

**Factors Influencing Consumer Buying Behaviour of
Luxury Branded Goods**

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ABSTRAK

Pada masa dahulu pengguna membeli-belah berdasarkan nilai mata wang, iaitu pembelian are untuk mendapatkan barangan atau perkhidmatan yang diperlukan sahaja. Akan tetapi, pengguna masa sekarang membeli-belah untuk menghargai diri sendiri, bagi memuaskan keperluan psikologi atau pun untuk memuaskan nafsu diri sendiri. Pengguna masa sekarang membeli untuk membuktikan sesuatu, menampilkan personalitinya atau meningkatkan rasa keyakinan sendiri. Barangan yang dibeli kini menjadi pengesahan kesedaran. Kajian dijalankan adalah tertumpu kepada bagaimana tingkah laku pembelian barangan mewah oleh pengguna. Kajian bertujuan memahami pertalian antara pembolehubah bebas (Harga, Tangapan Kualiti, Tangapan Status Sosial dan Kesetiaan Jenama) dan pembolehubah perantaraan (Pendapatan) dengan pembolehubah tetap (Tabii Pembelian Pengguna). Satu soal-selidik disediakan berdasarkan adaptasi dari kajian terdahulu bagi topik yang sama. Soal-selidik dimajukan kepada 200 pengguna melalui pemyebaran email secara besar-besaran kepada rakan sekerja dan kawan. Jawapan soal-selidik di kembalikan dan dianalisis menggunakan perisian SPSS. Keputusan analisis menunjukkan bahawa terdapat pertalian secara signifikan Tangapan Status Sosial dan Kesetiaan Jenama dengan Tabii Pembelian Pengguna yang mana Harga dan Tangapan Kualiti didapati tidak mempunyai pertalian secara signifikan dengan Tabii Pembelian Pengguna. Keputusan juga menunjukkan bahawa terdapat interaksi yang signifikan terhadap pembolehubah pengantara, Pendapatan denga Harga, Tangapan Kualiti dan Tangapan Status Social dengan Tabii Pembelian Pengguna. Sepertimana dengan kajian-kajian yang lain, perwakilan populasi adalah tidak cukup besar untuk mewakili kesemua populasi yang di ingini. Oleh yang demikian, terdapat ruang untuk pembaikan kajian.

ABSTRACT

In the earlier years, consumer shopping is based on dollar value, which shopping is about acquiring needed goods and service. However, modern shoppers buy this to reward themselves, to satisfy psychological needs or to make themselves feel good. Modern shoppers buy things to make a statement, to show off their personality or to boost their self-esteem. Purchased item have become an affirmation of the psyche. The study was conducted to focus on how consumer buying behaviour reacts with regards luxury branded goods. The study also would like to understand further whether is there any interaction between the independent variable (Price, Perceived Quality, Perceived Societal Status and Brand Loyalty) and moderating variable (Income) with the dependent variable (Consumer Buying Behaviour). A survey questionnaire was developed using adaptation from earlier study done on the similar topic. Survey question was administered to 200 respondents via mass mailing of email to friends and colleagues and response was collected and analysed using Statistical Package for Social Science in short SPSS. Analysis result shows that Perceived Social Status and Brand Loyalty are significantly related to the factors affecting Consumer Buying Behaviour where Price and Perceived Quality were significantly related. Result of SPSS analysis indicated that monthly Income does not moderate the interactions between the independent variable, Brand Loyalty and dependent variable, Consumer Buying Behaviour. As for most research, the sample population was not large and diverse enough to fully represent the entire population. Hence there is still room for improvement.

CHAPTER 1

Introduction

1.1 Introduction

A set of ideas that made sense a century ago shaped the modern perspective on shopping. Some of these old-fashioned ideas are people shop for dollar value, which shopping decisions make practical sense or that shopping is mostly about acquiring needed goods and services. The new mode of thought in the shopping environment is no longer sufficient to identify simple customer demand and try to satisfy them. Modern shoppers buy things to reward themselves, to satisfy psychological needs or to make themselves feel good. Modern shoppers buy things because they are expensive. They buy things to make a statement, to show off their personality or to boost their self-esteem. Purchased items have become an affirmation of the psyche. Retailers need to change in order to suit the modern shopping behaviour. It is no longer sufficient to see a shopper as a rational creature making decisions. It is no longer enough to think that the shopper acts in a way that makes sense from an economic or logical point of view (Pooler, 2003).

Shopping itself is a form of self-expression. People define themselves through their shopping. How they shop, where they shop and what they buy serves the purposes of letting people express their desires, their needs and personalities. Shopping gives people a sense of accomplishment. For many, it gives life a sense, a purpose, value and a function. The successful shopper feels a sensation of satisfaction, execution and fulfilment. Shopping for emotional and psychological reasons has become the new mantra of modern society. In 1940, Abraham Maslow invented a new

way to look at how people live, how they order their priorities and set their goals in life. Maslow suggested that life consists of five levels which range from elementary where we satisfy the most basic needs, like food and shelter to where we satisfy our highest psychological needs, like those for inner emotional fulfilment. Maslow Theory of Needs suggested that higher needs can only be fulfilled once the lower needs are met (Pooler, 2003). According to Pooler (2003), he also argued that when it comes to shopping, our lower level needs have being met and that we're shopping on a higher plane, where a higher level of needs is being satisfied. To aid the decision making, a brand name provides a shorthand device or means of simplifications for their product decisions (Keller, Aperia & Georgeson, 2008).

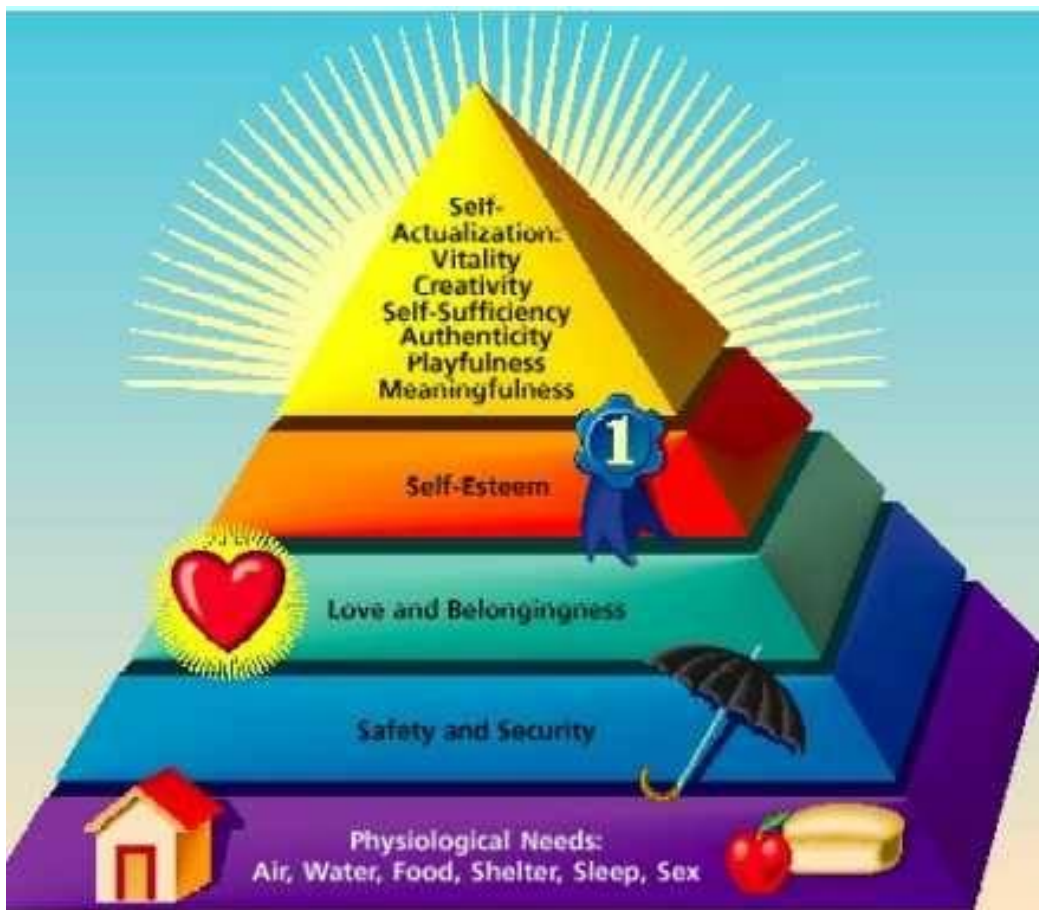


Figure 1.1, Maslow's hierarchy of needs (D'arby, 2009)

1.1.1 Branding

Branding has been around for centuries as a way to distinguish the goods of one producer from those of another. In fact the word brand is derived from the Old Norse word brand, which means ‘to burn’, as brands were and still are the means by which owners of livestock mark their animal to identify them (Keller *et al.*, 2008). History of brand can be found back to brick makers in ancient Egypt whom had being said to put symbols on their bricks to identify them. The earliest signs of branding in Europe were the medieval guilds’ effort to require craftsmen and craftswomen to put trademarks on their products to protect themselves and consumer against imitation and inferior quality. Where else the United States, cattle ranchers would brand their livestock to more easily identify them. As time goes, manufacturer began to burn their identities onto the barrels that carry their products using a branding iron. The Guinness harp and the Bass red triangle are among the world’s oldest registered trademarks, being the first registered in 1876. (Batey, 2008)

According to the American Marketing Association (AMA), a brand is a ‘name term, sign, symbol or design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition’. However, to many, a brand functions is to create awareness, reputation, prominence and so on in the marketplace (Keller *et al.* 2008). However, the definition of brand as offered in the Journal of Marketing Management by Professor Peter Doyle of Warwick University: “A name, symbol, design, or some combination which identifies the product of a particular organization as having a substantial, differentiated advantage” (O’Malley, 1991). Another definition by Kapferer (2004) says that a brand is a set of mental associations, held by the customer, which add to

the perceived value of a product or service. These associations should be unique (exclusive), strong (salient), and positive (desirable). To many, a brand suggests the best choice, while others see a brand as something the customer knows and will react to. Brand is not a trademark or a reputation. Brands are complex intangibles whose character is a property that emerges from a blend of attributes, some of them seemingly insignificant. It is sum of all information about a product, a service or a firm that is communicated by its name (Abrahams, 2008) and to better understand we need to evaluate how brand works.

1.1.2 Brand function

From the moment a potential customer meets you, views your business card, visits your website, or walks into your office, the building of your brand is at work. Without a solid brand, customers are confused, resources are wasted, and customers won't have the confidence they need to hire you. Getting branding right can make all the difference, and help you grow your company, your assets, and your image (Gumas, 2009).

Over the last decade, firms have markedly increased their investments in the creation and development of brands. In fact, in most economic sectors a gradual brand generalization can be observed, even in those markets that have traditionally been more reluctant to use them (as is the case of food and agriculture or high tech product markets). The creation of a brand implies communicating a certain brand image in such a way that all the firm's target groups link such a brand (and thus the products sold using its name) with a set of associations. Brand equity research in marketing, is

rooted in cognitive psychology and focuses on consumer cognitive processes. Thus, this view of brand equity proposes that:

- the brand creates value for both the consumer and the firm;
- the brand provides value to the firm by generating value for the consumers; and
- consumers brand associations are a key element in brand equity formation and management (Belen del Rio, Vazquez & Iglesias, 2001).

Bromley (1993) in Ataman and Ulengin, (2003) state that consumer behaviour are governed by various factors which include their needs and desires, their attitudes and expectations, their understanding of what is available, their financial resources and their decisions processes. The relationship between the consumer and the brand, consumer's perceptions of that brand, is the key to brand acceptance. According to Ataman and Ulengin (2003), the strength of the relationship between the consumer and the brand will reflect the fit between the consumer's own physical and psychological needs and the brand's functional attributes and symbolic values as perceived by the consumer (Hankinson & Cowking, 1993).

1.1.3 Brand Associations

Brand associations may take many different forms. They range from the concrete to the abstract, from the conscious to the unconscious, the direct to indirect. Direct associations are those that occur directly between two elements without the need or presence of a third, intermediary element. Indirect associations are what lead to associative chains, where elements are linked together thorough one or more intermediary elements. Brand associations are categorised into three significant

groupings: attributes (product-related or non-product-related), benefits (assist in consumer decision making process) and attitudes (consumers' affective responses to a brand) (Batey, 2008).

Brands have a number of types of associations and must be accounted for all in marketing decisions. Not only are there many different types of associations to link to the brand, there are many different means of creating them. By creating perceived difference between products through branding and developing a loyal consumer franchise, marketers create value that can translate into financial profits for a firm. Therefore, brand is a product that one adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. These differences may be rational and tangible or more symbolic, emotional and intangible. Brand can generate consumer interest, patronage and loyalty as consumers learn to expect certain brands and products that help create an image and establish positioning such as luxury brand goods (Keller *et al.*, 2008).

1.1.4 Luxury Goods

According to the Oxford American Dictionary, luxury is the state of great comfort and extravagant living. This is truly what every individual craves for. The concept of luxury is limited to each individual and what luxury means for them. In general luxury goods are highly priced products often in the niche market of goods. Individuals purchase these goods for different purposes. These could include diamond engagement ring, self-rewarding with Louis Vuitton bag or expensive car to match the neighbour's BMW. The concept of "luxury" is commonly used with different and often contradicting meanings; hence Danet, Stucky, Feldmeth, Hales and Ricca from

Interbrand (2008) provide an ultimate, in-depth definition of a luxury brand. A luxury brand must:

- i. Sit within a tier of a consumer-facing category that seemingly demonstrates price insensitivity.
- ii. Show that being expensive is of neutral or even positive impact to their image.
- iii. Demonstrate that perceived price has a low role among drivers of purchase.

Luxury brands have a heightened status that affords an opportunity for their owners to charge premium prices (Jackson & Haid, 2002). These brands possess a desirability that extends beyond their function and which provide the user with a perceived status through ownership. Their appeal and desirability is as a result of their constructed scarcity in availability (through enforcement of restrictions on distributions) and because of their associations with particular consumer segments (Moore & Birtwistle, 2005). Phau and Prendergast (2001) in Moore, and Birtwistle, (2005) proposed four central features of a luxury brand as perceived exclusivity; well recognised brand identity; high levels of brand awareness and strong sales and customer patronage. Luxury is of lately associated with experience, authenticity and emotion while the concept of having the best that money can buy slowly declining (CONSUMER INSIGHT, 2006). The main concept of luxury goods is the prestige the brand name provides to its bearer. Hence these goods have a very exclusive symbolic value.

As such there are various factors that involve in the consumptions of luxury branded goods. Therefore, it's believed that price, perceived quality, societal status and brand loyalty are the factors that influence consumer behaviour in the consumptions of luxury branded goods with income level as the moderator factor.

1.2 Problem Statement

The motives for acquiring luxury brands were traditionally regarded as constrainable to the notion of 'buying to impress others', which still more or less serves a strategic principle for the marketing management of luxury brands (Tsai, 2005). With the expanding business of luxury market, as reported in *The Star* newspaper, that global luxury demand is expected to be worth US\$880mil in 2010 citing based on Boston Consulting Group's outlook (*The Star*, 2009) it's important to understand on consumer behaviour in buying luxury branded goods.

Thus this study intends to evaluate whether premium price of luxury branded goods influence the buying decision of consumer. An earlier study has also being done how branding strategy affects the consumer buying behaviour for high technology products (Hamann, Williams, & Omar, 2007) therefore the focus will be on luxury branded goods.

Studies were also conducted on parental influence on the purchasing of luxury brand of infant apparel in Hong Kong (Prendergast & Wong, 2003). It's perceived that buying products with established brand name are associated with the quality the brand represents. (Orth, McDaniel, Shellhammer, & Lopetcharat, 2004). Thus this

study intended to find out whether perceived quality associated with the luxury brand will impact the consumer buying behaviour..

Darian (1998) also suggest that buying luxury brands reflects favourably on the financial status and to impress others via the appearance of their purchase. Study will see whether societal status of consuming luxury branded goods will influence the consumer behaviour.

Brand loyalty through powerful brand identity creates a major competitive advantage; a well recognized brand encourages repeat purchases (Porter & Claycomb, 1997). This study intended to evaluate whether brand loyalty will influence consumer buying behaviour of luxury branded goods.

Larger discretionary income available at their disposal will definitely create impact in luxury buying behaviour (Husic & Cicic, 2008). Thus it is believed that monthly salary may moderate the consumer behaviour in consumption of luxury branded goods.

1.3 Research Objectives

This study intends to find out if consumer buying behaviour are influenced by factors such as premium price of luxury branded goods, perceived quality of luxury branded goods, societal status and brand loyalty associated with the consumption of luxury brand. This study also intended to investigate whether income will have any moderation effect on consumer buying behaviour. Although an earlier study has being conducted on effect of price on consumer buying behaviour but it was focused on

high technology products (Hamann *et al.*, 2007). Thus this study will then focus on price of luxury branded goods. This study also intended to evaluate whether perceived qualities of the luxury branded goods have influence on the buying decision of consumer. It is also intended to determine whether the high quality standards of luxury branded goods are the reasoning consumers opt for the luxury branded goods over the store-brands brands. Affiliations of social status of acquiring certain luxury branded goods will also be studied to understand whether consumer buying luxury branded goods just for the matter of being affiliate with certain quarters of people having the same luxury brand of goods. This study also will also evaluate whether brand loyalty of luxury brand will influence the buying decision of consumer. Income status of consumer are also evaluate whether income level have moderating effect in buying decision of luxury branded goods. The study intends to find whether consumer of low-income good will abstinence from buying luxury branded goods.-

1.4 Research Question

The purposes of this study are to evaluate how branding and its branding strategy are impacting on consumer buying behaviour. In evaluating the statement, this study attempts to answer the following questions:

- Does premium price influence buying behaviour of consumer of luxury branded goods?
- Does perceived quality associated with the brand will influence the influence buying behaviour of consumer of luxury branded goods?
- Does social status of owning a luxury branded goods influence the buying behaviour of consumer of luxury branded goods?

- Does brand loyalty will influence the buying behaviour of consumer of luxury branded goods?
- Does income level will moderate the buying behaviour of consumer of luxury branded goods?

1.5 Significance of the Study

This study is to explore the relations between variables that affect the buying decision of consumer on luxury brand. Understanding of variables such as price, quality and societal status will be able to help further understand how these variables affect the decision making of consumer.

This study will help the present Marketing Managers to better reposition their branding and advertising strategy to capture the correct target market to boost the sales in times where economy are at a challenge.

With such study, the impact on advertisement is clearly an influential media to promote branding of products and variables that influence buying decisions is surely a focus to ensure the Marketing Communications are done correctly and effectively. Ensuring effective execution of strategy are by understanding how variables such as pricing, quality, perceived societal status and brand loyalty can influence consumer buying behaviour of luxury branded goods.

1.6 Structure of the thesis

The proposed thesis will consist of five chapters, in addition to executive summary and abstracts. The first chapter will delve into the branding and luxury

goods with introduction to the topic and by explaining the background to the study. It is also relevant to introduce the purpose of the study, central concepts and explain what significance the study has. First chapter also establishes the research objective as well as problem statement supported by research questions. In addition the structure of the thesis is explained.

The second chapter will be inclusive of the literature review. Essential supporting literature is critically evaluated to find central concepts relevant to the current research. The second chapter also lays down the groundwork for the following chapters as the following theoretical framework is derived from the previous literature.

Chapter three will present the theoretical framework of the research. It introduces the research model and the related variables. These variables and their measurement are then explained with detail. The research hypotheses are formulated in the respected chapter. Finally the research design, sampling and data collection methods are all explained with further detail.

Chapter four revolves around data analysis and respected findings. These findings are then further analysed and brought into context of the research. Finally these findings are summarised and critically evaluated.

The fifth chapter will consist of conclusive arguments and discussion of research limitations. With respect to the current research, future directions are also evaluated.

CHAPTER 2

Literature Review

2.1 Introduction

Brand names are a source of differentiation. Kohli and Thakor (1997) once said that consumer buy brand names and are willing to pay a premium for them, consumer do not buy jeans; they buy Levi's, they do not buy sunglasses; they buy Ray Ban and they do not buy sparkling water; they buy Perrier. Branding does influence a consumer's choice. The approval rating for Kellogg's Corn Flakes increased from 47 percent in a "blind" test to 59 percent when the name was revealed (Saporito, 1986) cited in Kohli and Thakor (1997). Similarly, preference for Armstrong tiles increased from 50 percent in a blind test to 90 percent when the name was revealed (Aaker, 1991) cited in Kohli and Thakor (1997). In a study conducted by BBDO Worldwide, one of the leading advertising agencies, consumers believed that there were greater differences between brands in product categories that emphasized image in comparison to product categories where physical attributes were emphasized (BBDO Worldwide, 1988). Thus, people feel there is more variation between the various brands of mineral water and less variation between the various brands of paper towel. In reality, however, this need not be true (Kohli & Thakor, 1997).

2.2 Brand

Brand names may also provide a source of differentiation for other reasons. The pace of today's technology change has made it difficult to differentiate purely on physical attributes. Consider the various brands of televisions, video cassette recorders and personal computers. It is ironic that in such technologically

sophisticated products, the similarity between different brands is not unlike the similarity between various brands of gasoline. They have become commodity items (Kohli & Thakor, 1997).

Today brands play an integral part in marketing strategy in capturing consumer attention. This is because brands have become an important marketing component to the manufacturer and a rich source of information for consumer. For the manufacturer, brands provide a means of identifications for ease of handling and tracing, a means of legal protection of unique features and of endowing products with unique associations. Furthermore, brands signal quality levels to consumer and can be effectively used to gain competitive advantage, derive satisfaction from product consumption and secure financial returns. To the consumer, a brand identifies the source of the product, which in turn, assigns responsibility to the product maker and provides a promise or bond with the maker of the product (Keller *et al.*, 2008).

2.2.1 Definition of Brand

One definition for a brand has been offered in the Journal of Marketing Management by Professor Peter Doyle of Warwick University: “A name, symbol, design, or some combination which identifies the product of a particular organization as having a substantial, differentiated advantage” (O’Malley, 1991). Another definition by Kapferer (2004) says that a brand is a set of mental associations, held by the customer, which add to the perceived value of a product or service. These associations should be unique (exclusive), strong (salient), and positive (desirable). To many, a brand suggests the best choice, while others see a brand as something the customer knows and will react to. Despite the formal definition, the purpose of

branding is essentially to build the product's image (Cleary, 1981). This image will influence the perceived worth of the product and will increase the brand's value to the customer, leading to brand loyalty (The Economist, 1988).

Organizations develop brands as a way to attract and keep customers by promoting value, image, prestige, or lifestyle. By using a particular brand, a consumer can cement a positive image. Brands can also reduce the risk consumers' face when buying something that they know little about. Branding is a technique to build a sustainable, differential advantage by playing on the nature of human beings. Only humans can attach meaning and feeling to inanimate objects and a random collection of symbols, which suggests the appeal of branding, is not entirely rational (O'Malley, 1991). Once consumers become accustomed to a certain brand, they do not readily accept substitutes. Organizations seek ways to take full advantage of this human trait – thus the popularity of branding (Rooney, 1995).

2.2.2 Brand Image

As brand equity has emerged as a business priority and marketing imperative, so too has the need to understand and manage brand associations. The result has been the development of conceptual models of branding by academics and practitioners. While these models have been beneficial in simplifying brand complexity into a manageable number of components, they are inconsistent in their terminology, brand element segmentation, weighting assigned to specific elements, and relationships between the elements (Grace & O'Cass, 2002).

Disparities arising through differences in conceptual segmentation and weightings, and terminology aside, these models have made a significant contribution to our general understanding of branding issues. However, these branding models largely are a result of the synthesis of information gained from the experiences and perceptions of brand practitioners. Although valuable information can be gained by understanding brands through those who work closely with them, (brand managers and consultants) the true significance of brands can only be seen through the eyes of the beholder, i.e. the consumer. Consequently, the effectiveness of marketing stimuli becomes subservient to consumer brand knowledge residing in the minds of consumers, thus highlighting the importance of understanding the brand knowledge construct. As a result, an attempt to define consumer brand knowledge, from the consumer's perspective, was made by Keller in 1993 and later modified in 1998 and is shown in Figure 1 (Grace & O'Cass, 2002).

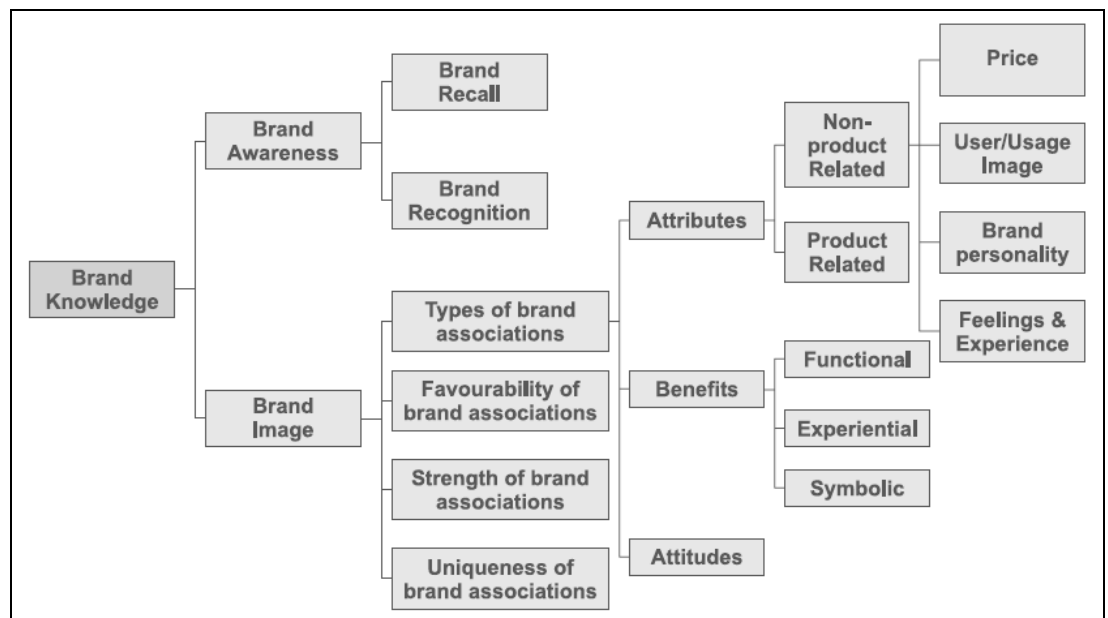


Figure 2.1, Brand Knowledge (Keller, 1998, p. 94)

Keller's (1998) model proposes that brand knowledge is comprised of brand awareness (brand recognition and recall achieved through marketing stimuli), and brand image. Brand image is said to result from the favourability, strength, uniqueness, and types of brand associations held by the consumer. Within the model, Keller (1998) depicts various types of brand associations such as attributes (product-related and non-product related), benefits (functional, experiential and symbolic) and attitudes. In particular, non-product attributes are categorized into:

- price,
- user/usage imagery,
- brand personality, and
- feelings and experiences

The approach of company is directed towards the improvement of marketing activity, connected with strategies of brand positioning and retaining of a positive brand image. Consumer's approach is based on a consumer's attitude towards the interpretation of brand image and brand equity. The significance of brand in the market is influenced by company's ability to evaluate the fact how consumers interpret brand image and company's ability to manage the strategy of brand positioning, adequately revealing brand's equity to a consumer. The table below indicates brand image conceptions of various scientists that are used while analyzing the conception of brand image (Janonis, & Virvilaitė, 2007).

Table 2.1
Conceptions of brand image

Source	Main meaning	Conceptions of brand image
Park (1986)	Functional, symbolic and experience image	Brand image is not a simple phenomenon of understanding, affected by communication activity of the company. This is a consumer's understanding of a complete brand set, developed by a company.
Keller (1998)	Conception	Brand conception, reflecting associations of a consumer's conscious.
Aaker (2002)	Associations	How is a brand conceived by a consumer

Source: Janonis, and Virvilaitė, 2007: 79

Brand image associations classifications by G. Hankinson's (2005) groups the majority of the models group-into two categories: functional associations that indicate tangible features of good; and emotional or symbolic associations that reveal intangible features, reflecting consumer's effect on social approval, self-expression or self-esteem. Other authors indicate the third category, defined as experience (Janonis, & Virvilaitė, 2007).

2.2.3 Brand Functions

Product functions are associations related to the physical or tangible attributes, and so are present in all products, even in those sold without a brand or with an unknown brand. Brand functions, on the other hand, are associations related to intangible attributes or images added to the product thanks to its brand name, that is, they represent benefits that can only be obtained from products with a brand. Brand functions are measured through the dimension of guarantee, personal identification, social identification and status (Belen del Rio *et al.*, 2001).

The guarantee function, understanding by this the promise or guarantee of quality, is based on the appraisal that the brand is reliable, efficiently carries out its performance qualities and meets the generated expectations. Similarly, it is fitting to associate this function with the perception that the brand is linked to products with a suitable level of performance and is concerned about conveniently satisfying consumer needs, contributing variety and innovation (Belen del Rio *et al*, 2001). This dimension implies viewing the brand as a promised of future performance which has to be consistently accomplished if the company wants the brand to be trusted by the consumer (Delgado-Ballester, E. & Munuera-Aleman, J.L., 2001).

The personal identification function is related to the fact that consumers can identify themselves with some brands and develop feelings of affinity towards them. In the literature on brand influence, a basic theory refers to the congruence between the consumer's behaviour, his self-image and the product image. This theory is based on the idea that individuals can enrich their self-image through the images of the brands they buy and use. (Belen del Rio *et al*, 2001).

The social identification function is based on the brand's ability to act as a communication instrument allowing the consumer manifesting the desire to be integrated or, on the contrary, to dissociate himself from the groups of individuals that make up his closest social environment (those people with whom he currently interacts or aspires to do so). Consumers interested in this function will positively value those brands that enjoy a good reputation among the groups with which they belong to or aspire to form part of (Belen del Rio *et al*, 2001).

2.2.4 Brand Identity

Defining the development of brand image, it should be marked that a strong brand should have a rich and clear identity, adequately passed to the target market. Image should reveal brand concept together with real experience, corresponding to brand understanding. A recent consumer searches and wants to experience something unique and peculiar, what is associated with a brand. A mismatch of brand image with a consumer's expectations gives a chance to competitors. Brand identity includes the desired meaning of a brand that would be decoded in the target market. Seeking to perform efficiently, brand identity should differ from that of competitors and be developed in a way, comprehensible to consumers (Janonis & Virvilaitė, 2007).

The creation of a brand implies communicating a certain brand image in such a way that all the firm's target groups link such a brand (and thus the products sold using its name) with a set of associations. Brand equity research in marketing, as exemplified by Aaker's (1991, 1996) conceptualization and Keller's (1993, 1998) cited in Grace & O'Cass (2002), framework, is rooted in cognitive psychology and focuses on consumer cognitive processes. Thus, this view of brand equity proposes that:

- The brand creates value for both the consumer and the firm;
- The brand provides value to the firm by generating value for the consumers;
- and
- Consumers' brand associations are a key element in brand equity formation and management. (Belen del Rio *et al*, 2001)

2.2.5 Brand Associations

Brand associations takes up many form from concrete to abstract, from the conscious to the unconscious, the direct to indirect. Direct associations are those that occur directly between two elements without the need or presence of a third, intermediary element while indirect associations are what lead to associative chains, where elements are linked together thorough one or more intermediary elements. Brand associations are categorized into three significant groupings which is attributes, benefits and attitudes (Batey, 2008).

Attributes, as described by Batey (2008) may be product-related such as physical composition of a product and those elements, such as ingredients and design features, which affect product performance or non-product-related such as extrinsic attributes that do not have a direct bearing on product performance, though they mane be very important in the purchasing decision. Utilitarian considerations such as functional benefits and product-related attributes constitute the more concrete and pragmatic meanings of a brand. Non-product-related attributes and elements that are not factual, objective or instrumental underpin the more symbolic meanings of the brand. Products and product-related attribute formed the basis for categorisation in the consumer behaviour, particularly given that most brands were monobrand – that is, based on single products or product types – with specific attributes.

Benefits describe how a brand can solve a problem or offer an opportunity to the consumer or how it can make a consumer’s life easier, more fun, more enjoyable or more meaningful. The differentiating benefits that motivate brand purchase may be functional (as a result of on or more product attributes and the functional utility they

provide), sensorial (physical experience of a brand and derive from its sensorial properties – looks, taste, smell, texture and so forth), expressive (allowing the consumer to express certain values, contributing to a sense of identity) or emotive (positive feelings created in consumers when buying or using a brand often have a symbolic dimension and respond to profound human needs such as the need to be cared for or the need to give and receive love). Strong brands often deliver a combination of those benefits type (Batey, 2008).

According to Batey (2008) brand attitudes are a function of the belief that consumers have with regard to a brand and the degree to which the brand possesses certain attributes or benefits and consumers' evaluative judgement of those beliefs (i.e., how desirable it is that the brand possesses these salient attributes or benefits). Brand attitudes can be seen as consumers' affective response to a brand. Attitudes toward a brand are determined in large part by more rational and functional elements where consumers are likely to be more able to verbalise their attitudes and their reason for them.

2.3 Luxury Brand

Thus this will bring us to the subject of Luxury Brand. The concept of "luxury" is commonly used with different and often contradicting meanings; Danet *et.al.* from Interbrand (2008) provided an ultimate, in-depth definition of a luxury brand. A luxury brand must:

- i. Sit within a tier of a consumer-facing category that seemingly demonstrates price insensitivity.

- ii. Show that being expensive is of neutral or even positive impact to their image.
- iii. Demonstrate that perceived price has a low role among drivers of purchase.

Phau and Prendergast's (2001) cited in Moore and Birtwistle, (2005) comprehensive definition of luxury brands identified four factors characterising luxury brands: luxury brands "evoke exclusivity, have a well known brand identity, enjoy high brand awareness and perceived quality, and retain sales levels and customer loyalty". Luxury brands have a heightened status that affords an opportunity for their owners to charge premium prices (Jackson & Haid, 2002). Nueno and Quelch (1998) defined luxury brands as "those whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high" (Park *et al.*, 2008). Luxury goods or luxury brands are expensive in relative and absolute terms. Moreover, they are identified as such by the market and even more so when one considers them to be "trivial" products, without any clear functional advantage over their "non-luxury" counterparts (Dubois & Duquesne, 1992). These brands possess a desirability that extends beyond their function and which provide the user with a perceived status through ownership. Their appeal and desirability is as a result of their constructed scarcity in availability (usually as a result of enforced restrictions on distribution) and because of their associations with particular consumer segments (Moore & Birtwistle, 2005).

Luxury brands' scarcity value that enables purchasers to differentiate themselves from others (Burns & Brandy, 2001) and global characteristic of recognizable styles or designs as well as the visibly demonstrated self images and social status seem to be used for satisfying consumers' needs for uniqueness.

Therefore, consumer manifestations of uniqueness motivation may be exhibited by acquiring or wearing luxury fashion items, which may help individuals, establish a unique personal identity (Park *et al.*, 2008). O’Cass and Frost (2002) believed that brands have since become a way of self-realisation and identification as consumers move beyond mere consumption of product utility. They now consume the symbolic meaning the brands represent (Phau, Sequeira & Dix, 2009). It’s reported in *The Star* newspaper, that global luxury demand is expected to be worth US\$880mil in 2010 citing based on Boston Consulting Group’s outlook (*The Star*, 2009). There may be various factor that influence in luxury brand consumptions by consumers however, for the purpose of this study factors such as price, quality, social status, brand loyalty and income level are the focus to be evaluated.

2.3.1 Price

In traditional economics prices have been treated simply as cost, the recognition that a price serves to inform the consumer about the good is more if recent origin (East, 1997). Price, one of the non-product attribute of brand associations where it can be an important associations in the formation of brand perceptions, particularly with regard to value and desirability and is a criterion by which consumer often segment their knowledge of a market or category (Batey, 2008). High quality products, fancy packaging, exclusive store locations, high retail margins, expensive promotions, advertising campaigns, and brand names are all the contribution to the higher prices of luxury goods. Companies make large investments into these components in order to make their products instantly recognizable and familiar. The luxury products will lose their rarity and exclusivity characteristics if they are not priced high. Luxury goods are expensive in relative and absolute terms. Moreover,