Iranian Luxury Consumption: Impact of Status Consumption, Informational Interpersonal Influences, Brand Origin and Interdependent Self-Construal

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Abstract

The development of luxury consumption around the world has caused that this market allocate a big share for itself in commercial exchanges. With aim of knowing more the condition of jewellery market in Iran and the behaviour of this market’s customers, this study has examined the influence of some factors such as: status consumption, informational interpersonal influences, brand origin and interdependent self-construal on their purchase intention. A number of 435 consumers participated in this study and the received data from the questioners via structural equations modelling were analyzed. What becomes clear from the study results is that the status consumption, brand origin and informational interpersonal influences have had positive effect on consumers’ purchase intention. It also shows that informational interpersonal influences affect on the status consumption positively but the influence of interdependent self-construal on purchase intention and status consumption is negative.

Keywords: Status consumption, luxury goods, brand origin, informational interpersonal influences, interdependent self-construal, Iran

Introduction

Considering increases in competition among organizations and slow of growth new consumers, companies seek new ways to raise their selling abilities¹. One of the most attractive parts of each country market for both commercial companies and the consumers is the luxury market. The researchers believe that the consumption of such goods is much more the result of an increase in the income of the low and middle classes of the society². Such an issue caused that the value of the market in 2008 reached 175 milliard dollars³. Because of this, awareness of influential factors on the consumers purchase intention will be one of the principle steps for many marketers to begin their activities in the luxury market. Regarding this, various studies have considered different factors including materialism⁴, social status⁵, the related factors to the individuals psychological characteristics⁶, the origin and picture of brand⁷ and finally the internal motives⁸. In fact, awareness of the influentiality of these factors can play a key role in the success or failure of the companies who have broad international contributions. This issue is of a greater significance in Asian countries because of their different cultures⁹. For example, factors of producer or the origin country is less important for Western consumers than for Eastern ones¹⁰. From one side, the economic and the population growth in some of the Asian countries is considered an appropriate market for luxury goods producers¹¹. Especially those countries which have young populations because of the influence of Western culture are potentially better choices for purchasing such goods¹². On the other hand, this young generation of the society despite their low income spends much more money on trying different goods¹³. Having a young population, Iran has also been a suitable target market for many luxury producers¹⁴. What is considered as luxury goods in this study is the imported jewellery. In 2004, Iran obtained grade six among the main consumers of gold and jewellery in the world after India, the United States, China, Turkey and Saudi Arabia¹⁵. According to the International Trade Centre’s report in 2009, the value of imported pearl, precious stones and metals, and coin in Iran was 25 million dollars¹⁶. This value is only related to Iran’s imports via legal paths and from some countries such as China, Italy, India and Swiss. While a large number of consumer consuming jewellery and gold in Iran is entered as smuggled goods and this is because of the high rate of imports tariff as the researcher’s believe¹⁷. Based on this, the goal of this study is the inspection of factors involving status consumption, informational interpersonal influences, brand origin and interdependent self-construal on the purchase intention of luxury goods among Iranian consumers. Awareness of these factors effectiveness can be an advantageous guide for those companies and marketers that are going to develop their markets in Iran.
Literature review and theoretical framework: Luxury goods and luxury consumption: Totally, what is known as luxury goods in economic literature are special branded products which bring social status for their owners and in addition to higher standard, they have price, quality and other unique features. These particular features may be called the communicative and symbolic aspect of this group of goods which represents the individual’s superiority in the society. It means that besides gaining higher social position, the individual can keep his personal picture and identity too. One considerable point about luxury market is that it is not limited to goods yet in recent years the concept of luxury has entered those jobs and vocations like restaurant administration which emphasizes the better quality and services in such environments. On the other hand, classification of goods and services can create an expanded field for the meaning and application of this concept. Certainly such reasons can make a strong motive for people who try to improve their social and welfare position by going toward luxury goods market. This will cause that many of the forecasting about the development of this market in the near future are close at mind. In his study showed that there is a meaningful relationship between personal values and purchase intention of luxury goods among Korean youths. An inter-cultural study reached at this conclusion that informational interpersonal influences are significant only among Indian consumers and the picture of brand is considered as significance mediator variable in both India and Britain.

Status Consumption: Marketers of many known consuming products can present a true status image of their brands with the awareness that they are really selling status symbols, and in the case that the consumers have such an idea about their goods and brands the demand for these products will increase and consequently higher prices will be suggested. Status consumption is defined as “behavioural tendency toward gaining and consuming goods which have social status and value for the person”. Therefore, regarding that the individuals’ consumption model signifies their social class perhaps this group of consumers demand products which are signs of their higher social status. On the other hand, status consumers seem to provide an appropriate target market for a lot of marketers of luxury products due to their tendency to paying much price for goods which bring them social status. Here, there is a point and that is, concerning the sensitivity about price such consumers are interested in paying much for goods like clothing. Moreover, status consumption shows the individual’s wealth.

H1: status consumption affects on the purchase intention of jewellery among Iranian consumers

Brand Origin: One of the effective factors on the assessment of consumers who have been studied till now is the origin or the producer country of the brand. This issue becomes more important when the consumers intend to buy luxury products. The significance of brand origin for some of the consumers is to an extent which influences even their perception of goods quality after consuming. The condition of development of each country is a principle factor in the process of consumers’ choices. Yet, in the view of some researchers other factors such as: services, brand’s name and the price of the products are prior to the brand origin (Wu, 2011). This problem can be explained regarding the group of consumers in such a way that for the consumers who are seeking after higher social positions the origin of brand is more important (Phau & Leng, 2008). Besides, the kind of culture dominating the society plays considerable role in the preferences of the consumers about the brand origin. For instance, Shukla in his study found that the consumers of individualistic societies like Britain consider brand origin more significantly than the consumers of a collectivism society like India. In a recent survey which compared the preferences of Iranian consumers of luxury cars made in Germany and Japan, it becomes clear that Iranians prefer German automobiles while they have a more familiar sense of Japanese cars.

H2: brand origin affects on the purchase intention of jewellery among Iranian consumers

Informational interpersonal influences: One of the available cultural differences is the issue of individualism and collectivism. Societies in which the profits of the individuals are prior to that of the group are called individualistic and those communities which prefer group benefits to the advantages of their members are called collectivism societies. In collectivism societies, the social relations between people and the information that is exchanged among them is an important source to decide on while purchasing. Entirely, the interpersonal influences are divided into branches of normative and informational. According to the definition, the interpersonal influences is the tendency of the individuals to receive and absorb information from others whether directly or as the observation of their behaviours. This cultural difference in the way and sensitivity of the consumers when they are buying will influence on their purchase intention. For example, this variable in a study among Indian consumers was significant but not among the British ones. Clark in their study in the United States understood that status consumers are not necessarily sensitive to informational interpersonal influences. In another survey, it was specified that in groups with high materiality, sensitivity toward informational interpersonal influences indirectly affects the status consumption.

H3: informational interpersonal influences affects on the purchase intention of jewellery among Iranian consumers

H4: informational interpersonal influences affects on the status consumption of Iranian consumers

Interdependent self-construal: Self-construal is a reflection of what people think about themselves as solitary individuals or in relation to other people. It points to the collection of thoughts,
emotions and activities of the person related to the others\textsuperscript{41}. On the whole, there are two general forms of self-construal: personal dependence and independence. Independent people like Western cultures are generally incited through their personal interests, rights and needs as their aims as priorities. Versus, people with the viewpoint of personal dependence do not see themselves separated from others. They constantly try to communicate and lessen their differences with other people and their community\textsuperscript{41, 42}. Furthermore, dependent people pay attention to others’ needs when they decide\textsuperscript{43}. So it can be said that like the variable of individualism\_collectivism, independence/dependence also takes into consideration the relationship of the individuals with the group\textsuperscript{44, 45, 46}. From one side, those consumers who belong to a culture which promotes personal independence are relatively more optimistic and positive compared to cultures with personal dependence\textsuperscript{47, 48}. Another noticeable issue is that being independent from or dependent in others has a crucial role in the consumers’ preferences for signs and social or personal symbols in their attitudes of purchasing and even in their purchase behaviours\textsuperscript{49}. From another side, interdependent self-construal may lead to the development of brand and its acceptance in the society\textsuperscript{50}.

**H5:** interdependent self-construal affects on the purchase intention of jewellery among Iranian consumers

**H6:** interdependent self-construal affects on the status consumption of Iranian consumers

Based on what has been said, the conceptual framework of the study comes as below:

![Conceptual Framework](image)

**Methodology**

**Sample and data collection:** The main goal of this study is to inspect the influence of status consumption, informational interpersonal influences, brand origin and interdependent self-construal on the purchase intention of luxury goods [jewellery] in Iran. So, the target society for this study is formed of consumers and customers of the jewellery shops in Tehran, Isfahan, Khorasan, Yazd and Kerman. The reason for choosing these cities is their vastness and the high rate of transactions in their jewellery markets\textsuperscript{15}. The method of gathering data had been in such a way that the researcher went to different jewellery shops and distributed the questioners among the customers. Each of them who were interested in answering the questions was taken as a participant in the study. Concerning the boundlessness of the society for this survey, a number of 450 questioners were distributed and 435 of them were completed and the results were examined.

**Instrument:** As it was mentioned, for this study questioners were used which included two parts. The first part consisted of questions about gender, age and level of education and the second section contained 21 questions which were used in order to analyze dependent/independent variables. For assessing interdependent self-construal, 8 adapted questions from study\textsuperscript{51} for status consumption 4 questions from\textsuperscript{52}, for brand origin 2 and for informational interpersonal influences 3 questions, both from study\textsuperscript{53} were brought out. Finally, for evaluating consumers purchase intention 5 questions used. All of these questions as a 5-point Likert, from 5 (completely agreed) to 1 (completely disagreed) were assessed. In this research, the researcher estimated the questioner’s constancy for interdependent self-construal 0.91, status consumption 0.81, and brand origin 0.83, and informational interpersonal influences 0.77 and for the total test 0.80, using Cronbach’s alpha method.

**Data Analysis:** In order to evaluate the suggested model, the two-step method was used. In the first step the measurement model and in the second step the structural part of the model based on the results of the first part and using Structural Equation Modelling (SEM) were estimated. All of the analyses were carried out through SPSS 19 and AMOS 18 software’s. The determination of goodness- of-fit of the model was done using fitness indices of Chi-square, NormedX\textsuperscript{2} (Chi-square ratio to freedom degrees), Goodness- of-fit index (GFI), Adjusted goodness- of-fit index (AGFI), Normed fit index (NFI), Comparative fit index (CFI), Incremental fit index (IFI), Tucker-Lewis index (TLI) and Root-mean-square error of approximation (RMSEA).

**Structural equation modelling:** In order to evaluate the suggested model, structural equation modelling was applied. Before examining structural coefficients, it was necessary to examine model’s fitness. The fitness of primary model was reported in table 1 based on the fitness indices used in this study. Since the amounts of fitness indices of the initial model stated that the suggested model needs correction and improvement. So, in the next step regarding modification indices (MI) in the Amos 18 output, the co-variance path between visual and informational elements was added to the model. After applying changes, another analysis was done on
the data and the results of its fitness indices have been brought in the row of the second (final) model of table 1. As it was expected fitness indices indicate improvement in the fitness of the second model and these fitness indices are acceptable.

**Results and Discussion**

**Sample Demographics:** According to the analysis of data, the inspected answers belong to 55 men (12.6%) and 380 women (87%). Of this population 43 people had a diploma degree and below (9.9%), 68 ones and Associate of Arts (15.6%), 241 people a Bachelor of Arts (55.4%) and the remained 83 had a Master of Arts or higher degrees (19.1%). Likewise, the age classification of these people is as following: 90 people below the age of 30, 169 people (38.9%) 30-39, 113 people (26%) 40-49 and finally 63 of them were over 50.

**Table-1**

<table>
<thead>
<tr>
<th>Model’s fitness indices</th>
<th>$X^2$</th>
<th>Df</th>
<th>$X^2$/DF</th>
<th>NPAR</th>
<th>GFI</th>
<th>AGFI</th>
<th>IFI</th>
<th>TLI</th>
<th>CFI</th>
<th>NFI</th>
<th>EMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1110.58</td>
<td>183</td>
<td>6.07</td>
<td>48</td>
<td>.80</td>
<td>.74</td>
<td>.47</td>
<td>.703</td>
<td>.74</td>
<td>.70</td>
<td>.11</td>
</tr>
<tr>
<td>2</td>
<td>561.72</td>
<td>177</td>
<td>3.17</td>
<td>54</td>
<td>.80</td>
<td>.87</td>
<td>.91</td>
<td>.89</td>
<td>.91</td>
<td>.88</td>
<td>.067</td>
</tr>
<tr>
<td>Independence model</td>
<td>3796.02</td>
<td>210</td>
<td>18.076</td>
<td>21</td>
<td>.47</td>
<td>.42</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>.198</td>
</tr>
</tbody>
</table>

**Table-2**

<table>
<thead>
<tr>
<th>Path structural model and their standard coefficients in the final model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Path coefficients</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>Informational interpersonal influences $\rightarrow$ purchase intention</td>
</tr>
<tr>
<td>Status consumption $\rightarrow$ purchase intention</td>
</tr>
<tr>
<td>Brand origin $\rightarrow$ purchase intention</td>
</tr>
<tr>
<td>Interdependent self construal $\rightarrow$ purchase intention</td>
</tr>
<tr>
<td>Informational interpersonal influences $\rightarrow$ Status consumption $\rightarrow$ purchase intention</td>
</tr>
<tr>
<td>Interdependent self construal $\rightarrow$ Status consumption purchase intention</td>
</tr>
</tbody>
</table>

**Figure-2**

Research model
Based on table 2 the achieved results from the research model test show that the regression coefficient of informational interpersonal influences on the purchase intention is 0.40 and since the amount of P (significance) is 0.019 which is smaller than significance level $\alpha=0.05$, in this step H0 is rejected and thus it can be said that informational interpersonal influences has appositive and significant effect on the customers’ purchase intention. Results also show that the regression coefficient of the status consumption on the purchase intention is 0.25 and because of $P=0.001$ which is below the significance level $\alpha=0.05$, H0 is again rejected. So it will be true to say that the status consumption positively influences customers purchase intention. The regression coefficient of brand origin is 0.32 and $P=0.001$, so H0 is rejected and this means that the influence of brand origin on the purchase intention is positive and significant. Other consequences state that the regression coefficient of the interdependent self-construal on the purchase intention is 0.15, in addition to the amount of 0.001 for P which is below the level of significance $\alpha=0.05$ , here H0 is rejected too and it shows that the interdependent self-construal has a negative and significant effect on the purchase intention. What has been achieved from the analyses also shows that the regression coefficient of informational interpersonal influences on status consumption is 0.19 and because of $P=0.001$, H0 is rejected and it can be concluded that informational interpersonal influences has a positive and significant effect on status consumption of the consumers. The last one of the results is about the influence of interdependent self-construal on the status consumption in which the regression coefficient is 0.17, $P=0.001$ smaller than significance level $\alpha=0.05$, so, after the rejection of H0 it can be said that the influence of interdependent self-construal on the status consumption is negative and significant.

Findings of the regression analysis related to the variables show that interdependent self-construal is influenced by the first 7 questions. In other words, those 7 obvious external latent form the external latent variable of the interdependent self-construal. Other factors such as status consumption and brand origin in order are under the influence of question 8-11 and questions 12 and 13 of the questioners. It means that the obvious external variables for each factor form the related external latent variable for the same factor. The informational interpersonal influence is affected by questions 14-16. So, these three obvious external variables form the internal latent variable of the informational interpersonal influences. The purchase intention is also affected by questions 17-21. In other words these 5 obvious external variables form the internal latent variable of the purchase intention.

The followings (table 3) are the results of the final model related to the added variables to the final model:

<table>
<thead>
<tr>
<th>questions no</th>
<th>regression coefficient</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 , 4</td>
<td>.35</td>
<td>.001</td>
</tr>
<tr>
<td>6 , 7</td>
<td>.60</td>
<td>.001</td>
</tr>
<tr>
<td>1 , 2</td>
<td>.62</td>
<td>.001</td>
</tr>
<tr>
<td>10 , 11</td>
<td>.27</td>
<td>.001</td>
</tr>
<tr>
<td>10 , 16</td>
<td>.24</td>
<td>.001</td>
</tr>
</tbody>
</table>

Using the total fitness indices this question can be answered that irrespective of the particular reported amounts for the parameters, whether generally the compiled model is supported by the gathered empirical data or not? In the case of a positive answer, the model is acceptable. For the interpretation of the available amounts in table 1 it should be said that:

The presence of insignificant Chi-square (CMIN) of 561.72 and the significance level of $P=0.001$ demonstrate a desirable result but in the midst the role of freedom degree (DF) is of importance. Moreover, since the degree of freedom of the compiled model (177) keeps aloof from zero and becomes close to the freedom degree of the independent model (210), a desirable interpretation of the model comes to the mind. The number of free parameters for the model (NPAR) which is 54 shows that the researcher did not spend freedom degree easily and this is an acceptable state. Concerning the relative indices it should be said that in these tables the amount of Chi-square (CMIN/DF) is 3.17 which express the acceptable condition of the model. Furthermore, the amount of 0.067 for the root mean square error of approximation (RMSEA) for the compiled model signifies its acceptance. In the above table the fitness index of Tucker-Lewis (TLI) is 0.89 and the comparative fitness index (CFI) is 0.91, and because these amounts are close and above 0.90, based on these indices the compiled model is accepted. In the same table the amount of normed fit index (NFI) is 0.88 and the increasing fitness index is 0.91 which are both acceptable amounts. The amount of total indices of fitness presented in the table show that the measurement model of this study has a completely satisfying and acceptable condition.

**Discussion:** The viewpoint of the experts is that Iran’s jewellery and gold market is one of the most important markets in the world which has relatively remained unknown than other countries. For this reason the present study has tried to give a greater and deeper knowledge of this market and its consumers’ behaviours with the aim of examining the effect of factors such as status consumption, informational interpersonal influences, brand origin and interdependent self-construal on the purchase intention of luxury goods in Iran.

The findings of the study may help considerably marketers and importers who plan to enter and work in Iran’s jewellery market. One of the hypotheses of this study was the examination of the influence of the status consumption on the purchase intention of jewellery which was approved. This conclusion agreed with the achievements of Phau I. and Leng Y.S.
Kempen L.V. studies. In Iran, the jewellery consumption is a sign of high social status and the individual affluence. So, many of the consumers buy such kind of goods only to gain particular position in the society and to express their affluence. Here, the marketers can secure their own position among status consumers by emphasizing statusness of their products or presenting products which accord with the day designs. Another strategy which may be selected regarding this group of consumers is a special attention to the goods’ brands. In other words, having a strong and famous brand affects highly the preferences of the status consumers. Another finding of this study was the effectiveness of brand origin on the consumers’ purchase intention which substantiated the results of Shukla P. and Phau I. and Leng Y.S. studies. The reason for such a tendency may both be attributed to the consumers’ outlook of the quality of some countries products and to the fame of the producer country in presenting products with known brands. In addition to this, since the probability of forged jewellery is great, the risk of purchasing this group of products is higher. So, the trust of the consumers to the producer country or company will decrease this risk. Thus, considering the attitude of the consumers toward different countries may be influential in the success of the jewellery importers. On the other hand, the importers can strengthen their consumers’ attitudes by giving them various information about the producer country and services which support them. Another conclusion of this study is the effectiveness of the informational interpersonal influences on the purchase intention of jewellery in Iran. As it was mentioned, Iran is a collectivism country. It means that the relationship between people is so close and this causes that the informational interpersonal influences plays a great role in people decisions for purchasing. This state becomes more important at the time of purchasing luxury goods. The reason is that the customers need to know much detailed information when they are inspecting the quality of goods like jewellery and this needs many years of experience. From another side, such goods create high sensitivity so that many consumers prefer to get though little information about their favoured goods before buying. Taking this fact into consideration that the marketers are able to prevent unprofessional advices and judgments, besides increasing the level of public knowledge and information about their own products. Furthermore this will cause that the customers discard the available differences to an extent. Another strategy is to impress the reference groups in the society. Through advertising goods and their brands will become known. The focus of the marketers on the word of mouth communication can be influential. One remarkable point in the study is the positive effectiveness of the informational interpersonal influences on the status consumption. In fact, people can encourage others toward the status consumption by conveying information about special goods. One way that some people use is only to look at and consider the behaviour of other individuals. Thus, many of the behaviours of a status seeking person are transformed to other people. Inspecting the influentiality of interdependent self-construal on the purchase intention is another hypothesis of this survey.

Conclusion

Based on the results of the study interdependent self-construal has a negative effect on the purchase intention of jewellery in Iran. In other words, whatever the interdependent self-construal is more, the individual’s intention for buying jewellery becomes less. Kean and Hahn explain this issue in such a way that those people with more interdependent self-construal are totally affected by groups who are not interested in purchasing expensive goods or famous brands and usually do not spend time to choose between two different things. What is important for them is to get cheap goods but with high quality. Therefore, what marketers should bear in mind is that in order to be successful in their work they should focus their own strategies on that group of consumers with less interdependent self-construal. Beside this, raising goods quality and its expression in the advertisement can be helpful. Attracting the attention and influence of reference groups can provide an appropriate market of the producer. The last thing that the study reached at was related to H6. What came out of this hypothesis was that the interdependent self-construal affects status consumption negatively. This can be explained like the previous hypothesis. The clear fact is the great effectiveness of groups to which the consumers depend. As it was stated before, the dependence of people to groups which are sensitive and careful about time and money and merely seeking goods with high quality and low price cause that these consumers show less tendency to the purchase of goods with status characteristics which are mostly expensive.

The first limitation of this study is that it considered the subject at hand only in Iran. So, its results cannot be generalized to other countries. Based on this, it is recommended that in the future studies researchers choose a broader domain for their examinations. One suggestion for them is to study this issue comparatively between different cultures or economic systems. Another limitation is the focus of the study on a few numbers of variables. Our suggestion for the researchers is to use various factors which examine personal, social, economic or cultural aspects much more. For instance, inspecting gender differences or the income condition of people and their relation with the consumption of luxury goods may help literature. The focus of the study on the jewellery consumption is the third limitation, something that can be compensated by adding other goods to the list of future surveys, like the consumption of clothing with famous brands in Iran.

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