CHAPTER 2

REVIEW OF LITERATURE

In the present chapter an attempt has been made to study previous researches in the field of luxury consumption and marketing. The chapter is divided into different sections. The first section deals with understanding the luxury concept, examining various definitions and parameters suggested by past researchers. The second section deals with the concept of customer brand identification followed by third section where various motives both social and psychological, as suggested by previous global studies have been discussed. The fourth section highlights the brands chosen for this research. The fifth section reviews the literature on the decision making process for luxury buying. And the last section examines the literature to determine the possible reasons for not choosing the high quality non-luxury brands, over luxury brands.

2.1 Understanding Luxury Construct

The concept of luxury is not new to human mind and has been defined by various experts in different terms, be it convenience beyond the indispensable minimum or be it in terms of providing pleasure to senses. “Like light, luxury is enlightening. [. . .] Luxury items provide extra pleasure and flatter all senses at once. Past literature has also referred to the complexity of the concept as it is subjective and primarily built on consumer perceptions, the meaning of luxury is determined by personal and interpersonal motives (Vigneron & Johnson 2004). For example, for
some people big cars are luxury, but for some, it may be tantamount to being an essential part of their lifestyle. Another example can be, for today’s super rich consumers, time might be a luxury. What is luxury to one may just be ordinary to another. (Phau, Gerard, 1998)

Social psychologists have long been using the concept of prestige to study the effect of group forces on the formation and change of opinions and attitudes (e.g., Lorge, 1936 and Asch, 1948), or to assign prestige scores to social occupations (Wegener 1992). Economists have used luxury as a term instead of prestige in comparisons between luxuries and necessities (Besley, 1989). However it is not very clear as to when and where the concept of luxury came in but the systematization of luxury began with Louis XIV in Paris. He set the bar of opulence so high that even the wealthiest nobleman was unable to compete with him. He literally dictated the fashions of the day” (Tungate, 2009).

Chaudhuri and Majumdar (2006), proposed a periodic-structural analysis of conspicuous consumption Behavior (Table 2.1.1), depicting its evolution, nature and character. Although formal note of this phenomenon was first documented by Veblen, the practice of conspicuous consumption or spending money to tout one’s success is not new; in a primitive society, men possessed women and slaves as trophies of their status. The aristocratic Romans spent outrageous sums of money on expensive gladiator fights (Finlay, 1973).

But when we talk of luxury products or brands, the key is its exclusivity and craftsmanship- “a strong element of human involvement, very limited supply and the recognition of value by others are key components.” (Cornell, 2002). Due to very high quality consciousness, rarity and appreciation by others, another aspect that is unique to luxury is the price consumers are willing to pay for the products or
services availed. Luxury goods are expensive in relative and absolute terms, even with or without any functional advantage over their non-luxury counterparts (Dubois & Duquesne, 1993).

**Table 2.1.1: A Structural Analysis of Conspicuous Consumption Behavior (Source: Chaudhuri and Majumdar, 2006)**

<table>
<thead>
<tr>
<th>Social Structure</th>
<th>Primary Objects of Consumption</th>
<th>Drivers of Behavior</th>
<th>Consumers</th>
<th>Principal Behavior Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre capitalist-Feudal</td>
<td>Slaves, Women, Food</td>
<td>Military and Political Powers</td>
<td>Nobility</td>
<td>Pure Ostentation</td>
</tr>
<tr>
<td>Modern-Capitalist</td>
<td>Very Expensive Products e.g. Diamonds</td>
<td>Social Power and Status</td>
<td>Nobility and Upper-middle Class</td>
<td>Ostentation and Signaling and Uniqueness</td>
</tr>
<tr>
<td>Post-Modern</td>
<td>Image and Experience</td>
<td>Self-expression and Self-Image</td>
<td>Middle-class and the “Masses”</td>
<td>Uniqueness and Social Conformation</td>
</tr>
</tbody>
</table>

Luxury brands have a heightened status that affords an opportunity for their owners to charge premium prices (Jackson and Haid, 2002). Many experts have defined luxury in terms of price “luxury brands can be defined as those products whose price and quality ratios are the highest of the market” (McKinsey, 1990) and “even though the ratio of functionality to price might be low with regard to certain luxury goods, the ratio of intangible and situational utility to price is comparatively high (Nueno and Quelch, 1998)”. The appeal and desirability of luxury brands is as a result of their constructed scarcity in availability (usually as a result of enforced restrictions on distribution) and because of their associations with particular consumer segments (Kapferer, 2001; Vigneron and Johnson, 1999; Quelch, 1987; Prendergast et al., 2000;
Dubois and Czellar, 2002). Beverland (2004) provided a model of a luxury branding (Figure 1) which identifies brand heritage (history – culture); product quality, credibility and excellence (product integrity); personality and consumer group support (endorsements); brand image investments (marketing) and value-driven emergence (extent to which the brand actively seeks to have a luxury positioning and association through its marketing decisions).

![Figure 2.1.1: The components of a luxury brand (Source: Beverland 2004)](image)

Based on a qualitative and quantitative cross-cultural consumer studies in Western Europe, USA and Asia Pacific Dubois, Laurent and Czellar (2001) proposed a definition of the nature and characteristics of the concept of luxury, and identified six facets (Table 2.1.2) which are: 1) excellent quality, 2) very high price, 3) scarcity and uniqueness, 4) aesthetics and polysensuality, 5) ancestral heritage and personal history, and 6) superfluousness.
Table 2.1.2: The six main facets of luxury (Source: Dubois, Laurent and Czellar, 2001)

<table>
<thead>
<tr>
<th>Facets of Luxury</th>
<th>Description</th>
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<tbody>
<tr>
<td>Excellent quality</td>
<td>Exceptional ingredients, components delicacy and expertise, craftsmanship</td>
</tr>
<tr>
<td>Very high price</td>
<td>Expensive, elite and premium pricing</td>
</tr>
<tr>
<td>Scarcity and Uniqueness</td>
<td>Restricted distribution, limited number, tailor-made</td>
</tr>
<tr>
<td>Aesthetics and Poly-sensuality</td>
<td>Piece of art, beauty, dream</td>
</tr>
<tr>
<td>Ancestral heritage and personal history</td>
<td>Long history, tradition, pass-on to generations</td>
</tr>
<tr>
<td>Superfluousness</td>
<td>Uselessness, non-functional</td>
</tr>
</tbody>
</table>

The concept of luxury is complex, as it is subjective and primarily built on consumer perceptions, as the meaning of luxury is determined by personal and interpersonal motives (Vigneron & Johnson 2004). It is often connected with extravagance, prestige and elitism (Dubois and Czellar, 2002), but there is no such clarity when it comes to defining the luxury brands. Rather most definitions fail to differentiate between a luxury product/brand and the wider concept of luxury (Beverland, 2004). But brands are unique and the identity concept is crucial to luxury brand management. (Kapferer, 1997a)

Beverland (2004) created a luxury brand model with the following dimensions:

- Product integrity;
- Value-driven emergence;
- Culture;
- History;
- Marketing; and
- Endorsement.
Roux and Floch (1996) suggest that a luxury brand is a specific sensory world of an ‘indissoluble interplay of ethics and aesthetics’. The luxury phenomenon is not new, what is new, is may be the indulgence in luxury in terms of consumer profile. Initially luxury was the prerogative of the limited very rich elite class having old money- “luxury is the appendage of the ruling classes” (Kapferer, 1997). In societies such as the Roman empire, class distinction was such an integral part of the society that the colors of the shoes of each social class were decreed by the ruling class (Okonkwo, U. 2007). But, with globalization and opening up of the world economy, there is a shift in terms of the profile of luxury consumers due to the fundamental need of man to be admired, appreciated through positioning himself with his material possessions.

Phau and Prendergast (2001) assume that luxury brands “evoke exclusivity, have a well known brand identity, enjoy high brand awareness and perceived quality, and retain sales levels and customer loyalty”.

Recent luxury research focuses on the cross-cultural comparison of attitudes toward the luxury concept (Dubois and Laurent, 1996; Dubois and Paternault, 1997) due to increasing demand in Asian countries.

In this context, it becomes even more essential to review the earlier literature regarding the level of customer identification with respect to luxury brands.

2.2 Customer Brand Identification

Every individual has a perceived self-image in terms of certain traits, personality, habits, material possessions, relationships, ways of behaving etc. This self-image can be defined as "the individual as perceived by that individual in a socially determined frame of reference" (Loudon and Bitta, 1988)
The human tendency to create and fancy a perception is not just limited to self or fellow human beings but also gets extended to material possessions. People tend to create images of objects as well and start identifying with them. Branding theories suggest that consumers identify with brands in multiple ways – at one or other or all three levels of corporate, product and brands (Kuenzel, Halliday 2008). This phenomenon is known as Customer-brand identification (CBI). It can be defined as the customer’s perception, emotional significance, and value of sharing the same self-definition attributes with a brand (Ahearne, Bhattacharya and Gruen 2005; Bhattacharya and Sen 2003).

The various factors which help in forming positive Brand Identification are perceived prestige of brand/organization; perceived satisfaction and organization communication directed towards customers and further generated supportive behaviors like positive word of mouth and repurchase intentions (Sven Kuenzel and Sue Vaux Halliday, 2008) (Figure 2.2.1).

Figure 2.2.1- Factors affecting Brand Identification (Source: Sven Kuenzel and Sue Vaux Halliday, 2008)
The concept of brand identification is highly relevant to a richer understanding of brand management (Kuenzel, Halliday 2008), as it gives a deeper understanding of consumer’s psychology to the marketers. If the brand image is perceived, as prestigious successful and well known by consumers, this may also enhance their pride in identifying with the brand (Ahearne et al., 2005; Dutton et al., 1994). Desire for prestige leads people to associate themselves with prestigious organisations/brands to increase their self-esteem by “basking in reflected glory” (Campbell et al., 2004).

Studies also confirmed the role of corporate communication for enhancing brand identification. Studies done by Bhattacharya and Sen (2003) suggested that customers are more likely to identify with companies that actively engage in communicating with their stakeholders.

The importance of the concept of brand identification is due to the role it has in the attitude of the consumers towards the brand. Bhattacharya et al. (1995) found that identification may have positive consequences on brand repurchase. The same is further reinforced by the findings of Algesheimer et al. (2005), which states that customers identifying with a brand and the brand’s community tend to be supportive and make positive recommendations about the brand. The fusion of the brand, the self, and self-schemata makes CBI a “sticky prior” (Bolton and Reed 2004) that might be more enduring than ephemeral satisfaction.

### 2.3 Motives For Luxury Buying

As per Boston Consulting Group’s Luxe Redux report, total annual luxury spending reached $1.4 trillion in 2011, which included more than $770 billion spent on luxury experiences and approximately $350 billion
spent on luxury cars and the remaining went toward personal luxury goods such as watches, handbags and shoes. (Carr, 2012 c)

Why do people buy luxury brands? What are the various factors that motivate people to spend a fortune for something they might get at may be one-tenth of the price they paid minus the brand name? What are more important to luxury buyer- functional or non-functional benefits? These are the questions, which have intruded the luxury brand managers for decades now.

A consumer may buy a luxury brands to serve a social adjustive function, a value-expressive function, or both (Shavitt 1989). A Gucci loafer may have been purchased because the brand reflects the consumer’s personality (i.e., self-expression) and/or because it is a status symbol (i.e., self-presentation).

Marketing textbooks suggest the concept of prestige, when an organization is planning to position a product as high quality or exclusive; "prestige pricing is setting a rather high price to suggest high quality or high status" (McCarthy and Perreault 1987, 506).

As per Sheth (1983), “While purchasing a luxury product, there are two categories of motives—functional and non functional. While functional motives are related to tangible attributes, nonfunctional motives are related to non-tangibles. Nonfunctional motives are also affiliated with social and emotional needs or wants.” A three dimensional model encompassing functionalism (product features that could solve a current problem), experientialism (features that could stimulate sensory pleasure and hedonic consumption) and symbolic interaction (product components related to status, self-enhancement, and group membership) was developed by Vickers and Renand (2003) to differentiate luxury brands from non-luxury.
Study by Sheth et al. (1991) suggested that the consumer decision making is affected by five types of values:

(1) Functional- utilitarian and physical purposes;

(2) Social- image and symbolism associated (disassociated) with reference groups;

(3) Emotional- feeling or affective states including comfort, security, excitement, romance, passion, fear or guilt;

(4) Epistemic- curiosity, novelty or knowledge; and

(5) Conditional value- the specific situation or the physical social context.

As Commuri (2009) observes, the motive behind the luxury buying is either to ostracize others socially by using the brand as a signal of wealth or to avoid such ostracism. Study conducted by him (Commuri, 2009) in Thailand and India, identifies a segment of prestigious brand buyers who are less interested in signaling than they are in simply possessing the best. DeBono (1987) observed similar results in his study where he noted that consumers have a social-adjustive attitude toward a product; they are motivated to consume it to gain approval in social situations.

On the other hand, attitudes serving a value-expressive function (i.e., value-expressive attitudes) help people communicate their central beliefs, attitudes, and values to others through their possessions (Katz 1960). In case of a value-expressive attitude toward a product, the consumers are motivated to consume it as a form of self-expression (Snyder and DeBono 1985). In such case, consumption would be directed to reflect the personality of the consumer rather then it being conspicuous consumption, which is the phenomenon individuals engage in to advertise and provide evidence of wealth (Veblen, 1994).
Past researches have pointed towards global trend whereby foreign luxury brands are preferred over domestically manufactured luxury brands (Gurhan-Canli and Maheswaran, 2000; Haulb, 1996; Javalgi et al., 2001; Kaynak and Kara, 2002; Laroche et al., 2002; Ahmed and d’Astous, 1993; Ulgado and Lee, 1998). Specially, status-seeking youth favor luxury brands with foreign origin. However non-status seeking-youth prefer luxury brands from their own country of origin (Phau and Leng, 2008). Previous studies on consumers’ attitudes toward purchasing domestic versus foreign apparel were mostly focused on the age of consumers, analyzing the range from young to mature aged adults (Beaudoin et al., 1998; Kaynak and Kara, 2002; Mohamad et al., 2000; O’Cass and Lim, 2002).

Status-oriented consumers will only purchase products that represent status in the eyes of others whom they feel are significant. (O’Cass and Frost, 2002). O’Cass and Frost (2002) proved that younger consumers are driven by the need to possess and display status brands. However teenagers from wealthier families having more disposable money are less likely to be involved in status consumption. (Piacentini and Mailer, 2004). Bhat and Reddy (1998) in their study suggested that brands have functional and symbolic importance for consumers. The symbolic importance, which is attached to brands, is often broadcasted via the use and consumption of brands (Gottdeiner, 1985; McCracken, 1986).

Status consumption is the driving factor for enhancing social standing and status amongst significant others through conspicuous consumption (Eastman et al., 1999; Deeter-Schmelz et al., 2000; O’Cass and Frost, 2002; Piacentini and Mailer, 2004; Tanner and Roberts, 2000). Conspicuous consumption involves the public consumption of luxury products that signal wealth, status and power (Eastman et al., 1999; Bagwell and Bernheim, 1996; O’Cass and Frost, 2002; Vigneron and Johnson, 1999). Luxury consumption (status or symbolic products) also
serves the function to enhance social recognition, self-esteem and self-concept (Eastman et al., 1999; Deeter-Schmelz et al., 2000; O’Cass and Frost, 2002; Piacentini and Mailer, 2004). Consuming luxury brands, a manifestation of conspicuous consumption, is reflected by a world culture in which overstatement and ostentation have become acceptable (Phau, Gerard, 1998). Rather buying to impress others, still more or less serves as a strategic principle for the marketing management of luxury brands (Berry 1994; Vigneron and Johnson 1999, 2004; O’Cass and Frost 2002).

The theory of impression management states that consumers are highly affected by the internal drive to create a favorable social image from the outcome of their purchase behavior (Eagly and Chaiken 1993).

Consumption of prestige or status products involves purchasing a higher-priced product to embellish one’s ego (Eastman, Fredenberger, Campbell, and Calvert 1997).

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

Values can be regarded as beliefs that guide the selection or evaluation of desirable behavior or end states (Schultz and Zelenzy 1999). Consumption values of individuals explain why people choose to buy or avoid particular products (Sheth, Newman and Gross 1991), different types of values influence consumers’ purchase choices: Why is a consumer buying or consuming luxury cannot be just explained by a set of social aspects of displaying status, success, distinction and the human desire to impress other people, but also depends on the nature of
the financial, functional and individual utilities of the certain luxury brand (Sheth, Newman and Gross 1991).

To explain the luxury buying behavior, Vigneron and Johnson (2004) developed a framework proposing that the luxury-seeking consumer's decision-making process can be explained by five main factors, including personal perceptions (perceived extended self, perceived hedonism), as well as the more usual non-personal perceptions (perceived conspicuousness, perceived uniqueness, perceived quality).

Vigneron and Johnson reviewed the structure and the interrelations among the luxury concept and the decision making process that occurs when assessing luxury brands. The price of prestige goods, which are expensive by normal standards, acts to enhance the integrity of the signal (Vigneron and Johnson 1999). The increase in price, often referred to as a status premium, reflects the additional amount of money consumers are willing to pay above any quality premium (Chao and Schor 1998).

Vigneron and Johnson (1999) defined five values of prestige behavior along with five relevant motivations, and hence identified five different categories of prestige consumers. According to Vigneron and Johnson’s (1999) categorisation of luxury products, perfectionists and hedonists are more interested in pleasure derived from the use of luxury products, and less interested in the price than quality, product characteristics and performance. This category of consumers knows what they desire and want to invest in and do not indulge in luxury buying for conspicuous consumption. For them price can be just an indication of high quality. The veblen, snob and bandwagon effects can be seen in consumers who perceive price as the most important factor, with a higher price indicating higher prestige. For these consumers, expensive and rare purchases are ways to communicate their status to others and society. The five
categories of luxury consumers and five effects identified by Vigneron and Johnson (1999) for luxury buying are:

- Perceived conspicuous value (The Veblen effect) - Such consumers attach greater importance to price as an indicator of prestige, because their primary objective is to impress others.

- Perceived unique value (The Snob Effect) – Such consumers perceive price as an indicator of exclusivity, and avoid using popular brands to experiment with inner-directed consumption.

- Perceived social value (The Bandwagon Effect) – Such consumers attach less importance to price as an indicator of prestige, but will place greater emphasis on the effect they make on others while consuming prestige brands.

- Perceived emotional value (The Hedonic Effect) – Such consumers are more interested in their own thoughts and feelings, and thus will place less emphasis on price as an indicator of prestige.

- Perceived quality value (The Perfectionism Effect) – Such consumers rely on their own perception of the product’s quality, and may use price as further evidence of quality.

2.4 Brands Under Study

Luxury brands are not the result of accidents, they have been uniquely crafted through consistent and diligent strategies in marketing and branding, resulting they enjoy a specific position in the global consumer world, branding spectrum as well as in the consumer’s subconscious (Okonkwo 2007).
As we discuss why people indulge in luxury buying, one of the important aspects that emerges as to how luxury brands are perceived by the significant others of the consumers, is the social value of such brands. People usually rely on clothing to make judgments about others, including judgments about their social status and profession (O'Cass and Frost 2002, O'Cass and McEwen 2004). Luxury products, and more specifically status brands, are often used to create one's individual identity (Belk 1985) as well as communicate one's achievement and social standing to others (O'Shaughnessy 1992; Scitovsky 1992). In this section an attempt is made to understand the social value of the ten brands under study i.e. Gucci, Chanel, Calvin Klein, Louis Vuitton, Christian Doir, Versace, Armani, Ralph Lauren, Prada and YSL.

Many luxury brands have a long history with their origin in France, and many luxury goods manufacturers such as Louis Vuitton, which celebrated its 150-year anniversary in 2004 (LVMH, 2005), have been around for a long time. Louis Vuitton Malletier, commonly referred to as Louis Vuitton or shortened to LV, is a French fashion house founded in 1854 by Louis Vuitton. The label is well known for its LV monogram, which is featured on most of its products - this ranging from luxury trunks and leather goods to ready-to-wear, shoes, watches, jewellery, accessories, sunglasses, and books. Louis Vuitton is one of the world's leading international fashion houses; it sells its products through standalone boutiques, lease departments in high-end department stores, and through the e-commerce section of its website (Martin, 1995). For seven consecutive years (2006-2012) Louis Vuitton is named the world's most valuable luxury brand with its 2012 valuation as 25.9 billion USD (Roberts, 2012). For years the luxury goods industry enjoyed its exclusive position in the market and a fairly stable market environment. However, supply and demand patterns for the market for luxury brands have changed considerably due to increased global competition (Roux and
Floch, 1996) and counterfeited luxury goods (Arghavan and Zaichkowsky 2000). In the first half of 2012, LVMH group (Moët Hennessy Louis Vuitton) – which owns Louis Vuitton, Marc Jacobs, Christian Dior, Hennessy, Moët & Chandon, Zenith and Fendi recorded revenue of approximately $16 billion, a 26-percent increase over last year (Lamb 2012 c).

The House of Gucci, better known simply as Gucci is an Italian fashion and leather goods label, part of the Gucci Group, which is owned by French company PPR and was founded by Guccio Gucci in Florence in 1921(Gucci, 1920). The Group is one of the most important luxury brand groups, with sales in excess of US$ 2 billion and five-year average annual operating profits exceeding US$ 200 million (Gucci Group NV Annual Report, 2004), saw a major transformation between 1995 to 2004. In the 1950s, Gucci enjoyed significant success and was the status brand of choice for Hollywood film stars and European royalty. However, just over a generation later, the brand suffered a loss of cachet and the once profitable business made significant losses. (Moore and Birtwistle, 2004). The transformation of Gucci in the period from 1995 to 2004 was achieved in three distinct phases, as is shown in Figure 2.4.1 (Moore and Birtwistle, 2005). The group’s commitment to product development, supply chain control, brand communications and luxury fashion retailing (Jackson and Haid, 2002) led it to its current positioning. In 2008, Gucci generated approximately EUR 4.2 billion in revenue worldwide according to Business Week magazine and climbed to 41st position in the magazine's annual 2009 "Top Global 100 Brands" chart created by Interbrand (Helm, 2008). Gucci is also the biggest-selling Italian brand (Business Week 2008). In an attempt to push its international appeal and seven-year partnership with the United Nations Children’s Fund, Gucci is marketing a line of country-specific handbags,
accessories and T-shirts for which a portion of the proceeds to go the organization (Carr, 2012 d).

<table>
<thead>
<tr>
<th>Gucci Brand Stabilisation Phase</th>
<th>Multi-brand Acquisition Phase</th>
<th>Gucci Group Consolidation Phase</th>
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</table>

**Figure 2.4.1: The three phases in the development of the Gucci Group NV (Source: Moore and Birtwistle, 2005)**

Yves Saint Laurent or YSL is a luxury fashion house founded by Yves Saint Laurent and his partner, Pierre Bergé in 1962 after becoming an instant star, designing his first collection for Dior at the age of 21 (Mau, 2012). During the 1960s and 1970s, the firm popularized fashion trends in apparels for both men and women, and was the first, in 1966, to popularize ready-to-wear in an attempt to democratize fashion (Drake, 2006). In 1996, annual sales at Yves Saint Laurent were reported at US$460 million for perfumes, and US$750 million for its couture (IDCH, 1998 c). In 1999, Gucci bought the YSL brand while it asked Saint-Laurent to continue designing the haute couture collection. In 2002, dogged by years of poor health, drug abuse, depression, alcoholism, criticisms of YSL designs, Saint-Laurent closed the illustrious couture house of YSL. While the house no longer exists, the brand still survives through its parent company Gucci Group. On June 21, 2012, it was announced that the brand would be renamed Saint Laurent Paris (Socha, 2012). In the first half of 2012, Conglomerate PPR – owner of Gucci, Brioni, Bottega Veneta, Alexander McQueen, Stella McCartney, Yves Saint Laurent and Girard-Perregaux – reported an increase of 17 percent over 2011 to approximately $7.9 billion (Lamb, 2012 c).
Chanel S.A. is the French house of high fashion that specializes in haute couture and ready-to-wear clothes, luxury goods, and fashion accessories was established by Gabrielle Chanel in 1909. The brands of the House of Chanel have been personified by women, who epitomize the independent, self-confident Chanel Girl [Laube, 2008]. As a couturière, the milliner and dressmaker Gabrielle Bonheur Chanel presented and established new clothing and costume designs that elevated women from being male objects of conspicuous consumption and sexual display, to being persons who they are (Krick, 2004). The house of Chanel generated the revenue of Euro1.809 billion in 2010. The brand is embracing the technology with the changing consumer taste, recently (i.e. August 2012), Chanel's mobile-optimized web site in France has received the top honors in a study by Keynote Systems that lauds the fashion label for its simple, sleek site that showed its design elegance while remaining completely available to customers (Lamb, 2012a).

Moore, Fernie and Burt (2000), created a database of international luxury brands and identified 114 international fashion design houses. Of these 114 brands, over 80 percent were found to originate from four countries, UK, Italy, France and USA. An analysis of the ownership characteristics of these 114 companies identified that that over 60 per cent of the firms transformed from being private, invariably family-owned firms, into public companies (Moore, Fernie and Burt 2000). For example, the fashion design houses of Gucci, Donna Karan, and Tommy Hilfiger achieved stock-market listings in 1995, 1996 and 1992 respectively (Moore, Fernie and Burt 2000). In 1994, the Ralph Lauren Corporation (the world’s most successful fashion designer with sales of more than US$8 billion in 1998) raised US$80 million by selling a 28.5 per cent stake to the investment company, Goldman Sachs (Moore, Fernie and Burt 2000). In 1998, the company was listed on the New York Stock Exchange. The other design houses have also merged to form
stock-market listed luxury goods conglomerates, the most important of which is LVMH (Moet-Hennessy-Louis-Vuitton), which owns and controls the Louis Vuitton, Loewe, Kenzo, Christian Lacroix, Christian Dior, Celine and Marc Jacobs (Moore, Fernie and Burt, 2000). This shift from private to public ownership, were invariably related to the various firms' desire to exploit the international potential of their brands and their need to raise sufficient capital to fund foreign expansion through wholesaling and franchise agreements, the opening of in-store concessions, and company-owned stores (Moore, Fernie and Burt, 2000).

Established in 1967s and known for its classic-American style, Calvin Klein quickly became an internationally celebrated design company and for 40 years has had a consistent and strong brand identity in which clean, simple lines define an elegant, iconic style (Gaines and Churcher, 1994). Named by Time magazine in 1996 as one of the 25 most influential Americans, Klein made his impact not only by designing but also by marketing his wares through high visibility and often controversial advertisements created by the company’s in-house agency, CRK Advertising. In 2002, worldwide retail sales of Calvin Klein products surpassed $3 billion (IDCH, 2003 a). While many brands suffered during economic downturns in the early 1990s, Calvin Klein’s classic, yet always innovative, style managed to keep the company in the forefront. Specializing in all facets of fashion, Calvin Klein’s company has made its mark in clothing, fragrance, and jewellery, while his controversial ad campaigns have left memorable impressions over the decades (Corporateck.com, 2010). Maintaining an image of accessible luxury has made the Calvin Klein brand one of the most successful in the fashion industry. Philips-Van Heusen acquired the brand in 2003, allowing it to continue its international growth (Rozhon, 2002).

Christian Dior S.A. or more commonly Dior, a French luxury goods company was founded by the designer Christian Dior in 1946. Today the
company designs and retails ready-to-wear, leather goods, fashion accessories, footwear, jewellery, timepieces, fragrance, make-up, and skincare products while also maintaining its tradition as a creator of recognized haute-couture (Christian Dior-Annual Report, 2010). As on 2010 the valuation of the company was Euro 41.20 billion (Christian Dior-Annual Report, 2010). In the first half of 2012, the brand was identified as top 10 digital luxury marketers, it also announced the launch of DiorMag, an online magazine that positions the brand as an innovative storyteller, entertainer and purveyor of the height of luxury products (Lamb, 2012b).

Gianni Versace S.p.A. usually referred to as Versace, an Italian fashion company, founded by Gianni Versace in 1978, became popular after the widespread coverage of the Black Versace dress of Elizabeth Hurley (Gundle, 2008). Based in Milan City, it specializes in luxury goods for men and women (ready-to-wear, custom-made tailoring, home textile, apparel, leather accessories, shoes, and jewellery) with subsidiaries of Versace Couture, Versace Jeans Couture, Versace Home Collection, Versus, Vertime S.A. and Versace Collection (high-end Menswear). In addition to clothing and accessories, it also operates a hotel, the Palazzo Versace. Versace is the pinnacle of luxury and upscale brands worldwide in the fashion industry. The brand name has become into an authentic status sign for its clientele without being opulent or snobbish. This topic covers latest news on Versace and its subsidiaries. Ran by Donatella Versace as Artistic Director, it generated revenue of Euro 290 million in 2010 and in 2011, the estimated worth was Euro 340.2 million. Always flamboyant and outrageous, Versace’s imaginative and intelligent collections drew inspiration from pop culture and the street, as well as from his impressive knowledge of art and fashion (Wilcox, 2009).

Giorgio Armani S.P.A., an international Italian fashion house, founded by Giorgio Armani in 1975, designs, manufactures, distributes, and retails
haute couture, ready-to-wear, leather goods, shoes, watches, jewelry, accessories, eyewear, cosmetics, and home interiors. The brand Armani has become synonymous with high-fashion, and is a prestigious name in the fashion industry. By the mid-1970s, the influence of the French couturiers, which had dominated global fashion since Christian Dior unveiled his New Look in 1947, was waning. Italian manufacturers decided to fill the vacuum by investing in local designers. They financed production and marketing and paid the designers a percentage of the profits where new designers like Armani and Gianni Versace were benefited (Rawsthorn, 2006). In May 2005, Giorgio Armani S.p.A. signed an agreement with Emaar Properties to create a series of Armani Hotels & Resorts, where they were responsible for originating and implementing design concepts of a new international chain of luxury hotels, resorts and residences. (Armani Press, 2011). By the end of 2011, estimated sales of the company were around Euro 1.8 billion. (Hoovers.com).

Ralph Lauren Corporation is an upscale American lifestyle company and fashion retailer founded by American designer Ralph Lauren in 1967. The company focuses on high-end clothes for men and women, as well as accessories, footwear, fragrances, home (bedding, towels) and housewares. The brand delivers excellence works along with its disciplined business approach, and these two traits together have allowed the Company to set the standard for the industry (IDCH, 2004 b). In 2006, Polo Ralph Lauren became the first Official Outfitter of Wimbledon, redesigning the outfits for ball boys and girls, line and court judges. The Wimbledon logo was adapted for this purpose. Ralph Lauren's Polo brand and style was used and a range of clothing for men and women was launched on June 26 (prnewswire, 2006). In the financial year 2010, estimated revenue of the company was approximately US$ 4.979 billion (United States Securities and Exchange Commission, 2010).
Prada S.p.A. is an Italian fashion label specializing in luxury goods for men and women (ready-to-wear, leather accessories, shoes, luggage and hats), founded in 1913 by Mario Prada. Mario Prada did not believe that women should have a role in business, and so he prevented female family members from entering into his company. Ironically, Mario's son harbored no interest in the business, so it was his daughter Luisa Prada who took the helm of Prada as his successor, and ran it for almost twenty years. Her own daughter, Miuccia Prada, joined the company in 1970, eventually taking over for her mother in 1978, by which time sales were up to U.S. $450,000. With Bertelli alongside her as business manager, Miuccia was allowed time to implement her creativity onto design (Carrie, 2008). Prada's originality made it one of the most influential fashion houses, (Grosvenor, 2008) and the brand became a premium status symbol in the 1990s. In first half of 2012, Prada and Miu Miu-owned Prada Group posted a $1.9 billion increase over last year ((Lamb 2012 c).

**Table 2.4.1 Brand as signals of status and image-Examples of Research Used to Define the Values of Prestige (Source: Vigneron and Johnson 1999)**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Conspicuousness</th>
<th>Uniqueness</th>
<th>Quality</th>
<th>Extended Self</th>
<th>Hedonism</th>
<th>Others</th>
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</thead>
<tbody>
<tr>
<td>Veblen (1899)</td>
<td>Conspicuous Consumption</td>
<td>Invidious comparison</td>
<td>Fashion</td>
<td>Bourgeois</td>
<td>Leisure class</td>
<td>Upper Class Pleasure</td>
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<td>Status and wealth</td>
<td>Distinction</td>
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<tr>
<td>Authors</td>
<td>Conspicuousness</td>
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<tr>
<td>Leibenstein (1950)</td>
<td>Veblen Effect</td>
<td>Snob Effect</td>
<td></td>
<td></td>
<td>Bandwagon Effect</td>
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<td></td>
<td></td>
<td></td>
<td>Value</td>
<td>Quality</td>
<td>Conformity</td>
<td>Achievement</td>
</tr>
<tr>
<td>Horiuchi (1984)</td>
<td>Most Expensive of their Category, Limited Production, Infrequent Purchase</td>
<td>Often hand made</td>
<td></td>
<td></td>
<td>Show who you are</td>
<td>Provide Intrinsic Enjoyment and Satisfaction</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Best functional or Stylist Values</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Authors</td>
<td>Conspicuousness</td>
<td>Uniqueness</td>
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<tr>
<td>Dubois and Laurent</td>
<td>Very Expensive</td>
<td>Few People</td>
<td>Better</td>
<td>Imitate Rich</td>
<td>Hedonic Motives</td>
<td>To be Offered as a Gift and usefulness</td>
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<tr>
<td>(1994)</td>
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<tr>
<td>Elitism</td>
<td>Distinguish</td>
<td>Quality</td>
<td></td>
<td>Reveal who you are</td>
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<tr>
<td></td>
<td>Snob</td>
<td>not mass Produced</td>
<td>Refined</td>
<td>People</td>
<td></td>
<td></td>
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<tr>
<td>Pantzalis (1995)</td>
<td>Selling High Prices</td>
<td>Exclusivity</td>
<td></td>
<td>Aspirational</td>
<td></td>
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<td></td>
<td>Status Symbol</td>
<td>Uniqueness</td>
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<td>Groups</td>
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<td></td>
<td>Selectively</td>
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<td></td>
<td>Imitation</td>
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<td></td>
<td>Accessible</td>
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<tr>
<td>Dubois Patemault</td>
<td>Expensiveness</td>
<td>Exclusive</td>
<td>Extreme</td>
<td>Hedonic</td>
<td>Rituals</td>
<td></td>
</tr>
<tr>
<td>(1997)</td>
<td></td>
<td></td>
<td>Quality</td>
<td>Experience</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Clientele</td>
<td>Craftsmanship</td>
<td>Aesthetic Appeal</td>
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<td></td>
<td></td>
<td>Scarcity</td>
<td></td>
<td>Usefulness</td>
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<tr>
<td></td>
<td>Expensive and Ostentatious</td>
<td></td>
<td>Country of Origin</td>
<td>Self Concept Family</td>
<td>Pleasure Experience</td>
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<tr>
<td></td>
<td>Materialism</td>
<td></td>
<td></td>
<td>Reputation</td>
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</tbody>
</table>

On the basis of work by Smith and Colgate (2007) on customer value creation, Tynan et al. (2009) proposed a customer value framework for luxury goods (Table 2.4.2)
Table 2.4.2: Customer value framework for luxury goods (Source: Tynan et al. 2009)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Utilitarian</td>
<td>Correct/accurate</td>
<td>Usability value</td>
<td>Excellence</td>
</tr>
<tr>
<td></td>
<td>attributes,</td>
<td>Quality value</td>
<td></td>
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<tr>
<td></td>
<td>Appropriate performances,</td>
<td>Uniqueness value</td>
<td></td>
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<td></td>
<td>Appropriate outcomes</td>
<td></td>
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<tr>
<td>Experiential/</td>
<td>Sensory</td>
<td>Hedonic effect</td>
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<tr>
<td>hedonic</td>
<td>Emotional</td>
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<td></td>
<td>Social/relational</td>
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<td></td>
<td>Epistemic</td>
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<tr>
<td>Symbolic/</td>
<td>Self-identity/worth</td>
<td>Outer-directed:</td>
<td></td>
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<tr>
<td>expressive</td>
<td>Personal meaning</td>
<td></td>
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<tr>
<td></td>
<td>Self-expression</td>
<td>Conspicuous consumption/</td>
<td></td>
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<tr>
<td></td>
<td>Social meaning</td>
<td>Veblen effects, bandwagon,</td>
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<tr>
<td></td>
<td>Conditional meaning</td>
<td>snob, status/esteem, sign,</td>
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<td></td>
<td></td>
<td>social identity, uniqueness,</td>
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<td>Prestige value</td>
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<td>Authenticity</td>
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<td></td>
<td>Self-directed:</td>
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<tr>
<td></td>
<td></td>
<td>Personal identity, aesthetics,</td>
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<td></td>
<td></td>
<td>self-gift giving, uniqueness,</td>
<td></td>
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<td></td>
<td></td>
<td>nostalgia, authenticity</td>
<td></td>
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<tr>
<td>Relational</td>
<td>Consumer-brand relationship</td>
<td>Brand community</td>
<td></td>
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<tr>
<td>Cost/sacrifice</td>
<td>Economic</td>
<td>(Financial value)</td>
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<td></td>
<td>Psychological</td>
<td>Price value</td>
<td>Perfectionism effect</td>
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<td></td>
<td>Personal investment</td>
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<td>Exclusivity</td>
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<td></td>
<td>Risk</td>
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With the rise of emerging markets, the luxury goods industry has grown substantially across the world in the past two decades. While customer demand in developed Western markets for luxury brands appears to be buckling under pressures of recessionary trend, craving for luxury has grown substantially in emerging economies such as China, India, Brazil and Russia. The economic expansion in these markets has obviously
increased the desire for global luxury brands among customers. For example, according to Bain & Company estimates, in 2009, 85% of all the new luxury stores opened were in emerging markets (Shukla, 2011).

![Luxury Brand Value Model](image)

**Figure 2.4.2: Luxury Brand Value Model (Source-Keyoor Purani and Paurav Shukla, 2011)**

Customer value of a luxury brand is the customer’s preference for and belief in the attributes and attribute performance of the brand (Choo et al., 2012).

Consequently, there seems to be a noteworthy relationship between brand images being consistent with the emblematic importance of brands, and consumers’ self images (Zinkham and Hong, 1991). Individuals are more likely to buy brands whose personalities intimately match their own self image (Schiffman and Kanuk, 2000). Similarly, consumers express themselves by selecting brands whose personalities are recognized to be consistent with their own personalities (Aaker, 1999; Kassarjian, 1971; Sirgy, 1982).
According to Scitovsky (1992), status seeking refers to the desire to “rank within society, and seek acceptance or distinction within a certain social class or narrower group of colleagues, co-professionals or neighbors” (p. 115).

In many circumstances, consumers’ self image influences his/her purchase decisions (Zinkham and Hong, 1991) In other words, consumers use products to illustrate, maintain, and reinforce their self concepts to themselves (Sirgy, 1982; Zinkham and Hong, 1991).

Therefore, “purchase and consumption are good vehicles for self-expression” (Jamal and Goode, 2001, p. 483).

As per Milton Pedraza, CEO of the Luxury Institute, New York, “Earlier, there was a purity to luxury where a brand had to be a specialist in a specific category. Chanel has dispelled that myth and now there are many brands that are in multiple categories.” (Carr, 2012 a)

![Figure 2.4.3: Model of customer value for luxury fashion brands (Source- Choo et al., 2012)](image-url)
“Historically, performance has always been a primary messaging theme in the luxury category,” said Kevin Severance, senior research analyst at Phoenix Marketing International, Rochester, MI. “However, with the recent proliferation of alternative fuels and other fuel-efficient technologies, innovation has gained importance in luxury advertising,” he said. “Eco-friendly technologies have become more trendy and desirable in the luxury category.” (Carr, 2012 b)

Non-luxury consumers favor ads that are humorous, clever, entertaining and unique, but luxury consumers are more responsive to ads that have a serious tone, portray a brand they want to be associated with and show an attractive vehicle. (Carr, 2012 b)

“While luxury consumers have warmed to eco-friendly technologies because of their gaining popularity, they still do not want to give up performance for fuel economy,” Mr. Severance said. (Carr, 2012 b)

2.5 Decision Making For Luxury Buying

Past researches have suggested that customers buying products are buying utility, function, and performance as much as image and status” (Terpstra and Sarathy, 1997, p. 375). A big challenge for the luxury brand marketers is to understand how the buying decision making process works for their brands, and if the traditional decision making models work for luxury brands. Rowley (1997) suggested five main roles in the consumers’ decision-making process. They are namely: (1) users, who actually use the product or service; (2) influencers, particularly those with previous experience of the service; (3) deciders, the actual decision makers in the use/purchase decision, such as parents for children, or children for parents; (4) approvers, who finally authorize the
decision within an organization and (5) buyers, those with the formal authority to buy and act as gatekeepers for purchasing.

The implications of customer merchandise is much more than their utilitarian, functional, and commercial significance (Czikszentmihalyi and Rochberg-Halton, 1981; Ericksen, 1996; Leigh and Gabel, 1992; Levy, 1959; Mick, 1986). Consumers do not “consume products for their material utilities but consume the symbolic meaning of those products as portrayed in their images” (Elliot, 1997). Therefore, the acquired goods are not only “bundles of attributes that yield particular benefits” (Holt, 1995) but also indications of symbolic meanings to the public. Consumers are more likely to use brands to express how they are either similar to or different from people of their in-group (Markus and Kitayama, 1991).

Luxury purchases both offline as well as online do not follow the traditional decision making route due to the significant role played by the sentiments and psychological processes in luxury goods purchasing decisions (Okonkwo, U. 2007). Further, due to the relatively higher prices and intangible, emotional buying motives, Horiuchi (1984) identified that it made intuitive sense to classify luxury buying as high involvement rather than low involvement. But, his research demonstrated that the decision-making process for the luxury goods does not essentially follow the high-involvement decision-making process of consumer behavior, whereas this model is generally assumed to be applicable to both luxury as well as mass-produced high-quality goods. Horiuchi (1984) also identified a luxury purchase decision making model that identifies an almost irrational, casual and impulsive purchase decision-making process. This model supports the argument that most of the luxury products are often bought for non-functional reasons rather than the functional reasons and perhaps majority of them only serve the purpose of pleasing oneself and/or impressing others. The same is supported by
the studies done by Wong & Zaichowsky (1999) where the authors found that consumers hardly ever buy luxury brands which they are not familiar with.

### 2.6 Rejection Of Non-Luxury Brands

So far we have discussed as to what serves as a motive for luxury buying? Now we will look at the earlier literature to determine what are the possible reasons not to choose the high quality non-luxury brands, over luxury brands.

It appears intuitive to say that there may be some reason that motivates a consumer to choose between a luxury brand and a non-luxury brand, when there is a choice between both. A major difference luxury brands enjoy over non-luxury ones is the premium pricing. Past researches have shown and demonstrated that the price of a product may have a positive role in determining the perception of high quality (Erickson and Johansson 1995; Lichtenstein et al. 1988; Tellis and Gaeth 1990), and status-conscious consumers tend to use it as a surrogate indicator of prestige (e.g., Berkowitz et al. 1992, Groth and McDaniel 1993). Rather prestige pricing i.e. setting a rather high price to suggest high quality and/or high status (McCarthy and Perreault 1987), is a deliberate practice used by marketers to make certain products or services even more desirable (Groth and McDaniel 1993).

The same set of constraints work when we talk about the functionality of a brand/product. Consumers expect the items they buy to work right, look good, last a long time, and perform as expected and as promised (e.g., Fennel 1978). These expectations increase even more in terms of luxury items and are delivered as well. The perception about the functional benefits of a brand is better for the luxury brands when we compare the same with the non-luxury brands. As per Wiedmann et al. (2009), “The consumer’s perceived level of excellent usability in terms of
superior functional values of a luxury product or service is positively related to the functional luxury value perception”, and the same gives an advantage to a luxury brand over a non-luxury one.

Another study found that one reason why consumers prefer luxury brands to non-luxury brands is because of the superior quality reflected or perceived by the brand name (Gentry et al. 2001). This is in congruence with the multiple studies pointing that not mass-produced, but often hand-made luxury brands are perceived to offer excellent product quality and performance as compared to non-luxury brands (e.g., Quelch, 1987; Garfein, 1989; Dubois and Laurent, 1994, 1996; Nia and Zaichkowsky, 2000; O’Cass and Frost, 2002; Vigneron and Johnson, 2004). Rather, high quality is a basic character of a luxury product (Quelch, 1987; Garfein, 1989). Thus, a high quality conscious consumer associates luxury products with superior quality (Aaker, 1991) and purchases luxury brands instead of non-luxury brands.

Lynn (1991) suggested that perceived exclusivity and rareness of a limited product i.e. uniqueness, enhances the consumer's desire or preference for a brand. This desire even increases when the brand is also perceived as expensive (Groth and McDaniel, 1993; Verhallen and Robben, 1994), Therefore, the more unique and expensive a brand is perceived as compared to normal standards, the more valuable the brand becomes (Verhallen and Robben, 1994). This perceived level of uniqueness, as an indicator of the exceptional exclusivity and scarcity of a luxury product or service, makes the product or brand even more desirable for the luxury buyers when they compare the same with non-luxury brands (Wiedmann et al., 2009).

Certain products and services, in addition to their functional utility, carry an emotional value and provide intangible benefits (Hirschman and Holbrook, 1982; Sheth et al., 1991; Westbrook and Oliver, 1991).
Researches in the field of luxury have shown that luxury products are likely to provide such subjective intangible benefits (Dubois and Laurent, 1994). Additionally, studies concerning the concept of luxury have repeatedly identified the emotional responses associated with luxury consumption, such as sensory pleasure and gratification, aesthetic beauty, or excitement (Roux and Floch, 1996; Vigneron and Johnson, 2004). Hence, the intrinsically attractive properties acquired from the purchase and consumption of a luxury brand to arouse feelings and affective states, received from personal rewards and fulfillment is another reason why luxury brands are preferred to non-luxury brands (Sheth et al., 1991; Westbrook and Oliver, 1991).

In contrast to the social facet of one’s self, self-identity refers to the private facet of one’s self in terms of the way the individual perceives him or herself (Mehta, 1999; Sirgy and Johar, 1999). The consumer’s self-concept has an impact on the purchasing behavior in a self-image or product-image congruity model (Sirgy 1982). In addition, consumer behavior theories suggest that the self-image congruity moderates the relationship between one’s self-image and one’s image of a product or service (Belk 1988; Mick 1986). This self-image congruity impact is even higher in the luxury brands purchase (Puntoni 2001) and consumer may use luxury items to integrate the symbolic meaning into their own identity (Holt 1995; Vigneron and Johnson 2004) or they use the luxury brands to support and develop their own identity (Douglas and Isherwood 1979; Hirshman 1988; Dittmar 1994) therefore preferring luxury brands over non-luxury brands.

The idea that you are what you buy – that possessions confer status – has long existed and guided some purchasing, as observed by Thorstein Veblen (1899). Later on, the same was observed as stated by Wackman et al. (1972), Daun (1983), Rassuli and Hollander (1986) that possessions
and their acquisition play a central role in the definitions of materialism. Much of the existing research has emphasized the role of status that takes place in communicating information about their possessors and social relationships (Hyman 1942; Barkow 1975; Douglas and Isherwood 1979; Dittmar 1994). Hence, an individual may use a prestige brand during the week to conform to his/her reference group image, and use a modest brand during the weekend, as one’s desire to possess luxury brands will serve as a symbolic sign of group membership. (Wiedmann et al. 2009). This bandwagon effect influences an individual to conform to affluent lifestyles and/or to distinguish themselves from non-affluent lifestyles (Sirgy 1982; Midgley 1983; Solomon 1983; Mick 1986; McCracken 1986; Belk 1988; Dittmar 1994). Wiedmann et al. (2009) define materialism as the degree to which individuals principally find possessions to play a central role in one’s life. The more materialistic a consumer is, the more likely he is to acquire possessions, to have positive attitudes related to acquisition, and to assign a high priority to material possessions (Wiedmann et al. 2009). Highly materialistic individuals may find possessions to be desirable and tend to devote more time and energy to product related activities (Belk 1985). This can be associated with the understanding of (materialistic) individuals that possessions serve as a signal or source of communication to others for portraying and managing impressions of who they are and what their status or position is (Douglas and Isherwood 1979; Belk 1985). Thus, the more materialistic an individual, the higher the probability of him rejecting non-luxury brands to luxury brands.

Work by Mason (1981 and 1992); Bearden and Etzel (1982) revealed that conspicuousness of a product was positively related to its susceptibility to the reference group. Bearden and Etzel (1982) concluded that luxury goods consumed in public were more likely to be conspicuous goods than
privately consumed luxury goods. Eastman et al. (1999) and O’Cass and Frost (2002) pointed out that status-oriented consumers would only purchase products that represent status in the eyes of others whom they feel are significant. Also, studies by O’Cass and Frost (2002) proved that the need to possess and display status brands is higher among younger consumers. Since, luxury brands not only fulfill the functional needs but also assist in achieving social status and ranking in a society due to their conspicuous consumption, and thus are preferred over non-luxury brands.

We may conclude on the basis of existing literature that rejection of non-luxury brands of luxury brands is due to both functional as well as emotional benefits.

2.7 References


http://fashionista.com/2012/03/a-look-back-the-designers-of-yves-saint-laurent/2/


