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**LUXURY BRANDS IN ONLINE GAMING: ENHANCING PERCEIVED
QUALITY OF LUXURY PRODUCTS**

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ABSTRACT

Over the past two decades, the luxury industry has undergone significant transformations. To maintain consumer engagement and visibility, luxury brands are now exploring the digital entertainment space, complementing their traditional strengths with a digital presence (Gilliland, 2020). In early 2019, Moschino released a capsule collection featuring iconic Sims motifs, which were later sold within the Sims game. Following this, Louis Vuitton became a trailblazer by selling “skins” in the League of Legends game. Skins are graphic downloads that alter the appearance of in-game characters. Subsequently, other renowned brands such as Gucci, Marc Jacobs, Valentino, and Balenciaga embraced this trend and collaborated with online games.

Nonetheless, the digitalization of luxury brands and their foray into game advertising remains a recent and controversial subject (Jain et al., 2023). Luxury brands have long been synonymous with qualities like high quality, prestige, premium status, and uniqueness (Ko et al., 2019). These attributes may not align seamlessly with the more mainstream and potentially less niche nature of the games they are associating with or creating, which contrasts with the traditional approach of luxury brands. While luxury brands aim to convey their existence, they also desire discretion. This desire for discretion involves a delicate balance, combining selectivity and diffusion, rarity and enlargement, elitism, and increased awareness (Geerts & Veg-Sala, 2011). The challenge lies in maintaining the essence of luxury—characterized by exclusivity and sophistication—while venturing into a digital landscape that often emphasizes mass appeal and accessibility. Recently published literature contends that incorporating in-game advertising and gamification has been found to influence customer engagement (Jain et al., 2023), foster affective commitment (Saxena et al., 2023), and to impact brand equity (Rodrigues et al., 2024). Yet, there is still a need to comprehend how the in-game advertising of luxury brands impacts consumers’ perceptions of brand quality. This study seeks to focus particularly on perceived brand quality, as the expectation of premium quality is a fundamental requirement consumers have for luxury products or services (Aaker, 2009; Stathopoulou & Balabanis, 2019). This expectation stems from

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the consumers' desire to ensure that their substantial investment in a high-priced product results in superior performance compared to conventional goods and services (Ostovan & Nasr, 2022). However, it is noteworthy that consumers may not uniformly perceive the same level of quality for identical products or services (Esmailpour, 2015). Within this context, this study aims to evaluate how in-game advertising impacts the brand quality perceptions of a luxury brand. Drawing on a solid theoretical foundation, our study uses a predictive model to reveal the link between four dimensions of brand coolness (useful, high status, popular, and subcultural), brand credibility, and perceived brand quality in the context of luxury fashion brands.

Hypotheses Development

Coolness is a "subjective and dynamic, socially constructed positive trait attributed to cultural objects inferred to be appropriately autonomous" (Warren & Campbell, 2014, p. 544). This concept encompasses four features: subjectivity, positive valence, autonomy, and dynamism (Anik et al., 2017). Coolness is subjective because brands are considered cool based on consumer perceptions. Plus, being considered cool is a quality that goes beyond mere desirability, incorporating positive valence. Autonomy, in turn, implies a brand's ability to follow its path, resisting conformity to others' expectations. Furthermore, coolness is dynamic because it evolves over time and among consumers.

The recognition of cool brands is linked to their positive attributes and quality, establishing an association between coolness and desirable or valued characteristics (Dar-Nimrod et al., 2012; Im et al., 2015). Cool brands are distinguished by their superior quality, tangible benefits, and overall value to consumers (Warren et al., 2019). Coolness, as defined by Warren et al. (2019) exhibits qualities such as being extraordinary, aesthetically appealing, energetic, original, authentic, rebellious, high-status, subcultural, iconic, and popular. Although all characteristics don't need to be present simultaneously in a brand, the greater the number of characteristics it exhibits, the more likely consumers are to perceive it as cool (Warren et al., 2019). Brand coolness can influence brand loyalty (Jiménez-Barreto et al., 2022), brand equity (Salem et al., 2023), brand love (Tiwari et al., 2021), WOM and intention to purchase (Bagozzi & Koshnevis, 2022). While prior research establishes the influence of brand credibility on brand coolness (Rodrigues et al., 2024), a novel perspective suggests that brand coolness might reciprocally impact brand credibility. Based on Loureiro et al. (2020), the present study considered four dimensions of brand coolness (Warren et al., 2019): useful, high-status, subcultural, and popular.

Brand credibility, as defined by Erdem and Swait (2004), is the capacity and willingness of a brand to consistently fulfill its promises, determined by consumers' perceptions of the encoded product position information. Trustworthiness and skill are its essential components (Erdem & Swait, 1998, 2004). Trustworthiness relates to a brand's commitment to fulfilling promises, while skill pertains to its ability to execute them. As demonstrated through the ongoing consistency of prior marketing efforts, brand credibility is influenced by factors such as brand investments, clarity, and consistency over time (Baek et al., 2010).

Consistency signifies the alignment and cohesion among a brand's marketing mix strategies and actions, including advertising, and their enduring consistency (Erdem et al., 2004). Brand investments involve the long-term expenditure by the brand to assure

consumers of promised delivery (Klein & Leffler, 1981). In turn, clarity focuses on ensuring unambiguous and unbiased information about the brand (Erdem et al., 2004). Brands with high investment levels in consistent marketing-mix strategies, supported by clear information, tend to have higher credibility rates (Erdem & Swait, 1998). Acting as a communication bridge between consumers and the brand, brand credibility is established and shaped through various communication mechanisms like brand image advertising, sponsorship, and product placements (Sweeney & Swait, 2008).

Consumers often associate coolness with positive traits, viewing cool brands as authentic and trendsetting (Warren et al., 2019). This positive perception can signal trustworthiness and enhance brand credibility. Adopting a consumer-centric view, we hypothesize that coolness, as perceived by consumers, plays a crucial role in shaping overall brand credibility:

H1: The usefulness of a brand has a positive impact on its perceived credibility.

H2: A high status associated with a brand positively influences its perceived credibility.

H3: Popularity enhances the perceived credibility of a brand.

H4: Subcultural elements positively contribute to the perceived credibility of a brand.

Brand credibility significantly shapes consumers' purchase intentions and decision-making processes. Clear and credible signals from brands act as signals, reducing perceived risk and information costs (Maathuis et al., 2004). This, in turn, enhances perceived quality (Aaker, 1991) and brand value (Maathuis et al., 2004; Rather et al., 2022). Consequently, when faced with two equal offers in other attributes, consumers are influenced to choose the brand with higher credibility (Erdem & Swait, 1998). In the domain of branding, perceived brand quality refers to how consumers evaluate the overall excellence and superiority of a product or service, considering its intended function and their overall sentiment toward the brand (Aaker, 1991). Brand credibility, encompassing trustworthiness and competence, serves as a crucial determinant of perceived quality (Aaker, 1991). When consumers perceive a brand as credible, they are more likely to trust the brand's ability to consistently deliver on promises. This positive perception of reliability and expertise directly influences how consumers assess the quality of the brand's products or services. Within this context, we hypothesize that in the context of online gaming, the brand credibility of luxury brands has a positive impact on brand quality perception.

H5: Luxury brand credibility positively influences the perception of brand quality.

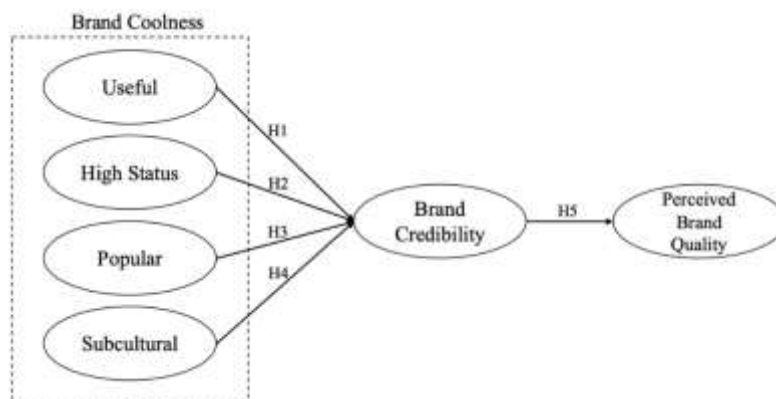


Figure 1 – Conceptual Model

Methodology

We opted for the collaboration between a high-end brand (Louis Vuitton) and a gaming platform (League of Legends). Our goal was to collect data from Generation Y and Generation Z, as these generations are key demographics for luxury brands and avid gamers (Jain, 2021). We gathered 426 responses, a suitable sample size for our Partial Least Squares (PLS) analysis (Cohen, 1988). Using PLS-Structural Equation Modeling (SEM), we iteratively analyze data interactions to understand dependent variable variations (Hair et al., 2019).

Results

The measurement model assesses first-order construct consistency and validity. Regarding the model's reliability, all constructs exhibited satisfactory values for Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE). The Standardized Root Mean Square Residual (SRMR) was observed to be 0.065 for the saturated model and 0.076 for the estimated model. Using SmartPLS4 with bootstrapping involving 5000 sub-samples and a 95% confidence interval, this research examined path coefficients.

The findings reveal a positive influence of popular ($\beta = 0.410$, $t = 3.012$, $p = 0.003$) and useful ($\beta = 0.317$, $t = 3.283$, $p = 0.001$) on brand credibility. Hence, H1 and H3 are supported. Furthermore, heightened brand credibility significantly elevates perceived brand quality ($\beta = 0.524$, $t = 10.139$, $p = 0.000$), supporting H5. However, our results also expose that H2 ($\beta = -0.025$, $t = 0.240$, $p = 0.838$) and H4 ($\beta = 0.101$, $t = 1.556$, $p = 0.120$) are not supported.

Discussion

The study's findings highlight a favorable influence of both popularity and usefulness on brand credibility, providing support for hypotheses H1 and H3. This suggests that a luxury brand's perceived popularity and utility positively contribute to the enhancement of its overall credibility. In essence, the study suggests that the more a luxury brand is perceived as popular and useful, the greater its credibility becomes. Additionally, heightened brand credibility significantly correlates with increased perceived brand quality, validating H5 and aligning with Aaker (1991), Baek and King (2011), and Calabuig et al. (2021). However, the findings do not support H2 and H4, suggesting that the high status and subcultural dimensions of brand coolness do not influence brand credibility. Thus, our results echo Warren et al.'s (2019) claim that not all coolness dimensions are essential for a brand. Within the context of luxury brands in online gaming, our findings underscore the key roles of popularity and utility in shaping brand credibility, questioning the significance of certain coolness dimensions in this context.

Keywords: Brand Credibility, Brand Coolness, Perceived Brand Quality, Luxury, In-game Advertising

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