



# Model of Luxury brand purchasing intention in India- A novel approach

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## Abstract

The majority of study on luxury brands has taken place in wealthy western countries. The resultant models may represent socioeconomic and cultural characteristics unique to these countries. This research presents a paradigm that is appropriate for rising nations that are expressing their global presence as a result of globalization. The suggested approach will be utilized to conduct an in-depth scholarly research throughout India. Our suggested model incorporates brand consciousness, brand love, and Attitude toward Luxury as independent variables in the study while purchase intention of luxury brands is considered as dependent variable.

*Keywords:* brand consciousness; brand love; luxury; luxury brands; India

## Introduction

Consumption of luxury brands has long been a key area of study for marketing researchers. However, because the majority of research has been performed in affluent Western nations, the resulting models may reflect unexplored aspects of these markets that are quite distinct in emerging economies (Terblanch, 2015). For marketers, gaining a better understanding of cultural views and attitudes toward brands has been a significant issue (Wiedmann, & Siebels, 2007). Businesses, particularly luxury businesses, frequently attempt to understand the characteristics of their present and prospective consumers. This involves a grasp of customer perceptions about their brands, as well as the sentiments and emotions elicited by luxury goods in various consumer segments. While luxury products can fulfil practical needs, customers connect luxury with upmarket, outstanding taste, high quality, and high status.

India is one of the strong countries in terms of gross domestic product in South Asia that is seeing rapid economic expansion as a result of globalization. Numerous customers in these nations have gained new riches and elite status as a result of regional economic development initiatives and expanding global commerce. Consumers have become more mindful of their living conditions and standards as a result of increased knowledge and growing consumerism.

They desire many of the luxury products enjoyed in developed countries as they become familiar with how other customers live in wealthy Western countries. At the turn of the twenty-first century, 85 percent of the world's luxury brands were consumed in Asian countries, particularly India and China (Koch & Mkhitarian, 2015). As a result of the growth in luxury imports, several global companies that create luxury goods are considering aggressive marketing activities in these nations.

Numerous luxury companies have expanded into new regions in order to increase their sales, and Townsend et al. (2009), discovered that these promotional efforts by global luxury brands have prompted corporations to enter developing markets as part of their globalization strategy. As these emerging markets expand, they are fast changing, as are the consumer profiles of luxury brands. This necessitates research on customer views of luxury brands in emerging markets, since they are not comparable to the wealthier Western markets from where many of these luxury businesses originated and are headquartered (Roy, Jain, & Matta, 2018). Although Dawar and Parker (1994) revealed that many quality dimensions are comparable across nations, Shukla (2011) found that Asian consumers have a larger preference for luxury than Western customers and are more susceptible to interpersonal effects than Western consumers. Other study has revealed significant cross-cultural variations in how brands and luxury are perceived (Godey et al., 2013; Gosh, Ahmen, Annavarjula, & Lie, 2005).

This article will introduce a novel approach for analyzing the elements that influence purchasing intentions for luxury brands. The proposed model combines a number of previously known factors, but also integrates the issue of individual variations resulting from cultural influences and varied life values. This model is then recommended for use in evaluating the Indian luxury personal goods markets.

## **Literature review**

### **Luxury**

The term "luxury" derives from the Latin word "luxus," which implies "delicate, indulgent, or excessive lifestyle" as well as "plenty, comfort, or plenitude" (Christodoulides, Michaelidou, & Li, 2009). According to Vigneron and Johnson (2004), this impression of luxury is one of the primary characteristics of renowned brands as perceived by customers. Godey et al. (2013) examined young customers' views of luxury brands in six different nations. They found that, while there are some similarities between the customers in these nations, there are sufficient variances to support developing unique marketing tactics for each.

Hauck and Stanforth (2007) describe luxury as "non-essentials" or "items that are not absolutely necessary for existence." This expansive definition and context for luxury allowed the entry of luxury brands into the middle classes, resulting in the market for luxury products seeing tremendous expansion. Luxury brands, as defined by Savitha and Sathyanarayan (2014), are those with the greatest price-to-quantity ratio, emphasizing exclusivity. According to their study, just 5% of the population has access to 95% of premium brands. Luxury labels, in this perspective, communicate class disparities. Consumer behavior has always been seen in terms of customers selecting items that provide the greatest value for the least money. Consumers, on the other hand, may not always make sensible purchase decisions when it comes to luxury goods, opting instead for emotional indicators such as pleasure, joy, self-esteem, and self-actualization. Consumers, in general, may make purchasing decisions based on logic or emotion. This distinction in motivations has piqued academics' interest in researching luxury brand purchasing intentions (Cheah et al., 2015; Rajagopal, 2017).

Yeoman (2011), emphasized the evolution of the idea of luxury away from materialism and toward experiences, indulgences, and aspirational sociocultural values. This move away from trophies for status toward enriching and luxurious experiences might be attributed to an increase in the number of women who acquire luxury goods (Shaikh et al., 2017). However, status consumption remains an important role, notably in the bandwagon effect associated with luxury brand purchase. This urge to emulate others in the purchasing of luxury products is especially strong in collectivist cultures, such as those prevalent throughout most of Asia (Shaikh et al., 2017).

### **Models for understanding Luxury**

Luxury is subjective, it varies from one consumer to other. A certain brand may be regarded as the pinnacle of luxury by one customer, as a lesser degree of luxury by another, and as a need by a third. According to a recent study, genetically modified foods are considered a minor luxury in certain nations but a need in others (Oz, Unsal, & Movassaghi, 2018; Kapferer, 1997). To comprehend luxury, one must examine buyers' economic and cultural backgrounds and viewpoints (Vigneron & Johnson, 2004). Numerous models exist for comprehending the dynamics of luxury. Each offers a unique perspective on luxury and is valuable for marketing research.

Weidman et al. (2009) defined luxury as having four distinct dimensions: financial, functional, individual, and social. The financial dimension quantifies the monetary worth of luxury, whereas the functional dimension refers to the usefulness or fundamental benefit of the item. The individual component is defined by the customer's own orientation toward luxury, whereas the social dimension is defined by the perceived usefulness of luxury consumption as acknowledged by society.

According to Keller (1993), a brand's value is defined by its qualities, advantages, and attitudes. The term "attributes" relates to the object's physical characteristics, its price, and the process of purchasing and

consuming the thing. The term "benefits" refers to what buyers believe the product/service will ultimately accomplish for them. Attitudes refer to consumers' general perceptions of a product's or service's brand.

According to Dubois et al. (2001), customers' perceptions of luxury brands vary significantly, with some expressing strong positive sentiments and others expressing negative ones. Hennigs, Wiedmann, Klarmann, and Behrens (2015) defined purchasing behavioral outcomes as intention to purchase, willingness to pay a price premium, and recommendation.

### **Theory of planned behavior**

Fishbein and Ajzen (1975) created the Theory of Reasoned Action, a behavioral model that incorporates an individual's attitude toward an action and subjective standards about the conduct as antecedents to the intention to execute the behavior. The model has been used to examine consumer behavior associated with purchase intentions (Ajzen, 1991).

According to Fishbein and Ajzen's 1975 Theory of Reasoned Action, attitude toward a particular activity interacts with the subjective norm associated with the behavior to influence the intention to do the behavior. This goal then manifests as behavior. An attitude toward a specific activity is preceded by ideas about the behavior's effects. The subjective norm has normative views about the conduct as an antecedent. Each of these antecedents is affected by the behavior, resulting in a feedback loop. The consumer attitude toward an activity and the consumer behavior intention are inextricably linked. As a result, it is critical to examine the link between customers' product preferences and brand loyalty in order to comprehend luxury brand consumption behavior.

### **India and luxury brands market**

South Asia's economic progress has resulted in a major expansion of its luxury market. For example, the Indian luxury goods industry is anticipated to reach USD 40 billion by 2020, growing at a 30% annual rate (ASSOCHAM, 2014). This expanding industry has attracted the attention of several premium companies, with many of them now retailing in these regions.

Jain and Ranchhod (2015), have mentioned that shifting Asian consumer profiles have had a major impact on the influx of luxury brands into South Asian nations such as India. As a result, luxury brand marketers must grasp customer attitudes and perceptions in this region of the world, where values, beliefs, and attitudes are frequently considerably different from those in the developed world.

India has benefited from this economic progress, particularly after 1991, when a free-market economy was adopted. Increased exports and a burgeoning service economy have resulted in considerable infrastructural



expansion and a flourishing stock market. Imports increase in lockstep with economic growth (Arif et al., 2017). Many global businesses are contemplating joining the Indian market due to the country's renewed hope and economic success, as well as its favorable trajectory. India's economic expansion is accompanied by an increase in demand for luxury items, particularly personal luxury goods.

Numerous researches have been conducted to ascertain the impact of a country's culture and demography on luxury brand consumption (Godey et al., 2013; Hung et al., 2011). According to Oswald (2010), the perception of luxury brands and the meaning associated with their images are significantly different in developing countries than in Western markets, where the majority of these companies originate. However, Hennigs et al. (2012), demonstrated that buyers of luxury brands had common fundamental motivating factors regardless of nation.

Although research into luxury branding from the retailer's perspective has been conducted (Ghosh & Varshney, 2013; Kapferer, 2012; Miller & Mills, 2012; Tynan, McKechnie, & Chhuon, 2010), little research has been conducted into Asian consumers' attitudes toward luxury automobiles.

### **Brand Love**

Brand Love is a term that refers to the relationship between a brand and a customer in which the consumer has a favourable opinion of the brand (Batra, Ahuvia, & Bagozzi, 2012). Brand love has been identified as a novel marketing term by researchers attempting to understand how consumers interact with companies (Kaufmann, Loureiro, & Manarioti, 2016; Vernuccio, Pagani, Barbarossa, & Pastore, 2015). Attitude toward Luxury may be defined as a consumer's perception of a brand's level of luxury (Vigneron & Johnson, 2004). Nobre (2011) discovered that the strongest link with a brand exists for items with a high degree of consumer participation, such as autos.

Brand equity is frequently associated with brand love. Shuv-Ami et al., (2018) created a "brand value chain" to illustrate how customers acquire brand equity. Additionally, Keller's (2013) approach provides antecedents for comprehending brand equity. Julian et al., (2016), examined retail loyalty program and discovered a poor correlation between brand loyalty and brand equity, implying that brand equity is a far more complicated construct. Giovanis and Tsoukatos (2017) have created a nine-factor model of customer loyalty that was applied to the service industry particularly.

## **Brand consciousness**

Brand consciousness is described as the consumer's proclivity to acquire expensive, upper-scale, valuable, and popular products on the basis of the belief that a high price represents a high level of quality (Moosavi et al., 2011). It is defined as a consumer's proclivity for purchasing well-known premium products (Sproles & Kendall, 1986; Zhang & Kim, 2013). According to Sirgy (1982), luxury brands are often more expensive, and possessing them distinguishes a customer, drawing the attention of others. As a result, it boosts consumers' self-actualization and self-esteem, which are the bedrocks of interpersonal interactions in a sociocultural context. Thus, brand consciousness fosters an affinity for luxury brands and a unique link between the customer and the premium brand.

## **Purchase intention of luxury brands**

Purchase intention is significant in the context of brand consumption behaviour because it represents the consequence of a consumer's views (Ajzen, 1991; Berthon, Pitt, Parent, & Berthon, 2009; Hung et al., 2011; Jin & Hye Kang, 2011). This is closely connected to repurchase intention, which is impacted by the consumer's favourable sentiments toward a luxury brand (Batra et al., 2012; Carroll & Ahuvia, 2006; Loureiro, et al., 2012; Thomson et al., 2005). Aldousari (2016), developed a model for purchase intention in the context of internet purchases, and later established a method for retail purchasing behavior that considered six factors: financial risks, product quality, psychological risk, psychological influence, store environment, and value.

## **Proposed research model**

By combining important aspects from the literature on brand purchase intention and other variables associated with luxury brands, the model in Figure 1 aims to be more complete than others, while also accounting for regional cultural variances observed in rising nations. Brand love, brand consciousness, attitude towards and cultural differences are all considered independent factors in this paradigm. The dependent variable is purchase intention for luxury brands in the proposed research model.

According to Brakus, Schmitt, and Zhang (2014) and Schmit (1999), customers are motivated by consumer experiences which are formed due to the experiential aspect and brand love. With the widespread move away from trophies for status toward enriching experiences (Yeoman, 2011), affluent customers place a premium on luxury brand ownership. This concept of experience value includes a luxury component that may include visual appeal, entertainment, escapism, subjective delight, efficiency, economic worth, or personal fulfilment. As a result, we hypothesize that:

H1—There is a positive relationship between brand love and purchase intention for luxury goods across India.

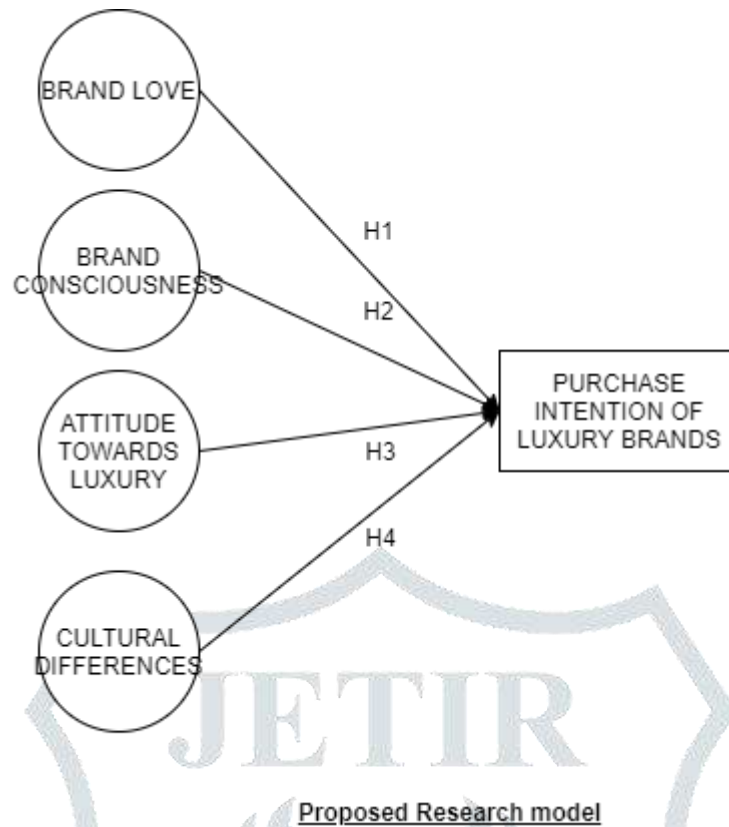
According to Batra et al. (2012), Brand Love is a favorable attitude toward a brand that should have a direct effect on customers' perceptions of a premium brand. Thus, brand affinity has an effect on the consumer's perception of premium brands. Additionally, Batra et al. (2012) hypothesized that there is a logical connection between a consumer's attitude strength and brand love. A brand-conscious customer views brands as symbols of status and distinction (Giovannini, Xu, & Thomas, 2015). Given that luxury goods are rarely acquired out of necessity, the mere desire to purchase (i.e., Brand Consciousness) should impact an appreciation and favorable attitude toward a premium brand. Positive customer emotional emotions have been demonstrated to have a substantial effect on repurchase intention (Batra et al., 2012; Carroll & Ahuvia, 2006). Consistent with the Fishbein model (Fishbein & Ajzen, 1975), in which attitude toward an activity serves as a precursor to behavioral intention, we postulate the following:

H2—There is a positive relationship between brand consciousness and purchase intention for luxury goods across India.

H3—There is a positive relationship between attitude towards luxury and purchase intention for luxury goods across India.

Miller and Mills (2012) investigated the effect of cultural variations on consumer perceptions of luxury. These distinctions were verified by Godey et al. (2013) in their study of luxury brand perceptions in six different nations. As a result, we hypothesize:

H4—There is a positive relationship between cultural differences purchase intention for luxury goods across India.



**Figure-1**

## Conclusion

The majority of luxury brand marketers are interested in growing their businesses in youthful emerging markets. The majority of these markets are dissimilar to the businesses' Western home markets, and many of the models they may employ are incompatible with comprehending these new emerging markets. The model given in this article takes a comprehensive perspective of the factors that influence a consumer's decision to purchase a premium brand in a developing nation environment (e.g., India). With a greater knowledge of these characteristics of luxury brand consumption, global luxury manufacturers will be able to manage their brands more successfully in emerging countries.

The findings of this study are expected to provide light on the factors that influence the purchasing of luxury automobiles in India. This increased transparency will guide premium companies' entry into the Indian market. Although the research focuses on luxury products, much of the information may be applied to other luxury companies preparing to enter this and other regional markets.

The proposed research model is conducive to testing in established as well as emergent markets. Our approach might be used in future research to analyze changing attitudes toward premium brands in both types of marketplaces. For instance, a business might utilize this model to create a survey instrument that could be administered in a developing market to ascertain the market's proclivity for purchasing premium products.



The same instrument might be administered every few years to examine how this proclivity changes as emerging markets for premium brands expand on a global scale.

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