

**A STUDY OF THE LUXURY BRAND MARKET WITH RESPECT TO SUITS AND
WATCHES**

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Abstract:

The concept of luxury has been present in various forms since the beginning of civilization. Its role was just as important in ancient western and eastern empires as it is in modern societies. With the clear differences between social classes in earlier civilizations, the consumption of luxury was limited to the elite classes. It also meant the definition of luxury was fairly clear. Whatever the poor cannot have and the elite can was identified as luxury. The purpose of the study is to understand the growth of the luxury market in India and abroad, to study the profile of Indian luxury customers, to study the luxury industry with respect to luxury watches and suits and to study the purchase behaviour of luxury customers with respect to luxury watches and suits and what motivates them to buy these products. A secondary study is done about the luxury market globally and in India, the profile of luxury customers in India and the luxury industry with respect to watches and apparel and accessories. Then a primary study has been done by taking 50 respondents for luxury suits and for luxury watches from different areas in Mumbai to find out about their purchase behavior.

Keywords: luxury brands, luxury market, high net worth individuals, luxury suits and watches, purchase behavior

Introduction:

Luxury brands: The concept of luxury has been present in various forms since the beginning of civilization. Its role was just as important in ancient western and eastern empires as it is in modern societies. With the clear differences between social classes in earlier civilizations, the consumption of luxury was limited to the elite classes. It also meant the definition of luxury was fairly clear. Whatever the poor cannot have and the elite can was identified as luxury. With increasing 'democratization', several new product categories were created within the luxury market which is aptly called – accessible luxury or mass luxury. This kind of luxury specifically targeted the middle class (or what is sometimes termed as aspiring class).

In contemporary marketing usage, Prof. Bernard Dubois (2004) defines 'luxury' as a specific (i.e. higher-priced) tier of offer in almost any product or service category. However, despite the substantial body of knowledge accumulated during the past decades, researchers still haven't arrived on a common definition of luxury. Many other attempts have been made to define luxury using the price-quality dimension stating higher priced products in any category is luxury. Similarly, researchers have used the uniqueness aspects of luxury too. Prof. Jean-Noel Kapferer (2005), takes an experiential approach and defines luxury as items which provide extra pleasure by flattering all senses at once. Several other researchers focus on exclusivity dimension and argue that luxury evokes a sense of belonging to a certain elite group. Several manufactured products attain the status of "luxury goods" due to their design, quality, durability or performance that are remarkably superior to the comparable substitutes. Thus, virtually every category of goods available in the market today includes a subset of similar products whose "luxury" is marked by better-quality components and materials, solid construction, stylish appearance, increased durability, better performance, advanced features, and so on. As such, these luxury goods may retain or improve the basic functionality for which all items of a given category are originally designed.

There are also goods that are perceived as luxurious by the public simply because they play a role of status symbols as such goods tend to signify the purchasing power of those who acquire them. These items, while not necessarily being better (in quality, performance, or appearance) than their less expensive substitutes, are purchased with the main purpose of displaying wealth or

income of their owners. These kinds of goods are the objects of a socio-economic phenomenon called conspicuous consumption and commonly include luxury vehicles, watches, jewellery, designer clothing, yachts, as well as large residences, urban mansions, and country houses.

Literature review:

Shukla, Paurav (2011), in his 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 inter functional 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. Thus, impact of culture on purchase of luxury brands was considered but other demographic variables were not considered in this study. Another research article introduces “brand prominence,” a construct reflecting the conspicuousness of a brand's mark or logo on a product. The authors propose a taxonomy that assigns consumers to one of four groups according to their wealth and need for status, and they demonstrate how each group's preference for conspicuously or inconspicuously branded luxury goods corresponds predictably with their desire to associate or dissociate with members of their own and other groups. Wealthy consumers, low in need for status want to associate with their own kind and affluent that they are not one of them. Those who are high in need for status but cannot afford true luxury use loud counterfeits to emulate those they recognize to be wealthy. Wealthy consumers high in need for status use loud luxury goods to signal to the less wealthy ones that they are different. This study shows how purchase of luxury brands depends on wealth but other factors like age, occupation, culture, personality, gender and culture have not been considered.

Lasaleta et al (2010), in their article present a study which investigates the credibility of the theories on why people consume luxury items. It highlights three significant studies on the aspect including a research in 1912 asserting that what urges people to purchase luxury items is the belief that they signal wealth and status over others. Meanwhile, it alleges that the study explores the effect of the past luxury purchase on consumers' thoughts and descriptions about the item.

This study considers the impact of wealth and psychographics on purchase of luxury brands but other demographic variables have not been considered. Similarly, Mayne, Eric (2010), in his article, reports on research results conducted by Visteon Corp. that shows Indian consumers to be more discerning when purchasing cars. Berthon et al (2009), in their article present a philosophical analysis of luxury brands, focusing on their aesthetics and degree of ephemerality. Various conceptions of what luxury represents are discussed, and it is argued that luxury goods typically possess symbolic, functional and experiential value. The various methods of marketing such goods and managing such brands are analyzed. It is noted that these methods vary according to whether the luxuries in question are consumable or enduring. Examples of luxury brands such as Rolls-Royce automobiles are discussed, and the views of philosophers such as Karl Popper and Alfred North Whitehead are invoked. The gap in the study is that purchase of luxury brands with respect to demographic variables like age, gender, culture etc. has not been considered. Similarly, Benady, David (2008), in his article, focuses on the impact of current slowdown on consumer behaviour in Great Britain. It reports customers' earlier habit of spending on luxury brands and expensive food, and mentions the change seen in people's spending habits since the beginning of financial crises. It also discusses the challenges faced by the premium products manufacturing industries due to decline in sales, and mentions the need for increasing people spending to tackle financial downturn. In this study, financial factors affecting purchase of luxury brands have been considered but demographic variables have not been considered.

Dinakar, S (2006), in his article reports on the lack of quality retail space and the way Indians shop which affect the luxury business in the country. When Ermenegildo Zegna in 1999 set up shop in Mumbai at Crossroads, India's first shopping mall, he expected to mimic his success selling designer wear in China. But the Italian luxury suit maker closed up in 2005 because of low-end neighbours and poor foot traffic. Indians spend more on homes, travel, education and electronics, leaving little for luxury goods. This study shows that purchase behaviour of luxury brands is not the same in China and India. This reflects the impact of culture but other demographic and psychographic variables have not been considered. At the same time, Seringhaus, F. H. Rolf (2005), in his article, develops a profile of the Internet presence of French and Italian luxury brands. France and Italy are the most important luxury brand source countries. This study examines how luxury brands use the Internet, and thus is largely exploratory. A survey of 86 luxury brand Web sites carried out for this study provides the data to create a profile

and comparative analysis of these two primary source countries of luxury brands. The key research objective is to use common terminology and measures to understand how French and Italian brands use the Internet and whether there are differences in Web site characteristics. This study considers the impact of culture on purchase of luxury brands but other demographic variables have not been considered.

Other researches focus on the purchasing behaviour of parents buying luxury brands of infant apparel and this paper considers the concepts of buying roles, conspicuous consumption/social consumption motivation, and materialism. A survey of 134 mothers who had purchased luxury brands of clothing for their infants found that parents are motivated by the good quality and design associated with the luxury brands. The relationship between the amount of money spent by parents on luxury brands of infant apparel and social consumption motivation was not significant. However, interviewees who spent more on luxury clothing brands for their infants were determined to be more materialistic. It is thus recommended that marketers should emphasise on the good quality and design of their luxury brands of infant apparel. In addition, marketers should promote the materialistic values of purchasing luxury brands of infant apparel, showing that buying luxury brands of infant apparel may be a route to happiness, rather than being a route for impressing others. This study considers wealth and design and quality of luxury brands but other demographic variables have not been considered.

Objectives:

- (i) To study the growth of the luxury market in India and abroad.
- (ii) To study the profile of Indian luxury customers.
- (iii) To study the luxury industry with respect to luxury watches and suits.
- (iv) To study the purchase behaviour of luxury customers with respect to luxury watches and suits and what motivates them to buy these products.

Scope:

The researcher has planned to study the growth of high net worth individuals in India and the global scenario and how the luxury market is growing. Also the consumer profile of luxury brand customers will be studied and their purchase behavior with respect to suits and watches will be taken into consideration.

Hypotheses:

1. H0: There is no relation between family income and use of luxury brands

H1: There is a relation between family income and use of luxury brands

2. H0: There is no relation between occupation and use of luxury brands

H1: There is a relation between occupation and use of luxury brands

3. H0: There is no relation between age group and use of luxury brands

H1: There is a relation between age group and use of luxury brands

4. H0: There is no relation between gender and use of luxury brands

H1: There is a relation between gender and use of luxury brands

Research Methodology:

A secondary study has been done about the luxury market globally and in India, the profile of luxury customers in India and the luxury industry with respect to watches and apparel and accessories. Then a primary study has been done by taking 50 respondents for luxury suits and for luxury watches from different areas in Mumbai to find out about their purchase behaviour.

Data Analysis:

The world's population of High Net Worth Individuals (HNWI) grew at 8.3 % in 2010, coming down from the 17.1 % increase seen in 2009. However this rate of growth was still enough to push global HNWI financial wealth upto US \$ 42.7 trillion, beyond the pre-crisis high of US \$ 40.7 trillion in 2007 (Capgemini and Merrill Lynch Global Wealth Management, World wealth Report 2011). The report goes on to say that the Asia-Pacific region continued at a robust rate of

HNWI population growth. As a result, while the size of its HNWI wealth had already overtaken Europe in 2009, Asia-Pacific has now surpassed Europe in terms of HNWI too.

The growth in the wealth of the wealthy clearly brings good news to the luxury industry. 'If customers tightened their purse strings in 2009, spooked by the financial crisis, and 2010 was the year they started loosening them again, 2011 saw a return to normal luxury-goods consumption, in line with historical trends' (Guardian, May 2011). In its spring 2011 luxury update, Bain & Co raised its 2011 growth forecast for luxury sales to 8 % (Bain & Co, Luxury Goods Worldwide Market Study, June 2011). The consultancy estimated luxury sales would grow 5 -- 6 % in 2012.

In India, while the gloom of an economic slowdown appears to envelope the broader economy, the luxury business is thriving. The phenomenal growth in the number of the super-rich has laid the foundation for the entry and growth of luxury brands that cater exclusively to the tastes of the ultra high net worth individuals/households. What sets ultra HNWI's apart from other classes of individuals in the country is the sheer value and size of the assets they own. The dramatic increase in personal wealth has also brought about a change in attitudes towards spending; public displays of opulence, which would have been unthinkable a few years ago, are now not uncommon.

Though there are currently no validated estimates of the number of such households in India, Kotak Wealth and Crisil Research estimate that there were around 62,000 such households in India in 2010-11. Based on the results of the survey, Kotak wealth and Crisil research have classified India's ultra HNWI's into three groups:

1. Inheritors: Born with a silver spoon, and have inherited their high net worth.
2. Self-made: First generation entrepreneurs whose success in business made them wealthy.
3. Professionals: Qualified, highly skilled professionals who gained wealth because the companies that employed them grew big.

The wealth dynamics and behavioral traits of each of these groups are unique, and wealth managers and luxury brands will face diverse challenges in their dealings with them.

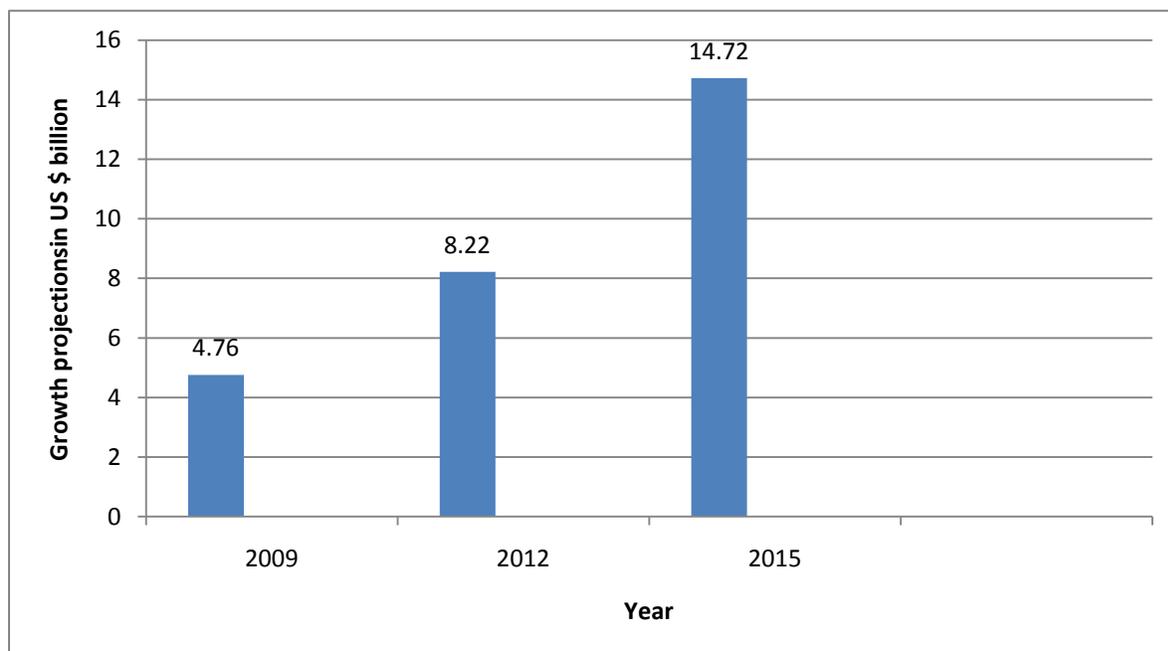


Table 1: Projected Growth of Luxury Market In India

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.139 ^a	4	.535
Likelihood Ratio	3.095	4	.542
Linear-by-Linear Association	.471	1	.492
N of Valid Cases	50		

Table 2: Chi-Square Tests -1(gender vs brand preference for suits)

Since the significance value is greater than 0.05, we accept Ho and conclude that there is no relation between gender and brand preference for suits.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.639 ^a	12	.324
Likelihood Ratio	13.983	12	.302
Linear-by-Linear Association	.002	1	.964
N of Valid Cases	50		

Table 3: Chi-Square Tests-2 (age vs brand preference for suits)

Since the significance value is greater than 0.05, we accept Ho and conclude that there is no relation between age and brand preference for suits.

	Value	df	Asymp. Sig (2 sided)
Pearson Chi-Square	2.787	8	.947
Likelihood ratio	3.725	8	.881
Linear-by-linear association	.416	1	.519
N of valid cases	50		

Table 4: Chi-Square Tests-3 (education vs brand preference for suits)

Since the significance value is greater than 0.05, we accept Ho and conclude that there is no relation between education and brand preference for suits.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.182a	16	.511
Likelihood Ratio	17.735	16	.340
Linear-by-Linear Association	.772	1	.379
N of Valid Cases	50		

Table 5: Chi-Square Tests-4 (monthly family income vs brand preference for suits)

Since the significance value is greater than 0.05, we accept Ho and conclude that there is no relation between monthly family income and brand preference for suit.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.35	4	.53
Likelihood Ratio	3.35	4	.53
Linear-by-Linear Association	.47	1	.492
N of Valid Cases	50		

Table 6: Chi-Square Tests-5 (gender vs brand preference for watches)

Since the significance value is greater than 0.05, we accept Ho and conclude that there is no relation between gender and brand preference for watches.

	Value	df	Asymp. Sig (2 tailed)
Pearson Chi-Square	12.432a	12	0.412
Likelihood Ratio	14.178	12	.289
Linear-by-Linear Association	0.078	1	.78
N of Valid Cases	50		

Table 7 : Chi-Square Tests-6 (education vs brand preference for watches)

Since the significance value is greater than 0.05, we accept Ho and conclude that there is no relation between education and brand preference for watches.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.505a	18	.761
Likelihood ratio	14.658	18	.685
Linear-by-linear association	2.176	1	.140
N of valid cases	50		

Table 8: Chi-Square Tests-7 (age vs brand preference for watches)

Since the significance value is greater than 0.05, we accept Ho and conclude that there is no relation between age and brand preference for watches.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32.454a	24	.116
Likelihood Ratio	23.934	24	.465
Linear-by-Linear Association	.735	1	.391
N of Valid Cases	50		

Table 9: Chi-Square Tests-8 (monthly family income vs brand preference for watches)

Since the significance value is greater than 0.05, we accept Ho and conclude that there is no relation between monthly family income and brand preference for watches

Findings:

Suits

Based on the questionnaire and its analysis, the following were the findings:

1. Armani, Versace and Gucci were the most thought and recollected brands.
2. Armani, Versace and Gucci were also the most common brands used.
3. The main reasons for using these brands were:
 - (i) The customer wants to differentiate himself/herself
 - (ii) The brand gives a feeling of achievement
 - (iii) The brand is of the best quality
4. Differentiation, giving a feeling of achievement and best quality have got a high rating for all the brands.
5. Differentiation, best quality, giving a feeling of achievement and great looks are parameters which are important in suits. Satisfaction scores are also high with respect to the above parameters.
6. Armani and Versace are the top two brands in suits.
7. More than 80% of the people said that they will buy the brand even if the endorser is not used for endorsing in future.
8. The important characteristics of customers of luxury suits are:

- (i) They make friends easily
- (ii) They work in groups
- (iii) They want to be centre of attraction
- (iv) They are loyal to luxury brands
- (v) They do not shift luxury brands
- (vi) They do not buy second hand luxury brands

9. The gender wise distribution of customers is very skewed towards men. Only 18% customers for luxury suits were women.

10. The majority of the customers for luxury brands belong to the 31-40 and 41-50 age groups.

11. Most of the customers for luxury suits have an income of more than 3 lakhs.

12. Most of the customers for luxury brands are professionals followed by postgraduates.

13. The customers for luxury brands of suits

- (i) Feel very powerful with the suit
- (ii) Feel comfortable with the suit.
- (iii) Feel superior to others in their suit
- (iv) Prefer lighter suits and 'Made in Italy' suits.
- (v) Feel that their overall personality is enhanced.

Watches

Based on the questionnaire and its analysis, the following were the findings:

1. Cartier, Omega and Tag Heuer are the most thought and recollected brands.
2. Omega, Cartier and Tag Heuer are also the most common brands used.
3. The main reasons for using these brands are:

(i) The brand gives a feeling of achievement

(ii) The brand is of the best quality

(iii) The brand is expensive

(iv) The brand has great looks

(v) The brand has greater history.

4. Differentiation, feeling of achievement, best quality, expensive and great looks have got high scores on all the brands.

5. Differentiation, feeling of achievement, best quality, expensive and great looks are parameters which are important in watches. More than 90% people are highly satisfied on all the parameters.

6. Rolex and Omega are the top 2 brands in watches.

7. More than 80% people said that they will buy the brand even if the endorser is not used in future for endorsing.

8. A few people gave the names of celebrities endorsing the brand of watches like Cartier-Tim Morrison, Rolex-Ratan Tata and John Poket

9. The important characteristics of customers of luxury suits are:

(i) They make friends easily

(ii) They work in groups

(iii) They want to be centre of attraction

(iv) They are loyal to luxury brands

(v) They do not shift luxury brands

(vi) They do not buy second hand luxury brands

(vi) They stay in 5 star hotels and travel by business flights

10. About 70 % of the customers for luxury watches were men.
11. Most of the customers for luxury brands were in the age group of 31 - 40 years.
12. The family income is more than 2 lakhs and it is evenly distributed in the income brackets 2.1 -3 lakhs, 3.1 to 4 lakhs, 4.1 to 5 lakhs and more than 5.1 lakhs.
13. Most of the people were professionals followed by postgraduates.
14. The customers for luxury brands of watches
 - (i) felt that they have achieved something when they wear the watch
 - (ii) prefer Swiss made watches.
 - (iii) wear a watch because it is light in weight
 - (iv) feel that wearing a watch enhances their overall personality
 - (v) wear a watch because it is costly
 - (vi) feel an increase in their self confidence while wearing the watch.

Some people said that they feel superior to others, they wear the watch because it is endorsed by a celebrity and feel comfortable while wearing the watch.

Conclusions :

1. People in the age group of 20-30 and 31-40 want to socialise a lot, make new friends and want to be the centre of attraction. They feel a sense of achievement and enhanced self-confidence by owning the luxury brands.
2. Professionals travel a lot by business class, stay in 5 star hotels and meet a lot of people. They are able to show their supremacy over others by owning the luxury brands.
3. People with high family income excess of 3 lakhs are able to splurge on luxury brands. They feel very important and superior, want to show off their exclusive and costly brands do not buy second hand luxury brands.

4. Most of the people were males but the percentage of females is also increasing as they are beginning to occupy senior positions in their careers.
5. Both man and women want to differentiate themselves and want to have the brands of best quality, great looks and history.
6. The people are happy to use a luxury brand which is endorsed by a celebrity but they do not shift to another brand if the celebrity is not there in future for endorsing.
7. There is a strong relationship between occupation of the person and use of luxury brands for e.g. professionals who travel a lot, meet different people and socialise tend to buy more of luxury brands like suits and watches which fits well with their attire.
8. There is also a strong correlation between family income and use of luxury brands as richer people will spend more on these brands.
9. There is an inverse relationship between age group and spending on luxury brands. People in the age group beyond 60 years travel lesser and their passion for getting supremacy is lesser as compared to people in the younger age groups.
10. Professionals is the ideal occupation of people who will be the target segment for luxury brands in suits and watches.

Benefits of research: (i) Luxury brands will be in a better position to consolidate their base in India by looking into the requirements of customers and offering them the best products at a price they can pay. They can understand the main factors which motivate a person to buy luxury watches and suits. (ii) They can use strategic marketing to reach out to more people, thus creating a bigger market for themselves.

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