

## Factors Affecting Consumer Behaviour for Luxury Brands in India: An Empirical Study

<sup>1</sup>Dr. Pritesh Shukla, <sup>2</sup>Dr. Richa Agarwal, <sup>3</sup>Gufran Ahmad, <sup>4</sup>Dr. S. K. Dubey

<sup>1</sup>Associate Professor, School of Management, TransStadia University, Ahmedabad

Email: drpriteshshukla@gmail.com

<sup>2</sup>Assistant Professor, School of Business, AURO University, Surat

e-mail: drrichaagarwal01@gmail.com

<sup>3</sup>Ph.D. Research Scholar, Institute of Management Studies, Banaras Hindu University (BHU), Varanasi (U.P.) - 221005.

E – Mail - gufran.ahmad@fmsbhu.ac.in

<sup>4</sup>Professor, Institute of Management Studies, Banaras Hindu University (BHU), Varanasi (U.P.) – 221005.

E – Mail - skdubey@fmsbhu.ac.in

### Abstract

With globalization, expanding economy and prospering middle class, the luxury goods sector has gained prominent role in business, making it a significant area of focus for Indian industry practitioners. The rapid urbanization and transforming lifestyle result in various changes in the buying behaviour of consumers in India, depicting shift in the ways they shop especially in terms of choice of brands. Several factors such as age, education, income, media, technology, culture, peer influence etc. play huge role in shaping the buying behaviour of consumers for luxury brands in India. An analysis of these factors indicates the interplay of cultural, socio-economic as well as psychological aspects in influencing consumer's buying behaviour for luxury brands, further determining the economic value of Indian markets. These factors necessarily have huge role in ensuring the growth of Indian retail industry as well as in deciding the position of Indian industries and markets among the world. By extensive research on diverse motivational and aspirational factors that affect or shape consumer's willingness to invest or buy luxury items, help comprehend diverse marketing strategies, branding inventiveness and consumer engagement practices within the luxury goods sector. These researches further aid in extending ways for Indian business to implement better and effective methods to maximize profits from ever-expanding and diverse Indian markets. A sample of 283 respondents was collected from consumers who use luxury items of different brands. The factors that determine the Factors affecting consumer behaviour for luxury brands in India are Social & Cultural Influence, Income & Economic Factors, Brand Image & Perception, and social media & Online Presence.

**Keywords-**Factors, Consumer, Buying behaviour, Luxury, Industry, Indian

### Introduction

The rapid urbanization, lifestyle changes, globalization and most important burgeoning economy of the time influence in determining and shaping the way consumers shop, particularly moulding their choice of brands. With growing brand inventiveness and awareness, Indian consumers have exposure to various luxury items available in the market and play a predominant role in influencing their buying behaviour as well as lifestyles. The factors that affect consumer behaviour of Indian consumers for luxury goods range from cultural, social, economic dimensions to diverse technological, psychological and aspirational aspects. Burman and Agrawal (2015) in their research coherently explain the term consumer not only refers to the act of buying in itself, but also expose extensive buying patterns that encompass both pre and post purchase affairs. Examining these patterns of buying is significant to understand implications for marketing strategies as well as to incorporate ways to improve branding of products.

Jain and Khan (2017) notice how Indian consumer's buying behaviour for luxury brands is deeply rooted in cultural beliefs associated with perceptions on social status and prestige. Understanding the existing socio-cultural framework in India confirms the enticement to luxury a basic influential factor that drives consumer's buying intentions. Further, economic factors such as income, purchasing power etc. affect in shaping buying behaviour of consumers and have profound impact in developing consumer's inclination towards luxury purchases. Apart from this, various psychological aspects in association with self-esteem, prestige, self-identity etc. play a crucial role in drawing Indian consumer's attraction towards

luxury items. Indian consumers are often found to align their image and status with the brands they use, depicting the perceived value of certain luxury markets among them. The study by Jain and Khan (2017) indicates different beliefs that encompass attitudinal, normative and control beliefs and analyze the role of these psychological dimensions in shaping buying inclinations for luxury items. The fact that Indian consumers orient their identity with the image produced by certain luxury brands in itself indicate significance of brand authenticity among Indian markets.

In addition to the above-mentioned socio-economic and psychological factors, various technological aspects such as the expanding digital landscape that creates new advertisements, promotions for brands also help generate brand awareness among consumers. The digitalization that results in the augmentation of e-commerce platforms, social media channels play huge role in shaping perception about brands, there by promoting the luxury consumer behaviour. The pervasive influence of social media not only determine the way consumers engage with brands but also help create perceived notions on luxury items, transforming the very nature of marketing. By effectively exploring and understanding the intricate play of diverse socio-economic cultural, psychological and technical factors that aid in influencing Indian consumer's buying behaviour for luxury brands, facilitates in implementing fruitful marketing strategies; promoting consumer engagement and brand awareness, thereby catering to the growth of Indian markets.

### **Literature Review**

The existing literature review that examines the role of various factors in affecting consumers' buying behaviour for luxury items explore how the socio-economic framework of Indian population as well as the innovativeness of digitalization contribute to shaping the nature of its markets. Recognizing the impact of these factors help Indian industries to incorporate and develop better ways for capitalizing the ever-expanding Indian markets.

Agrawal and Burman (2015) discuss how several researches and academic studies that focus on consumer's buying behaviour have found various factors that impact the purchase intentions, often classified to groups such as internal and external factors or divided into social, psychological and personal factors. The study finds that despite the nature of these factors, they all cater to the same scope of influencing in shaping the consumer's intention towards purchasing. Dhaliwal and Paul (2020) also classify the determinants of luxury buying behaviour into four major groups; individual, social, cultural and psychological. The study exposes how consumer's buying behaviour for luxury items is largely shaped by the cognitive perceptions about beauty, quality and entertainment. Moreover, consumers also become more familiar with different luxury brands these days, that drive them towards purchasing these products. The digitalization and innovativeness of media play a huge role in developing consumers of extreme brand consciousness, often imparting a notion of social status in them.

Farooqi and Shahid (2017) reveal how brand names affect consumers' buying behaviour for luxury items. The popularity of a brand and perceived globalness of the brand that make consumers believe that the luxury item is famous and accepted among several places bring into them an aspirational aspect to buy and use the same. Moreover, the fact that others also purchase the same product further increases the inclination towards these luxury items. Jain (2021) in the study conducted expose the huge role young Indian consumers play in exponentially increasing the growth of Indian markets by purchasing various luxury items. The altering purchase intentions depicted by the youth of the nation is supported by the ever-expanding technological advancements throughout, which help consumers get familiar with diverse luxury brands and global products.

Jain (2022) depicts how the growth of online platforms create the most convenient space for luxury purchase intentions by allowing consumers to easily search about products, conduct payments and purchase them. Moreover, certain industries also initiate innovative strategies by providing discounts on luxury products to attract local consumers with extra money, allowing them to purchase these products online. The development of technology and its facility of various apps and online channels have helped transform marketing for the better. Studies coherently indicate how such platforms attract a large number of Gen Y consumers in emerging economies like India, developing the consumers' behaviour for luxury products. Moreover, economic benefits, perceived usefulness, easiness of purchase as well as webstore quality also motivates youngsters to purchase luxury items from such online platforms.

The study conducted by Jain (2019), exploring the relationship between perceived value and luxury buying behaviour indicate how conspicuous value, followed by experiential and utilitarian value play huge role in increasing consumers' inclination towards luxury items. The deep-rooted traditional aspect of possessing valuable products aligns with the conspicuous value offered by luxury items. In such cases, when consumers find people of their close social interactions using high-branded products, they automatically develop an inclination to purchase and own the same in order to maintain the social status. Similarly, Jain and Khan (2017) also discuss how psychological factors such as attitudinal, normal and control belief play huge role in developing consumer's buying behaviour for luxury products by boosting their perceptions of social status and social image associated with such items.

Pingle, Daswani and Jain (2012), on understanding luxury buying behaviour of Indian consumers, expose that Indian consumers who purchase luxury items are very much aware of the brand, knowledgeable of the changes in marketing as well as ambitious to own certain high-quality products. Moreover, such millennial consumers also focus on the comfort and sophisticated nature of such luxury items, driving them towards purchasing the same. Kaur, Parida and Lavuri (2022), on the other hand, discuss how materialistic nature of a person drives them to purchasing sustainable luxury products. The study also reveals that the increase in disposal income of families in Indian economy increases the number of consumers who are willing to invest in luxury items. Moreover, the expensive sustainable purchase of luxury items is often regarded as a noticeable conservation act, eventually nurturing the luxury consumer behaviour.

Mukherjee, Mantrala and Goyal (2012) in their study confirm that even though Indian consumers are price sensitive, they have always been interested about more foreign products and luxury items entering their market. This persisting interest towards global products, famous at different places across the globe clearly indicate the brand consciousness of Indian consumers. Schultz and Jain (2015) notice how luxury brands' marketing strategies have been traditionally focusing more on developed nations like India, comprehending the ever-rising consumer demand in these countries. At the same time, consumers of the developed nations prioritize the luxury brands' country of origin in making their decision to purchase the same. Country of origin is a significant determinant that help shape consumers' buying behaviour towards luxury items. Often, the country of origin of the product help form an image or perception about the product, definitely influencing consumer's buying decision.

Shahid and Farooqi (2019) discuss about the concept of brand attachment that drives consumers' buying behaviour for luxury products. Consumers often develop a brand attitude that directly influences their societal, personal and functional values. The positive impact these brands and possession of the same create on their self-identity in itself motivates Indian consumers to purchase more luxury goods. Singh (2012) indicates about the burgeoning nature of Indian economy that consists of rapidly growing consumers who are knowledgeable about diverse brands and luxury products. Consumers of modern day are more open minded, brand conscious, well aware, tech savvy who keep themselves updated about luxury products available in the market. Moreover, the perceived economic value, usefulness as well as social and emotional aspects associated with such brands increase their willingness to invest in leading brands, thereby developing consumers' buying behaviour for luxury items.

### **Objective**

To identify the Factors affecting consumer behaviour for luxury brands in India.

### **Methodology**

This study considered a sample of 283 respondents was collected from consumers who use luxury items of different brands. Random sampling method was used for collection of data, and scrutinized by "Explanatory Factor Analysis" for outcome.

### **Study's findings**

Below table is about general details of respondents which shows that 60.07%, and 39.93% are female. Looking at the age group, 22 to 26 are 27.21%, 26 to 32 are 41.34%, and Above 32 are 31.45%. Regarding Luxury items, Cosmetics are 32.15%, Apparels & Footwears are 35.69%, Electronics are 32.16%.

**Details of Participants**

<b>Variable</b>	<b>Participants</b>	<b>% age</b>
<b>Gender</b>		
Male	170	60.07
Female	113	39.93
<b>Total</b>	<b>283</b>	<b>100</b>
<b>Age in years</b>		
22 to 26	77	27.21
26 to 32	117	41.34
Above 32	89	31.45
<b>Total</b>	<b>283</b>	<b>100</b>
<b>Luxury items</b>		
Cosmetics	91	32.15
Apparels & Footwears	101	35.69
Electronics	91	32.16
<b>Total</b>	<b>283</b>	<b>100</b>

“Factor Analysis”

“KMO and Bartlett's Test”

“Kaiser-Meyer-Olkin Measure of Sampling Adequacy”		.807
“Bartlett's Test of Sphericity”	“Approx. Chi-Square”	4391.667
	df	91
	Significance	.000

In above table “KMO and Bartlett's Test” above, KMO value found is .807

“Total Variance Explained”

“Component”	“Initial Eigenvalues”			“Rotation Sums of Squared Loadings”		
	“Total”	“% Of Variance”	Cumulative %	“Total”	“% Of Variance”	Cumulative %
1	5.724	40.888	40.888	<b>3.764</b>	26.886	26.886
2	2.812	20.084	60.973	<b>3.573</b>	25.521	52.407
3	2.151	15.362	76.335	<b>2.411</b>	17.220	69.627
4	1.270	9.069	85.404	<b>2.209</b>	15.777	<b>85.404</b>
5	.565	4.033	89.437			
6	.360	2.574	92.010			
7	.297	2.120	94.130			
8	.279	1.993	96.123			
9	.193	1.379	97.501			
10	.112	.802	98.303			
11	.099	.706	99.010			
12	.072	.515	99.524			
13	.035	.247	99.772			
14	.032	.228	100.000			

All four factors making contribution in explaining total 85.404% of variance. The variance explained by Social & Cultural Influence is 26.886%, Income & Economic Factors is 25.521%, Brand Image & Perception is 17.220%, and Social Media & Online Presence is 15.777%.



ScreePlot

“Rotated Component Matrix”

S. No.	Statements	Factor Loading	Factor Reliability
	<b>Social &amp; Cultural Influence</b>		<b>.978</b>
1.	Social & Cultural influence makes strong influence to purchase luxury brands	.961	
2.	Luxury brands are often considered as social status	.948	
3.	Buying and using luxurious brands are linked with social prestige	.948	
4.	Using luxury brands becomes important to display one’s social & cultural status	.937	
	<b>Income &amp; Economic Factors</b>		<b>.957</b>
1.	Increased influence of rising income has led to great spending on luxury brands	.971	
2.	Fluctuating economic stability can affect willingness to spend on luxury brands	.938	
3.	It shapes up the buying behavior towards luxury brands	.917	
4.	High income group purchase more of the luxury brands	.866	
	<b>Brand Image &amp; Perception</b>		<b>.890</b>
1.	Indian are much associated with luxury brands due to its quality, and exclusivity	.875	

2.	Strong brand image makes high influence on purchasing luxury items	.841	
3.	Consumers access value of luxury products high considering its image in market	.835	
	<b>Social Media &amp; Online Presence</b>		<b>.805</b>
1.	Social media plays important role in shaping customer’s behaviour	.890	
2.	Social media is considered as a trend to buy luxury products	.801	
3.	Growing online shopping has made branded items more accessible	.789	

**Factors and associated variables**

The first factor of the study is Social & Cultural Influence, the variables included under this factor are Social & Cultural influence makes strong influence to purchase luxury brands, Luxury brands are often considered as social status, Buying and using luxurious brands are linked with social prestige, and Using luxury brands becomes important to display one’s social & cultural status. Second factor is Income & Economic Factors, it includes variables like Increased influence of rising income has led to great spending on luxury brands, fluctuating economic stability can affect willingness to spend on luxury brands, It shapes up the buying behaviour towards luxury brands, and High income group purchase more of the luxury brands. Third factor is Brand Image & Perception, it has variables like Indian are much associated with luxury brands due to its quality, and exclusivity, Strong brand image makes high influence on purchasing luxury items, and Consumers access value of luxury products high considering its image in market. Last and fourth factor is social media & Online Presence, the variables come under this factor are Social media plays important role in shaping customer’s behaviour, Social media is considered as a trend to buy luxury products, and Growing online shopping has made branded items more accessible.

**“Reliability Statistics”**

“Cronbach's Alpha”	“Number of Items”
.882	14

Total reliability of 14 items including variables for Factors affecting consumer behaviour for luxury brands in India is 0.882

**Conclusion**

The burgeoning nature of Indian economy, along with transforming lifestyle, expanding digitalization and urbanization have significantly contributed to shaping the buying behaviour of consumers towards luxury items. The factors that affect Indian consumers’ buying behaviour for luxury items depict an intricate interplay of various socio-economic, cultural, emotional, technical as well as psychological factors. Perceived usefulness, conspicuous value, utilitarian value as well as sophisticated nature of these luxury items undoubtedly increase consumers’ inclination towards buying the same. Moreover, the rise in disposal income of families in India also increase the number of consumers who can afford such luxury items, altogether altering the purchasing intentions of consumers. Apart from all these, the increasing technological advancements that introduce innovative and creative advertisements which promote brand awareness develop a brand attachment among consumers motivating them to purchase these luxury goods. It is significant to explore the purchase patterns of consumers of any society to improve its economy and marketing facilities. By effectively understanding and conducting extensive research on factors that affect consumers’ buying behaviour for luxury items will help comprehend

the implications on marketing strategies, aid in executing better ways to promote brands thereby facilitating to the growth and development of Indian economy. The Factors affecting consumer behaviour for luxury brands in India are Social & Cultural Influence, Income & Economic Factors, Brand Image & Perception, and social media & Online Presence.

### **Reference**

1. Badgaiyan, A. J., & Verma, A. (2014). Intrinsic factors affecting impulsive buying behaviour—Evidence from India. *Journal of Retailing and consumer services*, 21(4), 537-549.
2. Burman, D., & Agrawal, A. (2015). Factors Affecting Buying Behavior in E-Commerce in India: A Review of Literature". *International Journal of Business Quantitative Economics and Applied Management Research*, 2(2), 56-64.
3. Dhaliwal, A., Singh, D. P., & Paul, J. (2020). The consumer behavior of luxury goods: A review and research agenda. *Journal of Strategic Marketing*, 1-27.
4. Farooqi, R., & Shahid, S. (2017). The Art of Branded Luxury—Indian Consumers Buying Behaviour. Available at SSRN 2959886.
5. Jain, S. (2021). Determinants of luxury purchase behaviour: a study of young Indian consumers. *International Journal of Indian Culture and Business Management*, 22(1), 66-88.
6. Jain, S. (2022). Factors influencing online luxury purchase intentions: the moderating role of bandwagon luxury consumption behavior. *South Asian Journal of Business Studies*.
7. Jain, S. (2019). Exploring relationship between value perception and luxury purchase intention: a case of Indian millennials. *Journal of Fashion Marketing and Management: An International Journal*, 23(4), 414-439.
8. Jain, S., & Khan, M. N. (2017). Measuring the impact of beliefs on luxury buying behavior in an emerging market: Empirical evidence from India. *Journal of Fashion Marketing and Management: An International Journal*, 21(3), 341-360.
9. Jain, V., Pingle, S., & Daswani, A. (2012). Understanding Indians purchase behaviour process: luxury apparel sector. *Metamorphosis*, 11(1), 82-94.
10. Kaur, J., Parida, R., Ghosh, S., & Lavuri, R. (2022). Impact of materialism on purchase intention of sustainable luxury goods: An empirical study in India. *Society and Business Review*, 17(1), 22-44.
11. Majumdar, R. (2010). *Consumer behaviour: Insights from Indian market*. PHI Learning Pvt. Ltd.
12. Mukherjee, A., Satija, D., Goyal, T. M., Mantrala, M. K., & Zou, S. (2012). Are Indian consumers brand conscious? Insights for global retailers. *Asia Pacific Journal of Marketing and Logistics*, 24(3), 482-499.
13. Schultz, D., & Jain, V. (2015). Exploring luxury brand country of origin impact on purchasing behaviors in India: A conceptual framework. *Asia-Pacific Journal of Business Administration*, 7(3), 216-236.
14. Shahid, S., & Farooqi, R. (2019). Consumer behavior towards personal luxury goods: the mediating role of brand attachment. *IUP Journal of Marketing Management*, 18(2), 7-29.
15. Singh, G. (2012). Consumer behaviour and luxury fashion brands: An analytical study of Indian consumer. *IMED JMSR*, 66.