

2. Literature Review

2.0. Introduction

The following chapter will review the extent literature from miscellaneous sources such as articles, books, conference papers and other sources to contribute constructing the hypotheses of this study.

2.1. Prior research

Luxury: Ward & Chiari, (2008) explained that luxury has long been defined as anything which extends beyond the bare necessities and is upper-bounded by the frivolous and rich. They mentioned that the superficiality criteria are not only linked to our physiological needs, but to our cultural needs which change according to the era in which we live in (Ward & Chiari, 2008). In addition, Lipovetsky (2007, pp.30-35) indicated that: “any form of luxury which satisfies the egocentric desires of the individual is known as material luxury (part of the so called American Dream), as opposed to ideological luxury, which is dedicated to altruism and all things sacred including morality and intellectuality”.

Ward & Chiari (2008) remarked that even if luxury was unimportant to what it meant to the aristocracy at its time, it can be traced back to the Bourgeoisie who were the symbol of social class which characterizes employment, education, and affluence. Ward & Chiari, (2008) goes on to say that from there the birth of petty bourgeoisie which was the class between the bourgeoisie and the proletariat was observed. Furthermore, the formation of urban haute bourgeois who is today called the “upper class” was occurred at that time. Meanwhile, Ward & Chiari (2008) illustrated that the concept of modern luxury is very much closer to the aristocratic way of spending rather than its bourgeoisie which is to fritter away the money lavishly.

Antecedents: Tom et al. studies (1998) declared that consumers are more inclined to buy products with a fashion component attached to it such as the case of luxury goods. Grossman and Shapiro, (1988b) and Cordell et al., (1996) studies remarked that the eager of consumers are in paying for the visual features and functions devoid of paying for the associate quality. Synovate study (January 2010) on global luxury brands survey which targeted 8,100 people across 11 different markets in Canada, showed that luxury to 47% of Canadian respondents means “everything over and above what I (they) need”. The survey remarked that for many Canadians luxury is not to show the logo, while others’ preference is all about logo. Synovate (2010) illustrated that 39% of Canadians prefer to buy non-logoed goods followed by 34% who would select logoed goods and finally 27% don’t know what to buy (logo brands or non-logoed brands).

Demonstrating a classic divide in luxury attitudes to express the purchasing behaviour of different consumers’ market shown that, the markets which mostly prefer purchasing flashy items and have conspicuous consumption behaviour, are India sitting on the pinnacle by 79%, Hong Kong 68% and the UAE ranked third by 58% (Synovate, 2010).

Having a luxury brand, it usually brings some specific feelings to the owner; even showing it off to others in your community is pleasurable. Synovate research (2010) verified that 39% of Canadians feel special in owning a luxury item compared to the 45% of the Americans. Whereas, the way it is made or feels to the owner ranked 31% and 32% in Canada and US respectively. Not to ignore the 6% of people across both countries that enjoy the reputation of the brand they own (Synovate, 2010). Living in a commercial society and having a good feel factor for obtaining luxury brands is some factors of social influence which is indisputable.

In the view of consumers, attitudes towards luxury brands can be influenced by a number of antecedents. The literature mainly supports two groups namely:

1. **Social Factors:** Information Susceptibility, Normative Susceptibility and Collectivism
2. **Personality Factors:** Personal Gratification, Status Consumption, Novelty Seeking and Brand Conscious

2.2. Antecedents - Social Factors

2.2.0. Information Susceptibility and Normative Susceptibility

Ang et al. (2001) defined social influence as the effect which other people have on an individual consumer's behaviour. Ang et al, (2001) stated that the extent to which consumers are affected and influenced by the social pressure for their attitudes is dependent on their susceptibility. Simply put, vulnerability and susceptibility of consumers to the social pressure can put force on an individual's buying behaviour.

Consumer susceptibility was described by the study of Bearden et al. (1989) "the need to identify with or enhance one's image in the opinion of significant others" who could be for instance family and close friends. This is done through the acquisition and use of items and goods, the willingness to conform to the expectations of others regarding purchasing decisions, and the tendency to learn about products by observing others or looking for information from others.

There are two forms of consumer susceptibility to social influence; informational susceptibility and normative susceptibility which were studied by Bearden et al. (1989) and Wang et al. (2005).

Informative susceptibility is when the buying behaviour is derived from the professional opinion of others (Ang et al., 2001; Wang et al., 2005). Such cases take place when the quality and the wise purchasing decisions are dependent on the view of others. It arises in the situation where consumers are not knowledgeable of the product category.

While normative susceptibility is buying behaviour derived from the expectation of what would impress others and not based on the opinion of others (Ang et al., 2001; Wang et al., 2005). As self-image plays an important role in making a purchase decision, buying quiet or loud brands are relatively crucial factors in the final decision. Reason being, people are living in a community which enforce some kind of pressure on individuals to build up an image of themselves. Hence, it is assumed that there is a relationship between purchasing logoed items which have a positive social image. As a matter of fact, consumers with higher susceptibility to social influence may present negative attitudes toward non-logoed items will tend to buy logoed items. It will be argued that high susceptibility to social influences brings loud brands to the closet of the consumer rather than quiet ones.

2.2.1. Collectivism

The studies on cultural differences have a very strong root by the work of Hofstede (1983, 1984 & 1991) which was on four dimensions of cultural variability, commonly referred to as "Hofstede's Dimensions"; it includes Uncertainty Avoidance, Power Distance, Masculinity-Femininity, Individualism-Collectivism, and Confucian Dynamism. The variability of cultures in various countries were studied by Hofstede to indicate that by the consideration of having a lot in common different countries have different perspective to certain things in their society.

Likewise, the finding of the survey of Burns & Brady (1992) among American and Malay students supported its hypothesis of which the need for uniqueness leads to the expression of innovative behaviour. Burns & Brady (1992) study revealed that the US students have less concern for others ideas and actions rather than their Malay counterparts. Their findings illustrated that for business students the need for uniqueness varies dramatically among cultural settings (Burns & Brady, 1992).

In addition, Triandis (1988 & 1984) indicated that an essential characteristic of people who hold a collectivist orientation is that they either do not distinguish between personal and collective goals, or, if they do, personal goals are dominated by the goals of the collective. Triandis (1984) continued by mentioning that individuals are characterized by the tendency to give priority to individual goals over group goals. Prior research has specified that there are significant differences between in-group and out-group behaviours in collectivist cultures compared with individualist cultures (Leung & Bond, 1984).

Additionally, Yamaguchi (1994) also characterized a person's collectivism as the tendency to give priority to the collective self over the private self, especially when the two come into conflict.

Triandis (1995) and Schwartz (1994) pointed out that the significance of in-group acceptance as a group related phenomenon leads to certain values such as security, good social and personalized relationship and last but not least the in-group harmony. Triandis (1995) concluded by mentioning that collectivism stresses conformity and in-group harmony and defines the self in relation to the group.

By the consideration of the above literature on the collectivism, it can be postulated that collectivists are more subject to social influence in their purchasing behaviour than the individualists. Kongsompong, Green, & Paterson (2009) study across the four nations namely Thailand, Singapore, USA and Australia declared that consumers with a collectivist orientation are more susceptible to social influence in their purchase behaviour than the individualistic orientated consumers. It was concluded that social influence appears more prevalent among those with a collectivist orientation, regardless of nationality.

In the work of Kongsompong, Green, & Paterson (2009) the result demonstrated that Thailand and Singapore are more collectivist in their manners than Australia and the USA, thereof it was concluded that Thailand and Singapore are collectivist-oriented nations, while Australia and the USA are individualist-oriented nations.

Since Singapore and Thailand are very close to Malaysia in terms of culture, value and norms, and based on the evidence of the prior research by Burns & Brady (1992) and Bochner (1994) which showed that Malaysia represents a collectivist culture, we conclude that Malaysia has a collectivist orientation. Based on the collectivist culture which has susceptibility to social influence and enforce the group values to its members, it is presumed that purchasing logoed items which have a positive social image is the attitude and intention of the collectivist-oriented consumers compared with the individualist-oriented consumers that have their self-oriented opinions which play the crucial role in their buying decision. It can be postulated that there is a relationship between collectivism and purchase intention of luxury brands.

2.3. Antecedents - Personality Factors

2.3.0. Personal Gratification

It is assumed that people who are after exhibiting their personal achievement to public will carry big logo items or loud brands to attain some sort of social recognition and enjoy being watched by other people. Likewise, Ang et al., (2001) and Wang et al., (2005) defined personal gratification as the need for a sense of accomplishment, social recognition and to enjoy the finer things in life. “Consumers who have high sense of personal gratification would be more mindful of the look and visibility of fashion goods” Phau & Teah, (2009). Based on Phau and Teah (2009) research, consumer with high sense of personal gratification are likely less prone to accept products of slightly substandard quality.

On the other hand, Bloch et al. (1993) examined buyers of counterfeit with non-buyers of counterfeits, it was noticed that non-buyers of counterfeit relative to buyers were more confident, more successful and had higher perceived status. These characteristics are often associated with individuals who are seeking accomplishment, comfortable life style and social recognition. For this reason and based upon these premises, it is assumed that consumer with low personal gratification will buy logoed or loud brands to concur the social recognition in the public. But individuals who own higher level of personal gratification are the consumers of non-logoed items or quiet luxury brands. Hence, it is hypothesized that there is a relationship between personal gratification and purchase intention of quiet luxury brands

2.3.1. Status Consumption

Wearing prominent brands and bragging your wealth has long been in the consumers market. Displaying the social hierarchy by wearing some unique fabrics, jewellery and ornaments were evidence from Elizabeth I wardrobe. The purpose was to establish her divinity and social place in society (McKendrick, Brewer, and Plumb 1983, p. 76).

Even today producers are offering distinguishing features for some certain products and brands to retain their customers who seek status consumption. Comparing the loud logo of Louis Vuitton, Coach and Gucci with the quiet brand of Bottega Veneta shows that these brands have their own segment to target. Bottega Veneta targets the well-off consumers who can afford and enjoy the sense of luxury with a quiet brand, whereas Coach furnishes customers who intend to display their conspicuous consumption with a loud logo product or accessible luxury.

Status consumption was first raised by Veblen (1899) by the book of "*Theory of the Leisure Class*". In his book he argued that gathering of wealth is not really what bestows status. To a certain extent, what brings status is the evidence of wealth, which

needs its wasteful display; manners which he termed as “conspicuous consumption”. Veblen (1899) demonstrated the conspicuous consumption for the clothes of the high ranked people and nobilities in that period.

Conspicuous consumption was further examined by Packard (1959) and Mason (1981, 1992) to leverage the economic idea of Veblen, and it was proposed that people often consume products to demonstrate superiority of status to themselves and to others; which is known as status consumption.

In Packard book (1959) “*The Status Seekers*” which is about the social differences in the 50’s decade and the classless society in US, he had an honest and enlightening look at the habits and traits of various people from different levels and layers of society as the main stream of his evidence-based study, to reveal that the conspicuous consumption hold the social ranking and recognition which were granted to a person by other group of people.

Furthermore, status consumption demands respect, thoughtfulness and envoy from others and represent a cultures aspiration (Csikszentmihalyi & Rochberg-Halton, 1981). In the study of Csikszentmihalyi and Rochberg-Halton (1981) which was done by interviewing 80 families in Chicago, they examined the importance of material possessions in modern urban life, and of the methods people carve meaning out of their domestic environment. In addition, status consumption includes a social ranking or recognition that a group would award to individuals regardless of their social and income level (Packard, 1959; Dawson and Cavell, 1986; Scitovsky, 1992; Eastman et al., 1997). Dawson and Cavell (1986) study supported the idea that status recognition has significantly improved in the consumption environment. They found out that self-expression through status symbol was quite a pivotal behaviour in the 80’s as their social setting (Dawson and Cavell, 1986).

In the same way, Scitovsky (1992) book *“The Joyless Economy”* argued that consumers should spend money to buy things that will not get adapt to; like the cheerfulness of being with family and friends, rather than spending money to purchase things that will get adapted to. The later will become a commodity in a short while and its pleasure fades away as they spend to symbolize.

In the meantime, it is inaccurate to assume that only the wealthy are prone to status consumption (Freedman, 1991; Miller, 1991; Eastman et al., 1997; Shipman, 2004). Shipman (2004) explored the movement of conspicuous consumption of consumers from traditional wealth-holders of Veblen’ time to the lower income individuals of the last decade; which he viewed as the advantageous of the free global trade and distribution of wealth.

Eastman et al. (1999) labelled “status consumption” as the motivational process by which individuals strive to improve their social status via conspicuous consumption of consumer goods that can grant and symbolize status for the individual. Eastman et al. (1997) observed that status consumption belongs to consumers who are seeking self-satisfaction and desire to display their prestige and status to surrounding others usually through visible evidence.

Also it has been observed that status consumers are after attaining items that convey brand symbols that exhibit their self-identity (Eastman et al., 1997). This posts that the desire of consumers for gaining more self-identity and showing off their wealth is proclaimed by the consumption of status goods and loud brands rather than quite brands.

As a matter of fact, it is hypothesize that there is relationship between status consumption and purchase intention of luxury brands.

2.3.2. Novelty Seeking

From the psychological point of view, consumers who are seeking diversity and variation would like attention and notice from the public; hence they are more prone to luxury brands which could bring them more eye balls. The interest of people to hunt for diversity and difference is called novelty seeking (Hawkins et al., 1980; Wang et al., 2005). In a study on the purchasing pirated software done by Wee et al. (1995), the results showed that novelty seeking is a significant factor in purchasing pirated software in the students group, while it was not a noteworthy reason in the working adults' samples.

Synovate study (2010) showed that 45% of respondents in Canada would like to try different luxury brands which show the novelty seeking or their high interest to have varieties in brands. In fact, in the context of luxury brands it can be assumed that a consumer who intends to try new things has probably more tendency towards logoed items rather than non-logoed items because he/she intends to show his/her financial ability of buying various products which bears famous upscale brands. It is supposed that novelty seekers have positive intention in buying loud luxury brands, rather than quiet brands. Hence, it is proposed that there is a relationship between novelty seeking and purchase intention of loud luxury brands.

2.3.3. Brand Conscious

Kapferer (1985) investigated that the brand sensitivity is a psychological construct that refers to the buyer's decision-making process. According to Lachance et al. (2003), brand sensitivity is an individual status that brands play a significant role in the psychological process that leads to the purchasing decision. Lachance et al. (2003) argued that brand sensitivity is different from brand loyalty; the latter is repeated purchase in a specific course of time.

They carried on by stating that when someone has a great tendency towards buying especially the same brand within a definite period of time it is called brand loyalty (Lachance et al., 2003). Furthermore, Lachance et al. (2003) remarked that brand conscious or brand sensitivity is “the notion that brands play an important role in the psychological process that proceeds to the buying act”.

Based on the survey of Lachance et al. (2003) brand conscious or brand sensitivity on apparel among French-Canadian adolescent, it divulged that peer influence was considerably and positively related to the brand sensitivity of both girls and boys. Simply put, Lachance et al. (2003) concluded that “wearing prestigious brand names seem to be very important for adolescents.”

Likewise, Bush et al. (1989) research revealed that the impression which individuals make on others is the usual concern of the publicly self-conscious consumers. These types of consumers (publicly self-conscious consumers) are more concerned about their fashion and style in the public and are more acquiescent with the standards and trends in society and more sensitive to interpersonal rejection (Phau, Teah & Lee, 2009). Furthermore, Grossman and Shapiro (1988b) indicated that principally consumers buy luxury product to consume or to illustrate the prestige it brings to the owner, these two factors are apart from any functional utility of the good.

As a result, it can be assumed that consumers are brand conscious and like to wear branded items regardless of showing off their strong financial status by its big logos and badges or wearing a non-logoed item that merely the brand knower knows.

Thereof, it can be concluded that consumers have positive attitudes to luxury brand products whether to be a loud buyer or quiet buyer of luxury brands. As a matter of fact, it is speculated that there is relationship between brand conscious and purchase intention of quiet and loud luxury brands.

2.3.4. Brand Prestige

While it was assumed that brand conscious consumers are intended to obtain loud luxury brands with high status to bring attention and eye balls to their possession, it is good to mention the study of Phau & Teah (2009) which revealed that having the ability to purchase and use prestigious brands are viewed as a signal of status and wealth. Meanwhile, Vigneron and Johnson (1999) believed provided that the price tags of the purchased products and goods are being quite expensive by normal standards; it will raise the value of its perceived conspicuous value. As a matter of fact, when a brand is more prestigious, consumers tend to buy those products to reflect their status.

Eastman et al. (1997) mentioned that status-seeker consumers are looking for self-satisfaction and are interested to show this to those people around them. Actually, the consumers with tendency in levelling up their self-satisfaction threshold are more brands conscious and have favourable attitudes towards logoed brands. Baek et al. (2010) research indicated that brand prestige puts forth positive influences on purchase intention which is mediated by perceived quality, information costs saved, and perceived risk. Their study pointed out that brand prestige could possibly be served quite well as a signal of symbolic brand positioning for consumers desire to boost their social image and self-image (Baek et al., 2010). Accordingly, it is assumed that consumers who also have positive attitudes towards brand prestige are more likely to purchase loud luxury brands to bring them stronger social status and social gain by bragging their brand, rather than having a quite non-logoed product which rarely most people know unless the ones who are “in the know”.

Hence, we can posit that there is relationship between brand prestige and buying intention of luxury brands.

2.3.5. Materialism

Having three traits (envy, possessiveness and non-generosity) along with the significance which a consumer put on his/her belongings are the way Belk (1985) described materialism. Belk (1985) study didn't count status consumption, but he found out that more materialistic consumers buy more luxury goods. Interestingly, his research showed that materialistic people value possession, regardless of being consumers who express status or those who do not. Some consumers with a strong materialistic attribute put this trend as their life objective, while they naturally neglect other life facets (Richins and Rudmin, 1994).

Richins and Rudmin (1994) argued that materialists believe that happiness can be obtained by acquiring belongings. Furthermore, materialism is outstandingly associated with consumption. In addition, materialists are intended to plentifully purchase and use products and have tendency towards goods with high status rather than typical products (Wong, 1997).

Eastman et al, (1999) described the materialist's intention as "the need to display acquired wealth and social standing to significant others". Likewise, Fitzmaurice and Comegys (2006) survey findings can augment the above discussion by stating that the categories which are particularly of great attention to consumers are branded clothing and accessories which brings style and image. Fitzmaurice and Comegys (2006) study also affirmed that consumers with strong materialistic desire are more into portraying their identity by purchasing and using high-end goods with status. Accordingly, it is assumed that consumers with the materialistic appeal have positive attitudes towards showing their self-image by the brand they wear and afford, therefore they demonstrate strong tendency towards buying loud luxury products. Therefore, it can be hypothesized that there is a relationship between materialism and purchase intention of luxury brands.

2.3.6. Gender

In a survey which was conducted by NEMS Market Research for Key Note (2008) in Great Britain examining 479 men and 527 women aged 16 and over showed that girls become interested in shopping at a younger age than boys. The study revealed that 81% of 16 -19 year-old girls find shopping an enjoyable day out, relative to the much less percentage of boys in the same age group which is 43% (Key Noted Media Centre, 2008). The study illustrated that the stereotypical attitudes towards shopping of gender biases still somehow exists. More than half of men (51.4%) mentioned that they found shopping trip as a chore, whereas almost half of women found shopping trip as an enjoyable day out, along with 28.4% of women who assumed shopping day out as an activity to cheer up (Key Noted Media Centre, 2008).

Besides, based on Zeb et al. (2011) research which surveyed 418 Pakistani female respondents, it demonstrated that female consumers of branded products with positive attitudes have high level of involvement in the fashion clothing. Zeb et al. (2011) commented that self-concept plays a crucial role for ladies in their purchase decision to match the items with their personality, and the ones with high level of self-concept showed more involvement in purchasing logoed clothing.

Additionally, the Japanese Tourism Marketing report (2008) indicated that women buy more luxury brands than men. The study results declared that luxury fashion products purchased by women were for their own use rather than a gift to someone. The evidence in the survey demonstrated that the ladies in their 40's have purchased more luxury brands than any other age group in their most recent trips. Japanese Tourism Marketing report (2008) affirmed women in all age groups from 20 to 60 bought more fashion goods than men in the same age.

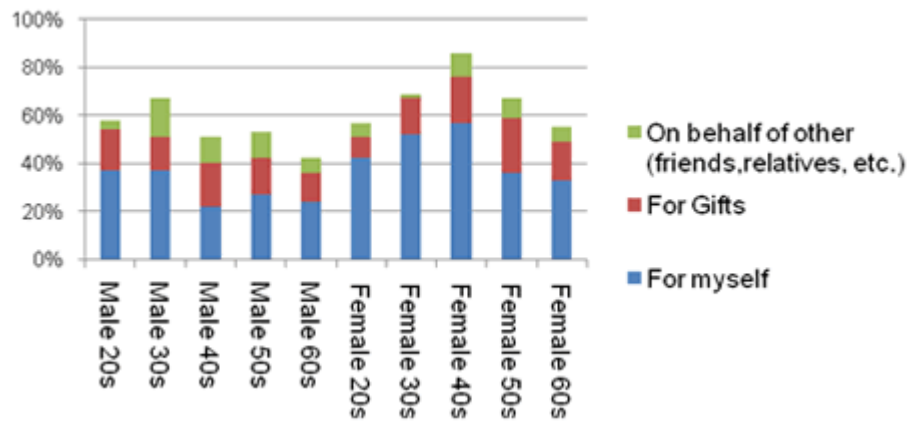


Figure 2.1. Japanese Purchase of Branded Fashion Goods during the Most Recent Trip

As a matter of fact, it can be assumed that ladies have more tendencies towards buying loud luxury brands compare to men. Hence, it can be hypothesised that there is a relationship between gender and buying behaviour of luxury brands.

2.4. Attitude and Purchase Intention

Kongsompong, Green, & Paterson (2009) noted that purchasing decision are not made in a vacant place and the influence of family, friends, associates, salespeople and even strangers have impact on the consumers buying decision. Furthermore, social influence has been considered in one of the most crucial theories of the consumer behaviour namely, Theory of Reasoned Action (TRA). The theory of reasoned action (TRA) was proposed by Ajzen and Fishbein (1975 & 1980).

TRA has three main components namely behavioural intention (BI), attitude (A), and subjective norm (SN). TRA suggests that a person's behavioural intention depends on the person's attitude about the behaviour and subjective norms ($BI = A + SN$) (Ajzen & Fishbein, 1975, 1980). According to the Ajzen & Fishbein (1975, 1980) a person's volitional (voluntary) behaviour is predicted by his/her attitude toward that behaviour and how he/she thinks other people would view them if they performed the behaviour.

A person's attitude, combined with subjective norms, forms his/her behavioural intention (Ajzen & Fishbein, 1975, 1980).

Furthermore, purchase decision and intention can also be described by the Theory of Planned Behaviour. Fishbein and Ajzen (1975) defined Theory of Planned Behaviour (TPB), "the purchase behaviour determined by the purchase intention which is in turn determined by attitudes". It can be said that your attitudes trigger your purchase intention that will end you up in the purchasing behaviour.

Further studies revealed that attitudes towards behaviour instead of towards the product are noted to be a better predictor of behaviour (Fishbein, 1967; Fishbein and Ajzen, 1975; Penz & Stottinger, 2005).

In addition the TPB explains that the favourability of intentions to buy a luxury brand is dependent on the availability of the product. Regardless of the level of favourability of the intention, accessibility to the product would perform the purchase (Chang, 1998). Wee et al. (1995) discovered that "the more favourable consumer attitudes towards counterfeiting are, the higher the chances that consumers will purchase counterfeit brands. Similarly, the more unfavourable consumer attitudes towards counterfeiting are, the less likely are the chances of purchase"

By the same token and in the context of luxury brands, the more favourable consumer attitudes toward loud brands are, the higher the chance that consumer will buy the loud brands. Likewise, the more unfavourable consumer attitudes towards loud brands, the less likely are the chances of buying loud brands.

Likewise, the more favourable consumer attitudes toward quiet brands are, the higher the chance that consumer will buy quiet brands. Correspondingly, the more unfavourable consumer attitudes towards quiet brands, the less likely are the chances of buying quiet brands.

Additionally, Miniard and Cohen (1983) study disclosed that social and personality antecedents have been established to have an influence on consumer decision making towards purchase intention.

2.5. Summary

This chapter covered the prior research and literature on the specific area related to the undertaken subject of luxury brands. These literatures will be the supportive evidence of the postulated hypotheses of the following chapter.

