

# [Behaviour of young people towards luxury products](https://assignbuster.com/behaviour-of-young-people-towards-luxury-products/)

Consumer behaviour ‘ is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires’ (Solomon et al, 2009, p 6.).

An understanding of consumer behaviour is a crucial element of the successful management of any modern day enterprise. Today’s commercial environment is more consumer centric than ever before and a failure of organisations to recognise the power of the modern day consumer means that they risk falling into an unremitting cycle of customer acquisition and attrition. They are also unlikely to be unable to generate the profits necessary to satisfy the demands of their shareholders and other stakeholders (Blackwell et al, 2001, p. 10).

Young people are regarded not just as a lucrative current market for luxury products but are also seen as a vital future market. This is due to the fact that adolescence is the life stage when it will be seen from this essay that individuals tend to develop their own identity and draw on and formulate attitudes to luxury brands that may well be last the a whole lifetime (Millner, 2004, pp. 158-159). However, for the purposes of this report, young people will not just refer to adolescents but also to young adults.

Research by Unity Marketing (2007) shows that young affluent people will play an increasingly important role in the global luxury products market over the next ten to twenty years. This is true not just in developed markets such as the United States but also in the developing markets, such as China and India (Generations of Luxury, 2007)

## 2. 0 Inputs into Consumer Behaviour

To examine how young adults behave towards luxury products, it is first necessary to understand the input factors that influence consumer behaviour generally. Consumer behaviour is influneced by two separate and distinct areas of input, namely marketing and psychological (Cohen and Areni, 1991). The role of the classic four P’s of the marketing mix (Price, Place, Promotion, and Product) is to inform and persuade consumers whilst the c

Psychological inputs exert influence over how consumers consider and evaluate a product or service is considered and evaluated.

Together, these two input areas are responsible for consumer attitude formation and behaviour towards products and services and ultimately will also be crucial in the making of purchase decisions – see Figure 1 below:

## Psychological Inputs

Concept of self

Cultural context

Social context

Values, Attitudes,

and Beliefs

Learning

## Consumer Purchase Decision

Product choice

Location choice

Brand choice

Other choices

## Marketing Inputs

Product

Price

Place

Promotion

Figure 1: Inputs into the Consumer Purchase Decision Process (Source: Adapted from Cohen and Areni, 1991,

## 3. 0 Literature Review (450)

## 3. 1 Marketing Inputs

Young people receive so many marketing messages about the importance of brands and image when choosing products that it has not only influenced their purchasing behaviour but also the way in which they socialise with adults and their peers (Kanner, 2004; Vigneron and Johnson, 2004). Luxury products are generally associated with premium pricing and prices are continuing to rise even in the current difficult economic times as such products continue to rely on inspirational behaviour by consumers (Allsop, 2004; Silverstein et al. 2005)

It is believed by some academics that advertising creates the desire, on the part of young consumers, to purchase and own luxury products (Danziger, 2003 p. 175; Hines and Bruce, 2007, p. 132). A number of theorists and academics also argue that personality, behavioural and preference traits and not advertising are really what drive consumers to acquire luxury products (Chevalier and Mazzalovo, p. 234)

Young people purchasing luxury products nowadays have grown up in the ‘ digital age’ and research has shown that they generally regard traditional media, such as newspapers and radio, to be irrelevant in their purchase decisions. Consequently, they rely on the internet for information about luxury products and will always consult a number of online sources before they make a purchase (Batat, 2008; Robson, 2009).

## 3. 2 Psychological Inputs

The American psychologist Marshall Rosenberg (1965), described self-esteem as ‘ a favourable or unfavourable attitude toward the self’. Young adults, particularly, are likely to be very aware of their self-esteem (or lack of it) due to both the physiological changes taking place in their bodies at and beyond puberty and the attitudes, opinions, and beliefs of others. Maslow’s ‘ Hierarchy of Needs’ recognizes ‘ esteem needs’ as being at the high end of human needs – see Figure 2 below:

High-end cosmetics, cars, fashion, clothes, drinks, lifestyle products, and services.

Figure 2: Maslow’s Hierarchy of Needs (Source; Maslow, 1943)

In consumer behavioural terms these esteem needs can be the motivation for the acquisition of so called ‘ luxury’ products, such as branded fashion and clothing, which can help a young person gain recognition and status within his or her key reference groups.

Each broad culture contains ‘ sub-cultures’. One such sub culture is ‘ youth culture’, which displays distinctive attitudes and purchasing behaviour in its own right and is recognised by marketers as a highly valuable market segment. This is borne out by subculture theorists such as Dick Hebdige (2002) who states that: ‘ members of a subculture often signal their membership by making distinctive and symbolic tangible (purchasing) choices in, for example, clothing styles, hairstyles, and footwear’. Such ‘ distinctive and symbolic’ choices will often lead to young adults being highly aware of luxury brands and having positive and inspirational attitudes to purchasing such brands in order to signal their membership of the subculture. Young people are always striving to conform to group behaviour and to please others and this exerts influence over their purchasing choices (Blackwell et al, 2001, p. 396).

As young adults become more autonomous then reference groups such as their sports and music idols, play an increasingly important role in their brand choices and brand loyalty (Bush A. J. et al, 2004). ‘ Tag-Heuer’ is an example of a luxury watch brand that plays on the predisposition of young adults to associate with the inspirational reference group of celebrities. It deploys celebrity endorsement within its advertising strategy by targeting young adults, and particularly young males, who have acquired their wealth early through inheritance or are ‘ self-made’ individuals (Hines and Bruce, 2007, p. 170). Conversely, young people also make consumer choices based on the elimination of what is not acceptable to them, which means young individuals may then be in a position to conform to a certain subgroup, by being a non-conformant of the mainstream (Auti et al., 1998).

## 4. 0 Other Secondary Research Sources (450)

The luxury products market sector has generally been considered to be largely immune to the global economic situation. However, the recent worldwide economic downturn has caused a reduction in the number of high net worth individuals and a consequent reduction in demand for luxury products. However, the future for the luxury products sector now appears to have improved with sales of designer shoes, handbags, and beauty products performing particularly well (Harrison, 2009). Silverstein and Fiske (2003) believe that the luxury goods market, especially in the USA, has grown due to major changes in the disposable incomes of young consumers since the 1970s, According to Danziger, (2003, p. xiii) today’s young consumers have the necessary income and willingness to pay for ‘ luxury’ and are always to trade up to brands, that offer luxury value.

## Datamonitor produces research reports on many aspects of the luxury products market worldwide, including market forecasts, competitive environment, leading players, market value, volume sales and market segmentation by consumer type, including young people. For example, its ‘ Global Apparel, Accessories and Luxury Goods Market’ (2010) states that the cosmetics is forecast to be the fasting growing segment of the luxury goods market up until 2015 whilst currently the largest single product segment is luxury watches . According to Mintel Oxygen (2005) the total UK market for luxury watches is estimated to worth £405 million and there has been an increase in younger consumers aspiring towards the ownership of luxury watches.

Nowhere is the young age profile of luxury products consumers more apparent than in China according to a report by World Luxury Association (WLA).

which shows that the minimum age of China’s luxury consumers has dropped to 25 in 2010 from 35 in 2007. The report goes on to predict that consumers aged between 25 and 30 will become the dominant purchasing group for luxury products in China by 2016. This trend was confirmed by Robert Polet, CEO of Gucci Group, who said in 2009 that young Chinese consumers were responsible for 25% of global luxury product sales (Zhixin, 2010)

A survey amongst 1200 recent purchasers in the $37. 4 billion stationery products market, has revealed that the trend for paper goods is a experiencing a generational shift from older to younger consumers (Unity Marketing, 2010). The traditional luxury-clothing brand, Burberry, has resorted to using high tech gadgets in an attempt to attract affluent young consumers. In China Burberry is installing Giant LED screens, touch-screen displays and Apple iPads in its stores especially for young that give consumers so that they can gain access to Burberry’s full luxury apparel range collection (Burkitt, 2011).

## 5. 0 Analysis of the Findings from Secondary Research Sources

Marketing undoubtedly has a powerful influence over the behaviour of young people towards luxury products. In fact, it can be so powerful that it can also influence their social as well as consumption behaviour. Whilst pricing is a key element of the marketing mix across most product and service markets, it would appear that the luxury products market is not as price sensitive as most. Indeed it has been seen most affluent young consumers are happy, and willing, to pay more for a luxury brand and are actively seeking ways to trade up to such brands. Therefore, markets of luxury brands should be bold in their pricing strategies and not undervalue their brands.

The rise of the internet is particularly relevant to young consumers media consumption behaviour as they increasingly rely on this medium as a source of information when seeking information on which luxury brands to buy for themselves in the case of teenagers, for their parents,. Consequently, the internet, and indeed other digital communications tools, such as mobile devices, have a crucial role to play within the marketing communications mix for luxury brands.

Equally, the role of advertising generally in creating desire amongst young people to purchase luxury goods is open to question mainly because the key motivating factor would appear to be in the psychological dimension of influencers. Luxury brands are seen to both enhance young people’s esteem needs and their desire to associate with their key reference groups through the ownership of such brands. Also

A number of market sectors within the overall luxury products market have reported a consumer trend towards younger purchasers and the emergence of young and affluent consumers in China is having a big impact on the sustainability and growth of the global luxury products market. Consequently, the marketers of luxury brands need to take account of these developments when formulating their marketing strategies. However, the reduction in the number of high net worth individuals, due to the economic recession, is a danger signal for luxury brand owners and an indicator that the market may not continue to rise as has been the case in the past. This places a requirement on luxury brands to critically examine their brand positioning and marketing mix strategies to ensure that they are delivering effectively against high-level business and marketing objectives.

## 6. 0 Recommendations for Empirical Research

In terms of the marketing inputs into the behaviour of the young towards luxury products, it can be seen that the relationship between advertising and brand reputation needs to be explored further, as does the relationship between brand reputation and purchasing behaviour. So one of the key questions to be answered is are consumers manipulated into purchasing luxury products by advertising or do they simply love to buy luxury products per se? Research into this area will help to inform the debate as to whether luxury brands really need heavyweight advertising support to be successful or whether they should focus more of their efforts on other element of the marketing mix.

The purchase of luxury brands enables certain groups of consumers to enhance their self-esteem though leveraging their social status with their chosen reference groups. They will buy luxury products to achieve this regardless of their economic means and without necessarily being influenced by advertising (Silverstein and Fiske, 2003). Therefore, in terms of the psychological inputs into the behaviours of the young towards luxury products, a possible pitfall for luxury brands is the potential for ‘ negative association’ by the consumer with the brand. Individuals can be subject to a ‘ negative self concept’, which results in them forming extreme notions of themselves in terms of their ‘ undesired self’. This, in turn, can lead to the outright rejection of certain luxury products and brands that associate themselves with stereotypes of users that the consumer associates with his or her negative self. Of course, such stereotypical images that are negative for one consumer may well be positive for another (Hines and Bruce, pp. 221-2, 2007). Therefore, there is a dichotomy in the concept of the negative self for luxury brands. On the one hand, it is incumbent on luxury brand owners to ensure that negative stereotypes are not associated with their brands; whilst on the other hand, they first need to fully understand the psychological make up of their target audiences to avoid this pitfall (Hines and Bruce, pp. 226-7, 2007).

Therefore, there is certainly a need for further research in the whole area of negative self-concept and its relationship with brands. The results from such research would facilitate the understanding of this area of consumer behaviour thus enabling luxury brands to ensure that they are associated with the positive self concepts displayed by their consumers whilst, at the same, enabling them to consider the opportunities presented by the attachment of negative symbolism to the products of their competitors.