

# THE EFFECT OF PERCEIVED VALUE ON PURCHASE INTENTION OF LUXURY FASHION PRODUCTS CONSUMER

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## **Abstract**

*In recent years, the luxury fashion market has grown tremendously in the world as well as in Vietnam. However, there has been little research done in Vietnam in this area to gain a deeper understanding of luxury fashion product consumer behavior. This study is based on a literature review, previous studies aimed at overviewing the theoretical issues of customer perceived value. In addition, through a research review, the author evaluates the influence of perceived value on consumers' intention to buy luxury fashion products. From there, a theoretical research model is proposed as a basis for future experimental studies in Vietnam.*

**Keywords:** *Luxury fashion products, purchase intention, perceived value.*

## **1. Introduction**

Luxury fashion is now considered a booming industry and is continuing to expand globally. A large number of companies producing luxury fashion brands already have subsidiaries and stores in many countries around the world. Thanks to the globalization of these companies, consumers around the world have more access to luxury fashion brands. Although luxury industry has only a small number of manufacturing and trading businesses compared to other industries, it is an industry that generates billions of dollars for the world. It plays a special role in the economy and has significant effects on modern society (Chadha & Husband, 2006). According to statistics from Bain & Company, in 2015 the luxury industry contributed one trillion euros in income to the world economy. In particular, the luxury fashion industry - this core product group generated 250 billion euros in revenue in 2015 globally despite the difficulties of many economies during that period. (Bain & Company, 2015). By 2016, 2017, 2018, 2019, the updated figures of revenue of the worldwide luxury industry as reported by Bain & Company: 1.08; 1,2; 1.22; 1.26 trillion euros.

Along with the continuous development of the world economy, the economy of Southeast Asia in general and Vietnam, in particular, is also making important changes. The average income of Vietnamese people has been increasing sharply in recent years.

Specifically, in 2015, the per capita income was 45.7 million VND/person.year, by 2019 this figure increased to 64.4 million VND/person.year (GSO). According to a report by Wealth-X data company, Vietnam is ranked 3rd among the countries with the fastest-growing number of rich people in the world (12.7%). In 2019, Vietnam recorded 12,327 USD millionaires, an increase of 23% compared to 2015. It is forecasted that by 2023, the number of USD millionaires in Vietnam will increase to 15,776 people (The wealth report, 2019, Knight Frank). Besides, Vietnam is also a strong country with a young and highly educated population, with an increasing number of middle-class people. These are considered essential factors to help improve the purchasing power of the Vietnamese market in the coming time in general and for the luxury goods industry in particular.

According to Nguyen & Smith (2013), Asia is considered a remarkable place to research on consumer behavior, which Vietnam is the country chosen by many scholars as a context to study consumer behavior/ purchase intention of consumers (Nguyen Thi Tuyet Mai et al., 2016). Vietnam is a country with a high population growth rate and high income compared to other countries in the region. Besides, people in Vietnam also have different characteristics in terms of cultural factors, typical consumption habits (Nguyen Thi Tuyet Mai et al., 2016) compared to other countries. Therefore, studying the intention to buy luxury fashion products in Vietnam will have important practical significance to help clarify this issue.

Along with the development of the luxury fashion industry, the issues of luxury fashion consumption behavior of consumers have received the attention of scientists. Many studies on behavior and intention to buy luxury fashion products have been carried out and the results published in scientific journals, scientific conference proceedings. During the research process, the author has researched and synthesized many domestic and foreign researches on consumer buying behavior and intentions in general and luxury fashion products in particular. Previous studies by scholars have focused on various aspects of luxury fashion products. Therefore, the author has read, synthesized, compared, analyzed, and grouped research works to find research gaps in the Vietnamese context.

## **2. Method**

To achieve the research objectives, the author uses theoretical research methods (study at desks) to synthesize, analyze, evaluate, compare... theoretical documents and related research works. (secondary data) to consumers' intention to buy luxury fashion products to get a research overview, find research gaps. Based on inheriting the theoretical basis from previous works, the author develops a research model and research direction for the Vietnamese context. The specific steps of the theoretical research method are concretized as follows: Search, classify research works, theoretical documents; Read and analyze documents and research works; Synthesize research results in works related to consumers'

intention to buy luxury fashion products, then summarize into issues; Find out research gaps, articles focused on research; Proposed theoretical research model.

### 3. Research results

#### 3.1. Overview of luxury fashion products

\* Luxury products: According to the definition of Vigneron & Johnson (1999), luxury products refer to the highest level of prestigious brands, including different material and spiritual values. From another perspective, luxury products are 95% products of which are only available to 5% of the population and are in limited supply (Savitha & Sathyanarayan, 2014). In this sense, luxury products cause differences in society. Luxury products have some characteristics that distinguish them from other goods. However, it must be affirmed that whether a product can be considered a luxury depends on the perception of people, culture, and society (Vickers & Renand, 2003). Klaus Hein (2012) argues that the luxury product corresponds to the manager's understanding including all products that are beyond the necessary and normal compared to other products of the same type. Bilge (2015) also offers a similar concept when it says that luxury goods are products that have more necessary and conventional characteristics than other products of the same category (Bilge, 2015). And in a conventional approach to product ethos, this is a concept that highlights the difference between luxury goods and conventional goods.

Thus, the definition of a luxury product can be stated: “Luxury products have more necessary and normal features than other products of the same class, including a relatively high price, quality, aesthetics, rarity, specialty and symbolic meaning” (Klaus Hein, 2012). While developing the luxury brand concept, Hein developed and adapted the classification for the luxury product industries (World Directory of Luxury Brands - WLBD; Heine, 2011b).

**Table 1: Classification of luxury products (Hein, 2012)**

<b>Fashion products:</b> Clothing, shoes, underwear, fashion accessories (belts, gloves, handicrafts, hats, ties, eyeglasses)	<b>Means of transportation:</b> bicycle, motorbike, car, boat/yacht, plane/jet	<b>Interior decoration:</b> furniture, kitchen, table decoration (silverware, crystal & glassware, porcelain & stoneware), linens (table linens, bed linen, bath linens) ), bathroom supplies, carpets, lamps, interior electronics, interior accessories, sports equipment, garden decorations.
<b>Bags and cases:</b> Luggage, handbags, wallets, and cases	<b>Delicacies:</b> Beverages (wines, sparkling wines, spirits), Foods	<b>Body decoration:</b> Mobile Electronics, Wristwatches, jewelry, pens, Writing paper.
<b>Cosmetics &amp; Perfumes</b>		

\* Luxury fashion products: According to reports by Bain & Company (2020), the luxury fashion segment accounted for 34% of total luxury goods revenue in 2019. In 2019, the segment's revenue of luxury fashion reached \$106 billion, and is projected to grow to \$130 billion by 2025 (Bain & Company, 2020). These figures reflect the importance, role, and development trends of the global luxury fashion segment in the future.

Thus, according to the classification of Hein (2012): Luxury fashion products are part of the luxury product category, including specific products such as clothing, shoes, underwear, accessories fashion (belts, gloves, handicraft items, hats, ties, eyeglasses).

### ***3.2. Perceived value of luxury products***

Various studies have tried to understand the key aspects of luxury value from the customer's point of view (Kapferer, 1997). Several scholars have focused on clarifying the concept of consumer perception of luxury value (Vigneron & Johnson, 1999, 2004; Wiedmann et al., 2007; Berthon et al., 2009). Vigneron & Johnson (1999) proposed five perceptions of luxury value and divided them into two groups: social value (conspicuous, unique, and social value) and personal value (spiritual value) and quality). Vickers & Renand (2003) created a luxury value mode: Functional value, experiential value, and symbolic value. Wiedmann et al. (2007) proposed four value-based dimensions for luxury products: social value, personal value, functional value, and financial value. Various studies have shown that culture plays a significant role in consumer perception, leading to differences in purchasing behavior in different societies (Sharma, 2011). Therefore, researchers have proposed different assessments of luxury value perceptions and their influence on luxury product purchase intentions in Western and Eastern countries (Vigneron & Johnson, 2004)., Wiedmann et al., 2009; Choo et al., 2012).

Choo et al (2012) found luxury values for customers for luxury fashion products. The authors explain luxury value by: utilitarian, hedonic, symbolic, and economic value. Utility value includes the extraordinary value and functionality of luxury goods. Products that are identified by consumers as being excellent and able to fulfill their functional needs can provide utilitarian value. Hedonic value consists of three characteristics: aesthetics, pleasure, and experience. Products that are aesthetically pleasing and create a pleasant and enjoyable experience for customers can provide hedonic value to them. Luxury goods with symbolic value allow consumers to express themselves and associate the symbolic meaning of the product with their image. Economic value, on the other hand, can be determined by sociability. Luxury goods that allow people to socialize, join groups, and social classes can help them get some social benefits. However, a luxury product can have some or all of these values depending on the purpose of purchase and the nature of the product.

### ***3.3. Factors affecting the intention to buy luxury fashion products***

For luxury products in general and luxury fashion products in particular, through a research review, the author finds that many researchers use different theoretical frameworks to evaluate, analyze and find understand consumer buying intentions. Popular theoretical frameworks used by scholar: Theory of rational action (TRA) and the theory of planned

behavior (TPB). Of course, over time, scholars have adapted, developed, and extended these theoretical frameworks when applied to research on consumer purchase intention in general and luxury fashion purchase intention in general. specifically to build research models that are more appropriate and effective with the research object and context.

According to the theory of rational action (TRA), it is possible to mention the studies of Ricky YK Chan (2001), Bopeng Zhang, Jung Hwan Kim (2013), Emilia Reis (2015), R. Srinivasan, et al (2015) ), Sheetal Jain (2021)... According to different approaches, studies have shown the factors affecting the intention/behavior of consumers to buy luxury goods with their characteristics and contexts. particular, specific. There are many overlapping views in the conclusions of the above studies, however, there are also conflicting statements containing certain contradictions.

According to the theory of rational action (TPB), scholars Chao, Y.L (2012); Sohail Younus et al (2015); Ji Yi et al (2013); Ambalak Yadav & Govind Swaroop Pathak (2014) Hasan et al (2019)...have conducted a study on consumer intention/behavior with different methods and contexts. Studies have shown the factors affecting the intention/behavior of consumers to buy luxury goods. Many similar conclusions have been reached, along with controversial statements.

In recent years, many scholars have used perceived value theory to study consumer purchase intentions. So what is value? “Value” is one of the most widely and frequently used concepts in understanding and predicting customer behavior. Smith & Colgate (2007) introduced the concept of customer perceived value: “It is what a customer receives (benefits, quality, value, utility) from purchasing and using a product. It relative to what they pay (price, cost, sacrifice), which in turn affects attitudes towards the product”. Thus, to determine the perceived value of customers for luxury products, it is necessary to determine the customer's preference and belief in the product's attributes (Smith & Colgate, 2007). Also according to Smith & Colgate (2007), perceived luxury value is a strong predictor of consumer behavioral intention. High perceived value will lead to higher purchase intention. Perceived luxury value can be considered as a belief that guides choice or behavioral assessment and can be used to analyze consumer purchase intention (Wiedmann et al., 2007; Hanzae & Rouhani, 2012). According to the theory of perceived value, the author has synthesized and analyzed several studies related to luxury consumption intention/behavior, specifically in Table 2.

<b>Citation</b>	<b>Focus of study</b>	<b>Outcome</b>	<b>Type of study</b>	<b>Sample for study</b>
Kuangpeng Hung & Annie Huiling Chen (2011)	Factors affecting Chinese consumers' intention to buy luxury brands	Brand perception, symbolic value does not influence on consumers' intention to buy luxury brands. The experience, function of purchasing luxury brands, physical arrogance, and achievement all have a positive effect on purchase intention. Achievement arrogance has a moderating effect on the relationship	Empirical, quantitative methods	643 Chinese and Taiwanese luxury brand consumers

		between Chinese consumers' brand perception and luxury purchase intentions.		
Ho Jung Choo et al, 2012	Generalize reasoning problems about the perceived luxury value of customers while testing the reliability and validity of the proposed structure.	Utility value includes the superior value and functionality of luxury goods. Spiritual values consist of three characteristics: aesthetics, pleasure, and experience. Luxury goods with symbolic value allow consumers to express themselves and associate the symbolic meaning of the product with their image. Economic value, on the other hand, can be determined by sociability. In addition, the relationship between customers' luxury value and consumers' purchase intention is assessed to be relatively strong.	Theory and empirical, qualitative, and quantitative methods	436 consumers in Korea
Ketsuree Vijanakorn & Randall Shannon (2016)	Develop a theoretical concept by examining the impact of country image on consumers' perception of luxury value	The perceived image of aspects of the country affects perceived value in different respects, and thus affects purchase intention. National images have symbolic and emotional significance for consumers. The research results of the authors have provided a more accurate assessment of the impact of the country's image as well as important information about the country's positioning in the world market.	Empirical, quantitative methods	407 elements (Thai consumers have been using luxury products)
Hiroko Oe & et al (2017)	Exploring the impact of consumer perception on luxury product purchase intention (handbags)	The perceived value of self-expression has a negligible impact on the purchase intention of Thai consumers. While the perception of social value, the perception of personal value has a strong impact on their consumption intention.	Empirical, quantitative methods	650 consumers in Thailand
Sheeltan Jain (2019)	Examine the influence of luxury value perception and luxury purchase intention among millennial consumers in India.	Conspicuous value is the most important determinant of luxury purchase intention of young Indian consumers. Experiential values, sensitivity to normative influences, and pragmatic values play an important role in determining the luxury purchase intentions of young Indians. In contrast, the unique value was found to have a negligible impact on consumer's intention to purchase luxury goods.	Empirical, quantitative methods	728 young consumers in India

*Source: Author's synthesis and analysis*

For luxury fashion products, the perceived luxury value of consumers can directly explain why they choose to buy a particular luxury fashion product (Wiedmann et al., 2009; Choo et al., 2012; Ketsuree Vijaranakorn et al., 2016; Hiroko Oe et al., 2017; Sheeltan Jain, 2019). The above research results have confirmed the role of perceived value on consumers' intention to buy luxury products.

In the context of research in Vietnam, besides theories used by many scholars to study consumer intentions/behavior such as TRA, TPB, the consideration of applying a theory is contemporary. as perceived value theory is needed to clarify consumers' intention to purchase luxury fashion products. Therefore, the author proposes the following research hypotheses:

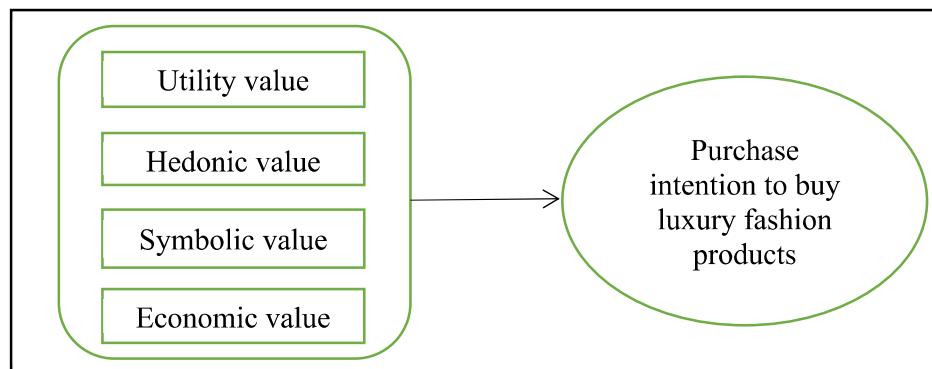
H1: The luxury perceived value of customers has a positive impact on the intention to buy luxury fashion products of Vietnamese consumers.

H1a: Utility value has a positive effect on the intention to buy luxury fashion products of Vietnamese consumers.

H1b: Hedonic value has a positive impact on the intention to buy luxury fashion products of Vietnamese consumers.

H1c: Symbolic value has a positive impact on the intention to buy luxury fashion products of Vietnamese consumers.

H1d: Economic value has a positive impact on the intention to buy luxury fashion products of Vietnamese consumers.



**Figure 1: Research model of consumers' intention to buy luxury fashion products**

#### **4. Discussion and Conclusion**

##### ***4.1. Meaning of research***

There are different implications of this research: First, this research provides relatively valuable insight into factors of consumer perceived value. The concepts, characteristics, and classifications of luxury products are presented as a premise for assessing the purchasing intention of consumers for a specific luxury segment - luxury fashion products. Secondly, based on the synthesis, classification, and analysis of documents, the article has presented a theoretical framework that provides an overview of the customer's

perceived value: concept, constituent elements (utility value, hedonic value, symbolic value, and economic value). Utility values include excellence and functionality; hedonic values including aesthetics and pleasure; symbolic values determined by experience, self-expression and social positioning; and finally economic value. Thirdly, the article attempts to review the researches that address the influence of perceived value on the intention/behavior to purchase luxury fashion products of consumers. From there, a theoretical research model and hypotheses are proposed to evaluate the impact of perceived value on the intention to buy luxury fashion products in the research context in Vietnam. Specifically, the luxury value of customers (including component factors: utility value, hedonic value, symbolic value, economic value) has a positive impact on the intention to buy luxury fashion products of Vietnamese consumers. The article attempts to present a theoretical framework that can help to better understand, analyze and explain consumer purchasing behavior towards luxury fashion products.

#### ***4.2. Limits and scope of future research***

The scope of this study is limited to luxury fashion products and therefore, future studies can be carried out regarding other luxury products such as luxury travel, luxury furniture, etc. luxury furniture, etc., to get more comprehensive insights into consumer behavior towards different luxury segments. In addition, the paper makes theoretical conclusions based mainly on the review and analysis of previous studies. Therefore, it is necessary to have a quantitative study based on the proposed theoretical model in the future. The theoretical model developed in this study needs further confirmation by experimentally verified hypotheses. Besides, within the scope of the article, the author only mentions the influence of perceived value on consumers' intention to buy luxury fashion products. However, to explain more deeply the intention to buy, it is necessary to add other factors to the research model. This also opens up new research directions in the future for myself and other researchers.

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