Consumer Attitude Towards Luxury Fashion Brands: A Study of Delhi-NCR

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Abstract

Purpose – This paper aims to examine the effects of functional value, individual value and social value dimensions on consumer attitude towards purchasing luxury fashion brands.

Methodology– The study is designed to determine whether the functional value, individual value and social value perceptions positively impact the attitude towards luxury fashion brands. A total of 200 respondents living in Delhi and NCR participated in the survey. Snowball sampling method is used in the study. Rating scale items were adapted from Wiedmann, Hennigns and Siebels (2009) study to investigate consumer attitude towards luxury brands. Correlation and regression analysis techniques along with crosstab analysis are used to test the relationship between variables.

Findings – The findings suggest that the functional value positively influences attitude towards luxury brands. Individual value is also positively related to attitude towards luxury brands and the last variable social value too has been found to have significant positive impact on consumer attitude towards luxury brands, using regression analysis. However, the correlation results showed significant positive association between functional, individual value and attitude towards luxury brands but the correlation between social value and attitude towards luxury fashion brands was not significant at significance level of 0.01. And by using multiple regression technique, it has been found that the most important factor out of these three factors is Individual value which has the highest impact on attitude towards luxury brands.

Practical implications – This study provides valuable managerial implications that enable the marketers to approve and formalize effective strategies that will facilitate them to capture additional target market and to enhance consumption of fashion products. Further given that functional value, individual value and social value have a significant impact on attitude towards luxury, marketers could realize large scale economies by standardizing their policy for these dimensions of luxury.

Originality/value – Given that the Indian market provides growth opportunities for luxury brands, there has been limited empirical research on Indian consumers relating to functional, individual, and social value dimensions and their attitude towards luxury brands. In this regard, this paper is designed to fill this research gap.

Keywords: Luxury, Functional value, Individual value, Social value, Attitude, Indian luxury market.
Introduction

Luxury Goods have always been linked with power, wealth and exclusivity, ever since they have been recognized as fulfillment of non-basic necessities. The word 'luxury' is derived from the Latin word 'luxus' which means affluence, exuberance and luxuriousness (Alessandro Brun, 2008). The concept of Luxury is not new to India as it has been present in various forms since the beginning of civilization. For instance, during 1930s, 20% of Rolls Royce’s global sales were from India.

The Indian Consumer Market

Global spending on luxury brands has amplified and is expected to reach USD40 trillion by 2020 (ASSOCHAM, 2013). Along with India and China, other Asian countries such as Japan, Singapore, Hong Kong and South Korea have developed luxury markets that are also growing rapidly (Chadha and Husband, 2007; Dasgupta, 2009). India is one of the biggest emerging markets and is the fastest growing economy in the world. With increasing brand awareness among the Indian youth and purchasing power of the upper class in tier II and III cities, the Indian luxury market is likely to touch $18.5 billion in 2017 from the current level of $14.7 billion, growing with a compound annual growth rate of about 25% (ASSOCHAM, 2016). According to the Kearney report most luxury product categories witnessed over 15 per cent growth over the past few years (including recession years).

In the last few years, luxury has been seen as an area of interest to both academicians and marketers due to incomparable growth witnessed in this sector. The factors imputing to this growth include globalization, digitalization, growing number of young upwardly mobile customers, increasing number of older premium consumers, and continuous rise in high net worth individuals, new growth opportunities and radical change in socio-cultural, economic and political conditions of the emerging economies. The increase in consumption rates of luxury fashion brands has been backed by the growth of upper and middle-class. There are many luxury fashion brands which have high potential in Indian market as far as their consumption is concerned. Many luxury goods companies have set up businesses in India to take advantage of India’s booming economy and the emergence of a wealthy consumer group which is enamored by and can afford luxury goods. Although India’s economic development will continue to create enormous opportunities for luxury goods companies, cultural differences, increasing consumer sophistication, and heterogeneity in the consumer market present significant challenges for these companies’ operations in India. The purchase of luxury goods by Indian consumers may be motivated by factors different from those in the traditional luxury markets.

Several studies have focused on the differences between Western and Asian consumers’ luxury consumption motivations (Zhang & Schavitt, 2003; Wong & Ahvia, 1998) and value dimensions for purchasing luxury. However, there is limited research from the Indian perspective. In addition, India is a very big country from a demographic point of view and with a large population and thus differences in consumption pattern and behaviour are unavoidable. Delhi and NCR are the top two places for luxury consumption; however, there are limited studies on how functional value, individual value and social value dimensions affect attitude towards luxury consumption. Moreover, Delhi-NCR is selected to be the main focus of study as it is considered to be the heart of country which has developed quickly and has modernized its industry and economies to catch up with other countries. The focus of the current study is to fill the gap by addressing the hypothesis that functional, individual and social value dimensions affect luxury buying behaviour of consumers from Delhi-NCR. The current study results will help luxury brands to attract new luxury consumers as well as to keep their current ones.


**Literature Review**

**Concept of Luxury Goods**

Luxury is extremely selective and exclusive. Vigernon and Johnson (1999) stated that consumers develop their perceptions of luxury goods on the basis of object properties like best quality, interactions with other people like peer reference groups, and hedonic values like sensory beauty. Vigernon and Johnson incorporated the existing knowledge of luxury goods and proposed five perceived values revealed in these goods i.e. perceived conspicuous value, perceived unique value, perceived social value, perceived hedonic value, and perceived quality value. The first three values are influenced by interpersonal effects, and the other two values are supported by personal effects. Chadha and Husband (2006) opined luxury fashion products as “fashionable and high quality consumer goods made by reputed luxury brands”. Wiedman, Hennigs, Siebel (2007) state that luxury has been defined as the notion of “buying to impress others” by concerning the reason for consuming luxury goods. It is now evident that luxury products fulfill one’s need, not only functionally but also psychologically (Dubois, Czellar & Laurent, 2001). In order for any goods to be desired as a luxury, the possession of the goods must be able to provide pleasure (Berry, 1994). In addition, luxuries are by definition always out of the reach of masses (Berry, 1994) and uniqueness and rarity are thus features connected to the concept of luxury (Pantzalis, 1995).

**Luxury Brands Consumption**

Veblen (1899) was the first to talk about luxury consumption patterns by the 'leisure class' and stated that consumers use luxury products to signify wealth and status, when consumed conspicuously. These goods are used as a trademark for being recognized as belonging to the upper class of the society. Strauss & Howe (1999) state that the luxury market is vastly increasing, and there have been significant changes towards consumer behaviour. Consumption of luxurious products can realize three main objectives: the creation of identity, the sustainability of identity, and the presentation of socio-economic status (Wattanasuwan, 2005).

Arora (2005) states the reason that allows and supports the studying of luxury consumption in the very first place is that consumers strive to obtain a higher social status, and they attain this by purchasing and exposing luxuries. Hauck & Stanforth (2007) opined that consumer behaviour towards luxury goods can also be affected by age. Different age groups may view luxury items differently. Mature age groups may view luxury products differently in comparison with today’s teenagers, due to the effect of technology that the previous generation did not have. So understanding buying behaviour is essential to understand a move towards brands.

**Consumer’s Need for Luxury**

Nowadays luxury is important for everyone though some people really do not need it practically. In today’s scenario luxury is not exclusive to the upper class as it is spreading to and rooting at the lower class as well. So we need to study the reason that people want to buy these luxury products. What does luxury mean in their perspective? What persuades them to have such behaviour?

Wattanasuwan (2005) elucidated that one’s appearance, gender, accent or outfit send a direct and powerful reflection to the perceivers. As a result, people start to utilize these luxurious materials as a display of social status and their abilities to afford them. Further they have a thought that the more they have, the higher perceived social level they can achieve.

‘Buying to impress others’ was the traditional motive for buying luxury brands. Conversely, recent studies showed that personal orientation has been integrated into consumption and it has been gradually increasing worldwide (Bhat & Reddy, 1998).

**Luxury Consumer’s Value Dimensions**

Luxury translates money into an ethnically cultured product which has societal stratification. Both outward (conspicuousness, pretentiousness, status) and inward (self-gratification, perfectionism) directed motivations need to be taken into account while studying consumer motivations that prefer luxury.
Vigneron and Johnson (2004) proposed a model of luxury-seeking consumer behaviour which includes five perceived values that differentiate luxury and non-luxury brands. The first element is 'perceived conspicuousness' which states that luxury is vital to individuals who are influenced by reference groups and those who buy luxury to reveal social status. The second element is 'perceived uniqueness' which puts emphasis on the uniqueness and limited supply of products, which in turn augments the consumer's inclination towards the brand (Sproles & Burns, 1994). The third element 'perceived quality' influences consumers who perceive a higher value in the products apart from the cost, which guarantees the quality and reliability from the brand. The fourth element is 'perceived hedonism' which states that consumers' spending is mainly related with an emotional and sensory experience of aesthetic or sensual pleasure, fantasy and fun (Dhar & Wertenbroch, 2000). The last element is 'perceived extended self perceived social value' which helps consumers in making use of these luxury products for seeking recognition from others and being classified for being in certain prestigious groups (D'Astous & Ahmed, 1999).

Enthused by Vigneron and Johnson's five luxury dimensions, Wiedmann et al., (2007) established a luxury value model comprised of four key dimensions of luxury value perception to mark out the relationship between value perception and luxury consumption in different consumers.

Firstly, the financial dimension which is linked to the monetary aspects of luxury consumption which the consumers are willing to spend on its acquisition like price, return on investment, resale value, etc. Secondly, the functional dimension which focuses on the mainstay benefit derived from the luxury product acquired like its quality, permanence, trustworthiness, usability etc. In other words, it represents the perceived utility of a product resulting from its intrinsic attributes or characteristic-based ability to carry out its functional, utilitarian, or physical purposes (Sheth et al. 1991; Smith and Colgate 2007). This factor includes elements from the perceived uniqueness and the perceived quality dimensions described above in the Vigneron model. Thirdly, the individual dimension that concentrates on the hidden oriented motivations or personal value or the individual value derived from luxury like self-distinctiveness, materialism and self-gratification etc. The perceived hedonism fits into this dimension. Shukla and Purani (2012) and Wiedmann et al. (2009) presented the fact that most people use luxury brands for their symbolic meanings, and it is well established in the Western consumer-based literature that luxury goods make people feel good about themselves. Lastly, the social dimension that comprises acknowledgment or being recognized as a part of a distinguished social group, conspicuousness and prestige value, etc. Prestige-seeking behaviour is the chief motivator for the purchase of luxury. The perceived conspicuousness and the perceived extended-self of a luxury brand can be linked to this last dimension. Brucks et al. (2000) stated that consumers associate prestige with a product through price and quality perceptions. Muhammad Ali, Muhammad Amir and Muhammad Wasis Akram (2016) stated that social comparison is found to have a positive relationship with the attitude towards the purchasing luxury fashion goods, whereas, materialism and fashion innovativeness are not. Moreover, it has been proved that there is no relationship between attitude and purchase intention. Yan Liang, Sid Ghosh and Hiroko Oe (2017) designed research that has integrated different perspective values into one multidimensional model to explain directly why Chinese customers choose to buy luxury products, and what are these variables that impact their luxury value perceptions. It also provided a broader perspective in exploring the Chinese customers' self- and societal perceptions for purchasing luxury products. Preeti Tak and Ashish Pareek (2016) stated that consumers' need for uniqueness and fashion consciousness positively influence their attitude towards luxury brands. Paurav Shukla & Jaywant Singh & Madhumita Banerjee (2015) contributed to the knowledge on constituent luxury value perceptions, along
with providing theoretical explanations for the differences between consumers across Asian markets.

**Objectives**

- To examine the relationship between functional value, individual value, social value and the consumers' attitude towards luxury fashion brands.
- To make comparative analysis to find out which factor i.e. functional value, individual value and social value impact more on attitude towards luxury brands.

**Hypotheses Development**

From the review of above literature, there seems to be an association between functional value, social value, individual value perception and attitude towards luxury brands. To know whether such associations are applicable in the Indian context, they are examined through the following hypotheses:

- **H1**: Functional value dimension positively influences attitude towards luxury brands.
- **H2**: Individual value dimension is positively related to attitude towards luxury brands.
- **H3**: Social value dimension positively impacts attitude towards luxury brands.

**Data and Methodology**

Quantitative research methodologies were selected for the current study. A survey of genuine luxury consumers was used to test the hypotheses. First, a structured questionnaire was developed based on existing scales. The questionnaire consisted of three sections. The first part deals with demographic details of the respondents. The second part deals with the consumption pattern of the respondents, while the third part measures consumers' behaviour towards luxury brands. Wiedmann et al., (2009) questionnaire was adapted in this current study. All measures used a seven-point Likert-type response format, fixed at “strongly disagree” and “strongly agree. The conceptual and functional equivalence were assessed subjectively by taking suggestions from two expert academicians in the field for content and face validity. The questionnaire was distributed in Delhi-NCR as these cities are major hubs of luxury stores in India. A total of 200 filled questionnaires were received and were found eligible for data analysis. The data collected was analyzed using SPSS 20. Cronbach's alpha was used to confirm reliability of the data, after which Correlation and regression tests were adopted to test the hypotheses.

Reliability analysis was carried out to assess the internal consistency of each variable under study. As recommended by Hinkin (1995) reliability is commonly measured by internal consistency by using Cronbach’s alpha. All the values are above 0.6, as recommended by Cavanaugh et al. (2001). Table 1 presents the Cronbach’s alpha for the three constructs and attitude towards luxury brands, which ranged from 0.754 to 0.915.

**Table 1: Reliability Statistics**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional Value Dimension</td>
<td>0.86</td>
</tr>
<tr>
<td>Individual Value Dimension</td>
<td>0.915</td>
</tr>
<tr>
<td>Social Value Dimension</td>
<td>0.836</td>
</tr>
<tr>
<td>Attitude Towards Luxury Brands</td>
<td>0.754</td>
</tr>
</tbody>
</table>

**Results and Discussion**

In the second part of the questionnaire, in question one, respondents were asked “do you buy luxury fashion branded products such as LV, Channel, and Hermes etc”. 90.5 percent of the respondents (n=181) said yes while 9.5 percent (n=19) said no. In question two respondents were asked “how often do you purchase luxury fashion branded products”. 7.5 percent (n=15) said weekly, 61 percent (n=122) claim that they purchase every 6 months, 22 percent (n=44) once a year, while 9.5 percent (n=19) said they never buy any luxury product. Table 2 presented demographic differences on luxury branded product purchasing which are examined through cross tabulation with Chi-square.
<table>
<thead>
<tr>
<th>Demographic Variable</th>
<th>Yes</th>
<th>No</th>
<th>Chi-Square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delhi</td>
<td>108</td>
<td>19</td>
<td>12.068</td>
<td>1</td>
<td>0.001</td>
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<tr>
<td>NCR</td>
<td>73</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>44</td>
<td>0</td>
<td>5.922</td>
<td>1</td>
<td>0.015</td>
</tr>
<tr>
<td>Female</td>
<td>137</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age-Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-30</td>
<td>55</td>
<td>0</td>
<td>200</td>
<td>3</td>
<td>0.000</td>
</tr>
<tr>
<td>31-40</td>
<td>111</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41-50</td>
<td>0</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51-60</td>
<td>15</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civil Status</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>126</td>
<td>19</td>
<td>7.963</td>
<td>1</td>
<td>0.005</td>
</tr>
<tr>
<td>Single</td>
<td>55</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor</td>
<td>106</td>
<td>0</td>
<td>23.675</td>
<td>1</td>
<td>0.000</td>
</tr>
<tr>
<td>Masters</td>
<td>75</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Role</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>12</td>
<td>0</td>
<td>5.086</td>
<td>2</td>
<td>0.079</td>
</tr>
<tr>
<td>Self- Employed</td>
<td>27</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional</td>
<td>142</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Family Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 15 Lakhs</td>
<td>20</td>
<td>0</td>
<td>98.974</td>
<td>3</td>
<td>0.000</td>
</tr>
<tr>
<td>15 Lakhs-16.99</td>
<td>57</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Lakhs-18.99</td>
<td>16</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above 19 Lakhs</td>
<td>88</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The results shows there are significant (p<0.05) differences between yes and no respondents who bought luxury fashion branded products, based on which city they come from, their gender, age, civil status, their qualifications, and their annual family income. However, there is no significant difference between yes or no respondents based on their social roles. This shows that people working on higher jobs do not claim that they have bought luxury products. The study results show people earning good annual family income commonly claim that they have bought luxury fashion branded products before.

Pearson correlation coefficients between consumers’ attitude towards luxury fashion brands and functional value, Individual value and Social Value Dimensions is given in Table 3. The two correlations were found to be significant at 0.01 level. Therefore, the results indicate that consumers’ perception for Functional value and Individual value significantly influence their attitude towards luxury brands. But correlation between Social Value dimension and attitude towards luxury is not significant at 0.01 level. Hence, we conclude that Social Value dimension does not significantly impact attitude towards luxury fashion brands.

The summarized results of regression analysis are presented in Table 4. The multiple R for the relationship between the set of dependent variable (attitude towards luxury) and the independent variables (Functional value, Individual value and Social value) is 0.742. The adjusted R-square value tells us that the model accounts for 55.1% of variance in the attitude towards luxury brands by functional value, individual value and social value dimensions. Thus, it may be concluded that all three variables - functional value, individual value and social value, have a significant positive impact on attitude towards luxury brands.

ANOVA table gives us an F-test to determine whether the model is a good fit for the data. The final decision is made according to its p-value. The Table 5 reports the results of ANOVA, which assesses the overall significance of the model. As p < 0.001, the model is significant and supports the research hypothesis that there is a statistically significant relationship between the set of independent variables - functional value, individual value and social value, and the dependent variable, attitude towards luxury brands.

The values of coefficients in the regression model are presented in the Table 6. This table shows the extent to which one unit change in independent variable causes the change in the dependent variable. The t-values and the significance values for the constant and the coefficients (which are all below 0.05) help us to conclude that there is statistically significant relationship between attitude towards luxury brands and Functional value, Individual value and Social value dimension.
alone accounts for 44.1% of the variation in attitude towards luxury.

<table>
<thead>
<tr>
<th>Model</th>
<th>R Squared</th>
<th>Adjusted R Squared</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.441</td>
<td>.438</td>
<td>.694</td>
<td>.441</td>
<td>198</td>
<td>1</td>
<td>196</td>
<td>.000</td>
<td>2.026</td>
</tr>
<tr>
<td>2</td>
<td>.551</td>
<td>.546</td>
<td>.617</td>
<td>.110</td>
<td>223,997</td>
<td>1</td>
<td>196</td>
<td>.000</td>
<td>2.026</td>
</tr>
</tbody>
</table>

Managerial Implications

The findings of this study may add in the body of knowledge as little information is available about these research constructs as they are not widely explored in Indian environment.

Marketers: Firstly, this research will enable the marketers to approve and formalize effective strategies that will facilitate them to capture additional target market and to enhance consumption of fashion products. Given that functional value, individual value and social value has a significant impact on attitude towards luxury, marketers could realize large scale economies by standardizing their policy for these dimensions of luxury.

Researchers: It will help them in exploring the research further in the Indian context relating to luxury goods as little information in available about these research constructs.

Limitations and Future Research Directions

The findings of this study are subject to some limitations, which also provide avenues for further research. The study included only Delhi and NCR. The sample size of this study was small and was restricted to these two cities only, and therefore generalizations are difficult for whole country. The subject of luxury brand consumption has been studied extensively, though it lacks research in specific cultures. Recent studies have found that culture may affect attitude towards consumption of luxury brands. A cross cultural research is also suggested for further studies, which would help readers to have a better understanding of what culture can influence consumers’ attitude towards luxury brands.

The findings of Baugh and Davis (1989) and Phau and Chan (2003) also suggest that luxury products can give the owner social status they desire to receive and are associated with high image and prestige. The research proposes that luxury brands should project themselves as unique, as consumers purchase these products for their individual and social value.

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