2. LITERATURE REVIEW

2.1. CHAPTER OVERVIEW

2.2. THEORETICAL FRAMEWORKS OF THE STUDY
   2.2.1. BRAND EXPERIENCES
   2.2.2. BRAND EQUITY
   2.2.3. BUYING MOTIVES OF LUXURY CONSUMERS

2.3. UNDERSTANDING LUXURY BRANDS

2.4. RESEARCH GAPS

2.5. SUMMARY
2.1. CHAPTER OVERVIEW:

The review of literature mainly comprises of three sections. The first section of the literature review identifies the theoretical frameworks of this study and reviews literature of previous research and past studies in relation to the major variables of this study and the second section discusses the past research in the luxury industry. The third section identifies research gaps. The literature review becomes the basis of the development of the research hypotheses and structural model of the study.

2.2. THEORETICAL FRAMEWORKS:

The framework of the study is drawn from the following theoretical frameworks:

- Brand Experiences
- Brand Equity
- Luxury buying motives
  - The Theory of the Leisure Class
  - Prestige Seeking Motives

2.2.1. BRAND EXPERIENCES

Increasing commoditization of products and services has generated a need for providing consumers value beyond functional attributes and benefits. In recent years there has been a dramatic increase in creation of distinct experiences by brands to differentiate products and services. Pine and Gilmore (1998) claimed that “as goods and services become commoditized, the customer experiences that companies create will matter most”.

The ‘experience’ concept has gained a lot of interest in marketing literature in recent times. Research also supports the premise that consumers no longer buy just products and services, but rather the experience around what is being sold (Morrison and Crane, 2007). Holbrook and Hirschman (1982) have been most commonly acknowledged for being the first to introduce the
experiential perspective of consumer behavior and marketing. They posited consumption experiences as a multi dimensional construct that included hedonic dimensions such as feelings, fantasies and fun. Their view indicated a shift from an analytical and cognitive perspective of consumers as information-processors, to a more holistic perspective that considers both rational and emotional aspects of customer value (Schmitt and Rogers, 2008).

As a result, managerial concepts such as experiential/experience marketing (Schmitt 1999; Tynan and McKechnie 2009), customer experience management (Schmitt 2003; Verhoef et al. 2009), and experience design (Pullman and Gross 2004) emerged in marketing literature.

Marketing literature offers various expressions of experience, for instance, customer experience (Gentile, Spiller, and Noci 2007), consumer experience (Tsai 2005), service experience (Hui and Bateson 1991), product experience (Hoch 2002), consumption experience (Holbrook and Hirschman 1982), shopping experience (Kerin, Jain, and Howard 1992), and brand experience (Brakus et al. 2009). Though some studies use the above terms interchangeably, brand experience is considered to be the overarching construct since it goes beyond the experience of products or services or constructs like retail or shopping experiences.

Several research studies observe that experiences occur when consumers search for products, when they shop for them and receive service, and when they consume them (Holbrook, 2000; Arnould, Price and Zinkhan, 2002; Brakus, Schmitt, and Zhang, 2008; Verhoef et al., 2009). The above can be explained as, the experience brands offer during various stages of the buying cycle such as off market, pre purchase, purchase, usage and post purchase.

The contributions of various researchers to the conceptual ideas or expressions of experience are discussed further.
In their book, The Experience Economy, Pine and Gilmore (1999) defined experience as, when a consumer pays to spend time enjoying a series of memorable events, that a company stages to engage with them in a personal and memorable way. They identified four experiential zones based on the involvement and intensity of relationship between brands and consumers in their earlier work (Pine & Gilmore, 1998). These zones were, ‘entertainment’, ‘educational’, ‘escapist’ and ‘aesthetic’. In their subsequent work, Pine and Gilmore (1999) offered the expression of ‘Staging Experiences’ in the context of retail environments and events. For these settings, they distinguish aesthetic/sensory (including visual, auditory, olfactory, and tactile aspects), educational/intellectual, entertaining/emotional, and escapist experiences.

Berry et al. (2002) claimed that customer experiences can be good, bad, or indifferent. Most ‘experience’ definitions presume experiences as inherently positive, for example, experiential aspects of consumption, fantasies, feelings and fun (Holbrook & Hirschman, 1982); Total Customer Experience (TCE) as a positive and engaging experience (Mascarenhas et al., 2006); exceeding expectations (Ojiako and Maguire, 2009). Arnould and Price (1993) defined an extraordinary experience as one in which customer’s experience high levels of emotional intensity, which exists over time. The consumption experience is considered as the ultimate point of brand differentiation (Sherry, 1998; Holbrook, 1999; Pine & Gilmore, 1999; Schmitt, 1999).

Hoch and Ha (1986) and Kempf and Smith (1998), posited product experience as direct, when there is a physical contact with the product or indirect, when a product is presented virtually or in an advertisement. Wright and Lynch (1995) highlighted that advertising is less effective as compared to direct experience. Hoch and Deighton (1989) and Huffman and Houston (1993), offered that a combination of direct and indirect product experiences can affect product judgments, attitudes, preferences, purchase intent and recall. Hoch (2002) also
looked at product experiences, those experiences that occur when consumers interact with products, when consumers search for products and examine and evaluate them.

Hui and Bateson (1991) and Kerin, Jain and Howard (1992) examined the experience construct from the shopping and service perspective. They proposed that shopping and service experiences occur when a consumer interacts with a store’s physical environment, its personnel and its policies and practices. Hume et al (2006) suggested that service experience relates to a number of contributor events and a number of transactions or interactions between a customer and a provider in the exchange of service.

Studies by Sherman et al. (1997) and Verhoef et al.(2009) explained that the store atmosphere, scent, music and color influence service experience and proper physical store environment affects customer emotion, decision making, reduces decision time and increases service experience.

Arnould et al. (2005); Boulding et al., (1993); Jones (1999); Ofir and Simonson (2007) studied the atmospheric variables and sales people effect that affect the experiences. Furthermore, Grace and O’Cass (2004) explained how customer’s interaction with sales people can affect customers’ feelings, brand attitudes and satisfaction. However, Berry, Carbone and Haeckel (2002) posited experience as more complex and sophisticated than architecture, décor, or groomed employees. They examined experience as a comprehensive positioning strategy that manages the consumer’s journey from pre-experience expectations to post-experience assessments.

Babin et al. (1994) noted the shift in shopping experience from the utilitarian value to hedonic value. Caru & Cova (2003) explained that experiences emotionally involve consumers during the shopping occasion and evoke the sensory, imaginary and emotive aspects.
Some research studies have also focused on the role of employees in the experience process as a critical one. Bidenbach and Marell (2010) considered the interaction between employees and customers as an important factor in creating customer experiences for service brands. Harris (2007) and Alloza (2008) also stressed on the role of employee behavior and attitudes on creating customer experiences.

Consumption experiences were viewed as another important field of experiences. Holbrook (1999) viewed it as a source of producing consumer value. Hirschman (1984) suggested that consumption consists of the generation of internal thoughts and sensations which constitute the content of experience.

Smith (2003) adopted the management oriented approach and put forward a six-step process, involving (a) conducting a customer experience audit in order to assess and evaluate the current experience of the brand, (b) creating a brand platform defining a clear brand-positioning statement, (c) designing the brand experience by aligning the brand’s people, processes and products against the brand proposition, (d) communicating the brand internally and externally, and finally (e) monitoring performance in order to ensure that the brand is delivering against defined objectives.

Schmitt’s (1999) seminal work on ‘experience’ attributed the omnipresence of information technology leading to media convergence, supremacy of the brand leading to a shift from functional features and benefits to enhanced experiences and ubiquity of integrated communications and entertainment, as phenomena signaling to the new approach in marketing – ‘Experience Marketing’.

According to Schmitt (1999), today, consumers take functional features and benefits, product quality and a positive brand image as a given. Schmitt postulated it as the consumers’ desire for products, communications and
marketing campaigns that dazzle their senses, touch their hearts and stimulate their minds, which they can relate to and incorporate it in their lifestyles. Experiences provide sensory, emotional, cognitive, behavioral and relational values that replace the functional values. He explained ‘experiences’ as not self generated but, induced by a stimulus. When marketers provide stimuli, consumer experiences occur. Schmitt (1999) dissects experiences in to 5 different types, ‘Sense’ (experiences through sight, sound, touch, taste and smell); ‘Feel’ (inner feelings and emotions/affective experiences); ‘Think’ (intellectual/cognitive, problem-solving experiences); ‘Act’ (physical experiences, lifestyles and interactions) and ‘Relate’ (relating the individual to his/her ideal self, other people or other cultures). Schmitt (1999) opined that, it is ideal for marketers to create holistic experiences integrating all the above qualities. The Customer experience management framework was proposed by Schmitt (2003) as a process of strategically managing the customers’ entire experience with a product or a company.

Addis & Holbrook (2001) explained experience as a key element in understanding consumer behavior. Norton (2003) suggested the emergence of this field was a result of lifestyle changes, where in experiential offerings became a source of enjoyment. Tsai (2005) supported Pine and Gilmore’s view that the traditional product/service value proposition is no longer adequate for reaching consumers or creating significant differentiation, arguing that businesses must facilitate the enhancement of a seamless total experience for consumers, which determines whether products or services maintain competitive edges.

Mascarenhas, Kesavan and Bernacchi (2006) further defined total customer experiences (TCE) as, anticipating and fulfilling customer’s needs and wants better than competitors, providing real customer experiences, providing real emotional experiences, offering experiences as distinct market offering and as interactions, to create lasting loyalty amongst customers.
Meyer & Schwager (2007) went on to define experience as an internal subjective response to direct and indirect contact with the company. Verhoef, P. et al. (2009) approached experiences from a strategic perspective by focusing on issues such as how and to what extent an experience-based business can create growth. They also posited that prior customer experiences will influence future customer experiences. Gistri et al. (2009) investigated consumer experience in the context of consumption practices of luxury counterfeits in Italy.

Brakus, Schmitt and Zarantonello (2009) conceptualized ‘brand experience’ as a conceptually distinct construct from other brand constructs that are evaluative, affective, and associative constructs, such as brand attitudes, brand involvement, brand attachment, customer delight, and brand personality. Zarantonello and Schmitt (2010) regarded brand experience as the broadest conceptual idea of experience in the marketing context.

Further research in this area was conducted by Iglesias et al. (2011), wherein they studied the direct and indirect relationships between brand experience and brand equity. Esch et al. (2012) conducted an fMRI study to assess declarative and experiential information in brand evaluations. The results of the study reveal that brand experiences should be considered a key driver of brand equity in addition to brand awareness and cognitive associations.

Brakus, Schmitt and Zarantonello’s (2009) work took off from Schmitt’s work on ‘Experience’ and conceptualized brand experience as ‘subjective, internal consumer responses, sensations, feelings, and cognitions and behavioral responses evoked by brand-related stimuli that are part of a brand’s design and identity, packaging, communications, and environments’. These brand-related stimuli appear as part of a brand’s design and identity (e.g., name, logo, signage), packaging, and marketing communications (e.g., advertisements, brochures, Web sites) and in environments in which the brand is marketed or sold (e.g., stores, events, websites). They also reviewed pertinent work in philosophy, cognitive
science, and applied writings on brand experience marketing and management, and a consistent set of experience dimensions appeared across the variety of disciplines.

According to them, brand experiences arise, when consumers are exposed to brands and pay attention to the experiential aspects of brands’ executions. They affirmed that, brand experiences may vary in strength, intensity and valence. For example, some brand experiences are stronger or more intense than others. Similarly, some brand experiences may be more positive than others, and some experiences may even be negative. Some brand experiences occur suddenly and are short-lived; others occur more deliberately and last longer. They also suggested that experiences can happen when consumers do not show interest in or have a personal connection with the brand, however, over time, brand experiences may result in emotional bonds and brand experiences which are stored in consumers’ memory, could affect consumer satisfaction and loyalty (Oliver 1997; Reicheld 1996).

The dimensions of brand experience, proposed by Brakus, Schmitt and Zarantonello (2009) include four dimensions labeled, ‘sensory’, ‘affective’, ‘intellectual’ and ‘behavioral’ based on Schmitt’s (1999) previous work on experience. The first dimension concerns the aesthetics and sensory qualities. The second dimension focuses on the affective states such as ‘moods’ and ‘emotions’ that can be generated by brands. The third dimension is centered on the ability of brands to stimulate ‘convergent/analytical’ and ‘divergent/imaginative’ thinking. The fourth dimension regards the behavioral aspects of experience.

Hence summing up the extant literature on experiences and as demonstrated by research studies in the area, we can say that experiences created by brands have a significant place in marketing theory and practice.
2.2.2. BRAND EQUITY

Brands have evolved historically, from being a source of a unique identity, to being easy differentiators that facilitated consumer choice between competing products, to representing consistent quality and commanding premium prices and to build loyalty. The American Marketing Association (AMA) defines a brand as ‘a name, term, sign, symbol, design, or a combination, which is intended to identify the goods and services of a firm in order to differentiate them from competition’. Keller (2003) defines a brand as ‘a product that adds other dimensions that differentiate it from other products and services designed to satisfy the same need’. Kapferer (2004) defines ‘a brand as a set of mental associations, held by the customer, which adds to the perceived value of a product or service’. These associations should be unique (exclusive), strong (salient), and positive (desirable). The positive brand associations can play a role in building brand loyalty. This forms the essence of brand equity, which is often defined as ‘the value consumers’ associate with a brand’. In the last 2-3 decades, measuring brand equity has emerged as a business priority and the essence of marketing.

The Marketing Science Institute (1999) proposed five broad purposes for brand equity measures:

1. To guide marketing strategies and tactical decisions.
2. To assess the extendibility of a brand.
3. To evaluate the effectiveness of marketing decisions.
4. To track a brand’s health in comparison to competitors over time.
5. To assign a financial value to the brand in balance sheets and financial transactions.

Marketing literature offers several definitions and models of brand equity. Aaker (1991) explicates it as the consumers’ perception of the overall superiority of a product carrying that brand name in contrast to other brands. Yoo and Donthu
(2001), define it as the difference in consumer choice between the focal branded product and an unbranded product. High brand equity levels are known to lead to superior consumer preferences and purchase intentions (Cobb-Walgren et al., 1995) as well as higher stock returns (Aaker and Jacobson, 1994). High brand equity also brings a prospect for successful brand extensions, resilience against competitive activity, and barrier to competitive entry (Farquhar, 1989). Srivastava & Shocker (1991), equate brand equity to ‘brand value’ and ‘brand strength’.

This enables us to classify brand equity in to two measurement perspectives, the financial asset value (brand value) (Farquhar et al., 1991; Simon and Sullivan, 1990) and the consumer based (brand strength) brand equity (Aaker, 1991; Keller, 1993, 2001).

From a financial perspective, brand equity has been addressed as a firm level approach or company-oriented perspective (Feldwick, 1996), which measured brands as financial assets; enhancing the financial market value of the firm and incremental cash flows which accrue to branded products over unbranded products (Simon & Sullivan, 1993); global brand equity measured in terms of brand strength and brand net earnings (Motameni & Shahrokhi, 1998).

Kamakura & Russell (1993) explained it as the incremental utility or the value of the brand to the firm and the consumer. However Cobb- Walgren et al. (1995) viewed it only from the consumer behavior perspective and offered the view that high brand equity levels are known to lead to higher consumer preferences and purchase intentions.

On the other hand, consumer based brand equity reflects the consumer perceived value, formed by the combination of the product’s functional performance, emotional benefits and consumer’s lifestyles.
The concept of brand equity began to be used widely in the 1980s by advertising practitioners (Barwise, 1993). Important academic contributors throughout the 1990s were Aaker (1991); Srivastava and Shocker (1991); Kapferer (1992); and Keller (1993, 1998). Most conceptualizations of brand equity concur that brands add value to products by virtue of consumers’ associations and perceptions (Winters, 1991; Chaudhuri, 1995).

Brand equity measures can be divided into three categories of measures: consumer mind-set (consumer perceptions and behaviors), product market (price premium, market share, relative price) and financial market (discounted cash flow measures, price of brand at purchase point).

This study is based on the consumer mind-set measure built on the foundation of consumer perceptions and behaviors, conceptualized as customer based brand equity by various researchers.

Research on customer-based brand equity has adopted two approaches, the economic approach (Erdem & Swait, 1998) and the psychological approach (Aaker, 1991; Keller, 1993; Loken and John, 1993). More recent studies (Jung and Sung, 2008) also adopt customer-based brand equity as a measurement of brand equity from the perspective of the individual consumer.


Aaker’s (1991) approach though, is largely from a managerial and corporate strategy perspective, but has a foundation of consumer behavior. Aaker (1991) defined brand equity as ‘a set of five categories of brand assets or liabilities linked to a brand’s name or symbol that add to or subtract from the value provided by a product or service’. The five dimensions of brand equity in Aaker’s (1991) model consist of: ‘brand awareness’, ‘brand perceived quality’, ‘brand associations’, ‘brand loyalty’ and ‘brand assets such as patents,'
Aaker (1996) emphasized the fact that brand value to the firm can be improved by the customer-based brand equity. Higher brand equity allows the brand to compete with other brands and brand owners are able to charge a premium price as well as promoting customer’s brand loyalty (Aaker, 1991, 1996).

Figure 2-1: Aaker’s (1991) Brand Equity Model

The customer value becomes a basis for providing value to the firm. Brand equity provides value to the customer in three ways (Aaker, 1992). Firstly, brand equity assets can help customers’ interpret, process, store and retrieve a huge quantity of information about products and brands. Secondly, a customer will usually be more comfortable with the brand that was last used, is considered to have high quality, or is familiar. Thirdly, perceived quality and brand associations, provide the customer with value by increasing the customers’ satisfaction when the individual uses the product.
Brand equity provides value to the firm in at least six ways (Aaker, 1992). First, brand equity can enhance the efficiency and effectiveness of marketing programs. Second, brand awareness, perceived quality, and brand associations can strengthen brand loyalty by increasing customer satisfaction and providing reasons to buy the product. Third, brand equity will usually provide higher margins for products by permitting premium pricing and reducing reliance on promotions. In many contexts, the elements of brand equity serve to support premium pricing or to resist price erosion. In addition, a brand with an advantage in brand equity will often have to invest more in promotional activity just to maintain its position in the distribution channel. Fourth, brand equity can provide a platform of growth by brand extensions. Fifth, brand equity can provide leverage in the distribution channel as well. Like customers, channel members have less uncertainty dealing with a proven brand name that has already achieved recognition and has established strong associations. Further, by having a strong brand, companies have the potential to gain efficiencies and synergies by the use of the product’s visual impact on the store shelf and in promotion. Finally, brand equity assets provide a firm with a significant advantage, a barrier that may prevent customers from switching to a competitor.

Kapferer (1992) offered a model based on the set of brand style and themes, termed as the six-sided ‘Brand Identity Prism’, which applies human traits to a brand to recognize what consumers actually think of the brand. The Brand Identity Prism emphasizes the brand’s identity as a structured whole of six integrated facets at each end of the prism, Self image, Culture, Personality, Reflection, Relationship, Physique (Figure 2-2).

The first three facets of Culture, Personality and Self-image are incorporated within the brand itself and the last three facets of Physique, Reflection and Relationship are the social facets which give the brand its outward
expression. These outward facets are communicated explicitly and they are visible and material.

![Kapferer's (1992) Brand Identity Prism](image)

*Figure 2-2: Kapferer's (1992) Brand Identity Prism*

The component of physique forms the first stage in brand building, followed by emotional and representational components. The intangible elements refer to the beliefs and meanings created in the minds of consumers. These intangible and symbolic elements include the brand personality; the way brands reinforce consumers’ self-images and brands’ abilities to represent consumers to others (de Chernatony – Dall’Olmo Riley, 1998a; de Chernatony-Dall’Olmo Riley, 1998b; Doyle, 1998),

The Brand Identity Prism helps in understanding the brand, its core strengths and opportunities, develop brand strategy, the formulation of the brand’s positioning in the market and enables the brand team to develop consistency in
the message being transmitted through packaging and design, advertising, below-the-line activities and through potential brand extensions. Finally, understanding the brand’s core and style helps to determine how far the brand can be meaningfully stretched to other products and market segments (Doyle, 1998).

Keller (1993) approached brand equity more from the consumer behavior perspectives. According to Keller (1993), brand equity is the differential effect that the brand knowledge has on consumer response to marketing of that brand. Keller’s (1993) model proposes that brand knowledge comprised of brand awareness (brand recognition and recall achieved through marketing stimuli) and brand image. Brand image is said to result from the favorability, strength, uniqueness and types of brand associations held by the consumer. Within the model, Keller (1993) depicts various types of brand associations such as attributes (product-related and non-product related), benefits (functional, experiential and symbolic) and attitudes (Figure 2-3).

The non-product attributes are categorized into:

- Price
- User/Usage imagery
- Brand personality
- Feelings and experiences
Keller (2002) suggests that consumers respond favorably to a product whose brand is identified, the brand has positive customer based brand equity, and it exists when the consumer has high level of awareness, familiarity and strong favorable and unique brand associations in their memory.

Keller (2001) proposed the Customer-Based Brand Equity (CBBE) model, arguing that building strong brand equity is a gradual process and happens stepwise which can be equated to a branding ladder (Figure 2-4). In this ladder, final outcome depends on achieving the previous stage successfully which comprises of brand identity to brand meaning, responses and finally brand relationships. The six brand building blocks, ‘Salience’, ‘Performance’, ‘Imagery’, ‘Judgment’, ‘Feelings’ and ‘Resonance’ underlie these steps.

Figure 2-3: Keller’s (1993) Brand Equity Model

Brand Knowledge

Brand Image

- Brand Awareness
  - Brand Recall
  - Brand Recognition

- Type of brand associations
- Favorability of brand associations
- Strength of brand associations
- Uniqueness of brand associations

- Attributes
  - Product Related
  - Non Product Related
  - Functional
  - Experiential
  - Symbolic

- Benefits
- Attitudes
  - Price
  - User/Usage image
  - Brand Personality
  - Feelings & Experience

Brand Knowledge

Brand Image

- Brand Awareness
  - Brand Recall
  - Brand Recognition

- Type of brand associations
- Favorability of brand associations
- Strength of brand associations
- Uniqueness of brand associations

- Attributes
  - Product Related
  - Non Product Related
  - Functional
  - Experiential
  - Symbolic

- Benefits
- Attitudes
  - Price
  - User/Usage image
  - Brand Personality
  - Feelings & Experience
While there are commonalities between Aaker’s (1996) and Keller’s (2001) model, Keller’s (2001) CBBE model is more comprehensive and in-depth. This study adopts the conceptual framework provided by Keller’s (2001) CBBE model, which is based on the consumer mind-set measure of consumer perceptions and behaviors. The model proposes a sequence of four sequential steps for building a strong brand. The success of each step is contingent on the completion of the previous step. The Customer-Based Brand Equity (CBBE) model dimensions include ‘Brand Salience’, ‘Brand Meaning’, ‘Brand Response’ and ‘Brand Resonance’.

The Customer Based Brand Equity pyramid in Figure 2-4 also illustrates the sub-dimensions of the brand development building blocks proposed by Keller (2001).

Keller (2001) argues that the first step in building brand equity is creating brand saliency in the mind of the consumer. Brand salience refers to aspects of the awareness of a brand such as the top-of-mind awareness of the brand,
retrievability of the brand and the overall strength of awareness. A brand with high saliency can be characterized as a great amount of depth and breadth of brand awareness. In most cases, brand awareness is acts as a starting point to build brand meaning in the consumers’ mind.

The second step is the creation of a product that meets or exceeds the functional and psychological or social needs of the consumer. Brand performance and brand imagery are key aspects of achieving this step. The key aspect of achieving this goal is to build strong, favorable, and unique brand associations related to the functional and experiential aspects of the brand. Greater amounts of brand knowledge will lead to a better understanding of a brand’s meaning by consumers (Keller, 1993). The meaning of the brand elicits responses to the brand from the consumers.

The third step, is eliciting consumer responses to the brand by means of brand judgment and brand feelings. Brand judgments refer to the cognitive evaluation of the overall superiority, quality, credibility, and consideration of the brand. This aspect of brand response evaluates the functional and symbolic aspects of the brand in reference to its competitors to determine which product is superior. The judgments and feelings towards the brand, impact the relationship and the level of identification that the consumer has toward the brand and fellow consumers.

And the final step, brand resonance, refers to the characteristics of the relationship between the consumer and the brand and the amount of time and effort spent by the consumer towards the consumption of the target brand. Brand resonance can be characterized by the bond the consumer shares with the brand as well as the amount of effort the consumer exerts to consume the brand. Brand resonance has been defined by four dimensions: ‘Behavioral Loyalty’; ‘Attitudinal Loyalty’; ‘Sense of Community’; and ‘Active Engagement’.
Attitudinal attachment and behavioral loyalty are characterized as the psychological bond the consumer shares with the brand as well as the intensity with which the consumer intends to consume the brand. Sense of community refers to the level of connection or engagement that the focal consumer shares with other consumers of the brand. The engagement in these brand communities illustrates the affinity and the level of effort the consumer is willing to engage in due to the brand. Finally, brand engagement refers to the resources consumers are willing to invest on behalf of the brand beyond purchase and consumption.

The customer-based brand equity framework gives marketers insights as to how their marketing communications work and helps them design and implement impactful communication programs (Keller, 2009).

To summarize, a brand can be established through proper identity, appropriate brand meaning, right brand responses and appropriate brand relationships with customers. The advantages of higher brand equity include enhancing efficiency and effectiveness of marketing programs, strengthening brand loyalty through customer satisfaction, higher margins, growth by brand extensions, managing channel perceptions and creating a competitive barrier.

2.2.3. BUYING MOTIVES OF LUXURY CONSUMERS

2.2.3.1. THE THEORY OF THE LEISURE CLASS

In the pioneer work on luxury consumption, ‘The Theory of the Leisure Class’ Veblen (1899) analyzes luxury consumption in the social-economic context. He suggests that there is a general tendency toward conspicuous consumption, wherein wealthy people purchase luxury goods as a means of ostentatiously displaying their wealth. This notion of conspicuous consumption implies that the demand for certain consumer goods depends on factors other than the qualities inherent in the consumer goods. Veblen (1899) argued that people
used the conspicuous consumption of luxury goods to signal wealth, power and status.

Veblen (1899) identified two motives of conspicuous consumption. The first is ‘pecuniary emulation’, which refers to consumers’ striving to project the image that they belong in their own class or to that above. The second motivation is ‘invidious comparison’ where consumers try to distinguish themselves from those of classes below them.

According to Veblen, in ‘The Theory of the Leisure Class’, inherited wealth confers more status than wealth gained through efficiency. The old money held by aristocratic families provides more status as it establishes most distance from the work required for its accumulation. The theory also propounds that individuals emulate the consumption patterns of other individuals situated at higher points of the hierarchy. This theory applies particularly to luxury goods. The phenomenon of conspicuous consumption is a function of the price, to the extent to which the demand for a consumer good is increased because it bears higher rather than lower price. The higher price can be termed as the conspicuous price, the price other people think the consumer paid for the product.

Mason (1984) refers to conspicuous consumption as the need of the nouveaux riches to make vertical status gains in to the upper class. Some luxury consumer goods, such as clothing, watches and jewelry, may become status symbols for them and the utility they receive from luxury goods may be the display of wealth, achievement and enhancement of social status.

2.2.3.2. THE PRESTIGE SEEKING MOTIVES FRAMEWORK

Luxury consumption is closely associated with psychological values such as satisfying buyers’ needs for symbolic meaning (Vickers & Renand, 2003; Wong & Ahuvia, 1998) and extending buyers’ own personality through the possession of the luxury goods (Richins, 1994a; Wong & Ahuvia, 1998). Srivastava (2007) empirically examined the prestige value associated with a
Brand Experience and its Implications on Brand Equity: A Study of Luxury Brands

brand. Wiedmann et al. (2007) identified four latent luxury value dimensions (i.e., financial, functional, individual, and social values) and nine antecedent constructs of the dimensions (i.e. price, usability, quality, uniqueness, self-identity, hedonic, materialistic, conspicuousness, and prestige values). Vigneron and Johnson (1999) proposed a framework that categorizes luxury consumers’ motives into five value constructs including personal factors (i.e. social and emotional values) and non-personal factors (i.e. conspicuous, unique, and quality value).

There are two main categories of reasons for luxury goods consumption, external, social and interpersonal motivations, which signal wealth, where the goal is to publicly display luxury to affirm the consumer’s status (O’Cass & Frost, 2002) and internal, subjective and reserved motivations of self-reward relate to luxury consumption based on emotions, state of mind and subjective sensations related to an individual’s self-perception (Vigneron and Johnson, 1999, 2004). It is possible; to distinguish between ‘interpersonal effects’ and ‘personal effects’ of luxury, one ‘other-referenced’ and the other ‘self-referenced’ (Amatulli & Guido, 2011). Purchasing intentions principally dependent on ‘others’ are also termed as ‘externalized luxury’ and purchasing intentions based on individual style and subjectivity are also termed as ‘internalized luxury’. These are opposite motivations but they can potentially co-exist with one single consumer (Amatulli & Guido, 2011). While early research conceptualizes status consumption as an element of conspicuous consumption, O’Cass and McEwen (2004) differentiate it by defining status consumption as consumers’ desire to gain prestige from the acquisition of status-laden products, while conspicuous consumption is the overt usage of products in the presence of others.

Vigneron and Johnson’s (1999) framework detailed the luxury consumers’ prestige seeking behaviors through five value constructs (i.e., social, emotional, conspicuous, unique, and quality values). Social value is related to people’s desire to possess prestige brands as a way to conform to prestige groups or to be
distinguished from non-prestige reference groups. Emotional value stand for arousal, feelings and affective states originated for acquiring a luxury brand. Conspicuous value is related to the utility of luxury products to display wealth and power. Unique value expresses the utility generated from the exclusivity and scarcity of products. Quality value refers to the utility acquired from superior product characteristics and performance of a luxury brand.

Vigneron and Johnson (1999) proposed that social value, unique value, and conspicuous value reflect ‘Bandwagon Effect’, ‘Snob Effect’ and ‘Veblen Effect’ respectively. According to them, the ‘Bandwagon Effect’ influences an individual to conform to his/her reference groups, while ‘Snob’ consumers express the desire to be differentiated from other individuals through purchasing prestige goods by perceiving price as an indicator of exclusivity or scarcity. They also explain conspicuous value with ‘Veblen Effect’ suggesting that Veblenian consumers attach a greater importance to price as an indicator of prestige and consume luxury products as a way to display their wealth and status.

They further proposed the ‘Hedonic Effect’ when consumers value the perceived utility acquired from a prestige brand to arouse feelings and affective states. Therefore, people who relate to personal values that depend upon the individual alone for fulfillment, such as self-respect, are not susceptible to interpersonal influence when purchasing and using these brands. Dubois and Laurent (1994) recognized that the emotional value was an essential characteristic of the perceived utility acquired from luxury products and a vast majority of consumers subscribe to the hedonic motive i.e. ‘One buys luxury goods primarily for one’s pleasure’.

The other personal effect proposed by Vigneron and Johnson (1999) refers to the ‘Quality Effect’, which occurs when consumers’ value the perceived quality acquired from a luxury brand to suggest superior product characteristics and performance. Therefore, people who relate to personal values and who assess the
value of luxury brands according to the quality value of reassurance expected from these brands may represent perfectionist types of consumers.

The dimensions of this framework are explained in the form of the 5 effects, as illustrated in the Figure 2-5.

Figure 2-5: Vigneron & Johnson’s (1999) Prestige Seeking Consumer Behavior Framework

Inspired by the work of Veblen (1899); Leibenstein (1950); Mason (1992); Dubois and Laurent (1994); Kapferer (1998); Eastman et al. (1999); Phau and Prendergast (2000) and Dubois et al. (2001) on the evaluation of luxury brands, Vigneron and Johnson (2004) developed a framework of ‘Brand Luxury Index’ proposing that the luxury-seeking consumer’s decision-making process can be explained by the five main factors, including personal perceptions (perceived extended self, perceived hedonism), as well as the more usual interpersonal perceptions (perceived conspicuousness, perceived uniqueness, perceived quality).

Hirchman and Holbrook (1982) were the first to use the term ‘hedonic’ in a consumption sense. Hedonic consumption refers to those facets of consumer
behavior that relate to the multi-sensory, fantasy, and emotive aspects of one’s experience with products (Hirschman and Holbrook, 1982).

On reviewing branding literature, several studies on hedonism were observed. Some examined and discussed the emotional bond that develops between an individual and the brands they buy (Roberts, 2004; Palmer, 2010). Palmer (2010) observed extensive literature on the emotional relationship consumers develop between a brand and their own perceived or sought personality. In effect, it may be appropriate to state that brands are chosen by consumers when their self image matches the values and lifestyles reflected by the brand.

Some authors have suggested that brands have become increasingly important in the development of shared community experience (Cova, 1997). Some have talked of a “Brandscape” as an increasingly important type of community, in which consumers feel emotionally linked to one another, either formally or informally (Sherry, 1998). Many studies have explored the influence of emotions on customer satisfaction and long-term behavioral intention (Oliver, 1997; Cronin et al., 2000; Barsky and Nash, 2002) and those emotions during the pre-consumption, actual and post-consumption stages of the brand–consumer encounter, matter. Mattila (2001) noted that emotionally bonded consumers tend to invest more in their relationships than consumers lacking affective commitment. Some studies suggested that consumers’ emotional bonding with a service provider is more strongly linked to their future purchase intentions than the cognitive component of quality or satisfaction measures (Fournier, 1998; Arnould and Price, 1993; Price, Arnould and Deibler, 1995). Rosen’s (1974) study revealed that hedonic rather than utilitarian attributes of a product explained a greater amount of variation in prices. O’Shaughnessy and O’Saughnessy (2003) noted that emotional displays may contain the “true self”, on the basis that
what people get emotional about, reveals what they consider to be particularly salient.

Previous research suggest that luxury brands are used by consumers primarily for hedonic pleasures while necessities are required to meet more utilitarian goals (Dubois, Laurent & Czellar, 2001; Kivetz and Simonson, 2002; Strhilevitz & Myers, 1998).

Khan, Dhar & Wertenbroch (2004) offer a view that utilitarian and hedonic values are discretionary and the difference between the two is a matter of degree or perception. Different products can be high or low in both hedonic and utilitarian attributes at the same time. Usage and consumption motives are central in determining whether an item is perceived as primarily hedonic or utilitarian (Pham, 1998).

Chevalier, M. and Mazzalovo, G. (2008) also affirmed that when it comes to luxury, hedonism takes precedence over functionality. The hedonic aspect of luxury consumption thus refers to the intrinsic pleasure and emotional reward derived from the consumption experience itself (Hirschman and Holbrook, 1982). Further, Silverstein and Fiske’s (2003) view of ‘new luxury’ is, premium goods that connect with the consumers on an emotional level, and allow for luxury branding across a wide variety of product categories.

Holbrook et al (1982) proposed that product classes such as aesthetic objects seem to be highly emotionally involving. Moreover, they argue that consumers make decisions about purchasing such products based on rather ‘symbolic elements of the products’ than their tangible aspects.

More recently, Patrick, MacInnis and Park (2007) posited that a luxury brand is defined in terms of the emotional and hedonic benefits it delivers and the extent to which a luxury brand is able to meet affective expectations. Chitturi,

The review of literature strongly suggests that luxury brands deliver emotional gratification from purchase and consumption. Individuals with high hedonic motives seek pleasure and emotional reward not only from the luxury brand, but also from the shopping and consumption experiences. Hence, this study focuses on hedonic motives of luxury brand consumers.

2.3. UNDERSTANDING LUXURY BRANDS

Brands can be distinguished on the basis of the characteristics that constitute them and are segmented as middle-market brands, premium brands and luxury brands. Most brands in the middle and premium segments focus mainly on functional characteristics, whereas luxury brands put much more effort into creating a symbolic meaning for consumers. Another category of brands that have emerged in recent times are ‘masstige brands’. The term ‘masstige brands’ easily conveys their basic idea: offering prestige to the masses or ‘mass luxury’ (Kapferer and Bastien, 2009). Typical masstige brands include Coach, Godiva, Starbucks and Victoria’s Secret (Silverstein and Fiske, 2003). Although these brands are not luxury brands, they still rate higher than the premium and the middle-market brands. Masstige brands concentrate especially on creating symbolic benefits and prestige through expensive looking products having design value, for example, Zara exemplifies the idea of selling taste and style to the masses at reasonable prices.

Luxury brands are characterized by the highest level of rarity, quality, extraordinariness, price, aesthetics and symbolism (Keller, 2009). Middle-market brands differentiate themselves from premium and masstige brands by the level of prestige they add to the consumers on the parameters of price, quality, rarity, extraordinariness, aesthetics and symbolism. On the price front, the products from
luxury brands are about three times more expensive than masstige brands, which in turn are about twice as expensive as middle-market brands. While there may be a relatively small perceived difference in prestige between luxury and masstige brands, the gap is larger between the luxury and the middle-range brands.

In recent years while the premium brands are seen as adopting the ‘Trading-up Strategy’ to enter the luxury segment, many luxury brands are ‘Trading-down’ by extending their product range with premium products that are more accessible to middle-class consumers (Kapferer and Bastien, 2009; Truong et al., 2008). This kind of price differentiation marks one of the major growth strategies for luxury brands, while maintaining exclusivity of luxury brands is a challenge in such cases (Keller, 2009).

Both the ‘Trading-up Strategy’ of masstige brands and the ‘Trading-down Strategy’ of luxury brands make luxury-like products accessible for middle-class consumers. The most frequently traded down categories by luxury brands include fragrances and personal care products. This development is referred to as the ‘Democratization of Luxury’ (Tsai, 2005). Kapferer and Bastien (2009) define the democratic luxury products as ordinary items for extraordinary people, which are at the same time extraordinary items for ordinary people.

This study looks at luxury brands in the apparel and accessories categories and excludes democratic luxury categories such as fragrances and personal care products and also categories such as jewelry which may have an investment value, hence not meeting the criterion of luxury brands bought by consumers for pure lifestyle reasons.

Kapferer’s (1997) description of luxury products as those providing extra pleasure and flattering all senses at once, and expand on this description to argue that psychological benefits, rather that functional benefits are the main factor distinguishing luxury products from non-luxury products.

Berry (1994) distinguished luxury products from necessities by suggesting that ‘necessities’ are utilitarian objects that help relieve the unpleasant state of discomfort while ‘luxuries’ are seen as desirable objects that provide pleasure.

Nueno and Quelch (1998) have defined luxury products as those products, for which the ratio of functionality to price is low, but for which the ratio of intangible and situational utility to price is high. Therefore, luxury brands compete on the ability to evoke exclusivity, brand identity, brand awareness and perceived quality from the consumer’s perspective and retain sales levels and customer loyalty (Phau and Prendergast, 2000).

Moore & Birtwistle (2004) posited luxury brands as brands that possess a desirability that extends beyond their function and which provide the user with a perceived status through ownership. Their appeal and desirability is, as a result, of their constructed scarcity in availability and because of their associations with particular consumer segments.

O’Cass and Frost (2002) believed that brands have become a way of self-realisation and identification as consumers move beyond mere consumption of product utility. They now consume the symbolic meaning the brands represent (Phau, Sequeira & Dix, 2009).

According to Dubois and Duquesne (1993), luxury consumers are motivated by a desire to impress others, with the ability to pay particularly high prices. This form of consumption is primarily concerned with the ostentatious display of wealth (Veblen, 1899). Atwal and Williams (2009) affirm about
contemporary consumers who use consumption to make statements about themselves, to create identities and to develop a sense of belonging.

Traditionally, dimensions like status and conspicuousness (O’Cass and McEwen, 2004; Okonkwo, 2009; Truong, Simmons, McColl & Kitchen, 2008), symbolic value (Keller, 2009; Vickers and Renand, 2003), uniqueness or exclusivity (Atwal & Williams 2009; Christodoulides, Michaelidou & Li, 2009), non-essentiality (Wiedmann et al., 2009), quality (Atwal & Williams, 2009; Christodoulides et al., 2009), premium price (Keller, 2009), hedonism (Christodoulides et al., 2009; Vigneron & Johnson 2004), and extended self (Christodoulides et al., 2009; Vigneron & Johnson 2004) are associated with luxury brands.

While, marketing literature does not offer a universal definition of luxury goods, but various studies indicate that luxury brands have personal and social values, apart from the utility value. Luxury goods are viewed as symbols of personal and social identity (Vickers and Renand, 2003) and consumer behavior in the luxury brand context is a result of social and self expression motives (Vigneron & Johnson, 1999, 2004). Vigneron and Johnson (2004) proposed five key dimensions of luxury brands: perceived quality, perceived conspicuousness, perceived uniqueness, perceived extended self and perceived hedonism. Vigneron and Johnson (1999, 2004), believe that any one of these dimensions can be dominant in motivating luxury brand users. The perceived quality dimension refers to the expectation that the luxury brand should offer superior performance (Gentry et al.2001). Increase in purchase intent due to perceptions of quality are an important source of revenue expansion (Rust, Moorman and Dickson, 2002).

For the second, third and fourth dimensions, high prices of luxury brands are a desirable. For instance, conspicuous consumption suggests that the need for consumers to buy luxury brands is driven by their social signaling effect (Veblen, 1899). Research has suggested that consumers’ propensity to purchase a luxury
brand is dependent on their susceptibility to interpersonal influence (Bearden and Etzel, 1982). The strategies adopted to maintain exclusivity and create a perception of uniqueness in consumers adds to the social signaling effect. Consumers may also integrate the symbolic meaning of these brands into their own identity (Holt, 1995). As discussed earlier also, Belk’s (1988) concept of the extended self suggested that possessions may form a part of the consumers’ identity, hence the extension of the self is an important dimension in the social context of luxury consumption. The dimension of perceived hedonism refers to the emotional gratification. It is the intrinsic pleasure and emotional reward derived from the consumption experience (Hirschman & Holbrook, 1982). Drawing from this notion, Silverstein and Fiske (2003) suggested new luxury as being premium goods that connect with consumers on an emotional level.

Drawing from extant literature discussed in this section, it is assumed that luxury brand consumers have inner directed motives and/or external status directed motives. Research in the luxury consumption has analyzed consumption choices of affluent consumers (Dubois and Duquesne, 1993; Dubois and Laurent, 1994; Veblen, 1899), the role of snobbery and conspicuousness in consumption choices (Leibentstien, 1950), and the economic and political factors that drive luxury purchases (Vigneron and Johnson, 1999). Other research studies the characteristics of consumers and their tendency for luxury consumption, such as interpersonal influence (Bearden & Etzel, 1982), high hedonic and perfectionist motives (Dubois and Laurent, 1994), effect of culture on motivations to buy luxury brands (Wong and Ahuvia, 1998), ‘dream value’ of luxury (Dubois and Paternault, 1995) and differences between socially oriented and personally oriented consumers (Tsai, 2005).

Apart from extant research on defining and conceptualizing luxury brands and their dimensions, Kapferer and Bastien (2009) have reviewed the historical perspective of luxury brands and have outlined their history. The late 19th and
early 20th Century has been seen as the era of first mass emergence of contemporary French Luxury houses, Louis Vuitton, Cartier, Hermes. The interwar period was the second, with the development of the perfumery, Chanel No. 5. After the Second World War the luxury business actually took off and became an industry. They have outlined the triumphal progress of the luxury industry in the last few decades as:

- The 1950s: The pioneers (Perfume, Alcohols, Champagne)
- The 1970s: The decade of Japan and the Oil Producing Countries
- 1980s: USA and the Reagan years
- 1990: Globalization

At the start of the 21st Century, luxury became very popular and very much in fashion that every economic player claimed to offer it (Kapferer and Bastien, 2009). Luxury companies have transformed from their erstwhile private, family owned firms to public companies adopting a professional management structure of business organizations. Three large luxury companies, the Louis Vuitton Moet Hennessy (LVMH) Group, the Pinault-Printemps-Redoute (PPR) Group and the Richemont Group have emerged as the luxury fashion conglomerates owning portfolios of various fashion houses (Table 2-1).

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<tr>
<th>LVMH</th>
<th>RICHEMONT</th>
<th>PPR</th>
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<tr>
<td>Louis Vuitton</td>
<td>Cartier</td>
<td>Gucci</td>
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<tr>
<td>Christian Dior</td>
<td>Dunhill</td>
<td>Yves Saint Laurent</td>
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<td>Fendi</td>
<td>Mont Blanc</td>
<td>Boucheron</td>
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<td>Celine</td>
<td>Van Cleef &amp; Arpels</td>
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<td>Loewe</td>
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<td>Donna Karan</td>
<td>Baume &amp; Mercier</td>
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Table 2-1: The Luxury Conglomerates N (Source: Chadha & Husband, 2006)
In 1987, LV merged with Moet Hennessy, a French Wine Maker of 1743 vintage, to form the LVMH group. LVMH went on the acquisition spree, targeting heritage brands and by 2000, the company had 60 brands in its portfolio with 4 Business segments- wines and spirits ; watches & jewelry; perfume and cosmetics ; fashion and leather goods (Milward Brown). Christian Dior, the luxury goods group, is the main holding company of LVMH, owning 42.36% of its shares, and 59.01% of its voting rights. Bernard Arnault, majority shareholder of Dior, is Chairman of both companies and CEO of LVMH. LVMH is a world leader in luxury and its successful integration of various famous aspirational brands into the group has inspired other Luxury Companies into doing the same.

PPR (previously known as Pinault-Printemps-Redoute until 18 May 2005) is a French Multinational Holding Company which develops a worldwide brand portfolio (luxury, sport & lifestyle divisions and retail brands) distributed in 120 countries. The Company was founded in 1963 by the businessman François Pinault. In the year 1999, PPR first invested in the luxury sector, with a 42% acquisition of Gucci Group. More acquisitions followed to build a stronger luxury identity for the Group, Yves Saint Laurent, YSL Beauty, Sergio Rossi, Boucheron, Bottega Veneta and Balenciaga, and signed partnership deals with Stella McCartney and Alexander McQueen. Between 2001 and 2004, PPR reinforced its capital participation in Gucci Group and after a public bid, PPR increased its shares to 99.4% of Gucci Group’s capital.

Richemont SA is a Switzerland-based Luxury Goods Holding Company founded in 1988 by South African businessman Johann Rupert. Through its various subsidiaries, Richemont designs, manufactures, distributes and sells premium jewelry, watches, leather goods, writing instruments, clothing and accessories. Richemont is the third-largest luxury goods company in the world, after PPR and market leader LVMH. Richemont SA organizes its business activities into four operating divisions: Jewelry Maisons, Specialist Watchmakers,

Atwal and Williams (2009) acknowledged that western consumption of luxury in the 1980s and 1990s was motivated primarily by status-seeking and appearance which is now attributed to contemporary luxury consumption in emerging markets such as Russia and China, while the Western world has matured in its tastes for luxury.

The luxury industry’s increasing saturation in the western countries and the cooling down of the luxury markets in the developed world has impelled luxury companies to look at emerging markets like China, India, Russia and Brazil for the immense opportunity they offer. China is off to a flying start and serious wealth is flowing into selected segments of society; India is following suit (Chadha and Husband, 2006). According to Chadha and Husband (2006) these are Asia’s first and second generation of middle-class people with significant spending power and also Asia’s first and second generation of working women with financial independence. The change in economic status in these economies has come so quickly that the rules of consumption and the canons of taste have been fluid and loosely defined (Chadha and Husband, 2006). Atwal and Khan (2012) discuss the significance of the rapid growth of the Indian middle class, who are no longer at a financial distance from luxury, and are trading up to meet their current aspirations.

In the traditional view (Veblen, 1899) the consumption of luxury goods was based on the principal of ‘rarity’, however Silverstein and Fiske (2003)
indentified a new type of luxury consumer responsible for democratizing the luxury market (Tsai, 2005).

According to Silverstein and Fiske (2003), these middle-market consumers selectively ‘trade-up’ to higher levels of quality, taste and aspiration. Danziger (2005), offered a view that old luxury was defined by the product category whereas new luxury is all about the experience. As the luxury industry has gone through radical transformation in terms of accessibility to larger number of consumers, the experiences associated with luxury brands are becoming increasingly important to building of these brands.

The consumption of luxury brands in emerging economies of Asia account for almost 1/3rd of World’s luxury consumption and the luxury market in India is growing at a promising rate of 20% per annum. The industry experts predict that luxury retail in India will quadruple in the next five years.

In the Indian luxury retail market, international luxury brands have mostly launched through boutiques in luxury malls or hotels through joint ventures with local distributors. Some brands have also experimented with High Street locations in metro cities and some have chosen to be present in unconventional locations.

“The new Indian luxury consumer is young and aspirational,” suggests Bernd Schneider, General Manager of Sofitel Mumbai. “While the average Indian luxury customer values high quality, exclusivity and social appeal as key drivers of luxury purchase, he is also very price conscious and acquires goods and services based on ‘badge value’ and the social recognition that they will bring him.”

Industry Analysts predict the luxury retail segment in India will continue to boom as consumers break out of the previous economy-induced conservatism and invest in goods with higher price tags and badge value. Chadha & Husband (2006), explain how luxury brands are a modern set of symbols that Asians are
wearing to redefine their identity and social position and why hard-working and essentially frugal people changed into liberal spenders.

Beyond a few academic studies there have been few structured attempts to study the subject of luxury in emerging markets.

2.4. RESEARCH GAPS

Brand experience is a new paradigm in marketing which is gaining popularity amongst researchers and marketing practitioners. Recent studies focusing on experience management signify the importance of building positive, unique and favorable experiences by brands to engage with consumers. Most studies have looked at the dimensions and components of brand experience and have not focused on the effect of brand experience. Moreover, in the luxury context, past research establishes the importance of experiences in luxury selling but there is scant empirical testing for this argument. Hence it is worth exploring the conceptual model of brand experience and empirically testing it with luxury buyers.

Brand equity has emerged as one of the most critical areas of marketing and management since the 1980’s. Previous research on brand equity over the last few decades has identified many benefits of brand equity including higher brand awareness, stronger market share, ability to charge premium price, loyalty, low vulnerability to competition, opportunities for successful brand extensions. Hence brand equity as a measure of the strength and value of the brand is extremely important from the point of view of any company’s current and future profitability. This study adopts Keller’s (2001) CBBE model, which is a comprehensive brand equity model, and tests the model for luxury brands empirically. Keller (2001) posited the 4 brand equity dimensions as sequential, which is not tested in any known past empirical study. Hence, this study tests the sequential nature of the brand equity dimensions.
While, it is recognized that creating brand experiences are an important trend and the importance of brand equity in brand building also has been posited in past research, however there is no empirical study that establishes a relationship between brand experience and brand equity. Identifying this gap in past research, this study makes the initial attempt to test the relationship between dimensions of brand experience and brand equity.

With the growing demand for luxury products, which are one of the most profitable and fastest growing segments, there is a need for focused research endeavors, more so in the emerging economies. Literature on luxury brands has focused on buying motives of consumers and consumer behavior, however scant empirical studies are available in the area. From amongst the various buying motives, hedonism is considered as one of the key drivers of luxury brand purchases. This study is amongst the first to empirically test the effect of hedonistic motives of luxury buyers. The effect of hedonism is empirically investigated on the brand experience and brand equity constructs in this study. Relevant research in this area will enable marketing practitioners to devise suitable brand strategies.

The study addressed the aforementioned gaps in past literature for empirical investigation as follows, firstly, the brand experience and brand equity constructs, secondly, the sequential nature of brand equity dimensions, thirdly, the effect of brand experience dimensions on brand equity dimensions and fourthly, the moderating role of hedonistic motives on brand experience and brand equity.

In view of the above, this study is extremely relevant and contextual and no empirical research of this nature has been observed which examines all the constructs proposed in this study.
2.5. SUMMARY

The chapter reviewed the theoretical foundations of the study and extant literature on brand experiences, brand equity, buying motives of luxury consumers and luxury brands. The research gaps were also identified during the review of literature. The literature review laid the foundation for the underlying theoretical frameworks of this research and the conceptual model discussed in the subsequent chapter.