



Consumer Purchase Behaviour in the Luxury Beauty Industry

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Abstract

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<p>This bachelor's thesis was a study conducted for the Degree Programme International Business with a major in Customer Relationship management and Communication. The study aimed to examine the consumer purchase behaviour in the luxury beauty industry along with what factors affect consumers to purchase luxury beauty products. The study specifically had a focus on how generational differences influence the decision of a consumer to purchase a luxury beauty product.</p> <p>The thesis included the theoretical section and the empirical section. For the theoretical section, the first topic covered the role of luxury beauty and studied luxury marketing from different perspectives, continuing with studying the consumer purchase behaviour and the theories related to the subject. The study specifically researched consumer purchase behaviour with investigating the essential qualities of a luxury beauty product. Lastly, the research focused on studying the generational differences of consumer purchase behaviour in the luxury beauty industry, and the two generations studied were the Baby Boomer generation and Generation Z. These two then compared to each other in the study in terms of consumer purchase behaviour.</p> <p>The thesis included both primary and secondary research to fully understand the consumer purchase behaviour in the luxury beauty industry. Secondary data included various theories, models, and concepts which were found through e-books, books, academic articles, and journals. The primary research was done by using a qualitative research method of conducting 12 interviews with consumers of luxury beauty from around the world. There was an equal number of respondents from both generations studied. The qualitative research method gave the thesis valuable insights on consumer behaviour in the luxury beauty industry as the right target group was chosen.</p> <p>The findings were analysed, and the outcomes of the thesis offered beneficial knowledge of the consumer purchase behaviour in the luxury beauty industry, with an insight on how the purchase behaviour differs between the Baby Boomer generation and Generation Z. The research showed that both generations experience the purchase of a luxury product in different ways. The Baby Boomer generation is a generation of loyalty towards luxury beauty brands. Social media does not influence their purchase decision and they value the experience of good customer service and an overall in-store experience. On the contrary, Generation Z is a generation of diversity and multiculturalism. It is important for the generation that product quality goes along with the price of the product, and brand image plays a big role in the purchasing decision. For Generation Z, social media is the biggest influencer in the decision-making process of whether to buy a luxury beauty product or not. As a strong brand image is important for Generation Z, they are not as loyal to specific brands and may try out new brands recurrently.</p>
Key words Consumer behaviour, luxury beauty, luxury marketing, social media, generational differences

Table of contents

1	Introduction.....	1
1.1	Background to the topic.....	1
1.2	Research question and Investigative Questions.....	2
1.3	Demarcation.....	3
1.4	International aspect	4
1.5	Benefits	4
1.6	Definitions of Key Concepts	5
2	Consumer purchase behaviour in the luxury beauty industry	6
2.1	The Role of Luxury Beauty	7
2.1.1	Luxury Marketing.....	8
2.1.2	Consumer culture.....	12
2.1.3	Brand image	12
2.2	Consumer purchase behaviour	16
2.2.1	Consumer Behaviour theories	17
2.2.2	Purchasing Decision towards Luxury Beauty products.....	18
2.2.3	Essential qualities of a Luxury Beauty product	20
2.3	Generational differences.....	22
2.3.1	The Baby Boomer generation.....	22
2.3.2	Generation Z	23
2.3.3	Impact of social media	23
3	Research Methods	25
3.1	Research design.....	25
3.2	Sampling	26
3.3	Data collection method	27
3.4	Data Analysis method.....	27
3.5	Reliability and Relevance	29
4	Data and results	30
4.1	Important factors of a luxury beauty product.....	30
4.2	The impact of social media in the consumer purchase decision process	32
4.3	Generational differences in the purchase decision process of a luxury beauty product....	35
5	Conclusion.....	37
5.1	Key findings	37
5.1.1	IQ 1.....	37
5.1.2	IQ 2.....	39
5.1.3	IQ 3.....	40

5.2	Recommendations for Future Research	41
5.3	Reliability and Relevance	41
5.4	Reflection on Learning.....	42
	References.....	44
	Appendices	47
	Appendix 1. Interview questions	47

1 Introduction

This is a research-based bachelor's thesis for the Degree Programme in International business written for the major specialization of Customer Relationship Management and Communication in Haaga-Helia University of Applied Sciences. This research will investigate the consumer purchase behaviour in the luxury beauty industry. The aim of the research is to comprehend the buying pattern of consumers' purchasing luxury beauty products and to understand the changing environment in the beauty industry. To study this, an effort is made to understand the various elements that affect and persuade consumers' purchasing decisions through primary and secondary research. The research includes generational differences, customer loyalty, the rise of social media, and brand image. Following the introduction, the reader will get an insight on the thesis topic as well as the investigative questions, the demarcation, international aspects, and the benefits of the research. Lastly, the key concepts of the research will be presented.

1.1 Background to the topic

The beauty standards have changed over the decades in a fast phase. There have been various leading brands and different beauty trends over the past years. Beauty is a multi-billion-dollar global industry, and its popularity has continued to grow rapidly. In the beauty industry, the luxury beauty section has had a hold on many consumers over the years, especially the older generation, referred to as the Baby Boomer generation. Due to the competitive environment and evolving businesses, the customers' desire and the power of the merchants are greatly increasing in the modern world. For manufacturers to survive and succeed, a long-term, loyal relationship with their customers is essential. (Tungate 2011, 161-170.)

Over the years, the beauty industry has grown and is today crowded with millions of brands for the consumer to choose from. Different generations look at beauty brands from different perspectives, and while older generations might favour a luxury beauty brand over a budget friendly beauty brand, it is quite often the opposite for younger generations. Luxury beauty brands have a high chance to tilt the balances back in favour of luxury products inside different generations. Nevertheless, this requires transformative innovation. The luxury market has had a challenging time adjusting to the new paradigm, especially with the rise of social media. Luxury today is less about exclusivity, status, and brand names like it was before, and more about openness, sincerity, and social responsibility. (Danziger 2019.)

There are a lot of factors influencing the purchase decision of a luxury beauty product. Luxury companies must not only recognize what is happening in the world of independent brands, but also learn from it to better serve their customers, maintain their market position, and maintain

competitive pricing. The core of today's luxury beauty brands lies in innovation, authenticity, purpose, and cause. Luxury is no longer defined by the store you are in; rather, it is the complete experience. Today, legacy is not a must and relevance is a changing aim, seemingly more so in the field of beauty. Thus, brands must change and adapt to the new standards if they want to thrive. (Lu 2021, chapter 3.)

1.2 Research question and Investigative Questions

This thesis aims to develop the understanding of what factors affect the purchase behaviour of a consumer in the luxury beauty industry. The outcomes of the thesis will provide knowledge about the evolving beauty industry, trends, as well as the luxury beauty industry seen from the consumer's point of view, which all is crucial information for brands in the beauty industry. The outcomes can be applied and used at a company level and by other businesses.

The research question of the thesis is: *What does consumer purchase behaviour look like in the beauty industry?*

The research question was divided into investigative questions as follows:

IQ 1. Which factors do consumers' consider important when buying a luxury beauty product?

IQ 2. What is the impact of social media in the consumer purchasing decision process?

IQ 3. How do generational differences influence the purchasing decision of a luxury beauty product?

Table 1 below presents the investigative questions, theoretical framework, research methods and results chapter for each investigative question.

Table 1. Overlay matrix

Investigative question	Theoretical Framework	Research Methods	Results (chapter)
IQ 1. Which factors do consumers' consider important when buying a luxury product?	Description of current purchasing process, consumer culture, brand image, luxury beauty, consumer purchase behavior theory, consumer behavior model	Secondary research, primary research in form of qualitative data gathered through interviews	4.1
IQ 2. What is the impact of social media in the	Purchase decision process, social	Secondary research, primary research in form of qualitative	4.2

Investigative question	Theoretical Framework	Research Methods	Results (chapter)
consumer purchasing decision process?	media, consumer culture	data gathered through interviews	
IQ 3. How does generational differences influence the purchasing decision of a luxury beauty product?	Factors affecting decision making, generations	Primary research in form of qualitative data gathered through interviews	4.3

1.3 Demarcation

The research primarily focuses on the influential factors of consumer purchase behaviour in the luxury beauty industry. The concept of luxury beauty has changed overtime due to two major changes, new beauty brands entering the market, and social media becoming a part of the daily life of a consumer. Therefore, the research will look into how the consumer purchase behaviour differs between generations. The target group focuses on people from two generations: the Baby Boomer generation (born 1946-1964) and Generation Z (born 1995-2012). To answer IQ 3, it is ideal to receive an equal number of responses from the Baby Boomer generation and Generation Z. IQ 2 will be analyzed alongside with IQ 3, since social media is a part of the generational differences. Furthermore, because luxury beauty is the main topic, the study will focus on consumers that have a high interest in the beauty sector. Keeping in mind during the study, since developing countries have different access to information and resources about luxury beauty than developed countries do, it is crucial that the research exclusively concentrate on developed countries as the target group's geographic location.

As stated, the beauty sector, specifically luxury beauty, will be the chosen target group's area of interest. This will enable the thesis to concentrate on a single market segment that is reachable by the current demography. The term luxury beauty is the definition chosen over the high-end beauty because a luxury product is always high-end. However, a high-end product is not always necessarily considered a luxury product. (Splitbase 2022). The decision to choose luxury beauty offers a wide range of themes for analysis and perspectives. For the consumers to stay on topic during the interviews, the word "luxury beauty" must be defined precisely because just this particular area of the beauty industry will be examined. The range of luxury beauty product categories will not be constrained. This will have an impact on how the interview questions are written and how the interviewees' will frame their responses.

The research will use a qualitative approach to address each IQ, and the interview results will be analyzed. The qualitative research aims to gather data from the target group to gain a deeper knowledge of the factors affecting consumer purchase behaviour in the luxury beauty industry. Due to the target group's varied consumer demographics and beauty standards, the results may differ from those of general population. Although interviews are done assuming all participants share the same interests that characterize luxury beauty, demographic groups will not be examined.

Brand and company viewpoints will be examined throughout the research as the target group most likely will be mentioning brands of own preference. Brands will be compared, and the secondary research that is done will be discussing different luxury beauty brands. However, the study is concentrated on consumers which is the main initiative for the research.

Even if sustainability is an important subject for many consumers today, the thesis will not include any theoretical research from a sustainable point of view.

1.4 International aspect

The international aspect required by the Haaga-Helia Degree Programme of all theses is covered by collecting qualitative data through interviews from people in different countries. The significance of beauty marketing in the business industry of today might be used to justify the relevance of this study. Companies in the beauty industry will be able to benefit from the study's findings by contrasting them with past findings and examining the strategies of their competitors to determine where they might need to make improvements and how they will stay modern in a rapidly changing environment.

1.5 Benefits

Many of the businesses acknowledged for this thesis, which operate globally across all continents, are possible parties that benefit from the research. This thesis will benefit the beauty industry to understand a consumer's purchase behaviour of luxury beauty products as well as how generational differences affect the purchasing decisions.

Additionally, the author has a strong interest in the beauty industry as well as in marketing, and therefore the research combines both parts of the author's interests in a useful way. The author will continue into a master's degree after graduating, in which the focus will be on studying beauty marketing. The thesis will help the author push herself into the industry and get a better understanding of the industry, and it will also help to understand future tasks at academic and professional levels.

1.6 Definitions of Key Concepts

To completely comprehend the research, it is necessary to clarify and state several key concepts that are included in the thesis. The concepts which will be discussed in the thesis include luxury beauty, consumer purchase behaviour, brand image, the Baby Boomer generation, Generation Z, and social media.

Luxury beauty is defined as something that is more than necessary. (Heine 2012, 41). Lu (2021, chapter 1) defined luxury as “a thing that is expensive and enjoyable but not essential.” Another definition of luxury, also made by Lu (2021, chapter 1): “Luxuries are human beings’ aspirations for and pursuit of beautiful things, and they are a crystallization of human wisdom.”

Consumer purchase behaviour is a mix of the following: The psychological study of consumer needs and wants. Understanding consumer’s purchase behavior and how consumers arrive at a purchase decision. Analyzing personality factors regarding how a consumer feels about a brand, product, or service, and what motivates them to choose one brand over another. (Moengage 2023.)

Brand image refers to how consumers think of a brand. It is defined as the perception of the brand in the minds of the consumers, which develops over time. Consumers form an image based on their interactions and experience with the brand. The interactions take place in many forms and do not necessarily involve the purchase or use of products and services. (Keller & Swaminathan 2020, 76.)

Generation specifies all the people of about the same age within a society or within a particular family. (Cambridge Dictionary 2023).

The Baby Boomer generation refers to the generation born in 1946-1964. “Their generational label is derived from the baby boom that occurred post-World War II, where the fertility rate was 3.5 babies per woman.” (McCrindle 2021).

“**Generation Z** describes those born between 1995 and 2009. Being shaped in a COVID-19 era, this generation have learnt that the economy can have upsets. Economically and socially, they have adapted and become more conservative as a result.” (McCrindle 2021.)

Social media as a term “can be broken down as social because you're being social and media because it is published on the web. It is a platform for a conversation that is online rather than the more conventional ways in which we communicate, and so it gives us access to many people at once the internet has given it scale.” (Coles 2014, 4.)

2 Consumer purchase behaviour in the luxury beauty industry

In this chapter the theories, concepts and models used for the research are being presented. The theoretical framework consist of three chapters, the role of luxury beauty, consumer purchase behavior and lastly the generational differences. The chapters are broken into smaller sections explaining the content. The theoretical framweork will help build the data gathering tool as well as the research design.

Figure 1 below demonstrates the theoretical framework of the thesis showing the content and concepts analysed.



Figure 1. Theoretical framework

Section one of the theoretical framework explains the role of luxury beauty and what it means to the consumer in terms of the purchasing experience, which also is the theme for this thesis. This section also defines the difference between a high-end and a luxury product and why high-end is not the same as luxury. This will allow the reader to get an understanding of the role of a luxury beauty product. Continuing, luxury marketing and its aspects will be presented. Consumer culture in the beauty industry will be clarified for the reader to grasp the term, following by the importance of brand image. Here, the brand resonance pyramid will be explained.

Section two dives into the consumer purchase behaviour theories as well as consumer purchasing decision towards luxury beauty products. In the theory part, the Black Box model will be

implemented to the subject and explained to the reader. Lastly, the author will study the essential qualities of a luxury beauty product.

Section three discusses the generational differences of consumer loyalty and purchasing decision. The two generations that are compared is the Baby Boomer generation and Generation Z. In this section, the impact of social media will be discussed and taken into consideration.

2.1 The Role of Luxury Beauty

The term luxury, pointedly in the beauty sector, has been changing and new perspectives have been born throughout the years. The exclusiveness of a luxury brand has to some extent transformed, furthermore grown internationally available for the world's population. (Tungate 2011, 10-1.) The famous quote once said by the well-known brand Coco Chanel regarding luxury states as follows: "Luxury is a necessity that begins where necessity ends."

Before looking into the purchase behaviour of a consumer in the luxury beauty industry, the role of luxury beauty must be defined and understood. Figure 2 below presents the visual understanding of the term high-end vs. luxury, which demonstrates that luxury is only a small part in the high-end beauty industry.

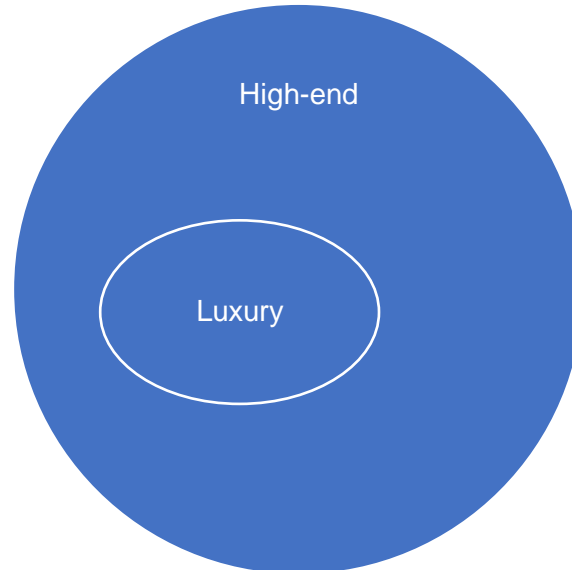


Figure 2. High-end vs. luxury

Consumers take pleasure in the entire process of buying a luxury beauty product. From speaking with the beauty advisor in the store, purchasing it, opening it, trying the product to feel the texture and the smell. They maintain a specious but extremely delightful optimism throughout the process. For a brand that is more luxurious in look and feel, product offering, pricing, and distribution, they

need to adhere the same things as any brand. They must answer what they do better than the competition and how they solve the needs of their target audience in a unique and ownable manner. (Tungate 2011, 131-140.)

Brand strategy is important in the luxury beauty industry. “If we want to successfully build a brand, we must make sure it is either a luxury brand or mass consumption brand. This is a war about ideas and business models. There is nothing in between, as far as branding plans go. It is either a luxury one or a mass market one” (Lu 2021, chapter 3.)

The definition of luxury is dependent on culture, history and personal experiences, and each consumer might look at luxury differently. The author sees a good point in Lu’s perspectives on brand strategy. Luxury beauty brands are not mass-market products, and for a luxury beauty brand to thrive and stay luxurious, it is important to understand the difference of a luxury brand and a mass consumption brand. Chanel is a luxury brand whereas L’Oréal can be seen as a mass consumption brand. It is also important to recognize the different ways consumers understand luxury for values and experiences to be appreciated and shaped according to individual experiences.

2.1.1 Luxury Marketing

Luxury marketing shapes the global beauty industry in many ways, and it has a huge impact on consumer culture. Luxury products are often pricy, but with the prices comes a handful of factors and experiences. Exclusivity, prestige, and status are all important elements for the consumers of luxury beauty. Luxury marketing helps create and maintain a brand image of desirability and exclusivity.

When exploring different aspects of luxury marketing, Lombardo Agency (2020) has written an article about the eight Ps of luxury marketing. The agency defined luxury marketing as follows: “Luxury brands have always been a fascinating sector and luxury brand marketing being one of the most complicated disciplines.”

Below, the eight Ps of luxury marketing are presented, and the author will bring together the components and interactions between the principles used in the luxury marketing mix. It is important however to recognize that the importance of these factors varies from brand to brand. Figure 3 presents the eight Ps of luxury marketing, which are performance, pedigree, paucity, persona, public figures, placement, public relations, and pricing. These eight traits are all elements of the marketing mix that affects consumers’ purchasing decisions.

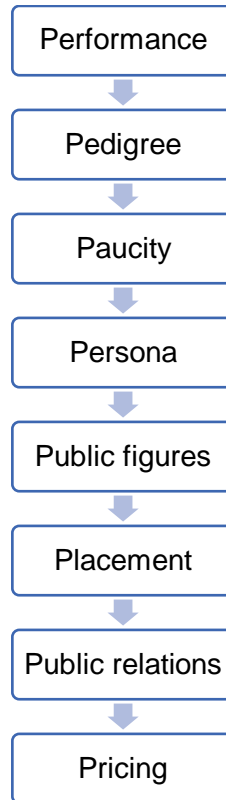


Figure 3. 8 Ps of Luxury Marketing

The first component, performance, refers to a luxury brand's ability to deliver superior experience across both product and experiential levels. At a product level, a luxury brand must satisfy functional and utilitarian characteristics as well as deliver on its practical physical attributes. Quality and design require factors such as craftsmanship, precision and quality materials. A luxury brand must perform at an experiential level as well as the emotional value of the brand beyond what it is through its product. (Lombardo Agency 2020.)

Pedigree refers to ancestry or lineage of a person or family. Luxury brands generally have a long history, which contributes to their mystique. The brand's legendary founder is often used as a means of identifying with the consumer, who then unconsciously considers the brand to be more authentic because of its history. (Lombardo Agency 2020.)

Paucity represents the scarcity of the product, focusing on high-end materials that are not available on mass production and require highly skilled experts to produce. Many luxury brands use scarcity to increase their value. They do this by keeping their goods out of the public eye. (Lombardo Agency 2020.)

Persona focuses on the use of colour and logos to create a more distinctive image for the target market. The presence of a logo does not always give away information about the brand; it is used

to be mysterious. On the other hand, colour has become more advanced in many brands' images due to many consumers being aware of the perceptions that colour can give a brand. (Lombardo Agency 2020.)

Public figures refer to the use of celebrity endorsements, which has an impact on businesses, as well as their overall brand awareness. Public people can include everyone from movie stars to musicians, athletes, and influencers. The meaning of celebrity endorsements changes, however, when it comes to luxury brand promotion because they are no longer restricted to the luxury market and are widely exploited and misused throughout mainstream categories. (Lombardo Agency 2020.)

Placement applies to where the brand will position itself, both physically, in terms of store positioning, and figuratively, in magazines and other publications. Because the brand intends to appeal to a certain class of consumers, luxury brands will not be seen on typical highstreets or in everyday magazines. (Lombardo Agency 2020.)

Public relations are a subdued kind of brand promotion. Influential internet bloggers may be compensated to give a positive review of a product on their blog or social media site. The ideas, occasions, and goods of the company may be subtly portrayed by employing an influencer as an endorser. Public relations also addressed potential brand issues and can work to influence how the public views the brand. (Lombardo Agency 2020.)

In terms of pricing, a luxury product's price should be in line with the clientele the brand hopes to appeal to. Many consumers generally assume that the most expensive option is also the best one. (Lombardo Agency 2020.)

Lombardo Agency had a good overview of the eight Ps of luxury marketing and addresses the most important as well as up to date components as of luxury marketing in today's world. Lombardo Agency is a luxury consumer branding and marketing agency specializing in inter alia beauty marketing which gives the research detailed information about how luxury marketing can be seen.

Customer experience and the purchase of luxury products is also a huge part of luxury marketing. Luxury brands must know how to offer the consumer a unique and rewarding customer experience regardless of location or where the product is bought. Considering the concept of customer experience, the experiential logic advises that in comparison to conventional luxury marketing, the components should be re-examined by putting equal emphasis on both functional and emotional impulses. The purpose of consumption is the primary distinction between traditional and experiential marketing. The maximization of lived experience, which includes not only functional

criteria like quality and price, but also symbolic, emotional, relational, and aesthetic criteria, such as a brand perceived as an extension of one's identity, well-being, or social capital, goes beyond the maximization of the utility value related to luxury goods. Each consumer would define it according to his or her own experience. (Wided 2019, 36-37.)

Consumers will aim to optimize their emotional advantages and gauge the feelings they have gotten from their luxury experience. According to this viewpoint, luxury brands should measure customer experience less in terms of customer satisfaction and more in terms of how strongly the experience will stick in the consumer's memory and make them feel good. To generate and stimulate customer experience in the luxury market, it is crucial for beauty brands in the luxury industry to establish new strategies that focuses on experiential marketing techniques. Luxury brands could also help their customers design their own luxurious experiences. Wided (2019, 36-37) has outlined five key aspects of customer experience marketing that businesses should consider when creating an experience to manage client expectations.

Figure 4 outlines the five key aspects of customer experience marketing which includes focusing on consumer feelings, consumption as an experience, the consumer being both rational and emotional, creativity and emotions are at the heart of customer relationship, and lastly the interactivity and immersion as an extension of reality.

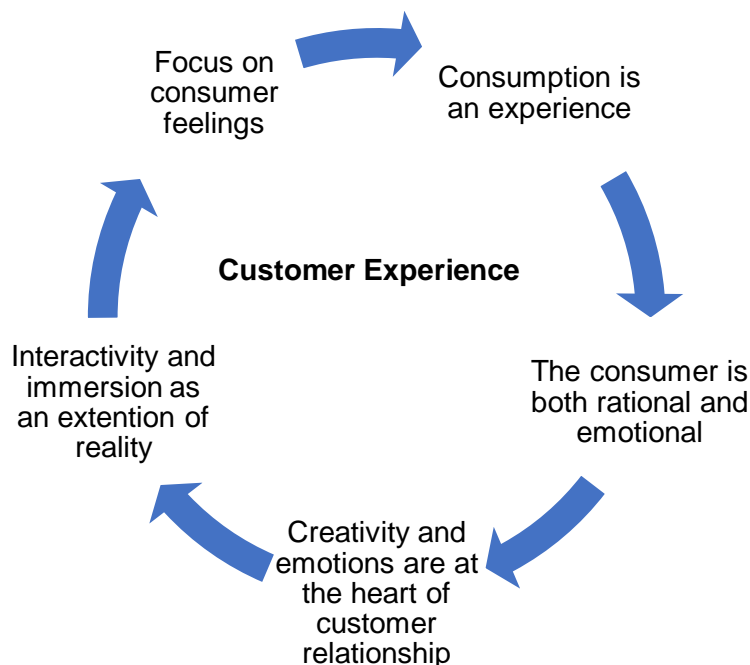


Figure 4. Customer experience management (adapted from Wided 2019, 37).

2.1.2 Consumer culture

Consumer culture is distinguished by a concentration on using the acquisition of commodities and services to advance social standing, express personality, and find personal fulfillment. In the culture of consumerism, purchasing and consuming goods serves to express one's identity and satisfy personal aspirations in addition to meeting basic needs. "Consumer culture is a form of material culture facilitated by the market, which thus created a particular relationship between the consumer and the goods or services he or she consumes. Traditionally social science has tended to regard consumption as a trivial by-product of production." (Miles 2021.)

Consumer culture is significantly influenced by one's self-concept. One of the most important aspects of self-esteem is how one feels about the body, partially along with how culture teaches us we should feel. The way a consumer reacts to marketing stimuli is influenced by their personality, yet the attempts to exploit this information in marketing contexts have had mixed success. Personality, lifestyles, and values also have an impact on the consumer culture. A lifestyle is a consumption pattern that reflects a person's decisions about how to spend their time and money, and these decisions are crucial in defining the consumer purchase behaviour. Psychographics extends beyond basic demographics to assist marketers in comprehending and connecting with various consumer segments. Consumer impulses frequently stem from underlying ideals. Their sentiments toward a consumer are reflected in the consumer self-ideas. Consumers buy and use products to boost self-esteem or to reward themselves, regardless of whether these attitudes are positive or negative. Consumers select a lot of goods because they believe it reflects their personalities. (Salomon 2020, 196-254.)

Consumer culture is very important in the luxury beauty industry, and it plays a huge role in shaping the experiences and preferences for a consumer of luxury beauty. As beauty standards are changing, consumers often find a reason to buy luxury products that achieves the needs of the consumer. As Salomon (2020, 196-254) stated, consumers also buy products to reward themselves for something, which is not always considered and therefore it is a crucial part when discussing about consumer culture. Consumer culture is an essential component in the luxury beauty industry, since it helps to create a strong brand image, and helps brands to find their strong presence in the industry.

2.1.3 Brand image

Brand image refers to how consumers think of a brand. It is defined as the perception of the brand in the minds of the consumers, which develops over time. Consumers form an image based on their interactions and experiences with the brand. The interactions take place in many forms and

do not necessarily involve the purchase or use of products and services. (Keller & Swaminathan 2020, 76.)

Understanding brand dynamics and their importance to the consumer experience is crucial to comprehend the relevance of brands in contemporary business. Today's businesses depend heavily on their brands because they are one of the few things that set them apart from their competitors. The promise of a brand's values and offerings should be fulfilled by a company through its activities, its brand communication, as well as the subjective experiences of its customers. (Borja De Mozota 2003, 97-99.)

Brand equity, which refers to consumers' overall perceptions and feelings about a brand and influences consumer behaviour, is mostly driven by brand image. The goal of marketing strategies is to affect the consumer perception of attitudes toward a brand, create a positive image of the brand and encourage actual brand purchases from consumers. This increases sales as well as market value and build brand equity. (Zhang 2015.)

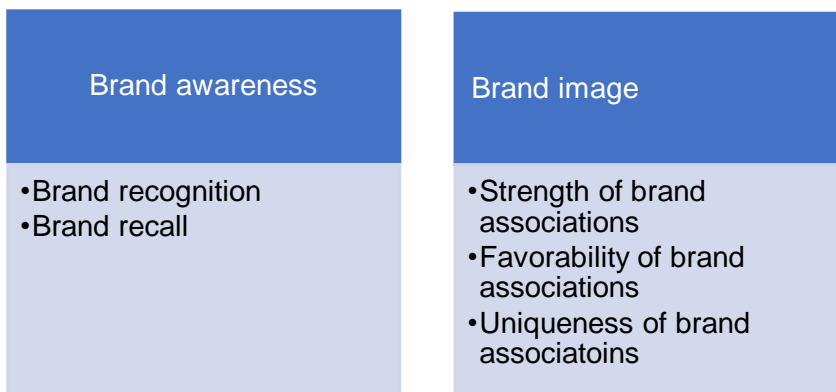


Figure 5. Sources of Brand Equity

Related to brand awareness, brand recognition indicates when consumers can identify a brand without being formally exposed to the name of the brand by using visual cues such as logos, slogans, packaging, or colours. Brand recall means that a consumer can mention some brands out of nowhere. Regarding brand image, the strength of the brand associations increases with how deeply a person considers product information and connects it to prior brand knowledge. (Lydda, Saerang & Arie 2023, 99.) The favourability of brand associations is higher when a brand has pertinent qualities and advantages that meet the demands and wants of consumers. The uniqueness of brand association is combined with the product's unique selling proposition, which gives brands and enduring competitive advantage. (Keller & Swaminathan 2020, 72-75.)

To fully understand brand recall and how products are memorized by a consumer, the author has visually laid out figure 6 below to explain the luxury beauty category hierarchy.

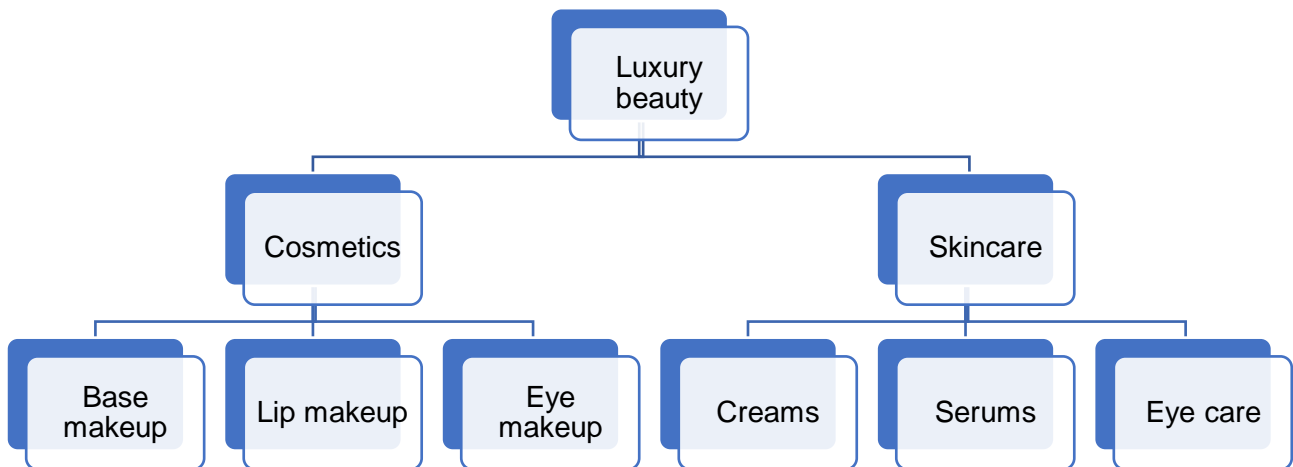


Figure 6. Luxury Beauty Hierarchy

Keller coined the term "customer-based brand equity (CBBE)", which describes the diverse responses to the branding effort from customers who have varying levels of brand understanding. In other words, the foundation and sources of brand equity are brand image and brand awareness. (Keller & Swaminathan 2020, 68-69).

According to Keller & Swaminathan (2020, 107), a favourable brand image can be created by using marketing campaigns to link customers' recollections of the company with its distinctive and powerful brand connection. In this sense, brand awareness must be developed and understood before customers may react favourably to a branding campaign. If consumers are aware of a brand, the business may be able to increase sales while spending less on brand extension.

Figure 7 below is adapted from Keller & Swaminathan (2020, 108), which the authors refer to as the brand resonance pyramid, in other terms called the customer-based brand equity model (CBBE), both having the same meaning and outcome.

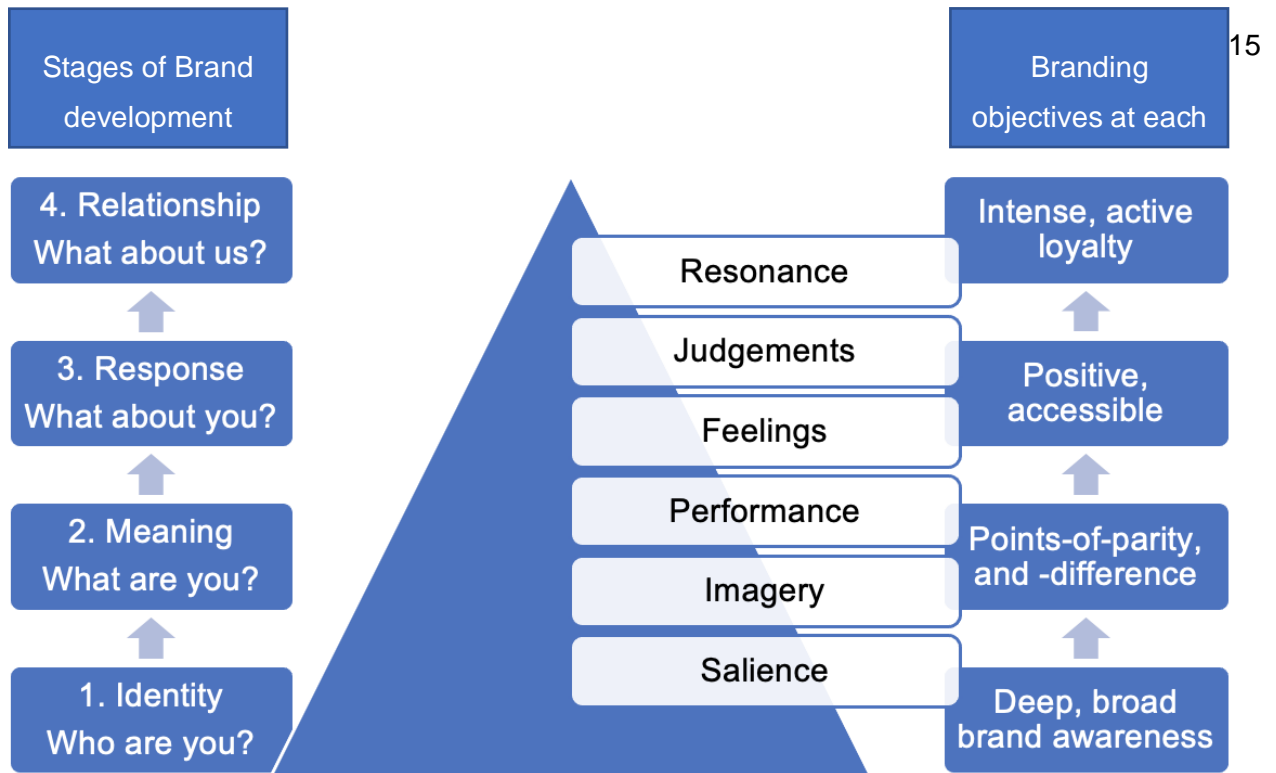


Figure 7. Brand Resonance Pyramid

Figure 8 below explains the brand resonance pyramid in more detail explaining to the reader the different subdimensions of the building blocks.

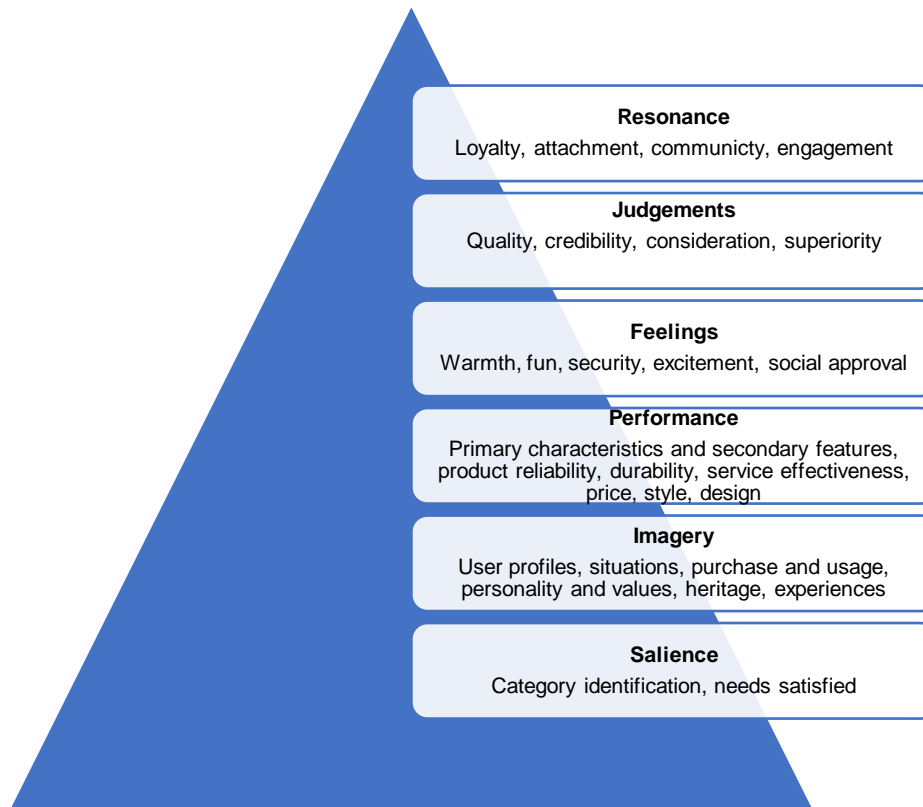


Figure 8. Subdimensions of building blocks (Adapted from Keller & Swaminathan 2020, 108)

Referring to figure 8, brand salience refers to how often and effortlessly a consumer think of a specific brand. Brand performance has to do with the consumer's image of how well a brand is performing in the market. Brand imagery describes the external characteristics of a brand, including colour, product consistency, packaging, and associations, as well as how successfully these characteristics satisfy a consumer's social and psychological needs. Brand judgements refers to a consumer's personal opinions and assessments about a specific brand. Brand feelings are known as consumer's emotional reactions and responses to a brand when socially communicating about a brand. Lastly, brand resonance explains the type of relationship consumers have with a brand and how loyal they feel like they are to a brand. (Keller & Swaminathan 2020, 107-121.)

2.2 Consumer purchase behaviour

According to Solomon (2020, 22-24) consumer behaviour is "the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires".

Today's consumer wants a relationship with a company that goes beyond a simple purchase. These customers interact with various brand components to have sensory and emotional

experiences. Customers can form a distinctive and personal connection with the brand due to the activation of emotions and experiences. Luxury brands have a greater desire to create unique connections with customers than non-luxury brands. (Gupta, Shin & Jain 2022, 199-200.)

This section will study the consumer purchase behaviour and its theories. The author will then research the consumer purchase decision towards luxury beauty products along with what the essential qualities of a luxury beauty product for a consumer is, which will help study IQ 1 to then understand the qualitative research done later in the thesis.

2.2.1 Consumer Behaviour theories

To understand consumer behaviour theories and models, it is crucial to understand that each consumer is different. The most significant factors that distinguish one consumer from another will first be discussed by the author, after which the consumer behaviour theories can be studied.

Different age groups of consumers have various demands and desires. Despite having numerous other differences, consumers of the same age tend to have a common set of values and cultural experiences that they carry with them throughout their lives. Another factor of how consumers differ from each other is gender. At an early age, gender characteristics and perspectives are being identified and the target of many products aim at either women or men. However, when looking at the beauty industry, society has started to accept the phenomena of men and makeup. (Solomon 2020, 24-25.)

Family structure, social class and income all have an influence on the consumer purchase behaviour. Family structure have an extensive effect on a consumer's spending habits, which also goes hand in hand with income. Naturally, if a consumer has a higher income, one's spending is not as restricted as for someone with a low income. Family structure and social class often pave the way for a consumer's spending habits. A young student might not have the possibility to purchase luxury beauty products whereas an older married woman with a successful career is able to buy the luxury beauty products when needed. Nonetheless, there are exceptions to all cases discussed. (Solomon 2020, 26-27.)

To study the consumer purchase behaviour in the luxury beauty industry, the Black Box Model of consumer behaviour will be analyzed.

The black box model of consumers helps to explain how consumers interact with stimuli, how they behave, how they make decisions, and how they react to commercials. With an emphasis on the relationship between stimuli and consumer reaction, the black box model has separated

interpersonal from intrapersonal stimuli and related it to the black box theory of consumer behavior. (Chauhan 2013, 3-4.)

Businesses determine the mechanism of marketing stimuli, while societal elements including the economic, political, and cultural climate of a community determine environmental stimuli. Figure 9 shows how consumer behavior is determined by a combination of their decision-making process and buyer attributes. The well-known black box model of consumer behavior, also known as Stimulus-response model describes how customers perceive their exposure to marketing stimuli and how that affects their actual purchase decisions.

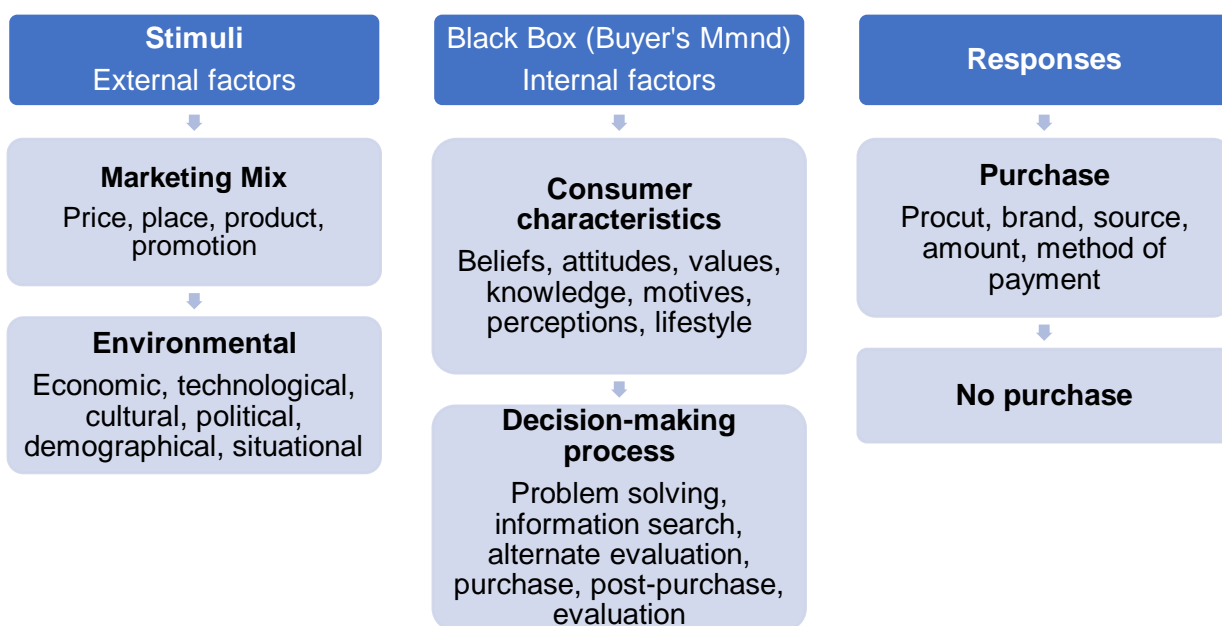


Figure 9. The Black Box Model

The Black box model helps to explain how all factors come together to influence consumer behaviour in the luxury beauty industry. The theory enables the reader to comprehend how the elements interact to affect consumer behaviour, which is why the author decided to adapt the black box model into the research. The theory of the black box model is an important tool for getting an overview on consumer behaviour in the luxury beauty industry.

2.2.2 Purchasing Decision towards Luxury Beauty products

Customers hold the secret to any company organization's success. The success of a company depends on its understanding of its customers' needs, wants, and purchasing habits. Therefore, it is important to look at customer buying patterns for a company to be able to forecast future trends. Consumption of beauty products by consumers is influenced by several factors, including price,

quality, brand recognition, brand loyalty, and labelling. Now, consumers are drawn to high-quality, well-known brands with affordable prices. Back in the early days, quality and price was the only consideration for many. However, all these elements now play a significant part in controlling the luxury beauty market. (Anjana 2018, 453-459.)

Consumers go through a sequence of stages before making a purchase. They place a strong emphasis on the product meeting their needs, being of high quality, being reasonably priced, and providing value-added features. Figure 10 below shows the five stages of consumer purchase behaviour.

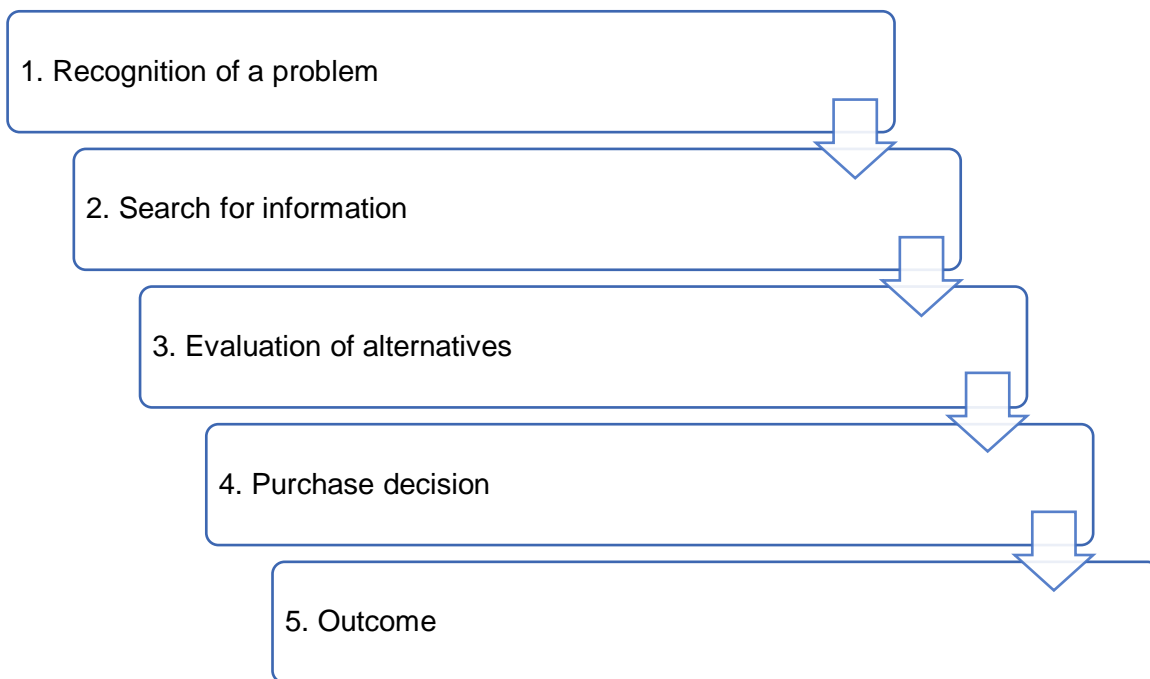


Figure 10. Five stages of consumer purchase behaviour

When a consumer becomes aware of an issue or requirement, the first stage, recognition of a problem is activated. Humans are seen as customers of one corporation or another in many facets of life. Additionally, they have demands and requirements that must be met at every stage. These needs could be simple or complex. When a consumer becomes aware of their need or desire for a product, the first stage in the purchasing process begins. After a consumer recognizes a problem, the following step is to provide sufficient information to address the issue. The degree of the customer's involvement in the purchase determines the scope of the information search. The primary informational sources that have the greatest impact on customer purchasing decisions are advertisements, friends, the public, commercials, and experience. The next step in the decision-making process for consumers is assessing the alternatives. The consumer will look for alternatives at this point. They will contrast and comprehend what they already know about

competing companies and items with what they gave the most thought to. A consumer may go through the initial choice process after deciding whether to buy as they prepare and aim to buy a specific brand or product. Consumers experience a sequence of stages before making a purchase. After carefully examining each stage of the decision-making process, the ultimate purchase is made in the outcome stage. (Cauchan 2013, 4.)

Stage three of the five stages of consumer purchase behaviour are rather important, because this is the stage where the consumer will think of what brands they could possibly choose from. The decision of a consumer is influenced by factors such as magazines, social media, friends and family, TV, influencers, celebrities, and other additional external or internal factors. A brand must be ready to offer a solution to any problems the customer might have.

2.2.3 Essential qualities of a Luxury Beauty product

According to Heine (2012, 72) the characteristics of a luxury product are price, quality, aesthetics, rarity, extraordinariness, and symbolism.

Evidently, luxury brands' prices play a significant role. There are theories that explain why and how price is an influencing element, however price by itself does not suggest that a brand is associated with luxury. When it comes to luxury brands, price is a key indicator of quality and, therefore, also a measure of how prominent a brand is. Luxury brands differ from other types of brands since it is recommended that prices rise annually to boost demand. Along with this idea, it is also true that while typical brands profit from price cuts, luxury brands should prevent price cuts to protect their brand image. Given that price and quality are associated, this may cause buyers to doubt the product's quality. (Mehrhoff 2021, 6.)

Regarding the second distinguishing trait, quality, luxury companies strive to provide things with an enduring quality that will not need to be thrown away even after extensive use or a flaw, but rather something that can be fixed and increases in value over time. Quality comprises using high-quality materials with excellent construction and function principles as well as manufacturer experience. A luxury product's quality can also relate to its inclusion of unique elements that set it apart from similar products. Finally, top-notch pre- and post-buy service is regarded as a quality factor in the acquisition of luxury products. (Heine 2012, 74.)

Aesthetics is the third attribute in Heine's theory. Luxury brands' admiration of beauty and their use of elegance to communicate are explained by aesthetics. A premium product should have pleasing visual, tactile, auditory, and aromatic qualities. One of the most crucial tactics used by luxury firms to set themselves apart from mass market producers is the aesthetic product design. (Heine 2012, 77.)

Rarity is the fourth quality. Luxury goods are unusual either in their status or in their quality. Rarity can be seen in luxury brands, for instance, in their limited productions to maintain limited market access for their items. Limited editions as well as inherent constraints may constitute the limited productions. (Heine 2012, 78.)

Extraordinariness is another quality of a luxury item. A premium product's extraordinary qualities are frequently the consequence of a unique design or construction approach compared to other luxury goods in the same category. These are one added element, for instance, that sets the apart from other comparable products. Extraordinary design elements can also result from a product's production process history. (Heine 2012, 78-79.)

Heine's theory's sixth characteristic is symbolism. Luxury goods' symbolic meaning is heavily influenced by the values and ways of life of people. The symbolism serves as a driving force for shifts in beauty in the luxury sector. (Heine 2012, 79-80).

People's views on what constitutes a luxury vary even among those working in the luxury industry. A combination of artistic inventiveness and skilled craftsmanship is what some people define as a luxury, while others see them as needless objects with symbolic value that beyond their essential worth. The requirements for a luxury, however, are unaffected by industry developments and differences in thinking. (Lu 2021, chapter 3).

Lu (2021, chapter 3) also covered the criteria that makes a product luxury. According to Lu, quality, price, rarity, uniqueness, emotions, history, brand stories, and overall beauty concept are all features that makes a product luxurious. Some of these features goes along with the features of Heine's conceptions, but many of the features are also new features which had not been thought of before, which was why the author wanted to include Lu's viewpoint of the criteria of a luxury product.

All goods offered in marketplaces ought to be of decent quality, while luxury goods ought to be of exceptional quality. Such brilliance must be displayed within a luxury. Luxury industry companies must make sure that every little detail is a flawless demonstration of craftsmanship because the great quality of luxuries is not just about the quality of the products themselves. This involves careful raw material selection, elegant designs, deft craftsmanship, expertly crafted packaging, thoughtful brand shop placement, highly trained staff, and a welcoming and tidy sales atmosphere. The sales environment is particularly crucial since brand stores and store workers are sometimes thought of as being a direct means to exhibit the brand image because luxury goods businesses rarely advertise on television. When setting a price for a luxury good, it is important to consider the

value the brand positioning has created overall, the product's scarcity and uniqueness, and the brand's lengthy history and legendary tales. In terms of emotions, the spirit of a product's creators, the product itself, and the tales and legends that surface during its development are what make up a product's identity. In this sense, a luxury product is an artwork itself. International luxury brands often have a long history which provides the brand exceptional value. These companies progressively become legends and establish their distinct market positioning because they are firmly rooted in and supported by their traditions. (Lu 2021, chapter 3-4.)

2.3 Generational differences

In this section the author will study the two generations, the Baby Boomer generation as well as generation Z. The impact of social media regarding consumer purchase behavior of luxury beauty products will also be investigated since there will be a significant difference between the two generations. It is to be expected that each generation's traits will differ somewhat from one another given how differently each generation has experienced life because of the events that have shaped their worldviews and perspectives, such as the rapid advancement of technology or globalization.

2.3.1 The Baby Boomer generation

The Baby Boomer is the generation born between 1946 and 1964. After the Second World War, the economy was rapidly growing, and the birth rates rose considerably. Early in the boom, there was an excessive amount of overcrowding in schools and fierce rivalry for jobs. Therefore, the generation learned "to compete for resources and success" because of the early competition. This, according to Kane (2019), is one of the factors that made the baby boomer generation so driven and devoted to their professions.

Baby Boomers have a lot of expertise and knowledge to give their companies and the younger employees because of their current age. According to Johnson & Johnson (2010), as Baby Boomers begin to retire, businesses must be vigilant and ready to replace the boomers who have a lot to give due to their extensive expertise, as doing so could prove to be very difficult for the organizations.

The Baby Boomer generation might be characterized as being competitive, independent, and work-focused. They frequently like working long hours and define themselves by their successes. These traits make baby boomers more likely to be critical of younger generations' lack of dedication to the workplace and work ethic. Due to their reputation for adhering to hierarchical structures, Baby Boomers may find it challenging to adjust to changes and emerging flexibility trends like the rise of social media and technology. (Kane, 2019.)

According to a study done by Latimer (2017), 52% of baby boomers use cosmetic products to improve their looks. The Baby boomer generation is looking for quality in their beauty products, and 43% of boomers would choose branded beauty products rather than private label products, and 14% stated that they often purchase luxury beauty products.

2.3.2 Generation Z

Generation Z is the generation seen as people who are born between 1995-2012. According to Dolot (2018) The generation is also at times known as I Generation, GenTech, Online Generation, Post Millennials, Facebook Generation, Switchers and “always clicking”.

Generation Z is strongly reliant on technology, having grown up with social media, and sees it as an extension of themselves. Being more dependent on technology and the digital world sets them apart from past generations. Generation Z's lifestyle heavily relies on social media, and they communicate in a casual, direct, and unique way. (Singh & Dangmei 2016, 2.)

Generation Z is also the generation affected heavily by COVID-19 as well as the climate change as generation Z is stepping into their career life. This will have a powerful impact on lifestyle, decisions and working life in the future years.

According to Csobanka (2016), generation Z frequently utilize social media and carry out most of their everyday contacts online. Face-to-face interactions are just as significant to this generation as internet interactions. When it comes to their choices for everyday items, they are brand focused. Since generation Z is known to spend hours on social media, primarily because they socialize through these social media platforms, it is obvious that the most effective way to market to generation Z will be via digital marketing channels, mostly via social media marketing.

Mabuni (2017) states that back in the days, luxury was about exclusivity while today it is for the masses. Generation Z is different in a way that people from the generation often seek personal achievement, not things. The factors stated above do have an impact on the luxury beauty industry and how generation Z relate to the need of luxury beauty products.

2.3.3 Impact of social media

The digital world is rapidly moving forward. Tungate (2011, 197) has stated as follows: “Today’s big thing is tomorrow’s cautionary tale.”

Back in the days, magazines and celebrities ruled the advertising of luxury beauty products. When looking back at the beauty industry in the 80s and 90s, celebrities like Madonna, Jennifer Anniston, and Kate Moss significantly impacted inspiring beauty at the time. (Indulge 2021.)

In 2010 Instagram started to boom, and in 2013 the platform launched sponsored advertising. Michael Kors signed up as the first official user of Instagram's new sponsored post advertising, acquiring 34,000 new followers in 18 hours. This change was a turning point for the beauty industry. As a result of the popularity of sponsored posts, Instagram developed a business profile that attracted new and old beauty brands to join the platform, making social media a crucial platform for beauty brands to use. (Khaimova 2019.)

The absence of direct client touch that many beauty companies experienced was solved through social networks. Their brands are frequently sold through retailers rather than from an owned setting, making it challenging for them to build customer databases or relationships with consumers who purchase their products. The distributors have access to a ton of data owing to loyalty cards, but they keep it to themselves since they view brand e-commerce sites as rivals to their own online operations. Social media bypasses the distributors and reunites brands with their customers. (Tungate 2011, 198.)

According to Tungate (2011, 203) brands must fully utilize the communication power that digital media promises. They are keenly aware right now that platforms like Instagram and TikTok, as well as the customers, are authoring the story. The great storytellers, beauty brands, must discover more enticing methods to do what they do best.

3 Research Methods

This chapter will present the research methods. The research process consisted of both primary and secondary research. Primary research was analysed in the form of qualitative interviews. Research design along with population and sampling will be established. Furthermore, the author will explain the methods used, data collection method and data analysis method. Lastly, reliability and validity are illustrated. This chapter will explain the justification for why these particular techniques were used and why they are the most appropriate for the subject being studied.

3.1 Research design

Figure 11 below shows the research design created for this research. The goal of the thesis is to investigate consumer behavior connected to luxury beauty products and the factors that influence it. Therefore, for the data collection method the author decided on taking a qualitative research approach, to research people's perspectives given that a consumer-oriented approach was adopted. The qualitative research is implemented through having one-on-one interviews with people from the baby boomer generation, as well as from generation Z, many from different countries to meet the international aspect needed for the thesis. All in all, the research included 12 respondents. The method contains cross-sectional, open-ended, and descriptive questions for the interviewees. As a result, the data analysis method will be analyzed via qualitative analysis of the questions. This applies into all three IQs.

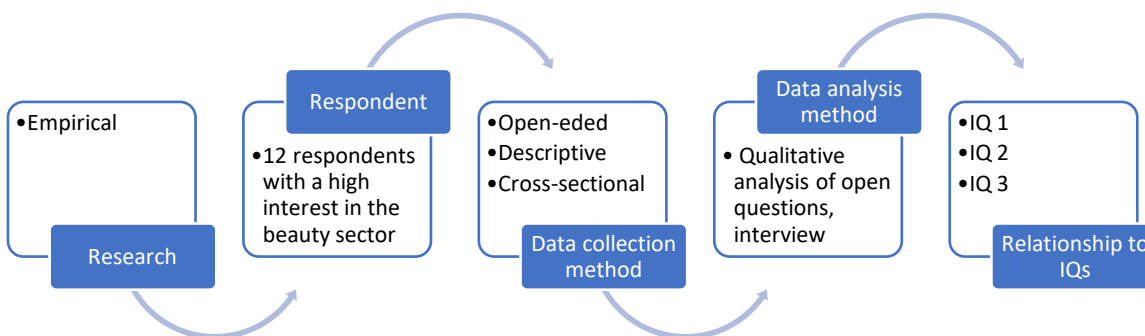


Figure 11. Research design 1

3.2 Sampling

In qualitative research, sampling is the process of choosing a portion of the population or set of cases to examine to gain knowledge about the larger population or phenomenon. (McGivern 2022, 223-224).

For the sampling method, purposive sampling is the method that has been used to conduct the research. The purposive sampling technique is a technique used where people or cases are chosen based on a set of requirements or attributes that are pertinent to the research question. This approach may be used by researchers to concentrate on subgroups that are more likely to have relevant perspectives or experiences. Since the research question as well as the investigative questions required a specific group of people, the author decided to use the purposive sampling method as it matched the criteria well. (McGivern 2022, 68).

Table 2 presents all interviewees interviewed for the research. The interviewees wished to stay anonymous, however the author got permission from all interviewees to highlight living country and age to help the reader get an entirety of the sampling population related to the research. Gender is not included since all interviewees are females.

Table 2. Interviewee outline

Interviewee (P)	Country of living	Age (Generation)	Date interviewed
P1	Finland	23 (Gen Z)	2.2.2023
P2	Finland	75 (Baby Boomer)	4.3.2023
P3	USA	20 (Gen Z)	2.3.2023
P4	USA	59 (Baby Boomer)	21.2.2023
P5	Netherlands	24 (Gen Z)	12.2.2023
P6	Sweden	26 (Gen Z)	15.3.2023
P7	Sweden	64 (Baby Boomer)	1.2.2023
P8	France	68 (Baby Boomer)	14.3.2023
P9	France	22 (Gen Z)	3.3.2023
P10	Italy	70 (Baby Boomer)	2.4.2023

P11	Spain	25 (Gen Z)	1.3.2023
P12	Spain	69 (Baby Boomer)	27.2.2023

3.3 Data collection method

For this thesis, primary and secondary research have been utilized. The theoretical framework has been studied using secondary research or desktop research such as journals, articles, and books. E-books were also used from Haaga-Helia online library. The interviews done with the sampling group has been done as the primary research, using the qualitative research approach. The interviews, looking at the data collection method, were done through face-to-face interviews with the interviewees from Finland, and online video calls such as ZOOM has been used with the interviewees living abroad. Since the author is doing research on consumer purchase behavior in the luxury beauty industry, the interview focused on people who have a high interest in the beauty sector. The reason why qualitative research is being done rather than quantitative research, is because the study demanded older people from the baby boomer generation to answer, and a survey done digitally can be a challenge for older people as some may have lack of knowledge regarding social media. Qualitative research allowed the author to meet with the interviewees and in that way get more detailed and personalized answers needed for the interview questions.

The creation of the interview questions required reflection of the IQs presented in chapter 1.2. To properly present the analysis of results in the upcoming chapter, all questions needed to be phrased in a way that the interviewees understand the terminology and have the possibility to answer each question in the way they prefer to. Therefore, the interview questions were phrased with understandable and international concepts relating to the beauty industry. Also, since English is not every interviewee's first language, the author made sure that the questions used simple terminology. Looking at the IQs, IQ 1 is looking for the factors consumers consider important when buying a luxury product. IQ 2 focuses on the impact of social media in the consumer purchasing decision process, and IQ 3 studies how generational differences influence the purchasing decision of a luxury beauty product.

3.4 Data Analysis method

For the data analysis method, the qualitative research method as well as secondary research has been used to study the investigative questions presented in chapter 1.2. IQ 1 aimed at understanding which factors consumers consider important when buying a luxury product. For this IQ, qualitative research analysis is used to find which factors consumers find important for them to buy a luxury beauty product. Secondary research was also used in form of books, articles, and

journals. IQ 2 concerns the question of what the impact of social media is in the consumer purchasing decision process. The qualitative analysis method will provide insights from two different generations, where one generation is not used to social media whereas the other one grew up with social media. Finally, for IQ 3, qualitative analysis method will help to find how generational differences influence the purchasing decision of a luxury beauty product.

The data was analysed carefully by the author. The author first organized the data into categories which helped the author to identify patterns throughout the interviews. The focus of the data analyzation laid on the group of interviewees. What has been your latest luxury beauty product? below presents the interview questions as well as the categories created by the author to interpret the data and the categories. The author created letters next to the categories to easily find similarities. The categories and letters next to the categories show all respondents answers which the author has combined into one to make it easier for the reader.

Table 3. Analyzation of data in questions and categories

Question	Categories
What is it that makes you interested in beauty?	Makeup (MK), beauty (B), success (SU), creativity (C), self-care (SC), connections (CO), community (COM)
What does luxury mean to you in terms of beauty?	Success (SU), exclusivity (EX), investment (I), expression (EP), packaging (PCK), quality (Q), experience (EXP), connections (CO)
What are your favourite luxury beauty brands?	Dior (D), YSL (Y), Chanel (CH), Estee Lauder (EL), Lancôme (LA), Charlotte Tilbury (CT), Giorgio Armani (GA)
How often do you buy beauty products?	Monthly, every other month, once per half year
What are the most important factors you are looking for in a luxury beauty product?	Quality (Q), price (P), packaging (PCK), fragrance, (FR) brand image (BI), ingredients (IN), performance (PR), results (RS), sustainability (SUS), exclusivity (EX), experience (EXP)
How does social media influence your purchase decision of a beauty product?	TikTok (TT), Instagram (IG), online purchases (OP), no influence (NI), recommendations (REC), reviews (REV)
Where do you usually buy your beauty products?	Online (ON), in-store (IS)

3.5 Reliability and Relevance

Reliability and relevance were both crucial factors to take into consideration in the planning process of the thesis. Based on these elements, the research techniques were improved, and many research techniques were used. A careful approach to the subject was required while analyzing the data that was obtained. The researcher spent time organizing and assessing the best methods for obtaining trustworthy and pertinent data.

For the qualitative research, the purposive sampling method was used to find suitable people for the thesis subject. The goal was to find people with a high interest and experience in the beauty industry, specifically in luxury beauty. The purposive sampling technique also enabled the author to find interviewees from abroad giving the research an international approach, which was one of the requirements for the thesis.

The intention to only choose 12 interviewees for the research was to minimize any errors and the solution seek to create high reliability in the findings for the research. Even if all interviewees were suitable for the research, accidental errors in the data collection method could appear from both parties during the interviews for various reasons. However, the author did find people from around the world interested in the luxury beauty industry, which made the qualitative research for the thesis relevant.

The research of secondary data required focus from the author when looking for authentic and detailed information about the topic. To find reliable sources to support the research required a lot of time and effort to minimize any incorrect information.

4 Data and results

The following chapter will present the results of the primary research of the thesis which has been done by the author by doing interviews with a group of chosen consumers specifically from Generation Z and the Baby Boomer generation. The chapter will connect the IQs to the data gained from the interviews, and it will look at how the luxury beauty industry and its importance and applicability has been changing throughout the years. The reader will gain a deeper understanding of how generations look at beauty brands from different perspectives, and why the older generation might favour a luxury beauty brand as well as the reasoning behind it. To gather the data, interview answers were saved by the author in form of audio as well as written documents.

4.1 Important factors of a luxury beauty product

The author started the interview with each interviewee by asking what it is that makes the interviewee interested in the beauty industry. Followed by this, the interview continued with asking the interviewee to explain what luxury means to them in terms of beauty. By asking these two questions, the concept of luxury beauty was introduced to the interviewee and the interviewee got to envision why the beauty industry has been interesting to them for a longer period. Interviewee P4, an interviewee from the Baby Boomer generation, directly defined luxury beauty as “exclusive products that makes me feel successful and put together every day. It’s a feeling of an extraordinary experience each morning”. To compare, interviewee P8, also from the Baby Boomer generation, explained that luxury beauty is an investment itself. “Through luxury beauty, I can express myself, feel unique in my own way and safely choose the right product. I know that I can rely on everything the product comes with. Packaging, quality, and the performance of the product”. When looking at these two answers from both interviewees, it can be stated that luxury beauty is an experience of its own, and luxury beauty makes the consumer feel good about everything that comes with it. When comparing the answers from Generation Z, interviewee P1 explained that the interest in beauty took an upturn when beauty brands started to introduce themselves more on social media in forms of using influencers and celebrities to advertise products. “I enjoy watching a celebrity do a video or a post explaining what products she usually uses and how. In terms of luxury beauty, I think it’s an exclusivity to which I seek for as I grow older.” Interviewee P9 clarified that certain brands shines luxury to them, but still, “for me, any product that costs more than 50€ I consider a luxury product because of its price.”

Continuing, the interviewees were then asked about their favourite luxury beauty brands, and they were asked to specify their top three most used luxury beauty brands. Out of all 12 interviewees, the brand Dior was mentioned 10 times when asking their top three most used luxury brands. This did not surprise the author because Dior has been on a rise lately, especially on social media,

which is why many of the interviewees from Generation Z also mentioned Dior. From the Baby Boomer generation, when looking at the answers to their favourite luxury beauty brands and their top 3 most used luxury brands, their favourites were the same as their top three most used luxury beauty brands. For Generation Z, favourite luxury beauty brands named were brands such as Dior, Giorgio Armani, and Chanel, whereas their top three most used luxury beauty brands differed some. As an example, interviewee P5 favoured brand such as YSL, Chanel and Estee Lauder, but the three most used luxury brands by the interviewee were Lancôme, Charlotte Tilbury, and Clinique. When asked about the reason behind the difference, the interviewee explained that two huge factors why the top three most used brands differ from favourite brands is because of the price and the visibility on social media.

The interview then continued with the question how often the interviewee buys luxury beauty products. When comparing the answers from both generations, 5 out of 6 interviewees from the Baby Boomer generation purchase a luxury beauty product typically once a month, precisely described when one product is run out and they need a new one, whereas interviewees from Generation Z purchase luxury beauty products after a long time of consideration and conviction. Interviewee P11 from Generation Z said that “I often carefully consider the purchase of a luxury beauty product for a while, and I need to make sure that the price matches the performance and quality of the product.” Interviewee P12 from the Baby Boomer generation stated that “many of my beauty products are from luxury beauty brands and therefore I purchase luxury beauty products on average once a month, depending on the product. My face cream will run out faster than my setting powder, which means that some products I only need to renew a couple times per year”. This proves that Generation Z consider the purchase of a luxury beauty product more carefully than the Baby Boomer generation. The reason behind this might be since the Baby Boomer generation did not have as many options in the beauty market at the time, they started to use beauty products as Generation Z has had in their teenage and early adult years.

The interviewees were asked what they consider are the most important factors in a luxury beauty product. Many of the interviewees had similar answers which included factors such as price, quality, packaging, high quality ingredients, results from the product as well as performance of the product. One interviewee, P6 from Generation Z, brought up the importance of sustainability of the brand overall and how important it is for the interviewee that the brand is working with the world towards sustainability. All interviewees mentioned product quality and price as an important factor in a luxury beauty product. Interviewee P2 from the Baby Boomer generation brought up the importance of exclusivity and quality of the product overall, including packaging and the product itself. The interviewee said that “when I know for sure that the product I buy will be of good quality, and the brand proves it to me when I use the product, it makes me prioritize good, luxury quality

products over cheaper ones on the market. That makes me want to buy more of the luxury beauty products". Interviewees P10 and P12 both form the Baby Boomer generation considered brand image and brand reputation as important factors, even if they are seen as long-term results of a brand. A strong brand holds a strong brand image and proves it time after time to their consumers and new customers.

Interviewee P10 and P12 both from the Baby Boomer generation explained that texture and fragrance is very important for the consumer when looking for a product of preference. The reason behind this is the feeling of luxurious and a pleasant smell. This was an interesting point of view from the interviewee, as no one from Generation Z had brought up this factor in the interviews.

Table 4 below summarizes the most important factors consumers consider in a luxury beauty product.

Question	Categories
What are the most important factors you are looking for in a luxury beauty product?	Quality (Q), price (P), packaging (PCK), fragrance, (FR) brand image (BI), ingredients (IN), performance (PR), results (RS), sustainability (SUS), exclusivity (EX), experience (EXP)

As it can be seen, the most important factors of a luxury beauty product for consumers are quality, price, packaging, brand image, quality ingredients, performance of the product, results, sustainability, exclusivity as well as the overall experience.

4.2 The impact of social media in the consumer purchase decision process

To understand the impact of social media from a consumer point of view, the interviewees were asked a series of questions focusing on the influence of social media in the consumer purchase decision process.

The first question asked was how social media influences the interviewee's purchase decision of a beauty product. As expected, all interviewees from Generation Z said that they rely heavily on social media before buying a product. Interviewee P1 from Generation Z explained that TikTok is a popular platform to look up any products before making a purchase decision, since TikTok allows the consumer to watch how the product is being used, and the results the product gives are also typical content that can be seen on the platform. Interviewee P11, also from Generation Z, said that a brand's Instagram page gives good ideas for future purchases and new product launches.

When looking at the Baby Boomer generation, social media is not very popular among the group of interviewees. Only interviewee P4 stated that Instagram sometimes helps the consumer to make a purchase decision, and reviews online helps to guide the way of a product. “However, I do use Facebook more than I use Instagram. Thankfully, famous brands still update any product news to Facebook and therefore I can follow along with any new trends”. The author can see the reason behind this, which has a lot to do with the interviewee’s age, P4 aged 59. Many of the other interviewees from the Baby Boomer generation said that they simply do not know how to follow along on social media with a fast-moving beauty environment. Interviewee P8 had an interesting comment to add on the subject: “I rely on my standard products that I have been using for years, and as long as I can find them in store, I am happy. I do not really understand how to use some social media platforms, and therefore I do not use them for any beauty related matters. If there are any new products, I often get recommendations from friends and family. I enjoy it like that”.

The next question was asked to understand where consumers usually purchase their products, and if there is a clear difference between Generation Z and the Baby Boomer Generation. The aim is to understand if social media has an impact on where consumers purchase their luxury beauty products.

Interviewee P2 and P10, both baby boomers, said they prefer to buy their luxury beauty products physically in store. Both interviewees said they are used to shop in stores in their past, which is something that has stayed with them throughout the years. As an example, interviewee P2 visits the department store Stockmann in Finland, and interviewee P10 often shop at the department store Rinascente in Italy. Both had the same perception of the experience itself about going to a store to buy the products. Five out of six interviewees from Generation Z explained that they usually order online. Interviewee P9 told that it is very easy to stumble upon a luxury beauty website when scrolling through social media. Interviewee P5 exceptionally enjoys visiting physical stores to get the experience of being able to see and try the product beforehand. To visit a physical store can be dependent of the location of the consumer and the store. It is easier to buy from a physical store on the assumption that the consumer lives close to the city.

Lastly, the interviewees were asked what their latest purchase of a luxury beauty product has been. Table 5 below demonstrates each interviewees latest purchase. The figure shows the purchased product, why it was bought, where it was bought, and the price of the product.

When analysing the table, there is a clear difference between the Baby Boomer generation and Generation Z when looking at the column “where the product was bought”. Every interviewee from the Baby Boomer generation except interviewee P4 purchased their product in-store. Interviewee

P4 did make a comment earlier about using social media platforms, which explains why the product was bought online.

Table 5. Latest luxury beauty purchases

Interviewee (P)	Purchased product and brand	Why the product was bought	Where the product was bought	Price (€)
P1	Lancôme Advanced Genifique serum	Saw on TikTok and wanted to try	Online	89,90€
P2	Chanel Rouge Allure lipstick	Needed the same product as the old ran out	In-store (family bought it for the interviewee)	47€
P3	Estée Lauder Revitalizing Supreme+ Global Anti-Aging Creme SPF 15	Needed a new face cream, wanted to try a different brand	In-store	101€
P4	Giorgio Armani Luminous Silk Foundation	Wanted to try a new product	Online	60€
P5	YSL Touche Éclat Radiant Touch concealer	Got offered a discount online, decided to try the product	Online	34€
P6	Dior Capture totale toner	Needed a new product, saw good reviews on social media	In-store	63,95€

P7	Chanel Stylo Yeux waterproof eyeliner	Went shopping and did an extempore purchase	In-store	29€
P8	Clinique dramatically different moisturizing lotion	Needed the same product as the old ran out	In-store	34€
P9	Charlotte Tilbury Hollywood Flawless Filter primer	Needed the same product as the old ran out	Online	40€
P10	Chanel Les Beiges bronzer	Friend recommended the product	In-store	39€
P11	Estée Lauder Advanced night repair serum	Favourite influencer used product, wanted to try	Online	89€
P12	Dior Backstage glow face palette	Needed the same product as the old ran out	In-store	53€

4.3 Generational differences in the purchase decision process of a luxury beauty product

For the generational differences in the purchase decision process of a luxury beauty products, the interviewees were asked one question about the subject as it could be seen that the generational differences appeared in both chapter 4.1 and 4.2 automatically by the interviewees. The question tackled the matter if generation plays a role in the consumer purchase behaviour of a luxury beauty product. Almost all interviewees agreed on the fact that generation plays a huge role in whether one decides to purchase a luxury beauty product. Interviewee P3, an interviewee from Generation Z, stated that many younger people from Generation Z are influenced by social media where they

see celebrities as well as influencers using luxury beauty products, which attracts them to try out new products. Interviewee P2 from the Baby Boomer generation pointed out that their generation does not rely on social media when deciding to purchase a product, and instead they usually prioritize customer service and brand reputation.

The comment about customer service from interviewee P2 opened new perspectives for the author which was interesting. Looking at the interviewees age, 75, it can be understood why the interviewee prefer customer service in stores. Nowadays consumers are very used to order online instead of going to a physical store, meanwhile the Baby Boomer generation has always been shopping in store and has gotten the overall experience of purchasing a luxury beauty product.

Interviewee P9 from Generation Z also pointed out that in contrast to older generations, the younger generation often look at reviews about products online, read the ingredient labels more carefully, and research the products online before making a purchase. When looking at the phenomena, the Baby Boomer generation often rely on friends and family members about a product before the make the purchase decision.

When asked further about the question, many of the interviewees had the same opinion about social media and its influence on the generational differences. Generation Z is driven by social media and rely on influencers and other users about a product. On the contrary, the Baby Boomer generation did not grow up with mobile phones, and therefore they have continued their old ways of shopping for luxury beauty products, meaning they visit the store, appreciate customer service, and enjoy the overall experience the luxury beauty store has to offer.

One reasonable comment was made by interviewee P8 explaining that in the 1950's to 1960's the beauty market was not as expanded as it is today. Many consumers interested in the beauty industry at the time focused on luxury beauty brands, and according to interviewee P8, brands such as Chanel, Estée Lauder Lancôme succeeded in making products the consumers were looking for. Through this, consumers found their staple beauty products which they continue to purchase even to this day.

5 Conclusion

This chapter will conclude the research conducted to study the consumer purchase behavior in the luxury beauty industry. The research aimed at understanding how consumers behave and what the driving factors are to purchase a luxury beauty product. This was done by implementing qualitative research with 12 interviewees interested in the luxury beauty industry. Secondary research in forms of academic books and articles were used to support the theoretical research of the thesis. The chapter will include the key findings, focusing on one IQ at a time, followed by recommendations and future research. Furthermore, the author will discuss reliability, validity, and relevance as well as reflection of learning.

5.1 Key findings

For this research-based thesis, the author has been studying the topic “Consumer Purchase Behaviour in the Luxury beauty industry”, putting emphasis on the objective to study generational differences as well as the influence of social media in the consumer purchase behaviour process through which the research question “What does consumer purchase behaviour look like in the luxury beauty industry?” aimed to answer. Additionally, by having interviewees from around the world, the requirement to have an international aspect from the bachelor’s degree programme was achieved. With the help of the theoretical framework, each IQ could be studied thoroughly which supported the conclusion of the research question.

This section will conclude the key findings for this research and each investigative question will be discussed separately to conclude the findings.

5.1.1 IQ 1

The first investigative question, IQ 1, was designed to answer which factors consumers consider important when buying a luxury beauty product. When studying this IQ, the author also applied the importance of brand image, which can be found in the theoretical framework in chapter 2.1.3. A clear connection can be seen between the brand resonance pyramid and consumers viewpoints of the purchase decision process of a luxury beauty brand.

The author had decided to start each interview with the question “What is it that makes you interested in beauty?” to make the interviewee comfortable and to get insights on the interviewees past experiences with luxury beauty. As the author purposively had chosen interviewees known to have some experience with luxury beauty, the findings also indicated when answering this question and all interviewees mentioned luxury beauty in some content. Followed by this, the author wanted to make clear each interviewees own perception of what luxury beauty is. Even if all interviewees

had different understandings about the topic, one thing that combined all answers was the viewpoint of which brands are considered luxury beauty brands.

When analyzing the answers of the interviews looking at the first IQ, it can be concluded that for Generation Z, the most important factors they consider when buying a luxury beauty product are product quality related to price as well as brand image. Some interviewees also brought up sustainability matters, comparing to the Baby Boomer Generation where none of the interviewees mentioned sustainability in any context.

Why product quality related to price seems to be an important factor for consumers of luxury beauty can be understood since consumers have high expectations when it comes to luxury beauty. Since the product often is pricy, consumers expect the product to be of highest quality with premium ingredients, appealing package, and overall great performance of the product. For the expectations to be met, luxury beauty brands are expected to invest in the best materials and ingredients for the product as well as extraordinary skilled inventiveness to be able to keep prices high in a busy industry. Consumers of luxury beauty seek for long-lasting results when looking for a suitable product, and therefore if the price of the product does not match with the promised results and qualities, consumers may feel disappointment in the product and the brand overall. If price does not match with product quality, consumers may perceive the product as poor value and investment, which can harm the brand over a longer period. Brand reputation and brand image does matter in the luxury beauty industry, even if many luxury brands have been moving strongly for decades. As the luxury beauty industry is highly competitive, brands rely on their reputation to stand out. If a luxury beauty brand makes a mistake and launches products that do not meet the expectations of consumers, the reputation can be damaged. Today, luxury beauty brands must be careful with any business moves, as Generation Z often uses social media to express their feelings and thoughts of different products. When analyzing the results of the interviews, luxury beauty consumers are recurrently willing to pay premium price for products that can be associated with a good brand image. To maintain consumer satisfaction and customer loyalty, it is important for luxury beauty brands to ensure that the price of a luxury beauty product matches the quality. As seen in chapter 2.1.1, price is one component of the eight Ps of luxury marketing and addresses the same outcome as the consumer viewpoints.

When analyzing the results from the Baby Boomer generation, the interviewees gave more straight forward answers in relation to important factors of luxury beauty products. However, part of the answers synced with the observations Generation Z had about important factors of luxury beauty products such as quality related to price as well as brand reputation. For the Baby Boomer generation, new insights on important factors included efficacy, exclusivity, and packaging. When

looking at efficacy, the answers addressed that baby boomers often are interested in luxury beauty products that are effective in supporting any specific skin concerns the consumer might have. Paucity, which refers to the scarcity of a product, is also a component of the eight Ps of luxury marketing, which goes along with exclusivity in the luxury beauty industry as important factor luxury beauty brands aim for to create rarity and uniqueness. Exclusivity can often be recognized in luxury beauty brands as the products are not always easily available for the consumers. When a consumer then manages to purchase the desired product, it creates a feeling of uniqueness and privileged. Exclusiveness is a common strategy used by luxury beauty brands to uphold their upscale reputation and create a sense of luxury around their goods. They can preserve a sense of exclusivity and status by limiting the availability of their items, which might aid them in justifying their high pricing. Furthermore, exclusivity may engender a sense of scarcity, which may boost demand and induce a sense of urgency to buy. This may contribute to the spread of word about the product and increase consumer interest. Exclusivity can in many cases help build consumer loyalty. The unique experience offered by beauty brands helps create a secure connection with consumers which encourages them to stay loyal to the brand, resulting in increased purchases.

5.1.2 IQ 2

The second investigative question, IQ 2, aimed to study the impact of social media in the consumer purchasing decision process. Since social media is a considerable factor among businesses, and many companies use social media for product marketing, the author determined to study if social media has an impact on the purchasing decision process in the luxury beauty industry.

The author decided to ask a straight forward question about how social media influences one's purchase decision of a luxury beauty product, and as the author predicted, social media has a greater impact on Generation Z compared to the Baby Boomer generation when it comes to the purchasing decision process of a consumer. Generation Z relies heavily on social media before deciding whether or not to purchase a luxury beauty products. As discussed in chapter 2.3.3, Instagram started to boom in 2010 and the average age of Generation Z laid around 10 years old at the time. At 10 years old many got their first phones, and consumers were also introduced to the new social media site. As a generation that has been growing up with social media from a very young age, it is logical that the consumers of Generation Z rely on social media as a primary source of information. The results showed that the most popular platforms Generation Z uses are TikTok and Instagram for a variety of reasons. Many beauty influencers and celebrities use social media to demonstrate and share opinions on products, which has an effect on consumers to rely on the information provided by well-known people. Additionally, especially TikTok gives the consumers an opportunity to see how a specific products look and perform in real life. The creator

is able to talk about skin types, the product itself as well as the results which helps Generation Z make decisions about buying a product. The results also indicated that many consumers that rely on social media likes to connect with other individuals of same interests, which exposes them to involvement of the luxury beauty industry. In general, Gen Z's dependence on social media while making purchases of luxury beauty products is a reflection of their digital upbringing and demand for reliable information.

The Baby Boomer generation is not as invested in social media as Generation Z. The author presented a question about where the interviewees usually buy their luxury beauty products. The results showed that the majority of Generation Z orders products online, whereas the Baby Boomer Generation visits physical stores when deciding to purchase a luxury beauty product. Online shopping is also a result of what impact social media has on one's purchase decision, as it is very easy to click home a product while scrolling through different sites. Baby Boomers are very used to visiting stores to purchase luxury beauty products, which can be a reason why the Baby Boomers values customer service and the overall experience of the purchasing process, which has been shown to be a huge contrast between the two generations.

5.1.3 IQ 3

The last investigative question, IQ 3, focused on investigating how generational differences influence the purchasing decision of a luxury beauty product. As the author was interviewing people from two different generations, Generation Z and the Baby Boomer generation, valuable information from both generations was received in order to study the contrast.

Generational differences have a significant impact on the purchasing decision of a luxury beauty product. Generations often have unique values, attitudes, and beliefs that influence their decisions. When looking at the conclusion of the results, generational differences appear in many of the topics discussed by the interviewer and the interviewee. The findings show that the Baby Boomer generation are more loyal to brands overall. Baby Boomers are willing to spend more on luxury beauty products that represent quality, status, and heritage since they respect those ideals. The Baby Boomer generation are less likely to try new beauty brands and instead rely on their preferred, go-to brands.

On the other hand, the findings indicate that generation Z is a very diverse and multicultural generation. The generation values ideals such as authenticity, social responsibility and transparency. Generation Z is a generation that relies on social media and digital natives in the purchasing decision process of a luxury beauty product. Many consumers of generation Z prefer luxury brands that offer personalized and a unique experience with brands that engage them on

social media platforms. Social media offers a variety of new insights on brands with inspiration and therefore the consumers of generation Z are not as loyal to specific luxury beauty brands as the Baby Boomer generation.

It is important for luxury beauty brands to understand the generational difference in order to create successful and targeted marketing strategies that resonate with the target audience. As generational differences have a big influence on the purchase decision of luxury beauty products, it is important for luxury brands to understand the differences and what each generation seeks for in luxury beauty products.

5.2 Recommendations for Future Research

In the planning stage of the thesis, the author decided to use the qualitative research method for the primary research to get in-depth perspectives from consumers of luxury beauty. Although the qualitative research method in form of interviews gave meaningful and informative information, it would have been interesting to apply quantitative research in form of a survey to the research. This could have given the author a broader view of the topic with numerical data to study.

In terms of a commissioning company, the author believes one luxury beauty brand could have gotten considerably valuable information from the research done. Since the study was researching consumer purchase behaviour in the luxury beauty industry and comparing two generations, a commissioning company could have benefited from the research looking at the marketing point of view of a brand.

When looking at the subjects covered in the research, a relevant subject to research could have been the impact of environmental and sustainability concerns and improvements. As sustainability concerns are rising among many companies, a commissioning company could have had great benefit of getting insights on sustainability matters in the luxury beauty industry, and how consumers perceive sustainability regarding luxury beauty brands.

5.3 Reliability and Relevance

The plan for ensuring reliability and relevance during the research had gone as expected according to the author. All information gathered from respondents was analyzed for the qualitative data with the interviewees permission and anonymity was maintained as many interviewees wished so.

Reliability and relevance were both priorities in the planning of the process and the topic. Based on these elements, the research techniques were carefully chosen and improved along the process, and the author aimed to use various concepts and models supporting the research. The research

topic and objectives were shown to be broad in scope, and therefore the author evaluated possible risks in the process. For example, the marketing techniques for luxury beauty products is wide and therefore the author decided to narrow the viewpoint and investigate the practice of consumer purchase behavior.

The objectivity and bias issues were taken into consideration during the qualitative research, which involved conducting the interviews. The relevance and topics around the interview questions were used to build the question base, which also made sure that the questions were as simple and straightforward as possible for the interviewees to stay on topic. The interview recordings were viewed and listened to multiple times to guarantee the accuracy of the responses.

Transparency was considered at every stage of the thesis writing process by using the clearest, most factual language available and by providing the reader with information in a clear, honest, and unambiguous manner. All participants in this thesis process were assured if they had any extra questions and were given all the information they required in advance.

In terms of ethical principles, the author ensured that all interviewees were treated with respect. Many interviewees wished to keep their privacy and confidentiality maintained and therefore the author made the decision to keep all interviewees anonymous. The author made clear to explain the purpose of the study before each interviewee agreed on answering any questions. The author explained to all respondents how data was going to be used and what the outcome of the research aimed to be. This ensured open dialogue between the interviewee and the interviewer.

5.4 Reflection on Learning

As the author had a passion for the beauty industry, highly interested in marketing of luxury beauty products, choosing a topic related to the luxury beauty industry and consumers came naturally. The topic along with the research done introduced the author to many new insights and learnings on consumer behavior and the beauty industry overall, which the author can benefit from in the future.

The thesis process allowed the author to understand how marketing is handled in the luxury beauty industry, alongside with understanding how the purchase decisions of consumers. The author was very satisfied with easily finding interviewees from different countries due to a broad social network.

During the early stage of the research and planning of the process, some challenges arose with planning the thesis correctly and staying on topic throughout the thesis. For the theoretical

framework, models and concepts were at first difficult to find and connect to the IQs, however quickly the author overcame the challenges.

Finding the best research strategy involved adhering to the research and investigative questions. Analyzing the findings by using the qualitative research method was shown to be helpful. The author decided to implement interviews as the primary research technique. The author found it to be an intriguing learning process despite having no prior experience with data analysis.

Following the research and investigative questions assisted in finding the right approach to the research. Utilizing both qualitative and quantitative methods of research provided to be useful in analyzing the results. The author felt it was important to view both the provider and the receiver side of the online communications, and this led to choosing of the research methods of interviews and a survey. The author had limited prior knowledge on analyzing data and found it an interesting learning process.

The author learned more about areas related to consumer purchase behavior and factors affecting the process, which were not extensively discussed in courses. The author was interested in this subject and willing to perform research on it, therefore this was a self-learning experience. Not having a commissioning company allowed the research to focus on a variety of topics that blended well in together for the overall research. On the other hand, having a commissioning company could have been useful with providing feedback and assistance for any goals set. However, this did not affect the overall research process as the author had great support from the thesis advisor and the thesis planning course.

Overall, the author is extremely proud of the work done for this thesis. The final thesis is an achievement and one goal reached to continue building a suitable career. Even if the author had to focus on project management, balancing work and studies, the author does have a feeling of succession for managing time well. The author gained valuable knowledge from the thesis process which helped them not only in their personal life, but also in developing professional growth in the topic researched.

Following the research and investigative questions assisted in finding the right approach to the research. Utilizing both qualitative and quantitative methods of research provided to be useful in analyzing the results. The author felt it was important to view both the provider and the receiver side of the online communications, and this led to choosing of the research methods of interviews and a survey. The author had limited prior knowledge on analyzing data and found it an interesting learning process.

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Appendices

Appendix 1. Interview questions

1. How old are you and what country do you live in?
2. What is it that makes you interested in beauty?
3. What does luxury mean to you in terms of beauty?
4. What are your favourite luxury beauty brands?
5. What are your top 3 most used luxury beauty brands?
6. How often do you buy beauty products?
7. What are the most important factors you are looking for in a luxury beauty product? S
8. How does social media influence your purchase decision of a beauty product?
9. Where do you usually buy your beauty products?
10. What has been your latest luxury beauty product? What, why, where, what did it cost?
11. Do you think gender plays a role in the consumer purchase behaviour of a luxury beauty product?
12. Do you have any further questions?