



## THE EFFECT OF BRAND IMAGE ON PURCHASE INTENTION: A STUDY OF LUXURY PRODUCTS

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### Abstract

This study explores the relationship between consumer's brand image and purchase intention about luxury goods. Consumers of different ages and occupations have different brand image and needs for luxury goods. Therefore, hope to understand and explore the consumers of different age groups that think about the Luxury's opinion. Because people love beauty, love to dress up, the pursuit of fashion, including the clothes, handbags and accessories have become one of the necessities of the people. Because of the good economic development to promote consumer spending power and the luxury's market expansion. Regardless of age, gender, streets, people's personal luxury goods most obvious is ring, earring, necklace, sunglass, necktie, scarf, watch, handbag, etc. People will become more colorful in their lives and their own value.

Keywords: Luxury, Personal Luxury Goods, Brand Image, Brand Awareness, Brand Preference, Product Involvement, Purchase Intention

### Introduction

Luxury goods are important to the economy. More and more people are buying luxury goods. This has contributed to the well-being of more and more people around the world.

Although there are negative effects that is due to insufficient income and wealth distribution problems; but it also has positive influence that is promote economic development, cultural innovation, prosperous life, improve the environment, and bring greater benefits to society. Therefore, collecting taxes for the excessive luxury consumption of modern consumers can

improve the lives of people in the social class. For the global luxury goods economy, everyone needs to understand the positive relationships and negative effects brought about by luxury goods. (Roberts, 2019).

People buy the luxury products in order to show their social status, success, wealth, prosperity or just like the excellent product's quality. There are many reasons to buy these luxury goods, mainly influenced by culture (Mamat et al., 2016).

The luxury brand product's price is according to the niche market, so luxury goods are expensive. The lux-

ury company are collected information and decide the market products include the consumer's involvement (Hollensen, 2011).

Because the impact of the Covid-19, it will spend time for the market to come back. That is may take 2023 to return to the consumption level before 2019, and then the market will grow by degrees, and it is predicted that it may reach 320-330 billion Euros by 2025 by Bain & company's estimates. The future growth rate of the luxury goods market will depend on consumers' purchasing decisions, including the outbreak of the epidemic in 2020 and economic trends, etc. So how to attract consumers to buy luxury goods is a problem that needs to be solved (Bain & Company, 2020).

Luxury goods have growth the global economy in the past. In the all consumer group, how consumer's image of luxury brands causes their willingness to buy. Therefore, this study explores the relevance between consumer's brand impression and purchase intention about luxury goods. Hope to understand and explore the consumers of different age groups that think about the Luxury's opinion.

That is good for the luxury's company to understand the consumer's marketing. So the luxury's company can improve or change the way of creativity, marketing, management and service, that can correspond the purchase intention of consumer groups. In addition, the essence of the integration of luxury goods with the market environment and society can also be presented in different dimension.

#### Literature Review

#### *Definition of Luxury*

Luxury meaning in English dictionary is goods that can be possessed but not necessary. And luxury is spiritual satisfaction, but it takes a lot of money. In the literature, luxury goods are defined as products within special brands. Luxury goods are easy to use and can also show the honor of the servants. (Wiedmann et al., 2007).

It is very important to use the most primitive words to explain the meaning of the word perfectly and simply. The word "luxus" comes from Latin and means to indulge the senses no matter how much it costs (Nueno and Quelch, 1998). And the word "luxus" in ancient Latin culture means sensuality and "luxuria" It means excessive expense, brilliance, enthusiasm, morality weakness (Roberts, 2019).

#### *Brand Image*

Brand image is what consumer's impressions and memories of the brand when it is mentioned (Kaur, H. and Kaur, K., 2019). Socially behavior including shopping, consumer care about the reputation of store location because store reputation affects whether consumers buy or not (Kumagai and Nagasawa, 2019).

Brands can express consumers because they have the brand's products. Brands with characteristics are usually easy to show consumers' personal and brand characteristics (Kaur, H. and Kaur, K., 2019).

When a consumer loves a brand, the brand will shape a consumer's position to be similar to what level of brand is considered as. Brands will be

likely to have stronger competitive advantage and consumers support these brands (Anggraeni and Rachmanita, 2015).

Consumers use of products is related to brand image because it can reflect the consumer's own value, consumption and identity symbol (Lau and Phau, 2007).

#### *Brand Awareness*

Brands make consumers aware of them through continuous emergence, and increase consumers' familiarity with the brand, and attract consumers to buy or experience the brand (Lotfizadeh, F., and Lotfizadeh, F. 2015).

Brand awareness is according to consumer how to know the brand with their consideration, learning and purchase decision, because they can bring advantage in the market (Keller, 2003). And brand awareness is brands create special products and consumers own these special products. And the most important is necessary for the communications to consumers of the brand awareness (Sasmita and Suki, 2015). Whether consumers support the brand or not comes from the consumer's perception of the brand (Norazah and Norbayah, 2013).

#### *Effect of Brand Image on Brand Awareness*

Keller (1993) used two basic approaches (direct and indirect) to measuring customer to brand image and brand awareness. Consumers understanding of the brand image and they can establish a strong and positive brand recognition in consumer's memory. So can arouse consumer connec-

tion and resonance with the brand (Atilgan, Aksoy and Akinci, 2005).

The brand image is higher and more famous in the consumer's memory, it will make consumers understand the brand and its purpose, products, etc. Therefore, the brand image will affect consumers' awareness of the brand.

Hypothesis 1: Brand Image is positively impact on Brand Awareness.

#### *Brand Preference*

Brand preference is customer keep in mind of brand memory and brand attitude (Kronrod and Huber, 2019). And brand preference is the customer prefer to choose a particular brand (Chang and Liu, 2009).

The consumer's attitude of particular brand which include their ability to behave, think and feel with regards to the particular brand, and consumers have the same brand or similar products over time. (Anggraeni and Rachmanita, 2015). Thus rendering the brand love to be irreplaceable because consumers understand how much they love the brand (Albert and Merunka, 2013).

#### *Effect of Brand awareness on Brand Preference*

Consumers can recognize and distinguish the brand's products, usually from the brand's elements that are particularly attractive to consumers, such as logos, stories, and products. Therefore, brands usually establish connections with consumers and create brand stories and products that attract consumers (Radder and Huang, 2008).

Brand awareness is the crucial first stage that let consumers know the brand, be familiar with the brand, and attract consumers to buy (Ross and Harradine, 2004).

Hypothesis 2: Brand awareness is positively impact on Brand Preference.

#### *Product Involvement*

Consumers can explain their involvement in products through product participation, purchase decision-making, advertisement and consumer product involvement (O’Cass, 2000).

Consumers are very knowledgeable about brand image in fashion clothing and in consumer’s memories that can establish a strong and positive brand awareness (O’Cass, 2000), so I think can arouse consumers' connection and resonance with the brand.

Consumers are more think about the feeling and acting in a high involvement purchase process. When consumer is buying a low involvement product, they might evaluate their feelings (Shwu-Ing Wu, 2001).

Involvement defines consumer how much understanding or recognition of a specific product. Consumers have low awareness of the product, which is called low involvement, consumers know the product very well and are called high involvement (Traylor, 1981).

#### *Effect of Brand Preference on Product Involvement*

In fact, male and female use different considerations only when they

are highly involved. When forming a highly engaged brand preference, we find that Women think the experience of the product is more important, men think the opposite, they think the function of the product is more important (Friedmann, E. and Lowengart, O., 2019).

A theoretical understanding of men and women have different perceptions of product participation, and different interpretations of brand preference (Dennis and McCall, 2005).

Hypothesis 3: Brand Preference is positively impact on Product Involvement

#### *Purchase Intention*

Consumers’ personal behavior will affect their purchase intention (Jin and Kang, 2011) and consumers’s purchase intention is very important for brands (Berthon et al., 2009).

understand about the consumption trends of luxury goods, the most important thing is to understand the relationship between consumers, products and brands (Mamat et al., 2016).

#### *Effect of Product Involvement on Purchase Intention*

Consumers’ buying frequency, the cost they are willing to spend, and the social and economic significance are all about whether the degree of product involvement affects consumers’ willingness to buy, and the main reasons are discussed (Ahtola, 1985; Nkwocha et al., 2005).

Consumers are related to product involvement before they decide

whether to buy (Punj and Moore, 2009), the more consumers understand the product, the higher their involvement in the product, the greater their interest and the more attractive they are, so their willingness to buy will increase. Therefore, consumers decide whether to buy according to different information. (Ferreira, and Coelho, 2015).

Hypothesis 4: Product Involvement is positively impact on Purchase Intention

#### Research Methodology

This study is a quantitative research. The quantitative approach is based on the scientific principles moving from theory to data by using a deductive approach.

Identify the best practices in the 21st century is the contributors research the best and closest way to the results is quantitative methods and where Where possible, research and possible suggestions for rectification (Osborne, 2007).

This study uses a questionnaire survey as the research data. Questionnaire survey questions include five-point Like scale and basic demographic information. The advantage of using the five-point Licker's scale is that it can conduct questionnaire surveys on multiple topics at the same time, and respondents can easily understand the scale and answer quickly without wasting time.

#### Data Analysis and Results

On the basis of literature review, this paper constructs a comprehensive

conceptual model including brand image, brand awareness, brand preference, product involvement, and purchase intention, and carries out model verification and empirical research.

Exploratory Factor Analysis (EFA) with SPSS 26.0, the results showed that the cumulative explanatory variance is 69.872%, the factor load of principal component is above 0.5 the variable validity is good, and the relative importance is high. And the results showed that the Kaiser-Meyer-Olkin Measure (KMO) of the measuring scales was 0.855, which is over the acceptable limit of 0.8 (Kaiser & Rice, 1974).

In order to test the discriminant validity of each variable, Confirmatory Factor Analyses (CFA) was performed with SPSS 26.0. The results showed that the Kaiser-Meyer-Olkin Measure (KMO) of the measuring scales was 0.855, which is over the acceptable limit of 0.8 (Kaiser & Rice, 1974). A five-factor solution was derived with 26 items which exceed the conservative cut-off level of 0.5 (Hair Jr. et al., 2016). And all items are only loaded on one factor, which is between 0.634 and 0.867, and it presents that the study variables had good discriminant validity.

Cronbach's  $\alpha$  is used to measure the reliability of each variable. When Cronbach's  $\alpha$  exceeds 0.7, it indicates the internal consistency of the variable is high (Hair Jr. et al. 2016). We use the SPSS 26.0 for statistical analysis. The convergent validly of variables was measured using the AVE (average variance extracted) and the CR (composite reliability) which are the most common method (Hair Jr. et al. 2016).

The results show that the AVE of all variables exceed 0.5 and the CR of all variables exceed 0.7, which indicate it has good convergence validity (Hair Jr. et al. 2016; Fornell & Larcker, 1981).

Pearson's correlation (normally distributed data) is the most commonly used method in data statistics to analyze correlation coefficients. The results show brand image is positively correlated with brand awareness ( $r = 0.458$ ,  $p < 0.01$ ), brand awareness is positively related with brand preference ( $r = 0.318$ ,  $p < 0.01$ ).

In addition, brand preference is positively correlated with product involvement ( $r = 0.199$ ,  $p < 0.01$ ). Moreover, the correlation between product involvement and purchase intention is positive significant ( $r = 0.263$ ,  $p < 0.01$ ). The relevant results provide strong support for testing all the hypotheses in the model.

In this section, Amos 24 is used to build the relationship model among brand image, brand awareness, brand preference, product involvement, and purchase intention, and the model fit index is used to explore the mechanism of each variable. The results show that the model of the hypotheses was acceptable fit for the data and. The chi-square/degree of freedom ratio was 4.285 which is within the acceptable level of under 5.0 (Schumacker and Lomax, 2004), indicating an acceptable fit. And all the SEM measures of fit represent acceptable fit statistics in the appropriate ranges: goodness-of-fit index (GFI) = 0.802, root mean square residual (RMR) = 0.61, comparative fit index (CFI) = 0.854, normed fit index (NFI) = 0.818 and root mean square error of approximation (RMSEA) =

0.093. In general, the fitting statistics show that the degree of agreement between the model and the data is acceptable. That the standardized path coefficient of brand image support to brand awareness is 0.485, the standardized path coefficient of brand awareness support to brand preference is 0.377, the standardized path coefficient of brand preference support to product involvement is 0.254, the standardized path coefficient of product involvement support to purchase intention is 0.264, with P values less than 0.001. Therefore, H1, H2, H3 and H4 are supported.

## Conclusion

This study finds the correlation between five variables in the field of marketing from the perspective of consumer psychology. It is a research at the individual level. By exploring factors that affect purchase intention of consumers and verifying relationships between these factors, this study makes contributions to both theory and practice.

Before highlighting contributions, it is necessary to clarify research conclusions of this study. First of all, brand image and brand awareness have a significant correlation, and the correlation coefficient is the highest among the others. According to previous research, on one hand, brand awareness is related to the relevant description and evaluation of brands in consumers' memory (Keller, 2003); on the other hand, brand image involves the strength, preference, and uniqueness of brands in consumers' minds (Keller, 2003), and it plays a role in the establishment of positive attitudes and emotions towards brands as a whole.

Therefore, it can be easily inferred that brand awareness can be enhanced by positive brand image.

Second, the relationship between brand awareness and brand preference has also been confirmed (Cobb-Walgren et al., 1995; Yoon and Kijewski, 1996; Patra and Datta, 2012). That is, brand awareness has a good impact on brand preference. Because brand awareness helps consumers be more known or familiar to brands, and consumers face less uncertainty risks, so the decision-making of purchase will give preference to familiar brands. Generally, the more positive the awareness, the stronger the preference, and vice versa.

Third, the study validates the positive effect of brand preference and product involvement. Ahtola (1985) has pointed out that product involvement indicates an attitude concerning the importance of a product to a consumer. It is related to purchase motivation and reflects the extent to which a consumer will invest into a product before purchase (Punj and Moore, 2009). Thus, it cannot be hard to understand that one's purchase motivation will be rise once consumers have a preference for a particular brand. Arguably, brand preference can bring about positive effect on product involvement. The stronger the brand preference, the higher the product involvement.

Last, this study takes the correlation between purchase intention and product involvement into accounts. According to extant studies (Houston and Rothschild, 1978; Zaichkowsky, 1986; Bloch and Richins, 1983), product involvement can be classified in

different situations. The lower involvement is situational, which depends on symbol or logo to recall the brand. The middle involvement is enduring, which means consumers have a deep cognition of brands with a long time. The upper level is response, which reflects the consequence of the influence of product involvement on purchase. In other words, since product involvement reduce the risk of purchase decision-making by increasing information and awareness, consumers naturally have a greater desire to purchase luxury brands. Hence, the positive relationship between product involvement and purchase intention are explained logically.

#### Limitations and Directions for Future Research

Although this study confirms the correlation between several variables regarding consumer psychology and define factors that affect consumers' purchase intention, it is worth noting that this study has several limitations, which may lead to biases in conclusions.

Future studies can extend the research level to the macro level. Given different backgrounds of consumers and their various purchase scenarios, it is reasonable to use multi-level models and theories to explore psychological and behavioral decisions of consumers when buying luxury goods. Comparative study across country may be a good choice to make research conclusions more general and credible.

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