Categorizing the Indian consumer according to their purchase intention towards affordable luxury apparel

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Abstract

A rising nation like India is seeing a significant rise in the availability of affordable luxury. The rise of affordable luxury brands may be attributed to a number of factors, including an increase in HNIs and an urban middle class with a preference for premium goods. Retailers and brand owners are finding the marketing landscape to be both demanding and intriguing. This study aimed to categorise the segment into customers with high and low purchase intentions using a discriminant equation based on certain recognised factors. The study attempted to predict the target segment's purchasing intentions during a time when brand awareness and brand knowledge are at their highest levels. Through this method, businesses may evaluate the market for their brand, which will in turn help the marketer to reduce the market risk.

Keywords: Affordable luxury, apparel, discriminant analysis, purchase intention

Introduction

India is a sizable, intricate market with a shaky consumption structure. Despite the fact that many international companies view India as a market for luxury consumption, they must keep in mind that the Indian market is extremely complicated and diversified. The large middle class in India is growing, moving up the economic ladder, and becoming intermittent consumers of luxury goods (Fashionunited, 2013) [10]. The surge in luxury expenditure in the nation is being attributed to this relatively new class of aspirational households, supporting Dubois & Laurent's (1996) [9] argument that luxury is intended for a "happy many" rather than a "happy few". Traditional luxury is extremely distinct from affordable luxury or premium luxury (Sorger & Udale, 2006) [39].

Literature Review

The landscape of luxury products has significantly transformed during the past ten or so years (Kapferer & Valette-Florence, 2018) [20]. The democratisation of luxury, particularly in developing nations like India and China, is among the main causes of this new environment. According to Gupta (2018) [13], the Indian luxury market is expected to increase by 30% annually to reach USD 30 billion by 2020. Nowadays, a number of luxury firms strive for a "happy many" and are emphasising expansion in contrast to traditional connotations with luxury that meant a "happy few" and focused on uniqueness (Dubois & Laurent, 1996) [9]. Even luxury firms steeped in history are now using creative methods to engage young luxury consumers as a result of new social media trends and the rise of this demographic (Ko & Woodside, 2013) [22].

The Indian luxury market is projected to rise by 3.8% yearly up to 2025 (Statista, 2018) [24]. India has one of the most youthful populations in the world, and as a result of rising consumer incomes, living standards have increased (Davar, 2018). Indian aspirants want to have a "global lifestyle." The middle-class customer in modern India who is seeking a better quality of life is this aspiring Indian. These objectives can be met by investing in luxury products. To provide these customers a taste of the lifestyle they desire, several firms are entering the affordable luxury market (Bhanot, 2013) [4].

Luxury that is within the financial means of a much larger audience than simply the HNIs and UHNIs is referred to as accessible or affordable luxury (Pury, 2015) [11].
'Affordable luxury' is a contradiction in terms. In terms of price and perception, affordable luxury lies between luxury and high-street brands (Fashionunited, 2013) [10]. Affordable luxury has been referred to by several titles in literature since it is a relatively new idea. These brands are sometimes referred to as diffusion brands, bridge-to-luxury brands, upper-range brands, or accessible luxury companies (Sorger & Udale, 2006; Kapferer, 2008) [39, 21]. The inexpensive luxury category also includes step-down line extensions (Jackson & Shaw, 2009) [16]. The value-conscious Indian customers are seen by luxury brands as a significant pull for their inexpensive or bridge-to-luxury items. The major benefit of purchasing luxury for this consumer is brand desire and awareness rather than the actual experience or product quality (Gupta, 2018) [13].

Finding and Analysis
Discriminant analysis is the most statistical approach when the variable under investigation is categorical and the independent variables are quantitative. The connection between a single categorical dependent variable and a group of quantified independent variables is estimated using discriminant analysis. The process involves creating a variate, which is the linear combination of two or more independent variables and offers the best discriminating between predetermined categories. The descriptive approach gradually pinpoints a linear configuration of characteristics known as canonical discriminant values (equations) that most significantly aids in group separation. The cases with D values below the cut-off value are then divided into two groups, and the cases with D values over the cut-off value are divided into two groups as well.

By combining five predictor or independent variables - age, brand awareness, value consciousness, brand trust, and brand associations - the researcher attempted to create a discriminant function with a linear form of purchase intention of consumers to purchase affordable luxury clothes as a grouping variable. All four of the other predictor variables were recovered using exploratory factor analysis in SPSS, with the exception of age. When compared to the statements from the other components that were retrieved, these four factors had the largest communalities.

Group Statistics tables
Without a doubt, the Group Statistics Table (Table 1) shows that each group's predictors may be distinguished from one another. Additionally, the Tests of Equality of Group Means Table (Table 2) demonstrates that each of the five predictors exhibits statistically significant differences. Particularly noteworthy are the high F values for Brand Awareness (256.817), Value Consciousness (207.07), and Age (160.625), which suggest that these may be useful differentiators in the future. For predicting group membership, these factors with substantial separations and high F values are essential. The Pooled Group Matrix (Table 3) confirms this by showing that all variables have modest and statistically negligible inter correlations. This enhances their capacity to act as discriminators.

Table 1: Group Statistics

<table>
<thead>
<tr>
<th>Purchase Intention</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Valid N (list wise)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Un-weighted</td>
</tr>
<tr>
<td>Low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>1.74</td>
<td>.709</td>
<td>49</td>
</tr>
<tr>
<td>Value Conscious</td>
<td>2.25</td>
<td>.640</td>
<td>49</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>2.45</td>
<td>.829</td>
<td>49</td>
</tr>
<tr>
<td>Brand Associations</td>
<td>2.29</td>
<td>.700</td>
<td>49</td>
</tr>
<tr>
<td>Age</td>
<td>38.26</td>
<td>7.50</td>
<td>49</td>
</tr>
<tr>
<td>High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>3.96</td>
<td>.800</td>
<td>96</td>
</tr>
<tr>
<td>Value Conscious</td>
<td>4.17</td>
<td>.705</td>
<td>96</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>3.29</td>
<td>.842</td>
<td>96</td>
</tr>
<tr>
<td>Brand Associations</td>
<td>3.90</td>
<td>.7-1</td>
<td>96</td>
</tr>
<tr>
<td>Age</td>
<td>26.01</td>
<td>4.419</td>
<td>96</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>3.32</td>
<td>1.297</td>
<td>145</td>
</tr>
<tr>
<td>Value Conscious</td>
<td>3.49</td>
<td>1.061</td>
<td>145</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>2.90</td>
<td>.894</td>
<td>145</td>
</tr>
<tr>
<td>Brand Associations</td>
<td>3.36</td>
<td>.913</td>
<td>145</td>
</tr>
<tr>
<td>Age</td>
<td>30.34</td>
<td>8.280</td>
<td>145</td>
</tr>
</tbody>
</table>

Table 2: Tests of Equality of Group Means

<table>
<thead>
<tr>
<th></th>
<th>Wilks' Lambda</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Awareness</td>
<td>.349</td>
<td>256.817</td>
<td>1</td>
<td>143</td>
<td>.000</td>
</tr>
<tr>
<td>Value Conscious</td>
<td>.397</td>
<td>207.07</td>
<td>1</td>
<td>143</td>
<td>.000</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>.874</td>
<td>10.670</td>
<td>1</td>
<td>143</td>
<td>.000</td>
</tr>
<tr>
<td>Brand Associations</td>
<td>.564</td>
<td>105.479</td>
<td>1</td>
<td>143</td>
<td>.000</td>
</tr>
<tr>
<td>Age</td>
<td>.456</td>
<td>160.625</td>
<td>1</td>
<td>143</td>
<td>.000</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Correlation</th>
<th>Brand Awareness</th>
<th>Value Conscious</th>
<th>Brand Trust</th>
<th>Brand Associations</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Awareness</td>
<td>1.000</td>
<td>.076</td>
<td>-.060</td>
<td>-.262</td>
<td>-.198</td>
</tr>
<tr>
<td>Value Conscious</td>
<td>.076</td>
<td>1.000</td>
<td>.048</td>
<td>-.082</td>
<td>-.051</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>-.060</td>
<td>.048</td>
<td>1.000</td>
<td>.038</td>
<td>.028</td>
</tr>
<tr>
<td>Brand Association</td>
<td>-.262</td>
<td>-.082</td>
<td>.038</td>
<td>1.000</td>
<td>.082</td>
</tr>
<tr>
<td>Age</td>
<td>-.198</td>
<td>-.051</td>
<td>.028</td>
<td>.082</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Log determinants and Box’s M tables
The log determinants must be equal in order for this hypothesis to be true. In order to show similarity and the absence of significant differences when using Box’s M, the researcher looks for a non-significant M. Given that the log determinants are similar, Box’s M is 31.75 and $F=2.025$, which are both significant at $p=.010$ and less than .05 (Table 5), in this case. As a result, the null hypothesis may be disproved, showing that there are differences in the covariance matrices between dependent groups. On the other hand, when the sample size is expanded (big sample size), the converse can happen.

**Table 4: Log Determinants**

<table>
<thead>
<tr>
<th>Purchase Intention</th>
<th>Rank</th>
<th>Log Determinant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>5</td>
<td>.881</td>
</tr>
<tr>
<td>High</td>
<td>5</td>
<td>.572</td>
</tr>
<tr>
<td>Pooled within-groups</td>
<td>5</td>
<td>.897</td>
</tr>
</tbody>
</table>

The ranks and natural logarithms of determinants printed are those of the group covariance matrices.

**Table 5: Test Results**

<table>
<thead>
<tr>
<th>Box’s M</th>
<th>31.75</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx.</td>
<td>2.025</td>
</tr>
<tr>
<td>df1</td>
<td>15</td>
</tr>
<tr>
<td>df2</td>
<td>38826.538</td>
</tr>
<tr>
<td>Sig.</td>
<td>.010</td>
</tr>
</tbody>
</table>

Tests null hypothesis of equal population covariance matrices.

**Table of Eigenvalues**
Each of the created discriminating functions (equations) is affected by this information. The number of groups minus one determines the maximum number of discriminant functions that can be produced. Only one function is shown since only two groups - "high purchase intention" and "low purchase intention" - are being used. A canonical correlation of 0.923 in this study's Table 6 shows that the model, which determines if an individual has an elevated or decreased purchase intention, accounts for 85.32 percent of the variation in the grouping variable.

**Summary of Canonical Discriminant Functions**

<table>
<thead>
<tr>
<th>Function</th>
<th>Eigenvalue</th>
<th>% of Variance</th>
<th>Cumulative %</th>
<th>Canonical Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5.785*</td>
<td>100.0</td>
<td>100.0</td>
<td>.923</td>
</tr>
</tbody>
</table>

a. First 1 canonical discriminant functions were used in the analysis.

**Wilks’ lambda**
According to Hair et al. (2014) [15], Wilks’ lambda demonstrates the importance of the discriminant function. This table (Table 7) offers the percentage of total variability not explained, i.e., it is the opposite of the squared canonical correlation, and indicates a very significant function ($p =.000$, which is less than .05, and the Null Hypothesis is rejected). So, the 14.7% variation is unaccounted for.

**Table 7: Wilks’ Lambda**

<table>
<thead>
<tr>
<th>Test of Function (s)</th>
<th>Wilks’ Lambda</th>
<th>Chi-square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.147</td>
<td>269.012</td>
<td>5</td>
<td>.000</td>
</tr>
</tbody>
</table>

The standardized canonical discriminant function coefficients table
An index of the importance of each predictor may be seen in Table 8. The relationship's nature is made clear by the symbol. The most important predictor was brand awareness, which was followed by brand associations, value consciousness, and age (please note the minus sign). The high and low purchase intention groups can be distinguished by membership in these variables with high coefficients. Brand Trust Score did not perform as well as predictions.

**Table 8: Standardized Canonical Discriminant Function Coefficients**

<table>
<thead>
<tr>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>Brand Awareness</td>
</tr>
<tr>
<td>Value Conscious</td>
</tr>
<tr>
<td>Brand Trust</td>
</tr>
<tr>
<td>Brand Associations</td>
</tr>
<tr>
<td>Age</td>
</tr>
</tbody>
</table>
The Structure Matrix Table
The relative value of the predictors is presented in a different way in Table 9, and the similar trend can be seen below. Structure matrix correlations are frequently used by researchers because they are thought to be more accurate than Standardised Canonical Discriminant Function Coefficients. The links between each variable and each discriminating function are shown in the table of the structural matrix.

<table>
<thead>
<tr>
<th>Table 9: Structure Matrix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Function</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Brand Awareness</td>
</tr>
<tr>
<td>Value Conscious</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>Brand Associations</td>
</tr>
<tr>
<td>Brand Trust</td>
</tr>
</tbody>
</table>

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions Variables ordered by absolute size of correlation within function.

The Canonical Discriminant Function Coefficient Table

\[ D = (-0.060 \times \text{Age}) + (0.191 \times \text{Brand Trust}) + (0.852 \times \text{Brand Associations}) + (.803 \times \text{Brand Awareness}) + (.729 \times \text{Value Conscious}) - 6.680. \]

<table>
<thead>
<tr>
<th>Table 10: Canonical discriminant function coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Function</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Brand Awareness</td>
</tr>
<tr>
<td>Value Conscious</td>
</tr>
<tr>
<td>Brand Trust</td>
</tr>
<tr>
<td>Brand Associations</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
</tbody>
</table>

Unstandardized coefficients

Group centroids table
One may further understand the outcomes of discriminant analysis by characterising each group in terms of its profile using the group means of the predictor variables. These are referred to as centroids or group means. These are displayed in the table Group Centroids. Consumers who are more likely to make a purchase have a mean of 1.706 in this study, while those who are less likely to do so have a mean of -3.343. Cases with scores near to a centroid are anticipated to fall into that category.

<table>
<thead>
<tr>
<th>Table 11: Functions at Group Centroids</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Intention</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Low</td>
</tr>
<tr>
<td>High</td>
</tr>
</tbody>
</table>

Unstandardized canonical discriminant functions evaluated at group means

Conclusion
To determine if a consumer had a high or low buy intention, a discriminant analysis was done. Age, brand awareness, value consciousness, brand trust, and brand connections were predictor factors. For each predictor, there were sizable mean differences. The premise of equality of covariance was also accepted, as evidenced by the close similarity of the log determinants and Box’s M. A substantial correlation between groups and all predictors was found using the discriminate function, which accounted for 85.32% of the variance between groups. Only four significant indicators emerged from a thorough examination of the structure matrix: brand knowledge, value consciousness, age, and brand connections, with brand trust doing poorly.

With the use of the discriminant equation derived from this study, it is possible to determine whether new buyers of affordable luxury will have a high or low purchase intention. This might be of great assistance to those who work in the luxury yet affordable market. Brand managers can identify the characteristics that are most important in separating a specific customer segment from another by examining the distinctions between the two groups. They may develop strategies that successfully target each category by using the data to customise their marketing efforts. This study may be utilised by people who work in the affordable luxury clothes sector to identify the critical characteristics or elements that affect how customers perceive a certain affordable luxury brand.

References


