



Branding Absolute Luxury: Influence of Cues, Consumer Involvement and Knowledge on Price

Gargi Bhaduri & Nancy Stanforth, Kent State University

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Within the luxury market segment, absolute luxury, that is, artisan-made, rare, high-end products with no logo, highest quality materials and exquisite craftsmanship have shown highest sales growth (D'Arpizio, 2013). These absolute luxury consumers prefer one-of-a-kind products, thereby providing employment to artisans, and preserving ancient culture and techniques. In response, many brands, including mainstream luxury conglomerates such as Louis Vuitton have started to brand their products as unique by using descriptive terminologies or cues highlighting the contribution of craftspeople and artisans to help consumers better understand and evaluate the products (Teas & Agarwal, 2000).

However, there is little empirical research on whether product descriptors can help businesses better delineate their unique offerings to absolute luxury consumers, and, if individual differences such as consumers' degree of clothing involvement and clothing knowledge affect product evaluations, especially product prices. Understanding individual traits such as fashion involvement (the extent to which the consumer views his/her interest on clothing as a meaningful and engaging activity in his/her life) is important since highly involved consumers have often been seen as drivers, influential and legitimists of the fashion adoption process (O'Cass, 2004). High involvement consumers also seek continuous information on the product and thus can be considered to have increased product knowledge. Extensive product knowledge is known to influence purchase choices, can lead to a more nuanced evaluation of product attributes, and a better understanding of absolute luxury products and their pricing. Understanding consumers' expected prices based on their personal characteristics as well as product cues can enable marketers to better position absolute luxury products. Therefore, we hypothesize (H1) product descriptor cues positively influence participants' product evaluations, particularly their expected product prices, (H2) participants' clothing involvement will be positively related to their perceived knowledge about clothing products, and (H2) participants' clothing knowledge will be positively related to change in expected prices due to product descriptors or cues.

253 adult female participants were recruited for an online experiment using a national research firm. Females were selected since females take more than eighty percent of all buying decisions, are more involved in fashion clothing than men and tend to pick up fashion cues faster than men (O'Cass, 2004). Participants indicated their fashion involvement (10 items, $\alpha=.98$), fashion clothing knowledge (4 items, $\alpha=.96$) (O'Cass, 2004) on 7-point Likert-type scales. Then they saw the description of a pair of one-of-a-kind, high-end jeans without any image to control for confounding effect of style/color of clothing. Jeans was deemed appropriate for the study since they are universally worn by consumers of all age groups, and available in a wide range of prices, from budget to high-end. Participants then indicated their expected retail price for the product. Finally, participants were asked to indicate their percentage change in expected price for the product if they saw each of the four cues on a tag on the product: artisan made, handcrafted,

part of an emerging designer collection, and, part of a curated collection. Since the aim of the study was not to restrict the study findings to one particular cue but generalize to cues about absolute luxury, 4 different cues were used. These cues were identified as most relevant to absolute luxury products by a sample of 294 adult female participants.

Results indicated that participants' change in expected price was positive for all cues (mean increment = 49.24%) with price increment being highest for handcrafted ($mean = 55.34\%$, $s.d. = 26.74$), and least for artisan made ($mean = 45.4\%$, $s.d. = 24.33$), supporting H1. However since change in prices were statistically different for each cue type [$F(3, 1008) = 7.03, p < .001$], further analysis was conducted for each cue separately. Path analyses (AMOS) using observed variables was conducted (exogenous: knowledge, endogenous: involvement, percent change in price for each of the 4 cues). The overall model fit was satisfactory ($\chi^2 = 2.3, df = 4, p = .68$; $CMIN/DF = 0.57, CFI = 1, NFI = 0.99, SRMR = 0.01, RMSEA = 0.00, PCLOSE = 0.86$). Results showed that involvement positively significantly influenced knowledge with high (than low) involved participants being more knowledgeable about clothing ($\beta = 0.89, p < .001$), supporting H2. Also, knowledge positively significantly influenced change in expected prices for all cues with prices being higher for high (than low) knowledge participants: artisan made ($\beta = 0.18, p = .005$), handcrafted ($\beta = 0.13, p = .05$), emerging designer ($\beta = 0.18, p = .005$), and curated ($\beta = 0.18, p = .004$), supporting H3.

This study extends research into the absolute luxury market and identifies elements of the marketing mix which brands might manipulate to better inform potential customers about absolute luxury products. First, results showed that brands might benefit from the presence of descriptor cues associated with absolute luxury products, since such cues can positively impact consumers' price judgments. Second, results indicated that clothing knowledge positively impacts how consumers evaluate products based on cues. Therefore it is important for brands to understand what causes some consumers to perceive themselves as more knowledgeable than others as well as take actions to increase consumer knowledge. The study indicates clothing involvement as such an antecedent of clothing knowledge, which ultimately impacts product evaluation. Thus, clearly delineating the inherent quality of a product, its uniqueness and specific production methods might better appeal to a customer who feels s/he knows about and is involved with the product category, providing a unique product and experience for this discerning client. Future cross-cultural studies will be beneficial, since different cultures might attach different values to handcraft and artisan labor due to varying labor costs and quality perceptions in those countries.

References:

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