

## **An Assessment of Factors Influencing Personal Luxury Brands Consumption in Malaysia**

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### **ABSTRACT**

*The study was designed to understand the concepts and factors that influence the purchase of luxury goods among Malaysians. This study presents a conceptual model based on previous studies. Among the important keywords are demographic profile, economic factor, and motivations to purchase the luxury goods. A total of 300 sets of questionnaires were proposed for distribution and the data will be analyzed using SEM software.*

### **INTRODUCTION**

Maslow's hierarchy of needs theory which was formulated in 1940 [1] was based on the notion of a universal hierarchy of human needs, where human beings would seek for a higher-level need once the lower level needs are fully satisfied. After the war when bread and butter issues and filling empty, rumbling stomachs are the order of the day possession of luxury goods are distant and foreign to the minds of the common people. At the end of the 20th century as countries progressed and prosper resulting in better provisions of education and job opportunities to their citizens, consumers' preferences were directed to goods and lifestyles which they could only afford to dream and fantasize about before. The high increase in disposal income and associated earnings among members of societies today have greatly influenced their spending habits and pattern. There exists a huge urge among the different social classes to possess goods they desire and want, not need.

The popular Maslow's hierarchy of needs theory could also be expanded when it comes to shopping. When the lower level of needs in the form of elementary purchases are met, people shop on a higher plane to satisfy the higher level of need by purchasing branded and luxury goods [2]. In the beginning of time people shop for dollar value. They shop for needed goods and services. Shoppers act in a way that makes sense from the economic logical point of view. But many modern shoppers today made purchases for a number of inconceivable and incomprehensible reasons. Another motivation theory by psychologist Sigmund Freud assumed that people are largely unconscious about the real psychological forces that shaped their buying behavior [3]. Freud's theory suggests that some people's purchase decisions are affected by subconscious motives that they themselves do not understand. Some buy expensive things to make a statement or to show off their personality. And there were those who buy expensive things simply to boost their self esteem. While some people shop to reward themselves or to satisfy their psychological needs there were those who buy things simply because they are expensive [2].

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## LITERATURE REVIEW

Luxury goods are always associated with brand names, brand image and brand identity. Brand names are a source of differentiation. To possess a branded luxury good is an attempt to differentiate oneself from the masses. Consumers desire luxury brands which extend beyond their functions. Luxury brands provide perceived status through ownership [4]. The premium prices charged for luxury brands and the scarcity in availability further established the exclusivity and prestige of their owners. The 'haves' in the society take pride in owning such life luxuries but the segment in society which could ill afford the elusive luxury goods or the 'have nots' would fulfill their desires through possession of fakes or imitation goods of the desired luxury brands. In furtherance brand prominence which reflect the variation in product conspicuousness through its visible markings help consumers observe and recognize the specific brand. Brand prominence help manufacturers to produce products with 'loud' or conspicuous branding as compared to 'quiet' or discreet branding [5]. Quiet branded luxury goods costs so much more than the loud branded luxury goods and these goods are savored by the upper class in any society.

Almost every society has some form of social class structure. Social scientists have identified seven typical social classes [3] under four main categories i.e. the Upper Class, the Middle Class, the Working Class and the Lower Class. The Upper Class is further categorized as the Upper Uppers, the social elites who live on inherited wealth and family status, and the Lower Uppers who earned their wealth through exceptional ability. Under the category of the Middle Class, the Middle Uppers are the professionals, businesspersons and corporate managers who possess neither family status nor unusual wealth but want the better things in life and the Middle Class who are the average-pay white and blue collar workers and live on the 'better side of town'. The Working Class depend heavily on relatives for economic and emotional support and the Lower Class is made up of the Upper Lowerers who are the working poor whose standard of living is just above poverty but strive toward a better life and the Lower Lowerers who are visibly poor and some depend on public assistance.

During the middle ages there were sumptuary laws which specified what each social class was permitted and forbidden to wear [5], including the maximum price of a clothing. The rationale was to preserve particular fabrics for certain social class and to distinguish them from the rest of the society members. But by the eighteenth century, due to the indistinguishable partitions of the social classes all the sumptuary laws were repealed. Today anyone can own a purse, a watch or a pair of shoes but specific brands of those items distinguished certain classes of consumers from the others. In their study [5], there were four groups labeled as the four Ps of luxury : Patricians and the Parvenus (the 'haves') who are not unlike the Upper Uppers and the Lower Uppers respectively and the Poseurs and the Proletarians (the 'have-nots') who are quite similar to the Middle Class and the Working Class respectively.

The Upper Uppers in society generally prefer quiet product branding, avoiding obvious signals which separate them from the other classes of consumers. They are not loud or conspicuous in consuming goods with brand prominence as it is not their intention to crave for status which is already their birthright. This group of people who are in the highest echelon in society do not even crave to be seen in public and they usually venture abroad for business and leisure. The Lower Uppers on the other hand use loud signals as they crave for status, purchasing luxury goods with markings which shout they are beyond the reach of those below them. They prefer loud branding to associate themselves with the other 'haves' and dissociating themselves from the 'have-nots'. As for The Middle Class, they have high motivation to consume for the sake of status. They do not have the financial means to own authentic luxury goods but they yearn to associate themselves with the Middle Uppers. To achieve this, they buy counterfeit luxury goods as cheap substitutes for the originals.

Moreover, counterfeits allow the Middle Class to pay less for the perceived status they yearn while not having to pay for the quality [6]. Counterfeits serve the Middle Class well who aspire to own luxury goods but are unwilling or unable to pay for the real thing. The much-discounted price for goods which are copies of the original luxury goods are so appealing to them that they are oblivious to the legal implications of possessing the counterfeit products. The Middle Class crave for status associated with prestigious brands but only the louder goods are appealing to this class and these offering have a higher demand among them as compared to the quieter goods. The fear of being ridiculed obviously prevent them from seeking goods which are blatantly beyond their reach. On the last rung of the society ladder is the Working Class who are less affluent consumers and less status conscious. They are simply not driven to seek possession of luxury goods as their main life concern is to have a roof over their heads and to keep food on the table. The main goals in their lives are to remain in their jobs and provide for their families. Owning luxury goods pose no meaning in their lives and they don't yearn for things they know they could not have or dared to dream of possessing. The growth of international tourism and the emergence of international middle class have spurred the growth of global luxury markets [7]. Age-old perceptions and long held beliefs that local products are of inferior quality have motivated the Upper Classes in most Asian societies to seek for foreign branded luxury products whenever they travel abroad for business or leisure. Top world cities associated to famous and branded luxury goods such as Milan, London and Paris were the favorite shopping havens for these social elites. But exports of luxury goods are more geographically diversified and less sensitive to distance now [8]. It is predicted that more trades in luxury goods between countries with high income per capita [9] would give rise to higher availability of these coveted products to more classes of the 'haves' in society.

### CONCEPTUAL MODEL

Research model will test the relations between three constructs representing demographic profile (education and income level), economic factor (currency) and motivations (status, ostentations/Veblen effect, uniqueness/Snob effect, conformity/Bandwagon, emotional/Hedonism, quality/Perfectionism) that have an effect on the purchase intent of luxury brands goods. Other than that, this model will test the moderating roles of demographic profile (education and income level) and economic factor (and currency) in the relationship between motivations and purchase intent of luxury brands goods. Figure 1 presents the proposed conceptual model of this study.

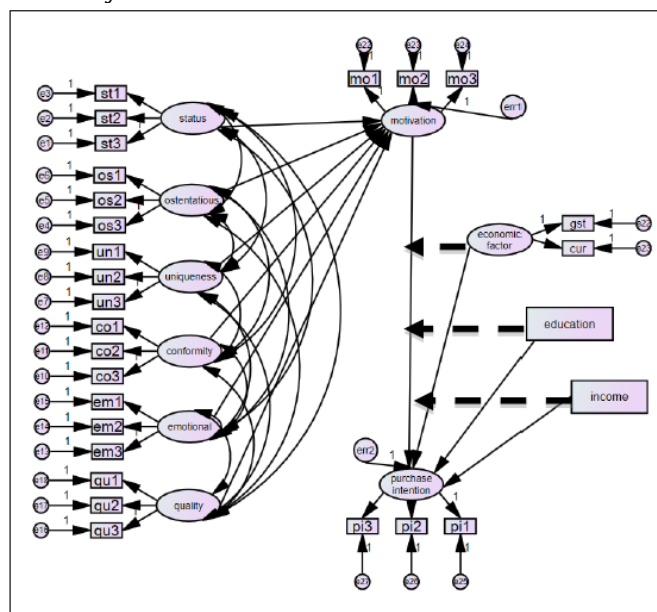


Figure 1. The proposed conceptual model.

## **RESEARCH METHODOLOGY**

### **Data Collection and Procedure**

In order to measure purchase intent of luxury brands goods, respondents including male and female between age group 20 – 50 years will be selected using primary data. To obtain quick and efficient data, the convenience sampling will be chosen to select 300 samples which are the Malaysian shoppers of luxury brands goods. A set of structured questionnaires will prepare and the research will be conducted based on face to face interview with the respondents and the data will be collected.

### **Methods of Data Analysis**

The analysis will be presented according to the objectives of the study. For the first objective will use Two-Way ANOVA that is hypothesis tests comparisons between populations based on multiple characteristics. Meanwhile, multiple linear regression model and moderated regression analysis model has been selected for testing interaction effects association between the dimensions or measured variables using the Structural Equation Modelling (SEM). The Structural Equation Modeling or popularly known as SEM will be used in this study that is a statistical technique for estimating and testing the inter-relationships among variables simultaneously. The inter-relationships among variables could either be correlational or causal relationships. The Structural Equation Modelling technique employs the combination of statistical data and the correlational or causal assumptions. SEM is a more powerful statistical technique available to solve the following requirements:

- a) Running the Confirmatory Factor Analysis (CFA)
- b) Analyzing multiple regression models simultaneously
- c) Analyzing regressions with multicollinearity problem
- d) Analyzing the path analysis with multiple dependents
- e) Analyzing the correlations and covariance in a model
- f) Modelling the inter-relationships among variables in a model

The data was analyzed using SPSS and AMOS. AMOS (Analysis of Moment Structures) is software developed specifically meant for analyzing the Structural Equation Modelling or SEM which enables to analyze the inter-relationships among constructs having multiple indicators effectively, accurately and efficiently.

## **SUMMARY**

This study will propose on how marketers and luxury brand managers can develop effective marketing strategies and programs to influence consumer's purchase intention towards personal luxury fashion brands in Malaysia. Marketers can also apply the conspicuous consumption behaviour for other luxury product categories and service industries. In addition, this study demonstrates the adaptation and incorporation of two theories, the Maslow's Theory and the Freud's Theory to examine the determinants that influence Malaysia consumers' purchase intention towards conspicuous luxury fashion goods. Further study should consider samples from Western countries as such comparison will help authors understand managerial implication and customer buying patterns among different countries.

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