

The Investor Wears Prada

By: Sofia Terzic

Abstract

Luxury clothing items are commonly advertised as in the moment, self-enhancing, indulgence pieces that provide consumers with social and emotional values. These products are rarely seen as items with functional value that could be purchased as investments. There is a lack of empirical data as to whether the marketing of luxury clothing items gives the products their social and emotional values or whether it is the product itself that carries these perceptions. This study researches whether luxury clothing items can be seen as investment pieces if they are marketed in this way, similarly to how cars are viewed as investments. Furthermore, it analyzes if marketing a luxury clothing item as an investment piece will change the views consumers have about the products and increase a luxury clothing company's customer base. In recent years, trends of purchasing vintage clothing and the increase of consignment stores allow for clothing to be resold, making it easier to realize clothing as an investment. The study uses surveys that portray the luxury clothing items in their current form and as investments and utilizes two-sample t-tests and correlation to analyze the results.

Key Words: Luxury brands, consumer perceptions, marketing strategies

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*“It is always best to have one good frock of good quality material than two of cheap fabric.
Good quality materials are not an extravagance—they will give you years of wear.”*

- Christian Dior

1. Introduction

Besides an item's day-to-day functional value, many products are purchased as investment pieces. For example, individuals with the monetary means tend to buy cars that are more expensive and are of higher quality than less expensive cars because they believe that these cars will last them a long period of time and work well during this period (West, 2015). They also hope that this elevated quality will allow the car to retain its value and have a high resale price. Most people do not buy a car knowing that they will have to replace it in two to three years. They purchase cars hoping they can use it for a decade, or even longer. Can timeless luxury clothing items be viewed in this same lens? Would customers justify buying a very expensive product that will last ten years rather than purchasing a similar product at a lower price on a more frequent basis?

In order for a product to be an investment, it should be a product of high quality and durability. For fashion, part of durability is that the item also be timeless and stay in style for an extended period. A luxury product, as defined by Fionda and Moore (2009), is a product that has high quality, price, value, exclusivity, and gives the user symbolic function. In terms of timelessness, a pair of black boots or a long black trench coat are two items that have been in style for decades and thus can be considered timeless. Another example of a commonly known timeless luxury clothing item is the little black dress. These pieces are viewed as products that provide customers with social and emotional value, specifically in social settings, for years.

An example of this type of product is the Chanel 2.55 bag. This small purse was created in 1954 by Coco Chanel herself. The design and material of the bag have not changed in the last 63 years. Furthermore, the price of the bag has stayed the same, only increasing to account for inflation. The resale value of a gently used bag can be close to \$4,000. Thus, if a consumer purchased the bag in 1954, which in today's prices would be about \$6,000, and kept the bag until today (which is viable since the style of the bag has not changed and the product is very durable) the consumer would not have needed to replace the bag and could sell it for close to the original purchase price.

Luxury brands have been largely studied and the value that consumers find from them has been documented. The research further studied this by analyzing the importance of functional values in luxury clothing. However, there has been no research on whether the perceptions those customers have for luxury products come from the marketing efforts of the companies or the brand/product itself. Furthermore, there has been no study on whether consumers can view these luxury clothing products as investments. Luxury clothing products have many characteristics that give a consumer functional value, yet they are marketed as in-the-moment, indulgence pieces and never as products that may give customers functional value and that can be used as investments. The lack of research has created the motivation for this thesis. This research explores whether marketing a luxury clothing item as an investment will cause customers to change their perceptions of the product and buy the product as an investment piece rather than a social or emotional piece. It also assesses whether purchase intent increases if the product is viewed as having functional value. The research will explore:

Can luxury-clothing items be viewed as investment pieces?

Does the marketing of luxury clothing items determine how consumers perceive them?

This thesis tests the above questions by using fictional surveys portraying luxury clothing products in the current way they are marketed and as investment pieces. The surveys were analyzed using statistical analysis through two-sample t-tests and correlation. It was found that consumers are more likely to purchase products when their functional aspects are advertised. This shows that consumers find higher value in functional characteristics of a product than social characteristics.

The findings of this research can be beneficial to the field of marketing because it could give marketers an opportunity to attract a new set of customers. Luxury brands already have the business of high income customers that purchase their products, but if they are able to alter their marketing techniques to make their products more desirable and necessary to the middle class then they may be able to increase their customer base. It may be of concern that the companies may lose their upper-income customers if they are turned off by lower income individuals buying a luxury brand's clothing. However, Keller (2009) found that in today's society, luxury is not correlated with scarcity and consumers no longer view exclusivity as a key metric for luxury. He also mentions that today's luxury companies "need to be seen as relevant to an expanded customer base" in order to maintain sales and continuous growth (p. 293). Because of this, many luxury companies are creating sub-brands to increase their market share and customer base. Stegemann (2011) found that customers feel that luxury brands are less prestigious when too many sub-brands are created within the original brand. The research conducted will help this issue because luxury companies may be able to reduce the creation of sub-brands by retailoring their marketing strategies to exhibit functional value. A new marketing strategy may help companies increase their customer base the same way that a sub-brand would, without harming the brand image of the company. This is especially important in the current global marketplace

as median incomes are increasing throughout the world and more people are entering the range of being able to afford these products. This information may allow marketers to find a way to reach this new audience and profit from their business.

The following section will analyze existing literature and gaps in the literature that this research addresses. Section three will discuss the hypothesis and methodology used to analyze the topic. The fourth section will discuss results and then an analysis of these results, limitations, and future research will be explained.

2. Literature Review

There is a vast amount of research on consumer behavior and decision making when purchasing luxury clothing items and on the value consumers find when buying luxury clothing. To provide a basis for this research, four different themes will be discussed in the current literature. The respective themes explore the background of what makes up a luxury clothing brand, an analysis of how luxury in general is viewed by consumers, the value consumers believe luxury products will give them, and certain important marketing aspects in the luxury clothing market.

2.1 The Luxury Clothing Brand

Luxury clothing brands have their own characteristics that allow them to command a high price premium while also experiencing large industry growth and maintaining a loyal customer base. According to Fionda and Moore (2009), luxury products have psychological value, provide symbols of status, have high prices, and “a highly involved consumption experience that is strongly congruent to a person’s self-concept” (p. 349). This is important for the research as it differentiates the luxury clothing brand from other brands that do not have such price premiums, limited distribution channels, and high social value.

Fionda and Moore (2009) discuss the important dimensions that make up a luxury clothing brand, dimensions that give brands the ability to succeed in the long run regardless of market factors. They found that there were nine key aspects to a luxury-clothing brand: clear brand identity, culture, environmental and service, heritage, product integrity, design signature, exclusivity, premium price, and marketing communications. The research highlights main characteristics that make up the actual luxury company as well. These include the product and its quality, distribution channels, and promotion of the brand (Fionda & Moore).

A key part of this literature for this study is the marketing communications component of luxury clothing brands. According to Fionda and Moore (2009), the marketing objective of these brands is to make their product “interesting and attainable” and to place greater emphasis on the actual fashion of the brand, which is effective in increasing customer interest as new products are unveiled (p. 356). A limitation of the extant literature is that it does not discuss if other marketing efforts would be equally effective in creating sales for the luxury clothing brand, such as marketing the product as having functional values to the consumer due to its high quality and durability, which creates a longer product life.

2.2 Consumer Perception and Value of Luxury Products

Different consumer groups have different perceptions of luxury products and find different values in these products. It is important to understand how consumers view luxury products in order to understand their reasoning and mindset when purchasing these products.

Hauck and Stanforth (2007) found that there are different motivations for purchasing luxury items for different age groups. Individuals born during altering economic and political situations view luxury items in the ways that these items were portrayed when they were in their teenage years to their early adult years (2007). Younger generations have many items that older

generations did not grow up with, such as iPods and smartphones, thus the older generations view these products as being luxury items even though younger generations do not (2007). They also mention that a second definition of luxury has emerged in the younger generations, as luxury products are no longer viewed as items that only the elite can own. They define luxury items for younger generations as products that “you have that I don’t think you should have” (2007, p.178). What this means is that to younger generations, luxury does not necessarily mean that the good is made by a luxury brand, it means that luxury is defined as any good that one does not necessarily need, regardless of how expensive or luxurious the product actually is.

In another study, it was found that individuals find any product that gives heightened comfort or beauty to be a product of luxury (Dubois & Czellar, 2002, p. 6). Dubois and Czellar (2002) state that to consumers, luxury is defined as the “opposition of necessity.” Their research determined that although consumers have different words to describe luxury, such as comfortable, beautiful, self-indulgence, luxury overall is viewed as being something that consumers do not actually need.

Among consumers there is a perception that luxury products carry higher quality and thus higher value. Vigneron and Johnson (2004), state that consumers feel that luxury brands are of higher quality than non-luxury brands and have superior characteristics such as engineering, technology, design, and craftsmanship. They also found that consumers relate higher prices with higher quality, even if the product is not of actual higher quality (2004).

Wiedmann, Hennigs, and Siebels (2007) investigate how certain values of luxury products are perceived in consumers’ minds. They find that there are four components that individuals use to find value in their luxury products: financial, functional, individual, and social (2007). The financial dimension describes the purchase and resale price, promotions and sales,

and the possibility for investment and the functional dimension looks at the benefit, utility, reliability, usability, and durability of the product (2007). The individual and social components come from a customer's orientation towards luxury goods and materialism and how others perceive this person for buying luxury products (2007). The four dimensions can be both separate and interrelated for consumers when making a purchasing decision and the main values found in luxury products are the individual and social values (2007). Similarly, Sheth, Newman, and Gross (1991) found five values consumers obtained when purchasing. These values are functional, conditional, social, emotional, and epistemic (1991). Both studies found that social values were important in deciding what brands to buy and emotional values were key when deciding whether or not to buy.

Understanding how consumers view luxury and what items they consider as luxury products is important when trying to examine what types of marketing messages should be directed to consumers. The previous research explains that consumers tend to view luxury products as products from brands that are not necessary to fulfill the required need. These studies also analyze how social and emotional values are prevalent to consumers when purchasing luxury clothing. However, the existing literature does not discuss whether portraying the luxury items as investments or having functional value will change this perception and make consumers view the product as being more necessary. This is significant because the same product may sell differently if it is advertised in a different way.

2.3 Marketing Luxury Clothing Brands

It is important to note how marketing actions affect the consumers' view of luxury products and if the product will always be viewed in the same way, regardless of how it is

marketed. For this, it is essential to understand how luxury brands are currently marketed and how this is different from the marketing actions for non-luxury products.

A large component necessary when marketing luxury products is to create a connection and two-way communication with the customer through the marketing program (Tynan, Mckechnie, and Chhuon, 2010). Tynan et al. (2010) state that real value in luxury brands can only be created when firms and customers interact and exchange capital and knowledge on the product. The customers require a different form of marketing in order to purchase a product at such a price premium. They found that customers were not concerned with price or exclusivity when purchasing luxury goods, but rather the value, quality, and craftsmanship of the product (2010). These customers also valued having something unique and tailored to them specifically and found it important to have constant interactions with employees high up in the luxury company, such as the designers (2010). The gap of the existing literature is that it does not discuss whether marketing actions are the cause for the perceptions consumers have of luxury clothing. The previous research only discusses general components of marketing but not the marketing message.

2.4 Conclusion

This thesis adds to the existing research by examining if marketing has the ability to change how consumers view luxury clothing brands and if changing marketing actions could increase the potential for purchasing luxury clothing items. The literature states that consumers find more social and image enhancing reasons when deciding to buy a luxury clothing product. Changing a marketing program and advertising the product as having more financial values than social ones may call new customers to buy the product. Consumers, with the available means, buy a more expensive car, hoping to have a higher quality product, with a longer life and greater

resale value. Could changing the marketing message cause purchasers to view luxury clothing products in this same way?

The thesis studies whether changing a luxury clothing's marketing and focusing more on the financial and functional dimensions will change what customers find more valuable. More precisely, the research will study if it is the marketing messages that makes consumers perceive luxury clothing products a certain way or if it is the product itself.

3. Methodology

This section will present the hypothesis based on the existing literature and the method of data collection and analysis.

3.1 Hypothesis

The basis for the hypothesis is previous research on consumer decision making when purchasing luxury products. According to Weidmann et al. (2007) individuals focus more on how they feel and will look when buying luxury brands rather than the products' functional or financial values. This may be because the products have only ever been marketed based on how they will make the consumer feel or look and not the functional value that the product will give the individual. However, previous research notes that luxury fashion products do have high functional value. Berthon, Pitt, Parent, and Berthon (2009), explain how many luxury brands make products of higher quality that have "great functionality" and are "built to withstand" (p. 48). Vigneron and Johnson (2004) state, "luxury brands offer superior product qualities and performance compared to non-luxury brands" (p. 491). Also, in the 1800s, the basis for a luxury brand was its functional value, largely based on its quality and durability, and these characteristics were what caused individuals to buy luxury products (Berthon, et al, 2009). So, if at one point individuals found that the functionality of luxury products was where the greatest

value came from, consumers may be able to find this value again. Furthermore, although luxury clothing items have never been marketed as investment pieces, other products such as luxury cars have been marketed this way. Consumers respond well to this marketing focus and consider the financial and functional values of the product when making their purchase decision.

Hypothesis: Purchase intent in luxury clothing will be higher for goods perceived as functional products versus goods perceived as social products.

3.2 Data Collection

Survey Sample

For this research, a survey was created, conducted, and 119 responses were received, 66 female and 53 male (see Appendix I for survey descriptive statistics). The goal of this survey was to determine purchase intent based on marketing messaging. The targeted subject group was individuals age 25 or older coming from middle to middle-high income families. The reasoning behind surveying individuals 25 or older is that they have a better understanding of what purchasing a product as an investment means. Also, individuals of middle to middle-high income classes were surveyed because they do not have the exposure and ability to constantly buy luxury clothing items like a high-income individual can, but they do have the means to afford buying a few luxury clothing items. The bulk of the individuals taking the survey were from the Rochester, MN and Minneapolis, MN areas.

The surveys were presented in an online format through Qualtrics. Each potential respondent received an email with some background information on the survey and a consent form. They were then directed to click on a link and begin the survey. The respondents were not compensated for the survey due to the limited budget. The survey was kept very short to encourage participation: it took the respondents an average of 4 minutes to complete the survey.

Survey Description

Each individual took one survey with two different scenarios. The order of the scenarios was randomized to account for any order bias.

The first scenario presented the luxury clothing item as an investment. Individuals read about the monetary value and the potential long-term gain that buying this item would give them as well as the potential resale price. They learned about the high quality and craftsmanship of the product, making it something that will last a long time and still look and feel the way it did when it was bought. After reading this scenario, the respondents were asked a series of questions such as “I am more likely to buy this product than I was before I saw the ad” and “The ad message was believable.”

Functional Marketing Message: *“You are presented with this coat to buy. It is made by the skilled luxury designer Marco Alessandro. The cost is \$1,000 and can capture a resale price of \$200 at a consignment location. The coat will stay in style for about a decade, as it is a very classic and timeless style. It is of the highest quality wool, ensuring its long-lasting durability. Because of the quality, the coat will maintain its original look throughout its lifetime. This coat is the best investment you can make in your wardrobe.”*

The second scenario presented the luxury clothing items in the way they are currently marketed. Individuals read a marketing message portraying the coat as a social product that will make the consumer look and feel better. The designer’s fame and popularity among celebrities was highlighted as well as how the coat will increase the style of the wearer. After reading this scenario, the respondents were asked the same set of questions as they were when reading the previous scenario. These questions were asked to gauge purchase intent and understanding of each of the scenarios.

Social Marketing Message: *“You are presented with this coat to buy. It is made by the historic and coveted designer Marco Alessandro. The cost is \$1,000 and the design is impeccable. It is an exclusive item, ensuring that its owner look desirable, unique, and of highest class. All the top celebrities wear Marco Alessandro and his clothing is easily recognized around the world. Buying this coat will make you look and feel special.”*

In between the scenarios, the respondents were asked classification questions that included their gender, household income, and previous luxury clothing purchasing habits. Both scenarios presented a fictional luxury coat made by a fictional designer. All aspects of the coat were the same (i.e. price and look) and the marketing message was what altered between each scenario. Furthermore, a coat was chosen that was gender neutral to relate to anyone taking the survey.

The set of questions asked after each scenario were meant to determine purchase intent after viewing the specific advertisements. They were asked in order to understand the motivation behind purchasing luxury clothing. The questions asked in between and after the scenarios were asked to place respondents into groups to further analyze which type of consumers would be more likely to purchase a functional product or a social product.

The questions asked after each scenario were written on a Likert Agreement Scale (1-5) and the questions regarding previous purchasing habits were asked through a multiple-choice scale. Respondents could only pick one option in each question and were required to answer each question before moving on to the next. The responses to these questions were analyzed to answer the hypothesis.

Variables

The independent variables for the research were each of the presented scenarios. The dependent variables were what the perceptions of the scenarios were and the willingness to buy of the consumers after reading the scenarios. The control variables include gender, income, and previous purchasing habits. (See Appendix II for table of variables)

3.3 Data Analysis

To analyze the data, two statistical methods were used: two sample t-tests and correlation.

Since two different scenarios with the same questions were presented, a two-sample t-test was conducted to study the results. This allowed for the comparison of the difference between the means of the two populations to see if consumers' feelings changed based on the scenario that they read. The t-test was one tailed to analyze whether the purchase intent was higher for the functional value scenario over the social value scenario. Thus, scenario one, the scenario of functional value, was directly compared to scenario two, the scenario of social value, using two-sample t-tests executed in Excel. The Alpha used to compare the two scenarios was of a value of 0.05.

Because a five point Likert scale was used for most questions, an answer of four or five (or the Top Box responses of agree/strongly agree) meant that individuals felt positively and strongly about that specific question being asked; accordingly, an answer of one or two meant that they did not agree with the question being asked. The multiple-choice questions, which were the control variables, were used as classification questions to help organize the respondents in different groups for the data analysis.

The second statistical tool used was correlation. This was conducted to analyze the relationship between income and inclination towards one marketing message. The income groups were categorized into dummy variables ranging from 1-8. The income of the respondents was directly compared to each of the scenario responses to understand whether or not income affects interpretation and purchase intent when viewing advertisements. This test was conducted in an exploratory nature to further determine what may cause purchase intent based on marketing messaging.

These analyses helped answer the hypothesis because they compared purchase intent of each of the scenarios side by side and determined which scenario resulted in higher purchase intent.

3.4 Appropriateness of Methodology

Strengths

The intent of this methodology was to determine purchase intent based on marketing messaging. By sending out a survey in which respondents viewed both scenarios, a side-by-side comparison of responses and preferences was obtained. The survey method made it very easy to manipulate the scenarios to understand consumer preferences. Furthermore, as there was minimal budget for this thesis, a survey allowed the opportunity to obtain a large sample at no cost. The survey also allowed for a simple way to create hypothetical situations that consumers would easily understand. Also, the survey gave the respondents a chance to see a picture of the gender-neutral luxury product, which made it easier for them to visualize the purchase situation. For this survey, within subject data was collected. This was done to be able to directly compare consumers' attitudes towards different marketing messaging; if consumers were able to see both scenarios their purchase intent responses would be more significant.

Assumptions

Certain assumptions were used when conducting the research. The first assumption made was that individuals that are older have higher knowledge and experience of buying expensive products. Because of this, only respondents over the age of 25 were asked to take the survey. Another assumption in this survey was that individuals of the high-income class have the ability to purchase luxury products very frequently and thus are not as responsive to different marketing messages as they can and do buy the luxury products regardless. Thus, it was ensured that respondents were of middle to middle-high income classes as they can purchase luxury clothing items but do not do so on a regular basis and are more prone to paying attention to marketing messaging. The final assumption was that the marketing messaging used in the scenarios accurately portrayed the proper motivation. For example, it is assumed that when consumers read the functional marketing message they understood that functional benefits were being advertised.

Limitations

A limitation of this research could be order bias, depending on which scenario individuals saw first they may answer differently. This was accounted for by randomizing the order of scenarios. However, it was not possible to decipher which individuals took which scenario first and thus the research was unable to discern for order bias. Another limitation of this research is that it studies hypothetical intent to purchase and not actual purchasing acts.

4. Results

Implication of Hypothesis

The hypothesis states that individuals are more likely to purchase a product if they believe it has high functional value. For this hypothesis to be supported respondents must show that their purchase intent is higher for the functional scenario over the social scenario.

Evaluation of the Results

By running a two-sample t-test it was shown that individuals would be more likely to purchase luxury clothing products if they are advertised as having functional value. This was analyzed through two of the questions that respondents were asked for each of the scenarios: “I am more likely to buy this product than I was before I saw the ad” and “I felt convinced I should buy the product.” Through the analysis of these values it is evident that consumers are more likely to purchase when the luxury clothing product is advertised as having functional value rather than social value (Table 1 and Table 2). Also, the differences in purchase intent, even though the product was the same, show that marketing played a larger role than the actual product when consumers were making the purchasing decision. This can be seen by the difference in means for all the questions that were asked to the consumers (Table 1). The hypothesis was supported at a 5% significance level.

Table 1: Mean Values for Functional and Social Scenarios

Question	Mean for Functional	Mean for Social
“I am more likely to buy this product than I was before I saw the ad”	3.35	2.83
"I felt convinced I should buy the product"	2.57	1.98
For all questions asked (See Appendix III)	3.40	2.78

*Means analyzed on a Likert Scale of 1-5

Table 2: T-Values for Functional and Social Scenarios

Question	Comparison of Scenarios	T- Value	Hypothesis
“I am more likely to buy this product than I was before I saw the ad”	Functional Scenario resulted in higher purchase intent	5.41	Supported
“I felt convinced I should buy the product.”	Functional Scenario resulted in higher purchase intent	6.41	Supported

Further analysis was done to compare whether males or females responded more to one marketing message over the other. Although the item was a gender-neutral product, gender differences may have occurred as men and women have different practices when purchasing products. In general, men tend to focus on utility when buying products while women are more socially motivated. For both questions analyzed for purchase intent, there was no statistically significant difference between males and females. This shows that both genders responded equally. (Table 3).

Table 3: Comparison of T-Value and Mean for Males and Females

Question	T- Value - Social Scenario	Mean Social - Female	Mean Social - Male	Comparison of Males and Females
“I am more likely to buy this product than I was before I saw the ad”	0.22	2.5	2.67	No significant difference
“I felt convinced I should buy the product.”	0.06	1.92	2.06	No significant difference
Question	T- Value - Functional Scenario	Mean Functional- Female	Mean Functional - Male	Comparison of Males and Females
“I am more likely to buy this product than I was before I saw the ad”	0.76	3.33	3.38	No significant difference
“I felt convinced I should buy the product.”	0.76	2.82	2.83	No significant difference

*Means analyzed on a Likert Scale of 1-5

Another analysis was conducted to compare the purchase intent of individuals who had purchased luxury clothing before and those who had not purchased luxury clothing in the past. From these statistics, it can be noted that individuals who had purchased luxury clothing before were more likely to purchase the products in the social scenarios and in one of the functional

scenarios. The functional scenario response to “I am more likely to buy this product than I was before I saw the ad” had no statistical significance. (Table 4).

Table 4: Comparison of T-Value and Means for Previous Purchasers vs. Non-Purchasers

Question	T- Value - Social Scenario	Mean Social – Previous Purchasers	Mean Social – Non - Purchasers	Comparison of previous purchasers to non-purchasers
“I am more likely to buy this product than I was before I saw the ad”	2.59	2.85	2.33	Previous purchasers more likely to buy
“I felt convinced I should buy the product.”	3.43	2.29	1.73	Previous purchasers more likely to buy
Question	T- Value - Functional Scenario	Mean Functional – Previous Purchasers	Mean Functional- Non - Purchasers	Comparison of previous purchasers to non-purchasers
“I am more likely to buy this product than I was before I saw the ad”	0.33	3.38	3.23	No significant difference
“I felt convinced I should buy the product.”	2.26	3.05	2.63	Previous purchasers more likely to buy

*Means analyzed on a Likert Scale of 1-5

It was also studied as to how individuals within the sub-groups of previous purchasers and non-purchasers reacted to the social and functional scenarios. Through this test, responses of previous purchasers were compared to each other for the social and functional scenarios and responses of non-purchasers were compared to each other for both scenarios. It was found that both previous purchasers of luxury clothing and non-purchasers were more likely to buy when the functional aspects of the product were advertised. (Table 5).

Table 5: Comparison of T-Value and Means for Previous Purchasers and Non-Purchasers

Question	T- Value - Previous Purchasers	Mean Social – Previous Purchasers	Mean Functional – Previous Purchasers	Comparison of previous purchasers
“I am more likely to buy this product than I was before I saw the ad”	3.01	2.85	3.38	Previous purchasers more likely to buy in functional scenario
“I felt convinced I should buy the product.”	4.1	2.29	3.05	Previous purchasers more likely to buy in functional scenario
Question	T- Value - Non-Purchasers	Mean Social- Non-Purchasers	Mean Functional- Non-Purchasers	Comparison of non-purchasers
“I am more likely to buy this product than I was before I saw the ad”	4.57	2.34	3.23	Non-Purchasers more likely to buy in functional scenario
“I felt convinced I should buy the product.”	5.34	1.73	2.63	Non-Purchasers more likely to buy in functional scenario

Finally, a correlation was conducted to analyze the relationship between income and purchase intent. This analysis found no correlation between the respondents’ incomes and their likelihood to purchase based on scenario (Table 6). This result may be consequence of the fact that all individuals, regardless of income bracket, find utility in functional aspects of a product.

Table 6: Correlation of Purchase Intent with Income

Question	F - Q1	F - Q2	F - Q3	F - Q4	F - Q5	F - Q6	F - Q7
Correlation	0.042	0.035	-0.044	0.088	-0.130	-0.003	-0.009
Question	S - Q1	S - Q2	S - Q3	S - Q4	S - Q5	S - Q6	S - Q7
Correlation	-0.001	-0.056	-0.148	-0.084	-0.060	-0.145	-0.008

*See Appendix III for description of questions F 1-7 and S 1-7

5. Discussion

Key Takeaways

The results from the statistical analysis support the hypothesis. The results show that consumers had different purchase intent for the scenarios even though the exact same product was being marketed. Furthermore, they are more likely to purchase luxury clothing products when they are advertised as having functional value. There certainly is an effect on consumers purchase intent depending on what aspects of the product are advertised. Furthermore, it was shown that individuals who had purchased luxury clothing items before were more likely to purchase these products than individuals who have not purchased luxury clothing products before. This was true for both the social and functional scenarios, besides the question that asked the respondents if they were more likely to buy the product than before they saw the advertisements when reading the functional scenario. Within the groups of individuals who had purchased luxury clothing before and those who did not, it was found that individuals who had purchased luxury clothing before and those who had not were more likely to buy when the functional aspects of the product were advertised.

This finding is important for marketing managers as changing the marketing messaging of luxury clothing products may increase purchases from middle to middle-income consumers. When these customers are informed of the functional benefits of the products, they are more prone to buying the product than when the social benefits are advertised. Marketers can use this information to alter some of their marketing messaging to reach a larger consumer base and increase their sales.

Possible Explanations

The potential reason that consumers stated that they were more likely to buy when functional aspects were portrayed may be because they already view these products as having these values. Sixty percent of respondents in the survey stated that they had purchased luxury clothing in the past because of its high quality. Thus, when consumers view advertisements that emphasize the quality and durability of the product, their reasoning for purchasing the products is reinforced. Also, consumers who do not have the means to purchase large quantities of luxury clothing must find increased value in the clothing to warrant a purchase. Functional aspects of clothing, such as high quality and durability, give these consumers the increased value that they need to justify buying a product with such a price premium.

A reason for why income may have no correlation to purchase intent is that functional benefits are useful to any consumer, regardless of their income level. All consumers can find value in a product that provides them durability in use over a product that provides them social value. Functional aspects of a product are useful to any consumer from any background.

Finally, an explanation for why individuals who have purchased luxury clothing before are more prone to buy luxury clothing than individuals who have not purchased luxury clothing may be due to the understanding of the value of purchasing luxury clothing. Because these individuals have purchased in the past they are used to luxury clothing marketing messaging and perceive less risk in purchasing the product. This is also an explanation why previous purchasers are more prone to buying the products when the social value of the product is advertised. They have become accustomed to what to expect when purchasing high end clothing and require less incentive to repurchase. Furthermore, both individuals who had purchase luxury clothing in the past and those who had not were more likely to buy when functional aspects were advertised.

This may be due to the same reason why income and purchasing decision have no correlation: individuals of all situations and backgrounds find more value in a product with functional value than a product with social value.

6. Conclusion

The purpose of this research was to analyze whether consumers are more likely to purchase luxury clothing products when their functional aspects are advertised. There was an overall goal in this research of analyzing whether advertising the functional value of products may provide a channel through which luxury companies can reach consumers. The hypothesis was supported as consumers were more likely to purchase a luxury clothing product after seeing the functional advertisements compared to the social advertisement. Ultimately, functional messages work in increasing purchase intent. This has implications for marketers in luxury clothing companies as they can change their marketing messaging to attract a larger customer base. They can especially use functional advertisement to attract consumers who have not purchased luxury clothing items in the past. Although this research provides insight on how luxury clothing companies can attract a new customer base and increase sales, there were certain limitations and opportunities for expansion.

Limitations and Future Research

A limitation of this research method was that the sample used was a convenience sample and the respondents were mostly of the same geographical areas. A convenience sample as used. Respondents were individuals I was connected to or knew. Thus, most of the respondents were in the same geographical locations. Furthermore, in the assumption that individuals over the age of 25 have a higher understanding of purchasing products as investments, I did not survey a large group of consumers: those who are under the age of 25. This group has strong purchasing power

and is very vocal on social networks and thus can be strong influencers of marketing campaigns and messages.

This study informs directions for future research. First, research could be done to analyze if functional advertising would be more effective for other types of clothing, as only a coat was shown to consumers in this survey. Next, research clothing could be gender specific rather than gender neutral to see if there would be statistical significance between whether males or females are more prone to purchasing depending on the marketing messaging and values advertised. Finally, research could also study whether presenting the advertisements in real marketing situations, such as a billboard or commercial, would have the same effectiveness.

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Appendix

Appendix I: Table of Descriptive Statistics on Sample

Includes: gender, family income, previous luxury clothing purchase habits, and reasons for purchasing luxury clothing in the past

Description	Frequency
Total Respondents	119
Male	44.50%
Female	55.40%
Less than \$20,000	0.80%
\$20,001-\$50,000	8.40%
\$50,001-\$80,000	16.80%
\$80,0001-\$110,000	12.60%
\$110,001-\$150,000	9.24%
\$150,001-\$200,000	10.92%
\$200,001-\$250,000	9.24%
Greater than \$250,000	31.90%
Buys Luxury Clothing Items	45.37%
Never/Rarely Buys Luxury Clothing Items	54.60%
Purchases because of Quality of Product	60.50%
Purchases because of Brand of Product	2.50%
Purchases because it makes me feel good about myself	6.70%
Not Applicable because rarely purchases products	8.40%

Appendix II: Table of Variables

Type of Variable	Description	Sub-Categories
Dependent Variable	Intent of Purchase	I am more likely to buy this product than I was before I saw the ad*
		The ad message is understandable
		The advertisement is believable
		The ad's message is relevant to me
		I enjoyed seeing this ad
		The benefits described are believable to me
		I felt convinced I should buy the product*
Independent Variable	Marketing Messaging	Functional Messaging
		Social Messaging
Control Variables	Income	Less than \$20,000
		\$20,001-\$50,000
		\$50,001-\$80,000
		\$80,001-\$110,000
		\$110,001-\$150,000
		\$150,001-\$200,000
		\$200,001-\$250,000
		Greater than \$250,000
	Previous Purchasing Habits	Buys Luxury Clothing
		Never/Rarely Buys Luxury Clothing
	Reasons for Purchasing Luxury Clothing	Quality
		Brand
		Makes me feel good about myself
		Look of product
		N/A
Gender	Male or Female	

*Responses from these two questions were analyzed to determine direct purchase intent

Appendix III: Survey

Introduction:

Hello and thank you for taking this survey. This survey should take between 10-15 minutes and will be used in writing my undergraduate thesis.

During the survey you will be asked to evaluate two different marketing scenarios and answer questions on them.

All answers are recorded anonymously.

Please answer to the best of your ability, there are no right or wrong answers to these questions.

The Two Marketing Scenarios will be presented in a different order each time the survey is taken. Half of the respondents will see one scenario first and the other half will see the other scenario first.

Please examine the following description of a product and respond to the following questions



Scenario 1:

You are presented with this coat to buy. It is made by the skilled luxury designer Marco Alessandro. The cost is \$1,000 and can capture a resale price of \$200 at a consignment location. The coat will stay in style for about a decade, as it is a very classic and timeless style. It is of the highest quality wool, ensuring its long lasting durability. Because of the quality the coat will maintain its original look throughout its lifetime. This coat is the best investment you can make in your wardrobe.

(On Likert Scale from 1-5, 1= Strongly Disagree, 2=Disagree, 3= Neutral, 4=Agree, 5= Strongly Agree)

1. I am more likely to buy this product than I was before I saw the ad

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

2. The ad message is understandable

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

3. The advertisement is believable

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

4. The ad's message is relevant to me

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

5. I enjoyed seeing this ad

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

6. The benefits described are believable to me

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

7. I felt convinced I should buy the product

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

(Background questions – Gender through previous purchases – were asked in between the scenarios as distractor questions)

Please Indicate your Gender

Male

Female

What is your total household income before taxes?

Less than \$20,000

- \$20,001-\$50,000
- \$50,001-\$80,000
- \$80,001-\$110,000
- \$110,001-\$150,000
- \$150,001-\$200,000
- \$200,001-\$250,000
- Greater than \$250,000

When considering the purchase of clothing items, please indicate which category you fall under

- I seldom or never buy luxury-clothing items
- I occasionally buy luxury-clothing items
- I frequently buy luxury-clothing items

Scenario 2:



You are presented with this coat to buy. It is made by the historic and coveted designer Marco Alessandro. The cost is \$1,000 and the design is impeccable. It is an exclusive item, ensuring that its owner look of desirable, unique, and of highest class. All the top celebrities wear Marco Alessandro and his clothing is easily recognized around the world. Buying this coat will make you look and feel special.

(On Likert Scale from 1-5, 1= Strongly Disagree, 2=Disagree, 3= Neutral, 4=Agree, 5= Strongly Agree)

1. I am more likely to buy this product than I was before I saw the ad

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

2. The ad message is understandable

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

3. The advertisement is believable

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

4. The ad's message is relevant to me

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

5. I enjoyed seeing this ad

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

6. The benefits described are believable to me

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

7. I felt convinced I should buy the product

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
(1)	(2)	(3)	(4)	(5)

After both advertisements were read:

Why did you buy the luxury goods you currently own:

Quality

Look of Product

Because it makes me feel good about myself

Brand Name

N/A