CHAPTER III
RESEARCH METHODOLOGY

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Research Methodology is the backbone of any research study. It is the structure on which the research rests and it not only creates a roadmap but also charts the course of the research. This chapter deals with the theoretical aspects of research methodology as well as the factors associated with the operationalization of variables.

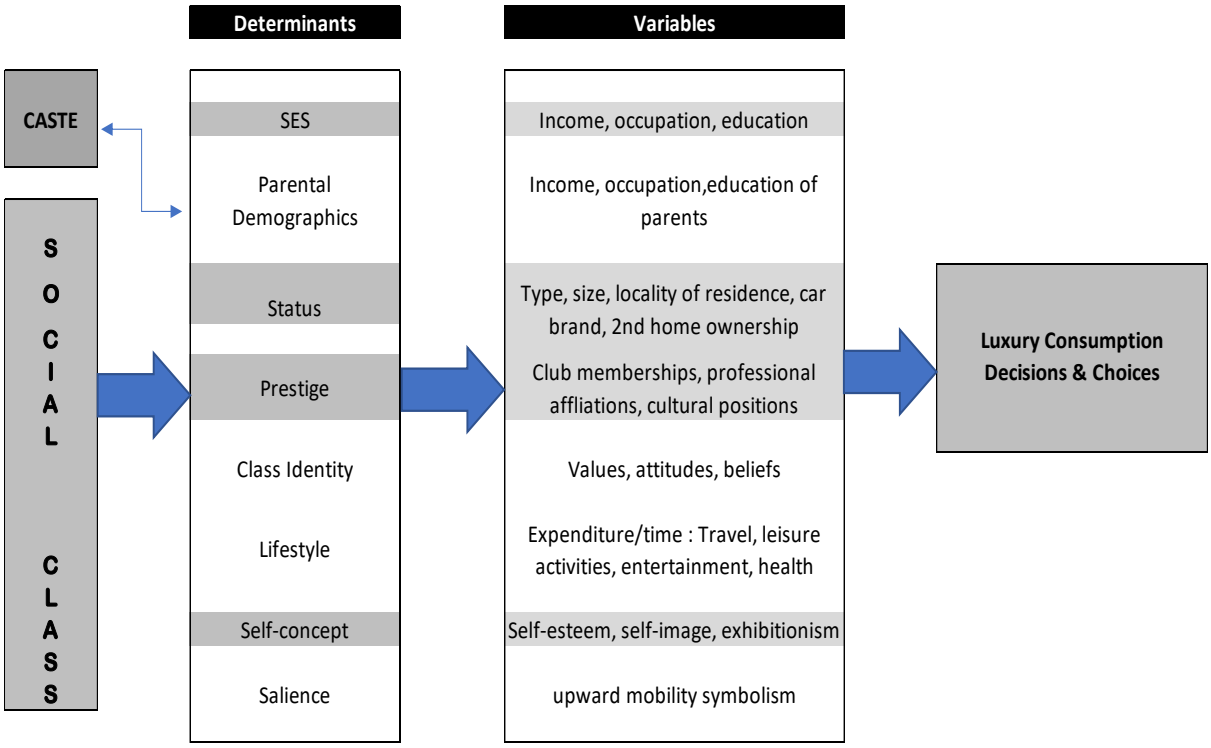
3.1.0 Research Philosophy

This research is based on the epistemological position of critical realism. Epistemology deals with the variances in justified belief and opinion while realism deals with scientific enquiry of an occurrence based on data validation and critical realism looks at the world as a sum of experiences and feelings (Saunders et al., 2007). The antecedents of a phenomena are generally the social structures that give birth to it (Bhaskar, 1989) and most of our interpretation of reality is a consequence of social conditioning (Saunders et al., 2007). This research uses a deductive approach based on theory to collect data and an inductive approach to pose questions and predict relationship between variables. In this process, first the conceptual framework is deducted based on theory, then the relationships between the independent and dependent variables are predicted through a hypothesis and finally data is collected to test the outcome (Miles & Huberman, 1994).

3.2.0 Conceptual Framework

The conceptual framework of social class (Iyengar, 2019) presented in figure 3.1, tries to test the theoretical concepts by implying a relationship between different determinants of social class and luxury consumption. It goes further to objectivize each determinant through different variables to enable the formation of a testable construct. The determinants of social class have been derived from literature with the primary guiding framework as “The Social class worldview model and Modern classism theory” by Liu et al. (2004) and Liu (2013).

Figure 3. 1 Conceptual Framework of Social Class



Source: SMTR October 2019 Volume-7 Issue-1.jpg (2481×1755) (semcom.ac.in)

3.3.0 Operationalization of Variables

This research tries to measure various variables that affect the decision-making process of a consumer. *Socio-economic status (SES)* was captured through education, income and occupation while *demographics* were captured through age, gender, and family type (nuclear or joint). The family type was considered to understand its implication on luxury spend and lifestyle choices.

Parental demographics have been measured by capturing information on the parents' education. Additionally, occupation could have been considered but it increased the length of the questionnaire and hence was omitted. Occupation and education of the spouse was also captured to understand its impact on the family social class. *Status* indicators were operationalized by asking questions on second home ownership and car brands owned in the pilot study. However, this question was omitted in the final questionnaire to decrease the

number of questions. The *prestige markers* were considered by gathering information on the respondents social/professional group memberships. The *class identity* of the respondent that deals with values was measured using the LOV scale (Kahle, 1983). In the pilot study, the respondent had to make two choices, rate each value on a 1–9 scale and select the most important value in daily life. However, in the final questionnaire only the second part, which is a selection of the most important value out of nine choices was chosen to make the questionnaire less tedious.

To understand the *lifestyle* choices of the consumer seven questions were administered that dealt with (1) The number of domestic staff in the household (2) How they choose to spend their leisure time (e.g., reading, watching movies, socializing) (3) The number of leisure travels undertaken in a year (4) The choice of destinations either domestic or international (5) The annual travel expense and (6) Choice of luxury products purchased (7) Expenditure on luxury purchases.

25 % of Generation X spends more than Rs. 1,20,000 p.a. on travel, 7% Indians spend between Rs. 60,000–1,49,970 p.a., 14% of Indians spend between Rs. 30,000–59,970 p.a., 43% of Indians spend less than Rs. 29,970 p.a. (Spending behaviour in India, 2016). The experience-oriented travellers who form about $22 billion of the travel industry spend about Rs. 13,870–Rs. 15,330 210 per domestic trip and Rs. 1,14,610– 1,16,070 per international trip whereas the budget group traveller primarily comprising of the middle-class consumer spends around Rs. 9,490–10,950 per domestic trip and Rs. 1,00,740–1,02,200 per international trip as per a report published by Google and Bain & Company (n.d.). The intervals that were considered for travel expense for this research with focus on middle and upper-income groups were < Rs. 50,000; Rs. 50,000–1,00,000; Rs. 1,00,000–3,00,000; Rs. 3,00,000–5,00,000; > Rs. 5,00,000. Millennials (ages 19–39) seem to be the highest luxury spenders with 42% spending on dining experiences, 38% on jewellery and 35% on high-end apparels (Tandon, 2019). The choice of luxury products included for the present research are clothing, handbags, jewellery, shoes, perfumes, watches, household appliances, art/antiques, wine/spirits, gadgets. The intervals for the annual luxury expenditure for this research were taken as < Rs. 15,000; Rs. 15,000–40,000; Rs. 40,000–65,000; Rs. 65,000– 90,000; Rs. 90,000–1,15,000; > Rs. 1, 15,000 and > Rs. 1,25,000. The premise of these lifestyle questions was to understand the way in which individuals choose to spend time and the extent to which they spend money on luxury.

The variable of *self-concept* was captured by with a question "Owning a luxury product makes me feel…" and the responses congruent with the self-concept dimensions were respected (How I want the world to see me, *ideal social self-image),* unique (what I want to feel about myself, *ideal self-image*), worthy (what I feel about myself, *actual self-image*), accepted (How the world sees me, *social self-image*) and guilty (self-image incongruence, *reluctance to spend*). The idea was to measure the feeling a luxury purchase evokes and find its association with self-concept. Hence, each self-image was operationalized with the use of associated adjectives.

Social class is expressed through *upward mobility symbolism* as explained in the literature review, so it was important to understand (1) if the respondent had experienced any upward or downward mobility (2) to check how social mobility affected in their brand choices in different segments. So, questions related to social class mobility in a Yes and No format were given and a set of brand options for various personal luxury products such as apparel, watches, handbags, and accessories was provided in the questionnaire.

The age group considered in this research are 18–24, 25–34, 35–44, 45–54 and >54 years as used in the survey titled "Spending Behaviour in India" (2016). The aforementioned age interval attempts to include adult respondents across the age spectrum and indulgence in luxury can begin early on and continue into later age and this spectrum can effectively capture the differences and similarities of those choices.

3.4.0 Construct of luxury-value perceptions

Based on the model of Hennigs et al. (2012) the construct of luxury-value perceptions has been amended to include three more values as elaborated in the literature review. A 5-point Likert scale (which has been used in the existing model) is used to evaluate the perceptions of the respondents towards the different drivers of luxury value perception. Opinions and attitudes in consumer behavior are well-measured using Likert Scales (DeVellis, 1991).

Each luxury-value is associated with a set of statements that the respondent needs to rate from completely disagree (=1) to completely agree (=5). Out of the given set of choices those

marked in grey in table 3.1 were excluded to reduce response fatigue based on the pilot study results.

Table 3. 1 Construct of Luxury Value Perceptions

Luxury-Value Perception	Line items
Financial Value	Luxury products are inevitably expensive
	Few people own a true luxury product
	Luxury products cannot be mass produced
	A luxury product cannot be sold in supermarkets
Functional Value	Superior product quality is my major reason for buying a luxury brand
	I place emphasis on quality assurance over prestige when considering the purchase of a luxury brand.
	A luxury brand that is preferred by many people but that does not meet my quality standards will never enter into my purchase consideration.
Individual Value	I derive self-satisfaction from buying luxury products
	Using luxury products gives me a lot of pleasure
	I view luxury brand purchases as gifts for myself to celebrate something that I do and feel excited about.
	I view luxury brand purchases gifts for myself to celebrate an occasion that I believe is significant to me.
	As a whole, I may regard luxury brands as gifts that I buy to treat myself
	I like to know what luxury brands and products make good impressions on others

Social Value	To me, my friends' perceptions of different luxury brands or products are important
	I pay attention to what types of people buy certain luxury brands or products
	It is important to know what others think of people who use certain luxury brands or products
	It is important that others have a high opinion of how I dress and look
	I am interested to determine what luxury brands and products I should buy to make good impressions on others.
Economic Culture Value	My luxury purchases are collective decision between me and my family/ spouse
	Luxury purchases are waste of money
	Some luxury purchases can be a good investment for the future.
	I see more value in a generic/local product which is cheaper rather than a luxury brand
Symbolic Value	I often share pictures of my travel or luxury accessories on social media
	When I buy a luxury product the brand is clear from its logo, design, or name
	My luxury purchases convey my social status clearly
Experiential Value	The ambience of a store and the service of the staff impacts my luxury brand choice
	I need to touch, feel and see the luxury product before I can come to a decision.

	I would prefer a store rather than online shopping for luxury products.

3.5.0 Luxury Brands and brand segments in the Study

The luxury brands were bifurcated on the basis of old luxury and new luxury. The basic premise is to understand the demographic segmentation, lifestyle, self- concept and its relationship with luxury value perceptions and how that impacts the brand choices. A mix of masstige, super premium, new luxury, and old luxury brand extensions were chosen as the brand mix. This brand mix was considered in order to understand the motivations and the social class antecedent to the brand choices. It was also used to gauge what kind of brand choices consumers make across different product categories and its relationship to demographics and class.

The brands that have been considered for the purpose of this research have been segmented based on the research work of Kapferer and Bastein (2009) and Silverstein and Fiske (2008) as mentioned in table 3.2.

Table 3. 2 Brand Segmentation for different product categories

Sr. No.	Old Luxury Brands	New Luxury Brands		
		Masstige	Accessible Super-Premium	Old luxury brand extensions
1	Louis Vuitton	Levi	Hugo Boss	Ralph Lauren Polo
2	Gucci	Pepe	Rado	Armani Exchange
3	Prada	ZARA	Apple	Giorgio Armani
4	Dior	Tommy Hilfiger	Tag Heuer	Burberry Brit
5	Burberry	Allen Solly	Longines	Ralph
6	Fendi	Van Heusen	Raybans	Calvin Klein Jeans

7	Salvatore Ferragamo	Peter England	Tumi	Hugo
8	Hermes	Mango	Hublot	
9	Omega	H&M		
10	Rolex	Wills Lifestyle		
11	Cartier	Micheal Cors		
12	Ralph Lauren	Kate Spade		
13	Valentino	Titan		
14	Bulgari	Guess		
15	Chanel	Seiko		
16	Yves Saint Laurent (YSL)	Davidoff		
17	Rimova	Tissot		
18	Globe Trotter	Coach		
19	Dolce & Gabbana	Tory Burch		
20	Versace	VIP		
21	Persol	Samsonite		

3.6.0 Scope of this study

For this research, four categories of luxury products have been considered namely: clothing, handbags, watches, and accessories (sunglasses, perfumes). In the pilot study cosmetics was also included as a product category but was dropped from the final questionnaire to reduce the number of questions. The aspect considered was ownership of these brands under different segments. The old luxury brand extensions included are only for the clothing category in table 3.2. The variables under the scope of social class and demographics are as mentioned in 3.3.0 and the construct of luxury value perceptions in based on table 3.1.

3.7.0 Research Design

In this exploratory research the data has been collected through a survey. In this research, we use a quantitative research design. A structured questionnaire with closed-ended questions was used for this research. The questions were

- List type
- Yes and No options
- Forced choices
- Category Questions
- Likert scale
- Ranking scale.

A grid format was used to collect data related to education/ occupation of the respondent, parents, and spouse to save space and time. Most of the data collected is nominal/categorical in nature excluding the Likert scale for luxury value perceptions and value scale (LOV).

In table 3.3 a brief summary of the research methodology is presented. A detailed explanation of each of the line items are presented in the following text.

Table 3. 3 Research Methodology

Research Design	Quantitative
Population	Unknown
Sampling Frame	Unavailable
Sampling tool	Closed-ended questionnaire
Sampling type	Non- Probability sampling
Sampling Method	Snowball Sampling
Sample Size	N=658
Items	49
Type of Data	Nominal/Categorical
Statistical Test	Parametric tests
Statistical Tool	IBM SPSS 25

3.7.1 Research Delimitations

This study is limited to the urban big cities of Gujarat such as Ahmedabad, Baroda, Rajkot and Surat.

3.7.2 Research Limitations

This study also had its limitations as listed below:

- The time constraint and external influences under which the respondent chose to fill out the questionnaire.
- The seriousness and importance that respondent attached to each of the responses.
- This study is also limited by the budget constraints of the researcher.

3.8.0 Population

The luxury brand consumers can be screened through the volume of purchases, lifestyle including high-end travel, annual income and place and type of residence ("How to conduct research for luxury brands", n.d). It was not possible to source a ready-list of such a population and this kind of specific population based on select parameters is unknown.

3.9.0 Sample size Determination

The target population comprises of urban Gujarat residents who are luxury consumers falling under middle and upper-income groups. This population is unknown and accurate figures relating to this are unavailable. In cases where the population is unknown or approximated, the sample size is determined through the below mentioned formula (Smith, n.d.)

"$SS = (Z)^2 * p*(1-p) / (\text{margin of error})^2$
Z= the value on the Z table at 95% confidence level =1.96
p = maximum variability of the population at 50%, that is, (0.5) (at this percentage the sample is maximized)
Margin of error = Sampling error at 5%"
Therefore,
$SS = (1.96)^2 * 0.5*(1-0.5) / (0.05)^2$

SS = 3.8416 * 0.25 / 0.0025

SS = 384.16

The minimum sample size with this formula comes to 384 with a 5% margin of error and a 95% confidence level. In order to determine the actual sample size, it is important to estimate the likely response rate. The response rate is defined as the proportion of the sample that will respond to the tool deployed or the data that is collected (Saunders et al., 2007). As per Saunders et al. (2007, p. 214) the actual sample size can be determined using the below equation:

"N^a= n*100/re%

where,

N^a= actual sample size required

n = minimum (or adjusted minimum) sample size

re% = estimated response rate expressed as a percentage"

An average response rate of 60% was assumed for this survey. A response rate of 50–60% is considered acceptable for survey research (Diem, 2002).

N^a =384*100/60

$\therefore N^a$=640

The actual sample size based on a 60% response rate is determined as 640. The questionnaire was distributed to 1050 respondents and an eligible sample of 658 was collected. The samples that were found ineligible were due to non-response, incomplete responses, and non-delivery of questionnaire. The total response rate was calculated as suggested by Neumann (2000) (as cited in Saunders et al. 2007, p. 213),

"Total (active) Response Rate = Total number of Responses ÷ Total number in sample – (Ineligible+ unreachable)"

Total (active) Response rate = 658 ÷ (1050-75) = 67%

3.9.1 Sampling Method

Snowball sampling, a non-probability sampling technique, is used when the sampling frame is not identifiable or un-registered and when members of the group belong to a certain category such as elites (Dragon & Isaic-Maniu, 2013). It is also a popular method to use when the research deals with the study perceptions or behaviours and when the characteristics of the population are difficult to identify (Dragon & Isaic-Maniu, 2013). Snowball sampling method was used in this research to source luxury consumers of middle- and upper-income groups. As no such list of respondents was readily available, this non-probability sampling technique was employed.

An attempt was made to have a higher sample size which increases statistical significance (Hair et al., 2006), equal number of male and female respondents (demographic) and choosing respondents primarily from middle- and upper-income (socio-economic) groups to reduce sampling errors. Non-sampling errors were controlled through a pre-test of the survey, consistent follow up, and confidentiality disclosures prior to the survey.

3.10.0 Instrument and Scale

For this research, a structured questionnaire based on the guidelines proposed by Kerlinger (1973) has been used. 5-point Likert scale has been used to measure the responses related to the dependent variable (luxury value perceptions). The LOV (list of values) (Kahle, 1983) has been used to measure the importance of values in daily life. The internal validity of LOV (list of values), was tested in the pilot sample by asking the respondents to rate each value on a scale of 1–9 and also select the most important value from the list. For the final sample, only the question related to the most important value was retained.
Urban Gujarat residents have been chosen as respondents for this study mainly from Ahmedabad, Baroda, Rajkot, and Surat.

3.10.1 Pre-test of questionnaire

A hard copy of the questionnaire was administrated to 10 individuals (males=5; females=5) to evaluate the understanding and interpretation of the same. The questionnaire was

administered face to face and the queries related to the questions were also resolved. Post this exercise, based on the interactions and feedback, few revisions were made in the questionnaire.

3.11.0 Pilot Study

A sample of 30 respondents was taken to test the validity and reliability of this instrument. The respondents were informed about the research and anonymity of the study by a short introduction on google forms. The questionnaire was sent to the respondents through google forms on the WhatsApp platform.

3.11.1 Interpretation of Pilot data

A frequency table was created to understand the demographic distribution of the sample in terms of age, gender, marital status, and family type. Socio-economic indicators were captured through annual household income, education, and occupation. Other variables such as frequency of travel, type of travel, annual spend on travel were captured to understand lifestyle indicators and self-concept indicators and value choices were also captured.

3.11.2 Coding

The responses of Yes and No were coded as 1 and 0 respectively. The 5- point Likert scale was coded from 1 to 5 corresponding to Completely disagree to completely agree. Other closed ended responses were also coded from 1 to 5. The Mean of all the factors was then derived for better understanding of pilot sample distribution.

3.11.3 Intensity Indices

Clothing is the preferred item of luxury purchased by most respondents (m=0.80), followed by perfumes (m=0.77) and watches (m=0.70). In the clothing category H&M (m=0.7) was the most preferred brand, in the handbag category Micheal Cors (m=0.47) was the preferred brand, in accessories category Dior (0.33) was the preferred choice, in watches Titan brand (m=0.3) and in cosmetics Lakme (m=0.6) was the preferred brand choice.

3.11.4 Dependent variable

For the 5-point Likert scale relating to the luxury value perception construct, the respondents have exhibited agreement, disagreement, and neutral responses on various line items ($2.5<m<3.73$).

Independent sample t-test was done between different categories of luxury and gender. Significant difference was found among the responses of male and female respondents for the luxury category of accessories ($t(28) = 0.36$, $p = 0.01$). Self -respect ($m = 7.73$) and security ($m = 7.73$) are the most chosen values on the LOV scale.

3.11.5 Conclusion of the Pilot Study

The following conclusions were derived based on the pilot study.

3.11.5.1 Reliability

Scale: All Variables

Cronbach's Alpha	No. of Items
0.75	194.00

The Cronbach's Alpha of 0.75 reflects good reliability of data (Nunnally, 1967). Hence, the repeatability of this instrument for the same items is good.

3.11.5.2 Construct Validity

Construct validity helps to draw inferences from the operationalization of the theoretical constructs under consideration (Peter, 1981). Construct validity is measured by assessing the difference of significance of each item with the total of the factors. Correlation tables along with values of significant difference were found for luxury value perceptions, brand segments and value scale. The validity of the construct of the dependent variable, luxury-value perceptions was found to be good as $p<0.05$ for most of the line items.

3.12.0 Data Collection

Primary data collection was done through google forms sent through emails and WhatsApp. The completed questionnaire consisting of 49 items was collected from 658 respondents. Dillman (2000) has shortlisted many benefits of internet survey research such as time efficiency, cost saving and easy follow-up and the questionnaire has incorporated these guidelines for improving the research experience for the respondents. Secondary data presented is from peer-reviewed journals, online magazines, books and cited appropriately.

Coding of the final data was done on similar lines as the pilot data. The demographic variables, SES variables were coded from 1–5, Yes and No answers were coded as 1 and 0 respectively, the categorical questions were also coded from 1–7 depending on the number of options, the 5-point Likert scale was coded from 1–5, the LOV scale was coded from 1–9. In case of luxury brand segments, the respondents were given choices in terms of brand names, the chosen brands were then spilt as per the brand segmentation table 3.2 and then respective segments were coded from 0–4.

3.13.0 Statistical Tests

For the purpose of data analysis, the data was first cleaned and coded in an excel spreadsheet. Thereafter, descriptive statistics was used to present the sample characteristics in an understandable form. As the sample size was large (N>50) normal distribution was assumed and parametric tests were considered for the purpose of this study. Non-parametric tests should be considered when the sample sizes are small and parametric tests are more reliable for larger samples (Fagerland, 2012). Statistical Analysis was conducted using IBMSPSS.25 with parametric tests such as:

- Analysis of Variance
- Auto-Clustering
- Independent Samples t-test
- Pearson’s correlation
- Bartlett’s test of sphericity
- Kaiser-Meyer-Olkin Measure of Sampling Adequacy
- Principal Component Method with varimax rotation and Kaiser Normalization

The results obtained from each of these statistical tests were analyzed and interpreted as we will see in the next chapter.

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