Measuring perceptions of brand luxury

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Measuring Brand Luxury Perceptions

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ABSTRACT

What distinguishes among brands that are high versus low on luxury? We discuss a theoretical framework of the brand luxury construct that leads to a specification of the dimensions of luxury as applied to brands. We then describe the development of a scale for the measurement of the dimensions of brand luxury. We conclude with theoretical and practical implications regarding the symbolic use of luxury brands for public policy maker and consumer.

INTRODUCTION

Considerable research has been conducted to identify and conceptualize the dimensions of various brands, and much of that has been on the symbolic use of brands (e.g., Aaker 1991; Keller 1991; Aaker 1997). And yet the measurement of perceived luxuriousness of a brand has received comparatively limited empirical attention. Our study is focused on understanding what is meant by a luxury brand and the development of a scale to measure the dimensions of perceived luxury.

Despite the importance of luxury brands in consumers' lives and the fact that the luxury market constitutes a large economic activity in the industrialized world (McKinsey Corporation 1990, Silverstein and Fiske 2003), little is known about the influence of luxury on the perception of brands once they enter the marketplace. As emphasized by Dubois and Duquesne (1993a, p.115), "we believe that an analysis of the direct relationship between consumers and brands is the key to an improved understanding of such a market". Consequently, the development of an instrument measuring the perception of luxury in the form of a *scale* is of particular interest. This scale could be used not only in the creation of a luxury brand but also in the continuous monitoring of existing luxury brands in addition to basic research in consumer behavior.

Researchers have focused on how the supposed luxury of a brand enables a consumer to express his or her own self, an ideal self, or specific dimensions of the self through the use of a brand (Roux 1991; Lichtenstein, Ridgway and Netemeyer 1993). Practitioners view luxury as a main factor to differentiate a brand in a product category

(Allérès 1991; Kapferer 1997), as a central driver of consumer preference and usage (Dubois and Duquesne 1993b), and as a common denominator that can be used to define consumption across cultures (Bourdieu 1984; Dubois and Paternault 1997) or finally luxury products offer a different brand category to measure the suitability of the Internet to become a communication tool for luxury brand (Nyeck and Roux 1997).

We examine the concept of a luxury brand with the goals of designing a conceptual framework and developing a scale to measure differences in the luxury of brands. At present there is no scale measuring the perceived luxury of a brand, or even a clear definition of what constitutes a luxury brand compare to a non-luxury brand. Work by Kapferer (1998) and Dubois et al (2001) go part way in developing such a measurement scale but stop well short of full scale development.

Although a brand may be perceived as luxurious, consumers and researchers recognized that not all luxury brands are deemed equally luxurious. “Luxury is particularly slippery to define. A strong element of human involvement, very limited supply and the recognition of value by others are key components. … So between premium and luxury, in marketing terms, is a difference of degree" (Cornell 2002). For instance, a Cadillac and a Rolls-Royce may be both perceived as luxury cars but one compared with the other would be considered more luxurious. In this case, we could assume the Rolls-Royce to be more luxurious than the Cadillac. Kemp (1998) demonstrated that some goods such as water could be viewed by different observers as either a luxury or as a necessity depending on who wants the good or why. Even more surprising he showed that these goods could also be either a luxury or a necessity for the same person in different situations. Consequently, the perception of what is and is not a luxury brand as well as the amount of luxury contained in a brand may be context and people dependent.

Thus, we conceptualize the degree of luxury associated with a brand to be measured on a continuum *within the luxury range* and in agreement with previous research (e.g., Allérès 1991; Roux 1991; Dubois and Duquesne 1993a). We agree with authors such as Kapferer (1997) who argue that a luxury brand is a discontinuity vis a vis other types of brands and make a further conceptual distinction between the different degree of "luxury" between these brands. A scale to measure this degree of luxuriousness (and the degree of each of the sub-dimensions of luxury that we discuss later) would allow us to estimate the amount of perceived luxury of a luxury brand. Cadillac and Lincoln may be perceived overall as having the same level of luxury, but the scale may reveal that their overall brand luxury perceptions are combinations of different evaluations of the same luxury dimensions.

Our main contribution is to develop an instrument for the researcher and marketer of luxury products who might wish to measure the amount of luxury contained in a given brand. The brand luxury scale treats luxury as a matter of degree, residing on a continuum from very little to a great deal.

Before presenting the detailed results of our study, we begin with a brief review of the luxury construct and its potential relevance to issues pertaining to the analysis of luxury-seeking consumer behavior. Next, we discuss the major steps in our scale development including detailed tests of the reliability and validity of the scale. Finally, key findings of the research are reviewed and discussed.

DEFINING THE LUXURY CONSTRUCT

The luxury brand market has been growing steadily for the past twenty years, up to 25% in 1989 with a minimum of 10% per year although it grew more slowly during the mid 1990s (Roux 2002). Many reasons have maintained this growth, from a growing aspirational affluence (Prendergast and Wong 2003) and growing young upward mobile consumers (Roux 2002) to an aging wealthier population (Frances 2002) or a greater ratio of people with high income (Gardyn 2002).

In 1997 Kapferer presented the semiotics of the word luxury, its sociological references and the pragmatics of luxury brand management.

> "Luxury defines beauty; it is art applied to functional items. Like light, luxury is enlightening. […] They offer more than mere objects: they provide reference of good taste. That is why luxury management should not only depend on customer expectations: luxury brands are animated by their internal programmme, their global vision, the specific taste which they promote as well as the pursuit of their own standards. […] Luxury items provide extra pleasure and flatter all senses at once. […] Luxury is the appanage of the ruling classes." (Kapferer 1997, P.253)

Thus, there is an agreement in the literature to define luxury goods as goods for which the simple use or display of a particular branded product brings esteem on the owner, apart from any functional utility. Hence, luxury products enable consumers to satisfy psychological and functional purposes and it seems that these psychological attributes constitute mostly what distinguish them from a non-luxury product *or counterfeit* (Nia and Zaichkowsky 2000).

Nueno and Quelch (1998, p. 61) define luxury brands as: "… those whose ratio of functionality to price is low while the ratio while the ratio of intangible and situational utility to price is high". This definition is comparable to the definition made by economists or marketing consultants (e.g., McKinsey 1990) who define luxury brands as those whose price and quality ratios are the highest of the market, that is, their price is significantly greater than the price of products with similar tangible features.

However, this definition suggests that brands are of two kinds, either luxurious or not luxurious. In effect, there are brands that may be a luxury brand in a certain product category and not a luxury brand in another product category (Dubois and Laurent 1996). Rolls-Royce is considered a luxury brand of car but not a luxury brand of plane engines.

In addition, there is a distinction between luxury brands associated with the upper-range luxury and the lower-range luxury. A brand may be defined as a luxury brand but all brands considered luxury may not be deemed equal, and one brand having a higher perceived luxury in one product category may have a lower luxury perception in another product category. Cartier for instance may have a greater luxury image in the jewelry market than in the apparel or fragrance market. The luxury brand Armani may be be placed in the upper-range of luxury brands (also named "griffe", see Kapferer 1997 for a discussion). Emporio Armani is the more popular Armani brand that was crafted to satisfy the need of a larger luxury-target market. It may be ranked in a lower level of luxury but still considered a luxury.

Phau and Prendergast (2000) point out that while luxury is a subjective concept "luxury brands compete on the ability to evoke exclusivity, a well-known brand identity, […] brand awareness and perceived quality". This concept of exclusivity or rarity is well documented in the literature on luxury (e.g., Pantzalis 1995). The contradiction that luxury brands face when increasing exposure and sales while maintaining a fragile perception of limited supply is putting a great deal of pressure on luxury brands (Roux and Floch 1996).

Over the past twenty years, brands that were once traditionally targeting the wealthiest consumers have launched new product lines, new brands or product extensions to market their products to middle class consumers. In fact some people have called this trend the “democratization of luxury” (The Economist 1993; Gardyn 2002; Lipovetsky and Roux 2003) and Rémaury (2002) examines the cultural differences that shape this trend and he describes the impact of a greater democratic process influencing luxury marketing in America compare to Europe.

In an earlier review article (Vigneron and Johnson 1999) the authors developed a framework named prestige-seeking consumer behavior. This prestige-seeking framework was originally inspired from the conceptual work of Mason (1992) who developed a status-seeking framework to explain the consumer behavior of luxury brands. His conceptual framework mostly focused on the interpersonal effects associated with this behavior.

In contrast, Vigneron and Johnson’s (1999) framework included personal effects such as hedonist and perfectionist motives inspired from the work of Dubois and Laurent (1994), as well as the more usual interpersonal effects (snob, conspicuousness and bandwagon motives) inherited from Leibenstein (1950) and Mason (1992). In doing so, they attempted to establish a balance between personal and interpersonal oriented motives for luxury consumption. This model is also consistent with previous research on luxury that demonstrated that individuals' behavior varies across persons depending on their susceptibility to interpersonal influence (e.g., Bourne 1957; Mason 1981; Bearden and Etzel 1982; Horiuchi 1984; Bushman 1993; Pantzalis 1995).

Although Vigneron and Johnson (1999) use the terminology prestige-seeking behavior, we prefer to use the term *luxury* instead of *prestige*. Therefore, in this paper, we refer to luxury-seeking consumer behavior (LSCB) and luxury brands when discussing the brand category whereas we use "prestige" when relating to the extreme-end of the luxury brand category. The term luxury in this context is more inclusive in the sense that it includes both personal and interpersonal effects. While prestige or status consumption involves purchasing a higher price product to embellish one's ego (Eastman, Goldsmith and Flynn 1999), luxury consumption involves purchasing a product that represent value to both the individual and *vis à vis* significant others.

As early as 1986 Andrus, Silver, and Johnson (1986, p.5) noted the need for literature pertaining to the study of luxury brands: "status brand strategies are intuitively recognized by marketing professionals and practitioners. However, there is little literature on the topic reported". A review of the literature since then suggests a growing interest in the topic of luxury (e.g., Dubois and Paternault 1995, Kapferer 1997, 1998, Nueno and Quelch 1998, Bernstein 1999, Nia and Zaichkowsky 2000) but there is still little work on the evaluation of luxury brand (exceptions are Kapferer 1998, Eastman et al 1999; Phau and Prendergast 2000 and Dubois et al 2001).

The psychometric work undertaken in the measurement of luxury offers evidence of multiple dimensionalities in defining the concept (Dubois and Laurent 1994; Kapferer 1998; Dubois, Laurent and Czellar 2001). Vigneron and Johnson (1999) proposed that this luxury-seeking consumer decision-making process is explained by five main factors that form a semantic network. They reviewed the latent structure of, and the interrelations among, the primary meanings of the prestige (luxury) concept that underlie the decision-making process undertaken when assessing luxury brands. For a synopsis purpose Table 1 presents a review of the factors and communalities between the

Vigneron and Johnson ‘s framework and the above mentioned studies from the literature on luxury brand.

Insert Table 1 about here

The definition of what separates luxury brands and non-luxury brands has been operationally defined in this study as the distinction between brands exhibiting five perceived dimensions of a luxury brand. Hence, our conceptual framework (Figure 1) derived from the literature the existence of three latent luxury dimensions reflecting non-personal oriented perceptions (1) perceived conspicuousness, (2) perceived uniqueness and (3) perceived quality; and two personal oriented perceptions (4) perceived extended-self, and (5) perceived hedonism. Each one of these dimensions is strongly correlated but not identical as constructed in our formative framework (Diamantopoulos and Winklhoffer 2001).

Insert Figure 1 about here

These are the five key luxury dimensions that must be established or monitored for creating a lasting luxury brand. It is expected that different sets of consumers would have different perceptions of the level of luxury for the same brands, and that the overall luxury level of a brand would integrate these perceptions from different perspectives.

Perceived Conspicuousness

The early work on conspicuous consumption (Veblen 1899; Bearden and Etzel 1982) suggested that a consumer considered reference group influences when publicly consuming luxury products. The consumption of luxury brands may be important to individuals in search of social representation and position. This means that social status associated with a brand is an important factor in conspicuous consumption. Furthermore, consumers who perceive price as a proxy for quality often perceive high price as an indicator of luxury (Lichtenstein, Ridgway, and Netemeyer 1993). Hence, our measure of conspicuousness includes items such as “extremely expensive” or “for wealthy” that tap into perceptions of price and social status associated with the brand. As pointed out by Vigneron and Johnson (1999), “This argument is further supported by the marketing literature which recommends the use of "prestige-pricing strategy" when appealing to status-conscious consumers (Berkowitz, Kerin, Hartley, and Rudelius 1992, 341; Groth and McDaniel 1993).”

Perceived Uniqueness

Research reveals that scarcity or limited supply of products enhances consumers’ preferences for a brand (Lynn 1991; Pantzalis 1995). Individuals express a “need for uniqueness” (Snyder and Fromkin 1977) when they are searching for something that is difficult to obtain, e.g., Louis Vuitton handbag. The consumer behavior literature conceptualized consumer’s need for uniqueness as subsuming three behavioral dimensions (see for review, Tian, Bearden, and Hunter 2001). Its purpose is to enhance one’s self-image and social image by adhering to one’s personal taste, or breaking the rules, or avoiding similar consumption. The uniqueness dimension is based on the assumptions that perceptions of exclusivity and rarity enhance the desire for a brand, and that this desirability is increased when the brand is also perceived as expensive (Groth and McDaniel 1993; Verhallen and Robben 1994). A luxury brand that would be difficult to find because of its uniqueness (e.g., limited edition) and which would be expensive compared to normal standard (e.g., Jaguar car) would be even more valuable.

Perceived Extended-Self

Consumers may use luxury brands to classify or distinguish themselves in relation to relevant others but they may also try to integrate the symbolic meaning into one's identity (Holt 1995). Social referencing and the construction of one self appears to be determinant in luxury consumption. Multiple reference groups refer to the problem of being under pressures and demands of one's own membership group and attracted by the standard dictated by another reference group. People's desire to conform to affluent lifestyles and/or to be distinguished from non-affluent lifestyles affects their luxury-seeking behavior (French and Raven 1959; Solomon 1983; Mick 1986; McCracken 1986). Belk's (1988) concept of extended self suggests that we regard our possessions as part of identity. Thus, "luxury imitators" may use the perceived extended-self dimension transferred from luxury brands to enhance their self-concept and replicate stereotypes of affluence by consuming similar luxury items (Douglas and Isherwood 1979; Hirschman 1988; Dittmar 1994).

The possession of luxury brands may be more appreciated by consumers who are highly materialistic and susceptible to interpersonal influence (Bearden, Netemeyer, and Teel 1989; Richins 1994a). "Materialism is a value that represents the individual's perspective regarding the role possessions should play in his/her life" (Richins 1994b, 522). Materialistic consumers may regard luxury brands as a means to reach happiness and may use these brands to evaluate personal or others' success. People who are concerned with social acceptance and conformity with affluent reference groups may value possessions that are more socially visible and expensive. Belk (1995, 487) stated “as an essential materialistic activity collecting is a lens viewing all luxury consumption more clearly”, and further explained that a person’s collections may represent personal success in comparison with other people’s collections.

Perceived Hedonism

Luxury-seekers are considered hedonic consumers when they are looking for personal rewards and fulfillment acquired through the purchase and consumption of products evaluated for their subjective emotional benefits and intrinsically pleasing properties, rather than functional (Sheth, Newman, and Gross 1991; Westbrook and Oliver 1991). By hedonic dimension we refer to the luxury dimension reflected by sensory gratification (Rossiter and Percy 1997) and sensory pleasure (Hirschman and Holbrook 1982) expected from the consumption. Therefore, people who rely on their own personal opinion (e.g., role-relaxed consumers, Kahle 1995, or inner-directed consumers, Kassarjian 1965) and who are not susceptible to interpersonal influence when considering luxury brands may represent hedonist type of consumers.

Perceived Quality

It is expected that luxury brands offer superior product qualities and performance compared with non-luxury brands. Perfectionist consumers may perceive more value from a luxury brand because they may assume that it will have a greater brand quality and reassurance (Aaker 1991). The literature on luxury consumption emphasizes the importance of leadership in quality to ensure the perception of luxury (Quelch 1987; Garfein 1989; Roux 1995). It seems rather difficult to develop a luxury brand image without developing a long-term commitment for quality. Accordingly, people influenced by the quality dimension of luxury may perceive that luxury brands have superior characteristics than non-luxury brands. These characteristics may include, but are not restricted to, technology, engineering, design, sophistication, and craftsmanship. For instance, speed and acceleration for a luxury car or precision for a luxury watch are elements reflecting the perceptions of quality. In addition, "high prices may even make certain products or services more desirable" (Groth and McDaniel 1993, 10) because consumers perceive higher prices as indication of greater quality (Rao and Monroe 1989).

Although the five dimensions of luxury are likely correlated, they all contribute to an index of luxury. The brand luxury index (BLI) is a multidimensional scale that aggregates five sub-scales to form an overall compensatory index of luxury. While consumers may choose to maximize all five dimensions, in practice, consumers would trade off less salient dimensions for more salient ones.

This paper attempts to crystallize the conceptual framework defined above by developing a scale to measure the multidimensional concept of luxury. Thus, a seven-point semantic differential scale, the Brand Luxury Index (BLI), is developed following recommended scaling procedures, as explained in the following section.

SCALE DEVELOPMENT

Methodology

For the purpose of this research, a semantic differential scale was developed (Osgood, Suci, and Tannenbaum 1957; Mindak 1961). The scale development process

(Table 2) employed in this study followed the paradigm and refinements suggested by the American Psychology Association guidelines (Nunnally 1978; Gerbing and Anderson 1988; DeVellis 1991). Data for developing the scale were mostly collected by university faculty using responses obtained from samples of undergraduate and postgraduate business students at the beginning of lectures in a large Australian university (university students have been used as subjects in several previous empirical studies of luxury, e.g., Kapferer 1998, Eastman 1999, Dubois et al 2001). Several pretests were carried out to select a pool of brands that would be perceived as having subsequent degree of luxury for our samples. For instance, Levi's in Australia is perceived as an upscale brand of jeans but it may not have been acceptable if this study was carried out in the USA for instance.

Insert Table 2 about here

Item Generation and First Content Validity

We first generated a set of word-pairs customized for the specific measurement of luxury. A review of the literature on luxury brands (i.e., academic and commercial such as advertising material), including qualitative interviews with 12 managers of international luxury brands in Australia and in addition of focus groups with 25 postgraduate students (MBA in luxury brand management taught in English in France), a total of 157 bipolar adjectives were generated. These items were then examined by a panel of reviewers (N = 77). These reviewers were composed of managers of luxury brands, marketing academics, or consumers having bought several established luxury brands within the past few months. The reviewers were asked to indicate their agreement or disagreement as to whether they felt that the word pair could be used to evaluate the luxury of a brand. This initial content analysis resulted in reducing our original 157 items to 30 item adjectives.

Internal Scale Reliability

All the brands that were used in this study were selected in compliance with a certain number of criteria. For instance, we tested and selected brands that had sufficient brand awareness and a potential luxury image to the target respondents. The results from the initial analysis (N = 418 business students) indicated that for each brand (i.e., Levi's, Ray Ban, Rolex, and Porsche) the Cronbach Alpha coefficients were greater than .86, suggesting significant internal reliability for the scale. Cronbach Alpha was also calculated for each one of the five dimensions. It ranged from .69 to .90 with the hedonic dimension for the Levi's sample being the lowest (Table 3).

To extend the reliability analysis, we examined the item-to-total correlations for each item within all samples, with significant values ranging from .30 to .80. We did not drop any items based on this criterion, but we identified a set of offending variables, which were flagged for the purpose of further investigation.

Insert Table 3 about here

Exploratory Factor Analysis

Although we had a theoretical assumption about a five dimensional structure, we performed an exploratory factor analysis on the initial 30-item scale to check item loadings and to allow the number of dimensions in our initial exploratory phase to be driven by the data. Separate principle component analyses with varimax rotation were used to evaluate and identify the component factors (Table 4). Varimax rotation was preferred to Oblimin, even though factor correlation was anticipated. Oblimin rotation was performed and resulted in a less satisfactory solution from the factor pattern loadings and rational factor structure. These results were also confirmed across the study.

Insert Table 4 about here

In interpreting the factors, a decision was made *(à priori*) to discard the factor loadings of less than .60. The average factor correlations between the subscales were calculated and ranged from .91 to .96. The congruence correlation coefficients were higher than .90 showing that the factor structure is invariant (Everett 1983).

For each of the four brands, the first factor accounted for most of the variation in the data, explaining an average of 50% of the common variance. Two brands had a number of items that did not load on any factors. Levi's had 7 items that did not reach the cut-off of .60, and Ray Ban had 3 items that also did not load on any factor. These items were also registered as offending estimates, and were further examined in the next analysis. Exploratory factor analysis is useful for data reduction purposes, but it does not provide evidence of the dimensionality of measures essential in scale development (Gerbing and Anderson 1988). In the present study, we used confirmatory factor analysis to test the reliability of the variables.

Confirmatory Factor Analysis

The objective of the next step was to model the proposed structural solution and measure its overall fit using confirmatory factor analysis (CFA) of the 30 items. The proposed framework hypothesized, first, that the factors identified by the exploratory factor analysis would be substantially related to the dimensions indicated by the structural model. Second, the conceptual model hypothesized that scores on the five latent variables would measure related, but distinguishable, constructs. The covariance matrix for the 30 items was used, and parameter estimates were computed using the maximum-likelihood method (Arbuckle 2003). The fit of the five-factor solution was assessed by examining factor loadings, goodness-of-fit indicators, factor intercorrelations, and by comparing it to several available alternatives (i.e., null model, one-factor model, and five-factor model). Several alternative indices were used to assess goodness-of-fit (Hair et al. 1995) such as the Chi-square statistic and the goodness-of-fit index (GFI).

The five-factor model for every sample, with all 30 items each loading on its appropriate construct, yielded significant chi-square statistics (Table 5). The other indices for measuring the goodness-of-fit also indicated a moderate fit to the data, as evidenced by the findings. For instance, relatively small GFI values, .70 (Levi's jeans), .75 (Ray Ban), .71 (Rolex), .73 (Porsche 911), and .78 (combined data). All of this suggested only a moderately acceptable fit for the five-factor model (Hair et al. 1995).

Insert Table 5 about here

We examined the measurement models, and reviewed the offending estimates (Table 6). Items that did not contribute to the scale's internal consistency were removed (8 items out of 30). We computed a revised CFA model with the revised solution (i.e., 22 items) for each one of the brands and for a combined data set. The fit for the revised five-factor model was significantly improved without the 8 offending items compared with prior findings from the initial model (i.e., 30 items). However, this model still produced a significant Chi-square demonstrating a moderate fit. The five-factor solution needed further refinement to attain non-significant Chi-square statistics for each brand.

Insert Table 6 about here

Test-Retest Reliability

The consistency of measurement was determined by collecting data on two occasions separated by two weeks using the same subject population (Bearden, Hardesty and Rose 2001). A new set of respondents (N = 176 business students) initially rated three new brands: a house in Double-Bay (an affluent area in Sydney Australia), a Mercedes-Benz 600sel, and a Ralph Lauren Polo Shirt. As before we conducted an analysis for each brand and another analysis for the combined set of data.

The average correlation between time one and time two on total scores was .84 (2 items were removed). Test-retest Pearson correlations for each brand were as follows: house $r = .83$; Mercedes $r = .86$; and Ralph Lauren $r = .82$. These brands were also tested for internal scale reliability over the two periods. The Cronbach alpha coefficient ranged from .89 to .91, and the item-to-total correlations were from .35 to .65. Altogether, these results demonstrated a significant improvement in terms of reliability when compared to the reliability indices originally computed (i.e., with 30 and 22 item-scales). In addition, we computed four measurement models, one for each brand (using the 20 items remaining). The revised model sensibly improved the goodness-of-fit and substantially enhanced the Chi-square non-significance of the five-factor model. For instance, Mercedes-Benz 600sel indicated a better fit, $\chi^2 = 170.31$, $p<.274$, compared with the model using the previous 22 items, $\chi^2 = 229.35$, $p<.069$.

Analysis of the results indicates a satisfactory level of reliability over time for the scale. In addition, it enabled us to improve the goodness-of-fit of the structural model.

The items repetitively affecting the reliability of the scale, i.e., at least three times during the study, were removed from the model. The next study assessed the validity of the scale, using methods such as content validity, predictive validity, and discriminant and convergent validity.

SCALE VALIDITY

Second Content Validity

This step was an attempt to substantiate and extend the findings of the initial content validity. We used three new brands to test the revised 20-item scale: David Jones, an upscale department store (N = 63), Hilton Hotels (N = 51), and Nike (N = 72). After the respondents (undergraduate students at a large university in Australia) had completed the questionnaire, we asked them to answer the following open-ended question: "*Please, we would be grateful if you could write in your own words and as simply as possible, the reason why you rated this brand that way"*. This method was similar to the procedure outlined by Zaichkowsky (1985). Each subject was classified into three groups according to their BLI mean score (high, medium and low). Then, three judges independently assessed the open-ended responses, classifying respondents into groups with attitudes describing a low, medium, or high level of perceived luxury toward the brand. Finally, we correlated each subject BLI classification with their open-attitude rating to measure an overall agreement between a subject's rating using the scale and the open attitude toward the brand.

The results revealed a significant association between the open-ended answers from the respondents and their scores, providing further evidence to support the validity of the scale. This agreement was as follows: 78 percent agreement for the David Jones department store, 83 percent agreement for the Hilton hotel, and 86 percent agreement for Nike Air shoes.

Predictive Validity

To test validity a single-item attitude scale (measuring only luxury) was used as a criterion to obtain a score classified into two distinct categories (high and low luxury). A new set of respondents (N = 132 students) classified 3 brands into these two categories. Then, 331 students rated the BLI scale with the three following brands; David Jones department stores, Hilton hotels, and Nike Air shoes, respectively. Based on Nunnally (1978) and DeVellis (1991), we defined accuracy as the proportion of correct classifications (i.e., the higher the correlation between the high or low luxury scores obtained with the BLI scale and the criterion, the greater the validity of the BLI scale as a predictor of luxury for brands).

The predictive validity study suggested that the brand luxury index scale was sensitive in measuring luxury, and provided further evidence for accuracy. The scores predicted with the criterion-related scale were correlated (i.e., correlations ranging from .32 to .42) to a satisfactory degree with the BLI overall luxury scores (Table 7).

Insert Table 7 about here

Nomological Validity

This step consisted of examining the nomological validity between five luxury-related scales and the BLI scale using 331 respondents (business students) and 3 brands (David Jones department stores, Hilton Hotels, and Nike Air shoes). We hypothesized that a materialistic person (we used a measure of materialistic attitudes from Moschis and Churchill 1978) would be involved with fashion brands (we used a fashion involvement factor from Tigert, Ring, and King 1976) and brands that contribute to personal image and pleasure (we used an enduring involvement scale from Higie and Feick 1989). Such a person would have a positive attitude towards money (we used a money-prestige scale from Yamauchi and Templer 1982), would assign luxury to high prices (we used a price-based prestige sensitivity scale from Lichtenstein, Ridgway and Netemeyer 1993), and would be classified among the higher raters of the BLI scale (Table 8).

Insert Table 8 about here

The correlations among the luxury-related scales were strong, providing evidence of related construct measurement among the five scales. The BLI scores were positively related to the five criteria associated with the luxury-related scales (Table 9). For example, 79% of the higher BLI raters were materialistic respondents, and 76% of the lower BLI raters assumed that high prices were negatively related to the luxury level of brands. In addition, we correlated the results from the BLI scale and the revised social desirability scale from Strahan and Gerbasi (1972) to examine potential external bias. The correlations were either low or nonsignificant, which suggested that the BLI scales were not likely to be influenced by social-desirability bias.

Insert Table 9 about here

Additional analyses of the construct interrelationships were required to further substantiate evidence of the scale validity. The next step was to assess the construct validity of the scale using classical statistical methods such as Campbell and Fiske's (1959) multitrait-multimethod (MTMM) matrix.

Assessing Construct Validity Using the Campbell and Fiske Criteria

The MTMM matrix approach to construct validation is expressed in terms of convergent validity (agreement among scores obtained from one procedure with scores from another procedure) and discriminant validity (no correlation with other unintended measures). We used the Likert and Staple scale as they were recommended in previous research (Menezes and Elbert 1979) for our two other measurement procedures (N = 342 students). The adjectives from the BLI scale indicating a greater level of luxury became the unipolar adjectives of the Staple and Likert scale.

The average reliability coefficient (Cronbach alpha) was .82, with values ranging from .71 to .90, suggesting values ranging from respectable to very good (DeVellis 1991). Based on the recommendation from Marsh and Hocevar (1983), we compared the heterotrait-monomethod triangles with their respective reliability values to identify any evidence of halo effects. This review did not show any indication between both values, and subsequently supported the proposal of non-method biases. Following Campbell and Fiske's requirements, we can identify that *(1)* between the three methods the validation is excellent, *(2)* all the validity diagonals exceed the heterotrait values of both the monomethod and heteromethod, and *(3)* finally, the pattern of correlation among the trait is relatively illustrated in every heterotrait triangle. Note that the actual validity coefficients of these five traits ranged from .48 to .81 with a degree of validity significant at .01 level. The Campbell-Fiske criteria performed well in the present study (Matrix 1).

Insert Matrix 1 about here

Each of the conditions regarded as necessary for assessing convergent and discriminant validity were met. This method initiated a substantial assessment regarding the construct validity as well as the method/halo bias. Research has encouraged the use of this approach to provide initial information on the analysis of variance of MTMM data.

The present study yielded encouraging evidence concerning the construct validity of the brand luxury inventory scale and its multi-dimensionality (i.e., conspicuousness, uniqueness, quality, self-perception, and hedonism).

DISCUSSION

Implications

This research offers several potential contributions from previous works, but particularly, extends the studies carried out by Kapferer (1998), Vigneron and Johnson (1999) and Dubois, Laurent and Czellar (2001) on the attitudes towards the concept of luxury and brand luxury. We used Vigneron and Johnson's luxury-seeking consumer behavior framework to derive the five dimensions of the scale. Dubois and Laurent's luxury scale (1994) measures perceptions of luxury as a general concept. In comparison, researchers may use the BLI scale to measure consumers' perceptions of the luxury of specific brands or products. The present research revealed that the concept of luxury is multidimensional and substantiated by a five-factor model. In developing a scale measuring the luxury of a brand, we established evidence for aspects of reliability and validity.

The implications of this research are of significance for marketers and scholars in the field of luxury brands. It establishes a structural analysis of brand luxury and proposes a managerial instrument capable of creating and evaluating luxury brands. As noted, the result of this research could serve various purposes, but perhaps be specifically applied to create and build brand luxury, or address issues such as how to maintain brand luxury once it is established. The value of the BLI scale is to measure the amount of luxury contained in a luxury brand (i.e., from its high to its low range). One of the applications could be to use the scale to help an "upper-range established" brand build a luxury-brand image. In sum, our findings contribute to new explanations of luxury brand beyond that explained in the economics/analytical literature. Our findings support the existence of latent luxury constructs influenced by personal and interpersonal perceptions toward the brands. These findings help explain the key luxury dimensions that managers must establish or monitor for creating a lasting luxury brand. In addition, the BLI scale is particularly useful for comparing several luxury brands and thus for recognizing competitive advantages. Relative strengths and weaknesses can be identified in the target market along either each of the 20 items comprising the scale or each of the five underlying constructs determined by the research.

For instance, Levi's although considered by Australian students as luxury brand received the lowest luxury score amongst the brands used to develop the scale. Rolex ranked first followed by Mercedes-Benz and Porsche which indicated that the scale was not measuring the expected monetary value but rather brand luxury. In addition to indicate if a brand is luxurious or not the scale allows the marketer to rank the brands and also help to discover the factors which support or decrease the luxury dimension.

Mercedes-Benz and Porsche had very similar score for Quality and Uniqueness but Conspicuousness was much higher for MB which contributed to make MB brand luxury greater than Porsche.

Hence, the BLI scale is helpful to understand how consumers view luxury brands. From a market segmentation point of view, clustering groups according to their different luxury perceptions of brand luxury may reveal salient psychographic characteristics useful in advertising for instance. From a market positioning point of view, if a luxury brand manager witnessed a declining brand luxury, the specific weakening dimension could be identified. Thus, taking the exact remedial actions such as changing the advertising message, stressing the luxury attributes, emphasizing benefits of the brand over competing brands could be undertaken. For example, if the luxury image of a car maker was slowly decreasing due to an increasing number of dealers (i.e., weakening uniqueness), then appeals which would emphasize the limited number of cars available or give the consumer information about the precious components used in making the car, would be appropriate to reinforce the overall luxury image.

Future Research

Further replication and extension would be required before the findings could be considered definitive. Hence, one suggestion for further research would be to empirically compare the BLI scale with Kapferer (1998) and Dubois et al. (2001) ‘s scales. Potential measures of convergent validity or measures of attitudes towards the concept of luxury and cross-tabulations with particular brands could be examined.

In addition, it would be interesting to identify the variables that discriminate more significantly between the 3 luxury brand categories (prestige brand, premium brand and upmarket brand). Also, the replicability of these findings should be tested with additional samples (in particular, with actual consumers of luxury products). The BLI scale could be examined using a second-order confirmatory factor analysis to reduce the number of items to a more parsimonious version. Studies using the BLI in other countries may provide further evidence of nomological validity where samples could be matched across countries, an important consideration in cross-national research.

Limitations

A major critique is that there may be “a demand effect” from “leading” terms such as elitist (positive connotations) and popular (negative connotations). An individual‘s motivation is not always obvious and conscious. Indeed, abstract constructs are more difficult to measure, and people may try to give biased answers when dealing with luxury brands.

The MTMM matrix approach used two other types of self-report questionnaire measures, different only in the scale type. It would be an improvement to apply other methods with substantially different validity threats such as observational measures in addition to self-report. Further, more research to determine norms for different brands and categories need to be carried out to investigate issues of validity. In addition, replication using different data sources other than students and managers from Australia are needed to reinforce the scale validity.

In conclusion, the final 20-item scale (Table 10) is sensitive to the luxury image over different socially desirable brands, demonstrating reliable measures, and valid results compared to what was anticipated. This scale has potential value for researchers interested in measuring the decision-making process involving the consumer perceptions of luxury. From a practical standpoint, the more complete measurement of luxury perceptions provides useful information for effective positioning and promotional strategies. This is particularly effective when comparing the luxury image between different brands and hence for identifying competitive advantage.

Insert Table 10 about here

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TABLE 1: REVIEW OF FACTORS DESCRIBING LUXURY BRANDS ACROSS THREE STUDIES

		Vigneron & Johnson (1999)	Kapferer (1998)	Dubois, Laurent & Czellar (2001)
Non-personal Oriented Perceptions	CONSPICUOUSNESS	Conspicuous	------------------------	Conspicuous
		Elitist	Belonging to a Minority	Elitist
		Extremely Expensive	Its Price	Very High Price
		For Wealthy	------------------------	Differentiate from Others
	UNIQUENESS	Very Exclusive	Exclusiveness	Scarcity
		Precious	------------------------	------------------------
		Rare	------------------------	------------------------
		Unique	Its uniqueness	Uniqueness
	QUALITY	Crafted	Craftsman	Not Mass Produced
		Luxurious	------------------------	Rather like Luxury
		Best Quality	Its Quality	Excellent Quality
		Sophisticated	Beauty of Object	Good Taste
		Superior	Excellence of Product	------------------------
Personal Oriented Perceptions	HEDONISM	Exquisite	Its Great Creativity	Pleasure
		Glamorous	Its sensuality	Aesthetics and Polysensuality
		Stunning	Its Magic	Makes Life Beautiful
	EXTENDED-SELF	Leading	------------------------	Refined People
		Very Powerful	------------------------	Reveal who you are
		Rewarding	------------------------	Pleasing
		Successful	Knowing that Few Have One	Few People Own
Items without Apparent Communalities			Savoir Faire and Tradition	Ancestral Heritage and Personal History
			International Reputation	Superfluous and Non-functional
			Long History	Makes Dream
			Grown out of a Creative Genius	
			Never out of Fashion	
			Forefront of Fashion	

FIGURE 1

PROPOSED FRAMEWORK OF BRAND LUXURY INDEX

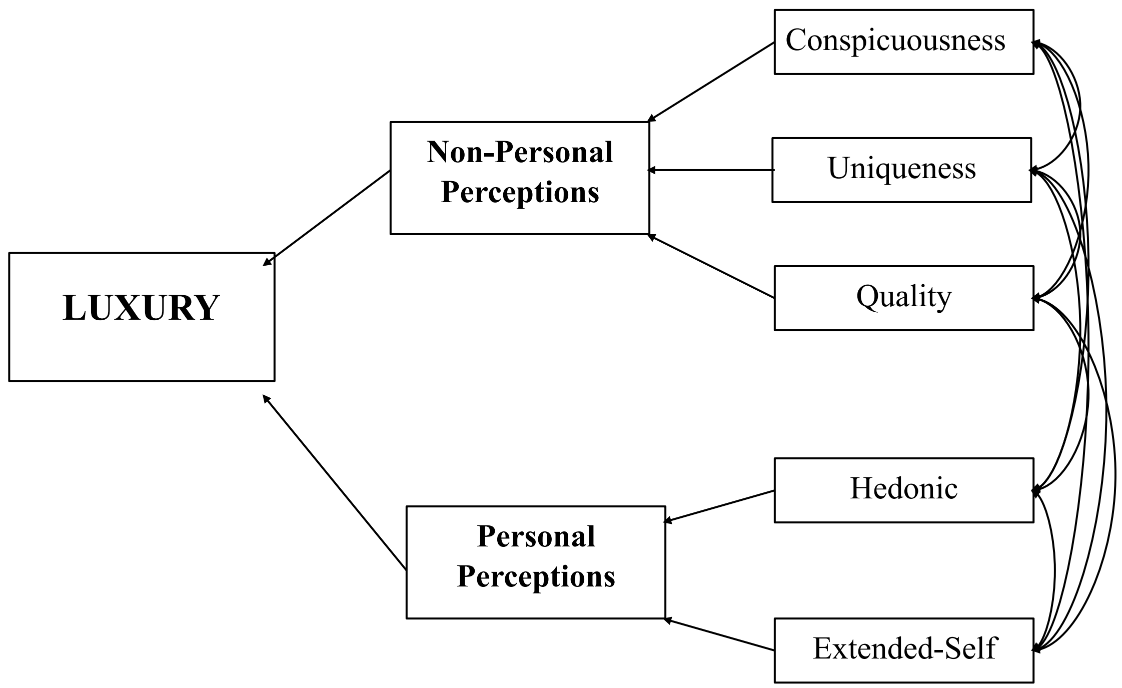

TABLE 2

SUMMARY OF THE SCALE DEVELOPMENT PROCESS

Stage of Scale Development	Sample	Analysis Procedure	Results
Item Generation	Experts judges (N=77)	Personal Rating: • 3 phases	157 items reduced to 30 items
Reliability	Business Students (N=1060)	• Internal Reliability (N=884) • Reliability over Time (N=176)	30 items reduced to 22 items
Validity	Business Students (N=1322)	Standard Validity Procedures: • Content validity (N=186) • Predictive validity (N=463) • Nomological validity (N=331) • Construct validity: convergent & discriminant (N=342)	Significant level of validity: 22 items reduced to 20 items
Brands used to Develop the Scale	David Jones, Hilton, Levi's; Mercedes-Benz; Nike Air shoes; Porsche 911 turbo; Ralph Lauren shirt; Ray Ban; Rolex; house in Sydney.		
Brands used to Test the Scale	Bally leather shoes; BMW 750i; Hugo Boss; Grace Brothers; Cartier; Chanel No5; Christian Dior; Ferrari F355; Gucci sunglasses; Guerlain; Yves-Saint-Laurent shirt; Hermés; Hilton; David Jones; Moët & Chandon; Nike Air; Bang & Olufsen; Revlon; Sony; Louis Vuitton.		

TABLE 3

RELIABILITY COEFFICIENTS FOR EACH BRAND AND EACH DIMENSION

						Scale Alpha
Results	Conspicuous	Unique	Quality	Extended Self	Hedonic	
Levi’s (N = 106)	.87	.84	.73	.78	.69	.86
Ray Ban (N = 104)	.85	.90	.87	.80	.86	.89
Rolex (N = 106)	.88	.90	.88	.87	.80	.88
Porsche (N = 102)	.89	.90	.88	.88	.88	.89
Total Data Set (N = 418)	.91	.93	.87	.88	.86	.95

TABLE 4

VARIMAX ROTATED FACTOR STRUCTURE: FULL DATA SET
Original 30 Items Used for Scale Development

FACTORS	Factor One	Factor Two	Factor Three	Factor Four	Factor Five
EIGENVALUE	12.84	2.37	2.13	2.01	1.50
% OF COMMON VARIANCE	42.8%	7.9%	7.1%	6.7%	5.%
ITEMS					
1. Classic	.05	.15	.12	*(.67)*	.19
2. Concern	.23	*(.61)*	.15	.12	.02
3.Conspicuous	.29	.20	*(.72)*	.21	.21
4.Crafted	.20	.17	.21	*(.74)*	.11
5. Distinctive	*.67*	.11	.06	.22	.05
6. Elitist	.24	.18	*(.74)*	.17	.21
7. Emotional	.18	*(.81)*	.18	.13	.27
8. Exceptional	*(.75)*	.21	.22	.16	.10
9. Exclusive	*(.77)*	.26	.25	.15	.12
10. Expensive	.24	.28	*(.76)*	.13	.17
11. Exquisite	.12	.17	.24	.12	*(.67)*
12. Fascinating	.30	.25	.23	.13	*(.72)*
13. Glamorous	.13	.20	.06	.09	*(.82)*
14. Impressive	.19	*(.73)*	.11	.14	.16
15. Leading	.14	*(.77)*	.15	.19	.10
16. Luxurious	*(.77)*	.21	.24	.14	.19
17. Powerful	.22	*(.74)*	.17	.16	.22
18. Precious	*(.77)*	.18	.17	.17	.16
19. Quality	.23	.15	.16	*(.78)*	.14
20. Rare	*(.76)*	.22	.19	.19	.18
21. Rewarding	.16	*(.82)*	.17	.13	.23
22. Sophisticated	.18	.19	.16	*(.74)*	.18
23. Status	.21	.18	*(.76)*	.21	.08
24. Stunning	.28	.26	.18	.19	*(.74)*
25. Stylish	.17	.08	.08	*(.70)*	-.004
26. Successful	.20	*(.76)*	.08	.19	.12
27. Superior	.16	.19	.16	*(.72)*	-.01
28. Symbolic	.05	.02	*(.75)*	.10	.01
29. Unique	*(.79)*	.22	.18	.14	.20
30. Wealthy	.23	.20	*(.74)*	.18	.23

Note:

(italics) Significant factor loadings (> .60).

TABLE 5

DIMENSIONS Of ORIGINAL 30-ITEM SCALE

Conspicuous	Unique	Quality	Extended Self	Hedonic
Conspicuous & Inconspicuous	Distinctive * & Neutral	Classic * & Novel	Leading & Influential	Emotional * & Unemotional
Elitist & Popular	Exceptional * & Normal	Crafted & Mass Produced	Powerful & Powerless	Exquisite & Tasteful
Expensive & Inexpensive	Exclusive & Unexclusive	Higher Quality & Lower Quality	Rewarding & Unrewarding	Fascinating * & Indifferent
For Wealthy & For Well off	Precious & Not Precious	Luxurious & Upmarket	Successful & Average	Glamorous & Attractive
Imposing * & Unimposing	Rare & Not Rare	Sophisticated & Unadorned		Stunning & Memorable
Impressive * & Unimpressive	Unique & Common	Stylish * & Standard		
High Status Symbol * & Medium Status Symbol		Superior		
High Standing * & Medium Standing				

N.B.. * show items that were deleted along with the study

TABLE 6

RESULTS FROM THE DIFFERENT MODELS

Results	30 item Model	22 item Model	20 item Model
Chi-square	1428.21	255.30	240.74
Degree of F	395	160	160
P value	.000	.000	.000
Chi-square/df	3.61	1.59	1.50
GFI	0.78	0.94	0.96
AGFI	0.74	0.93	0.95
NFI	0.85	0.96	0.97
TLI	0.87	0.98	0.99
RMSEA	0.07	0.04	0.02

N.B. This table shows the CFA results from the combined brands (i.e., Levi's, Ray Ban, Rolex, and Porsche)

TABLE 7

CORRELATIONS BETWEEN BPI SCALE AND CRITERION-RELATED SCALE

	BPI David Jones	BPI Hilton Hotel	BPI Nike Air	Mean Score
Criterion David Jones	.34			5.91
Criterion Hilton Hotel		.32		6.58
Criterion Nike Air			.42	4.20
Percentage of Correct Classifications	88%	81%	72%	n.a.
Mean Score	.90	.29	-.29	n.a.

Notes: This table shows the CFA results from the combined brands (i.e., Levi's, Ray Ban, Rolex, and Porsche)

TABLE 8

CORRELATIONS BETWEEN BPI SCALE AND RELATED ATTITUDE SCALES

	BPI (N = 331)	Material (N = 168)	Money-Prestige (N = 168)	Fashion (N = 163)	Price-Prestige (N = 163)	Enduring Involve^{t}. (N = 163)	SDS (N = 168)
BPI	(.82)						
Material	.52	(.81)					
Money-Prestige	.44	.92	(.76)				
Fashion	.69	n.a.	n.a.	(.80)			
Price-Prestige	.59	n.a.	n.a.	.54	(.86)		
Enduring-Involve^{t}.	.47	n.a.	n.a.	.77	.48	(.83)	
SDS	.15	.07	.14	n.a.	n.a.	n.a.	(.78)

Notes: Correlations are significant at the 0.01 level (2-tailed);
n.a., Data not applicable because these scales were not addressed on the same questionnaires.
Coefficient Alpha in diagonals with parentheses.

TABLE 9

PERCENTAGE OF RESPONDENTS SORTED AMONG EACH SCALE CATEGORIES

SCALE/ \Respondents	Materialism		Power-Prestige of Money		Fashion-Involvement		Price-Based Prestige		Enduring Involvement	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
(a) High BPI Raters	79%	21%	76%	24%	82%	18%	77%	23%	72%	28%
(b) Low BPI Raters	28%	72%	34%	66%	12%	88%	24%	76%	24%	76%

Notes: High BPI score: Respondents with BPI score above the overall mean score.
Low BPI score: Respondents with BPI score below the overall mean score.
(1) Respondents positively related to the rated concept.
(2) Respondents negatively related to the rated concept.
(a) Cases with mean scores higher than the overall mean BPI score.
(b) Cases with mean scores lower than the overall mean BPI score.

MATRIX 1

RESULTS FROM THE MULITRAIT-MULTIMETTHOD MATRIX OF CORRELATIONS

		METHOD 1 Semantic Differential					METHOD 2 Likert					METHOD 3 Staple				
		Consp.	Uniq.	Qual.	Self.	Hedo.	Consp.	Uniq.	Qual.	Self.	Hedo.	Consp.	Uniq.	Qual.	Self.	Hedo.
M1 SD	Consp.	(.84)														
	Uniq.	.27	(.83)													
	Qual.	.21	.25	(.86)												
	Self.	.39	.33	.17	(.82)											
	Hedo.	.36	.26	.22	.24	(.83)										
M2 L	Consp.	.64	.26	.09	.23	.22	(.88)									
	Uniq.	.19	.48	.13	.21	.16	.30	(.79)								
	Qual.	.14	.18	.71	.26	.31	.18	.16	(.88)							
	Self.	.35	.27	.14	.71	.18	.19	.24	.23	(.79)						
	Hedo.	.17	.20	.23	.25	.80	.33	.32	.15	.19	(.81)					
M3 S	Consp.	.53	.16	.18	.25	.24	.58	.22	.16	.23	.17	(.90)				
	Uniq.	.27	.52	.26	.22	.15	.37	.57	.10	.19	.24	.21	(.71)			
	Qual.	.16	.34	.76	.13	.07	.20	.19	.55	.12	-.05	.19	.18	(.84)		
	Self.	.23	.24	.12	.78	.16	.25	.12	.13	.56	.17	.19	.25	.27	(.83)	
	Hedo.	.21	.12	.18	.23	.81	.18	.24	-.08	.25	.66	.16	.13	.22	.28	(.78)

TABLE 10
20 ITEMS IN THE BLI SCALE

Non-personal Oriented Perceptions

CONSPICUOUSNESS	Conspicuous____:____:____:____:____:____:____	Noticeable
	Popular____:____:____:____:____:____:____	Elitist*
	Affordable____:____:____:____:____:____:____	Extremely Expensive*
	For Wealthy____:____:____:____:____:____:____	For Well Off
UNIQUENESS	Fairly Exclusive____:____:____:____:____:____:____	Very Exclusive*
	Precious____:____:____:____:____:____:____	Valuable
	Rare____:____:____:____:____:____:____	Uncommon
	Unique____:____:____:____:____:____:____	Unusual
QUALITY	Crafted____:____:____:____:____:____:____	Manufactured
	Upmarket____:____:____:____:____:____:____	Luxurious *
	Best Quality____:____:____:____:____:____:____	Good Quality
	Sophisticated____:____:____:____:____:____:____	Original
	Superior____:____:____:____:____:____:____	Better

Personal Oriented Perceptions

HEDONISM	Exquisite____:____:____:____:____:____:____	Tasteful
	Attractive____:____:____:____:____:____:____	Glamorous*
	Stunning____:____:____:____:____:____:____	Memorable
EXTENDED-SELF	Leading____:____:____:____:____:____:____	Influential
	Very Powerful____:____:____:____:____:____:____	Fairly Powerful
	Rewarding____:____:____:____:____:____:____	Pleasing
	Successful____:____:____:____:____:____:____	Well Regarded

Note: (*) Indicates item is reverse scored.