

1.0. INTRODUCTION

1.1. Definition of Concept

a) Luxury Consumption

Luxury consumption behaviour can be divided into two categories: **quantitative luxury** and **qualitative luxury**.

Quantitative luxury: synonymous with prodigality: such as the keeping of a hundred servants when one would do. (Werner Sombort, 1967)

Qualitative luxury: the use of goods of superior quality. From this concept, we derive the concept of "luxury goods" which may be characterized as "refined goods". (Werner Sombort, 1967)

Refinement: is any treatment of a product, over and above that, which is needed to make it ordinarily useful.

(Werner Sombort, 1967)

John Rae defined luxury as:

"The expenditure occasioned by the passion of vanity....the mere desire of superiority" "things to which vanity seems most readily to apply itself are those to which the use of consumption is most apparent and of which the effects are most difficult to discriminate. Articles of which the consumption is not conspicuous are incapable of gratifying this passion".

According to Sombart, all personal luxury springs from purely sensuous pleasure. Anything that charms the eye, the ear, the nose, the palate or the touch tends to find an ever more perfect expression in objects of daily use. And it is precisely the outlay for such objects that constitutes luxury. Once luxury has been established, a number of other motives further its

growth. Ambition, love of display, ostentation and lust for power may be weighty motives they are really the desire to out do the next man.

Veblen in his book "The Theory of Leisure Class" attributes all valuation of luxury and property to the urge to distinguish one's self.

Rae's view on luxury consumption suggests that such behaviour was in the interest of both the individual and society. Rae claims that such behaviour was inspired purely by self-indulgence.

From the "luxury" concept, we derive the prestige seeking behaviour in consumer. Prestige may vary for different people, depending on their socioeconomic background. In marketing terms, consumers will develop prestige meanings for brands based upon their interactions with people (e.g., aspired and/or peer reference group), object properties (e.g., best quality) and hedonic values (e.g., sensory beauty)

b) Perception

Perception refers to what happens when consumers are exposed to, attend to, and comprehend stimuli in the consumer environment. (Mowen, 1998)

Perception is the process by which consumers select, organize, and interpret stimuli to make sense of them. (Henry Assael, 1987)

Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world. (Kotler, 1991)

Within the perception process, consumer will use all their senses – sight, hearing, smell, taste and touch to form a view towards an object. Due to

perception, two different people might act differently even in the same situation because they perceive the situation differently.

1.2. Automobile Industry In Malaysia

Market Size & Growth. Among the ASEAN countries, Malaysia registered the highest volume of new motor vehicle sales during the first six months of 2000 with a total industry volume of 163,721 units. According to AAF president, Aishah Ahmad, the TIV for the whole region had increase tremendously compared to the same period in 1999. This was reflected with the fact that the figure already at 67% of the TIV for the whole year of 1999. Nevertheless, the Malaysian Automotive Association (MAA) are confident that overall TIV for this year will be at least 20% higher than 1999. Overall the MAA expect a 14% growth for the industry and a 26% increase of sales. With the government policy of boosting buying, sales of automobile has increase.

The country's economy is definitely on an upswing when luxury car sales start to rise. In 1998, this segment, which was represented, by Audi, BMW, Mercedes-Benz and Volvo totaled 2,482 units but it rose to 3,342 units in 1999, an increase of 35%. Volvo, one of the significant makes in this segment, has a share of 19.2% and this year, it has already reached the 20% level in the first quarter. According to Lena Olving, the Managing Director of Volvo Car Malaysia Sdn Bhd, they are confident that Volvo will touch the figure of 25% of the luxury car segment this year as they believed that consumers' has regain their confidence as the country economy is recovering rapidly.

With this entire sign, the MAA had revised their forecast of the year's total industry volume to 260,000 units from 200,000 units. This would mean a 59% growth rate for the industry this year.

Table 1
1999 Malaysian Car Sales Figures – Luxury Categories Only

No	Types	Passenger car	Commercial car	4WD	Total	Share	Sales/month
1	Mercedes-Benz	1163	127	6	1296	0.4%	108
2	BMW	1219	-	-	1219	0.4%	102
3	Volvo	642	197	-	839	0.3%	70
4	Audi	318	-	-	318	0.1%	27

Note: Total Vehicles sales 288,6547 units. Total sales per month 24,046 units. The above data is compiled from monthly statistic provided by the MMA & cover all states of Malaysia, including east Malaysia. However they do not include vehicles that were privately imported, re-conditioned vehicles or vehicles imported by non-franchise holders and non-MMA members (e.g., Milan Auto, Europe, Edaran Auto Indah, Next car, etc.)

Source : MMTA (1999)

1.3. Objective of Study

- a) Contribute to the existing research on luxury consumption specifically consumption of luxury automobile in Malaysia.
- b) Generate information, which may help marketers in building and monitoring luxury product.
- c) Understanding prestige-seeking behaviour of consumer as a whole.

1.4. Scope of Study

This study hope to cover user/owner of luxury automobile specifically and non-luxury automobile user/owner in general. This study will used the framework by **Franck Vigneron** and **Lester W.Johnson** in measuring prestige level. They identified five values of prestige: conspicuous value, unique value, social value, emotional value and quality. For this study, only three values will be used: conspicuous value, unique value and perceived quality value.

1.5. Significance of Study

Hopefully the result of this research will help marketers and scholars in their field of research on luxury product consumption in the future. Specifically, it contributes to the understanding of prestige seeking behaviour of Malaysian. It will offer marketers information in term of positioning and market segmentation.

In term of market segmentation, grouping consumer according to their perceived values of luxury brand may indirectly provide or reveal other psychographic characteristics, which may better represent these consumers. Based on the new characteristics / consumer profiles, it may indicates to marketers that a different kind of products appeal or advertising strategies need to be implemented.

In term of positioning, should the result shows that a specific brand is declining in their perceived prestige level, marketers could identify and concentrate on the specific prestige value, which is weakening. For example, if the prestige image of a luxury car was decreasing due to a reduction of perceived uniqueness, then appeals which would emphasized the limited number of cars available or give the consumer information about the special features and would be appropriate to reinforce the overall prestige image.

The three perceived value used in the constructs are useful tool in comparing several luxury brands and thus for recognizing competitive advantages.

1.6. Limitations of Study

- a) This study only limited to respondents residing in Selangor and Federal Territory.
- b) Limited time and budget constraint.
- c) Small number of sample as the response rate was low.

- d) Actual owners of luxury automobile are reluctant to participate in this study. Hence the results in based on perception / opinion of non-luxury car owner.
- e) Availability of latest data on luxury car in Malaysia and literature regarding luxury consumption is limited.

1.7 Organization of Study

There are five chapters in this study. Chapter one discussing on the concept of luxury consumption and consumer perception. Malaysia automobile industry was also discussed in brief. Further, the objective of the study, significance of the study, scope of study and limitation of study was also discussed briefly.

Chapter two comprise of previous research on the study topic and some current trend in Asia on luxury / prestige consumption consumer behaviour.

Chapter three will stated the methodology involved in this study plus the hypotheses under studied followed by chapter four, which provide the analysis and the outcome of the study. This study ended with some conclusions and recommendations, which will be in chapter five.