

# The Perception of Value in the Luxury Real Estate Market: An Analysis from the Customer's Perspective

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## ABSTRACT

**Customer experience generally encompasses the views and feelings emerging from contacts with a supplier's people, channels, and products, for example. Through qualitative in-depth interviews with N=25 sector experts, we explored the elements that impact the customer experience in the Brazilian luxury real estate market from the customers' perspective. Due to the discrepancy between the subject's literature study and the natural world scenario, the comprehensive content analysis revealed that luxury real estate requires more research. Therefore, the present study concludes with a discussion and management recommendations.**

**Keywords:** customer experience, luxury real estate market, Brazil.

## INTRODUCTION

This article investigates luxury real estate market in Brazil through exploratory research. This work follows Chacur (2023). *Luxury* is commonly associated to products or services as a "lifestyle." However, there needs to be a clear understanding of this concept or a precise definition. Luxury is difficult to define clearly and objectively; it can mean different things and present different forms for different people (Wiedmann, Hennigs & Siebels, 2007). Not even the American Marketing Association (AMA) dictionary of terms has a definition for "luxury," "luxury brand," or "luxury market." For Cornell (2002), luxury can be understood as an element with much human involvement, a particular scarcity, and the recognition of value to other people.

According to Berry (1994), the main difference between a luxury product and one targeted for easy use is that the latter satisfies some need or discomfort of the customer. A luxury article pleasures while at the same time feeding a feeling of desire. An exciting definition is presented by Arghavan and Zaichkowsky (2000) when they declare that the simple use of luxury articles and the fact of exhibiting something luxurious improves the customer's self-esteem, satisfying their functional and, especially, psychological needs. However, the concepts of exclusivity and rarity are always present in the literature about the luxury market. Vigneron and Johnson (1999) adopted the definition of luxury for this study. For these authors, a luxury brand is one that fully delivers the most significant possible degree of prestige, satisfying clients' physical and psychological desires. Luxury brands compete among themselves about their ability to evoke feelings of exclusivity, brand identity, brand awareness, and quality perceived by the client (Phau & Prendergast). Luxury is a subjective and multidimensional construct.

## THEORETICAL BACKGROUND

### Theories of Luxury Consumption

Academics employ distinct approaches to explain the main reasons that drive people to consume luxury goods. The oldest and perhaps best-known theory addresses Conspicuous Consumption, initially presented by Veblen (1899), in which individuals consume to display wealth to others. Later, several authors understood that conspicuous consumption is crucial to characterizing luxury brands (Vigneron & Johnson, 2004).

In another field, theorists developed the Theory of Social Comparison, by which the consumption of luxury articles occurs because of people's desire to promote themselves, to assert themselves (Wiedemann, Henning & Siebels, 2009). This theory is based on the idea of belonging, in which the individual intends to consume luxury brands to demonstrate to other individuals his social superiority, wealth, and prestige (Mandel, Petrova & Cialdini, 2006).

Another theory widely accepted by luxury market scholars is the Theory of Self-Concept. This theory is based on the idea that luxury consumption occurs because of the individual's need to feel good by possessing something luxurious (Shukla & Purani, 2012). According to this theory, luxury consumption is intimately linked to how people feel about themselves (Gil, Kwon, Good & Johnson, 2012).

There is yet another approach to luxury consumption, known as Consumer culture theory, according to which there is an extended self. This theory was proposed by Arnould and Thompson (2005). It helps to understand luxury consumption based on the meanings that these luxury goods represented in the life of consumers (Han, Nunes & Dreze, 2010). Luxury customers consume to change how they see themselves and how they would like to be seen (Hung et al., 2011). They consume luxury goods to frame the identity and projection of who they are and whom they would like to be (Belk, 1988).

3.2.1. The perception of value in luxury brands. The perception of value in the consumption of luxury goods and why people consume luxury do not only happen because of social aspects or the desire to demonstrate status, success, social distinction, or the desire to impress others. Instead, this perception still depends on certain luxury brands' financial, functional, and individual utilities (Wiedmann et al., 2007). Some premium pricing strategies (high price) are practiced to build a luxury brand. However, practicing high prices and having excellent quality perceived by customers are not factors that necessarily position the brand as a luxury (Ko, Costello & Taylor, 2019). Based on a literature review, these authors have listed five essential elements necessary for brand perception of luxury value. These are: (a) need to possess a high-quality product; (b) need to deliver the desired benefits, whether physical or emotional; (c) need to have a prestigious image in the market, built with attributes of handmade products and not in mass or delivering high-quality service; (e) need to possess elements that make it worthwhile for the customer to pay the premium price; (f) need to inspire a deep connection between the brand and the customer.

Adding to the five aspects proposed by Vigneron and Johnson (1999), Wiedmann et al. (2007) defend the existence of a luxury value perception based on four dimensions. The authors affirm that a perception of value that adds luxury is based on these four dimensions. (i) Financial dimension of the perceived luxury value: the financial aspects of perceived luxury value are linked to price, resale value, discounts, necessary investment, and so forth. It is the product's

value expressed in the financial currency of a given country, that is, how much economic sacrifice is necessary for the customer to purchase the product. (ii) Functional dimension of the perception of luxury value: the functional dimension of the perception of value is linked to the main benefits and the essential utilities of the product, which drive the consumption of luxury based on the ideas of superior quality, the durability of the product, uniqueness and scarcity, reliability, and usability. (iii) Individual dimension of the perception of luxury value: this individual dimension focuses on the customer's personal orientation and problems, according to his identification of values. It is a more subjective dimension, and finally, (iv) the social dimension of luxury value perception: luxury goods' consumption strongly links with social function. The social dimension of value perception refers to how the customer of the luxury product will be recognized within his group and social environment. This dimension is linked to conspicuous consumption and prestige, vital components that significantly affect the propensity of the decision to purchase a luxury product or a luxury brand.

### **Status and the Perception of Value in the Luxury Market**

The idea that luxury consumption is closely linked to status signs targeted at others remains one of the oldest theories in this field of knowledge. Literature shows that consuming luxury goods for status allows the customer to express and highlight his social importance to others (Ko et al., 2019). A fascinating study was conducted by Madel et al. (2004) using the theory of social comparison. According to the authors, comparisons with other successful people can make customers imagine themselves reaching the same levels of success, leading them to prefer luxury brands. However, the study also found that these comparisons with successful people are moderated by the degree of success individuals can imagine themselves achieving. Hung et al. (2011) surveyed 1300 Thai customers by exploring the degree to which influence, self-perception, and vanity can influence the intent to purchase luxury brand handbags. The study demonstrated that social influence, measured by conspicuous consumption and prestige, is positively influenced by the intention to purchase luxury goods. The authors also discovered that the self-perception and functional aspects positively influence the intention to purchase luxury brands.

### **Customer Behavior in the Luxury Market**

A recurring theme in academic studies in this area is the difference between the reasons for the intention to purchase luxury brands and for non-luxury brands. Several factors impact the luxury market customer behavior. The individual characteristics of the customers and the perceived value of luxury brands have a powerful impact on customer behavior. Precisely because of this, it is an area of great interest for academics and luxury market players (Ko et al., 2019). A critical study on luxury customer behavior was conducted by Wang and Griskevicius (2014), addressing why women purchase luxury items. The study identified that while men purchase luxury to demonstrate wealth and success, women consume luxury to show other women that their partners are devoted to them. According to the study, other people considered that the more devoted these women's partners were, the more luxury items they would consume. Another exciting thing about the study was that other women are less likely to buy luxury items if they see other women buying them. Another type of luxury brand consumption behavior that deserves attention is hedonistic consumption, that is, consumption for pleasure.

A relevant study by Hagtvedt and Patrick (2009) sought to understand the connection between consumption, pleasure, and desire. Multiple studies conducted by the authors have shown that brands perceived as luxury can drive customers to consume more than traditional brands simply because it gives them pleasure. According to them, these brands make customers feel satisfied and proud when they can make a dream come true (feeling of pleasure) by acquiring luxury products and services. A more recent study, also conducted by Hagtvedt and Patrick (2016), showed that luxury brands linked to charitable actions could increase customers' intention to purchase. In addition, this study showed that a certain degree in the scale of engagement between the brand and the charity reduces the customers' sense of guilt when paying premium prices. Another factor that should be considered in studying luxury customer behavior is cultural influences. For example, the perception of value and cognitive perception vary according to culture (Kastanakis & Voyer, 2014). Collectivism and individualism also influence different cultures in different countries. For example, a study by Bian and Forsythe (2012) identified that Chinese customers have much less intention of buying the same brand than others in the same social circle. On the other hand, in the US, the study showed that collectivism influences the intention of purchasing luxury goods, indicating that people want to own the same brands as their peers in their social circles.

### **Luxury Brand Management**

The present work focuses on the customer's aspects, either his behavior or the motivations and dimensions that lead him to consume luxury goods. However, it is also necessary to focus on the companies and the management of luxury brands, not only on the customers. One of the most critical issues of luxury brands' strategy is pricing. This fact also includes how products should be priced and, most importantly, how they should be displayed or communicated to potential customers (Kapferer & Laurent, 2016). Much literature and studies state that the premium pricing strategy should be adopted. However, the customers' expectation of minimum prices for luxury goods is very subjective because it can vary according to the type of product marketed and the relevance of that product to the customer. Thus, the premium pricing strategy should be practiced relatively and not absolutely (Ko et al., 2019). Another management practice that should be taken seriously is not leaving the price visible to all customers. A study (Parguel, Delécolle & Valette-Florence, 2016) demonstrated the opposite of what many luxury brands practice in the market. The authors could identify that leaving the prices of luxury goods visible has a positive impact on the perception of luxury for the brand, increasing the feeling of rarity, prestige, and pleasure that it may provide to its customers. Client segmentation is another management practice that should be seen with attention. Gender has effects on brand value perception. A study conducted in Germany identified different impacts on the luxury brand value perception among men and women. On average, women respond more significantly to the stimuli caused by luxury brands than men do. Moreover, women are more attentive to multidimensional aspects of the luxury brand, such as superior quality, rarity, and social value – prestige (Stokburger-Sauer & Teichmann, 2013). Finally, another luxury brand strategy that needs to be taken into consideration is related to social media. Kim and Ko (2010) state that there are critical elements in the luxury brand communication strategy through social media: entertainment, customization, interaction, "word of mouth," and trend. According to the same authors in a more recent study (Kim & Ko, 2012), while traditional marketing strategies focus on product attributes and functional values, luxury brands should focus on social media on subjective values such as hedonistic (pleasure-

related) consumption. The authors identified that this social media strategy positively impacts the purchasing intent of luxury brands.

## **METHODS AND MATERIALS**

### **Research Design**

The objective of this study was to investigate and understand better the customers' perception of value in the luxury real estate market scenario. However, specific theoretical explanations for this luxury market have yet to be written. There are many studies regarding Real Estate, the luxury market, and value perceptions, but they need to try to mix and understand luxury Real Estate value perception. We followed Corbin & Strauss (2008), and Gioia et al. (2012), regarding the coding strategy, an iterative process which involved subsequent rounds of coding and categorizations into first-order categories, which comprised second-order themes and were then grouped into aggregate dimensions. An exploratory, inductive research approach was adopted due to the novelty of the research question of this research (Armstrong, 1979). This author believes this study design is coherent in understanding and answering the proposed research question. Understanding more profound a not well-understood phenomenon requires an exploratory approach (McCracken, 1988).

Creswell (2013) suggests that qualitative research methods can help helpful information to be discovered and better understood. A qualitative study can also help researchers interpret and analyze in-depth information from the interviewees about a novel phenomenon (Woodside & Wilson, 2003). The methodology was chosen to consider the similarities of many other articles employing qualitative research methods that were also trying to bring real-world opinions that enable researchers to improve understanding and collect meaningful conclusions from this reach data (Foroudi, Gupta, Nazarian & Duda, 2017). This qualitative study approach is appropriate to understand qualitative data based on social reality and in the real world that has never been investigated before. Qualitative studies are indicated when no theoretical explanations are available (Gehman et al., 2018). Qualitative methodology best suits the research question. There needs to be a theoretical explanation for luxury Real Estate value perception in the existing literature. In addition, the primary concern is to deeply understand the luxury Real Estate value perception based on qualitative data collected within in-depth semi-structured interviews. The author's objective is not to generalize results or test a hypothesis. These are the reasons that made the author chose a qualitative exploratory study. According to Mertens (2010), qualitative research allows researchers to interpret social realities. Therefore, the design and methodology adopted in this study are proper and objective.

### **Sampling Strategy**

Purpose sampling was used to select luxury real estate customers in the states of Minas Gerais and Rio de Janeiro, Brazil, who are relevant to the research question. The author selected buyers of newly developed luxury houses in closed condominiums. To be considered a "luxury house," the propriety must have at least 250 square meters, priced between one to three million Brazilian reais, and be part of a closed condominium. Due to a lack of public security in Brazil, most new luxury houses are built in a closed condominium. This study selected a house with ate closed condominium only. A closed condominium is where people only have access when invited by someone who lives there. Identification is mandatory to access a closed condominium. Valuable information can be provided to answer the research question from

respondents selected by purposive sampling (Strauss & Corbin, 1998). However, purposive sampling is not the same as convenience sampling. In this study, the author selected relevant people that met the requirements (house size and price). Convenience sampling is a different method, where people who are easy to contact or find are interviewed. It is not the case in this study. The author is the Executive Director of a luxury Real Estate company in Brazil focused on developing luxury houses in closed condominiums. Due to his position and relationship with Real Estate Agents and Brokers, a comprehensive list of buyers was made. In addition, the author sent WhatsApp messages explaining the purpose of the contact and inviting them to be interviewed. A total of 25 interviews were conducted by video call using the Google Meet app.

A double-step approach was adopted to minimize concerns regarding translation from Portuguese to English. To do so, this researcher had to translate every translation from Portuguese into English. The second step was to let an independent translator read all transcriptions to try to find significant differences or translation mistakes. No substantial differences were found during the comparison. In addition, an independent translator is native in English and fluent in Portuguese. The author is native to Portuguese and has an advanced knowledge of English. To increase reliability and validity, translations from Portuguese to English were done by the author or the researcher who is native to Portuguese. The independent translator, native to English, did not find any significant misinterpretation in the comparison. Both had multicultural backgrounds, enabling them to produce very accurate qualitative data. After transcribing and translating interviews, this author broke down using content analysis. Four main categories were found: financial expectations, physical expectations, emotional expectations, and social expectations.

### **FINDINGS AND ANALYSIS**

Firstly, 35 invitations were sent via WhatsApp Message App, with a 71 percent response rate. N=25 in-depth interviews were conducted face-to-face from May to June 2021 by one interviewer and took approximately 38 minutes on average. To ensure reliability, five interviewees were in the pre-purchase, ten were during the construction, and finally, five were in the post-purchase. Different ranks and job positions were interviewed to avoid Elite Bias (Myers & Newman, 2007), such as high, intermediate, and low-level managers and experts in the sector. The researcher opted for in-depth, semi-structured interviews to allow greater flexibility in the interviewee's opinion. The interviewees who did not participate justified their absence due to agenda conflicts. All the non-participants declared they would participate if they had enough time. The interviews occurred in calm places with no background noise. Field notes were taken about non-verbal cues. Sometimes, the voice tone and body language demonstrated in the interviews stressed an importance impossible to be detected by a software algorithm. Finally, the raw data were coded manually, following Bardin (1996). The interviews occurred in calm places with no background noise. Field notes were taken about non-verbal cues. Sometimes, the voice tone and body language demonstrated in the interviews stressed an importance impossible to be detected by a software algorithm. Finally, the raw data were coded manually, following Bardin (1996).

#### **Financial Expectations**

Several interviewees mentioned their financial expectations due to the high and premium price they had paid. Most of them said they wanted assistance and help if needed, as shown below:

*... so, when I decided to buy from an experienced company, I wanted to have the house, but also a five-year warranty if something went wrong because it is a very high investment to pay more than one million reais for a house... (I# 1).*

*... even paying lifetime money in this house, I understand that problems can occur in construction, but I wanted everyone solved. I wanted every solution when the problem came to me. (I# 2)*

One interviewee mentioned an essential point of his expectations:

*... just knowing that I would be heard and that my problems would be solved was enough for me. I wanted to have listened; I wanted attention to my questions. Sometimes I knew that the solution was not so simple, not easy. Sometimes I knew that my problem was ridiculous and easy to be solved. However, knowing they were giving me attention made me feel satisfied. There is much money involved, so we need attention. (I# 5).*

One of them mentioned that preferred to spent more money buying from a experienced company than building the house by himself:

*... I prefer to buy a company and pay more expensive and even not earning money with real estate valuation than having to build it by myself and having to solve every single day by day problem... (I# 11).*

Another important aspect of premium pricing is regarding trust. All interviewees bought their house under the construction. None of them bought it read. So they need to wait a long time to see in the real world what they had really bought:

*when you are dealing with honest people or company and everyone involved is translucent, it increases the chance off a success in a negotiation... (I# 8).*

*... I confess that I expected less than I received. I expected and unpersonal assistance, something practical. But during the construction, our relationship was closer and everybody was very involved with my personal satisfaction... (I# 12).*

One interviewee explained that financial flexibilization made him feel more comfortable to pay a premium price:

*... I felt that all financial request had been met so I could afford a higher price... (I# 9).*

### **Physical Dimensions**

The following findings are regarding the physical aspects of the product. It has to do with high-quality expectations and the functional dimensions of the house. Interviewees were expected to choose what floor they wanted, color, types of doors and windows and tile, and size of ambiance. These are the main physical aspects:

*... we were planning to have kids and wanted a more prominent place because we were born in big houses with a swimming pool, four bedrooms, and much space. We wanted all this for our children. For us, in our reality, the old apartment was not big enough. So we decided to buy this house... (I# 5).*

*... I wanted to integrate everything. I wanted to not only do things in my house but also to integrate with my family and have good moments when we cooked together... (I# 8).*

*It is essential to highlight that only five interviews mentioned physical aspects. The interview guideline did not mention any physical questions. This researcher intended to understand how vital physical aspects and the experience are in the luxury real estate market.*

*... We expected a place where our children could have the opportunity to play. However, unfortunately, we had no place and space for kids to play in our old house... (I# 6).*

*... We wanted to have our house in our way, in a safe condominium. So we wanted to choose walls, colors, sizes, and all details that we wanted differently from our old house... (I# 7).*

*... It was a great surprise to change all projects. We did not know that we would be able to change sizes, kinds of windows, and doors. We did not know that we could personalize almost everything... (I# 19).*

### **Social Expectations**

Only three interviewees mentioned social expectations when asked about their luxury house. They did not mention the word social expectations, but it was possible to identify these expectations behind their words, as seen below:

*... we are not millionaires, and we have a simple way of life, but as I am a lawyer and I espouse a doctor, we thank god for reaching a good standard of living, and we can achieve things we want. With our luxury house, we combine practicality and lifestyle. Therefore, we can be seen as a very successful couple... (I# 14).*

*As mentioned above, only some interviewees had social expectations, and this interview above was more specific about how others would see them. Therefore, the next two interviews with social expectation are more to do with self-esteem than the social comparison view on I# 14 (above).*

*... we want to open a good wine, have enough space to watch a good movie, and have a good blues or jazz music festival with our friends. We believe that a human being with no friends is no one. So we wanted to have a good house to be with our friends. Many times, we were invited to go to their place. Now, we have our place and want to provide it to them... (I# 4)*

*... my general feeling is: my house is fantastic... I'm very proud of myself. I have a feeling of conquest, a feeling that I got there. I got in that place that other successful people (my neighbor, for example) also got... (I# 13).*



## Emotional Expectations

Emotional expectation emotional expectations were found in every 25 interviews. Interviewees mentioned their emotional expectations at several moments during the interviews. Some emotional expectations concern security, privacy, and quality of life. Only two of them have to do with excitement and happiness. And finally, some of them have to do with trusting the company and ensuring their problems will be solved. This emotional expectation is divided as seen below:

*... I believe that the most important is having a place to go for a walk and socialize with other people in safety. We live in a closed condominium, right? So, at least, we believe that we are safer here... (I# 3).*

*...we were looking for something that was our dream and that we could afford. We decided on Alphaville (a brand of luxury closed condominium in Brazil) because of its high-quality standard and security... (I# 9).*

*... I wanted a house in our way and a closed condominium for safety reasons. And privacy as well. I lived for six years in a building with a swimming pool, but I wanted a place only for us. I did not have a wonderful friendship, you know? So, I wanted privacy and a swimming pool only for my family. A place where we can use without problems... (I# 7)*

*... So when we returned from Belo Horizonte (a Brazilian city), we desired a place where our children could play. We desired a house with grass, a swimming pool, space... (I# 16).*

*... I wanted safety, a quiet place, hearing birds, and a street where my son could play... (I# 2).*

*... we decided to buy in a closed condominium for safety reasons, a quiet neighborhood around, and not much traffic... (I# 1).*

The extracts above refer to safety, privacy, and life quality. These two extracts below refer to excitement and happiness.

*... My expectations were like a birth of a child. It seems like a pregnant woman, right? That we are dreaming. It is like a child wanting a toy from their parents.*

*... the architect and everybody did exactly what was our dream and what we could afford. We are happy with our house. Our grandchildren are always coming here, and I stay in the kitchen cooking for them. We are really happy here... (I# 8).*

## Trusting the Company and have Problems Solved

Trusting the construction company and knowing their problems would be solved was the most mentioned emotional expectation: 23 of 25 interviewees mentioned it. Some extracts of trust can be seen below:

*... I trusted the company because of the involvement of the construction company. They worried about the concept of a project and our budget. It was a very sincere conversation. So, when we have a completely transparent deal, we can trust the*

*person on the other side of the table. That's why we weren't worried about what was happening during the construction and visited the house only 3 or 4 times... (I# 8).*

*... I believe that when we are doing a luxury real estate transaction, it must be effective with trust. Besides, it must be an experienced company that is also sure of what it is doing. Many technical issues must be respected... (I# 18).*

*... but the tranquility we had after the house was read was the same in the pré purchase because we trusted the company... (I# 25).*

Another important emotional expectation that emerged was financial trust. Some interviewees mentioned they need to know the company's financial strength:

*... I expected that the company deliver what was our deal and keep the promise before signing our contract. So we were afraid of bankruptcy. Our biggest fear was the house not being delivered.*

*... I'm sorry for what I'm going to say, but nowadays, we need to know whom we are dealing with. If we do not trust, or if this trust breaks, we cannot keep going. We just made this purchase because we need to deal with people that understand technical issues, but first of all, that also understand financial aspects. We need a company with a strong financial capital structure. We had to be sure that this company would be financially secure to fulfill the agreement... (I# 18).*

And another aspect of emotional expectation is regarding having problems solved. This expectation emerged in 19 of 25 interviews.

*... we had some little problems we were not expecting, but everything was solved. So, all unexpected things that happened were solved. Of course, no one wants problems, but we know it happens. But at least we had support and trusted the company's solutions... (I# 7).*

*... problems happen in construction and this type of transaction. But we had everything solved, and every solution was presented... (I# 2)*

*... One thing that gives me satisfaction is knowing that my request will listen to me. For example, I have had a problem with my roof for five months. To be honest, it is not 100% solved. But I trust the company. If I get my cell phone right now and call them, they will answer and try to help me. This trust is essential for this kind of luxury house... (I# 15).*

*I do not expect not having any problems. I know something can occur. But I need to trust the company will fix it... (I# 6).*

*... this relationship became a friendship and a trust relationship. And I have no doubts that this trust logically helps in choosing who will be the company I'm going to choose... (I# 14).*

When asked about post-purchase expectations, many interviewees mentioned trust as well:

*... regarding this question, I do not care if something goes wrong because I'm sure I will be able to attend. If I give them a call, someone will at least try to help me... (I# 9).*

*... I'm the kind of person who believes more in trusting them in written contracts. So, until now, all this time I've been dealing with the company, they have been trying hard to reach my expectation. I feel they are doing their best to deliver 110% and not 100%. All this trust makes me feel very comfortable and happy with my purchase... (I# 19).*

## DISCUSSION

This study found four categories and emerged from 25 in-depth interviews. As mentioned above, these four categories were linked to customers' expectations and experience in the luxury real estate market. The categories were: physical expectations, social expectations, financial expectations, and emotional expectations. This study aims to identify and understand our customer's expectations and experience in the luxury real estate market. After collecting data from the real world and actual customers, it is time to check our luxury market literature review and see how it can or cannot be applied in the luxury real estate market.

### Physical Expectations

In the literature review, many scholars and seminal articles mention physical aspects of luxury consumption. Berry (1994) makes a significant contribution regarding the difference between luxury and simple products. Simple products mean that it satisfies customer needs or pain. Luxury products provide pleasure and feed customers' desires in the luxury real estate market. By analyzing the physical customer expectations mentioned above, it is possible to see that they are happy to be able to change the physical aspects of their luxury houses. However, when we analyze deeper, we find their desires and pleasure coming from their words. As seen above, they mention they want more space and a more prominent place. However, they say it for a specific reason: to provide a good time for their kids and have fun with them, all family together. This physical expectation for a more significant place is also linked to another feeling: being together with the whole family. This intrinsic feeling or desire is considered a luxury for many authors. As mentioned in our literature review, this author adopted a luxury definition written by Vigneron and Johnson (1991).

The physical expectations that emerged from interviews also meet Vigneron and Johnson's definition: a luxury brand delivers the most significant possible degree of prestige, satisfying clients' physical and psychological desires. One interviewee mentioned his desire to have a more critical place because his old apartment, in his reality, was not big enough. He also mentioned that he wanted to provide his kids with the same financial level as his childhood and that he used to live in one of the most luxurious condominiums in town. He wants to provide the same prestige for his family and himself. He also wants to satisfy his physical and psychological needs when he mentions a more prominent and safer place to live. Wiedemann et al. (2009) understand that people consume luxury goods to promote and assert themselves. It can also be seen in physical expectations in the luxury real estate market. Some interviewees mentioned their desire to choose every single detail in their houses. They also mentioned that personalization is crucial in deciding which company to buy. They preferred companies that

allow personalization to choose those mentioned details: windows, doors, colors, and room displays. This physical personalization option helps them feel unique, that their luxury house was made only for their needs, their desires, helping to promote and assert themselves, as mentioned by Wiedemann et al. (2009).

### **Financial Expectations**

Almost every luxury author in the literature review mentioned premium prices in their luxury theories. This is because they understand that a premium price practice is crucial in building a luxury brand. However, in our study, it did not emerge from the interviews. No one mentioned that paying a premium price was enough to see their house as a luxury real estate product. Their expectations were regarding assistance, help, and having problems solved because of the high price they were paying. It suggests that Ko et al. (2019) were right regarding premium price. This author argues that practicing high prices is not enough to position a brand or product as a luxury. Moreover, this idea could be observed in our study when interviewees affirm their expectations after paying a high price: they expect assistance and help and have their problems solved. Vigneron and Johnson (1999) and Wiedmann et al. (2007) defend luxury perception in the four dimensions mentioned above. Their financial perception of luxury remained the same from interviews. The author defined the financial dimension of luxury value as a necessary investment, how much economic sacrifice is necessary for the customer to purchase.

In our study, interviewees mentioned some expectations coming with high prices. For example, they expected full five years warranty (5 years is the official Brazilian legal time for new constructions), solutions when problems occur, and technical support. This financial dimension, defined by Wiedmann et al. (2007), should have a broader approach in the luxury real estate market.

It also suggests that Ko et al. (2019) were correct in defending the idea that practicing premium prices must be seen in a relative and not absolute way. Nevertheless, as mentioned in the literature review, pricing is one of the most critical issues in luxury brand strategy. This strategy should also be seen more largely. In this luxury study, premium price does not mean luxury by itself. Luxury perception comes with many other expectations than only a premium price. Customers expect more to perceive luxury than only paying a high price. Although paying a premium price can give them a feeling of satisfaction, it does not mean a luxury perception. Luxury perception is more related to how customers will have their problems solved, how the company will treat them in touchpoints, and what kind of support will be given. This is the perception of luxury when paying a premium price for Luxury real estate buyers.

### **Social Expectations**

An exciting finding in social expectation needs attention. Almost every author understands that luxury combines high-quality products and a premium price with some social satisfaction. Some authors see this social satisfaction as prestige. Others see self-esteem, while some see it as a social comparison or a belonging feeling. Cornell (2002) understands luxury goods as an element with human involvement and some scarcity and recognition of value to other people. One of the most famous and accepted luxury theories is presented by Veblen (1899) in his seminal article about conspicuous consumption. This author sees luxury consumption as a tool

to display wealth to others. Following Veblen, many luxury authors understand that conspicuous consumption is crucial to define a brand as a luxury one. However, in our study of luxury real estate customers, only three interviewees mentioned social expectations. Moreover, they mention in a very subtle way this desire to display for others. Only one interviewee mentioned wanting to be seen as a successful person. The other two interviewees with social expectations should have mentioned the desire to impress others. They want to feel belonging and provide a good place for their friend. However, it is not a desire to impress them. These two interviewees wanted to refrain from promoting or asserting themselves. It is only a belonging desire and feeling.

It suggests that we carefully analyze luxury brands' adopted theories in general. This study suggests that conspicuous consumption was not essential for these luxury customers, as only one interviewee cited it. Mandel et al. (2006) believe that individuals consume luxury products to show social superiority, wealth, and prestige. Another famous theory was proposed in 2005 by Arnould and Thompson (2005), called Consumer Culture Theory. They believe that people consume luxury products based on the meanings that these products represent in their life.

It is essential to highlight that, once again, general luxury theories should not be directly applied in the luxury real estate market. As seen in this study and mentioned above, few interviewees mentioned social expectations. To be precise, three interviewees mentioned social expectations, but only one interviewee demonstrated a desire to impress others. It suggests that general luxury theories should be carefully applied in the real estate market. Wiedemann, Henning, and Siebels (2009) believe luxury consumption is significantly linked to belonging. This theory found support in our study. All three interviewees mentioned their desire to belong to a social group. Moreover, once again, it is important to stress that belonging is more related to belonging than impressing, showing, or displaying their luxury houses. Other luxury theories did not find support in the luxury real estate market. Literature review shows that consuming luxury products allows people to express social importance (Ko et al., 2019). Luxury theories always present exclusivity and rarity (Arghavan & Zaichkowsky, 2000). Only one interviewee wanted to be seen as a prosperous person. However, the most intriguing and contradictory fact is the no use of the words: rarity, scarcity, exclusivity. Many luxury authors often use these words and other synonyms. However, there was no evidence of using these words in our study. It suggests that rarity, scarcity, and exclusivity cannot be considered vital for the luxury real estate market.

### **Emotional Expectations**

As discussed in the previous section, emotional expectations were by far the most cited expectations in all 25 interviews. In every 25 interviews, finding at least one emotional expectation is possible. This luxury real estate market study cited safety, privacy, and quality. However, it is impossible to find any other luxury theories due to the specific product. The most important thing here is not the existence of no previous real estate luxury theory. The most important thing is that their emotional expectation is the most cited. Moreover, this emotional expectation does not have to do with scarcity, exclusivity, or rarity. So, luxury real estate customers in this study care more about their safety than scarcity. They are more worried about their privacy than exclusivity. The absence of these words (scarcity, rarity, and exclusivity) suggests that luxury real estate customers consider other aspects as key elements than those

mentioned by traditional luxury authors and traditional luxury theories. Another significant finding that must be highlighted is trust. As seen below, many luxury authors understand that luxury is linked to exclusivity and brand identity. (Phau & Prendergast, 2000). In addition, luxury consumption is linked to how people feel about themselves (Gil, Kwon, Good & Johnson, 2012). Finally, luxury consumption occurs because individuals must display their possessions to others to feel social superiority (Shukla & Purani, 2012).

As seen above, many luxury authors and theories mention their intention to show others their luxury products. Luxury theories are often affirming the importance of social superiority. However, trust was mentioned in 23 of 25 interviews in this study. It suggests that luxury real estate customer cares about others aspects as well. Although social expectations were mentioned in only three interviews, we cannot say that general luxury theories should not be applied in the luxury real estate market. However, with all his particularities, this luxury real estate study indicates that other aspects influence this specific luxury market. Although some interviewees had mentioned their expectation to have problems solved, it can also be considered a trust. Even if it is a technical issue, knowing that it would be solved and that solutions would be given proof of technical trust. Interviewees mentioned their comfort in knowing that the luxury company had technical competence. Financial strength was another aspect often cited. As explained above, all interviewees bought their luxury homes under construction or even before construction started. The customer pays a significant amount in this transaction by assigning the contract. They keep paying during the construction until the house is delivered. Due to this specific financial aspect, many interviewees mentioned financial capital structure as a critical element in their luxury transactions. Once again, this study's objective is not to invalidate previous luxury theories or authors. However, this study suggests that trusting the company in many aspects is very important and was cited many times. It can be in financial or technical aspects, but trust must be present in this luxury transaction, according to the 23 interviewees.

### **IMPLICATIONS**

This study aimed to understand luxury real estate customers' expectations and experiences empirically. Data for our exploratory study was collected through 25 semi-structured in-depth interviews in Juiz de Fora (state of Minas Gerais) and Campos dos Goitacazes (state of Rio de Janeiro). The research findings from this study enhance existing knowledge in multiple academic fields by providing new understanding about luxury real estate markets. The existing research about luxury consumption and value perception (Berry, 1994; Veblen, 1899; Vigneron & Johnson, 1999, 2004; Wiedmann, Hennigs, & Siebels, 2007, 2009; Ko, Costello, & Taylor, 2019) demonstrates that luxury encompasses multiple aspects which include financial value and functional benefits and social status and personal preferences. The research shows financial and functional requirements determine real estate choices but social expectations have a smaller impact than anticipated. The research results show that Veblen's (1899) conspicuous consumption theory and Mandel et al. should be applied by researchers. The research of real estate needs social comparison theory from 's (2006) work because trust and problem-solving skills outweigh social position. The consumer culture and identity literature (Arnould & Thompson, 2005; Belk, 1988; Han, Nunes, & Drèze, 2010; Hung et al., 2011; Shukla & Purani, 2012; Gil et al., 2012) demonstrates that luxury products function as personal self-expression tools which also serve as social status indicators.

This study indicates that trust is a crucial expectation in the luxury real estate market and should also be considered with traditional luxury theories. In addition, luxury real estate companies should review their relationship practices to understand luxury customer expectations better. The research by Kapferer & Laurent (2016) and Phau & Prendergast (2000) shows luxury products need unique management because they exist on few distribution routes and customers view them as extremely valuable. The research by Domingues & Dias (2025) and Macedo & Dias (2025) and Cima & Dias (2025) and Saliba & Dias (2025) and Quintão & Dias (2025) and Versiani & Dias (2025) shows that customer satisfaction stems from emotional and relational elements which include trust and fairness and problem-solving abilities. The research confirms previous studies by showing that luxury real estate consumers need trust in their company above all else as their main emotional requirement.

The research by Carvalho & Dias (2025) and Samartin & Dias (2025) and Pereira & Dias (2025) shows that luxury customer perceptions stem from internal business activities which influence how businesses interact with clients through communication and negotiation processes. Real estate companies need to build organizational cultures which focus on trust development and customer service excellence and long-term relationship maintenance to achieve success. The research findings demonstrate that luxury real estate consumption requires more than traditional luxury theories to be fully understood. The study requires an interdisciplinary method which combines luxury consumption research with negotiation studies and trust analysis and organizational behavior science and identity theory investigation. The research framework expansion demonstrates that customers require emotional assurance through trust at the same level as financial and functional benefits to identify luxury in real estate.

### **LIMITATIONS AND FUTURE RESEARCH**

This study has some limitations due to the methodology utilized. The first limitation is related to sampling. All interviewees were based on this researcher's contacts and luxury customers indicated by luxury real estate brokers. The big challenge was to find customers that had paid more than one million Brazilian reais on their purchase and would also admit that they had paid this amount. Another sampling limitation is location. The only interviewee that bought their luxury home in Campos dos Goitacazes and Juiz de fora. Both cities are located in the Brazilian southeast area. These two states are, with São Paulo State, the most prominent urban luxury real estate market. No luxury house owners from others cities were interviewed. Due to Brazil's continental size, demographic, cultural, and social results may differ in other locations. This limits the generability of our findings.

Our on-purpose sampling selected 25 interviews and is not comparable to quantitative studies' sampling size. Although It is far smaller than quantitative studies, it is consistent with this type of study (Creswell, 2013). Future research should broaden this sampling size and methodology to understand luxury real estate customers' expectations and experience. Another limitation that suggests future research is the price and size this study utilized to consider a luxury house. This study interviewed houses sized between 250 and 320 square meters only. The price ranged from one million to three million Brazilian reais. Therefore, future researchers should consider other luxury house sizes and prices. Another limitation of our study is that interviewees only informed prices, and there needed to be a way to prove this information's veracity. Nevertheless, this researcher assumed they were telling the truth. Regarding size, this

researcher asked for an architectural project to ensure that all luxury houses were at least 250 square meters and less than 320. It minimizes the chance of a smaller or bigger house owner being included in our sampling by mistake. All 25 interviewees sent architectural projects, and all luxury houses were more prominent than 250 square meters and less than 320.

Future researchers should also investigate more extensive or more expensive luxury houses. The biggest luxury house considered in this research was 320 square meters and cost 3 million Brazilian reais. The most miniature luxury house was 251 square meters and cost 1 million reais. Different sizes and prices represent a wide field of future researchers. It is essential to clarify that this study's objective is to understand the luxury real estate market, not the non-luxury real market. Therefore, it should not be considered a limitation, as it is just a delimitation of this study. Nevertheless, future researchers should understand non-luxury real estate customers as well. Another relevant limitation is the luxury houses' location. Due to Brazil being a country with a security problem, 100 percent of houses in this study are located in closed condominiums. As mentioned above, closed condominiums in Brazil are an overall market, and almost no new houses are built on open streets anymore. Only old houses (that can also be considered luxury on this study standards) are kept. Very few new luxury houses are built out of the closed condominium. It suggests that others safety country studies should consider luxury houses out of the closed condominium. It is still important to highlight a type of real estate limitation. We interviewed house owners only. No luxury apartment owners were listened to. Further studies should try to understand also luxury apartment owners' expectations and experiences.

This study represents the first step in luxury real estate customers' expectations and experience. It made it possible to understand some luxury real estate customers' expectations and experiences. However, other issues still need to be studied in other locations, with different luxury real estate products and even with another methodology approach that makes generalization possible. This researcher hopes that this study provides a starting point in the luxury real estate market agenda and encourages others studies and researchers to dive into this magnificent and little-explored field of research.

## CONCLUSIONS

In conclusion, this article provided a distinct view of the expectations and experiences of luxury real estate customers. Financial, social, physical, and emotional expectations were identified as the four dimensions of luxury clientele. The explication of specific luxury theories is incompatible with luxury real estate motivation. This work suggests that more than conventional luxury product consumption theories are required to comprehend and explain luxury real estate consumption. As stated previously, we do not deny that these theories apply to luxury real estate. However, we recommend that it be supplemented with new literature on luxury real estate.

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