The luxury brands elements that seduce the customers. 
(Suggestion of a new conceptual model)

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Abstract: Why are we seduced by luxury brands? What are the elements that seduce the consumer in a luxury brand? What functions do these brands fulfill? Such were the questions asked while seeking to understand luxury from the consumers’ standpoint.

While discovering the luxury industry, its situation and the risks it’s facing due to a number of shifts happening in the industry, such as the increasing number of consumers. This case might lead the latter to perceive luxury differently.

Inspired by the work of Wiedmann, Hennigs, and Siebels (2007) who, to acquire information regarding consumer motives and value perceptions, developed a four dimensional model that explains luxury consumption through consumer perceptions of the social, individual, functional, and financial value dimensions of luxury and thus draws on and extends Bourdieu’s capital theory (1986).

This approach directed me to the leading argument of my thesis: How do the purchase factors influence the perceived value of luxury brands by the clients?

This article attempts to outline the formulation of a definition of luxury value by editing the previous conceptual model. Two elements are thought of being added to the model, which are: The relationship-based selling and the country of origin effect.

I am currently testing the modified conceptual model through a qualitative survey.

Keywords: customer behavior – luxury value – customer’s perception – relational sale - country of origin effect

Date of Submission: 26-02-2019 Date of acceptance: 12-03-2019

I. Introduction

Luxury market has always been a worldwide market because of its little number of clients in each country. However since the seventies, this industry has known many changes (Bain & Company, 2017).

According to a study done by Bain and Company and realized with the help of the Italian Federation of luxury industry Altagamma, the whole international market of luxury products has known acrease of 4% in 2016, which is due to the comeback of the Chinese local consumption, and the revival of tourism in Europe.

Indeed, this study identifies five main factors which will influence the luxury market in the future: the situation of the American market, the rise of domestic purchases in China and mainly in Europe, the increasing influence of e-Business, the growing gap between the winners and losers of the industry, and the arrival of the Millennials at the market.

In one hand, a crease has been mainly pushed by recovering tourism and growing trust in costumers in Europe, and also by renewing the Chinese local consumption which became the primary luxury market. In 2009, two thirds of the worldwide luxury market was controlled by the European Union exporters, followed by Switzerland, China, Japan and the USA. In the other hand, a wider range of clients has been developed, within them the developing countries. Since the nineties, the luxury companies including the industries which are usually mismanaged by the rivalry of the low income countries make profit from the increase of the developing countries. A new range of clients has been developed, for which luxury products act as social marker (Bain & Company, 2017).

Dubois and Laurent (1994) and Dubois and al. (2001) found out that the customers’ behaviors toward the luxury concept significantly vary. This is why a customer’s perceptions study is a necessity.

In this article, we will study the conceptualization of luxury, in order to clarify the clients’ perceptions toward luxury brands. This will allow us to criticize the models of the perceived value of luxury and to finally suggest a new conceptual model.
II. Literature review

The definition of luxury is determined by personal and interpersonal motives. The definition mainly depends of the customer’s perception toward luxury. (Vigneronet Johnson, 2004). This is why, to understand the meaning of luxury, we must start by finding out all the different clients’ perceptions.

1. Luxury brand

According to Michel Gustaz (1996), a luxury brand is defined by five main dimensions: A collective identity; a history (mostly related to the creator); an identity support and the sustainability proof; a creative talent (Related to a famous designer) and aesthetic; an exclusive expertise and quality; and selected natural resources.

A luxury object is basically a product (rare, perfect, of quality, etc.) and is carried by a service related to this product (personalized relationship with the clients, a store’s reception of quality, after sales service, sustainability of the product, etc.). Therefore, most of the luxury stores give more attention to distribution, and to establish a network of sophisticated stores in the world. This is the key to furnish a subjective rarity atmosphere.

Luxury brands are premium brands bought not only for their functional or economic values, but for their psychological values such as the hedonism and the symbolism (Doss and Robinson, 2013). Some luxury brands are likely to consider luxury products like a product of three essential characteristics: Rarity, additional value, and high quality (Mortelmans, 2005).

Eastermanand Easterman (2011) explain that luxury brands have display and charged status components, even if some might consider these components interchangeable, they think that each element mention different consumers perceptions toward luxury brands. Truong and al. (2009) suggested that the display is associated to the consumers motivated by the appearance and the image, while the status correlated with the costumers excitedly by the external and internal motives. Wiedmann and al (2007) mentioned that the model of the traditional displayed consumption of luxury products is transformed to the experiential knowledge of luxury formed by how the consumers define luxury.

2. Conceptualization of luxury

Luxury is usually associated to the extravagancy, the opulence, the high society, the wealth, which define a certain personality type, and of course, a certain social status. Traditionally, luxury was considered like a privilege of the aristocracy, and the ruling classes (Wong and Ahuva, 2008).

According to Kapferer and Bastien (2009), the generic concept of luxury might be defined not only like a product or service, but also like a state or behavior, as old as humanity itself.

As Cauwès (1881) separates luxury from firm “The good side of luxury, multiplied and composed under the influence of the democratic spirit of the well-being and equality[...], it’s to commute a more convenient luxury in general to the inconvenient firm usually from the old societies”.

According to him, the most important, is that luxury is starting to lose its character which is exclusiveness and waste “The distribution of the elegant pleasures and the superfluous which successively penetrates all the classes, is a significant character. What we used to formally call luxury becomes a habit state of the daily life”.

Concerning the case of the sociologists and psychologists who are naturally interested in luxury resonance in the population, we find in this group the American economist Thorstein Veblen. First of all, Veblen (1899), in his conspicuousness consumption “High priced articles consumption is an honorability method for the man of leisure”. This approach is close to Jean Baudrillard’sapproach, which criticizes the signal economy, for which our objects, are torn between their utility and exchange values “They are taken in the fundamental compromise to be meaningful in the social sense, etc.” According to Pierre Bourdieu, (1979), buying a luxury brand is a way to confirm their social position: luxury is essentially defined by its social communications’ dimension. In the same vein, Gilles Lipovetsky, Elyette Roux, eternal luxury, Gallimard, (2003) explains “luxury appears as what continues a mythic thought form in the heart of the sold desecrated cultures.”

It is now clear that luxury products fulfill not only people’s functional needs but also psychological ones (Dubois and al., 2001).

A huge element of human implication, a very limited supplying and the recognition of value by the others, are the main components. However, luxury stays as a sure value since centuries. It’s a historic sensibility of the beautiful and the prodigious (Cornell, 2002). Luxury finds its origins in the old habits of high classes’ families. Referring to the exceptional, it is the symbol of a social success but also of refinement and the love for “beauty”.

It’s slippery to define luxury. We can define a luxury product as a rare product that had an objective additional or symbolic value, with a high quality standard, and a high price compared to other products.
In conclusion, luxury is defined as goods for which the use or the display of a particular brand brings out esteem to its owner. Luxury goods allow the consumers to satisfy functional and psychological needs.

3. Luxury clients profile

It is very logic to think that the most loyal clients of luxury brands come from wealthy families, and form a “privileged” population part. While luxury brands which cultivate the cult of the inaccessible, make paradoxically actions to extend their products ranges in order to target a new type of clients which have different consuming behavior. Recently, the diversity of luxury products is explained in an economic way. They gain their profit thanks to cosmetics, accessories, perfumes and the ready-made. Which allow us to realize that there are two types of clients (Michel Chevalier, 2013).

First of all, regular or loyal clients are rich and mature individuals. They buy because they can recognize and appreciate the final product’s quality. For these clients, luxury doesn’t represent a standard of living but a lifestyle. This type of clients can be divided into two sub-types. First, there are the exclusive clients or classic luxury clients who believe that luxury brands spread quality and aesthetic values. Second, the traditional or wealthy clients are who seek to be different and have their own style by buying a luxury product. These clients see luxury as a symbol of status, snobism and classism.

The second type is about the occasional clients. This consumer’s type has a strong attachment to luxury brands. It’s the type who is still young, has a recent income, and is sensitive toward the luxury world. In their point of view, purchasing a luxury good is a way to relate this special purchase to a sentimental and emotional value (Michel Chevalier, 2013).

Recently, a new range of clients has appeared in the luxury industry, which their perceptions might differ from the old clients. In consequence, analyzing the market and the clients’ behavior became one of the most important keys of the luxury brands successful strategies. Which is why, understanding the consumers perceptions toward luxury brands is a necessity.

III. Perceived value of luxury brands model

The main purpose of this article is to verify and criticize conceptual models of the perceived value of luxury, and come up with a new conceptual model which carries other important variables.

1. Criticizing the theoretical models

In order to measure the value of luxury, two conceptual models have explained and developed the construction of the luxury perceived value. The first model belongs to Vigneron and Johnson (2004), and the seconds was developed by Wiedmann, Hennigs, and Siebels (2007) who clarified in the simplest way the most important variables which form the perceived value of luxury. The second model is more adaptable to the situation of the actual luxury industry. However, it is still missing other significant variables.

Inspired by the work of Dubois and Laurent (1994), Leibenstein (1950), Mason (1992), Kapferer (1998), Eastman et al. (1999) Phau and Prendergast (2000), and Dubois and al. (2001), about the evaluation of luxury brands, Vigneron and Johnson (2004) developed the framework of the brand luxury index (BLI) scale to measure consumer luxury perceptions for brands, suggesting that the the decision making process of the client seeking luxury could be explained by five main factors which form a semantic network. Including the personal perceptions (the perceived extended self, the perceived hedonism), also the most usual impersonal perceptions (The perceived conspicuousness consumption, the perceived rarity, perceived quality), Vigneron and Johnson examined the latent structure and the interrelations within the primary definitions of luxury concept which imply the decision making process that happens during the evaluation of the products brands.

To acquire information concerning the consumer’s motifs and the value perceptions, Wiedmann, Hennigs, and Siebels (2007) developed a model gathering four dimensions that explain luxury consuming through the perceptions of consumers toward the social, personal, functional and financial values of luxury and therefore draw and extend Bourdieu’s capital theory (1986):

- The financial dimension is directly addressed to the monetary aspects, such as the price, the resale cost, the reduction, and investment, which refer to the product value.
- The functional dimension refers to the heart of the products profitability and their basic functions, like the quality, the rarity, the usability, the reliability and the sustainability.
- The personal dimension focuses on the consumer’s personal orientation against luxury consuming and addresses personal issues as the materialism.
- The social dimension refers to the perceived utility that the individuals acquire from the recognized products and services in their own social groups, like the displaying and the prestige value.

The conceptual value that is kept, and on which this study is based is:
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A. Social dimension

Luxury goods consumption appears to have a strong social function. Therefore, the social dimension refers to the perceived utility which the clients acquire while consuming products or services known by their own social groups, such as the conspicuousness consumption and the prestigious value, which affects the evaluation and the consumption trend in luxury brands (Vigneron and Johnson 1999, 2004; Bearden, and Etzel 1982; Brinberg and Plimpton 1986; Kim 1998).

Individuals are probably willing to use products that are socially used, especially when the purchase motive is the need to show off their social status (Lee, 1990). The social value is described by two values: Prestige and Conspicuousness consumption.

- Conspicuousness consumption

Veblen (1899) was the first to mention the idea of conspicuousness consumption, which means that buying or possessing a certain products suggests wealth, and well-being. During the eighties, many researchers did studies based on the original work of Bourne (1957), which focused on the influence of reference groups on luxury brands consumption (Mason 1981 and 1992; Bearden and Etzel 1982). This study results revealed that showing off a product is positively related to the susceptibility of the reference group. For example, Bearden and Etzel (1982) concluded that luxury goods publicly used were more visible than luxury goods privately used, and also the conspicuousness consumption plays a part in forming preferences toward some products which are used in a public context (Braun and Wicklund, 1989; Hong and Zinkhan, 1995; Bagwell and Bernheim, 1996; Corneo and Jeanne, 1997; Vigneron and Johnson, 2004). As a result, luxury brands might be important for individuals who seek social status and representation. This means that society classes which are particularly related to the brand, play as a crucial factor in the conspicuousness consumption.

- Prestige

The possession of luxury brands desire serves as a symbolic signal of a group affiliation. This fad pushes the individual to conform to the wealthy lifestyle and/ or to be distinguished from other poor lifestyles (French and Raven 1959; Sirgy 1982; Midgley 1983; Solomon 1983; Mick 1986; McCracken 1986; Belk 1988; Dittmar 1994).
A prestigious brand might be used during the week while conforming to professional positions and a modest brand might serve during the weekend to equal the social standards of the neighborhood.

B. Individual dimension

The individual dimension focuses on the consumer’s personal orientation on the luxury consumption and addresses the personal questions like materialism (Richins and Dawson, 1992), hedonic and self-identity values (Vigneron and Johnson, 2004; Hirschman and Holbrook, 1982).

- Personal identity
  Consumers might utilize luxury articles to integrate the symbolic sense to their own identities (Holt 1995; Vigneron and Johnson, 2004) or they could use luxury brands to maintain and develop their own identities (Douglas and Isherwood 1979; Hirschman 1988; Dittmar 1994). The client’s self-identity includes his subjective perception, the belief in his own capacity, the limitation and the appearances (Graeff, 1996). From this point of view, consumers might make use of luxury articles to integrate the symbolic signification to their self-identities (Vigneron and Johnson, 2004).

- Hedonism
  Dubois and Laurent (1994) consider that the majority of luxury brands consumers associate these products to hedonic reasons, and that luxury goods purchase is mainly for their own pleasure, and not for a snobbism signal. The pleasures, excitement, aesthetic of the beauty are the emotional values which the luxury goods consumers find as the reasons to buy luxury goods (Vigneron and Johnson, 1999). Some products and services have an emotional value and offer an intrinsic joy in addition to their functional utility (Hirschman and Holbrook, 1982; Sheth et al. 1991, Westbrook and Oliver, 1991). Therefore, the hedonism describes the subjective perceived utility and the acquired attractive proprieties of the purchase and consumption of a luxury brand to stimulate the feelings and the affective states received from personal reward (Sheth and al.1991; Westbrook and Oliver, 1991).

- Materialism value
  Richins(1994) sees the materialism as a personal values system. He divides materialism in three parts: the centrality, joy and success. Possessions play a central role in the clients’ lives. Joy is the conviction to obtain the right possessions which drive to the well-being and each individual will be able to be judged by the possessed objects.

C. Functional dimension

- Usability value
  In general, a product or service is created to realize a certain function: the main advantage might be seen in the product’s conviviality to reach the goal of satisfying the clients’ needs. The usability concept was examined in terms of the use easiness and can be defined by the physical, chemical and technical dimensions of a product (Park et al. 1986).

  The conviviality is also based on the products proprieties and the client’s needs. Therefore, a comparison between subjective and objective judgments of the conviviality has to be done, which depends on the individual evaluation and the specific goal of use. Concerning the basic and principal use, clients expect that the articles they buy are good and last longer as they wished (Fennel 1978).

- Quality value
  High quality is seen as a fundamental characteristic that realizes a certain function of a luxury good in terms of precondition (Quelch, 1987). Perfection and supremacy are two words that can define luxury, consequently the high quality degree consists a significant part of luxury consumption (Zeithaml, 1988).

  Gentry and al. (2001) think that the reason why clients buy luxury brands is because the product’s brand reflects a high quality. Consumers might associate luxury products to high quality brand, which pushes them to expect more quality in luxury brands (Aaker 1991).

- Rarity
  The functional value isn’t a fundamental criterion that makes the consumers attracted by a luxury product. In fact, rarity and exclusivity are the elements which differentiate a luxury product from other basic goods(Wiedmann and al., 2009; Lynn, 1991; Pantzalis, 1995). The more a brand is rare, the more its value is symbolized, especially in the consumer’s perception (Sun, 2011).
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D. Financial dimension

McKinsey used the price as a discriminant factor to distinguish certain luxury types from others. Allérès (1990,1991) has also considered the price as one of the most significant factors of luxury goods. The price might also be a quality signal (Aaker, 1991), and the high quality is frequently associated to a high price.

Some authors consider the price as another luxury characteristic and think that the monetary value of a product could have a positive role in establishing the quality perceptions in the spirits of the consumers (Mortelmans, 2005; Wiedmann and al., 2009; Erickson and Johansson, 1985; Lichtenstein et al., 1988; Tellis and Gaeth, 1990).

According to Tynan and al. (2010), the word luxury can be used to persuade consumers to buy the most expensive products.

In summary, Paul Cavès (1881) explains that luxury has been transformed while being diffused above the aristocrats elites “Along with the civilization, luxury is coming near the useful [...]. Luxury of the old decades is limited to the privileged class; the modern luxury is transforming while targeting a wider range of consumers”. To conclude our literature review, we deduct that luxury value has known many transformations, which means that the consumers’ perceptions has also changed. These shifts have happened mainly due to the apparition of many risks in the luxury industry:

- First of all, the apparition of new clients
  Luxury products consumption has increased. On one hand, it is mainly because of the growth of the middle class which their income has increased, and the apparition of clients from the developing countries. On the other hand, the Millennials and the Z generation which has represented 45% of the luxury personal goods market since 2015.

- Second, the increasing of sales therefore luxury production
  On the one hand, the vigorous crease of luxury objects demands imposed a more pushed fabrication at the manufactories. In the other, the fast development of luxury production in the middle of the seventies carried off an important change in the companies, their turnover and their size increased. This made us think if these changes could have influenced the conceptual model.

Because of this, I think it’s important to study again the factors which determine the perceived value of luxury brands. Consequently, we are questioning this problematic: How do the purchase factors influence the perceived value of luxury brands by the clients?

This article’s purpose is to criticize the conceptual model, based on the actual situation of the luxury industry, and to suggest a new model. We think that two variables must be taken into consideration in order to measure the perceived value of luxury. Therefore, the variables are the relational sale, and the country of origin effect.

2. Proposal of the new theoretical model
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a. **Replace rarity with the relational sale**

More the brand is rare or unique, more the good’s value is symbolized, especially in the consumers perceptions (Sun, 2011). However, it’s hard not to notice that at the actual moment, there has been a crease in the luxury objects’ demand, which forced more fabrication. Therefore, rarity isn’t perceived as a variable that gives value to luxury as it used to be.

Moreover, luxury brands’ reactions changed the customers’ perceptions and were oriented to the overexposure. Indeed, it is hard to find luxury brands which seem available in many markets and in a variety of detailers. The excessive accessibility to luxury products might negatively impact the prestigious character of the luxury brands (Dubois and Paternault, 1995). The counterfeits of luxury brands have flooded the market, and helped in causing the acceleration of the luxury brand overexposure.

The consumption’s crease had consequences on the organization of the distribution: Luxury firms manage rarity of their offer thanks to a selective distribution strategy. It appears that the direct sale with the clients is still a pivotal point in the luxury products’ communication politics. The exchange maintained at the store is crucial for the relationship with the client, because in the case of luxury brands selectively sold, a trust relationship will be established not only in the level of the brand, but also in the level of the reception and the service found at the point of sale. To reinforce their relationship with the clients, luxury companies have to give more weight to the points of sale and the particular customer advisers, because these two represent an essential element in the relationship.

It is through these characteristics that the accessible luxury can resolve the dilemma: assure the crease targeting not just the elites but the elitist part of each client. Which is why, the client must be assured of the upholding of the expertise and the values that prevent the luxury brand from becoming banal. This alchemy, to exist, has to be founded on an efficient relationship which includes the active participation of the three actors: the brand, the customer adviser and the client. The customer has to feel the coherence between the offer and the brand during the whole choice and purchase process, in order to accept the justification of the high price of the good and to be engaged in the relationship with the brand.

Thus, the accent put on the weight of the relationship between the brand, the client and the customer adviser registers luxury in the relational paradigm.

In luxury marketing, the respective objectives of these dimensions are consequently to establish coherence between the illustrated elements in the following figure (Figure 2):

![Figure 2: Importance of the relational sale](source: Décisions Marketing, No. 20 (May-August 2000), p. 49)

On one hand, the promises are done by the brand to the customers through different signals, in particular the direct and mass communication actions (1). On other hand, the application of these promises, by the control of the staff and the partners management who are the distributors through the distribution contract which aims to define the respective roles in the luxury firm and of the distributor (2), and this in order to let the engagements stay held during the physical contact at the point of sale (3).
Exploratory observations indicate that there is a strong social dimension in the control of the commercial network of the luxury firms. The socialization applied in most of luxury companies seems to converge from the socialization objectives (social control “clan”) (Ouchi W.G. 1979).

To conclude, rarity still exists, except that it was moved from the fabrication stage to the distribution stage.

b. The country of origin effect

There is a large number of luxury brands from different origins, which make us wonder about the image of the brand if we relate it to its origins. Which make us ask the following question: Is a hand bag from a French luxury brand, same as a hand bag from an American luxury brand? From this point, the country of origin effect isn’t applied only on the products but also the brands (Han and Terpstra, 1988): consumers attitudes toward a brand might change depending on its origin (Gaedeke, 1973).

Researches tend to show that in the prestige brands, the externalization of the production and the assembly in other countries is impossible because the brand and the country of its origin are related (Jaffé and Nebenzahl, 2001). For Bastien and Kapferer (2008), a product isn’t luxury once it is delocalized; it becomes a simple premium product to which they submitted an exact functional specification and can be fabricated where it’s cheaper.

The “Made in France” as a brand compared to “Made in China” or “Made in Bangladesh”, the etiquette with the mention “Made in France” brings an additional value to the products.

Since then, this reasoning might be applied on French luxury brands. Consequently, on the price level and the equivalent objective quality, the customer might use the information of the country of origin as a criterion to differentiate products, knowing that today marking the origin becomes harder.

For these firms, preserving the high quality is impossible with the maintaining of the production in France, and so is the “Made in France”. Hermès, Chanel and Vuitton create today employment in France collaborating with local subcontractors or by rebuying companies. Two logics are pursuit:

-First of all, the upholding of the French origin that raises the assignment of these luxury firms in front of the customers who are seeking the label “Made in France”.

-Another logic which is to maintain the bond with the French manufacturer, who is considered as partners, in order to preserve the know-how in France “...I have manufacturers who work with us for twenty years! We are trying to keep permanently our turnover while keeping them, etc.” (MaximeKoromyslov, 2011).

IV. Conclusion

The luxury concept has been largely debated during the human history. Furthermore, this shows that across the centuries, the societies had been occupied by the nomination of luxury.

The definition of luxury has been transformed since more than 3000 years. Consequently each time luxury is perceived differently, because of the shifts which encounter the environment. This is why we were interested in the perceived value of luxury.

Indeed, with the create of living standards and the access of new social classes to wealth, notably in the developing countries during the past years. Luxury market has known many transformations, such as the apparition of a new range of clients, the crease of luxury goods production and so the luxury products’ overexposure, etc. These changes incited us to wonder if the customer’s perceptions didn’t change accordingly.

This article pursues criticizing the perceived value models developed beforehand, in order to suggest a new conceptual model that will more suitable to the actual customers’ perceptions.

The conceptual model that we put forward consists on valuing two new significant variables, which are the relational sale and the country of origin effect.

And thus, it necessitates a qualitative perspective which will be handed over to the luxury firms’ managers to test and validate each variable of the theoretical model in order to start the empirical study.

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IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with Sl. No. 4481, Journal no. 46879.

Fatine El Mouqtafi " The luxury brands elements that seduce the customers. (Suggestion of a new conceptual model)". IOSR Journal of Business and Management (IOSR-JBM), Vol. 21, No. 3, 2019, pp. -35-43

DOI: 10.9790/487X-2103033543 www.irosrjournals.org