization and evolve the relationship between consumers and marketers (Kolođlugil, 2015, Sixel, 1995, Lee et al., 2012, Wachter et al., 2012, Kim et al., 2013, Karjaluoto et al., 2008b).

## **7.2 The Gearbox is fuelled by trust and exchange values**

Nevertheless, the Gearbox does not operate on autopilot. The Gearbox should operate with the mutual trust and relevant exchange value between consumers and marketers. The Gearbox can be conceptualized as an interactive platform for luxury brands and consumers to engage and build mutual interdependence. The relationship and trust are interactive elements. Trust fills the gap between the social barrier and the relationship. Once the gap of the social barrier is settled, consumers and marketers can overcome their fears of the virtual context. The Gearbox should be ready to operate (Mittelstaedt et al., 2015, Sheth and Parvatiyar, 1995a, Zaharna, 2015, Kim et al., 2015).



That said, the Gearbox's operation cannot be based exclusively on trust and relationships. The power of trust might not be sufficient to motivate consumers to grant permission for access. Consumers do not gift their mobile devices to marketers who wish to access and possess their mobile space. Instead, consumers require reciprocal benefits from marketers before granting mobile access (Belk, 2010, Appelquist et al., 2015). Therefore, both parties' interests should be regulated for interactive virtual access. More importantly, consumers should obtain benefits, not liabilities from mobile engagement (Cannon and Chung, 2015, Felländer et al., 2015, Hamari et al., 2015). From the perspective of fair trade and mutuality, both consumers and marketers should enjoy similar benefits of virtual engagement. Thus, the Gearbox integrates the concept of a sharing economy to incentivize consumers to participate in the exchange process (Ladhari and Tchegnina, 2015, Mayser and von Wangenheim, 2013, Sarmiento et al., 2015, Greene et al., 1984).

From the perspective of Gearbox ownership, the individual consumer operates his or her unique Gearbox of Exchange with an individual brand. Thus, the consumers will control the opt-in and opt-out functions, making decisions based on their individual needs and wants. Thus, consumers have psychological ownership of the Gearbox to choose their own actions. Interactive participation ultimately makes consumers proud of their collaboration and co-creation for production with the brands. A solid bond and mutual interdependence build the relationship through which buyers and sellers interactively engage (Jussila et al., 2015, Karahanna et al., 2015, Kirk et al., 2015, Lodish and Reed, 2011, Park et al., 2013, Yermekbayeva, 2011, Dyson et al., 1996, Gronross, 2000, Sheth and Parvatiyar, 1995b, Bolin, 2006, Gunkel, 2000, Babin et al., 1994, Kearsley and Shneiderman, 1998).

The Gearbox creates two distinct engagement benefits for consumers. The first benefit should be the incentive value or rewards that enable marketers to access the customized information and mobile device. The second benefit is trust that enjoyment and satisfaction will result from the receipt of a personalized offer and customized services (Krush et al., 2015, Arnould and Rose, 2015, Ladhari and

Tchetgna, 2015, Miller, 1998, Stratton et al., 2011, Davis and Hodges, 2012, Wachter et al., 2012, Kim et al., 2013).

Therefore, the Gearbox of Exchange reflects an interactive process that should be driven by marketers. Marketing expenses fuel the Gearbox's operation, treating consumers in market contexts. Thus, customized information represents a map for brands to drive into the spider web of individuals to motivate engaged consumers to engage in consumption (Foxall, 2015b, Foxall, 2014, Mittelstaedt et al., 2015, Foxall, 1999, Anand and Shachar, 2001, Davis and Hodges, 2012). Thus, I argue that the media cost includes the toll fee that marketers incur to access consumers individually. This fee enables marketers to more efficiently and effectively access individuals' needs and wants.

More specifically, personalized offers result in more consumer satisfaction arising from their interactions with marketers. Thus, consumer satisfaction reciprocally benefits the marketers. Foxall (2014) suggests that the operation of reward prediction error minimizes discrepancies in expectations; thus, both consumers and marketers can motivate each other to construct a better consumption environment for the fulfillment of individual needs (Papista and Dimitriadis, 2012, Mittelstaedt et al., 2015, Belk, 2013, Schultz and Jain, 2015, Foxall, 2014, Stratton et al., 2011).

### **7.3 The Gearbox balances the dual characters of a value system**

Marx's Value Theory (Marx, 1992a) explains that commodities can have a dual character that includes both use value and exchange value. In the digitalized sharing system, mobile devices may also provide two values: (1) the use value to consumers; and (2) the exchange value to marketers for their marketing functions. More importantly, consumers may have two important identities. When consumers engage in mobile interactions with marketers, they are not only the owners of their devices but also the consumers in the consumption process. Therefore, the Gearbox provides a knowledge-based platform to manage these dual value systems in a

sharing economy for mobile access. Through the Gearbox, the customized incentive regulates consumers' interest in their two unique identities to participate in interactive mobile engagement (Shuford, 2015, Felländer et al., 2015, Rauch and Schleicher, 2015, Cannon and Chung, 2015, Marx, 1973, Marx, 1992a, Kolođlugil, 2015, Wachter et al., 2012, Kim et al., 2013, Karjaluoto et al., 2008b). Therefore, the relevant incentive, rewards or stimuli full and satisfy the two values expectations that arise from the consumer's dual identities.

With respect to the self-concept that relates to an individual's use value, a mind's inner state decides how consumers select consumption. Their personal choices are related to their intrinsic and extrinsic needs for consumption. Therefore, related stimuli can motivate consumers to seek utilitarian and informational reinforcement (Duh, 2015, Rocereto et al., 2015). Nevertheless, it is not easy to access an individual's inner state to understand his or her consumption choice. Without accessing self-interest, one may have a blind spot when predicting individual consumption choices (Foxall, 1994b, Foxall, 2008, Foxall, 2010a, Foxall, 1994a, Foxall, 2003, Foxall, 2014, Foxall, 2015a).

Without knowledge of an individual's needs and wants, it can be difficult to obtain a comprehensive picture for predicting purchase intent. Moreover, consumers' mind maps are complicated and vary from person to person. More importantly, it can be nearly impossible to serve individual mass-market customers in the traditional, land-based retail context because of the limited resources available to supply products, land space and front-line staff (Foxall, 2015a, Foxall, 2014, Schultz and Jain, 2015).

Furthermore, the exchange value of stimuli is generated from the sharing of customized information. The relevance of exchanges should be related to the needs and wants of individuals. In this event, stimuli are generated using predictive techniques involved in mining big data, and the prediction can be irrelevant to individuals' needs. Thus, marketers are obligated to pay for the big data available from social networks such as Facebook and Google.

However, personalized offers can be generated from the direct exchange of customized information, and the brands should be able to match and satisfy individuals' specific needs and wants. Collaboration benefits both consumers and marketers who commit to the direct sharing and participation process. The Gearbox is a tool and platform to develop customer-centric marketing to fulfill the needs and wants of individual customers (Foxall, 2015b, Foxall, 2014, Foxall, 2008, Yani-de-Soriano et al., 2013, Arnould and Rose, 2015, Sheth and Parvatiyar, 1995a, Sheth et al., 2000, Verma et al., 2015).

#### **7.4 The Gearbox of Exchange works with BPM to enhance the learning process**

The Gearbox is aimed at individualization; thus, it is essential to reach the new consumers of the new marketers. Specifically, when new customers do not have a strong track record of learning history for luxury consumption, customized information provides a mind map for the luxury brand to build a relationship of mutual respect. Therefore, the Gearbox enhances the BMP to provide a framework for predicting a consumer's response (consequence) to the incentive offer/rewards (stimuli) through relationship building (antecedent) via an interactive mobile context (Foxall, 1984b, Foxall and Bhate, 1993, Foxall, 2010a, Baum, 2007, Baum, 2012, Baum, 2013, Foxall and Yani-de-Soriano, 2005, Foxall, 2015b, Foxall, 2015a, Foxall, 2014).

In the context of luxury consumption, the success of informational exchange should be based on the fundamental criterion, i.e., trust in brand value. Figure 11 elaborates the Marketing Bilateral Contingency view of reward prediction error; brand value represents the cornerstone of trust (Foxall, 2014). Self-interest enhances the consumer behaviour setting and accelerates the learning process through reward prediction. The exchange of information reduces the gap that results in brands making errors when offering an incentive. Relevance ultimately sustains permission and leads to consumption. Thus, consumers may participate in the

production and generate a co-creation value for production (Foxall, 2014, Ritzer and Jurgenson, 2010, Kolođlugil, 2015).

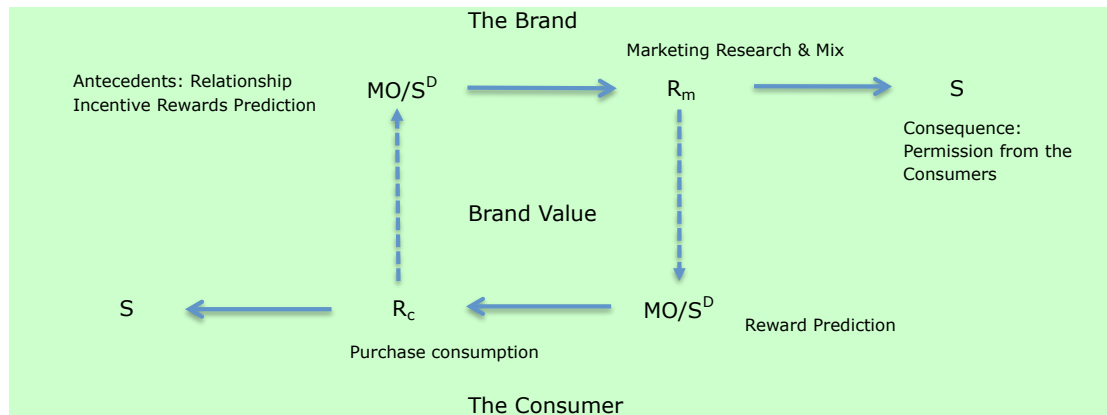


Figure 11 Marketing Bilateral Contingency between the brand and consumer in terms of the reward of prediction error (Foxall, 2014)

The Gearbox emphasizes the value of the reward process to motivate consumers for mobile engagement. In a unique and individual connection, the customer specifies his or her unique expectations of an individual luxury brand to create his or her own intended value for engagement. Therefore, each individual consumer responds differently to the value reward provided in exchange for information that leads to acceptance and engagement. Thus, the reasoning for accepting and responding to stimuli rewards is a personalized learning experience that depends on an individual's self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, benevolence, and universalism. The value created through the exchange process represents only an instrumental reinforcement. As a result of the brand's relevance, the consumer enjoys more individualistic consumption with personal service instead of homogenous consumption from mass production (Rolls, 2015, Brosch and Sander, 2013, Brosch et al., 2011, Belk, 1985, Duh, 2015, Hudders and Pandelaere, 2012).

Once luxury brands receive customized information to match the expectation of enjoyment, they will individually prepare a personalized offer. This task reaches new consumers in emerging markets to provide informational reinforcement as a tool to either educate or create utilitarian reinforcement, ensuring that the brand does not send an unwanted offer and avoiding a negative response that would result in punishment.

Figure 12 shows that the ongoing provision of customized information enhances the consumer behaviour setting and learning experiment. Customized information can also affect the creation of reward value. A reward's value depends on the relationship between an individual and a brand. That relationship can affect an individual consumer's choices and decision making. Consequently, consumers either benefit from utilitarian and informational reinforcements or are punished because they have granted access to the wrong operators (Smith and Delgado, 2015, Foxall, 2015b, Foxall, 2015a, Foxall, 2014).

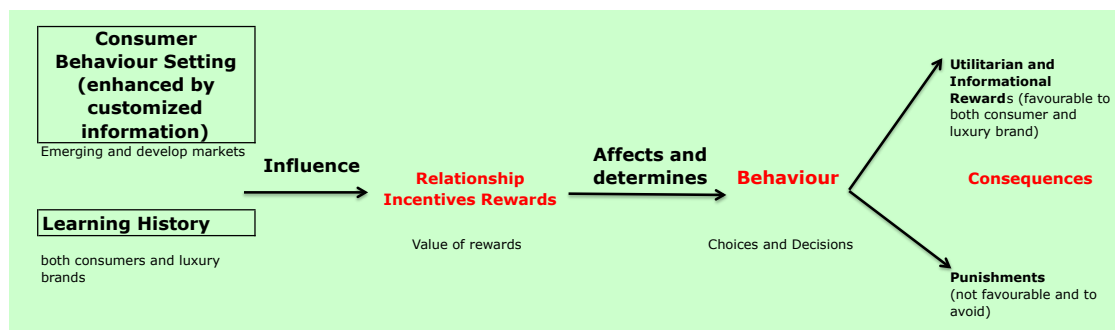


Figure 12 Reward process Source: Author

In the subsequent cycle, these consequences enhance both the consumer behaviour setting and the learning history. Thus, outcomes may influence the subsequent cycle, as shown in Figure 13. More importantly, the successful manifestation of brand value through digitalization brings luxury brands and consumers close together. The incentive rewards (monetary or non-monetary) from luxury brands are exchanged based on prior consent, thus creating a value-added service for the customer. The exchange process is interactive and will operate for a marathon engagement instead of short-term impulse consumption. As a result, the brand will establish a stronger relationship to firmly bond with the consumer, thus resisting severe competition (Dyson et al., 1996, Kotler, 1971, Perna et al., 2015, Yamabe et al., 2009, Smith and Delgado, 2015, Shen et al., 2015, Jai and King, 2015).



Figure 13 Operation of the Gearbox of Exchange with the individualized BPM (Foxall, 2014) Source: Author

## 7.5 The Gearbox of Exchange links to individuals' inner world

No direct methodology can be used to study the inner world of an individual or No experiment may completely address complex human behaviour; thus, the researcher argued that instead of searching big data, marketers should look for an opportunity to allow the individual to directly express himself or herself to the firm with respect to his or her choices.

Previously, luxury consumers in the traditional, land-based retail context would directly interact with the brands regarding custom-made production for consumption. For example, in bespoke tailoring, the customers engage in discussions with the tailors. The customers also elaborate their choices and communicate with the tailors about what will be served and how it will be served. The tailors would know the customers and understand their customers individually as the result of an ongoing process; thus, the engaged tailors can provide advice and services relevant to individual customers' needs and desires, thus living up to their expectations.

The researcher argues that physical links can disappear from the mass market when luxury brands adopt the trading-down strategy. The virtual link has been established for interactive communications and represents an alternative to develop into an individualized interface between brands and consumers. However, this access is blocked by fear. Thus, the researcher proposes new knowledge to meet the new

social context with the Gearbox of Exchange to link the individual's inner world with the luxury brand (Kapferer and Bastien, 2009b, Kapferer and Bastien, 2009a).

When the Gearbox works interactively with individual consumers, it is regarded as an individualized, complex, contextual system for consumption (Foxall, 2015a). The relevance of the reward incentive places the Gearbox deeply into an individual's internal validity and psychological processes through customized information. It also emphasizes external validity and behavioural outcomes through personalized offers. As a result, the consumer owns his or her individualized Gearbox to ask for custom-made incentives and personalized offers directly from the brand (Wertenbroch, 2015, Smith and Delgado, 2015, Foxall, 2008, Evanschitzky et al., 2015, Sawhney et al., 2005, Hillenbrand and Money, 2015, Hulland et al., 2015, Jussila et al., 2015, Karahanna et al., 2015, Kirk et al., 2015).

It is essential to access the self-interest of individuals; however, there is a lack of academic support in this area and the development of the supra-personal level of the BPM could not provide a direct access option (Foxall, 2014).

Thus, if the Gearbox of Exchange enhances the customer behaviour setting via customized information, brands can orchestrate the incentive and reward process, as shown in Figure 14.

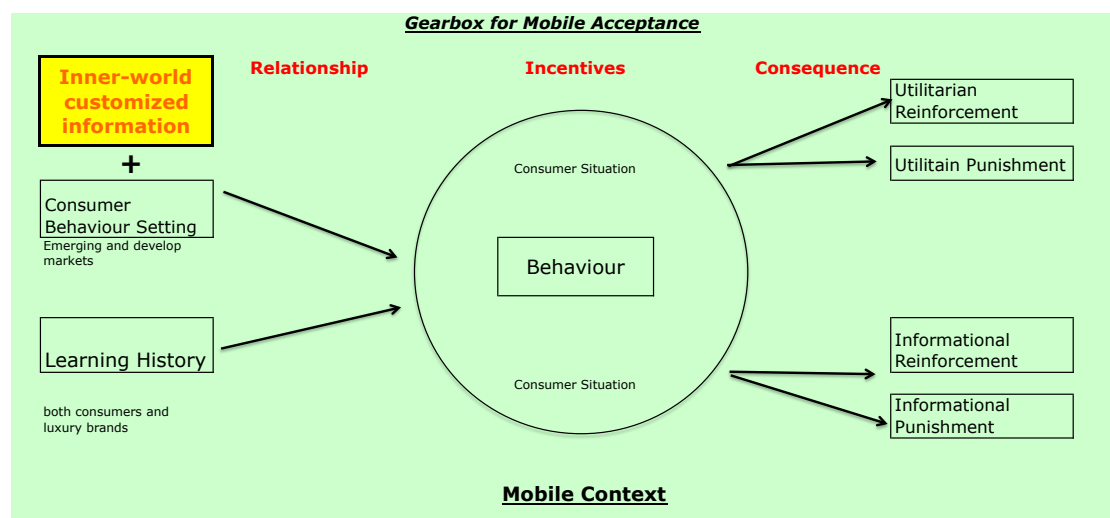


Figure 14 Summary of the Behavioural Perspective Mode (Foxall, 2010a) modified for mobile engagement  
Source: Author



Through mobile access, marketers integrate customized information into the consumer behaviour setting of the BPM. The customized information contains individual consumers' personal interests, and the marketer utilizes the individual's intrinsic needs to match their choices; thus, the knowledge is not meaningless.

For extrinsic needs, the brand generates individualized settings to utilize reinforcements to stimulate and influence consumer behaviour outcomes. From the pattern of operant classes, the relevance of individualized stimuli should transcend consumer satisfactions through reinforcements (Foxall, 2010a, Foxall, 2015a).

Thus, customization information and consumer behaviour settings will strengthen relationship building as an antecedent and predict its consequence for engagement. It could benefit the luxury brand to operate in the mobile engagement for individualization to match personal expectations and choice. Thus, the Gearbox offers a process to integrate consumer understanding of the operation of the BPM to generate the optimal consequence for both consumers and marketers. Customer-centric marketing can be implemented through the mobile context for mass-market consumers (Foxall, 2014, Foxall, 2015a, Sheth and Parvatiyar, 1995b, Sheth et al., 2000, Schultz and Jain, 2015, Rocereto et al., 2015).

## **7.6 Operation of the Gearbox of Exchange**

Kotler and Pfoertsch (2006) emphasize that the establishment of brand value for the B2B context should be focused on the operation of relevance, simplicity and humanity, not technology. Therefore, the criteria apply to the concept of the Gearbox to provide new knowledge for the application of emerging technology in a new virtual market.

The Gearbox concept might consider emerging technology as a tool for buyers and sellers to communicate. Sellers and buyers should not operate their contextualization at the expense of other individuals. Specifically in the context of the virtual market, social and monetary costs are key barriers to block marketers

from interactively approaching consumers (Peters et al., 2007). Furthermore, the marketers should manipulate their unique marketing mix to obtain the best economic results for consumption (Foxall, 1999). Therefore, the Gearbox offers an opportunity for marketers to pay for the permission and customized information to understand the gearing of individual personal interests (Kim et al., 2013, Karjaluoto et al., 2008b, Thong et al., 2011, Venkatesh et al., 2011, Venkatesh et al., 2008, Shaikh and Karjaluoto, 2015, Karjaluoto et al., 2008a, Jayawardhena et al., 2009).

The luxury brands utilize the customized information generated from the operation of the Gearbox to match individuals' self-interest and control. Brands essentially drive the Gearbox with their marketing resources; however, consumers remain in control of the opt-in functions to exercise ownership of the boxes. Moreover, consumers have more than one Gearbox to match their self-interest to the brands of separate interfaces, as shown in Figure 15. Therefore, when consumers have different functional Gearboxes integrated into their mobile devices, all those boxes engage with the individual brand to simultaneously and interactively operate. Marketers can also interact with a massive number of consumers in a simultaneous manner. Therefore, they should organize a systematic solution to maintain the interactions and respond to customized requests from individuals. A homogenous response would not satisfy individual expectations. Consumers can opt out to shift their engagements with other brands when those brands are no longer able to satisfy their needs. Most importantly, a homogenous response is meaningless to consumers engaged in the interactive process.

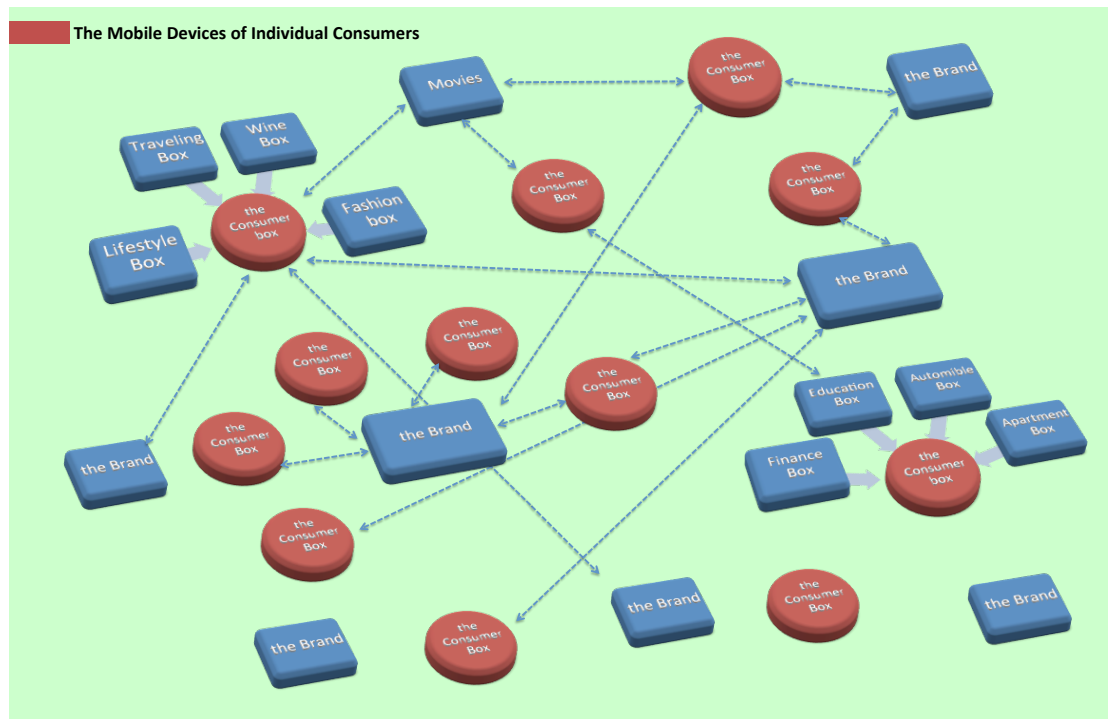


Figure 15 Gearbox operation for individuals in the virtual context Source: Author

### 7.6.1 Relevance

The Gearbox integrates the exchange of values to balance the interests of engaged parties. Customized information is provided only to brands that customers trust. Thus, the mutually interdependent relationship creates trust. Customized information generates relevance. The consequence of relevant interactive engagements is to produce strong trust and economic outputs that conquer the typical fear of losing personal data, privacy and excessive messages from the virtual context (Peters et al., 2007, Baek and Morimoto, 2012, Conitzer et al., 2012, Duff and Faber, 2011, Goldfarb and Tucker, 2011b, Costa, 2015, Kotler and Pfoertsch, 2006, Najafi, 2015, Sheth and Parvatiyar, 1995b, Bruhn et al., 2014, Holmqvist et al., 2015, Sheth and Parvatiyar, 1995a).

### 7.6.2 Simplicity

With respect to simplicity, the consumers own their personalized Gearboxes. The data analysis within the individualized contextualization is relevant to consumers' self-interest. The marketers utilize customized information to organize external environmental influences to individually mediate the consumer. More importantly, consumers control the opt-in or opt-out. Therefore, the marketers might be the only drivers of the Gearbox. The consumers will be the owners of the Gearbox, thus controlling its progress (Yermekbayeva, 2011, Jussila et al., 2015, Hulland et al., 2015, Kirk et al., 2015).

The application of algorithmic techniques to big data might narrow consumers' bandwidth of choices. Consumers obtain only exactly what they would like from the homogenous choice of mass production. More importantly, the big-data analysis will not provide accurate stimulation of the consumption motive (Montgomery et al., 2004, Mylonas et al., 2013). Ironically, big data can cost marketers substantial time and efforts to collect information from the mass market; however, big-data techniques do not guarantee that data meet the individual's needs. Moreover, an inappropriate recommendation can damage the brand.

Thus, the Internet and technology will not save the world; however, the innovation and application of technologies might be able to improve the quality of life (Waters, 2013). Therefore, the matching mechanism of the Gearbox in the virtual context will provide an interactive platform to match the diversity and heterogeneity of the needs and the availability of products for consumption (Cadeaux, 2000, Sheth et al., 2000).

The Gearbox may link the marketer to the consumer for collaboration (Bergen et al., 1992, Hamel and Prahalad, 2013). Based on the interactive exchange process, both parties directly participate in the value creation process as it relates to consumption and production. Customization should be a simple, straightforward way to satisfy the needs of an individual. Interactive participation helps both parties work

collaboratively both to create optimism and to eliminate the fear of uncertainties. Therefore, the Gearbox integrates the interests of both the exchange of customized information and personalized service in virtual space. Moreover, customization originated from the culture of luxury consumption. Therefore, the Gearbox will help luxury brands revitalize their customization and march into the digital world to meet customers individually (Hernández et al., 2010).

### 7.6.3 Humanity

Human interactions are key exchange processes for marketing activities. In the pre-industrial and early industrialization era, producers and consumers interacted directly with each other. They knew and trusted each other. Many products were manufactured on a custom-made basis for rich individuals or industrial customers. The design and tailoring of clothes and the creation of jewellery, watches and other consumer products were customized. Marketers rarely had to consider inventories of finished products (Sheth and Parvatiyar, 1995b). For example, publishers sold textbooks for which a demand already existed (Febvre and Martin, 1997). The consumption motive stimulated production (Sixel, 1995). At this time, the consumption motive was likely present prior to production. It was critical for consumers to make a purchase commitment with trustworthy producers. The producer reciprocally relied on the consumer's creditworthiness and assumed the risk of making custom products (Sixel, 1995, Sheth and Parvatiyar, 1995b).

Following the industrialization-driven introduction of mass production, marketers and buyers have been separated by the efficiency and effectiveness of middlemen to manage the value of distribution (Sheth and Parvatiyar, 1995b). Because of mass production and globalization, luxury brands will not achieve customization by serving customers on an individual basis. Only super-rich and elite customers could afford to engage in customized consumption in the traditional market context.

For that reason, the Gearbox of Exchange performs the function of an agent to individually connect the consumer and marketer through virtual engagement. Consumers and brands collaborate to create value through engagements. Thus, the Gearbox of Exchange can revitalize customization for both parties to enjoy the progress of consumption (Gartner, 2013, Gartner, 2014).

### **7.7 The Gearbox of Exchange evolves consumption prior to production**

The concept of the Gearbox generates more interactive functions and creates direct interaction. This interaction will develop emotional and structural bonds and enhance behavioural outcomes through trust and relationships. The bonded relationship with incentives adopts the mobile application for acceptance. These bonds will strengthen marketers' competitive advantage to secure their market shares (Sheth and Parvatiyar, 1995b, Dyson et al., 1996, Sanakulov and Karjaluoto, 2015).

In addition, the Gearbox offers an opportunity for an ongoing dialogue involving both buyers and sellers. This would avoid the big-data algorithm and enhance fair-trade consumption (Ladhari and Tchetgna, 2015).

More importantly, the development of Gearbox would take the consumer's personal interest into consideration. Through a customized engagement, marketers manipulate production resources to prepare personalized offers that match the customer's consumption (Shultz, 2007, Belk, 2013, Papista and Dimitriadis, 2012, Fournier, 1998). Interactivity will enhance efficiency, thus satisfying heterogeneous demand and effectively operating in a manner that comports with individualization (Mittelstaedt et al., 2015). More importantly, a strong interpersonal relationship implies more repeated interactions, such as business transactions and intimate social bonds, in a B2B framework (Bettencourt et al., 2015). Following actual consumption with a personalized offer, the virtual market context involves a B2B2C transaction; that pattern is repeatedly predicted. B2B2C is not an impulse purchase; instead, it represents a well-planned relationship consumption.

Moreover, from a social and cognitive perspective, individualized engagement relieves marketers from the fear of misunderstanding (Moon et al., 2008, Mattila, 1999, Soroa-Koury and Yang, 2010, Bennett and Ebert, 2007, Cant et al., 2013, Frisby, 2011). Machines replace humans for virtual engagement; however, customers may not want to be served as an object while their self-interest is ignored (Gartner, 2013, Gartner, 2014, Lee et al., 2012). If customization enhances the marketing process for production to best suit the needs of consumers, the Gearbox can be operationalized to help marketers predict and forecast consumption. The consumption motive ultimately stimulates production. If the process is sustained, marketers might enjoy a commitment from consumers prior to production (Elster, 1986, Akinc et al., 2015a, Sixel, 1995, Marx, 1992b).

## 8. Selection of frameworks to answer the research questions

The key research questions are aimed at two important aspects of the development of luxury consumption:

1. How luxury brands engage mass-market customers through mobile access for customization; and
2. How luxury brands secure new demands from new customers in emerging markets through mobile access.

From the customization perspective, the research investigates action-driven propositions to motivate consumers who grant permission for mobile access in exchange for personalized service. Thus, the behavioural approach should be more applicable than the attitudinal approach. The behavioural approach may be aimed at behavioural output instead of prediction based on an attitudinal approach to behavioural intent.

More importantly, the BMP has developed at the supra-personal level to create an interactive interface in which the individual customer and manager participate, which may fit the one-on-one perspective of mobile access. However, mutual participation generates relevant motivational rewards through the extrinsic needs of individual consumers (Obermiller, 2015, Foxall, 2014).

Nevertheless, the behavioural approach does not indicate an individual's self-interest in customization, which remains the blind spot of the BPM. More importantly, based on the inaccessibility of individuals' personal interests, the BPM is unable to locate the relevance of individuals' intrinsic need for luxury consumption. More importantly, academics have stressed that no methodology or experiment can directly access an understanding of individual consumers from their inner world (Kastanakis and Balabanis, 2014, Jain et al., 2015, Okonkwo, 2009a,



Hoffmann et al., 2012, Kapferer and Bastien, 2009b, Schultz and Jain, 2015, Baum, 2005, Rachlin, 2009, Foxall, 2015a).

For this reason, insufficient learning information does not support the BPM's analysis of the consumer behaviour of new customers in emerging markets. However, the attitudinal approach predicts only one occasion via cognitive, affective and behavioural consequences instead of an ongoing engagement. Therefore, the search for an interactive, simultaneous engagement also might not achieve the research objective. In that event, luxury brands access knowledge to understand the cognitive value of new customers' inner worlds. They could productively match new customers to create strong bonds of loyalty (Ajzen and Fishbein, 1977, Van Harreveld et al., 2015, Rachlin, 2009, Baum, 2005, Hantula and Crowell, 2015, Bartels and Johnson, 2015).

The key research objective is to determine how the Gearbox concept serves as a linkage to connect the consumer and luxury brand individually for the purpose of customization. The concept of exchange value could be the change agent for the adoption. Both of the parties are key participants as subjects in the exchange process. Based on the diffusion and behavioural perspective, they may be located at different stages of adoption for technology advancement. They also might have different expectations regarding not only the constructs of reward systems but also behavioural outcomes. Therefore, this study encompasses two research projects.

## 8.1 The research framework for luxury brands

From the diffusion perspective, a luxury brand may be one of the key participants in the exchange of information to reduce uncertainty related to engagement. The adoption of digitalization would be viewed from the two operation perspectives.

First, the adoption of advanced technology for the internal management system—e.g., inventory controls and computerized systems for costs and planning—would be generated through self-control.

Second, the luxury brand will adopt digitalization with for a view towards developing its marketing efforts in the area of virtual customer service. Thus, profitability and retention should be key parameters for organizations, including luxury brands, in long-term relationships with customers.

The Internet enables a new social network for interactions. Thus, its use should consider a comprehensive picture to evaluate how luxury brands adopt digitalization internally for organization controls and externally for customer service in the cognitive, affective and behavioural domains.

More importantly, luxury brands are regarded as slowly participating in digital marketing, with their development being compared to Internet banking, online ticketing and online shopping. Luxury brands lag behind these technological applications.

Nevertheless, literature reviews have indicated that luxury brands have strong qualifications to pursue customization in a mobile virtual context. Luxury consumption may emphasize trust to develop a mutual interdependence with customers through high brand values. Therefore, the relationship should not be a substantial obstacle for luxury brands to obtain consent from their customers.

Consumers might block mobile acceptance because of a lack of trust regarding unknown operators. The luxury brands can operate in a quality-driven market context; thus, consumers would like to be treated by luxury brands in return for granting mobile access (Kim et al., 2010, Michell et al., 2001, Christopher, 1996, Zhang et al., 2015a, Dyson et al., 1996, Cavender and Kincade, 2014, Srinivasan et al., 2014, Moore and Doyle, 2010, Shukla et al., 2016, Seo et al., 2015, Hennigs et al., 2012).

Moreover, the reviews note that the monetary barrier can be balanced through the reinforcement of a reward. In that event, relevant rewards will be offered for the exchange of individualized customized information. The engaged customers might be able to enjoy personalized service that they would not receive in the traditional retail context.

Based on the framework as figure 3 (previously mentioned) of the theoretically interesting model (Park, 2009a) modified from the TAM2 model to test and analyse technological acceptance through cognitive, affective and behavioural domains, the model would examine luxury brands' individual, social and organization factors; thus, the findings will identify interactive relationships.

From the construct of the perceived ease of use and the perceived usefulness as a cognitive domain, the data would provide insights and knowledge related to how managers perceive the adoption of digitalization in relation to the luxury production and consumption processes. The research will precisely indicate luxury brands' perceptions and control of their marketing resources that enable them to interact with those interested in social development in the mobile virtual market.

Attitude may be considered an affective construct essential to understand luxury brand attitudes toward the adoption of digitalization with consumers. More importantly, luxury brands could suffer from digitalization-related conflicts because they know what is good versus bad in the virtual space. However, they could be

struggling between two choices (Van Harreveld et al., 2015, Van Harreveld et al., 2009, Rachlin, 2009).

Therefore, the affective domains can lead to the behavioural intent to adopt mobile marketing. The brand managers' behavioural outcomes might be regarded as a behavioural construct motivating consumers to engage (Kim et al., 2013, Karjaluoto et al., 2008b, Rogers, 2003, Park, 2009a, Thong et al., 2011, Eastin et al., 2016, Campbell and Kwak, 2010).

## 8.2 Research framework for consumers

Literature reviews have identified the barriers that prevent access to consumers' mobile devices. The behavioural barriers in terms of social and monetary perspectives block unauthorized access. Radical behaviourism would elaborate the behavioural outcomes of consumers who block access; however, it may not be able to explain how consumers select the functions of mobile access. An evaluation based on situational factors would be insufficient to explain consumers' selections; it is necessary to understand the inner state of how consumers choose among their options. Individual consumers exist in two worlds, which interact to respond to the outer world. Thus, the intrinsic needs for the inner self and the extrinsic needs for the outer self of an individual should be investigated for luxury consumption. Therefore, the research framework will investigate an individual's two worlds instead of the traditional one-self approach (Foxall, 1986a, Foxall, 1986b, Foxall, 2003, Foxall, 2014, Skinner, 1964, Malone, 1975, Baum, 2005, Baum, 2007, Smith, 1986, Zuriff, 1995b).

The two-worlds approach is also critical to investigating the consumer behaviour of new customers in emerging markets. For example, with the strong demand for luxury products in emerging markets such as China, the traditional behavioural model offered a sufficient explanation. The continuity of behaviour suggested that a behaviour analysis would not be complete without an explanation of the recurrence of behaviour from one time and setting to another. This is an example of the question of how an event at one time can affect subsequent behaviour. Thus, it would be difficult to explain and predict the choice through behavioural analysis when new consumers have limited luxury consumption experience in the emerging market. Most studies have focused on either conspicuous consumption or hedonic reinforcement to explain the new consumers' behaviours. Nevertheless, consumers' self-concept provides more comprehensive views of individuals' self-interest and self-control to explain their choices related to luxury consumption (Kastanakis and

Balabanis, 2014, Wang and Griskevicius, 2014, Schaefer, 2014, Schultz and Jain, 2015, Gambetti et al., 2015, Andonova et al., 2015, de Araujo Gil et al., 2016, Ardelet et al., 2015, Rachlin, 2009, Ye et al., 2015, Giovannini et al., 2015, Hillenbrand and Money, 2015).

Because of the availability of interactive technology, I argue that marketers should adopt technology to directly interact with individuals and understand their choices based on customized information. Therefore, consumer adoption of technology is critical.

Thus, the research framework as figure 4 (previously mentioned) is modified from the concept of the unified theory of acceptance and use of technology 2 (UTAUT 2). The UTAUT 2 was developed to predict consumer acceptance and user behaviour based on four core determinants, including performance expectancy, effort expectancy, social influence and facilitating conditions that interact with the relationship with four moderators such as age, gender, experience and voluntariness. The model was built for applications in various user groups and technologies; thus, it might not be the final model for specific applications. Accordingly, modifications should be developed to meet the expectations of an individual contextual system (Venkatesh et al., 2011, Williams et al., 2015, Thong et al., 2011, Venkatesh et al., 2012b).

For that reason, to achieve this study's objective, the framework should focus on the interactions between individual interests and the relevant mediators. Self-motivation involves the self-interest of extrinsic and intrinsic needs and trust regarding the brand. The mediators for the interactions are the incentives created by informational and monetary reinforcements and self-experience in luxury consumption. Therefore, based on behavioural intention, the data indicate the relationship between components.

### 8.3 Integrations

The key concept of Gearbox would integrate the intent of consumers and luxury brands based on the exchange value.

First, consumers would conditionally grant the opt-in through customized information based on the quality of luxury brands.

Second, the brands would orchestrate the best matches to fulfill consumer expectations based on customized information.

Without trust, brands might not be able to access the customized information. Individuals' consumer behaviours are complicated; thus, self-interest would drive the intrinsic value of consumers' needs, the extrinsic value related to the operant behaviours and trust in brands with respect to purchase decisions. Furthermore, the three elements would interact with self-experience and thus, behavioural outcomes might change from time to time, culture to culture and person to person. Therefore, there may not be a simple experiment to apply for these complications (Foxall, 2014).

Therefore, without an individual's mind map, luxury brands might be unable to offer personalized service to individual mass-market consumers. The Gearbox of Exchange provides individual access to form an individualized relationship with the brand that involves responding, motivating and intervening in consumer behaviour in an interactive and simultaneous manner through mobile access.

Thus, luxury brands engage by earning consumer trust in exchange for customized interests. More importantly, quality represents luxury brands' DNA. Without quality assurance from the brands, customers would not consider consuming or participating in the exchange process. Thus, trust may be the cornerstone to initiate engagement between consumers and luxury brands.

Therefore, research project 1 will explain how a luxury brand perceives the concept of incentivizing consumers and the applications of mobile technology. Given that luxury brands might continue to struggle with the development of online ecommerce, mobile engagement would be somewhat remote for them to consider. Nevertheless, the value of a quality brand might be an untapped asset for luxury brands. Thus, customized information might encourage luxury brands to move faster into the mobile context (Paul and Veena, 2015, Lawry and Choi, 2016, Sanderson, 2015, Okonkwo, 2009b, Akinc et al., 2015a).

Because of the interactive functions, the Gearbox offers a feedback process to adjust expectations, reduce uncertainty and resolve discrepancies. More importantly, both consumers and brands can adjust their individualized settings and expectations anytime, anywhere. More importantly, brands are immediately punished for incorrect applications (Foxall, 2014, Robinson et al., 2012).



## Chapter 3 Methodology

### 9. Philosophical position of logical positivism for Gearbox development

Literature reviews have indicated the need for new knowledge to link the consumer and brand in the interactive mobile context. The Gearbox of Exchange may serve as the linkage for the new social context in which consumers interact with marketers. Successfully linking consumers and brands in a secure environment will enhance the exchange of information and reduce uncertainty. Thus, it may accelerate the diffusion process of technology into mobile marketing and enable the direct participation of consumers in the production process for luxury consumption.

According to a philosophical review, logical positivism can provide deeper views to evaluate the Gearbox of Exchange's contribution to the study of behaviourism. The purpose of philosophy is to clarify the meaning of propositions and eliminate meaningless pseudo-propositions (Blumberg and Feigl, 1931a).

Logical positivism is regarded as the philosophy of science, and its fundamental principle is the claim that all statements are either analytic and verifiable by observation or meaningless. More importantly, behaviourism has imported its view of science from logical positivism, and the two views are closely associated. Thus, adopting logical positivism's philosophical perspective explains how the Gearbox of Exchange should be adopted for the development of new knowledge to access self-interest directly from the inner world of an individual instead of indirectly through research tools that examine the outer world of an individual.

Behaviourism primarily considers that a person interacts with the outer world; thus, the Gearbox of Exchange can relieve this conflict by accessing the inner self's knowledge through an interactive mechanism.

Moreover, the central idea in behaviourism may be simply stated as follows: A science of behaviour is possible (Baum, 2005). This idea has been a controversial topic in behaviourism. The conflict of the concept of science criticizes the quality of knowledge in relation to the inner and outer worlds of an individual's behaviour. Radical behaviourism has treated an individual as one self to interact with the outer world and rejected the individual's subjective inner world; in contrast, dualism indicates that the individual's inner and outer worlds combine for behavioural outcomes. Radical behaviourists prefer pragmatism to realism because realism leads to a dualistic view of individuals that is incompatible with the science of behaviour (Baum, 2005, Rachlin, 2009).

The key debate of an incompatible inner world would be "If I am separate from the real world, then where am I?" The answer is that your inner world is private to you, and you can experience sensations, thoughts and feelings there. Only your external body can belong to the outer world. More importantly, how does the inner self or mind influence the body's behaviour? No answer to this question will ever be identified because the inner self may be separated from the outer world and there is no way to understand how non-natural things may affect natural events. Thus, this answer is incomplete with respect to science in that it considers only the external behaviour. Therefore, radical behaviourism rejected the dualism between the inner and outer worlds and the behavioural analysis addresses one world and behaviour present in one world. This is the key controversial topic in behaviourism (Baum, 2005, Rachlin, 2009).

Behaviourists agree that there is a science of behaviour, which should be psychology. However, psychologists have rejected the idea that psychology is even a science. The debate extended to whether behavioural analysis was a part of psychology. Whether behavioural analysis is the same as or independent of psychology is that issue that diverges from the view of psychology.

That notwithstanding, professional organizations such as the Association for Behaviour Analysis, the Journal of the Experimental Analysis of Behaviour, and the Journal of Applied Behaviour Analysis have provided the field with an identity in which the behavioural analysis found in behaviourism comprises ideas regarding science, not the science itself; thus, properly speaking, behaviourism might not be science, but a philosophy of science (Baum, 2005).

More importantly, when the consideration of an individual's inner world became the hidden hand of God, this indicated that no explanation or analysis would be forthcoming. The researcher agreed that there was no direct, effective method to objectively analyse an individual's inner world. However, the researcher argues from the consumption perspective that it would be possible to develop an interactive channel to connect the individual and the brand. Through relevant incentive rewards, the mobile device represents a channel for the individual to inform the brand what, where, when and how he or she would like to make choices. Therefore, the proposed Gearbox of Exchange represents the hidden hand of God with respect to the consumer's subjective sense. This might justify returning behaviourism to the central idea that "a Science of Behaviour is possible".

An individual consumer's self-interest is provided for through customized information; thus, relevant information avoids the bias. The knowledge of self-interest can incorporate an individual's cognitive, affective and behavioural intentions. More importantly, interactive mobile technology simultaneously accesses the individual's customized information (from time to time), and engagement reflects the individual's psychological standing on an ongoing, continual basis. As a result, behavioural analysis shifts away from blaming limitations. The Gearbox links radical behaviourism with the dualistic views of behaviourism. Because of dualistic information, marketers implement the customization through a strong customer-centric relationship programme to fit the individual's choice and fulfill needs and desires for personalization.

Therefore, the concept of the Gearbox links dualism and radical behaviourism. The benefit of the knowledge encourages the marketing manager to provide relevant, high-quality service to an individual consumer. More importantly, the understanding of the intent of consumption motivates production, i.e., the motive of consumption prior to production.

Foxall (1986a) suggests that radical behaviourism might offer an explanation instead of manipulation of consumer choice. Thus, through an individualized engagement in the progress of interactive communication, relevance manipulates the individual's choice. The Gearbox concept fills the gaps for the behavioural analysis.

### **9.1 Behavioural analysis requires the individual's inner world**

From the philosophical concept of a teleological behaviourism perspective, the observable realm is derived from explanation. The unobservable mental or conceptual realm of pre-behavioural, intra-personal events is omitted from the explanation. However, psychologists and marketing behaviourists have admitted the importance of understanding the needs and wants of individual consumers. Psychologists have adopted experiments to investigate the inner world and behaviourists have examined overt behaviour, which is cognitively mediated behavioural causation that operates through the mind. This assumption has inspired substantial debates. Nevertheless, it relates to how to access an individual's inner world rather than refuse to accept that individual's duality.

With advanced, interactive mobile technology, the researcher argues that consumers would fill their mind gaps by explaining and expressing themselves with the individual engagement. Thus, the luxury brand may obtain a deep understanding of the individual consumer's expectations from what and how consumers would like to be served. More importantly, there may be no attitudinal study or single experiment that will fulfill an individual consumer's need for understanding. Thus, the best approach would be to let consumers speak for themselves so that

marketers can obtain a direct understanding of consumer behaviours based on individuals' self-perspectives. Both marketers and consumers mediate the consequences of each other's behaviours through interactive communications. Thus, the quality information and knowledge would enhance and evolve through the virtual behaviour similar to verbal communications between consumers and marketers. The actual data of ongoing interactions would be sensible and meaningful in terms of explaining and interpreting consumer choices based on the learning process instead of the traditional observation approach (Skinner, 2014, Chomsky, 1959, Foxall, 2014, Foxall, 2015b, Nicholson and Xiao, 2011, Nicholson and Xiao, 2010, Malone, 1975, Skinner, 1964, Blanshard and Skinner, 1967, Foxall, 1984a).

Thus, customized mobile-engagement data generates the knowledge of the understanding between consumers and brands. Through interactive learning about choices, both parties may adjust their perceptions and behaviours to adapt to the specific consumption situation. More importantly, the real person as a consumer might provide interactions with feelings, sensations or ideas through the operation of mobile engagement; thus, the data are not meaningless for marketing analysis. Mobile engagement enables consumers to speak for themselves through customized data; thus, the prediction accuracy of choices should be improved (Skinner, 1950, Ishisaka, 1972, Skinner, 2011, Foxall, 2014, Kim et al., 2013, Wachter et al., 2012).

## **9.2 The Gearbox of Exchange offers continuity for behavioural analysis**

Baum (2007) argues that the continuity of behaviour is incomplete without an explanation of the recurrence of behaviour from one time and setting to another. For example, Einstein conceived the explanation for gravity hundreds of years after the concept was proposed by Newton. Foxall (1986a) also states that a time gap exists between responses to the reinforcer in an intervention. Behavioural analysis focuses on interactions between the relevant incentive and operant response

through a past behavioural pattern. More importantly, timing is critical for the implementation of interventions. Once consumers change their minds, the reinforcer may no longer be a well-fitted solution and has missed the moment to catch and intercept the consumer (Baum, 2005, Baum, 2007, Foxall, 1986a).

New consumers in emerging markets do not have adequate knowledge regarding areas for consumption. Without a strong history, the analysis might be unable to identify the relevant incentive to motivate the operant response. Thus, behaviour analysis might not be able to predict the choice of a new consumer from an emerging market. Moreover, luxury consumption is a culture; thus, new consumers might have to learn how to consume. Thus, the informational incentive is the key mediator for the exchange process. The Gearbox of exchange subsequently fills the learning gaps for the behavioural analysis when the new consumer's learning history is inadequate.

From the perspective of information exchange, the Gearbox can enhance the exchange between the consumer and marketer. It brings the consumer's inner world out from the shadows to communicate with the marketer. The exchange process can transform the consumer from a passive receiver into an active producer of information. As a result, the marketer can comprehend the scope and scale of consumption prior to production.

Customization is revitalized through virtual space. In particular, luxury brands may have abilities and resources to implement a strong customer relationship. However, this type of customization may not be appropriate for all products. Luxury brands have the ability to trade down the supply to satisfy the needs of the trading-up demand of a mass market. Mass-produced products might not have the flexibility to adjust their product ranges for customization. Nevertheless, customized information improves the efficiency and effectiveness of the distribution and exchange process for mass production into personalization. The Gearbox of Exchange is integrated with the location-based technique to enhance the functions of distribution for virtual and retail outlets. Ultimately, consumers derive greater enjoyment from the

personalized benefits of virtual engagements (Kapferer and Florence, 2016a, Kapferer and Laurent, 2016, Kapferer and Bastien, 2009b, Kapferer and Bastien, 2009a, Kapferer and Michaut-Denizeau, 2014, Kapferer, 2012, Rudawska and Frackiewicz, 2015, Duh, 2015, Akinc et al., 2015a, Costa, 2015, Lawry and Choi, 2016, Mahyari, 2013, Merlo et al., 2015, Achabou and Dekhili, 2013, Lee et al., 2012, de Araujo Gil et al., 2016, Pandelaere, 2016, Hudders and Pandelaere, 2012, Graham, 1999, Belk, 1985, Richins and Dawson, 1992).

Behavioural analysis would explain consumer choice through consumer interactions with the world, and the Gearbox of Exchange accesses a consumer's inner world to understand his or her individual selection criteria for consumption. Thus, the combined applications understand consumers from both perspectives, i.e., the inner self and the outer self. On specific occasions, the two selves might not synchronize their choices. Some purchase decisions contradict their attitudinal preferences. For example, the consumer might stay in a hotel that he or she does not like. There could be many reasons for their matching decisions (Baum, 2013, Baumgarth and Binckebanck, 2011, Baum, 1974).

Consequently, the Gearbox might access the information directly from an individual's inner self and offers alternative information for marketers to evaluate their motivations to match an individual's expectations.

### 9.3 Knowledge is the key

The fundamental principle of logical positivism is the claim that all statements are either analytic and verifiable by observation or meaningless. Indeed, the proposition of the Gearbox of Exchange can offer consumers a channel to exchange their individual self-interest with that of marketers. Information is collected directly from the individual; thus, it is analytic and verifiable through an ongoing engagement process with marketers. In addition, the information may be subjectively obtained from consumers, including emotional, affective, cognitive and behavioural aspects, and thus is not meaningless. More importantly, the accuracy of the relevance should be better than the mass data; thus, the concept of the Gearbox enhances the vigour of behaviourism. In the case of operationalization for mobile access, the Gearbox of Exchange simultaneously and interactively enhances understanding of consumers. Ultimately, it might render the incentive rewards more relevant to the individual's expectations. Thus, the outcomes of operant behaviour should become more predictable. As a result of obtaining sensible and predictable outcomes for an individual, the Gearbox of Exchange reinforces that "a Science of Behaviour is possible"(Foxall, 1984a, Foxall, 1986a, Feyerabend, 1993, Feyerabend, 1970, Guba and Lincoln, 1981, Maxwell, 1992, Ponterotto, 2002).



## 10. Research approach and background

This study was based on the increasing consumer use of mobile applications in contexts such as online banking, travel planning, and specifically, the expansion of e-commerce activities. To date, much of the focus on e-commerce has related to the development of mass markets and understanding consumer preferences and behaviours through an analysis of “big data”. Generic messages might reflect targeted groups and are not be personally related to individual’s self interests.

In contrast, the luxury goods retail segment has focused on building individualized relationships with its most lucrative customers. There have been high degrees of trust built with luxury goods customers, and consumer relationships have often been more focused at the personal level. Thus, this project’s objective was to investigate how luxury retailers engage customers and build sustainable customer relationships through the mobile context. The specific focus examines how luxury retailers target and engage consumers from the expanding—and increasingly lucrative—middle-class markets in the context of emerging markets (*The Economist*, 2014b, Gapper, 2015, Porter, 2016, Seo et al., 2015, Thomson, 2015, Akinc et al., 2015a, Fujiwara and Nagasawa, 2015).

Hong Kong is regarded as a world-class international city. It provides a mature and convenient shopping environment for newly affluent Chinese consumers to purchase luxury products. Hong Kong is a gateway to the emerging markets of Asia, particularly China (Daneshkhu, 2015). China has demonstrated its new consumption power through its 50 percent contribution to global luxury consumption (Zhou, 2013), and Chinese consumers remain the powerhouse of future luxury consumption (KPMG, 2014). Hong Kong may continue to play an important role in the infrastructure of retail contexts, which include well-organized shopping malls, the quality of customer services and the stability of the social environment for luxury consumption.

Importantly, Hong Kong is also the home of the researcher, who lives and works there. Hong Kong represents the key overseas shopping context for Chinese consumers. Many premium luxury brands have generated substantial retail revenues from their China and Hong Kong operations. For example, market analysts estimated that 25% of Burberry's 2015 sales were in China and 10% were in Hong Kong. More importantly, 31% of Burberry customers were Chinese. Therefore, a fluctuating economic situation would adversely impact luxury brands. Specifically, when Chinese consumers contribute 50% of luxury consumption in the global market context, luxury brands must reduce their reliance on the demands of Chinese consumers. The sustainability of the sales of many luxury brands, such as Prada, Gucci, LVMH, and Cartier, has been closely tied to China's economic situation. Burberry's Chinese sales dipped but were compensated by growth in other Pacific regions. This finding indicated the importance of sustaining sales based on new demands from Asia's emerging markets (BBC Business, 2015, Fastft News, 2015, Paton, 2015, Porter, 2016, Reuters, 2015, Thomson, 2015, *The Economist*, 2014b, Khan, 2013, Brown and Daneshkhu, 2016, Zhou, 2013).

Therefore, the researcher's business connections in these regions facilitated exclusive access to senior marketing managers for luxury brands. These managers have witnessed the boom in demand from the Chinese consumers and have participated in expansion strategies to capture new market share for luxury brands. More importantly, the researcher has been working with luxury brands for years and could understand, share, discuss and interpret those brands' strategic technological developments for marketing. Thus, the acceptance of interviews was primarily based on mutual trust and working relationships. The researcher's knowledge facilitated interactive discussions with the managers to enhance understanding of the relevance and reliability of the research findings. Nevertheless, the researcher understood that direct participation could create interpretive bias. Most importantly, the trust relationship between the brand managers and the researcher enhanced the quality of the discussion because the brand managers were able to freely express their views without worrying about information security (Ponterotto,

2002, Morgan and Smircich, 1980, Pope-Davis et al., 2001, Sciarra, 1999, McCracken, 1988, Schwandt, 1994, Lincoln and Guba, 1985, Guba and Lincoln, 1994).

### **10.1 Selection criteria for the research study (qualitative vs. quantitative approaches)**

The research question involved investigating the feasibility of obtaining consumer acceptance for mobile access through the new concept of the Gearbox of Exchange for luxury brands to pursue virtual customization.

The concept of the Gearbox of Exchange might be new and premature for deductive research and its hypothesis; thus, the inductive research approach would be appropriate to investigate the concept and understand the personal responses from luxury brands and individual consumers (Feyerabend, 1970, Feyerabend, 1993, Maxwell, 1992, Ponterotto, 2002, Seale, 1999, Foxall, 1986a).

In addition, the qualitative approach would be more open and responsive to the subject. Therefore, it should be suitable for respondents who care about the subject, take it seriously, and are prepared for a commitment (Delamont, 1992, Best and Khan, 2002, Golafshani, 2003, Hammarberg et al., 2016, Morgan and Smircich, 1980, Ponterotto, 2002, Guba and Lincoln, 1994, Lincoln and Guba, 1985). In-depth interviews enable face-to-face discussions, and researcher uses open-end questions to initiate the interests of interviewees; thus, the researcher could collect data from the conversation, discussion and emotional responses. The interviews provide the interviewees more freedom to express their views, ideas and feelings. More importantly, the interview enables the interviewees to think and talk longer and deeper about the research questions.

The quantitative approach focused on the logical way to collect information from respondents. Because the objective of this study would remain in the exploratory stage, it could be relatively difficult to design a structured questionnaire and define a specific hypothesis for the analysis. Specifically with respect to the management of

luxury brands, the scale of qualified respondents would be comparatively smaller in number. Therefore, the quantitative approach might not be able to provide solid and reliable data to achieve this project's research objectives (Seale, 1999, Stenbacka, 2001, Hughes, 2015, Mill, 1883).

The qualitative research would not be in numerical form; however, the naturalistic approach to research might emphasize the importance of individuals' subjective experiences. Moreover, the collected data would be transcribed for detailed analysis; it could remain a systematic investigation to identify answers to a research problem (Burns, 1997, Punch, 2013, Geertz, 1994, Foxall, 1986a).

In addition, the qualitative research would enable the researcher's immersion in the natural setting and contexts. Nothing was predefined or taken for granted with the respondents. Moreover, the research was undertaken as an interactive process in which the studied individuals shared their experiences and lives with the researcher. Thus, the researcher attended to the experience as a whole, not a separate variable. The aim of the qualitative research was to understand the experience as unified. Therefore, the research would be based on the collected data for triangulation. For example, the researcher could understand the behavioural barriers from the various perspectives of the luxury brands and the consumers with respect to the adaptation of mobile access. These data patterns led the researcher to pursue different questions or concepts to address additional thoughts and impressions about the research (Ponterotto, 2002, Burns, 1997).

Nevertheless, the qualitative research had limitations (Burns, 1997, Hughes, 2015):

1. Adequate validity or reliability is the major criticism based on the nature of subjective qualitative data and its origin from single contexts. It could have been difficult to implement a standard to judge when the data were sufficiently large or deep for the triangulation.
2. Contexts, situations and interactions could not be replicated; thus, generalizations to a context broader than the current study could not be made.

3. The researcher's participation in the discussion could have a profound effect on the study subjects. The scale of effect would not be measured.
4. Anonymity and confidentiality issues could lead to problems.
5. The viewpoints of both the researcher and respondents could create bias.

These limitations may be systematic and would not be avoided in the applications of the qualitative analysis.

However, the qualitative research had strengths (Burns, 1997, Hughes, 2015):

1. The researcher's close involvement could provide an insider's view of the field. This approach would enable the researcher to identify issues related to scientific or more positivistic aspects.
2. Qualitative descriptions would play an important role in suggesting potential relationships, causes, effects and dynamic processes for the subsequent phases of investigation for more specific deductive research and hypotheses.
3. Statistics could not be used; however, the qualitative research would use a more descriptive and narrative approach to analyse the data. This approach would permit the researcher to turn a qualitative report into previously unavailable forms of knowledge. Therefore, new insights can be obtained. These insights are the key reason for the study to locate the feasibility of the application of the Gearbox of Exchange to bridge consumers and luxury brands in a virtual context for customization.

Moreover, this study's objective was to obtain critical and self-reflexive enquiries from industrial participants and consumers regarding new knowledge through technological adoption. Therefore, the study has proposed to obtain self-interest information directly from the individual for luxury consumption through customization. Thus, a detailed analysis of luxury brands and consumers would be essential to access their knowledge and opinions from this individualized perspective.

However, Schultz and Jain (2015) indicate that most academic studies of luxury consumption continue to focus on the brand and marketing. Furthermore, studies that aim to understand consumers' self-concept related to individuals' needs and wants are insufficient. Moreover, most studies regarding consumer intent for luxury consumption are based on the homogenous driver of a conspicuous approach (Pipes, 1999, Kastanakis and Balabanis, 2014). Specifically, luxury brands have adopted an abundant rarity approach to the trading-down supply for the trading-up demand of mass markets (Kapferer and Florence, 2016a, Kapferer and Laurent, 2016, Kapferer and Bastien, 2009b, Cailleux et al., 2009, Kapferer and Michaut-Denizeau, 2014). Thus, academia should shift its efforts from branding and marketing to the customer-centric perspective to explain the perceived value of luxury consumption for consumers.

More importantly, there are no integrated studies regarding how mobile technology would benefit luxury consumption for individuals. Therefore, knowledge may be underdeveloped to overcome luxuries' "fear and control" and adopt innovative technologies for mobile engagement (Lawry and Choi, 2016).

Furthermore, Sanakulov and Karjaluoto (2015) have analysed 67 studies from 2005-2013 regarding the adoption of mobile technology, concluding that mobile acceptance has been extensively investigated through TAM models to identify the variables that affect consumers. However, there is a lack of studies that have utilized qualitative methods to examine the behavioural outcomes of mobile adoption from the perspectives of incentive rewards and motivations.

From the application perspective, Shaikh and Karjaluoto (2015) have evaluated 152 scholarly studies published between January 2000 and December 2014. These studies were in the field of human continuous usage behaviour and the context of information technology/systems. The findings indicated that the future information-technology studies should focus on the usage, relevance and nature of the system.

From the perspective of marketing and brand development, Kotler and Pfoertsch (2006) emphasize that the brand should engage with their customers in the application of technologies. Future applications should evolve towards relevance, simplicity and humanity, not merely technology.

Most importantly, studies regarding consumer self-interest for luxury consumption and consumer behavioural outcomes through motivation for mobile engagement remain underdeveloped. The concept of the Gearbox Exchange integrates the knowledge of mobile-access motivations with customization. The findings may generate operational benefits for luxury brands and enhancements for consumers to enjoy luxury consumption.

More importantly, the Internet would not be a thing. Instead, the Internet should represent a new social marketing arena created by innovative and technological developments (Kolođlugil, 2015). Because of the rapid development of emerging technologies, academic attempts have not been identified and extended to investigate the concept of establishing a new marketing arena for this knowledge. The successful development of this new context would require a new set of directional signs based on the insights of both brands and consumers. Therefore, the qualitative research method should be adopted for this study.

Regarding the scientific endeavour of qualitative research as an alternative method, a systematic analysis through the validity process and the appropriateness of the justifications with triangulations would render the finding scientific. The analysis of reasoning and inference would be conducted through understanding and interpretation instead of a set of rules for test evidence based on a fixed view of rationality (Ponterotto, 2002, Maxwell, 1992, Sigurdsson et al., 2013b, Staley, 1999, Feyerabend, 1970, Feyerabend, 1993, Mill, 1883).

Scientific progress depends on the deliberate proliferation of competing explanations, which engender an “active interplay of tenaciously held views”. This approach forces open articulation of the taken-for-granted assumptions that

underlie conventional wisdoms, which thus stimulates critical comparisons and debates. The advocacy of proliferation and tenacity is the closest that Feyerabend comes to specifying principles of scientific advance (Foxall, 1986a).

Therefore, the systematic validity process would generate knowledge that may be part of a complex historical process, which eliminates mistakes and shortens the argument of the phenomena to be studied. Most importantly, when justifications are rationalized with findings, science may stand independently, with no help needed from rationalists (Feyerabend, 1993).



## 10.2 The validity and reliability of the qualitative research

The quality concept of qualitative research looks for an explanation and generation of understanding and interpretation of the phenomenon that the researcher would like to investigate to gain knowledge. Therefore, the quality of the research finding depends on validity and reliability, which might affect the quality of the trust value, credibility, transferability and authenticity of the findings. Otherwise, the research is not trustworthy. Therefore, trustworthiness should reflect the rigor for the research project to pursue (Golafshani, 2003, Guba and Lincoln, 1989)

The triangulation is used as a tool to determine the validity and reliability of the data for qualitative research based on the naturalistic approach. Because of the natural setting, the approach to verification of the validity and reliability would be different from quantitative research to compare with an experiment and determine an accurate explanation. Qualitative research might take a variety of conflicting positions; thus, triangulation is a procedure of validating and addressing the results and increasing the scope, depth and consistency to deepen the understanding of the different aspects related to the research subject (Seale, 1999, Silverman, 2006, Cain and Finch, 1950, Blaikie, 1991, Dingwall, 1997).

That notwithstanding, Stenbacka (2001) states that the concept of reliability might be misleading in qualitative research because reliability reflects the method of measurement. Thus, qualitative research cannot be used to measure but instead to examine conditional and inductive information. However, without validity and reliability concerns, one cannot justify the legitimacy and authenticity of the knowledge consolidated from the understanding and interpretation of interviews. Therefore, the researcher should utilize his ability to develop his own concept of validity and generate or adopt the appropriate terms to satisfy the needs for quality, rigor and trustworthiness. Moreover, verification strategies should be based on the individual's creativity, sensitivity, flexibility and skill to determine the validity procedures. Once the validity sustains the credibility of the study, it would enhance the understanding of the meaning and interpretation and become a basis for

validating legitimacy and trustworthiness. Because of this verification procedure, reliability might be a consequence of a study's validity (Guba and Lincoln, 1981, Guba and Lincoln, 1989, Guba and Lincoln, 1994, Maxwell, 1992, Wolcott, 1990, Mishler, 1990).

### **10.3 Development of verification procedures**

According to the realist conception, the development of the validity process for legitimacy and trustworthiness is based on how the researcher thinks about the relationships of the accounts to understand the integrity, character and quality that the procedures do not assess. In a broad sense, validity would pertain to the relationship between the account and something external to it. Validation would involve providing an account, not data. More importantly, the data and method could not be valid or invalid. Therefore, validity is always relative to and dependent on the researcher's perspective of understanding upon which the study's account is based (Maxwell, 1992, House, 1991, Hammersley, 1992, Geertz, 1994, Hammersley and Atkinson, 1983).

Validity should be evaluated based not only on its internal logic and coherence but also on its relationship to what the researcher is doing in the study. To obtain a deeper understanding of the study, the validity process would be evaluated through five broad categories: descriptive, interpretive, theoretical, generalizable and evaluative validity (Maxwell, 1992).

With respect to this research study, the descriptive, interpreting and theoretical validities more directly assess a qualitative account because such accounts may pertain to the actual situation of conducting interviews with luxury brand managers and consumers.

Moreover, generalizable and evaluative validities evaluate the applicability of the findings.

Therefore, through the 5 validity procedures, the researcher evaluates the quality of the works from various perspectives. This approach may enhance the interpretation and understanding of the data through triangulations between the concepts and relationships of different constructs. Knowledge and understanding can be generated from the triangulation, which could provide the credibility and authenticity for other studies to adopt and further extend towards generalization.

## **11. Data analysis: Project 1 with luxury brand managers**

This research project was designed to investigate different phenomena in the relationship between mobile engagements and luxury consumption. To understand and explain these phenomena, two research projects have been conducted, one with luxury brand managers and the other with luxury brand consumers.

To ensure the quality of the studies, the data were analysed based on the validity process used to evaluate them.

### **11.1 Descriptive validity**

The descriptive validity evaluates the factual accuracy of the research projects. Because the researcher directly participated in the interviews, the descriptive validity ensures both factual accuracy and that the researcher did not fabricate or distort the information between the design and the implementation.

#### **11.1.1 Sampling criteria: non-probability sampling**

This study focused on investigating how mobile technology can be applied to sustain business growth in Hong Kong and other Asian emerging markets. Thus, in-depth interviews were conducted with specific criteria in mind for the research. Therefore, it is critical to select between probability and non-probability for the data collection in project 1 with the luxury brands and project 2 with the consumers for the research analyses.

Non-probability sampling was applied to select the target sample for the two projects. For project 1 (luxury brands), the rationale was to identify and interview marketing-knowledgeable respondents about luxury consumption and their experience in managing marketing activities in emerging markets, including Hong Kong, because Hong Kong is a key location for Chinese consumers to pursue overseas shopping.

Non-probability sampling offers flexibility in the selection of representative samples with purposeful sampling techniques. This type of sampling does not enable the researcher to select the sample based on some specific plan for the interview.

The use of random selection and probability with generalized sampling would not fulfil the criteria for obtaining a target sample with extensive knowledge and experience of luxury marketing. Thus, it might not be feasible, practical or theoretically sensible to apply random sampling.

From this perspective, the purposeful sampling approach fits the interview design model to rapidly locate targets, obtain opinions and seek data for the qualitative analysis. The proportionality of the sample is not this study's primary concern.

For example, Schultz and Jain (2015) have invited luxury retail managers to verify findings obtained from observations and interviews with consumers to enhance the accuracy of their findings. However, the objective of this research was to investigate the viewpoints of brand managers who were responsible for luxury brands' marketing campaigns. Frontline retail managers might not have the knowledge to explain their brands' marketing strategies. Only senior luxury brand managers could meet the expectations of this research objective. The researcher shortlisted potential candidates for interviews based on the purposeful sampling perspective; however, candidates declined interview invitations for various reasons, including corporate policy forbidding such interviews, confidentiality and personal considerations. There was no guarantee that all the invitations would be accepted, and all potential candidates could be accessed.

Therefore, the purposeful sampling approach fit the requirements of this research project, whereas the random sampling approach was unable to identify the correct targets. Thus, a random sample could not overcome the selection criteria to identify the appropriate candidates for interviews.

### 11.1.2 Interview settings

All of the interviews were conducted on a confidential, one-on-one basis. The interviewees determined the interview locations.

Nine (9) in-depth interviews were conducted. Six interviews occurred in the interviewees' offices and three interviews were conducted "off-site" in a more informal location, such as a café. Eight interviews were held in Hong Kong, and one interview was conducted in Paris, where the interviewee was based at corporate headquarters.

Prior to each interview, consent to record was obtained from each interviewee. The interviewees were informed that all audio records would be transcribed as academic research for the Doctorate in Business Administration (DBA) degree, and the transcripts would be used for data analysis. They were advised that none of the interview material would be used for any other purpose than the DBA study and that it would not be used for commercial activity. Moreover, the interviewees would remain anonymous.

Two recording machines—an iPhone 5 and a digital recorder—were used for audio recordings. One interviewee also recorded the conversation for her own records. No interviewee requested a transcript or other written report of the interview. One interviewee requested a copy of the executive summary once the thesis was completed. As a matter of courtesy, all interviewees will receive an executive summary.

The interviewees could choose to conduct the interview in English or Cantonese. Two interviews were conducted in Cantonese and the transcripts were subsequently translated from Chinese to English.

All of the interviewees were invited to interrupt or stop the interview at any time to introduce new themes and ideas on a topic when appropriate. All of the interviews

were completed without major interruptions; there were only minor distractions such as incoming phone calls. Because of the interviewees' tight work schedules, most of the interviews were completed within 45 minutes, depending on the pace and progress of the discussions.

All of the interviews were conducted with a friendly, helpful, cooperative and open attitude. Importantly, after the interviews, all interviewees offered to provide further supplemental information if required. No adverse comments were received from the interviewees.

### **11.1.3 In-depth Interviews with luxury brand professionals**

A qualitative approach would provide a detailed understanding of how luxury goods retailers (primarily global brands) have developed mobile technology strategies in Hong Kong (a key Asian market). In the consideration of the development of a new application for a novel social mobile context, it would be unlikely for a standard structured questionnaire to provide significant insights beyond factual and numerical information. Moreover, no specific deductive hypothesis has been identified for the virtual market context. Therefore, it would be necessary to obtain deeper views from the marketing perspective of luxury brands regarding digitalization before testing the potential hypothesis. There is a need to investigate the interviewees' strategy, their views of the targeted consumer groups, their existing mechanisms of relationship management and their approaches to individualization and customization. The challenges of building brand loyalty and brand trust would be discussed. This approach would lead to understanding the brands' cognitive, affective and behavioural domains with respect to adopting digitalization for mobile marketing.

Moreover, the study would identify in-depth personal and professional views and would involve many specific marketing details of a confidential and commercial nature that involve individual brands. Thus, an exclusive and private approach would

be more applicable than a focus group discussion, in which interviewees might be reluctant to share their confidential views. This adverse situation would affect the quality of the findings. Therefore, a one-to-one interview would enable respondents to share their experiences of exploring digital marketing within a confidential context, thus avoiding the risk of communicating sensitive business strategies to competitors (Feyerabend, 1970, Feyerabend, 1993, Geertz, 1994, Golafshani, 2003, Hammarberg et al., 2016, Lincoln and Guba, 1985, Mill, 1883, Pope-Davis et al., 2001, Seale, 1999, Stenbacka, 2001, Maxwell, 1992).

#### **11.1.4 Selection of luxury brand managers for interviews**

The target interviewees were senior marketing executives employed by luxury brands and advertising agencies. The interviewees were responsible for the planning and execution of marketing activities. During each interview, a semi-structured approach was applied to guide the interview, which focused on issues related to how the application of mobile technology (for engaging customers, individualizing and customizing marketing) would help build individual customer relationships and build and sustain a market share within a highly competitive market.

Nine interviews were conducted; each interview represented viewpoints from various operational perspectives. Seven interviewees held senior management positions with luxury brands and two interviewees held senior management positions with advertising agencies.

The interviewees provided integrated views from four major global luxury product conglomerates and one family-owned luxury global operation. Together, they provide extensive luxury product coverage, including jewellery, watches, wedding rings, and high fashion.

The nine interviewees were key marketing managers who operated the media and marketing functions for luxury brands in the emerging and global market contexts.



They have been working with media and marketing groups in the luxury industry for a long time and have demonstrated an ability to understand the markets and operation of luxury brands. Their comprehensive and specialized knowledge of the industry provided insights that permit the researcher to analyse, triangulate and interpret the phenomena of mobile applications with the luxury brands. Based on their quality inputs, the validity process can generate understanding and knowledge of how luxury brands perceived the use of mobile technology for engagement with individual consumers (Maxwell, 1992, Lincoln and Guba, 1985, Mishler, 1990).

### 11.1.5 Interview questions for the luxury brands

The interviews were conducted on a semi-structured basis. Several of the interview questions were associated with the research question.

#### 1. How does mobile technology affect luxury?

This is a leading question intended to investigate how today's technological applications and development affected luxury brands, both internally with respect to routine operations and externally with respect to customer service. This question involves a discussion of customer relationship management and invites comments about the future role of the digital context in relation to the land-based, context-driven retail operation (Grönroos, 1994, Kapferer and Michaut-Denizeau, 2014, Okonkwo, 2009a, Kering Digital Academy, 2015, Chadha and Husband, 2010, Miller and Mills, 2012, Schultz and Jain, 2015).

This question also leads to a review of the advantages and disadvantages of mobile technology in relation to luxury brands. More importantly, it is a key leading question that compares the pace of luxury brands in developing mobile technology with other business sectors, such as fast-moving consumer products and banking.

The question also extends to a discussion of the degree of acceptance of mobile access from various customers with specific demographic backgrounds. It also discusses customers in various market contexts for engagement through mobile devices, such as customers in mature markets in the USA and Europe and customers in emerging markets such as China (Sanakulov and Karjaluto, 2015, Shaikh and Karjaluto, 2015).

This information is linked to the research question about the feasibility of using mobile technology to connect with luxury brand consumers and the existing tools used for mobile connections with customers, such as direct electronic mail, SMS, and Facebook (Rogers, 2003, Rogers, 2002, Kering Digital Academy, 2015).

2. Who are the future luxury consumers and where are they located?

This question investigates the potential location of future demand for luxury products. It provides an opportunity to project and evaluate the business's sustainability based on the current and future demands of various market contexts.

This information connects to the research question about the importance of emerging markets in sustaining the growth of luxury brands (Hwang et al., 2015a, Sumich, 2015, Tett, 2014, Samli, 2008, Chen and Sethi, 2007, D'Arpizio, 2012, D'Arpizio, 2014, ECCIA, 2012, ECCIA, 2013, *The Economist*, 2014b).

3. How do you obtain customer consent and permission for access through the mobile device?

This key question investigates the existing methodology for obtaining customers' consent to access and could lead to a discussion of the feasibility of rewarding the customer as an information partner in the exchange of data for mobile access, such as where, what, how and when messages may be sent to a mobile device. If the concept of a reward is sound, what is the appropriate value of the incentive offered to the customer?

This information facilitates discussions of sustainable relationships with current and future customers (Ellison, 2015, Ellison, 2014, Fionda and Moore, 2009, Friedman, 2014a, Andonova et al., 2015).

This information also connects to the research question about engaging customers in emerging markets through mobile technology (Khakimova Storie, 2015, Onyas and Ryan, 2015, Salojärvi et al., 2015, Sheth and Parvatiyar, 1995a, Zaharna, 2015, Najafi, 2015, Sanders and Kirby, 2012, Broillet et al., 2010, Bartels and Johnson, 2015).

4. Is it feasible to apply mobile technology to individual consumption and customized production?

This information returns the focus of luxury consumption to the core original value of quality service and customization for elite and upper-class customers (Wiedmann et al., 2009, Nwankwo et al., 2014, Kim et al., 2014a, Davis and Hodges, 2012, Djelic and Ainamo, 1999).

Has mobile access become a tool to connect consumers, providing an enhanced experience and resulting in an early commitment to consumption prior to production?

This information would be linked to the motive for consuming luxury products and to the ability to create sustainable demand among consumers in emerging markets. It can verify the acceptance of the potential concept of early engagement for consumption before production and tests whether customized consumption can create a strong defence against competition (Marx, 1992b, Sixel, 1995, Marx, 1973, Achabou and Dekhili, 2013, Akinc et al., 2015a, Baumgarth and Binckebanck, 2011).

5. The limitations of luxury-related mobile technology

This question provides interviewees with an opportunity to express their opinions of mobile technology, thus eliminating potential bias towards the research topic. It is essential for the managers to express their operational difficulties in engaging customers both online and in land-based contexts. It can also provide an opportunity for them to elaborate their reasons for the slow development of e-commerce and m-commerce that extends existing land-based retail operations (Barnes, 2002, Bomme et al., 2014, Broillet et al., 2010, Macchion et al., 2015, Vanderbilt and Yunes, 2012, Schultz and Jain, 2015, Kalafatis et al., 2014, Kotler and Pfoertsch, 2006, Ta et al., 2015).

Thus, this question invites managers to predict how mobile technology will benefit overall luxury consumption in the future. Their answers might be based on existing phenomena to visualize and evaluate technological solutions to secure new demand from emerging markets. Managers extend discussions of consumer behaviour to address individualization and customization through a secure mobile context. Most importantly, this question investigates whether managers consider the value of individual incentives for the exchange of mobile permission and customized information (Peters et al., 2007, Friedrich et al., 2009, Balasubramanian et al., 2002, Compeau et al., 2015, Michaud Trevinal and Stenger, 2014, Murphy and Dweck, 2015, Scarpi et al., 2014, Xiang et al., 2015, Bhasin, 2016, Gapper, 2015, Hennigs et al., 2012, Hoffmann et al., 2012, Bettencourt et al., 2015, Costa, 2015, Hwang et al., 2015b, Lee and Sundar, 2015, Schamari and Schaefer, 2015, Verhagen et al., 2015, Zheng et al., 2015, Zhou et al., 2012, Fagerstrøm et al., 2015, Sixel, 1995, Marx, 1992b, Marx, 1973, Williams et al., 2015).

### 11.1.6 Samples and participants

The criteria were selected and the participants were chosen for their relevant work experience marketing various categories of luxury products in Hong Kong, China and other emerging markets. The products included the following:

- A full range of high-fashion garments for men, women and children;
- Jewellery and rings;
- Leather products;
- Watches;
- Perfume, cosmetics and skin care products;
- Shoes; and
- Premium sport and casual wear.

The participants were expected to offer opinions based on their expertise in various luxury market contexts in relation to

- Global, regional and local markets;
- Land-based and digital retail contexts;
- Public relations, marketing and media tools;
- Brands and operation management; and
- Advertising agencies for media use.

The combinations of product and market contexts were intended to benefit the triangulation of the findings to increase the accuracy of the research data.

The interview schedule is outlined as follows:

Date	Respondent	Location	Job Title	Category
27 February 2014	M1	Interviewee's Hong Kong office	Marketing and Public Relations Director	Full range of luxury products including children's wear, high fashion, handbags and sunglasses
3 March 2014	M2	Interviewee's Hong Kong office	Marketing Manager	High fashion and handbags
4 March 2014	M3	Interviewee's Hong Kong office	Media Manager	Watches
6 March 2014	M4	Interviewee's Hong Kong office	Group Media Director, Asia Pacific	Luxury brands in Asia: full range of luxury products, including watches, high fashion, and sportswear
10 March 2014	M5	Cova Coffee Shop in Causeway Bay	Marketing Director	Leather goods and shoes
17 March 2014	M6	Mandarin Hotel Coffee Shop	Marketing Manager	Jewellery, watches and premium items
18 March 2014	M7	Interviewee's office at Paris headquarters	Worldwide Strategic Marketing and Media Director	Group luxury brand management for global marketing of watches, high fashion, and sportswear
2 April 2014	M8	Interviewee's Hong Kong office	Digital Director	Advertising agency for digital marketing
2 April 2014	M9	Coffee shop in Quarry Bay	Business Director	Advertising agency for luxury brand advertising management

Figure 16 Interview schedule

The brand management executives provided comprehensive and structural perspectives on how mobile technology can be used to help luxury operations build brand value and trust with existing and new customers.

The discussions with the advertising agencies focused on media development and communications instead of operations. These agencies were more sensitive to using new ideas and innovative technology to identify and locate their target consumers.

The combined data from the selected candidates provided comprehensive information for analysis.



### 11.1.7 Backgrounds of individual participants

<u>Respondent</u>	<u>Job Title</u>	<u>Relevant Experience</u>
M1	Marketing and Public Relations Director	Interviewee 1 was responsible for all public relations and marketing communication activities of the full range of a luxury brand's products in Hong Kong and demonstrated an extensive knowledge of customer relationships and retail operations.
M2	Marketing Manager	Interviewee 2 played an important role in a high-fashion luxury brand's media and marketing activities and had extensive experience in marketing luxury products in China and Hong Kong.
M3	Media Manager	Interviewee 3 has been working in the global watch manufacturing business for more than 20 years. She was the marketing manager of a luxury watch company before being transferred to supervise the media operations for the entire group in Hong Kong.
M4	Group Media Director, Asia Pacific	Interviewee 4 was a senior executive at a global luxury conglomerate in charge of the Asia Pacific market. Prior to that appointment, she worked in an advertising agency. She had extensive media knowledge regarding marketing luxury products in Asia.  She was also responsible for justifying each individual brand's media strategies and budgets.
M5	Marketing Director	Interviewee 5 has been working for a family-owned luxury brand for more than 10 years and has worked closely with the company's Italian headquarters. She understood the cultural perspective of the family-owned enterprise and had outstanding knowledge of retail marketing for luxury products.
M6	Marketing Manager	Interviewee 6 was a typical marketing and media operator. Prior to working in brand management, she acquired strong media knowledge from work experience with an advertising agency.
M7	Worldwide Strategic Marketing and Media Director	Interviewee 7 was a marketing heavyweight in the luxury industry. He made precise and visionary comments about future media development, by providing laser-sharp views of many strategic questions. Internally, he managed the operation of line and staff functions to coordinate with

		individual brands for strategic marketing in the global context. Externally, M7 maintained a close work relationship with print publications.
M8	Digital Director of Digital Media	Interviewee 8 was completely passionate about digitalization for media development. She had a stunning amount of experience with the cultural perceptions of privacy among consumers in both the UK and Asia. She was intensively and enthusiastically involved in mobile technology development for her clients.
M9	Business Director	Interviewee 9 was an expert in advertising agencies' luxury products business and has been working in advertising agencies for more than 20 years. As a business director for premium luxury conglomerates, she has dedicated substantial effort to building an individual brand's media campaign in the region.

Figure 17 Backgrounds of participants

These combined individual backgrounds strengthen and balance the interviewees' various perspectives. The use of nine interviews provides optimal access; the acceptance of the interview invitation was at the individual's discretion. Most importantly, the data from the interviews produces the necessary views to satisfy the research interests, along with validity and reliability.

## 11.2 Interpretive validity

Interpretive validity implicates concerns about the mobile technology, social interaction and organizational factors that influenced the brand managers. Therefore, the meaning of interpretive validity can include intention, cognition, affect, belief, evaluation and anything that encompasses the researcher's concerns.

Interpretive validity relates to the ideational or mental instead of the physical aspects and the nature of understanding. Thus, it seeks to comprehend phenomena based on the perspectives of the participants in the situation studied, not on the researcher's perspective and categories.

More importantly, interpretive validity applies to the participants' conscious concepts, unconscious intentions, beliefs and values (Maxwell, 1992).

Interviews with luxury brand managers required patience and an appropriate business manner to avoid the perception of bias on the part of the managers. More importantly, the appointments were difficult to make and the progress of the interviews was difficult to control. Moreover, most of the interviews were conducted at the premises of the luxury brands, resulting in interruptions from incoming phone calls and unexpected business matters.

The managers were cautious about the questions related to their business operations when those questions implicated business strategies and confidential information. For that reason, the researcher made it clear to all respondents that the setting was flexible and that they should feel free to discuss, interrupt or pause the interview. All of the interview transcripts were confidential and used only for academic research; moreover, the respondents would remain anonymous. The interviews went smoothly and no major interruptions affected their progress (Burns, 1997, Best and Khan, 2002).

More importantly, the researcher had to balance the pace of the discussions and prioritize the questions. Nevertheless, once the discussions started to flow, most of the interviewees were willing to share their insights.

Most of the managers demonstrated enthusiasm about the application of mobile technology to improve their operational efficiency. Nevertheless, they experienced inefficiency in pursuing mobile engagement with individual consumers because of their internal controls and fears of upsetting consumers (Peters et al., 2007, Balasubramanian et al., 2002).

The managers indicated their individual perceived attitudes towards luxury consumption and the application of mobile engagements. All of the managers provided a consensus view that luxury brands cannot pursue mobile engagement without proper permission from consumers. They felt that they did not have an infrastructure that was ready for consumers; moreover, they would not provide an incentive in exchange for consumer acceptance (Nittala, 2011, Okazaki and Barwise, 2011, Yermekbayeva, 2011, Okazaki et al., 2009, House, 2012, Foxall, 2008, Kubanek and Snyder, 2015, Brosch et al., 2011, Smith and Delgado, 2015, Shen et al., 2015).

Most importantly, all managers responded positively to pre-production consumption because they acknowledged that luxury consumption originated from individual services. It would be a simple and logical for luxury brands to pursue customization. However, there is a lack of resources in terms of physical space and human resources to pursue individualization and customization in the mass market (Chadha and Husband, 2010, Hennigs et al., 2013, Kapferer and Bastien, 2009b, Merlo et al., 2015, Okonkwo, 2009a, Sixel, 1995, Marx, 1992a).

### 11.2.1 Proactive attitudes of senior managers

The managers, including M1, M4, M7, M8 and M9, who occupied senior positions with global exposure were able to comprehend the questions more quickly and respond more proactively.

M1 maintained an open attitude towards digitalization, indicating that location-based service represents a helpful tool for front-line staff to identify individual customers. With respect to consumers from emerging markets, she felt exhausted from managing the flood of demand from China. These new customers alone have overloaded the retail stores' front-line staff. Moreover, M1 emphasized that the super-rich customers did not require mobile engagement because they were enjoying personalized service. Thus, no enhancement would be required (BBC Business, 2015, Chan, 2014, Fastft News, 2015, Sanderson, 2014, Zhou, 2013, Paton, 2014, Lawry and Choi, 2016).

M4 may have been the most energetic respondent. She rapidly comprehended the questions and provided diverse answers to various areas of discussion. She made several personal referrals to recommend research for other potential candidates. M4 identified the needs of consumers from emerging and developed markets. She understood that successful digitalization for marketing would be essential for the future development of luxury brands. Specifically with respect to mobile technology, her responses acknowledged that customization would be revitalized for consumers in the digital context. She offered her extensive knowledge of how luxury brands were struggling with online marketing and how consumers would behave in various market contexts (Achabou and Dekhili, 2013, Akinc et al., 2015a, Koloğlugil, 2015).

M7 demonstrated his extensive knowledge of global media and marketing. He shared his views of various competitors' digital marketing programmes. He confirmed that no market participant had cracked the code of mobile marketing. He felt frustrated about the implementation of digitalization for marketing. Internally,

there were departmental conflicts between the traditional marketing department and the digital team. Externally, media operators would not provide transformation appropriate for adoption by luxury brands. More importantly, he provided detailed answers to most of the questions that had been tabled by the researchers. However, he was silent about the question related to incentivizing consumers for mobile engagement despite the researcher's repetition of the question. He likely sensed the deadlock of mobile marketing (Van Harreveld et al., 2009, Van Harreveld et al., 2015).

M8 was the most optimistic about the future development of mobile technology. Most of her inputs were generated from her personal and professional experience in Asia and Europe. She believed that the Asian markets would be more open to mobile advertising than the European markets because the Asian culture was more relaxed about privacy. More importantly, the closely held attitudes of European marketing leaders resulted in a fear of upsetting consumers, primarily based on privacy and regulatory concerns (Shaikh and Karjaluo, 2015, Sanakulov and Karjaluo, 2015, Yang et al., 2015b).

M9 has been serving luxury brands in Asia for many years. She also acknowledged that the future development of mobile marketing should be essential for luxury brands. Moreover, she believed that mobile engagement would offer sensible returns on brands' media investments. Therefore, she would continue to track the development of mobile marketing. She was also aware of proactive digital marketing in the templates to launch. However, for reasons of confidentiality she refused to provide details (Chen, 2012, Peng et al., 2014, Okonkwo, 2009b).

### 11.2.2 Defensive attitudes of operation managers

The operation managers who served the local markets, including M2, M3, M5 and M6, required a longer warm-up time to engage in discussions. More importantly, they were more sceptical of the questions and requested clarification of the researcher's intentions prior to answering. After the warm up, they picked up the rhythm of the interactive discussions and provided productive input.

M2 utilized her iPhone to record the discussions for her own files. She also felt frustration with the difficulty of drawing a clear line in which departments would be responsible for preparing personal messages for mobile engagement. She also indicated that the super-rich do not need to use mobile engagement because they have received personal services. More importantly, some premium luxury brands may produce their products in very limited quantities and therefore have no need to reach the mass market (Merlo et al., 2015, Bilge, 2015, Felsted, 2014).

M6 easily visualized solutions to and sensible applications of mobile technology and expressed scepticism about why luxury brands should adopt emerging technology to communicate with consumers. M3 is from a watch conglomerate and M5 is from a family-owned fashion enterprise; they clearly expressed that their groups' senior management have been instructed not to pursue digital marketing even though their operations were already digitalized. Thus, the senior leaders of Chanel, Armani, the Richmonde Group, LVMH and the Kering Group may perceive digital marketing differently, and they were more optimistic and proactive about the development of online stores to strengthen their retail services (Okonkwo, 2009b, Kluge et al., 2013, *The Economist*, 2013a, Friedman, 2014a, Mau, 2015, Okonkwo, 2010, Kering Digital Academy, 2015, Gapper, 2015).

Because of luxury brands' lack of consistency in the virtual market, Mr. Johann Rupert (Gapper, 2015), the chairman of the Richemonde Group, sought to form a joint venture for an online store to provide a secure shopping environment for consumers and to compete with existing online facilities, such as Amazon and eBay.

In other words, there was a need for luxury brands to create a unique system that would help them catch the interest of consumers in a virtual social network (Kolođlugil, 2015, Schultz and Jain, 2015).

### 11.3 Theoretical validity

Theoretical understanding involves the relationship between luxury brands and mobile technology as an explanation, description or interpretation of phenomena. This understanding involves an investigation of managers' use of and experience with mobile technology (Park, 2009a, Sanakulov and Karjaluoto, 2015, Maxwell, 1992).

For this reason, theoretical validity focuses on how luxury-brand managers perceive the mobile technology as part of digitalization influencing their operations. In addition to operational enhancement, the study evaluates how managers interactively engaged customers in a virtual context to implement both customization and individualization. Thus, it would link concepts and indicators to associate the influences on luxury brands to adopt mobile technology with the behavioural intent to engage customers in the mobile context.

The triangulations in the links between the concept and indicators are checked to express the interviewees' opinions related to the research questions, i.e., how the mobile technology of digitalization affects the operation of luxury consumption. Thus, these links lead the managers to share their views on the various luxury-consumption applications of mobile technology that they are interested in discussing, including production, customer service, marketing, competition, and consumers (Campbell and Fiske, 1959, Hammersley and Atkinson, 1983, Maxwell, 1992).

To provide a systematic evaluation for the data analysis, a research framework was modified from the theoretically interesting model (Park, 2009a), as shown in Figure



18. The modified model provided a linear structural model to evaluate and understand how emerging technology affects the operation of luxury brands through both external and internal indicators.

This analysis might explain the relationships between the constructs identified and their influence on luxury brands. The external and internal indicators elaborate the perceived attitudes towards luxury-consumption applications of mobile technologies.

The influential factors were assigned to three major perspectives: (1) the individual factor of digitalization; (2) the social factors associated with the luxury industry; and (3) the organization factor associated with the luxury brand. The directions of the arrows that link the constructs represent the causal relationships of the external and internal indicators (Park, 2009a).

For the external indicators, each influential factor has both impacts and limitations related to the external environment. The interviews investigate the influential factors of mobile technology/digitalization related to both internal and external constructs.

For the internal indicators, the data analysis is based on the constructs of the manager's attitudes throughout the cognitive, affective and behavioural domains to examine the behavioural intent to engage customers using mobile technology.

With regard to the cognitive domain, the two key constructs included digital technology's perceived ease of use and its perceived usefulness. For the construct of perceived usefulness, the managers can elaborate on how mobile technology enhances functional applications. Thus, brand managers exhibit various perceptions related to the efficiency and effectiveness of mobile technology and its benefits to their operations. The speed of adoption can depend on an individual luxury brand's decision about and pursuit of its own self-control and self-interest (Sanakulov and Karjaluoto, 2015, Venkatesh et al., 2008).

Furthermore, the analysis also investigates how managers perceived the ease of use in obtaining consumer engagement. For the ease of use construct, the managers do not control individual consumers' choices. The consumers represent the key individuals making opt-in decisions. Thus, the decision may also depend on an individual's self-control and self-interest for engagement with the brands (Choi and Totten, 2012, Prieto et al., 2014, Park, 2009a).

For the affective domain, attitude may be considered in the choice of the use of mobile technology to develop into an interactive interface between consumers and brands. Two contradictory attitudes are identified. The managers might suffer from a conflict between optimism about the technology and fear of upsetting customers via mobile engagement. With respect to optimism, brand managers visualize the benefits of obtaining mobile engagement. However, without opt-in permission, managers might worry about damaging relationships and seek to avoid sending unauthorized messages that could upset consumers (Foxall and Yani-de-Soriano, 2011, Dowell et al., 2015, Ostrom, 1969, Van Harreveld et al., 2015, Petty, 2000).

In the behavioural domain, the analysis investigates the managers' use of incentives to motivate consumers with respect to opt-in decisions. Informational or monetary incentives are tools used by managers to motivate consumers. Thus, behavioural indicators predict the brands' choice and intent to motivate consumers (Fagerstrøm et al., 2010, Foxall, 2014, Foxall, 1994b, Hwang et al., 2015b, Jai and King, 2015, Perna et al., 2015).

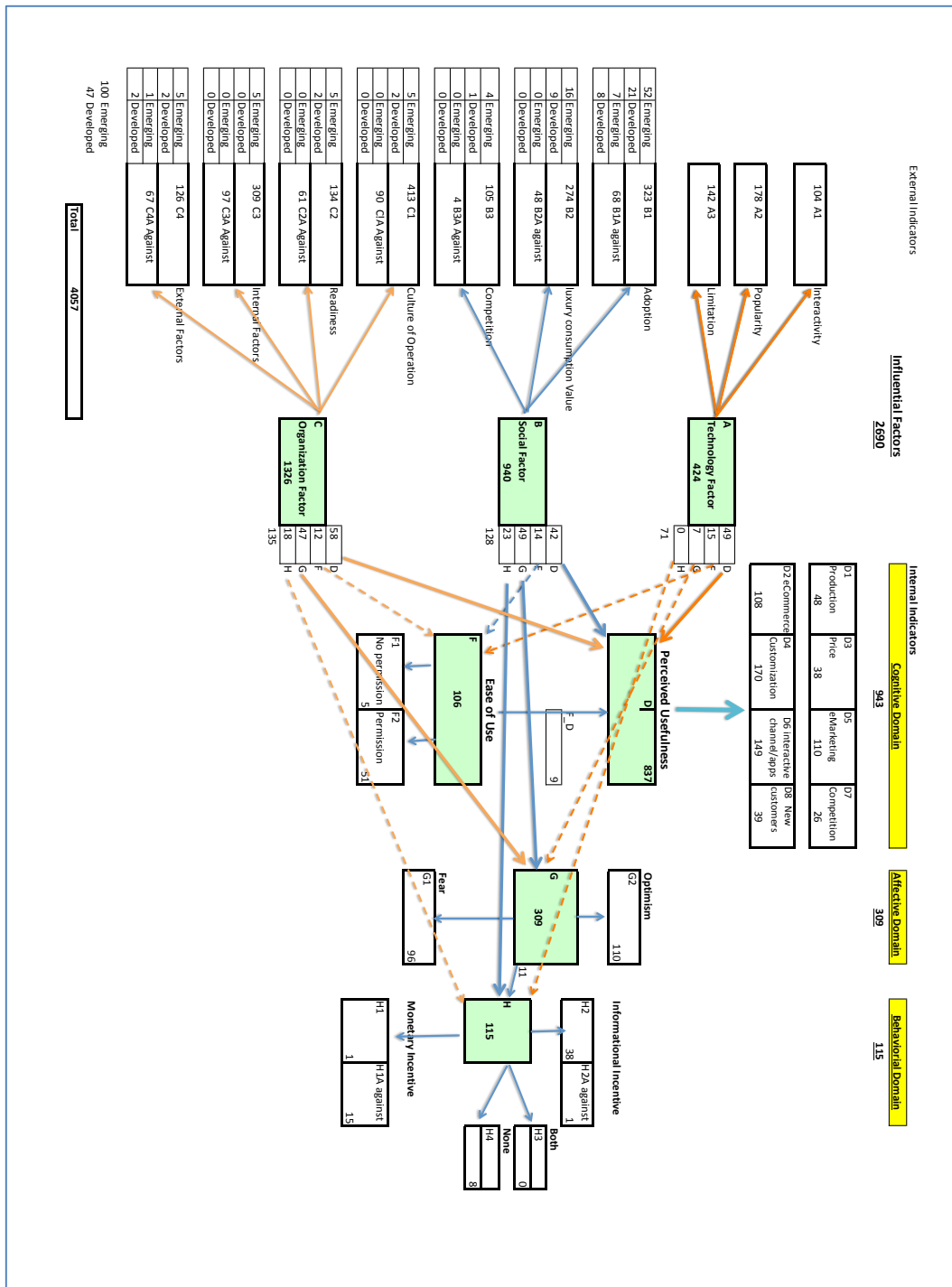


Figure 18 Data coded for the model modified from Theoretically Interesting Model (Park, 2009b) Source: Author

The data described in Figure 18 summarize the comprehensive views of the references. The managers have demonstrated an understanding of the relationship between constructs and visualized the links to both external and internal indicators. Thus, the data analysis would triangulate the various views to verify the data's accuracy. Overall, 4,057 references are coded from 9 interviews:

Influence factors (external)	Cognitive Domain	Affective Domain	Behavioural Domain	Total
2,690	943	309	115	4,057

The number of references might indicate the managers' abilities to comprehend the situations in specific constructs and domains; however, the quality of the data and reference codes do not depend solely on the physical counts. The fairness judgement with respect to quality should rely on the researcher's interpretation, triangulation, explanation and understanding of the situations. Every reading of the transcript is likely to produce a new interpretation; thus, the researcher could combine various views to provide a sensible interpretation. Thus, this approach may help obtain a deeper understanding of various aspects of an issue. More importantly, the findings would not consider tests from the perspective of positivism and instrumentalism as critical for validity. However, the systematic validity process would examine the knowledge generated from the evidence for the relationship between luxury consumption and the application of mobile technology. Thus, the findings would be scientific (Cicourel, 1974, Cicourel, 1964, Blaikie, 1991, Cain and Finch, 1950, Hammersley and Atkinson, 1983, Maxwell, 1992, Foxall, 1986a, Feyerabend, 1970, Feyerabend, 1993, Mill, 1883, Mishler, 1990, Chomsky, 1959, Skinner, 1953, Skinner, 1964, Staley, 1999).

Throughout the interviews, the managers demonstrated their ability to visualize the abilities of mobile technology from various perspectives. More importantly, the data collected from the influential factors of the external indicators and the cognitive outcomes of the internal indicators have generated 3,633 references, reflecting 89.5% of the data.

There was a substantial barrier that separated the cognitive domain from the affective and behavioural domains; thus, the gap may require consumers to participate in the interactive function of mobile engagement. The interviews generate only limited data (309) for the affective domain (G) with respect to the managers' feelings about mobile engagements. Moreover, 115 data points for the behavioural domain (H) construct were generated on the issue of incentivizing the consumer to adopt mobile engagement.

The managers expressed the importance of obtaining permission from consumers, i.e., 51 data points of F2 from the ease of use construct. Without permission, therefore, the managers did not bring their cognitive know-how into the affective and behavioural domains to engage customers.

This gap implied that luxury brands would not take advantage of the emerging technologies to engage with individual customers for personal service. The data indicated that the luxury brands would not overcome the barrier of consent (Truong and Simmons, 2010).

Barriers to mobile acceptance have existed in many industries, and there is not yet a structured equation to bridge the gap between brands and consumers. Therefore, it is necessary to establish an innovative solution to the relationship between consumers and brands in the mobile context (Varnali et al., 2012, Yermekbayeva, 2011, Corstjens and Umblijs, 2012, Liu and Shih, 2014, Dhar and Varshney, May, 2011, Broeckelmann, 2010, Okazaki, 2009, Okazaki et al., 2009, Schultz, 1996, Jayawardhena et al., 2009, Peng et al., 2014, Peters et al., 2007, Kolođlugil, 2015).

With respect to luxury consumption, the personal engagement and lifestyle of an individual consumer were emphasized. To date, however, personal service is offered only to super-rich and elite customers. Mass-market customers do not enjoy personal service and consume luxury products only through the selection available in-store. Therefore, if obstacles to mobile engagement are removed, consumers can

benefit from interactive functions to enjoy personalized service from luxury brands (Atwal and Williams, 2009, Duh, 2015, Okonkwo, 2009a, Okonkwo, 2009b, Hennigs et al., 2013, Chadha and Husband, 2010).

In this event, mobile engagement establishes an interdependent relationship; luxury brands can receive customized information and decrease competition. Fast-moving homogenous consumer products, such as soft drinks and fast-food chains, might not have the flexibility to offer personal service to individuals. Luxury brands offer a wide range of products, trading down their supply to serve individuals' lifestyles. Thus, luxury brands should justify a rational integration of the mobile context in their marketing mix to strengthen their competitive edges (Diffley and McCole, 2015, Gronroos, 1990, Grönroos, 1994, Grönroos, 2004, Sheth and Parvatiyar, 1995a, Sheth and Parvatiyar, 1995b, Sheth et al., 2000, Verma et al., 2015, Ruiz-Molina et al., 2015, Costa, 2015, Kapferer and Bastien, 2009b).

The development of digitalization may have created innovative solutions for many traditional operations. However, the penetration of digitalization might vary differentially among industries. Each individual market has a rate of adoption of digital applications. Therefore, the adoption of technology for luxury consumption should have its own development pattern. The successful experience of online banking and online booking systems might not be applicable to luxury consumption without adjustments and modifications (Bomme et al., 2014, Hirt and Willmott, 2014, Gartner, 2014, Gartner, 2013, Rogers, 2002, Rogers, 2003, Scharl et al., 2005).

Moreover, when mobile technology is extended to reach customers anytime, anywhere through mobile devices, marketers should be able to create interactive relations with individual customers. However, customers require consent for unconditional access (Peters et al., 2007, Yermekbayeva, 2011).

Moreover, in the new and innovative virtual environment, consumers and brands might behave differently than in the traditional, land-based retail context. Thus, influential factors and considerations are also different. Therefore, brands do not

predict consumer behaviours based on the traditional, land-based retail context. A new set of justifications is developed for customers and brands to adopt in the virtual market (Kolođlugil, 2015, Frisby, 2011).

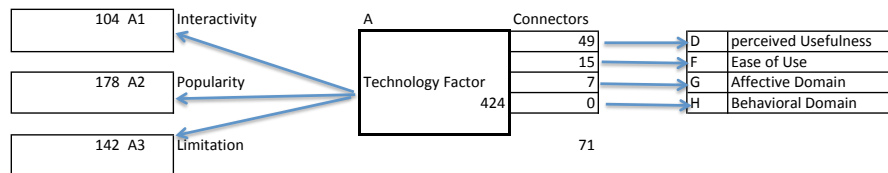
Thus, the interviews have attempted to determine how the influential factors of mobile technology are related to luxury consumption in three key, independent areas: (1) technological factors (self-efficiency); (2) social factors (market environment); and (3) organizational factors (the brand itself) (Park, 2009a).

The data generated 2,690 references related to the influential factors, representing 66.3% of the total data in this study.

<b>Influential factors in adopting mobile technology for luxury consumption</b>	<b>Total: 2,690 (66.3% of total)</b>
A. Technology (Digitalization)	424
B. Social Factors	940
C. Organization Factors (Luxury Brands)	1326

The managers expressed the influences of technology adoption based on social (940) and organizational (1,326) factors more than the influence of technological (424) factors.

### 11.3.1 Technology (self-efficacy)



The managers were completely aware of the evolution of technology, and many of their consumer products have been adapted to digitalization. Within the technology constructs of the 424 data, three outcomes were identified:

- the interactive ability of technology (104);
- the popularity of mobile devices (178); and
- the limitation of technology's application to marketing (142).

The managers were aware of the popularity and capability of mobile technology; thus, they perceived that mobile devices were tools for personal media or interactive communication platforms. However, the managers were also aware of their limitations. One hundred forty-two data points indicated that marketing might suffer from several important limitations:

- The screen might be too small to present the message (Smith, 2011, Steel, 2013c, Koivumaki et al., 2008);
- The screen cannot provide consumers with the ability to touch the products. For example, the virtual space would not provide hand feel or the physical ability to touch the materials. Customers would not experience the quality of good and soft materials (Corley et al., 2013, Rose et al., 2011, Nambisan and Baron, 2007, Sorescu et al., 2011, Vaswani, 2012);
- Brands might have to obtain prior consent and permission from consumers before sending a message. Luxury brands would not take the risk of upsetting customers by sending messages to their mobile devices without prior approval. By the same token, luxury brands did not have a strategic plan to develop online materials for virtual engagement. Current participation in



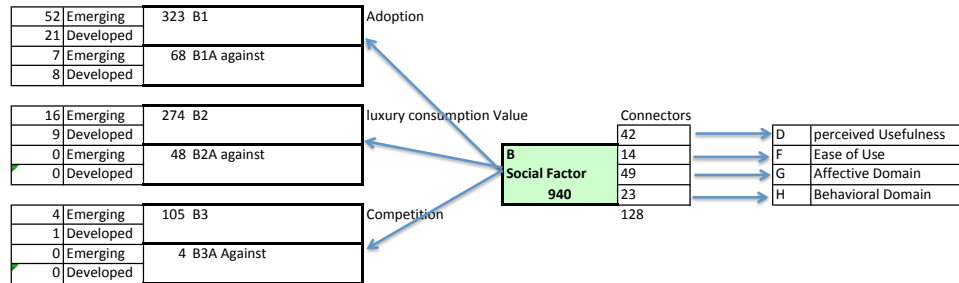
online services might be for the purpose of avoiding lagging behind technological competitors (Paul and Veena, 2015, Keller, 2010, Goldfarb and Tucker, 2011a, Felsted, 2013a, Jopson, 2011, Sanderson, 2015) .

Moreover, the managers linked the technology to the cognitive domain because they would have the ability to control the outcomes. Forty-nine data points linked the technology and its perceived usefulness.

However, managers did not control the consumer's decision to adopt mobile engagement; 15 data points were linked with perceived ease of use.

Without consumers' prior consent and approval, the managers did not feel that the technology factor would drive the affective domain (7 data points) and motivate the behavioural domain (0 data points). Thus, the managers perceived that the technology's self-efficiency would not facilitate overcoming the fear of mobile engagement. It was only a tool for the individualization and customization functions. However, the technology would not bridge the gap created by the need to obtain permission from consumers (Salojärvi et al., 2015, Chong et al., 2012, Liu and Shih, 2014, Williams et al., 2015, Yermekbayeva, 2011, Park et al., 2013, Rudawska and Frąckiewicz, 2015, Akinc et al., 2015a, Peters et al., 2007, Kotler, 1989, Achrol and Kotler, 1999, Kotler and Pfoertsch, 2006).

### 11.4.1 Social factors (the market environment)



The managers were also aware of the subjective norms based on social influence. Three key indicators were identified from the interviews as external factors that influence mobile adoptions:

- The adoption (479 references);
- The value of luxury consumption (347 references); and
- The competitions (114 references).

Nine hundred and forty data points were coded from the interviews. Eight hundred and five data points were collected from positive perceptions that managers might perceive technology as enhancing luxury consumption. In opposition, there were only 135 data points, which were predominately related to elite customers who did not require mobile engagement for luxury consumption.

<b>B: Social factor</b>	<b>B1: Consumer adoption</b>	<b>B2: Value of luxury consumption</b>	<b>B3: Competition</b>
<b>Total: 940</b>	<b>479</b>	<b>347</b>	<b>114</b>
Positive	323	274	105
Emerging	52	16	4
Developed	21	9	1
<b>805</b>	<b>396</b>	<b>299</b>	<b>110</b>
Against (Opposing)	68	48	4
Emerging	7	0	0
Developed	8	0	0
<b>135</b>	<b>83</b>	<b>48</b>	<b>4</b>

The managers comprehensively recognized that individual consumers would adopt digitalization (479) as a solid foundation of their lifestyles. They also perceived that the value of luxury consumption (347) was the key factor driving consumers into the virtual market context. Thus, it would benefit the brands to enhance the value of luxury consumption (Tynan et al., 2010, Zhang et al., 2015a, Resnick et al., 2014, Peng et al., 2014, Kim et al., 2014b, Anido Freire, 2014, Brosch and Sander, 2013, Michaud Trevinal and Stenger, 2014, Murphy and Dweck, 2015, Richard and Chebat, 2015, Scarpi et al., 2014, Xiang et al., 2015, Srinivasan et al., 2014, Marc, 2014, Smith, 2011).

#### 11.4.1.1 The social perspective on adoption

“Slow” is the key word related to the luxury brands’ development of digitalization, and the managers repeatedly emphasized that luxury brand culture might operate differently from the culture of other consumer products. Therefore, the expectation of adoption should also be different from that of mass products. Three hundred ninety-six data points indicated that the managers perceived the value of technology adoption (Okonkwo, 2009a, Sanderson, 2015).

However, the managers also understood that the most upmarket premium brands would not adopt digitalization (68 data points). As explained by M2, these premium brands might have only limited production and therefore have no intention to serve mass-market customers. In other words, products might have previously been assigned to the intended buyers. Thus, no enhancement should be required. Moreover, M1 and M2 stated that some brands would not want to reach the mass market, preferring to maintain their niche market positions (Kapferer and Bastien, 2009b, Okonkwo, 2010, Cervellon and Coudriet, 2013).

The managers also perceived that the application of mobile technology and digitalization would enhance penetration into emerging markets. The managers recognized that online stores and mobile engagement would facilitate the shopping

experiment for new customers in the emerging markets (Hoffmann et al., 2012, Okonkwo, 2010, Friedman, 2014a, Gapper, 2015).

All of the managers perceived that mobile adoptions represent only an extension, not a replacement, of the land-based retail context. Moreover, they noted that mobile technology would enhance their reach to emerging-market consumers, with a total of 68 references (52 for adoption and 16 for consumption value). This was because the development of land-based retail contexts would impose a financial burden on brands (Mahyari, 2013, Friedman, 2014a, Gapper, 2015).

Furthermore, emerging-market consumers might not have strong brand attachments and might not have the skills to perform online shopping. Therefore, digitalization would not provide an absolute solution to secure consumption in the emerging market. To bridge the gap between higher retail prices and lower services in emerging markets' retail outlets, consumers make overseas shopping trips to stores in developed markets such as Paris, Milan, Hong Kong, Tokyo and New York. During an overseas shopping trip, such consumers enjoy both a price advantage and quality in-store services (*The Economist*, 2014b, D'Arpizio, 2014, Felsted, 2014, Brown and Daneshkhu, 2016).

In the developed market, mobile technology represents an extension of the land-based retail context to serve consumers, with 21 references for adoption. This was because developed-market consumers might have strong attachments to brands and both an understanding of and shopping experience with luxury products. Therefore, experienced consumers have better knowledge, enabling them to utilize the online or virtual context for consumption (Bilge, 2015, Brun and Castelli, 2013, Husic and Cicic, 2009, Jain et al., 2015).

#### 11.4.1.2 Luxury consumption value

The culture of luxury consumption is based on the treat of service and the quality of the shopping experience to match individual consumer expectations. Managers positively perceived that digitalization would extend their customer reach (274 data points); thus, it would be sensible for their brands to create, develop, maintain and sustain a new relationship with customers in the virtual space (Kastanakis and Balabanis, 2012, Millan and Reynolds, 2011, Porter, 2016).

However, digitalization contradicts the culture of luxury consumption in terms of human services. Digitalization is targeted to reduce human service through software and the virtual context, generating conflicts with traditional human interactions. Specifically for super-rich and elite customers, M1, M2, M4 and M6 agreed that elite customers would not be interested in digitalization because they already receive personal services in the land-based retail context (48 data).

In light of the relationship between consumption and production, the managers recognized that the purchase of luxury products might require more than a transaction purchase from an online shop. Mass-market consumers also seek personal treats. However, the managers acknowledged that the interdependent relationship would serve only elite customers. It would not be feasible for front-line staff to establish a close relationship with mass-market customers. Therefore, it might be a sensible option to integrate the online and land-based contexts for mass-market consumers (Pedeliento et al., 2015, Reijonen et al., 2015, Schellhase et al., 1999, Muzellec et al., 2015).

As M1 discussed, when Chinese customers flooded to Hong Kong to purchase luxury products, the store would complete as many as 3,000 purchases per day. Therefore, it would be unrealistic to expect the front-line staff to provide quality service to individual customers. Therefore, M1, M3, M4 and M7 acknowledged that technology-driven applications would enhance the front-line staff's service. However, M6 and M7 were also aware of the downside of technology that would

create conflicts in existing operations. M6 argued that technology would not replace human service, and luxury consumption should provide more interactive services directly to customers. M7 indicated that technology-driven applications would create conflicts and affect the income of the front-line staff.

Nevertheless, all managers agreed that brands should treat mass-market customers with personal engagement. Thus, mobile technology can represent an alternative option to revitalize interactive services through the digital context (Degbey, 2015, Costa, 2015, Schultz and Jain, 2015, Schultz, 1996, Hatch and Schultz, 2010, Gambetti et al., 2015, Akinc et al., 2015a, Achrol and Kotler, 1999, Kotler, 1989, Kotler and Pfoertsch, 2006).

#### 11.4.1.3 The competition

Among the three social constructs, competition as an external indicator might have received less attention from the managers (105 data points). Luxury consumption emphasizes quality and brand value, providing consumers with a justification for premium spending. Competition between brands has always been severe and can be understood. From the behavioural perspective, luxury brands have adopted close management attitudes to control their organizations' activities in defending against competitors.

The managers stressed the premium luxury brands have developed close interdependent relationships with the elite; thus, those brands are exempt from digitalization (4 data). Instead, they offer their limited items through existing or select clienteles. Because of the rarity of the items, premium pricing would support such brands' business without mass production. Therefore, premium luxury brands treat digitalization as a distraction that can damage both brand image and value (Booth and Philip, 1998, Esteban and Hernandez, 2012, Merlo et al., 2015, Kapferer and Bastien, 2009b).

#### 11.4.1.4 Social influences linked to internal constructs

From the perspective of perceived usefulness, managers can treat mobile technology as a media tool to connect (42 data from BD) instead of as an interactive device to communicate with consumers (14 data from BF). They perceived that customers would be treated with functional applications for the usefulness of e-commerce (D2), customization (D4) and an individualized communication platform (D6). These functional applications would enhance the services provided to individual consumers.

From the perspective of self-control and self-interest, luxury brands control their functional applications and extend their interest in optimism in the affective domain.

However, for consumers' ease of use, the marketers understood that consumers controlled consent; thus, permission is essential (14 data points from BF).

The managers indicated that social influence is strongly linked with the affective domain (49 data points from DG). The managers understood that they would not control an individual consumer's choice until permission is granted (51 data points from F2).

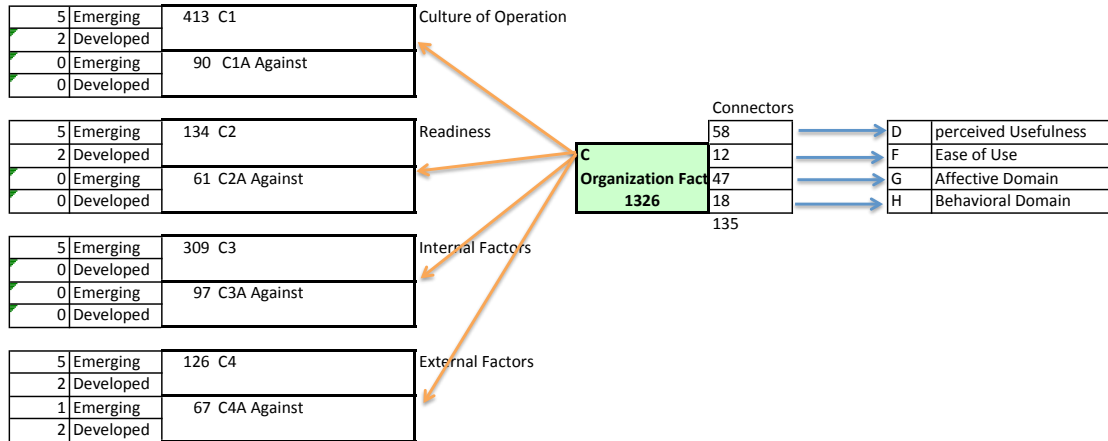
Therefore, managers may fear upsetting their customers. With demotivator G1 as fear (96 data points from G1), the indicator of fear would overtake optimism (110 data points from G2) to prevent unauthorized access, which would both upset consumers and damage brand value.

Regarding the social factors that are linked to the behavioural construct (23 data points from BH), it is also implied that the managers might perceive the social

influence linked to the behavioural construct. The value of luxury consumption and social adoption drive behavioural engagement. The managers strongly expressed that luxury brands' marketing activities do not take an incentive approach to motivating consumers. The incentive might be only an instrument to motivate consumers for the purchasing decision; however, the concept of an incentive would be against the core value of luxury consumption. Thus, the brands did not expend sufficient efforts developing digital marketing because they could not overcome the permission barrier (Peters et al., 2007, Mahyari, 2013, Yermekbayeva, 2011, Van Harreveld et al., 2015, Van Harreveld et al., 2009, Restuccia et al., 2015, Hauser et al., 1994, Bolderdijk and Steg, 2015).



## 11.5 Organization factors (luxury brand)



The organization's internal influence contributed 1,326 data points that represented 50% of the references collected. The organization construct played an important role in technological advancement. Thus, luxury brands operate, control and manipulate the progress of mobile-engagement development based on their interests.

C: Organization Factor	C1: Culture of Operation	C2: Readiness for digitalization	C3: Internal Factors	R4: External Factors
Total 1,326				
Positive*	420	141	134	133
Negative*	90	61	97	70

\*Including data from both emerging and developed markets

All of the managers believed that the design was their brands' temple; thus, the originality of the luxury design concept would be the centre of the universe for the entire luxury-consumption operation, including 420 data points. M7 indicated that the luxury brands would manage everything in-house. Some brands do not outsource their work, i.e., they even conducted their own photo shoots to conceal them from competitors. Therefore, for many years the luxury brands have adopted a close management attitude. If they consider entering the era of digitalization, it might be difficult for them to change gears into the open environment of the virtual

market (Merlo et al., 2015, Kapferer and Bastien, 2009b, Porter, 2016, Bhasin, 2016, Ellison and Thomson, 2015).

More importantly, luxury brands do not risk their premium brand value and strong customer relationships to pursue mobile engagement. Instead, they obtain consent from consumers before sending their message.

#### 11.5.1 Operational cultures of the luxury brands

Based on construct D of perceived usefulness, luxury brands would not deny the effectiveness of mobile or digital development for operation; however, “slow” marketing was their key word. Both M7 and M8 stated that slowness was the result of the marketing-related conflict between luxury culture and the lack of understanding of mobile technology (Gapper, 2015, Giovannini et al., 2015, Okonkwo, 2009b).

M2, M3 and M7 indicated that luxury operations were used to seek full control of every implementation detail and luxury brand managers do not deviate from their traditional style of work. Most luxury brands have heavily invested in print media and are not as flexible as mass consumer product brands about adjusting their media plan.

Most luxury brands operate their campaigns in-house without advertising agencies. For some events, media booking agencies may be used to organize logistics; however, such agencies are not involved in creative and conceptual developments. Therefore, luxury brands chose to isolate themselves from external influences. This explained the core value of the luxury brand in which the design is the temple (Porter, 2016).

Brands should act as leaders to influence their consumers to create demand for consumption. However, M7 stressed that because of the brands’ centrality, most brand managers did not understand their customers’ needs.

Although design might be regarded as the temple for production, brand managers do not ignore consumers' needs and desires (Porter, 2016, Bhasin, 2016, Millan and Reynolds, 2011).

Initially, the tradition of luxury consumption was originated to maintain close contact with customers, thus effectively and efficiently fulfilling their needs. However, global expansions were initiated to attract customers on a massive scale, and brands do not offer personal engagement to mass-market customers. Only super-rich and elite customers can afford to sustain the tradition of tailor-made products.

All of the managers admitted that their close culture hindered brands' digitalization. Mobile and online engagements with customers require an open attitude to operate. Therefore, although brands may have the resources to invest in online operations, they might prefer to stick with their traditional culture of using mass media instead of digitalization (Felsted, 2013a, Felsted, 2014, Fionda and Moore, 2009, Friedman, 2014a, Garrahan and Kuchler, 2015, Hoffmann and Coste-Maniere, 2011, Marc, 2014).

More importantly, M3 indicated that it was a corporate decision not to adopt digitalization for marketing. M7 explained that although Burberry would be a pioneer in digital transformation, a successful result may not result. M4 highlighted that one online shop, Net-a-Porter, was a joint venture among the three major luxury groups: the Richemonde Group, LVMH Group and Kering Group. This collaboration between these three giants indicated the importance of establishing online facilities for consumers. Thus, the leaders of the luxury industry did not either overlook or underestimate the importance of digitalization. They were "slow" only with respect to its implementation (Gapper, 2015, Ellison, 2014, Ellison, 2015).

Most of the brands danced between open and closed attitudes, attempting to remain in the loop and avoid lagging technological developments. M7 stated that

most of the brands treated technology advancements as a choice or a trend, not as a marketing tool.

From the leadership perspective, M8 stated that luxury managers might not understand how to operate mobile technology for marketing; thus, they were hesitant to participate. M9 adopted a passive attitude of waiting for a breakthrough. M3 was instructed not to pursue digitalization. M1 and M2 recognized the importance of digitalization; however, it was not their priority to develop the mobile context. M5 and M6 indicated that the corporate direction was to observe the impact of mobile technology. M7 explained that most of the brands' decision makers were close to retirement age. Therefore, they were reluctant to aggressively pursue the digital challenge and risk their careers for the sake of mobile engagement.

The managers also stated that luxury brands were sceptical about how to pursue mobile engagement without damaging customer relationships and brand value. M7 expressed scepticism about the success and effectiveness of the digital campaigns launched by Burberry. He doubted that Burberry's transformation into a digitized luxury brand would result in a return on investment. M7 suspected that Burberry's digitalization was implemented to create an innovative marketing image instead of an organic operational transformation (Bhasin, 2016).

#### 11.5.2 Conflicts between internal and external factors

Conflicts existed between the internal and external factors for the organizational construct.

For the internal conflicts, M7 indicated that the brands' closed attitudes created frictions between the digital team and the traditional marketing team. The two teams had difficulties understanding each other and were speaking different languages; the marketing team would prefer to stick with the traditional approach, whereas the digital team would attempt to be innovative. Therefore, the two teams

would not work together to achieve the target, and most digitalized programmes would internally crash before their launch. In addition, the in-store staff would not welcome online options because they could lose commission income (Wang et al., 2013, Kim and Kim, 2014).

More importantly, M2 stated that there were no clear lines to establish responsibility for mobile marketing, such as individualized text, sales commission and logistical issues. This explained why most luxury brands developed Websites but did not expend sufficient effort to maintain updated content. Furthermore, this lack of clear lines of responsibility reflected that brands' key intention was only to avoid lagging behind digital competitors.

In addition, M4 and M8 indicated that Europe's stiff culture treated privacy with extreme care; thus, it would be difficult to build a successful digital marketing campaign to reach individual customers. However, privacy considerations are nearly non-existent in Asia. Asian consumers might be more open to mobile marketing or less resistant to access. M8 stated that a cosmetic brand had launched a successful mobile campaign in Bangkok that would never have occurred in Europe. M8 also utilized her personal experience with privacy as an example. Before moving to Asia, M8 was stationed in the UK, where privacy was very important and consumers refused to accept mobile access. She subsequently found that the Asian culture exhibited ease of acceptance. Thus, she urged luxury brands to respond to the cultures of the individual markets. She indicated that because of the flexibility of Asian markets, mobile applications would develop more rapidly there than in European countries (Hwang et al., 2015a, Ashley and Tuten, 2015, Najafi, 2015, Zheng et al., 2015, Sanakulov and Karjaluto, 2015, Shaikh and Karjaluto, 2015).

Because of privacy and security concerns, consumers would not grant brands unconditional access. Without a voluntary opt-in, luxury brands might have to incentivize and motivate consumers to grant mobile access. However, managers perceived that the incentive approach—particularly monetary incentives—might

offend luxury consumers. Luxury product promotion avoids associations with incentives (Peters et al., 2007, Bolderdijk and Steg, 2015).

From the perspective of interactions with the super-rich and elite customers at the highest level of the consumption pyramid, store managers personally recognize them and have previously built interactive and interdependent relationships with them. This elite group of customers would not require mobile engagement to enhance shopping because most of them have personal concierges to serve them individually with personal and private offers or priority purchase of unique items. Therefore, technology would not contribute added value to such customers' shopping experiences when they already enjoy premium service (Merlo et al., 2015, Bilge, 2015, Chen et al., 2015b).

Optimistically, however, middle-class mass-market consumers could find online and mobile engagement to be useful. Especially for new consumers in emerging markets, online and mobile engagements can relieve the burden of the high development costs of land-based retail contexts. To achieve online and mobile shopping experiences, consumers may have to grant conditional access to brands, with sufficient knowledge to shop online (England, 2014, Gapper, 2015, Friedman, 2014a, Birdsall, 2015, Tsang, 2015, Lawry and Choi, 2016).

For that reason, these potential conflicts have created strong resistance to slow the adoption of innovative technology for the development of luxury consumption.

### 11.5.3 Readiness is hinted by the contradiction between the culture of luxury consumption and mobile technology

M1 noted contradiction as another key word related to luxury brands' pursuit of mobile marketing. The notion of human service presents a contradiction between luxury consumption and mobile technology. The culture of luxury emphasized quality service and relationships with consumers, whereas mobile engagement may

operate as an interface to replace human service. Moreover, M7 and M8 indicated that brand managers may hinder the development of digitalization.

The managers understood the internal resources (314) and external needs (133 data) of digitalization. In discussions, the managers indicated that self-motivation would not generate a sufficient driving force to overcome internal conflicts and move forward.

All of the managers noted the contradiction and conflicts between the culture and the innovative operation that prevented development into the digital era. However, this conflict would be neutralized through integration. M1, M7 and M8 indicated that the digital, mobile and real-world contexts should combine to generate a stronger retail outlet for customers (Friedman, 2014a, Gapper, 2015, Duh, 2015, Schultz, 1996, Yang et al., 2012, Resnick et al., 2014, Samu et al., 2012, Lawry and Choi, 2016).

Most of the data collected against development were related to serving the elite group that did not need to adopt technology to facilitate consumption. However, luxury brands should consider the use of a mobile option to reach their mass-market targets on an individual basis.

The global watch conglomerate, the employer of M3, has focused on the land-based retail context with a firm belief in personal service. Therefore, the group has not invested in either online stores or e-commerce. However, the group has collected in-store data on consumer behaviour and surveyed consumers to create favourable in-store environments (Wood and Reynolds, 2012, Wilson, 2012, Lohr, 2015).

M4 explained that the adaptability of mobile technology depends on the shopping knowledge of individual consumers. Consumers in developed markets should have a deeper understanding of the value of luxury consumption. Most luxury consumers in developed market learned about luxury products, such as a Hermes bag or a Gucci scarf, from their parents and grandparents. However, emerging market consumers

might not have this experience and exposure because their grandparents may have worn only uniforms. Moreover, luxury products might not have been available when their parents were young (Bilge, 2015, Merlo et al., 2015).

With respect to online facilitators, M4 raised concerns about the security of online purchases in emerging markets. M4 worried that there was no guarantee to protect consumers and ensure genuine products from online stores. Particularly in China, there was no absolute security to prevent the purchased goods from being swapped during the delivery process (Gistri et al., 2009, Romani et al., 2012, Tang et al., 2014, Xiao and Nicholson, 2010, Xiao and Nicholson, 2011a, Yoo and Lee, 2009, Chen et al., 2015a).

M5 also indicated that the chairman of a global luxury shoe company has adopted a conservative approach, distancing the company from digitalization because he firmly believed in serving the customers in-store. The company would continue to conduct consumer surveys; however, they would not use the resulting data to engage with customers. The company's retail outlets have been evolving into a digital presentation. The presentation of product information was displayed on an iPad instead of in print catalogues. M5 determined that the customers to use an iPad, which generated value for the retail side (Dukes and Liu, 2010, *The Economist*, 2003, Felsted, 2013b, Felsted, 2014, Pomodoro, 2013, Verhoef et al., 2007).

M6 also stated that technology would not replace the front-line staff, who believed that through direct contact, customers would receive better treats and advice from the brand. Especially for the purchase of expensive consumer goods, such as jewels, rings and accessories, direct engagement with customers provides staff with a deeper understanding of their needs. Thus, the front-line staff can deliver better customer service. The group did not rule out technological enhancements and were investigating the feasibility of using mobile technology to serve customers (Gartner, 2013, Gartner, 2014, Thirumalai and Sinha, 2013, Wallace et al., 2004, Wood and Reynolds, 2012, Wang et al., 2013).



M7 confirmed that there was no strategic solution for the mobile-marketing application. No one in the market has successfully cracked the mobile code. However, he reckoned that the luxury brands should follow the natural development of mobile penetration. Consumers are attached to mobile devices; thus, brands should develop more mobile marketing tools to build a stronger and deeper relationship interactively with consumers. Nevertheless, most brand managers have used passive tactics for digital developments and have not made substantial efforts to transform from media selection to digitalization. More importantly, M7 stressed that luxury brands heavily invested in traditional print media, such as fashion magazines. Logically, therefore, luxury brands might have to work with print media for digitalization; however, publications also suffered from strong internal resistance. Publications have been reluctant to transform themselves into digital platforms; thus, luxury brands are also unable to smoothly and successfully transform in the digital era (Schultz, 1996, Achrol and Kotler, 1999, Kotler, 1971, Kotler, 1989).

From the advertising-agency perspective, M8 enthusiastically believed that mobile advertising should have a bright future. However, the closed attitude of brand management did not support the application of the technology because of a lack of understanding of the logistics of mobile applications. Most brand managers had strong European cultures that heavily influenced their views on privacy. Moreover, most luxury brands originated from Europe and would not risk invading customers' privacy (Editorial, 2012, Goldstein, 2012, Gunkel, 2000, Lindridge et al., 2015, Lu et al., 2014, Shapiro, 1999, Vasagar and Fontanella-Khan, 2014, Xiang et al., 2015, Scarpi, 2012).

M9 adopted a passive position, waiting for the breakthrough of mobile technology. Many luxury brands have acknowledged the usefulness of mobile technology; however, they will not identify the optimal approach to balancing the luxury culture and mobile access. She optimistically projected that future mobile applications could improve the return on investment derived from media planning. Mobile technology would enhance targeting and customization through individual engagement.

#### 11.5.4 Organization factors linked to internal constructs

The managers expressed concerns about the contradiction between luxury consumption and mobile access from various perspectives. There was no doubt that luxury brands would not follow mass consumer products by proactively adopting digital marketing. Within their controls, the brands would utilize their strengths to match consumers' expectations to develop interactive mobile engagements, the link between the organization and perceived usefulness (58 data points from CD), the link between the organization and the affective domain (47 data points from CG) and the link with the behavioural construct (18 data points from CH). One hundred twenty-three references were collected from the links that would be controlled by luxury brands.

However, brands cannot control consumers' decisions and choices. Thus, the data collected from the link to the construct of the ease of use controlled by consumers obtained only 12 data points from CF. Therefore, luxury brands cannot control the opt-in decision and they may fear invading consumers' mobile devices without permission. The fears eventually overtook the optimism in the affective domain. More importantly, the brand might regret upsetting consumers and lose brand value if they ignore concerns about their fears (Van Harreveld et al., 2015, Van Harreveld et al., 2009, McCarthy, 2013b, Leitner and Rinderle-Ma, 2014).

Therefore, from the organizational constructs, brands might have the abilities and resources to develop mobile access for individual consumers. Without consent, the brands would not risk upsetting consumers (Peters et al., 2007, Smutkupt et al., 2010, Kavassalis et al., 2003, Karjaluoto et al., 2008b, Jayawardhena et al., 2009, Barnes and Scornavacca, 2004).

### 11.5.5 Interactions between the three influence constructs

From the perspective of consumer adoption, the managers acknowledged that technological advancements through online stores would relieve the financial burden of building traditional retail stores for new customers in emerging markets. However, managers also indicated that emerging-market consumers might not have sufficient skills to consume luxury products in the virtual context because they did not have strong product knowledge and shopping experiences that would enable them to use online services. Therefore, the development of online stores such as Net-a-Porter may represent only an initial step for luxury brands to go digital (Gapper, 2015, Friedman, 2014a, Kering Digital Academy, 2015).

The managers also perceived that emerging-market customers may have been uncertain about what they were ordering. Developed-economy consumers may have stronger product knowledge and shopping experience; thus, they are aware of what they are ordering.

Accordingly, emerging-market customers of emerging markets must build their brand knowledge before shopping in virtual stores. Therefore, mobile engagement is a tool to deliver the information that will educate and incentivize consumers. Consumers would still take shopping trips to developed markets to obtain a price advantage and enjoy quality in-store services to compensate for the knowledge gap (Costa, 2015, Schultz and Jain, 2015, Waldmeir, 2016a).

More importantly, without mobile access that has an interactive function, online access remained a tool of the buyers and luxury brands would not participate and offer personal service to individual consumers (Gartner, 2013, Gartner, 2014).

For this reason, luxury brands should develop an integrated system to interact with consumers through online, mobile and land-based shopping contexts. As M2

indicates, overseas consumers search product information online and use the location-based service of the mobile device to find the nearby flagship stores. A7 stated that the technology would provide support to in-store sales staff. Thus, the front-line staff can greet overseas customers and provide them with personal service (Schultz, 1996).

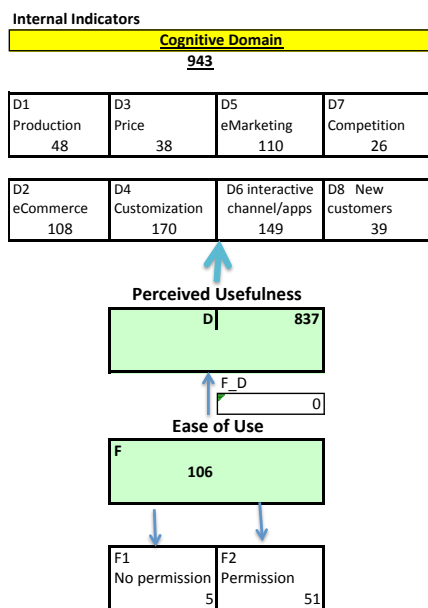
In reality, the demands of emerging markets have flooded retail outlets. For example, the demand by Chinese consumers was overwhelming, and M1 noted that one Hong Kong stores processed 3,000 transactions per day; thus, it would be impossible to provide a personal greeting to individual customers. Therefore, brands may suffer from their “slowness” to develop an integrated strategy (Zhou, 2013, Thomson, 2015, Wassenger, 2013, Zhang and Kim, 2013, Lu et al., 2014).

M1 stated that in the real-world context, online and mobile access should be integrated to create a new shopping experience for customers. M8 enthusiastically stated that mobile technology could deliver top-quality personal service to individual consumers because the interactive relationship may enhance predictions based on individual customer needs instead of a prediction from the data bank (Akinc et al., 2015a).

From the perspective of competition, managers may consider mobile technology as a media tool to pursue their marketing strategies. To date, most luxury brands’ participation in the digital and mobile arenas is merely a gesture to avoid lagging behind technological advancements. More importantly, M7, M8 and M9 confirmed that the secret code for obtaining customer consent and approval had not been cracked. Competition between brands has been intense and luxury brands would not risk upsetting their customers by accessing their devices without prior consent (Esteban and Hernandez, 2012, Peters et al., 2007, Karjaluoto et al., 2008a, Ellison, 2014, Ellison, 2015, Friedman, 2014b).

## 11.6 Cognitive domain

The managers demonstrated their ability to identify the indicators and extended their attitudes about the usefulness of mobile technology. Nine hundred forty-three data points have been collected for the cognitive domain. Among them, 837 data points were related to the perceived usefulness of mobile technology, whereas only 106 data points were related to ease of use.



Because of the perceived usefulness of mobile-technology functions, brands have direct control over outcomes. However, the ease of use of mobile technology may require consent from consumers and create barriers for luxury brands to pursue interactive engagements.

### 11.6.1 Perceived usefulness of mobile technology

The strong data of the perceived usefulness of internal indicators implied that managers have perceived the penetration of mobile technology into functional arrays from various operational perspectives.

D1	Operation and Production Enhancement	48
D2*	E-commerce and Retail-Driven Activities	108
D3	Pricing and Fulfilment of Value of Exchange	38
D4*	Customization	170
D5*	E-marketing (Media and Promotion Activities)	110
D6*	Personalized Apps and Channel Development	149
D7	Enhancement for Competition	26
D8	New Customers of New Markets	39

The \*data, D2 (108), D4 (170), D5 (110) and D6 (149), were precisely related to individualized customer services. The managers strongly believed in the effectiveness and efficiency of mobile engagement and perceived that mobile engagement could be useful for customization and could develop into an individualized communication channel (Gartner, 2013, Gartner, 2014).

A limited number of data references were collected in relation to production (D1) (48) and pricing (D3) (38), and the managers did not exhibit a strong expectation for mobile engagement. Design has been regarded as the temple of the luxury production; thus, pricing may not be considered irrelevant to luxury consumption. Thus, the managers did not express strong attitudes towards production and pricing (Johnson and Cui, 2013, Brun and Castelli, 2013).

For new customers (D8), only 39 data points were collected regarding the reach of new markets and new customers. The managers focused on the service arrays for individual customers, including (D2) e-commerce, (D4) customization and (D6) the personalized communication channel. These individualized services can engage customers from both developed and emerging markets. Therefore, mobile technologies should not be reserved for new customers; instead, they can be for all customers, with the exception of super-rich and elite groups (de Reuver et al., 2013, Lee et al., 2011a, Chen and Hsieh, 2012).

Managers expressed an attitude of failing to perceive the usefulness of mobile engagement to strengthen competitiveness. Only 26 data points related to

competition (D7) were collected, represented the lowest number of data points among the identified functions. A bonded relationship keeps brands away from their competitors. Moreover, the low data (D7) related to perceived usefulness were matched with the low data related to (B3) competition with respect to the social influence factor (Dyson et al., 1996, Jackson, 1985, John and Shiang-Lih Chen, 2015, Lambert and Desmond, 2013, Peng et al., 2014).

Luxury consumption has focused on relationships with customers; thus, a mutual interdependence and bonded relationship would strengthen brands against their competition. Once a bonded relationship is formed, competition might become less of a concern. However, the concept of a relationship is inapplicable to customers in emerging markets. New consumers might not have strong luxury consumption experience or a firm, loyal relationship with a specific brand. Therefore, relationship building with new customers can be more important than competition (Costa, 2015, Alamgir and Shamsuddoha, 2015, Anker et al., 2015, Diffley and McCole, 2015, Christian and Ojasalo, 2015, Ruiz-Molina et al., 2015, Sidin et al., 2015, Sheth and Parvatiyar, 1995b).

With respect to the relationships between the influential factors and the perceived usefulness of the cognitive domain, technology factors (AD) (49), social factors (BD) and organization factors (CD) (58), 149 data points were collected. Thus, three influence factors shared cognitive knowledge related to the usefulness of mobile technology.

More importantly, from the control perspective, the managers positively perceived the construct of perceived usefulness because the brands would manage their own decisions to develop indicators of cognitive domains. Therefore, the brands would utilize digital and mobile technologies to serve customers in the virtual space. This approach can also lead to the optimism indicator of the affective domain.

### 11.6.2 Ease of use of mobile technology

The consumers may control the ease of use construct. One hundred and six data points were collected from the managers, who acknowledged that the key criterion for access was to obtain permission from the individual customer F2 (51). Without consumers' consent, a mobile device would be only a mobile platform for consumers to surf in the virtual world, and no interactive relationship would be developed. Therefore, luxury brands would not build interdependence with consumers and the functions of individualization and customization would not be pursued (Peters et al., 2007, Karjaluoto et al., 2008b, Costa, 2015, Seth, 1999, Sheth and Parvatiyar, 1995b, Verma et al., 2015).

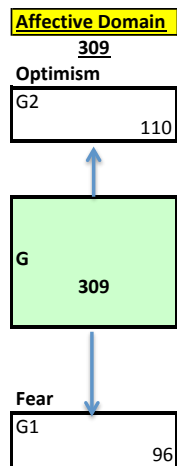
For the relationships among technology factors AF (15), social factors BF (14) and organization factors CF (12), the managers indicated that it would not be easy to obtain consent and approval from consumers. Internally, the culture of luxury operations conflicted with technology intended to replace human service. Externally, the customers had concerns about their privacy and loss of personal data. Therefore, the combined effects caused the low amount of data for the perceived ease of use of obtaining consumer approval.

Moreover, the cognitive effect of ease of use can also trigger managers' affective fear of mobile engagement (Van Harreveld et al., 2015, Van Harreveld et al., 2009).



## 11.7 Affective domain

The affective domain emphasized the managers' feelings with respect to the relationship of mobile engagement with consumers.



Three hundred and nine data points were collected from the affective domain, which did not match the strong data of 943 data points from the cognitive domain. The managers constructively perceived the usefulness and associated with the optimism of the affective domain.

However, the managers did not positively perceive the construct of ease of use. Thus, there is a gap involved in obtaining consent and permission from consumers for mobile engagement (Smutkupt et al., 2010, Kavassalis et al., 2003).

Within the affective construct, the managers shared balanced views with the indicators. The link between the influences (103 data points), optimism (G2) (110) and fear (G1) (96) were coded. The fear factor overtook optimism, and luxury brands were cautious about implementing mobile engagements with customers. The managers may suffer from conflict related to mobile engagement. They understood fear and had enthusiastic expectations of optimism. Nevertheless, the fear factor prevented the consequence of upsetting the customers and permitted managers to

avoid regretting unauthorized access (Van Harreveld et al., 2015, Van Harreveld et al., 2009).

Moreover, the influential factors indicated the priority of the luxury brands. The social factors (BG) (49) and the organization (CG) (47) had powers that were more influential than the technology factors (AG) (7).

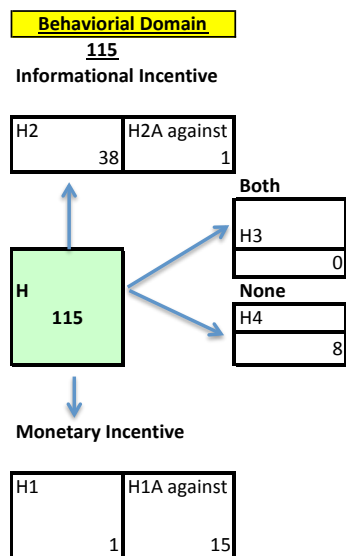
From the self-control perspective, the managers balanced the interests of the social and organization domains of external influence with the cognitive and affective internal domains. They enabled fear as a demotivator (96) to overtake optimism. To satisfy their own self-interest, the luxury brands avoided upsetting the customer; thus, they could not pursue access.

The managers perceived the optimism of the mobile engagement; however, luxury brands might not want to contradict their culture and violate their customers' trust. This would explain the gap in the data between the affective and cognitive domains. In light of this finding, the fear factor of the brands' self-interest and self-control can withhold the pursuit of mobile applications (Ajzen and Madden, 1986, Brown and Rachlin, 1999, Johnson et al., 2015, Okazaki et al., 2009, Rachlin, 2009, Schmidt et al., 2009).

In addition, during the interviews, the researcher did not observe an optimistic prediction of the use of mobile engagements even though the managers demonstrated cognitive knowledge and optimism about mobile applications (Kang, 2014, Lee et al., 2015a, Lin and Lu, 2015, Liu and Shih, 2014).

## 11.8 Behavioural Domain

The managers suffered from conflicting feelings about mobile engagements; moreover, they perceived that based on their own self-interest, consumers might not grant unconditional and voluntary permission. Thus, brands' self-control can also involve avoiding obtaining access without an individual's permission.



Therefore, the behavioural domain would investigate managers' intention to consider incentives as motivation for mobile engagement. The collected data further dropped out of the affective domain, and only 115 data points were collected.

The fear of the affective domain hindered the managers; thus, it would be logical to investigate whether an incentive approach would motivate consumers to grant access. Incentives can compensate for the social and financial costs incurred by consumers who accept mobile access (Peters et al., 2007, Kavassalis et al., 2003, Alba et al., 1997, Bolderdijk and Steg, 2015, Sixel, 1995, Marx, 1992b).

Adversely, M1, M2, M3 and M6 strongly perceived that no incentive element should be considered for luxury marketing, and 8 data points were collected for the rejection of incentives (Bolderdijk and Steg, 2015).

More importantly, the managers perceived that luxury consumption should not be associated with cash value; thus, no promotional message of the luxury products would be associated with the monetary value. Thus, 15 data points were collected on the rejection of monetary incentives (Bolderdijk and Steg, 2015).

If the incentive would eventually satisfy the consumers enough that they would agree to opt in, the managers would use the incentive only for informational purposes. Thirty-eight data points were collected regarding informational incentives (Peters et al., 2007, Kavassalis et al., 2003, Smutkupt et al., 2010, Seth, 1999, Jayawardhena et al., 2009, Karjaluoto et al., 2008a, Karjaluoto et al., 2008b, Foxall, 1984a, Gao et al., 2014).

In terms of relationships with the influential technological (AH) (0), social (23), and organizational (18) factors, the technology did not influence the managers' behavioural intent. Nevertheless, the managers' behavioural intent should originate from both the self-interest of an individual consumer (the social influence) and the self-interest of the brands (the organization influence), not from the technology (Kotler and Pfoertsch, 2006, Kotler, 1971, Aslam et al., 2014).

The managers would not justify their behavioural intent with technological advancement because technology should be only platform for engagement (Onyas and Ryan, 2015, Bergen et al., 1992, Bakar and Bidin, 2014).

Moreover, 11 data points were collected from GH and the connectivity between the affective and behaviour domains. The managers pursued their intent to engage after access was granted. Therefore, the interactive value was effective after satisfactory consent was received from the individual customer (Parvin, 2014, Prieto et al., 2014, Sim et al., 2014).

## 11.9 Key findings of Project 1

Two key attitudes—slowness and contradiction—were identified from the interviews with the managers. Therefore, the triangulations between the transcripts facilitated the data analysis to enhance its interpretive validity.

### 11.9.1 Consistency of attitudes among brand managers

No material discrepancy was identified between the managers' behavioural expressions and the transcripts.

Regarding the slow attitude towards luxuries, the self-control and self-interest of luxury brands are the critical reasons for those brands' pace of development in the field of digital marketing.

First, the self-control of the traditional culture of the luxury operation has slowed the development of innovative mobile technology because luxury brands intended to exercise tight control over all their operations (Brown and Rachlin, 1999, Rachlin, 2009, Ajzen and Madden, 1986).

Second, the self-interest of traditional values internally and externally contradicted consumers because luxury brands perceived incentives that could arouse consumer awareness of the brands' premium value. However, these incentives could contradict the outcomes of interviews with the consumers in which the consumers expressed an interest both in engaging with luxury brands and receiving incentives (Alba et al., 1997, Bolderdijk and Steg, 2015, Peters et al., 2007, Jayawardhena et al., 2009, Karjaluoto et al., 2008a, Karjaluoto et al., 2008b, Kavassalis et al., 2003, Seth, 1999, Smutkupt et al., 2010).

The managers demonstrated an extensive understanding of the influences of mobile technology on luxury consumption. In the cognitive domain, even though an attitude

of slowness was identified for development, the managers positively perceived the constructs of the usefulness of mobile technology. Mobile engagement can productively contribute to functional applications such as ecommerce (D2), customization (D4) and personal communication channels (D6). The combined effects of the three functions can be integrated to replicate the customized shopping experience for mass-market consumers through mobile engagement (Achabou and Dekhili, 2013, Akinc et al., 2015a, Evanschitzky et al., 2015).

Moreover, managers indicated that mobile technology would revitalize their ability to serve customers individually; however, the success of the engagement could be hindered by the ease of use construct. Thus, permission from the consumers was the key issue (Ngo and O'Cass, 2013, Persson, 2013, Rudawska and Frąckiewicz, 2015, Sawhney et al., 2005, Thirumalai and Sinha, 2013).

Therefore, managers would not advance further towards mobile engagement. The affective domain indicated contradictory attitudes about mobile engagements. As a result, the fear of unauthorized access overtook optimism. Thus, the consequence of the conflict-feeling attitude resulted in withheld behavioural intent to engage customers (Van Harreveld et al., 2015, Van Harreveld et al., 2009, Rachlin, 2009).

In the behavioural domain, managers experienced gaps related to the operationalization of mobile access. The managers did not exhibit enthusiasm about adopting mobile engagement and would not consider the option of offering incentives in exchange for acceptance. Because of the lack of access between luxury brands and consumers, the individual customer might not be able to enjoy virtual customization (Foxall, 1984a, Foxall, 1999, Foxall, 2014, Foxall, 2015b, Foxall, 2015a, Foxall and Bhate, 1993).

With respect to mobile acceptance, consumers' self-interest would not allow for brands to have unconditional access. Consumers protect themselves by raising defences to unauthorized access, thus avoiding both privacy invasions and exposure to both lost personal data and financial risks. It would be difficult to ask consumers

to grant unconditional access; thus, brands should utilize the concept of the dual commodity value to justify personalized service in exchange for customized information with individual consumers. When conditional acceptance can be granted for the co-creation of value, a new social system in the virtual context can be established between luxury brands and individual consumers (Sixel, 1995, Marx, 1992b, Marx, 1973, Kolođlugil, 2015, Peters et al., 2007, Jayawardhena et al., 2009, Karjaluoto et al., 2008a, Karjaluoto et al., 2008b, Costa, 2015, Dyson et al., 1996, Alamgir and Shamsuddoha, 2015, Anker et al., 2015, Diffley and McCole, 2015, Christian and Ojasalo, 2015, Jones et al., 2015).

Furthermore, the traditional culture value of the luxury operation contradicts the concept of an incentive. The traditional value controls the self-interest of the luxury brands to prevent the use of an incentive approach in marketing programmes. Therefore, managers do not consider incentives as key tools to motivate consumers and do not perceive the feasibility of obtaining permission through the exchange process (Bolderdijk and Steg, 2015, Liu and Shih, 2014, Restuccia et al., 2015, Yamabe et al., 2009, Parvin, 2014, Aslam et al., 2014, Cavender and Kincade, 2014, Anido Freire, 2014).

#### 11.9.2 Discrepancies in the attitudes of luxury group leaders

Luxury group CEOs have adopted aggressive strategies to develop ecommerce for online stores to enhance competition and secure new demands from emerging markets. More importantly, Gucci's new chief designer has adopted a new design concept to focus on consumers' self-interest, not fashion trends. Thus, external information indicated that luxury brand managers might have an open attitude about adopting various innovative strategies for new challenges. However, those brand managers might continue to be hindered by their internal culture and operations. Nevertheless, luxury group leaders have taken the initiative to operate online stores and may further nurture changes, encouraging brand managers to follow the trend of mobile engagement (Tuan, 2016, Ahmed, 2015, Dion and

Arnould, 2011, Gupta et al., 2013, Hujic, 2005, Gapper, 2015, Friedman, 2014a, Kering Digital Academy, 2015).

Moreover, it has been shown that it is not easy to obtain consumer agreement to mobile access. This difficulty is particularly relevant when a luxury brand manager may also be reluctant to act in the mobile context (Sanakulov and Karjaluo, 2015, Shaikh and Karjaluo, 2015). However, two major gaps have been identified for mobile acceptance, including social and monetary costs (Peters et al., 2007)

More importantly, brand-value quality is the equity of luxury brands' DNA. Therefore, the consumer will trust and pay a premium based on brand value. Thus, trust in a brand's value is the foundation to leverage social costs for consumers to provide access to luxury brands. This may provide an advantage for the luxury brand when pursuing mobile access (Michell et al., 2001, Christopher, 1996, Aaker, 2009, Beard, 2008, Butterfield, 2007, Liu et al., 2012, Megehee and Spake, 2012, Okonkwo, 2009b, Reyneke et al., 2012, Seo et al., 2015, Wuestefeld et al., 2012, Merlo et al., 2015)

### 11.9.3 Opportunity to ground the theory of consumption prior to production through the Gearbox

Because of the gaps between the brands and consumers in the mobile context, integration with the Gearbox concept can create individualization and customization for luxury consumption. Through the mutually agreed exchange system, consumers are incentivized to provide customized information to the brands. As a result of the use of customized information, the risks of invasion are avoided and permission should be granted before a message is sent (Peters et al., 2007, Karjaluo et al., 2008a, Karjaluo et al., 2008b).

More importantly, customized information leads to personalized offers. Therefore, customized information enables consumers to commit to and trust luxury brands



(Ferro et al., 2016). Thus, mobile engagement would increase the motivation for consumption prior to production (Sixel, 1995).

Integration helps luxury brands secure customers from both emerging and developed markets. Particularly in emerging markets, it has been predicted that demand will be strong enough to sustain growth in luxury consumption (*The Economist*, 2014b, Brown and Daneshkhu, 2016, Cavender and Kincade, 2014, Friedman, 2014a, ECCIA, 2012, ECCIA, 2013, Schultz and Jain, 2015).

Simultaneous and interactive integration might not fit mass products because those products do not have the flexibility to adjust themselves for the benefit of consumers.

For future technological development, mobile devices will further penetrate into consumers' social lives. Academics have indicated that the Internet constructs a new social system. Researcher argues that luxury brands should identify new ways to adopt consumers in the virtual context. The virtual context is a new social environment for all of its participants. Thus, everyone might have to transform in the new environment. Participants may behave differently than in the traditional land-based context. Therefore, luxury brand managers need not follow traditions to manage in the innovative mobile context. Luxury brands should create new, extended selves to interact with individual customers and participate in the virtual world (Kolođlugil, 2015, Kotler and Pfoertsch, 2006, Belk, 2013, Diffley and McCole, 2015, Prieto et al., 2014).

That said, managers' perception of incentives is correct because incentives trigger consciousness of monetary value. However, the culture of luxury consumption is not linked to monetary value. In this event, the incentive can damage brand value more than it can contribute to individualization. Thus, it might not be feasible to pursue the concept of exchange (Bolderdijk and Steg, 2015, Hauser et al., 1994, Obermiller, 2015, Zheng et al., 2015, Lee et al., 2015b, Perna et al., 2015).

Nevertheless, the researcher validates that CEOs of luxury global conglomerates have surprised the markets with innovative decisions (Ellison and Thomson, 2015, Friedman, 2014a, Porter, 2016, Gapper, 2015, Bhasin, 2016, Mau, 2015). Therefore, the traditional culture might not be an obstacle for luxury brands to secure future development.

In this event, the concept of exchange would result in mutual interdependence with individual consumers. It would spark leaders' interests in investigating how emerging technology can enhance digital marketing for future development. Therefore, any justifications should include evidence of conditional acceptance of individualization. Investigations with consumers based on the perspectives of individuals' self-interest and mediators of the influence of technology should subsequently be required. In that event, consumers consider granting the luxury brand permission for mobile access in exchange for sensible and relevant incentives. Thus, luxury brands may address the phenomenon of mobile engagement. The new knowledge of the Gearbox of Exchange should be justified to develop the virtual context between consumers and luxury brands.

## 12. Data analysis: Project 2 with consumers

The key objective was to develop a mobile telecom-based relationship for luxury brands with consumers. Moreover, the study would investigate how the drivers of intrinsic and extrinsic values and brand trust motivate individuals to consume luxuries. An additional issue is how to identify the key motivations for consumers to enjoy a customer relationship (individualization and customization) through mobile access.

Project 1 focused on the influential factors related to luxury brands' intentions related to motivating consumers to participate in mobile engagement. Therefore, project 2, a consumer study, triangulates the findings of the behavioural intent of the luxury brands.

With respect to consumer understanding, radical behaviourism might take the view that an individual's behaviour represents one's interaction with the outer world. Therefore, the behavioural analysis might consider operant behaviours that are associated with psychological responses through consumption-related pleasure, arousal and dominance. Because of the limited access to an individual's inner state, the behavioural approach would consider the outcomes only through one's own situational attributes. Therefore, the behavioural study treats consumers as objects instead of subjects to consider their inner states relative to their needs and wants (Baum, 2005, Baum, 2007, Baum, 2012, Baum, 2013, Foxall, 1984b, Foxall, 2010a, Foxall, 2014, Foxall, 2015b, Rachlin, 2009, Skinner, 1953, Watson, 2013, Foxall, 1984a).

From the perspective of dualism, the behavioural analysis should consider that the inner world of an individual may influence the choices and decision-making process

with the outer world. Nevertheless, prior to the interactive technology era, there might not have been ongoing, simultaneous access to individuals' intrinsic needs. Thus, the availability of emerging mobile technology can provide an opportunity to invite consumers to participate in the sharing process in which brands understand the individual consumer's needs and wants in a manner that is both interactive and timely.

In this situation, consumers voluntarily and interactively share customized information with luxury brands. The engagement process may transform consumers into active players in the consumption process, informing marketers what, when, where and when they would like to consume (Hamari et al., 2015, Jaakkola et al., 2015, Krush et al., 2015, Möhlmann, 2015, Tuan, 2016, Wachter et al., 2012, Kim et al., 2013, Karjaluoto et al., 2008b).

Therefore, the critical factor of this innovative engagement is the individual consumer's acceptance and permission. Regulation to support security in the virtual world is premature and unstructured. The USA, Europe, the Middle East and Asia have different regulatory expectations regarding Internet security, and no agreement has been reached. Because of this lack of control, it would be risky for consumers to grant unknown parties unconditional permission for mobile access. Thus, consumers take the initiative to choose, collaborate on and share their customized information with selected marketers. Conditional permission can be sensible and relevant to an individual's needs. Customized information benefits brands in their transformation from mass marketing to relationship marketing with personalized services. As a result of this interactive transformation, mutual interdependence is established between a brand and the individual (Jayawardhena et al., 2009, Karjaluoto et al., 2008a, Karjaluoto et al., 2008b, Kavassalis et al., 2003, Peters et al., 2007, Cannon and Chung, 2015, Goldfarb and Tucker, 2011b, Kerr and Waters, 2012, Kotler, 1989, Achrol and Kotler, 1999, Berry, 2002, Gronroos, 1990, Sheth and Parvatiyar, 1995a, Grönroos, 1994).

Based on the dual value of commodity, consumers own their mobile devices and are consumers/participants of interactive mobile messages. To appeal to consumers, brands should pay a fee to access the consumer's mobile device, along with a media cost. Furthermore, the mobile device might be only a platform for the exchange of information between an individual and a brand. The relationship and exchange value between a brand and the individual, not the technology, should be the critical considerations (Marx, 1992b, Sixel, 1995, Marx, 1973, Kotler and Pfoertsch, 2006, Gressgård and Hansen, 2015, Chun and Ovchinnikov, 2015, Blocker et al., 2011, Bergen et al., 1992).

Based on the behavioural perspective model, this study investigates incentives as an instrument to balance the costs and interests of consumers and the luxury brands that the consumers trust to engage. When two parties agree to a conditional engagement, an information exchange can narrow the gaps of behavioural expectations to predict outcomes. Thus, based on the exchange process, a luxury brand provides personalized service to individual customers through relevant offers. Personalized offers enable consumers to enjoy virtual individualization and customization in the mobile context (Bolderdijk and Steg, 2015, Azad and Ahmadi, 2015, Chun and Ovchinnikov, 2015, Fagerstrøm et al., 2015, Khakimova Storie, 2015, Merlo et al., 2015, Rudawska and Frackiewicz, 2015, Valtakoski, 2015, Foxall, 2015b, Foxall, 2014, Foxall, 2015a, Ferro et al., 2016).

For this reason, in-depth interviews provide a deeper understanding of consumers' luxury consumption-related self-interest and motivations with respect to the brands that they trust. Individuals' knowledge and interpretations can help brand managers understand their needs, thus relieving brand managers' conflicting feelings of fear and struggle to operate in the virtual market. Accordingly, this knowledge is not meaningless (Friedman, 2014a, Ellison, 2014, Van Harreveld et al., 2015, Van Harreveld et al., 2009, Rachlin, 2009).

The main objective of Project 2 was to understand and interpret how key drivers interact with the relevant mediators to motivate consumers to engage in luxury

consumption. Thus, the findings relative to the consumers triangulate with Project 1's findings on luxury brand managers' perceived attitudes (Achabou and Dekhili, 2013, Shukla, 2012).

For the validity process, a qualitative approach was selected; thus, similar steps were adopted through descriptive, interpretive and theoretical validities to evaluate the quality and worth of the research.

The triangulation of the findings related to the luxury brands and consumers would proceed to discussions of generalizability and an evaluation of the validity and reliability of the grounding theory of the Gearbox of Exchange (Morse et al., 2008, Golafshani, 2003, Maxwell, 1992).

## **12.1 Descriptive validity**

The objective of this research was to investigate luxury consumption from the perspectives of self-control and self-interest. Moreover, the findings may indicate how consumers and mediators' self-motivations interact with individuals' behavioural intent to engage in luxury consumption.

### **12.1.1 Sampling criteria: Non-probability sample**

Following the sample criteria similar to those described in Project 1, the interviews with the consumers were also based on the non-probability sample approach. All of the respondents were selected using shopping experience and knowledge criteria with respect to emerging and developed markets.

Because of their self-interest, consumers have their own interpretations of luxury consumption; thus, the researcher did not impose a definition to confine the discussion. More importantly, there is no consensus definition for luxury consumption. Thus, the self-interest of respondents determines how they perceive luxury consumption. Because of this issue, a wide range of individualized luxury consumption experiences were indicated, such as travel; prestige cars; designer fashion, watches and jewellery; wines; property; and vacation activities (Schultz and Jain, 2015, Chandon et al., 2016, Jain et al., 2015, Merlo et al., 2015, Banks, 2015, Sjoström et al., 2016, Kastanakis and Balabanis, 2014, Hennigs et al., 2013, Bilge, 2015).

Self-motivations are based on two key perspectives: the individual's inner world via intrinsic needs and the individual's outer world via extrinsic needs.

For the evaluation of intrinsic needs through the self-concept, the model was based on the motivation theory of the hierarchy of needs. This approach would indicate

how luxury consumption satisfies individuals' various needs (Maslow and Lewis, 1987, Seeley, 1992, Maslow et al., 1970, Maslow, 1965, Elster, 1993, Belk, 1999, Kemp, 1998, Hogg and Michell, 1996, Sirgy, 1982, Landon, 1974, Rocereto et al., 2015, Wiedmann et al., 2013).

For the evaluation of extrinsic needs through the behavioural operant, this approach indicates how operant behaviours satisfy individuals' need to interact with the outer world when engaging in luxury consumption (Hursh and Roma, 2015, Foxall, 2015a, Foxall, 2015b, Foxall, 2014, Yani-de-Soriano et al., 2013, Foxall and Sigurdsson, 2013, Foxall and Yani-de-Soriano, 2011, Tiger et al., 2010, Fagerstrøm et al., 2010, Foxall, 2008, Foxall and Yani-de-Soriano, 2005, Foxall and Greenley, 2000, Foxall, 1984b, Skinner, 1953, Watson, 2013).

More importantly, the study investigates the critical factors related to consumers' trust in luxury brands (Ferro et al., 2016, Najafi, 2015, Chaudhuri and Holbrook, 2001, Valtakoski, 2015, Dowell et al., 2015).

Therefore, the interviews facilitate an understanding of how mediators and self-experience may affect and interact with self-motivations to engage in luxury consumption. More importantly, for mobile acceptance, the study indicates the nature of an incentive as an instrument or agent to motivate consumers to provide customized information in exchange for an individual personalized service (Bolderdijk and Steg, 2015, Liu and Shih, 2014, Alba et al., 1997, Smutkupt et al., 2010, Jayawardhena et al., 2009, Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Barnes and Scornavacca, 2004, Kavassalis et al., 2003, Seth, 1999, Peters et al., 2007).



### 12.1.2 Participants, individual backgrounds and interview settings

Date	Respondent	Location	Background
21 July 2014	Respondent 1 (R1) Group A	Central Hong Kong, café	R1 grew up in Southern France and has extensive luxury consumption experience. R1 has been living in Hong Kong for more than 18 years and works for a luxury department store as a general merchandizing manager.
30 July 2014	Respondent 2 (R2) Group A	Paris, restaurant	R2 was born in Italy and grew up in France. R2 has extensive luxury experience through personal buying and purchases for family. R2 has lived in China for 10 years and is currently stationed in Milan. R2 is the chief executive of a multinational media company whose job duty requires extensive travel in Europe, the Middle East, Africa and China. R2 offered extensive input regarding the value of consumption from family, personal and cultural perspectives.
29 August 2014	Respondent 3 (R3) Group B	Moscow, via Skype video	R3 was born in Norway and grew up in Moscow. R3 is a practical, technically driven individual who treats luxury products as inventory instead of a lifestyle. The key reason for using a Skype video for the interview was that the respondent was on a family trip to Greece when the researcher visited Moscow.
5 September 2014	Respondent 4 (R4) Group A	Shanghai, respondent's office	R4 was born in Taiwan and studied in Australia. R4 has been working and living in Shanghai for more than 10 years. R4 began to engage in luxury consumption while working part-time during college. R4 was a property manager of a luxury group stationed in Shanghai and was responsible for the development of retail land in China.
6 September 2014	Respondent 5 (R5) Group B	Shanghai, private clubhouse	R5 was born and grew up in Shanghai. R5 was an MBA graduate of Hong Kong University. R5 worked in a German multinational firm. R5 had extensive travelling and shopping experience. R5 has primarily collected luxury watches for personal use.
6 September 2014	Respondent 6 (R6) Group B	Shanghai, private clubhouse	R6 was born and grew up in Shanghai. R6 is an IT expert for a luxury brand. R6 had developed knowledge of luxury consumption through peer group and personal shopping experiences. R6 and R5 are a married couple, and they take

			regular overseas shopping trips for enjoyment and relaxation.
6 September 2014	Respondent 7 (R7) Group B	Shanghai, private clubhouse	R7 was born and grew up in Shanghai. R7 appreciates wine and is a wine collector who spends more than RMB1 million on wines. R7 has a fear of flying. Therefore, all of R7's wine purchases and knowledge have originated from a digital context. R7 manages a wine blog to share wine knowledge with peers. R7 offers a classic example of enjoying customization and personalized service in a mobile context.
6 September 2014	Respondent (R8) Group B	Shanghai, private clubhouse	R8 was born and grew up in Shanghai. R8 has extensive knowledge of luxury cars and watches because R8 is a professional luxury-car salesperson. R8 had the ability to visualize the value of consumption as both a consumer and a service provider.
7 September 2014	Respondent 9 (R9) Group A	Shanghai, restaurant	R9 was born in Taiwan and grew up in New Zealand. R9 currently lives in Shanghai with family, a spouse and a child. R9 used to work in IT with a newspaper and has shopping experience in Taiwan, New Zealand, Paris and Shanghai. R9 enjoyed a personalized shopping experience in Paris. R9 was also a frequent user of the digital context for shopping for household necessities. R9 shared the value of consumption from both career and family perspectives.
18 September 2014	Respondent 10 (R10) Group B	Shanghai, respondent's home	R10 was born in Chengdu and has worked in Beijing. She currently lives in Shanghai and is passionate about fashion and art. She represents a new generation of luxury consumers who have the ability to pick and choose products to fit their individual image.
13 September 2014	Respondent 11 (R11)	Moscow, hotel lobby	R11 was born and grew up in Russia. R11 witnessed the transitional changes from pure communism to a capitalism-driven economy. R11 was a beneficiary of this transition. Prior to the transition, R11 would rarely travel overseas. R11 was a tour guide, whose salary at the time was lower than that of a driver of a sightseeing coach in Western Europe. R11 owned a business and has been travelling worldwide for business and leisure. R11 can afford to fly business class and enjoys winter skiing trips to Italy, the USA and Switzerland. R11 offered opinions about the value of

			consumption from business, family and personal perspectives.
15 September 2014	Respondent 12 (R12) Group B	Moscow, respondent's office	R12 was born in Russia and lived in various Russian cities as the child of a military pilot. R12 appreciates fashion and has a spouse who is a wine master. The couple purchases luxury products both locally and abroad. R12 shared substantial local shopping experiences and balanced the pros and cons of luxury consumption.
16 September 2014	Respondent 13 (R13) Group A	Moscow, hotel lobby	R13 was born and grew up in France. R13 has been living in Moscow for 10 years and has a new family. R13 places a high value on wines and fine food dining. R13 has shared this interest in the value of luxuries with peers through gifts. R13 offered extensive values from various cultural perspectives.
17 September 2014	Respondent 14 (R14) Group A	Dubai, café	R14 was born in Afghanistan and grew up in London. R14 has been living in Dubai, serving clients from different countries who wish to invest in the Dubai property market. R14 has shared what he considered the improper values of luxury consumption and how R14 would re-establish appropriate values. R14 has also identified the value of security as a potentially critical factor for the super-rich consumer in Dubai. R14 compared shopping experiences and drivers of motivation to consume from various cultural, personal and career perspectives.
18 September 2014	Respondent 15 (R15) Group A	Dubai, café	R15 was born and grew up in the UK. R15 is from a mixed-race family, with a British mother and Arabian father, who have split up. R15 lived a humble life with the mother in the UK but also witnessed an affluent lifestyle from the Arabian father. R15 was insistent that luxury consumption did not buy love. The possession of luxuries did not induce happiness. R15 derived more satisfaction from reading, travelling and spending leisure time with cats. R15 has been living in Dubai for 5 years and has enjoys its tax-free environment and freedom of choice and variety. R15 has developed a business that provides personalized housekeeping services to individual customers.
18 September 2014	Respondent 16 (R16) Group B	Dubai, respondent's home	R16 was born in St Petersburg and grew up in a middle-class family. Following university graduation, job opportunities were rare; thus, she decided to move to

		<p>Dubai – literally with bare hands and empty pockets. She started working in a hotel; R16 occasionally assisted affluent Russians as a translator. R16 is a professional estate agent in Dubai with a decent standard of living. She started to engage in luxury consumption approximately 5 years ago with money that she had saved. She took good care of a widowed mother. She enjoyed a quality luxury lifestyle and shared this luxury with her family. She was about to start a new venture that would offer tailor-made evening dresses for ladies in Dubai. The researcher witnessed R16 receive her first order in the digital context.</p> <p>R16 was transiting from communism to a capitalism-driven economy. R16 shared substantial insights regarding what drives self-actualization.</p>
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- Group A: respondents grew up in developed luxury markets such as France, the United Kingdom, Australia or New Zealand, and have been living as expatriates in an emerging market for an extended period.
- Group B: respondents grew up and live in an emerging market such as Dubai, China or Russia, and have extensive experiences both with local shopping and with overseas shopping in developed overseas markets.

Through 16 in-depth interviews with individuals from various demographic backgrounds, this study differentiated the shopping environments of luxury stories in developed and emerging markets.

The interviews were conducted in Hong Kong (1), Shanghai (7), Moscow (3), Dubai (3) and Paris (1) through in-person meetings. Only one interviewee from Moscow was interviewed via Skype online video. Seven consumers grew up in developed markets and 9 consumers grew up in emerging markets, including China and Russia. All of the consumers have demonstrated comprehensive abilities to describe their needs and wants related to luxury consumption. They also shared their adverse experiences managing unauthorized mobile access. Overall, the 16 interviews

provided reasonable and considered views on the research questions from different perspectives.

### 12.1.3 Interview questions with the consumers

The first interview question was as follows:

*When and how did you begin to engage in luxury consumption?*

This information led to discussions of consumption experiences and the driving forces of the need for consumption. The intention was to examine the values of luxury consumption from various perspectives. The evaluation would be based on the hierarchy of needs for intrinsic needs and the behavioural perspective for extrinsic needs. The interviewees could share their views; thus, data would be obtained from the inner state of their self-experience and identify the situational mediator that affects their choices to engage in luxury consumption (Rolls, 2015, Hursh and Roma, 2015, Foxall, 2015b, Miniero et al., 2014, Foxall, 2014, Yani-de-Soriano et al., 2013, Foxall and Sigurdsson, 2013, Baum, 2013, Baum, 2012, Foxall and Yani-de-Soriano, 2011, Brosch et al., 2011, Foxall, 2010a, Fagerstrøm et al., 2010, Fagerstrom, 2010, Sigurdsson et al., 2009, Schmidt et al., 2009, Rachlin, 2009, Hursh and Silberberg, 2008, Heimlich and Ardoin, 2008, Foxall, 2008, Austin and Marshall, 2008, Baum, 2007, Foxall and Yani-de-Soriano, 2005, Baum, 2005, Foxall, 1984a, Skinner, 1953, Skinner, 1950, Maslow, 1973, Maslow et al., 1970, Maslow, 1965).

From the need perspective, the discussions extended to how the interviewees learned, pursued and shared the luxury experience with their peers. More importantly, the researcher asked the consumers to differentiate the shopping experiences of the high streets in developed and emerging markets versus Internet virtual stores (Duh, 2015, Bilge, 2015, Amatulli et al., 2015, Agarwal and Singh, 2015, Yim et al., 2014, Resnick et al., 2014, Kim and Kim, 2014, Kastanakis and Balabanis, 2014, Kapferer and Michaut-Denizeau, 2014, Kang et al., 2014, Carlin et al., 2014, Liu et al., 2013, Kluge et al., 2013, India, 2013, Hennigs et al., 2013, Cervellon and Coudriet, 2013, Caniato et al., 2013, Brun et

al., 2013, Kastanakis and Balabanis, 2012, Millan and Reynolds, 2011, Okonkwo, 2009b, Shukla, 2012).

The follow-up question was as follows:

*Would you like to engage with luxury brands in a mobile context?*

Explorative questions were intended to seek the consumers' input regarding the acceptance of mobile access by luxury brands. In the event that the consumers reported agreeing to permit mobile access, the researcher would discuss more in-depth questions related to the nature of incentives for rewards, the provision of customized information and the receipt of personalized service (Smutkupt et al., 2010, Jayawardhena et al., 2009, Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Barnes and Scornavacca, 2004, Kavassalis et al., 2003, Seth, 1999, Salojärvi et al., 2015, Rolls, 2015, Onyas and Ryan, 2015, Khakimova Storie, 2015, Gressgård and Hansen, 2015, Gambetti et al., 2015, Fagerstrøm et al., 2015, Chun and Ovchinnikov, 2015, Azad and Ahmadi, 2015, Hamel and Prahalad, 2013, Blocker et al., 2011, Sheth and Parvatiyar, 1995a, Bergen et al., 1992, Weber, 2015, Jai and King, 2015, Goel, 2014, Steel, 2013b, Morozov, 2013, Hille, 2013, Restuccia et al., 2015, Bolderdijk and Steg, 2015, Liu and Shih, 2014, Peters et al., 2007, Dyson et al., 1996, Kotler and Pfoertsch, 2006, Achrol and Kotler, 1999, Kotler, 1989, Kotler, 1971).

## 12.2 Interpretive validity

Interpretive validity was assessed to report the researcher's observation and interpretation of the responses, interpretation and attitudes that might not be apparent from the subscripts.

The Group A consumers assertively and confidently responded to the questions. In general, their shopping was based on their interests and tastes, matching both their intrinsic and extrinsic needs for luxury consumption. More importantly, they have developed their own shopping philosophy and consume in their own way. They also are attached to brands that fit their style and expectations. Moreover, they understood the value of luxury consumption and made purchase decisions to match the various needs met by luxury products. For example, high hedonic consumption would reflect self-actualization, whereas low hedonic consumption might only maintain self-esteem at social and work functions. Thus, the interviewees might consume luxuries as an expression of love but not to buy love. As price-conscious middle-class consumers, the interviewees would not consider luxury products to fulfil security and physiological needs (Hillenbrand and Money, 2015, Tsai et al., 2015, Ye et al., 2015, Rocereto et al., 2015, Giovannini et al., 2015, Compeau et al., 2015, Andonova et al., 2015, Wiedmann et al., 2013, Thirumalai and Sinha, 2013, Leung and Matanda, 2013, Lee and Yang, 2013, Belk, 2013, Liu et al., 2012, Gil et al., 2012, Gensler et al., 2012, Truong and McColl, 2011, Millan and Reynolds, 2011, Gelderman et al., 2011, Rachlin, 2009, Bendapudi and Berry, 1997, Seeley, 1992, Maslow et al., 1970).

### Group A: Consumers who grew up in developed markets

The Group A consumers have been living in the emerging markets as expatriates for an extended time. They are able to describe and explain the different retail shopping experiences found on the high streets of the developed and emerging markets. They preferred the in-store services of the developed markets and online shopping via Websites. When online shopping, they would purchase from only brands or stores

with which they were familiar (Rocereto et al., 2015, Wiedmann et al., 2013, ECCIA, 2013, ECCIA, 2012, Merlo et al., 2015, Shukla, 2012).

#### Group B: Consumers who grew up in emerging markets

The Group B consumers grew up in emerging markets and did not have the opportunity to learn from their parents about the value of luxury consumption. R5, R6, R11 and R16 were proud of their self-learning and judgements related to spending on luxury products (Kandogan and Johnson, 2015, Sandra et al., 2014, Kravets and Sandikci, 2014, Shukla, 2012, Birdsall, 2015).

That notwithstanding, self-actualizing consumers were identified from Group B. R7, R10, R11 and R16 were self-actualizing consumers and presented their choices for luxury consumption based on self-motivation for actualization. Therefore, the classifications should be based on individuals' self-interest in luxury consumption, not their demographic backgrounds (Rocereto et al., 2015, Maslow, 1998, Maslow, 1965).

For example, R5 and R6 were a married couple who did not have similar luxury consumption philosophies or patterns. R5 enjoyed consumption based on investment incentives. He also cared about his perceived images among peers. R6 had learned from peers to dress up for meetings, increasing her confidence. R6 was attempting to escalate her choices based on her own interests instead of copying her peers' interests. More importantly, both individuals were proud of their ability to appreciate quality design and products. They managed their financial independence to consume luxuries in their own way. Nevertheless, they were also price-conscious; thus, overseas shopping trips became essential to their purchasing activity (Rocereto et al., 2015, Maslow, 1998, Maslow, 1965, Kastanakis and Balabanis, 2014, Wang and Griskevicius, 2014).

R7 represents the only respondent who enjoyed personal services from suppliers. Wine retailers and wholesalers have previously received his customized information regarding what and how he would like to consume. Those suppliers would



subsequently utilize his information to match his individual needs. Interestingly, R7 suffered from a fear of flying and would not visit cellars in Europe, the USA or Australia. However, he managed to connect with the world via the Internet. Furthermore, he also managed a wine blog to share experiences with his followers (Schaefers, 2014, Rocereto et al., 2015, Maslow, 1998, Maslow, 1965).

In shopping context, actualizing consumers have stronger abilities to make online purchases because of their extensive knowledge of the brands with which they had engaged. Thus, they understood the descriptions and styles set forth on the brands' Websites. More importantly, brands' return policies can provide them with the security of knowing that they can obtain a refund for products that do not fit their expectations (Chen, 2015, Mosteller et al., 2014, Fagerstrøm et al., 2011).

Self-esteeming consumers might not have similar shopping experiences; thus, they do not visualize the specifications of individual brands. R3, R8 and R12 reported that they cannot obtain a proper fit from online purchases (Michaud Trevinal and Stenger, 2014, Smith et al., 2013).

All 16 consumers interviewed would like to shop in the high streets of the developed markets because of those markets' product variety, in-store shopping environment and pricing. Thus, they made overseas shopping trips to compensate for the weak services available in the emerging markets. These individuals were price-conscious and price-sensitive to the pricing. R4 clearly indicated that she would wait until the sales period to consume, and has assembled a large collection of classic luxury goods such as Gucci handbags and Chanel scarves, which she can mix and match to best suit her various needs. The interviewees understood that luxury pricing involved charging a premium. Nevertheless, R1 stated that emerging-market consumers would look for luxury products with mass-market pricing. This explained the reasons for that emerging-market consumers made overseas trips: to enjoy price arbitrage. Moreover, knowledgeable consumers would also justify a product's price and quality to strike the optimal balance. For example, R16 understood that Chanel would not offer a discount. Therefore, her choices could be based on matching her interests

with Chanel's availability (Kravets and Sandikci, 2014, Prayag and Hosany, 2014, Wang, 2015, Tsang, 2015, *The Economist*, 2014b, Gelles, 2014, Jain et al., 2015, Duh, 2015, Kapferer and Florence, 2016a, Kapferer and Laurent, 2016, Parguel et al., 2016).

Because the consumers were from the middle class and might be price-conscious, they would like to receive monetary incentives for permitting luxury brands to conduct mobile engagement. Informational incentives were the second choice; this choice would allow the interviewees to consolidate market and product information prior to the acquisition and possession of luxury products (Restuccia et al., 2015, Bolderdijk and Steg, 2015, Smutkupt et al., 2010, Jayawardhena et al., 2009, Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Barnes and Scornavacca, 2004, Kavassalis et al., 2003, Seth, 1999, Chen et al., 2015b, Sumich, 2015, Wang, 2015, Song et al., 2015, Duh, 2015, Hudders and Pandelaere, 2012, Graham, 1999, Belk, 1985, Richins and Dawson, 1992).

In relation to individualization, all consumers, regardless of their level of self-actualization or self-esteeming, would like to transcend their level of enjoyment in luxury consumption. They perceived that the informational incentives would enhance their knowledge of luxury and enrich their personal images. Moreover, self-actualizing consumers such as R1, R9, R10 and R16 discussed invitations to luxury brands' social events, indicating that they would like to enjoy and share such moments with luxury brands (Rudawska and Frąckiewicz, 2015, Merlo et al., 2015, Felsted, 2015, Evanschitzky et al., 2015, Akinc et al., 2015a, *The Economist*, 2014a, Thirumalai and Sinha, 2013, Persson, 2013, Park et al., 2013, Ngo and O'Cass, 2013, Miller, 2013, Lambert and Desmond, 2013, Achabou and Dekhili, 2013, Sundar and Marathe, 2010).

Most importantly, all consumers were living in emerging markets in which online security and privacy protections are weak. Moreover, they have received unwanted messages on a daily basis. Nevertheless, because of luxury brands' quality brand value, the interviewees would not refuse to grant them conditional access (Weber,

2015, Jai and King, 2015, Zhou, 2012, Conitzer et al., 2012, Tschersich et al., 2011, Stanaland et al., 2011, Lee et al., 2011b, Goldfarb and Tucker, 2011b, Okazaki et al., 2009, Evans, 2009, Sarabdeen, 2008, McCreary, 2008, Dolnicar and Jordaan, 2007, Cleff, 2007).

From this interpretive validity, the taste, choices and perceived value of luxury consumption may vary according to the individual. Sixteen interviews constitute 16 different combinations and priorities of consumption needs. However, there was a commonality in that all consumers were willing to share their customized information in exchange for personalized messages from a luxury brand that they trust. The desires and aspirations related to enhancing one's personal taste and lifestyle might represent key motivations for these consumers to authorize mobile access (Ferro et al., 2016, Valtakoski, 2015, Theron et al., 2015, Najafi, 2015, Lee et al., 2015a, Kang and Sohaib, 2015, Dowell et al., 2015, Hur et al., 2014, Martínez and Rodríguez del Bosque, 2013, Smutkupt et al., 2010, Jayawardhena et al., 2009, Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Barnes and Scornavacca, 2004, Kavassalis et al., 2003, Seth, 1999, Wang, 2015, Kravets and Sandikci, 2014, Kandogan and Johnson, 2015, Birdsall, 2015, Gelles, 2014).

### 12.3 Theoretical validity

For a systematic evaluation, the coding framework was modified from the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) (Venkatesh et al., 2012b, Williams et al., 2015) to examine the constructs of an individual's self-interest in luxury consumption. The UTAUT2 has been developed to understand the relationship between the use of information technology and individual acceptance. Therefore, the modified approach would enhance understanding of how to motivate consumer adoption of mobile technology to pursue customization and individualization in luxury consumption.

From the mediation perspective, the concept of the Gearbox of Exchange attempts to address consumers' voluntary opt-in through relevant incentives to compensate for their potential social and monetary costs. This research subsequently investigates whether consumers will provide their customized information in exchange for personal service from a luxury brand that they trust to engage (Restuccia et al., 2015, Bolderdijk and Steg, 2015, Liu and Shih, 2014, Shen et al., 2012, Demirag et al., 2011, Yamabe et al., 2009, Alba et al., 1997, Hauser et al., 1994)

In this event, consumers would accept the conditional opt-in and provide customized information. The luxury brands subsequently serve individuals in a personalized manner. As a result, the mobile device becomes a bridge to understanding, explaining and projecting individual consumers' needs and wants (Zaharna, 2015, Onyas and Ryan, 2015, Gressgård and Hansen, 2015, Fagerstrøm et al., 2015, Azad and Ahmadi, 2015, Sheth and Parvatiyar, 1995a, Bergen et al., 1992).

Whereas luxury consumption emphasizes a quality lifestyle, personal statement and culture, customized information provides insightful knowledge regarding individuals' self-interest that should help luxury brands build a relationship with those individuals. This relationship, not impulse purchases, enhances mutual interdependence. A voluntary opt-in with individualized conditions transforms

brands, helping them build a B2B information relationship with consumers. In response to customized information, a luxury brand fulfils individuals' expectations through personal offers. A relevant personalized offer stimulates consumption, and an individual's purchase decision can establish a B2C relationship. The Gearbox of Exchange will eventually integrate with mobile access between luxury brands and the individual into a B2B2C relationship. The knowledge of the Gearbox of Exchange will be analytic and verifiable; it will not be meaningless (Najafi, 2015, Muzellec et al., 2015, Möller and Parvinen, 2015, Lemmens, 2015, Kang and Sohaib, 2015, Helm and Özergin, 2015, Grewal et al., 2015, Zhang et al., 2015a, Ta et al., 2015, Standing et al., 2015, Sarmiento et al., 2015, Reijonen et al., 2015, Pedeliento et al., 2015, Nenonen and Storbacka, 2015, Dowell et al., 2015, Costa, 2015, Singh et al., 2014, Leach and Liu, 2014, Kalafatis et al., 2014, Bruhn et al., 2014, Stavros et al., 2012, Leek and Christodoulides, 2011, Asare et al., 2011, Rauyrueen and Miller, 2007).

Without innovative technology, luxury brands might not be able to engage individual mass-market customers. Real-world retail sales forces do not have the ability to individually manage the explosive demand of the mass market. Thus, customization remains the privilege of super-rich and elite customers. With virtual engagement through emerging mobile technology, software can serve a mass-market individual through micro marketing. Therefore, successful engagement would help luxury brands engage the customer, resulting in a stronger, tighter individual relationship (Kapferer and Michaut-Denizeau, 2014, Hennigs et al., 2013, Cervellon and Coudriet, 2013, Kotler, 1989, Kotler, 1971, Gartner, 2013, Gartner, 2014).

In addition to engaging mass-market individuals, mobile access represents an important tool for luxury brands to extend their business development into emerging markets. New emerging-market consumers might not have strong, deep relationships with luxury brands. In this event, luxury brands develop a relationship with new customers by opening new retail stores, which may result in a substantial financial burden. Thus, new sales revenues might not justify the substantial capital expenditures associated with land-based retail outlets. Therefore, online stores represent an alternative option for new overseas customers (Kotler and Pfoertsch,

2006, Merlo et al., 2015, Prieto et al., 2014, Prayag and Hosany, 2014, Mosca and Re, 2014, McFerran et al., 2014, Friedman, 2014a, Gapper, 2015).

In addition to the development of online stores prompted by the availability of emerging technology, luxury brands can take advantage of mobile technology to create a new marketing environment for brands to engage with individuals. These brands integrate their marketing resources from mobile, online and land contexts to provide comprehensive individualized services in a B2B2C relationship. Such a relationship represents a new social system with a secure environment for consumers and luxury brands to share and collaborate through the mobile virtual context. This customized information and personalized service would ultimately enhance the motive to engage in consumption prior to production (Kolođlugil, 2015, Möhlmann, 2015, Krush et al., 2015, Kim et al., 2015, Jaakkola et al., 2015, Hamari et al., 2015, Felländer et al., 2015, Sixel, 1995, Marx, 1992b, Marx, 1973).

Thus, the data coding is based on the UTAUT2 (Venkatesh et al., 2011, Williams et al., 2015). The self-motivation constructs drive three self-interest perspectives:

- The intrinsic needs of an individual from the perspective of the motivation theory hierarchy of needs;
- The extrinsic needs of an individual from the perspective of behavioural operants; and
- An individual's trust (habits) in luxury brands based on the relationship with those brands.

Furthermore, these self-motivation constructs may interact with mediators to generate the behavioural intent to engage in luxury consumption. For the mediators, individuals' self-control and the external stimuli organized by luxury brands influence the following factors:

- Individual experience (self-interest from individuals' inner states); and
- Informational and monetary incentives through mobile access (external stimuli from luxury brands).

Overall, 4,209 data points were coded from 16 interviews as per figure 19.

Accordingly, this work's understanding and interpretations of the data are based on the evaluation and development of the UTUAT2 framework.

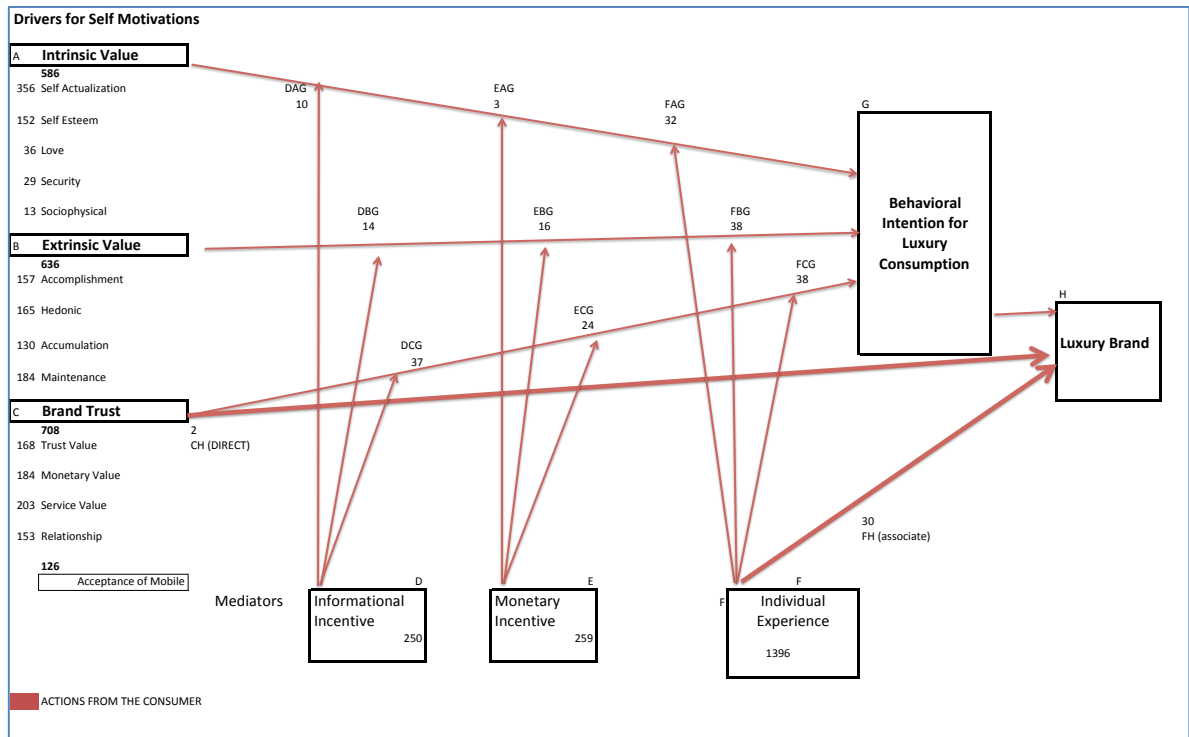


Figure 19 Consumer intent to engage with luxury brands based on the UTUAT2 (Venkatesh et al., 2012a)  
Source: Author



### 12.3.1 Self-motivation constructs

In the area of behavioural intentions, self-motivation to engage in luxury consumption is classified into three main value constructs:

- Intrinsic needs (A);
- Extrinsic needs (B) and
- Habit/trust (C) related to luxury brands. A specific construct was assigned for mobile acceptance under the habit (trust) construct.

Self Motivation	A	B	C
	Intrinsic Needs 586	Extrinsic Needs 636	Trust with Luxury Brands 708

Intrinsic values were associated with people’s perceived need to consume. Extrinsic needs were related to people’s operant behaviours to consume. Individuals’ habits were related to shopping experiences, engagements and interactions with luxury brands. Without trust in a brand, a consumer may not consider agreeing to opt in (Ferro et al., 2016, Valtakoski, 2015, Truong and McColl, 2011, Kastanakis and Balabanis, 2014, Wang and Griskevicius, 2014, Barnes and Scornavacca, 2008, Rocereto et al., 2015, Costa, 2015).

The data collections from the self-motivation constructs (A+B+C) resulted in 2,056 references, which reflected 48.8% of the total data coded. Academics repeatedly suggest that individuals’ mindsets play a significant role in the consumption choice. However, there are no access paths to create timely and regular interactive exchanges with individual customers in the mass market. R7, the Global Media Director of a luxury group, also recognized that luxury brands’ marketing executives did not understand the needs and wants of mass-market customers (Foxall, 1986a, Foxall, 1994b, Foxall, 2014, Nicholson and Xiao, 2011, Nicholson and Xiao, 2010, Foxall, 1984a).

An individual consumer may have unique propositions to consume. Therefore, an individual's mind map can vary, and the decision-making process may occasionally change. It is difficult to understand an individual's choice, and there might not be a single experiment that individually examines a consumer to predict his or her choice. Therefore, if mobile access is a feasible approach to understanding individuals' needs and wants, then luxury brands might extend personalized service to mass-market consumers. Furthermore, luxury brands break through traditional marketing strategies based on the broadcasting approach and proactively drive relationship marketing to individuals (Foxall, 2014, Sheth et al., 2015, Christian and Ojasalo, 2015).

Of the 2,056 references regarding self-motivations, the data of the three constructs were distributed as follows:

- (A) Intrinsic values: 28.5%;
- (B) Extrinsic values: 30.9%; and
- (C) The habit (trust value) of luxury brands: 34.6%.

Under the habit for mobile acceptance: 6%.

The three key drivers shared nearly equal weights with respect to the behavioural intention of luxury consumption. More importantly, the drivers of the self-motivation for intrinsic and extrinsic needs were related to individuals' self-interest and self-control and the combined data represent approximately 58.5%. Thus, these findings indicated that the consumer would satisfy needs based on self-interest, not merely to maintain a relationship with a brand. This might explain why consumers engage with several key brands to match their personal tastes and interests. Thus, consumers might not consume products that do not meet their needs or interests (Costa, 2015, Rocereto et al., 2015).

The analysis examines how three dominant constructs of self-motivation interact and build a relationship pertaining to the behavioural intention of luxury consumption.

### 12.3.2 Intrinsic needs (construct A)

The values of individuals' intrinsic needs vary from person to person. Individuals from different demographic and cultural backgrounds may have different expectations regarding their needs. To obtain a standard framework, Maslow's motivation theory of the hierarchy of needs applies for evaluating individuals' needs. The data were distributed as indicated in Figure 20.

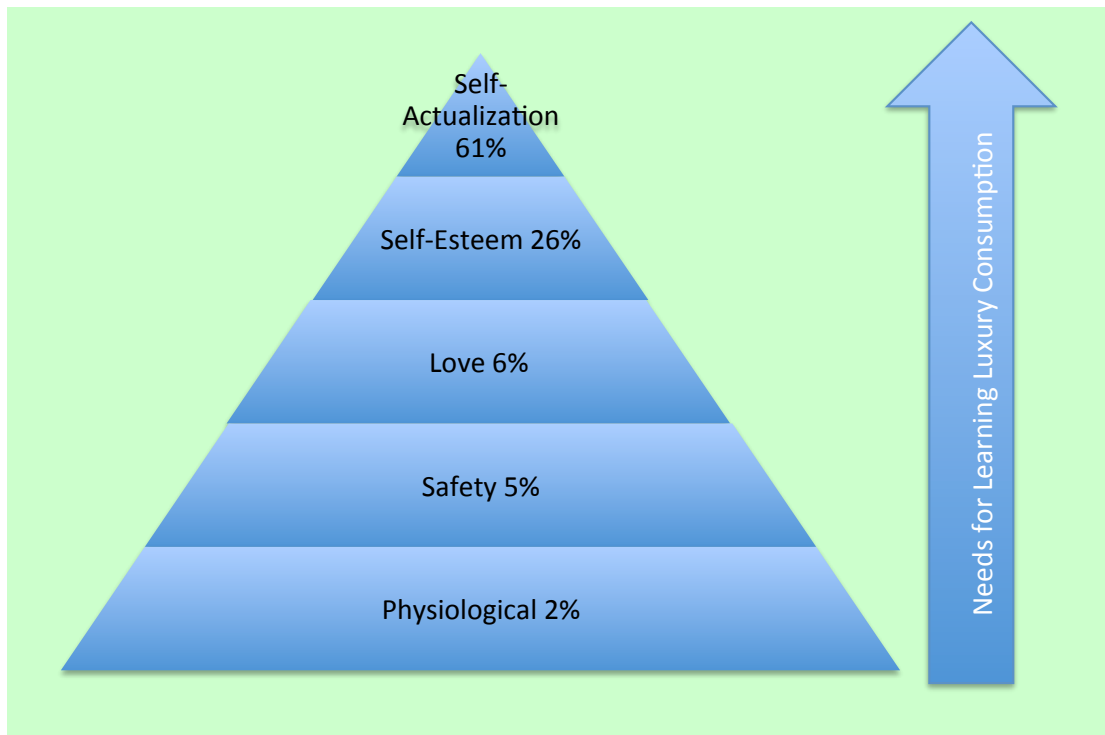


Figure 20 Hierarchy of Needs (Maslow and Lewis, 1987)

#### 12.3.2.1 Self-actualizing consumers of construct A

Self-actualization (61%) played a key role in individuals' pursuit of luxury consumption. Self-actualizing consumers like to make their own choices and decisions regarding how, what, when and where to consume to fulfil their personal interests.

Twelve interviewees can be classified as self-actualizing consumers. These interviewees were from emerging and developed economies and had various demographic backgrounds:

- 3 interviewees from France: R1 (French), R2 (French), and R13 (French);
- 2 interviewees from Taiwan: R4 (Taiwanese/Australia) and R9 (Taiwanese/New Zealand);
- 2 interviewees from China: R7 (Chinese) and R10 (Chinese);
- 3 interviewees from Russia: R11 (Russian), R12 (Russian), and R16 (Russian);  
and
- 2 interviewees from the UK: R14 (British) and R15 (British).

These interviewees' purchases were based on their individual interests in consumption. More importantly, they shared similar views from the perspective of self-actualization for luxury consumption.

R1, R2 and R13 grew up in France and have lived in Hong Kong, Shanghai, Beijing and Moscow for more than 10 years. R4 and R10 grew up in Taiwan and were stationed in Australia and New Zealand, respectively, before they moved to China. R7 was Chinese and lived in Shanghai. R11 and R12 were Russians who lived in Moscow. R16 was Russian, grew up in St. Petersburg, and was living in Dubai. R14 and R15 grew up in the UK and have been working in Dubai for an extended period of time. All of the interviewees demonstrated their extensive shopping experience in developed markets, emerging markets, and the online virtual market (Dubois and Duquesne, 1993, Mattila, 1999).

All of the interviewees had individual expectations related to luxury consumption. R1 was well acquainted with the brands she liked. She would select her choices and purchase items both from the online store and in-store. R2 began to consume luxury products after he became financially independent. He also believed that his children would understand the proper value of luxury consumption. He would select luxury products for himself and his family members. R4 learned luxury consumption by herself based on peer influence; she did not receive family education regarding luxury consumption. She maintained her shopping style and appreciated the quality of luxury products. Nevertheless, R4 would purchase luxury fashion items only at a

discount and was unwilling to pay full price for new fashions. R7 enjoyed consuming wine and has shared his customized information with both his brokers and wine cellars. More importantly, R7 has a fear of flying. Thus, he can enjoy shopping only through online services. R10 appreciated the quality of luxury goods and liked to search for young designers' stylish luxury products. R11 and R12 integrated their family's strong Russian culture into luxury consumption. R11 enjoyed staying in luxury hotels and organized family vacation trips. R12 liked to wear quality stylish clothing and bought himself a luxury car. R13 has demonstrated a quality lifestyle with his peers, especially with respect to wine selection. R13 would share his knowledge regarding the quality of wine and French foods. R14 fell into the consumption trap when he was a teenager. He realized that the intrinsic value of luxury consumption should be spent on self-actualization, not on showing off. R15 learned the value of luxury consumption when she was young. She came from a separated family. Her father could afford luxury goods, whereas her mother did not have a similar purchasing power. She understood that luxury products cannot buy love, and she follows her self-interest in consumption. R16 migrated to Dubai from St. Petersburg to establish her career. She has become financially stable and now has the power to independently purchase luxury goods. Moreover, she is attached to her favourite luxury brands (Schaefers, 2014, Mogilner et al., 2012, Wong and Ahuvia, 1998, De Barnier et al., 2012, Chadha and Husband, 2010, Kemp, 1998, Chen, 2015, Okonkwo, 2009b, Atwal and Williams, 2009).

These self-actualizing consumers were price conscious and from their perspective, they spent sensibly. More importantly, they adopt a choosy strategy, mixing Gucci shoes and handbags with mass labels to create their own style (Marston, 2015, Ward and Chiari, 2008).

#### 12.3.2.2 Self-esteeming consumers of Construct A

Four consumers, R3 (Russian), R5 (Chinese), R6 (Chinese) and R8 (Chinese), were self-esteeming consumers. Their purchases were based on their self-esteem, matching and associating with their peer groups.

These consumers grew up in unique cultural backgrounds, such as China and Russia. They did not receive luxury gifts when they were young. Prior to the opening of their countries' economic policies, luxury consumption was impossible. Therefore, some of the interviewees from the emerging markets had strong intentions to consume luxury products to match their social classes. In China, R5 enjoyed a watch collection and treated it as an investment. R6 learned about purchasing luxury products from her peers. R8 stated that his clients expected him to wear a Rolex watch because they used that brand to match their social status, a typical example of conspicuous consumption. In Russia, R3 considered luxury products a commodity, not something to enjoy. He also spent family holidays in Greece, differentiating himself from his peers. More importantly, R11 (from Group A, the self-actualizing consumers) indicated that there were numerous quality family resorts in Russia; however, most individuals like to travel overseas for vacations. R13 (from Group A) stated that Russians did not have a strong, deep luxury culture and that consumers did not like to be associated with Russian luxury labels (Kastanakis and Balabanis, 2014, Wang and Griskevicius, 2014, Schaefer, 2014, Pipes, 1999, Schultz and Jain, 2015, Ardelet et al., 2015, de Araujo Gil et al., 2016, Hillenbrand and Money, 2015).

#### 12.3.2.3 Needs for self-actualization and self-esteem depending on an individual's interests

The intrinsic needs of consumers vary from situation to situation. Consumers do not confine themselves to one specific level of hierarchy for consumption. Their need for an inner consumption state match the situational variables. Thus, they shuttle

between the various levels of needs to locate products that match their expectations.

The interviews indicated that self-esteem behavioural intention is identified from self-actualizing consumers. When self-actualizing consumers engage with social events such as work and business functions, they need to fulfil their social interests. R2, R4, R14 and R15 indicated that they would like to dress appropriately for social and business functions. R2 and R4 clearly expressed that luxury clothing and handbags would help them represent their corporate interests. Therefore, they needed to dress up to fulfil their social interests (Kastanakis and Balabanis, 2014).

Self-esteeming consumers also have a moment of independent choice. R8 of Group B would like to make his purchases, whereas the consumption were supposed to be an enjoyment for his self-interest.

Therefore, the intrinsic values of self-actualization are more closely related to an individual's personal interests, whereas the intrinsic values of self-esteem are more closely related to an individual's social engagements. Thus, consumers occasionally shuttle between two major intrinsic constructs. Regardless of their intentions, they always control their choices and decisions about how to pursue luxury consumption (Rocereto et al., 2015, Seeley, 1992, Maslow and Lewis, 1987).

Nevertheless, the need for self-esteem moves towards self-actualization via learning and education. Through a consumption experience, R7 formulated the intention to invest his wine collection for economic returns. The investments do not produce good returns; thus, he has transformed his collection into one intended for consumption and enjoyment. R7 subsequently established an appreciation of wines as a hobby and shared quality wines with friends. In addition, R7 suffered from a fear of flying; thus, he would not visit cellars in France, Italy or Australia. Online communication represented the most effective way to connect him with brokers and associates. He ultimately became a leading wine blogger. His mobile device was an operative platform used to post his blog and share his knowledge and experience

(Sarmiento et al., 2015, Brun et al., 2013, Ruane and Wallace, 2015, Zheng et al., 2015, Nicholson and Xiao, 2011, Zheng et al., 2013, Liébana-Cabanillas et al., 2014, Burmann et al., 2012, Qualman, 2009).

In terms of the market context, consumers from developed markets can learn to develop intrinsic values earlier and more easily than their families and peers. They have demonstrated their ability to consume for self-actualization, and their purchases depend on their financial ability to consume. R2 firmly believed that his children should learn luxury consumption from him. Thus, they should know what, where, when and how to consume luxury products. R11 worried about his daughter developing a “take it for granted” attitude with luxury goods. His daughter experienced deluxe overseas vacations when she was only 2 years old. Thus, he has attempted to educate her about how to justify the cost of luxury consumption (Truong and McColl, 2011, Ye et al., 2015).

#### 12.3.2.4 Luxury cannot buy love or security and cannot satisfy sociophysical needs

Luxury consumption can represent a passionate expression that demonstrates love and caring. R2, R7, R8, R11, R12, R13, R15 and R16 have treated their families with luxury gifts to express their gratitude. However, they also clearly understood that luxury consumption cannot buy love. R15 grew up in a separated family. Although her father provided a luxury lifestyle, she preferred to stay with her mother, who lived a humble life. Thus, from an emotional perspective, she chose love and caring over a luxury lifestyle (Mogilner et al., 2012, Mengov et al., 2008, A. Zampetakis, 2014, Illouz and Bengier, 2015, Foxall and Yani-de-Soriano, 2011).

Most consumers indicated that luxury consumption would not enhance security. Moreover, luxury consumption may cause damage. When R14 was a teenager, his perceptions of luxury consumption were incorrect. He believed that dressing in luxury clothes would build his self-esteem among his peers. Thus, R14 engaged in excessive credit-card spending, resulting in a financial crisis. He learned from this



painful experience and became very conscious about spending on luxury products (Seeley, 1992, Maslow and Lewis, 1987, Mogilner et al., 2012, Nicolao et al., 2009).

In the area of sociophysical needs, consumers clearly understood that luxury consumption would not satisfy basic needs. However, super-rich consumers have the strong spending ability to consume luxury goods for all their needs, including their basic sociophysical items. However, R9 disagreed with the consumption of luxury items for basic needs. She would not buy luxury products for her young daughter because the daughter would grow quickly; thus, R9 would not justify spending a premium on necessary items (Kemp, 1998).

From a basic functional perspective, R1 indicated that some luxury products were designed to meet the desires of super-rich individuals and do not have practical functions. Some of the clothes could not be washed and were not supposed to be reused. R14 also stated that super-rich individuals from the Middle East may utilize super cars to compensate for self-esteem problems related to their weight. Thus, expensive cars, jewellery, clothes and lifestyles can fill their gaps in self-esteem. R2 also stated that the super-rich of China could afford to buy anything, such as big horses, big dogs and big cars. However, these individuals might not know how to ride the horse, train the dogs or drive the cars (Rakowski, 2011, Gambrel and Cianci, 2003, Leung and Matanda, 2013, Hudders and Pandelaere, 2012).

As emphasized by R1 and R2, the super-rich have excessive purchasing power and may find nothing to buy. Therefore, luxury brands might start to create products that were not designed for quality, a long life or practicality. Thus, expensive luxuries are intended to comport with the lifestyles of only the super-rich, not the mass market (Nueno and Quelch, 1998, Ovide, 2012).

Furthermore, R2 heavily stressed that it was not the French culture to consume luxury products for necessities. The French do not spoil their children with luxury cars. R2 would buy only secondhand cars for his children to serve their basic needs. R1 and R13 indicated that they have learned the intrinsic value of luxury

consumption by understanding the details of material specification and production techniques. Thus, the intrinsic value of luxury consumption must be learned from education and peers. Some consumers learn the knowledge of luxury consumption from their family and culture (Florence, 2012, Geertz, 1994, Baum, 2005, Mattila, 1999, Moon et al., 2008, Merlo et al., 2015, Mishra, 2010, Johnson and Grier, 2013).

### 12.3.3 Extrinsic values of consumers (construct B)

Extrinsic values evaluated customers' repeated behavioural patterns through the operant classes. Every consumer may choose to consumer in a particular manner; thus, the operant classes provide a structured view to assess those consumers' behavioural intentions. This would explain the perceived outcomes of their choices. The four operant classes have been classified into four major patterns: (1) accomplishment; (2) hedonic/pleasure; (3) accumulation; and (4) maintenance. The data from the interviews were coded according to the behavioural intention to consume luxury products (Bartels and Johnson, 2015, Foxall, 2010a, Hursh and Roma, 2015, Foxall, 1994b, Foxall, 1986a, Foxall, 2014).

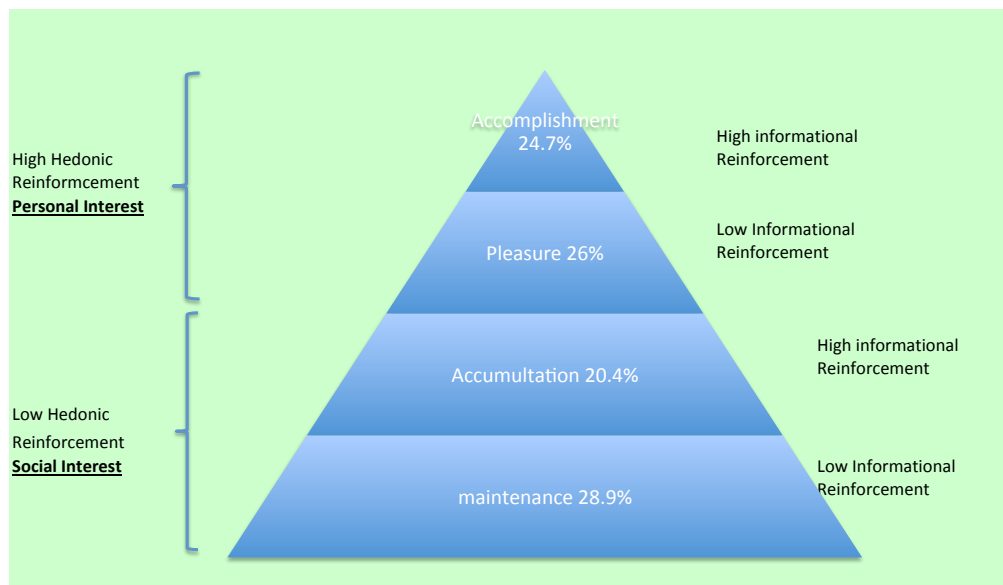


Figure 21 Extrinsic needs of individuals for Luxury Consumptions Source: Author

The four operant classes of extrinsic needs evenly shared their voices. There was no material conflict related to consuming premium products with high and low hedonic reinforcements or high and low informational reinforcements. These findings explain that consumers behaviourally justify themselves to adopt luxury consumption in the four operant classes.

Thus, the analysis considered justifications for paying a premium for luxury products, and the data were coded as follows:

Accomplishment:	24.1% justified;	0.6% not justified	Personal interest
Hedonic/pleasure:	24.4% justified;	1.6% not justified	Personal interest
Accumulation:	17.6% justified;	2.8% not justified	Social interest
Maintenance:	20.4% justified;	8.5% not justified	Social interest
<b>Total:</b>	<b>86.5% justified</b>	<b>13.5% not justified.</b>	

The consumers demonstrated their choices between personal and social interests to match the high and low hedonic reinforcements, respectively.

From the justified coded data, the accomplishment and pleasure associated with high hedonic reinforcement, which accounted for 48.5% (24.1%+24.4%), were slightly stronger than the accumulation and maintenance associated with low hedonic reinforcement, which accounted for 38% (17.6%+20.4%). This finding indicated that consumers find reasons to justify spending on various occasions to meet their needs. More importantly, low data “not justified” for accomplishment and pleasure were insignificant, implying that the consumers may have the self-control to spend rationally (Killeen, 1972, Poling et al., 2011, Davison and McCarthy, 1988, Baum, 1974, Foxall et al., 2010).

However, with respect to unjustified consumption related to the low hedonic operant, consumers indicated their adverse attitude and were reluctant to justify spending on luxury goods for the purpose of accumulation and maintenance. Thus, luxury consumption did not meet their needs as price-conscious, middle-class

consumers. The unjustified data significantly increased (8.5%) in the area of maintenance. This finding indicated that consumers have demonstrated their self-control and understanding to avoid spending money on premium luxury products for basic functions. Mass products would easily fulfil their basic needs, and consumers have many alternatives to meet those needs. Therefore, luxury consumption might not represent the best option for individuals to pursue their personal interests (Hantula and Crowell, 2015, Kubanek and Snyder, 2015, Mogilner et al., 2012).

From the self-interest perspective, high hedonic reinforcements are closely related to an individual's personal interests, such as achievement, celebration and enjoyment related to luxury consumption. High hedonic reinforcement may be driven by an individual's self-actualization. Nevertheless, mass-market products are not an alternative to luxury products in terms of quality. Therefore, the quality and complexity of luxury products constitute an assurance for hedonic consumption (Jones et al., 2006, Miller, 2013, Arnold and Reynolds, 2003, Chiu et al., 2014, Kronrod and Danziger, 2013, Schaefers, 2014, Kapferer, 2015, Gomeisky, 2006).

Low hedonic reinforcements are more closely related to an individual's social interest and conspicuous consumption, including dressing up for social functions, building social status and presenting oneself as a company representative. Consumers are obliged to perform for corporations and peers not for themselves but for those companies and peers. Therefore, low hedonic reinforcement may drive the individual to consume luxury products (Wang and Griskevicius, 2014, Pipes, 1999, Kastanakis and Balabanis, 2014, Heffetz, 2011, A. Zampetakis, 2014).

More importantly, each individual has a specific reason to consume. However, each individual may also display individualized patterns and combinations to match the four operant classes. Therefore, it is difficult to predict individuals' choices and behavioural outcomes (Schaefers, 2014, Martinez and Kim, 2013, Ajzen and Fishbein, 1970, Ajzen and Madden, 1986, Fagerstrøm et al., 2015, Fagerstrøm et al., 2010, Foxall, 2014, Petty, 2000, Arora et al., 2008, Mormann et al., 2012, Foxall, 2008).

### 12.3.3.1 High hedonic reinforcement/personal interests

High hedonic reinforcement is related to an individual's intrinsic needs to satisfy his or her personal interests. Self-actualizing consumers (48.5% of the extrinsic data) indicated a stronger intention to consume luxuries to fulfil their personal interests. R1, R2, R4, R7, R9, R10, R11, R13, R14, R15 and R16 pursue their personal interests to pick and choose luxury items for high hedonic reinforcement. R1 was fully engaged with her career; however, she would maintain and sustain her shopping interests through online stores. For shopping landing land-based contexts, she would take advantage of opportunities for last-minute shopping in airports. She also longed to take shopping trips to Paris and Tokyo. R2 shared his regular habit of shopping for shoes and clothes at both traditional retail shops and online stores. However, his purchases depend on his moods. R10 was enthusiastic about exploring designer labels. She has discovered young, unknown designer brands in the UK before those brands became premium names. R7 enjoyed his wine and shared quality moments with his peers. R11 has been planning overseas family trips for summer and winter vacations. He would fly business class only when his company paid for him to do so. He selected luxury hotels to satisfy his personal needs and lifestyle. R11 was accustomed to swimming in the morning and would have a good breakfast; thus, only quality luxury hotels could meet his requirements. Nevertheless, a person's final choices must not exceed the budget. R12 bought his wife diamond earrings to celebrate their first anniversary. R15 and R16 have offered their mothers overseas vacations when they have the financial ability to do so (Sung et al., 2015, Yim et al., 2014, Shukla, 2011, Ladhari and Tchetgna, 2015, Lee and Yang, 2013, Wong and Ahuvia, 1998, Sundar and Marathe, 2010).

Moreover, high hedonic consumption is not exclusively present in self-actualizing consumers. Self-esteeming consumers also occasionally engaged in high hedonic reinforcement of their personal interests. Self-esteeming consumers have demonstrated the ability to choose what they wanted to consume. R8 indicated that he would choose to consume based on his own interests. He has attempted to purchase various models of cars to fit his own interests. R5 and R6 made an

individualized shopping list for overseas trips. R5 has begun to develop an interest in watches and wines. R6 understood that she would be the final decision maker for her purchases. R3 has chosen Greek instead of Russian resorts for vacations and has considered overseas travel a lifestyle that matches his personal interests (Arora et al., 2008, Felsted, 2013c, Miller, 2013).

#### 12.3.3.2 Low hedonic reinforcements/social interests

The number of references coded for low hedonic reinforcement (38% of extrinsic data) indicated its important role in behavioural patterns. Consumption involving low hedonic reinforcement primarily serves an individual's social and functional interests instead of his or her personal interests.

Therefore, actualizing consumers are not excused from social norms; R1, R2, R4, R11, R13, R14 and R15 expressed that some luxury outfits, gifts and wines were purchased for social and business events. R14 and R15 were working in Dubai and had to dress properly because their clients were super-rich. Thus, they could not afford to make the wrong impression. R15 indicated that she behaves differently, as though she is wearing a mask at work, to please her customers. R4 works in a luxury group that expects her to dress properly. Occasionally, she may have to dress up for company social events. Thus, she owned a series of classic luxury items, such as handbags and evening dresses, for corporate functions. R2 emphasized that the dress code represented your status in the business (Kastanakis and Balabanis, 2014, Wang and Griskevicius, 2014).

The self-esteeming consumers shared the same social needs for accumulation and maintenance in relation to their work and peer groups. R5 indicated that his choice of car was based on the projected image of a particular brand. He wanted to maintain a low profile; thus, Volvo met his expectations. Moreover, his choice of clothes considered the perceptions of his peer group. If his colleagues dressed in Hugo Boss, he would not wear H&M to the office. R5 also treated the purchase of

expensive watches as a pleasure and as an investment. His peers have influenced his initiative to build a watch collection. Nevertheless, he would ultimately make his own decisions about which brand and model to purchase (Truong and McColl, 2011, Ye et al., 2015, Compeau et al., 2015, Rocereto et al., 2015, Hogg and Michell, 1996, Leung and Matanda, 2013, Gensler et al., 2012, Gil et al., 2012, Millan and Reynolds, 2011, Wiedmann et al., 2013).

R6 learned about buying luxury fashions from her peers. She felt that dressing up for meetings was important for her career. She also indicated an obligation to dress in designer fashions for business and social functions.

R8 was a sales manager at an automobile distributor in China; one of his clients urged him to buy a Rolex so that they would share the same time. Therefore, R8 needed to consume luxuries with low hedonic reinforcements because this consumption served the career functions of accumulation and maintenance.

Therefore, luxury consumption is demonstrated from the four operant classes. Extrinsic motivations represent either self-actualization or self-esteem. Thus, the exact value of extrinsic needs varies based on an individual's personal and social interests. Most importantly, consumers should always control their choices related to luxury consumption, and a final purchase decision of a purchase can depend on an individual's interests (Achabou and Dekhili, 2013, Killeen, 1972, Poling et al., 2011, Davison and McCarthy, 1988, Baum, 1974, Foxall et al., 2010, Schlesinger et al., 2014, Hursh and Roma, 2015, Bartels and Johnson, 2015, Foxall, 2014).

### 12.3.3.3 Luxury consumption is not justified for fundamental maintenance

All consumers have demonstrated a consciousness of luxury consumption. Most of the data indicate that luxuries are not purchased for maintenance (8.5% of 13.5% total) and accumulation (2.8% of 13.5% total) reasons.

As R1 indicated, luxury products may not last long even if they are expensive. R2 would not purchase premium cars for his children. R3 understood that one feels but does not need luxury products. R4 would not purchase luxury products unless there were deeply discounted because there were many alternatives to luxury products. R5 stated that he would buy functional products rather than pay a premium for a label. He enjoyed wines that were best suited to him and would not spend a premium on regular dining. R6 understood that luxury consumption should not be performed merely to show off one's social status. R7 clearly indicated that luxury was not a necessity-driven lifestyle. R8 witnessed individuals irrationally spend money on car purchases without test drives. R9 refused to spend money on luxury products for her daughter. R10 would give away her clothes if they did not fit her. R11 would fly economy class only when he was establishing his business. He would not spend excessive money on travel when the company could not afford to support it. R12 disguised a big logo on his clothes and would not spend money on luxury when he could not afford it. R13 would like to educate his business associates about wines instead of merely opening the bottle for the purpose of consumption. R14 suffered from overspending on excessive luxury products. He is focusing on improving himself instead of showing off. R15 refused to adopt the luxury lifestyle with her father; she preferred to remain with her mother. R16 experienced a difficult time when migrating from Russia to Dubai and appreciated luxury for its quality instead of for showing off (Kastanakis and Balabanis, 2014, Mogilner et al., 2012, Nicolao et al., 2009, Turunen et al., 2015, Giovannini et al., 2015, Moore, 2012, Xiao and Nicholson, 2011a, Lee et al., 2015c).

More importantly, all interviewees were middle-class. They were eager to improve their standard of living in terms of quality, when they could afford it. However, they did not have excessive purchasing power that would allow them to spend as much as the super-rich. Therefore, their intention to enjoy luxuries was limited by their financial abilities (Wang, 2015, Schmitt, 2015, McEwan et al., 2015, Kandogan and Johnson, 2015, Gapper, 2015, Chen et al., 2015b).



### 12.3.4 Self motivations for trust (habit) in luxury brands

Middle-class consumers do not have the resources of the affluent that would allow them to unconditionally satisfy their intrinsic and extrinsic needs through luxury consumption. Therefore, the interviews explored how the participants utilized their luxury-brand choices to match their individual lifestyles, knowledge and shopping experiences (Doyle et al., 2008, The Economist, 2014c, Aslam et al., 2014, Zhang and Kim, 2013, Parvin, 2014, Sunghee, 2013, Fadnavis, 2014, POPESCU and OLTEANU, 2014, Stokburger-Sauer and Teichmann, 2013, Kapferer, 2014, Mosca and Re, 2014, Rocereto et al., 2015, Sidin et al., 2015).

Four important elements were identified that affected the consumers' choices: trust, price, quality of service and relationship with luxury brands:

Brand trust:	141 data points
Price:	160 data points
Quality of service:	129 data points
Relationship:	137 data points

Five hundred and sixty-seven data points were coded in association with behavioural intentions related to luxury brands. Moreover, the distribution of data among the four influences was relatively even.

The middle class is price-conscious; thus, the pricing factor received the greatest amount of attention (160 data points). The following table summarizes the references coded from individuals among the four influences:

	1	2	3	4
R1	Service (29)	Trust (26)	Price (25)	Relationship (11)
R2	Price (16) Service (16)	Relationship (11)	Trust (6)	

R3	Price (5) Service (5)	Trust (4)	Relationship (1)	
R4	Price (must)	Service (26)	Relationship (18)	Trust (10)
R5	Relationship (21)	Price (11)	Trust (5)	Service (1)
R6	Price (10)	Trust (9)	Service (8)	Relationship (3)
R7	Trust (10)	Price (5)	Relationship (4)	Service (1)
R8	Relationship (13)	Service (18)	Price (11)	Trust (8)
R9	Service (24)	Trust (12)	Price (9)	Relationship (6)
R10	Price (9) Understanding one's top priority	Service (16)	Relationship (11)	Trust (9)
R11	Price (14) Relationship (14)	Trust (13)	Service (12)	
R12	Service (10)	Price (8)	Trust (7)	Relationship (4)
R13	Price (25)	Trust (20)	Relationship (15)	Service (3)
R14	Service (23)	Price (13)	Trust (11)	Relationship (4)
R15	Price (15)	Relationship (11)	Trust (9)	Service (6)
R16	Price (8) and Trust (8)	Relationship (6)	Service (5)	

The summary indicated that each individual uses a web to build a habit (trust) related to luxury brands. Consumers' priorities vary and no single pattern is identified. Moreover, an individual's choice may consist of his or her self-motivations, mediators and experiences that interact with their shopping habits and occasionally change. Therefore, it is difficult to predict and duplicate an individual's decisions through a big-data analysis (Wansink, 2015, Bartels and Johnson, 2015, Hursh and Roma, 2015, Fagerstrøm et al., 2015, Foxall, 2014).

Nevertheless, pricing was the dominant influence for 9 consumers. Of these 9 price-conscious consumers, four also identified other influences as being as important as price: 2 consumers identified quality of service, one consumer identified the relationship and one consumer identified trust.

Pricing aside, 6 consumers indicated that quality of service was important. Three consumers attributed the most importance to trust. Only 2 consumers indicated that the relationship was their key concern.

#### 12.3.4.1 Influence of Pricing

The customers understood that luxury goods should be expensive. However, they also indicated that high price did not necessarily imply high quality. R1 stated that she perceived premium price as associated with premium, long-lasting quality. However, this was not the case. R4 emphasized that she could not justify paying a premium price for luxury products. R5 and R7 indicated that wine quality might not be associated with sustainable investment value. R1 reported that premium luxury brands from developed markets, such as Paris and Hong Kong, intended to ask Chinese consumers to queue for their products. R9 experienced that Parisian salespeople behaved differently towards consumers with different backgrounds. When she visited the store with a Parisian, the salesperson would be more friendly and show her more special items. However, when she visited stores alone in a tourist neighbourhood, the salesperson was unfriendly, and she did not enjoy the shopping experience.

Therefore, the consumers were sceptical about paying a high price in exchange for trust, good service and relationships. Moreover, this contradiction of luxury consumption has existed for an extended period of time. One must make a personal decision to adjust and balance personal interests and self-motivations for luxury consumption (Johnson and Cui, 2013, Moon et al., 2008, Fagerstrom and Ghinea, 2011, *The Economist*, 2013b, Perna et al., 2015, Li et al., 2012, Punj, 2011).

#### 12.3.4.2 Influence of brand trust

R1 emphasized that she had learned about the above-referenced contradiction at the beginning of her luxury consumption. She perceived that luxury brands' premium prices should guarantee high-quality, long-lasting products. Therefore, she perceived that by spending more money to buy a pair of luxury-brand shoes, she would enjoy both styles and long-lasting quality. In contrast, her sister chose to spend the same amount of money to buy several pairs of mass-marketed shoes. R1's luxury shoes eventually did not sustain daily use by her child. Therefore, she

determined that luxury products did not guarantee long-lasting, durable results (Song et al., 2012, Ferro et al., 2016, Hur et al., 2014, Dowell et al., 2015, Lantieri and Chiagouris, 2009).

R2 and R13 also emphasized that in traditional French culture, one does not provide children with luxury products for general use. The consumption of luxury brands should match an individual's ability to consume, and an individual should consume within his or her affordable range.

More importantly, R14 misunderstood luxury consumption and excessively overspent on luxury products. This resulted in the negative, painful experience of a credit-card crisis.

R4 treated monetary sensibility seriously, and she would not purchase at list price even though she trusted the brands. Although R11 liked several Asian hotel chains, he would select the hotel that offered him the best monetary value.

R5 and R6 trusted the luxury brands based on their peers. R5 found it particularly important for a watch to have an investment function. He expected that its future value would be inflated. However, R5 has selected watches based on his own interest and intention to keep, use and invest.

R13 indicated that Russian consumers do not trust the local brands and did not perceive Russian products as having premium value. He noted the cancellation of several projects to restore Russian values because marketers determined that Russian consumers would not perceive local products as having historical and premium values. Russian consumers do not pay a premium for local brands. R3 and R11 agreed with that observation. However, R12, a Russian, behaved exceptionally when he purchased a pair of diamond earrings from a local premium brand for a first-anniversary celebration. The diamond likely represented a sense of luxury and longevity that satisfied the need to celebrate. Moreover, R12 might not be able to

shop overseas. Under the constraint of choice, time and money, a diamond from a local brand represented an alternative option.

R8 stated that Chinese consumers overstate brand trust. He witnessed consumers purchasing high-value vehicles without a test drive.

Consumers who live in emerging markets intend to shop overseas in developed markets. If they consume locally, they might have to pay a premium and might not be able to obtain quality services. R2 also indicated that he would not purchase luxuries in China because there is no guarantee that the goods are genuine (Yoo and Lee, 2009, Yoo and Lee, 2012).

#### 12.3.4.3 Influence of service

All of the consumers recognized and considered the quality of front-line services in developed markets. This was because front-line staff members are well trained and knowledgeable about their products. R1 enjoyed speaking with salespeople in Paris. R9 received different treatment in Paris. The salesperson gave her a warm reception and offered her special items when she was accompanied by a local consumer. Without local knowledge, she was treated as a tourist. As R1 indicated, salespeople in Paris and Hong Kong may purposely provide unfriendly treatment to Chinese consumers, making them queue for hours. R4 indicated that front-line staff members in New York were friendly and enthusiastic when engaging customers because they work on commission. R14 reported racist discrimination at several luxury stores in London. Therefore, service in developed markets might not be absolutely guaranteed. Thus, the price advantage of developed markets does not guarantee quality service. More importantly, R2 was disappointed that luxury-brand salespeople in the developed markets brought lunchboxes to work. R5 and R6 needed to dress up to visit Shanghai's luxury stores. R12 joked that one might need to bring bodyguards when shopping in Moscow's luxury stores (Wang et al., 2013, Resnick et al., 2014).

R7 may be the only individual interviewed who enjoyed having a direct relationship with brands that involved personalized and sustainable service. More likely, R7 has more consumed substantially and created an interactive relationship with his suppliers and brokers, who provide him with personal service. The remaining consumers establish a relationship with brands only based on their individual experience. Although they understand and associate with the brands, the brands do not respond and interact with them on an individual basis (Weng and Cyril de Run, 2013, Rudawska and Frąckiewicz, 2015, Merlo et al., 2015, Akinc et al., 2015a).

On the bright side of the emerging market, R14, R15 and R16 indicated that the sales people in Dubai were acceptable. They do not judge customers because they are accustomed to serving the super-rich. However, they do not have sufficient knowledge to manage sophisticated luxury products. Moreover, they are not motivated because they do not work on commission. Thus, although the Dubai sales people were friendly, they may not be helpful in terms of satisfying consumers' expectation of quality services (Resnick et al., 2014, Ledden et al., 2011, Evanschitzky et al., 2011, Parvin, 2014, Lau et al., 2014, Bove and Johnson, 2009, Surechchandar et al., 2002).

Independent shoppers such as R10 and R16 did not require help from salespeople. R4 indicated that she would search Google for information. Conversely, R1 longed for professional and personal advice (Gelderman et al., 2011, Mary Tzortzaki, 2014, Kauppinen-Räsänen et al., 2015).

#### 12.3.4.4 Influence of the relationship

R7 established a direct relationship with wine suppliers through the Internet. Because of his spending abilities and knowledge, he enjoyed customization and the suppliers understood his needs and wants. R7 also established his blog to share his wine knowledge with followers.

Nevertheless, an individual mass-market consumer might be unable to establish a direct relationship with a brand. Most consumers do not have the spending ability to have a concierge. Thus, mass-market consumers would like to develop direct relationships with brands. R5 perceived that consumption of a specific product can imply your background. For example, R5 considered brand association the priority when purchasing his car (Wang and Griskevicius, 2014, Schaefers, 2014, Kastanakis and Balabanis, 2014).

R8 experienced consumption without considering price, and his priority was his relationships with brands. Although brands disappoint him with poor service, he sticks with his choice. R8 believed that a quality relationship would lead customers to brands. If brands were good, customers would not mind making an effort to locate them (Dyson et al., 1996, Ferro et al., 2016, Moore et al., 2015, John and Shiang-Lih Chen, 2015).

R10 would like to build an association with young luxury brands. She makes an effort to source new designer brands in London before they become popular. However, R10 also stated that she considers the price the most important element, ahead of service and relationship (Dyson et al., 1996, Sheth et al., 2015, Mende et al., 2013).

R13 commented that Russian consumers refused to create associations with local brands. Russian consumers like to consume overseas luxury brands. R11 also stated that Russian consumers like to vacation overseas instead of staying at the local resorts. More importantly, the weak relationship between Russian consumers and local luxury brands originates from the traditional Russian consumption culture, in which there were few luxury goods available. Caviar is likely the most popular luxury item in Russian culture. However, following Russia's economic reforms, local caviar has become increasingly expensive and in some cases, unavailable (Ostrom, 1969, Compeau et al., 2015, Morgan and Hunt, 1994, Bettencourt et al., 2015, Ruiz-Molina et al., 2015, Alamgir and Shamsuddoha, 2015, Arslanagic-Kalajdzic and Zabkar, 2015, Jones et al., 2015).

R1, R4, R10 and R16 have established strong relationships and knowledge with specific brands. They knew the design, style and material of the brands to which they are attached. Because of this bond, they can shop online. However, R5, R6, R8 and R12 did not have this knowledge of fashion brands and therefore would not choose to shop online. Online stores offered free exchange services; however, these consumers do not consider online purchases as an alternative (Ravald and Grönroos, 1996, Jackson, 1985, Gummesson, 2002, *The Economist*, 2012, Chen, 2015, Fagerstrøm et al., 2011, Mosteller et al., 2014, Michaud Trevinal and Stenger, 2014, Smith et al., 2013, Jing and Zhou, 2012).

#### 12.3.4.5 All inter-related Influences

The pricing factor played the dominant role in behavioural intention for consumers to engage with luxury brands. Thus, the other three factors may play supporting roles in creating a habitual relationship with a brand. In addition to price (160), the data collected for brand trust (144), quality of service (129) and relationship (137) may be equally important.

R11 indicated that although hotels' room rates may be competitive, the quality of service should be the key. If a hotel's quality does not satisfy his needs, he does not want to pursue an engagement or continue to trust it (Mollah, 2015, Erciş et al., 2012, Ferro et al., 2016).

R9 expressed her unique relationship with Lanvin; she appreciated and trusted in the brand's quality and workmanship. However, her purchase intention was hindered by her needs. After she became a full-time housewife, her priority was her family, and she could not afford to pay premium for Lanvin (Tsai et al., 2015).

R1 stated that she liked Lanvin and Givenchy's style and pattern. She also enjoyed the fine cut of Prada. Thus, product quality may drive both the relationship and trust. More importantly, she understands product quality of products by reading the



material descriptions. Therefore, she enjoys online shopping (Bloemer and Kasper, 1995).

As R2 learned from his experiments in purchasing shoes, he knew the styles of the individual brands with which he engaged. He has established trust with the service and relationship. Nevertheless, he continued to search for sales when making both online and in-store purchases (Qian et al., 2015, Surechchandar et al., 2002).

R8 was a fan of Rolex; thus, he did intend to continue to purchase new Rolexes even if the brand upset him for some reason. He believed that consumers should make an effort to locate and visit luxury-brand stores (Jaiswal et al., 2010, Martínez and Rodríguez del Bosque, 2013).

R5 indicated that brand association reflects a socially perceived image. Thus, trust and the relationship drive consumption (Parvin, 2014).

### **12.3.5 Mobile engagement with luxury brands**

The question of mobile engagement allowed consumers to share their experiences with mobile technology. This question was investigated because mobile technology interactively bridges the gap between the individual and the brand. Without emerging technology, consumers cannot engage and enjoy personal service. Nevertheless, excessive unauthorized messages have caused damage; thus, consumers might be reluctant to provide customized information to unknown operators. Overall, consumers' responses were loud and clear (Corstjens and Umblijs, 2012, Twomey et al., 2011, Smutkupt et al., 2010).

However, 48 contradictory data points indicated that consumers briefly checked messages to identify whether those messages matched their interests. Most of the messages were irrelevant. The likelihood of these unfiltered messages satisfying

their intrinsic and extrinsic needs were very slim. R2 did occasionally scan and search for special information, whereas R5 would not bother to delete invasive messages (Jaiswal et al., 2010, Muñiz Jr and Schau, 2011, Malandrino et al., 2012) (Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Jayawardhena et al., 2009, Smutkupt et al., 2010).

In addition to irrelevancy and irritation, these messages may damage brand value instead of building a relationship with customers. The findings indicated that luxury brands intended to avoid upsetting customers by sending unauthorized mobile messages. Therefore, no contradictory finding related to unauthorized messages was coded from the consumers to luxury brands (Lopes and Galletta, 2006, Sheehan and Hoy, 1999, Rapp et al., 2009).

The optimistic responses (78 data points) indicate that consumers would like to engage with luxury brands for the purpose of enjoying personal services. The rationale of willingness might be based on an individual's intrinsic need for materialistic knowledge and extrinsic need for high hedonic reinforcement. Moreover, the consumers consented to receive message from trusted luxury brands with which they would like to associate. Consumers may also perceive that premium brands provide greater security for the protection of their personal data (Merlo et al., 2015, Akinc et al., 2015a, Christopher, 1996, Duh, 2015, Hudders and Pandelaere, 2012, Graham, 1999).

Thus, consumers expect benefits in exchange for opting in. The exchange value may justify their engagement and satisfy their personal interests (Rudawska and Frąckiewicz, 2015).

Customized information would make mobile access relevant to both intrinsic and extrinsic needs; thus, consumers may agree to share their personal information and identify their individual expectations, including professional advice, scope of service, design trends, brand information and monetary incentives (sales) (Achabou and

Dekhili, 2013, Thirumalai and Sinha, 2013, Caliskan-Demirag et al., 2011, Thirumalai and Sinha, 2011, Edouard, 2009).

Regardless of the complexity of the exchange procedures for mobile access, consumers are not forced to accept. Therefore, acceptance should be granted based on individual consumers' self-motivations related to the luxury brands that they trust. In addition to trust, personal messages are essential to matching individual needs. Thus, individuals' needs and brands' trust are the key drivers of self-motivation through which an individual's consent is manifested (Hantula and Crowell, 2015, Foxall et al., 2010, Kubanek and Snyder, 2015, Killeen, 1972, Poling et al., 2011, Wachter et al., 2012, Kim et al., 2013, Karjaluo et al., 2008b).

From this conditional acceptance perspective, consumers' optimistic intention contradicts the findings from the interviews with luxury brand managers. Luxury brands fear losing their brand value and upsetting consumers to the extent that those consumers refuse mobile engagement. More importantly, M7 stressed that luxury-brand managers did not understand their customers. Therefore, if consumers would share their customized information in the exchange process, luxury brands can simultaneously and interactively fill the gap of understanding (Park et al., 2013, Lee et al., 2012, Baum, 2007, Foxall, 1986a).

Constructively, if the terms of engagement match an individual's self-interest and needs, consumers might accept mobile access by luxury brands on a conditional basis. More importantly, consumers and brands interact to identify fair terms of exchange for developing their relationship. Thus, luxury brands provide informational or monetary incentives as the mediators to intervene in consumer behaviours (Achabou and Dekhili, 2013, Hantula and Crowell, 2015, Foxall et al., 2010, Kubanek and Snyder, 2015, Baum, 1974, Killeen, 1972, Poling et al., 2011, Foxall, 2015b, Foxall, 2014).

#### 12.3.5.1 Informational exchange for mobile acceptance

R1, R2, R4, R9, R10, R11, R12, R13, R14, R15 and R16 expressed interest in receiving information about personalized services. This information incentive would subsequently mediate their intrinsic values related to self-actualization. Thus, consumers would enjoy more individualization instead of a simple mix and match of products from retailers (Duh, 2015, Hillenbrand and Money, 2015, Belk, 1995, Jussila et al., 2015, Lee et al., 2007).

R3, R5, R6 and R8 demonstrated strong intentions to obtain deeper knowledge of the brands and their heritage (Merlo et al., 2015, Dion and Borraz, 2015, Wuestefeld et al., 2012, Morley and McMahon, 2011).

Thus, a customized request would enhance a brand's ability to establish a strong bond with the individual, moving towards a steady and mutual trust status similar to that of a B2B relationship. Based on the customized information, brands will offer personal service for transitioning towards B2C consumption (Zaharna, 2015, Kang and Sohaib, 2015, Hillenbrand and Money, 2015, Duh, 2015, Hudders and Pandelaere, 2012).

#### 12.3.5.2 Monetary exchange for mobile acceptance

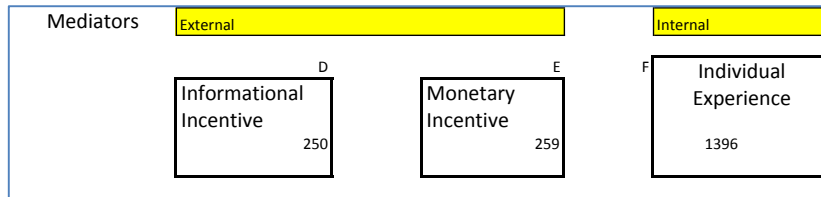
In terms of extrinsic needs, all consumers have expressed an interest in monetary incentives from brands. They would like to be informed about special events related to sales, event functions and special items. Thus, brands directly mediate consumers through a monetary incentive to stimulate their purchase intentions. Therefore, the brands may not be required to build a sustainable B2B relationship. Instead, brands can focus on their B2C relationship with individuals to assure that their pricing strategy and associated quality meet those individuals' expectations (Chiu et al., 2014, Nwankwo et al., 2014, Fujiwara and Nagasawa, 2015, Thirumalai and Sinha, 2011).

Nevertheless, if brands rely exclusively on monetary incentives to motivate consumers for purchase intent, they cannot establish a strong brand relationship with those consumers (Demirag et al., 2011, Bolderdijk and Steg, 2015, Alba et al., 1997, Yamabe et al., 2009).

However, in the mobile context, a monetary incentive serves as the media cost for the exchange of customized information in a B2B engagement. Therefore, a monetary incentive would have two value factors: the first factor incentivizes the exchange value of customized information; and the second factor would motivate consumers in terms of their purchase intent (Liu and Shih, 2014, Shen et al., 2012, Marx, 1992b, Sixel, 1995).

## 12.4 Mediators (D, E and F constructs)

The findings from the mediators are triangulated with the findings from the constructs of self-motivations; thus, the data verify accuracy and enable an understanding of those findings implications (Foxall, 1984a, Feyerabend, 1993, Maxwell, 1992).



When an individual has a particular method of gearing up for luxury consumption, it is difficult to predict his or her behavioural intentions. Therefore, the role of the mediators is to facilitate the self-motivation that drives consumers to luxury consumption (Hursh and Roma, 2015, Fagerstrøm et al., 2015, Akinc et al., 2015a, Yim et al., 2014).

Thus, the relationship between self-motivations and mediators is analysed from two strategic perspectives:

(F) construct for the individual experience (internal): The self-interest of an internal mediator through the individual's experience affects his or her behavioural intention (Atwal and Williams, 2009, Rocereto et al., 2015); and

(D+E) constructs for the external stimuli of the luxury brands (external): Brands manifest the informational and monetary incentives to intervene in an individual's behavioural intention (Zaharna, 2015, Onyas and Ryan, 2015, Rolls, 2015).

#### 12.4.1 Self experience of internal mediator (F construct)

From the perspective of self-control and self-interest, each individual may have a unique perception of the value of engaging with luxury brands. Individual experience mediates the individual's intrinsic and extrinsic needs and trust to drive for luxury consumption. Overall, 1,538 data points (36.5% of the total data) were coded for references from individual experiences. These data represented the second-largest number of references from the interview. The largest category comprised self-motivations (A+B+C: 48.8%).

Thus, the relationship between the two self-constructs indicated a close relationship. One hundred and forty-two data points were collected from the relationships of individual experiences to drive the intent to engage with luxury brands.

1. Behavioural intent with intrinsic needs, FAG included 32 data points;
2. Behavioural intent with extrinsic needs, FBG included 42 data points;
3. Behavioural intent with a habit (trust) related to luxury brands, FCG included 38 data points; and
4. Direct association with a luxury brand (bypassing self-motivations), F-H included 30 data points.

An individual's experience of self-interest is the foundation for luxury consumption. Without self-interest, self-control prevent motivation to consume luxury brands. Therefore, the data indicated that individual experience influenced the three key constructs of self-motivations: intrinsic needs (FAG 32), extrinsic needs (FBG 42) and habits (trust) related to luxury brands (FCG 38).

Individual experience played a gearing role with respect to luxury brands; thus, it was necessary to analyse the compositions of this self-interest mediator (Atwal and Williams, 2009, Brun and Castelli, 2013, Resnick et al., 2014, Yim et al., 2014).

Overall, 1,396 data points were collected for the compositions of individual experiences, and these data were classified into 9 areas of experience. From the perspective of self-interest, three major categories were coded:

- A. Individual learning for luxury consumption;
- B. Individual consideration for consumption choice; and
- C. Shopping contexts.

A. Individual Learning	B. Individual's Choice/considerations	C. Shopping Context
1. Family: 63	4. Purchasing power: 198	8. Online experience: 114
2. Peer group: 106	5. Lifestyle and culture: 276	9. Real-world experience: 155
3. Self-learning and education: 178	6. Brand experience: 257	
	7. Gifts: 49	
Total: 347	Total: 780	Total: 269

#### 12.4.1.1 Individual learning perspectives

Consumers primarily learn about luxury consumption from three major sources: the family, peer groups and self-learning. As previously discussed, consumers with different demographic backgrounds may have different exposure and learning related to luxury consumption. The data indicated the differences between consumers from developed and emerging markets (Gressgård and Hansen, 2015, Hwang et al., 2015a, Schultz and Jain, 2015, Jain et al., 2015, Seo et al., 2015, Giovannini et al., 2015).

Individual Learning	Developed Market	Emerging Market	Total
Family	43	20 (8 for not affordable)	63
Peer Groups	47	59	106
Learning and Education	107	71	178
	197	150	347



Consumers from developed markets learn luxury consumption from family, peers and themselves. More importantly, consumers from developed markets accumulated their luxury consumption experience when they were young. Thus, they may have more opportunities to strengthen knowledge that is driven by self-interest (Compeau et al., 2015, Gil et al., 2012, Belk, 2013, Wiedmann et al., 2013, Landon, 1974, Hogg and Michell, 1996).

Consumers emerging markets could not learn from their parents. R3, R6, R7, R8, R9, R11 and R12 clearly stated that they did not receive input from their parents about luxury consumption. However, they intended to educate their children and peers in the correct values and knowledge. In particular, R11, expressed the wish for his daughter to know that she should not have a “take it for granted” attitude about luxury consumption. R7 managed his blog to share his wine-tasting experiences and knowledge. R11 emphasized that the value of the family was the key mediator for Russian families. He and his wife were price-conscious and hoped that their daughter would adopt their values (Stankeviciute, 2013, Wong and Ahuvia, 1998).

Only R16 was raised as middle class; she learned about the value of consumption from her father. Nevertheless, after her father passed away, the family lost his financial support, rendering luxury consumption unaffordable (Mogilner et al., 2012, Nicolao et al., 2009).

Peer group influences are equally important to consumers in both markets. Comparatively, the peer group may have a stronger influence on emerging-market consumers because they did not have strong family values to support their knowledge (Wong and Ahuvia, 1998).

In the areas of learning and education, developed-market consumers began to engage in luxury consumption at a young age. As a result of their traditional lifestyle and culture, they experienced an open environment and more opportunities to explore their self-interest than emerging-market consumers. Nevertheless,

emerging-market consumers also learned to make independent choices and to refrain from peer group influences.

R10 and R16 (both of whom are from emerging markets) demonstrated their self-learning capabilities and pick and choose independently. R10 emphasized that she has never received luxury gifts from her family or boyfriend. She also refused to follow her peers. Therefore, self-education may represent the only way for her to learn about luxury goods based on her own self-interest (Ye et al., 2015, Giovannini et al., 2015, Hillenbrand and Money, 2015, Brown and Rachlin, 1999, Compeau et al., 2015, Johnson et al., 2015, Rocereto et al., 2015).

Moreover, R6 and R7 made an effort to please their peer groups in different ways. R6 was a recipient of influence, whereas R7 enjoys educating his peers about how to appreciate the quality of wine (Ruane and Wallace, 2015).

Developed-market consumers R1, R2, and R13 grew up in France's traditional culture. They learned luxury consumption from traditional family values. They also understood the quality of products in terms of how the products were made instead of how to consume. R1 learned how to bake bread and stitch clothes when she was young. R13 made a substantial effort to understand the use of fermentation in winemaking (Millan and Reynolds, 2011, Maslow, 1965, Wiedmann et al., 2013).

However, self-learning sometimes went wrong. R14 experienced the wrong type of luxury consumption learning and fell into the financial trap of overspending on credit cards. His brother turned to body-building to strengthen his self-esteem. R14 continues to consume luxury products mainly for reasons related to his employment. R15 grew up in a separated family and understood the conflict between luxury consumption and family values. Luxury gifts would not buy her love or change her attitude. She preferred to stay close to her mother despite the fact that her mother could not afford to purchase luxury items (Sirgy, 1982, Maslow, 1998, Leung and Matanda, 2013, Thirumalai and Sinha, 2013, Truong and McColl, 2011, Landon, 1974, Mogilner et al., 2012, Nicolao et al., 2009).

All of the studied consumers illustrated their methods of learning and education related to luxury consumption. R2 clearly stated that he would not let his children spend money for a luxury lifestyle until they have the ability to do so. R16 initially struggled to live in Dubai and chose to spend her limited money on calling home to remain in contact. R16 subsequently established her career in Dubai, and her financial improvement enabled her to consume luxury products. More importantly, R16 has shared her intrinsic value of love with her mother and sister and invited them to stay with her in Dubai to improve their lives (Mogilner et al., 2012, Nicolao et al., 2009, Elster, 1986, Hogg and Michell, 1996, Wolfe and Sisodia, 2003, Truong and McColl, 2011, Landon, 1974).

#### 12.4.1.2 Individual choices related to luxury consumption

An individual's choice should originate from self-interest. Therefore, 780 data points were coded for the choice that involved key compositions for constructing individual experience. Four components were identified with respect to the individual's luxury-consumption choices (Fagerstrøm et al., 2015, Mengov et al., 2008, Bartels and Johnson, 2015, Petty, 2000, Chernev and Carpenter, 2001, DiClemente and Hantula, 2003a, Foxall and Yani-de-Soriano, 2011).

- Individual purchasing power	198 data points
- Individual lifestyle and culture	276 data points
- Individual brand experience	259 data points
- Gift experience	49 data points

Total: 782 references were coded.

#### Purchasing powers

Based on Italian and French culture, R1, R2 and R13 stated that luxury consumption was a component of their lifestyles, and the individual consumer

has learned how to identify and appreciate his or her favourite luxury brands. More importantly, the French culture emphasizes an understanding of the ability to consume. R2 appreciated the joy of luxury products and he commenced regular consumption when he could afford to do so. R2 and R13 educated their children to appreciate luxury products and consume luxuries in a rational manner. R11 indicated that traditional Russian culture was conscious about family and monetary spending. Therefore, they could rationally select luxury products based on purchasing power. R16 shared the same family values as R15; they offered their mothers the opportunity to travel in style when they could afford to do so. R12 purchased an expensive diamond ring to celebrate his first wedding anniversary. He also purchased an expensive car because he could afford to do so (Bian and Forsythe, 2012, Landon, 1974, Zhang and Kim, 2013, POPESCU and OLTEANU, 2014, Mattila, 1999).

#### Lifestyles and cultures

R1, R2, R5, R6, R8, R13, R14 and R15 emphasized that on certain occasions, they felt obligated to dress up for work and social functions (Kastanakis and Balabanis, 2014, Ye et al., 2015, Truong and McColl, 2011, Brun et al., 2013, Brown and Rachlin, 1999, Jones Christensen et al., 2015).

Moreover, Chinese and Russian consumers might not have been strongly influenced by their families with respect to luxury consumption because their parents had worn only uniforms when they were young. Most of these consumers' knowledge is accumulated from peers, and they eventually established consumption experience with the luxury brands. Therefore, all interviewed consumers clearly explained their brand engagements and experiences. Moreover, the interactions between the three key components (purchase power, lifestyle and culture and brand experience) create a unique choice and consumption experience for an individual. Thus, each individual would have reasons to engage with individual brands (Foxall, 1984a, Foxall, 2015b,

Foxall, 2008, Foxall, 1984b, Foxall, 2000, Foxall, 1995, Foxall, 1994b, Yani-de-Soriano et al., 2013, Wang et al., 2010).

### Brand experiences

The consumers elaborated their individual brand experiences, and their shopping experiences were unique. A quality shopping experience should sustain their interests to engage, attach and associate with the brands for the longer term. Discussions about quality shopping experiences invited consumers to develop a deeper understanding of the brands' design and style (Fuchs et al., 2013, Cannon and Chung, 2015, Kluge et al., 2013, *The Economist*, 2012).

All consumers would eventually develop individual shopping experience and create individual methods of consumption. Luxury consumption would not be limited to the individual. R2, R9, R11 and R13 were interested in sharing their lifestyles and educating their children about how to spend money for luxuries. R14's painful experience changed his consumption practices. R2, R3, R7, R8, R10, R11, R12 R13, R15 and R16 passionately shared their consumption experiences with their peers in the interest of love and caring (Wong and Ahuvia, 1998, Griskevicius and Kenrick, 2013, Ye et al., 2015, Johnson and Grier, 2013, Foxall and Yani-de-Soriano, 2011, Ruane and Wallace, 2015, Bennett and Ebert, 2007, Millan and Reynolds, 2011).

### Gifts

R4, R5, R6 and R10 expressed that they have never received luxury gifts. Instead of receiving a gift, R8 indicated that he had purchased a Rolex for his father. R11 would like to treat his family nicely; however, he was also worried that his daughter misinterpreted luxury consumption and would "take it for granted". R15 and R16 offered their mothers the opportunity to travel in style to Dubai. R7 also bought his wife a Rolex as a gift; however, his wife did not appreciate it because

she did not need expensive items for daily use (Mogilner et al., 2012, Nicolao et al., 2009).

The four components within the choices create many individual, non-identical experiences. Therefore, academics have repeatedly emphasized that there might not be a single approach to investigating individual behaviour outcomes and predicting individual choices (Foxall, 2014, Foxall and Sigurdsson, 2013, Foxall, 2015a, Nicholson and Xiao, 2010, Xiao and Nicholson, 2010, Xiao and Nicholson, 2011b).

#### 12.4.1.3 Individual choices of shopping contexts

Two hundred sixty-nine data points were collected from one of two shopping contexts, i.e., online and land-based retail stores. Consumers shared their views of their shopping experiences in both online and traditional retail contexts (Lemmens, 2015, Sigurdsson et al., 2013a, Fuchs et al., 2013, Leek and Christodoulides, 2011, Brosch et al., 2011, Chandler and Vargo, 2011, Pedeliento et al., 2015, Jaiswal et al., 2010, Doyle et al., 2008, Burroughs and Mick, 2004):

	Favourable	Not Favourable	Total
Online Shopping	87	27	114
Traditional Retail Context	152	3	155
Total	239	30	269

The consumers perceived the traditional retail context as preferable to the online context (152 versus 87, respectively). The consumers indicated that they would receive better treatment in terms of service, price and quality from the traditional retailers. Therefore, consumers who lived in emerging markets would take shopping trips to developed markets such as Paris, Rome, Milan, London, Hong Kong, Tokyo and New York (Bond and Ahmed, 2014).

More importantly, consumers exhibited different attitudes towards the consumption of luxury products in online contexts. R1, R2, R7, R10 and R16 had extensive experience with luxury brands and would order products online without trying them on first. Nevertheless, they understood the protections of the brands' return policy for purchases that did not meet their expectations (Chen, 2015, Fagerstrøm et al., 2011, Mosteller et al., 2014, Michaud Trevinal and Stenger, 2014, Smith et al., 2013, Jing and Zhou, 2012).

Nevertheless, R3, R5, R6 and R12 admitted that they could not use online shopping because they did not understand the individual brands' specifications. R3 and R12 ordered clothes that did not fit. R5 and R8 felt secure about shopping in land-based stores (Leitner and Rinderle-Ma, 2014, McCarthy, 2013b).

An individual's lifestyle also affected his or her choice of shopping context. R9 and R11 adopted online shopping for only groceries and books, respectively. R1, R10 and R16 treated online and land-based shopping as equally important. R1 would like to shop in Paris and Tokyo, where she can enjoy quality in-store services. Because of her intensive work schedule, R1 saves time by shopping only online or in airport stores. R10 and R16 were independent shoppers and would like to explore products from the retail stores instead of interacting and receiving recommendations from sales staff. For R2, online shopping may also depend on his mood (Jerath et al., 2014, Jing and Zhou, 2012, Gordon, 2014).

All of the interviewed consumers were aware of the hazards of online shopping, which even experienced online shoppers could not avoid. Therefore, experienced online shoppers such as R1, R2, R10 and R16 preferred to shop at individual brands' online stores and reputable online retailers (Gapper, 2015, Mau, 2015, Moore and Wigley, 2004, Sanderson and Hille, 2010, Friedman, 2014a).

More importantly, only R7 had an extensive wine budget and enjoyed customization in virtual spaces. The key reason was that other consumers would not spend sufficient money to arouse brands' interest in providing them with individual service.

Moreover, mass-market consumers are unable to sustain the high level of spending required to enjoy a privileged shopping experience (Thirumalai and Sinha, 2011, Sundar and Marathe, 2010, Edouard, 2009).

Therefore, mobile engagement creates a new opportunity for a brand to interactively provide customers with personal service (Broillet et al., 2010).

#### 12.4.2 External mediators (D+E)

The combined data generated from the individual experience (F: 36.5%) and the self-motivation (A+B+C: 48.8%) accounted for 85.3% of the references from the interviews. These self-control and self-interest constructs operate inside individuals' minds. These consumers might be impossible to read until they share their expectations about what, when, how, when and where they would like to consume. Therefore, it is essential to have an instrument that triggers access to those consumers' customized information. Otherwise, it would be impossible for marketers to regularly and interactively predict the outcomes of their choices (Park et al., 2013, Lee et al., 2012, Lee and Sundar, 2015, Kotler, 1989, Foxall, 2008, Foxall, 1994b, Sigurdsson et al., 2009, Foxall, 2014, Foxall, 2005, Foxall, 2010a, Foxall, 1986b, Foxall, 2003, Foxall, 1986a, Fagerstrøm et al., 2010, Schmidt et al., 2009, Mogilner et al., 2012, Tiger et al., 2010, Mormann et al., 2012, Wansink, 2015, Schlesinger et al., 2014, Robinson et al., 2012, Bartels and Johnson, 2015).

Nevertheless, the luxury brands maintained that design was the temple of their production. Everyone was supposed to be a follower. However, the temple may involve only an individual brand, not the market. No single brand controls future trends. The Gucci and Dior groups have revitalized their brands by replacing their chief designers. Gucci started to shift the design focus from fashion trends towards individual consumers' personal interests (Porter, 2016, Ellison and Thomson, 2015, Fuchs et al., 2013).



Accordingly, it is essential for luxury brands both to understand consumers' expectations and to create a unique shopping experiment (Andonova et al., 2015, Ye et al., 2015, Giovannini et al., 2015, Hennigs et al., 2013, Atwal and Williams, 2009, Rocereto et al., 2015).

External stimuli are a tool for brand managers to mediate consumers' self-motivations. They potentially adopt two key approaches: informational and monetary incentives. These external stimuli may intervene in consumers' behavioural intentions to engage with brands (Fagerstrøm et al., 2015, Zaharna, 2015, Onyas and Ryan, 2015, Gressgård and Hansen, 2015, Chun and Ovchinnikov, 2015, Blocker et al., 2011, Bergen et al., 1992, Gambetti et al., 2015, Smyth and Lecoeuvre, 2015).

Five hundred and nine references (14.6% of the total) were generated from consumers who expressed their interest in receiving incentives when they could engage with luxury brands individually through mobile access. The data accounted for 14.6% of the total references and contained high-quality information. All of the consumers expressed their expectations for the exchange of their customized information. Moreover, all consumers appreciated the engagements, and no adverse comments were made.

Monetary incentive: 259

Informational incentive: 250

#### [12.4.2.1 Monetary Incentives](#)

A major discrepancy was identified with respect to the monetary incentive. The managers emphasized that promotions should avoid monetary incentives to minimize any associations with monetary value. Nevertheless, the consumers stressed their desire to receive monetary incentives from brands (Demirag et al.,

2011, Bolderdijk and Steg, 2015, Liu and Shih, 2014, Restuccia et al., 2015, Alba et al., 1997, Yamabe et al., 2009).

However, all consumers discussed monetary incentives from brands from the perspective of their extrinsic need to engage in individual hedonic consumption. Specifically, they would like to participate in special events related to sales, event functions and special items. Thus, brands would directly mediate the consumers through a monetary incentive designed to stimulate their purchase intention. Moreover, the brands can focus on the B2C relationship with individuals to ensure that their pricing strategy and associated quality meet those individuals' expectations (Chiu et al., 2014, Nwankwo et al., 2014, Fujiwara and Nagasawa, 2015, Thirumalai and Sinha, 2011, Parguel et al., 2016).

More importantly for the mobile context, the monetary incentive would serve as the media cost in exchange for customized information in a B2B engagement. Therefore, the monetary incentive would have a dual value: the first factor incentivizes the exchange value of the customized information, whereas the second factor motivates consumers' purchase intent (Liu and Shih, 2014, Shen et al., 2012, Marx, 1992b, Sixel, 1995).

Nevertheless, a monetary incentive is only a short-term motivation for an impulse purchase and might not be sufficient to establish a strong brand relationship with customers based on mutual interdependence (Demirag et al., 2011, Bolderdijk and Steg, 2015, Alba et al., 1997, Yamabe et al., 2009, Foxall et al., 2010, Sumich, 2015, Rocereto et al., 2015).

Regarding the nature of monetary incentives, the consumers stressed the following demands for the execution of an immediate purchase:

1. Update the price, sales and special price: 217
  2. Special items: 42
- Total: 257 references.

These demands are expressed below in terms of the relationship between the monetary mediator and self-motivation:

- |  |    |
|--|----|
| 1. Behavioural intent with intrinsic needs (EAG) | 3  |
| 2. Behavioural intent with extrinsic needs (EBG) | 16 |
| 3. Behavioural intent with brands (ECG)          | 24 |

The data demonstrated that the monetary incentive does not directly mediate the intrinsic need to educate consumers. However, the monetary incentive does stimulate extrinsic needs for immediate, advance and impulse purchases. Nevertheless, the monetary incentive is considered an effective mediator for extrinsic needs because it immediately rewards the consumer for linking up with a brand. The interviewed consumers were price-conscious middle-class consumers; thus, an advance notice of special prices or items would motivate these consumers to stimulate the motive of acquisition prior to the possession of goods (Duh, 2015, Hudders and Pandelaere, 2012, Graham, 1999, Belk, 1985, Richins and Dawson, 1992, Brosch et al., 2011, Kubanek and Snyder, 2015, Shen et al., 2015, Jai and King, 2015, Smith and Delgado, 2015, Foxall, 2008).

R4 indicated that she would choose a monetary incentive over an informational incentive because information related to the brand might be available on the Internet through a Google search.

R10 shared R4's perspective. Therefore, comparing the level of significance, monetary incentives should be stronger than informational incentives for an action-driven objective. R1 stated that Chinese consumers do not have the knowledge to understand the value of luxury. Without that knowledge, Chinese consumers want to purchase luxury products at a mass-market price. Therefore, a monetary incentive is important in emerging markets (POPESCU and OLTEANU, 2014, The Economist, 2014c, Zhang and Kim, 2013, A. Zampetakis, 2014, Mosca and Re, 2014).

#### 12.4.2.2 Informational incentives

An informational incentive is more effective in motivating a consumer's personal interest in engaging with brand loyalty over the long term. R3, R5, R6, R8 and R12 would like to understand brand heritage and celebrate endorsements. Therefore, an informational incentive provided them with a justification for luxury consumption. The information available from the brand is insufficient to motivate consumers because most luxury brands' Websites do not offer interactive services; moreover, brands wanted to participate in only digital media (Anido Freire, 2014, Koller, 2014, Sunghee, 2013, Cavender and Kincade, 2014, Bhasin, 2016).

R1, R2, R4, R9, R10, R11, R12, R13, R14, R15 and R16 expressed their interest in receiving information about personalized services. The information incentive subsequently mediates their intrinsic values for self-actualization. Thus, consumers would enjoy greater individualization than a mere mixing and matching products by retailers (Duh, 2015, Hillenbrand and Money, 2015, Belk, 1995, Jussila et al., 2015, Lee et al., 2007).

R3, R5, R6 and R8 demonstrated strong intentions to obtain deeper knowledge of brands and their heritage (Merlo et al., 2015, Dion and Borraz, 2015, Wuestefeld et al., 2012, Morley and McMahon, 2011).

Thus, a customized request would enhance the brand's ability to establish a strong bond, leading to a steady and mutual trust status similar to that of a B2B relationship. Thus, based on customized information, brands would offer personal service to transition towards B2C consumption (Zaharna, 2015, Kang and Sohaib, 2015, Hillenbrand and Money, 2015, Duh, 2015, Hudders and Pandelaere, 2012, Rocereto et al., 2015, Hoffmann et al., 2012, Costa, 2015, Hoffmann and Coste-Maniere, 2011).

With respect to the nature of this information, consumers like to receive relevant information from the luxury brands with respect to the following topics:

1. Brand information	143
2. Events and celebrities:	26
3. Personalized service:	81

Total: 250 references were coded.

Based on the exchange process, luxury brands utilize customized information to provide personalized service that satisfies an individual's materialistic needs. Furthermore, consumers establish a direct relationship with the brand to maintain their intrinsic knowledge of the market and trends. Subsequently, they would like to be served in a personalized manner to satisfy extrinsic needs that could not be addressed in the traditional retail context (Duh, 2015, Richins and Dawson, 1992, Graham, 1999, Belk, 1985, Hudders and Pandelaere, 2012, Merlo et al., 2015).

More importantly, the data indicated the following relationship between informational incentives mediated with self-motivations:

1. Behavioural intent with intrinsic needs (DAG):	10
2. Behavioural intent with extrinsic needs (DBG):	14
3. Behavioural intent with the brands (DCG):	37.

The consumers intended to obtain brand information to satisfy their social interests. Brand value information would sustain consumer knowledge, encouraging future consumption. Thus, information incentives serve as mediators for a long-term objective. The aim should be to establish an individual bond and relationship with the customer to differentiate a brand from its competitors (Dyson et al., 1996, Arslanagic-Kalajdzic and Zabkar, 2015, Zaharna, 2015, Dowell et al., 2015).

Moreover, luxury brands access customized information through mobile engagement, which enables brands to visualize an individual's needs and wants. Thus, personalized service invites the consumer to commit to a customized order, thus inducing induce materialistic consumption prior to product acquisition. Furthermore, individualized informational incentives increase the motivation to engage in consumption prior to production (Sixel, 1995, Marx, 1992b).

An information incentive would interactively and individually build a bridge between the consumer and the luxury brand. The success of the exchange process establishes a close relationship between the two parties and transitions them into a B2B relationship. In a B2B relationship, the marketer may have a close, long-term relationship with the corporate buyer. Thus, the marketer maintains a very close relationship with customers to defend itself from competition (Kotler and Pfoertsch, 2006, Kotler, 1989, Achrol and Kotler, 1999, Sheth et al., 2000, Kauppinen-Räsänen et al., 2015, Jackson, 1985, Mishra and Ansari, 2013, Anker et al., 2015, Chandler and Vargo, 2011, Alamgir and Shamsuddoha, 2015, Verma et al., 2015, Sheth and Parvatiyar, 1995b, Jones et al., 2015, Diffley and McCole, 2015, Arslanagic-Kalajdzic and Zabkar, 2015, Ruiz-Molina et al., 2015).

Thus, mobile engagement can generate a new relationship between an individual customer and a luxury brand. Customized information enables brands to understand an individual's needs. Moreover, mobile technology enables luxury brands to individually engage the consumer, which is not an option without technological support (Kolođlugil, 2015, Holmqvist et al., 2015, Foxall, 1986a, Dey et al., 2016, Baltierra et al., 2016, Eastin et al., 2016, Campbell and Kwak, 2010, Babin et al., 1994, Kearsley and Shneiderman, 1998, Wachter et al., 2012, Kim et al., 2013).

#### 12.4.3 Mediators influence intrinsic needs

Self-actualizing consumers have learned intrinsic value from their families and through their shopping experiences. Family values provide a strong foundation for consumers with respect to the value of luxury consumption. Nevertheless, emerging-market consumers did not have traditional values or a strong culture related to luxury consumption and can rely on only their peers and their own shopping experiences (Arnould and Thompson, 2005, Compeau et al., 2015, Atwal and Williams, 2009).

Family values related to luxury consumption mediated the intrinsic values of R1, R2, R9, R13, R14 and R15 (Wong and Ahuvia, 1998, Cosgrave, 2014). The peer group values of luxury consumption mediated R3, R5, R6, R8 and R12 (Mahyari, 2013, Moore, 2012, Johnson and Grier, 2013).

R4, R7, R10, R11 and R16 acquired their knowledge from the media and learned through their self-interest to use their wealth for luxury consumption. Therefore, the peer experience stimulates the acquisition and possession of luxury products. The shopping experience also deepens their knowledge, building a stronger intrinsic relationship with luxury consumption. In addition, R1, R4, R7 and R13 benefited from an understanding of luxury-good production, thus facilitating their choice to shop for the right products for their individual needs (Duh, 2015, Richins and Dawson, 1992, Graham, 1999, Belk, 1985, Hudders and Pandelaere, 2012).

With respect to external stimuli, informational and monetary incentives are the key mediators for the luxury brands to pursue.

Informational incentives are a medium through which individual experience can deepen consumer knowledge to satisfy intrinsic and extrinsic needs. This knowledge can also trigger consumers' self-interest in engaging with specific brands for consumption (Graham, 1999, Belk, 1985, Duh, 2015, Brown and Vergragt, 2015, Kotler, 1971).

Consumers might find that a monetary incentive cannot deliver lifestyle knowledge or enhance personal taste. Therefore, monetary incentives such as discounts and loyalty programmes do not satisfy intrinsic needs. Thus, a discount incentive can justify spending on luxury consumption. However, it could lead to the adverse result of overspending, causing both waste and damage. More importantly, consumers clearly state that luxury consumption is not as important as the value associated with love, security and sociophysical needs. Thus, the discount incentive does not mediate the intrinsic values of love, security and sociophysical needs or develop

consumers' self-actualization and self-esteem perspectives. Brands are also reluctant to build their relationship with customers based on a discount incentive (Bolderdijk and Steg, 2015, Caliskan-Demirag et al., 2011, Kivetz, 2003, Chiu et al., 2014, Rocereto et al., 2015, Maslow, 1965, Maslow, 1998).

#### 12.4.4 Mediators influence extrinsic needs

Every interviewee's ability to enjoy the luxury lifestyle has limitations. Thus, their decisions are complicated in a manner similar to that of a spider web. Each spider web may be differentially constructed to match an individual's expectations.

Nevertheless, extrinsic needs were mediated by the individual's experiences related to family, peers, purchasing ability, lifestyle and culture, and shopping habits. Moreover, a mediator of individual experience differentially influences consumers and the impacts of those influences may vary (Ha and Stoel, 2009, Carpenter, 2008, Arnold and Reynolds, 2003, Lim and Kim, 2015, Evanschitzky et al., 2015, Compeau et al., 2015).

The individual experience should be treated as a process to mediate individual consumers. For example, consumers in developed markets learned the value of luxury consumption from their families and cultures at an early age. They knew what and how to consume to satisfy their personal and social interests. In contrast, most consumers in emerging markets had parents who did not have luxury consumption experience. These consumers obtained their knowledge of luxury consumption from peers and individualized shopping experiences (Mosteller et al., 2014, Michaud Trevinal and Stenger, 2014, Kim et al., 2014b, Smith et al., 2013).

More importantly, no consumers indicated that luxury consumption was intended to be conspicuous or showy. Marketers would judge their intention from a situational perspective when classifying it as conspicuous consumption. However, based on their internal mindset, consumers consider their luxury consumption as aiming to



match their social classes and advancing socialized functions with low hedonic reinforcement (Foxall, 1984b, Pipes, 1999).

Thus, consumers alternate between low and high hedonic consumption. Eventually, they make individualized decisions to satisfy their personal or social interests. Thus, an individual consumer operates his or her gearing system within the spider web for luxury consumption (Hursh and Roma, 2015, Foxall, 2014).

#### Monetary incentives

Mass-market consumers tend to be price conscious. Most of the interviewed consumers indicated that discounts would mediate their consumption. Especially for consumers who lived in the emerging markets, luxury products' retail prices were high, and they take overseas trips to purchase. This monetary incentive would essentially motivate consumers' extrinsic behaviours (ECCIA, 2013, ECCIA, 2012, *The Economist*, 2014b, Resnick et al., 2014, Foxall, 2008, Kubanek and Snyder, 2015).

#### Informational incentives

The informational incentive would mediate extrinsic needs. Consumers' knowledge has demonstrated how they justified luxury consumption. Consumers understood what types of luxuries they should consume and when they should consume it. Consumers were aware of the quality and heritage of luxury brands; however, they cannot justify blindly spending a premium for basic needs.

More importantly, the consumers had a strong desire to obtain more information about brands, designs, trends and the heritage of the luxury lifestyle. Therefore, an informational incentive may serve as the cornerstone of future consumption. It might not be able to motivate an immediate materialistic acquisition and purchase; however, it does trigger an individual's self-interest in engaging and possessing luxury products (Duh, 2015, Hudders and Pandelaere, 2012, Graham, 1999, Belk, 1985, Richins and Dawson, 1992).

Consumers primarily demonstrated their abilities to combine the values of their intrinsic and extrinsic needs to match what they want and need to consume. From the self-interest perspective, they control their choices when selecting luxury goods (Brown and Rachlin, 1999, Ajzen and Madden, 1986, Rachlin, 2009).

### 12.5 Individualized Gearbox of Exchange to integrate self-motivations and self-interest

Academics have identified the importance of the knowledge of interactive, simultaneously consumer choices. Consumer choices vary from time to time and place to place. Predictions must interactively match expectations at the correct time and place; thus, it is important to access an individual’s inner state to identify the correct moment (Foxall, 1984b, Baum, 2007, Foxall, 1986a).

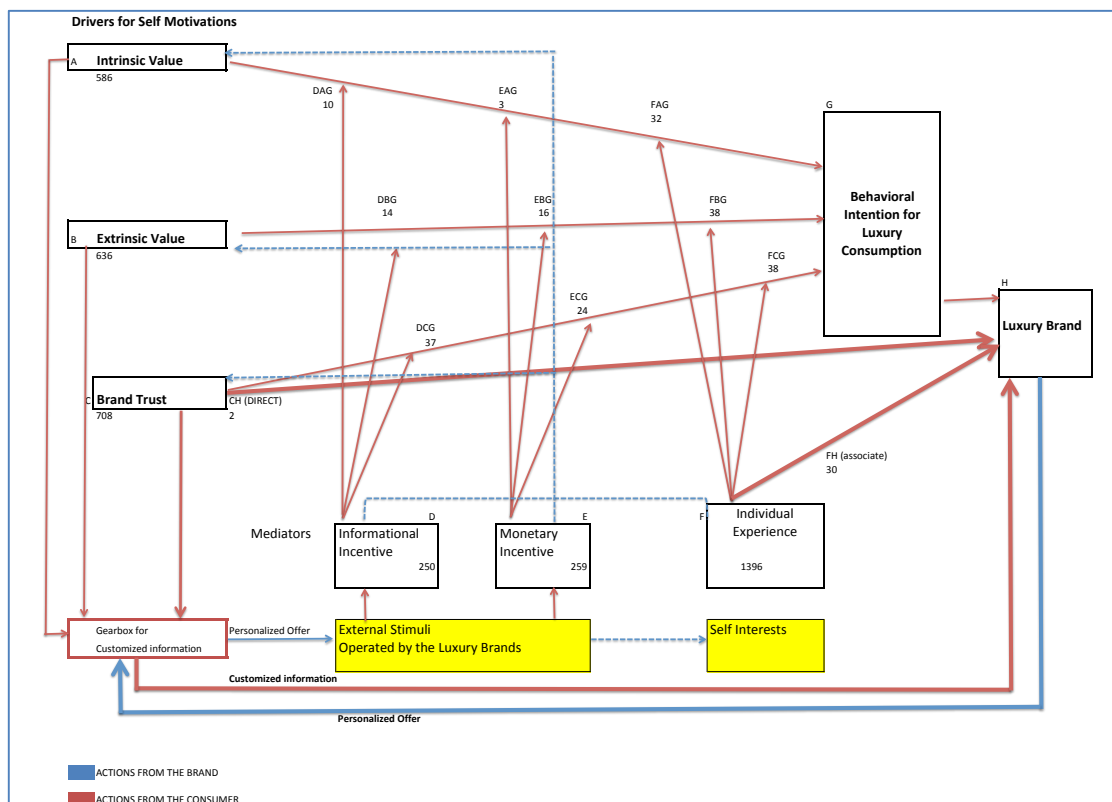


Figure 22 Circulation of Gearbox of Exchange for individuals Source: Author

Through the information-exchange process, the red and blue lines integrate the circulation of the Gearbox of Exchange to connect and mediate the relationship with

self-interest and self-motivations to interactively and simultaneously communicate with a luxury brand. More importantly, the red lines indicates consumers' actions, whereas the blue lines indicates luxury brands' actions. Thus, consumers and brands interact, adjust and modify their expectations anytime and from anywhere through mobile technology.

Therefore, the concept of the Gearbox of Exchange integrates and pursues interactive and simultaneous engagements between luxury brands and the individual through mobile devices. Knowledge is generated through the Gearbox of Exchange to integrate customized information directly from the individual with personalized offers from the brands. Individualized knowledge through interactive engagements should be accurate and verified to ensure scientific results (Skinner, 2011, Foxall, 1986a, Blumberg and Feigl, 1931a, Friedman, 1991b, McKelvey, 1997a, Murzi, 2007a, Smith, 1986, Wachter et al., 2012, Kim et al., 2013).

The critical linkage of the Gearbox of Exchange is individual consumers' mobile acceptance. Individualized motivations are connected to the self-interest satisfied by agreeing to exchange with brands. Therefore, the exchange of customized information with personalized service connects customers and brands through mobile engagement to collaborate on consumption for the purposes of individualization and customization. Personalized engagement will build a stronger bond and trust relationship between the parties (Kolođlugil, 2015, Lambert and Desmond, 2013, Veloutsou and Moutinho, 2009, Zhou et al., 2012, Sheth and Parvatiyar, 1995b, Sheth and Parvatiyar, 1995a, Grönroos, 1994, Mende et al., 2013, Moore et al., 2015, John and Shiang-Lih Chen, 2015, Compeau et al., 2015, Morgan and Hunt, 1994, Peng et al., 2014, Dey et al., 2016, Baltierra et al., 2016, Eastin et al., 2016, Campbell and Kwak, 2010, Babin et al., 1994, Kearsley and Shneiderman, 1998, Wachter et al., 2012, Kim et al., 2013).

Nothing forces consumers to engage in mobile engagement and sacrifice their self-interest. Moreover, consumers do not grant access to untrusted brands. More importantly, consumers do not permit the receipt of irrelevant information against

their self-interest. Without trust, the concept of mobile engagement would be meaningless. Therefore, the perceived premium value, quality and trust of luxury brands may be a privilege of mobile engagement. The reliability of luxury brands motivates consumers to grant conditional acceptance (Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Jayawardhena et al., 2009, Smutkupt et al., 2010, Barnes and Scornavacca, 2004, Kavassalis et al., 2003, Seth, 1999, Rachlin, 2009, Ye et al., 2015, Wachter et al., 2012, Kim et al., 2013, Rogers, 2003, Park, 2009a, Thong et al., 2011).

The result of an individual's acceptance based on self-interest provides opportunities for a brand to serve, understand and engage the consumer with personal service interactively and simultaneously for an integrated B2B2C relationship (Costa, 2015, Reijonen et al., 2015, Leek and Christodoulides, 2011, Lemmens, 2015, Felländer et al., 2015, Arnould and Rose, 2015, Zhang et al., 2015b, Kearsley and Shneiderman, 1998, Wachter et al., 2012, Kim et al., 2013).

Therefore, the acceptance of mobile access transforms access into an individualized Gearbox that connects self-motivations with self-interest, self-control and the mediators of luxury consumption. Through individualized mobile access, luxury brands participate in an individual's mind map to understand his or her unique expectations, needs and wants. The customized information involves the directional signs of an individual's complicated spider web of inner states and operant behaviours related to the needs and wants that drive luxury consumption. With access to these mind maps, brands can mediate what consumers would like to consume. Moreover, inappropriate application triggers self-defence and adverse results can damage brand value (Foxall et al., 2010, Rocereto et al., 2015, Brosch et al., 2011, Millan and Reynolds, 2011, Sumich, 2015, Sidin et al., 2015, Jai and King, 2015, Auger and Devinney, 2007).

The advancement of emerging technologies provides a novel strategic approach for the development of customer relationships. A brand accesses information of individual consumers that was previously unavailable. Thus, technology ameliorates the limitation of human resources that makes it difficult to interactively and simultaneously interact with individual mass-market customers. The operation of the Gearbox of Exchange is an alternative tool to serve an individual mass-market consumer through the exchange of information for individualization and customization. An understanding based on customized information can make the intent of consumption visible and predictable, and that knowledge would not be meaningless. Thus, the motive of consumption prior to production is developed for the self-motivated individual (Onyas and Ryan, 2015, Gambetti et al., 2015, Smyth and Lecoeuvre, 2015, Rolls, 2015, Fagerstrøm et al., 2015, Chun and Ovchinnikov, 2015, Salojärvi et al., 2015).

## 12.6 Key findings for Project 2

The findings of the consumer research were consistent with long-debated issues regarding the difficulties in understanding an individual's choices, needs and wants. However, the study examined perspectives based on the needs of individuals' intrinsic and extrinsic values because each person has his or her own mindset to consume. Based on their individual self-experiences with luxury consumption, some consumers consume to obtain high hedonic reinforcements as self-actualizations, whereas other consumers consume for low hedonic reasons. Thus, every consumer has a unique proposition to consume luxuries. Moreover, although they clearly understood that luxuries do not buy love, they shared luxuries to express love and caring (Wiedmann et al., 2013, Rocereto et al., 2015, Kravets and Sandikci, 2014, Maslow, 1973, Ward and Chiari, 2008, Mary Tzortzaki, 2014, Belk, 1999, Wolfe and Sisodia, 2003, Schmidt et al., 2016, Llamas and Thomsen, 2016, Sjostrom et al., 2016).

In the interactions between self-motivations and self-experiences together with external mediators, the outcomes of this complicated process may vary among individual consumers. Most importantly, the quality and value of luxury goods would cause consumers to attach to luxury brands. Consumers might trust brand values and product quality and therefore agree to grant mobile access to luxury brands to exchange for personalized service. Thanks to technological enhancements, the engagement is individualized and brands can utilize customized information to satisfy an individual's expectations. The outcomes of the matching would not be meaningless (Achabou and Dekhili, 2013, Hantula and Crowell, 2015, Kubanek and Snyder, 2015, Killeen, 1972, Poling et al., 2011, Baum, 1974, Foxall et al., 2010, Foxall, 2015a, Foxall, 2014, Foxall, 2015b, Kearsley and Shneiderman, 1998, Wachter et al., 2012, Kim et al., 2013).

In addition to relevance, price-conscious consumers always consider monetary impacts when making decisions. They may have a strong aspiration to improve their

lives; however, they are sensitive to adverse economic and political developments. Because emerging economies frequently encounter economic fluctuations, financial turbulence directly affects their economic stability. Therefore, their conscious minds do not consume unconditionally at premium prices in emerging-market contexts unless they have no choice. Thus, overseas shopping maximizes their economic capabilities to match their choices because the high streets of the developed markets provide better services, choices and prices (Chen et al., 2015b, Kandogan and Johnson, 2015, Gapper, 2015, Hout, 2015, Schmitt, 2015, Song et al., 2015, Wang, 2015, McEwan et al., 2015, Sumich, 2015).

Therefore, based on technological advancement, the luxury brands should satisfy individuals' needs and wants by accessing customized information through mobile engagement. Relevance will satisfy individuals' needs. An informational incentive develops intrinsic needs, and a monetary incentive motivates extrinsic expectations. Nevertheless, mobile engagements offer individualization and customization to match consumer expectations. Thus, the feasibility of mobile engagement builds upon the relevance of the exchange value. The relationship and applications of the concept of the Gearbox of Exchange should be simple, interactive and satisfying. In that way, mobile engagement will not be meaningless (Kotler and Pfoertsch, 2006, Costa, 2015, Rocereto et al., 2015, Bettencourt et al., 2015, Diffley and McCole, 2015, Kang and Sohaib, 2015, Lee et al., 2015a, Ferro et al., 2016, Wachter et al., 2012, Kim et al., 2013, Karjaluoto et al., 2008b).

### 13. Generalizability with circulation of the Gearbox of Exchange

The findings of the two research projects indicated that consumers and luxury brands must accomplish their own self-interest and pursue their own self-control. For organizations, brand managers' tasks are simple and straightforward: to associate with the operation's profit and its relationship with suppliers, consumers, governing bodies and competitors (Lemmens, 2015, Stavros et al., 2012, Reijonen et al., 2015, Möller and Parvinen, 2015, Leek and Christodoulides, 2011, Rauyruen and Miller, 2007, Asare et al., 2011, Standing et al., 2015, Costa, 2015).

Nevertheless, consumers' needs and wants of consumers involve numerous complicated considerations such as intrinsic and extrinsic needs and trust in individual brands, as demonstrated in the study. It is difficult to quantify emotions and expectations and thus, it is not feasible to predict consumers' choices and replicate an effective incentive system to motivate consumption (Achabou and Dekhili, 2013, Hantula and Crowell, 2015, Kubanek and Snyder, 2015, Killeen, 1972, Poling et al., 2011, Hursh and Roma, 2015, Foxall et al., 2004).

In this situation, consumers provide luxury brands with conditional permission for mobile engagement. Based on a brand's trust and quality, consumers provide customized information in exchange for personalized service. More importantly, when consumers voluntarily participate in the sharing process, incentives are only an instruction to engage and the mobile device may represent only an agent in the exchange process. Thus, it is the relevance, simplicity and relationship—not that technology—that is essential (Restuccia et al., 2015, Alba et al., 1997, Shen et al., 2012, Bolderdijk and Steg, 2015, Kotler and Pfoertsch, 2006, Chun and Ovchinnikov, 2015, Bergen et al., 1992, Azad and Ahmadi, 2015, Wachter et al., 2012, Kim et al., 2013, Karjaluo et al., 2008b, Rogers, 2003, Park, 2009a, Thong et al., 2011, Venkatesh et al., 2011).



Thus, this researcher argues that mobile access should develop into a new social system to operate in the virtual environment. Thus, the concept of the Gearbox of Exchange will provide a new and secure environment in which the brand and consumer simultaneously and interactively operate (Kolođlugil, 2015).

The Gearbox shares the individual's interests (based on customized information) with a luxury brand based on trust. Following its receipt of this information, the luxury brand manifests its operational interest in providing personal service to the individual. Thus, the incentive offer satisfies the individual customer's relevant expectation. Mutual interdependence is eventually established (Costa, 2015, Arnould and Rose, 2015, Grönroos, 1994, Sarmiento et al., 2015, Zaharna, 2015, Peng et al., 2014, Jackson, 1985, Dowell et al., 2015, Fevons et al., 2005, Alamgir and Shamsuddoha, 2015, Azad and Ahmadi, 2015, Bendapudi and Berry, 1997, Mende et al., 2013).

Because the Gearbox integrates both parties' self-control and self-interest, there is a long-term information incentive and close relationship with an individual customer, i.e., a B2B relationship. Moreover, for immediate outcomes, the monetary incentive invites the consumer to engage in personalized consumption and personalized offers stimulate the consumer to enter into a B2C relationship. Therefore, the Gearbox's operationalization pursues a B2B2C strategy for the luxury brands to manage individual consumers through mobile engagement (Shen et al., 2012, Hauser et al., 1994, Demirag et al., 2011, Alba et al., 1997, Yamabe et al., 2009, Smith and Delgado, 2015, Shen et al., 2015).

Therefore, mobile engagement serves as a transformational and integrative tool to combine strategic plans for the mass media with strategic plans for micro marketing to individuals. The personalization and demands of the emerging markets are key challenges for the future success of luxury brands (Brown and Daneshkhu, 2016, Kearsley and Shneiderman, 1998, Wachter et al., 2012, Kim et al., 2013). Thus, the generalizability of the Gearbox for luxury consumption revitalizes individualization for personalized service in a mobile context.

More importantly, the concept of Gearbox can generate a relationship with an individual's inner self to fill the gaps so that behaviourism can match the criteria of dualism. This satisfies the principle of logical positivism requiring the verification of statements and knowledge; thus, customized information obtained directly from an individual is not meaningless (Baum, 2007, Rachlin, 2009, Landon, 1974, Maslow, 1965, Sirgy, 1982, Lindridge et al., 2015, Truong et al., 2010, Skinner, 2011, Smith, 1986, Foxall, 1986a, Blumberg and Feigl, 1931a, McKelvey, 1997a, Murzi, 2007a, Friedman, 1991b).

Furthermore, the generalizability of mass products does not fulfill the needs of the marketers of mass products. The process mass productions does not have the flexibility to adjust for personal use; thus, mass customization by providing minor adjustments of colours for personalization does not require interactive, simultaneous engagements. Thus, personalization generates a personal feeling when individuals consume the mass-market products. The operationalization of the Gearbox does not enhance mass products through the use of efficiency and effectiveness for mutual interdependence. Therefore, the interactive exchange process does not develop into a B2B2C type of close working relationship between brands and consumers. Thus, a customized request is meaningless. However, luxury brands have the ability to trade down their supplies and the Gearbox of Exchange can enhance the individual interface for customization (Sundar and Marathe, 2010, Okonkwo, 2009a, Costa, 2015, Kapferer and Florence, 2016a, Schmidt et al., 2016, Kapferer and Laurent, 2016, Schade et al., 2016, Shukla et al., 2016, Chandon et al., 2016, Parguel et al., 2016, de Araujo Gil et al., 2016, Pandelaere, 2016, Duh, 2015, Belk, 1985, Belk, 1999).

#### 14. Evaluation of validity and reliability of the Gearbox of Exchange

The evaluation of validity is a legitimate procedure to understand and validate the qualitative research process. It involves the application of a framework to evaluate a concept. Thus, the circulation of the Gearbox of Exchange is the evaluation framework to judge the validity of the concept of how mobile engagement enhances personalized service between a brand and an individual. The information flow interactively circulates and the concept requires further adjustments (Guba and Lincoln, 1994, Foxall, 1984a, Maxwell, 1992, Wachter et al., 2012, Kim et al., 2013, Karjaluoto et al., 2008b, Rogers, 2003, Park, 2009a, Thong et al., 2011).

Nevertheless, it is unnecessary to extend mobile engagement to either the super-rich or mass-produced products. Quite simply, personalized services have previously been offered to the super-rich; thus, they do need mobile engagement. However, M1 (manager) stated that if mass-market customers access personal services, luxury brands can lose their competitive edge in serving the super-rich. If everyone receives personalized service, then personalized service is no longer the exclusive privilege of the super-rich. Furthermore, the researcher argues that the service to the super-rich comes with premium prices that mass-market consumers cannot afford. Virtual customization provides an excuse for the middle class to transcend upwards, spending more for real personalized service to satisfy their intrinsic needs and self-actualization (Kubanek and Snyder, 2015, Shen et al., 2015, Restuccia et al., 2015, Alba et al., 1997, Bolderdijk and Steg, 2015, Shukla et al., 2016, Chandon et al., 2016, Parguel et al., 2016).

For mass products, customized information of exchange does not enable brands to alter production process for individuals. Personalization with colour and minor adjustments for personal taste represents the limit of mass customization. Mass production emphasizes economies of scales, not the diversity of choices; thus, it does not have the wide bandwidth of choice similar to the luxury brands to trade down their supply. Therefore, the circulation of the Gearbox of Exchange does not work for mass products. When mass products are not flexible enough to satisfy an

individual's expectations, knowledge of the individual's needs and wants is meaningless (Smith, 1986, Foxall, 1986a, Blumberg and Feigl, 1931a, McKelvey, 1997a, Kotler, 1989, Achrol and Kotler, 1999, Kapferer and Florence, 2016a, Kapferer and Bastien, 2009b).

More importantly, the research indicates that the Gearbox of Exchange provides only conditional engagement for virtual customization to the middle class. The key differentiation is that the super-rich enjoy unconditional service from brands as long as they can afford that service. Thus, software may be an alternative for the mass market to enjoy virtual services.

Based on customized information, access is conditional, and brands' personalized services are also limited. Every consumer uses his or her individualized Gearbox to operate; thus, services are both relevant to their expectations and associated with their needs and wants.

For the exchange process to operate, a luxury brand must create a special, integrated shopping context for the mass market. Thus, the concept of the Gearbox enhances luxury brands' retail operations. Consumers enjoy virtual customization through a B2B concept and actualize their purchases through B2C contextualization via the integration of traditional retail and virtual market contexts (Duh, 2015, Schultz, 1996, Schultz and Jain, 2015, Lawry and Choi, 2016).

In the operationalization of the Gearbox for B2B2C, consumers and brands are linked, interactively and simultaneously exchanging values for luxury consumption through mobile devices. Therefore, to ensure the reliability of the research, interactive knowledge of Gearbox must be scientific, logical and explainable enough to ground the theory for the motive of consumption prior to production for individualization and customization through mobile access (Marx, 1992b, Kolođlugil, 2015, Marx, 1973, Elster, 1986, Sixel, 1995, Skinner, 2011, Smith, 1986, Foxall, 1986a, Blumberg and Feigl, 1931a, McKelvey, 1997a, Murzi, 2007a, Friedman,

1991b, Feyerabend, 1993, Foxall, 1984a, Hammarberg et al., 2016, Morse et al., 2008, Maxwell, 1992, Golafshani, 2003).

## Chapter 4 Results and discussions

### 15. Knowledge of customers via the evolution of mobile technology

Following the discussions in the previous chapters, the concept of the Gearbox of Exchange justifies the integration of luxury consumption and mobile technology to create a new interface for luxury brands to interact with individual consumers for digital marketing. Customized information enables brands to understand their customers' needs and wants on an individual basis. Moreover, the Gearbox of Exchange operates on a secure platform for brands and consumers to develop a mutual interdependence; this relationship is not meaningless. Academics have long argued that individuals' needs and wants should be investigated and understood so that their choices can be predicted; however, no practical access into an individual's inner state has previously been available. Therefore, the availability of interactive mobile technology creates a novel opportunity to interactively and simultaneously know and understand customers (Zheng et al., 2015, French et al., 2013, Ashley and Tuten, 2015, Peshkova et al., 2016, Lucas, 2016, Koli et al., 2016, Ganesh and Agarwal, 2014).

Moreover, the Gearbox of Exchange operates in a secured platform for the brands and the consumers to build up a mutual interdependence and the interactive relationship with individual customer. This mutual respect and understanding would create a strong bond between the brands and the customers. When the consumers control their own individualized Gearbox with the brands that they trust to engage, the urgency of regulatory controls would be diminished. Therefore, the interactive engagement through the Gearbox would not be meaningless to enhance the existing marketing practice (Antunes et al., 2014, Koli et al., 2016, Wachter et al., 2012, Kim et al., 2013, Karjaluoto et al., 2008c).

For the academic contributions, the academics have been urging to study and understand the needs and wants of individual in order to predict their choices but no

practical access with individual would be found in the past. Chandon et al. (2016) initiates that the concept of the luxury marketing should include the role of Internet to match the increasing demands of luxury consumption. Therefore, the availability of interactive mobile technology creates the concept of Gearbox of Exchange to integrate, know and understand the customers interactively and simultaneously. The concept of Gearbox of Exchange would fill up the key assumption of behavioral analysis because the radical behaviorism only considers the consumer as oneself to interact with the outer world and ignore the inner state of individual. Thus, the Gearbox of Exchange will offer the luxury brand to access the inner world of individual through the customized information. Indeed, the customized information is the mind map of individual and the luxury brand would base on the customized information to provide the relevant personalized information. Because of this, the analysis bases on the individual customized information to predict the choice and intervene the behaviors. More importantly, the knowledge of behaviorism generates directly from the individual would be analytic and verifiable; it would not be meaningless. Thus, the behaviorism should be more than a philosophy; it will be a science (Skinner, 1964, Malone, 1975, Baum, 2005, Baum, 2007, Smith, 1986, Zuriff, 1995a, Foxall, 1986a, Blumberg and Feigl, 1931b, Friedman, 1991a, McKelvey, 1997b, Murzi, 2007b).

In fact, Kotler (1989) and Okonkwo (2009b) have been urging to apply the digitalization to serve individual customers for personalization and customization. However, Schultz and Jain (2015) identify that a major research oversight to develop the knowledge to understand various consumers' perceptions of individual's self-interests as it related to luxury products and brandings. More importantly, most of studies of luxury consumption have taken the marketers' perspective from the seller's view of the marketplace. Kastanakis and Balabanis (2014) also state that the general views of luxury consumption as a homogenous driver from conspicuous perspective and the dearth of studies from the individual level's self-interest and personality to drive the purchase decisions. In the light of this, the recent studies about the consumer behaviors are extending towards the self-concept and the relationship with the luxury brands for personalized services to enhance the

customer shopping experience (Rashmita et al., 2016, Peshkova et al., 2016, Manlow, 2016, Lamy et al., 2016, Lucas, 2016, Kang and Park, 2016, Schmidt et al., 2016). Llamas and Thomsen (2016) highlight the giving out of the luxury products that would transform the self interest as an giver to enjoy the pleasure, purpose and connection with other human. Kang and Park (2016) view the customer equity that the primary goal of consumers would improve their personal value and identities through luxury consumptions. Naz and Lohdi (2016) elaborate the associations between the self-concept and lifestyle with the luxury consumptions. Rashmita et al. (2016) investigate that the relationship between the personality and the choice of the fashion consumption. Shukla et al. (2016) attempt the understanding how the consumers would commit into the luxury brands and get insights about the commitment as a relationship enhancer. Lucas (2016) emphasize on the importance of self-experience in modern luxury retail. The academics are investing more efforts towards the understanding of individual's self-interests with the luxury consumptions to predict their choices.

More importantly, knowledge and understanding are becoming important issues in the modern business world. Especially in the financial industry, the "know your customer" concept is very important because banks must understand their customers' sources of wealth and intentions so that they can prevent money laundering and tax avoidance (Allen, 2016, Arnold, 2016). In the field of consumer marketing, academics have clearly understood the importance of understanding individuals' needs and wants to predict their choices. For example, Marks & Spencer (M&S) has launched the Sparks loyalty card to establish personalized service for individuals via technological enhancement. M&S's key objective is to shift the focus from globalization to community driven/consumer-centric marketing. More importantly, the programme offers non-monetary rewards to incentivize consumers to provide feedback. To date, however, the M&S Sparks card has not provided fully digital options for simultaneous, interactive communications (Hobbs, 2015). Therefore, the M&S Sparks card is limited to personalization for standardized products and does not provide real customized service to individuals(Waldmeir, 2016b, Rovai, 2016, Akinc et al., 2015b, Lee and Sundar, 2015, Rao et al., 2011).



If M&S targets the mass market and pursues personalization with digital tools to engage mass-market customers, it would be logical to presume that when luxury brands intend to trade down their supply to match the trade up in demand from emerging economies' middle classes, luxury brands should go even deeper than personalization for customization with individualized service. Because luxury brands are experiencing an increasing demand from the new and massive middle classes that seek a better life, those brands serve individuals through mobile engagement to satisfy heterogeneous expectations (Kapferer and Bastien, 2009b, Kapferer and Bastien, 2009a, Kapferer and FLORENCE, 2016b, Schultz and Jain, 2015, Schmidt et al., 2016, Lucas, 2016).

Thus, it is also logical to predict that mobile technology will constitute a tool to interactively and simultaneously engage and serve luxury brand consumers. A successful engagement will depend on the diffusion and transformation process to integrate luxury brands and consumers through personal mobile devices whose owners have granted permission for access. Consumers do not grant unconditional access; thus, such engagements must be relevant to their interest in luxury brands. Therefore, the applications of the Gearbox of Exchange aim to integrate the interests of consumers and brands through the exchange of customized information and personalized services. Individualized interactions accelerate the rate of diffusion by interactively increasing the understanding of consumer needs and wants via customized information. This customized information enhanced certainty and thus, luxury brands can overcome their fear of virtual contexts. Through the exchange process, luxury brands receive customized information that makes it possible for them to know their customers individually, and customers enjoy personalized services that makes it possible for them to interactively engage with brands (Baltierra et al., 2016, Wachter et al., 2012, Zheng et al., 2015, Shultz, 2007, Ashley and Tuten, 2015, Kim and Kim, 2014, Verhagen et al., 2015, Kumar et al., 2015, Gambetti et al., 2015, Andonova et al., 2015, Verhoef et al., 2010, JIPA and MARIN, 2014a, Parvinen et al., 2015, Bowden, 2009, Kumar et al., 2010, Van Doorn et al., 2010, Brodie et al., 2011, Mollen and Wilson, 2010).

Nevertheless, without permission from consumers, mobile technology's interactive ability would not be realized, thus failing to build a relationship with customers and generate value for the luxury brand.

The findings of Project 1 indicated that from the perspective of self-interest and self-control, managers perceived that they had knowledge of how mobile technology influences the internal and external indicators of luxury consumption. Within the controls of the operation, the managers perceived that application technology can significantly contribute to the function of operations (Schultz and Jain, 2015, Porter, 2016, Kastanakis and Voyer, 2014, Chen et al., 2015a, Sanderson, 2015, Ellison and Thomson, 2015, Jain et al., 2015, Ye et al., 2015, Turunen et al., 2015, Sung et al., 2015, Seo et al., 2015, Giovannini et al., 2015, Chen, 2015).

However, when consumers are engaged in the mobile context, managers do not control opt-in and opt-out decisions. More importantly, there is no access permission that enables luxury brands to interactively and simultaneously engage an individual. Therefore, the research findings demonstrated that brand managers' closed attitude intended to protect a premium brand's value can slow the development of digital marketing. Because of brand managers' caution, they struggled with optimism and fears related to the virtual context. Thus, brand managers can suffer from internal conflicts. Their fears of upsetting consumers by engaging in unauthorized mobile access can overshadow their optimism about mobile engagement for interactive digital marketing. Because of that fear, brand managers' cognitive knowledge does not transfer into the affective construct to produce behavioural outcomes (Van Harreveld et al., 2015, Van Harreveld et al., 2009, Ferro et al., 2016, Lee et al., 2015a, Kang and Sohaib, 2015, Okazaki et al., 2007, Valtakoski, 2015, Dowell et al., 2015, Najafi, 2015, Chaudhuri and Holbrook, 2001, Kearsley and Shneiderman, 1998, Wachter et al., 2012, Kim et al., 2013, Baltierra et al., 2016, Eastin et al., 2016, Campbell and Kwak, 2010).

Furthermore, struggles may originate from a lack of knowledge regarding consumer marketing in the mobile context. Luxury brands do not control consumers' choices; thus, the wrong application may lead to punishment and damage brand value. Most importantly, brand managers have demonstrated their cognitive knowledge of functional operations. Accordingly, their fears and uncertainties can prevent brand managers from launching in the mobile context. In other words, fear will take over to prevent the regret that could arise from the use of an incorrect application and the resulting punishment. Thus, this contradiction slows down the digital marketing of luxury brands (Van Harreveld et al., 2009, Van Harreveld et al., 2015, Kotler, 1989, Achrol and Kotler, 1999, Kotler, 1971, Kotler and Pfoertsch, 2006).

The findings of Project 2 (consumers) indicated that mobile devices have become attached to and an extension of the self. Consumers have utilized mobile devices to pursue various interests, such as surfing for information, online banking and booking, and communicating through social networks. Therefore, mobile devices represent the extended self of the digital world in a new virtual social system. Moreover, consumers indicated that their choices of luxury services would be based on the need for their self-interests to match their intrinsic and extrinsic needs. Most importantly, every purchase decision is discrete and the pattern of consumption may vary occasionally. Therefore, it is almost impossible to predict an individual's choices (Peters et al., 2007, Belk, 2013, Diffley and McCole, 2015, Jang and Namkung, 2009, Belk, 1988).

More importantly, consumers expressed their enthusiastic intent to engage with luxury brands that they trust to engage in the mobile context. Thus, consumers understood the potential risks and would treat technological advancement as providing a platform to extend their engagement with luxury brands. However, luxury brand managers may lack the necessary knowledge to operate in the virtual context and thus were unready to pursue consumer engagement. This is the key discrepancy between the two parties with respect to behavioural intent (Song et al., 2011, Schultz and Jain, 2015, Schultz, 1996, Hatch and Schultz, 2010, Gambetti et al., 2015).

Consumers and brand managers shared the view that emerging technology is only a platform. The actual evolution of mobile technology for luxury consumption does not rely on the availability of technology. Instead, mutually agreed-upon applications should result in the adoption of a specified rate of diffusion and transformation in a secure interactive environment in which individuals can enjoy virtual consumption. Therefore, if luxury brands obtain a deeper understanding of individuals through customized information, they can develop a more interactive relationship with new customers in emerging markets. The concept of the Gearbox of Exchange satisfies the simultaneous and interactive engagement between brands and individual customers. Moreover, luxury brands apply the Gearbox of Exchange to avoid making risky investments in the traditional, land-based context of volatile emerging economies to investigate the new middle classes' trading-up demands (Waters, 2013, Kotler and Pfoertsch, 2006, Wachter et al., 2012, Kim et al., 2013, Shaikh and Karjaluoto, 2015).

### **15.1 Diffusion and transformation**

The diffusion of innovation is a gradual process that consists of a series of actions. It involves many agencies that are changing to accelerate the rate of the adoption of innovation. Mobile devices have deeply penetrated into both developed and emerging markets. However, luxury brand managers have not found reliable applications to overcome their fears in the virtual market context (Rogers, 2003, Rogers, 2002, Botsman and Rogers, 2011, Clarke, 2006, Rogers, 2012).

Accordingly, rates of adoption are developing differently, with luxury brands pursuing “slow” adoption and consumer pursuing “fast” adoption. This difference ultimately results in a process to push luxury brands to gear up their adoption to satisfy demand. As indicated by M8 (luxury managers), luxury brands are waiting for a systematic and constructive approach to applying mobile technology.

Luxury brands are responsible for initiating the transformation process to integrate the parties' interests. Leaders of luxury brands take a broader view, with open attitudes toward future business developments and the implementation of E-commerce. For example, Mr. Johann Rupert, the chairman and chief executive of the Swiss conglomerate Richemonte, announced his intention to seek a joint venture with Richemonte's competitors, LVMH and the Kering Group, to develop the online store Yoox-Net-a-Porter, which would compete with other online marketplaces such as Facebook, Google and Amazon. This approach was implemented because luxury brands were attempting to operate their own virtual stores; however, the virtual marketplace was too big for any company to succeed alone. E-commerce accounted for only 6% of luxury sales, and there was room to grow. However, while brand leaders were pushing for digitalization, managers continued to struggle with how to develop online or mobile engagements with consumers (Gapper, 2015, Sanderson, 2015, Ellison, 2014, Ellison, 2015, Friedman, 2014a).

Furthermore, brand managers perceived design as the temple of luxury products. However, senior managers have implemented decisions taking a more open approach to the temple of production. The leaders displayed no fear about relocating head designers from their temples to strengthen brands' strategic directions. Thus, the temple might not have guaranteed seats for everybody. Nevertheless, bold decisions have paid off. For example, Gucci's Alessandro Michel delivered good success in changing design gears from fashion trends to individuals' self-interests (Porter, 2016, Ellison and Thomson, 2015).

The key reasons that luxury brands' managing teams implemented a proactive transformation of e-commerce and restructured their design teams were the optimistic predictions of glorious future demands. Luxury brands cannot afford to miss out on the opportunities presented by the new demands of emerging economies (*The Economist*, 2014b, ECCIA, 2013, D'Arpizio, 2012, D'Arpizio, 2013, D'Arpizio, 2014, Schultz and Jain, 2015).

However, the fluctuation of emerging economies provides an unstable business environment for brands to make substantial investments in brick-and-mortar retail outlets. More importantly, new customers in emerging markets enjoy taking overseas shopping trips in the traditional retail context of developed markets. The demands of emerging-market consumers have overloaded the flagship stores in the high streets of the developed markets. Thus, e-commerce represents an alternative option to engage customers and secure future demands. M1 (brand manager) stated that Chinese customers have flooded Hong Kong's flagship stores. Because of the volume of transactions, frontline staff members cannot provide quality service to individual customers. In reality, luxury brands are unready to adopt the technology of online applications and thus, mobile engagement may be a distant target for brands hoping to engage with customers in a virtual shopping context (Sanderson, 2014, Paton and Sanderson, 2014b, Sanderson and Hille, 2010, Friedman, 2014a, Wheatley and Kynge, 2015, Correia and Kozak, 2016, Schultz and Jain, 2015, Sanderson, 2015, Seo et al., 2015, Giovannini et al., 2015, Chen, 2015, Wiedmann et al., 2009, Okonkwo, 2009a, Kastanakis and Balabanis, 2014, Hennigs et al., 2013, Brun et al., 2013, Kastanakis and Balabanis, 2012, Mahyari, 2013, Lawry and Choi, 2016).

Luxury brands' slow adoption of digital marketing is complicated. Luxury managers demonstrated cognitive knowledge of the usefulness of mobile applications. Their unwillingness to adopt such applications likely is hindered by internal and external fears of using improper marketing applications. The consequences of wrongdoing related to consumers would include the loss of premium brand value and consumer trust. More importantly, the managers were confronted by fears within the organization because of an insecure work environment that creates risk-averse attitudes. Quite simply, even the chief designers did not have job security, and line managers may fear the loss of their offices. As M7 stated, brand managers approaching retirement age are unwilling to risk their careers.

With respect to ease of use, the managers understood that they do not control consumer acceptance. Without permission, the brand managers therefore fear

upsetting consumers from the perspective of the affective domain. The conflict created by these consequences may trigger fear, resulting in managers withholding their behavioural intent to engage consumers. This would explain why the managers were struggling between optimism and fear in mobile applications. Managers may need to avoid the regret caused by a decision that would both upset consumers and damage their careers (Van Harreveld et al., 2009, Van Harreveld et al., 2015, Rogers, 2003, Rogers, 2002, Botsman and Rogers, 2011).

With respect to consumers' personal interests, social and monetary barriers represent two key obstacles that block mobile acceptance. The interview data indicated that consumers suffer from unauthorized messages and do not grant access to unknown providers. Academics have explained consumer refusals of access from many perspectives, and no concrete solution has been identified to obtain permission directly (Peters et al., 2007, Friedrich et al., 2009, Thomas et al., 2007, Balasubramanian et al., 2002).

However, the interview data also indicated that consumers would like to provide consent for luxury brands for reasons related to service quality and consumer trust brand value. Therefore, the luxury brand should utilize the development of this asset in the mobile context (Ferro et al., 2016, Lee et al., 2015a).

Furthermore, trust is the key word for luxury consumption because consumers pay a premium based on their trust of luxury brands. There have been many attempts to define luxury consumption. Luxury consumption involves more than a product and service, and it may represent the concept, the philosophy, the lifestyle and the culture. More importantly, money does not represent taste. Thus, consumers may rely on their trust in a brand's value when they pay a premium in exchange for the luxury good's deluxe quality. From this perspective, without a proper application, brand managers justify avoiding the mobile context to prevent the loss of brand value among customers in an uncertain environment (Okonkwo, 2009b, Kapferer and Bastien, 2009b).

## 15.2 Relationship marketing and consumers' self-interest

Academics have also indicated that interdependence positively leverages the trust between consumers and luxury brands. Relationship marketing may emphasize an understanding of an individual's needs and wants. Without an understanding of those needs and wants, it is not easy to build trust. Thus, mutual interdependence creates the value of trust between consumers and brands (Parvinen et al., 2015, Mollah, 2015, Alamgir and Shamsuddoha, 2015, Anker et al., 2015, Gronroos, 1990, Grönroos, 1994, Sheth et al., 2015, Verma et al., 2015, Costa, 2015).

Moreover, the consumer-centric approach leads to the study of an individual's self-concept through the intrinsic and extrinsic values of luxury consumption (Rocereto et al., 2015, Giovannini et al., 2015, Kastanakis and Balabanis, 2014, Seo et al., 2015, Sung et al., 2015). With knowledge of the customers through their self-interest, managers can predict an individual's choices from behavioural outcomes. More importantly, managers utilize individual self-interests to create relevant incentives that satisfy engaged consumers (Czarniewski, 2015, Merlo et al., 2015, Bettencourt et al., 2015, Akinc et al., 2015a).

The brand managers acknowledged that they could not be strangers to serving customers using bespoke or tailor-made approaches. Luxury consumption originated with serving super-rich and elite consumers. Therefore, luxury brands understood the benefit of customization and individualization. The brand managers also agreed that only super-rich and elite customers could enjoy personalized service. Elite customers do not need virtual enhancements to maintain their luxury consumption. For the mass market, however, brands do not have the resources to individually serve customers (Merlo et al., 2015, Chadha and Husband, 2010, Ovide, 2012).

Thus, mobile devices should be the tools used to serve individuals in mass markets. Specifically, the managers believed that mobile engagement would enhance their



penetration of emerging markets. Therefore, the managers interviewed may endorse the potential applications of digitalization for mass customization into individualization. From this perspective, mobile technology is the tool used to bridge the gap between individual consumers and luxury brands. M7 stated that location-based services help front-line staff members serve their customers individually in a global market context (Azad and Ahmadi, 2015, Fagerstrøm et al., 2015, Gambetti et al., 2015, Onyas and Ryan, 2015, Zaharna, 2015, Smyth and Lecoeuvre, 2015, Kotler, 1989).

More importantly, brands provide personal services in the land-based retail context for the super-rich and should be able to provide those same services in the virtual context for the mass market. M6 stated that brands have trained their front-line salespeople to listen to their customers and make appropriately tailored recommendations. Thus, the fear of the mobile context indicated that luxury brand managers lack the knowledge to use their abilities to adopt technology that fulfils their needs. More importantly, marketing firms should have an obligation to serve consumers. Currently, the managers do not have a platform from which they can initiate the exchange of information with consumers to reduce the uncertainty and accelerate adoption (Bomme et al., 2014, Robertson and Gatignon, 1986, Hirt and Willmott, 2014, Zhenfeng et al., 2015, Rogers, 2002, Rogers, 2003, Foxall, 1999, Foxall, 2015a, Foxall, 2014).

To satisfy individuals' needs, academics have urged an investigation of consumers' self-concept of luxury consumption because each individual has different consumption-related needs and expectations. Therefore, it is essential to understand individuals' intrinsic and extrinsic needs for luxury consumption (Schultz and Jain, 2015, Rocereto et al., 2015, Kastanakis and Balabanis, 2014, Landon, 1974, Tsai et al., 2015, Ye et al., 2015, Giovannini et al., 2015, Hillenbrand and Money, 2015, Choi and Totten, 2012, Sirgy et al., 1997, Dunn and Dahl, 2012, Ajzen, 1991, Brown and Rachlin, 1999, Compeau et al., 2015, Johnson et al., 2015, Lee and Yang, 2013, Gil et al., 2012, Liu et al., 2012, Ruane and Wallace, 2015, Belk, 2013, Yang et al., 2015a, Millan and Reynolds, 2011, Wiedmann et al., 2013, Sirgy, 1982).

However, it is not an easy task to understand an individual's self-concept. From the behavioural perspective, behavioural analysis has been used to predict behavioural outcomes to match the production and consumption. Nevertheless, academics have acknowledged that the complexity of human decisions is similar to a spider web, increasing the difficulties of understanding an individual's mind map. Moreover, analyses that are exclusively based on operant behaviours are insufficient to accurately predict consumer behaviours. Furthermore, an intervention may not occur at an appropriate moment to influence consumers (Foxall, 1986a, Foxall, 2003, Foxall, 2015b, Baum, 2007, Baum, 2013, Foxall, 1984b, Rachlin, 2009, Schmidt et al., 2009, Ajzen and Madden, 1986, Brown and Rachlin, 1999, Johnson et al., 2015, Okazaki et al., 2009, Gunkel, 2000, Doyle et al., 2008, Hensel, 1990).

Moreover, general conspiracy theories do not clearly explain the motives for consumption or rationalize consumers' purchase intent (Van Harreveld et al., 2015, Pipes, 1999, Foxall, 1984a, Kastanakis and Balabanis, 2014). Thus, deeper views into self-interest and self-control through intrinsic and extrinsic needs are critical. This approach visualizes an individual's complicated decision process. Consumption decisions may be driven by individuals' need to interact with self-experiences and environmental stimuli to construct purchase intent. Thus, an individual's self-motivation and self-experience manipulate consumption-related controls and interests (Kastanakis and Balabanis, 2014, Schultz and Jain, 2015).

To serve a mixture of intrinsic and extrinsic needs, the findings indicated that consumers consume luxuries so that their self-actualization matches their individual choice to enjoy high hedonic reinforcements, such as personal lifestyles; they may also consume exclusively for self-esteem reasons, to match social expectations with low hedonic reinforcements, including the representation of corporate interests. Moreover, consumers obtain the luxuries in various other gears, including caring and love. Nevertheless, they do not treat luxuries as something with which to buy love. Therefore, the possibilities of behavioural outcomes are explosive. Thus, a single experiment does not apply to all consumers (Foxall, 2015a).

More importantly, the uncertainties of consumer acceptance also trigger brand managers' consequential conflicts among the affective, cognitive and behavioural domains (Van Harreveld et al., 2015). Thus, when brand managers worry about the potential hazards of damaging their relationships with customers, the avoidance of conflicts may suspend their mobile operations. Therefore, this researcher argues that an instrument such as the Gearbox of Exchange, which is based on mutual benefits, should be developed to connect parties through mobile engagement (Karjaluoto et al., 2008b, Karjaluoto et al., 2008a, Jayawardhena et al., 2009, Smutkupt et al., 2010, Barnes and Scornavacca, 2004, Kavassalis et al., 2003, Seth, 1999).

The Gearbox offers brands the opportunity to understand and know their customers and their individual self-interests through customized information. Thus, brands can offer the relevant exchange value for obtaining conditional opt-in permission. Therefore, the exchange process involves changing agencies for the diffusion of innovative technology, not the self-efficiency of that technology. More importantly, efficiency and effectiveness depend on the quality of the incentives used as the exchange value to motivate the consumer. For example, the Sparks card offers non-monetary rewards when customers share their comments (Hobbs, 2015). This may indicate that mass marketers realize the importance of incentivizing their customers to participate in their marketing campaigns.

Therefore, mobile engagement involves a process of adoption, and the Gearbox of Exchange facilitates the process to create the individual contextualization of matching individuals' various gears of consumption. Most importantly, the mobile context may not be for only connection; the virtual mobile context should require a new social system to rearrange the relationship between consumption and production. This new social system would develop a new relationship between consumers and brands for the purpose of consumption (Kolođlugil, 2015, Rogers, 2003, Rogers, 2002, Foxall, 2015b, Foxall, 2014, Marx, 1992b, Sixel, 1995, Marx, 1973).

## 16. The surprising findings of contradictions

To predict customers' future choices, it is essential to have knowledge of them and an understanding of their needs and wants. The availability of mobile technology and the popularity of mobile devices may create an opportunity for marketers to interact with individuals if consent is provided in advance. Nevertheless, the findings indicated that both consumers and brands acknowledge that technology development is merely a platform for communication. The critical factor in mobile engagement should be applications that explain how to engage with trusted marketers. Nevertheless, surprising findings of contradictions related to the adoption of technology were identified throughout the interviews. The contradictions may slow the rate of diffusions for the following reasons:

- Managers and consumers have contradictory perceptions about the perceived ease of use of technology.
- There are contradictions related to the interests involved in the traditional and virtual market contexts and luxury brand leaders and managers have different perceptions of those contexts.
- There are contradictions involved in offering incentives, and luxury consumers perceived that incentives might not be appropriate in luxury operations.
- With respect to the contradictions that relate to the need to understand consumer choices, luxury brands perceived that design should be their temple and did not regard understanding consumers' needs as essential.
- Studies of interactive communications contain contradictions; two popular research methods for mobile adoption, TAM2 and UTAUT 2, do not provide interactive options that allow respondents to engage.

Thus, the Gearbox of Exchange is created to fill the gaps between these contradictions. The results of engagement develop a mutual interdependent relationship pursuant to which brands can know and understand their customers.

## 16.1 Contradictions in the perceived value of luxury products

The interviewed consumers identified a contradiction between the value and the consumption of luxury products. More specifically, luxury products' premium price might not reflect their quality. This contradiction leads price-conscious consumers to choose between premium luxury brands and mass-market products. Price-conscious, middle-class consumers combine luxury and mass products that fit their personal styles. As R1 indicated, customers in emerging markets would like to consume luxuries at mass-market prices. This finding implied that consumers in emerging markets appreciate the quality of luxury brands but do not want to pay a premium. In contrast, the super-rich have strong purchasing power; thus, they consume luxuries that serve only basic functions (Ali et al., 2016, Grewal et al., 2016, Arli et al., 2016, Kapferer and Florence, 2016a, Schmidt et al., 2016, Llamas and Thomsen, 2016, Sjostrom et al., 2016, Kim et al., 2016, Ardelet et al., 2015, Parguel et al., 2016).

## 16.2 Contradictions between market contexts

With respect to the contradiction in the market contexts, the managers understood that new demands by new customers from emerging markets might reflect a search for a better life. The managers also perceived that consumers in emerging markets take overseas shopping trips to developed markets. However, the land-based context of Hong Kong has experienced a flood of demand from new Chinese customers, and one of the stores concluded 3,000 transactions each day. Thus, land-based retail outlets in developed markets might not accommodate this new, strong demand. More importantly, the managers understood that this new demand might not be stable and that it would fluctuate along with the volatile nature of the emerging economies. Furthermore, Hong Kong retailers are suffering from a slowdown in the demand for luxury products because of China's crackdown on corruption. It is risky to initiate large investments in retail stores in the emerging markets; thus, online stores provide an alternative model (Friedman, 2014a, Waldmeir, 2016a).

M7 stated that luxury brands rely heavily on traditional publications, which have also suffered from growth pains related to their online development. There are not yet sufficient academic studies to investigate the culture of interest in and control of luxury brands. Most published materials are related to how to develop brand value, sell more products and maximize investments. There are not yet sufficient studies on consumers' self-interest in luxury consumption (Schultz and Jain, 2015, Kapferer and Bastien, 2009b, Merlo et al., 2015, Riot et al., 2013).

### **16.3 Contradiction with expectations of incentives as exchange values**

As previously discussed, consumers refuse to opt in because of social and monetary barriers. Therefore, consumers do not grant unconditional access. Thus, a new exchange system between consumers and brands should be established to facilitate acceptance. Mutually agreed acceptance may satisfy an individual's expectations, needs and wants. As predicted by academics, micro marketing should replace mass marketing and consumers should be treated individually to satisfy their individual needs and desires for consumption. However, the virtual context operates differently than the land-based retail context. Consumers are exposed to privacy risks and financial loss. Thus, without trust related to the brand, consumers do not engage with the virtual mobile context. Therefore, a new social system that would develop mutual interdependence in the exchange process should be established for the digitalized context (Kolođlugil, 2015, Kotler, 1989, Kotler, 1971, Achrol and Kotler, 1999, Peters et al., 2007).

A major contradiction was identified between brands and consumers. Luxury brands perceived that incentives should not be offered to consumers. If brands need to incentivize consumers, then informational incentives may be considered a tool; however, luxury brands definitely should not pursue monetary incentives. In contrast, consumers exhibited different perceptions. Consumers prefer to receive incentives—monetary incentives, information incentives, or both—from luxury

brands (Hauser et al., 1994, Demirag et al., 2011, Alba et al., 1997, Yamabe et al., 2009).

More importantly, Marx's theory of commodity (Marx, 1992b) illustrates that mobile devices may have a dual value: a use value for consumers and an exchange value for marketers based on their ability to deliver mobile messages. From an exchange value perspective, brands should compensate, reward and incentivize consumers to receive mobile messages. The M&S Sparks card incentivizes customers to provide feedback. From a marketing perspective, media costs should be budgeted for all marketing activities. Nevertheless, luxury brand managers perceived that the incentive approach would arouse consumer consciousness with respect to luxury products' premium prices. Middle-class consumers are cost conscious and fully aware of the monetary impact of consumption. Therefore, the findings indicated that monetary incentives would provide an essential motivation for consumers to grant mobile access (Foxall, 2008, Smith and Delgado, 2015, Shen et al., 2015, Jai and King, 2015, Parguel et al., 2016).

#### **16.4 Contradictions between managers and senior management of luxury groups**

The managers perceived difficulties regarding the implementation of luxury consumption in the digital context. Nevertheless, senior brand leaders have made substantial efforts to develop e-commerce to sustain their businesses in light of consumers' new lifestyles (Gapper, 2015, Bhasin, 2016, Friedman, 2014a).

Moreover, the managers believed that design is the temple of production, and everyone should follow. However, luxury brands' senior leaders are unwilling to risk losing market share. Therefore, they immediately replace their chief designers once those designers cannot deliver sales. Indeed, most of these changes have had rewarding results. For example, Gucci's new chief designer, Alessandro Michele, has achieved tremendous success within his first year in office. He shifted the design focus from fashion trends to consumers; moreover, he indicated that fashion may be

fake because it is only a platform for consumption, whereas consumers' needs are real (Porter, 2016).

Brand managers have developed an attitude of fear because of the conflicting consequences of pursuing the concept of mobile engagement. Conflicts were identified both internal and external to brand operations. Therefore, to avoid threats from the virtual context and damage to brand value and customer relationships, brand managers have adopted a closed attitude. Most importantly, wrongdoing leads to punishment; thus, brand managers' self-control prevented adverse results that could damage their careers (Van Harreveld et al., 2015, Van Harreveld et al., 2009, Rachlin, 2009, Locey and Rachlin, 2015, Rachlin and Locey, 2011, Brown and Rachlin, 1999).

In addition, managers' closed attitudes contradicted the open attitudes of digital marketing leaders. The leaders of luxury groups have adopted open attitudes through e-commerce to meet the challenges of the explosive demand from emerging economies (Gapper, 2015, Waldmeir, 2016a).

### **16.5 Insufficiency of interactive options from existing research frameworks**

For the research technique of mobile development, popular research frameworks of technology acceptance, such as TAM2 and UTAUT 2, provide limited interactive interfaces with respondents. Furthermore, the consumer should be the subject who interacts with another subject (the software) through a mobile device. Therefore, a linear approach without feedback loops treats consumers as mere objects in the absence of an interactive option. Thus, the findings do not satisfy the need to understand the interactive functions of mobile technology.

For the interactive media, the findings imply that there must be two interactive directions to exchange ideas and debate. Thus, it is difficult not only to explain the findings from the quantitative approach with respect to complicated human minds



but also to fulfill the individual's needs for interactive media. The researcher argues that the lack of interactive options in the research model also is another reason that the code of mobile access could not be cracked (Wachter et al., 2012, Kim et al., 2013, Shaikh and Karjaluoto, 2015, Karjaluoto et al., 2008b).

Moreover, the researcher argues that the self-efficacy of technology is not a changing agent that reduces uncertainties and accelerates adoption. Changing agents should provide the relevant exchange value through applications that connect consumers and luxury brands for mobile access instead of technological advancement (Rogers, 2002, Rogers, 2003).

## 16.6 The Gearbox of Exchange bridges all contradictions in balance

Knowledge of constant and simultaneous access to the individual's inner self remains unavailable. An individual's particular inner-state knowledge is not essential for the low-value, mass-produced products; however, it should be important for luxury brands because consumers may base their purchases on their individualized expectations of satisfying their need for consumption. As M7 indicated, luxury brand managers do not pay substantial attention to consumer needs and wants and focus only on production-driven marketing because design is the temple. This may be the key reason that brand managers do not behave proactively to gear up for digital marketing and replace traditional print media. Nevertheless, Gucci's new has adopted a customer-centric approach to meet individuals' needs and Burberry pushed digital marketing into its retail operation. The introduction of the Sparks card is intended to develop a relationship with the individual customer for personalization. Moreover, Chinese consumers have begun to employ shopping assistants to save time when purchasing products from overseas markets. Therefore, with knowledge of customers and an understanding of their needs and wants, the future revitalization of customization may be foreseeable (Porter, 2016, Bhasin, 2016, Waldmeir, 2016a, Hobbs, 2015).

Moreover, the behavioural approach does not provide a simultaneous and interactive way to engage consumers. Specifically, behaviourism considers the self only through its interaction with the outer world. Thus, an individual's inner self remains a black box (Baum, 2007). No structural approach has been identified by academics to access the individual's inner self (Foxall, 2015a, Foxall, 2014).

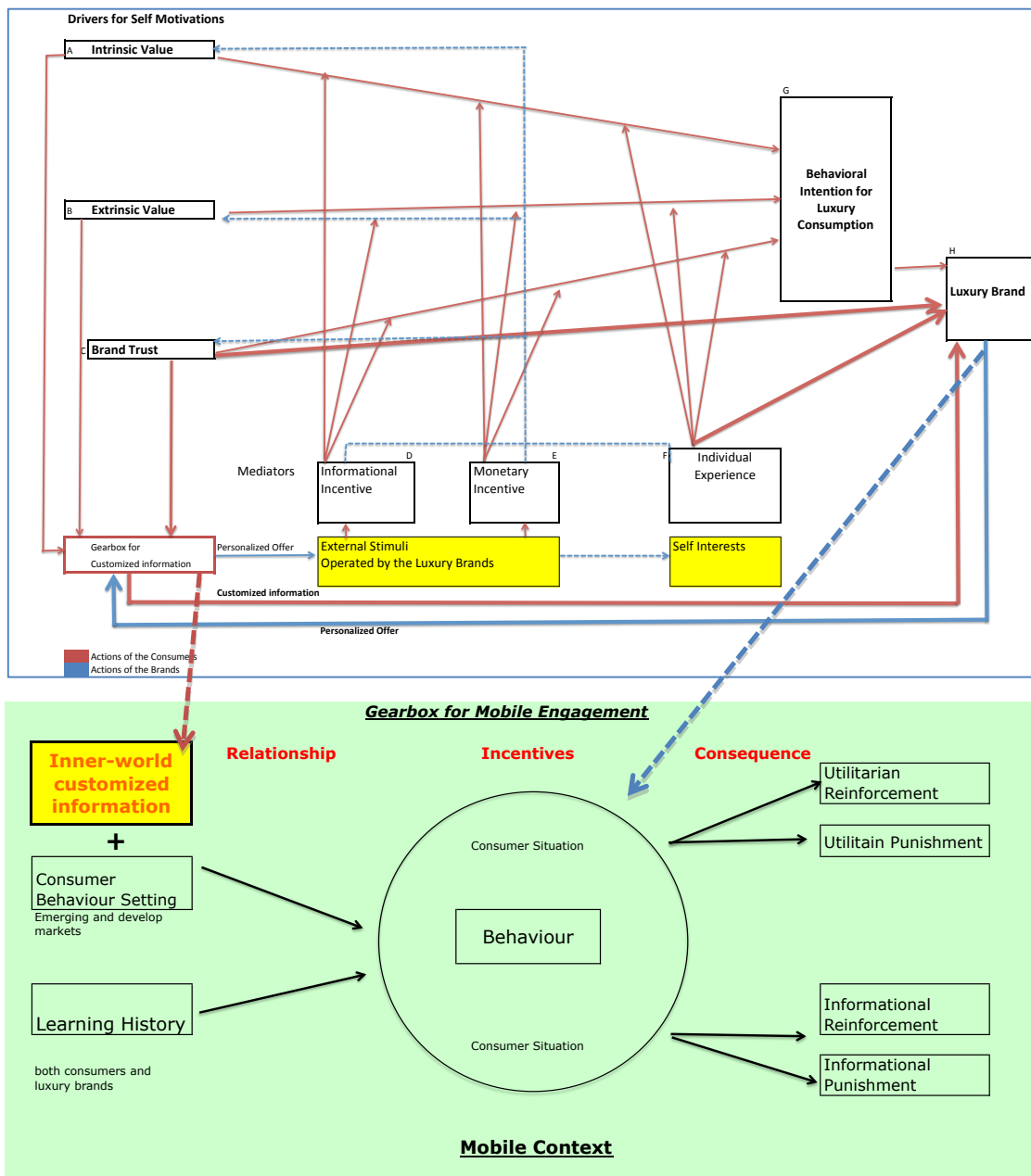


Figure 23 Integration of Gearbox of Exchange into BPM for Mobile Engagement Source: Author

The researcher argues that the Gearbox of Exchange integrates consumers and brands into a single context. In the traditional market context, the consumer may separate from the brand and production. Thus, the mobile device links the brand and consumer in a B2B context to share customized information. Every consumer has an individualized gear for luxury consumption; thus, it may not be feasible for brands to understand their customers by profiling demographic data. However,

through customized information, consumers elaborate their interest in how, when, where and when to gear up for consumption. More importantly, each individual has individualized intrinsic and extrinsic needs to fulfil. Brands eventually utilize customized information to respond with the right gear to match the personalized offer, i.e., B2C consumption. As a result, customized information integrates mutual interdependence into a B2B2C market, which indicates the motive of consumption prior to production.

Most importantly, the BPM offers a view that enables an evaluation of interventions with individual consumers. If reinforcement satisfies individuals' expectations, consumers enjoy both utilitarian and informational benefits. However, if reinforcement does not satisfy expectations, brands will be punished. The Gearbox of Exchange offers an interactive and simultaneous engagement; thus, brands and consumers adjust their expectations and narrow the gaps of their discrepancies. Thus, the rewards of errors for predictions will be enhanced. The matching process eventually provides customized production for consumers to enjoy. Thus, the Gearbox of Exchange integrates customized information and the matching process for individual consumers. In the absence of technological support, this has not previously been an option (Foxall, 2014, Foxall, 2010b, Hantula and Crowell, 2015, Foxall et al., 2010, Kubanek and Snyder, 2015, Baum, 1974, Killeen, 1972, Poling et al., 2011).

## 17. Limitations

The objective of this research project was to investigate how luxury brands manage the advancement of emerging interactive technology to engage their customers to expand into the virtual marketplace through a mobile context.

Through extensive quantitative studies, academics have identified the potential constructs that affect consumers' mobile acceptance. Moreover, access to mobile acceptance is difficult in the field of luxury consumption when both consumers and luxury brands are reluctant to act.

This research investigates how technological and service constructs may affect brands and consumers' ability to adopt mobile engagement. The existing studies regarding the self-concept involved in luxury consumption might be insufficient to understand the individual's intrinsic and extrinsic motivations. Moreover, for the mobile sector, a limited number of studies have investigated how the use of mobile technology can affect the behavioural outcomes of customer relationships (Sanakulov and Karjaluoto, 2015, Shaikh and Karjaluoto, 2015, Schultz and Jain, 2015, Kastanakis and Balabanis, 2014).

Because of the limited information available, a qualitative method was selected to conduct in-depth interviews to identify the determining factors that can influence the behavioural outcomes of luxury brand managers and consumers. Nevertheless, the researcher's participation in interviews can also lead to systematic bias. Therefore, a series of validity procedures has been adopted to ensure the quality of the data analysis for the findings.

Moreover, consumer-centric marketing needs to investigate the relationship between luxury brands and consumers. It is essential to develop interactions in the mobile context, especially in the area of mobile engagement. Thus, the combined

interests of the self-concept involved in luxury consumption and the needs involved in mobile engagement should be enhanced for the purpose of luxury brands' m-commerce.

## 17.1 Sample size and selection criteria

As a result of the limited information available for the study of mobile engagement with luxury consumption, a qualitative method was selected to conduct the in-depth interviews. The selection of interviewees was based on a non-probability sampling technique to invite individuals to both research interviews. The researcher was aware of the limitations of the non-probability sampling. However, no qualified resources are available to satisfy this study's expectations. Therefore, non-probability sampling offers the researcher the flexibility to select the right candidates for interviews. Because of the researcher's work relationships, he had the ability to invite luxury brand managers to participate. Most importantly, the brand managers agreed to the interviews being recorded and a transcript created for the data analysis. In return, the researcher ensured the anonymous nature of the comments.

### 17.1.1 Interviews with the luxury brand managers and future access to luxury-group CEOs

Nine interviews were successfully conducted with luxury brand managers; all interviewees have been working in the luxury industries for an extended time and have extensive knowledge of global luxury marketing. The interviewees originated from different working backgrounds, providing a comprehensive understanding of luxury markets. All interviewees were well-qualified executives with both practical and work experience in the luxury market.

The invitation process was the most difficult step. Personal relationships contributed to success in securing the interviews. Invitations sent without personal referrals were denied. More importantly, the findings from the 9 interviews have contributed

saturated views of the research questions. Therefore, no further interviews are required for data analysis.

Nevertheless, the findings indicated the existence of internal contradictions in the attitudes of luxury-group leaders and those of brand managers. Therefore, future studies would be more productive and constructive if senior luxury-group leaders were to join the discussion. These leaders are outspoken and have occasionally accepted invitations for interviews with the Financial Times and the New York Times (Ellison, 2015, Ellison, 2014, Gapper, 2015, Friedman, 2014a, Porter, 2016).

The researcher projects that the optimistic visions of luxury-conglomerate CEOs will have a critical impact on the development of mobile engagements for luxury consumption. Therefore, it is essential to solicit their input and contributions. The findings of this thesis strengthen the arguments for relationship building with individuals through the Gearbox of Exchange for relevance.

Furthermore, the findings provide future studies with a more informative background to use when inviting group leaders to participate once the concept of the Gearbox has been tested and verified. The potential grounding of the theory will benefit the development of the virtual market; thus, the leaders should be interested in participating in this new theory's actualization process.

#### 17.1.2 Interviews with consumers

Sixteen interviews were conducted for consumers. The selections were based on individuals' shopping experiences, backgrounds and personal relationships with the researcher. All consumers had shopping experiences in both developed and emerging markets. They also identified differences in shopping online versus at a traditional retail store. Most importantly, the interviewed consumers grew up in different places, including France, Australia, New Zealand, Taiwan, China, Hong Kong, Russia and the United Kingdom, and have been living in emerging markets

such as Beijing, Shanghai, Dubai and Moscow for a relatively long period of time. Therefore, their personal experiences and backgrounds facilitate the data analysis and triangulation from different perspectives.

Moreover, the discussion of luxury consumption involves both privacy and many individual choices. Therefore, the trust between the interviewees and the researcher was essential. Without a strong personal relationship, the interviewees would not share their deep personal views about their families, friends and businesses. A trust relationship is particularly essential to the interviewees who grew up behind the Iron Curtain in countries such as Russia and China. Nevertheless, the researcher encountered several refusals in Dubai as the result of the recording machine. Several appointments were lined up with local residents; however, the interviews could not be pursued because of the need to record. Therefore, the study could not access local consumers in Dubai. Because of this cultural obstacle, the interviews do not permit the triangulation of the personal views of super-rich Arabs.

All interviews were face-to-face, with the exception of a single interview that was conducted via Skype video. In terms of the locations, in addition to the researcher's hometown of Hong Kong, interviews were conducted in Shanghai, Moscow, Dubai and Paris to comport with the interviewees' schedules. More importantly, the interviews were conducted in a relaxed environment and thus, the respondents could freely and interactively elaborate their views.

In addition, personal access interactively enhanced the discussions through body language, facial expressions and eye contact. The researcher clarified the study's intentions and eliminated potential bias caused by language and cultural barriers.



## 17.2 Measures of collected and self-reported data

The data were collected from interviews; thus, the interpretation of the findings may depend on the researcher's ability to digest, organize and analyse the gathered data. Because of the study's non-structured approach to interpretation, bias may have occurred even though the researcher attempted to triangulate the data on the different views. This bias exists within the research and might be incongruent with data from other sources.

For example, luxury brands perceived participation in digital marketing as a way to avoid lagging behind the innovative process. However, with respect to the data obtained from interviews at other events, one luxury-group leader took decisive action to develop e-commerce. Brand managers perceived that design was the temple; however, Gucci's new designer was attempting to transform design from serving fashion trends to adopting a consumer-centric approach.

Thus, contradictory views were present in the data analysis. One individual's fear represented another individual's opportunity. For example, the fear of losing consumer trust indicated that luxury brands have previously built trust with consumers. This might be why brands with a low brand value and trust may have nothing to worry about with respect to invading consumers' privacy through mobile access.

Trust is the DNA of the luxury brand. Thus, consumers responded optimistically, accepting messages from luxury brands because of their brand trust.

### 17.3 Constraints on the generalizability of the Gearbox

The current model of the concept of the Gearbox of Exchange is likely the most tentative and requires additional investigation to verify its accuracy, academic vigour and practical relevance.

The primary assumption of the Gearbox of Exchange is that luxury brands should have the ability both to operate the Gearbox using customized information and to match the gear with a relevant offer for an individual. Nevertheless, the Gearbox is generalized to all products.

Consumers' willingness to participate in the value exchange process and open the black box of their inner states may be presumed as a result of their provision of customized information to luxury brands. To date, however, standardized and quantified methods of determining the value of exchange have not been developed and established. Thus, more hypothetical discussions may drive the justification of operationalizing the theory for practical use.

More importantly, without trust, the Gearbox is not operative. Moreover, it is difficult to quantify the trust that exists between individuals. The positive consequence of this engagement can be understood in the context of the enjoyment of hedonic reinforcements. However, the negative consequences of providing customized information can damage consumers' personal interests. Thus, trust should be the cornerstone of future mobile engagements.

The concept of the Gearbox also assumes that luxury brands should offer relevant personalized incentives in exchange for customized information. Nevertheless, luxury brands have demonstrated a clear signal that incentives might not be appropriate marketing options for luxury marketing. The researcher does not question the traditional value of luxury. However, consumers expressed their opinions on the receipt of incentives from brands, and brands should listen. The brand managers perceived that design was the temple, and everyone should follow.

Thus, the justification of incentives as instruments to motivate consumers is the key limitation (Bolderdijk and Steg, 2015, Liu and Shih, 2014, Restuccia et al., 2015, Alba et al., 1997, Yamabe et al., 2009).

For the relevance of applications, Gearbox's function does not generalize to all market sectors. Each industry has unique propositions for engaging with its customers. All situations may be unique; thus, the concept is not generalized to apply without adaptation.

Moreover, the Gearbox aims to gear up an individual and applies to individualization. It covers the weakness of traditional studies with cultural and demographic issues that may not satisfy the needs of understanding individual consumers. Moreover, studies of individuals' self-concepts for luxury consumption are beginning to receive attention. More research may be necessary to justify the concept and validate the Gearbox's efficiency and effectiveness (Rocereto et al., 2015, Gil et al., 2012, Liu et al., 2012, Tsai et al., 2015, Millan and Reynolds, 2011, Truong and McColl, 2011, Schultz and Jain, 2015, Wiedmann et al., 2013).

As discussed, academics have considered conspiracy theories to assign the causes and motives for the study of consumer behaviours through situational analyses. Furthermore, an understanding of an individual's inner state is equally important, and a new set of theories should be developed to assign the causes of and motivations for consumption.

#### **17.4 Applications for practice and utility of findings**

The model provides an opportunity for luxury brands both to interact with consumers in the mobile context and to predict the consequences. Because of its interactive abilities, the Gearbox provides a systematic and cyclical process for both parties to adopt an exchange value. The Gearbox would treat both the consumer and the luxury brand as active subjects participating in the exchange process.

Therefore, the Gearbox can provide a secure environment for both parties, although not for the content.

If the exchange concept is adopted, paring and priority is the limitation of the concept of the Gearbox of exchange. Within the engine room, it is the brand manager's duty to develop a strategic method to satisfy individuals' expectations. In the event of mismatching, consumers do not receive what they were expecting; thus, the punishment may be decreased brand value. If the content is not consistent with privilege and individualization, consumers may also be upset. Therefore, managers' optimistic attitudes alleviate the Gearbox's limitations.

The researcher argues that luxury brands have the resources to implement individualization through the virtual mobile context. The success of that implementation transforms a brand's media strategies from mass to micro marketing.

To develop the mobile context, brands employ additional staff, creating job opportunities. Moreover, luxury brands have expressed a preference to control everything in-house. Thus, they should be able to develop an independent work force to internally manage the interface with operation teams to serve customers externally.

Nevertheless, consumers receive a huge amount of information in their daily lives. It is a challenge for the consumer to incorporate an additional interactive platform for luxury consumption. Therefore, the future design of the Gearbox should be a user-friendly programme for adoption by consumers. The programme may also have the flexibility to extend into other consumption areas, such as wine, travelling, and dining. If the Gearbox is integrated into an individual's lifestyle device, marketers can share information and collaborate to provide a one-stop-shopping service for that individual.

More importantly, marketers can decide how to provide personalized service to an engaged consumer. Offers are presented through the software using a machine-driven approach or through human service. The Gearbox does not limit the software's interface and is an integration of all the markets' available interfaces.

In addition, it is not assumed that all individuals have the literacy to manage the input of customized information and simultaneously and interactively respond to the output of personal offers. Consumers of different demographic backgrounds may have different abilities to command their inputs. Therefore, luxury brands should develop options for languages, graphics and voice interfaces to select for the operation of the Gearbox.

### **17.5 Looking forward**

In the era of mass marketing, marketers have attempted to identify consumers' rhythms to understand individuals' daily logistics. For that reason, their media plans are structured to maximize the returns on their media investments.

For that reason, the Gearbox can provide an opportunity for micro marketing to penetrate daily life through a mobile device that has been attached to an individual. Thus, consumers own their Gearbox and integrate their different needs with different gears to satisfy their expectations.

Furthermore, brands may interact with individual customers using Gearbox interfaces to match their needs and individualized gears for consumption.

Thus, if the Gearbox is justified and verified to develop towards generalization, individualization and customization, the next phase of the process may be to develop relevancy to match individuals' various gears and prioritize the choices between consumers and brands.

For future work, the successful evolution of technology depends on an application's relevance, simplicity and humanity. A new social system should be developed for the mobile context and the outcomes of engagement should enhance individuals' quality of life.

## 18. Academic implications

### 18.1 Opening the black box of the inner self for behaviourism

The concept of the Gearbox of Exchange bridges the gaps to access an individual's inner self in a simultaneous, interactive and timely manner through mobile access.

Academia can provide oversight of the study of self-concept for luxury consumption and the adoption of technology. Academics may have made efforts regarding the attitudinal approach to understanding consumers; however, although such an approach can predict an individual's behaviour in a one-off event, it cannot sustain its prediction for repeat behaviours. Behaviourism considers consumers only in their interaction with the outer world. Therefore, the two approaches do not provide a comprehensive understanding of an individual without accessing knowledge of his or her inner state (Schultz and Jain, 2015, Baum, 2007, Foxall, 1986a, Ajzen and Fishbein, 1977, Ajzen and Fishbein, 1970).

These methods do not access the individual's inner self; thus, it may not be feasible to determine the implications of individualization and customization. Moreover, knowledge of the importance of individualization and customization based on a person's self-concept would have no meaning because academics would be unable to verify that knowledge in practice. The need to access an individual's inner self has been debated for an extended period of time and no structural approach has been successfully developed to access the individual in a replicable manner. Therefore, from the perspective of logical positivism, no systematic and cyclical method interacts and verifies knowledge of an individual's inner self, and observations alone are meaningless.

Therefore, the concept of the Gearbox was developed to bridge the gap between the individual and the brand. Previously, when the market was small, the customer and the brand would interact in person, individually. Currently, the market is

transforming into a global mega market. Physical one-on-one engagement is infeasible to pursue.

## 18.2 The new exchange value system for the mobile context

Interactive mobile technology bridges the connection gap; however, connectivity might be insufficient to create an exchange process for individualization and customization. The Internet is not a mere thing and should represent a social system for the integration of resources. Thus, the mobile context might not be appropriate for only an anytime, anywhere connection with an individual; it is a new virtual context and should require a new social system to operate. Therefore, the concept of the Gearbox operates with the concept of the dual value system. The mutual value of an exchange justifies the participation of both consumers and brands in the new social system (Kolođlugil, 2015).

When applying Marx's exchange theory to mobile engagement, the exchange should have two values. The first value of the exchange is for consumers to justify granting mobile access on a conditional basis to compensate for their financial cost. With respect to the second value of the exchange, consumers should receive personal service in exchange for providing customized information to balance the social cost. Therefore, from the perspective of self-control, an individual's customized information interacts with brands in exchange for personal service. The value of the exchange process between two subjects is not meaningless (Marx, 1992b, Sixel, 1995, Marx, 1973).

Thus, the Gearbox concept integrates an individual's interests to share with the marketer. The exchange of customized information would result in the provision of personal services.

Thus, brands can visualize individual expectations related to what, how, when and where the consumer would like to consume.



More importantly, the mobile device has been attached to the consumer and the information flow is performed on an interactive, simultaneous, and timely basis. In this regard, the Gearbox of Exchange responds to concerns about the timing of the BMP for behaviourism; those concerns are not meaningless (Baum, 2007, Foxall, 1986a).

Based on their brand trust, consumers engage in the exchange process. Consumers are remunerated for sharing customized information in exchange for personalized service. Reciprocally, the luxury brand utilizes consumers' resources to individually match their choices. Therefore, the Gearbox of Exchange makes a significant contribution to knowledge of individualization and customization.

Thanks to emerging technology, the interactive function of mobile devices transforms consumers from passive recipients of marketing information to active participants in the sharing process. The value of the exchange is relevant to both parties (B2B) and the mutual interdependence of consumption is sustainable (B2C). The function of the Gearbox of Exchange may permit replication and generalization through the B2B2C context.

From the perspective of the ongoing and cyclical mechanism, the knowledge generated from the Gearbox's exchange process is not meaningless because that information should be interactively and individually relevant to both the buyer and the seller. Based on trust, a mutual interdependence between the buyer and seller can also be established, and the interactive engagement can co-create value between the two interactive participants.

From the perspective of the BMP, brand managers are the drivers who steer the Gearbox towards individualization and customization.

Therefore, the Gearbox of Exchange integrates knowledge from various perspectives to create a new social system for the mobile context. Consumers and brands

ultimately integrate their relationship into all market contexts, including virtual (online and mobile) and traditional land-based retail contexts.

When consumers individually and simultaneously interact with brands in the virtual context, mass marketing is transformed into micro marketing through relationship marketing. Thus, mass-marketing purchase transactions are also transformed into relationship-driven consumption.

### **18.3 Contributions to integrate academic knowledge into the mobile social system**

The concept of the Gearbox of Exchange is developed for the mobile context of the future. When the concept is generalized and operationalized, it may significantly contribute the following academic perspectives:

- Access to an individual's inner self and outer self in the study of behaviourism will satisfy the criteria of logical positivism. Knowledge of the scientific study of behaviourism is not meaningless.
- The customer relationship is transformed from mass marketing to relationship marketing through individualization for B2B2C.
- Customization and individualization are revitalized through the exchange of value of the Gearbox for the virtual context.
- There is new knowledge to understand consumption needs based on the self-concept to enhance existing conspiracy theories that have been adopted by marketers. This knowledge explains individualized motivations for consumption. Thus, luxury brands utilize customized information to prepare different gears that match needs with personalized offers.
- Online, mobile and land-based retail markets are integrated to individually serve customers.
- A new theory is grounded; that theory relates to the motivation for engaging in consumption prior to production.

## 19. Managerial implications

The objectives of the study were to investigate how luxury brands emigrate to the digital world and utilize the mobile context to engage customers for the purposes of individualization and customization.

The key findings indicated that luxury brands and consumers have different perceptions of mobile engagements. Without the proper approach to obtaining permission from consumers, brands fear the loss of brand value and trust in the mobile context. However, consumers may positively perceive engagement with luxury brands and would be willing to share their customized information with luxury brands in exchange for personalized service. Therefore, the Gearbox of Exchange significantly contributes to the integration of the consumer and brand's self-interest in an individual, interactive and simultaneous manner. Thus, the Gearbox revitalizes the consumer-brand relationship to facilitate individualization and customization. The mobile context not only allows for connection but also requires a new social system for its interactive functions to operate.

Luxury brand managers should pay attention to the new parameters of the customer relationship for mutual interdependence. Luxury brands' strict culture of control may require the development of individualized infrastructures, such as designated staff for digital marketing, to meet new challenges.

### 19.1 The new customer relationship for future marketing with the new middle classes

Advanced technology may change more than the demand and supply proposition in the virtual context. Individualization may also transform and enhance brands' interactive relationships with consumers.

Industrialization created mass production to serve consumer relationships. Thus, machines have replaced humans, implementing mass production to satisfy global demand. Mass production transformed skilled labourers into machine operators. For consumption that is driven by mass production, human service providers do not have a direct relationship with customers; thus, managers adopted mass marketing to reach consumers. Human interactions with mutual interdependence are available exclusively to the super-rich who can afford to consume (Chadha and Husband, 2010).

Because of mass production, consumption choices have become homogenous. When consumers' mass-market purchasing power was underdeveloped, their consumption needs were exclusively to satisfy basic needs such as maintenance and accumulations. Thus, standard, homogenous products feed global demand. The efficient and effective use of machines provides better returns on investment.

However, when the knowledge of lifestyle and purchasing abilities improved, the demands of emerging-market consumers changes the landscape of consumption. A predicted 3 billion individuals will be in the middle classes by 2030; thus, the middle classes aspire to better education and a better quality of life. Such consumers might not be satisfied with standardization and prefer to establish their own personal styles. The demand for quality service will increase and the demand for standardized homogenous products might diminish. The ECCA has predicted that increased future demand for luxury products will create more job opportunities in the European labour market. In 2020, approximately 2.2 million individuals will be employed in luxury production, an increase from 1 million workers in 2010 (ECCIA, 2013, ECCIA, 2012, Schultz and Jain, 2015, *The Economist*, 2014b).

In the era of digitalization, relationships between consumers and brands build on interdependence for service-oriented consumption. Software replaces humans to serve customers in the virtual space. Interactive functions also implicate issues of privacy, security and relevance that managers must address (Kapferer and Laurent,

2016, Eastin et al., 2016, Jai and King, 2015, Weber, 2015, Sundar and Marathe, 2010, Okazaki et al., 2009).

For that reason, the Gearbox of Exchange enhances the interactions between consumers and marketers in the virtual space. The Gearbox will ultimately enhance digitalization to transform consumption prior to production for customization. Humans and software will collaborate with the machine to serve customers. Therefore, managers should strengthen their ability to implement individualization and customization in the virtual context. Additional training for humans and restructuring of the infrastructure should be required to provide individualized service (Gartner, 2013, Gartner, 2014).

More importantly, as a result of decentralized operations, there is an increased demand for localized services to communities through information technology. Thus, software might not be able to serve the entire individualization process and the human touch contributes to the final steps to justify individualization and customization for an individual customer. For example, consumers receive personal service from brands through the Gearbox of Exchange. For luxury products, individuals consume personal service in their selected retail context for experiencing consumption (Lawry and Choi, 2016, Hobbs, 2015).

Based on the Gearbox, brands and consumers should operate the system together. Therefore, demand for skilled operators for the information system should increase. Customized information might require new resources to analyse, respond to and match choices. Commercialization of the Gearbox will enhance managers' ability to handle individual contextualization. Efficient and effective matching will enhance brands' ability to satisfy individual consumers' expectations.

In the era of interactive mobile enhancement, each consumer will own his or her mobile Gearbox to interact with an individual service provider. Thus, the demand for individualized services should increase. To actualize this customized demand,

marketers can choose to utilize computers, humans, or an integrated interface to interact with consumers during service delivery.

A software-driven interface might match the complicated expectations arising from an individual's self-concept. Moreover, without software support, human service providers alone cannot cope with the massive demands of individuals from the mass markets. Therefore, the need to develop integrated interfaces to serve individuals is predicted. Matching and choice through software should narrow managers' priorities. Nevertheless, in the field of luxury consumption, brand managers should make personal inputs to adjust, communicate and discuss their final selections with consumers to satisfy their expectations.

From the behavioural perspective, the right matching enhances hedonic consumption. However, incorrect matching may lead to punishment. Thus, the cost of a mistake is too high for luxury brands to bear.

Eventually, in the era of interactivity, humans might revitalize personal service to replace machines in the field of mass production. Thus, another round of evolution could elevate personal service to work with machines to serve individuals after matching those individuals' customized demands.

Most importantly, the struggle related to uncertainties might be normal. Luxury brands have been transforming from local stores into global conglomerates through technological developments involving both industrialization and globalization. The adoption of digital marketing is just another challenge for luxury brands. Therefore, brand managers should prepare to use an information system that adopts a technological and human resources perspective. Thus, the Gearbox of Exchange will become the junction at which supply and demand are channelled and matched.

## 19.2 The new social system for new challenges

The mobile context needs a new social system to operate and managers should expect to face the following new internal and external challenges:

1. Knowledge must be developed to operate the Gearbox. In the future, consumers will become more knowledgeable about their consumption-related choices and rights. They mix and match to best suit their intrinsic and extrinsic needs based on their individualized shopping experiences.
2. More human services should be involved in the adjustment to satisfying individual expectations. Luxury brand outlets have provided intensive training for their front-line salespeople to greet individual customers (especially those who are super-rich and elite) in traditional retail stores. The integrated market context of the future will require additional trained staff to manage increases demands from virtual engagements.
3. A new logistics system should be developed for an integrated distribution system that can serve customers in an online, mobile and traditional retail context.
4. Managers should acquire new knowledge to comprehend the value of an incentive to engage customers in the mobile context. In the future, it might not be sufficient to protect only brand value and consumers' trust. The relevant exchange value will bridge social and monetary barriers and bring consumers into the mobile context for consumption.

The generalization of the Gearbox will create virtual interfaces for brands to engage more customers. When the Gearbox is commercialized, its applications can help consumers penetrate various service sectors as their extended selves in the digital world. Thus, consumers will manage their individualized Gearbox to simultaneously and interactively interact with various service providers. The Gearbox will enhance digitalization to transform retail marketing.

## 20. Conclusions

The concept of the Gearbox of Exchange attempts to access an individual's inner self through interactive mobile access. Successful access may fill the unknown black box of behavioural analysis from the perspective of radical behaviourism. More importantly, the data directly generated from consumers are both analytic and verifiable, and that knowledge is not meaningless. Thus, the Gearbox of Exchange creates an opportunity for brands to know their customers and understand individuals' needs and wants. Through Gearbox's interactive exchange process, luxury brands match the different gears of individuals' needs. Thus, the Gearbox's customized information can fill the gap to allow for an understanding of an individual's inner state; behaviourism will be more than a mere philosophy and will be a science.

Consumers control their virtual engagements; thus, they adopt various applications to match their individual needs and wants. Importantly, a mobile device is not only a method of connectivity but also an interface to interact with the digital world. For that reason, interactive mobile technology rewrites the rules of engagement and transforms the role of consumers to one of participating in the process of production for consumption. Therefore, the future adoption of technology should penetrate black-box areas about how to know customers and understand their individual needs and wants.

The concept of the Gearbox of Exchange offers a virtual platform for consumers and marketers to share their interests and exchange value for engagement. Interactive participation facilitates an understanding of consumers. Thus, it generates a relevant incentive to match an individual's interests. Because of this relevance, the interactive ability of mobile devices offers marketers the ability to transform traditional marketing campaigns from the 4Ps into relationship marketing for individuals. Marketers will ultimately predict individuals' needs and match their self-interests and self-experiences to satisfy their expectations.



More importantly, there are no standardized regulatory controls in the virtual world. Therefore, protection is undeveloped in the virtual context. For that reason, before institutional support is provided, consumers and marketers should collaborate to establish a co-operative and secure system to share information that will facilitate the enjoyment of interactive engagement in a safe cyber environment.

Furthermore, consumers do not grant unconditional acceptance and access to marketers. Unconditional access will only result in excessive and irrelevant messages being sent to consumers. Therefore, the exchange process should facilitate a mutual understanding between consumers and marketers. Thanks to the exchange process, the relevant incentive will be the change agent that motivates engagement and accelerates acceptance. Under any circumstances, brand trust remains the cornerstone for consumers to consider. Thus, the research findings from the consumer interviews indicated that consumers were willing to allow trusted luxury brands to engage in exchange for informational and monetary incentives.

However, the findings of the interviews with luxury brand managers revealed disapproval of the concept of incentives to consume luxuries. The key argument was that such incentives would trigger consumers to associate monetary value with the consumption of luxury products.

The researcher argues that luxury brands have offered discounts during off-season sales, and middle-class consumers have adapted to this shopping environment. However, Louis Vuitton and Chanel do not participate in regular sales because they have no problem clearing their inventory. Ironically, consumers do not discriminate against Louis Vuitton and Chanel for not offering sales; rather, they stick close to those brands.

In this event, an incentive is an instrument for developing mutual interdependence between a brand and an individual. Customized information should be the compass for brands to justify both customization and personalization.

Luxury brands have experienced various market-expansion processes such as machinery-driven industrialization and trade-driven globalization. Successful transformation has changed luxury brands from local stores into global enterprises. Technology advancement would constitute another transformation process for luxury brands, which must adopt a trading-down strategy to match the trading-up demands of the middle classes. Thus, the next task for luxury brands is to develop and sustain demand from the massive middle classes in emerging economies with the help of technological advances. Therefore, extension into emerging markets and the adoption of mobile technology may represent other challenges for luxury brands.

The future is always uncertain, and the challenge of mobile engagement provides an opportunity to better collaborate with consumers. Therefore, the rewards of the challenge will be reflected in their market shares and profitability. Thus, the Gearbox of Exchange is designed to adapt to virtual mobile operation. It would enhance the exchange and collaboration between consumers and luxury brands. It would shorten the time for diffusion and speed up the adoption of mobile technology. Thus, the knowledge generated from the ongoing cyclical and systematic exchange process is not meaningless.

However, matching between choices remains the key to implementation. Correct matching would reinforce the choice to consume. In the event of incorrect matching, brands may be punished. Therefore, mobile technology can rewrite the relationships between consumption, production and competition.

Furthermore, the concept of a dual-value exchange process integrates the relationship between marketers and consumers in a new virtual consumption context through the Gearbox of Exchange. The first exchange process would build the B2B relationship between consumers and brands. The second exchange process might enable brands to provide personalized service to realize the consumption in a

B2C relationship. With collaborations between consumers and brands, the mobile engagement would integrate into a B2B2C mutual interdependent relationship.

Thus, the Gearbox of Exchange fulfills the linkage function to integrate communications between individual consumers and brands. The genuine virtual relationship should build on mutual interdependence similar to a brand's relationship with super-rich consumers in the traditional, land-based retail context. Therefore, luxury brands should develop a new mutual interdependence with the mass-market middle class in cyber spaces. Nevertheless, virtual engagements will establish a mutual interdependence with consumers and this solid, bonded relationship provides brands with immunity from competitions. Moreover, the operation of the Gearbox of Exchange does not generate conflicts with super-rich consumers, who do not bother to participate in the virtual context when they are enjoying genuinely personal service in traditional outlets.

With respect to implementation, the Gearbox concept needs to develop a new infrastructure to operate. The interactive transformation process involves various implementation phases; thus, it is essential to organize a pilot study to verify the concept of commercializing applications. To obtain funding for the pilot study, the researcher will selectively invite luxury brands, software companies and social networks to participate.

More importantly, the concept of the Gearbox should not be limited to luxury brands. The Gearbox is generalized to match various gears of daily life. Based on the infrastructure of the Gearbox, consumers will organize their individualized interests and control the interfaces with different brands. Thus, the individualized Gearbox will integrate mutual interests related to various sectors into simultaneous executions. For example, the Gearbox would enable personal concierges to manage an individual's interests and abilities, including travelling, shopping and finances, to control their choices and match their intrinsic needs and social life.

The grounded theory would ultimately be verified to develop a new social system through the motive of consumption prior to production. Additional research would justify the knowledge of the Gearbox of Exchange. These findings are verified and examined to generalize the applications.

Interactive mobile technology may not be used exclusively for connectivity; it will also provide virtual customization for relevance, simplicity and humanity to develop relationships with individuals to improve their quality of life.

## 20.1 Recommendations

The virtual environment of online facilities has a demonstrated ability to generate organic results, and those results are quantified to enhance consumers' choices related to consumption. Nevertheless, interactive mobile technology can further improve communications to enable consumers and brands to participate directly in the process of production for consumption. Thus, a new social system should be developed for this new virtual marketing. The grounding of the Gearbox of Exchange theory may involve studies from various perspectives:

### The Policy-making Process

The Gearbox of Exchange is designed to regulate the interests of consumers and marketers. Well-structured regulatory controls in virtual contexts remain under-developed. Because of the existence of conflicts of interest, the United States, European countries and Asian countries exhibit different attitudes towards control of the Internet. The scope of those controls varies, and there is not yet a globally standardized and systematic approach. Consumers must select reliable Internet operators that they trust until the rules and regulations that govern the Internet take effect.

Thus, the trust relationship remains essential for luxury brands in pursuit of digitalization by developing mutual interdependence to compensate for the weak supports of rules and regulations.

### Practitioners

Interactive mobile devices are attached to consumers; thus, consumers utilize select and control their choices based on their own self-interest. Interactive mobile technology represents an opportunity to communicate with individuals' inner states. Brand managers should adopt the self-concept approach to identify individuals' inner-state variables. Understanding an individual's interests will accelerate the transformation from 4Ps-based traditional marketing to personalized relationship marketing.

More importantly, luxury-group leaders have also commenced developing e-commerce through online stores. Therefore, the market extension towards m-commerce through mobile devices for personalized consumption is only a matter of time. It will not take long for luxury-group leaders to realize the power of virtual customization for new customers in emerging economies. Managers should establish digital marketing as a part of their media plan and educate not only their consumers but also their internal operation teams to utilize virtual spaces for virtual engagements.

#### Recommendations for future research studies

The following recommendations are offered for related research to verify the operationalization of the Gearbox of Exchange in various disciplines:

1. The fundamental interest of the Gearbox is based on the exchange value of the individual's grant of conditional consent for luxury brand engagement. The costs of interactive engagements should be borne by brands, not by consumers. Nevertheless, the relevance of an incentive will affect consumers' willingness to participate in such exchanges. Therefore, more and deeper knowledge related to individuals' self-interests should be investigated.
2. The Gearbox is designed to gear up consumers and brands in a B2B2C relationship. Conflicting attitudes related to optimism about and fear of mobile operation affect the parties' commitment. Furthermore, there is a dearth of studies regarding consumers' self-interest and the impacts of luxury brands on consumer purchasing and the consumption process. Therefore, additional studies should identify variables to justify luxury brands' adoption of mobile technology to develop relationships with new customers for the purposes of customization and individualization.
3. The creation of the Gearbox of Exchange is primarily based on the availability of interactive mobile technology, which was not previously available. Thus, research findings on the adoption of mobile technology

would significantly contribute to the Gearbox's future operationalization. However, most studies have been based on quantitative approaches to investigating consumers' technological adoptions. Quantitative methodology may enable only a limited interactive opportunity with respondents; thus, a qualitative approach would offer more interactive environments to discuss, investigate and evaluate expectations related to interactive functions.

4. The generalization of the Gearbox should not be limited to luxury consumption and it applies to matching in an individual's daily life. The cyber context lacks systematic and authoritative protection for consumers; thus, an individualized Gearbox may create a partition that prevents unauthorized access and builds a secure environment for consumers and brands to pursue information exchange. The security of the mobile context is developed based either on collaborations between brands and consumers or on regulatory controls. The Gearbox can operate to serve individuals' self-interest. From this perspective, the Gearbox of Exchange represents an individualized social system for consumers and brands to enjoy mobile, virtual marketplaces.
5. The concept of the Gearbox of Exchange may evolve communications with an individual's inner self. It should develop additional research from the perspective of behaviourism to confirm that any new knowledge is both analytic and verifiable. Thus, behaviourism is more than a philosophy; it is a science.
6. When digitalization rewrites our way of life, it transforms marketing functions from mass marketing towards individualized relationship marketing. Therefore, academics should evaluate how digital marketing eventually affects labour markets. Technology creates interfaces to interact with consumers and rewrite the relationship between consumption and production. Finally, humans should be involved in technological evolutions to serve individual customers. Thus, job opportunities will be created to assure the quality of services because more skilled labour will be employed to satisfy customized demands. Humans will work with (not for) machines to provide consumption-driven production. Through this evolution, quality of life will be improved. Future studies may focus on the planning and

relocation of resources to stimulate the individual to engage in consumption prior to production. Therefore, these studies are not meaningless; they are worth pursuing.



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