

The Impact of Consumer Perceptions on Purchasing Intentions of Luxury Brands among Indian Consumers

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Abstract—This paper studies the impact of different dimensions of consumers' perception towards luxury brands on Indian consumers' luxury purchase intentions. Previous research studies have called upon the need to understand the consumers' perception towards luxury brands (Shukla, 2012; Tynan et al. 2010; Wiedmann et al. 2009) in order to understand the underlying motives behind the consumption of luxury brand products. Such insights are of significance in an emerging market like India as there is still dearth of research with regards to luxury consumption. This paper empirically examines the influence of three dimensions (functional, experiential and symbolic) of luxury value perception (a framework proposed by Berthon et al., 2009) on luxury purchasing intentions. A cross sectional descriptive study using survey methodology was carried out using convenience sampling. The sample comprising of 110 respondents consisted of actual luxury buyers living in Delhi and NCR. The results of the study showed that all the factors were significantly related to the purchasing of luxury brands. Amongst the three dimensions of perception towards luxury brands, symbolic value perception has the strongest influence on consumers' purchase intention for luxury brands. This reflects Indian consumers' desire to gain prestige and signal their wealth by means of consumption of luxury goods. By identifying the importance of perception including its dimensions on the luxury purchasing intentions, the current paper offers significant implications for global and home-grown luxury marketers. Since the perceptions are being examined in the Indian context, the luxury marketers can customize their marketing strategies as per the Indian market.

1. INTRODUCTION

Luxury refers to products or services of a very high standard (Wiedmann et al., 2009). Use of luxury brings a great degree of esteem on the owner over and above the functional utility of the product. In the last one century the process of conspicuous consumption and materialism has penetrated into the eastern societies as well (Eng and Bogaert, 2010). China and India are the latest entrants in the luxury market brigade. As suggested by the "Asia Pacific Report" made by Merrill Lynch and Capgemini (2015) much of the growth is expected to come from emerging Asia, consisting of China, India, Indonesia, and Thailand. According to a study conducted by Assocham, India's luxury market is expected to grow to USD 30 billion up from USD 23.8 billion by end of 2018. Assocham has estimated the Indian luxury market to reach more than 100

Billion USD in the next 7-8 years. According to a recent study conducted by the Assocham chamber (2018), "Indian luxury market is estimated to expand five times in next three years and the number of millionaires are expected to multiply three fold in next five years". India's luxury sector is predicted to grow by about 30 to 35 % over the next three years across different luxury segment categories including fine dining, electronics, luxury travel, personal care, fashion, and jewelry.

2. CONSUMER PERCEPTION TOWARDS LUXURY BRANDS

According to Berthon et al. (2009), consumers' perceptions towards luxury brands have symbolic, experiential, and functional dimensions. While quality is related to functionality, feelings and fantasies are related to experiential dimension and signaling of wealth relates to symbolic dimension ((Kuang- Peng Hung et al. 2011)). The quality of a product is related to its performance and functional value (Berthon et al., 2009; Sweeney and Soutar, 2001). The experiential value consists of individual thoughts and feelings toward the luxury brand (Holbrook and Hirschman, 1982) that are manifested in terms of hedonic and uniqueness-seeking motivations. With reference to the symbolic dimension, possession of luxury brands sends signal to others as well as the user (Belk, 1988; O'Cass, 2004). According to Sheth et al. 1991, different types of values influence consumers' purchase choices. In the literature it has been widely found that social aspects (interpersonal) of displaying status, success, distinction and the human (personal) desire to impress other people are the main motives for luxury consumption. The theory of impression management has proposed that consumers are highly influenced by the internal drive to create a favorable social image from the outcome of their purchase behavior (Eagly and Chaiken 1993; Mandrik 1996; Sallot 2002). The interpersonal aspects are snobbery and conspicuousness (Leibenstein 1950; Mason 1992), whereas personal aspects are hedonism and perfectionist motives (Dubois and Laurent 1994).

3. LUXURY PURCHASE INTENTIONS

Purchase intention is a very fundamental aspect of consumer behavior. Purchase intention is defined as the situation in which a customer is willing to enter into a transaction with the retailer. Generally speaking, the higher the purchase intention is; the higher is the consumer's willingness to buy a product (Dodds, Monroe, Grewal, 1991; Schiffman & Kanuk, 2000). Several studies have been conducted that have empirically and conceptually examined the factors influencing consumers' purchase intentions towards luxury brands. Among the various antecedents of luxury purchase intentions that have been identified in the literature, this paper specifically focuses on luxury perception that incorporates three dimensions of functional, symbolic and experiential

4. IMPACT OF PERCEPTION ON PURCHASE INTENTIONS

Wiedmann et al. (2015) suggested that the self directed symbolic value, utilitarian value and cost sacrifice value perception are significant influencers of overall luxury value perception among British consumers. However, for Indian consumers, only other directed symbolic value and cost sacrifice value are important in influencing overall luxury value perception. Overall luxury value perceptions have significant impact on purchase intentions across markets. Li, Li and Kambele(2011) found that all values of perceived brand value (social, utilitarian and economic) showed significant influence on willingness to pay for luxury brands. Sari and Kusuma(2014) reported that luxury brand perception has a statistically significant and positive impact on customer purchase intention for luxury car owners.

5. PURPOSE OF THE STUDY

Even though consumers favor luxury products in eastern societies including India, there exists dearth of literature about perception and the underlying dimensions of luxury purchase intentions in the Indian context. Logically, the factors responsible for luxury purchase behaviour and their respective influence may not be same between west and east. However, unlike in west, not enough research studies have so far been around eastern or Indian context. With dearth of literature in India, researchers have made it imperative to study the consumers' perception towards luxury brands (Shukla, 2012; Tynan et al. 2010; Wiedmann et al. 2009). According to Tynan et al (2009) there exists limited literature pertaining to consumer perceptions and their impact on purchase intentions. This paper empirically examines the influence of different dimensions of consumers' perceptions towards luxury brand purchasing intentions. In doing so, the paper develops and empirically tests a comprehensive model comprising of three dimensions of luxury perception (proposed by Berthon et al.) in the Indian context.

6. HYPOTHESES

H₁: Luxury brand perception has a significant and positive impact on purchase intentions for luxury brands.

H_{1a}: Functional value perception has a significant and positive impact on purchase intentions for luxury brands.

H_{1b}: Experiential value perception has a significant and positive impact on purchase intentions for luxury brands.

H_{1c}: Symbolic value perception has a significant and positive impact on purchase intentions for luxury brands.

7. SAMPLING & METHODOLOGY

A cross sectional descriptive study using survey methodology was carried out using convenience sampling. The sample of this study consists of 110 luxury buyers living in Delhi, which is the capital city of India. Only those respondents were recruited as participants of this research study who have purchased a luxury brand at least once in the past one-year so their memories are fresh about the purchase. Data for the study was collected in Delhi and NCR using online as well as offline procedures. In the offline mode, self administered survey questionnaires were given to respondents at shopping mall exits; five star hotels and fine dine restaurants (mostly located in high end shopping malls). The responses from the respondents for each item were measured using a 5- point Likert scale. Three luxury brand perceptions that comprise of functional, experiential and symbolic value were borrowed from Berthon et al.'s (2009) and Vigneron and Johnson (2004) scale. The study uses 9 items to measure perception in the present study. Table 1 shows the sampling characteristics of the sample of this study.

Table 1: Demographics of the Sample

No.	Respondent Characteristic's	Frequency	Percentage
1	Age Group		
	Upto 25 years	14	13
	25-40	73	66
	40-60	21	19
	Above 60	2	2
2	Gender		
	Male	46	42
	Female	64	58
3	Occupation		
	Working/professional/Business	82	74
	Student in college/university	16	15
	Housewife	12	11
4	Monthly Income (Household)		
	Upto Rs 50,000	7	6
	Rs 50,001 to 100,000	18	17
	Rs 100001 & above	85	77
5	Education (Highest level)		
	Undergraduate	10	9
	Graduate	22	20

	Postgraduate	78	71
6	Marital Status		
	Married	75	68
	Unmarried	35	32

8. DATA ANALYSIS

Table 2 has the mean score for each of the statements of the three independent variables and dependent variable (PI). Independent variables include three dimensions of consumers' perceptions towards luxury brands which are functional value perception, experiential value perception and symbolic value perception. The items were operationalized on a 1 to 5 point likert scale from Strongly Disagree to Strongly Agree. From the table 2 we can infer that the highest mean score (that is highest agreement) is for all the items of symbolic perception. People have mostly agreed that luxury brand products are conspicuous, expensive and meant for the wealthy. This similar result was revealed in the overall mean score for symbolic perception (3.71).

Table 2. Item Statements with their means and standard deviations

Name	Items	Mean	SD
Functional Perception Dimension	A luxury brand product has the best quality (FP1)	3.52	1.03
	A luxury brand product is sophisticated (FP2)	3.46	.964
	A luxury brand product is superior (FP3)	3.55	1.00
Experiential Perception Dimension	A luxury brand product is unique (EP1)	3.38	1.01
	A luxury brand product is attractive (EP2)	3.43	1.01
	A luxury brand product is rare (EP3)	3.28	1.11
Symbolic Perception Dimension	A luxury brand product is conspicuous/noticeable (SP1)	3.76	.834
	A luxury brand product is expensive (SP2)	3.83	.844
	A luxury brand product is for the wealthy (SP3)	3.75	.861
Purchase Intention	I would consider buying a luxury brand within the next 12 months (PI1)	3.62	.938
	If I were shopping, the likelihood that I would purchase a luxury brand within the next 12 months is high (PI2)	3.55	.894
	My willingness to buy a luxury brand within the next 12 months is high (PI3)	3.65	.915

The correlations between all the variables are seen in table 3 which shows the correlations ranging from .422 (lowest) to .535 (highest). The results of the correlation matrix show that there is a significant and positive correlation between all

perception dimensions and luxury purchasing intentions. However, symbolic dimension has the most significant correlation with purchasing intentions.

Table 3. Correlations among variables

	Functional Perception	Experiential Perception	Symbolic Perception	Purchase Intentions
Functional Perception		.422**	.531**	.451**
Experiential Perception	.422**		.520**	.535*
Symbolic Perception	.531**	.520**		.489**
Purchase Intentions	.451**	.489**	.535**	
Mean	3.58	3.59	3.71	3.60
SD	.858	.852	.826	.835

** Correlation is significant at the 0.01 level (2-tailed).

9. FACTOR ANALYSIS

Factor analysis was performed on the 9 items that comprise the three independent variables. A principal components technique with varimax rotation was used as it was assumed that the observed variables could be better explained in terms of smaller number of underlying perceptual dimensions. Table 4 shows that the value of KMO statistic is strong (.770) and Bartlett's Test of Sphericity is significant (sig=. 000). This indicates the appropriateness of the data for factor analysis. The value of cronbach's alpha for the independent variables of functional perception (FP mean score), experiential perception (EP mean score) and symbolic perception (SP mean score) is .854, .839 and .8961 respectively which are satisfactory. Cronbach's alpha value for purchase intention (PI mean score) is .899, which is highly reliable.

Table 4. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.770
Bartlett's Test of Sphericity	Approx. Chi-Square	777.429
	Df	66
	Sig.	.000

The factor analysis (Total Variance Explained) revealed that 80 percent of the variance is contributed by three factors. Table 5 shows the factor loadings for luxury value perception that is comprised of functional value perception, experiential value perception and symbolic value perception. As seen in the table 5, all the factor loadings are greater than .5 and are significant (p<.01) which is greater than the level recommended by authors.

Table 5. Results of Exploratory Factor Analysis

Variable	Measurement Items	Factor Loadings
Purchase Intention	Strongly Agree (1) Strongly Disagree (5)	
	I would consider buying a luxury brand within the next 12 months	.894
	If I were shopping, the likelihood that I would purchase a luxury brand within the next 12 months is high	.865
	My willingness to buy a luxury brand within the next 12 months is high	.908
Functional perception	Strongly Agree (1) Strongly Disagree (5)	
	A luxury brand product has the best quality	.836
	A luxury brand product is sophisticated	.873
	A luxury brand product is superior	.755
Experiential Perception	Strongly Agree (1) Strongly Disagree (5)	
	A luxury brand product is unique	.867
	A luxury brand product is attractive	.853
	A luxury brand product is rare	.810
Symbolic Perception	Strongly Agree (1) Strongly Disagree (5)	
	A luxury brand product is conspicuous/noticeable	.859
	A luxury brand product is expensive	.896
	A luxury brand product is for the wealthy	.873

10. REGRESSION ANALYSIS

A linear multiple regression analysis was conducted using purchasing intention as a dependent variable and three dimensions of perception as independent variables. All the variables explained 37.3 percent of the variance in purchasing intention and are significant (p value=.000) in predicting behavior. We can therefore conclude that the regression model is good fit of the data. With regards assumed hypotheses, H1c, symbolic perception has a significant positive effect on consumer luxury purchase intentions ($\beta = .345$, $p < 0.001$). Consumers with higher experiential perception towards luxury brands will also have higher purchase intention ($\beta = .205$, $p < 0.05$). Functional perception also has a positive relationship with purchasing intentions ($\beta = .196$, $p < 0.05$). This means that H1a, H1 b and H1c are all duly supported during the analysis.

Table 6. Results of Multiple Regression Analysis

Independent variable	B	t	Sig
Functional Perception	.196	2.121	.036
Experiential Perception	.205	3.757	.040
Symbolic Perception	.345	2.085	.000

Dependent variable is purchase intention (PI)

11. DISCUSSION & MANAGERIAL IMPLICATIONS

In summary, the findings reveal that all three dimensions of consumer perceptions (functional, experiential and symbolic) are significantly and positively related to purchase intention.

Amongst the three dimensions of perception, symbolic perception is the most significant predictor for luxury purchasing intentions. Indians display higher levels of symbolic values which has been found in earlier studies as well (Shukla & Purani, 2011). Experiential dimension which is manifested in terms of hedonic and uniqueness-seeking motivations is also important to consumers in India. This means that personal pleasure seeking and the benefits relating to hedonism are important to Indian consumers. The positive relationship between functional perception and purchase intentions reveals the importance Indian consumers attribute to quality of luxury brands. By understanding the role of consumer perceptions, luxury marketers can improve their strategic decision making. Since the perceptions are being examined in the Indian context, the luxury marketers can customize their marketing strategies as per the Indian market. As symbolic perception towards luxury brands is of so much importance to Indian consumers, the communication for luxury brands should emphasise on display of wealth and conspicuous nature of luxury goods. At the same time, experiential perception which is related to hedonism is increasingly influential in driving luxury purchase in Indian market, thus can be seen as an opportunity to localize strategy. The importance of functional perception can be used by luxury companies to improve the services offered, enhance product efficiency and offer complete customization.

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