

**INVESTIGATING THE EFFECT OF CONSUMERS' LUXURY BRAND PERCEIVED
VALUE, WILLINGNESS TO PAY AND FASHION LIFESTYLE IN IRAN**

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Abstract

Better understanding of Iranian luxury consumption may be helpful for managers of fashion industry in Iran. This research aims on investigating perceived value of luxury brands among Iranians and their willingness to pay for luxury goods related to their fashion lifestyles. A survey approach was taken among Iranian people in order to find their attitude toward luxury fashion consumption. The results taken from this study shows positive effect of fashion lifestyle, perceived value and advertisement on consumers' willingness to pay for luxury brands. This study extends the understanding of consumer perceptions and behaviors regarding luxury fashion brands in Iran.

Keywords: *Luxury fashion brand, Fashion lifestyles, Perceived brand value, Willingness to pay*

1. INTRODUCTION

The quickly growing appetite for luxury brands in the emerging economies of Asia, especially Iran has helped boost the growth of the luxury market in recent years. so to a recent forecast report by Bain & Company, the global sales share of luxury brands decreased by 16% in China has increased in the US, 10% in Japan, and 8% in Europe, but the share increased by 12% in China in 2009 (www.bain.com). Data from the World Luxury Association (WLA) show that the value of luxury goods expenditures by US\$6 billion each year (www.luxurychina.org). A report by iResearch conference group has predicted that China will become themagor trading and consuming partner for global luxury brand companies in the five years following 2010 (www.iresearchchina.com). These growth statistics indicate a promising future for the Chinese luxury fashion brand market.iranese consumers are increasingly brand aware, and they intend to invest in luxury fashion brands (Bruce & Kratz, 2007). However, conditions are not adequate to realize the large market that may result from strong consumer intentions to purchase luxury brands. The factors that influence consumers willingness to pay for fashion luxury brands must also be considered. From Western cultures (Henriksen, 2009), and thus, Irans luxuryconsumption may not follow the appetence of the Western world. The iranese

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perceive luxury brand value in terms of Iran, s unique cultural background. Because of rapid economic spread theirans fashion lifestyle is gradually beginning to represent its own distinct characteristics.

Although prior research pertaining to fashion lifestyles examines away cultures and markets such as the US (Kim & Lee, 2000) and Korea (KO, Kim, Taylor, Kim, & Kang, 2007), researchers do not examine fashion lifestyles in Iran sufficiently. Luxury fashion brand consumption relates to the problem of counterfeit products in Iran. Luxury fashion brands are easy and inexpensive to reproduce and are thus common targets for counterfeiting (Yoo & Lee, 2009). Counterfeiting in Iran is increasing, with iranes consumers purchasing counterfeit products either intentionally or unintentionally (Zaichkowsky, 2006). iran consumers also recover that the sales of counterfeit products may effection the value of real luxury fashion brands (Bian & Veloutsou, 2007). This research examines whether or not iranes consumers' willingness to pay for luxury fashion brands relates to their fashion lifestyles and the recover value of luxury fashion brands. Furthermore, this research examines the trace of previous purchases of genuine or counterfeit luxury fashion brands on the relationships across fashion lifestyles, recover brand value, and willingness to pay for luxury fashion brands. The study here purpose two contributions. From an academic perspective, this study broadens the theoretical research pertaining to fashion lifestyles proposed by KO Et Al. (2007) by exploring the iranes context. From a practical perspective, the study's results provide suggestions for competitive marketing strategies for luxury fashion companies in the iranes market. Gaining a better understanding of the behavior iranes consumers of luxury fashion brands should benefit the fashion industry by improving customer relationships in potentially the largest consumer market.

2. LITERATURE REVIEW

Conceptualizing luxury fashion brands

The concept of “luxury” comes from the Latin “luxuria,” which means “extravagant living” congruous to the Oxford Latin Dictionary (1992). Luxuries are objects of desire that provide pleasure. As nonessential items or services, these objects contribute to luxurious living by providing an indulgence or convenience beyond the indispensable minimum (Wiedman, Hennigs, & Siebels, 2007). In the academic literature, researchers use “luxury” to describe the top category of prestigious brands (Vigneron & Johnson, 2004). Consumers gain prestige by purchasing luxury goods; this effect is referred to as “conspicuous consumption” (O’Cass & McEwen, 2004). Luxury goods have always been associated with wealth, exclusivity and power and have been determined with the satisfaction of nonessential wants (Brun et al., 2008; Dubois & Gilles, 1994).

The term “luxury brands” determine high quality, expensive and nonessential products and services that are perceived by consumers as rare, exclusive, prestigious, and authentic and that offer high levels of symbolic and emotional value (Tynan, McKechnie, & Chhuon, 2009). The concept of a luxury brand was first defined by Vigneron and Johnson (2004) and then further defined by Wiedman et al. (2007) as the highest level of prestigious brands that provide several types of physical and psychological values. This dimension comprises values that are strongly related to cultural elements or socioeconomic context (Vickers & Renand, 2003). Vickers and Renand (2003) recognized luxury goods as symbols of personal and social identity. Luxury

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brands confer esteem upon their owner and satisfy psychological and functional needs. These characteristics are the main factors distinguishing luxury from no luxury products or counterfeits (Arghavan & Zaichkowsky, 2000). Today, marketers commonly use the word “luxury” to persuade consumers to purchase products that are more expensive (Tynan et al., 2009). Jackson (2004) defines the luxury fashion brand as “characterized by exclusivity, premium prices, image and status, which combine to make them desirable for reasons other than function.” People distinguish luxury fashion brands as brands with the following characteristics: global recognition, core competence, high quality and innovation, 2007). Fashion may function as a mechanism that periodically and speculatively transforms some elements of a consumer's lifestyle (Potts, 2007). Luxury fashion brands are publicly consumed powerful advertising, immaculate in-store presentation, and superb customer service. Research has considered why consumers purchase luxury fashion brands. For example, people follow fashion to gain the attention of others as a form of social communication (Potts, luxury products that consumers can comfortably employ to signal wealth (Vigneron & Johnson, 2004). Social value refers to people's desire to possess luxury fashion brands that may serve as symbolic markers of group membership (Kim et al., 2010; Vigneron & Johnson, 2004). Therefore, the social dimension of luxury value perception refers to the perceived utility that individuals acquire by consuming products or services recognized within their own social group(s); such goods may confer conspicuousness and prestige value, which may significantly affect a customer's evaluation of and propensity to purchase or consume luxury brands (Wiedman et al., 2007). According to Bian and Veloutsou (2007), prior counterfeit purchasing experience among consumers of luxury fashion brands may be common. Counterfeiting refers to the act of producing or selling a product containing an intentional and calculated reproduction of a genuine trademark (McCarthy, 2004). “Fake” brands are available in every category of fashion brands; thus, consumers must be convinced that the “real” brand has a distinctive value if they are to purchase luxury brands (Bruce & Kratz, 2007). Counterfeiting poses a significant challenge to fashion brand firms aiming to protect their revenues.

3. THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

H1. A consumer's fashion lifestyle has a positive influence on his/her willingness to pay for luxury fashion brands.

Perceived brand value

As an important research construct in the marketing literature, perceived brand value receives much attention from researchers. Brand equity provides value to customers by enhancing their interpretation of and ability to process information, their confidence in purchase decisions, and their satisfaction (Aaker, 1991). Researchers define brand value in many ways. For example, Yoo and Donthu (2001) define brand value as the differences between consumer responses to focal brands as compared with unbranded products when both products have the same level of marketing stimuli and the same product attributes.

Researchers measure perceived brand values with multiple dimensions. Vigneron and Johnson (1999) propose five perceived values that significantly affect consumer decision processes regarding prestigious

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brand selection, including conspicuous value, unique value, social value, emotional value, and quality value. Phau and Prendergast (2000) propose that luxury brands involve exclusivity, perceived quality, brand awareness and a well-known brand identity. Yoo and Donthu (2001) measure brand value using three dimensions: brand loyalty, perceived quality, and brand awareness/association. Wiedman et al. (2007) extend Vigneron and Johnson's model (1999) to enhance research on consumer perceived value in relation to luxury consumption. These authors define consumer perceptions of luxury value along financial, functional, individual, and social dimensions. Burmann, Jost-Benz, and Riley (2009) explores the external sources of brand value at the behavioral level, including factors such as brand benefit clarity, perceived brand quality, and uniqueness. Kim, Kim, and Lee (2010) proposes consumer perceptions of brand value including physical value, economic value, expressive/social value, emotional value, and service value. Perceived quality value remains the main type of brand value perceived by consumers. Perceived quality refers to a consumer's subjective judgment about a brand's overall excellence (Zenithal, 1988). Uniqueness refers to the degree to which customers believe that a brand is different from competing brands (Agarwal & Rao, 1996; Netemeyer et al., 2004; Wiedman et al., 2007). As an individual-level perception of luxury brands, conspicuous value involves the brand's perceived use in conveying the consumer's social status. A well-known brand name carries a certain symbolic identity within a given society (Keller, 1993). Consumers use luxury brands to classify themselves or to distinguish themselves from others (Vigneron & Johnson, 2004). Consumers may use luxury fashion brands to conform to their professional position or to demonstrate their social status (Arghavan & Zaichkowsky, 2000). Luxury fashion brand consumption can serve as an effective method of conforming to the conventions of a specific social class. Emotional value refers to an essential characteristic of the perceived utility acquired from luxury products (Dubois & Gilles, 1994). Previous studies have identified emotional responses to the consumption of luxury brands, such as pleasure or excitement (Choi & Kim, 2003; Kim et al., 2010; Vigneron & Johnson, 2004). Recent research supports the theory that perceived brand value relates to consumer purchasing behavior. Kim et al., (2010) examines the brand value perceptions of South Korean consumers regarding foreign luxury fashion brands and the influence of brand value on brand loyalty. Brand value positively affects a consumer's willingness to pay premium prices (Keller, 1993). The quality of a product significantly increases purchase motivation and thus affects consumer's purchasing decisions (Park & Park, 2003). Researchers associate perceived quality with willingness to pay, brand purchase intentions and brand choices (Netemeyer et al., 2004). Researchers support the view that the unique aspects of a brand affect both consumer preferences and the willingness to pay a higher price for the brand (Kalra & Goodstein, 1998; Netemeyer et al., 2004). Researchers observe that hedonistic consumers are more interested in their own thoughts and feelings and are more willing to pay higher prices for luxury brands (Vigneron & Johnson, 2004). In addition, consumers who purchase luxury brands show more positive emotions than those who have never purchased luxury brands (Kim et al., 2010). The consumption of luxury goods appears to have a strong social function. These results demonstrate the importance of the perceived value of luxury brands with respect to potential purchasing decisions.

H2. A consumer's perceived brand value has a positive influence on his/her willingness to pay for luxury fashion brands.

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Past purchasing experience

One's past experience influences one's future actions. Specifically, purchasing experiences show a strong effect on future purchase intentions (Atwal & Williams, 2009; Kwong, Yau, Lee, Sin, & Tse, 2003; Shim, Eastlick, & Lotz, 2001). For example, Shim et al. (2001) conducted a study on the effect of prior Internet purchasing experience on intentions to make Internet purchases in the future. Kwong et al. (2003) indicates that customers with a strong intention to buy pirated CDs are likely to have had past purchasing experience buying pirated CDs. Atwal and Williams (2009) identify that achieving the greatest level of long-term success for luxury brands greatly depends on connecting with luxury consumers through brand-related experiences. Some researchers interpret counterfeiting activity in negative terms because it damages brand reputation and profits (Wee, Tan, & Cheok, 1995). However, Yoo and Lee (2009) suggest that counterfeit consumers may become buyers of the genuine items because the counterfeit items may effectively function as promotional tool for the genuine items. The willingness of consumers to pay more for non-counterfeit products directly increases in relation to their knowledge of and attitudes toward counterfeit apparel goods (Sara & Mack, 2009). Customers are divisible into different groups according to past purchasing experience, such as genuine luxury fashion brand consumers, counterfeit luxury fashion brand consumers, and potential luxury fashion brand consumers. These groups may share different fashion lifestyles, perceived brand values, and willingness to pay for luxury fashion brands.

H3. The influence of a consumer's fashion lifestyle on his/her willingness to pay for luxury fashion brands is different among customers with different prior purchasing experiences.

H4. The influence of a consumer's perceived brand value on his/her willingness to pay for luxury fashion brands is different among customers with different prior purchasing experiences.

This study proposes a research model that examines the influence of fashion lifestyle and perceived brand value on willingness to pay and that tests how relationships between fashion lifestyle, perceived brand value, and willingness to pay vary based on different prior purchasing experiences.

H5. Advertising has positive and meaningful impact on the willingness to purchase luxury brands.

H6. Religious attitude relationship between perceived brand value and moderates tend to buy luxury brands.

4. MATERIALS AND METHODS

The hypotheses were all measured using a multiple-item and five-point Likert-type scale. Respondents were asked to rank a list of items on the Likert scale, ranging from "strongly disagree" to "strongly agree". Questionnaire used for this study had five constructs including Religious attitude (3 questions), Willingness to pay for luxury brands (3 questions), Fashion lifestyle (4 questions), Perceived value (3 questions), and Advertisement (3 questions). The study adopted a quantitative research methodology employing a questionnaire and sampling of 500 Iranian consumers. Respondents were handed out the questionnaires and they had 15 minutes to answer the questions regarding their attitude. Before distributing the questionnaires to

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the students, a pretest was taken. Finally, 420 of the returned questionnaires were returned and used for data analysis.

5. RESULTS

In order to test the moderation effect of Hypothesis (H4a, H4b and H4c), we conducted moderated structural equation modeling (MSEM) analyses (Mathieu, Tannenbaum, & Salas, 1992). To Test Hypotheses H1, H2 and H3 we performed structural equation modeling (SEM) analyses. The model for these analyses included four exogenous latent factors, Fashion lifestyle, Perceived value, Advertisement and Religious attitude (moderator variable). Finally, the hypothesized model also included one latent endogenous factor, Willingness to pay for luxury brands. The fit of the models was assessed with the 2 statistic, the Goodness-of-Fit Index (GFI), and the root mean square error of approximation (RMSEA). In addition, we used the Comparative Fit Index (CFI), the Goodness of Fit Index (GFI), and the Adjusted Goodness of Fit Index (AGFI). For each of these statistics, values of 0.90 or higher are acceptable (Hoyle, 1995); except for the RMSEA for which values up to 0.08 indicate an acceptable fit to the data (MacCallum, Browne, & Sugawara, 1996). Furthermore, we controlled for the 90% confidence intervals around the RMSEA. A narrow confidence interval is an indication for good precision of the RMSEA (MacCallum et al., 1996).

Descriptive Results, Measurement Model and Convergent validity

Means, standard deviations, and correlations between the variables, as well as the internal consistencies of the scales are presented in Table 1. As depicted in Table 1, the means of the constructs range from 1.92(for Religious attitude) to 3.456(for Advertisement). The convergent and discriminant validity of the constructs were tested by confirmatory factor analysis using the ordinary Least Squares estimator of LISREL 8.73 (Joreskog & Sorbom, 1996). The discriminant validity of the scales was checked by the Fornell and Larcker's (1981) formula. As can be seen from Table 1, it can be seen that the values in the diagonals are greater than the values in their respective row and column thus indicating the measures used in this study are distinct. Composite reliability and average variance extracted to assess convergence validity (see table1). Composite reliabilities range from 0.853 (for Religious attitude) to 0.936 (for Fashion lifestyle), which exceed the recommended level of 0.7, (see table 1), therefore, demonstrate a reasonable reliability level of the measured items. We used the factor loadings (see table2); the recommended values for loadings are set at > 0.5 . From table 1 it can be seen that the results of the measurement model exceeded the recommended values thus indicating sufficient convergence validity.

Goodness of fit statistics

The primary method for model testing was structural equations modeling by means of LISREL 8.73 and the polychromic correlation matrix as input. Ordinary Least Squares was used as the model estimation method due to using ordinal scales for measurement (Joreskog & Sorbom, 1996). This testing confirms a model's goodness of fit, and the hypothesized paths. Results of SEM analysis showed that model fits well to the data, (Chi-Square=62.22, DF=59($\chi^2/df=1.054$), RMSEA=0.012, CFI=1.00, AGFI=0.96, GFI=0.98) (see fig1).

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Table1. Descriptive Statistics, Bivariate Correlations, AVE, CR, CA and mean

Construct	Ad	FL	PV	RA	WPLB	AVE	CR	CA	Mean
Advertisement	0.902					0.813	0.929	0.885	3.456
Fashion lifestyle	0.426	0.886				0.785	0.936	0.909	3.114
Perceived value	0.277	0.293	0.895			0.802	0.924	0.877	3.169
Religious attitude	0.182	0.161	0.123	0.816		0.666	0.857	0.753	1.924
Willingness to pay for luxury brands	0.402	0.507	0.346	0.148	0.904	0.817	0.931	0.888	3.153

The diagonal figures in bold indicate the average variances extracted (AVE) for constructs. The scores in the upper diagonal are Pearson correlations.

Table2. Loading Factors

Construct	items	Loading factor
Religious attitude	RA1	0.865
	RA2	0.781
	RA3	0.800
Willingness to pay for luxury brands	WLB1	0.913
	WLB2	0.906
	WLB3	0.893
Fashion lifestyle	FL1	0.892
	FL2	0.892
	FL3	0.870
	FL4	0.890
Perceived value	PV1	0.886
	PV2	0.900
	PV3	0.901
Advertisement	AD1	0.903
	AD2	0.893
	AD3	0.908

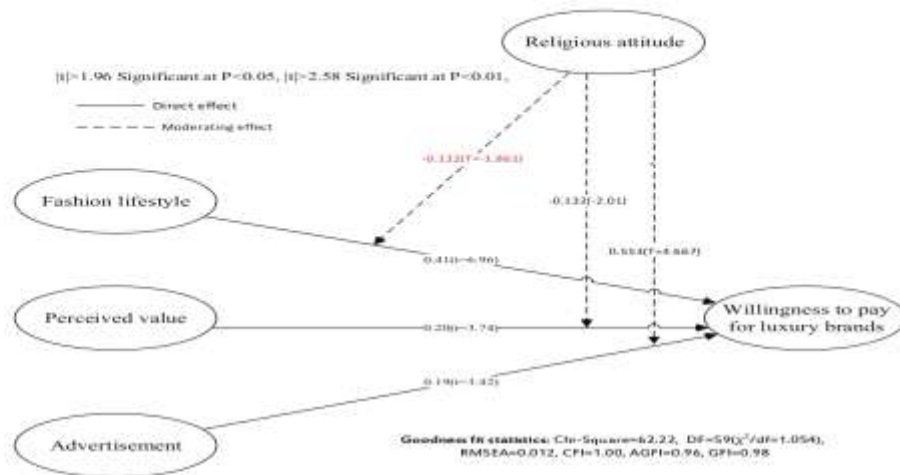


Fig1. Research Model in Estimation and Significant situation

Structural Model

In order to test the moderating influence on the relationship between Fashion lifestyle, Perceived value, Advertisement and Willingness to pay for luxury brands (Hypothesis h4a, h4b and h4c), we carried out MSEM analyses in a separate model. We tested a model that included three exogenous (Moderator variable, independent variable, and their interaction), and one endogenous latent factor (Willingness to pay for luxury brands). Each latent exogenous factor had only one indicator, namely its standardized factor score, obtained after respective factor analyses. The model included direct paths from the three exogenous factors to the endogenous factor. The independent variables and Moderator variable factors were allowed to correlate, whereas correlations between Fashion lifestyle, Moderator variable, and their interaction term were expected to be zero. Finally, the paths from the exogenous variables to their indicators were fixed using the square roots of the scale reliabilities, while the error variances of each indicator were set equal to the product of their variances and one minus their reliabilities (Cortina, Chen, & Dunlap, 2001). As shown in Table 3. To evaluate the structural models' predictive power, we calculated the R^2 , R^2 indicates the amount of variance explained by the exogenous variables (Barclay et al.1995). Using a T-value technique with a sampling of

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385, the path estimates and t-statistics were calculated for the hypothesized relationships: As shown in Table 3 and fig 1, the path coefficients and result of hypotheses.

Table3. Hypothesis Testing

Hypothesis	Beta	t-value	R ²	Result	Sign
H1: Fashion lifestyle → Willingness to pay for luxury brands	0.41	6.96	0.39	Supported	+
H2: Perceived value → Willingness to pay for luxury brands	0.20	3.74		Supported	+
H3: Advertisement → Willingness to pay for luxury brands	0.19	3.42		Supported	+
H4.a: Fashion lifestyle * Religious attitude → Willingness to pay for luxury brands	-0.122	-1.861	0.12	NS	NS
H4.b: Perceived value * Religious attitude → Willingness to pay for luxury brands	0.553	4.667		Supported	+
H4.c: Advertisement * Religious attitude → Willingness to pay for luxury brands	-0.132	-2.01		Supported	-

|t|>1.96 Significant at P<0.05, |t|>2.58 Significant at P<0.01,

6. CONCLUSIONS

Focusing on Iranians, this research evaluates how can the willingness of consumers to pay for luxury brands relate to their fashion lifestyle and perceived value and indicates how prior shopping experience of luxury fashion brands can have an impact on the relationship. The results generated from this study indicate that there is a relationship between fashion lifestyle and consumer's willingness to pay for luxury brands, meaning that the more people have a fashion lifestyle the more they pay for luxury brands. Also perceived value and advertisements have influence on willingness to pay for luxury brands, it means that advertisements can make a perceived value for luxury brands and lead to more willingness to pay for luxury brands. As a result of this research it has been found out that religious attitude plays a moderating role in the relationship between perceived value, advertisements, and willingness to pay for luxury brands. The knowledge generated from this study may be useful for marketing managers of luxury brands and fashion designers as a guide for better understanding of Iranian luxury fashion consumers in terms of acting by regarding Iranian consumer behaviors.

7. RESEARCH LIMITATIONS

This research has been conducted in Iran and among Iranian consumers. Although it is a very appropriate society for this topic, it would have different results if it was taken among consumers in other countries. Also this study uses a survey approach and a questionnaire has been distributed among limited number of consumers, it could be more efficient if it was distributed among more consumers or in various countries. However in this study it has been tried to make clear view for managers and designers to make applications from the knowledge generated from this research.

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Appendix

This study has conducted a survey approach and a questionnaire has been distributed among Iranian consumers. Respondents were asked to rank a list of items on the Likert scale, ranging from “strongly disagree” to “strongly agree”. Here is the questionnaire list of questions:

1. *Luxury goods indicate the personality and dignity of people.*
2. *Although having a high price, I purchase luxury goods for being different from other people.*

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3. *By purchasing luxury goods, I seem different from other people.*
4. *Luxury goods are compatible with my lifestyle.*
5. *I feel having a higher social position by purchasing luxury goods.*
6. *I have more self confidence by purchasing luxury goods.*
7. *Basically, luxury goods are more elegant than other goods.*
8. *I would buy luxury goods because of popular brands that they have.*
9. *If the advertisements of luxury goods attract me, I would buy it without considering its price.*
10. *I would buy luxury goods because my friends and colleagues have bought it.*
11. *Using luxury goods would lead to class difference in society.*
12. *The tendency to buy luxury goods are less among religious people.*
13. *Religious people don't recognize buying luxury goods as a factor of happiness.*
14. *Religious people are not curious about luxury goods.*