Relationships of Brand Attitude and Perceived Value and Its Dimensions with Consumers’ Purchase toward Luxury Brand

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Abstract: This research attempts to investigate the effects of brand attitude and perceived value on purchase intention of luxury brands. A national random sample of 264 male and female consumers participated in the study. A structural equation model test with likelihood estimation was performed to test the relationship among the research variables. The empirical results from the structural model suggest that brand attitude positively affected perceived value and its three dimensions (social value, personal value, and functional value). Questionnaires were distributed with simple random sampling method. Data were analyzed based on Statistical Package for Social Sciences (SPSS, V. 21) and SmartPLS. The results provide managers opportunities for strategic differentiation and brand positioning of their luxury brand in an Iran context.

Keywords: Brand, perceived value and dimensions, luxury products, purchase intention.

INTRODUCTION

Luxury brands represent substantial consumer product sales worldwide and in the era featuring continual innovation in network technology, enterprises must constantly pursue innovation to survive and advance in the competitions brought by globalization. Mobile devices are the innovative products that have been developed in recent years. Product innovation keeps enterprises competitive, so enterprises usually seek a vantage point by continually improving products or adding more functions and properties to products (Cooper & Kleinschmidt, 1995). The innovation and high-tech property of products would affect the purchase intention of consumers (Zamous & Ratneshwar, 2002). Hence, luxury goods are defined as conducive to pleasure and comfort and also, hard to obtain. Building on the definition by (Vigneron and Johnson, 2004), we posit that luxury products can - either alternatively or cumulatively - deliver personal indulgence and social esteem on consumers, aside from the functional utility of owning or experiencing a good or service that offers superior value in terms of quality, design, performance, durability and overall customer satisfaction. Hence, by providing exceptional value and overall excellence, luxury products enable consumers to satisfy both or either of their socio-psychological and functional needs (Shukla, 2012; Wiedmann et al. 2007; Hennigs et al., 2012). Value derived from a product or services is one of the inherent drivers of consumer purchase decisions. In that regard, Zeithaml (1988) defines value as an overall assessment of subjective worth of a product or service considering all relevant evaluative criteria. According to the Theory of Reasoned Action (Ajzen and Fishbein, 1980), consumer attitude influences consumer purchase behaviour. According to this theory, behaviour is determined by intentions, which are also influenced by attitudes and subjective norms. The relationship between attitude and behavioural intentions has been widely examined and supported empirically (Kim and Hunter, 1993; Berger et al., 1994). On the other hand, as the economic status has improved in Iran in recent years, attitude toward luxury and fashionable goods has grown rapidly in this country. Therefore, it is comparative to examine and clarify the factors affecting the buying behavior of the consumers of luxury goods such as brand attitude and perceived value in order to develop the knowledge and help improve the planning in this area (Chattalas and Shukla 2015; Liu et al. 2012). In this regard, The customers’ attitude that toward a brand could play a active role in the value that they perceive from the brand (Alden et al. 2013) and Long term positive attitude toward a brand could improve the marketing effectiveness and reduce the costs, the promotion benefits, and the risks associated with introducing a new product with an existing brand name (He et al. 2015). Brand attitude helps create consumers’ acceptance of a luxury product by Interconnecting the product with a brand known by the company’s name, and it can have other behavioral outcomes and affect the value that customers perceive from the brand (Yang and Mattila 2014). Luxury goods are defined as conducive to pleasure and comfort and hard to obtain. Building on the definition by (Vigneron and Johnson, 2004), we posit that luxury products can either alternatively or cumulatively deliver personal indulgence and social esteem on consumers, aside from the functional utility of owning or experiencing a good or service that offers superior value in terms of quality, design, performance, durability and overall customer satisfaction. Hence, by providing exceptional value and overall excellence, luxury products enable consumers to satisfy both or either of their socio-psychological and functional needs (Shukla, 2012; Wiedmann et al. 2007; Hennigs et al., 2012). Perceived value might have an influence on customer attitude, as the literature widely reports (Swait
and Sweeney, 2000). Attitude refers to a learned predisposition to respond consistently favourably or unfavourably to an object. Since attitudes are learned, they are affected by information and experiences (Wilkie, 1994). On the other hand, the fact that attitudes are predispositions to respond leads to their relationship with actual consumer behaviour. Taking the customers’ desired values into consideration, going beyond their basic needs and any effort to properly perceive and respond to consumers’ social, personal, and functional values can have positive results for companies (Chattalas and Shukla 2015). Therefore, Researchers are needed to investigate the possible relationships between brand attitude, customer value, and purchase intention in order to clarify the vague points that exist in the concepts. Considering the rise of business and the international competition of luxury goods in Iran’s market, which has increased concerns about the cultural and social values, any research in this field requires serious attention on the part of universities and industry and this study investigate the relationships among brand attitude, brand value, and intention to purchase luxury goods.

**LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

**Brand attitude and perceived value and its dimensions:** Defining luxury brands or goods is difficult (Tynan, McKechnie, and Chhuon 2010). Luxury is originated from the Latin word “Luxus,” which means indulgence of the senses, regardless of cost. Luxury brands are those whose ratio of situational and intangible utility to price is high, while the ratio of functional utility to price is low. A luxury product can be defined as “a work of art designed for an exclusive market” (Nueno and Quelch 1998, 62). On the other hand, according to Hung et al. (2011), a luxury brand is a branded product that is conspicuous, unique, and carefully crafted. The luxury branding industry is a complex, vast, and very competitive space (Eunju, Phau, and Aiello 2016). The concept of luxury is fashionable and attractive (Kapferer and Bastien 2009), and the topic of luxury branding has been an important research stream for many years (Mandel, Petrova, and Cialdini 2006; Tynan, McKechnie, and Chhuon 2010; Wang, Soesilo, and Zhang 2015; Godey et al. 2016). One of the features of luxury products is their prestige owing to their being connected with the name of valid brands, and marketers pay particular attention to retaining and improving consumer attitudes toward luxury brand (Fionda and Moore 2009). Mitchell and Olson (1981, p. 318) define attitude toward the brand as an “individual’s internal evaluation of the brand.” His is an excellent definition, in that it incorporates two characteristics of attitude that, according to Giner-Sorolla (1999), have remained fairly constant across 20th-century definitions: 1) Attitude is centered or directed at an object, in this case a brand, and 2) attitude is evaluative in nature, i.e., there is “imputation of some degree of goodness or badness” to the attitudinal object (Eagly and Chaiken 1993, p.3). He third component of Mitchell and Olson’s definition internal evaluation too, is noteworthy. It suggests that an attitude is an internal state. Therefore, Perceived value is defined as the result of the comparison between perceived benefits and sacrifices by the customer (Zeithaml, 1988; McDougall and Levesque, 2000). Perceived value might have an influence on customer attitude, as the literature widely reports (Swait and Sweeney, 2000) Studies show that brand attitude can directly affect the perceived value of brand (Hutchinson and Bennett 2012). Considering the importance of perceived value, a consumer’s behavior can be perceived well when we have examined his or her perceived value (Ko et al. 2011). Chattalas and Shukla (2015) tested a three-dimensional model of perceived value in the luxury goods market of the United Kingdom and the United States. From their perspective, perceived value is based on social, personal, and functional values. The concept of social value orientation is rooted in research focusing on co-operation and competition. Presumably, patterns of social value perceptions could be relatively easily understood if individual consumers tended to act in accordance with their own rational self-interest (Kapferer, 1997). However, in most social interactions the motivations seem to be broader and more multifaceted than the simple quest of personal outcomes (Belk, 1985). Earlier research on social value perceptions indicates that consumers’ own choices as well as their expectations of others' choices in outcome-interdependent situations varies as a function of the weight they typically assign to their own and others' outcomes (Tynan et al., 2010). As Kapferer (1997) observes, the history of luxury consumption is deeply rooted in the notion of social stratification. Shukla (2010) argues that one of the important motivating forces that influence a wide range of consumer behaviour is the aspiration to gain status or social prestige from the acquisition and consumption of goods. One of the emerging thoughts in the area of luxury consumption is the importance of personal value perceptions (Tsai, 2005). Researchers such as Vigneron & Johnson (2004), Wiedmann et al. (2007) and Wong & Ahuvia (1998) among others, argue that personal value perceptions of consumers constitute a non-negligible segment and require much further study. Personal-oriented consumers are concerned with being able to identify their internal self with the product, gain an enjoyable experience from the luxury product and match their individual tastes to the product’s quality (Wong & Ahuvia, 1998; Wiedmann et al., 2009). Personal-oriented consumers seek to gain self-directed pleasure from luxury consumption by focusing on the achievement of hedonic gratification and self-awareness rather than pleasing others’ expectations (Tsai, 2005). Personal-oriented consumption can be
conceptualized as contrasting to the motivations of collectivist’s consumers, who are less likely to place emphasis on achieving personal goals to enhance self-image (Litvin & Kar, 2004). Finally, while luxury products may primarily be consumed for their social and personal value perceptions, it is important to remember that every product is designed to perform specific functions, in order to satisfy consumer needs. Wiedmann et al. (2007) conceptualize the importance of functional value perceptions. They suggest that consumers expect a luxury product to be usable, of good quality and unique enough to satisfy their urge to differentiate. In the domain of luxury consumption, while personal value perceptions may be driven by hedonic attitudes, functional value perceptions may be influenced by utilitarian attitudes that focus on a product’s potential usability.

The researches undertaken by Vinson, Scott, and Lamont (1977) and Kahle (1988) all showed that consumers’ perceived values influenced consumer attitude and that the former was highly related to the latter. Therefore, attitude refers to consumers’ positive or negative response at certain time, and consumers’ perceived values would have influence on their attitude (Teas & Agarwal, 2000). High consumers’ perceived values would improve consumers’ attitude towards products; if consumers maintain positive cognitive values for products, their attitude towards products would be more positive (Leppaniemi et al., 2004; Haghirian et al., 2005). The following hypotheses are thus formulated:

H1. Brand attitude has considerable positive influence on perceived value
H1a. Brand attitude has considerable positive influence on social value.
H1b. Brand attitude has considerable positive influence on personal value.
H1c. Brand attitude has considerable positive influence on functional value.

Perceived value and its dimensions and purchase intention: Perceived values will influence person’s media use and exposure (Becker & Conner, 1981). Rose (1994) pointed out that value created effects on consumers’ behaviors of purchasing popular products. Higher consumers’ “perceived values” for products would lead to “stronger intention” of purchasing the products (Monroe & Krishnan, 1985). Perceived values influence the net profits which consumers gain from their consumer behaviors; hence, “perceived values” are habitually regarded as an indicator of purchase intention, even in the paths in virtual lines (Chen & Dubinsky, 2003). Purchase intention indicates consumers’ subjective tendency for certain product, and it has been demonstrated that it can be used as an important indicator of predicting consumer behaviors (Fishbein & Ajzen, 1975). The purchase intention of consumers refers to the possibility that consumers are willing to purchase certain product (Dodds et al., 1991; Schiffman & Kanuk, 2000) Purchase intentions are an individual’s conscious to make an effort to purchase a brand or product (Spears and Singh, 2004). In other words, purchase intentions are personal action tendencies toward the brand, whereas attitudes are overall evaluations. Intentions stand for the person’s motivation which plans to exert effort to carry out a behavior (Eagly and Chaiken, 1993). The consumers who show a positive purchase intention will lead to a positive commitment, and commitment is consumers’ desire of maintaining an essential relationship with manufacturers (Moorman et al., 1992) and will increase the possibility of consumers’ purchase behavior of products (Schiffman & Kanuk, 2000). Hence, the views of Moorman et al. (1992), which involve consideration of purchase, willingness and strenuous seeking, were taken as indicators to measure the purchase intention of consumers. In accordance with the perspectives of the Theory of Planned Behavior (Ajzen, 1985), both attitudes toward a behavior and subjective norm are determinant factors of intention to perform a specific behavior. Furthermore, behavior intention can be directly used to predict behavioral achievement. In sum, purchase intention is an accuracy factor of predicting actual purchase behavior. On this basis, the following hypotheses are formulated:

H2. Perceived value considerable positive influence on purchase intention.
H1a. Perceived social value considerable positive influence on purchase intention.
H1b. Perceived personal value considerable positive influence on purchase intention.
H1c. Perceived functional value considerable positive influence on purchase intention.

Methodology data collection and analysis

The research architecture of this study was based on the research objective and relevant literature, and importance was attached to the effect of brand attitude, perceived value, and its dimensions on customers’ intention to buy luxury. Meanwhile, APPLE WATCH was taken as the research target for the demonstration. This research based on applied goals and information is a correlation research. In this research statistical description and descriptive subject were used. Statistical population according too many researchers including all real or presumptive members that we are interested in extent their research findings (Delaware, 2006); collection of individuals is called Society which they have one or more traits in common and this trait or traits is researchers favorite. This study uses a sample of university students at science and research Islamic Azad University in Iran. There are several reasons for the choice beyond convenience. University students represent an important present and future market
segment that are “most likely to buy luxury goods and services” (Hauck and Stanforth, 2007, p. 179). A major purpose of this study is to understand the young affluent’s attitudes toward luxury brands because their early perceptions tend to have effects in their long run behaviours (Unity Marketing, 2007). Finally, university students are relatively homogenous in terms of their age, intelligence and income so this similarity can reduce the potential effects of these potential covariates in the results. A total of 391 students participated in the study. After removing the questionnaires that have less than 60 per cent of the questions answered, 264 valid questionnaires remain for further analyses.

**Reliability and Validity Analysis:** To assess the reliability of questionnaire, Cronbach’s value was applied. The overall values of Cronbach Alpha is (a = 0.874). To examine that, a pre-test was carried out on sample with 60 respondents and 55 practical questionnaires were collected. The conclusion shows that Cronbach’s value of each variable was more than 0/8. The least significant reliability for research questionnaires is 0/7; thus, this questionnaire was recognized reliable.

**Measurement**

All items were taken from available literature to improve content validity. All items were measured with five-point Likert scale ranging from extremely disagree (1) to extremely agree (5). The study uses a scale of five items taken from Zhang and Kim (2013) and Yim et al. (2014) to measure brand attitude. A fourteen-item scale was developed from Shukla (2012) for perceived value construct. Purchase intention was measured by a four-item scale adapted from Gopal (2015) and Lee and Lee (2013). After the questionnaires were collected, data were analyzed using structural equation modeling (SEM) by statistical software SPSS 21 and SmartPLS. The SmartPLS algorithm allows each indicator to vary with how much it contributes to the composite score of the latent variable, instead of assuming equal weight for all indicators of a scale (Chin, Marcolin, and Newsted 2003; Hur, Ahn, and Kim 2011; Phang et al. 2006).

**Analysis and results**

The proposed model and hypotheses were analyzed using partial least square (PLS), which allows researchers to simultaneously assess measurement model parameters and structural path coefficients. After examining and verifying the validity of the model, regression coefficients and t statistics are used to test the hypotheses.

To test the importance of the hypotheses, two partial indices of t and P are employed. Support on a significance level of 0.05, the t-test must be more than 1.96. Below this value, the relevant parameter in the model is not considered important; a value of less than 0.05 for P indicates hypotheses supported at a significance level of 0.96. The relationship between brand attitude and perceived value was significant (β=0.75, T=35.96) that is supported H1. Further examination of the univariate analysis indicates that brand attitude is a considerable predictor of perceived value. Furthermore, the path coefficients from brand attitude to the perceived value constructs were positive significant: social value (0.72, T 29.86), personal value, (β=0.69, T=28.76), and functional value (β=0.62, T=29.86). in this regard, the resulting illustrates that all of hypotheses (H1a, H2b, H3c) were accepted. Perceived value also has a positive considerable effect on purchase intention, supporting H2. The relationship between perceived value and purchase intention was positive as well (0.71, T 31.63). Additional, the path coefficients from perceived value constructs to purchase intention were positive considerable: social value (0.44, T 7.11), personal value, (β=0.25, T=4.06), and functional value (β=0.19, T=3.14). So findings illustrated that rising perceived value level and its constructs is necessary to enhance luxury purchase intention.

**DISCUSSION**

The purpose of this study was to examine the relationship between consumers’ perceived values and consumers’ brand attitude and purchase intention and the effect of various dimensions of luxury value perceptions on luxury purchase intentions. Our empirical results represent indicated that brand attitude has a direct and considerable impact on the perceived value and its three-fold perceptions (social, personal, and functional perceptions). These results show a complete picture of brand attitude and perceived value. On the other hand, the social, personal, and functional activities of the perceived value have a direct influence on purchase intention, the impact of brand attitude on customers’ behavioral intentions toward luxury goods (APPLE WATCH ) are realized and showed owing to the consumers’ perceived value. These findings could mean that the social, personal, and functional values are first influenced by the consumers’ attitude toward Apple’s brand, and then, these values would in turn have a positive effect on the consumers’ intention to purchase from the luxury brand. Our finding illustrated that the effect of brand attitude on social and personal values is higher than its impact on functional value. Hence, the empirical findings support the view that social, personal and functional value perceptions play key roles in consumers’ luxury purchase intentions across both highly developed, lead luxury markets. Our findings have important implications for marketing managers of luxury brands with regard to building marketing strategy.

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Furthermore, the current study provides evidence to suggest that, analogous to the initial expectations, influence of value perceptions on purchase intentions and provide empirical support to the argument put forward by management researchers regarding the important role played by personal value perceptions (Wiedmann et al., 2007). The finding suggests that luxury consumption is being increasingly used for self-directed pleasure and not just for the social motive of ‘buying to impress others’. Significant influence of personal value perceptions among British consumers offers further empirical support to the notion put forward by Shukla (2012) that British consumers are more driven by self-directed pleasure from luxury consumption. Understanding these relationships is very important and contributes to the promotion of the company’s brand position from the customers’ perspective. Any scientific research contains latent limitations with no exception to the present research, the sample included Iranian consumers, and the findings may be limited to similar cultural backgrounds.

References


