

**CHAPTER V**

**FINDINGS, DISCUSSIONS,  
SUGGESTIONS, AND  
CONCLUSION**

## CHAPTER V: FINDINGS, DISCUSSIONS, SUGGESTIONS AND CONCLUSION

This chapter presents the outcome of the research hypotheses, and the relationship of different variables on luxury value perceptions are discussed.

### 5.1 Results

Table 5.1 reports the findings of this study in brief.

**Table 5. 1 Summary of testing of hypothesis**

Null Hypothesis	Results	Comments	
<b>Ho1:</b> The economic culture value that deals with the consumer's economic motivators to purchase is not a valid dimension for luxury value perceptions.	Rejected	The economic culture value that deals with the consumer's economic motivators to purchase is a valid dimension for luxury value perceptions.	KMO=0.925, Bartlett's test of sphericity $p=0.00$ , factor loadings medium $\geq 0.5$ to high $\geq 0.8$ , 69.83 % cumulative variance, Financial value =37.83% variance, Pearson's Correlation coefficient: $0.33 \leq r \leq 0.63$ , Cronbach's $\alpha \geq 0.7$ (6 factors), $\alpha \geq 0.6$ (1 factor)
<b>Ho2:</b> The symbolic value that deals with conspicuousness and exhibitionism is not a valid dimension for luxury value perceptions.	Rejected	The symbolic value that deals with conspicuousness and exhibitionism is a valid dimension for luxury value perceptions.	
<b>Ho3:</b> The experiential value that deals with the consumer's pre-purchase experience is not a valid dimension for luxury value perceptions	Rejected	The experiential value that deals with the consumer's pre-purchase experience is a valid dimension for luxury value perceptions	
<b>Ho4:</b> There are no significant differences		There are significant differences between age and financial value ( $p=0.002$ ). The differences	

between age and luxury value perceptions	Fail to reject	of financial value are significant between the age groups of 18-24 yrs. and 35-44 yrs. (p=0.001)
<b>Ho5:</b> There are no significant differences between gender and luxury value perceptions	Fail to reject	There are significant differences between gender with functional value (t (656) =2.237, p=0.026) and economic culture value (t (656) =2.470, p=0.014
<b>Ho6:</b> There are no significant differences between family structure and luxury value perceptions	Fail to reject	There are significant differences between family structure and experiential value (t (656) =2.003, p=0.046).
<b>Ho7:</b> There is no significant difference in the luxury value perceptions across social classes I, II, III	Fail to reject	There is no significant difference in the luxury value perceptions across social classes I, II, III
<b>Ho8:</b> There is no significant difference between age and atleast one luxury brand segment in any product category	Fail to reject	There is no significant difference between age and atleast one luxury brand segment in any product category
<b>Ho9:</b> There is no significant difference between gender and atleast one luxury brand segment in any product category	Fail to reject	There is no significant difference between gender and atleast one luxury brand segment in any product category
<b>Ho10:</b> There is no significant difference between family structure and atleast one luxury brand	Reject	There is a significant difference between family structure with old luxury brand extensions segment (t(656)=2.011, p=0.045) of the clothing category, accessible super-premium brand segment (t(656)=2.252, p=0.025) of the handbag category, accessible super-premium brand segment (t(656)=3.461, p=0.001) and old luxury

segment in any product category		brand segment ( $t(656) = 3.539, p=0.00$ ) of the watch category and the old luxury brand segment ( $t(656) = 2.607, p=0.009$ ) of the accessories category.
<b>Ho11:</b> There is no significant difference between education and at least one luxury brand segment in any product category	Fail to reject	There is no significant difference between education and at least one luxury brand segment in any product category
<b>Ho12:</b> There is no significant difference between occupation and at least one luxury brand segment in any product category	Reject	There are significant differences between occupation and masstige brands in the accessories category ( $p=0.016$ ). In the masstige brand segment significant differences are noted between self-employed and homemakers ( $p=0.025$ ).
<b>Ho13:</b> There is no significant difference between annual household income and at least one luxury brand segment in any product category	Reject	There are significant differences between Annual household income and masstige brands ( $p=0.011$ ) as well as old luxury brands ( $p=0.025$ ) in the handbag category. In the case of masstige brands the significant differences were found between the upper-income and affluent income ( $p=0.029$ ) groups and in the old luxury brand segment differences were found between the upper-income and affluent-income ( $p=0.041$ ) groups.
<b>Ho14:</b> There does not exist any consumer cluster based on social class	Reject	There exist three distinct consumer clusters based on social class ( $BIC=35068.772$ ), ( $p=0.00$ )
<b>Ho15:</b> There is no significant difference between consumer clusters		There are significant differences between consumer clusters and masstige brands ( $p=0.00$ )

and atleast one luxury brand segment in any product category	Reject	and old luxury brands (p=0.00) in the handbag category.
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## 5.2 Findings & Discussions

The detailed findings and discussions of this research study are presented henceforth.

### 5.2.1 Findings and Discussions related to the dimensionality of the scale of luxury value perceptions

The Kaiser-Meyer Olkin tested for sampling adequacy and it was classified as highly suitable (0.925) for factor analysis. The Barlett's test of Sphericity (p=0.00) finds no overlapping of factors and finds it suitable for factorization. Exploratory factor analysis using Principal Component method (PCA) with varimax rotation was used to derive factor loadings and variance with respect to 21 items of the scale. Medium ( $\geq 0.5$ ) to high ( $\geq 0.8$ ) factor loadings were found for the items on the scale and convergent validity was achieved hence we conclude that the dimensionality of the scale with additional three values is good. Cumulative variance of the construct was 69.83%. The Financial value explains the maximum variance (37.859) in the scale leaving enough room for all the other factors. Further the Cronbach's alpha values associated with each dimension reflects good scale reliability. The post-test in the form of Pearson's correlation coefficient also shows low to moderate correlations between the factors so the issue of collinearity between the them does not arise. Hence, we conclude that this scale is fit for measuring luxury value perceptions.

This extended version of the Weidman's Model of Luxury Value Perceptions with three new additions to the scale have taken into consideration the changing consumer landscape and the corresponding economic culture in which it operates as well as the associated symbolism. It tries to capture the influence of the pre purchase experience as an experiential aspect of luxury and its impact on purchase.

### **5.2.2 Findings and Discussions related to the relationship of age, gender and family structure with financial, functional and experiential value respectively.**

Significant differences in the perception of financial value are seen with respect to age in the ANOVA results. These differences are most visible in the TuKey HSD tests between 18–24 yr and 35–44 yr age bracket and this can be a result of the differences in the access to financial opportunity in both the age ranges as well as the differences in financial independence.

ANOVA results reveal significant differences in perception of functional value as well as economic culture value with respect to gender. The reasons for these based on data are enunciated as below:

- The aspects of utilitarianism and quality hold more value for women as compared to men.
- Women engage more in collective financial decision making with respect to luxury purchases and find more value in generic local products.
- Women do not find luxury to be as much a wasteful expense as men do.

ANOVA results reveal significant differences in perception of experiential value with respect to family structure. The reasons associated with these differences are enunciated as below:

- The pre-purchase experience is a singular and unique experience that differs from person to person.
- In a joint family the financial decision maker and user of luxury may be different vis-à-vis a nuclear family where the decision maker and user maybe the same.
- Another reason could be varying expectations of the pre-purchase experience and its impact on decision making.

### **5.2.3 Findings and Discussions related to the relationship of family structure with different luxury brand segments**

ANOVA results reveal significant differences between family structure and accessible super-premium, old luxury brand extensions, and old luxury brand segments.

- A luxury brand purchase is not just a financial decision, it is also a decision that impacts one's social status and image.
- A luxury brand purchase is conspicuous whether it is clothing, handbag, watch or some aspects of the accessory category and it can build the social image of the user.
- In a joint family, the view and consent of multiple decision makers has to be taken into consideration for a purchase to fall through.
- There is also the possibility of a single product having multiple users in a joint family. These can impact the frequency of purchase, amount of luxury expenditure, and brand choice.
- Nuclear families purchase a greater number of luxury brands as compared to joint families which could be a consequence of the financial freedom and independent decision making that they enjoy.
- Data reveal higher per household expenditure on luxury product purchases by nuclear families vis-à-vis joint families.

#### **5.2.4 Findings and Discussions related to the relationship of occupation and annual household income with different luxury brand segments.**

ANOVA results reveal significant differences between occupation and the masstige brand segment of the accessories category.

- Based on the TuKey HSD test, these differences are significant between the self-employed and homemakers, with self-employed respondents owning a greater number of masstige brands and outspending the homemakers in the annual luxury expenditure but by a surprisingly small margin.
- Even though homemakers are not financially compensated for their job roles we do not see them shying away from luxury expenditures.

Significant differences are also noted between annual household income and masstige and old luxury brand segments of the handbag category based on ANOVA results.

- In both the brand segments significant differences were noted between the upper-income (Rs.11,00,000–22,00,000 p.a.) and affluent (>Rs. 22,00,000 p.a.) groups as per post-hoc tests.

- In the masstige and old luxury brand segments we find that the upper-income group owns a greater number of brands in the said product category.
- However, the affluent income group outspends the upper-income group in the annual luxury expenditure.

### **5.2.5 Findings and Discussions related to social class and social class based consumer segments.**

Income alone cannot predict buying behaviour, there are many differences within the same income class as the cluster analysis reveals. This goes to show that the people within the same income bracket might find themselves in differing social classes and that points to the influences of other variables of social class that may influence buying behaviour.

Social Class based consumer segmentation provides an in depth understanding of where a consumer comes from, about his past including his parental demographics. It also throws light on lifestyle related expenditures. Though the value perceptions of luxury remain uniform across social classes this does not always translate into similar consumption choices of luxury brand segments as is reflected in the ANOVA results.

Distinct consumer segments based on social class are found in the sample under consideration. Many similarities in the variables of social class are noted within the consumer cluster and differences noted among them. The auto-clustering test (BIC values) and ANOVA reveal three distinct consumer clusters with corresponding characteristics as follows:

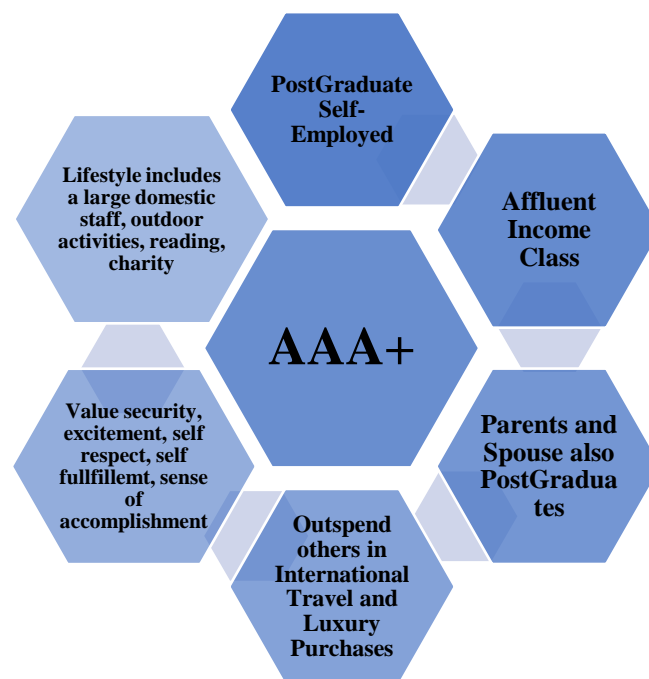
#### *I. Consumer Cluster AAA+:*

The consumers of this segment are highly educated and generally self-employed. This socio-economic privilege extends to their parents as well and we notice them to be highly educated as well. The spouses in this category are well-educated and also engaged in some form of self-employment. This very affluent class forming 1% of the Indian population engages in various leisure activities such as reading, outdoor activities, charitable causes among others. Their lifestyle is marked by the presence of a large domestic staff who manage their household affairs. They are global citizens who travel frequently to foreign destinations for leisure and outspend others in terms of travel and luxury expenditure on products such as shoes, handbags,



art/antiques, wines/spirits, clothing, gadgets, household appliances, jewellery, and watches. Their luxury purchases are meant to enhance their ideal self-image and actual self-image and choose brands that speak to those aspects. This consumer segment values security, excitement, self-fulfillment, self-respect, and sense of accomplishment as important in life.

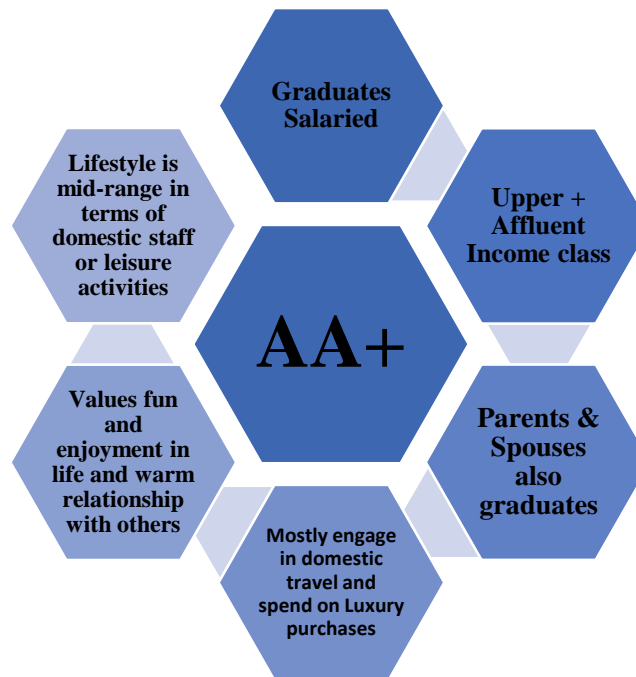
**Figure 5. 1 Consumer Cluster AAA+**



## ***II. Consumer Cluster AA+:***

This consumer segment is marked by middle-aged consumers that hold a graduate or professional degree. The parents and spouse also hold graduate degrees. This segment consists of salaried people who fall in the upper and affluent income brackets. This segment is mid-range in its lifestyle in terms of domestic staff, number of leisure activities, leisure travel and expense. They mostly engage in domestic travel. They do spend a considerable amount per year on the purchase of luxury products. The luxury purchases of this segment tend to satisfy the ideal social self-image, actual self-image and ideal self-image needs. This consumer segment looks for fun and enjoyment in life and seeks a warm relationship with others.

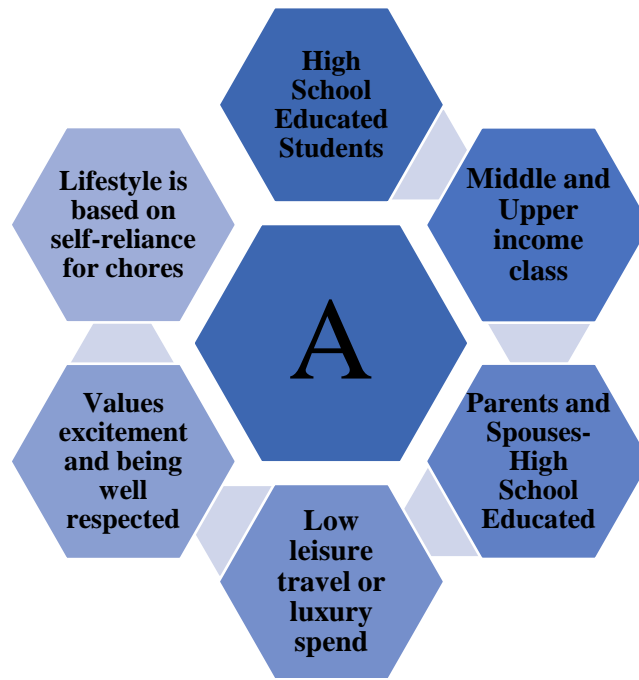
**Figure 5. 2 Consumer Cluster AA+**



*III. Consumer Cluster A*

This Gen Z consumer segment is recognised by its low education scores with the respondent, parents and spouse all being mostly high school educated. Most of this segment is young and are students. This group comprises of middle as well as upper income bracket households, who travel less and spend the least on leisure travel or luxury product purchases. They have low dependency on domestic staff for their household affairs and seem to be more self-reliant. Their luxury purchases tend to satisfy their social self-image, ideal social self-image needs and some self-image incongruence is also exhibited by consumers of this segment. This consumer segment values excitement and being self-respected.

**Figure 5. 3 Consumer Cluster A**



#### **5.2.6 Findings and Discussions related to social class based consumer segment and its relationship with luxury brand segments.**

There is a significant relationship between the consumer clusters based on social class with luxury brand segment preferences as per the ANOVA results.

- i. The masstige segment includes entry level luxury brands and we find significant difference between the consumer clusters AAA+, AA+, and A in the handbag category.
- ii. It is noted that consumer cluster A purchases the greatest number of masstige brands followed by AA+. The AAA+ cluster purchases the least number of masstige brands.
- iii. The old luxury brand segment comprises of high-priced brands and is known for its limited supply and exclusive clientele. In the old luxury category, we see significant differences between consumer clusters AAA+ and A clusters and between consumer clusters AA+ and A.
- iv. While it would be easy to assume that the AAA+ cluster with its high socio-economic status would purchase more of old luxury brands but data reveals that it is in fact consumer cluster A that purchases a greater number of old luxury brands in the handbag category.

### **5.3 Suggestions**

On the basis of this study and its findings, following suggestions are made:

- Marketers can use social class as an effective segmentation criterion for their consumers. Social Class based view of a consumer takes into consideration a multitude of variables, that throw more light on the past and present of the consumer. This in turn gives an in depth understanding about the motivations that drive a consumer towards a luxury purchase. The data on parental demographics such as occupation, education, and even income can make us understand if the consumer has inherited privileges because that can impact the consumer's worldview and behaviour considerably.
- A consumer's lifestyle has an impact on overall luxury spending patterns. How an individual leads their life, choice of activities or frequency of travel can help a marketer create a customised strategy for a target audience.
- The values based on the LOV scale have helped understand the intangible aspects that a consumer looks for in life. The value scale gives a view about the long-term expectations of consumers from their own lives. This gives us an objective understanding about the intangible drivers that motivate consumers to lead their life in a certain way. It is imperative for marketers therefore, to focus on this to gain an understanding of the target consumers. It can also help in appropriate positioning of brands that can speak to these values.
- The economic culture value is a valid dimension under the construct of luxury value perceptions. A consumer is not divorced from the economic environment under which they have been raised. Even if a consumer has experienced upward mobility, as is the case of many respondents under this study, one needs to appreciate that their opinions, choices or biases are based on an economic culture in which they are raised and it is region/ country specific. It is not that marketers are unaware of this phenomenon, but they can make an active attempt to include this as a measurement criterion when they design a product pitch or a brand positioning.
- The symbolic value under the construct of luxury value perceptions is reflective of the changing social environment and the experiential value reflects the changing customer needs and preferences. Both can help understand the motivations and perception towards luxury consumption.
- There are gender differences with respect to the attitude towards utilitarianism and quality, there are differences in the spending patterns and choices of joint and nuclear families with regard to luxury brand segments and there are significant differences

between social class based consumer groups and luxury brand segments. It is recommended that marketers take this information under consideration.

## **5.4 Conclusion**

The extended scale of Luxury Value Perceptions paves the way for a robust and in-depth understanding of the antecedents of luxury consumption. It takes into consideration the economic culture of the region in which it operates and it is known to influence consumer purchase decisions. In the age of social media, conspicuous consumption finds various outlets for exhibitionism and that contributes to the symbolic value of a purchase. This scale measures experiential value as a pre-purchase experience and that finds validity because the expectations of luxury consumption precede the purchase itself.

Luxury consumers are selective and will choose differently across product categories and that choice will hold reason in the value that the consumer places on the product under consideration. It is prudent to comment that similarity in luxury value perceptions does not necessarily translate into similarity in brand choices. Brand choices are unique to individuals and family structure, occupation and annual household income can influence them. Similarity in income does not translate into similarity in social class. The value perceptions of luxury remain uniform across social classes however luxury brand choices do differ. The antecedents of luxury consumption can be effectively understood by using social class as a consumer segmentation criterion. We see three distinct consumer clusters based on social class each with distinct characteristics and we also note differences in their luxury brand preferences.

## **5.5 Managerial Implications**

A luxury product purchase is an informed decision because not only are the financial stakes high but the associated symbolism also creates a “value” for the consumer. So, it is only prudent that marketers need to know more about what motivates their consumers to make a purchase decision regarding luxury and the extended construct of luxury value perceptions can help marketers better understand the region that intend to serve. It would become possible to relate different variables to each dimension of luxury value perceptions and that would help marketers

design the right marketing mix that would address the specific motivations of different consumer segments.

The social class of the consumer plays an important role in defining who the consumer is and their aspirations through the parameters of self-concept and class identity. The positioning of luxury brands is based on an idea of one's true self and is designed in a way to attract a specific audience, it seems non-negotiable to gain a deeper understanding of the consumer through a comprehensive social class design.

Understanding a consumer's motivations based on socio-economic status can be misleading at times and can give rise to assumptions that may not be rooted in reality. However social class-based consumer segmentation tries to capture the lifestyle and related expenditures, parental and spouse socio-economic status, value drivers and self-concept. Comprehensively, these create a picture about the consumer that can give a clear indication about the antecedents to luxury consumption. This information can guide luxury brand managers towards informed decision-making regarding brand strategy, brand messaging, and brand positioning that appeal to the needs of their end users. This would help luxury brand managers target the right audience for the right brand segment.

## **5.6 Recommendations for Future Research**

Caste and class represent two structures that co-exist in the social system that is India, the former offers limited mobility while the latter allows for upward growth. This convergence of caste and class manifests itself in the consumption choices and decisions of individuals. It would be interesting to gauge the influence and implication of this intersectionality on luxury consumption in a broader sense.

That would entail evaluating the role of caste and involving sample of respondents from rural India. The motivations related to conspicuous consumption among the working class, the antecedents to these choices can be considered for future evaluation. Social class identity dissonance (SCID) plays a vital role in an individuals' decision-making process; whether this translates into luxury consumption related behaviours remains to be researched.

