



Impact of interpersonal influences, brand origin and brand image on luxury purchase intentions: Measuring interfunctional interactions and a cross-national comparison

Paurav Shukla*

Brighton Business School, University of Brighton, Brighton BN2 4AT, UK

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ABSTRACT

This study provides insights into how interpersonal influences and branding cues shape consumer luxury purchase intentions. Using a sample of British and Indian consumers, this study investigates and compares structure, properties and mean levels of susceptibility to interpersonal influences and highlights the interfunctional interactions. While normative interpersonal influences were found to be significant across nations, the role of informational interpersonal influences was significant only among Indian consumers. It was also observed that British consumers relied increasingly on branding cues. Moreover, brand image was found to be a significant moderator between normative interpersonal influences and luxury purchase intentions in both countries.

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1. Introduction

The issue of luxury consumption has received a great deal of interest among marketing scholars. Little is known however about how to optimize the market and manage consumer expectations with regard to this specific consumption context (Vigneron & Johnson, 2004; Wiedmann, Hennigs & Siebels, 2009). The objective of this paper is to examine the impact of interpersonal influences (both normative and informational) and brand related cues (i.e., brand origin and brand image) on luxury purchase intentions. It explores the interfunctional interactions by examining the influence of branding cues on the relationship between interpersonal influences and luxury purchase intentions. It also analyzes the similarity and differences in consumer preferences related to luxury consumption between a mature, individualist, and developed market (the United Kingdom) and a rapidly developing, collectivist, and emerging market (India).

The importance of social influence on consumer purchase intentions is recognized in most consumer behavior models (Bearden, Netemeyer, & Teel, 1989; Mourali, Laroche & Pons, 2005; Ratner & Kahn, 2002). Moreover, social influences are particularly salient in luxury consumption context (Tsai, 2005; Wiedmann et al., 2009) wherein consumers are highly affected by their internal drive to create a favorable social image from the

outcome of their purchase behavior (Hume, 2010; Leigh & Gabel, 1992; Shukla, 2010). Therefore, it can be speculated that such consumption may be highly influenced by normative and informational interpersonal influences. The individual consumption decisions are systematically affected by cultural and social values and norms (Hofstede & Hofstede, 2004). It is reasonable to suggest that different cultural groups may show varying levels of susceptibility to interpersonal influences. This study investigates and compares the structure, properties and mean levels of susceptibility to interpersonal influences (Bearden et al., 1989) across the samples of the British and Indian consumers.

In today's marketplace, many brands use strong brand origin cues in their promotions appeals (Money & Colton, 2000). This is highly prevalent in the case of luxury brands including behemoths like LVMH and Gucci to specialist luxury players like Patek Philippe and Bremont, which highlight their brand origin in every promotion. For example, specialist luxury watch maker Baume & Mercier highlight their brand origin within their logo itself. Douglas and Wind (1987) suggest that in markets such as luxury fashions and accessories, a specific country of origin or foreign image in general may carry a prestige connotation. Chevalier and Mazzalovo (2008) argue that luxury brands spend a disproportionate amount of their overall budget on brand image building. Thakor and Lavack (2003) suggest that most of the country-of-origin literature has emphasized origin effects at the product level as opposed to brand level. Keller (2009) opines that brand related cues act as a crucial competitive advantage element for luxury brands. Moreover, researchers have increasingly called for

* Tel.: +44 1273 642140; fax: +44 1273 643597.
E-mail address: p.shukla@brighton.ac.uk.

measuring the impact of brand origin and brand image on purchase intentions (Balabanis & Diamantopoulos, 2008; Batra, Ramaswamy, Alden, Steenkamp, & Ramachander, 2000; Thakor & Kohli, 1996).

Shukla (2010) observes that due to the highly social nature of luxury consumption, consumers try to gain social advantage by following the desired group's consumption pattern. Focusing on different facets of the independent self, Kampmeier and Simon (2001) theorize that consumers will demonstrate fitting in behavior by using brands which match the image of the group they wish to belong to. Furthermore, researchers have emphasized that brand related cues may provide a key to an improved understanding of luxury consumption (Dubois & Duquesne, 1993; Vigneron & Johnson, 2004). Thus, if consumers use branding cues to create a sense of belonging, it would seem logical to study how such branding cues can influence the relationship between interpersonal influences and purchase intentions.

Consumers hardly ever take decisions in isolation. Instead they try to bring disparate information together and make sense of it (Grewal, Krishnan, Baker, & Borin, 1998; Harcar & Spillan, 2006). Therefore, a major contribution of this study is the provision of an empirical assessment of interaction effects demonstrating how awareness of branding cues can change the relationship between the interpersonal influences and luxury purchase intentions. The measure of the effects of various social and branding cues simultaneously will enhance our understanding of how such social and branding cues interact; the magnitude of their effects and how management controlled branding cues can influence the social interactions.

Mourali et al. (2005) note that the impact of interpersonal influences has been widely validated with US consumers, however, its application to non-US consumers has been limited. Moreover, Hofstede and Hofstede (2004) indicate that theoretical models and frameworks developed in one socio-cultural environment might not be applicable to other environments because of the differences in cultural dimensions. For example, focusing on French and Malaysian consumers' clothing and automobile preferences, Hult, Keillor and Hightower (2000) found significant differences in consumer motives as well as factors influencing their consumption. Furthermore, the increasing consumption of luxury products in emerging markets warrants further research (Datamonitor, 2009; Tynan, McKechnie & Chhuon, 2009; Wong & Ahuvia, 1998). Using cross-national data collected from British and Indian consumers, this study provides insights into the cultural stability of the antecedents and the interactions proposed for the first time. Additionally, it highlights the significant differences associated with luxury consumption between collectivist and individualist cultures which has the potential to assist in building a better luxury brand strategy that is sensitive to global standardization and to local adaptation.

The paper starts with a section presenting the literature review. From this review hypotheses are formed followed by the methodology and the results. And concluding section with a discussion of the findings, managerial relevance, and future research directions is followed.

2. Theoretical background and conceptual model

2.1. Luxury consumption

Hume (2010) observes that representation of social class via luxury consumption is one of the frequently discussed social issues. The word "luxury" refers to products or services of a very high standard; however, it elicits no clear understanding (Wiedmann et al., 2009). Cornell (2002) observes that luxury is a slippery term to define because of the strong involvement of the

human element and value recognition from others. However, researchers agree that luxury goods are conducive to pleasure and comfort, are difficult to obtain, and bring the owner esteem, apart from functional utility. Therefore, luxury goods enable consumers to satisfy their socio-psychological needs to a greater degree than regular goods (Shukla, Shukla & Sharma, 2009).

Observing the growth of luxury brands in the last two decades, researchers have started giving greater attention to the phenomenon of luxury consumption. Past research efforts have focused on luxury brand typology (Calori, Melin, Atamer & Gustavsson, 2000; Dubois & Duquesne, 1993; Vigneron & Johnson, 2004); acquisition of luxury product and brands (O'cass & Frost, 2002); cross-cultural comparison of luxury brands (Dubois, Czellar & Laurent, 2005; Shukla et al., 2009; Shukla, 2010; Wong & Ahuvia, 1998); and counterfeits (Commuri, 2009; Shultz & Saporito, 1996; Wilcox, Kim & Sen, 2009). Luxury brands are one of the most profitable and fastest-growing brand segments (Han, Nunes & Dreze, 2010), yet at the same time the social influences associated with luxury brands are poorly understood and under-investigated (Shukla, 2010; Tynan et al., 2009; Wiedmann et al., 2009).

2.2. Susceptibility to interpersonal influences

The issue of interpersonal influence on regular consumption has received considerable attention (Bearden et al., 1989; Kropp, Lavack, & Silvera, 2005; Mourali et al., 2005). Bearden et al. (1989) identify two dimensions of susceptibility to interpersonal influences: (a) normative interpersonal influences and (b) informational interpersonal influences. Prior studies have suggested that luxury consumption is a social consumption phenomenon and consumers use such consumption as a means to impress significant others (Dubois & Duquesne, 1993; Kapferer & Bastien, 2009; Tsai, 2005). Han et al. (2010) argue that even in the absence of direct visibility, consumers are concerned about which luxury brands will make a good impression on others. Therefore, luxury consumption may be highly susceptible to interpersonal influences. While luxury brands are highly visible within the social space, none of the earlier studies address how interpersonal influences affect consumers' luxury consumption decisions.

2.3. Brand origin and brand image

Thakor and Kohli (1996) observe that literature has focused on several aspects of brands that may affect purchase. One significant characteristic associated with many brands are the origin cues. These cues have received little or no attention. Brand origin can be thought of as the country a brand is associated with by its target consumers regardless of where it is manufactured (Kim & Chung, 1997; Thakor & Kohli, 1996; Thakor & Lavack, 2003). It has been observed that many global firms position their brands with respect to their national origins (Balabanis & Diamantopoulos, 2008; Money & Colton, 2000; Oetzel & Doh, 2009). Calori et al. (2000) as well as Chevalier and Mazzalovo (2008) highlight that luxury brands use strong brand image and origin cues in their international strategy. However, research has not given attention to the effects of brand origin and brand image on consumers' luxury purchase intentions.

2.4. Effect of brand on interpersonal influences

Consumers consider multiple issues prior to making consumption decisions (Harcar & Spillan, 2006). Wilcox et al. (2009) found that products without brand image association (i.e., a clearly identifiable logo, symbol or any specific mark) are less apt to serve the social functions of self-expression and self-presentation. Similarly, Han et al. (2010) argue that many consumers use

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