

**FUNDAÇÃO GETULIO VARGAS
ESCOLA BRASILEIRA DE ADMINISTRAÇÃO PÚBLICA E DE EMPRESAS
MESTRADO EXECUTIVO EM GESTÃO EMPRESARIAL**

**CONSUMPTION OF LUXURY GOODS IN BRAZIL:
PURCHASING MOTIVES AND VALUES OF
BRAZILIAN CONSUMERS AND IMPLICATIONS
FOR MARKETING**

DISSERTAÇÃO APRESENTADA À ESCOLA BRASILEIRA DE ADMINISTRAÇÃO
PÚBLICA E DE EMPRESAS PARA OBTENÇÃO DO GRAU DE MESTRE

ALINA TEIKING
Rio de Janeiro - 2016

ALINA TEIKING

**CONSUMPTION OF LUXURY GOODS IN BRAZIL: Purchasing motives
and values of Brazilian consumers and implications for marketing**

Master's thesis presented to Double Degree with Católica-Lisbon School of Business and Economics and Fundação Getúlio Vargas – Escola Brasileira de Administração Pública e de Empresas, as a requirement for obtaining the titles “International Master of Science in Management” from Católica-Lisbon and “Executive Master's in Business Administration” from FGV-EBAPE.

Advisor: Fabio Caldieraro

**Rio de Janeiro
2016**

Teiking, Alina

Consumption of luxury goods in Brazil: purchasing motives and values of Brazilian consumers and implications for marketing / Alina Teiking. – 2016. 79 f.

Dissertação (mestrado) - Escola Brasileira de Administração Pública e de Empresas, Centro de Formação Acadêmica e Pesquisa.

Orientador: Fabio Caldieraro.

Inclui bibliografia.

1. Comportamento do consumidor. 2. Objetos de luxo – Consumo. 3. Marketing. I. Caldieraro, Fabio. II. Escola Brasileira de Administração Pública e de Empresas. Centro de Formação Acadêmica e Pesquisa. III. Título.

CDD – 658.8342

ALINA TEIKING

**CONSUMPTION OF LUXURY GOODS: CHARACTERISTICS AND MOTIVES OF
BRAZILIAN CONSUMERS AND IMPLICATIONS FOR THE MARKETING MIX.**

Dissertação apresentada ao Curso de Mestrado Profissional Executivo em Gestão Empresarial da Escola Brasileira de Administração Pública e de Empresas para obtenção do grau de Mestre em Administração.

Data da defesa: 29/01/2016.

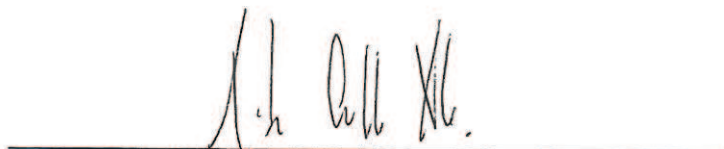
ASSINATURA DOS MEMBROS DA BANCA EXAMINADORA



Fabio Caldieraro
Orientador (a)



Eduardo Bittencourt Andrade



Rita Miguel Ramos Dias Coelho do Vale



Kyril Lakishyk

ABSTRACT

Aiming at success in the currently challenging Brazilian market, luxury firms must consider a number of factors. Not only the adaptation to certain economic and political conditions but also the understanding of Brazilian luxury consumers' characteristics as well as their value perceptions towards luxury are crucial in order to create an effective marketing strategy.

This study investigated the value perceptions and purchasing motives of 428 Brazilian consumers. Brazilians purchase luxury goods in order to conspicuously put them on show to certain social reference group or to the general public. Thus, they display their wealth, income and social status. Social groups therefore play a distinct role in the purchasing decision process. Moreover, Brazilians are found to be hedonic consumers, seeking pleasurable moments and the reduction of stress when consuming luxury products. In addition to that, they use luxurious products to express their own personality.

Brazilians hence place a much higher importance on self-expressive, emotional product benefits rather than on rational, functional product benefits.

Marketers of luxury goods are advised to make use of this knowledge in order to adequately address consumers' needs, wants and beliefs.

The study focuses on consumers living in Rio de Janeiro and does not take into account different value perceptions on different luxury product categories. Therefore, suggestions for further research include replicating the study in different Brazilian regions and probing for differences among product categories.

TABLE OF CONTENTS

1. INTRODUCTION	1
1.1 Contextualization.....	1
1.2 Justification of the Theme Selection	2
2. PROBLEM TO BE DISCUSSED	4
2.1 Problem Statement	4
2.2 Research Objectives.....	5
2.3 Research Questions.....	5
3. LITERATURE REVIEW	6
3.1 The concept of luxury brands.....	6
3.1.1 Defining Luxury.....	6
3.1.2 Luxury Brands	7
3.2 Why do people buy luxury brands?	8
3.3 The Luxury Marketing Mix	12
4. RESEARCH CONTEXT	14
4.1 The Global Luxury Market	14
4.2 The Luxury Market in Brazil	16
4.3 Who are the Luxury Consumers in Brazil?	18
5. RESEARCH METHOD.....	20
5.1 Presentation and Description of the Method to be used	20
5.2 Survey design	20
5.4 Statistical analysis	23
5.4 Basic Assumptions Adopted.....	24
5.4.1 Research Assumptions	24
5.4.2 Statistical Model Assumptions.....	24
5.5 Method Limitations.....	25
7. RESULTS AND DISCUSSION.....	26

7.1	Descriptive Statistics.....	26
4.2.2	Sample Characteristics.....	26
4.2.3	Luxury Consumers' Characteristics	27
7.2	One-way analysis of variance (ANOVA).....	28
7.3	Exploratory factor analysis	29
7.3.1	Measures of Appropriateness	30
7.3.2	Dimensional Reduction	31
7.3.3	Factor Interpretation	33
7.4	Multiple Linear Regression Analysis.....	35
7.4.1	Measures of Appropriateness	35
7.4.2	Interpretation of Results	39
8.	CONCLUSIONS.....	41
8.1	Research Limitations.....	43
8.2	Further Research	43
9.	MANAGERIAL IMPLICATIONS.....	44
10.	REFERENCES	46
11.	APPENDICES.....	50

LIST OF FIGURES

Figure 1: Consumer Values on Luxury Goods.....	10
Figure 2: Worldwide luxury market as of 2014 (in €billions).....	14
Figure 3: Global personal luxury goods market 1994-2014 (in €billions).....	15
Figure 4: Multiple Linear Regression - Histogram	36
Figure 5: Multiple Linear Regression - Scatterplot	36
Figure 6: Multiple Linear Regression - Normal P-Plot	37

LIST OF TABLES

Table 1: Likert scale items to measure luxury values	22
Table 2: Frequency distribution of purchase likelihood.....	26
Table 3: Frequency of product categories	28
Table 4: KMO and Bartlett's Test	30
Table 5: Final Factor Solution	33
Table 6: Regression Analysis - Model Summary.....	38
Table 7: Regression Analysis - ANOVA Table	39
Table 8: Regression Analysis - Significant Attributes	39

1. INTRODUCTION

1.1 Contextualization

The history of luxury consumption originated in the ancient past with the trade of precious metals and jewelry. In actual fact, luxury brands first appeared in the nineteenth century as industrialization gave rise to the production of silver- and glassware in England and France (Sung, Choi, Ahn, & Song, 2015). With the technological breakthrough enabling mass production as well as with the rise of the middle class in the twentieth century, luxury goods have become accessible to a wider range of consumer groups around the world, which begs the question what a luxury good actually is. The different views scholars hold on the definition of luxury goods are presented in Chapter 3.

Since the early 1990s, the worldwide luxury goods market has grown significantly (D'Arpizio, Levato, Zito, & Montgolfier, 2014). According to a report by McKinsey, growth is ever more shifting towards emerging markets across all luxury segments (Kim, Remy, & Schmidt, 2014). McKinsey estimates that by 2025, markets as Brazil, Russia, India and China will have grown three times faster than mature markets. However, these numbers still do not reflect the true importance of consumers in emerging markets, as a noteworthy number of them purchases luxury goods abroad while traveling (Kim, Remy, & Schmidt, 2014).

After China and Russia, Brazil is the third largest contributor to the global luxury consumption growth in emerging markets. Since 2009, the number of foreign luxury brands has more than doubled (Mazza, 2014) and as stated by McKinsey, about three million Brazilians can afford luxury goods these days (Mazza & Stul, 2015).

Not long ago, Brazil's luxury industry was regarded as one of the worlds' most promising, stemming from its prospering economy in 2010 (Bevins, 2014). The luxury market of Latin America's biggest country was considered to yield susceptible profits, with established international luxury brands benefitting from Brazil's growing middle- and upper class and local brands having the opportunity to expand abroad. Nonetheless the reality looks slightly different:

International brands are only moderately profitable and also the number of Brazilian brands flourishing abroad remains small.

Challenges continue to exist and the country as well as its consumers can still not be considered an easy target for luxury brands. Apart from the current economic recession, the most problematic conditions for international brands when entering the Brazilian market are the country's high level of bureaucracy and complex tax system. Over and above that, consumption patterns differ significantly from those in other markets (Diniz, 2014). As a result of high import taxes, luxury goods are oftentimes more expensive when bought in Brazil than in Europe or in the US, prompting high-end consumers to purchase luxury products abroad while traveling or ordering from foreign online shops (Bevins, 2014).

However, certain circumstances show that luxury goods companies should not yet give up on Brazil. Although the country has recently experienced a sweeping economic slowdown, the positive changes in the past quarter century still have an exceptional impact on the overall economic situation and the lives of many Brazilians, who may represent a target market to luxury brands. During the global recession in 2009, Ernst Lieb, president and CEO of Mercedes-Benz USA mentioned that his company would continue to develop and market new products: "If I can get a customer today interested in our product, that is a good thing, because in three years, when he's ready to buy again, he'll buy our product" (Elliott H. , 2009). As this strategy has worked out well for Mercedes-Benz, the Brazilian luxury goods industry can take Ernst Lieb's strategy as an example.

Aiming at success in the Brazilian market, firms must consider a variety of factors. Not only the adaptation to the Brazilian legal and fiscal system, but also grasping the distinctiveness of Brazilian luxury consumers is crucial for international luxury brands in order to make their investment in the country pay dividends (Mazza, 2014).

1.2 Justification of the Theme Selection

This master thesis has a scientific and practical relevance. The particularities of Brazilian luxury consumers have by now received little academic attention. Consequently, academic literature being reviewed for this thesis mostly concentrates on Western societies. Studies focus on the

definition of luxury, the characteristics of luxury consumers and their motivations to consume luxury goods.

Even though the reviewed literature may be applicable universally to a certain extent, considering cultural differences between countries and regions remains crucial. Underlying value systems represent just one of many factors influencing consumers' buying behavior but presumably differing between Western societies and the rest of the world.

Similarly of great importance as the scientific aspect of this thesis is the practical one. Strategy consultancies such as McKinsey & Company conducted studies on luxury consumption in Brazil in order to determine success factors for companies. However, the main focuses of these studies are key consumption patterns of Brazilian luxury consumers, leaving out the investigation of consumer value perceptions on luxury and purchasing motives.

Considering the fact that luxury companies face various challenges in the Brazilian market, understanding who the Brazilian high-end consumers are as well as comprehend their values and motives to purchase luxury goods is crucial for brands to develop an effective marketing strategy that complies with the needs and wants of the target market.

2. PROBLEM TO BE DISCUSSED

2.1 Problem Statement

During economic recessions, the luxury industry is commonly more affected than any other sector, as wealthy consumers who have once been frequent buyers of luxury goods tend to postpone major purchases and rethink their spending priorities and values (Kapferer & Bastien, 2009). Especially when the purchase motive is not a functional one and consumers are not really in need of the products' functional utility, the luxury industry suffers from economic declines.

Also the Brazilian luxury industry is currently facing a number of challenges. With a steeply plummeting currency, rising unemployment and corruption scandals, Brazil's economy has recently fallen into a deep recession and shrunk 2.6% compared to the previous year (CNN Money, 2015). In addition to that, local bureaucracy and high import duties lead to even higher prices, prompting many luxury consumers to purchase their products outside of Brazil (Bevins, 2014). Consequently, certain international luxury brands are reluctant to enter the market and already established brands only offer limited assortments. Not only because consumers pay higher prices when buying luxury goods in Brazil, but also the fact that they find a better selection abroad is yet another contributor to the phenomenon that around 80% of luxury good sales made by Brazilian consumers takes place abroad (Mazza, 2014).

Companies offering luxury branded products thus have to find a way to interrupt this vicious circle in retaining existing customers and attracting new ones. One way to do so is local manufacturing in order to reduce costs; another one is to draw on the knowledge of consumers' characteristics and value perceptions in order to adapt the marketing strategy, consumer acquisition strategy and customer relationship management accordingly.

This thesis focuses on the purchasing motives and values of Brazilian luxury consumers and the implications for luxury brand marketing. The study conducted in the framework of this thesis therefore gives an answer to the question what Brazilian consumers' perceptions of and motives for purchasing luxury goods are.

3. LITERATURE REVIEW

3.1 The Concept of Luxury Brands

3.1.1 Defining Luxury

Even though the use of the term “luxury” to refer to certain products, services or lifestyles has become commonplace, it generates no clear understanding up to this time (Wiedmann, Hennigs, & Siebels, 2009). Traditionally, luxury has been related with exclusivity, status and quality (Atwal & Williams, 2009). Merriam-Webster’s dictionary (2014) defines luxury as a “condition or situation of great comfort, ease and wealth” and “something that is expensive and not necessary”. Kapferer (1997) defines luxury as beauty and art applied for functional items, which “provide extra pleasure and flatter all senses at once”. Historically, the word “luxury” is derived from the Latin word “luxation” and signifies distance (Kapferer, 2008).

Luxury as a concept has scientifically been studied in the context of social psychology, an academic discipline and applied science dealing with an individual’s interests, opinions, feelings as well as behavioral orientations and how these are influenced by the behavior, actions or merely presence of others (Okonkwo, 2009).

Per se, luxury may be distinguished between traditional and contemporary luxury. Traditional luxury is object-related and refers to a rare and exclusive material, object or service that is only accessible to a small number of people. Nowadays, it is principally related to products and services of high quality that are characterized by a controlled distribution and premium pricing (Okonkwo, 2009).

However, luxury may also be found in simple things or intangibles such as time. Certain products or services, which were historically considered luxurious, are nowadays accessible to a wider range of people, as for example information technologies (Calefato, 2014). On the contrary, certain goods that were easily obtainable in the past are now widely considered luxury. Clean water, for instance, represents a luxurious resource for many people across the world. For that reason, contemporary luxury has a subjective character and depends on individual circumstances and judgment (Calefato, 2014).

2.2 Research Objectives

The general objective of this master thesis is to characterize Brazilian luxury consumers as well as to determine Brazilian consumers' value perceptions on and motives to purchase luxury goods.

First, based on secondary research, this thesis depicts a comprehensive literature review on luxury good consumption and the marketing of luxury goods, taking into account both the brand and the consumer perspective. Second, based on the collection of primary data, it presents Brazilian consumers' characteristics, influencing factors and motives of Brazilian consumers to purchase luxury goods. Based on this, it outlines managerial implications for luxury companies in Brazil.

In order to obtain these implications, understanding the global luxury market as a whole and the Brazilian luxury market in particular is of utmost importance. Market understanding includes illustrating both industry performance characteristics as well as consumer characteristics, with the latter one meaning to profile the Brazilian luxury consumers.

2.3 Research Questions

In order to determine underlying value perceptions and motives for the consumption of luxury goods in Brazil, certain research questions have to be answered. First and foremost, it is essential to discover value perceptions that have an effect on Brazilian consumers' likelihood to purchase luxury goods. Second, Brazilian luxury consumers' characteristics, more specifically socio-demographic factors such as gender, age, civil status, education, social role and income must be probed for effecting their likelihood to purchase.

The research questions around which the research is centered are consequently:

- Which value perceptions and underlying motives have an effect on Brazilian consumers' likelihood to purchase luxury goods?
- Which socio-demographic characteristics affect Brazilian consumers' likelihood to purchase luxury goods?

3.1.2 Luxury Brands

Attempts to define the term luxury brand have been made by scholars from the psychological, economic and marketing perspective. From the economic point of view, a luxury good is considered a good of which consumers demand more when their income rises, contrary to a necessity good of which consumers demand less with an increasing income (Varian, 1992). Luxury goods have accordingly a very high income elasticity of demand. Yet, the responsiveness of the demand for a luxury good to a change in the income of people demanding it is not steady and may alter at different income levels. At higher income levels, a luxury good may even become a normal good or a so-called Veblen good, for which the demand is proportional to its high price as a consequence of its higher perceived value. Veblen goods, signifying goods desired for being over-priced, are named after the American economist Thorstein Veblen who first examined the consumption of luxury goods and services to publicly display prestige, wealth and social status in the late 19th century (Veblen, 1899).

Nueno and Quelch (1998) provide a marketing approach on luxury brands and define them as “those whose ratio of functionality to price is low, while the ratio of intangible situational utility to price is high”, meaning that the price of luxury goods is considerable higher than the price of products with similar tangible assets.

Vigneron and Johnson (1999) find that this basic view on luxury goods takes into account only two kinds of brands, namely either luxurious or non-luxurious brands. In fact, there are brands being a luxury brand in a certain product category, but not in another one (Dubois, Laurent, & Czellar, 2001). Rolls Royce, for instance, is considered a luxury brand in the car category but not in the airplane engine category. A luxury brand may thus be considered a brand, which predominantly but not necessarily exclusively operates luxury goods as its products.

Phau and Prendergast (2000) apprehend the marketing approach to luxury goods and point out that consumers hold different perceptions on the level of luxury attributed to a brand and that luxury brands thus stand in competition on “the ability to evoke exclusivity, a well-known brand identity (...) brand awareness and perceived quality”. This comprehension is described in a variety of publications on luxury (Phau & Prendergast, 2000; Vigneron & Johnson, 2004; Wiedmann, Hennigs, & Siebels, 2009; Heine, 2012).

As the modern understanding of a brand is regarded consumer- and identity oriented, luxury brands by definition may be considered consumer reflections combining associations about a high price level, high quality level, aesthetics, rarity, extraordiness and symbolism (Heine, 2012). For consumers, luxury branded goods may serve as a definition of themselves and their relationship to their social environment. As a result, they may be described as signs being interpreted by individual consumers or by the society as a whole (Elliott R. , 1997).

3.2 Why do People Buy Luxury Brands?

The purchase of luxury goods may be influenced by a variety of factors, among them the expression of wealth, status and exclusivity. In order to determine what exactly drives consumers' motivation to buy such goods, it is crucial to consider their value dimensions.

Dubois, Laurent and Czellar (2001) have analyzed consumer attitudes towards luxury goods. As a result of a content analysis of consumer in-debt interviews and a follow-up survey in twenty countries the authors have identified six key dimensions of luxury, that is, a perceived excellent quality, a very high price, scarcity and uniqueness, strong aesthetic appeals as well as ancestral heritage, a personal history and some perceived superfluousness.

Similarly, Vigneron and Johnson (1999; 2004) have developed a framework on prestige-seeking consumer behavior and found that the consumer decision-making process when purchasing luxury goods is explained by five dimensions which form a semantic network. They describe luxury goods as high-involvement prestige brands, whose primary selection criteria are motives such as sensory gratification, intellectual stimulation and social approval. The authors interpret the luxury dimensions *conspicuousness*, *uniqueness* and *quality* as non-personal oriented perceptions and motives such as *hedonism* and the consumers' *extended self* as personal-oriented.

Perceived conspicuousness refers to Thorstein Veblen's earlier work on conspicuous consumption, which proposed that consumers buy luxury goods to display their wealth and high social status to certain reference groups and that consumption is highly influenced by such reference groups (Veblen, 1899). Luxury brands are thus of great importance to individuals

seeking social representation. Those individuals often perceive high price as an indicator for luxury (Liechtenstein, Ridgway, & Netemeyer, 1993).

The *perceived uniqueness* of a luxury brand enhances consumers' self- or social image by esteeming their personal taste (Vigneron & Johnson, 2004). Research shows that a product's uniqueness and scarcity intensifies consumers' perceived high quality of the good and thus their preference for it (Lynn, 1991). The desirability for such a brand increases even more if the brand is also seen as expensive (Verhallen & Robben, 1994). Vigneron and Johnson (1999) point out that snob consumers - individuals associating social status with human worth - generally avoid using popular brands and particularly seek high-priced exclusive, unique and rare brands. That being so, the value ascribed to a luxury brand may increase with its uniqueness.

Consumers expect luxury goods to come with a superior quality, wherefore the *perceived quality* is considered the third value dimensions of luxury consumers. Consumers generally perceive luxury goods to be of high quality regarding technology, engineering, design, sophistication and craftsmanship (Vigneron & Johnson, 2004). Dubois, Laurent and Czellar (2001) describe the perceived excellent quality as an "exceptional nature of ingredients and components used in the elaboration process" and the "perceived delicacy and expertise involved in manufacturing products or delivering services".

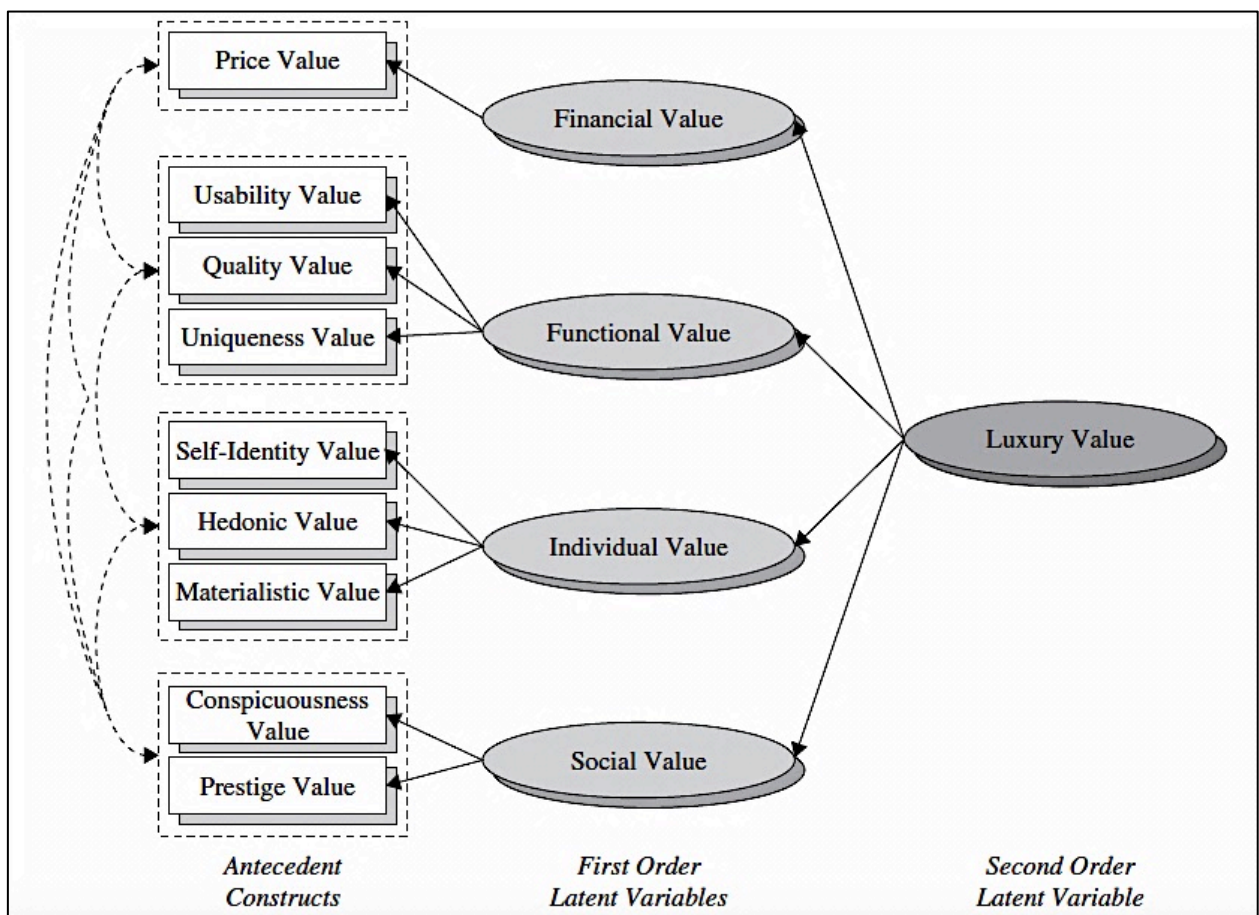
The fourth dimension identified by the authors is *perceived hedonism* and refers to consumers who seek luxury brands in order to arouse certain feelings and affective states. Luxury consumers may be considered hedonic as they strive to maximize their pleasure by purchasing luxury goods, which often mean personal rewards and fulfillment to them (Vigneron & Johnson, 2004). Hedonic people are those who believe pleasure to be the most important intrinsic good (Stanford Encyclopedia of Philosophy, 2004). Vigneron and Johnson (1994) found that hedonic consumers ascribe less importance to price as an indicator of luxury.

Another dimension is *perceived extended self*. Consumers may purchase luxury goods in order to differentiate themselves from others and to integrate the symbolic meaning of the "valued consumption object" into their own subjective identity (Holt, 1995). As Belk (1988) argues,

consumers consciously or unconsciously regard their possessions (e.g. luxury branded goods) as a part of themselves. The differentiation from others and determination of one's own identity may be influenced by forces of one's social membership group as well as by standards followed by another reference group (Vigneron & Johnson, 2004).

Wiedmann, Hennigs and Siebels (2009) extended Vigneron and Johnson's framework on the five above-mentioned dimensions and amplified the comprehension of consumer motives and values in the consumption of luxury goods. They found that consumers ascribe financial, functional, individual and social values to luxury products.

Figure 1: Consumer Values on Luxury Goods



Source: Wiedmann, Hennigs, & Siebels, 2009

The *financial dimension* deals with monetary characteristics such as the product's price and discount. According to Dubois, Laurent and Czellar (2001), consumers consider a high price as a

logical consequence of the luxury goods or services' excellent quality. Especially consumers caring about their status tend to apply the price cue as an indicator of quality and prestige (Liechtenstein, Ridgway, & Netemeyer, 1993). A high price may thus make a product more attractive and increase the demand for it.

The authors stress that it is essential to distinguish between a product's actual price, meaning the objective price, and the price as judged by the consumer, which is called the perceived price (as cited in Jacoby & Olson, 1976). Consumers may perceive certain goods as luxurious not with respect to their actual price but with respect to their emotional value (e.g. a wedding ring) or investment value (e.g. paintings).

The *functional dimension* calls attention to fundamental product benefits and elementary utilities such as uniqueness, quality, usability, reliability and usefulness. As usability is based on both the product's properties and the consumers' needs, the term must be differentiated between an objective and subjective perception. Regarding the objective judgment of usability, consumers expect the product to work and perform properly. The subjective perception, on the contrary, is dependent on individual judgment and the specific motive to use the product (Wiedmann, Hennigs, & Siebels, 2009).

When it comes to the quality value of a luxury good, existing research has demonstrated that consumers associate luxury brands with a superior quality (Dubois, Laurent, & Czellar, 2001; Vigneron & Johnson, 2004; Heine, 2012; Keller, 2009; Vigneron & Johnson, 1999). Not only the perceived higher quality but also the perceived uniqueness of a product contributes to an increased desire or preference for it (Verhallen & Robben, 1994; Lynn, 1991).

The *individual dimension* of luxury is related with consumers' personal attitude towards luxury consumption and deals with particularities such as materialism, hedonism and self-identity. Wiedmann, Hennigs and Siebels (2009) found that the more materialistic consumers are, the more positive is their attitude towards any kind of luxury brands. Highly materialistic consumers find luxurious possessions desirable and view them as a means to express their own identity; that being the case luxurious possessions represent a part of the consumers' extended self (Belk, 1988).

Finally, the *social dimension* concerns the perceived usefulness consumers ascribe to luxury goods when it comes to their social groups. This dimension addresses matters as conspicuousness and prestige value.

3.3 The Luxury Marketing Mix

Marketing tools used by companies to implement its marketing strategy for luxury brands differ from those used for many other industries. As luxury goods are fundamentally different from mass consumer goods, the marketing strategy must be distinct as well (Kapferer & Bastien, 2009).

Atwal and Williams (2009) suggest that the marketing of luxury goods is not only related with communicating an image of excellent quality, exceptional performance and authenticity, but also with selling an experience that is linked to the lifestyle construct of consumers. Therefore, all marketing mix components must be aligned to ensure delightful purchase and consumption experiences for consumers (Keller, 2009).

Product Policy. New product development is usually based on consumer research, which discovers market niches. The product and its specific characteristics such as taste and packaging are then designed in line with the expectations of the target group (Kotler & Armstrong, 2013). However, when it comes to luxury products, the greater part of their product benefits is derived from symbolic characteristics (Heine, 2012). Brand elements such as brand names, logos, symbols and packaging are therefore of utmost importance for luxury brands as they assist in establishing an appropriate brand image (Keller, 2009).

Price Policy. As mentioned previously, luxury products are priced substantially higher than other products. This high price makes the brand less accessible and arouses associations of rarity, which in turn increases consumers' preference for it (Lynn, 1991). Pricing strategies for luxury products should not be applied in the same way as for other products. The price represents a strong cue for quality, wherefore any forms of price markdowns are barely used in the luxury industry. Too high and too frequent applied price discounts may in fact harm the brand's image, particularly with regard to the perceived high quality and thus the perceived worth of the brand (Keller, 2009; Heine, 2012).

Distribution Policy. Unlike other brands, luxury brands are often distributed exclusively, meaning that only a limited number of dealers are given the right to distribute the product (Kotler & Armstrong, 2013). Occasionally luxury brands are distributed selectively, which means that more than one but still few intermediaries have the right to carry the product (Kotler & Armstrong, 2013). As luxury brands are considered unique, rare and not accessible to everyone, increasing sales and volume does not automatically yield growth and higher profits (Heine, 2012). Exclusive or selective channel strategies thus ensure a closely alignment with the brand promise of exclusivity and prestige (Keller, 2009).

Communication Policy. Also the mix of promotion tools to increase awareness as well as to persuasively communicate customer value and build long-lasting customer relationships looks different for luxury brands than for mass-market brands. In fact, an increase in brand awareness does not automatically lead to higher profits, as certain group of customers who want to differentiate themselves from others by buying the brand may probably have a lower preference for it (Heine, 2012). According to Kapferer and Bastien (2009), the heart of marketing communication for luxury goods does not lie in the concept of position and comparison to competitors, but “being unique is what counts”. The communication strategy for a luxury brand should therefore incorporate a story, which builds an appealing brand identity and emotional involvement (Kapferer & Bastien, 2009).

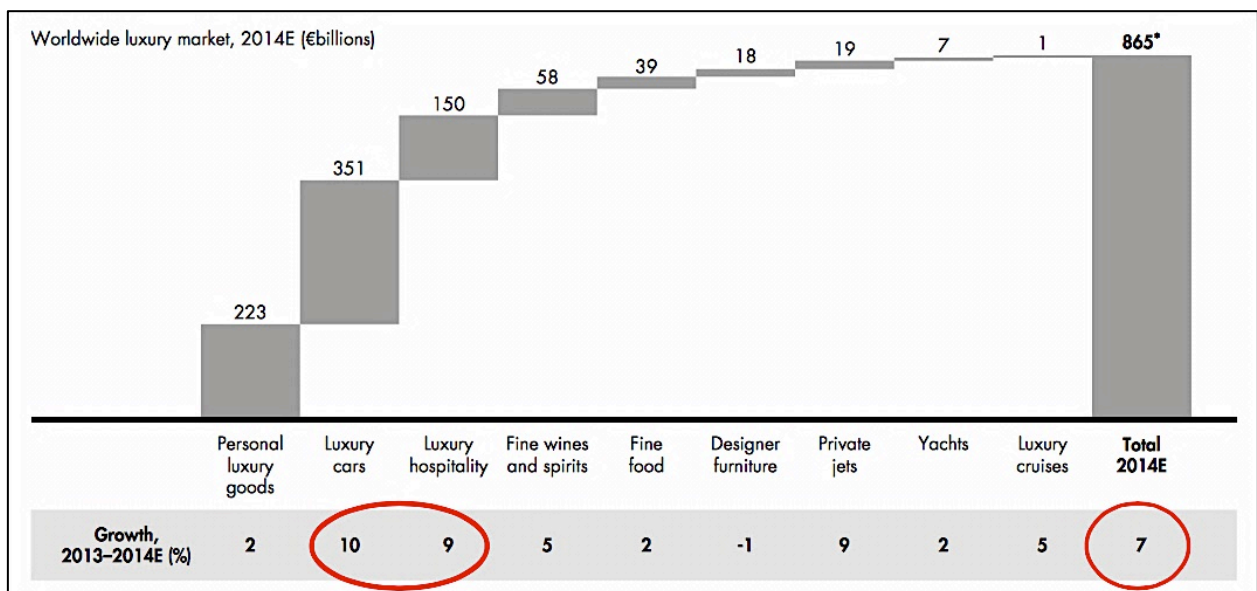
4. RESEARCH CONTEXT

4.1 The Global Luxury Market

According to Bain & Company, the global luxury industry consists of nine segments including personal luxury goods, cars, luxury hospitality, luxury cruises, designer furniture, fine food, fine wines and spirits, yachts and private jets (D'Arpizio, Levato, Zito, & Montgolfier, 2014). Personal luxury goods include apparel and fashion, accessories such as shoes and handbags, beauty and personal care products as well as jewelry. The management consultancy identified cars as the largest luxury segment worldwide, followed by personal luxury goods and luxury hospitality.

In 2014, the global luxury market surpassed around \$970 billion, reflecting a vigorous growth of 7%, mainly driven by luxury cars and luxury hospitality (D'Arpizio, Levato, Zito, & Montgolfier, 2014). Particularly the luxury car market grew by 10%, with emerging markets being the main growth contributor. The luxury hotel market grew by 9%, while the cruise market increased by 5% and the private jet market by 9% (Figure 2).

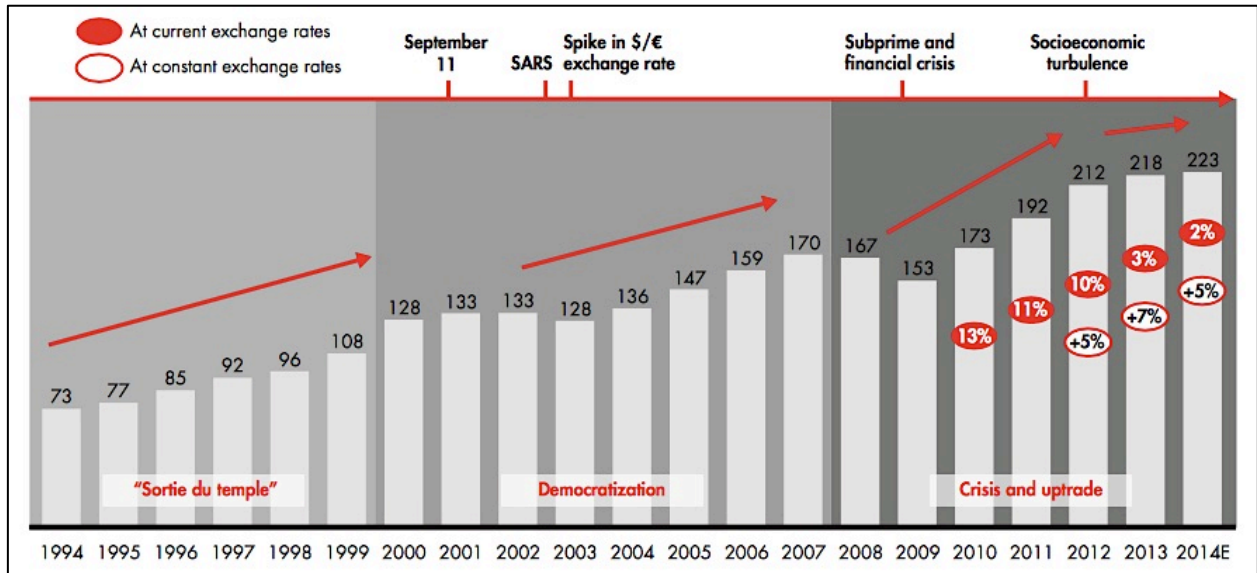
Figure 2: Worldwide luxury market as of 2014 (in €billions)



Source: Bain & Company, 2014

Also personal luxury goods, including accessories, apparel, hard luxury and beauty luxury products, continue to uplift the market. In the past two decades, this segment has almost tripled (D'Arpizio, Levato, Zito, & Montgolfier, 2014). However, economic slowdowns and worldwide currency effects have decelerated growth since 2013 (Figure 3).

Figure 3: Global personal luxury goods market 1994-2014 (in €billions)



Source: Bain & Company, 2014

The United States continue to be the largest global luxury market and are likely to keep growing rapidly in the near future (Deloitte, 2015), mostly due to New York City being one of the biggest luxury good metropolises worldwide (Kim, Remy, & Schmidt, 2014). After the United States, Japan is the second biggest market for luxury branded goods, followed by Italy, France and China (Euromonitor International, 2015).

In general, many national luxury markets highly depend on touristic spending and not only on local consumers. Especially luxury consumers from emerging markets such as China and Brazil spend substantial amounts abroad while traveling (D'Arpizio, Levato, Zito, & Montgolfier, 2014).

Distribution Trends. Company-owned retail stores have recently gained a considerable amount of market share in relation to wholesale channels and add up to nearly one third of the global luxury goods market (D'Arpizio, Levato, Zito, & Montgolfier, 2014). According to Bain & Company's

global luxury market study (2014), retail channels grew by 5% in 2014, with 2% coming from new-store openings and the remaining 3% coming from general sales growth.

With a CAGR of 11% for the last three years, airport retail channels are continuing to gain market share and importance for luxury good manufacturers. On a global scale, airport retail sales amount to 5% of total luxury sales (D'Arpizio, Levato, Zito, & Montgolfier, 2014).

The worldwide luxury market study by Bain & Company shows that not only department stores have recently been recording substantial growth, but also e-commerce has become a major channel for luxury brands. This market has been growing significantly throughout the past decade and online sales nowadays contribute to 5% of overall sales. Nevertheless, Bloomberg reports that about 40% of worldwide high-end brands still do not sell via ecommerce channels (Roberts, 2014).

Personal luxury goods dominate the e-commerce market, with accessories and apparel contributing 41% and 28% to overall sales, respectively. In general, the personal luxury goods market has grown not only on the e-commerce market but across all formats (Exhibit 4).

Future Outlook. Bain & Company (2014) projects the overall luxury goods market to add up to \$285 to \$300 billion by 2017, corresponding to a growth rate of 4% to 6%. Disruptive innovations such as cashless payments, facial recognition and augmented reality, helping to create new markets and value networks, change the luxury experience for consumers (CNBC). The individual customer experience is becoming more and more important, wherefore luxury brands will have to find “new and different ways to give expression to their desires” (Atwal & Williams, 2009). Customers do not only expect the interaction in stores, but also online and mobile touch points to be oriented on their preferences. (Bain & Company, 2013).

4.2 The Luxury Market in Brazil

Even with the current economic slowdown and high inflation rates, Brazil’s long-term outlook remains positive and companies still have many reasons to stay optimistic about the Brazilian luxury market. According to Euromonitor International (2015), Brazil will become the fifth largest consumer market by 2023, with total consumer spending rising to \$2.7 billion by 2030. Notably, Brazil will be among the world’s top 15 luxury markets by 2018 (Mazza, 2014). Yet, and taking into account that Brazil is the wealthiest and largest country in Latin America by size

and population, its luxury market remains unconsolidated. As a matter of fact, major luxury brands have still not expanded geographically beyond Brazil's main cities Rio de Janeiro, São Paulo and Brasilia and minor but yet important cities remain mostly untouched (Zeveloff, 2011).

Euromonitor International (2015) reports that in 2014, the Brazilian luxury market was valued at \$4.7 billion, reflecting a growth of 5.5% since 2012. The market intelligence firm further predicts Brazil's luxury market to grow throughout the next couple of years, generating additional value sales of \$1.4 billion.

Segment Performances. Considering the aforementioned segments of luxury branded products, personal luxury goods, consisting of designer apparel and footwear, accessories, jewelry and beauty products represent the most significant category for the Brazilian market (Euromonitor International, 2015). But also the wine and spirit segments is benefitting from an increasing demand (Mazza & Stul, 2012). Even though goods of other segments like cars, yachts and private jets are still not affordable for many Brazilians, also these segments are growing. São Paulo has already more helicopters than any other city in the world and the sale of luxury cars has been growing at a 45% rate a year (Mazza & Stul, 2012).

Distribution Trends. Company-owned retail stores represent the most important distribution channel for luxury goods in Brazil (Euromonitor International, 2015). Luxury retail stores are mostly located in shopping malls, which shape Brazil's shopping culture. The country has a superb shopping center network, with a fair amount of huge malls located in every main city. Shopping malls account for 2.7% of Brazil's GDP and are expected to grow in number (Carrico, 2013).

In addition to brand-owned retail stores, outlets are likely to gain more importance in the near future. As stated by the Brazilian Statistical Institute, there are 33 outlet projects in its planning and construction phase, which are expected being completed by 2019 (IBOPE Brasil, 2013).

Regardless of the fact that Brazil ranks number 10 in terms of global retail e-commerce sales (Richter, 2015), luxury goods still account for only a small share of e-commerce sales (Euromonitor International, 2015). However, e-commerce represents a promising channel for leading luxury brands in the future (Euromonitor International, 2015).

4.3 Who are the Luxury Consumers in Brazil?

Brazil has an estimated population of 204,000 million, out of which 3 million are considered being able to afford luxury goods (Mazza & Stul, 2012). According to Forbes (2014), Brazil has 51 billionaires and Credit Suisse (2014) estimates 225,000 millionaires, which are expected to grow by 47% until 2019.

As stated by McKinsey (2012), 58% of Brazilian luxury consumers are women. Notably, one third of Brazil's luxury consumers are between 26 and 35 years old (Mazza & Stul, 2012), but the vast majority of luxury consumers (around 60%) are of age 40-64 (Diniz, 2014). Most of them live in the Southeastern States, with Sao Paulo accounting for 53% of luxury consumers (Mazza & Stul, 2012). The Brazilian market intelligence firm Cognatis Geomarketing records that Brazil's capital city Brasilia has proportionally the highest density of luxury consumers, with 27% of its inhabitants belonging to the high social class. Sao Paulo has however more millionaires and billionaires (Diniz, 2014).

Brazilian luxury consumers belong to the social classes A and B, which are mostly composed of bankers, investors, business owners, directors and managers, politicians, judges, professors, doctors and engineers (The Brazil Business). The Brazilian luxury consumer specialist Claudio Diniz (2014) assessed families belonging to the above mentioned social classes and revealed that the majority of them, that is 8 million, can be considered modern mature families with double income, at least one of the partners being older than 45 years old, and children younger than 18 years old. Another 4.2 million families represent modern families with double income, both partners under 45, and children under 18. Furthermore, among them are 1.8 single households with children over 18, 1.2 million traditional families with single income and 4.8 million belonging to other segments (Diniz, 2014).

Purchase of Luxury Abroad. Not only the market for luxury goods but also consumption patterns in Brazil differ from those in other countries (Diniz, 2014). To the detriment of the Brazilian luxury market, the majority of wealthy Brazilians spend their money abroad while traveling to destinations in Europe or the United States. In particular, around 80% of the population's luxury spending does not take place in Brazil (Mazza, 2014). The country's high tax burden, which puts

the prices for luxury goods up, might be the reason for this phenomenon. A study by McKinsey (2014) found that a luxury product costing \$1,000 in the United States could have a price of \$2,300 in Brazil. In addition to higher prices, the fact that consumers find a better selection of luxury brands abroad might be another reason for not purchasing luxury goods in Brazil.

Conspicuous Consumption. The Brazilian upper class is regarded as conspicuously consuming (Downie, 2011), meaning the majority of them purchases luxury goods in order to publicly display power and wealth. As Massimo Mazza (2014), a partner at McKinsey in São Paulo, puts it, Brazilians pay premiums for luxury brands “because being seen to be rich is an important part of being rich”.

Immediate Gratification. As Brazil is a rather indulgent culture, Brazilians often seek immediate gratification in luxury goods, resulting in impulse purchases (Hoefel, Kiulhitzan, Broida, & Mazzarolo, 2015). Moreover, the luxury market study by McKinsey (2014) revealed that Brazilians are enthusiasts of immediate consumption, meaning they want their luxury goods immediately after purchase.

Service Excellence. McKinsey also found that Brazilians luxury consumers highly value service excellence, including private shopping hours or even private showings at their house, and the host of other prestigious events, which convey the feeling of exclusivity. As a matter of fact, Brazilians also have a high preference for personalized products (Mazza, 2014).

Payment Installments. Not only Brazilians of lower social classes but also high-end consumers are used to make payments in installments, which has made luxury goods accessible to a wider group of middle class consumers (Mazza & Stul, 2012). In fact, around 70% of luxury goods in Brazil are being paid with credit card installments (Mazza, 2014). Brazilians usually spend more money than they save, resulting in overall personal liabilities growing at a faster rate than assets (Hoefel, Kiulhitzan, Broida, & Mazzarolo, 2015).

5. RESEARCH METHOD

5.1 Presentation and Description of the Method to be used

In order to address the research problem, primary as well as secondary data have been collected. Secondary research involved the summary of existing research on the Brazilian luxury market. After the review of secondary research, original data have been gathered by means of a quantitative survey.

According to Aaker, Kumar, Leone and Day (2013) the survey method proves to be advantageous for several reasons. First and foremost, the survey is able to capture a variety of information and enables to measure the relationship between variables. Moreover, it allows representing a large population. Due to the possible high number of respondents, population characteristics can be better described and the study gains automatically more representativeness. A high representativeness additionally facilitates finding statistical significance.

The survey has been administered online and sent to willing participants by email who have previously been invited at shopping malls in affluent neighborhoods of Rio de Janeiro. Self-administered questionnaires have the particular advantage of eliminating interviewer biases. Especially when it comes to topics such as conspicuous consumption, participants may feel ashamed to disclose their true feelings and opinions. As respondents usually perceive self-administered questionnaire as more anonymous, they should be more likely to answer truthfully.

5.2 Survey design

In the first part of the self-administered questionnaire, the respondents had to respond to the Likert scale question *How likely are you to purchase luxury goods or services within the next 12 months?*, specifying their level of likelihood on a 7-point scale with 1=Very Unlikely, 2=Unlikely, 3=Somewhat Unlikely, 4=Undecided, 5=Somewhat Likely, 6=Likely and 7=Very Likely. This question intended to measure the respondents' general purchase likelihood as well as to distinguish luxury consumers from non-luxury consumers. For the sake of clarification, the first question mentioned as a side note which kind of product and service categories are considered luxury goods.

The second question *Which kind of luxury goods or services are you most likely to purchase within the next 12 months?* allowed the respondents to choose one or multiple options from a list of possible answers. This list has been adopted from the Luxury Goods Worldwide Market Study by Bain & Company (2014), which identified the following key segments: Personal luxury goods including apparel and fashion, accessories, beauty and personal care products and jewelry as well as designer furniture, gourmet food, fine wine and spirits, cars, boats and yachts, hospitality and cruises. In this question, the respondents also had the possibility to mention other product categories that were not covered in the multiple choice list and non-luxury consumers could state that they do not have any purchase intentions.

In the second part of the questionnaire, the chosen consumers had to respond to another Likert scale question consisting of 24 items. On a scale from 1 to 7, they had to specify their level of agreement or disagreement for a series of statements, with 1=Totally Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Undecided, 5=Somewhat Agree, 6=Agree, 7=Totally Agree. This question aimed at exploring the consumers' perceptions as well as their general attitude, motives and values towards luxury goods consumption.

The Likert-scale items have been developed in line with Wiedmann, Hennigs and Siebel's study (2009), which is considered appropriate as it combines the findings of other existing research and provides a multidimensional framework of consumer values on luxury. The study has been published in the *Psychology & Marketing* journal, which is ranked as one of the most important journals publishing scholarly marketing knowledge (Hult, Neese, & Bashaw, 1997).

As the authors found that consumers ascribe functional, individual and social values to luxury products, the 24 chosen items cover the aforementioned three dimensions of luxury. The functional dimension can further be subdivided into usability, uniqueness and quality. The individual dimension consists of the concepts self-identity, materialism and hedonism and the social dimension is composed of prestige and conspicuousness constructs.

The following table illustrates the 24 chosen statements as well as the theoretical construct to which they belong according to Wiedmann, Hennigs and Siebels (2009):

Table 1: Likert scale items to measure luxury values

Functional dimension	
Usability value	1. For me, luxury products are useful since they come with special properties that other products do not offer 2. When acquiring a luxury product, I have a specific purpose of use 3. I place a high importance on that the luxury product I buy performs as expected and as promised
Uniqueness value	4. A luxury product has the quality of being one of a kind 5. The privilege of owning luxury products is given only to an exclusive clientele 6. I expect the retail availability of a luxury brand to be limited
Quality value	7. For me, luxury products stand for a superior quality 8. The substantive attributes and performance of a luxury product are very important to me 9. I only purchase luxury products which meet my quality standards
Individual dimension	
Self-identity value	10. Owning luxury products should boost my self-confidence 11. I am only interested in luxury products that are consistent with the characteristics with which I describe myself 12. Luxury products I am interested in reflect my own personality
Materialistic value	13. Material possessions play a central role in my life 14. In my view, success can be judged by the things people own 15. My life would be better if I owned certain things I don't have
Hedonic value	16. For me, luxury products represent a source of pleasure 17. The consumption of luxury goods can be a way to reduce stress 18. On the whole, I may regard luxury brands as gifts I purchase for treating myself
Social dimension	
Prestige value	19. I think that people who are using luxury products are more respected by others 20. I am interested in luxury products that can impress others 21. Before purchasing a luxury product, it is important for me to know what others think of this product
Conspicuousness value	22. I like other people to know the price of the luxury products I am buying 23. I consume luxury products to display my wealth and income 24. I tend to be interested in luxury products that are currently in style

The last part of the survey contains six demographic questions on the respondents' gender, age, civil status, educational level, social role and monthly family income. These questions help to formulate the main demographic characteristics of Brazilian luxury consumers, to inspect if they differ from the pre-determined luxury consumer profile described in chapter 4.3, and to

determine which demographic factors may influence the likelihood to purchase luxury goods and services.

Appendix 1 displays the full self-administered questionnaire in detail.

5.4 Statistical analysis

The collected data have statistically been analyzed using the software package SPSS Statistics. First, descriptive statistics have been used to summarize the main characteristics of the sample, including frequency distributions on the demographics, the likelihood to purchase luxury goods within the next 12 months and the preferred luxury product or service category.

Second, the analysis of variance (ANOVA) has been applied in order to analyze the difference in purchase likelihood for different groups of consumers. In particular, the effects of demographic characteristics such as gender, age and income on the likelihood to purchase luxury goods have been revealed using ANOVA.

Besides descriptive statistics and ANOVA, the focus of the data analysis lies on two statistical methods – exploratory factor analysis and multiple linear regression analysis.

Factor analysis has two primary functions. One is to investigate the 24 Likert scale items for possible dimensional reduction. Factor analysis can reduce the number of items while at the same time retaining as much information as possible and thus giving more meaning to the remaining variables. The second function is to identify underlying value dimensions and constructs in the data and to inspect if the theoretical constructs defined by Wiedmann, Hennigs and Siebels also apply to Brazilian consumers.

Multiple linear regression analysis has been applied after the dimensional reduction and after the identification of underlying constructs. Its purpose is to examine the relationship between the multiple Likert scale items that represent luxury value dimensions and the respondents' likelihood to purchase luxury goods or services within the next 12 months. The first question of the survey is thus the dependent variable of the multiple linear regression model and the remaining items represent the explanatory or independent variables.

5.4 Basic Assumptions Adopted

5.4.1 Research Assumptions

Because of the study's self-selective nature, it is assumed that respondents answered generally truthfully. Responses have been collected anonymously and no personal information of participants has been captured. Every person participated voluntarily in the study and was allowed to withdraw at any time.

Another assumption is that previous research conducted on consumption patterns of Brazilian luxury consumers largely represents the truth. These patterns include the often-occurring purchase of luxury goods outside of Brazil, conspicuous consumption, immediate gratification and indulgence, the need for service excellence and the prevalent payment for luxury goods in installments.

5.4.2 Statistical Model Assumptions

Factor analysis and multiple linear regression analysis make a number of assumptions to validate the conclusions drawn from the analysis. Assumptions made by factor analysis include the following:

1. Multivariate normality: The variables are assumed multivariate normal.
2. Linearity: The relationship between variables is linear and bivariate outliers are absent.
3. Factorability: At least some of the examined variables are correlated in order to identify coherent factors.
4. Sample size: The sample size is large enough in order to generate reliable factors.

Assumptions made by multiple linear regression analysis include:

1. Multivariate normality: All variables are assumed multivariate normal and the error term is normally distributed.
2. Linearity: The relationships between the dependent and independent variables are linear and the data is free of outliers.

3. Homoscedasticity: The error term is assumed a random variable with a mean of zero and the variance of the error term is assumed constant across observations, meaning all random variables have the same finite variance.
4. No or little multicollinearity: The predictor variables are not highly correlated. They are linearly independent, meaning that no predictor variable can be expressed as a linear combination of the others.
5. No autocorrelation: The residuals (prediction errors) are assumed uncorrelated and independent of each other, with a diagonal variance-covariance matrix.
6. Sample size: The sample should be large enough in order for the regression analysis to make reliable predictions.
7. Sample representativeness: The sample should be representative of the whole population examined.

5.5 Method Limitations

There are some characteristics that may affect or influence the interpretation of the research findings and that have to be taken into consideration.

First, online survey research makes it easy to yield a high response rate but does not guarantee sufficient responses. A great part of the respondents invited by email was still not willing to participate in the survey. Respondents being unfamiliar with responding to surveys online or with the Internet in general may also have refused to respond. Additionally, one cannot assume that every respondent actually understood the questions correctly and provided reliable answers.

Second, response bias may be prevalent in survey research. The Likert scale with possible responses ranging from 1 to 7 may have driven certain participants to respond in an extreme manner or to select intermediate responses only. Moreover, certain respondents may have tended to agree with all questions, which is formally known as acquiescence bias.

Another limitation of the method is its geographical constraint. The survey has been carried out only in affluent neighborhoods in Rio de Janeiro. However, Brazil's diverse culture may result in dissimilar value systems of consumers living in different parts of Brazil. Findings of the study may thus not represent all Brazilian luxury consumers.

7. RESULTS AND DISCUSSION

7.1 Descriptive Statistics

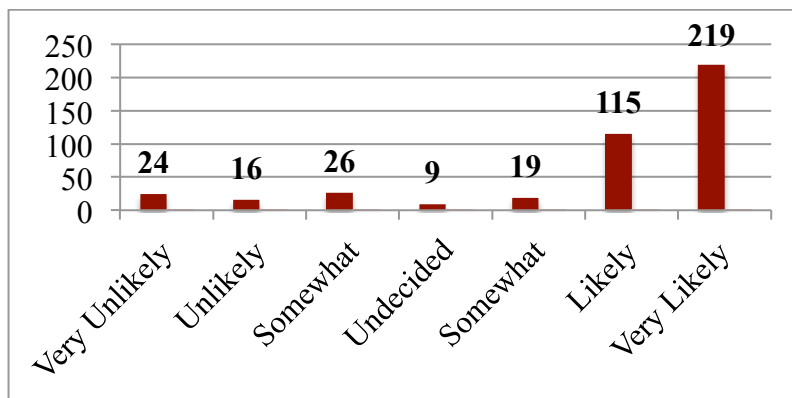
4.2.2 Sample Characteristics

A total of 496 persons commenced the questionnaire, though only 428 finished it. The non-finished respondents have been deleted from the sample.

61% of the respondents are female. Nearly a quarter of them are between 25 and 34 years old, 28% are between 35 and 44 years old and another quarter is between 45 and 54 years old. The majority is either married or in a domestic partnership. Only 8% of the surveyed consumers are single. More than half of them hold a graduate degree and nearly 30% hold an undergraduate degree. Almost 70% are employees; other occupations such as student and full-time homemaker only take up minor percentages. More than half of the interviewed consumers have at their disposal a monthly family income of more than R\$10,000 and the income of nearly one-third ranges from R\$7,500 to R\$10,000. Appendix 2.1 depicts the demographic profile of the sample in detail.

As Table 2 shows, slightly more than half of the sample indicated to be very likely to purchase luxury goods or services within the next 12 months ($n=219$) and 27% mentioned to be likely to purchase such products. Respondents being somewhat likely, undecided, somewhat unlikely, unlikely and very unlikely only take up small percentages of the sample.

Table 2: Frequency distribution of purchase likelihood



4.2.3 Luxury Consumers' Characteristics

Since luxury consumers are considered those who indicated to be “likely” or “very likely” to purchase luxury goods or services within the next 12 months, 334 persons are taken into consideration for the demographic profile of Brazilian luxury consumers.

60% of the considered luxury consumers are female. 25% are between 25 and 34 years old, 30% between 35 and 44, 29% between 45 and 55 and 9% are 55 to 64 years old. When it comes to gender and age, the sample well represents the whole Brazilian luxury consumer population, which is described in section 4.3. 44% of the surveyed consumers are married and 43% is in a domestic relationship. 65% hold a graduate degree, 26% an undergraduate degree and 5% a doctorate degree. Only 4% hold a high school degree. The vast majority of them, namely 69%, are employees. 12% are self-employed and another 12% are managers. Only 2% are students and 4% describe themselves as full-time homemakers. None of them is currently out of work and 1% is already retired. 66% of them own more than R\$10,000 per months and 33% earn between R\$7,500 and 10,000. These consumers may be allocated to the social classes A and B.

The complete demographic profile of the luxury consumers is depicted in Appendix 2.2.

4.2.4 Luxury product categories

As mentioned in section 4.2, personal luxury goods including designer apparel, accessories, jewelry and beauty products represent the most significant product categories for the Brazilian market (Euromonitor International, 2015). These categories have also been indicated most frequently by the survey participants.

When being asked which product categories the respondents are most likely to purchase within the next 12 months, they could choose from a list with multiple answer possibilities. Accessories have been chosen 209 times, followed by jewelry with 208 times. Beauty and personal care products have been chosen 166 times and apparel and fashion 162 times. Notably, also cruises received a count of 142.

The following table depicts the complete frequency table on the chosen product categories.

Table 3: Frequency of product categories

Category	N (count)
Apparel and Fashion	162
Accessories	209
Beauty and Personal care	166
Jewelry	208
Designer furniture	82
Gourmet food	97
Fine Wine and Spirits	75
Cars	12
Boats and Yachts	2
Hospitality	50
Cruises	142
Others	41

7.2 One-way analysis of variance (ANOVA)

In general, female respondents are slightly more likely to purchase luxury goods than males (Appendix 3.1). On a scale from 1 to 7, with 1 representing the lowest and 7 the highest likelihood, the average likelihood for females is $\mu=5.87$ and for males $\mu=5.77$. The one-way analysis of variance (ANOVA) verifies that there is no significant difference between the two groups (Sig.=.570), wherefore it can be concluded that both are in general similar likely to purchase luxury goods.

Table 7 (Appendix 3.2) shows that the age group of 45 – 54 years has the highest mean of likelihood ($\mu=6.39$), followed by the 35 – 44 years olds. Respondents aged 18 – 24 years and older than 65 years are generally less likely to purchase luxury goods. The ANOVA post hoc test demonstrates the significant mean difference between the two less likely age groups and the remainders. The mean difference between the more likely age groups is not significant, wherefore these groups are considered similar likely to purchase luxury goods.

Regarding educational level, respondents holding a doctorate degree show the highest likelihood ($\mu=6.81$), followed by graduate degree holders ($\mu=6.76$) and undergraduate degree holders ($\mu=5.54$). Respondents having a high school diploma are consequently the least likely to purchase

luxury goods in the near future ($\mu=3.14$). There is a statistical significant difference between the means of high school diploma holders and the remaining respondents, but also between undergraduate and graduate degree holders (Appendix 3.3).

When it comes to the respondents' social role, managers appear to be most likely to purchase luxury goods ($\mu=6.48$), self-employed second most likely ($\mu=6.00$) and employees third most likely ($\mu=5.94$), closely followed by full-time homemakers ($\mu=5.94$). Students and currently not working respondents show a rather low level of likelihood ($\mu=3.40$ and $\mu=3.71$, respectively). Retired persons are on average somewhat likely to purchase luxury goods ($\mu=5.14$). The mean difference between the less likely groups is not significant, but the means between each of these groups and the remaining groups indicates significance (Appendix 3.5)

Concerning the level of monthly family income, consumers having more than R\$10,000 per month at their disposal are most likely to buy luxury products ($\mu=6.98$). People receiving a monthly income between R\$7,500 and R\$10,000 are logically the second most likely group ($\mu=5.92$). The remaining groups are on average less likely or even unlikely to purchase luxurious products. The mean difference is significant for all groups, except for the groups of respondents with the two lowest income levels (Appendix 3.6).

7.3 Exploratory factor analysis

Before determining if there is any association between one or more of the 24 Likert scale items and the respondents' likelihood to purchase luxury goods or services, exploratory factor analysis has been utilized for two purposes. The first one is to identify underlying constructs in the data, meaning to detect if variations in the 24 observed variables reflect variations in a reduced number of underlying variables that are indicators of the same theoretical construct. The second one is to possibly reduce the number of variables to a more manageable set by summarizing information in the whole variable set into fewer factors.

Principal axis factoring, a factoring method seeking the least number of factors accounting for the variance of the variable set, has been chosen for the factor extraction. First, the factor axes have been rotated orthogonally using varimax rotation, a method maximizing the loadings of a factor

on the variables in the factor matrix. However, this rotation method proved to be inappropriate as the factors are correlated. The factor rotation has thus been repeated using promax rotation, an oblique and non-orthogonal method, which allows the factors to be correlated.

Since the survey probed for three of the pre-identified constructs of consumer-based luxury value by Wiedmann, Hennigs and Siebels (2009), which can further be described by eight sub-constructs, the chosen number of factors may be eight. However, when applying an eight-factor model, it becomes clear that three factors have low correlations and explain only a small amount of variance. The eight-factor model is therefore not taken into consideration.

Another possibility to determine the number of factors is the Eigenvalue criterion, which demonstrates the amount of variance in all observed variables that is associated with one factor. Here, only factors with eigenvalues greater than 1 are retained in the model. The shape of the scree plot of eigenvalues against the number of factors verifies the correct number of factors extracted. Aaker, Kumar, Leone and Day (2013) suggest that the point at which the scree begins indicates the correct number.

7.3.1 Measures of Appropriateness

As mentioned in chapter 5.4.2, factor analysis makes a number of assumptions that have to be met. The following assumptions have been tested using certain measures of appropriateness for factor analysis:

Factorability: First, the bivariate Pearson correlations give statistical evidence of linear relationships among at least some variables, which is a premise for factor analysis to reproduce coherent factors. Second, the following Measures of Sampling Adequacy (MSA) proof the factorability:

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,757
Bartlett's Test of Sphericity	Approx. Chi-Square	8225,862
	df	276
	Sig.	,000

The Bartlett's Test of Sphericity shows a significance level of 0.000, verifying that there are significant correlations among at least some of the 24 factor-analyzed items. The null hypothesis that all diagonal elements in the identity matrix equal to 1 and all off-diagonal elements equal to 0 can be rejected.

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) summarizes how small partial correlations are relative to original correlations. If the variables are correlated and share common factors, partial correlations should be small and the KMO close to 1. Black, Babin and Anderson (2009) suggest that the KMO should be equal to or above 0.50 and that values below 0.5 are unacceptable for the analysis. Here, the KMO has a value of .757, which can be interpreted as creditable and gives evidence of the appropriateness of the factor analysis.

Sample size: In order for exploratory factor analysis to be representative, a large sample size is required. There are various recommendations in terms of minimum sample size, ranging from 100 to 500 cases. Aaker, Kumar, Leone and Day (2013) suggest a sample size of at least five times the number of variables as appropriate for factor analysis. Having 24 variables and 428 cases, the sample size is considered valid.

7.3.2 Dimensional Reduction

Based on Kaiser's criterion of retaining factors with eigenvalues greater than 1, six factors have been extracted, accounting for 73.965% of variance (Appendix 4.1). The first factor explains 32.796% of the variance and the second factor explains 10.015%.

Hair, Black, Babin and Anderson (2009) suggest that the communality of each item, meaning the extent to which the item correlates with the other items, should be equal to or above 0.50 (Hair, Black, Babin, & Anderson, 2009). Variables with low commonalties usually do not have significant loadings on any factor and should therefore be removed. The communalities table shows that three items have communalities below 0.5 after extraction. These items have not been deleted at this stage, but must be further investigated.

The pattern matrix shows the rotated pattern of loadings after promax rotation. As proposed by Aaker, Kumar, Leone and Day (2013), each item that does not have an absolute loading of at

least 0.35 should be deleted. The authors further state that any item with an absolute loading of 0.35 or higher on more than one factor is subject to cross loading and should be excluded. Here, the pattern matrix (Appendix 4.1) demonstrates that there are four items with loadings above 0.35 on more than one factor. Since these items are part of the same theoretical construct according to Wiedmann, Hennigs and Siebels (2009), they have been deleted at this stage. The items with low communalities have been retained at this stage.

The remaining items have been factor-analyzed and probed for dimensional reduction repeatedly until there were no cross loadings and low communalities anymore. At the final stage, 18 items have been retained, yielding six factors and explaining 79.833% of the variance (Appendix 4.2). The following six items have been deleted due to lacking explanatory power:

- For me, luxury products are useful since they come with special properties that other products do not offer
- When acquiring a luxury product, I have a specific purpose of use
- A luxury product has the quality of being one of a kind
- The privilege of owning luxury products is given only to an exclusive clientele
- I expect the retail availability of a luxury brand to be limited
- I only purchase luxury products which meet my quality standards

Notably, only items belonging to the functional value of luxury goods have been removed. None of the three variables describing the usability value are satisfactory enough to make up one factor. Regarding the functional luxury dimension, one item belonging to the usability construct and two items being part of the quality construct have been retained and the residues have been deleted.

Although all cross loadings have been diminished, one item remains with low communalities. However, this item has been retained since it belongs to a factor consisting of only 3 items and the minimum number of items for one factor is suggested to be 3 (Aaker, Kumar, Leone, & Day, 2013).

7.3.3 Factor Interpretation

Table 5 shows that the respondents' perceptions on luxury goods are mainly affected by individual and social values. The first factor, which explains the major part of the variance, is linked to conspicuous consumption and thus the social luxury value. The last factor explaining the minor part of variance refers to the functional value of luxury goods. Table _ shows the loadings of items on the particular factors.

Table 5: Final Factor Solution

	Factor					
	1	2	3	4	5	6
1. I place a high importance on that the luxury product I buy performs as expected and as promised	,015	,163	-,145	,012	-,018	,741
2. Luxury products stand for a superior quality	,061	,110	,083	-,069	,008	,812
3. The substantive attributes and performance of a luxury product are very important to me	,095	-,159	,046	,187	,259	,396
4. Owning luxury products should boost my self-confidence	,154	,678	,043	,046	-,029	-,076
5. I am only interested in luxury products that are consistent with the characteristics with which I describe myself	-,065	,893	,060	-,095	,056	,162
6. Luxury products I am interested in reflect my own personality	-,071	,772	,056	,135	-,043	,144
7. Material possessions play a central role in my life	-,187	-,159	,034	,100	,781	,162
8. In my view, success can be judged by the things people own	,066	-,056	,160	,045	,584	,099
9. My life would be better if I owned certain things I don't have	,071	,219	-,207	-,198	,755	-,184
10. For me, luxury products represent a source of pleasure	-,044	-,028	,132	,892	-,209	-,022
11. The consumption of luxury goods can be a way to reduce stress	,169	-,002	-,199	,743	,005	,129
12. On the whole, I may regard luxury brands as gifts I purchase for treating myself	-,104	,142	-,004	,679	,288	-,141
13. I think that people who are using luxury products are more respected by others	-,144	,069	,870	-,008	-,050	,052
14. I am interested in luxury products that can impress others	,139	,046	,826	-,056	-,069	-,039
15. Before purchasing a luxury product, it is important for me to know what others think of this product	,308	,058	,584	,051	,225	-,215
16. I like other people to know the price of the luxury products I am buying	,884	,087	-,043	,022	-,053	,017
17. I consume luxury products to display my wealth and income	,903	,055	-,080	,155	-,056	-,048
18. I tend to be interested in luxury products that are currently in style	,843	-,163	,143	-,152	,034	,173

Factor 1: Conspicuousness Value. The first factor comprises the items linked to the conspicuousness construct, which represents the consumers' orientation to purchase luxury goods in order to publicly display their wealth, income and status. This factor is best described by the item *I consume luxury goods to display my wealth and income.*

Factor 2: Self-identity Value. The second factor includes items that measure the symbolic meaning of luxury goods for consumers' self-identity and self-concept. It is best described by the item *I am only interested in luxury products that are consistent with the characteristics with which I describe myself.*

Factor 3: Prestige Value. This factor represents the use of luxury goods in order to achieve a good reputation and high esteem. The item *I think that people who are using luxury products are more respected by others* best illustrates the prestige factor.

Factor 4: Hedonic Value. The fourth factor assesses the hedonic value of luxury goods and refers to the use of such products for the sake of pleasure enrichment and stress reduction. It is best described by the item *For me, luxury products represent a source of pleasure.*

Factor 5: Materialistic Value. This factor comprises items linked to the importance consumers place on the purchase and possession of materialistic objects. It is best described by the item *Material possessions play a central role in my life.*

Factor 6: Functional Value. The sixth factor concerns consumers' perception of the usability and quality of luxury goods. The item best explaining this factor is *Luxury products stand for a superior quality.*

Remarkably, factor analysis revealed that most of the theoretical constructs predefined by Wiedmann, Hennigs and Siebels (2009) are in fact underlying value dimensions for the surveyed Brazilian consumers. Only the functional dimension does not correspond with the predefined version anymore, since six items referring to the functional value had to be deleted.

7.4 Multiple Linear Regression Analysis

After probing for dimensional data reduction and the disclosure of underlying data constructs, associations between one or more of the 18 retained rating scale items and the respondents' likelihood to purchase luxury goods or services must be determined.

Since 1 represents the lowest value on the Likert scale and 7 the highest one, one may assume that the items with the highest mean are also the ones who best predict the survey participants' overall likelihood to purchase luxury goods.

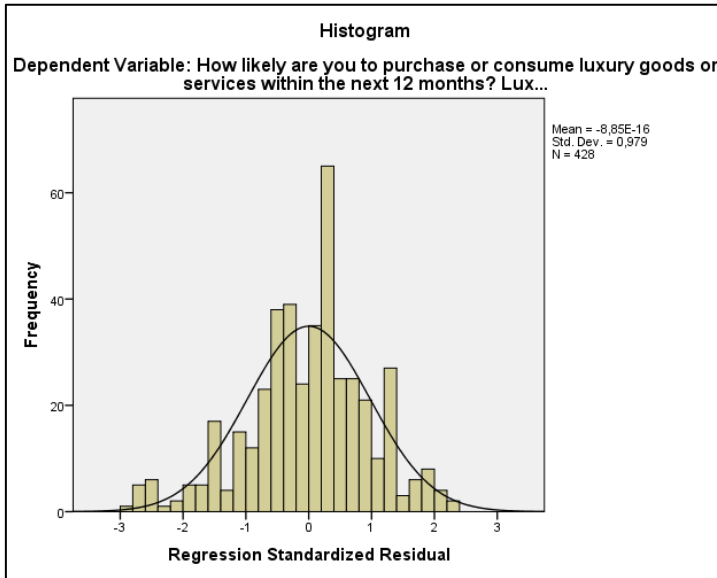
In order to find out if the items with the highest mean are in fact the best predictors of future likelihood to purchase, a multiple linear regression model has been applied. Based on the results of factor analysis, 18 Likert scale items have been retained for the regression analysis. The 18 scale items represent the independent variables of the regression model and the *Likelihood to purchase luxury goods within the next 12 months* represents the dependent variable.

7.4.1 Measures of Appropriateness

As already mentioned in section 5.4.2 the multiple linear regression model makes a number of key assumptions about the predictor variables, the response variables and their interrelationship. The assumptions are being tested in the following:

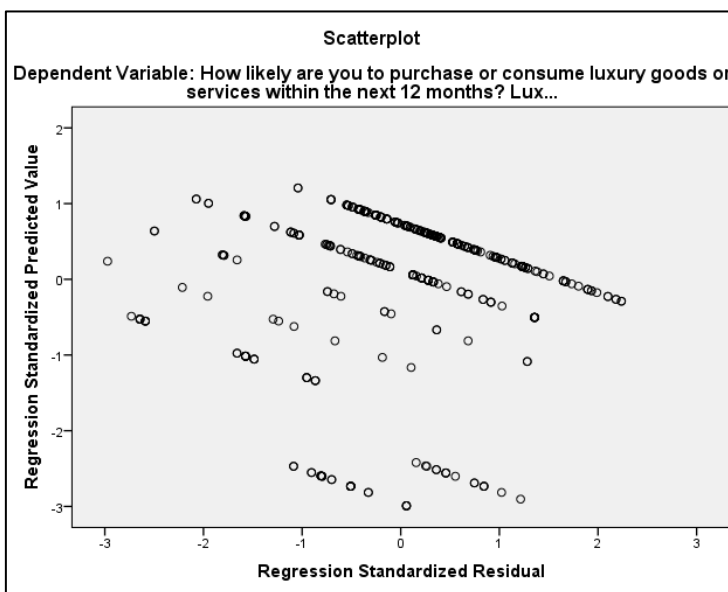
Multivariate normality: Multiple linear regression requires all variables to be multivariate normal. The following histogram and fitted normal curve shows that this is the case for the 18 explanatory variables:

Figure 4: Multiple Linear Regression - Histogram



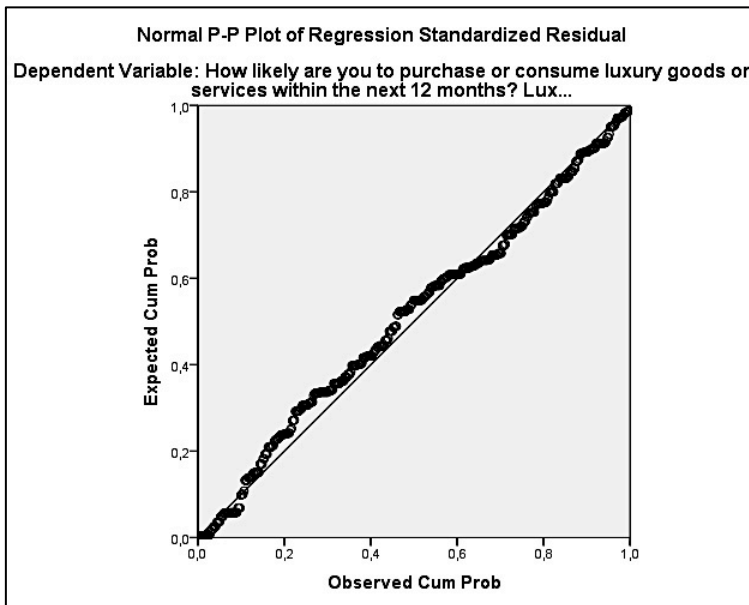
Linearity: The relationships between the dependent and independent variables need to be linear and the data should be free of outliers. The data have been tested for outliers and no outliers have been found. In addition, the scatterplot below demonstrates that all variables are perfectly linear interrelated.

Figure 5: Multiple Linear Regression -Scatterplot



Homoscedasticity: Regression requires all error terms to have the same variance. The scatterplot below shows that the error terms along the regression line are equal and that the phenomenon of heteroscedasticity can be ruled out.

Figure 6: Multiple Linear Regression - Normal P-Plot



No or little multicollinearity: Regression further requires the predictor variables to be linearly independent. Multicollinearity can be detected using 4 criteria. First, the Pearson correlation coefficients among all variables need to be smaller than 0.8. Second, the tolerance measuring the effect of one predictor variable on all the other ones needs to be close to 0. It is suggested that with $t < 0.2$ multicollinearity might be present in the data and with $t < 0.1$ the variables are certainly not linearly independent. Here, there are two cases with $t < 0.2$ but not < 0.1 . These cases are however not significant at the 0.05 level. Another indicator for multicollinearity is the variance inflation factor (VIF), which measures to what extent the variance of a regression coefficient increases caused by multicollinearity. Literature suggests that a VIF above 10 indicated multicollinearity. The present variables do not show any VIF greater than 10.

No autocorrelation: The residuals (prediction errors) are assumed to be uncorrelated and independent of each other. The Durbin-Watson statistic d shows a value of 1,004. This test statistic ranges from 0 to 4, with $d = 2$ indicating no autocorrelation. As a rule of thumb, values of

$d < 1$ may be cause for alarm. Although the residuals are not completely uncorrelated from one observation to the next, a value of 1,004 may still be tolerated.

Sample size: Aaker, Kumar, Leone and Day (2013) suggest that the sample should include at least 20 cases per independent variable in order to derive reliable predictions from the regression analysis. As there are 428 and 18 variables, a sample size of $n=360$ would already be fair enough and a sample size of $n=428$ is thus considered as sufficient.

Sample representativeness: The sample should ideally be representative for the whole population, which is here the population of all Brazilian luxury consumers. As mentioned previously, the sample is to a great extent considered representative in terms of demographic characteristics. However, the question whether the sample is representative in terms of value perceptions towards luxury goods remains unanswered.

Apart from the listed measures of appropriateness, another goodness of fit measure must be considered. The coefficient of determination (R^2) measures the accuracy of the model and indicates how well it predicts future outcomes. It ranges from 0 to 1, with a value of 1 indicating a perfect model fit. As demonstrated by the model summary, R^2 being 0.827 and therefore close to 1 indicates that the regression line fits the data and that the observed outcomes are replicated well by the model. The model explains 82.7% of total variation of outcomes.

Table 6: Regression Analysis - Model Summary

R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics					Durbin-Watson
				R^2 Change	F Change	df1	df2	Sig. F Change	
,913 ^a	,834	,827	,740	,834	114,011	18	409	,000	1,004

Furthermore, the ANOVA table testifies the significance of the model and presents how the regression accounts for the variability in the response variable. When using the regression model for prediction, the amount of uncertainty that remains is represented by the sum of squares of the residual. The table reveals a significance level of 0.000, wherefore the model is considered as having sufficient explanatory power.

Table 7: Regression Analysis - ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1124,863	18	62,492	114,011	,000 ^b
Residual	224,184	409	,548		
Total	1349,047	427			

7.4.2 Interpretation of Results

As all measures of appropriateness have been passed, the multiple linear regression model can be used for predictions. The regression line for 18 explanatory variables X_1, X_2, \dots, X_{18} is defined to be $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_{18} X_{18} + \epsilon_{18}$ and describes how the mean response of the dependent variable Y changes with every change in the independent variables. Alpha is called the constant or intercept; beta is the coefficient determining the slope of the regression line. Epsilon stands for the error term representing the deviations of the observed values Y from their means.

The coefficients table demonstrates the p-values for each independent variable. A 95% confidence interval has been chosen, meaning the population ($n=428$) represents the true population mean in 95% of the cases. With a confidence interval of 95%, the following scale items have been found to have significant predictive capability:

Table 8: Regression Analysis - Significant Attributes

Items	B	Sig.
I tend to be interested in luxury products that are currently in style	.192	.000
Before purchasing a luxury product, it is important for me to know what others think of this product	.170	.000
Material possessions play a central role in my life	.151	.000
Luxury products I am interested in reflect my own personality	.139	.000
Owning luxury products should boost my self-confidence	.131	.000
The consumption of luxury goods can be a way to reduce stress	.129	.000
For me, luxury products represent a source of pleasure	.124	.001
My life would be better if I owned certain things I don't have	.071	.007

The Unstandardized coefficients (B) are the regression coefficients, which estimate the occurred change in the dependent variable for each unit increase in the respective independent variables.

Since the item *I tend to be interested in luxury products that are currently in style* has the highest regression coefficient, it contributes most to the respondents' likelihood to purchase luxury goods, followed by *Before purchasing a luxury product, it is important for me to know what others think of this product*. These items are linked to the conspicuousness and prestige construct and show that Brazilian consumers place the highest importance on being seen with the purchased luxury products in order to show their wealth, social status or success to certain reference groups or to the general public. The third most important attribute *Material possessions play a central role in my life* is strongly linked to the conspicuousness construct as materialistic consumers should be likely to conspicuously show off their materialistic possessions.

The remaining significant attributes show that Brazilian consumers link luxury products to their self-image and that they can be described as hedonic consumers seeking to increase pleasure and to reduce stress by means of luxury consumption.

Table 8 shows all significant items in descending order with accordance to their contribution to purchase likelihood. Notably, when not regressing the 18 remaining scale items but the six identified factors, all factors turn out to be significant.

8. CONCLUSIONS

In order to be successful on the currently challenging Brazilian market, it is crucial for luxury companies to understand who the Brazilian luxury consumers are, why they purchase luxury goods and how their value perception on luxury goods influences their buying behavior. The general objective of this master thesis is to present factors and motives of Brazilian consumers to purchase luxury goods. A self-administered online survey measuring these factors has been developed and distributed to more than 500 Brazilians. The survey is based on Wiedmann, Hennigs and Siebels' (2009) multi-dimensional model, which integrates essential consumer value perceptions from different point of views. The authors have identified nine factors influencing consumers' likelihood to purchase luxury goods, out of which eight have been adopted for the survey, namely usability, uniqueness, quality, self-identity, materialism, hedonism and prestige. Brazilian consumers' purchase likelihood has found to be controlled by only four factors, that is, conspicuousness, materialism, the self-identity concept and the hedonic orientation.

Brazilian consumers aged between 35 and 54, holding an academic degree and having at their disposal more than R\$10,000 per months are most likely to purchase luxury goods or services. The most popular luxury product category is personal luxury goods including accessories, jewelry, beauty and personal care products as well as fashion. Also cruises proved to be in demand, after personal luxury goods. More expensive goods such as cars, boats and yachts are less popular in terms of purchase likelihood, which shows that many Brazilians still cannot afford high-end luxurious goods, but still satisfy themselves with smaller, less expensive goods.

Brazilian consumers' underlying motivation to consume luxurious products is of social and individual nature. The social luxury value represents consumers' desire to publicly display their wealth, income and status as well as to achieve a good reputation within certain social groups. Conspicuous consumption plays an important role for Brazilian luxury consumers. As Mazza and Stul (2012) put it, "being seen to be rich is an important part of being rich". Consumers are therefore style-oriented and follow the latest trends. In fact, luxury products being currently in style have found to be the most important attribute for consumers and contribute most to their purchase likelihood. For that reason, they are probably more likely to purchase highly

conspicuous goods such as fashion and jewelry rather than products that are more consumed in privacy, as for example designer furniture, gourmet food and drinks.

Brazilian consumers attach distinction to persons owning luxury goods and ascribe a higher reputation to these people. Luxury goods thus represent a means to distinguish themselves from others. Similarly as important as being seen with their products is what other people think of the respective luxury products. The study revealed that the opinion of other people is the second most important key driver of likelihood to purchase.

The individual luxury value can be best described by consumers' self-identification with the purchased good, their desire for sensory pleasure as well as the importance they place on materialistic possessions.

Luxury consumers in Brazil turned out to be quite materialistic. The degree to which they find that material possessions play a central role in their lives is high and many of them perceive their life to be better with certain possessions. Luxurious possessions serve them as signs to communicate their status and to distinguish them from others. Those possessions are consequently preferably consumed in public. This materialistic orientation might be a reason why tangible, material goods such as fashion and jewelry are preferred over intangible luxury goods such as hospitality.

Moreover, Brazilian consumers ascribe symbolic meaning to luxury goods and utilize this meaning to reinforce their own personality and self-identity. For that reason, they are interested in products reflecting their personality. Brazilians do not only purchase conspicuous products to signal their wealth and status – to boost their self-confidence is another urge of consumption. Sivanathan and Pettit (2010) conducted a series of studies and found that the lower consumers' self-esteem is the more likely they are to purchase conspicuous goods.

Also the hedonic potential of luxury goods has found to be a key driver of purchase likelihood. Luxury products represent a source of pleasure for Brazilian consumers. They view such products as experiences that have the ability to delight and seek emotional benefits from them. Therefore, luxury consumption can also be a way to reduce stress.

In general, the study revealed that Brazilians are less rational and do not place a high importance on functional utility when it comes to luxury goods. They rather seek self-expressive benefits in products, which enable them to express their self-image. Also emotional benefits providing them with a positive feeling play an important role.

8.1 Research Limitations

The findings of this study are limited to Brazilian consumers from Rio de Janeiro. However, since Rio de Janeiro is a popular destination not only for foreigners but also for Brazilians, some of the surveyed consumers might come from other Brazilian regions. With Brazil being a culturally diverse country, differences in value perceptions among different regions may exist.

The analysis probed for the luxury product categories that come with the highest purchase likelihood. However, consumers' value perceptions on luxury goods regarding each of these categories have not been investigated. Since the term *luxury goods* comprises many product groups, which may differ from one to another, as for example gourmet food and spirits and apparel. Value perceptions may therefore also be different.

8.2 Further Research

The above mentioned research limitations arise directions for further research. First, since the study is geographically constrained to Rio de Janeiro, it would make sense to replicate it with other regions in Brazil, as for example with Southern Brazil, the Northeastern region and the Northern region.

Second, value perceptions towards different product categories might be further investigated. As personal luxury goods proved to be the most popular product segment, future research could build on this finding and detect why this segment in particular is preferred over others and which kind of consumer groups prefer which kind of luxury products.

In addition to segmenting consumers geographically and socio-demographically, it would also be useful to subdivide them according to different occasions when they plan to purchase luxury products.

9. MANAGERIAL IMPLICATIONS

Profound understanding of consumer perceptions towards luxury and the assessment of luxury value are crucial to managerial practices of luxury companies. Knowledge of why consumers are likely to purchase goods might be used to generate more sales by adequately addressing their functional, emotional as well as self-expressive needs.

Conspicuous consumption represents a considerable opportunity for luxury companies to market and position their products. Even though marketers are traditionally advised to focus their strategy specifically on their target customers, luxury brands in Brazil are advised to communicate to a wider range of consumers, as true luxury consumers should be sure that numerous people know the conspicuously consumed brands. Luxury brands must have a set of signals that clearly distinguishes them from competitive brands, even in the absence of a brand logo or brand name. Here, it is important to find a balance between maintaining or increasing brand awareness but still signaling prestige and brand uniqueness. The brand message should therefore include aspirational rather than functional cues.

Since Brazilian consumers are found to be hedonic consumers, desiring to encounter pleasurable experiences when consuming luxury goods, emotional aspects should be taken into consideration. Not only the moment of purchase but also owning and using a luxury brand becomes an emotional experience to consumers providing them with positive feelings and reducing negative feelings such as worry and stress. Luxury companies should engage in experiential marketing techniques and establish a connection to consumers' lifestyle construct.

As Brazilian consumers also seek to express their self-image using luxury brands, marketers should enhance the link between the brand and the consumers by emphasizing attributes connected to the consumers' personality.

In general, luxury brands in Brazil should base their marketing strategy on social, self-expressive and emotional benefits rather than functional ones. Not only that Brazilian consumers value perceptions on luxury brands are far from rational; focusing on functional benefits only may also

hamper to communicate points of differentiation from the competition as those may be copied easily. Creating an emotional bond between brand and customers is the basis of a strong long-term relationship, which is extremely important in changing economic environments.

In view of the fact that luxury products stand for an exceptional quality, functional benefits are still necessary, but moving beyond them and base brand value propositions additionally on social, self-expressive and emotional benefits is more effective than just focusing on practical and utilitarian aspects.

10. REFERENCES

- Aaker, D. A., Kumar, V., Leone, R., & Day, G. S. (2013). *Marketing Research* (11th ed.). John Wiley & Sons Inc. .
- Allport, G. W. (1985). The historical background of social psychology. In L. Gardner, *Handbook of Social Psychology* (p. 5). New York: McGraw Hill.
- Antunes, A. (2014, December 30). *Behind Brazil's Shrinking Billionaires Club*. Retrieved October 28, 2015, from Forbes.com:
<http://www.forbes.com/sites/andersonantunes/2014/12/30/behind-brazils-shrinking-billionaires-club/>
- Atwal, G., & Williams, A. (2009). Luxury brand marketing - The experience is everything! *Journal of Brand Management* , 16, 338-346.
- Bain & Company. (2013, May 16). *Worldwide luxury goods continues double-digit annual growth; global market now tops €200 billion, finds Bain & Company*. Retrieved October 23, 2015, from Bain & Company.
- Belk, R. W. (1988). Possessions and the Extended Self. *Journal of Consumer Research* , 15, 139-168.
- Bevins, V. (2014, May 14). Red tape and high costs make Brazil's luxury market a tough sell. *Financial Times* .
- Calefato, P. (2014). *Luxury: Fashion, Lifestyle and Excess*. A&C Black.
- Carrico, T. (2013, April 26). *Brazil's love affair with shopping malls*. Retrieved October 17, 2015, from Financial Times: <http://blogs.ft.com/beyond-brics/2013/04/26/brazils-love-affair-with-shopping-malls/>
- CNBC. (n.d.). *The future of retail* . Retrieved October 23, 2015, from CNBC:
<http://www.cnbc.com/advertorial/2015/06/24/future-of-retail.html>
- CNN Money. (2015, August 28). *Brazil falls deep into recession*. Retrieved October 13, 2015, from CNN Money: <http://money.cnn.com/2015/08/28/news/economy/brazil-recession/>
- Credit Suisse Research Institute. (2014). *Global Wealth Report 2014*.
- D'Arpizio, C., Levato, F., Zito, D., & Montgolfier, J. (2014). *LUXURY GOODS WORLDWIDE MARKET STUDY Fall-Winter 2014*. BAIN & COMPANY.
- Deloitte. (2015). *Global Powers of Luxury Goods 2015. Engaging the future luxury consumer.* . Deloitte Touche Tohmatsu Limited.

- Diniz, C. (2014). *The Luxury Market in Brazil: Market Opportunities and Potential*. Palgrave Macmillan .
- Downie, A. (2011, November 10). In Brazil: For the Love of Shopping. *The New York Times* .
- Dubois, B., Laurent, G., & Czellar, S. (2001). Consumer Rapport to Luxury: Analyzing Complex and Ambivalent Attitudes. HEC School of Management.
- Elliott, H. (2009, January 14). *Luxury Cars Aren't Selling Either*. Retrieved October 14, 2015, from Forbes.com: http://www.forbes.com/2009/01/14/detroit-luxury-automakers-biz-manufacturing-cx_he_0114luxcars.htmlhttp://www.forbes.com/2009/01/14/detroit-luxury-automakers-biz-manufacturing-cx_he_0114luxcars.html
- Elliott, R. (1997). Existential consumption and irrational desire . *European Journal of Marketing* , 31 (3/4), 285-296.
- Euromonitor International. (2015). *Country Report: Luxury Goods in Brazil*. Euromonitor International.
- Euromonitor International. (2015). *Luxury Goods in Japan*.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2009). *Multivariate Data Analysis* (7th Edition ed.). Prentice Hall.
- Heine, K. (2012). *The Concept of Luxury Brands* (2 ed.).
- Hoefel, F., Kiulhitzan, D., Broida, J., & Mazzarolo, M. (2015, February). *Mapping the mindset of Brazil's not-so-new middle class consumers*. Retrieved October 18, 2015, from McKinsey & Company: <http://www.mckinseyonmarketingandsales.com/mapping-the-mindset-of-brazils-not-so-new-middle-class-consumers>
- Holt, D. B. (1995). How Consumers Consume: A Typology of Consumption Practices. *Journal of Consumer Research* , 22.
- Hult, G. M., Neese, W. T., & Bashaw, R. (1997). Faculty Perceptions of Marketing Journals. *Journal of Marketing Education* , 19 (1), 37-52.
- IBOPE Brasil. (2013, July 01). *Construção de outlets cresce no Brasil*. Retrieved October 17, 2015, from Instituto Brasileiro de Opinião Pública e Estatística: <http://www.ibope.com.br/pt-br/noticias/Paginas/Construcao-de-outlets-cresce-no-Brasil.aspx>
- Jacoby, J., & Olson, J. C. (1976). Consumer response to price: An attitudinal information processing perspective. Pennsylvania State University.
- Kapferer, J.-N. (1997). Managing luxury brands. *Journal of Brand Management* , 4, 251-260.

- Kapferer, J.-N. (2008). *The New Strategic Brand Management* (4th ed.). London and Philadelphia: Kogan Page.
- Kapferer, J.-N., & Bastien, V. (2009). The specificity of luxury management: Turning marketing upside down. *Journal of Brand Management* , 16 (5/6), 311-322.
- Keller, K. L. (2009). Managing the growth tradeoff: Challenges and opportunities in luxury branding. *Journal of Brand Management* , 16, 290-301.
- Kim, A., Remy, N., & Schmidt, J. (2014, September). *The glittering power of cities for luxury growth*. Retrieved October 12, 2015, from McKinsey & Company Insights and Publications: http://www.mckinsey.com/insights/consumer_and_retail/the_glittering_power_of_cities_for_luxury_growth
- Kotler, P., & Armstrong, G. (2013). *Principles of Marketing* (15th ed.). Prentice Hall.
- Liechtenstein, D. R., Ridgway, N. M., & Netemeyer, R. G. (1993). Price Perceptions and Consumer Shopping Behavior: A Field Study. *Journal of Marketing Research* , 30 (2), 234-245.
- Lynn, M. (1991). *Scarcity Effects on Value: A Quantitative Review of the Commodity Theory Literature*. Retrieved October 16, 2015, from Cornell University School of Hotel Administration: <http://scholarship.sha.cornell.edu/cgi/viewcontent.cgi?article=1181&context=articles>
- Mazza, M. (2014, October). Capturing the heart of Brazil's luxury consumers. *McKinsey & Company Consumer and Shopping Insights* .
- Mazza, M., & Stul, F. (2012, January). *What companies need to know about Brazil's luxury consumers*. Retrieved October 12, 2015, from McKinsey & Company: http://www.mckinseyonmarketingandsales.com/sites/default/files/pdf/Brazil_Luxury_consumer_luxury_market.pdf
- Mazza, M., & Stul, F. (2015, January). *What companies need to know about Brazil's luxury consumers*. Retrieved October 12, 2015, from McKinsey & Company : http://www.mckinseyonmarketingandsales.com/sites/default/files/pdf/Brazil_Luxury_consumer_luxury_market.pdf
- Merriam-Webster Dictionary. (2014). *Merriam-Webster Dictionary*. Retrieved October 25, 2015, from Full definition of LUXURY: <http://www.merriam-webster.com/dictionary/luxury>
- Nueno, J. L., & Quelch, J. A. (1998). The mass marketing of luxury. *Business Horizons* , 41 (6), 41.
- Okonkwo, U. (2009). The luxury brand strategy challenge. *Journal of Brand Management* , 16 (5/6), 287-289.
- Phau, I., & Prendergast, G. (2000). Consuming luxury brands: The relevance of the 'Rarity Principle'. *Journal of Brand Management* , 8, 122-138.

- Richter, F. (2015, September 11). *How Much Online Shoppers Around the World Are Spending*. Retrieved October 17, 2015, from Statista: <http://www.statista.com/chart/3790/e-commerce-revenue-per-online-shopper/>
- Roberts, A. (2014, November 06). *Luxury Brands Can't Avoid the Internet Any Longer*. Retrieved October 17, 2015, from Bloomberg Business: <http://www.bloomberg.com/bw/articles/2014-11-06/luxury-brands-seek-online-sales-as-china-growth-slows>
- Sivanathan, N., & Pettit, N. C. (2010). *Journal of Experimental Social Psychology* , 46, 564–570.
- Stanford Encyclopedia of Philosophy. (2004, April 20). *Hedonism* . Retrieved October 12, 2015, from Stanford Encyclopedia of Philosophy: <http://plato.stanford.edu/entries/hedonism/>
- Sung, Y., Choi, S. M., Ahn, H., & Song, Y.-A. (2015). Dimensions of Luxury Brand Personality: Scale Development and Validation. *Psychology and Marketing* , 32 (1), 121-132.
- The Brazil Business. (n.d.). *Social Classes in Brazil*. Retrieved October 18, 2015, from The Brazil Business: <http://thebrazilbusiness.com/article/social-classes-in-brazil>
- Varian, H. R. (1992). *Microeconomic Analysis of Choice* (3rd Edition ed.). W. W. Norton.
- Veblen, T. (1899). *The Theory of the Leisure Class*.
- Verhallen, T. M., & Robben, H. S. (1994). Scarcity and preference: An experiment on unavailability and product evaluation. *Journal of Economic Psychology* , 15 (2).
- Vigneron, F., & Johnson, L. W. (1999). *A Review and a Conceptual Framework of Prestige-Seeking Consumer Behavior*. Retrieved October 13, 2015, from <http://www.amsreview.org/articles/vigneron01-1999.pdf>
- Vigneron, F., & Johnson, L. W. (2004). Measuring perceptions of brand luxury. *Journal of Brand Management* , 2 (6), 484-506.
- Wiedmann, K.-P., Hennigs, N., & Siebels, A. (2009). Value-Based Segmentation of Luxury Consumption Behavior. *Psychology & Marketing* , 26 (7), 625-651.
- Zeveloff, J. (2011, May 26). *BRAZIL: Huge Risk, Huge Rewards For Luxury Retailers*. Retrieved October 17, 2015, from BUSINESS INSIDER: <http://www.businessinsider.com/brazil-luxury-market-2011-5>

11. APPENDICES

1. Online-survey

English ▼

How likely are you to purchase or consume luxury goods or services within the next 12 months?

Luxury goods may include products such as apparel, accessories, beauty products, jewelry, designer furniture, gourmet food, fine wine and spirits and cars. Luxury services may include hospitality and cruises.

- Very Unlikely
- Unlikely
- Somewhat Unlikely
- Undecided
- Somewhat Likely
- Likely
- Very Likely

Which kind of luxury goods or services are you most likely to purchase in the next 12 months?

You can choose more than one answer.

<input type="checkbox"/> Apparel and fashion	<input type="checkbox"/> Cars
<input type="checkbox"/> Accessories	<input type="checkbox"/> Boats and yachts
<input type="checkbox"/> Beauty and personal care	<input type="checkbox"/> Hospitality
<input type="checkbox"/> Jewelry	<input type="checkbox"/> Cruises
<input type="checkbox"/> Designer furniture	<input type="checkbox"/> I do not intend to purchase any luxury goods
<input type="checkbox"/> Gourmet food	<input type="checkbox"/> Other: <input type="text"/>
<input type="checkbox"/> Fine wine and spirits	

What is your gender?

- Male
- Female

What is your age group?

- 18 - 24 years old
- 25 - 34 years old
- 35 - 44 years old
- 45 - 54 years old
- 55 - 64 years old
- 65 years or older

What is your civil status?

- Single
- Married
- Domestic partnership
- Divorced
- Widowed

What is your highest education?

- High School
- Undergraduate degree
- Graduate degree
- Doctorate / PhD

Which of the following is the most appropriate to describe your social role?

- Employee
- Self-employed
- Manager
- Full-time homemaker
- Student
- Not currently working
- Retired

What is your monthly family income?

- R\$ 0,00 - R\$1,000
- R\$1,000 - R\$1,700
- R\$1,700 - R\$7,500
- R\$7,500 - R\$10,000
- R\$10,000 or higher

2. Descriptive Statistics

2.1 Demographic profile of the whole sample

		N	%
Gender	Male	167	39.0%
	Female	261	61.0%
Age group	18-24	31	7.2%
	25-34	106	24.8%
	35-44	120	28.0%
	45-54	109	25.5%
	55-64	54	12.6%
	65 and older	8	1.9%
Civil status	Single	34	7.9%
	Married	190	44.4%
	Domestic partnership	177	41.4%
	Divorced	25	5.8%
	Widowed	2	0.5%
Highest education	High School	55	12.9%
	Undergraduate degree	125	29.2%
	Graduate Degree	232	54.2%
	Doctorate	16	3.7%
Social role	Student	9	2.1%
	Not currently working	18	4.2%
	Employee	295	68.9%
	Self-employed	42	9.8%
	Manager	40	9.3%
	Full-time homemaker	17	4.0%
	Retired	7	1.6%
Family income	R\$0 - R\$1,000	4	52.3%
	R\$1000 - R\$1700	22	27.6%
	R\$1,700 - R\$7,500	60	14.0%
	R\$7,500 – 10,000	118	5.1%
	R\$10,000 and more	224	0.9%

2.2 Demographic characteristics of luxury consumers

		N	%
Gender	Male	134	40.1%
	Female	200	59.9%
Age group	18-24	21	6.3%
	25-34	83	24.9%
	35-44	100	29.9%
	45-54	96	28.7%
	55-64	30	9.0%
	65 and older	4	1.2%
Civil status	Single	21	6.3%
	Married	147	44.0%
	Domestic partnership	145	43.4%
	Divorced	21	6.3%
	Widowed	0	0.0%
Highest education	High School	15	4.5%
	Undergraduate degree	87	26.0%
	Graduate Degree	216	64.7%
	Doctorate	16	4.8%
Social role	Student	6	1.8%
	Not currently working	0	0.0%
	Employee	232	69.5%
	Self-employed	41	12.3%
	Manager	39	11.7%
	Full-time homemaker	12	3.6%
	Retired	4	1.2%
Family income	R\$0 - R\$1,000	0	0.0%
	R\$1000 - R\$1700	0	0.0%
	R\$1,700 - R\$7,500	3	0.9%
	R\$7,500 – 10,000	110	32.9%
	R\$10,000 and more	221	66.2%

3. One-way analysis of variance (ANOVA)

3.1 Effect of gender on likelihood to purchase luxury goods or services

Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Min.	Max.
					Lower Bound	Upper Bound		
Male	167	5.77	1.722	.133	5.61	6.14	1	7
Female	261	5.87	1.814	.112	5.55	6.00	1	7
Total	428	5.81	1.777	.086	5.64	5.98	1	7

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.025	1	1.025	.324	.570
Within Groups	1348.022	426	3.164		
Total	1349.047	427			

3.2 Effect of age on Likelihood to purchase luxury goods or services

Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Min.	Max.
					Lower Bound	Upper Bound		
18 - 24	31	4.77	1.961	.352	4.05	5.49	1	6
25 - 34	106	5.66	1.650	.160	5.34	5.98	1	7
35 - 44	120	6.08	1.723	.157	5.77	6.39	1	7
45 - 54	109	6.39	1.232	.118	6.16	6.63	1	7
55 - 64	54	5.09	2.243	.305	4.48	5.70	1	7
≥ 65	8	4.75	2.550	.901	2.62	6.88	1	7
Total	428	5.81	1.777	.086	5.64	5.98	1	7

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	118.613	5	23.723	8.136	.000
Within Groups	1230.433	422	2.916		
Total	1349.047	427			

Multiple Comparisons

(I) What is your age group?	(J) What is your age group?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
18 - 24	25 - 34	-.886	.349	.115	-1.88	.11
	35 - 44	-1.309*	.344	.002	-2.29	-.32
	45 - 54	-1.620*	.348	.000	-2.62	-.63
	55 - 64	-.318	.385	.962	-1.42	.78
	≥ 65	.024	.677	1.000	-1.91	1.96
25 - 34	18 - 24	.886	.349	.115	-.11	1.88
	35 - 44	-.423	.228	.430	-1.07	.23
	45 - 54	-.734*	.233	.021	-1.40	-.07
	55 - 64	.568	.285	.350	-.25	1.39
	≥ 65	.910	.626	.694	-.88	2.70
35 - 44	18 - 24	1.309*	.344	.002	.32	2.29
	25 - 34	.423	.228	.430	-.23	1.07
	45 - 54	-.311	.226	.741	-.96	.34
	55 - 64	.991*	.280	.006	.19	1.79
	≥ 65	1.333	.624	.270	-.45	3.12
45 - 54	18 - 24	1.620*	.348	.000	.63	2.62
	25 - 34	.734*	.233	.021	.07	1.40
	35 - 44	.311	.226	.741	-.34	.96
	55 - 64	1.302*	.284	.000	.49	2.12
	≥ 65	1.644	.625	.093	-.15	3.44
55 - 64	18 - 24	.318	.385	.962	-.78	1.42
	25 - 34	-.568	.285	.350	-1.39	.25
	35 - 44	-.991*	.280	.006	-1.79	-.19
	45 - 54	-1.302*	.284	.000	-2.12	-.49
	≥ 65	.343	.647	.995	-1.51	2.19
65	18 - 24	-.024	.677	1.000	-1.96	1.91
	25 - 34	-.910	.626	.694	-2.70	.88
	35 - 44	-1.333	.624	.270	-3.12	.45
	45 - 54	-1.644	.625	.093	-3.44	.15
	55 - 64	-.343	.647	.995	-2.19	1.51

*. The mean difference is significant at the 0.05 level.

3.3 Effect of highest educational level on likelihood to purchase luxury goods or services

Descriptives

	N	Mean	Std. Dev.	Std. Error	95% Confidence Interval for Mean		Min.	Max.
					Lower Bound	Upper Bound		
High School	70	3.14	2.176	.260	2.62	3.66	1	7
Undergraduate degree	125	5.54	1.451	.130	5.29	5.80	2	7
Graduate degree	217	6.76	.441	.030	6.70	6.81	5	7
Doctorate / PhD	16	6.81	.403	.101	6.60	7.03	6	7
Total	428	5.81	1.777	.086	5.64	5.98	1	7

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	716.975	3	238.992	160.318	.000
Within Groups	632.072	424	1.491		
Total	1349.047	427			

Multiple Comparisons

(I) What is your highest education?	(J) What is your highest education?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High School	Undergraduate	-2.401*	.182	.000	-2.87	-1.93
	Graduate	-3.613*	.168	.000	-4.05	-3.18
	Doctorate	-3.670*	.338	.000	-4.54	-2.80
Undergraduate degree	High School	2.401*	.182	.000	1.93	2.87
	Graduate	-1.212*	.137	.000	-1.57	-.86
	Doctorate	-1.269*	.324	.001	-2.10	-.43
Graduate degree	High School	3.613*	.168	.000	3.18	4.05
	Undergraduate	1.212*	.137	.000	.86	1.57
	Doctorate	-.057	.316	.998	-.87	.76
Doctorate / PhD	High School	3.670*	.338	.000	2.80	4.54
	Undergraduate	1.269*	.324	.001	.43	2.10
	Graduate	.057	.316	.998	-.76	.87

*. The mean difference is significant at the 0.05 level.

3.4 Effect of civil status on likelihood to purchase luxury goods or services

Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Min.	Max.
					Lower Bound	Upper Bound		
Single	34	4.94	1.496	.257	4.42	5.46	2	6
Married	190	5.68	1.967	.143	5.40	5.97	1	7
Domestic partnership	177	6.17	1.608	.121	5.93	6.41	1	7
Divorced	25	5.68	.900	.180	5.31	6.05	2	6
Widowed	2	3.00	1.414	1.000	-9.71	15.71	2	4
Total	428	5.81	1.777	.086	5.64	5.98	1	7

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	67.756	4	16.939	5.592	.000
Within Groups	1281.290	423	3.029		
Total	1349.047	427			

Multiple Comparisons

(I) What is your civil status?	(J) What is your civil status?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Single	Married	-.743	.324	.149	-1.63	.14
	Domestic partnership	-1.228*	.326	.002	-2.12	-.34
	Divorced	-.739	.459	.491	-2.00	.52
	Widowed	1.941	1.266	.542	-1.53	5.41
Married	Single	.743	.324	.149	-.14	1.63
	Domestic partnership	-.485	.182	.060	-.98	.01
	Divorced	.004	.370	1.000	-1.01	1.02
	Widowed	2.684	1.237	.193	-.70	6.07
Domestic partnership	Single	1.228*	.326	.002	.34	2.12
	Married	.485	.182	.060	-.01	.98
	Divorced	.489	.372	.681	-.53	1.51
	Widowed	3.169	1.238	.080	-.22	6.56
Divorced	Single	.739	.459	.491	-.52	2.00
	Married	-.004	.370	1.000	-1.02	1.01

	Domestic partnership						
	Widowed						
Widowed	Single						
	Married						
	Domestic partnership						
	Divorced						

*. The mean difference is significant at the 0.05 level.

3.5 Effect of social role on likelihood to purchase luxury goods or services

Descriptives

	N	Mean	Std. Dev.	Std. Error	95% Confidence Interval for Mean		Min.	Max.
					Lower Bound	Upper Bound		
Student	15	3.40	2.261	.584	2.15	4.65	1	6
Not currently working	21	3.71	2.004	.437	2.80	4.63	1	7
Employee	287	5.98	1.783	.105	5.78	6.19	1	7
Self-employed	41	6.00	.000	.000	6.00	6.00	6	6
Manager	40	6.48	.751	.119	6.23	6.72	3	7
Full-time homemaker	17	5.94	1.088	.264	5.38	6.50	3	7
Retired	7	5.14	2.478	.937	2.85	7.44	1	7
Total	428	5.81	1.777	.086	5.64	5.98	1	7

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	210.475	6	35.079	12.971	.000
Within Groups	1138.572	421	2.704		
Total	1349.047	427			

Multiple Comparisons

(I) Which of the following is the most appropriate to describe your social role?	(J) Which of the following is the most appropriate to describe your social role?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Student	Not currently working	-.314	.556	.998	-1.96	1.33
	Employee	-2.583*	.436	.000	-3.87	-1.29

	Self-employed	-2.600*	.496	.000	-4.07	-1.13
	Manager	-3.075*	.498	.000	-4.55	-1.60
	Full-time homemaker	-2.541*	.583	.000	-4.27	-.82
	Retired	-1.743	.753	.239	-3.97	.49
Not currently working	Student	.314	.556	.998	-1.33	1.96
	Employee	-2.268*	.372	.000	-3.37	-1.17
	Self-employed	-2.286*	.441	.000	-3.59	-.98
	Manager	-2.761*	.443	.000	-4.07	-1.45
	Full-time homemaker	-2.227*	.537	.001	-3.82	-.64
	Retired	-1.429	.718	.422	-3.55	.70
Employee	Student	2.583*	.436	.000	1.29	3.87
	Not currently working	2.268*	.372	.000	1.17	3.37
	Self-employed	-.017	.275	1.000	-.83	.80
	Manager	-.492	.278	.566	-1.31	.33
	Full-time homemaker	.041	.410	1.000	-1.17	1.26
	Retired	.840	.629	.835	-1.02	2.70
Self-employed	Student	2.600*	.496	.000	1.13	4.07
	Not currently working	2.286*	.441	.000	.98	3.59
	Employee	.017	.275	1.000	-.80	.83
	Manager	-.475	.365	.852	-1.56	.61
	Full-time homemaker	.059	.474	1.000	-1.35	1.46
	Retired	.857	.673	.863	-1.14	2.85
Manager	Student	3.075*	.498	.000	1.60	4.55
	Not currently working	2.761*	.443	.000	1.45	4.07
	Employee	.492	.278	.566	-.33	1.31
	Self-employed	.475	.365	.852	-.61	1.56
	Full-time homemaker	.534	.476	.921	-.88	1.94
	Retired	1.332	.674	.431	-.66	3.33
Full-time homemaker	Student	2.541*	.583	.000	.82	4.27
	Not currently working	2.227*	.537	.001	.64	3.82
	Employee	-.041	.410	1.000	-1.26	1.17
	Self-employed	-.059	.474	1.000	-1.46	1.35
	Manager	-.534	.476	.921	-1.94	.88
	Retired	.798	.739	.933	-1.39	2.99
Retired	Student	1.743	.753	.239	-.49	3.97
	Not currently working	1.429	.718	.422	-.70	3.55
	Employee	-.840	.629	.835	-2.70	1.02
	Self-employed	-.857	.673	.863	-2.85	1.14
	Manager	-1.332	.674	.431	-3.33	.66
	Full-time homemaker	-.798	.739	.933	-2.99	1.39

*. The mean difference is significant at the 0.05 level.

3.6 Effect of monthly family income on likelihood to purchase luxury goods or services

Descriptives

	N	Mean	Std. Dev.	Std. Error	95% Confidence Interval for Mean		Min.	Max.
					Lower Bound	Upper Bound		
					R\$10,000 or higher	221		
R\$7,500 - R\$10,000	118	5.92	.297	.027	5.87	5.98	4	6
R\$1,700 - R\$7,500	63	3.21	1.588	.200	2.81	3.61	1	7
R\$1,000 - R\$1,700	22	1.77	.813	.173	1.41	2.13	1	3
R\$ 0,00 - R\$1,000	4	1.50	.577	.289	.58	2.42	1	2
Total	428	5.81	1.777	.086	5.64	5.98	1	7

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1162.665	4	290.666	659.678	.000
Within Groups	186.382	423	.441		
Total	1349.047	427			

Multiple Comparisons

(I) What is your monthly family income?	(J) What is your monthly family income?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
R\$10,000 or higher	R\$7,500 - R\$10,000	1.054*	.076	.000	.85	1.26
	R\$1,700 - R\$7,500	3.771*	.095	.000	3.51	4.03
	R\$1,000 - R\$1,700	5.205*	.148	.000	4.80	5.61
	R\$ 0,00 - R\$1,000	5.477*	.335	.000	4.56	6.39
R\$7,500 - R\$10,000	R\$10,000 or higher	-1.054*	.076	.000	-1.26	-.85
	R\$1,700 - R\$7,500	2.717*	.104	.000	2.43	3.00
	R\$1,000 - R\$1,700	4.151*	.154	.000	3.73	4.57
	R\$ 0,00 - R\$1,000	4.424*	.337	.000	3.50	5.35
R\$1,700 - R\$7,500	R\$10,000 or higher	-3.771*	.095	.000	-4.03	-3.51
	R\$7,500 - R\$10,000	-2.717*	.104	.000	-3.00	-2.43
	R\$1,000 - R\$1,700	1.434*	.164	.000	.98	1.88
	R\$ 0,00 - R\$1,000	1.706*	.342	.000	.77	2.64
R\$1,000 - R\$1,700	R\$10,000 or higher	-5.205*	.148	.000	-5.61	-4.80
	R\$7,500 - R\$10,000	-4.151*	.154	.000	-4.57	-3.73
	R\$1,700 - R\$7,500	-1.434*	.164	.000	-1.88	-.98
	R\$ 0,00 - R\$1,000	.273	.361	.943	-.72	1.26
R\$ 0,00 -	R\$10,000 or higher	-5.477*	.335	.000	-6.39	-4.56

R\$1,000	R\$7,500 - R\$10,000	-4.424*	.337	.000	-5.35	-3.50
	R\$1,700 - R\$7,500	-1.706*	.342	.000	-2.64	-.77
	R\$1,000 - R\$1,700	-.273	.361	.943	-1.26	.72

*. The mean difference is significant at the 0.05 level.

4. Factor Analysis

4.1 First factor solution without item deletion

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,757
Bartlett's Test of Sphericity	Approx. Chi-Square	8225,862
	df	276
	Sig.	,000

Communalities

	Initial	Extraction
For me, luxury products are useful since they come with special properties that other products do not offer	,675	,504
When acquiring a luxury product, I have a specific purpose of use	,686	,586
I place a high importance on that the luxury product I buy performs as expected and as promised	,651	,579
A luxury product has the quality of being one of a kind	,682	,618
The privilege of owning luxury products is given only to an exclusive clientele	,697	,400
A luxury product cannot be purchased everywhere	,797	,706
Luxury products stand for a superior quality	,738	,741
The substantive attributes and performance of a luxury product are very important to me	,654	,471
I only purchase luxury products which meet my quality standards	,770	,735
Owning luxury products should boost my self-confidence	,775	,683
I am only interested in luxury products that are consistent with the characteristics with which I describe myself	,820	,635
Luxury products I am interested in reflect my own personality	,824	,672
Material possessions play a central role in my life	,737	,721
In my view, success can be judged by the things people own	,488	,437
My life would be better if I owned certain things I don't have	,703	,660
For me, luxury products represent a source of pleasure	,800	,802
The consumption of luxury goods can be a way to reduce stress	,751	,716
On the whole, I may regard luxury brands as gifts I purchase for treating myself	,635	,434

I think that people who are using luxury products are more respected by others	,849	,798
I am interested in luxury products that can impress others	,824	,691
Before purchasing a luxury product, it is important for me to know what others think of this product	,792	,784
I like other people to know the price of the luxury products I am buying	,827	,781
I consume luxury products to display my wealth and income	,843	,844
I tend to be interested in luxury products that are currently in style	,807	,801

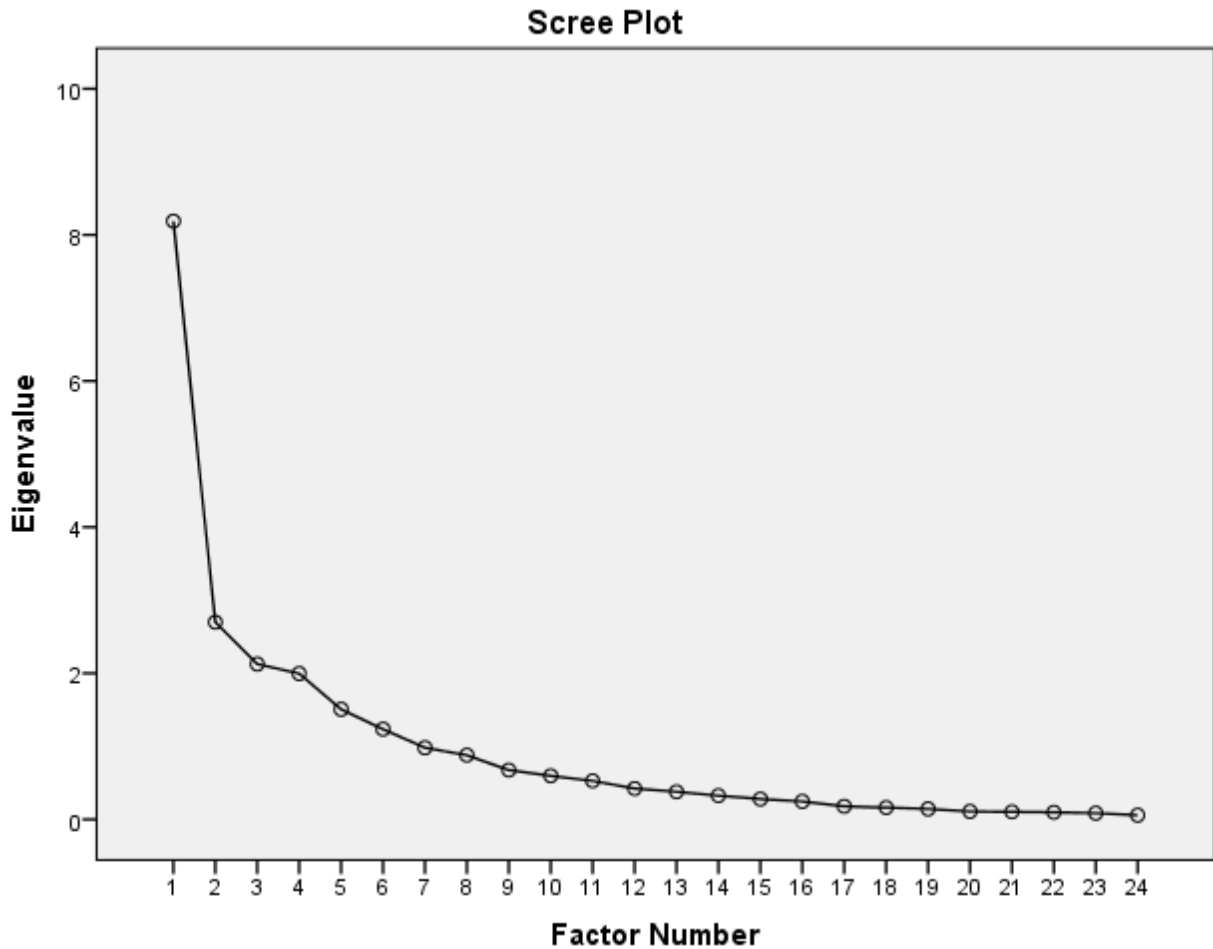
Extraction Method: Principal Axis Factoring.

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	8,189	34,120	34,120	7,871	32,796	32,796	5,159
2	2,699	11,245	45,365	2,404	10,015	42,811	3,970
3	2,126	8,860	54,225	1,765	7,355	50,166	4,137
4	1,996	8,316	62,540	1,663	6,929	57,094	4,553
5	1,507	6,281	68,821	1,164	4,849	61,943	5,181
6	1,235	5,144	73,965	,933	3,887	65,830	2,111
7	,981	4,086	78,051				
8	,879	3,663	81,714				
9	,675	2,811	84,526				
10	,597	2,487	87,012				
11	,527	2,196	89,209				
12	,422	1,760	90,969				
13	,379	1,578	92,547				
14	,325	1,356	93,902				
15	,279	1,164	95,066				
16	,246	1,023	96,089				
17	,180	,750	96,839				
18	,161	,672	97,511				
19	,143	,597	98,108				
20	,109	,455	98,563				
21	,104	,433	98,996				
22	,098	,407	99,403				
23	,085	,354	99,757				
24	,058	,243	100,000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

**Pattern Matrix^a**

	Factor					
	1	2	3	4	5	6
For me, luxury products are useful since they come with special properties that other products do not offer	,266	-,178	,359	,163	,263	-,197
When acquiring a luxury product, I have a specific purpose of use	-,147	-,121	,417	,637	-,068	,040
I place a high importance on that the luxury product I buy performs as expected and as promised	,003	,065	,043	,785	-,107	-,081
A luxury product has the quality of being one of a kind	,745	,065	,177	,009	-,238	,181
The privilege of owning luxury products is given only to an exclusive clientele	,233	-,033	,436	,238	-,118	,060
A luxury product cannot be purchased everywhere	,560	,128	-,056	,369	-,077	,152

Luxury products stand for a superior quality	-,046	,122	,032	,808	,105	-,064
The substantive attributes and performance of a luxury product are very important to me	,265	,163	-,316	,354	,111	,212
I only purchase luxury products which meet my quality standards	-,096	-,169	,152	,503	,537	,021
Owning luxury products should boost my self-confidence	-,059	,073	,733	-,050	,211	-,022
I am only interested in luxury products that are consistent with the characteristics with which I describe myself	-,058	,094	,690	,098	,078	,144
Luxury products I am interested in reflect my own personality	,178	,038	,696	,058	,035	,039
Material possessions play a central role in my life	,185	-,250	-,181	,074	,176	,707
In my view, success can be judged by the things people own	,073	,014	-,016	,044	,268	,518
My life would be better if I owned certain things I don't have	-,131	-,011	,308	-,163	-,173	,793
For me, luxury products represent a source of pleasure	,829	-,140	,001	-,116	,290	-,298
The consumption of luxury goods can be a way to reduce stress	,878	,129	,000	,005	-,188	-,046
On the whole, I may regard luxury brands as gifts I purchase for treating myself	,574	-,109	,058	-,238	,199	,246
I think that people who are using luxury products are more respected by others	-,058	,080	,078	,062	,824	,020
I am interested in luxury products that can impress others	-,078	,317	,056	-,048	,687	-,008
Before purchasing a luxury product, it is important for me to know what others think of this product	-,021	,337	,083	-,214	,678	,240
I like other people to know the price of the luxury products I am buying	,043	,764	,141	,001	,099	-,126
I consume luxury products to display my wealth and income	,234	,771	,146	-,066	,010	-,118
I tend to be interested in luxury products that are currently in style	-,114	,857	-,143	,192	,161	-,021

Extraction Method: Principal Axis Factoring.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

4.2 Final factor solution after item deletion

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,750
Bartlett's Test of Sphericity	Approx. Chi-Square	5381,783
	df	153
	Sig.	,000

Communalities

	Initial	Extraction
1. I place a high importance on that the luxury product I buy performs as expected and as promised	,495	,562
2. Luxury products stand for a superior quality	,625	,755
3. The substantive attributes and performance of a luxury product are very important to me	,451	,399
4. Owning luxury products should boost my self-confidence	,708	,597
5. I am only interested in luxury products that are consistent with the characteristics with which I describe myself	,788	,858
6. Luxury products I am interested in reflect my own personality	,724	,731
7. Material possessions play a central role in my life	,615	,736
8. In my view, success can be judged by the things people own	,475	,475
9. My life would be better if I owned certain things I don't have	,549	,610
10. For me, luxury products represent a source of pleasure	,740	,806
11. The consumption of luxury goods can be a way to reduce stress	,670	,639
12. On the whole, I may regard luxury brands as gifts I purchase for treating myself	,605	,568
13. I think that people who are using luxury products are more respected by others	,830	,936
14. I am interested in luxury products that can impress others	,805	,781
15. Before purchasing a luxury product, it is important for me to know what others think of this product	,773	,753
16. I like other people to know the price of the luxury products I am buying	,798	,833
17. I consume luxury products to display my wealth and income	,821	,875
18. I tend to be interested in luxury products that are currently in style	,753	,765

Extraction Method: Principal Axis Factoring.

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	6,305	35,027	35,027	6,059	33,663	33,663	4,317
2	2,351	13,059	48,086	2,018	11,211	44,874	3,436
3	1,859	10,326	58,412	1,534	8,520	53,395	4,411
4	1,580	8,777	67,189	1,316	7,312	60,707	3,397
5	1,251	6,948	74,137	,922	5,123	65,830	2,112
6	1,025	5,696	79,833	,829	4,606	70,436	2,733
7	,727	4,040	83,872				
8	,526	2,922	86,794				
9	,410	2,277	89,071				
10	,381	2,117	91,188				
11	,357	1,981	93,169				
12	,326	1,808	94,977				
13	,275	1,530	96,508				
14	,186	1,034	97,541				
15	,146	,812	98,353				
16	,113	,627	98,980				
17	,099	,550	99,530				
18	,085	,470	100,000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Pattern Matrix^a

	Factor					
	1	2	3	4	5	6
I place a high importance on that the luxury product I buy performs as expected and as promised	,015	,163	-,145	,012	-,018	,741
Luxury products stand for a superior quality	,061	,110	,083	-,069	,008	,812
The substantive attributes and performance of a luxury product are very important to me	,095	-,159	,046	,187	,259	,396
Owning luxury products should boost my self-confidence	,154	,678	,043	,046	-,029	-,076
I am only interested in luxury products that are consistent with the characteristics with which I describe myself	-,065	,893	,060	-,095	,056	,162
Luxury products I am interested in reflect my own personality	-,071	,772	,056	,135	-,043	,144
Material possessions play a central role in my life	-,187	-,159	,034	,100	,781	,162

In my view, success can be judged by the things people own	,066	-,056	,160	,045	,584	,099
My life would be better if I owned certain things I don't have	,071	,219	-,207	-,198	,755	-,184
For me, luxury products represent a source of pleasure	-,044	-,028	,132	,892	-,209	-,022
The consumption of luxury goods can be a way to reduce stress	,169	-,002	-,199	,743	,005	,129
On the whole, I may regard luxury brands as gifts I purchase for treating myself	-,104	,142	-,004	,679	,288	-,141
I think that people who are using luxury products are more respected by others	-,144	,069	0,870	-,008	-,050	,052
I am interested in luxury products that can impress others	,139	,046	,826	-,056	-,069	-,039
Before purchasing a luxury product, it is important for me to know what others think of this product	,308	,058	,584	,051	,225	-,215
I like other people to know the price of the luxury products I am buying	,884	,087	-,043	,022	-,053	,017
I consume luxury products to display my wealth and income	,903	,055	-,080	,155	-,056	-,048
I tend to be interested in luxury products that are currently in style	,843	-,163	,143	-,152	,034	,173

Extraction Method: Principal Axis Factoring.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

5. Regression analysis

Model Summary^b

R	R ²	Adjusted R ²	Std. Error of the Estimate	Change Statistics					Durbin-Watson
				R ² Change	F Change	df1	df2	Sig. F Change	
,913 ^a	,834	,827	,740	,834	114,011	18	409	,000	1,004

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1124,863	18	62,492	114,011	,000 ^b
	Residual	224,184	409	,548		
	Total	1349,047	427			

Coefficients^a

Model	Unstan- dardized Coefficients		Stan- dar- dized Coef- ficient s	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tol.	VIF
(Constant)	,015	,171		,087	,931		
I place a high importance on that the luxury product I buy performs as expected and as promised	,111	,037	,085	2,990	,093	,505	1,980
Luxury products stand for a superior quality	,168	,039	,142	4,303	,098	,375	2,670
The substantive attributes and performance of a luxury product are very important to me	-,209	,033	-,172	-6,327	,870	,549	1,822
Owning luxury products should boost my self-confidence	,131	,030	,161	4,319	,000	,292	3,421
I am only interested in luxury products that are consistent with the characteristics with which I describe myself	-,009	,045	-,009	-,195	,845	,212	4,721
Luxury products I am interested in reflect my own personality	,139	,035	,152	3,953	,000	,276	3,624
Material possessions play a central role in my life	,151	,029	,169	5,200	,000	,385	2,599
In my view, success can be judged by the things people own	-,041	,024	-,048	-1,715	,087	,525	1,904
My life would be better if I owned certain things I don't have	,071	,026	,082	2,730	,007	,451	2,217
For me, luxury products represent a source of pleasure	,124	,038	,128	3,225	,001	,260	3,853
The consumption of luxury goods can be a way to reduce stress	,129	,034	,135	3,843	,000	,330	3,035
On the whole, I may regard luxury brands as gifts I purchase for treating myself	,051	,032	,052	1,613	,107	,395	2,532
I think that people who are using luxury products are more respected by others	,064	,047	,067	1,364	,173	,170	5,875
I am interested in luxury products that can impress others	,000	,044	,000	,010	,992	,195	5,133

Before purchasing a luxury product, it is important for me to know what others think of this product	,170	,037	,192	4,533	,000	,227	4,405
I like other people to know the price of the luxury products I am buying	,047	,037	,057	1,274	,203	,202	4,940
I consume luxury products to display my wealth and income	,070	,038	,088	1,848	,065	,179	5,599
I tend to be interested in luxury products that are currently in style	,192	,035	,226	5,566	,000	,247	4,055