Impact of value perceptions on luxury purchase intentions:
A developed market comparison

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Abstract
Consumers derive subjective worth of any product of service based on their value perceptions. This study measures the impact of value perceptions on luxury consumption purchase intentions focusing on two of the largest luxury markets holding significant referent influence on consumers worldwide – namely the UK and the US. Cross-sectional, survey-based methodology and structural equation modelling was employed to collect and analyse the data. The findings suggest that while functional value perceptions drive luxury consumption purchase intentions in both nations, social value has a significant contribution only among US consumers and personal value perceptions in the UK. The results provide managers opportunities for strategic differentiation and brand positioning of their luxury brand in a cross-national context. The findings demonstrate that while the US and the UK remain fairly similar on most macro cultural traits, consumer value perceptions differ significantly. Hence, a cautionary approach is advised in making generalized assumptions using national-level cultural indicators at consumer-level decision making.

Category: Research paper

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1. Introduction

Luxury goods are defined as conducive to pleasure and comfort and also, hard to obtain.

Building on the definition by (Vigneron and Johnson, 2004), we posit that luxury products can -

either alternatively or cumulatively - deliver personal indulgence and social esteem on

consumers, aside from the functional utility of owning or experiencing a good or service that

offers superior value in terms of quality, design, performance, durability and overall customer

satisfaction. Hence, by providing exceptional value and overall excellence, luxury products

enable consumers to satisfy both or either of their socio-psychological and functional needs

(Shukla, 2012; Wiedmann et al. 2007; Hennigs et al., 2012).

Value derived from a product or services is one of the inherent drivers of consumer purchase

decisions. In that regard, Zeithaml (1988) defines value as an overall assessment of subjective

worth of a product or service considering all relevant evaluative criteria. Research on luxury

value demonstrates the debate developing on three fundamental dimensions namely social,

personal and functional value perceptions (Wiedmann et al. 2007, Shukla and Purani, 2011,

Hennigs et al. 2012). In this paper, we focus on simultaneously testing the relative effect of these

underlying dimensions of luxury value across two leading luxury markets, the US and the UK.

Briefly, social value is driven by the drive to project a desirable image to others (Kapferer, 1997;

Shukla, 2012), personal value by the experiential and symbolic benefits to the self (Wong &

Ahuvia, 1998) and functional value by utilitarian factors (Wiedmann et al., 2007).

Consumers hardly ever take decisions in isolation. They consider multiple factors when purchasing high-involvement products such as luxury brands. However, researchers assert that the influence of value perceptions has been looked in isolation and therefore our resultant understanding of luxury consumption is partial and uni-dimensional (Vigneron and Johnson, 2004; Shukla, 2012; Tynan et al., 2010; Wiedmann et al. 2009). Kapferer (1997) states that luxury consumption is a multi-dimensional phenomenon and hence, the earlier efforts which predominantly analyse only a single construct relating to value perceptions may not provide conclusive answers relating to the cultural stability of the luxury consumption construct (Shukla and Purani, 2012). Building on the earlier work carried out by Vigneron and Johnson (2004), Wiedmann et al. (2007) proposed a conceptual framework focusing on multiple dimensions of luxury value perceptions. Additionally, Tynan et al. (2010) note that since the debate in the area of value perceptions has largely been theoretical in nature, it requires empirical support for increasing the validity and reliability of the theoretical constructs. Furthermore, with the increasing global nature of the luxury business, researchers have called for cross-national and cross-cultural studies addressing the issue of luxury consumption (Dubois et al., 2005; Shukla and Purani, 2012; Wiedmann et al., 2009).

The purpose of this paper is to develop and test a model which measures the impact of value perceptions on luxury purchase intentions. The simultaneous examination via use of structural equation modelling will enable us to identify the magnitude of the effects of value perceptions (i.e. social, personal and functional) in the presence of other constructs. By proposing and empirically testing the influence of value perceptions across two nations (US and UK) we also

provide first insights into the cultural stability of the constructs proposed in two largely

homogenous markets from a national cultural traits (such as collectivism-individualism, power

distance etc.) perspective (Hofstede and Hofstede, 2004; Trompenaars and Hampden-Turner,

1998). In this regards, the study contributes to the debate relating to the use of national level

cultural traits for consumer level decision making. If the findings demonstrate homogeneity

between national level cultural traits and consumer level decision making, this offers an

opportunity to standardize marketing campaigns. Whereas, if they do not, it provides an avenue

for customization of the campaigns. As a result, the current study contributes to a more holistic

understanding of the luxury consumption phenomenon.

The next sections are organized as follows: First, we present a conceptual framework based on a

literature review of prior research on luxury consumption. This framework is organized around

the three fundamental dimensions that underlie value perceptions; i.e. social, personal, and

functional. Next, we propose research hypotheses pertinent to luxury purchase intentions across

nations. Then, we present the methodology and results of a cross-national study (in the UK and

US) testing the above hypotheses. The final section discusses the empirical findings, reconciles

them with the conceptual framework and discusses the practical implications along with

limitations and directions for future research.

2. Literature Review and Hypotheses Development

Luxury consumption has been present in diverse forms since the beginning of human

civilization. Its role was just as important in ancient western and eastern empires as it is in

modern societies (Wong & Ahuvia, 1998). In contemporary marketing usage, 'luxury' refers to a

specific (i.e. higher-priced) tier of offer in almost any product or service category (Dubois et al., 2005). In the past few decades luxury consumption has been studied in a variety of disciplines including, historical analysis (Mason, 1999; Wong & Ahuvia, 1998), econometric modeling (Ait-Sahalia et al., 2004), economic psychology (O'Cass & Frost, 2002; Hennigs et al.. 2012); and marketing (e.g. Dubois & Laurent, 1994; Kapferer, 1997; Vigneron & Johnson, 2004; Shukla & Purani, 2012; Wiedmann et al., 2012). However, despite the substantial body of knowledge accumulated during the past decades, research assert that empirical research on the topic of consumer attitudes toward luxury is still scarce (Dubois et al., 2005; Shukla, 2012).

Furthermore, while the word 'luxury' is used in daily lives to refer to certain lifestyle, the underlying construct's definition is consumer and situation specific. The word luxury originates from the Latin term "luxus" signifying, "soft or extravagant living, indulgence, sumptuousness or opulence" (Oxford Latin Dictionary, 1992). Cornell (2002) observes that luxury is quite slippery term to define because of the strong involvement of human element and value recognition from others. Several researchers have defined luxury from the 'price – quality' and 'price – functionality' ratio perspectives, wherein highly priced products are thought to be of good quality and having high functionality by consumers (Nueno & Quelch, 1998). Kapferer (1997) suggests an experiential approach according to which, luxury items provide extra pleasure by flattering all senses at once. Phau & Prendergast (2000) focus on the exclusivity dimension of luxury and argue that luxury brands compete on the ability to evoke selectiveness which in turn, has strong association with perceived quality. From the above discussion the subjective and multidimensional nature of the luxury construct can be observed. Therefore, to explain consumer behavior in relation to luxury brands, apart from social orientation through snobbery and

conspicuousness (Mason, 1999), personal orientation such as hedonist, materialistic motives (Dubois & Laurent, 1994; Tsai, 2005) as well as functional value association such as quality and uniqueness (Wiedmann et al., 2007; 2009; Tsai, 2005) will have to be taken into consideration.

In the following sub-sections we review the literature and advance hypotheses regarding the effect of three underlying dimensions of value - social, personal and functional – on luxury purchase intentions.

2.1 Social Value Perceptions

The concept of social value orientation is rooted in research focusing on co-operation and competition. Presumably, patterns of social value perceptions could be relatively easily understood if individual consumers tended to act in accordance with their own rational self-interest (Kapferer, 1997). However, in most social interactions the motivations seem to be broader and more multifaceted than the simple quest of personal outcomes (Belk, 1985). Earlier research on social value perceptions indicates that consumers' own choices as well as their expectations of others' choices in outcome-interdependent situations varies as a function of the weight they typically assign to their own and others' outcomes (Tynan et al., 2010).

Consumers often acquire products according to what they mean to them and to the members of their social reference groups (Wiedmann et al., 2007; 2009). Their behaviour is subject to the pressures of social norms and the expectations of socialization-oriented institutions such as those arising from family and other reference groups (Shukla, 2012). As Kapferer (1997) observes, the history of luxury consumption is deeply rooted in the notion of social stratification. Shukla

(2010) argues that one of the important motivating forces that influence a wide range of

consumer behaviour is the aspiration to gain status or social prestige from the acquisition and

consumption of goods. Such social value-driven motivations were found to be salient in highly

individualistic as well as collectivistic cultures (Shukla, 2012; Vigneron and Johnson, 2004;

Wiedmann et al., 2009, Hennigs et al., 2012).

Eastman et al. (1999) suggest that consumers' status-seeking behaviour is directly related to their

luxury purchase behavior. This is also observed by O'Cass & McEwen (2004) who suggest that

luxury brands may be purchased for internal reasons (self-reward) or external reasons (signal of

wealth), and they may or may not be displayed publicly. Tsai (2005) suggests two primary

motives behind luxury consumption namely (a) social salience and (b) social identification. In

other words, if consuming luxury products is considered socially apposite, consumers may have

to undertake such behavior to fit the social standards. This in turn, will help gain social

advantage in the eyes of the significant others. As Kapferer (1997) assert, the universally-

observed phenomenon of social stratification (although it may vary in relative salience across

nations) is central to luxury value perceptions. Therefore, it is proposed that:

H1: There is a positive relationship between a consumer's social value perceptions and luxury

purchase intentions.

2.2 Personal Value Perceptions

While researchers have proposed strong association between social value perceptions and luxury

consumption, one of the emerging thoughts in the area of luxury consumption is the importance

of personal value perceptions (Tsai, 2005). Researchers such as Vigneron & Johnson (2004), Wiedmann et al. (2007) and Wong & Ahuvia (1998) among others, argue that personal value perceptions of consumers constitute a non-negligible segment and require much further study. This is also empirically tested in recent research by Shukla (2012) and Hennigs et al. (2012). Tsai (2005) also observes that while social value related research dominates luxury consumption research, personal value perceptions are comparatively overlooked. It has been observed by Wong & Ahuvia (1998) that an increasing number of consumers are consuming luxury products to derive self-directed hedonic experience and symbolic benefits of the consumer's internal self. These benefits are highly personally-oriented and in contrast to the social benefits focusing on impressing other people. Personal-oriented consumers are concerned with being able to identify their internal self with the product, gain an enjoyable experience from the luxury product and match their individual tastes to the product's quality (Wong & Ahuvia, 1998; Wiedmann et al., 2009). Personal-oriented consumers seek to gain self-directed pleasure from luxury consumption by focusing on the achievement of hedonic gratification and self-awareness rather than pleasing others' expectations (Tsai, 2005). Personal-oriented consumption can be conceptualized as contrasting to the motivations of collectivists consumers, who are less likely to place emphasis on achieving personal goals to enhance self-image (Litvin & Kar, 2004). It follows that in individualistic cultures such as the US and the UK, personal value perceptions may have a particularly strong impact on luxury consumption. In such context, the internal (hedonism) and external (materialism) facets of the self may become more pronounced. Depending on the variation in consumer personality disposition one facet (i.e. internal or external) may become more pronounced than the other in decision-making. Consumers continuously attempt to achieve a balance between these two facets by focusing on congruity with internal self (Wiedmann et al.,

2007; 2009). Researchers have found a positive impact of self-congruity on luxury purchase

intentions (O'Cass & Frost, 2002). However, Tsai (2005) argues that congruity with internal self

may be more pronounced in individualistic consumers (private conscious) in comparison to the

collectivistic consumers (public conscious). Researchers also suggest that purchasing luxury

products as a personal indulgence can provide a heightened positive emotional state which may

elicit better feelings (Tynan et al. 2010; Shukla and Purani, 2012). Thus, it is proposed that:

H2: There is a positive relationship between a consumer's personal value perceptions and luxury

purchase intentions.

2.3 Functional Value Perceptions

While luxury products may primarily be consumed for their social and personal value

perceptions, it is important to remember that every product is designed to perform specific

functions, in order to satisfy consumer needs. Wiedmann et al. (2007) conceptualize the

importance of functional value perceptions. They suggest that consumers expect a luxury product

to be usable, of good quality and unique enough to satisfy their urge to differentiate. In the

domain of luxury consumption, while personal value perceptions may be driven by hedonic

attitudes, functional value perceptions may be influenced by utilitarian attitudes that focus on a

product's potential usability. Researchers have defined usability with two distinct perspectives

involving of ease of use (by subjective assessment) and effectiveness of use (by objective

performance) (Bennett, 1984). Furthermore, Han et al. (2000) suggest that usability of a product

is now considered one of the most important purchasing factors. Researchers opine that high

quality is also seen as a fundamental character of a luxury product (Shukla, 2012) and is one of

the highly influential factors in affecting the purchase (Hennigs et al., 2012). This is congruent with the assumption in the field of perceived quality that often hand-made luxury brands offer excellent product quality and performance as compared to non-luxury brands (Dubois & Laurent, 1994; Vigneron & Johnson, 2004). Thus, on account of this, consumers may associate luxury products with a superior brand quality and reassurance so that they perceive more value from it. Consequently, increased functional value may predict higher perceptions of a luxury product's monetary or financial value, especially over time. The luxury watch brand Patek Phillippe, for example, advertises itself as an inter-generational investment to be, "merely looked after for the next generation" and the antithesis to self-centered gratification. Likewise moving away from conspicuous consumption and stressing durable and unique craftmanship, Hermes focuses on marketing unique but timeless products with exceptional functional quality that will last a lifetime. Wiedmann et al. (2007) propose that an individual's need for uniqueness plays a fundamental role in consumption of luxury products. Similarly, Shukla (2012) argues that as a product's perceived uniqueness increases the value of the product increases too, leading to improving an individual's standing in the societal hierarchy. However, Mason (1999) and Wiedmann et al. (2007) suggest that little is known about the influence of functional factors on luxury consumption requesting further empirical testing. Therefore, it is proposed that:

H3: There is a positive relationship between a consumer's functional value perceptions and luxury purchase intentions.

Following the above stated hypotheses the proposed model is depicted in Figure 1:

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3. Methodology

Data for this study were obtained via separate mall intercept surveys carried out in the UK and the US. Both are highly-developed, lead markets for luxury products. It is believed that the US and the UK represent 17% and 5% of the global luxury market respectively (Allen, 2007; Datamonitor, 2009) and cities like New York and London are seen as a global hubs and lead markets for the evolution of luxury trends (Gower, 2008). As such, consumer perceptions and behaviors in the UK and the US often have a high degree of opinion leadership affecting consumers in other markets, helping to define consumption trends worldwide. In testing the model on cross-national data, the study responded to calls for more work of this nature in the area of luxury consumption (Dubois et al., 2005, Shukla et al., 2009; Wiedmann et al., 2009).

A concern may be raised that both US and the UK are fairly similar on the various cultural dimensions proposed by Hofstede and Hofstede (2004); however it has been observed that they differ significantly on their achievement and ascription orientation as well as task and person orientation as suggested by Trompenaars and Hampden-Turner (1998). Moreover, both Hofstede and Hofstede (2004) and Trompenaars and Hampden-Turner (1998) urge caution in concluding

similarity among the consumer-level constructs (as measured in this study) to the national-level constructs (as measured in their studies which focused on managers). They also opine that contextual differences (i.e. acting as manager in one case to consumer in other case) may play a significant role in the change in consumer behavior.

Although, we only use two countries in this study, the current study highlights cross-national stability of the proposed hypotheses. With our data being cross-national in nature, research issues pertaining to cross-national equivalence became a major concern. We paid particular attention to the issues of conceptual, functional, measure, sample and data collection equivalence as suggested by Steenkamp & Baumgartner (1998). This has been highlighted in the following discussion.

3.1 Questionnaire Development

To test the hypotheses, a structured questionnaire was designed focusing on proposed value perceptions and their impact on luxury purchase intentions. In developing the research instrument the procedure proposed by Douglas & Craig (1983) for conducting international marketing research was followed. The questionnaire was divided into two sections. The first section focused on demographic details and the second on the luxury value perceptions and purchase intentions. The initial sets of items were derived from established measurement scales. Questions relating to social value perceptions were derived from O'Cass & McEwen (2004), Shukla (2008) and Truong et al. (2008). An additional item was added in the scale depicting 'luxury brands make me feel acceptable in my work circle'. The scale items relating personal value perceptions were derived from Tsai (2005) and Wiedmann et al. (2009). The functional

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scale items were derived from Voss et al. (2003) and Tsai (2005). Self-reported measure as suggested by Cronin & Taylor (1992) was used for purchase intentions measurement. All measures used a five-point Likert-type response format, with "strongly disagree" and "strongly agree" as anchors. Further, the survey questions asked respondents to focus their value perceptions on luxury "accessories," as opposed to apparel. This operationalization was chosen given the centrality of accessories to consumer self-expression, as the same accessory can be utilized in diverse settings, complementing multiple pieces of apparel.

The conceptual and functional equivalence for all constructs was assessed subjectively by the research team members. Efforts in this respect were greatly helped by the multicultural composition of the team. These scales were evaluated by a panel of expert judges for content and face validity as suggested by Zaichkowsky (1985). The questionnaire was then submitted to two academics who were asked to assess each item for representativeness, specificity and clarity which in turn added to the overall content and face validity. The questionnaire was pilot tested (n = 20) to identify any impolite, unclear or difficult to understand questions. The questionnaire was distributed in Greater London and Sussex, UK and New York, US. Respondents were contacted on the high streets in both places and were requested to participate. The high streets were chosen because of the high traffic, wide assortment of luxury product categories sold and high degree of store browsing among consumers (Beatty and Ferrell, 1998). The data was collected over a five-week period with the survey team rotating the location of interviews, the times of the day and the days of the week to make the final sample representative of the population of shoppers. More than 1200 respondents were contacted, of which in the UK 357 participated in the study while 285 participated in the US. After cleaning the data the final usable sample was 299 for the UK

and 201 for the US representing response rate of 49.83% and 33.50% for the UK and the US

respectively. Table 1 provides the details of the respondent profile in both countries.

According to Table 1, 61.80 per cent of respondents in the US and 50.30 per cent of the

respondents in the UK belong to the age group 21-30. The US respondents group was fairly

balanced with regard to gender (Male = 49.68%; Female = 50.32%) while it was little skewed

towards females in the UK sample (Male = 39.00%; Female = 61.00%). The UK sample has less

singles in comparison to the US (US – UK difference = 13.71%) however more married

consumers (UK – US difference = 14.59%). Both countries demonstrated similar pattern in terms

of family size with more than half the respondents living in households of 2 or less. The

education profile was also found to be fairly similar across the nations.

Take in Table 1 about here

3.2 Measure Assessment

The data were first checked for normality, outliers and multicollinearity following the method

suggested by Pallant (2004), however no discrepancies were observed. Initial purification of the

scales was undertaken using exploratory factor analysis. Confirmatory factor analysis using

LISREL was employed to assess the unidimensionality and discriminant validity of the

constructs for both the UK and the US samples. To examine the construct equivalence among

both samples, two-group confirmatory factor analysis was performed as suggested by (Durvasula

et al., 1993). Several items were eliminated from the scales in order to achieve appropriate levels of invariance across the samples. The final set of items is provided in Appendix 1.

As mentioned in Table 2, the coefficient α for social, personal and functional scales exceeded the threshold value of 0.7 (Nunnally, 1978) in the case of all constructs, implying reliability of the constructs. The average variance extracted for the measures was found to be 0.5 and above for all constructs, which is greater than the recommended level by Dillon & Goldstein (1984). Discriminant validity was assessed using the test suggested by Fornell & Larcker (1981). This test suggests that a scale possesses discriminant validity if the average variance extracted by the underlying latent variable is greater than the shared variance (i.e. the squared correlation) of a latent variable with other latent variable. As shown in Table 3, this criterion was met by all of the variables in the study as no correlation exceeds the square root of the average variance extracted. The composite reliability was found to be above 0.7 across the constructs, exceeding the recommended threshold value, which also provides strong evidence of discriminant validity.

Take in Table 2 about here

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4. Analysis and Results

Cross-national invariance of the scales (configural, matric and factor variance invariance) was then assessed using procedures outlined by Steenkamp & Baumgartner (1998). Configural invariance means that the factor loadings specified are significant across both samples. Metric

invariance implies that the factor loadings are equal in both samples. Finally, factor variance invariance occurs when the variance of the latent variable is equal in both samples. The scales were assessed for invariance individually using confirmatory factor analysis. The results across the two samples indicated that the factor loadings are invariant, providing empirical evidence of construct equivalence.

As seen in the Table 3, the model fit the data well suggesting support for configural invariance. Factor loadings were set to be invariant across nations, for measuring the full metric invariance model. The results showed non-significant increase in chi-square ($\Delta\chi^2$ (10) = 19.76; p <0.001) suggesting full metric invariance has been achieved. Full scalar invariance is rare in cross-cultural studies (Strizhakova et al., 2008). Therefore, partial scalar invariance was calculated following the method suggested by Steenkamp and Baumgartner (1998). The χ^2 difference between the configural invariance model and partial scalar model was $\Delta\chi^2$ (19) = 41.23 (p <0.001). Moreover, all other fit values stayed above the recommended values suggesting that partial scalar invariance has been achieved across the samples. Additional analysis was conducted to establish whether an improvement in overall model fit could be obtained by relaxing some of the path invariance constraints. A series of 'partially restricted' models that restrict path coefficients one-at-a-time to be equal across the two samples were estimated as suggested by Singh (1995). Each partially restricted model test statistic and fit indexes were examined relative to the fully unrestricted model. However, no path was observed that improved the model fit further.

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Take in Table 3 about here

Multiple-group CFA model with mean structures was employed to test research hypotheses. To ascertain that overall mean differences in consumer luxury value perceptions existed, an overall constrained model was created in which all the three latent factor means were set to equal across the samples. The overall constrained model was compared with the partial scalar invariance model. The chi-square difference was highly significant ($\Delta\chi^2$ (3) = 40.42; p>0.001) suggesting significant overall mean differences existed across the nations. The path coefficient analysis (Table 4) clearly shows the structure of relationships hypothesized in this study. Partial empirical support was found for Hypothesis 1 that focused on impact of social value perceptions on luxury purchase intentions. The relationship was found to be positively significant only for the US (p<0.01). To test the differences a constrained model wherein only the social value factor means were set to be invariant was compared with the partial scalar invariance model. The chi-square was significant ($\Delta\chi^2$ (1) = 11.52; p>0.001). The finding demonstrates that social value perceptions strongly influence American consumers. However, they are non-significant in the case of British consumers. Partial empirical support was found for Hypothesis 2 relating to personal value perceptions and its impact on luxury purchase intentions supported across the UK (p<0.01) but not in the US. To test for the difference between countries personal value factor means were set to be invariant in the constrained model. The chi-square was found to be highly significant ($\Delta\chi^2$ (1) = 12.44; p>0.001) suggesting consumers in the UK gave higher importance to personal values in comparison to their US counterparts. Lastly, functional value perceptions were also found to be significant predictors of luxury purchase intentions in both the UK (p<0.01) and

the US (p<0.01). The chi-square difference test was significant ($\Delta\chi^2$ (1) = 12.50; p>0.001). This demonstrates that the British consumers are more influenced by functional value perceptions in comparison to their American counterparts.

Take in Table 4 about here

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5. Discussion and conclusions

Our empirical results represent an attempt in the Marketing literature to study the effect of various dimensions of luxury value perceptions on luxury purchase intentions in a cross-national context. Further, and to the best of our knowledge, this is specifically the first empirical verification of a multi-dimensional conceptual framework of luxury value perceptions, simultaneously tested in a cross-national context among two large and leading luxury markets. Overall, the empirical findings support the view that social, personal and functional value perceptions play key roles in consumers' luxury purchase intentions across both highly-developed, lead luxury markets. Our findings have important implications for marketing managers of luxury brands with regard to building marketing strategy.

5.1 Theoretical implications

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The current study provides evidence to suggest that, analogous to the initial expectations, influence of value perceptions on purchase intentions may be common across cultures and nations however their degree of influence may be unique to each culture or nation. A cultural meaning-based explanation as to why social value perceptions were found to have a significant impact in the US but not in the UK, may lie in that the British society has a longer tradition and influence of hierarchical classes such as "old money" (versus a preponderance of "new money" in the US) whose luxury consumption is more private rather than public. Consequently, UK luxury consumers could be expected to rest less prominence on social value perception than their more aspirational US counterparts who focus highly on their achievement orientation and therefore have a higher need to identify themselves within their peer group (Trompenaars and Hampden-Turner, 1998).

The findings also provide empirical support to the argument put forward by management researchers regarding the important role played by personal value perceptions (Wiedmann et al., 2007). The finding suggests that luxury consumption is being increasingly used for self-directed pleasure and not just for the social motive of 'buying to impress others'. Significant influence of personal value perceptions among British consumers offers further empirical support to the notion put forward by Shukla (2012) that British consumers are more driven by self-directed pleasure from luxury consumption. The differential impact of social and personal value perceptions among the two countries also adds support to the suggestion by Kapferer (1997) regarding the multi-dimensionality of luxury construct. Moreover, the findings also contribute to the debate relating to use of caution in employing national level cultural traits at consumer decision making level.

5.2 Managerial implications

Our findings have important implications for marketing managers of luxury brands. Given that functional value perceptions were found to be a significant predictor of luxury purchase intentions across both nations in our study, firms that wish to project a more standardized communications approach may wish to emphasize this dimension in their promotional strategies. Companies may also strategically elect to communicate one particular luxury value dimension in order to more clearly position and differentiate their brand from the competition. Brands that wish to pursue an affordable luxury position may elect to highlight functional value, while those, such as Hermes, who prefer an image of exclusivity or scarcity, should project customized offering based on personal value perceptions.

The significant impact of personal value perceptions holds particularly important strategic implications for luxury brand managers. While most marketing efforts for luxury goods have revolved around enhancing social status (Truong et al., 2008) there is an increasing need to cater to a consumer's self-directed pleasure. This in turn, may provide managers a distinct positional advantage in consumer minds and create an opportunity for differentiation. It is also observed that the impact of personal value perceptions is greater in the UK in comparison to the US. Both the UK and the US score very similarly on individualism score (the UK = 89 and the US = 91; Hofstede and Hofstede, 2004). However, the dissimilarity in personal value perceptions suggests the need to adapt to the minute but significant differences across nations.

The functional value perceptions were found to be the strongest predictors of luxury purchase intentions across both markets. This we believe is a contextual response from consumers in the light of the current economic downturn and increased consumer emphasis on sustainability. For instance, much recent literature in the business press suggests a potentially negative shift in attitudes toward luxury goods and materialism in general, resulting in consumers equating luxury goods with increased functional scrutiny (Daneshkhu, 2010). This in turn, provides a greater opportunity for luxury brand managers in highlighting the quality, uniqueness and enduring value of their products and brands.

Overall, the study makes several important contributions. First, this is the first of its kind empirical study focusing on the impact of value perceptions on luxury purchase intentions in a cross-national context. Secondly, the findings of this research may have implications for cross-national luxury consumption theory and practice, corroborating to the belief associated with the multi-dimensionality of the luxury construct. Furthermore, it also contributes to the theoretical debate that several key constructs may be common among all cultures and countries while others must be adjusted for the unique national distinctions (Wong and Ahuvia, 1998). This study further affirms the need for understanding cross-national idiosyncrasies and differences for managers managing luxury brands. Thirdly, while global recession has still gripped most nations and will do so for the coming few years the findings of this study provide luxury brand managers avenues to deal with such downturns. The findings provide multiple brand positioning and differentiation opportunities for luxury brand managers. Lastly, the constructs and measurements developed for this study can help serve as a base for further such cross-national research relating to luxury consumption and the role played by value perceptions.

5.3 Limitations and Directions for Future Research

While our data supported the multi-dimensionality of luxury value perceptions, we used samples in only two nations, limiting the generalizability of our findings. Future studies should conduct empirical verification of our conceptual model across a wider array of nations in terms of economic as well as cultural domains. It would be quite interesting to empirically examine the effect of different levels of individualism and collectivism, uncertainty avoidance and power distance on the relative impact of personal, functional and social value perceptions respectively. Chattalas and Garcia (2009) for instance, found that consumers in cultures with a higher level of collectivism exhibit more favourable evaluations of utilitarian (i.e. functional) products as well as, less favourable attitudes toward hedonic (i.e. personal-oriented) consumption. Since luxury consumption empirical research is still evolving in its embryonic stage, we offer the following research propositions based on Hofstede's (1991) cultural typology and building on this study's findings that could be tested in future research involving a wider range of nations: (i) Social value perceptions have a more (less) significant positive impact on luxury purchase intentions across collectivistic (individualistic) nations; (ii) Social value perceptions have a more (less) significant positive impact on luxury purchase intentions across high (low) power-distant nations; (iii) Personal value perceptions have a more (less) significant positive impact on luxury purchase intentions across individualistic (collectivistic) nations; (iv) Functional value perceptions have a more (less) significant positive impact on luxury purchase intentions across collectivistic (individualistic) nations; (v) Functional value perceptions have a more (less) significant positive impact on luxury purchase intentions across high (low) uncertainty avoidance nations.

Future studies could also be extended to luxury product operationalizations beyond accessories that may include high-contact services such as travel and tourism experiences, as well as products which vary in their degree of perceived hedonisms and utilitarianism. Future studies can also focus on the interaction effects between value perceptions in various cross-industry, cross-national and cross-cultural contexts. Research is also necessary to delineate boundary conditions of the effect of each of the value dimensions on luxury consumption. Furthermore, the potentially differential impact of value perceptions on luxury purchase intentions between 'old and new money' consumer classes should be investigated across nations with different levels of economic and social development. Additionally, it would be interesting to examine the dynamic evolution of the impact of value perceptions on luxury consumption over time. Specifically, the longitudinal significance of social, personal and functional value dimensions in the light of increased consumer emphasis on sustainability should be explored. For instance, much recent literature in the business press suggests a potentially negative shift in attitudes toward luxury goods and materialism in general, resulting in at least some consumers equating luxury with triviality, excess and conspicuousness (Economist, 2009). This seemingly temporary shift may be in fact signaling a long-term declining impact of social value perceptions on luxury consumption. Moreover, it may also point towards the changing perceptions about purchasing and possessing luxury goods as being socially irresponsible and unsustainable and thus of potentially negative social value, among at least a segment of consumers in more egalitarian (i.e. low power-distant) nations. Conversely, the construct of luxury value is being organically reshaped as new consumers experience 'luxury' in emerging markets. Such assumptions should also be tested using empirical studies.

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Table 1: Respondent profile

	US	UK
Age		
21-30	61.80%	50.30%
30-41	23.80%	22.60%
41-50	11.40%	19.50%
50 and above	3.00%	7.60%
Gender		
Male	49.68%	39.00%
Female	50.32%	61.00%
Marital status		
Single	56.21%	42.50%
Married	17.91%	32.50%
Divorced	3.98%	6.50%
Living with partner	21.90%	18.50%
Family size		
2 or less	61.00%	54.00%
3 to 5	34.50%	45.00%
6 and above	4.50%	1.00%
Education		
Diploma or certificate	21.89%	27.00%
Graduate or eqvivalent	41.79%	37.50%
Post Graduate and above	36.32%	35.50%

Table 2: Coefficient α, CR, AVE and correlation matrix

US	α	CR	AVE	Social	Personal	Functional
Social	0.82	0.83	0.69	*0.83*		
Personal	0.78	0.88	0.79	0.61	*0.89*	
Functional	0.71	0.83	0.71	0.40	0.41	*0.84*
UK						
Social	0.90	0.89	0.82	*0.91*		
Personal	0.77	0.87	0.77	0.66	*0.88*	
Functional	0.81	0.88	0.81	0.59	0.62	*0.90*

Table 3: Fit measures for the fully restricted and fully unrestricted models

Model	χ2 (df)	Δχ2 (Δ df)	RMSEA	NNFI	CFI	GFI	χ2/df
Configural invariance model	152.69 (129)	--	0.027	0.99	0.99	0.97	1.18
Metric invariance model	172.45 (139)	19.76 (10)	0.031	0.99	0.99	0.97	1.24
Partial scalar invariance model	193.92 (148)	41.23 (19)	0.047	0.97	0.98	0.96	1.31
Overall constrained model	234.34 (151)	40.42 (3)	0.047	0.96	0.98	0.96	1.55

Table 4: Summary of results

Path	Hypothesis	Standardized estimates (t-values)	
		UK	US
Social value → Luxury purchase intentions	H1	0.11 (0.72)	0.35* (1.99)
Personal value → Luxury purchase intentions	H2	0.36* (1.97)	0.34 (1.64)
Functional value → Luxury purchase intentions	H3	0.46* (3.37)	0.37* (2.96)
* p<0.05. Since all hypotheses are directional, we use one-tailed tests.			

Appendix A

List of items

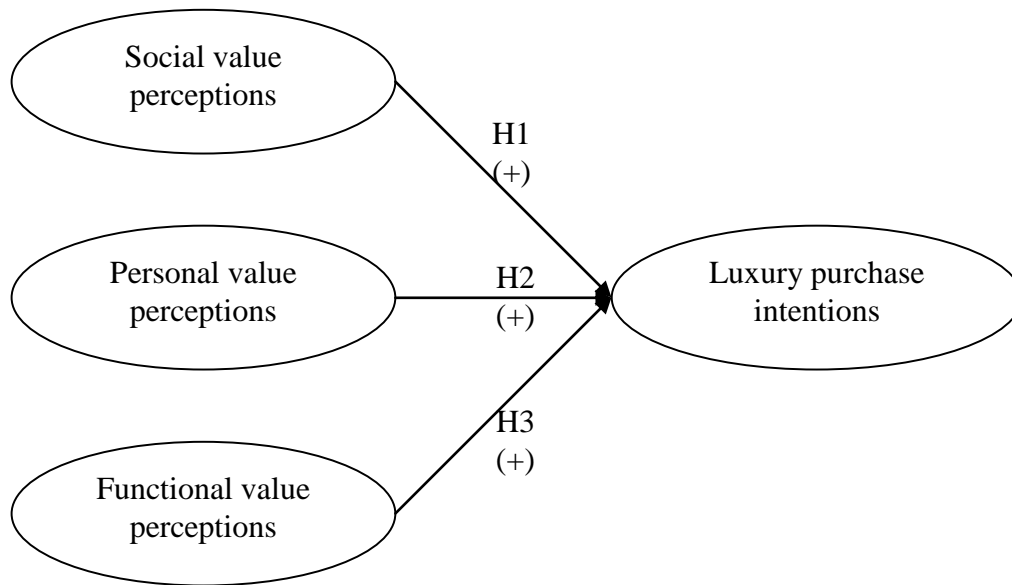|	UK Estimates	US Estimate
Social value perceptions		
I wear luxury accessories to impress other people	0.75	0.60
Owning this luxury accessories indicate a symbol of prestige	0.79	0.72
I would buy a luxury accessory just because it has status	0.81	0.81
I would pay more for a luxury accessory if it has status	0.85	0.76
The status of a luxury accessory is irrelevant to me (-)	0.54	0.61
Luxurious accessories are important to me because they make me feel acceptable in my work circle	0.76	0.52
Personal value perceptions		
The more luxury accessories I own, the happier I am	0.78	0.74
It sometimes bothers me quite a bit that I can't afford to buy all the things that I want	0.56	0.54
When purchasing for luxury accessories i am able to forget about my problems	0.79	0.77
Luxury accessories make me a fashion leader rather than a fashion follower	0.75	0.63
During purchasing luxury accessories, I feel the excitement of the hunt	0.57	0.81
When in a bad mood I may buy luxury accessories to enhance my mood	0.73	0.77
I purchase luxury accessories to reflect my own image	0.72	0.73
Functional value perceptions		
I am very attracted to unique luxury accessories	0.79	0.70
I am more likely to buy luxury accessories that are unique	0.83	0.80
I dislike luxury accessories that everyone else has	0.63	0.53
The quality of a luxury accessory is important to me	0.78	0.62
The luxury accessories superior quality is my major reason for purchasing them	0.78	0.85

(-) = Reverse coded item

Figure 1: Model overview