

# Brand Equity and Factors Affecting Consumer's Purchase Intention towards Luxury Brands in Bangkok Metropolitan Area

Sumalee Lekprayura

**Abstract**—The purposes of this research were 1) to study consumer-based equity of luxury brands, 2) to study consumers' purchase intention for luxury brands, 3) to study direct factors affecting purchase intention towards luxury brands, and 4) to study indirect factors affecting purchase intention towards luxury brands through brand consciousness and brand equity to analyze information by descriptive statistic and hierarchical stepwise regression analysis. The findings revealed that the eight variables of the framework which were: need for uniqueness, normative susceptibility, status consumption, brand consciousness, brand awareness, perceived quality, brand association, and brand loyalty affected the purchase intention of the luxury brands (at the significance of 0.05). Brand Loyalty had the strongest direct effect while status consumption had the strongest indirect effect affecting the purchase intention towards luxury brands. Brand consciousness and brand equity had the mediators through the purchase intention of the luxury brands (at the significance of 0.05).

**Keywords**—Brand Consciousness, Brand Equity, Luxury Brands, Purchase intention.

## I. INTRODUCTION

THE luxury brand business has seen a great level of growth and development from the past to the present. Although it was less compared to other industries, the circulating fund in the industry of the luxury brands is greater than 190,000 million euros each year [1]–[2]. Especially, the extension from the purchasing behavior and consumer's popularity in the Asia region [3]–[4] has caused a lot of research studies about the consumption of the luxury brands to be carried out. Most of them were the study about the factors of marketing, brand, society, motivation, ownership, and personal value [2], [5]–[11]. However, the research of the direct and indirect factors affecting purchase intention towards the luxury brands through the variable of brand equity has not been studied in Thailand although it is one factor which has a relationship and affect on consumers' decision or acceptance for the brand [12]–[13]. In addition, it was found that the Thai social structure has a higher proportion of lower income consumers than high-income consumers. On the other hand, the brand value in Thailand result, this research focused on "The brand equity and the factors affecting the consumers' purchase intention towards the luxury brands in Bangkok." The objectives of this

research are 1) to study consumer-based equity of luxury brands' equity, 2) to study the consumers' purchase intention towards the luxury brands 3) to study the direct factors affecting purchase intention towards the luxury brands and 4) to study the indirect factors affecting the purchase intention towards the luxury brands through brand consciousness and brand equity. The four dimensions are brand awareness, perceived quality, brand association, and brand loyalty. The 15 luxury brands are well known internationally and they are brand values studied by [2].

## II. RESEARCH HYPOTHESES

H1 Need for uniqueness of the direct and indirect factors affecting purchase intention towards luxury brands through perceived quality and brand association.

H2 Normative susceptibility which had the direct and indirect factors affecting purchase intention towards luxury brands through brand consciousness and brand equity including the dimensions of brand awareness, perceived quality, brand association, and brand loyalty. H3 Status consumption for the direct and indirect factors affecting purchase intention towards luxury brands through perceived quality and brand association.

H4 Brand equity with four dimensions of brand awareness, perceived quality, brand association, and brand loyalty had the direct factors affecting purchase intention towards luxury brands.

## III. RESEARCH METHODS

This research was conducted using the survey research method. The population was male and female based on those more than 15 years old and who lived in Bangkok. The multi-stage random sampling method was selected for 15 districts from 50 districts and 3 area groups in Bangkok; 1) Inner area for 7 districts from 21 districts 2) Middle area for 5 districts from 18 districts and 3) Outer area for 3 districts from 11 districts. Then, by selecting 27 persons of each district the 405-person sample group was acquired. The equipment for data collection was a questionnaire and descriptive statistics and hierarchical stepwise regression analysis.

## IV. RESULTS

A. The analysis result of personal factors showed the level of the luxury brands' equity for consumer-based equity and the consumers' purchase intention for the luxury brands.

It was found that the sample groups for 405 persons was female more than male (70.9% and 29.1% respectively) with the age range from 15-25 years as the most (48.4%) then 26-35 years old (27.2%). Most of them had graduated with a Bachelor degree (65.9%) so the sample groups were mostly students (38.0%) then private officers (27.9%) with the lower income of 20,000 baht (44.4%) and the income range of 20,000-40,000 baht (30.6%) respectively. The kinds of products that the sample groups purchased from the luxury brand were bags (38.0%), perfume (16.3%), and clothes (13.3%). The frequency of the consumers' purchase intention towards the luxury brands was about once every 4-6 months (34.8%), and once a year (26.2%). Most purchased the luxury brands from shops in Thailand (61.7%), and from overseas by friends or others (46.9%). The popular luxury brands were Louis Vuitton (27.4%), Dior (14.8%), Gucci (14.3%), Chanel (11.9%), Marc Jacobs, and Prada (6.7% and 5.7% respectively)

The analysis result of the overall factors of the brand equity demonstrated the sample groups had the high level of brand equity ( $\bar{x}$  =3.95) which were the dimension of perceived quality the most ( $\bar{x}$  =4.18), brand awareness ( $\bar{x}$  =4.09), and brand association ( $\bar{x}$  =3.96) while the average of brand loyalty was lowest ( $\bar{x}$  =3.63). However, the average of all brand equity dimensions were high and it was found that the sample groups' purchase intention towards the luxury brands were also high ( $\bar{x}$  =3.65).

B. The analysis result of the direct and indirect factors affecting purchase intention towards luxury brands.

1. The analysis result of relationship among the variables.

According to the analysis result for the coefficient of correlation to study relationship among the variables, it was found that the eight independent variables; need for uniqueness, normative susceptibility, status consumption, brand consciousness, brand awareness, perceived quality, brand association, and brand loyalty had relationship with purchase intention (at the statistical significance of 0.05). Brand loyalty and brand association had the highest relationship with purchase intention towards the luxury brands (0.773 and 0.610 respectively). Brand consciousness, status consumption, brand awareness, and normative susceptibility (0.547, 0.524, 0.491 and 0.488 respectively) had the largest positive relationship. Perceived quality had a medium positive relationship and need for uniqueness had the lowest relationship (0.412 and 0.327 respectively). It was the positive relationship and the medium to low level as in Table I.

The analysis result for the relationship of the eight predictors or independent variables, a total of 28 pairs of variables, was to check multicollinearity among variables. It was found that none of the coefficients of correlation among variables was higher than 0.80 or lower than -0.80 [14]. Therefore, it had no problem for multicollinearity and the findings were affirmed with the Variance Inflation Factor (VIF) of all variables. It was also found that no variable had the Variance Inflation Factor (VIF) higher than 5.30 so it had no multicollinearity. Thus, it could be affirmed that the data analysis by hierarchical stepwise regression analysis could achieve the correct result.

TABLE I  
MATRIX COEFFICIENT CORRELATION, MEAN, STANDARD DEVIATION, AND VARIANCE INFLATION FACTOR (VIF)

Variables	Intention	Need	Normative	Status	BdCons	BdAwa	BdPer	BdAsso	BdLoyal	VIF
Intention	1.000									-
Need	0.327*	1.000								1.509
Normative	0.488*	0.471*	1.000							2.447
Status	0.524*	0.556*	0.725*	1.000						3.199
BdCons	0.547*	0.456*	0.709*	0.760*	1.000					2.896
BdAwa	0.491*	0.279*	0.391*	0.411*	0.447*	1.000				1.701
BdPer	0.412*	0.173*	0.305*	0.344*	0.364*	0.508*	1.000			1.994
BdAsso	0.610*	0.361*	0.467*	0.535*	0.535*	0.570*	0.683*	1.000		3.018
BdLoyal	0.773*	0.371*	0.427*	0.481*	0.508*	0.527*	0.425*	0.655*	1.000	1.986
Mean	3.653	3.513	3.231	3.292	3.411	4.088	4.179	3.962	3.635	-
S.D.	0.623	0.628	0.769	0.847	0.785	0.544	0.455	0.468	0.660	-

Note: n=405; \*p<.05

2. The Analysis Result of Coefficient of Determination

The outlook of the analysis result of Coefficient of Determination found that all variables of the framework model could be explained variances affecting the purchase intention towards the luxury brands by 64.40%. It showed that this research was in accordance with the empirical data that identified that if Coefficient of Determination ( $R^2$ ) was more than 60%, it was deemed that the model conformed to the empirical data [14]–[15] as the Table II.

Step 2: When brand consciousness, which was a mediator, was increased, it was found that the three independent variables had the lowest direct impact affecting the purchase intention towards the luxury brands. Status consumption still had both the strongest direct and indirect effects through the mediator (0.162 and 0.154 respectively), normative susceptibility (0.113 and 0.101 respectively), need for uniqueness was the lowest (0.090 and 0.005 respectively).

TABLE II  
HIERARCHICAL STEPWISE REGRESSION ANALYSIS

IV's	Model 1					Model 2					Model 3					
	b	SE	t	p	$\beta$	b	SE	t	p	$\beta$	b	SE	t	p	$\beta$	
Block 1	Need	.094	.050	1.888	.000	.095	.090	.049	1.837	.067	.090	.006	.037	.153	.878	.006
	Norm	.173	.049	3.512	.000	.214	.092	.051	1.789	.074	.113	.064	.038	1.696	.091	.080
	Status	.223	.047	4.903	.000	.316	.119	.053	2.256	.025	.162	.039	.039	.982	.327	.053
Block 2	BdCons					.240	.053	4.525	.000	.303	.033	.040	1.634	.103	.083	
	BdAwa										.040	.045	.885	.376	.035	
Block 3	BdPer										.017	.058	.287	.774	.012	
	BdAsso										.110	.069	1.589	.113	.083	
	BdLoyal										.558	.040	13.991	.000	.591	
constant								1.831							0.377	
R					0.553			0.583							0.802	
$R^2$					0.305			0.339							0.644	
Adjusted $R^2$					0.300			0.333							0.637	
$R^2$ change					0.305			0.034							0.305	
F					58.794			51.357							89.436	
p					0.000			0.000							0.000	

Note: Need = Need for Uniqueness, Norm = Normative Susceptibility, Status = Status Consumption, BdCons = Brand Consciousness, BdAwa = Brand Awareness, BdPer = Perceived Quality, BdAsso = Brand Association, BdLoyal = Brand Loyalty, Equity = Brand Equity, Intention = Purchase Intention

3. The Hierarchical Stepwise Regression Analysis

The analysis result of the effect of the eight independent variables affecting the dependent variables was the purchase intention for the luxury brands. The methodology of Hierarchical Stepwise Regression Analysis was divided into 3 steps for analysis as the sequence of the variables in the framework model. The result was concluded as follows:

Step 1: The analysis result concluded that status consumption was the variable which had the direct affect affecting the purchase intention towards luxury brands the most (0.316), then normative susceptibility (0.214), and need for uniqueness had the lowest direct effect affecting the purchase intention towards the luxury brands in Figure 1.

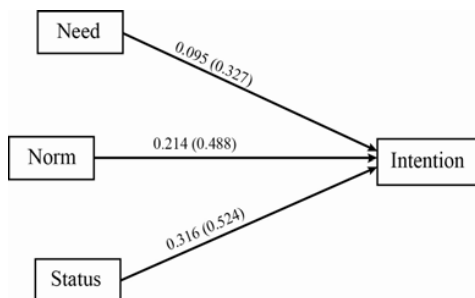


Fig. 1 The Hierarchical Stepwise Regression Analysis of The first model

Note: the first figures = the standardized regression coefficients ( $\beta$ ), figures in parentheses = Coefficient of Correlation (R)

Besides was found that brand consciousness had total effect on the purchase intention towards the luxury brands at medium to low levels (0.303) as seen in Figure 2.

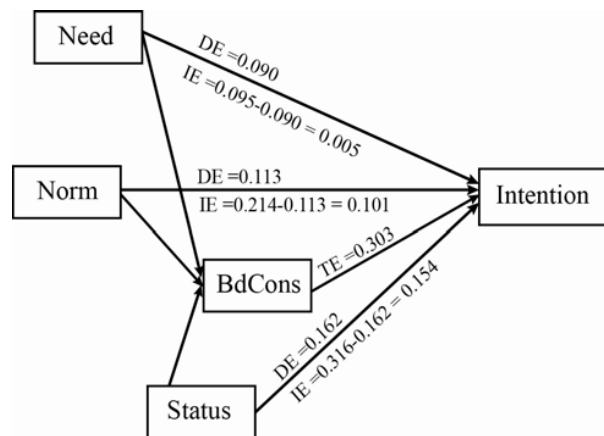


Fig. 2 The Hierarchical Stepwise Regression Analysis of The second model.

Note: DE = direct effect, IE = indirect effect, TE = total effect

Step 3: When the mediator of brand equity for four variables, (brand awareness, perceived quality, brand

association, and brand loyalty) was increased, it was found that need for uniqueness, normative susceptibility, status consumption, and brand consciousness had lower effect resulting from the indirect effect through brand equity for four variables affecting the purchase intention towards the luxury brands. Brand consciousness was the highest direct effect (0.083), then followed by normative susceptibility (0.080) and status consumption (0.053) respectively, need for uniqueness still was lowest (0.006). While brand consciousness had the indirect effect through brand equity for four variables affecting the purchase intention towards the luxury brands (0.220), status consumption and need for uniqueness (0.109 and 0.084 respectively), normative susceptibility was lowest (0.033) as seen in Figure 3. At the same time, the effect of brand equity

for four variables affecting the purchase intention towards the luxury brands was found. Brand loyalty had the most direct effect affecting the purchase intention towards the luxury brands the (0.591), brand association and brand awareness (0.083 and 0.035 respectively), and perceived quality was lowest (0.012) as per Table III.

4. The Testing Result of the Hypothesis

The analysis result found that need for uniqueness had a direct and indirect effect affecting the purchase intention towards the luxury brands through the mediator of brand consciousness and brand equity. All four dimensions were brand awareness, perceived quality, brand association, and brand loyalty. Therefore, H1 was the need for uniqueness of the direct and indirect effects affecting the purchase intention towards the luxury brands through perceived quality and brand association. The hypothesis one is partially supported. Normative susceptibility had the direct and indirect effects through the mediator of brand consciousness and brand equity, so the hypothesis H2 was accepted. While status consumption had the direct and indirect effects affecting the purchase intention towards the luxury brands through the mediator of brand consciousness and brand equity for all four dimensions. Thus, H3 of status consumption had the direct and indirect effects affecting the purchase intention towards the luxury brands through perceived quality and brand association. This hypothesis is partially supported and it was found that brand equity for all four dimensions of brand awareness, perceived quality, brand association, and brand loyalty had a direct effect affecting the purchase intention towards the luxury brands. Therefore, hypothesis H4 was accepted (at the statistical significance of 0.05).

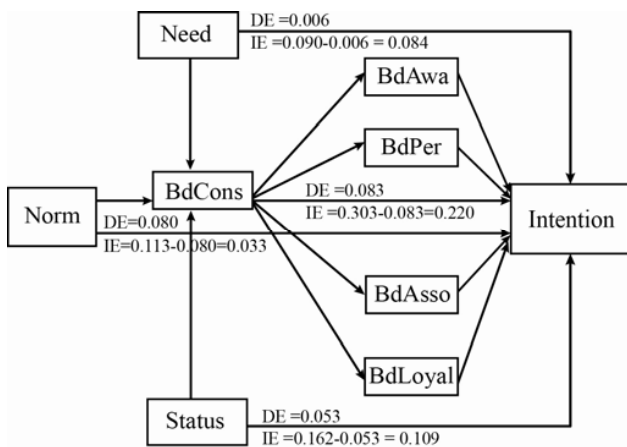


Fig. 3 The Hierarchical Stepwise Regression Analysis of The third model.

TABLE III  
THE ANALYSIS RESULT OF THE SEPARATION FOR CORRELATION AS THE TOTAL EFFECT, DIRECT EFFECT, AND INDIRECT EFFECT

IV	Observed r	IV			Computed r		error
		via BdCons	via Equity	Total IE	DE	TE	
1. Need	0.372	0.005	0.084	0.089	0.006	0.095	-0.277
2. Norm	0.488	0.101	0.033	0.134	0.080	0.214	-0.274
3. Status	0.524	0.154	0.109	0.263	0.053	0.316	-0.208
4. BdCons	0.547		0.220	0.220	0.083	0.303	-0.244
5. BdAwa	0.491				0.035	0.035	-0.456
6. BdPer	0.412				0.012	0.012	-0.400
7. BdAsso	0.612				0.083	0.083	-0.527
8. BdLoyal	0.773				0.591	0.591	-0.182

The conclusion of the analysis result of the direct and indirect effect affecting the purchase intention towards the luxury brands found that the eight independent variables; need for uniqueness, normative susceptibility, status consumption, brand consciousness, brand awareness, perceived quality, brand association, and brand loyalty had the most effect affecting the purchase intention towards the luxury brands (at the statistical significance of 0.05). The variable which had the most total effect affecting the purchase intention towards the luxury brands was brand loyalty (0.591), the highest value of positive effect, then followed by status consumption and brand consciousness (0.316 and 0.303 respectively), brand awareness and perceived quality had the lowest total effect (0.035 and 0.012 respectively). While the variable which had the most direct effect affecting the purchase intention towards the luxury brands still was brand loyalty (0.591), then brand association and brand consciousness were equal (0.083), need for uniqueness was lowest (0.006), which was a much lower level of positive effect. However, variables which had the most indirect effect affecting the purchase intention towards the luxury brands through the mediator were status consumption (0.263), brand consciousness and normative susceptibility (0.220 and 0.134 respectively), and need for uniqueness had the lowest indirect effect affecting the purchase intention towards the luxury brands through the mediator (0.089). Therefore, this research result concluded that brand consciousness and brand equity were the mediators through the effect affecting the purchase intention towards the luxury brands.

#### V. DISCUSSION

This study result concluded that brand equity of all dimensions had the direct effect of the positive effect affecting the purchase intention towards the luxury brands. Brand loyalty was the most important variable that had a relationship with the purchase intention towards the luxury brands and had a high level of relationship. In addition, it had the most direct effect and acted as mediator through the effect affecting the purchase intention towards the luxury brands. Therefore, brand loyalty was the most important dimension of brand equity and it was what determined the best consumers' purchase intention [12], [16]. Brand association and brand consciousness had as much direct effect against the purchase intention as the second one. However, it was noticeable that the variable of the brand for this research impacted the direct effect affecting the purchase intention towards the luxury brands more than the factor of personal value. In addition, both brand equity and brand consciousness were the variables which had the positive effect, and the mediator through the effect affecting the purchase intention towards the luxury brands. This showed the brand significance towards consumers' purchase decision.

Furthermore, the research result confirmed that the purchase intention towards the luxury brands was a decision using emotion rather than utility. Since brand association had a positive effect affecting the purchase intention towards the luxury brands more than perceived quality, which conformed to previous research [5]-[6], [17]. Although the respondents

would have perceived quality at the highest level of the brand equity dimension. On the other hand, perceived quality became the variable that had the lowest total effect affecting the purchase intention towards the luxury brands. It was probably that consumers accepted the famous and expensive brands. Therefore, they realized those brands were good quality [17]. In addition, the luxury brands were mostly bought with unclear utilization and with high price so consumers purchased them to respond to the brand equity of emotion more than their utilization, especially the symbolic consumption to make other people accept them. The research found that status consumption was at the second level of overall effect from that of brand loyalty and had the effect affecting the purchase intention towards the luxury brands more than normative susceptibility and need for uniqueness, which conformed to the research findings of [2]. They found that social status had influenced the purchase intention towards the luxury brands more than the variables of personal value. Therefore, this research was able to conclude that status consumption was the variable that had both positive direct and indirect effects affecting the purchase intention towards the luxury brands, especially through the brand variables. However, it was probably the luxury brands were mostly high-priced and the high image so that consumers realized the elegance, social status, credit, prestige, image, or superiority [7], [18]-[19]. Consumers' decisions to purchase the luxury brands were the symbolic consumption to build acceptance or appear superior more than the utilization of the product.

#### VI. CONCLUSION

This research was to study the factors involved with the direct and indirect effect on purchase intention. It was focused on consumers in Bangkok, Thailand. The results found that brand loyalty had the most direct effect on the purchase intention towards the luxury brands and then brand association and brand consciousness. While, status consumption had the most indirect effect on the purchase intention towards the luxury brands through the mediator. Need for uniqueness was the variable which had the lowest direct effect affecting the purchase intention towards the luxury brands. Brand loyalty, status consumption, and brand consciousness had the most overall effect on the purchase intention for the luxury brands. Brand consciousness and brand equity for all four dimensions; brand awareness, perceived quality, brand association, and brand loyalty were the mediators through the effect on the purchase intention for the luxury brands. All variables in the framework had a positive effect on the purchase intention towards the luxury brands (at the statistical significant of 0.05). Therefore, marketers wanted to build the luxury brands to be accepted, build a long term relationship leading to sale volumes and consumers' support, reduce the price competition and expenses regarding marketing activities. The marketing experts have to give importance to status consumption and brand equity, especially the dimensions of brand loyalty and brand association. This is because the research confirmed that if brand loyalty and brand association could be built at the

high level, consumers would have a high purchase intention as well.

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