



A Study on Monetary Analysis of Luxury Brands in Mumbai City of Maharashtra State

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Abstract:

The aim of the research is to explore how monetary factors i.e., price and income affect consumer purchasing decisions towards luxury products. The study gives information regarding the growth of luxury market in India. It also gives insights as to consumer buying motives, social values, status value and personal values that are associated with luxury. The study also gives details about the attributes and characteristics of luxury brands, its benefits and factors influencing purchasing decisions of luxury brands. The study gives suggestions how to tackle consumer needs and ways how to do marketing of luxury brands.

Keywords: *Monetary Factors, Luxury Products, Buying Motives, Purchasing Decisions*

1. Introduction

The word luxury is derived from the latin term "luxus" which signifies abundance, sumptuousness, pleasure, splendor or affluence. Products that have a high aesthetic appeal and value, exceptional quality and are identifiable through a special design, logo or a brand name are identified as luxurious items. Luxury brands are Louis Vuitton, Christian Louboutin, Yves Saint Lauren, Calvin Klein, Hermés, Prada, Mulberry, Chanel, Bottega Veneta, Burberry and Gucci transformed from small-sized businesses into billion-dollar brands and are available almost everywhere. Nowadays, luxury is no longer confined to just the upper class as in earlier times. Consumers have spent on luxury, are spending and will continue to spend. The change is that more and more people can now afford luxury and this booms the economy as well.

2. Literature Review

Tian et al., (2001) study indicated that one of the factors that affect consumption of luxury brand is trying to imitate those from high social classes revealed that imitation of those belonging to the high social classes is one of the significant determinants affecting the consumption of luxury products. According to the observation of O'Cass and Frost, (2002) the luxury goods were consumed by people to show off wealth and social status. Leibenstein, (1950) explained in his theory that there are two effects affecting consumption of luxury brands are "Bandwagon Effect" and "Snob Effect". Handa M. et al., (2010) research showed that Indian young consumers had a need for consumption of luxury products to express uniqueness and individuality, and how western culture had an impact on them. Sudhakar et al., (2012) has conducted a study on consumers for determining factor behind purchasing luxury products in Chennai which showed that price was not considered as such by them and all they cared about was quality and brand image and so were switching to luxury items. Bhanot S., (2014) analyzed the consumer motivations for purchasing luxury brands in Mumbai (329 respondents) such as snob appeal, prestige appeal and value appeal. The findings suggested that nine luxury values –quality value, financial value, usability value, hedonic value, snob value, exclusivity value, prestige value, materialistic value and self-identity value are considered by consumers when they want to purchase luxury brands. Bergeström and

Skärfstad, (2004) expressed that fashionable brands use celebrities, models and athletes to attract the attention of young people.

Research methodology

Objectives of the study

- To study about the awareness and to understand the need for consumption of luxury items.
- To acknowledge the spending habits of consumers of luxury brands.
- To determine the factors liable for increase in purchase of luxury products.
- To study consumer's attitude/behaviour with respect to change in price of the luxury product.
- To analyse whether low-income groups would opt for luxury brands.

3.2 Hypotheses:

- H1: Income plays a significant role when it comes to purchase of luxury brand.
- H2: Brand image affects the consumption of luxury products.
- H3: Feeling of superiority has a direct impact on purchase of luxury products.

3.3 Scope of the study:

The study analysis the extent of satisfaction of consumers and the level of awareness, attitude, behaviour and perception towards luxury brands. The study covers all types of luxury goods and products. And so various luxury brands are taken under the purview of the study. Sample size of 70 respondents has been received. It comprises of all age groups from 18-60 and above. The study pertains to the luxury brands users residing in the city of Mumbai.

3.4 Limitations of the study:

- The study is neither brand oriented nor product oriented.
- It doesn't consider profession in regard to consumption of luxury products because for businessmen luxury is as good as necessity.
- The products are not classified for different income groups. For instance, poor people use cooler whereas rich people use A/C for cooling in summers.
- The study doesn't include responses from illiterate people as the questionnaire was filled only by educated people who can read and write.
- The study extends especially to the users residing in Mumbai as maximum responses were received by them.

3.5 Sample size:

The sample size consists of 70 respondents residing in the city of Mumbai.

The sample comprises of both male and females.

The sample was distributed among the age groups starting from 18yrs to 60yrs and above.

And it was given out to everyone irrespective of their occupation and profession and so it includes students, employees and entrepreneurs.

Data collection and analysis

Data was collected through both primary and secondary sources. Survey method was adopted to find the perception, usage and awareness of luxury brands among various consumers.

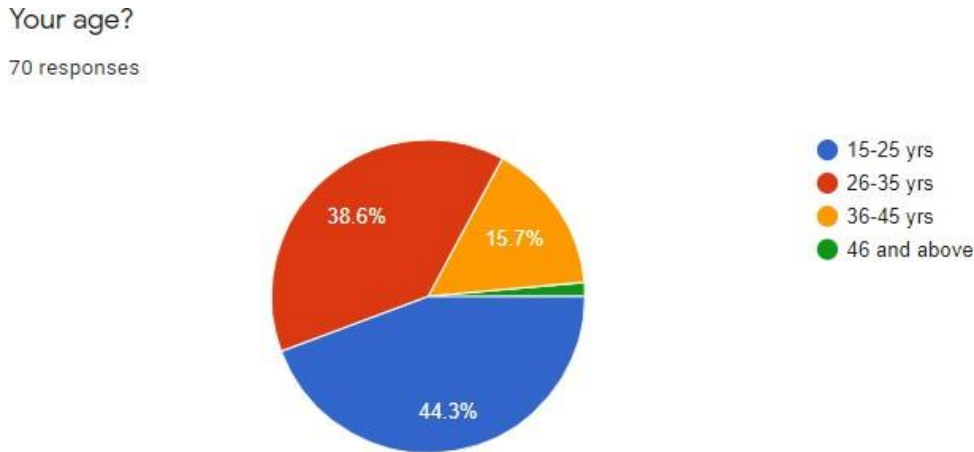
Primary sources: Primary information was gathered through the study. The set of questions were designed to ask the respondents about their use of luxury brands. The questionnaire contained a set of 15 questions. The set of questions were a mix of open ended and close ended questions. Reactions of 48.57% men and 51.43% women were documented to carry out the research.

Secondary sources: Secondary sources of information was gathered from Journals and Internet. Various research papers and working notes were referred. Statistical tools and techniques: Statistical tools like tables, bar diagrams and pie diagrams are used. Convenience sampling technique is used for the purpose of research.

Table 1: Age of Respondents

AGE(YEARS)	NO. OF RESPONDENTS	PERCENTAGE
15-25 YRS	31	44.29
26-35 YRS	27	38.57
36-45 YRS	11	15.71
46 AND ABOVE	1	1.43

Figure 1: Age of Respondents



Interpretation

The table constitutes of four different age groups.

The highest percentage (44.3%) is of young people indicating that it is youngsters mainly using luxury brands.

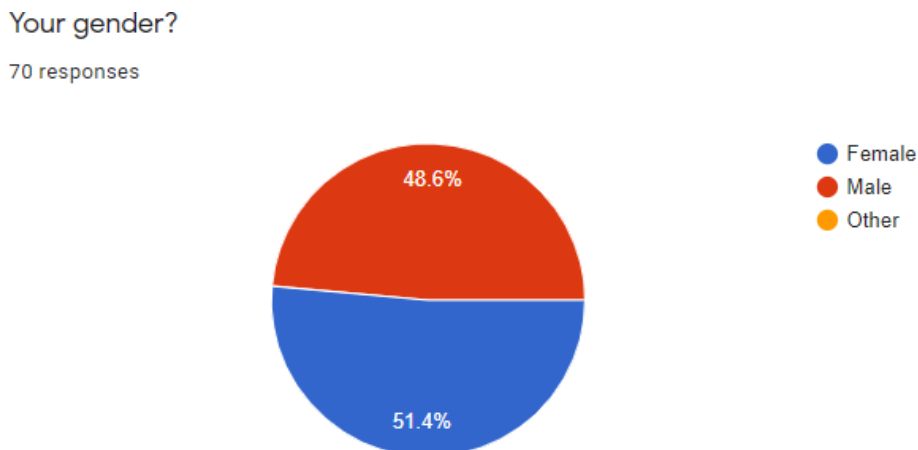
The age groups 26-35 and 36-45 have 38.6% and 15.7% respectively.

The least percent of (1.43%) indicates that old people make limited use of luxury products. Hence, it can be said that percentage of usage decreases with increase in age.

Table 2: Gender of Respondents

Gender	No. of respondents	Percentage
MALE	36	48.57
FEMALE	34	51.43
TOTAL	70	100

Figure 2: Gender of Respondents



Interpretation

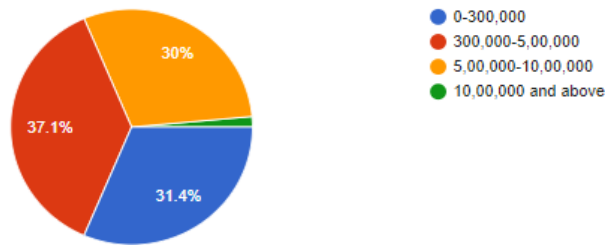
From the above table, it indicates that females constitute higher percentage which is 51.4% while males constitute 48.6%. It can be said that female users have more luxury usage levels.

Table 3: Annual income of respondents

Annual income	No. of Respondents	Percentage
0-300,000	22	31.43
300,000-500,000	26	37.14
500,000-10,00,000	21	30.00
10,00,000 and above	1	1.43
Total	70	100

Figure 3: Annual income of respondents

What's your annual income?
 70 responses



Interpretation

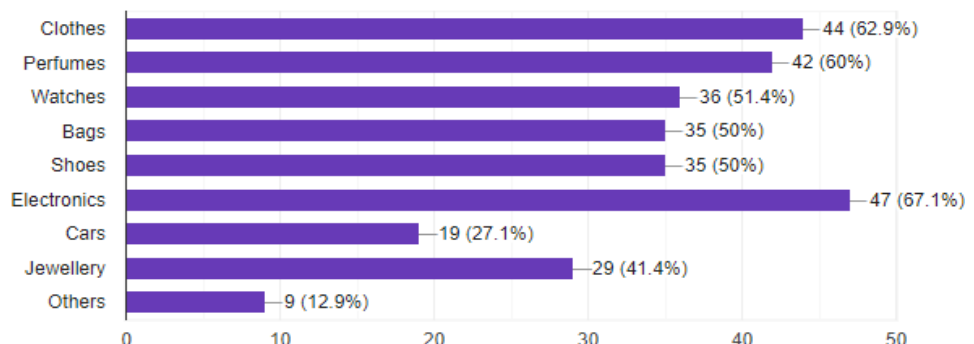
From the above table, it can be said that maximum respondents belong to 300,000- 500,000 group. Followed by 500,000-10,00,000 and 0-300,000 income group having 37.14% and 31.4% respectively and just one respondent belonged to 10,00,000 and above group.

Table 4: Categories of luxury products

Categories	No. of respondents	Percentage
Clothes	44	14.86
Perfumes	42	14.19
Watches	36	12.16
Bags	35	11.82
Shoes	35	11.82
Electronics	47	15.88
Cars	19	6.42
Jewellery	29	9.80
Others	9	3.04
Total	70	100

Figure 4: Categories of luxury products

Which categories of luxury brands do you own?
 70 responses



Interpretation

The maximum luxury products are owned by consumers were clothes and perfumes constituting 14.86% and 14.19% respectively.

The next highest percentage (12.16%) of luxury product is for watches.

The bags and shoes have equal percentage of 11.82%.

And then comes the electronics, jewelry and cars group comprising of 15.88%, 9.80% and 6.42% respectively.

The others category got the least percent of 3.04%

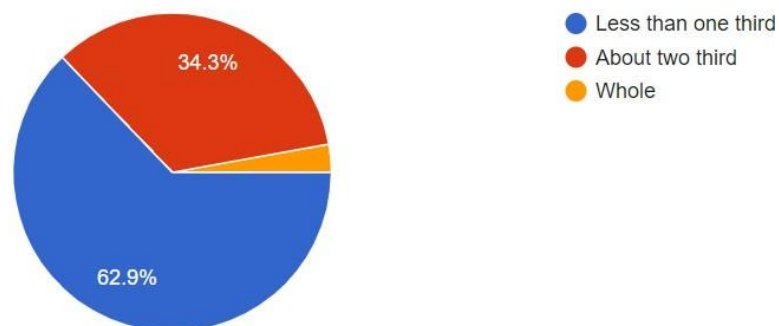
Table 6: Spending of income on luxury items

Spending of Income	No. of Respondents	Percentage
Less than one third	44	66.86
About two Third	24	34.29
Whole	02	2.86
Total	70	100

Figure 5: Buying motive of respondent

How much income do you spend on luxury brands?

70 responses



Interpretation

It was found that maximum respondents spent less than one third of their income on luxury brand purchasing.

The next high percentage said consumers spent two third of their income on luxury brands whereas 2.86% respondents spent their entire income in purchasing luxury goods.

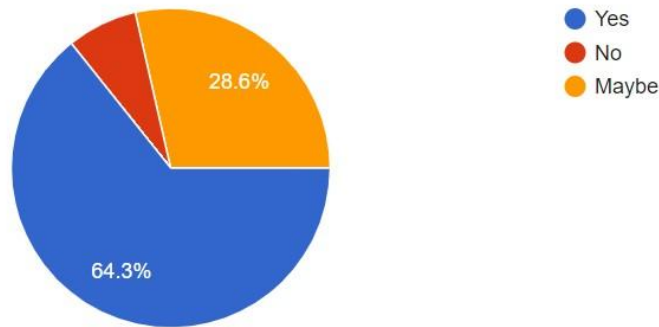
Table 7: Brand consciousness

Brand Conscious	No. of Respondents	Percentage
Yes	45	64.29
No	5	7.14
Maybe	20	28.57
Total	70	100

Figure 5: Buying motive of respondent

Do you think with increase in income people become more brand conscious?

70 responses



Interpretation

64.3% agreed that people become more brand conscious with increase in income.

Next highest group opined for maybe (28.6%), very few respondents feel that income has no relative effect with luxury brand consumption.

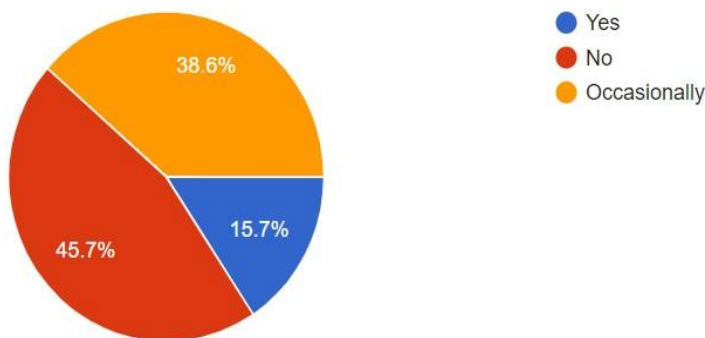
Table 8: Barraging habits

Bargain	No. of Respondents	Percentage
Yes	11	15.71
No	32	45.71
Occasionally	27	38.57
Total	70	100

Figure 8: Bargaining Habits

Do you bargain when you buy the luxury brands?

70 responses



Interpretation

It was found that 45.7% respondents doesn't practise bargaining while purchasing luxury products.

While 38.86% said they do it occasionally and 15.7% respondents confirmed they usually bargain.

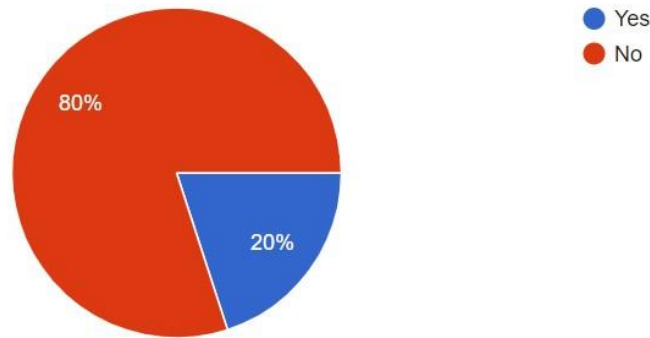
Table 9: Effect of increase in price

Price increase	No. of respondents	Percentage
Yes	14	20.00
No	56	80.00
Total	70	100

Figure 9: Effect of increase in price

Would you still buy luxury products even if the price increases tremendously?

70 responses



Interpretation

80% respondents were found to be price sensitive and confirmed they would not buy luxury items if the price keeps rising tremendously.

However, 20% respondents had no problem in this matter.

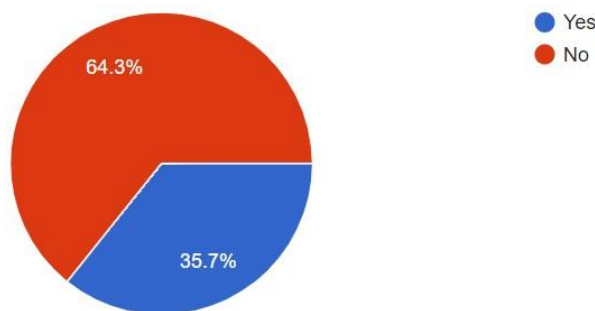
Table 10: Replace genuine luxury products with fake products

Replace luxury brands	No. Of respondents	Percentage
YES	25	35.71
NO	45	64.29
TOTAL	70	100

Figure 10: Replace genuine luxury products with fake products

Would you buy / replace genuine luxury brands with fake imitations for lesser price and same looks?

70 responses



Interpretation

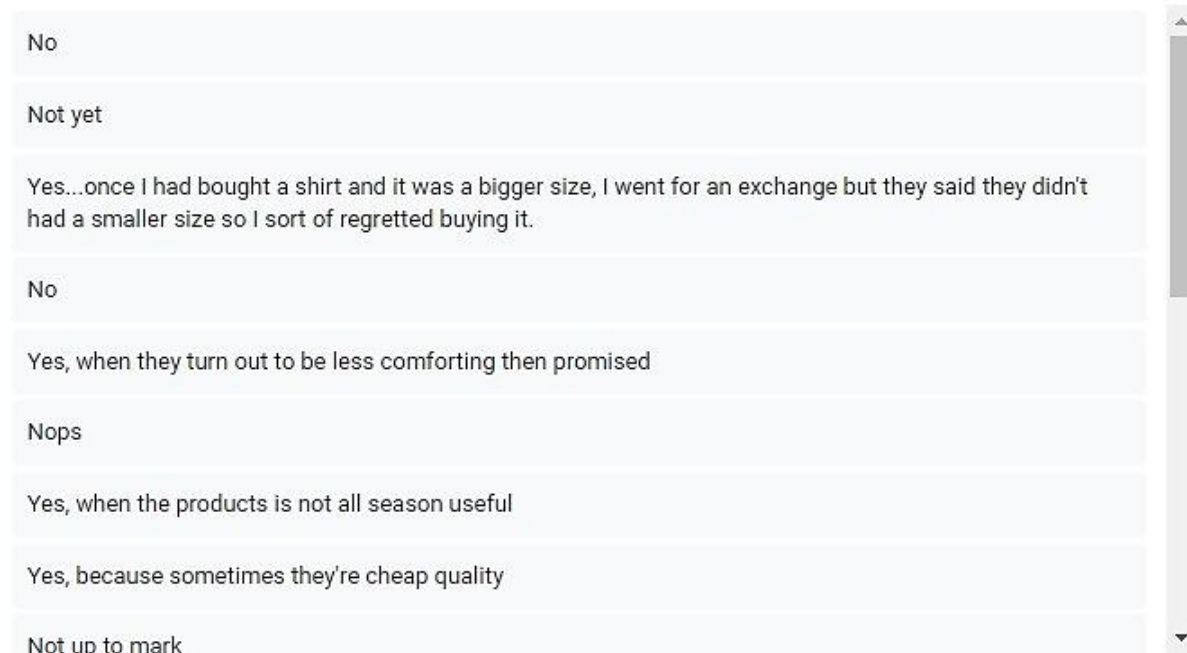
64.29% respondents proved to be loyal customers who would never go for imitated product.

35.71% respondents expressed affirmation towards replacing genuine luxury product for lesser price and other reasons.

Figure 11: Responses of consumers regret after purchasing

Have you ever regretted after purchasing luxury products? If yes, why?

70 responses



Interpretation

Luxury brand users have regretted for various reasons such as product going out of the trend, its MRP falling soon after the product was purchased and many more.

Also, some have complaint regarding its quality wasn't as described or promised.

5. Findings

Based on the hypotheses:

H1- Income plays a significant role when it comes to purchase of luxury brand

It was found from the above study that with increase in income consumers want to indulge in luxury.

H2- Brand image affects the consumption of luxury products

Studies have showed that once the brand image is created in the minds of consumers, they would stay brand loyal as they will not purchase only on the basis of price.

H3- Feeling of superiority has a direct impact on purchase of luxury products

The above study confirmed that consumers also buy for exclusivity and show off purpose. Using high-quality products makes them feel superior and better than others.

6. Conclusion and Suggestions

Indian consumers spend luxuriously to better their lifestyle but while doing so they seek products that gives them maximum benefit. So the companies need to focus on this aspect when offering any product. The need for uniqueness and social status were seen as the significant factors influencing purchase decisions so an element of uniqueness certainly has to be added in luxury products.

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