

ABSTRACT

Purpose: The purpose of this study is as follows:

- (1) To test the dimensionality and reliability of the enhanced construct of luxury value perceptions with the additions of symbolic, experiential, and economic culture value;
- (2) To understand the relationship of these value perceptions with social class as well as demographic variables;
- (3) To understand the relationship of socio-economic indicators with luxury brand segments;
- (4) To test the existence of consumer clusters based on social class and;
- (5) To measure the relationship of consumer clusters with luxury brand segments.

Design/Methodology/Approach: A structured questionnaire was designed to collect a valid sample of 658 respondents through an online survey. The construct of social class derived from the Social Class Worldview Model (SCWM) and pre-established scales were used for measuring the variables associated with social class. KMO test and Bartlett's test of sphericity was employed to test for sample adequacy and suitability for factorization. Exploratory Factor analysis was used to check the dimensionality of the enhanced scale of luxury value perceptions. Cronbach's Alpha was derived to check the reliability of the scale and Pearson's correlation coefficient was calculated to check for collinearity issues in the construct of the dependent variable. Analysis of Variance (ANOVA), t-test and Schwarz's Bayesian Criterion were used to test the hypotheses in the study.

Findings: The findings support the validity and reliability of the new scale of luxury value perceptions that include symbolic, economic culture and experiential value. KMO value was 0.925, Bartlett's test of sphericity was significant ($p=0.00$), Cronbach's alpha was ≥ 0.7 for 6 factors and ≥ 0.6 for 1 factor. The factor loadings showed convergent validity (medium ≥ 0.5 to high ≥ 0.8 loadings). The Financial value explains the maximum variance (37.859) in the scale and the cumulative variance amounts to 69.83% leaving enough room for other factors. Pearson's correlation coefficient reflected no collinearity issues ($0.33 \leq r \leq 0.63$). Significant differences are seen between age with financial value ($p=0.002$). The differences of financial value are significant between the age groups of 18-24 yrs. and 35-44 yrs. ($p=0.001$). Significant differences noted in gender with functional value ($t(656) = 2.237, p=0.026$) and economic culture value ($t(656) = 2.470, p=0.014$) and family structure with experiential value ($t(656)$

=2.003, p=0.046). Significant differences noted 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 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. Significant differences are noted between occupation and masstige brands in the accessories category (p=0.016). In the masstige brand segment significant differences are noted between the occupations of self-employed and homemakers (p=0.025). Significant differences are noted 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. The Schwarz's Bayesian Criterion (BIC) values reveal presence of three distinct consumer clusters based on social class and the same is validated by ANOVA (p=0.00). The frequency distribution reveals the distinct characteristics of each of these clusters. Significant differences found between consumer clusters and masstige brands (p=0.00) and old luxury brands (p=0.00) in the handbag category.

Practical Implications: The new scale of luxury value perceptions should be useful in creation of brand strategy in new luxury markets. The study reveals that social class can be used for luxury consumer segmentation and guide luxury brand managers in effective brand segment and positioning strategies.

Originality/Value: The main contributions of this study are an elaborated construct of luxury value perception, operationalising the theoretical construct of social class, consumer segmentation (with its) basis in social class, and understanding its implications on luxury brand choices and value perceptions.

Key Words: luxury; brands; luxury value perceptions; social class; segmentation; luxury consumption; luxury consumer