

The Effect of Brand and Quality of Goods on Customers' Purchase Decisions for Luxury Goods (Palladium Shopping Center)

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Abstract

Luxury industry allocate considerable share of global markets to itself and this is constantly increasing. The share of USA and Asia is more than other continents. Customers tend to buy product that associated with fashion such as luxury goods. Statistical population of this research was customers of Palladium Shopping Center located in Moghadas Ardebili St, Tehran. Exact estimation of the number of customers was not known. So variance of the sample derived by distributing questionnaires among initial sample and placed in sample size formula and then the number of sample was determined. Non-random sampling method is available. Data collection is field-based. Based on the obtained results, we can claim that brand and quality of goods have significant effect on customers' purchase decisions for luxury goods at Palladium Shopping Center.

Keywords: brand, goods quality, luxury goods, Palladium Shopping Center

Introduction

Luxury industry allocate considerable share of global markets to itself and this is constantly increasing. The share of USA and Asia is more than other continents (D'Arpizio, C., Levato, F., Zito, D., & de Montgolfier, J. 2014). Tom and et al (1998) show that Customers tend to buy product that associated with fashion such as luxury goods. Buying for influencing others was motivation for achieving luxury brands (Tsai, 2005). Therefore customers maintain relational information about themselves to their reference groups.

Dubois and Duquesne (1993) suggest that people buy luxury goods because of tending to symbolic meaning and in fact the value of these goods is more than the product itself and its functions. So customers buy luxury products for communicating with symbolic meaning of others, in addition to their natural functions (Loureiro, S. M. C., & Kaufmann, H. R, 2016).

The study of factors affecting consumer behavior and impact of each of these factors on behavior lead to understand the behavior of customers, therefore the marketers only in this condition can present the product that meet interest and needs of customers. In other words, they can present product that is outcome of effective factors on customers' behavior and supply their maximum satisfaction (Kheiry and Fath Ali, 2015).

Intention is an important factor in structure of attitude and can predict real behavior. When the intention is more for buying, the possibility for buying is more too. So purchase intent is the most important predictive factor for buying behavior (Lin and Liao, 2012).

Statement of problem

Marketing aims to influence consumer attitudes and reactions. They make numerous decisions everyday and purchase decision is the main attempt for marketing. Detailed studies in most of the big companies on customers purchase decisions are along answers to these questions: what does buy the customer, from where, how and how much, when and why? Purchase intent based on factors such as expected income by family, cost, product (goods and services) should form according to expected advantages and benefits of goods (Kotler, P. & Armstrong, G. 2011). Selection is inalienable right for customer and it is essential factor in marketing effectiveness (Salar, 2014).

Brand and goods quality which are influencing factors on customers' purchase decision for luxury goods were studied in the present research. Zeithaml (1988) defines quality as perception of customer of goods quality or services related to competitors which do not include technical dimension. He also determine that perceived quality is part of special value of brand, so high perceived quality guide customer toward one choice compared to other competitor brands (Ebrahimi, Kheiri and Yadegari Niyarki, 1999). In other words, perceived quality of brand is an important factor which is considered in customer decision on giving priority one brand on the other (Pappu, R., Quester, P.G., & Cooksey, R.W., 2005). In the past several researchers showed experimentally that perceived quality of brand has effect on customer intent to pay additional cost and therefore it is creating special value for brand. In addition, a known brand with best quality tends to create positive mental image that cause increase purchase and loyalty of customers to the brand (Wu, Yeh and Hsiao, 2011).

Brand is not based on what happen in the outside, but it is an inside issue. Result is a product or service that should be indexed if they are to be interest of potential customers and if the company wants to take advantage of its attempts before others imitate from them (Moemeni, Mohammadi, 2013).

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Improvement of economic factors around the world and in our country and increase communities' intention to buy goods luxury cause many of people attend to luxury name and brand. Different reasons are the cause of the intention such as imitation of Lifestyles of the rich, increase social status, benefit from high quality products and etc. At the present time, supply of luxury goods, including leather goods, perfumes, cosmetics, jewelry, automobiles, hotels and decorations around the world increase considerably. The purpose of the study is answering to this question: what effect brand and goods quality have on customer' purchase decision for luxury goods in Palladium shopping center?

Research background

Kheri and FathAli (2015) show in the research as “the study of influential factors on purchase intention of luxury goods that customer attitude related to luxury goods, services quality of luxury restaurants, perception to luxury brand and social effect on purchase intention while mental image (restaurant) and egoism have no effect on intention to buy. In addition, egoism has no moderating effect on relation between perception to luxury brand and social effect to purchase intention.

Ebrahimi, Jafarzade and Makerani (2012) in the research as “the study of effective factors on customer attitude and intention for buying fake products of luxury brands at Clothing Industry (case study in Sari city) show that personal satisfaction, awareness of the values and perceptions have significant effect on attitudes to brand awareness, perceived risk, subjective norm, moral and social issues.

In 2013 the research was done as “background of purchase intention for luxury goods “by Hung and Chou. The finding affirmed effect of social conditions on purchase intention for luxury goods. Also there is a little support for perception role on this issue. Functional and experimental aspects in luxury goods purchase are positively related to purchase intention but it is not the case for symbolic value. Success and physical egoism have positive effect on purchase intention while success egoism has just moderate effect on perception.

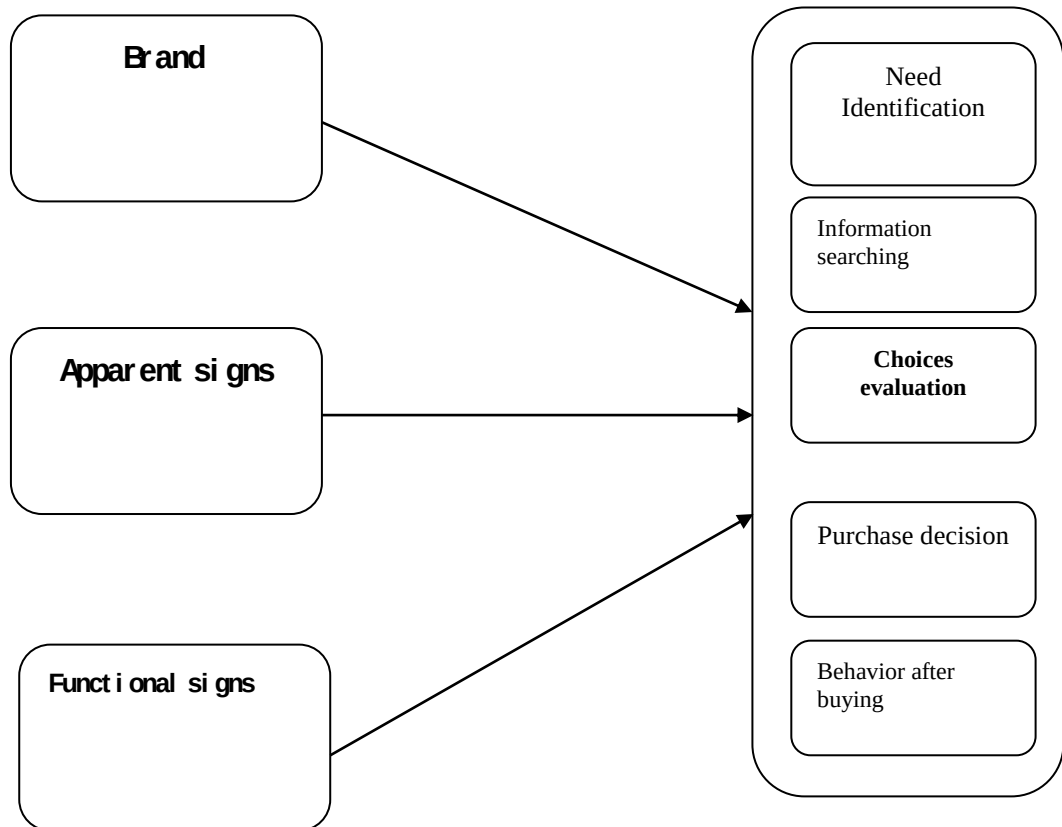
Kaufman et al (2016) in a research “effective factors on goods luxury” show that process of buying fake goods is more enjoyment than buying original goods. However, attachment to the brand has a positive effect on intention to buy original goods. So the findings show that creating emotional bond with original brand can be a proper strategy for decreasing counterfeit. Ordgomous and Budiri (2013) studied the effect of brand image, perceived quality of the product and brand personality adjustment on brand loyalty. This research was done on 560 cloth customers in Turkey. Results show that brand image has positive and significant effect on loyalty on brand. Also perceived quality has effect on brand and attitude toward brand has positive effect on brand loyalty.

Husic and Cacic (2009) in a research as “luxury consumption factors” concluded that customer consider quality as a determiner component in the market. In addition, excellent financial situation of the customer is a big effect; they use unique goods and services just for showing themselves.

Veloutsou and Moutinho (2009) consider purchase behavior of fake goods because increasing importance of need customer identification. Results show that in brand image variable, brand personality has greatest effect and features and perceived benefits has a less effect on buying fake products. There is no significant relationship between product knowledge and purchase intention for fake goods. Brand image variable is not moderator variable for the effect of product knowledge and purchase intention for fake goods.

Sahin (2011) studied the analysis of factors that stimulate customer to use fake goods with luxury brands. The relation between price and quality, brand loyalty and ethical issues was significant.

Conceptual Model of the Research



Research method

Research in Behavioral Sciences is classified by considering two criteria, the purpose of research and data collection method. Present research is practical research and it is descriptive. The data collection method is field-based. Statistical population of this research was customers of Palladium Shopping Center located in Moghadas Ardebili St, Tehran. Exact estimation of the number of customers was not known. So variance of the sample derived by distributing questionnaires among initial sample and placed in sample size formula and then the number of sample was determined. Non-random sampling method is available. The number and name of customers of Palladium Shopping Center is unknown and it is not available for the researcher, so statistical sample is identified among buyers and after buying and then questionnaire was available for them.

$$n = \frac{z^2 \times \sigma^2}{z^2}$$

n = sample size

Z= value of normal variable of standard unit which is 1.96 at confidence level 95%.

Sx= standard deviation= 0.5063

Variance= 0.2563

e = allowable error (0.1-0.5)

$$n = \frac{1/96^2 \times 0/5^2}{0/55^2} = 317$$

The data collection method is field-based. Field method is the method in which the researcher has to refer to individuals or organization and communicate directly with them to collect data. Questionnaire is the one of common tools for data collection. It is set of questions that are to be answered by the subjects. In this research we use 5 points Likert Scale from completely agree to completely disagree to use customers' attitudes.

In this research, combined questionnaire provided by Swinker and Hans Erdogmus and Budeyri (2006) was used for evaluating goods quality. Brand and purchase decision is obtained by interview with number of managers and marketing experts on overview and design method. Hypotheses and research questions locate in general format. This is evaluated in Likert Scale to measure customer' purchase decision for buying luxury goods.

Structural equation modeling (SEM) is used for data analysis and hypothesis testing. SEM is powerful and multivariate technique from multiple regression family and to put it simply it is general linear mode (GLM) that allow researcher test simultaneously sets of regression equations. SEM is a comprehensive statistical approach for testing hypotheses about relations between observed variables and latent variable that is called Covariance, causal modeling, and also LISREL but common term is Structural equation modeling or SEM.

Table 1. Findings of the research

Frequency percent	frequency	Groups	variable
44.8	142	female	Sex
55.2	175	male	
23	73	Diploma and lower	education
28.4	90	Associate Degree	
34.4	109	Bachelor	
8.2	26	Master degree	
6	19	PhD and higher	Marital status
56.6	179	single	
43.5	138	married	age
10.1	32	Less than 20	
58.7	186	20-30	
13.9	44	30-40	
9.8	31	40-50	
7.6	24	Above 50	

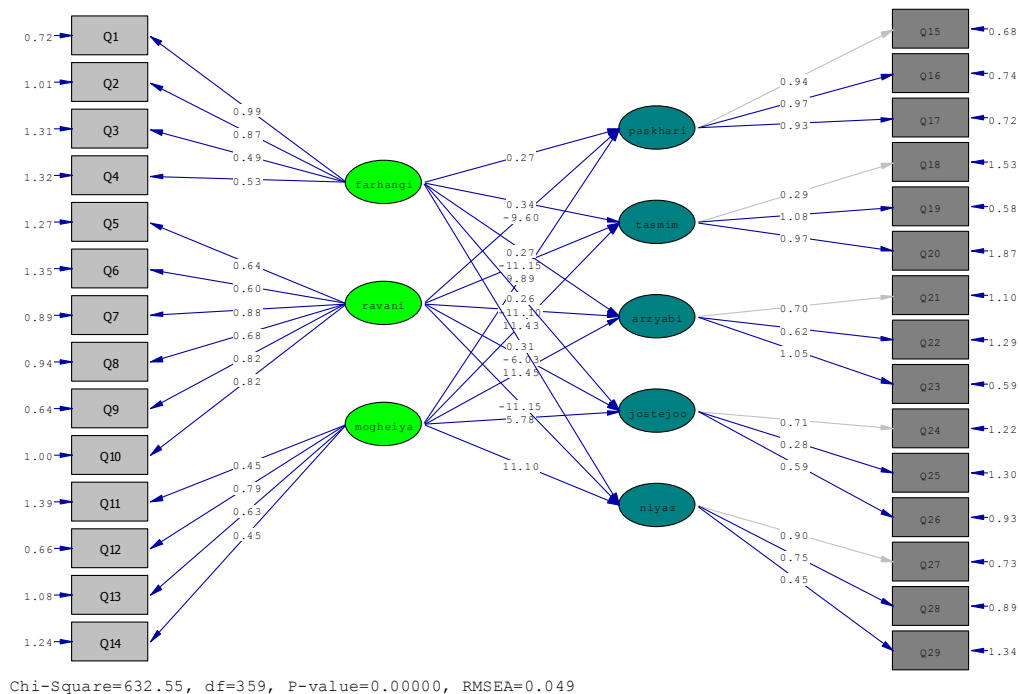
Based on obtained results, 44.8% of the respondents were women and 55.2% was men, 56.5% was single and 43.5% was married. 10.1% of respondents were less than 20 years, 58.7% were between 20-30, 13.9% between 30-40, and 9.8% between 40-50 and finally 7.6% were above 50 years. Based on obtained results, the most frequency belongs to 20-30 years and the least frequency belongs to above 50 years. 23% of respondents have diploma and lower degree, 28.4% have associate degree, 34.4% have bachelor

degree, 8.2% have master degree and 6% have PhD and higher level. Based on obtained results, the most percent of respondents belongs to master degree.

This chart shows the overall relationship between latent variables and other variables in the model. In this chart the numbers on the arrows show path coefficients between variables and factors by LISREL software. Circles show factors and rectangles show items and its related variables.

Based on results of path coefficients, quality of goods and brand has significant effect on the customers' decision purchase process for buying luxury goods at Palladium shopping centers.

Chart 1: path coefficients for variables of the model



In sum we can conclude that brand, apparent signs and functional signs play an important role in the customers' decision purchase process for buying luxury goods. In this research, by considering these factors on aspects of purchase decision process including need identification, evaluation of choices, purchase decision and behavior after buying, the researcher studied one by one on customers' responses inspired Rosta and et al model (2009).

The customer does shopping under the influence social-cultural and group factors but with confidence less than level in the research that help to produce and distributors of luxury goods in order to effect on these factors and increase sale and their customers.

Attention to needs, interests and expectations of the customers and supply services according to customers' expectation and also beyond the expectations can increase customers' purchase. Also attention to physical environment can effect on customer perception related to quality of product or services in the process of consumption. Attitude identification about products, brands and services are to adjust marketing strategies for reflecting product .Since luxury brands consist of three values called "functional

value “(quality level), “experimental value” (brand experience) and “symbolic value” (showing, being expensive and wealth), the marketers can provide field for consuming luxury brand by presenting products that cause improvement of every aspects of the luxury brand perception and so effect on purchase intention.

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