A conceptual framework of luxury brand purchase intention in Vietnam: the moderating effect of brand consciousness

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Abstract

The last recent years have witnessed a phenomenon growth in the luxury fashion industry in Vietnam. Yet very few studies have been performed in this domain to gauge an in-depth knowledge about the luxury consumer behavior. The purpose of this paper is to combine the concepts of existing research on luxury consumption and studies which examined different aspects of consumer behavior to generate a framework to investigate how perception of luxury brands, including functional value, experiential value and symbolic value influence consumers’ intention to purchase luxury brands in Vietnam. The model also aims to validate the mechanism in which vanity and brand consciousness affects customers’ intention to purchase luxury brands.

Keywords: luxury, emerging economy, purchase intention, vanity, Asia-Pacific
1. Introduction

According to “Global powers of luxury goods 2018” report done by Deloitte, aggregate net sales of global luxury goods reached US$ 217 billion. The robustness of luxury fashion business in Asia has made it an interesting research area to brand practitioners and academics. For a long time in the history, the luxury industry has operated on a “West versus the Rest” pattern. However, recent trends highlight the growing importance of Asia, Middle East, Latin America and Africa. Total sales of luxury clothes and footwear in Europe and North America are expected to reduce by more than 50 percent of the global while sales in Asian, Latin American and African market are forecasted to rise above 50 percent and continue its upward trend in subsequent years.

As wealth has increased in Vietnam, highly priced items have become the tangible symbol of wealth. An online survey on 29,000 people across 58 countries conducted by ACNielsen in 2014 revealed 54% of Vietnamese respondents said that they are willing to drop their money on luxury goods. According to this survey, Vietnamese shoppers rank the third in the world in terms of the desire for branded goods, just next to their counterparts in China and India. From a country with almost no brands two decades ago, Vietnam has grown into a dynamic consumer market of international brands. Currently young women walking on streets could be easily spotted carrying a bag with luxury brand logo. Recent years also has seen a huge growth of Vietnam’s tourism industry. From a country which suffered post-war damages, it has transformed into a high-end tourism destination boasting world-class luxury hotels and chic resorts. Recent statistics have proved Vietnam to be a promising and exciting luxury market in Asia. There are three factors attributed to this phenomenon. First, Vietnamese show an increasing consumption confidence and positivity about their future employment prospect, making them willing to spend money on luxury brands. Second, foreign education is a growing status symbol in Vietnam. Frequent interaction with Western culture either through education or Internet explosion opens a way for Vietnamese youth to gain a better understanding of international luxury brands. Thirdly, the expansion of middle class is taking place at a fast pace, making symbolic representation of being affluent becomes more socially acceptable for the Vietnamese.

However, luxury manufacturers whom want to grow their business in Vietnamese market are facing a number of challenges. While Vietnam is a lucrative spot in Asia as far as foreign investors concern, luxury producers usually enter the market through a local distributor. Distributors whom
are more familiar with the local market will import the luxury goods and distribute them through their network of retailers. Nonetheless, because of high tariff placed by the Vietnamese government, imported luxury goods are much more expensive than they would be in other countries. This gives rise to a phenomenon in which some people whom have opportunities to travel abroad frequently because of the nature of their job, for instance, flight attendants, students or celebrities, purchase luxury goods at cheaper prices when they are overseas and then resell these goods, usually via online platforms, when they are back to Vietnam. Chinese luxury market faces a similar situation and refers to these unauthorized overseas retail agents as “daigou”. This is a win-win situation for everyone apart from the government: the purchasing agents make money and Vietnamese customers get their hands on authentic luxuries at lower prices. Recently Chinese government have stepped in to regulate “daigou merchant” by obligating them to register for business license and pay import duties (China Briefing, 2018). However in Vietnam, because of the lack of cross-border e-commerce regulation, premium brand owners face competition from these unregulated retailers.

Prior researchers have develop theoretical frameworks of luxury value perception, for example, Vigenron & Johnson (1999, 2004), who classified prestige seeking behavior into five perceived values, namely perceived conspicuous value, perceived uniqueness value, perceived hedonic value, perceived social value and perceived quality value or Wiedmann et al. (2007) who relates luxury consumption to financial value, functional value, individual value and functional value. Materialism emerges as an important determinant of luxury consumption (Wong & Ahuvia, 1998; Sun et al., 2007). As far as the author concerns, many scholars are giving greater attention to the phenomenon of luxury consumption in Asian region (Liang et al., 2017; Sun et al., 2017; Hung & Chen, 2011; Park et al., 2008; Phang et al., 2016). Researchers have attempted to identity a number of significant internal and external antecedents which could have reasoned consumer willingness to buy luxury brands in Asian countries.

Although numerous studies have focused on the consumers’ perspective of luxury products in Asian countries, such as South Korea (Park et al., 2008), Taiwan (Hung et al., 2011), Malaysia (Phang et al., 2016), India (Sharda & Bhat, 2017), China (Liang et al., 2017), very little empirical studies have paid attention to luxury consumption in Vietnam. Most of studies on luxury
consumption behavior in Vietnam focus on status consumption, leaving other determinants of luxury goods consumption unexplored.

Past literature admits some limitations, such as an overfocus on true and traditional luxury while neglecting other types of luxury such as upper–range or branded clothes. Also, local luxury brands are poorly understood and under-investigated. Most studies on luxury consumption, despite conducted in Asia, focusing on international luxury brands.

For successful market penetration or expansion into Vietnam, it is necessary for both global and local luxury brand marketers to first understand how perceive luxury brands, what leads them to purchase luxury brands and then design their marketing strategies on the basis of these findings. The present study aims to explore the mechanism on which luxury brand value perception, social influence, vanity and brand consciousness affect luxury brand purchase intention. This study will answer the following questions:

- Which determines Vietnamese consumers’ purchase intention towards luxury products?
- To what extent does each determinant influence luxury purchase intention?
- What are some suggestions for businesses in luxury industry to develop appropriate marketing strategies?

2. Literature review

Defining the luxury

There is no universally accepted definition of luxury in academy. It is traditionally believed that luxury and prestige fashion good are considered as a privilege for consumers and only consumers with high social status could afford those (Riley & Lacroix, 2003). In one early attempt, Kapferer (1997, p. 253) referred to the word luxury as “defines beauty, it is an art applied to functional items. Like light, luxury is enlightening. Luxury items provide extra pleasure and flatter all senses at once”. In line with this idea, Nueno and Quelch (1998) attributed luxury brands to low functional value but high emotional value. Grossman and Sharpiro (1988) defined luxury goods or status goods as goods for which the mere use or display of a particular branded product is to bring prestige to the owner with little regard to any functional utility. Nueno & Quelch (1998) explained one dominant trait of luxury good is its exclusiveness. Ghosh & Varney (2013) in their review of 35 researches provided a framework of luxury goods consumption which associate luxury goods with...
six characteristics, namely, perceived premium quality, aesthetic, expensiveness, history, perceived utility and perceived uniqueness. Nowadays luxury brands such as Louis Vuitton, Dior, Gucci, Chanel and Hermes all share these key characteristics (Dubois and Duquesne, 1993; Nueno and Quelch, 1998).

The new luxury

Overtime, in order to seize profit making opportunities by serving a wider market, luxury manufacturers have amended their marketing strategies and started to offer premium products to middle – market consumers. Ghosh and Varney (2013) divided luxury goods into four groups. True luxuries are items with limited access, traditional luxury ranges from perfume, watch to clothing and footwear. Modern luxury living includes travel, high technology, hospitality, luxury experiences and service. And finally we have little luxuries which are luxury ranges developed to serve the mass market including affordable dresses, shoes and body care products. Turunen & Laaksonen (2011) suggested a pyramid in which luxury can be divided into the griffe, the luxury brands, the upper – range brands and the brands. At the highest level of luxury pyramid is the griffe which is a pure and unique creation which does not show flashy brand logo, followed by luxury brands, also called loud luxury which could be easily recognized by brand logos. Next is the upper – range brands and branded clothes. With this new definition, luxury is not only defined based on status, class and exclusivity but also tied to emotions such as fun and enjoyment (Calefato, 2014). It is also worth to note that luxury goods and luxury brands are not interchangeable. The difference between them is the former could be luxurious without having a global reputation or distribution, and vice versa (Hung and Chen, 2011).

Luxury brand perceptions

When analyzing the consumption of luxury goods, some researchers focused on the characteristics of luxury products/brands in which researchers try to answer the question to how luxury companies and consumers define what is a luxury product or brand (Dubois et al., 2001; Britwistle, 2005). Other studies analyzed the profile of luxury buyers which highlighted the impact of culture, income, cohort, self-consciousness on luxury goods consumption (Dubois et al., 2001; Berry, 1994; Vigneron & Johnson, 1999). Other studies analyzed the luxury market from the point of view of marketing management and the role of the brand for the consumption of luxury goods (Truong et
al., 2008). These studies highlighted the motives behind luxury goods purchase (Vigneron & Johnson, 1999; Husic & Cicic, 2008; Hung et al., 2011).

Vigneron & Johnson (1999) proposed the “brand luxury index” framework in which they divided consumers’ motivations to consume luxury goods into three interpersonal and two personal effects and categorized luxury seeking customers into five types on the basis of those. This is probably one of the most well – known and influential theoretical frameworks in the field of luxury consumption which has been used in numerous studies across countries. This framework deduced five types of luxury buyers. Veblenian consumers or whom with perceived conspicuous value attach a greater importance to price as an indicator of prestige, because their primary objective is to impress others. The Snob people or whom with perceived unique value. Snob people perceive price as an indicator of exclusivity, and avoid using popular brands to avoid having similar consumption habit with an unwanted reference group. Snob people therefore are likely to be first adopters of limited product and will reject the product once it becomes popular to the mass. Bandwagon people or whom with perceived social value place importance on the effect that they make on others while consuming luxury brands. The Hedonist effect or whom with perceived emotional value are more interested in their own thought and thus they will place less emphasis on price as an indicator of prestige Perfectionist consumers or who with perceived quality value rely on their own perception of product's quality, and may use the price cue as further evidence supporting the quality issue.

Berthon et al. (2009) developed the value dimensions of luxury brands by integrating the objective (material), the subjective (individual) and the collective (social) component of luxury brands based on the belief that luxury brands are not the same. Besides objective characteristics, a luxury brand provides subjective experiences and thus it is a dimensional concept. Bertegrate. The functional dimension of luxury brands focus on physical attributes posed by luxury brands. Under this category, consumers place importance on quality of the product. The second world of experiential dimension consists of inner thoughts and focuses on sensation, feelings, cognitions and behavioral responses evoked by a brand’s unique design and identity, packaging and communication. This is in concurrence with hedonic and uniqueness seeking motivation suggested by Vigneron and Johnson earlier (1999). The third world of symbolic dimension attaches importance to what one’s
possession of luxury brands signals to others. It implies conspicuousness, expensiveness and wealth.

These two frameworks pinpoint the role of luxury brand perceptions and social influence. While the luxury brand index of Vigenron & Johnson (1999, 2004) was confirmed by several empirical studies over time (Tsai, 2015; Hasan et al., 2015; Sun et al., 2017), researches in consumers’ perceptions towards luxury brands generate inconsistent results. Hung et al. (2011)

Vanity

Netemeyer et al. (1995, p.162) defined vanity as an excessive concern, and or a positive (and perhaps inflated view of one’s physical appearance or personal achievement. It is a personality trait which is influenced by biological, social and interpersonal condition such as parental socialization and genes (Durvasula et al., 2001; Mason, 1981). Worst, Duckworth & McDaniel (1991) measured vanity by a scale of 98 items to explore its motivation towards overspending. Netemeyer et al. (1995) viewed vanity with two domains, namely physical vanity and achievement vanity. Physical vanity is an extreme concern for and positive view of physical appearance. Physical vanity exerts an important impact on consumers’ decision making and product and brand choice. Cash, Winstead & Jarda (1986) and Silberner (1992) reported people are motivated by a concern for their physical appearance to spend on dieting programs and plastic surgery. Belk (1985) suggested there is a link between product consumption and personal achievement as people consume goods to convey status or success. The concept of vanity is close to the behavior of materialism (Chang, 2003) so it can be used as a predictor of materialism which is one of key themes in luxury consumption.

Brand consciousness

Brand consciousness is defined as an inclination towards buying brand name products that are famous, well – known and highly advertised (Sproles and Kendall, 1986; Zhang and Kim, 2013). Extant studies pointed out the significance of brand consciousness in consumer behavior since it helps consumers in forming their self – concept and socialization (Solomon, 1983; Keller, 1993; Lachance et al., 2003). Brand – conscious customers concern brands as signals of functional or symbolic value (Nelson and McLeod, 2005). Believing higher price reflects higher quality, they prefer to buy the most advertised high-sale products” (Kavkani et al., 2011). The consumers purchase well – known expensive brands because they perceive premium brands to carry superior
quality. In addition to this, brand – conscious customers perceive well - known brands to be a symbol of status and prestige (Sharda and Bhat, 2017). Vast studies on the role of brand consciousness in luxury consumption focused on customers’ choice of global luxury brands or local luxury brands.

Although several studies confirmed the influence of luxury brand value perception, vanity and brand consciousness on luxury consumption. The full mechanism in which these variables influence luxury consumer behavior remains unexplored. The effect of luxury brand value perceptions on luxury brand consumption are not strong as in some studies all value perceptions are reported significantly associated with luxury brand purchase, some are not. For example, Park et al. (2014) found only functional value is the only perception significantly associated with luxury brand purchase. The relationship between vanity and luxury consumption is also not significantly confirmed yet as some studies reported physical vanity is positively related to luxury brand purchase whereas some found the opposite result (Park et al., 2014; Huang et al., 2015). Luxury brand value perceptions could be affected by brand consciousness as consumers who look for functional, experiential, symbolic value may find all they want from well – known luxury brands. Some brands could be very luxury because of their uniqueness, scarcity, elegant design but if they are not well recognized by other, they may not offer the symbolic value customers desire for, thus lowering their purchase intention. On the other hand, some consumers who place more importance on the quality and beautiful design of luxury products may not pursue highly recognized brands. This study would examine the moderating effect of brand consciousness on the relationship between luxury brand value perceptions and purchase intention.

Luxury customers with a high level of vanity might also influenced by brand consciousness as well-known brands are recognized by others with high quality, thus offering vanity customers the beauty they want. Expensive brands with low level of consciousness may make vanity customers doubt about their quality. Therefore, brand consciousness could moderate the relationship between vanity and luxury brand purchase intention.

3. Hypotheses development

Existing research has confirmed the purchase intention of a brand is strongly associated with personal and social needs of customers (Amatulli and Guido, 2011). Hung et al. (2011) and Cheah
et al. (2015) supported the positive relationship between functional value and experiential value and luxury purchase intention but reported a negative relationship between symbolic value and luxury purchase intention which is in contrary to Berthon et al. (2009). We examine the following hypothesis:

\( H_1 \): Functional value is positively correlated with purchase intention of luxury brands

\( H_2 \): Experiential value is positively correlated with purchase intention of luxury brands

\( H_3 \): Symbolic value is positively correlated with purchase intention of luxury brands

Past literature suggested consumers’ decision making process towards luxury products is affected by both internal and external factors. Park et al. (2008) in their studies on Korean consumers indicated that consumers purchase luxury products not only for their self-fulfillment but also for conformity to the society.

\( H_4 \): Social influence is positively correlated with purchase intention of luxury brands

The functionality of luxury brands revolves around superiority, performance, craftsmanship and other physical manifestations and accoutrements. High brand conscious consumers is someone who prefers to indulge in the purchase of specific line of products from brands that are very famous and have a distinguished name and fame in the market as compared to its contemporaries. They see price as a signal of high quality. The following hypothesis is formulated:

\( H_5 \): Brand consciousness moderates the relationship between functional value of luxury brand and brand purchase intention

The experiential dimension of the product refers to the hedonic and aesthetic values that consumers obtained from product consumption (Holbrook and Hirschman, 1982). According to Berthon et al. (2009), marketing scholars have begun to pay attention to the experiential nature of brands and reported brand experience such as sensation, feelings, cognition could be evoked by brand – related stimuli that are part of a brand’s design and identity, packaging, communications and environments. Based on the existing literature, this study investigates the relationship between consumers’ importance attached to brand name and experiential dimension of the luxury brands. We have the following hypothesis:
$H_6$: Brand consciousness moderates the relationship between experiential value of luxury brand and brand purchase intention

Symbolic values of luxury brands have been proved to be a crucial motivation for luxury purchase. Berthon et al. (2009) defined symbol as a constructed and evolved narrative, myth or dream – world. Symbolic values could be of particular interest to the brand – conscious consumers. This is because an interest in symbolic characteristics of luxury brands could encourage consumers to learn sufficient knowledge about the brand which satisfies these characteristics. It is hypothesized that:

$H_7$: Brand consciousness moderates the relationship between symbolic value of luxury brand and brand purchase intention

Hung et al. (2011), coupled with Ozsomer and Altaras (2008) agreed that an individual’s self must be constantly validated by their external environment in investigating willingness to purchase. Apart from luxury value perceptions, which are internal factors, there are external factors influencing consumers’ desire for material possession (Truong et al., 2010; Ahuvia, 2005). Consumers are under social influence when making their luxury consumption decision. Tsai (2005) stated that in collectivistic countries, consumers feel the pressure to purchase luxury brands so as to display their status and success to their favorable group. Consumers who purchase luxury brands because of social influence are likely to purchase well – known brands.

Friedman (1985) emphasized on brand consciousness’s ability to act as a response to the public language of expressing social status or prestige through a brand name. It is relevant to the desire to use a product to enhance social status. We thereby have the below hypothesis:

$H_8$: Brand consciousness moderates the relationship between social influence and brand purchase intention

In addition, this study also suggests brand consciousness moderates the relationship between vanity and luxury brand purchase intention because consumers with vanity look for products to improve their physical appearance and the ostentatious display of status objects. Well-known brand names can satisfy these needs. Thus we propose the following hypotheses:
$H_9$: Brand consciousness moderates the relationship between physical vanity and brand purchase intention

$H_{10}$: Brand consciousness moderates the relationship between success vanity and brand purchase intention

Figure 1: A summary of the proposed conceptual framework for the study

4. Research methodology

Sampling and Data collection

The aim of this paper is to understand the luxury consumption among young Vietnamese consumers. In order to collect data, consumers who can identify luxury brands and have brand awareness were chosen as respondents for this study. The study expects to employ both convenience and snowball – sampling method for collecting the data. The study does not aim to reach real luxury consumers because they form a small proportion of the large population and it’s hard to approach this niche segment.

Measurements

Pre-existing scale items were used to measure the constructs in this study. The study has adopted scale items from Berthon et al. (2009) to measure three luxury brand value perceptions. Social
influence was measured by adapting scale items of Wiedmann et al. (2009) with some necessary wording to suit the sample. Vanity was measured using the work of Netemeyer et al. (1995). Brand consciousness was measured using Sporles and Kendall (1986). Scale items of Pierre et al. (2005) were used to measure purchase intention. These scales are in five – point Likert type.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Measurement items</th>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional value</td>
<td>Luxury brand’s product is handmade (crafted)</td>
<td>4</td>
<td>Berthon et al. (2009)</td>
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<tr>
<td>dimension</td>
<td>Luxury brand’s product has the best quality</td>
<td></td>
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<td></td>
<td>Luxury brand’s product is sophisticated</td>
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<td></td>
<td>Luxury brand’s product is superior</td>
<td></td>
<td></td>
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<tr>
<td>Experiential value</td>
<td>Luxury brand’s product is precious</td>
<td>5</td>
<td>Berthon et al. (2009)</td>
</tr>
<tr>
<td>dimension</td>
<td>Luxury brand’s product is rare</td>
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<tr>
<td></td>
<td>Luxury brand’s product is unique</td>
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<td></td>
<td>Luxury brand’s product is attracting</td>
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<td></td>
<td>Luxury brand’s product is stunning</td>
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<tr>
<td>Symbolic value</td>
<td>Luxury brand’s product is conspicuous</td>
<td>3</td>
<td>Berthon et al. (2009)</td>
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<tr>
<td>dimension</td>
<td>Luxury brand’s product is expensive</td>
<td></td>
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<tr>
<td></td>
<td>Luxury brand’s product is for the wealthy</td>
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<tr>
<td>Social influence</td>
<td>I tend to buy the same luxury brands that my friends buy</td>
<td>6</td>
<td>Wiedmann et al. (2009)</td>
</tr>
<tr>
<td></td>
<td>Before purchasing a luxury branded product, it is important to know what kind of people buy certain brands</td>
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<td></td>
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<tr>
<td></td>
<td>Before purchasing a luxury branded product, it is important to know what</td>
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<tr>
<td>Brand Consciousness</td>
<td>Statement</td>
<td>Scale</td>
<td>Reference</td>
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<tr>
<td>others think of people who use certain brands</td>
<td>I like to pay attention to what other brands others are buying</td>
<td>5</td>
<td>Netemeyer et al. (1995)</td>
</tr>
<tr>
<td></td>
<td>I like to know what luxury branded products make good impression on others</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>I actively avoid using luxury branded products that are not in style</td>
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<tr>
<td>Vanity - physical</td>
<td>I place high emphasis on my appearance</td>
<td>5</td>
<td>Netemeyer et al. (1995)</td>
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<tr>
<td></td>
<td>My appearance is very important to me</td>
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<td></td>
<td>It’s important that I look good</td>
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<td></td>
<td>I would feel embarrassed if I was around people and I did not look my best</td>
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<td></td>
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<tr>
<td></td>
<td>I will make effort to look good</td>
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<tr>
<td>Vanity - achievement</td>
<td>My achievement is highly regarded by others</td>
<td>4</td>
<td>Netemeyer et al. (1995)</td>
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<td></td>
<td>I want others to look up to me because of my accomplishments</td>
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<td></td>
<td>Professional achievements are an obsession with me</td>
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<td></td>
<td>Achieving greater success than my peer is important to me</td>
<td></td>
<td></td>
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<tr>
<td>Brand consciousness</td>
<td>I pay attention to the brand names of the clothes I buy</td>
<td>6</td>
<td>Sporles and Kendall (1986)</td>
</tr>
</tbody>
</table>
Brand names tell me something about the quality of the clothing
Brand names tell me something about how “cool” an item of clothing is
Sometimes I am willing to pay more money for clothing because of its brand name
Brand name clothes that cost a lot of money are good quality
I pay attention to the brand names of most of the products I buy

5. Result

This study will contribute to the literature as it is the first study which explores the relationship between luxury perception, vanity, social influence and brand consciousness. It is also the first study which attempts to develop a full mechanism in which brand consciousness affects luxury purchase intention.

In the field of practical implications, this study will provide luxury manufacturers, both local and international knowledge on what value they should highlight from the consumption of their products in order to capture customers’ attention. Moreover, advertising is costly. This study will help luxury marketing managers to understand whether it is necessary to have their premium products highly advertised.

References


