Consumer Attitude towards Luxury: A Review on Luxury Value Perceptions

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Abstract

The luxury brand market went through a dramatic transformation in terms of its identity and focus. This transformation has marked a significant change in how consumers define and perceive luxury. Luxury has evolved from a “traditional luxury” targeted at the most affluent consumers to a “new luxury” that focuses on a wider range of consumers. New luxury consumers buy luxury products for different reasons than those of the wealthiest group. Understanding various hidden reasons behind luxury consumption is crucial to develop a conceptualization of luxury brands and perception of values. This study discusses relevant literature on consumer attitudes, consumption motives and luxury perceptions. Discussions of this study serve as groundwork for further research in this area.

Keywords: Attitude, Motive, Perception, Value, Luxury consumption

1 Introduction

The luxury sector is constantly growing in its market size, product range and most importantly, customer diversity (Jackson, 2002; Okonkwo, 2009). A tremendous growth of luxury products are also attributed to emerging trends such as rising demand for luxury products in emerging markets, a constant rise in the number of wealthy consumer, increase in spending power and the so called “democratization of luxury”. The democratization of luxury through increasing consumer accessibility to luxury goods had abandoned the concept of exclusivity. Consequently, luxury sector evolved from the exclusive domain of wealthiest consumer group to a wider range of consumers, and these trends have influenced the way consumers perceived luxury. For example, in Japan there was a massive expansion of luxury stores throughout the country that aimed at increasing accessibility of luxury goods; to some extent this led to adverse repercussion on brand equity and customer perceptions of luxury values. It is important
however, to note that Japan is a very specific and selective market; characterized as having a mature brand behavior toward luxury and a group-oriented culture in which luxury consumption is considered as a compulsory social expressions. To date, the main challenges for luxury brands in Japan are market dilution and a shift of consumer preference from luxury to the lowered price items with high quality.

According to *Oxford Latin Dictionary*, the term *luxury* comes from the Latin “luxus” which means “soft or extravagant living, sumptuousness, opulence”. This term also shares a root with the term “luxuria” which means “excess, lasciviousness and negative self-indulgence” (Dubois et al, 2005). Most studies do not differentiate between the terms “prestige”, “status”, and “luxury” although the first two terms display different nuances of meaning for consumers (Dubois and Czeller, 2002, Dubious et al, 2001). Traditionally, luxury brands have been found in certain product categories such as high fashion clothing, jewelry, handbags and leather goods, automobiles and hotels. To some extent, the reasons of luxury brands existence is to serve the purpose of creating social stratification in modern societies in which consumers as individuals have the need to ‘position their place in the society’ and luxury items are becoming a necessity. Coco Chanel once said that “luxury is the necessity that begins where necessity ends”. Luxury has evolved from a “traditional luxury” targeted at the most affluent consumers to a “new luxury” that focuses on a wider range of consumers, and in consequent, led to a transformation of luxury concept or what it means to consumers. A useful definition has been provided by Chevalier and Mazzalovo (2008) who suggest that a luxury product must satisfy three criteria: it must have a strong artistic element, it must be the result of craftsmanship and it must have a global brand reputation.

The transformation of luxury sector has influenced the way consumers perceived luxury. Luxury brand market will continue to grow parallel to the increase of discretionary income, spending power and relentless marketing efforts to promote self identify and expressions. In this regard, a more current research on current consumer attitudes and perceptions toward luxury become an important area for academics and practitioners. The purpose of this paper is to examine existing literature of consumer attitude, consumption motives and luxury value perceptions. As individuals, consumers make decision to purchase a product based on rational (utilitarian benefits) and emotional (hedonic benefits) motives. Hedonism is arguably more prevalent in luxury consumption. As decision makers, both rational and emotional motives are also influenced by individual and social values. These motivations and values influence various attitudes and perceptions toward luxury products and serve as the focus of this paper. The
remaining parts of this paper will proceed as follows; section two provides discussions on cus-
tomer attitudes; session three discusses consumption motives, section four provides discus-
sion on luxury perceptions; section five discusses the current conceptions of luxury values and
directions for future research; and finally, section six concludes the study.

II Luxury Attitude

Attitude has played a central role in understanding consumer behavior. Generally, attitude
is the extent to which a person likes or dislikes some objects. These objects could be a prod-
uct, a service, a brand, a person, a place, an idea or an ideology. In consumer behavior research,
attitude is seen as a tendency to evaluate a product or an advertisement positively or negatively;
this evaluation determine ones decision whether or not to purchase the product. Dubois et al. (2001) found that attitude towards the concept of luxury are ambivalent as consumers holds
strong positive and/or negative connotations towards 'luxury'. Individuals often relate luxury
with expressions such as upscale, high quality, refined taste, and class, but the term luxury is
also associated with flashiness and bad taste (Dubois, 1994). The ambivalent nature and con-
flicting expressions about luxury are due to inconsistent consumer behavior with self reported
attitudes as consumers can’t understand their own contradictions (see Otnes et al., 1997).
The negative associations or a ‘distant attitude’ toward luxury are also cited in Dubios et al
(2005)’s study on the categorization of luxury consumer segments.

A central focus of attitude research is on the interrelationships among knowing, feeling and
doing or is known as the ABC model of attitudes. This model includes affect (A), behavior (B)
and cognition (C). Affect refers to how someone feels, behavior is what someone does or intent
to do, and cognition is what someone believes. Although all three components of attitudes are
important, their relative importance will vary depending on consumer level of motivation with
regard to the attitude object. Attitude researchers traditionally assumed that attitudes were
learned in a fixed sequence, consisting first, the formation of beliefs (cognitions) regarding an
attitude object, followed by some evaluations of that object (affects), and then some actions
(behaviors). Figure 1 illustrates three hierarchies which are used to predict the outcomes of
various attitude situations (see Solomon, 2009). The “standard learning” hierarchy assumes a
purposeful and involved process in attitude formation leading to a decision that may lead to
brand loyalty. The “low-involvement” hierarchy assumes a minimal amount of knowledge, and
the attitude is formed ‘after-the-fact’ or consumption. The “experiential” hierarchy assumes
affective commitment and confirmatory search, and the attitude is formed based on hedonic motives such as the 'prestige' of luxury brands consumption.

The theoretical perspective of the hierarchies also specifies two important contexts of the three hierarchies, namely, choice and usage. For example, according to ABC model, experiential product such as luxury goods involve confirmatory search and consumers tend to buy 'what they like'; consumer relationship with the brands involve affection, commitment and self-concept connection. However, as luxury products are becoming more available and affordable, consumer decision to acquire luxury products may be based on the standard learning hierarchy. In this hierarchy, a consumer forms a belief about a luxury product by accumulating knowledge regarding relevant attributes such as brand image, quality, store atmosphere etc. Next, the consumer evaluates this belief and forms a feeling about the product (affect) and makes a decision based on his or her evaluation. In standard learning hierarchy, consumers are highly involved in making a purchase decision and normally seek out detail product information, weigh alternatives, and come to a thoughtful decision.

In a cross-cultural study of luxury across 20 different countries, Dubois et al. (2005) identified three types of attitudes toward luxury consumption - elitist, democratic, and distant. According to the authors, different countries and markets vary in term of these three attitudes; some countries can display more of one attitude than another, whereas others can have a mix
of two or three attitudes. A brief description of each attitude is as follows:

1. **Elitist attitude**: Luxury consumers with elitist attitude believe that luxury belong with people of certain level of sophistication and knowledge. In other words, a certain level of education and sophistication is necessary to understand and fully appreciate luxury. To them, luxury products and services should be available only to those who can make sense of luxury, and if luxury becomes available to everyone, it may lose its value.

2. **Democratic attitude**: Unlike the elite group, consumers with democratic attitude believe that luxury should be made available to the mass market. To them, luxury goods do not have to be exclusive and expensive, and should be made more accessible to more people. They also believe that a certain level of sophistication and knowledge is not required to appreciate luxury.

3. **Distant attitude**: For consumers with a distant attitude, they either feel indifferent to the concept of luxury or have a negative attitude toward luxury consumption. These consumer view luxury as extremely expensive, over-embellished, old fashioned and unnecessary. To them, luxury is a concept that they do not feel related to and consider those who consume luxury as snobbish.

Chadha and Husband (2006) identify three distinct segments of luxury consumers based on financial assets; they are:

1. **Luxury gourmands**: This segment represents the top end of luxury consumers who devour luxury in great big bites, donning designer labels from head to toe at all times. They are those consumers with high net worth individuals (HNWI), with upwards of a million dollars in financial assets.

2. **Luxury regulars**: This segment consists of consumers who are not quite in the gourmand league but are nevertheless on staple diet of luxury products. These are affluent people with financial assets in excess of US$100,000.

3. **Luxury nibblers**: These consumers are those who partake in a few small bites of luxury product every season, e.g. a bag here, a watch there and whatever they can afford. They are typically young people with limited or no savings in the bank, but with an increasing income-generating capacity due to a decent education and well-paying job.

It is clear that the continuous growth of luxury brands is parallel to the increasing income and spending power; thanks to a constant rise in the number of wealthy consumers and the upper and middle class consumers. As the democratization of luxury has led to an increase in accessibility of luxury products; how can luxury brand companies balance the opposing forces of
exclusivity and accessibility? Consider Louis Vuitton’s (LV) strategy; its key principle is to pump up the status, and pump out to the mass market, both are done simultaneously. LV has exclusive programs for VIP customers that are normally not announced to the public, while simultaneously bombarding mass media through high-decibel advertising and PR campaigns. It hosts parties that are nothing short of spectacular and inviting a city’s who’s who. This strategy is meant to create exclusivity at the top while simultaneously offering luxury to the mass market.

### III Consumption Motives

In consumer behavior research, motives and customer needs are important factors in purchase decision. Maslow (1970) proposed a hierarchy of needs that explain various categories of needs or motivations. From the bottom of the hierarchy, these needs include physiological needs, safety needs; social or belonging needs, esteem needs and self-actualization needs. The concept of social needs, self-esteem needs and self-actualization needs provide a basis for understanding consumption motives; it highlights personal and social needs of luxury consumers as individuals and decision makers. The main interest of consumer behavioral research on the perceptions of luxury often focuses on ‘What are the hidden reasons behind luxury consumption?’ Perceptual research reveals two types of motivations; first, one consumes luxury for personal pleasure and second, one consumes luxury in order to display it i.e. social expression. The former is seen as a more personal approach; for example, “I stay in a luxury hotel because I deserve a high service quality and unique experience it provided”. This luxury experience serves as one’s own hedonism. The latter type of reason is often unconscious motive; for example, “I stay at the luxury hotel because it allows me to identify with others of a similar status”; this reflects social expression or one’s aspiration of social class status.

The concept of luxury is largely built on customer perceptions. Luxury consumption is determined by personal and non-personal motives (Vigneron & Johnson, 2004). The non-personal oriented perceptions include conspicuousness, uniqueness and quality, and the personal oriented ones include hedonism and extended self. In most cases, luxury goods are expressions of social class, income and refined taste which allow consumers to distinguish themselves from the main stream. In this regard, consumption motive and consumer perception of luxury values are influential elements of attitude formation. The functional theory of attitudes explains how attitude facilitates social behavior (see Katz 1960, and Kutz (1975). Both
studies argue that attitude exists to serve some functions for a person such as utilitarian, value expressive, ego-defensive and knowledge. Attitude can serve more than one function and tends to endure over time. Although consumer attitude toward an object such as luxury product is influenced by individual motives such as self identity and social expression, it is possible for marketers to influence change in consumer attitude through marketing activities such as advertising and new product development. For example, when a marketer discovered that consumers do not equate his or her brand with a certain attribute; advertising campaigns can be used to address this problem by stressing on an enhanced product feature aimed at improving consumer perception and attitude.

Research on consumption motives can also be categorized into a product oriented (utilitarian) and/or an experience oriented one (hedonic) (see Holbrook and Hirschman, 1982). Decisions to adopt a new product or service vary according to individual needs and motives, socio-cultural context or even shopping environment, among other factors. Consumption motives were further studied by other researchers such as Okada (2005) and Chitturi et al., (2007, 2008); and the term “utilitarian benefits” generally refers to the functional, instrumental and practical benefits of consumption offerings and being considered as closer to necessities or needs. The term “hedonic benefits” is referred to aesthetic, experiential and enjoyment benefits as they are perceived as being closer to luxuries or wants. In behavioral decision making, most research are premised on the argument that consumers are often faced with types of choices between utilitarian and hedonic alternatives that are at least partly, driven by emotional desires rather than cognitive deliberations. Thus, consumer motivations of luxury consumption reflect their perceptions on luxury values. This parallel to a concept of customer perceived value i.e. ‘the consumer’s overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given’ (see Zeithaml, 1988, pg.14).

According to Silverstein and Fiske (2003), new consumers of luxury buy such products for different reasons than those of the traditional elite consumers; these include “a desire to emulate the lifestyle of the richest or the social class immediately above them, the superior quality of the products or on more hedonic motives such as self rewards”. This different suggests that consumers in different social segments look for different things when they acquire a luxury brand and associate different meanings to what luxury brand means. A number of other factors such as cultural trends, globalization and increasing attention that luxury brands receive from mass media also shaped the meaning of luxury to consumers. It is important to note that, although consumers from different social segments or different cultural values are assumed to
exhibit different reasons for luxury consumption, these are also trends that can influence consumer perceptions to be increasingly similar across segments such as cultural convergence and advertisement.

IV Luxury Perceptions

Perception is a process by which physical sensations or stimulus such as sights, sounds, taste, texture or even the ‘feel’ of products are selected, organized and interpreted. This evaluation allows for a ‘meaning’ to be assigned to a particular product. Belk (1988) put forward that, “We cannot hope to understand consumer behaviour without first gaining some understanding of the meanings that consumers attach to possessions” (pp. 139). In recent years, the sensory experience from product consumption becoming more important in consumer decision making. As buying power increases and there are more competing brands in the market, consumers increasingly want to purchase products that offer hedonic values in addition to practical benefits; and this is apparent even for electronic and consumer goods. For most luxury consumers, hedonic values such as prestige, aesthetics and experiential benefits are the primary motives of luxury consumption while functional and financial value are regarded as secondary factors. In a study by Hennigs et al. (2013), luxury brand perceptions and strength directly relates to feelings, cognitions and behavioral response regarding a specific brand. They found a significant causal relationships between the dimensions of luxury brand such as conspicuousness, uniqueness, hedonism, recognition and self identity, and the cognitive, affective and consumer intentional attitude.

In another study of cross cultural and cross-industry comparison of luxury value perceptions, Hennigs et al. (2013) highlight four dimensions which include; financial, functional, individual and social values. The financial value focuses on the direct monetary aspects such as price, resale cost, discount and investment. The functional values refer to utilities such as quality, usability, reliability and uniqueness. According to Vigneron and Johnson’s (1999) study on luxury products consumption, the group of consumers which they referred as hedonists and perfectionists are more interested in pleasure derived from the use of the products; to these consumers, price exists as evidence of quality. In other words a higher price of luxury goods or services indicates a higher quality and a greater prestige. In this regard, financial and functional values i.e. high price and high quality are considered as ‘must have’ dimensions of luxury products. Individual and social values are seen as context dependent and arguably are more
influential in determining luxury consumption. Individual motives for purchasing luxury products include three types of perceived values; self-identity, expression and materialistic. When a person endorses a specific brand, he or she is communicating a desire to be associated with individuals who consume the brand. Consumers with preferences for high prestige should favor brands that reinforce their own actual or desired prestigious self-image, and communicate this image to others. Social motives include conspicuousness and prestige value. These values are associated with the perceived value that consumers acquire from luxury goods that are recognized within social group.

The attitude and perception of consumers are influential factors that shape the concept of luxury. Consumption behavior, customer satisfaction and loyalty are heavily influenced by how they see luxury product and the meaning of its possession. According to several studies on the perceptions of luxury products such as by Vigneron & Johnson (1999), Eng and Bogaert (2010) and Wiedmann et al. (2007, 2009), there are five basic values that differentiate luxury and non-luxury brands. These perceived values include:

1. **Perceived conspicuousness**: Luxury brands are used to construct one’s identity and expressions of individual’s thoughts and feelings about him/herself. Individuals incorporate the symbolic meanings and distinctive nature of luxury brands into their self concept. Luxury possession is also used to communicate a certain identity to consumers’ reference and aspiration groups for social approval.

2. **Perceived uniqueness**: Luxury products are produced with an original design, handmade or with special craftsmanship in limited numbers, thus, their uniqueness are further enhanced. Consumers who value uniqueness may wish to own luxury brands to express their personal and social identities.

3. **Perceived quality**: A premium quality is an expected and essential feature of luxury brands. Luxury products are believed to have superior features and deliver better performance as compared to non-luxury ones. To maintain a positive brand image, luxury brands should also provide excellent customer services and exceptional in-store experience in addition to their high quality.

4. **Perceived hedonism**: Decision to acquire luxury products are largely influenced by customer’s emotion than reason. Luxury product offers emotional benefits such as aesthetic values, pleasure and happiness throughout its consumption experience.

5. **Perceived social value**: Luxury consumption is also associated with consumers desire to differentiate themselves from the people around them. When consumers own a specific
V Discussions and Directions for Future Research

The meaning of luxury is highly influenced by consumer perceptions; its definition differs across individuals. The concept of luxury has also varied over time; traditional luxury often include terms such as “excessive”, “lavish lifestyle” and “elegance” while a new luxury is described as “superior quality and design”, “pleasure” and “uniqueness”, among others. The progressive transformation of luxury concept becomes more noticeable and reflects a contemporary luxury in modern consumer society. It is may be unrealistic to seek for a universal definition of luxury, but the transformation of luxury sector that has marked a change in consumer attitude remains of great interest among businesses and academics as it directly impact segmentation and positioning strategies for luxury brands. To conceptualize luxury or what it means to consumers, these discussions employ perceptual approaches that draw together various consumer motives and perceived values of luxury consumptions.

Figure 2 illustrates a conceptualization of luxury and perception of values derived from literature discussed in this study. Luxury value perceptions are categorized based on consumer
motives (individual and social motivation) and perceived values (utilitarian and hedonic). Individual or personal motives against utilitarian values of luxury product include premium quality, functionality and financial value, and social motive against utilitarian value focus on economic benefit in which reference and social groups tend to be an important element for business or professional networking. Individual or personal motives against hedonic values of luxury product include aesthetic, pleasure, uniqueness, and self expressions while social motive against hedonic values focus on recognition, prestige, status symbol and social expressions. In the era of traditional luxury, terms such as “excessive”, “lavish lifestyle” and “elegance” are associated with luxury consumption. The historical social dimensions of luxury among the elite group remain as important indicators of social success and expression. To this group, reputation and recognition appears to be an essential element of luxury experience. In this regard, future research that examine whether or not the social motives/hedonic benefits are more influential than individual motives/utilitarian benefits in the perceptions of luxury values among the affluent group of consumers is a worthy effort.

Based on figure 2, this study suggests several directions for further research in this area. These suggestions also reflect the transformation of luxury sector and a change in customer attitude and perceptions. In line with the evolution of luxury sector from the exclusive domain of the most affluent group to a wider consumer segments, directions of further studies focus on the two main segments of consumers as identified by Dubois et al. (2005); the elitist attitude/affluent group and the democratic attitude/new customers mostly consist of the upper and middle class group. One limitation of ABC model is that it does not incorporate product and/or market evolution in explaining various attitude situations. For example, a purchase decision on a smart-phone which is greatly influenced by the formation of beliefs can also be influenced by affect or specific feelings toward a brand e.g. an iPhone. A purchase decision on a luxury product is based on hedonic consumption or affects (according to ABC model); for new luxury consumers, their purchase decisions can also involve a more rational and thoughtful process based on cognition or belief. This is particularly apparent based on the assumption that new luxury consumers buy luxury products for different reasons than those of the wealthiest group.

Luxury products are becoming more accessible and affordable to a wider range of consumers, thanks to the increase in income and spending power. However, unlike the most affluent group, consumers with democratic attitude tend to accumulate knowledge and form a belief (cognition) such as high quality and functionality before forming a feeling (affect) about a particular luxury brand. Consumer decision to acquire the product may be based on a cognitive
information process or a standard learning hierarchy. In this hierarchy, consumers are highly involved in making a purchase decision and normally seek out detail product information, weigh alternatives, and come to a thoughtful decision. Thus, utilitarian benefits are expected to be more influential in the perceptions of luxury values among the democratic group of consumers. In this regard, a study that investigates the relative importance of utilitarian and hedonic values on purchase intention will be useful for new product portfolio of luxury brands.

Traditionally, luxury items were consumed by the wealthiest circles of society to display wealth and social status. According to Dubious et al. (2005), luxury consumers or those with the elitist attitude believes that a certain level of knowledge and sophistication is necessary to understand and fully appreciate luxury. To them, luxury products and services should be available only to those who can make sense of luxury, and if luxury becomes available to everyone, it may lose its ‘true’ values. Thus, increased accessibility of luxury brands through an expansion of luxury stores raised a concern for exclusivity and rarity of these brands among the affluent consumers. In other words, market dilution may lead to adverse repercussion on brand equity and luxury value perceptions. It would be interesting for future research to confirm whether higher accessibility of luxury products leads to lower brand equity among the wealthiest consumers.

As luxury brands are becoming more available and affordable to consumers beyond the ‘privileged few’ or the elite group, decision to acquire the product may be based on a more rational and thoughtful purchase decision (cognition) than on emotion or feelings (affect). Consumers with democratic attitude believe that luxury brands should not be exclusive and the brands should be made available to those who can afford them. These consumers also believe that a certain level of knowledge and sophistication will allow them to appreciate luxury. Moreover, democratic attitude consumers consist of mostly the upper and middle class (not with unlimited spending power); they are considered more thoughtful in purchase decision of luxury products as compared to the affluent group. In other words, although to some extent, luxury consumption is motivated by hedonic values, for a wider range of consumers; utilitarian values will be more influential in their perception of values. Given the current trend of luxury sector and a change of attitude toward luxury, it is important for future research to examine whether higher accessibility of luxury products leads to higher importance of utilitarian benefits among consumers of democratic attitude.

The flaunting of luxury brands or high-end goods and services is a constant social fact, thanks to the increase in spending power and continuous efforts by the media to promote immediate
self-indulgence and gratification. One element of modern consumer society is the upward trend toward self identity and expression. The democratization of luxury leads to the emergence of new segments and a change in consumer attitude toward luxury products. For consumers with a certain level of knowledge and sophistication, luxury is seen as a vehicle for personal satisfaction and expression rather than to achieve social status. As luxury becomes more accessible and affordable to these consumers, it is pertinent for luxury marketers to identify whether attributes that reflect individual expressions are more important than the social ones. This is crucial for a more effective brand management and new product development that cater to a wider range of luxury consumers.

VI Conclusion

In the past, the luxury market was a niche market with limited access. Over the last two decades, luxury products became more accessible to a wider range of consumers. As many companies introduced more affordable luxury products that appeal to more people, luxury brands are losing their rarity and exclusivity particularly, among the most affluent consumers who perceive luxury as a social ‘badge’. Democratization of luxury presents two great challenges for luxury brand companies; first, to balance exclusivity and accessibility, and second, to manage diverse and more complex consumer perceptions. It is becoming more crucial for luxury brand companies to identify various consumer perceptions and attitude toward their products in the coming years. Given the multidimensionality of the brand concept and ambiguity about what constitute luxury, more research in this area are necessary to develop a comprehensive conceptualization of luxury brands and perception of values.

Although various dimensions of luxury value perceptions are discussed in this study but why these perceptions exist and how they are formed requires further attention. Moreover, uncovering meanings that consumers ascribe to luxury is particularly important as the marketing of luxury brands is linked to crafting invigorating brand narratives (Beverland, 2004; Kapferer, 2006). Most of the existing studies are being driven by quantitative analysis, thus, the literature on luxury brands provide limited insights into how consumers construct meanings associated with the brands. It is also important to note that consumer perceptions of luxury can also be influenced by cultural differences, social status and external trends such as globalization but there are also forces that contribute to the emergence shared idea of what a contemporary luxury brand should be, making consumer perceptions increasingly similar (Catry, 2003; Chadha
References


New York.