The Impact of Luxury Dimensions on Tier-2 City Consumers

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Abstract: **This is one of the first investigations of consumer motivations of purchasing luxury branded goods in tier-2 cities of India. The purpose of the study is to analyse the luxury market in tier-2 cities of Indian and determine the factors that determine luxury consumption in tier-2 cities. The research identifies the various dimensions of luxury brands consumption and analyse those dimensions in relation to tier-2 city consumers. The luxury value dimensions studied in the present research are quality value, premium price value, social value and brand loyalty value. The data was collected from 300 respondents in Meerut. The results highlighted that in emerging cities of India consumer perceive quality as the luxury brand determinant. Further, strong patron status suggested the 'bandwagon effect' among respondents, who place greater emphasis on the effect they make on others while consuming luxury brands and attach less importance to price as an indicator of prestige.**

Keywords: Brand, Brand Loyalty, Consumer Behaviour, Luxury, Premium Price, Perceived Quality, Social Status.

I. INTRODUCTION

Luxury was present in India in various forms even during the era of Maharajas and Sultans. The royal shopping list of Indian royalties is still remembered (Unnithan S., 2004). Traditionally, luxury was limited to aristocratic classes but liberalization, privatisation and globalisation given momentum to the dormant desires of the modern maharajas (industrialists, entrepreneurs, professionals and rural rich people). Now early signs of a reversal can be seen in the stagflation-type environment after years of slowing economic growth and elevated inflation.

The luxury market is driven by rising income of consumers as the economy is recovering after the recession. The various other factors including consumer diversification seen due to the shift in demographic profile of the consumers away from very affluent consumers and change in lifestyles are pointing towards the fact that luxury goods are attainable to a wider population. India and China are the two most emerging markets which have shown flexibility to the global slowdown. These are the two economies which are exhibiting sustained growth and thus laying foundation for future economic recovery. According to the latest research by Euromonitor International (2013) on the global luxury goods market, impressive growth is coming from emerging markets such as India, China, Indonesia and Malaysia. The rapidly growing population of high earners in countries such as India,

Malaysia, Indonesia, Mexico and Brazil, offers the greatest opportunities for brands and companies offering luxury goods and services. According to Mr. Fflur Roberts, the head of luxury goods research at Euromonitor International said, "As compared to just 18 per cent in developed markets, luxury spending in the BRIC countries experienced a massive increase of 104 per cent over the last five years" (Euromonitor International, 2013). If we talk about Brazil, Russia, India and China (BRIC) Club, the luxury market in these counties is growing at 20-30 per cent and it is projected that BRIC will contribute approximately 36 per cent of the total world luxury market by 2015 (Som A., (2011). India and China as elite members of the BRIC club are poised to take dominant positions in the global luxury market. India not too being far behind from China, when China is on track to become the world's second luxury market within the next five years. Liberalization in the regulations and policies with regard to retail industry by the government and burgeoning aspiring middle class which aspires to own and experience luxury goods and services has attracted the international brands to look towards the Indian markets.

The luxury market in India was at USD 7.58 billion or about Rs 47,127 crores in 2012 (CII - Indian Market Research Bureau (IMRB) report, "The Changing Face of Luxury in India", 2013). As per Indian Luxury Review 2011, the luxury market size will be expected to value USD 14.72 billion by 2015 (USD 5.38 billion products, USD 1.45 billion services and USD 7.9 billion assets). Irrespective of the harsh global times, the luxury market in India is fastened to grow at 30 per cent in 2013 and continue to grow at 25 per cent till 2015 and likely to touch USD 15 billion as compared to USD 8 billion in 2013 revealed by the joint study of ASSOCHAM and Yes Bank.

Globally, consumer spending is expected to reach USD 40 trillion by 2020 with an unexpected growth of USD 12 trillion in a decade and Indian consumer spending is expected to grow four times to USD 3.6 trillion within this period driven by increasing income and aspirations. The high net worth individuals (HNI's) are likely to grow at CAGR of 27 per cent through 2017-18 as per KPMG-ASSOCHAM "Indian Luxury Summit 2014". The number of HNI's will tend to increase two fold by 2015 i.e., approximately to 4 lakhs with net wealth of USD 2645 billion from 153,000 in 2010 (ASSOCHAM Press Release 2013, CII-A.T.Kearney's India Luxury Review 2011 report).

In the present times, the growth of Indian luxury market is not limited to metropolitan cities only. The tier-2 and tier-3 cities are emerging as new destinations for luxury. It is because of the potential seen in these small cities that most of the Indian brands and retailers are playing their cards on these tier-2 and tier-3 cities and now even top end luxury brands are shifting their attention towards smaller cities. Today, consumer behaviour in smaller cities are driven by high disposable incomes, increasing brand and quality consciousness, increase in nuclear families, increase in education levels, increase in technology as a source of information, emerging etc.

Despite the importance of these cities in the growth of luxury market in India, the research is scant on both the aspects – the emerging tier-2 markets and the consumer behaviour regarding luxury goods. On that account, this makes sense to study the India's emerging markets and to make an attempt to uncover consumer behaviour of small city buyers with regard to luxury brand consumption.

II.   LITERATURE REVIEW

Luxury

Luxury is a relative term that means different things to different people across different cultures. 'Luxury' is a subjective term (Phau & Prendergast, 2000). Vigneron & Johnson, (1999) argued that the individuals according to their relationship with each other form their own understanding about the meaning of luxury goods. A particular good may be a luxury for one person but a necessity for another (Hauck & Stanforth, 2007). Luxury can be defined as highest level of prestigious brands encompassing various physical and psychological values (Vigneron & Johnson, 1999)." Luxury is an abstract concept as its meaning is determined by personal and interpersonal motives and is therefore primarily built on consumer perception. Consumer's attitude towards the concept of luxury as well as luxury brands varies considerably. Positive and negative connotations both are displayed by consumers with reference to luxury. Expressions such as upscale, quality, good taste and class as well as flashiness and bad taste are associated by consumers to the term luxury. Luxury products fulfill one's needs functionally and psychologically (Dubois & Laurent, 1994 and Dubois et al., 2001). Luxury meaning is determined by personal and interpersonal motives and thus primarily built on consumer perception (Vigneron and Johnson, 2004).

Defining luxury has become more complex (Shukla, 2010). Dubois (2004) defined luxury as a specific tier of offer in almost any product or service category. Dubois et al., (2001) has given the most recognised study that explained the characteristics of luxury products as excellent quality, very high price, scarcity and uniqueness, aesthetics and polysensuality, ancestral heritage and personal history and superfluousness with an empirical study of luxury consumers. Seringhaus, (2005) argued that luxury brand incorporate a blend of emotions - image and personality, conformity with self-concept and communication of these concepts

symbolically in brand identity. Phau & Prendergast, (2000) presupposed five factors necessary to integrate in a comprehensive definition of luxury good - having an eminent brand identity, evoking exclusivity, enjoying high brand awareness and perceived quality and retaining sales levels and customer loyalty.

Various researchers have tried to capture the essence of luxury by focusing on price-quality relationships whereby higher prices signal luxury. Horiuchi (1984), Dubois & Laurent (1994), Pantzalis (1995), Dubois & Paternault (1997), Wong & Ahuvia (1998) have written about the high price of luxury brands as an important attribute. Others have framed luxury in terms of uniqueness. From an experiential standpoint, Kapferer (2005) defines luxury goods as those that provide extra pleasure by flattering all senses at once. Several other researchers focus on exclusivity dimension and argue that luxury evokes a sense of belonging to a certain elite group. Pantzalis (1995) and Dubois & Paternault (1997) have emphasised on exclusivity and uniqueness of luxury brands. Wikipedia (2013) describes how manufactured products attain luxury status through superior design, quality, durability and performance. Aaker (1991), Quelch (1987), O'Cass and Frost (2002), Vigneron and Johnson (2004) and Horiuchi (1984), Dubois and Laurent (1994), Dubois and Paternault (1997) have emphasised on the high quality of luxury brands. It seems as if every category of goods available includes a luxury tier of products which are marked by better quality, aesthetics, durability and performance.

Han, Nunes, and X. Drèze (2011) studied the role that luxury brands play in signaling status. Their research found that some people buy luxury goods and use them as status symbols to show off their purchasing power. The products themselves may not necessarily offer better quality or performance or looks. Rather, they buy them because others recognize them as symbols of wealth and success, Such conspicuous consumption is commonly exhibited through the purchase of luxury vehicles, watches, jewellery, designer clothing, yachts, as well as large residences and mansions. Braun and Wicklund (1989), Hong and Zinkhan (1995), Bagwell and Bernheim (1996) and Corneo and Jeanne (1997) have said that conspicuous consumption is an important attribute of luxury brands.

Luxury value dimensions

The luxury consumption of the consumers can be explained by values they perceive, it also allows defining luxury consumer profiles. The luxury goods consumption value dimensions explain consumer choices of buying or avoiding any luxury product, service or asset. Consumer behaviour regarding luxury goods is the result of diverse motivations.

Weidman et al., (2009) has developed a luxury value model consisting of four main key dimensions – financial value, functional value, social value and individual value of luxury value perceptions to distinguish the relationship between value perceptions and luxury consumption in different consumers. Financial dimension is concerned with the amount of money

invested in luxury consumption. Several authors have studied that people derive financial value from luxury products by relating high prices as important attribute and they believe that they consumer what others can't afford. (Horiuchi, 1984; Dubois & Laurent, 1994; Pantzalis, 1995; Dubois & Paternault, 1997; Wong & Ahuvia, 1998). Functional value dimension is related to the core benefits or usefulness of the product. The consumers perceive that luxury brands offer superior quality and thus perform better and are user friendly. In addition to this people perceive that uniqueness is the other dimension that attracts the attention of the consumers towards luxury brands. Various authors have shown that some consumers buy luxury brands because they perceive it offers them better quality and performance (Aaker, 1991;Quelch, 1987; O'Cass and Frost, 2002; Vigneron and Johnson, 2004) and some others drives usability of luxury goods. For example, Horiuchi (1984), Dubois and Laurent (1994), Dubois and Paternault (1997) have said that the product should have the best quality, should have good craftsmanship, should be preferably hand made and not mass produced. Still others have focused on the uniqueness value of luxury brands. For some consumers, the rarer or more unique a brand is, the more value it symbolizes, (Sun, 2011). Pantzalis (1995) and Dubois & Paternault (1997) have emphasised on exclusivity and uniqueness of luxury brands. Veblen (1899) and Mason (1981) have written about conspicuous consumption of luxury brands. Leibenstein (1950) and Dubois & Laurent (1994) have written about the snob effect of luxury brands. The third dimension is the individual dimension of luxury value perception that presents the aspects of the consumer's personal point of reference towards luxury consumption as well as personal value. Materialism, hedonistic and self-identity value are the personal matters addressed in this dimension. The last dimension is the social dimension of luxury value perception. The consumption of luxury goods appears to have a strong social function. Therefore, the social dimension reflects the perceived value of consumers towards luxury products within a certain social group. The perceived conspicuousness, prestige and also the perceived extended self of a luxury brand fits into this dimension, which affect the evaluation and propensity to purchase or consume luxury brands.

III.   OBJECTIVES

Many studies have been done on motivations for luxury consumption behaviour and dimensions for luxury value in abroad but there is only limited work done on the same aspect in India. Hence the paper tries to find the motivations leading to the purchase of luxury brands in tier-2 cities of Indian and to understand the different luxury value dimensions affecting the consumers of these cities. The objectives of the present study is to study the influence of premium price, perceived quality, social status and brand loyalty on the buying behaviour of tier-2 city consumers of luxury branded goods.

IV.   HYPOTHESES

To achieve the above objectives, the corresponding hypotheses are stated as follows: -

- H_0: Premium price does not influence the buying behaviour of tier-2 city consumers of luxury branded goods.

  H_1: Premium price influences the buying behaviour of tier-2 city consumers of luxury branded goods.

- H_0: Perceived quality associated with the brand does not affect the buying behaviour of tier-2 city consumers of luxury branded goods.

  H_1: Perceived quality associated with the brand affect the buying behaviour of tier-2 city consumers of luxury branded goods.

- H_0: Social status of owning the luxury branded goods does not influence the buying behaviour of tier-2 city consumers of luxury branded goods.

  H_1: Social status of owning the luxury branded goods influence the buying behaviour of tier-2 city consumers of luxury branded goods.

- H_0: Brand loyalty does not affects the buying behaviour of tier-2 city consumers of luxury branded goods.

  H_1: Brand loyalty affects the buying behaviour of tier-2 city consumers of luxury branded goods.

V.   RESEARCH METHODOLOGY

A questionnaire was developed to collect primary data to meet the objectives of the study. Meerut was selected on the basis of convenience sampling for the present research study. Meerut is a city in the Indian state of Uttar Pradesh (U.P.). Meerut district contributes one Lok Sabha constituency and seven assembly constituencies namely – Kithore, Meerut Cantonment, Meerut, Meerut South, Siwalkhas, Sardhana and Hastinapur. Out of the total of seven constituencies in the district of Meerut only three constituencies had been selected for the present research analysis namely - Meerut Cantonment, Meerut City and Meerut South. The present research was focused on the purchasing behaviour of the consumers regarding luxury branded goods and thus the sample comprises of the respondents mainly from the areas of Meerut. For the purpose of personal canvassing of questionnaires 355 people were conveniently approached and interviewed. Table 1 presents the demographic profile of the respondents surveyed in the present study.

In order to collect the primary data to meet the objectives of the study a structured questionnaire was developed. The questionnaire includes semantic differential scale to measure each of the constructs being studied. Semantic differential scale refers to the 7-point rating scale with bipolar labels having semantic meaning as the endpoints.

The respondents were requested to indicate the extent of their agreement and disagreement with each of the statements on a

scale from 1 to 7, with 1 representing strongly disagreement and 7 representing strongly agreement. Factor analysis was conducted to analytically identify the consumer behaviour of small cities regarding luxurious consumption. Table 2 represents the principal component factor analysis undertaken in the present study and table 3 presents the factor loading. Mutilple regression, 'F' test (by ANOVA), analysis of variance (ANOVA) and 't' test were further used in the data analysis process.

VI.   DATA ANALYSIS

In principal component analysis, the total variance in the data is considered. This is applied to determine the minimum number of factors that will account for maximum variance in the data for use in subsequent multivariate analysis. The factors so obtained are called principal components. In Table 2, the column labelled 'initial eigenvalues' gives the eigenvalues. The eigenvalues for the factors are as expected in decreasing order of magnitude as we go from factor 1 to factor 26. The eigenvalue for a factor indicates the total variance attributed to that factor. The percentage (%) variance accounted by all twenty-six factors is 100 per cent.

We have reduced twenty-six (26) variables into fixed six (6) factors and these first six factors account for 61.418 per cent of the total variance.

After the extraction of six factors, factor matrix was generated. Factor matrix, also called as factor pattern matrix is an important output from factor analysis. The factor matrix contains the coefficients which were used to express the standardized variables in terms of the factors. These coefficients, factor loadings, represent the correlations between the factors and the variables. In table 3, only those factor loading are shown whose value is more than |0.4| and values less than |0.4| are eliminated from the table. A coefficient with the large absolute value indicates that the factor and the variables are closely related. Further, these coefficients of the factor matrix were used to interpret the factors. Table 3 represents the correlation between the six factors and the variables.

The coefficients so obtained were used to interpret the factors. Interpretation was facilitated by identifying the variables that have large loadings on the same factor. Table 3 was used to interpret the factors. After interpretating the results, six factors were labeled, as shown in Table 4.

Multiple regression model was used to know how much variation in buying behaviour with regard to luxury branded goods can be explained by variation in social status, superior quality, high price, brand loyalty, reputation and unique factor.

In our study, the six factor scores (social status, superior quality, high price, brand loyalty, reputation and unique factor) were assumed as independent variables and possibility of purchasing luxury goods in the near future as dependent variables and for this we try to fit regression model to test which factor is effecting significantly.

In Table 5, multiple regression was applied to calculate the R square value, i.e.; .149, that means approximately 15 per cent of variation in possibility of purchase in near future (dependent variable) can be explained by variation in factor scores (independent variable).

Further to clarify, whether this multiple regression model may be appropriate or not, 'F' statistic was calculated by ANOVA.

After applying the analysis of variance, calculated 'F' value so obtained was 8.552 with corresponding 'p' value .000 which was less than .05 (level of significance). From this it was clear that the proposed regression model was a good fit (refer Table 6).

So proposed regression mode is:

Possibility of Purchasing = 4.523 + .328 Social Status + .425 Superior Quality - .266 High Price - .023 Brand Loyalty + .131 Reputation - .031 Unique Factor.

In above table (Table 7), the 't' value for social status, superior quality and premium price are 3.827, 4.955, and (-3.097) respectively, which are greater than |2| (absolute 2) and corresponding 'p' values are less than .05 (level of significance), which shows that these three factors are significantly effecting the possibilities of purchasing luxury goods in future. Social status and superior quality are affecting positively and premium price is affecting negatively. The 't' value for the remaining brand loyalty, reputation and unique factor are (-.269), 1.522, and (-.359) respectively and are less than |2| and corresponding 'p' value are greater than .05 (level of significance) which shows that these factors are not effecting the buying behaviour of respondents.

Table 1: Demographic Characteristics of Respondents

	Number of Respondent	Percentage (%)
Gender		
Male	170	56.7
Female	130	43.3
Age		
Under 21	35	11.7
21-30	198	66.0
31-40	47	15.7
41-50	15	5.0
Education		
High school or Less	9	3.0
Intermediate	14	4.7
Graduate	103	34.3
Post Graduate	141	47.0
Ph. D	23	7.7
Monthly Household Income (Rs.)		
Below 30,000	70	23.3
30,000 - 40,000	78	26.0
40,000 - 50,000	61	20.3
50,000 - 60,000	14	4.7
60,000 or above	77	25.7
Occupation		
Class I Govt. Employee	2	.7
Govt. Employee	7	2.3
Senior Company Manager	6	2.0

Table 2: Results of Principal Component Analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	Percentage (%) of Variance	Cumulative Per cent (%)	Total	Per cent (%) of Variance	Cumulative Per cent (%)
1	5.679	21.842	21.842	5.679	21.842	21.842
2	3.592	13.817	35.660	3.592	13.817	35.660
3	2.082	8.008	43.668	2.082	8.008	43.668
4	2.023	7.780	51.448	2.023	7.780	51.448
5	1.370	5.268	56.716	1.370	5.268	56.716
6	1.222	4.702	61.418	1.222	4.702	61.418
7	1.091	4.196	65.614			
8	.928	3.570	69.184			
9	.866	3.330	72.514			
10	.791	3.042	75.555			
11	.766	2.945	78.500			
12	.707	2.719	81.219			
13	.685	2.634	83.853			
14	.625	2.403	86.256			
15	.517	1.988	88.244			
16	.494	1.898	90.142			
17	.404	1.555	91.697			
18	.380	1.461	93.158			
19	.356	1.370	94.528			
20	.342	1.314	95.843			
21	.264	1.017	96.860			
22	.219	.842	97.702			
23	.198	.763	98.464			
24	.169	.650	99.115			
25	.146	.560	99.675			
26	.084	.325	100.000			

Extraction Method: Principal Component Analysis.

Source: Data Computed on the Basis of Research Survey

Table 3: Factor Loading

Variables	Factors					
	1	2	3	4	5	6
Purchasing luxury goods makes one feel superior and unique	.675					-.425
I think purchasing luxury brands can give me lot of pleasure.	.658					
I think luxury branded goods is bought only by elite class	.637					
Purchasing luxury goods is noticed and admired by others	.597					
I think luxury brands can build my social status	.590	-.541				
I think buying the luxury brands can show off my personality	.588					
Luxury brands are a symbol of social status	.553			-.425		
I like a lot of luxury in my life	.540					
The things I own represent how well I am doing in my life	.498					
I consider a lot of details when I purchase luxury products	.488					
I like the atmosphere and ambience at luxury shops	.463					
Consumption of luxury goods is a symbol of successful people	.430					
It is important for me to have really nice things		.670				
I like to own luxury products to impress people		-.621				
I think luxury branded goods presents good quality		.621				
I prefer to buy luxury branded products for their superior quality.	.465	.607				
I admire people who own luxury products	.455	-.517				
Purchasing luxury brands satisfy my own pleasure	.460	.499				
I think price is the most important thing to me when I purchase luxury products		.465	.662			
When the price of luxury brands is very high, I am unlikely to buy		.492	.591			
Price of luxury brands makes my purchase decision harder	.425		.543			
I choose those luxury brands known by many people.	.409		.483			

I think it is worth to pay huge money for the branded products				.567		
I buy a luxury brand because I like the style of the brand's designer.				.510		
I think buying luxury is a way to show wealth	.441				-.528	
Many people buy luxury brands to show off					.484	.610

Extraction Method: Principal Component Analysis.

6 Factors extracted.

Source: Data Computed on the Basis of Research Survey

Table 4: Factor Labels

Factors	Interpretated Labels
1	Social Status
2	Superior Quality
3	High Price
4	Brand Loyalty
5	Reputation
6	Unique

Source: Data Computed on the Basis of Research Survey

Table 5: Multiple Regression Model (Model Summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.386a	.149	.132	1.483	2.229

Dependent variable: Purchase in Near Future

Predictors: (Constant): Social Status, Superior Quality, Premium Price, Brand Loyalty, Reputation and Unique factor

Source: Data Computed on the Basis of Research Survey

Table 6: ANOVA 'F' Test (Summary of Fitness of the model)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	112.793	6	18.799	8.552	.000b
Residual	644.044	293	2.198		
Total	756.837	299			

Dependent variable: Purchase in Near Future

Predictors: (Constant): Social Status, Superior Quality, Premium Price, Brand Loyalty, Reputation and Unique factor

Source: Data Computed on the Basis of Research Survey

Table 7: Summary of Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	4.523	.086		52.844	.000
Social Status	.328	.086	.206	3.827	.000
Superior Quality	.425	.086	.267	4.955	.000
Premium Price	-.266	.086	-.167	-3.097	.002
Brand Loyalty	-.023	.086	-.015	-.269	.788
Reputation	.131	.086	.082	1.522	.129
Unique Factor	-.031	.086	-.019	-.359	.720

Dependent variable: Purchase in Near Future

Source: Data Computed on the Basis of Research Survey

VII.   STUDY FINDINGS

As we can see from above analysis, that the factors taken in our thesis had mixed response for our research outcomes. Further, if we apply these results on our hypotheses we get the following: -

H_o: *Premium price does not influence the buying behaviour of tier-2 city consumers of luxury branded goods.*

H_1: *Premium price influences the buying behaviour of tier-2 city consumers of luxury branded goods.*

To test the null hypothesis (Ho) that premium price does not influence the buying behaviour of consumer of luxury branded goods, 't' test had been applied. The 't' value so obtained was (-3.097) and the corresponding 'p' value is .002 which is less than .05 (level of significance) (refer Table 7). So, we can conclude that null hypothesis (Ho) was rejected. It can be said that premium pricing affects the buying behaviour of small city consumers of luxury branded goods but it has negative effect on the buying behaviour.

Hence, null hypothesis (Ho) was rejected.

H_o: *Perceived quality associated with the brand does not affect the buying behaviour of tier-2 city consumers of luxury branded goods.*

H_1: *Perceived quality associated with the brand affects the buying behaviour of tier-2 city consumers of luxury branded goods.*

To test the null hypothesis (Ho) that perceived quality does not influence the buying behaviour of consumer of luxury branded goods, 't' test had been applied. The 't' value so

obtained was 4.955 and the corresponding 'p' value is .000 which is less than .05 (level of significance) (refer Table 7). So, we can conclude that null hypothesis (Ho) was rejected and perceived quality significantly affects the buying behaviour of consumer of luxury branded goods. Also, perceived quality has positive effect on the buying behaviour of small city consumers of luxury branded goods.

Hence, null hypothesis (Ho) was rejected.

H_o: *Social status of owning the luxury branded goods does not influence the buying behaviour of tier-2 city consumers of luxury branded goods.*

H_1: *Social status of owning the luxury branded goods influence the buying behaviour of tier-2 city consumers of luxury branded goods.*

To test the null hypothesis (Ho) that social status does not influence the buying behaviour of consumer of luxury branded goods, 't' test had been applied. The 't' value so obtained was 3.827 and the corresponding 'p' value is .000 which is less than .05 (level of significance) (refer Table 7). So, we can conclude that null hypothesis (Ho) was rejected and it is also clear that social status has positive effect on the buying behaviour of small city consumers of luxury branded goods.

Hence, null hypothesis (Ho) was rejected.

H_o: *Brand loyalty does not affect the buying behaviour of tier-2 city consumers of luxury branded goods.*

H_1: *Brand loyalty affects the buying behaviour of tier-2 city consumers of luxury branded goods.*

To test the null hypothesis (Ho) that brand loyalty does not influence the buying behaviour of consumer of luxury branded goods, 't' test had been applied. The 't' value so obtained was (-.269) and the corresponding 'p' value is .788 which is greater than .05 (level of significance) (refer Table 7). So, we can conclude that null hypothesis (Ho) stands proven or it can be said that brand loyalty does not have any effect on the buying behaviour of small city consumers of luxury branded goods.

Hence, we can say that here we fail to reject the null hypothesis (Ho).

VIII.   CONCLUSIONS

In conclusion, this research aims to investigate the underlying factors that are affecting or persuading the consumers of tier-2 and tier-3 city buyers to indulge in purchase of luxury branded products and services. The findings revealed that there is a dynamic change in consumer behaviour of small cities.

The two values associated with luxury brands namely social value and superior quality value is motivating small city consumers to indulge in luxury brand consumption. They are giving less importance to prices but greater importance to the effect that they are able to make on others by consuming luxury brands. They are of strong notion that consuming luxury brands leads to powerful and successful status. The youth of these cities are greatly indulging in luxury brand purchase to stand out in the crowd and professional to maintain themselves in their professional lives.

Perceived quality value is the other motivating factor for small city buyers to clad in purchase of luxury brands. Consumers associate superior quality to luxury brands and thus prefer luxury brands than non-luxury goods. Various attributes such as aesthetic design and craftsmanship, sophisticated, best helps in building the image of brand in consumer mind.

This research has highlighted that small city consumers have not reached to the conspicuous level where they are using premium price as the base for their purchase. The consumers in these cities do not use prices as evidence of quality or social status. They are purchasing more luxury brands at time of discounts or offers and for superior quality of luxury branded goods. Brand Loyalty among the tier-2 city consumers for luxury brands has not yet been established. The consumers of these cities are still experimenting with luxury brands. During the process of experimentation consumers are creating brand image in their minds for different luxury brands.

IX.   SUGGESTIONS

In light of the demand shown by the small cities, the marketeers need to make great efforts in terms of their presence in these cities. The players who have already entered these markets can enhance their offerings in terms of width of products and services as well as range. This is because consumers of these cities go to metros for shopping luxury brands. Meerut and Dehradun consumers were found to shop from Delhi due to the presence of range and width of products in Delhi. Players can't treat tier-2 and tier-3 markets just an extension of tier-1 markets. There are the first time consumers and it entirely depends upon company's sales force to handle these unprepared consumers and educate them. These efforts can turn these potential customers into regular customers. Effective and customized marketing strategies are necessary for the marketeers of luxury brands in order to strongly position their brands in consumer's mind. This will enhance the brand recognition among the consumers of small cities. Emerging markets are home to many first time shoppers of luxury brands. Luxury players needs to customize the whole shopping experiences according to the needs of these new and emerging consumers. Consumers of tier-2 and tier-3 cities are still conscious about the prices. Marketeers need to launch product range specially designed to cater the needs of price conscious consumers of these cities. The young professionals, new consumer base in the form of working women, windfall consumers who have became sudden rich through windfall gains and upper middle class consumers of tier-2 and tier-3 cities are becoming consumers of luxury brands. Consumer segment belonging to young professionals are contributing to growth of luxury brands in tier-2 and tier-3 cities. They are attracted towards luxury brands and if treated well they will bring in enormous growth in future for luxury players. Indian market is highly diversified. Marketeers should not overlook this fact and treat different emerging markets of India uniquely. This will further help the marketeers to plan their offerings, marketing strategies, advertising and communication strategies etc. The behaviour of tier-2 and tier-3 city consumers largely got affected by the recommendations of relatives, neighbours and friends. Thus there is a need from marketeers' side to focus more on advertising and communicating in local languages and developing various customer related activities.

X.   LIMITATIONS OF THE STUDY

No matter how well the research is conducted and developed, every study has certain limitations. Limitations are the matters and occurrences which are out of researcher's control. Similarly, in this study it is possible to identify certain limitations.

Approximately 90 per cent of the data has been collected exclusively through personal canvassing of questionnaire which is used in the present study. Therefore, the data so collected is prone to error of response in some degree or other. The questionnaire is filled by the respondents and respondents may not feel confident in providing the accurate and honest answers. For example, male respondents seldom reveal their real income. It is difficult to test the reliability of the answers so obtained as there are lack of analytical tools to do so.

15 per cent of the respondents have failed to provide the data. The respondents were in hurry to fill the questionnaire and thus this adds to certain amount of unreliability.

XI.   MANAGERIAL IMPLICATIONS

It is considered important for marketeers to know how to reach target customers for luxury brands in tier-2 cities with maximum efficiency. The present study will help the marketing managers of luxury brands to decide upon positioning strategies for brands for tier-2 city consumers. The results will also help the marketeers to plan advertising and communication activities so as to capture and persuade target consumers in right way to boost their sales in these cities. The findings of this study will help marketeers to ensure effective execution of strategies by deep understanding of variables such as – premium prices, superior quality, perceived social status and brand loyalty as well as how these variables influence buying behaviour of tier-2 consumers of luxury brands.

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