BUYING DECISION OF LUXURY GOODS IN INDIA: A STUDY ON UNDERGRADUATE STUDENTS

UMME ZAINEB[1]   SAMUDRA DASGUPTA[2]

BCom (International Finance), Department of Professional Studies, Christ University, Bengaluru

Abstract:

Through this research we aim to investigate on the factors that are driving the people towards the main reasons of consumption of luxury branded products and why they are motivated to purchase such luxury goods products over the normal ones available in the market, considering the fact that this particular segment of goods in market involves strong consumer emotions. Not all can afford luxury, but luxury is a very subjective and multi-faceted concept. In this research we will study about the top most luxury fashion brands which are listed. In this study we have used convenience sampling in order to identify the potential factors as we are interested in discovering the opinion and the buying patterns of the undergraduate students in the luxury market. A total of 466 respondents are included in our research and the data has been collected by the means of circulating online questionnaires and the further analysis has been done using the SPSS software. Through this research we got to know the impacts and the various relationships between the luxury goods and the customers and what leads to brand loyalty.

Keywords - *luxury goods, consumer emotions, buying patterns, brand loyalty*

I. Introduction:

Luxury as experience goes is something that is desired and it has a great sense of fulfilment. It is beyond ordinary. It belongs to the category that is way beyond the necessities. Luxury is a multi-factored and a subjective concept. Sometimes what is luxury for an individual may be ordinary for the other. Luxury is exclusive, selective, has the finest and best quality, and provides an amazing and great experience. Luxury brands relate themselves with the culture; let it be the company's, the founder's, the countries, etc. They got a vision, mission and a goal to achieve. They also got their set of value system. Customers of luxury items, have in reality quite certain attributes, and their necessities vary from the buyers of mass products. The buying decisions of luxury goods are mostly influenced by their psychological thinking over the logical thinking depending upon whether they actually want to go for the extraordinary qualities and features of a luxury product or they could either choose a regular product with good enough qualities by paying a much lesser price as they want it to be unique, exclusive plus an intangible element attached to it. People are more

influenced and motivated by the peers. Millennials usually purchase luxury goods for self-identity and well-being. Purchasing branded luxury goodshelps them to display their own tastes and values and their own preferences and qualities. For some it serves to satisfy the enthusiastic needs where they consider luxury as a means to display or express

II.   Review of Literature:

1. (Psychology Today, 2019): According to the neuroscience it is proven that emotions play a major role in decisions making. It says that man is a rational being and his emotions and feelings are two main components of his rationality. A person can be attracted towards a product due to various but at the end he decides what kind of a purchase he wants to make which ultimately proves people don't make choices based on the existing alternatives. Usually the decision to purchase a luxury product is very emotional and associated with psychological aspects. The customer perceives how a product is and his decisions and purchase behavior is based on that. Most often it is associated with factors like social comparison, self-motivation, etc. In large the luxury market is driven by emotions and perceptions. And few are motivated because of its timelessness and authenticity.

2. (Questjournals.org, 2019): The study found that there is a relationship between age and the luxury products. As the age varies the kind of luxury brand purchased also varies. Younger people are usually found to be more materialistic than the older ones. There is a snob appeal and the different age groups have a different perception, different liking and different preferences. People consider repurchasing the brands obviously if they find it good enough. Age also influences the purchase of luxury brands and there is also a relationship between the financial values, individual and social values

3. (Karalane.com, 2019): Luxury customers when they purchase expensive goods more often feel that they are paying it for the quality and the brand label. But very few customers understand that value is about what something is worth, and it is not just about the costs. The study says if a consumer wants to shop smart then he should focus on the mid-tier brands. This is the exact point where price equals the value. Under the mid-tier level there come both the premium brands and moderate brands which are also called as the affordable luxury brands. The luxury brands with clever marketing strategies tempt us to keep upgrading our wardrobes as and when there is a new design coming up in the market. And with the tendency of the customers repurchasing a brand, they become brand loyal and fail to identify other good alternatives.

4. (Wen, 2019): Experiences derived from luxury items are often rated as higher quality, exclusive, extraordinary, etc., and they are assumed to offering greater amenities or services as our thinking shows that prices matter so much that we sometimes rate expensive things as superior even if they are of the exact same quality as a regular good is. People have shown behavioural patterns to enjoy the food or the drink more, when they are told its the most expensive. This study shows that the cost

affects our perceptions and it shows how the price matters. People do not mind to splurge more money to seek peak experiences as they are more into how they spend it rather than how much they spend on it. It also shows that people are all happy when they buy it but eventually as time goes they are not necessarily excited about what they own.

III. Research Design:

Introduction to Study:

Luxury is something that is beyond ordinary. It comes under a category that is way beyond the necessities. Luxury is exclusive, selective, has the finest quality, and provides a great experience. It is a way of satisfying ones comfort. Not all can afford luxury, but luxury is a very subjective and multi-faceted concept. Through this research we aim to investigate on the factors that are driving the people towards the main reasons of consumption of luxury branded products and why they are motivated to purchase such luxury goods products

Statement of problem:

These days many students own luxury goods for various reasons. They may purchase these luxury goods for their specifications, quality, experience, features, uniqueness, etc. and also the various other genuine factors which involved. Sometimes people also get influenced by advertising and branding as that's the major way of communication between the brands and the customers through social media and other sites. But a customer is a rational being he can choose an alternative which might be of a better quality but available at a cheaper price but most of the times people become brand loyal if they find that it meets their expectations. A purchase can also be made for the brand name and as a matter of status symbol. These goods are priced very expensive and people pay huge prices to acquire them. People buy goods without any particular occasion so we try to find out if there is a pattern or frequency that existing between the purchase of luxury goods and the value associated with each one of the product. Because these goods are purchased for various logical and psychological reasons people also associate it with their self-worth and identification.

Need for the study (Research Gap):

In this study we are trying to prove that price is not a factor for the people to make a luxury product purchase. And despite of all factors such as price, quality, features, exclusivity, extraordinariness, timeliness rarity, etc. there exists a strong sense of emotion and psychological factor which plays a very dominant role in the decision of the purchase made by the students of any age and the millenials are not affected by the advertising and branding.

Objectives:

1.   To analyse the frequency of buying luxury goods with respect to value of product

2.   To study the De-Facto impact of societal factors on self-worth and lifestyle

3.   To find out if there is a relationship between brand loyalty and the exceptional quality and trustworthiness of the luxury brand

The scope of study:

The scope of study is limited to the students of Christ (Deemed to be University). Further we have restricted the study to be made on the undergrads of Christ University students.

Sampling design:

Our sample design is restricted to the undergraduate students of Christ University as this is the target group of our research study. The number of respondents was not limited to any number. In this research we have used non probabilistic sampling methods like for e.g. the convenience sampling as this is relatively very easier in comparison.

Sample size:

After distributing the questionnaire we received a final sample size of 467 students belonging to Christ University and residing in Bangalore currently which comprises of 2.9% of the total Christ University student population.

Data Collection:

Our main source of data is primary. This survey comprises of the data of 400 respondents which was collected by means of circulating same online questionnaires through various social sites like Facebook, Instagram, Whatsapp etc. This data was specifically collected from undergrad students of Christ University for the research purpose. In this survey we find out the main reasons for buying luxury products. Secondary data is used in the theoretical framework of the study.

Hypothesis:

1. H0: There is no significant impact of the price of luxury goods and the number of times it is bought
   H1: There is a significant impact of the price of luxury goods and the number of times it is being bought
2. H0: There is no relation between the societal pressure or influence on the self-worth and lifestyle
   H1: There is a relation between the societal pressure and influence on the self-worth and lifestyle

3. HO There is no relationship between brand loyalty and the exceptional quality and trustworthiness of the luxury brand

H1 There is a relationship between brand loyalty and the exceptional quality and trustworthiness of the luxury brand

Data Analysis Tools:

In this research we have used the SPSS software for data analysis. We have done the ANOVAa to find out if there is a significant impact of the price of luxury goods and the number of times it is being bought.

And we have used the Paired sample P test to find if there is a relation between the societal pressure or influence on the self-worth and lifestyle.

Expected Outcome:

Younger people are usually found to be more materialistic than the older ones. There is a snob appeal and the different age groups have a different perception, different liking and different preferences. People consider repurchasing the brands obviously if they find it good enough. Age also influences the purchase of luxury brands and there is also a relationship between the financial values, individual and social values. The luxury goods also show a strong relationship between consumption and self-esteem.

Limitations:

This study has taken into account mainly primary data collected from a sample size which mainly is restricted to the age 18-24 from the students of Christ University. The study can be extended to a larger sample size and take into account working young professionals also but is limited in this study. The secondary data collected is also reviewed and studied and is limited to the scope and research Gap of the respective Overviewed studies used for this research. These studies examine thoroughly the present time but is limited to a timeline.

IV.   Data analysis and Interpretation:

A. To analyse the frequency of buying luxury goods with respect to value of product

For this the linear regression is done using the SPSS

All the age groups have responded

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.598	1	.598	.342	.559b
	Residual	793.242	454	1.747		
	Total	793.840	455			

A Dependent Variable: How often do you buy "accessible luxury" fashion items? (By "accessible luxury" it is meant apparel, footwear, accessories, leather goods, jewellery, time pieces of luxury mass market brands and diffusion lines)

B Predictors: (Constant), do you feel luxury brand price justifies the price

$P= 0.559$. As the value of P is more than 0.05 we accept the null hypothesis. The null hypothesis states that there is no significant impact of the price of luxury goods and the number of times it is bought.

   B. To study the De-Facto impact of societal factors on self-worth and lifestyle

For this we use the Paired sample P test to arrive at the conclusion

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			

Pair 1 Do friends/ family / celebrity choice influence you? - Luxury helps you be distinct and different from others. It reflects who I am   -.169   1.572   .074   -.314   -.024   -2.294 455   .022

Pair 2 Do friends/ family / celebrity choice influence you? - I like exclusive items as it meets my high class lifestyle (when I wear it makes me feel belonging to a higher class) -.377   1.571   .074   -.522   -.233   -5.127 455   .000

As $0.22< 0.05$ and $0.00< 0.05$ we reject the null hypothesis. Therefore there is a relation between the societal pressure or influence on the self-worth and lifestyle

C. To find out if there is a relationship between brand loyalty and the exceptional quality and trustworthiness of the luxury brand

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.927	1	67.927	58.939	.000b
	Residual	532.450	462	1.152		
	Total	600.377	463			

a Dependent Variable: I'm very brand loyal

b Predictors: (Constant), Luxury brands are of exceptional quality and trustworthy

P= 0.000, as the value of P is less than 0.05 we reject the null hypothesis. So we prove that there is a relationship between brand loyalty and the exceptional quality and trustworthiness of the luxury brand.

V. Findings and suggestions:

Through examination by different sampling methods and techniques and data analysis tools it was found out that for the objectives mentioned previously, the price of a luxury good is in nowhere related to the number of times that particular luxury good is bought by a luxury product and if there is brand loyalty related to the quality of product with the help of the Statistical Package for the Social Sciences (SPSS) programming for information examination. We have done the linear regression and arrived at ANOVAs Testing and capacity to see whether there is a connection between the societal weight or impact on the self-esteem and way of life.

VI. Conclusion:

Luxury very often is defined as a desire and it has a great sense of fulfilment. Luxury is very much desirable among younger consumers and this study is an attempt at deriving the factors and key points on how this this is eventually effective as a study. By all the methods used in the above study undertaking, an understanding has occurred where luxury products cannot be defined as Luxury product due to only its price, there are many factors which play an important role and depend on each other. In this research we have used with the primary data collected from the mentioned sample size non probabilistic sampling methods like for e.g. the convenience sampling as this is relatively very much accommodating in comparison. In this research we have also used the Statistical Package for the Social Sciences (SPSS) software for data analysis. We have used the ANOVAa Testing and function to find out if there is a

significant impact of the price of luxury goods and the number of times it is being bought. And we have used the Paired sample P test to examine and find out if there is a relation between the societal pressure or influence on the self-worth and lifestyle. After the tests were conducted on all the data collected from the sample size and responses it was concluded that even though the frequency at which an individual consumer buys luxury goods has no relation with the price of the good therefore it can also be concluded that price of luxury goods do not impact consumer decision and behaviour. On the other hand it was also concluded that there is a relation between the societal factors and consumer decision of an individual buying a luxury product

Questionnaire:

https://docs.google.com/forms/d/15MfEdXTPu03t2-dWTlWRywZ9_wtMQQLKvRNdM-zeatQ/edit

VII. Bibliography:

1. Questjournals.org. (2019).Impact of age on purchase behaviour of luxury brands [online] Retrieved from :: http://www.questjournals.org/jrbm/papers/vol2-issue9/C291932.pdf [Accessed 18 Feb. 2019].

2. Psychology Today. (2019). The Emotions of Luxury. [online] Available at: https://www.psychologytoday.com/us/blog/inside-the-consumer-mind/201610/the-emotions-luxury [Accessed 19 Feb. 2019].3.Karalane.com. (2019). [online] Available at: https://karalane.com/smart-people-dont-wear-fast-fashion-high-end-designer-clothes/ [Accessed 19 Feb. 2019].

3. Wen, T. (2019). The psychology behind spending big. [online] Bbc.com. Available at: http://www.bbc.com/capital/story/20171006-the-psychology-behind-spending-big [Accessed 19 Feb. 2019].