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## **Luxury Brands and Corporate Social Responsibility: A perspective on consumers' preferences**

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# **Luxury Brands and Corporate Social Responsibility: A perspective on consumers' preferences**

## **Abstract**

The recent growth trends of globalization has witnessed prominent growth in luxury brand sales over the recent years. However, the dramatically changing economic environment also leads to hardship for luxury brand companies since it affects the customers' perception whether their high-priced luxury brands are really valuable to purchase. This study aimed to determine the impact of corporate social responsibility (CSR) initiatives implemented by the luxury brand organizations on consumers' purchase intention of such brands. Over 300 customers of luxury brands were surveyed to find out whether CSR initiatives have effect on their purchase intentions. The authors present a taxonomy that assigns consumers to one of the four segments according to their annual household income and value expressive perceptions and it demonstrates each segments' preference for purchasing luxury brands. Out of four types of consumers after perceiving CSR initiatives implemented by luxury brand companies, affluent consumers show the most significant purchase intention of luxury brands. In addition, affluent consumers with internal value expressive perceptions also show the highest purchase intention of luxury brands. Consumers whose value expressive perceptions are internal oriented pay more attention to CSR initiatives than consumers who are external value expressive perceptions. Further, it showed that overall CSR initiatives have significant influence on their purchase intentions. Thus this study provides valuable insight for the brand managers to design and implement their CSR initiatives and marketing strategies.

**Keywords:** Luxury brands, Corporate Social Responsibility (CSR), Customer perceptions, Customer preferences.

## **Introduction**

The market of luxury brands have shown substantial growth over recent years. However, the dramatically changing economic environment leads to the hardship luxury brand companies go through customers perceiving whether their luxury brands are valuable to compensate their high-priced strategy. Hence, it is important to explore consumers' purchase intention toward luxury brands.

A major characteristic of luxury brands is that these products lure consumers into paying high price for the possession (Ait-Sahalia et al., 2004; Mason, 1981). Consumers usually buy luxury brands in order to advertise their wealth and communicate their higher social status. The main motivations for such a behavior are due to the desire to (1) impress others with luxury brands which represent a symbol of affluence, and (2) to distinguish oneself from other ordinary people in order to convey a higher social status (Mason, 1981). Several authors have also expressed the same opinion. For example, some motivations behind the possession of luxury brands are due to social recognition (Park *et al.*, 2008), parental influence (Prendergast and Wong, 2003) or social acceptance (Summers *et al.*, 2006).

Generally, in terms of necessities, in order to increase the sales, many companies usually bring up various stimuli for arousing consumers' purchase intention (e.g., promotion, discount, or buy one get one free). However, these promotional activities might cause poor brand images for luxury brands as scarcity is another characteristic of luxury brands, which further enhances consumers' preferences and demand toward luxury brands (Lynn, 1991). Furthermore, luxury brands could create a favorable attribute for aspirants of luxury brands (Burns and Brandy, 2001; Dubois and Paternault, 1995; Park *et al.*, 2008).

In some circumstances, consumers share negative reactions toward luxury brand companies because of negative social impression (e.g., the sweatshops of Gucci and Prada in China (Caixiong, 2011; Wilkinson, 2008)) to the extent where consumers value consciousness, personal attitude or social influence results in a not-to-buy recommendation (Phau *et al.*, 2009; Phau and Teah, 2009). Phau *et al.* (2009) and Phau and Teah (2009) present that when consumers possess unfavorable attitudes toward luxury brands, they are against purchasing luxury brands. Thus, a positive attitude definitely affects the success of luxury brands.

As a result, traditional marketing strategies of luxury brands require a new approach when aiming broad customer base. Relying on the high status of a brand name alone is no longer sufficient, and a strategic development of marketing differentiated from the traditional marketing approach is necessary (Atwal and Williams, 2009).

The concept of Corporate Social Responsibility (CSR) has received considerable attention in recent years. It is generally acknowledged that CSR for a company plays a key successful component to strengthen a competitive advantage in the long run (Peloza and Shang, 2011). The structure of marketplace has evolved from product orientation to consumer orientation. In the era of the orientation of consumer demand, product quality and price can no longer satisfy all consumers' requirements. Thus how to incorporate CSR into business strategies becomes an important issue for a company. In marketing research, the importance of CSR toward a company has been discussed comprehensively, which impacts consumer's purchase intention, companies' image and identity, and its sustainability (Bhattacharya, et al., 2009; Sen and Bhattacharya, 2001; Sen et al., 2006). Growing conceptions primarily focus on the importance of CSR in the luxury brands, as for example Janssen et al. (2014) demonstrate an analysis of consumers' perception of

the fit between luxury and CSR. Luxury brand companies usually struggle to make sure that their public services connect with responsibility from the social point of view (Kendal, 2010) and hope to benefit from these public activities. For example, luxury brands like Armani and Cartier not only employed CSR to reduce or delete any possible negative impacts on their companies, but also hope to increase and gain the positive impacts on society (Mohr et al. 2001; van Marrewijk 2003). Besides, CSR initiatives tie a close relationship with corporate image (McWilliams et al., 2006), which affects an evaluation of corporate products in consumers' mind (Brown and Dacin, 1997).

The literature is short on related impacts of the CSR on consumers' purchase intention of luxury brands. Based on the aforementioned background and motivation, this study attempts to know when luxury brand companies take CSR initiatives proactively and whether these initiatives stimulate consumers' purchase intention toward luxury brands. And from the view of different consumer segments, what kinds of consumers might place importance on these initiatives.

This study is structured into four main sections following this introduction. The second section discusses the literature review and develops hypotheses. The empirical analysis and methodology are shown in the third section. The fourth section analyzes the results. Finally, the fifth section summarizes the main conclusions, managerial implication and provide avenues for future research directions.

## **Literature Review**

Luxury brands have many features like high quality, uniqueness, scarcity and strong brand identity (Dubois et al., 2001, Vigneron and Johnson, 1999; Phau and Prendergast, 2000; Kelly, 2009), which excites consumers to make a purchase decision. The functions of luxury brands are equivalent to the lower price counterparts, but consumers are willing to pay more to get satisfaction and pleasure since luxury brands are built to provide customers desired value to justify the high product price (Dubois and Duquesne, 1993).

Referring to purchase intention, Belk et al. (1982) propose that people make judgments about others and infer others' success based on their possessions. Individual material values can be represented by his/her possessions (Richins, 1994). Purchasing luxury brands is a value perception (Shukla and Purani, 2012) and mostly the motivation falls in the hedonic purchase motivation rather than utilitarian purchase motivation (Park et al., 1986; Chandon et al., 2000).

### *Corporate Social Responsibility (CSR)*

A company should not always care about its earnings and benefits; putting aside private greed, the public concern and responsibility are important as well (Roddick, 2000). In recent years, CSR has played a critical role in modern society. Companies use their capabilities and resources to address social problems. Carroll (1979, p. 500) defines CSR as follows: "The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that a society has of organizations at a given point in time". It implies that CSR initiatives of companies have significantly evolved from only donating money to undertaking relevant social service.

Sen and Bhattacharya (2001) propose that CSR initiatives present relevant information of companies to consumers such as the capabilities of product quality and innovation (Luo and Bhattacharya, 2006) and the ability in manufacturing and delivering products and/or service offerings (Brown and Dacin, 1997). Nowadays not only the business organizations place importance on economic, legal, ethical and philanthropic responsibilities but also the consumers as well. Consumers take into account CSR implemented by companies as a means to take care of their responsibility and duty to the general public. Consumers like to compare the congruency between themselves and a brand to see whether the brand meets their central beliefs (Sirgy, 1996). Moreover, consumers' reactions toward CSR initiatives are mainly based on the degree of congruence between their characteristics and the company's characteristics related to the endeavors of its CSR initiatives (Sen and Bhattacharya, 2001).

CSR initiatives might benefit companies by sponsoring charitable activities, companies receive a better reputation and consumers' purchase decision are influenced obviously (Brammer and Millington, 2005; Mohr and Webb, 2005). In addition, when companies consider CSR initiatives into their operational strategy, their corporate image are enhanced as Drumwright (1996) posits. Another advantage of CSR is that it can extend consumers' tolerance for a notorious corporation. Nike, for instance, takes advantage of CSR initiatives to retrieve consumers' confidence for a bad reputation of sweatshop (DeTienne and Lewis, 2005).

A large number of CSR research found that when consumers perceive companies implementing CSR initiatives, their buying behavior and attitude associated with these companies' products are positively influenced (Creyer and Ross, 1997; Prabu et al., 2005; Sen and Bhattacharya, 2001). Research from Mason (2002) demonstrates that consumers are more willing to buy products and



services provided by well-known CSR companies. Consumers usually possess positive attitude toward the corporate brand and high purchase willingness (Kamins and Marks, 1991; Romaniuk and Sharp, 2003). These initiatives not only improve corporate performance (Bronn and Vrioni, 2001; Fombrun and Shanley, 1990), but also increase customer loyalty and purchase intention (Bhattacharya and Sen, 2003).

Therefore, for luxury brand companies in order to boost their business, it seems that actively considering CSR initiatives into the operational strategies might be a good idea to trigger consumers' purchase intention. Actually, practicing CSR is not an easy job, but the potential added value and rewards are valuable (Brady, 2003). Consumers' brand and product evaluations are influenced by CSR initiatives, and these effects dominate over the rational cognition such as product functions and attributes (Klein and Dawar, 2004), and Klein and Dawar also point out that CSR is able to establish a solid relationship between firms and stakeholders.

#### *Internal/External value expressive perceptions*

Personal values will impact what people consume, and their critical properties characterize or express their personal values (Richins, 1994). Zeithaml (1988) points out that customer value is benefits customers receive compared to what customers need to pay for the product/service. Woodruff (1977, P.141) define customer value as "A customer's perceived preference for, and evaluation of, these product attributes, attribute performances, and consequences arising from use that facilitated (or blocks) achieving the customers' goals and purposes in use situations". It implies that customer value is a value perception when customers evaluate the attributes and performance of products in the consumption process. This study classifies the main purposes of

purchasing luxury brands into two segments: internal value expressive perceptions and external value expressive perceptions.

Smith and Colgate (2007) explain that internal value expressive perceptions are relevant to psychological level of products. Internal value expressive perceptions are intrinsic aspects that consumers buy luxury brands to arouse feeling, transfer emotional benefits and fulfill their inner satisfaction such as aesthetics (Holbrook, 1999, Vigneron and Johnson, 1999) and self-esteem (Belk, 1988; Berger and Heath, 2007). If consumers' purchase attitude is inner-direction, their focus is an expression of self instead of newness (Evans, 1989).

Consumers are motivated to have a product to form a self-directed value perception when they perceive internal value expressive perceptions are important to them (Shukla and Purani, 2012; Wilcox et al., 2009). In turn, with internal value expressive perceptions toward luxury brands consumers are more motivated to favor internal perception of products and this message fulfils their inherent dispositions and values to the extent which they use properties to form an image of who they want to be or to express who they are (Ahuvia, 2005). Katz (1960) also proposes that internal value expressive perceptions let people express their values and attitudes, and convey their principal faiths to others.

On the other hand, external value expressive perceptions present that the intention of purchasing products associates with outside social environment to display high rank and social status in the society (Berger and Ward, 2010; O'Cass and McEwen, 2004). It is acknowledged that possessions are one of the easiest methods to refer one person (Belk, 1988) and his or her success (Richins, 1994). On the meaning of external value expressive perceptions, through possessing luxury brands, consumers wish to receive social recognition and symbolize the differences from others (Kapferer

and Bastien, 2009, Wiedmann et al., 2009). These perceptions drive consumers' motivation to own luxury brands for the purpose of getting social approval in social settings. The tendency to have luxury brands of external value expressive perceptions is also to communicate the owner's wealth or the level of prestige (Han et al. 2010; Wilcox et al., 2009). Sometimes the internal and external value expressive perceptions might occur individually or exist both at the same time (Shavitt, 1989).

### *Consumer segments of purchasing luxury brands*

Ashworth et al. (2009) propose that consumers possess a variety of reasons to establish and keep relationships with brands. Research based on varied purposes of marketing has different configurations of consumer segments such as brand choice of consumers: High/low priced sensitivity toward internal reference prices (Erdem et al., 2001), products purchase intention of consumers: Esthetic/practical orientation (Goldberg, 1976), Brand loyalty in different environments: online/offline consumers (Danaher et al., 2003), or products purchase frequency: high/low brand loyalty of consumers (Krishna et al., 2007; Raj, 1982).

This research topic is relevant to consumer segments of purchasing luxury brands as the study identifies the types of consumers who purchase luxury brands based on two distinct and measurable characteristics: value expressive perceptions and annual household income. The intention to buy luxury brands is internal versus external value expressive perceptions and the annual household income is high versus low annual household income. The reasons for this classification are as follows: firstly, as aforementioned, generally consumers use their internal/external value expressive perceptions to purchase products. Hence, this study classifies individual preferences into consumption with value expressive perceptions to the extent which

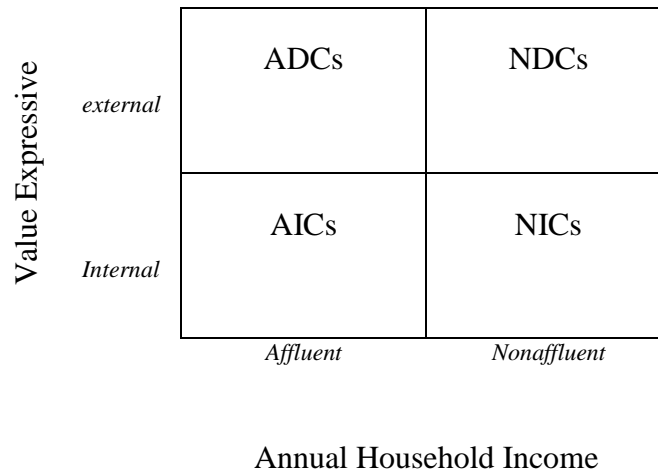
consumers seek for satisfying internal/external value expressive perceptions through purchasing luxury brands. Secondly, purchasing luxury brands are no longer the privilege of affluent people, and more and more general public are capable of affording and liking to possess luxury brands (Dewey, 2009). Therefore, according to the annual household income, consumers are divided into two classes: affluent and nonaffluent consumers (Javalgi, 1992; Thomas et al., 1990). The former, in turn, is more prone and able to purchase luxury brands than the latter (Dubois and Duquesne, 1993).

In short, the taxonomy separates consumers into four segments according to consumers' preferences with respect to the value expressive perceptions (i.e., internal versus external) and their annual household income (i.e., high versus low annual household income). This study labels each of the four segments as (1) Affluent-Demonstrative Consumers (ADCs), (2) Affluent-Indifferent Consumers (AICs), (3) Nonaffluent-Demonstrative Consumers (NDCs) and (4) Nonaffluent-Indifferent Consumers (NICs). The characteristics of ADCs are that these consumers' annual household income is above the average of the general public. They definitely have the experience and purchasing power to buy luxury brands, but the motivation of purchasing luxury brands is to fulfill their external value expressive perceptions. Like ADCs, AICs also possess significant wealth and experience of purchasing luxury brands. However, purchasing luxury brands is mainly to satisfy AICs' internal value expressive perceptions. Apart from affluent consumers AICs and ADCs, NDCs in the society are the nonaffluent consumers, but crave to achieve their external value expressive perceptions. They are highly motivated to buy luxury brands and have ever bought luxury brands, but possess rarely enough money to afford luxury brands. We label the fourth group as NICs. In general, NICs are nonaffluent consumers who are less luxury brands conscious and do not have any/very few experiences for purchasing luxury brands. They might

have an excursion into luxury brands once (Dubois and Laurent, 1995) to indulge themselves.

Figure 1 presents the framework of entire consumer segments.

Figure 1 Consumer segments of luxury brands based on annual household income and value expressive perceptions



When consumers observe that luxury brand companies implement CSR initiatives, based on Sen and Bhattacharya's (2001) proposition, which indicates the fit between personal and organizational values, consumers of luxury brands are likely to have a connection with the company. It is assumed that when consumers of luxury brands perceive the CSR initiatives implemented by luxury brands, the initiatives impact their purchase intention toward luxury brands. Based on these considerations, and the above model discussed, we draw the following hypotheses:

H1: Affluent-Demonstrative Consumers (ADCs) perceiving the CSR initiatives performed by a luxury brand company are likely to purchase luxury brand from this company.

H2: Affluent-Indifferent Consumers (AICs) perceiving the CSR initiatives performed by a luxury brand company are likely to purchase luxury brand from this company.

H3: Nonaffluent-Demonstrative Consumers (NDCs) perceiving the CSR initiatives performed by a luxury brand company are likely to purchase luxury brand from this company.

H4: Nonaffluent-Indifferent Consumers (NICs) perceiving the CSR initiatives performed by a luxury brand company are likely to purchase luxury brand from this company.

CSR is also a way of implementing and maintaining public relations. Apart from the standpoint of CSR aiming to give back to the general public, companies also need to strive to satisfy consumers' inspirational feeling. Customer value expressive perceptions include an overall evaluation depending on whole experience with products and services provided by companies. Whereas CSR places the emphasis on social welfare and natural environment, it reflects consumers' self-transcendence, self-enhancement values (Janssen et al., 2014) and potentially hedonic values (Hagtvedt and Patrick, 2009). These perceptions imply that consumers are motivated to positively intensify their self-concept. In keeping with these conceptions, the concept of internal value expressive perceptions are more relevant, which refers to consumers' internal feeling. More generally, Wilcox et al. (2009) indicate that people who are internal value expression oriented pay more attention to the ethical issues in the society. In this study, internal and external value expressive perceptions are not necessarily opposite sides of the same coin; a value expression to associate with consumers' internal perceptions does not imply consumers dissociate from external perceptions. Internal and external value expressive perceptions are relative levels in consumers' mind. Therefore, we propose the following hypothesis:

H5: Affluent consumers who pursue internal value expressive perceptions place higher importance on CSR initiatives than affluent consumers who pursue external value expressive perceptions.

H6: Nonaffluent consumers who pursue internal value expressive perceptions place higher importance on CSR initiatives than nonaffluent consumers who pursue external value expressive perceptions.

Most research on luxury consumption discuss various types of luxury brands such as electronic appliances, cell phones, hotels, wines and fashion products. Earlier research by (Gardyn, 2002) also points out that consumers' definition of luxury brands varies with their demographic profiles, such as gender, ages, education, income, etc. Here the category of the luxury brand companies in this study is mainly to produce fashion clothes and accessories (e.g., leather bags or shoes). The majority of previous research adopts the data from U.S.A as the context of research; there might exist different results across countries and cultures in consumers' preferences of purchasing luxury brands. On the basis of this perspective to expand the scope of purchasing luxury brands beyond the Western countries, this research chooses Qatar as the new research realm.

As the concept of globalization is prevailing, western countries are no longer the niche market for luxury brands (Brain and Forsythe, 2012; Duma et al., 2015). The reasons why this study focuses on consumers in Qatar is because Qatar is a member state of Organization of Petroleum Exporting Countries (OPEC), which economic growth dramatically has been almost relied on its petroleum industries and natural gas industries (the third-largest reserves of natural gas). Qatar's

per capita GDP at purchasing power parity (PPP) was \$143,427 in 2014, maintaining the first position of the world's wealthiest nation.

According to The American Express Middle East Luxury Spending Tracker survey, Qataris are the most powerful buyers of luxury brands across the Middle East. On the average, individuals spend up to \$5,000 one month on luxury brands (McClatchy- Tribune Business News, 2012). Furthermore, in 2012 Qatar launched the corporate social responsibility report, which was the first relevant corporate social responsibility report among Arab countries (MENA Report, 2013). It indicates that Qatar is the pioneer of implementing CSR in the Middle East, and people should have relative ideas about CSR initiatives. Based on the discussion above, this study identified CSR as a factor that influences consumers' evaluation of luxury brand companies and Qataris are suitable for this study.

## **Methodology and Analysis**

### *Data collection process*

To investigate the buyers of luxury brands, we conducted a survey in Qatar. We chose one major university students in Qatar as our respondents. The advantage of student samples is to increase homogeneity of the sample and to minimize random error caused by selecting the general public (Calder et al., 1981). We obtained four hundred and seventy-five responses in total. After cleaning the invalid data such as incomplete surveys or consumers express no willingness to purchase luxury brands, the final available sample used for this study is three hundred and eight (64%). 194 of the sample is female (63%) and 114 male respondents (37%) in this study. 82% of the respondents are undergraduate students (N = 252) and the rest of others are graduate students (N = 56).



An investigation is conducted to find out whether CSR initiatives matter consumers' purchase intention toward luxury brands. The survey is divided into two sections. The first section is demographic information and the second section focuses on the importance of the motivation of purchasing luxury brands. In the attempt to enhance consumers' understanding of the meanings of CSR and luxury brands, definitions of two terminologies are shown in the beginning of the second part. In this study, the purchase intention of luxury brands is assumed after consumers perceiving luxury brand companies implement CSR initiatives.

This study adapted measurement scales from the previous studies. To measure the internal and external satisfaction, this study used the items from Wilcox et al. (2009). Measuring the intention of purchasing luxury brands, the items were developed by Grewal et al. (1998). Corporate social responsibility has been measured by using the items by Sen and Bhattacharya (2001). All measures employed in the survey are 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strong agree). For the sake of consistency, easy understanding and context fitness of measurement items, a pilot test was implemented recruiting 50 respondents to pretest the reliability and validity. All the measurement items showed the fitness of the employed construct, and we adopted these measurement items into formal empirical tests.

### *Data Analysis*

Before starting the econometric analysis, this paper reports the results of Kaiser-Meyer-Olkin Measure of Sampling (KMO) and Bartlett's Test of Sphericity. These two methodologies measure the adequacy and appropriateness of the factor extracted from sampling. This study applies Principal Component Analysis (PCA) to extract components and retain components with Eigenvalues greater than 1. Varimax rotation was used to optimize the factor loadings of each item.

The results show that the  $KMO = 0.825$ , which meet the requirements of KMO test (Kaiser, 1974). In addition, the Bartlett's test for two countries is significant,  $p < 0.01$ . Therefore, the data is suitable for doing factor analysis.

Table 1 shows the reliability and factor loading of each variable. Construct reliability was measured employing Cronbach's Alpha (Kerlinger, 1964). As presented in Table 1, all the scales were above 0.7. This is considered an acceptable Cronbach's alpha cutoff according to Nunnally (1978). With regards to convergent validity, Hair et al. (2010) points out that when factor loadings are larger than the threshold 0.5 and even larger than 0.7, it is considered a good indicator. Having accurate results need that factor loadings lower than 0.5 should be deleted. In this study, after deleting unqualified items with factor loadings below 0.5, the factor loadings of all each item exceed 0.5 and the factor loadings of other items are lower than 0.5 threshold simultaneously, thus passing the convergent validity.

Table 1: Reliability and factor loadings of each variable

Measure Single variable	Reliability	Factor loadings
Internal Value Expressive	0.897	0.899, 0.845, 0.781, 0.745
External Value Expressive	0.828	0.822, 0.789, 0.788, 0.762
Purchase Intention	0.883	0.816, 0.829, 0.744
CSR Attitude	0.815	0.845, 0.823, 0.815, 0.794, 0.847

Discriminant validity is necessary to be measured in order to have a persuasive result. Discriminant validity differentiate any two variables, which are the square roots of average variance extracted (AVE) (Fornell and Larcker, 1981) and compared with the correlations between variables. A model has convergent validity when AVE values exceed the limit 0.6 (Hair et al., 1998). Table 2 presents the square roots of AVE (diagonal values) with the correlations among the reflective variables. All AVE values of the each variable are larger than 0.6 and the square root of

AVE is larger than the correlations among other variables, which shows discriminant validity is adequate (Fornell and Larcker, 1981).

Table 2 Correlations and square roots of the average variance extracted (AVE)

	P	C	I	E
Purchase Intention (P)	0.827			
CSR Attitude (C)	0.728	0.851		
Internal Perception (I)	0.495	0.639	0.819	
External Perception (E)	0.537	0.589	0.613	0.791

Note: Diagonal elements are the square roots of the AVE per construct and off-diagonal elements are the correlations between the constructs.

Table 3 is the descriptive statistics of whole 308 respondents about the classifications of annual household income, CSR attitude and purchase intention. This study classified consumers into (1) affluent/nonaffluent consumers and (2) internal/external value expressive perceptions. We employed annual household income as a criterion, requiring respondents to answer their approximate annual household income on a six-item scale (i.e., under \$59,000, \$60,000-\$99,000, \$100,000-\$139,000, \$140,000-\$179,000, \$180,000-\$209,000, \$210,000 or over). This study uses a median classifying affluent and nonaffluent consumers ( $\leq \$139,000$  versus  $> \$139,000$  annual household income). After comparing to the average rank between affluent/nonaffluent consumers, independent  $t$  test shows that annual household income between affluent and nonaffluent consumers has significant difference ( $M_{\text{Affluent}} = 3.826$  versus  $M_{\text{Nonaffluent}} = 3.028$ ;  $t = -5.687$ ,  $df = 482$ ,  $p < 0.01$ ).

In Table 3, AICs have the highest annual household income, followed by ADCs, NICs and NDCs. The differences in annual household income between AICs and ADCs ( $t = 0.975$ ,  $df = 149.9$ ,  $p = 0.33$ ), and NICs and NDCs ( $t = 0.528$ ,  $df = 121.7$ ,  $p = 0.59$ ) are insignificant, while the

difference between ADCs and NDCs is significant ( $t = 27.648, df = 188.7, p < 0.01$ ). With regards to the purchase intention, the purchase of intentions of ADCs, NDCs and NICs are insignificant (ADCs versus NDCs:  $t = 0.153, df = 231, p = 0.49$ ; NDCs versus NICs:  $t = -1.235, df = 195, p = 0.23$ ). AICs show the highest and significantly different purchase intention from the other three types of consumer segments (AICs versus ADCs:  $t = -8.046, df = 190, p < 0.01$ ).

With respect to the value expressive perceptions, respondents completed the scale items (Wilcox et al., 2009) to be separated into internal/external value expressive perception when they purchase products. Results show that respondents have significant difference for the value expressive perceptions; consumers who emphasize internal (external) value expressive perceptions present stronger internal (external) value expressive perceptions than external (internal) value expressive perceptions (i.e., Internal value expressive perceptions ( $M_{\text{Internal}} = 3.106 > M_{\text{External}} = 2.333; t = 6.460, df = 230, p < 0.01$ ); External value expressive perceptions ( $M_{\text{Internal}} = 2.755 < M_{\text{External}} = 3.407; t = -5.995, df = 382, p < 0.01$ )).

This study adopts 2 X 2 ANOVA (analysis of variance) to test the hypotheses. The reason for using ANOVA test is because ANOVA test could get more detailed information about the opinions of respondents with affluent/nonaffluent and internal/external value expressive perceptions toward the purchase of luxury brands simultaneously.

Table 3 Summary statistics for annual household income, CSR attitude and purchase intention

Consumers	Sample Size	Annual Household Income	CSR Attitude	Purchase Intention
AICs	55	5.27 <sup>#</sup>	3.78 <sup>#</sup>	3.63 <sup>&amp;</sup>
ADCs	97	5.16 <sup>#</sup>	3.68 <sup>#</sup>	2.91 <sup>#</sup>
NDCs	95	1.84 <sup>*</sup>	3.74 <sup>#</sup>	2.85 <sup>#</sup>
NICs	61	1.77 <sup>*</sup>	3.76 <sup>#</sup>	2.65 <sup>#</sup>

Note: Column numbers with the same superscript are insignificant from each other.

### Empirical Results

Table 4 is the ANOVA test results of the comparisons of affluent/nonaffluent and internal/external value expressive perceptions. The results show that the interaction effect between annual household income and value expressive perceptions is significant ( $F(1, 304) = 33.183, p < 0.01$ ). One-way ANOVA test indicates two significant results. First, for affluent consumers, the effect of intention to buy luxury brands of AICs is higher than ADCs ( $F(1, 151) = 47.869, p < 0.01; M_{AICs} = 4.83 > M_{ADCs} = 3.87$ ). H1 and H2 are therefore supported. Second, in terms of consumers with internal value expressive perceptions, AICs have higher intention to buy luxury brands than NICs ( $F(1, 115) = 79.150, p < 0.01; M_{AICs} = 4.83 > M_{NICs} = 3.54$ ). For NICs and NDCs, the effects of purchasing luxury brands are not significant ( $p > 0.05$ ). Hence, H3 and H4 are rejected.

From table 3, AICs and NICs give luxury companies' CSR initiatives a heavier weight than ADCs and NDCs do. However, the four types of consumers' attitudes toward CSR initiatives are insignificant ( $p < 0.01$ ) and the means are from 3.68 to 3.78, which indicate four types of consumers give weight to CSR initiatives (above 3 of Likert scale 1 to 5) in a similar level. Thus, H5 and H6 are not supported.

Table 4 ANOVA results

Factors	Intention to buy luxury brands		
	df	F	<i>p-value</i>
Financial statement (F)	1	42.512	0.00*
Value expressive perceptions (V)	1	11.424	0.00*
F × V	1	33.183	0.00*
Error	304		

\*  $p < 0.05$

## **Discussion and Conclusion**

This study contributes to our primary but growing understanding of how consumers' responses with varied consumers' annual household income and value expressive perceptions impacted by CSR initiatives of luxury brand companies. Many luxury brand companies actively engage to explore rapidly growing sales as avenues for revenue expansion in mature developed luxury brand markets. So far, the marketing research associating with luxury brands has largely ignored to consider the consumers' perceptions of CSR initiatives and the impact on purchase intention of luxury brands. Several factors motivate companies to engage in CSR initiatives, which let them receive various benefits and customer feedback such as raising sales, enhancing corporate image and companies' visibility, and increasing customer identification. Combining the two annual household income levels with consumers' value expressive perceptions frameworks, the study centers on the role of four types of consumers: (1) Affluent-Demonstrative consumers: ADCs; (2) Affluent-Indifferent consumers: AICs; (3) Nonaffluent-Demonstrative consumers: NDCs and (4) Nonaffluent-Indifferent consumers: NICs. As luxury brands are no longer the privilege of affluent consumers (Gumbel, 2007), this is the first study to test the relationship between companies' CSR initiatives, purchase intention toward luxury brands, the degrees of annual household income and value expressive perceptions.

Overall, the findings indicate that the centrality of CSR initiatives impact consumers' purchase intentions toward luxury brands. The observation concludes that four types of consumers depict the importance of CSR initiatives, but their perceptions of CSR initiatives are dissimilar across consumer segments. AICs pay the most attention to CSR initiatives, followed by NICs, NDCs and ADCs. Consumers who are internal value expressive perceptions oriented (i.e., AICs and NICs)

express CSR initiatives are more important than consumers with external value expressive perceptions do (i.e., ADCs and NDCs).

In terms of annual household income, given the level of annual household income, when perceiving luxury brand companies which implement CSR initiatives, AICs and ADCs depict significant purchase intention toward luxury brands and, while NICs and NDCs do not present significant purchase intention. Even though NICs and NDCs express the importance of CSR (the means are above 3 of Likert scale 1 to 5 in table 3), their purchase intention toward luxury brands differ insignificantly. The purchase intention of AICs is the highest one (followed by ADCs, NDCs and NICs) and significant difference from the other three types of consumer segments. This result is the same as the research of Han et al. (2010), which point that affluent consumers who like products to satisfy their inner feeling have the most powerful purchase intention.

Regarding the value expressive perceptions, when perceiving CSR initiatives implemented by luxury brand companies, the substantial interplay between annual household income and value expressive perceptions shows the internal value expressive perceptions affects consumers' purchase intention. AICs pay more attention to CSR initiatives than NICs, which influence their purchase intention positively. Interactions with value expressive perceptions have become a crucial point and source of CSR initiatives for each consumer segment. This is consistent with Dubois and Duquesne (1993) who find that the purchase of luxury brands is not only limited by economic conditions as annual household income is a necessary but not a sufficient factor to explain consumer purchase intention toward luxury brands. This observations suggest that purchase intention of luxury brands is driven by CSR initiatives.

### *Managerial Implication*

This study has critical managerial implications with regard to long-term marketing strategic thinking, especially considering the fast growing attention that CSR has received. The findings suggest that marketers of luxury brands need to rethink their current marketing strategies carefully in order to achieve long-term competitive advantages. This study demonstrates that overall CSR initiatives have significant influence on purchase intention. The profile of consumer behavior is constantly changing corresponding to the changes in the complicated marketing environment. In order to build profitable relationships with customers, marketers need to understand customer needs and wants, and deliver better customer value than their competitors.

Considering the variations of annual household income and value expressive perceptions, these variations give critically theoretical insights and marketing strategic implication for marketing managers in developing appropriate luxury brand strategies. Interactive advertisements connecting CSR initiatives with luxury brands is quite important. Generally speaking, when consumers express low awareness of companies' CSR initiatives, because of the insufficient CSR information they unlikely take into account CSR as the purchase criterion (Bray et al. 2011; Öberseder et al., 2011; Pomeroy and Dolnicar 2009). Perhaps more communication about luxury brand companies' CSR efforts would increase consumers' awareness of the social and environmental impact of the luxury products they buy. So luxury brand companies should educate and tell their target customers about the features and details of their brands.

Concerning the sales of luxury brands, generally short-run sales could be achieved by lowering the price line or holding promotion activities, but the brand value might be diluted with many promotional events. For example, when consumers expect the promotional events are coming



soon, the events will reduce their purchase motivation. Without doubt, the importance of CSR is obvious. Therefore, the findings suggest the marketing managers should establish a complete set of special features of their brands such as the good reputation of CSR. Furthermore, marketing managers should enhance the communications of all channels of public relations, so they can promote its positive corporate image to the general public. As Robertson and Gatignon (1986) posit a splendid corporate image induce consumers to recognize products or services provided by this company and reduce the uncertainty of purchase decision. Therefore, promoting the positive brand reputation through implementing CSR initiatives is critical.

We show how luxury brand companies target two types of consumers simultaneously by making their brands more associated with CSR initiatives. The results show that affluent consumers (AICs and ADCs) have the first two highest purchase intention. The results also indicate that luxury brand companies need to find somehow to satisfy the most profitable customers' requirements. Hence, marketers might concentrate their resources to build and deliver product values to customers. So luxury brand managers must understand, build and refresh their features in order to improve their advantages, which will enable them to create repeatedly in a highly competitive luxury brand market and maintain at the cutting edge. Besides, luxury brand managers should realize that consumers need dissimilar levels of engagement with their products ranging from low to high involvement.

#### *Limitations and Future Research*

Several limitations of this study suggest new avenues for future research. First, all participants in this study are university students. Although student samples reduce the problems of

heterogeneity, caution is needed when generalizing these results to the general public. Future research should aim to extend respondents to other groups (e.g., Office workers).

Second, the increasing importance of global nature of the luxury brand market, we only considered consumers of one country to test our consumers' attitudes. This might result in the lack of generalization. Cross-cultural differences are also an important issue when discussing consumers' behavior. Hofstede (2001) suggests that Eastern and Western consumers have varying perspectives when faced with the same event. A future research that incorporates cross-cultural differences would be valuable.

Third, gender differences have been considered an important variable of difference in consumers' product use and brand choice (Gould and Stern, 1989). Further research that encompasses attitudinal differences between males and females would be fruitful toward the development of luxury brands.

Fourth, luxury brands employed in this study focuses on produce fashion clothes and accessories. However, there are still other luxury brands, such as luxury car: Mercedes Benz or Bentley; luxury jewelry: Cartier or Harry Winston. Future work could explore different categories of luxury brands involving CSR initiatives to see consumers' responses.

Fifth, this study only discusses consumers' purchase intention, but not delve deeper into the aesthetics and design of luxury brands. These are topics the future research plan to explore in more details to examine the consumers' responses.

Lastly, this research use luxury brands to test consumers' response. It might use different product categories to see the influence of CSR initiatives. Besides, regarding whether different

degrees of CSR initiatives consumers perceived may cause different degree of purchase intention is also valuable to discuss.

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