

# A REVIEW OF YOUNG GENERATION RESPONSE TOWARDS LUXURY CLOTHING BRANDS; A CASE STUDY IN A PRIVATE UNIVERSITY

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**Abstract** - There is a significant amount of consideration regarding buying behavior which is motivated by internal or external factors. The results acquired from the process of information acquisition about customer's preferences and having a reliable insight about them can significantly affect their business decisions and the company's market penetration strategy. The data for this research was obtained from a private university. An overall sample size of 392 university student participated in the study through a fully anchored Likert scale. The measure of reliability was assessed for the measures, and the correlation coefficient for the variables was evaluated. The research is comprised of two market research methods; an initial hypothesis test is developed and tested for the measures of the survey; moreover, a multivariate analysis namely, exploratory factor analysis (EFA) is performed on the data measures and a measurement model is developed. Furthermore, the study compares the resulted measurement model of EFA with the hypothesized model. The measurement model proposed by the analysis integrates the theories of statistical techniques and market research models which are incorporated to understand the purchase intention of private university students towards the luxury personal and non-personal values.

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**Index terms** - market segmentation, consumer behavior, personal luxury goods, exploratory factor analysis, principal component analysis

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## I. INTRODUCTION

Performing an analysis of the market helps companies evaluate their current business concerning their positioning of the brand. The luxury business has been having a steady growth in the recent decade (D'Arpizio, Federica, & Daniele, 2016). Developing a business strategy in this market can be difficult since the expansion of the luxury business is different from other types of industries. Brands tend to increase the supply with the growth of the price level; however, the luxury industry strictly constraints the level of supply as the price increases. This restriction not only ensures the unique brand features, but it also makes the associated growth less demanding for the consumers of luxury. Marketing has always been about delivering value by transforming customers' social needs to profitable business opportunities. Having loyal customers is the key ingredient that will distinguish businesses from each other. Companies with creative ideas are leading the way and disrupting the market with new profitable models across their ever-changing product categories. Communicating their value to the customer, engaging them in the business value cycle, adapting to the social needs of new generation customers is a daunting task (Taken Smith, 2012), and many companies are spending a tremendous sum of money on market research to ensure they have access to information they need. The attempt of this research is to investigate the following;

- Considering the personal and non-personal values, how does consumer's behavioral attributes impact their purchase intention towards luxury brands?

- Is the behavioral model sufficient enough to include all the values and measures of the luxury purchase intention?

The current research focuses on luxury personal and non-personal values and categorizes consumers based on behavioral purchase intention in the category of luxury brands. Having an understanding of different behavioral categories towards luxury purchase intention allows businesses to communicate with consumers based on their customized needs effectively. The present study complements the existing literature on this subject by adding a framework to the analysis. Our research consists of a hypothesized model of consumers behavioral needs towards luxury purchase intention; we want to understand what motivates the consumers of luxury goods, in this case, participant are students of a private university.

## II. LITERATURE REVIEW

Luxury experience doesn't have to be expensive, surely the premium aspect is crucial for a sustainable brand positioning, but the historical fact that only wealthy people own luxury products is being shifted in attitude and culture (Radon, 2012). The luxury fashion industry has been giving way to fast-fashion brands, working together and infusing the market with high quality, affordable luxury fashion trends. This trend has shifted over recent years from style, leading the way to substance and material that is key motivator for experiential shopping. Culture has a significant role in the sector; it gives a sense of identity which has deep roots in European culture

**2.1. Luxury personal values**

Uniqueness attribute, the status of the brand and the scarcity of the luxury product is what makes the brand more exclusive and valuable in the eyes of the consumers. In China, this position of the brand and the limited availability to a small part of the population gives the brand its attractiveness especially for middle-class consumers (Zhan & He, 2012). When considering a global marketing plan, the businesses must contemplate the uniqueness aspect (Knight & Kim, 2013). An indicator that influences this attribute is ethnicity; as a result, the luxury brand can focus their strategies on the group contributing the most to the future of the brand (Bhanot, Srinivasan, & Srivastava, 2014). A 5-point Likert scale was used to assess the extent of contribution of this attribute which was ranged from 1 that strongly disagrees to 5 which is firmly agreed. This attribute was declared by the statement that "I Prefer buying luxury cloth-ware that has a famous brand name" which emphasizes the brand uniqueness in luxury category. Hedonic attribute associated with personal brands gives the distinct meaning of luxury. The four styles of the transformation of non-luxury brands to exclusive and unique brands are displayed in figure 2.1 (P. Berthon, Pitt, Parent, & Berthon, 2009).

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Conspicuousness attribute, the social need for status has implicitly impacted the consumers' behavioral decisions towards luxury (Tereyağoglu & Veeraraghavan, 2012). Veblen first coined this distinguishing characteristic of luxury brands in social conditions, but Wilson and Greenwich's research points out that mass proliferation and affordability of luxury goods has led to an inconspicuous demand which creates and develops complexity for the brand (Eckhardt, Belk, & Wilson, 2015). Subsequently, this attribute raises the issue of counterfeit products which not only is purchased by low-income individuals, but it is also attractive to wealthy people who are greatly influenced by their moral beliefs (Keith Wilcox, Hyeong Min Kim, & Sen, 2013).

Quality attributes, the new luxury perspective indicates a high aspirational level towards luxury brands that have high quality but are not high-priced as to become hard to attain. Our survey shows that the quality attribute is significantly important to consumers. Customers of luxury brands indulge companies which provide superior quality and comfort with affordable cost (Blevis et al., 2007). The question denoting this aspect was the statement of "Luxury brands have superior quality than general brands". The prestige attribute reflects the customer's desired status. There is a significant relationship between perfectionism and the attribute of prestige in the sense that it amplifies self-esteem within individuals (G. V. Joy & James, 2012). The functional value of the products alongside the status of the brand can create more value for the brand and thus generate a higher price for the business in general. Prestige is the consumer's judgmental behavior towards the brand; on the other hand, luxury can be linked to the need for comfort and aesthetic values within the brand. The attribute was indicated by two questions that stated the decision behavior of consumers if the brand was widespread, are they still preferable? And the other statement was that is the value of limited edition luxury goods more desirable? Price attribute, by following and implementing a sound luxury strategy, growth can be achieved for all price ranges within the market. The importance of this attribute was notably seen after the economic crisis, which the luxury market was still growing which was partly due to the strategical business model used by the luxury businesses. The strategies used to focus on exceptional quality, but

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they also are positioned as artistic and esthetically pleasant goods with a high concentration on cultural preference. Kapferer pointed out that there should be a balance between luxury and rarity and therefore high price levels for luxury goods can control the penetration of the luxury brand (Kapferer, 2012).

### 2.3. Retail and online space

Luxury business has many diverse segments characterized in the market, different categorical products with varying ranges of price can incorporate distinct luxury feeling (e.g., stationery and Jewelry products). This diversity helps the luxury market attract consumers with different stereotypes and varying economic levels (Kapferer & Laurent, 2016). Balancing accessibility factor is a big challenge for the luxury market since it impacts and modifies the exclusiveness of the luxury brands. Purchasing through online stores makes the products accessible, but it is also a challenge for luxury businesses where the brand exclusivity is part of the market penetration strategy. Knowing what customer's needs are is a difficult task and companies have to align with the market, integrating long-term strategy for global consumers.

## III. RESEARCH METHODOLOGY

By surveying almost 400 students of a private university in Turkey, the study investigates the experiential impact of young consumers' purchase decisions. Interpreting the brand's functional, personal, social and economic values that lead to consumers' purchase intention. The research aims to conduct a market research analysis of young generation view of luxury brands; thus, the main point of the study was to evaluate different behaviors of youth towards acquiring luxurious personal brands. Having a clear view of the various dimensions of customer perceptions towards the brand will help marketers in selecting the most suitable strategy (Hanzaee, 2012). For the implementation, the organization has to find a balance between a more flexible and innovative approach that challenge the organizations to become more productive (Friis, Holmgren, & Eskildsen, 2016). After initiating the problem structure, four general categories were identified that assisted in further exploring the research which are shown in figure 3.1. In a marketing environment these measures are brainstormed by the team members, and if necessary, some priorities are established. After collecting the relevant data, we performed the statistical and quantitative analysis. This analysis will give the marketers a clear understanding of the measures of the study and help them take action effortlessly. The characteristics of the research's data were evaluated and analyzed using inferential statistics and multivariate statistical methods.

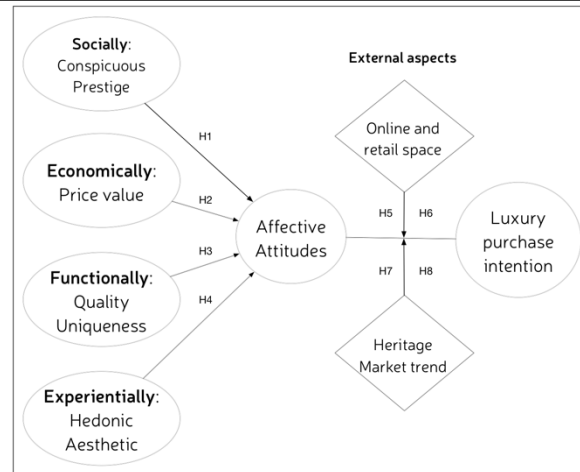


Figure 3.1. :Conceptual framework for luxury purchase intention

Furthermore, the data were analyzed with exploratory factor analysis (EFA) to identify the extent to which the variables overlap. The principal components analysis (PCA) procedure used in the study, clusters high-correlation items to produce factors best representing the dataset. The selected method used for factor extraction is Varimax which maximizes the variance and dispersion of elements within the factors. The study was analyzed with SPSS and the principal component analysis was utilized for component identification and Analysis of a moment structures (AMOS) was used to incorporate the causal flows and to develop a model of inter-correlated variables.

### 3.1. Descriptive analysis

The majority of respondents were between the age of 18 and 24 (44.4%) in total. Most of the respondents' monthly income was between 1500 and 2500 Turkish Lira (approximately at current time between 400 and 670 US dollars), and 22.4% of the respondents' monthly income was between the range of 2500 and 3500 Turkish Lira (approximately at current time between 670 and 930 US dollars). Within the Turkish sample, the data were equally scattered with more than half of the respondents having bachelor degree and 15% master degree. The other ethnic groups were mostly from master degree, and the majority of them were in the monthly income range of 1500 and 2500 Turkish Lira.

Table 3.1.  
Demographic variables

| Variables         | Total<br>N=392<br>N (%) | Turkish<br>N=282<br>n (%) | Other<br>N=110<br>N (%) |
|-------------------|-------------------------|---------------------------|-------------------------|
| Gender            |                         |                           |                         |
| Female            | 46.7%                   | 37.4%                     | 9.2%                    |
| Male              | 53.3%                   | 34.9%                     | 18.5%                   |
| Age group (years) |                         |                           |                         |
| 18-21             | 44.4%                   | 42.1%                     | 2.3%                    |
| 22-25             | 29%                     | 20%                       | 9%                      |

|                            |       |       |       |
|----------------------------|-------|-------|-------|
| 26-29                      | 15.9% | 5.1%  | 10.8% |
| >30                        | 10.8% | 5.1%  | 5.6%  |
| Study degree               |       |       |       |
| Bachelor                   | 61.7% | 54.4% | 7.3%  |
| Master                     | 34.7% | 14.5% | 20.2% |
| Doctorate                  | 3.6%  | 3.1%  | 0.5%  |
| Monthly Income (household) |       |       |       |
| ₺1500-2500                 | 64.7% | 45.9% | 18.8% |
| ₺2500-3500                 | 22.4% | 12.9% | 9.4%  |
| ₺3500-4500                 | 3.5%  | 1.2%  | 2.4%  |
| > ₺4500                    | 9.4%  | 8.2%  | 1.2%  |

### 3.2. Data components for luxury purchase intention

Further analysis of the study data consisting of exploratory factor analysis (EFA) with latent reflective measures shows the categories and factors within variables. The analysis was applied to the whole sample (N = 392). Cronbach alpha for all the measures of the sample is .719 which is above the suggested threshold. The factor loadings of the components are displayed in the Varimax rotated solution. The variables were assigned based on their maximum factor loadings; the process ensures the least discrepancy between initial and re-produced correlations matrix. The factor loadings suggest that the selection of each factor is based on the distant of variance from the variables. The sample size of 392 is appropriate for performing a EFA; although, the method requires greater size for more validity in the data. A criterion that EFA considers when performing the analysis is Kaiser criterion (KMO) that in the case of the research the result is 0.66 which is reliable and also Bartlett's test shows that the data of the research for performing the factor are significant. Five variables initially were hypothesized for our research; however, based on EFA, four components were extracted from the data. These components are named respectively, External attributes, social values, functional values, experiential values. All four variables were standardized, and an Eigenvalue of 1 is associated with them which indicates the amount of variance accounted for the factors. Additionally, the four factors account for almost 60% of the overall variance.

**Table 0.1**  
**Varimax rotated solution matrix (N=392)**

|                  | Components |      |      |      |
|------------------|------------|------|------|------|
|                  | 1          | 2    | 3    | 4    |
| Quality          | .801       |      |      |      |
| Uniqueness       | .776       |      |      |      |
| Conspicuous      |            | .807 |      |      |
| Prestige         |            | .603 |      |      |
| Market trend     |            | .597 |      |      |
| Online purchases |            |      | .803 |      |
| Heritage         |            |      | .692 |      |
| Retail space     |            |      | .570 |      |
| Hedonic          |            |      |      | .817 |
| Aesthetic        |            |      |      | .566 |
| Price factor     |            |      |      | .540 |

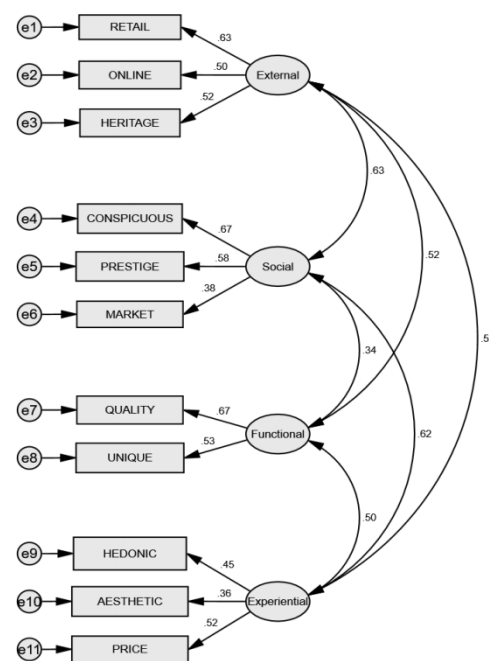
Moreover, path diagram of the measurement components shows the corresponding regression weights of the variables which is displayed in figure 3.2. The standardized regression weights of the external factor are 0.63 for the retail variable, 0.50 for the online variable and 0.52 for the heritage variable; this shows all variables are positively related to the dependent variable (DV) of luxury purchase intention. Moreover, the equations are given below.

$$Z_1 = 0.63Z_{\text{retail}} + 0.50Z_{\text{online}} + 0.52Z_{\text{heritage}} + e_{1,2,3} \#(1)$$

$$Z_2 = 0.67Z_{\text{conspicuous}} + 0.58Z_{\text{prestige}} + 0.38Z_{\text{market}} + e_{4,5,6} \#(2)$$

$$Z_3 = 0.67Z_{\text{quality}} + 0.53Z_{\text{unique}} + e_{7,8} \#(3)$$

$$Z_4 = 0.45Z_{\text{hedonic}} + 0.38Z_{\text{aesthetic}} + 0.63Z_{\text{price}} + e_{9,10,11} \#(4)$$



**Figure 3.2: Standardized coefficients for the model**

This path diagram of the measurement model shows the extent of the relationships within variables (Torlak, Ozkara, Marketing, 2014, n.d.).

### CONCLUSION

The study started with the development of a hypothesized model, and the framework's variables were integrated into the model. The research utilizes a fully-anchored Likert scale to evaluate and test the framework. The findings of the research exhibit four distinct factors within personal and non-personal behavioral perceptions on the targeted customers or in this case students. Although the first two factors retained most of the data, the hypothesized framework was suitable for the overall ramification. The limitation of the research arises from a lack of specified objective luxury commodity and relying on a single private university which certainly limits our

comprehension of the subject and therefore the potency of the study's variables on the participants as a result. Moreover, analyzing a unified country and demography for the study eliminates generalizability within the data.

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