What Drives Consumers' to Pay High Premium Price for Luxury Brand While Rejecting High-Quality Non Luxury Brands

*Etinder Pal Singh **Jyoti Doval

The paper provides insights about various motives underlying the purchase behavior of Indian luxury consumers when making a choice between exorbitantly priced luxury brands and high-quality non-luxury brands that are available at a fraction of cost. The study was conducted in two metropolitan cities of India, Delhi and Mumbai, where 203 luxury consumers were examined for understanding the luxury buying motives. Ten retail luxury brands were carefully selected for the study. It was found that the consumers decide in favor of luxury brands over high-quality non luxury brands due to variables such as social recognition, social appeal, brand name/value, quality assurance and social admiration.

Introduction:

The concept of luxury is not new to human kind and has been defined by various experts in different terms, be it convenience beyond the indispensable minimum or be it in terms of providing pleasure to senses. "Luxury items provide extra pleasure and flatter all senses at once. Luxury is the appendage of the ruling classes" (Kapferer, 1997). But the key is its exclusivity and craftsmanship- "a strong element of human involvement, very limited supply and the recognition of value by others are key components" (Cornell, 2002). Due to very high-quality consciousness, rarity and appreciation by others, consumer is willing to pay much higher prices for the products or services availed, many experts have defined luxury in these terms as well: "luxury brands can be defined as those products whose price and quality ratios are the highest of the market" (McKinsey, 1990) and "even though the ratio of functionality to price might be low regarding certain luxury goods, the ratio of intangible and situational utility to price is comparatively high (Nueno & Quelch, 1998)".

The study attempts to understand the motives behind the decision of the consumers to choose the luxury brands over high-quality non-luxury brands which are available at a much lesser cost.

Theoretical Framework:
Understanding Luxury Construct:

Past research has pointed out to the intricacy of the notion of luxury, As it is abstract and primarily based on the consumer perceptions, the meaning of luxury is determined by personal and interpersonal motives (Vigneron& Johnson, 2004). Also, what is a luxury to one may just be ordinary to another (Phau & Gerard, 1998). Based on a qualitative and quantitative cross-cultural consumer studies in Western Europe, USA and Asia Pacific Dubois, Laurent and Czellar (2001) introduced an explanation about the nature and characteristics of the concept of luxury, and spotted six facets (1) excellent quality, 2) remarkably high price, 3) scarcity and uniqueness, 4) aesthetics and polysensuality, 5) ancestral heritage and personal history, and 6) superfluousness.

*Professor, Appejay School of Management Dwarka, New Delhi., email:etinder.singh@gmail.com
**Co-Founder, Planet Excellence, Dwarka, New Delhi

Table 1: The six main facets of luxury according to Dubois, Laurent and Czellar (2001)

Excellent quality	Exceptional ingredients, components delicacy and expertise, craftsmanship
Very high price	Expensive, elite and premium pricing
Scarcity and Uniqueness	Restricted distribution, limited number, tailormade
Aesthetics and Poly-sensuality	Piece of art, beauty, dream
Ancestral heritage and personal history	Long history, tradition, pass-on to generations
Superfluousness	Uselessness, non-functional

Beverland (2004) designed a luxury brand model with the following elements: Product integrity; Value-driven emergence; Culture; History; Marketing and Endorsement. Initially, luxury was the prerogative of the limited very rich elite class having old money- "luxury is the appendage of the ruling classes" (Kapferer, 1997). With globalization and opening up of the world economy, there is a shift in terms of the profile of luxury consumers due to the fundamental need of man to be admired, appreciated through positioning himself with his material possessions.

Motives For Luxury Buying:

Why do people buy luxury brands? What are the various factors that drive people to spend a fortune for something they might pick up at may be one-tenth of the cost they paid minus the brand name? What benefits are more important to a luxury buyer-functional or non-functional benefits? These are the challenges which have burdened the luxury brand managers for decades now. A customer may acquire luxury brands to serve a social adjustive function, a value-expressive function, or both (Shavitt, 1989). A 'Gucci' loafer may have been purchased because the brand exhibits the consumer's personality (i.e., self-expression) and/or because it is a status symbol (i.e., self-presentation). As per Sheth (1983), "While purchasing a luxury product, there are two categories of motives - functional and non-functional. While functional motives are related to tangible attributes, nonfunctional motives are related to non-tangibles. Nonfunctional motives are also connected with social and emotional needs or wants." A three dimensional model, encompassing functionalism (product features that could solve a current problem), experientialism (features that could stimulate sensory pleasure and hedonic consumption) and symbolic interaction (product components related to status, self-enhancement, and group membership) was developed by Vickers and Renand (2003) to differentiate luxury brands from non-luxury. DeBono (1987) discovered in his study that consumers have a social-adjustive attitude toward a product; they are motivated to consume it to gain approval in social situations. On the other hand, attitudes serving a value-expressive function (i.e., value-expressive attitudes) help people communicate their central beliefs, attitudes, and values to others through their possessions (Katz, 1960). In the case of a value-expressive attitude toward a product, the consumers are motivated to consume it as a form of self-expression (Snyder & DeBono, 1985). Status-oriented consumers will only purchase products that represent status in the eyes of others whom they feel are significant (O'Cass & Frost, 2002). O'Cass and Frost (2002) proved that younger consumers are driven by the need to possess and display status brands. However, teenagers from wealthier families having more disposable money are less likely to be involved in status consumption (Piacentini & Mailer, 2004). Bhat and Reddy (1998), in their study suggested that brands have functional and symbolic importance for consumers. The symbolic importance, which is attached to brands, is often broadcasted via the use and consumption of brands (Gottdeiner, 1985; McCracken, 1986). Consuming luxury brands, a manifestation of conspicuous consumption is reflected by a world culture in which overstatement and ostentation have become acceptable (Phau & Gerard, 1998). Rather buying to impress others, still more or less serves as a strategic principle for the marketing management of luxury brands (Berry 1994; Vigneron and Johnson 1999, 2004; O'Cass and Frost 2002). To explain

consumers' behavior in relation to luxury brands, apart from interpersonal aspects like snobbery and conspicuousness (Leibenstein 1950), personal aspects such as hedonist and perfectionist motives as well as situational conditions (e.g., economic, societal, and political factors) have to be taken into consideration (Vigneron and Johnson 1999, 2004).

Rejecting or Avoiding High-Quality Non-Luxury Brands:

Consumption values of individuals explain why people prefer to buy or avoid particular products (Sheth, Newman & Gross, 1991).Why a consumer is purchasing or consuming luxury cannot be just described by a set of social facets like: displaying status, success, distinction and the human desire to impress other people, but also depends on the nature of the economic, functional and individual utilities of the specific consumer.

Major difference that luxury brands enjoy over non-luxury is the premium pricing. Past investigations have established and expressed that the price of a product may have a positive role in determining the perception of high quality (Tellis & Gaeth, 1990), and status-conscious consumers tend to use it as a proxy indicator of prestige (Groth & McDaniel, 1993). Rather prestige pricing i.e. setting a relatively higher price to suggest high quality and/or high status (McCarthy & Perreault, 1987) is a deliberate practice adopted by marketers to make certain products or services even more fascinating (Groth & McDaniel, 1993). The same set of constraints work with respect to the functionality of a brand/product. Consumers expect the items they buy to work right, look good, last longer, and perform as expected and as promised (Fennel, 1978). The perception about the functional benefits of a brand is more positive for luxury brands in comparison to the non-luxury brands. As per Wiedmann, et al., (2009), "The consumer's perceived level of excellent usability in terms of superior functional values of a luxury product or service is positively related to the functional luxury value perception", and the same gives an edge

to luxury brands over a non-luxury one. Another study found that one reason why consumers prefer luxury brands to non-luxury brands is because of the superior quality reflected or identified by the brand name (Gentry, et al., 2001). This is in congruence with the studies concluding that not mass-produced, but often hand-made luxury brands are perceived to offer excellent product quality and performance as compared to non-luxury brands (Quelch, 1987; Garfein 1989; Zaichkowsky, 2000; O'Cass & Frost, 2002; Vigneron & Johnson, 2004). Rather, high quality is a basic character of a luxury product (Quelch, 1987; Garfein, 1989). Thus, high-quality conscious consumer associates luxury products with superior quality (Aaker, 1999) and purchase luxury brands instead of non-luxury brands. Lynn (1991) suggested that perceived exclusivity and the dearth of a limited product i.e. uniqueness enhances the consumer's desire or predilection for a brand. This perceived level of uniqueness, as an indicator of the exceptional exclusivity and scarcity of a luxury product or service, makes the product or brand even more desirable for the luxury buyers when they compare the same with non-luxury brands (Wiedmann, et al., 2009). Certain products and services, in addition to their functional utility, carry an emotional value and provide intangible benefits (Hirschman & Holbrook, 1982; Sheth et al., 1991, Westbrook and Oliver, 1991).

Researches in the relevant field have revealed that luxury products are expected to yield such subjective intangible benefits. Additionally, investigations dealing with the concept of luxury have frequently found that the emotional responses linked with luxury consumption, are sensory pleasure and fulfillment, aesthetic beauty, or excitement (Roux & Floch, 1996; Vigneron & Johnson, 2004). Further, the intrinsically attractive properties gained from the purchase and consumption of a luxury brand to evoke emotions and affective states obtained from personal rewards and achievement is another reason why luxury brands are favored to non-luxury brands. (Sheth, et al.,1991; Westbrook & Oliver, 1991).

In comparison to the social facet of one's self, self-identity refers to the personal facet of one's self in terms of the way the individual identifies him or herself (Mehta, 1999; Sirgy & Johar, 1999). The consumer's self-concept has an impact on the purchasing behavior in a self-image or product-image congruity model (Sirgy 1982). In addition, consumer behavior theories suggest that the self-image congruity moderates the relationship between one's self-image and one's image of a product or service (Belk, 1988; Mick, 1986). This self-image congruity impact is indeed higher in the luxury brands purchase (Puntoni, 2001) and consumers may use luxury items to incorporate the symbolic meaning into their own identity (Holt, 1995; Vigneron & Johnson, 2004) or they use the luxury brands to support and develop their own identity (Douglas and Isherwood, 1979; Dittmar, 1994) therefore preferring luxury brands over non-luxury brands. The idea that consumer is what he buys – i.e., possessions confer status – has long existed and has influenced purchasing, decisions by (Veblen, 1899). Later, the same was observed as explained by Wackman et al., (1972), Daun (1983), Rassuli & Hollander (1986) that possessions and their acquisitions play a central role in the interpretations of materialism. Much of the prevailing research has highlighted the role of status that takes place in communicating information about their possessors and social relationships (Hyman, 1942; Barkow, 1975; Douglas & Isherwood, 1979; Dittmar, 1994). Hence, an individual may use a prestige brand during the week to conform to one's reference group image, and use an inexpensive brand during the weekend, as one's desire to possess luxury brands will serve as a symbolic sign of group membership, (Wiedmann, et al., 2009). This bandwagon effect influences an individual to fit affluent lifestyles and/or to identify themselves from non-affluent lifestyles (Sirgy 1982; Mick 1986; McCracken, 1986; Belk, 1988; Dittmar, 1994). Wiedmann, et al., (2009) defined materialism as the degree to which individuals generally find possessions to play an important role in one's life. The more materialistic a consumer is, the more likely he is to acquire possessions, to have positive attitudes related to the acquisition, and assign a high priority to material possessions (Wiedmann, et al., 2009). Highly materialistic individuals may find possessions to be desirable and tend to devote more time and energy to product-related activities (Belk, 1985). This can be associated with the understanding of (materialistic) individuals that possessions serve as a indication or source of communication to others for portraying and managing impressions of who they are and what their status or position is (Douglas & Isherwood, 1979; Belk, 1985). This can be associated with the idea of (materialistic) individuals that possessions serve as a indication or cause of communication to others for depicting and managing perceptions of who they are and what their status or position is (Douglas & Isherwood, 1979; Belk, 1985). Thus, more materialistic an individual, higher the probability of him rejecting non-luxury brands to luxury brands. Studies (Mason, 1981, 1992; Bearden & Etzel, 1982) revealed that conspicuousness of a product was positively linked to its susceptibility to the reference group, they established that luxury goods consumed in public were more likely to be conspicuous goods than privately consumed luxury goods. Eastman, et al., (1999) and O'Cass and Frost (2002) pointed out that status-oriented consumers would only purchase products that represent status in the eyes of others whom they perceive as significant. O'Cass and Frost (2002), proved that the desire to possess and display status brands is greater among younger consumers. The analysis of extant literature indicates that luxury brands not only fulfill the functional needs but also aid in achieving social status and ranking in society due to their conspicuous consumption. Thus, are preferred over non-luxury brands.

Methodology:

The study was confined to Indian consumers based in Delhi, Mumbai. The qualifying condition to fill the survey was that the customers must have purchased at least one of the brands under consideration within the past one year of the questionnaire being administered. It was a study based on primary data.

Secondary data has been utilized to compare and interpret the results. In this study, the problem could be spelled out as to identify 'why luxury consumers reject high-quality nonluxury brands?'. A qualitative method was used in terms of in-depth interviews with management and employees of brands under study. Consumer focus groups were conducted, and pilot studies were undertaken to define and form the structured questionnaire. The instrument applied for the survey was a structured questionnaire. Based on the review of literature a checklist of critical dimensions of rejection of non-luxury brands was developed. A list of variables was identified which have been found to affect luxury buying behavior in the Indian context. The response on the instrument was measured on 6-point scale based on Likert scaling technique. A six point scale forcing respondent to choose that which side of spectrum they were, was used in this study, using Strongly Agree (6), Agree (5), Somewhat Agree (4), Somewhat disagree (3), Disagree (2), Strongly Disagree (1). The scores were reversed for items in case of negative statements. In the study, researcher used Summated Scale (Likert Six Point Scale) in the second section of the instrument six-point Likert scale (6) Always, Most Often (5), Often (4), Sometimes (3), Rarely (2), Never (1), is adopted to understand the decision-making process. In order to get the right people to participate in the study as well as to get a sufficient respondent rate, this study used snowball sampling. Snowball. This method is especially useful when respondents are not easy to be available (Dillman, 2000). This method helps the respondents meet the research criteria researchers have set up for (Hauck &Stanforth, 2007).

The brands under consideration were thoughtfully determined on the basis of the study by A.C. Neilson(2008) i.e. "Forbes World most desirable luxury brands study". The brands chosen were Gucci, Chanel, Calvin Klein, Louis Vuitton, Christian Dior, Versace, Armani, Ralph Lauren, Prada, and YSL. About 1000 questionnaires were handed out through the investigator and investigator's contacts (both online and hard copies). A total of 362 surveys were returned out of which 159 questionnaires were incomplete. Therefore, a total of 203 completed (104 online and 99 hard copies) surveys were found valid. The response rate was 20.30 percent. After gathering the data, it was tested for adequacy and normality. Thereafter, the data has been processed and analyzed with the use of various statistical techniques. Analysis of the total 203 respondents, more than half were female i.e. 56 % (113) and 44% were males (90) showing a larger percentage of women buyers indulging in luxury. This could be justified due to the nature of the brands and category chosen for the study i.e. apparels and accessories. Majority of respondents i.e. 70% were from the age group 25 - 30 years followed by 22% in the age range 35-45. Indicating a higher usage of luxury brands amongst younger people. The minimum level of education amongst the respondents was a graduation degree (22%), while more than two-thirds of respondents i.e. 78% were post-graduates. The majority of respondents i.e. 34% indicated an annual household income in the range of 10-20 lacs. 28% and 24% of respondents fell in the range of 5-10 lacs and 20 lacs plus range. 15% of the respondents indicated their annual household income to be less than 5 lacs.

Data Analysis:

The key purpose of the study was to highlight the reasons for customers rejecting high-quality non-luxury brands over luxury brands. Structural equation modeling (SEM) was used to test the aspects of construct validity. SEM is a largely confirmatory, rather than exploratory, technique. The structural equation modeling was used to perform a conventional regression analysis on all constructs. It was used to predict a specific observed behavior (exogenous) as a linear combination of other endogenous variables. The path diagrams were drawn to create zero degrees of freedom as required by measurement model of SEM. The error variable could not be calculated alongside regression weights. Hence, a value of one was assigned to it, which does not affect the saturated model.

The squared multiple correlations of a variable (factor/construct in this case) are the proportion of its variance that is accounted for by its predictors. The standardized solution and graphic output gave extremely satisfactory results. The r square was upward of 0.77 in all cases. All the models were recursive and had non-significant p-values making them acceptable models.

The numbers mentioned on one-way arrows are standardized regression weights which draw linear regression relation between construct and its constituent exogenous variables. While the figures mentioned on curved two-way arrows mark correlation among exogenous variables.

Fig. 4.1: Rejection of non- luxury brands over luxury brands due to social recognition, as a construct:
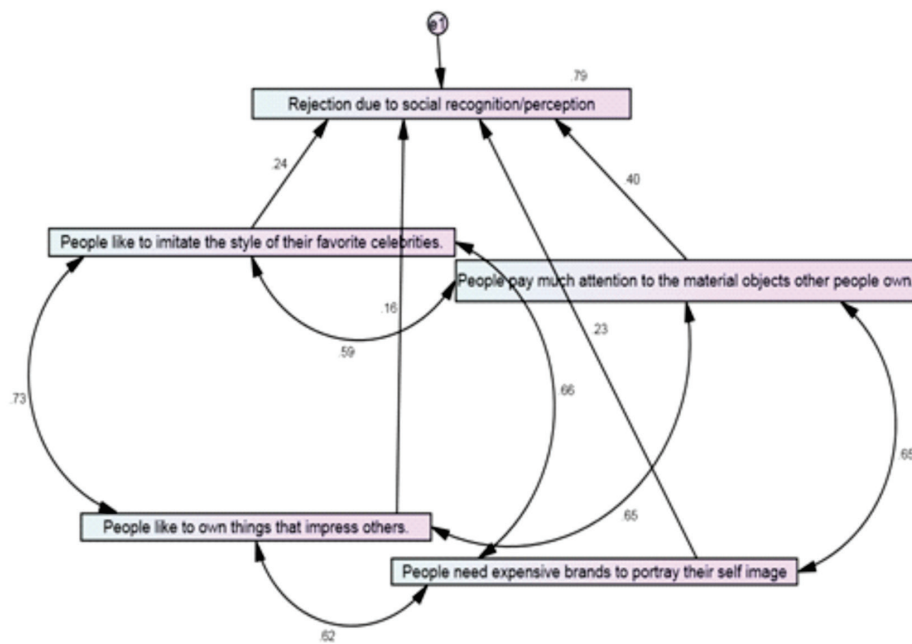

Table 4.1: Table of Covariances: (Group number 1 - Default model)

Estimate			S.E.	C.R.	P	Label
RNLB11	<-->	RNLB14	.832	.115	7.258	***
RNLB14	<-->	RNLB12	.764	.099	7.734	***
RNLB13	<-->	RNLB12	.864	.115	7.496	***
RNLB11	<-->	RNLB13	1.092	.140	7.824	***
RNLB13	<-->	RNLB14	.855	.110	7.787	***
RNLB11	<-->	RNLB12	1.095	.130	8.404	***

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
RJSRP	.790

It is estimated that the predictors of the Rejection of Non luxury Brands due to social recognition explain 79.0 percent of its variance. In other words, the error variance is approximately 21.0 percent of the variance of Rejection of Non luxury Brands due to social recognition itself. Table 4.1 lists the covariance among exogenous variables forming the part of Rejection of Non luxury Brands due to social recognition construct.

Table4.2: Intercepts: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
RJSRP	-4.239	.164	-25.906	***	

The intercept in the equation for predicting the Rejection of non-luxury brands over luxury brands due to social recognition is estimated to be -4.239.

The estimate of the intercept, -4.239, has a standard error of about .164. Dividing the estimate of the intercept by the estimate of its standard error gives $z = -4.239/.164 = -25.847$. In other words, the estimate of the intercept is 25.847 standard errors below zero. The probability of getting a critical ratio as large as 25.847 in absolute value is less than 0.001. In other words, the intercept in the equation for predicting Rejection of non-luxury brands over luxury brands due to social recognition is significantly different from zero at the 0.001 level (two-tailed).These lead us to believe that Rejection of non-luxury brands over luxury brands due to social recognition as construct (Fig 4.1) is very well predicted by and combines the effect of exogenous variables mentioned in figure defined with items like celebrity imitation, paying attention to what other people wear, owning things to impress others and portrayal of self image with expensive brands.

Fig. 4.2: Rejection of non- luxury brands over luxury brands due to social appeal, as a construct:
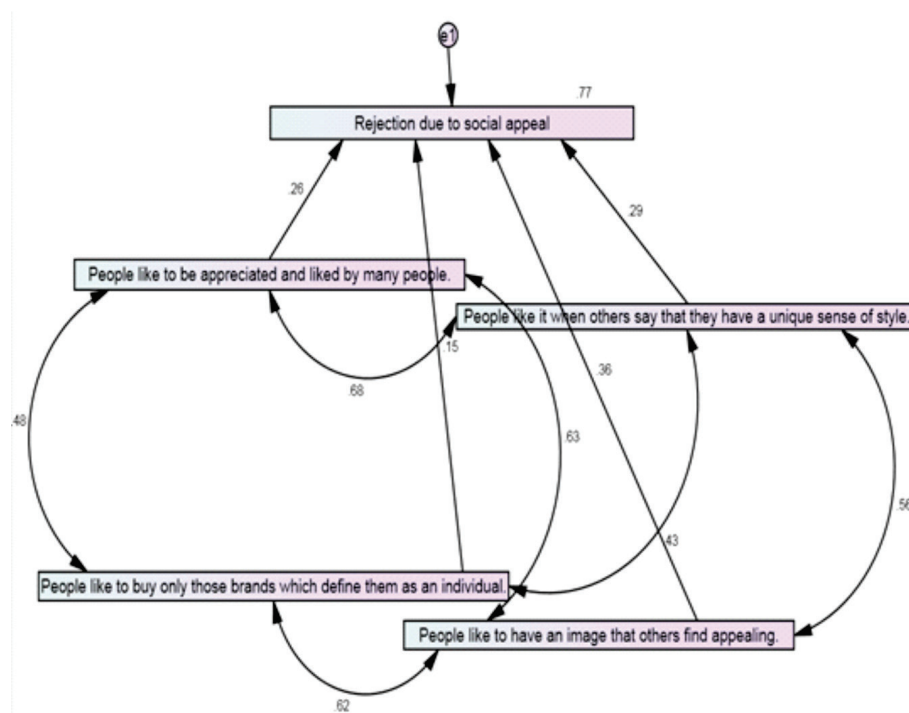
Table 4.3: Table of Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
RNLB8	<-->	RNLB7	.542	.068	7.984	***	
RNLB7	<-->	RNLB9	.507	.090	5.606	***	
RNLB10	<-->	RNLB9	.875	.117	7.454	***	
RNLB8	<-->	RNLB10	.607	.080	7.600	***	
RNLB10	<-->	RNLB7	.555	.080	6.919	***	
RNLB8	<-->	RNLB9	.541	.089	6.098	***	

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
RJSA	.772

It is estimated that the predictors of the Rejection of Non luxury Brands over luxury brands due to social appeal explain 77.2 percent of its variance. In other words, the error variance is approximately 22.8 percent of the variance of Rejection of Non luxury Brands due to social appeal itself. Table 4.3 lists the covariance among exogenous variables forming the part of the Rejection of Non luxury Brands due to social appeal construct.

Table 4.4: Intercepts: (Group number 1 - Default model)

Estimate	S.E.	C.R.	P	Label
RJSA	-5.390	219	-24.642	***

The intercept in the equation for predicting Rejection of non-luxury brands over luxury brands due to social appeal is estimated to be -5.390. The estimate of the intercept, -5.390, has a standard error of about .219. Dividing the estimate of the intercept by the estimate of its standard error gives z = -5.390/.219= -24.611. In other words, the estimate of the intercept is 24.611 standard errors below zero. The probability of getting a critical ratio as large as 24.611 in absolute value is less than 0.001. In other words, the intercept in the equation for predicting the Rejection of non-luxury brands over luxury brands due to social appeal is significantly different from zero at the 0.001 level (two-tailed).These lead us to believe that Rejection of non-luxury brands over luxury brands due to social appeal as construct (Fig 4.2) is very well predicted by and combines the effect of exogenous variables mentioned in figure defined with items where individual seek appreciation of significant others.

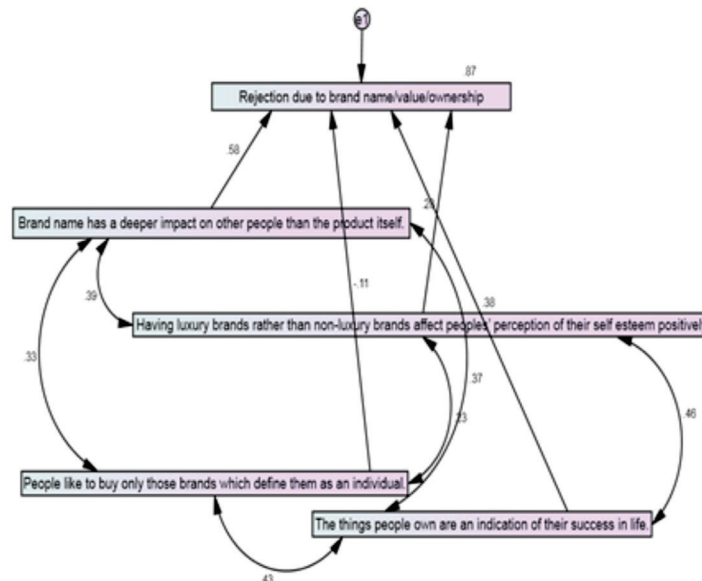**Fig. 4.3: Rejection of non- luxury brands over luxury brands due to brand name/value/ownership, as a construct:**

Table 4.5: Table of Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
RNLB2	<-->	RNLB9	.380	.122	3.128	.002	
RNLB17	<-->	RNLB9	.659	.118	5.562	***	
RNLB1	<-->	RNLB17	.415	.084	4.961	***	
RNLB17	<-->	RNLB2	.715	.120	5.953	***	
RNLB1	<-->	RNLB2	.473	.092	5.166	***	
RNLB1	<-->	RNLB9	.405	.090	4.503	***	

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
RJBN	.873

It is estimated that the predictors of the Rejection of Non luxury Brands over luxury brands due to brand name/value/ownership of luxury brand explain 87.3 percent of its variance. In other words, the error variance is approximately 12.7 percent of the variance of Rejection of Non luxury Brands due to brand name/value/ownership of luxury brand itself. Table 4.3 lists the covariance among exogenous variables forming the part of Rejection of Non luxury Brands due to social appeal construct.

Table 4.6: Intercepts: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
RJBN	-5.190	.153	-33.968	***	

The intercept in the equation for predicting the Rejection of non-luxury brands over luxury brands due to brand name/value/ownership of luxury brand is estimated to be -5.190. The estimate of the intercept, -5.190, has a standard error of about .153. Dividing the estimate of the intercept by the estimate of its standard error gives z = -5.190/.153= -33.92. In other words, the estimate of the intercept is 33.92 standard errors below zero. The probability of getting a critical ratio as large as 33.92 in absolute value is less than 0.001. In other words, the intercept in the equation for predicting the Rejection of non-luxury brands over luxury brands due to brand name/value/ownership of luxury brand is significantly different from zero at the 0.001 level (two-tailed). These lead us to believe that Rejection of non-luxury brands over luxury brands due to brand name/value/ownership of luxury brand as construct (Fig 4.1.3) is very well predicted by and combines the effect of exogenous variables mentioned in figure defined with items like effect of brand name rather then the product itself, positive self esteem due to ownership of luxury brands, material possessions as a sign of success and reflecting self through possessions.

Fig. 4.4: Rejection of non- luxury brands over luxury brands due to Quality Assurance from luxury brands, as a construct:
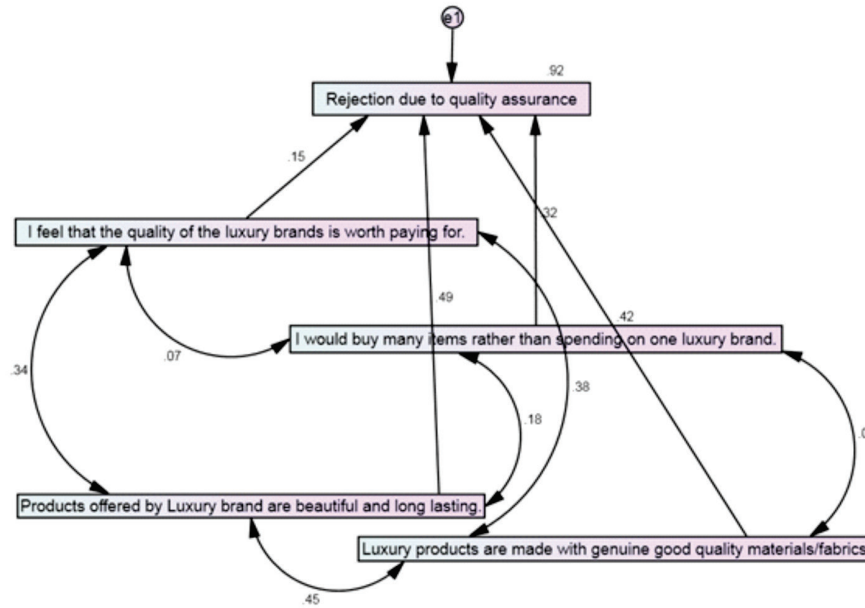

Table 4.7: Table of Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
RNLB6	<-->	RNLB5	.532	.091	5.814	***	
RNLB3	<-->	RNLB6	.423	.083	5.096	***	
RNLB3	<-->	RNLB4	.113	.114	.993	.321	
RNLB3	<-->	RNLB5	.428	.094	4.579	***	
RNLB4	<-->	RNLB5	.308	.124	2.481	.013	
RNLB6	<-->	RNLB4	.111	.107	1.034	.301	

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
RJQA	.921

It is estimated that the predictors of the Rejection of Non luxury Brands over luxury brands due to quality assurance from luxury brands explain 92.1 percent of its variance. In other words, the error variance is approximately 7.9 percent of the variance of Rejection of Non luxury Brands due to quality

assurance from luxury brands itself. Table 4.7 lists the covariance among exogenous variables forming the part of Rejection of Non luxury Brands due to quality assurance from luxury brands construct.

Table 4.8: Intercepts: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
RJQA	-5.453	.121	-45.079	***	

The intercept in the equation for predicting the Rejection of non-luxury brands over luxury brands

due to quality assurance from luxury brands is estimated to be -5.453. The estimate of the intercept, -5.453, has a standard error of about .121. Dividing the estimate of the intercept by the estimate of its standard error gives z = -5.453/.121= -45.06. In other words, the estimate of the intercept is 45.06 standard errors below zero. The probability of getting a critical ratio as large as 45.06 in absolute value is less than 0.001. In other words, the intercept in the equation for predicting Rejection of non-luxury brands over luxury brands due to quality assurance

from luxury brands is significantly different from zero at the 0.001 level (two-tailed).These lead us to believe that Rejection of non-luxury brands over luxury brands due to quality assurance from luxury brands as construct (Fig 4.4) is very well predicted by and combines the effect of exogenous variables mentioned in figure defined with items where like perception of superior quality products of luxury brands and preference on spending on one luxury brand product rather then having multiple non luxury brand items.

Fig. 4.5: Rejection of non- luxury brands over luxury brands due to social admiration received by luxury brands, as a construct:
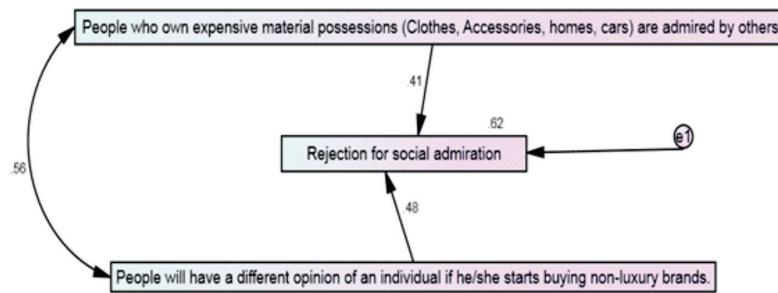

Table 4.9: Table of Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
RNLB15	<-->	RNLB16	1.050	.151	6.932	***	

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
RJSAd	.622

It is estimated that the predictors of the Rejection of Non luxury Brands over luxury brands due to social admiration received by luxury brands explain 62.2 percent of its variance. In other words, the error variance is approximately 37.8 percent of the variance of Rejection of Non luxury Brands due to social admiration received by luxury brands itself. Table 4.5 lists the covariance among exogenous variables forming the part of Rejection of Non luxury

Brands due to social admiration received by luxury brands construct.

Table 4.10: Intercepts: (Group number 1 - Default model)

| Estimate	S.E.	C.R.	P	Label
RJSAd	-2.705	.159	-17.047	***

The intercept in the equation for predicting the Rejection of non-luxury brands over luxury brands due to social admiration received by luxury brands is estimated to be -2.705. The estimate of the intercept, -2.705, has a standard error of about .159. Dividing

the estimate of the intercept by the estimate of its standard error gives z = -2.705/.159= -17.01. In other words, the estimate of the intercept is 17.01 standard errors below zero. The probability of getting a critical ratio as large as 17.01 in absolute value is less than 0.001. In other words, the intercept in the equation for predicting Rejection of non-luxury brands over luxury brands due to social admiration received by luxury brands is significantly different from zero at the 0.001 level (two-tailed).These lead us to believe that Rejection of non-luxury brands over luxury brands due to social admiration received by luxury brands as construct (Fig 4.5) is very well predicted by and combines the effect of exogenous variables mentioned in figure defined with items where

individual perceive being admired by significant others when buying luxury brands.

According to the aim of this study, a structural equation model was developed with AMOS to evaluate the statistical significance of the relationships among Rejection of non luxury goods (RJNLB) due to social recognition/perception (RJSRP), social appeal (RJSA), brand name/value/ownership (RJBN), superior quality Assurance (RJQA) and social admiration (RJSA). All of the fit measures indicated agood fit between the structural model and the data in the study ($\chi 2$ /df = 1.93; GFI = 0.95; AGFI = 0.87; CFI = 0.95; RMR = 0.06, and RMSEA = 0.07).

Fig. 4.6:
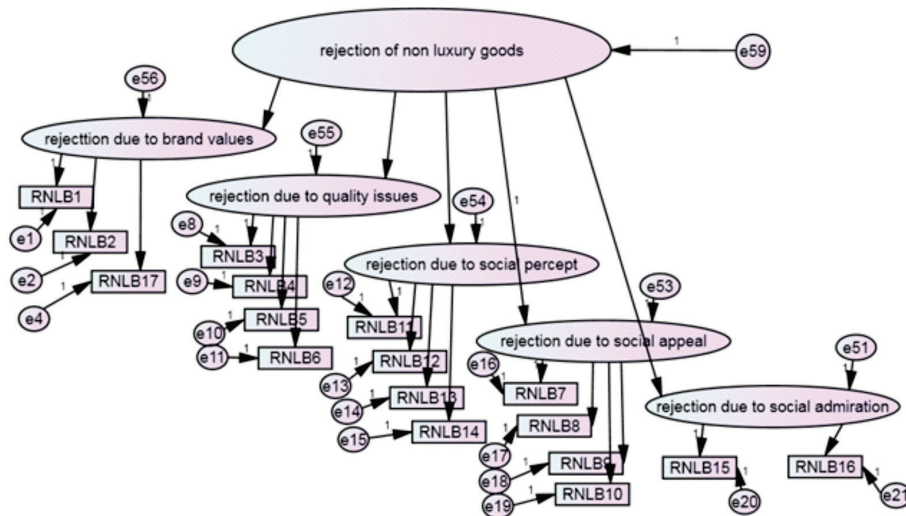
Findings of The Study:

The key objective of the study was to highlight the reasons for people rejecting non-luxury brands over luxury brands. The study concluded that the motives behind the selection of luxury brands over high-quality non-luxury brands were social rather than hedonic or functional motives.

Luxury buyers appeared to have higher social recognition (celebrity imitation, paying attention to what other people wear, owning things to impress others and portrayal of the self-image with expensive

brands) when they owned luxury brands. They also perceived that the ownership of luxury brands enhanced their social appeal and social admiration. Luxury buyers also felt that brand name rather than the product itself was more meaningful to them especially where the consumption was social and conspicuous. Ownership of luxury brands increased the positive self-esteem as material possessions were viewed as a signal of success and displaying self through possessions, hence the brand name was further a significant reason behind rejection of non-luxury brands over luxury brands. Finally,

respondents showed a preference for spending on one luxury brand item rather than having multiple non-luxury brand items due to the quality assurance that takes place with a luxury brand name.

Managerial Implications:

The ramifications of this research are relevant to marketers in the field of luxury brands. Development of a strong brand certainly fosters the success of branding activities. Thus, the scale and the distinctive dimensions identified in this research can be used as a practical marketing tool for brand managers in the luxury market. Specifically, for Indian luxury buyers, social motives are much stronger as compared to functional and hedonic motives for luxury buying.

The reason being functional excellence is supposed to be present as a hygiene factor for luxury brands in terms of high quality, high performance, and durability. Hence to enhance the acceptability the high-quality non-luxury brands might need to work on strengthening the perception of customer Brand Identification and also focus on emotional benefits. Probably benefits like sustainability, social admiration, legacy and identification with the brand, etc. could be communicated to give reasons for luxury buyers to convert.

Future Research:

The current study examined only the buyers of ten luxury brands available in India. The study was restricted to Indian consumers based in Delhi, Mumbai and surrounding regions only. The scope of future studies could be extended to other luxury brands both in product and service category. The impact of luxury experience on repurchase intentions could be considered for the Excursionist consumer, who is occasionally indulging in the luxury buying experience. Role and influence of social media on luxury buying is another area,

which might be of interest to the future researchers as social media is establishing itself as a part of the marketing strategy of the majority of brands. Researchers propose that an identical study can be undertaken on high-end real estate and automobiles

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