

## **Impact of Perceptual Value of Luxury and Its Significance across Various Culture and Diverse Market**

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**Abstract:** Luxury is more about desired experience and understanding the value as compare to status quo, symbol or trophy. luxury products are easily differentiated with their basic characteristics and give value to the luxury over ordinary products effectively. The characteristics which are included in luxury value is the quality, uniqueness, financial value, aesthetic and status focused. All these features in a luxury product give more high rating as compared to the product with less features. Intangible and situational utility in relative to price is high as compare to the functional utility of the price. Luxury is influenced by individual perception, and individuals' definitions depend upon what they value. This quantitative study, result suggested that each continent is different from each other for luxury value perception in total mean. But, all the basic drivers of functional, individual and financial and social values are important and vital to find the luxury consumption in any part of the world currently. The heterogeneous role of market and characteristics of a product plays a vital role to implement strategies effectively to influence the luxury consumers around the world. Luxury Value perception can easily be increased by the development of individual social standard which makes them pleasant in the environment. It is more about satisfying the need of consumer psychology which motivate them to pay desired amount once they are satisfied and give them social superiority in culture. Each consumer priority is different from another in same culture and not only this each continent culture priority is also different as well. Primarily, cultural perceived luxury value either as an individualistic approach or collective which is further develop by the social status quo. Current Literature forced this idea to develop further about the influence of detail understanding about religion and norms in culture, because religion and norms are very much important to cultivate culture in detail. Which help the future of this study to understand luxury perception acceptance in detail in various culture in the world. And in the last, it is assumed that 184 respondents are very low to develop understanding about two big continent and it must be further evaluated among countries which can justify luxury perception more effectively. And significance of cross culture is improved because each country has its own culture driven by different religion and norms.

**Keywords:** Luxury Value Perception, Individual and Financial value, Functional Value, Social Value and Cross Culture.

### **I. Introduction**

Luxury is prominent phenomena around the world specifying to the product and services. Value of luxury product is really difficult to characterized because of the difference in association and meaning to the brand. And these differences of factors can be identified by the experience, environment and character of the consumers. (M. Husic & M.Cicic,2012:232). Luxury products are further classified as unique and rare in very limited edition and really hard to find in long term or not easily available everywhere. Luxury product are superior in quality and gives brand identity to the persona of the consumer. Due to the high price of the product, luxury value is exclusive which leads to limited number of consumers. Luxury product also give personified value to the consumer as well. Because of the various facts and subjective characteristics, it is really hard to define luxury but integrated approach is better to follow then understanding of fact and characteristic of luxury

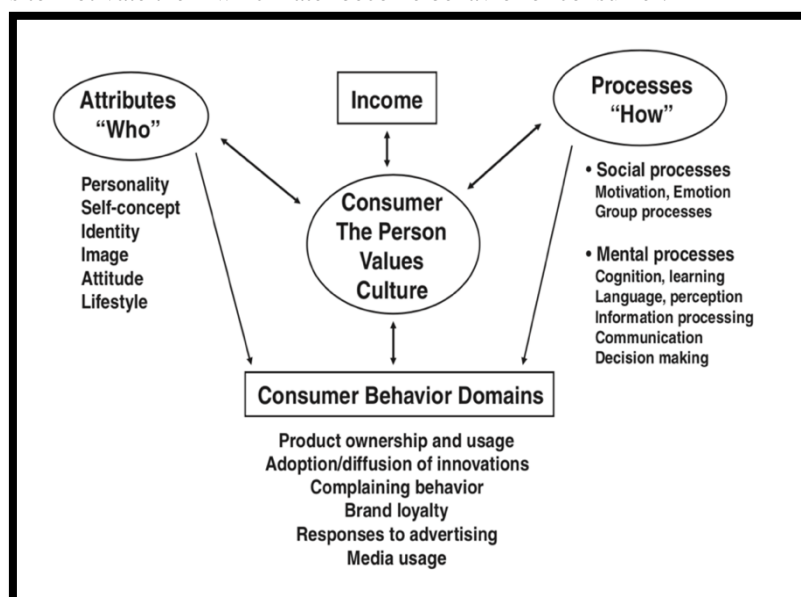
value product. (M. Shubhrabahal & K. Dave,2018:31-32). As compare to the past, currently world is developing private jets, sports automobiles, luxury cruise, wine, shoes, apparel, jewelry, perfume, spa and many more. In a large context majority of the luxury value products belong to fashion and apparel. Whereas, luxury value services include luxury hotels, airline upgrading and tourism are termed as luxury for current consumers. (S. Bahal& K.Dave,2018:34)

### 1.1 Purchase Behavior of Luxury Value

Luxury demand is increasing in recent years, and consumers are understanding the concept of luxury as well. This change is creating a sustainable environment in luxury market, because consumers are more inclined towards eco environment and expect high quality products from market. Change of belief, values and objective of consumers around the globe influenced more towards sustainable luxury environment for the purchase. (S. Jain,2019:130). Previous research on luxury brands suggested that motivations based on self or social identities may serve as a strong reference that influences their purchase intention toward luxury brands (Schade et al., 2016: 315). Other research on social comparisons indicates that individuals use others' approval as a source for self-evaluation and the recognition of brands by others in social relations is an important factor in the context of luxury brand consumptions among young adult consumers (Bian, Q& Forsythe, S, 2012: 1444). Luxury consumers are purchasing the luxury products due to different purpose, some consumers are purchasing due to personal and hedonic factor, some consumers purchase for the interpersonal impact and there are many consumers to impress other as well. Other than this, factor to motivate consumer to purchase luxury product is the perceived value of the luxury brand, because it refers to many other benefits of product from a customer point of view. If we compare purchases, it is found that luxury products give more benefits as compare to non-luxury products and it also increase the purchase intention of consumers as well. (J.Yoo& M.Park,2016: 5776).

### 1.2 Cross-Culture Luxury Value Perception

In recent years, study on the influence of culture on consumer behavior have been in a large number by the global luxury brand researchers. And to add value further in the study, we discuss the different components of cross-cultural consumer behavior in a framework (Figure.1), and this framework was previously discussed by (Mooij,M & Hofstede,G, 2011:182). This figure.1 discuss about the component in culture in relation with consumer attribute and a process. Furthermore, also discuss about the behavior of consumer in a culture. This framework further explains the income effect, which shows that no income will reduce or demolish the consumption of the product. In the context, attribute of a person is also described to identify the impact on consumer value in culture. In between attribution and process personal identification is questioned to know their self being. And summary of the framework to understand how people perceive and think for consumption and what are the factors to motivate them which later become behavior of consumer.



**Figure 1.1:** Cross-Cultural Consumer Behavior Framework

**Source:** (Adapted form Mooij,M & Hofstede,G, 2011:182)

Based on our literature review, identify the three different value dimensions of luxury. Such as, individual and financial value, social value, and functional value of the luxury product. This dimension will help to identify the consumer perception for luxury value. To understand the cross-culture effect on purchase of luxury products. A conceptual model to identify the influence of cross culture and other personal data information on purchase behavior of luxury brands.

## **II. Literature Review**

Luxury value perception is a study of consumer psychology which is associated with premium pricing. It was studied in past that consumer is willing to pay the premium price of the quality product due to its uniqueness, grace, facilities, association and experience. To understand more briefly, marketers targeted holiday services, dinner with ambiance, household, electric goods and latest technology as a higher perception of value. And consumer psychology is perceived these values as a prestige value for these good and services. Importantly, marketers always get extra pay for these experiences, marketers always create differentiate between factors involving luxurious experience and associate it with a brand recognition and use a central driver to consumer driving force for the social status of the individual. (J. Allsopp, 2004:193). Luxury value of product will be on rise when people have more disposable income which create standard to maintain in their life style and increase the social status as well by purchase of a luxury products. (I. Yeoman & U.M Beattie, 2005:322). Global economy is expanded in last two decade and this expansion gives a flourishing result for many countries around the world. This growth of economy helps luxury market to grow as well. With cross culture effective strategies help luxury brands to develop new audience in larger scale. This growth is also further pushed forward with the advancement of fast internet, which help large scale of audience to be develop more efficiently with e commerce advancement around the world. Luxury market expansion is effectively growing rapidly around the world due to increase in disposable income in the middle class. Not only this, successive old consumers growth also helps marketers to make new opportunity in the globalize market. Interestingly, Luxury product expansion is the bright future for the global market to make good profit. Luxury is complex and it is hard to define luxury as well. (Shukla, P, 2010:39). Emergence of global brands help individual to value the globalize market and it is duty of marketers to make awareness and relation with individual who want to get associated with luxury market. (Arnett, J 2002: 776). Rapid growth for the phenomena of Global village is benefitting marketers to make homogenous marketing strategy. Because, currently world is sharing a common consumer behavior and attitude towards the luxury brand value due to global common acceptability for the luxury product. (Cannon & Yaprak, 2001: 24). This is an opportunity for the global marketers to influence global consumers by understanding and research on common consumer psychology and make their luxury product more effective in a globalize world. **Functional Value** (De Barnier et al., 2006:5) in the past also observe the luxury perception in Russia, UK and France. And study found the four common luxury dimension of luxury consumers in all three countries. And luxury consumers in those countries likely to purchase luxury due to product personal history, aesthetics, premium quality and expensiveness. Luxury consumes from UK are purchasing because of luxury atmosphere and functionality of the luxury brand. Whereas, French consume luxury due to conspicuousness and aspiration of the product. In the last Russian consumer were consuming luxury for the functionality of the luxury brand. Consumers luxury segmentation was proposed in a hierarchical structure with the key component of luxury value. In which financial value was counted by the parameters of price value. Whereas, functional value described and interlinked with quality usability and uniqueness of the luxury product. Furthermore, materialism, hedonic, prestige, self-identity and conspicuous are the key element and feature in the in another two components of individual and social values of luxury. It was found that (Wiedman, 2012) research model is more focus on the individual and social values for the customers. And these are indirectly support as the component of symbolic value. Functional value is also described in details in which they emphasis on usability and uniqueness. Additionally, less evidence was found in discussion about the relation between uniqueness of luxury value for customer with the functional value. (J. Choo, Et al, 2012:85). **Individual and Financial** attraction is important for the ideal self than the actual self and that the actual self is associated with attraction only when the participants' actual selves were similar to their ideal selves. Characteristics of brands to attract the consumer is to positive evaluation of luxury product enduring, central and distinctive association with the characteristics. Many consumer purchase luxury products because of the impulsive behavior. And these consumers found it hard on themselves to resist them for the purchase of luxury value due to impulsive buying behavior. And on the other hand, some consumer purchase luxury due to frustration and reimbursement. (Rodrigues, P, et al., 2018:62). Motivation and consumer preference and personal values are the main factor to influence the purchase intention towards the luxury brands. And in some countries, it is acceptable now in Muslim countries in their personal and social value for the acceptance of luxury brand and influence of Islamic principles are in decline (Ashraf.S & et al, 2017:431-432). **Social Value** drive brand manager transforms success

of their brand in a society with communication with consumers who understand the luxury value. Not only this, manager should advertise the key success of their brand until the consumer perceive the value of luxury. This process is also proceeding forward with heroic persona doing ritual. This could also help product to create value in the culture and develop this brand as a drive towards the cultural value with a repetition of advertisement to make value and public relation with the brand. (Srivastava & Sharma,2013:185). A product which gives identification or symbol of position in a group of people will gain potential in international market. This symbol gives more satisfaction in large of people and acceptance of the product which gives more identification in a group people tends to be high.

### **III. Methodology**

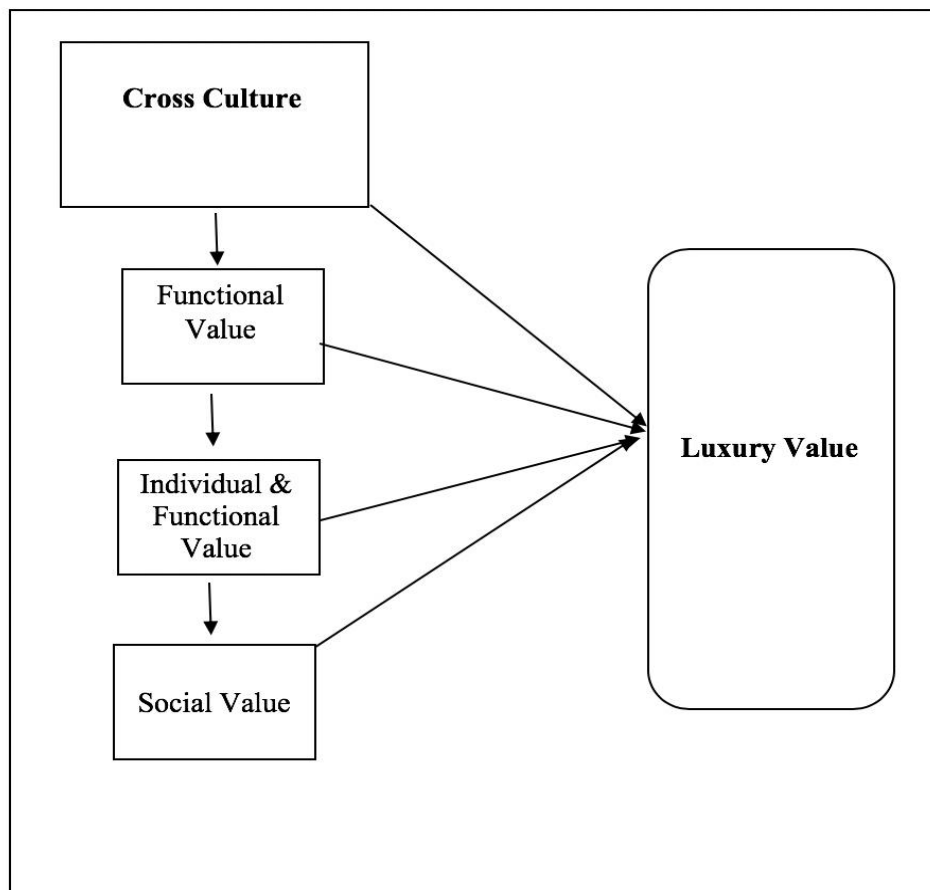
#### **Population and sample:**

In thoughtfulness of the diversity among different cultures across the world, advance exploration should particularly address inquiries of sampling and nation selection that fundamentally impact the capability to know findings and generalize outcomes. In this framework, an example of wealthy customers that are purchasing high-end luxury brands on a regularly basis will increase current information of the values mainly luxury utilization. For the purpose of getting information for the quantitative research, the sample size that the researcher is 200 respondents, they must have a clear information and they should have knowledge about the luxury brand, and they are the buyer of those brands as well. The figures were collected in cooperation from different part of the world: Asia, Europe, Africa, North America, Australia, and finally south America. To improve the uniformity of the respondents among different countries. But further this study is mainly focused by only Asia and European luxury consumers, which further accepted 184 out of 200 for these majority respondents to validate this study.

#### **Data Processing and Analysis:**

This research is focused to know the significance of luxury product and to identify the reason why they want to buy luxury products. What is the cause to buy luxury products in cross-culture environment? How financial, functional, personal, and social dimensions of luxury value perceptions motivate a consumer to buy luxury brand irrespective of their origins. A general demographic question, the second section consists of different question to collect data about the independent variables of this study which are: The Personal Attitude, Functional Value, Individual & Financial Value, Social Value. All questionnaire items were rated on a 5-point Likert scale (1 = strongly agree, 5 = strongly disagree). The IBM SPSS 23rd version software used for the purpose of analyzing the data after collecting it from the questionnaire which is further proceed by the Respondent demographic description which is followed by close ended statement questionnaire to analyze the data. Which is further verified by normality test which suggested as not normal data distribution but the reliability of data is good to analyze the data. Because of the not-normal distribution of data this study analyzed by the non-parametric analysis which is further explored by spearman correlation to find the relation among variables. Furthermore, linear regression to find the variance or significant of each variable for luxury value. And to find the difference of value perception among continent this study analyzes Mann-Whitney Independent T- Test non parametric test to find the difference. And in the last chi square test with friedmen test is used to find the statistical difference among variables.

**Research Framework:**



This Study model is inspired by the (Wiedmann, Et al 2007:07) study, Measuring Consumers' Luxury Value Perception: A Cross-Cultural Framework

**Hypothesis:**

**H1:** Functional value create significant impact on luxury consumption across various continent.

**H2:** Individual and financial value create significant impact on luxury consumption across various continent.

**H3:** Social value create significant impact on luxury consumption across various continent.

**H4:** Luxury Consumption differ among continents.

#### **IV. Results and Discussions**

In this study result is focused on some key parameters to identify importance of this study. This result will further explore the importance of key variables (Functional, Individual and Financial and Social) Values among various culture. This study is explored with a categorical parameter like Age, Gender, Social Status, Civil Status, Education, Income and other source of income which is further distributed among continents to know about the difference of luxury consumption among various culture. Role of categorical data is very important to evaluate the data. This study focused on three key variables, Functional, Individual and Financial and Social values which is further explored to understand the impact of these variables on luxury consumption across two important continent Asia and Europe. This study checks the internal consistency of data among variables with reliability test and all the statistical parameter indicated as good or reliable significant consistency of data among all independent and dependent variable. Furthermore, to check the distribution of data this study use normality test. In which result indicated that data is not normally distributed among variables and we have to use non parametric test further in our study to evaluate the result. As a non-parametric indicator this study further explored the correlation of the data with the spearman model. In which statistical data highlighted the significance of variable and it is further more shows that standard deviation result indicated that majority of respondents are strongly agreed on similar item as well. Which directly validate the correlation among variables and its significance to identify the impact of luxury consumption among various culture. This result also indicate



graph of data is moderately skewed which validate the abnormality of data as we. In this study Result we also identifies each variable significance for luxury value consumption by using the statistical references. And it shows that functional value gives 78 % of variance in luxury consumption which is significantly good to validate the importance of variable to find the impact on luxury consumption among continent. Furthermore, individual and financial value also indicated 78 % variance for luxury consumption which is also good and validate the variable to find out the luxury value consumption. In the last, social value indicated 68 % of variance for luxury consumption which is relatively low as compare to other two variables but as the indicator suggested it good enough to impact the luxury value consumption in this study. As this study last hypothesis indicated the difference of luxury consumption among continent. And to identify the difference we use non parametric The Mann Whitney U Value test and this test result indicated that Asian U value is higher than a Europe. Which is further more P value indicate the .786 to show the difference among continent for the luxury consumption. Furthermore, to find over all mean of variable on luxury we have to use descriptive analysis which indicated all the variable means are strong to validate the importance of variables. Which is indicated more by statistical ANOVA test but as a non-parametric data we use alternative test of Friedmann Test to find the mean of among variables and the result indicate that the mean is differ among variables. Which is validated by the chi square test which shows significance of .321 value. This value indicates that there was statistical difference in the luxury consumption based on functional value, individual and financial value and social value. Discussion on Hypothesis.  $H_1$  = Functional value creates significant impact on luxury consumption across various continent. ANOVA value of 78 % indicate that this hypothesis is accepted and functional value create significant on luxury consumption.  $H_2$ = Individual and Financial value creates significant impact on luxury consumption across various continent. ANOVA value of 78 % indicate that this hypothesis is accepted and Individual and Financial value create significant on luxury consumption.  $H_3$ = Social value creates significant impact on luxury consumption across various continent. ANOVA value of 68 % indicate that this hypothesis is accepted and Social value create significant on luxury consumption.  $H_4$  = Luxury Value consumption differ among continent. The Mann Whitney mean rank of 93.54 for Asian Continent as compare to Europe with mean rank of 91.41 indicate the difference of luxury consumption among continent.

## **V. Conclusion and Limitations**

Luxury value is as important to the current world, and people are tending to purchase more with the time. This is possible due to development of economy, which create leverage for luxury brands to make an impact and to gain more luxury consumers to gain more profit. It is also suggested that Functional value positively influences the consumer's attitude toward the brand extension. And consumers are more positive behavior toward parent brands' personality will be the strong methods to produce brand extension flourishing. Brand personality also may very well be one of resources to let reduced similar brand plug-ins successful. Highlighting the functional value of the frame work, it is found that the individual effect by consumers on the attitude of luxury value consumers and this also impact the social value of the individual attitude as well. Result shows a good relationship between functional and social value on the purchase of luxury value product. These both factors are really important and impact the behavior and influence to purchase more. Furthermore, purchase behavior is also driven by the individual emotions and financial ability to purchase the luxury brand as well. This study expands the formation of perception of consumer for luxury consumption across cultures. And the finding suggest that European consumers relatively higher consumption of luxury and they have better understanding of luxury value among continents. World is flat(Friedman,2005), globalization is gaining strength among cultures and people are more likely to think on the same dimension as compare to the past two decade, and importantly, there is a lot of criticism of in current world on the Hofstede dimension and it is really difficult to predict the future of Hofstede study to be really important in the current decade. Because of the evolving globalization and strong cultural impact. (M. Shubhrabahal & K. Dave, 2018:37).

After the result we found out some limitation to predict the luxury value purchase in each continent. It is found by some of the past literature that this study must identify some key variables in future study. So, the purpose of the study should be fulfilled and research will help more in detailed to the managers. And they can make effective strategy and implement on the luxury consumers. Firstly, this study in focused on continent which doesn't illustrate the country buying power. Both of the continent is the biggest in size and largest in population, and 184 responses cannot justify the result base on more than 2 billion population in total. Secondly, this study doesn't demonstrate the cultural differences as well and we did not even focus on the cultural importance among continent for the purchase. Because cultural differences can further elaborate with different religion, norms and beliefs for the purchase of luxury brand. In the future study we will suggest to implement cultural influence to purchase the luxury product in the hypothesis for the evaluation. This will help future researchers to find global perspective towards luxury and validation of the study will help more appropriate

manner to find perceived luxury value. With this limitation in the study, our study contributes the importance of value drivers to find out the luxury value in each continent. And this study will add value towards the importance of three (social, individual and financial and functional) value drivers in the perceived luxury value among different continent literature. Many of the past researcher indicate the value and importance of these drivers among different regions to find the purchase intention of luxury value products. But this study helps to verify the driver's value among continent to purchase luxury value. Most importantly, this study gives future researchers a valid model which clearly indicate the difference of luxury value acceptance in each continent as well. This study clearly indicates the difference in the acceptance of luxury value between both continents. But on the same time validate the all three drivers.

Peer factor influences in the purchase of luxury product. And consumers want to put good impression on the others as well. Consumers are tending to purchase current trend fashion product. And societal impact more on consumer to make the purchase decision. (Cynanthia et.al.,2016, 383). Quality, new fashion, pleasant and social effectiveness is key to luxury consumer. And they will consume more luxury product when a product meet attribute need of consumer. (Srinivasan,R, 2014:110). It is found in the study that both European and Asian continent have almost similar value perception for the purchase of luxury product. A slight difference is found in the result between both continents. It suggests to market managers to make functional value strategies for European market and social value will impact more in Asian markets in future strategy. And also motivate the current consumer and make effective strategy for new consumers. (Shukla,P & Purani, K, 2012:1423).

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